uponor

ANNUAL REPORT 2007

When targets are rising high, good products are not enough. Seamless co-operation is the key to success.

Information for shareholders

The Annual General Meeting

Uponor Corporation's Annual General Meeting is to be held on Thursday, 13 March 2008 at 5 p.m. at Pörssitalo (the Helsinki Stock Exchange building), Fabianinkatu 14, Helsinki, Finland.

Important dates in the year 2008

• Financial accounts bulletin for 2007	7 February
• Financial Statements for 2007	7 February
• Annual General Meeting	13 March at 5 p.m.
• Record date for dividend payment	18 March*
• Date for dividend payment	27 March*
• Interim report: January–March	29 April at 4 p.m.
• Interim report: January–June	12 August at 8 a.m.
• Interim report: January–September	29 October at 11 a.m.

* Proposal of the Board of Directors

Publications

The annual report will be published in Finnish and English and will also be available on the company website at www.uponor.com. The interim reports and corporate releases will be published in Finnish and English on the company website.

Ordering of publications

You can order Uponor's investor publications conveniently via the company website, at www.uponor.com/investors, under Subscription services, where you can also notify us of any changes in your contact information or cancel your subscription.

You can also order publications by contacting:
Uponor Corporation, Communications
P.O. Box 37, Robert Huberin tie 3 B, FI-01511 Vantaa, Finland
Tel. +358 (0)20 129 2854, fax +358 (0)20 129 2841
communications@uponor.com

Insider register

The public register of Uponor Corporation's insiders may be viewed at the Uponor Legal Department at the address above, tel. +358 (0)20 129 2837. E-mail address to the Legal Department is legal@uponor.com. The share and stock option holdings of company's permanent insiders are also available on the website at www.uponor.com.

MORE INFORMATION AVAILABLE AT
WWW.UPONOR.COM

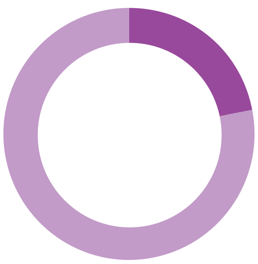
Uponor
in brief

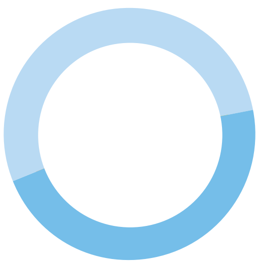
Uponor is a leading international supplier of plumbing and heating systems for the residential and commercial building markets.

The Group's key applications, such as radiant floor heating and tap water systems, are sold in over hundred countries, in many of which Uponor is a market leader. In Europe, Uponor is also a prominent regional supplier of municipal infrastructure pipe systems. Uponor offers its customers solutions that are ecologically sustainable.

Uponor focuses on three business groups

Housing Solutions





HEATING AND COOLING SYSTEMS

- For residential, industrial, and commercial construction
- For new buildings and renovations

Customers

- Installation companies
- Wholesalers
- Construction companies

PLUMBING SYSTEMS

- Tap water and other indoor plumbing
- Solutions to bring clean water from the source to the tap

Customers

- Installation companies
- Wholesalers
- Construction companies

Infrastructure

PIPE SYSTEMS AND SERVICES

- Wastewater and rainwater management
- Water and gas distribution
- Solutions for cable protection
- Renovation systems

Customers

- Municipalities
- Utility companies (water and gas)

Uponor makes its annual report available through the web at www.uponor.com. You can also find previous years' annual reports and stock exchange bulletins there.

All of Uponor's IR reports and materials, whether written or webcast, as well as up-to-date share and ownership data, are available in the investor section of its website, at www.uponor.com/investors.

Follow the link for more investor information!

Contents

Uponor performed well in the challenging business environment of 2007. The company developed its operations and new initiatives remain in the pipeline.

Uponor is placing great emphasis on business growth, the most significant projects being the development of the high-rise and cooling businesses. The company seeks to create long-term partnerships with building professionals in order to increase productivity, enhance quality and improve standards of living.

There were major differences in demand between the various markets. The building sector was lively in parts of Southern and Eastern Europe and most of the Nordic countries, although slackening demand in the United States, Germany and Spain was more prominent in the media. Uponor performed well in Europe – West, East, South, and its measures aimed at increasing operational efficiency in North America yielded rapid results.

Uponor's year 2007

In 2007, Uponor's net sales grew in line with its long-term targets and profitability remained strong. While demand for the company's products and services was particularly buoyant during the first half of the year, the second half proved more difficult than anticipated due to an unexpected fall in demand for housing solutions. Demand for infrastructure solutions remained stable throughout the year.

