

Vaisala Oyj's Interim Report January - June 2007 (6 months)
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Vaisala Oyj's Interim report January - June 2007 (6 months)

- Net sales: EUR 100.8 (92.5) million, growth 9.0%.
- Operating profit: EUR 15.1 (10.4) million, growth 45.7%.
- Orders received: EUR 107.9 (125.9) million, decrease 14.3%.
- Order book: EUR 82.6 (86.8) million.
- Profit before extraordinary items, provisions and taxes: EUR 16.4 (9.5) million, growth 71.7%.
- Net profit for the review period: EUR 11.8 (6.5) million, growth 81.9%.
- Earnings per share: EUR 0.65 (0.36), growth 81.1%.

2nd quarter 2007

- Net sales: EUR 50.5 (49.7) million, growth 1.6%
- Operating profit: EUR 8.7 (8.6) million, growth 0.5%
- Orders received: EUR 54.4 (57.4) million, decrease 5.2%
- Profit before extraordinary items, provisions and taxes: EUR 9.4 (8.1) million, growth 15.9%
- Net profit for the 2nd quarter: EUR 6.8 (5.6) million, growth 22.0%
- Earnings per share: EUR 0.37 (0.31) million, growth 22.0%

Outlook for 2007

Market development is expected to remain stable in 2007. Net sales and operating profit are expected to be slightly higher than in 2006. Prerequisite for improvement in net sales and operating profit is positive development in the number of orders received. Vaisala's business is characterized by great seasonal variations. Due to orders received after the review period, the number of orders received in the past 12 months at the end of July is slightly greater than at the corresponding time the year before.

Vaisala aims to be the global market leader in its selected business areas also in the future. Therefore investments in product development and competitiveness will continue to be substantial.

CEO Kjell Forsén's comments on the January - June result:

"I am happy with the growth in net sales in the first six months as well as the operating profit, which exceeded expectations. The market situation looks good in all our businesses, although the orders received have not yet reached the desired level. We have started measures to speed up growth. Important measures include making our global sales network more efficient and investing in the development of Vaisala service business."

Market situation, net sales and order book

The sustained maintenance and development of competitiveness has enabled Vaisala to retain its strong market share. Net sales grew in all geographical segments except in Africa, and South and Central America, where decrease was 4%.

Orders received decreased by 14% compared to the corresponding period in 2006, being EUR 107.9 (125.9) million. The situation has improved thanks to orders received in July. The majority of Vaisala's sales of meteorological systems and solutions are project sales, where sales-order processes are long and might cause great seasonal variations.

Vaisala Group's net sales for the review period grew by 9%, being EUR 100.8 (92.5) million. Net sales grew in all divisions, with the greatest growth taking place in Vaisala Instruments division. Operations outside Finland accounted for 96% of net sales as before.

The order book stood at EUR 82.6 (86.8) million at the end of the review period. Some EUR 21 million of the order book will be delivered in 2008 or later.

Performance and balance sheet

Operating profit for the review period was 15.0% of net sales, EUR 15.1 (10.4) million. The structure of financial reporting was changed starting from 2007. Instead of being reported under other operating income and expenses, the result of hedging activities is reported below operating profit in financial income and expenses, where foreign exchange gains and losses are also reported. The figures of the review period as well as those of the accounting period 2006 have been changed to correspond to the current reporting structure.

Profit before tax was 16.2% of net sales, EUR 16.4 (9.5) million, growth 72%. Net profit for the review period was EUR 11.8 (6.5) million, growth 82%.

The Vaisala Group's solvency and liquidity remained strong. On June 30, 2007 the balance sheet total was EUR 204.8 (184.3) million. The Group's solvency ratio at the end of the review period was 85% (86%).

The total of the Group's liquid assets was EUR 87.0 (67.5) million.

Research and development

Expenditure on research and development in the review period totaled EUR 10.4 (9.5) million, being 10.4% of the Group's net sales.

Capital expenditure

Gross capital expenditure totaled EUR 3.4 million (17.4).

Vaisala Measurement Systems

Vaisala Measurement Systems division generated net sales of EUR 40.1 (38.2) million, growth 4.9%. Operating profit grew to EUR 7.2 (4.0) million.

Orders received by Vaisala Measurement Systems decreased by 24%, being EUR 44.0 (58.0/1-6/2006; 39.1/1-6/2005) million.

Vaisala received its first weather radar orders

Vaisala received its first weather radar orders during the review period. The orders include a total of five dual-polarization radars, which carry Sigmet signal processors and application software. The orders came from the Estonian Meteorological and Hydrological Institute, and a long-standing Vaisala customer. When fully realized, the total value of the radar orders is approximately EUR 4 million. Deliveries will be carried out between November 2007 and June 2008.

Vaisala Instruments

Net sales of the Vaisala Instruments division grew by 14.7%, being EUR 34.5 (30.0) million. Operating profit of the review period grew to EUR 10.5 (9.1) million.

The number of orders received by the Vaisala Instruments division remained on the same level as in the previous year, being EUR 33.9 (33.9/1-6/2006; 29.9/1-6/2005) million.

Damages caused by fire at the VTT Technical Research Centre in February 2006 have been repaired, and the availability of components for Vaisala carbon dioxide products is back to normal. Product deliveries are already running almost as before. The division believes to reach the sales goals set for carbon dioxide products in 2007.

Competition in all product categories for industrial measurements remains fierce. Vaisala's global operating model, combined with significant investments in research and development, form the basis to retain market leadership and increase market share.

Vaisala Solutions

Net sales of the Vaisala Solutions division grew by 8.4%, being EUR 26.2 (24.2) million. Operating profit was EUR -0.7 (-1.2) million. Due to the characteristics of the division's business, operating profits normally turn positive on the fourth quarter.

The number of orders received by the Vaisala Solutions division decreased by 11%, being EUR 30.1 (34.0/1-6/2006; 22.2/1-6/2005) million.

Personnel

The average number of employees in the Vaisala Group during the review period was 1095 (1065). 39% (38%) of the Group's personnel worked outside Finland.

Changes in Vaisala Oyj's management

Matti Ervasti (51), M.A. (chemistry), was appointed as Vaisala Sales and Marketing Director and member of the Management Group starting May 15, 2007. Ari Meskanen (43), M.Sc.(Eng), eMBA, was appointed as Vaisala Chief Technology Officer and member of the Management Group starting

May 1st, 2007. Scott Sternberg (43), M.Sc.(Physics), was appointed as Director of the Vaisala service business and member of the Management Group starting June 1st, 2007.

Short-term risks and uncertainties

Vaisala's risk management policy covers strategic, operative, accident, and financial risks. The goal of the policy is to ensure the safety of Vaisala personnel, operations and products and continuity of operations.

The usual risks related to international business affect Vaisala's operations. The most significant of these relate to currency risks, supply-chain management and production activities, and these risks are closely monitored and prepared for according to the company's risk management policy.

Vaisala's share

At the end of the review period, Vaisala's Board of Directors had no authorization to increase the company's share capital or to issue convertible or warrant bonds.

The price of Vaisala's A share on the Helsinki Exchanges was EUR 33.07 on December 31, 2006, and EUR 39.00 at the end of the review period. The highest share price quoted during the review period was EUR 41.99 and the lowest EUR 29.43.

Vaisala's share capital at the end of the review period was EUR 7,660,807.86 and the total number of shares was 18,218,364.

A total of 3,723,777 Vaisala shares were traded during the review period.

Own and parent company's shares

The company holds a total of 9150 of its own shares at the end of the review period, representing 0.05% of the share capital and 0.01% of votes. The book value of the shares owned by the company is EUR 251,898.31.

Board of Directors

The Annual General Meeting appointed six members to the Board of Directors. Yrjö Neuvo, who was in turn to retire by rotation, was selected for another three-year term of office. Maija Torkko was appointed as a new member.

Raimo Voipio will continue as Chairman of the Board of Directors and Yrjö Neuvo will continue as Vice-Chairman.

Dividend

The Annual General Meeting decided that a dividend of EUR 0.85 per share, corresponding to the total of EUR 15,477,831.90 was to be distributed for the financial year 2006. Dividend is not paid to the A-shares that are held by Vaisala Oyj. Dividend was paid on April 3, 2007.

PricewaterhouseCoopers Oy and Mr. Hannu Pellinen APA were chosen as the Company's auditors by the Annual General Meeting.

Events outside the review period

Vaisala to supply synoptic upper-air observation network to Canada
Vaisala has won a contract with the Meteorological Service Canada (PWGSC) for the modernization of Canada's synoptic observation network. The estimated value of the ten-year contract is 27 million USD. The deliveries start in October 2007.