Strategic achievements

To clarify its future goals, Uponor revised its vision to fulfil its corporate mission more effectively. Efforts targeted at Uponor's strategic focus areas continued according to plan, with a number of measures being implemented in all three strategic areas – growth, corporate brand and operational excellence.

Growth

Uponor actively promoted a number of strategic development projects aimed at business expansion. Investments in the high-rise segment began to bear fruit, and Uponor played a major role in several high-rise projects in all of its key market areas. Resources were also invested in the development of the cooling business. In Spain, Uponor signed a partnership agreement with a local company involved in solar energy development, in order to promote its sales in underfloor heating and cooling systems.

In Europe, Uponor invested in production capacity extensions and automation enabling the expansion of its composite pipe production in particular. In the United States, the company initiated a plant extension, the aim of which is to meet the growing demand for plastic systems and launch new products.

New offices, sites and training centres were opened in several countries.

Corporate brand

Implementation of the corporate brand, launched at the beginning of 2006, continued. In 2007, special attention was paid to the role of employees as brand builders. A Group-wide training programme targeted at the entire personnel was launched in order to internalise and achieve a deeper understanding of the brand promise. The aim is to have all Uponor staff complete the related training by the end of 2008.

Operational excellence

As part of the harmonisation of processes and the improvement of operational excellence in line with its strategy, Uponor advanced in the implementation of its European-wide enterprise resource planning system. This system was the company's largest single investment during 2007. Implementation started in the Nordic countries and the preparations continued in the Iberian Peninsula. The system was taken into use in all housing solutions sites in the Nordic countries during 2007.

Personnel

Uponor placed a heavy emphasis on the development of employees' competencies, particularly in its strategic growth areas. In North America, the company strengthened its sales and marketing organisation to correspond better to the current market situation.

Shares

The number of Uponor's shareholders reached a new record-high of 12,564 (7,799) at the year-end. The Uponor share also reached its all-time high at EUR 31.45 in May.

Uponor's Board of Directors decided to launch a long-term incentive scheme for members of the company's Executive Committee, extending from 2007 to 2009.

SNOW DOME Bispingen

The most modern skiing hall in Europe, Snow Dome in Bispingen, Germany, can accommodate up to 4,600 skiers per hour in the slopes cooled by Uponor solutions.

Important stock exchange and press releases in 2007

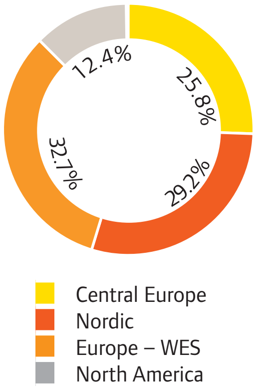
8 Feb	Annual accounts: Uponor achieves its targets for 2006
8 Feb	Uponor's Board decided on awarding treasury shares
14 Feb	Uponor Board of Directors' proposals to the Annual General Meeting
15 Feb	Uponor increases its domestic Commercial Paper programme to EUR 150 million
15 March	Resolutions by Uponor Corporation's Annual General Meeting
22 March	Amendment to the Articles of Association of Uponor Corporation registered
30 March	Members of Uponor's Board of Directors to increase their stake in the company
26 Apr	Interim report Jan–Mar 2007: Year begins with a strong improvement
24 May	Disclosure under chapter 2 section 9 of the securities market act
20 Jul	Uponor rewarded for sustainable practice
7 Aug	Interim report Jan–June 2007: Growth continued in the second quarter
14 Sep	Notification under Chapter 2 Section 9 of the Securities Market Act
25 Sep	Uponor launches a long-term incentive scheme for its Executive Committee
25 Sep	Profit warning: Uponor reduces full-year net sales estimate
26 Oct	Interim report Jan–Sep 2007: Weaker demand impacted Uponor's profit development in Q3
26 Oct	Uponor appoints two new members into the Executive Committee
11 Dec	Uponor streamlines manufacturing in Ireland
12 Dec	Uponor's Capital Markets Day