Vantaa August 7th, 2007

Vaisala Oyj
Board of Directors

Financial indicators	1-6 2007	1-6 2006	4-6 2007	4-6 2006	1-12 2006
Number of shares at March. 31 (1000 pcs)	18 209	18 209	18 209	18 209	18 209
Number of shares at March 31 (1000 pcs), weighted average	18 209	18 125	18 209	18 209	18 168
Adjusted number of shares (1000 pcs)	18 209	18 139	18 209	18 209	18 174
Earnings/share (EUR)	0.65	0.36	0.37	0.31	1.46
Earnings/share (EUR), fully diluted	0.65	0.36	0.37	0.31	1.46
Net cash flow from operating activities/share (EUR)	1.05	0.68			1.96
Equity/share (EUR)	9.08	8.28	9.08	8.28	9.32
Solvency ratio	85%	86%	85%	86%	81%
Gross capital expenditure (EUR Million)	3.4	17.4	2.0	0.9	20.4
Depreciation	4.1	6.4	2.1	2.8	10.8
Average personnel	1 095	1 065	1 109	1 079	1 069
Order book (EUR Million)	82.6	86.8	82.6	86.8	77.6
Liabilities from derivative contracts	11.6	12.2	11.6	12.2	11.9

This interim report has been prepared in accordance with IAS 34 'Interim Financial Reporting.' The same accounting principles have been applied as in the annual financial statements. The interim financial statements have not been audited.

CONSOLIDATED INCOME STATEMENT
(IFRS, EUR Million)

	1-6 2007	1-6 2006	Change %	4-6 2007	4-6 2006	Change %	1-12 2006
Net sales	100.8	92.5	9.0	50.5	49.7	1.6	220.8
Cost of production and procurement	-43.8	-44.7	-2.1	-21.9	-23.6	-7.1	-100.1
Gross profit	57.0	47.7	19.4	28.6	26.1	9.4	120.8
Other operating income	0.0	0.1	-100.0	0.0	0.1	-101.5	0.1
Cost of sales and marketing	-21.8	-19.7	10.8	-10.4	-9.0	15.8	-42.1
Development costs	-10.4	-9.5	9.7	-4.9	-4.5	8.2	-20.6
Other administrative costs	-9.6	-8.2	16.9	-4.7	-4.1	13.5	-19.6
Other operating cost	0.0	0.0		0.0	0.0		0.0
Operating profit	15.1	10.4	45.7	8.7	8.6	0.5	38.6
Financial income and expenses	1.2	-0.9	-243.3	0.7	-0.6	-224.5	-0.5
Share of results of associated companies	0.0	0.0		0.0	0.0		0.0
Profit before tax	16.4	9.5	71.7	9.4	8.1	15.9	38.2
Income taxes	-4.6	-3.0	49.9	-2.6	-2.5	2.5	-11.6
Profit after tax	11.8	6.5	81.9	6.8	5.6	22.0	26.6
Attributable to equity holders of the parent	11.8	6.5	81.9	6.8	5.6	22.0	26.6

Taxes for the review period have been calculated under taxes.

Earnings per share for profit attributable to the equity holders of the parent

Basic earnings per share	0.65	0.36	81.1	0.37	0.31	22.0	1.46
Diluted earnings per share	0.65	0.36	81.2	0.37	0.31	22.0	1.46

CONSOLIDATED BALANCE SHEET

(EUR million)

30.6.2007 30.6.2006 Change 31.12.2006

%

ASSETS

NON-CURRENT ASSETS

Intangible assets	19.9	21.9	-8.8	21.0
Tangible assets	33.1	34.4	-4.0	33.5

Investments in associates	0.3	0.3	-6.3	0.4
Other financial assets	0.0	0.0	-14.3	0.2
Long-term receivables	0.2	0.2	-0.5	0.1
Deferred tax assets	5.4	5.9	-8.4	5.2

CURRENT ASSETS

Inventories	18.5	17.3	6.8	17.6
Trade and other receivables	39.6	35.2	12.6	53.9
Accrued income tax receivables	0.7	1.4	-50.8	0.0
Financial assets recognized at fair value through profit and loss	42.0	32.7	28.6	41.2
Cash and cash equivalents	45.0	34.9	29.1	46.1
TOTAL ASSETS	204.8	184.3	11.2	219.2