MORE INFORMATION AVAILABLE AT WWW.UPONOR.COM

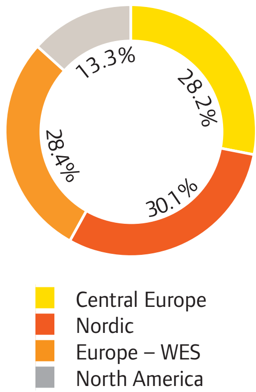
Key figures	IFRS 2007	IFRS 2006	IFRS 2005	IFRS 2004	FAS 2003
Net sales, MEUR	**1,219.3**	1,157.0	1,031.4	1,026.9	1,021.0
Operating profit, MEUR	**151.0**	143.7	123.0	95.2	30.7
Profit before taxes, MEUR	**148.5**	141.5	120.5	89.3	20.8
Earnings per share (fully diluted), EUR	**1.39**	1.32	1.12	1.19	0.02
Dividend per share, EUR	**1.40**(*	1.40(1	2.27(1	0.70	1.44(1
Market capitalisation, end of period, MEUR	**1,260.6**	2,076.6	1,338.9	1,029.5	935.4
Gearing, %	**25.4**	6.3	–6.4	8.5	17.8
Number of shareholders	**12,564**	7,799	6,766	5,225	3,998

*) Proposal of the Board of Directors. 1) Includes an extra dividend.

Net sales by Region 2007



Personnel by Region 2007



In Europe, our main driver for growth was the Europe – WES region. In North America, we refocussed and geared up our operations.

Challenges make us stronger

The year 2007 was one of continued development for Uponor, within a very turbulent global market environment. We met our long-term growth target and managed to improve our operating profit, thanks to the relentless efforts of our employees.

During the first half of the year, we saw the highest market demand ever in some geographical areas but, during the summer, demand began to weaken. This was evident in Europe, with Germany and Spain as good examples, but also in the U.S., where the fall in demand, although expected, was stronger than anticipated. This decline was largely due to difficulties related to the U.S. housing market and the rising financial uncertainty that spread to many of Uponor's key housing solutions markets. This was a surprise, because there was no evidence of fundamental problems in many European markets. The commercial high-rise building markets, whose importance to Uponor is gradually increasing, were unaffected by the decline in the residential sector and continued to grow.

Strong performance in turbulent markets

Bearing in mind the tough market environment, Uponor performed well in 2007. In Europe, the main contributor was the Europe – WES region, whose improvement was driven by growth. In North America, we managed to develop the business in a depressed market by means of various streamlining and refocusing measures, and strong initiatives remain in the pipeline.

The heavy demand during the spring months proved a challenge in both Europe and North America, since we had to keep on managing shortfalls in the supply of certain key products. As markets turned, fluctuating demand introduced inefficiencies into the supply chain, thus contributing negatively to our profits.

The positive drive was also disturbed by some one-off issues such as claims costs in North America related to product lines that have now been discontinued and the shipping difficulties caused by the ERP implementation in the Nordic countries at the year-end.

Targeting growth

Our efforts to establish a leading position in the high-rise segment, and thereby secure a new growth platform, proceeded well. The high-rise segment represents a promising future opportunity for Uponor and has the ability to stabilise our performance in an otherwise cyclical environment.

Uponor is traditionally strong in the single-family segment, with a leading position globally in floor heating and plastic plumbing systems. Our plumbing offering, comprising both PEX and composite pipe systems, is strong and developing well, and demand remains high in most of our geographical areas. The floor heating markets are more diversified. In the Nordic countries and Central Europe, these markets are maturing, while in other areas, such as North America and Eastern Europe, there is room for growth. Floor heating is also vigorously entering the high-rise market.

When I talk to our customers, I am delighted to hear many positive comments on our key system offerings. In plumbing, our MLCP or composite pipe systems are doing well, while in PEX-pipe applications the differentiated positioning of our Quick & Easy fittings range is helping us to grow. We have just introduced Q&E to our German customers, and our R&D teams are actively developing those aspects that will help differentiate Uponor in the future.

We have also continued our efforts to strengthen the company through various internal measures. Our European ERP roll-outs have continued, although not entirely without hitches, and our key housing solutions sites in Europe are now functional on the new platform. Those involved in the project have worked hard to resolve all of the related issues, and we are making progress.

2007 saw Uponor introduce its new vision, in a challenging statement that should inspire our employees, customers and shareholders. A key element in the vision is sustainability. Since the 1980s, Uponor has been offering an environmentally friendly product portfolio enabling home and building-owners to save energy and utilise sustainable sources of energy. We are continuing in this vein with our radiant cooling system that is advancing in the high-rise and single-family segments the world over.

We at Uponor believe in creating better human environments. So, whether you are an employee, a customer, a business partner or a shareholder, choose Uponor as your partner. I wish to thank you all for your trust in 2007 and look forward to rewarding partnerships in the interesting times ahead!

Jan Lång
President and CEO


uponor

Growth
through partnerships

Uponor's core purpose is to partner with professionals to create better human environments. The company seeks to achieve this goal by producing energy-efficient and sustainable solutions that make our environments more pleasant to live in. Uponor implements its mission in co-operation with other professionals in the construction industry, such as designers and installers. The aim of this is to create partnerships that are rewarding for all parties.

Vision

Uponor's vision is to provide solutions that enrich people's way of life throughout the world. The company's energy-efficient radiant heating and cooling solutions meet today's requirements and help save natural resources. Uponor aims at growth as well as becoming the leading brand and a recognised forerunner in its industry. Through the realisation of these objectives, Uponor can also generate superior total shareholder return.

Values

Uponor's values are:
- Knowledge
- Enabling
- Most rewarding
- Improving effectiveness
- Committed

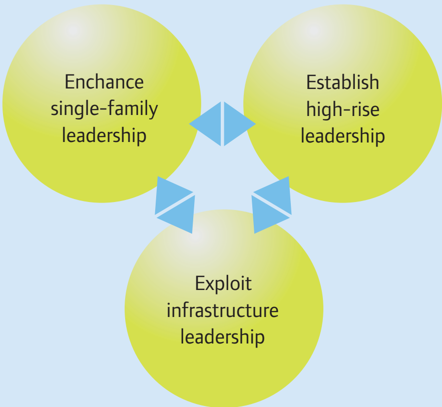
These values are the main pillars of Uponor's customer service and the Uponor brand. They reflect what the company stands for and explain how its employees wish to behave towards partners and each other.

Strategy

Uponor has systematically implemented its strategy in three focus areas: growth, brand, and operational excellence. Thanks to the measures taken, Uponor is stronger than before although its operating environment has become more challenging.

Uponor's strategic cornerstones are its three, mutually supporting development projects:
- to establish a leading position in the high-rise segment
- to enhance its leadership in the single-family home segment
- to exploit its strong position in the infrastructure business

Cornerstones of the Uponor strategy



Uponor's leadership in the single-family home segment supports the company's high-rise business since it can utilise existing technology, know-how and the Uponor brand. Uponor's strong position in the single-family home markets provides an excellent basis for expanding co-operation with other construction industry professionals and service suppliers. One of Uponor's key growth areas is the development of its radiant cooling business. This is closely related to the high-rise segment and the aim of achieving a leading position in this industry.

Uponor is a renowned and respected supplier of infrastructure solutions in the Nordic countries and the U.K. The company's strong position and long presence in these markets supports its efforts to grow into new business areas.

In the single-family home segment, Uponor aims at further strengthening its position in Europe and North America as a supplier of both radiant underfloor heating and plumbing solutions. In particular, the company seeks to capitalise on its growth opportunities in those markets where its business remains modest, such as France, Italy, the UK and Eastern Europe. Another focus area is the development of products and services for renovation and modernisation.

Uponor's market position in 2007

	Housing Solutions		Infrastructure
	Heating and cooling solutions	Plumbing solutions (2	Infrastructure solutions
Proportion of net sales			
Central Europe	In top 1 or 2 (1	In top 3 to 5	
Nordic	In top 1 or 2 (1	In top 1 or 2	In top 1 or 2
Europe – WES	In top 1 or 2 (1	In top 1 or 2 – Market presence (3	In top 1 or 2
North America	In top 1 or 2 (1	In top 3 to 5	

In top 1 or 2 · In top 3 to 5 · Market presence

1) only hydronic floor heating systems 2) all materials considered 3) varies by national market

Major investments in the high-rise segment

In the last few years, Uponor has made major investments in development projects aimed at business growth, the most important of these involving the development of the high-rise segment and the cooling business.

With the high-rise segment, Uponor is seeking to complement its traditional single-family home segment, thus creating a broader basis for organic growth in its housing solutions range that covers plumbing, underfloor heating and cooling systems.

In the high-rise segment, Uponor's partners are mainly professionals, building projects are mainly large and activities are managed on a project basis. The segment's value chain is extensive, ranging from wholesalers and installing contractors to other players, while customers include property owners, construction companies, engineers and construction industry service suppliers. For instance, a project in which a constructor builds dozens of single-family homes in a new residential area would satisfy the high-rise criteria extremely well.

In the high-rise segment, Uponor is seeking to establish long-term partnerships enabling it to develop and improve construction quality, profitability and cost-efficiency and promote life-cycle thinking in buildings. The new operating model also takes account of energy efficiency requirements and facilitates the holistic planning of buildings.

Cooling market growing

Uponor aims at making the cooling business one of the main pillars of its operations, and this may become as important as the underfloor heating business is today. In Uponor's target countries, hydronic cooling still plays a modest role in the cooling market.