SHAREHOLDERS' EQUITY AND LIABILITIES

Equity attributable to equity holders of the parent

Share capital	7.7	7.7	0.0	7.7
Share issue	0.0	0.0		0.0
Share premium reserve	16.6	16.6	0.0	16.6
Reserve fund	0.1	0.1	-10.7	0.1
Translation differences	-2.3	-0.5	382.8	-1.6
Profit from previous years	131.8	120.7	9.2	120.7
Own shares	-0.3	-0.3	0.0	-0.3
Profit for the financial year	11.8	6.5	81.9	26.6
Total equity	165.4	150.8	9.7	169.8

Long-term liabilities

Retirement benefit obligations	0.3	0.7	-53.0	0.3
Interest-bearing liabilities	0.2	0.4	-57.7	0.3

Provisions	0.0	0.7	-94.2	0.0
Deferred tax liabilities	0.3	0.4	-23.9	0.4
Current liabilities				
Current portion of long-term borrowings	0.1	0.4	-62.3	0.3
Current interest-bearing liabilities	0.3	0.2	54.3	0.3
Advances received	10.3	8.3	24.4	9.6
Accrued income tax payables	3.9	0.9	311.8	2.6
Trade and other payables	24.1	21.6	11.4	35.6
TOTAL LIABILITIES	204.8	184.3	11.2	219.2

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY
June 30, 2007 (EUR million)

	Share capi- tal	Share issue	Share Premium reserve	Reserve Fund	Own shares	Trans- lation differ- ences	Retain- ed earn- ings	Total equity
Balance at December 31, 2006	7.7	0.0	16.6	0.1	-0.3	-1.6	147.3	169.8
Translation differences				0.0		-0.7		-0.7
Net profit for the period							11.8	11.8
Dividend paid							-15.5	-15.5
Stock options exercised								0.0
Own shares acquired								0.0
Own shares transferred								0.0
Balance at June 30, 2007	7.7	0.0	16.6	0.1	-0.3	-2.3	143.6	165.4
	Share capi- tal	Share issue	Share Premium reserve	Reserve Fund	Own shares	Trans- lation	Retain- ed	Total equity

	tal		reserve		differ-	earn-		
					ences	ings		
Balance at December 31, 2005	7.4	5.4	5.3	0.1	0.0	1.9	134.1	154.3
Translation differences				0.0		-2.4		-2.4
Net profit for the period							6.5	6.5
Dividend paid							-13.4	-13.4
Stock options exercised	0.2	-5.4	11.3					6.1
Own shares acquired					-1.0			-1.0
Own shares transferred					0.7			0.7
Balance at June 30. 2006	7.7	0.0	16.6	0.1	-0.3	-0.5	127.2	150.8

CONSOLIDATED CASH FLOW STATEMENT (EUR million)

	1-6 2007	1-6 2006	Change %	1-12 2006
Cash flows from operating activities				
Cash receipts from customers	115.7	108.0	7.1	220.3
Other income from business operations	0.0	0.1	-99.3	0.0
Cash paid to suppliers and employees	-93.4	-90.2	3.6	-173.7
Interest received	1.7	1.2	43.1	2.2
Interest paid	-0.1	0.0	508.3	-0.1
Other financial items, net	0.0	-2.0	-97.6	-3.3
Dividend received from business operations	0.0	0.0	-100.0	0.0
Direct tax paid	-4.8	-4.7	2.2	-9.7
Cash flow from business operations (A)	19.0	12.4	53.0	35.7
Cash flow from investing activities				
Investments in tangible and intangible assets	-3.5	-4.2	-17.6	-7.2
Acquisition of subsidiary, net of cash acquired	0.0	-15.5	-100.0	-15.7

Proceeds from sale of fixed assets	0.0	0.0	-100.0	0.1
Loans granted	0.0	0.0	-100.0	0.0
Repayments on loan receivables	0.0	0.0		0.0
Other investments	0.1	0.0	-17 687.5	-0.1
Cash flow from investing activities (B)	-3.3	-19.7	-83.2	-22.9
Cash flow from financing activities				
Equity issue	0.0	6.1	-100.0	6.1
Repayment of short-term loans	0.0	0.0		0.0
Withdrawal of long-term loans	0.0	0.0		0.0
Repayment of long-term loans	-0.2	-0.2	0.0	-0.5
Dividend paid and other distribution of profit	-15.4	-13.4	15.0	-13.4
Cash flow from financing activities (C)	-15.6	-7.5	107.9	-7.8
Change in liquid funds (A+B+C)				
increase (+) / decrease (-)	0.1	-14.7	-100.8	5.0
Liquid funds at beginning of period	87.3	81.4	7.3	81.4
Foreign exchange effect on cash	-0.4	0.8	-151.7	0.9
Net increase in cash and cash equivalents	0.1	-14.7	-100.8	5.0
Liquid funds at end of period	87.0	67.5	28.9	87.3

Segment Report

Business segments

1-6/2007	Vaisala Measure- ment Systems	Vaisala Instru- ments	Other Vaisala Solutions	Opera- tions	Elimina- tions	Group
Net sales to external customers	40.1	34.5	26.2	0.0	0.0	100.8
Intragroup sales	0.0	3.7	0.2	0.0	-3.9	0.0
Net sales	40.1	38.2	26.4	0.0	-3.9	100.8
Operating profit	7.2	10.5	-0.7	-1.8	0.0	15.1
Depreciation	1.3	0.9	0.2	1.6	0	4.1
Restructuring	0.0	0.0	0.0	0.0	0	0.0

expenses

Segment Report

Business segments

	Vaisala Measure- ment Systems	Vaisala Instru- ments	Vaisala Solutions	Other Opera- tions	Elimina- tions	Group
1-6/2006						
M€						

Net sales to external customers	38.2	30.0	24.2	0.0	0.0	92.5
Intragroup sales	0.0	4.5	0.2	0.0	-4.7	0.0
Net sales	38.2	34.6	24.4	0.0	-4.7	92.5
Operating profit	4.0	9.1	-1.2	-1.5	0.0	10.4
Depreciation	3.3	1.0	0.4	1.7	0	6.4
Restructuring expenses	0.4	0.0	0.0	0.0	0	0.4

Segment Report

Business segments

	Vaisala Measure- ment Systems	Vaisala Instru- ments	Vaisala Solutions	Other Opera- tions	Elimina- tions	Group
4-6/2007						

Net sales to external customers	20.7	17.3	12.5	0.0	0.0	50.5
Intragroup sales	0.0	1.9	0.1	0.0	-2.0	0.0
Net sales	20.7	19.1	12.6	0.0	-2.0	50.5
Operating profit	4.9	5.4	-0.7	-1.0	0.0	8.7
Depreciation	0.7	0.5	0.1	0.8	0	2.1
Restructuring expenses	0.0	0.0	0.0	0.0	0	0.0

Segment Report

Business segments

4-6/2006 M€	Vaisala Measure- ment Systems	Vaisala Instru- ments	Vaisala Solutions	Other Opera- tions	Elimina- tions	Group
Net sales to external customers	20.9	15.7	13.0	0.0	0.0	49.7
Intragroup sales	0.0	2.6	0.1	0.0	-2.7	0.0
Net sales	20.9	18.4	13.1	0.0	-2.7	49.7
Operating profit	3.5	5.8	0.2	-0.9	0.0	8.6
Depreciation	1.4	0.4	0.2	0.8	0	2.8
Restructuring expenses	-0.5	0.0	0.0	0.0	0	-0.5

1-12/2006 M€	Vaisala Measure- ment Systems	Vaisala Instru- ments	Vaisala Solutions	Other Opera- tions	Elimina- tions	Group
Net sales to external customers	93.2	64.3	63.3	0.0	0.0	220.8
Intragroup sales	0.0	11.1	0.4	0.0	-11.5	0.0
Net sales	93.2	75.3	63.7	0.0	-11.5	220.8
Operating profit	19.8	19.5	5.4	-6.1	0.0	38.6
Depreciation	4.8	1.9	0.7	3.4	0.0	10.8
Restructuring expenses	0.0	0.0	0.0	0.0	0.0	0.0

Calculation of financial indicators

$$\text{Solvency ratio, (\%)} = \frac{\text{Shareholders' equity plus minority interest}}{\text{Balance sheet total less advance payments}} \times 100$$

		Profit before taxes less taxes +/- minority interest
Earnings / share	=	----- Average number of shares, adjusted
		Cash flow from business operations
Cash flow from business operations / share	=	----- Number of shares at balance sheet date
		Shareholders' equity
Equity / share	=	----- Number of shares at balance sheet date, adjusted
		Dividend
Dividend / share	=	----- Number of shares at balance sheet date, adjusted

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Vaisala Oyj

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