The development of the cooling business supports Uponor's core purpose and vision, aimed at creating better human environments. The actual products are only part of this development work. It is also important to understand the factors and players affecting the cooling business as well as the related decision-making processes.

The growth of the cooling markets is expected to exceed the housing market average, although the situation tends to vary somewhat from market to market. Demand for cooling is expected to increase in tandem with growing requirements for residential and non-residential construction in line with the increase in the standard of living. The benefits of hydronic cooling include comfort, energy-efficiency and environmental friendliness.

Corporate brand

At the beginning of 2006, Uponor launched a new, uniform corporate identity and began to operate exclusively under the Uponor corporate brand. The purpose of this change was to enhance Uponor's efficiency, establish consistent operating policies and create better opportunities for building a strong global brand. According to market feedback, this was the right decision since recognition of the Uponor brand has increased and the image it evokes among Uponor customers is positive. Measures continued to strengthen the Uponor brand further.

Uponor's employees play a key role in maximising the benefits delivered by a uniform brand. Accordingly, special attention has been paid to the role of employees as brand builders. In 2007, a Group-wide training programme targeted at the entire personnel was launched in order to internalise Uponor's brand promise, and how it affects one's own work, more effectively. This training will continue until the end of 2008, by which time all Uponor staff will have completed the training.

Investments in improving operational efficiency

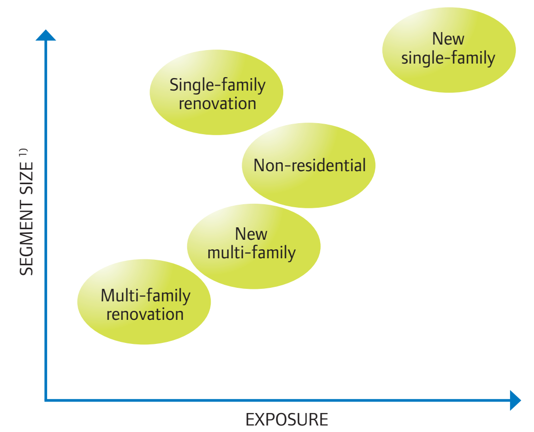
One of Uponor's strategic focus areas lies in improving its operational efficiency. The implementation of a European-wide enterprise resource planning (ERP) system proceeded as part of the harmonisation of processes and the improvement of operational excellence. Uponor previously applied more than 30 different ERP-like systems in Europe. The new Oracle-based ERP system was the company's largest single investment during 2007. Most of Uponor's housing solutions' offices and plants in Europe are expected to adopt the new ERP system by the end of 2008. The main benefits of the new system include more efficient management of inventories and the supply chain. One of the key goals of the development work was to establish standardised processes, which have clearly improved Uponor's data management and the comparability of information produced for the management.

Changes in the business environment

The construction industry cycle has passed its peak in several key markets. This decline in housing construction is being compensated for by non-residential building, which is expected to continue to develop favourably in both Europe and North America, as well as renovations and modernisations, the importance of which has increased during the last few years, particularly in Europe. Investments in various segments may also help in mitigating the effects of cyclical changes.

In the residential building sector, urban-type construction is expected to become more common in those countries that have previously favoured single-family housing. Simultaneously, building methods are changing

Uponor's exposure to key housing solutions segments 2007



[1] Reflects current, not future, opportunity for Uponor's solutions

Exposure by region

	Residential				Non-residential
	Single-family		Multi-family		
	New-build	Renovation	New-build	Renovation	
Central Europe	30–39%	20–29%	<10%	10–19%	20–29%
Nordic [1]	> 39%	10–19%	10–19%	10–19%	10–19%
Europe [1] – WES	30–39%	10–19%	20–29%	10–19%	10–19%
North America	> 39%	<10%	10–19%	<10%	10–19%

> 39% · 30–39% · 20–29% · 10–19% · <10%

[1] Uponor Nordic and Uponor Europe – WES are also involved in the infrastructure business.

Uponor's long-term financial targets for 2007–2009

- Annual organic net sales growth of over 6 per cent (average over the cycle)
- Operating profit margin reaching the level of 15 per cent during the fiscal year 2009
- Return on investment (ROI) of over 30 per cent
- Gearing between 30 and 70 (average across quarters)
- Growing ordinary dividend: at least 50 per cent of the company's earnings annually

as well: building work is increasingly left to professional contractors, and pre-fabricated elements are used to an increasing extent. On the other hand, customers increasingly emphasise environmental values, comfort and construction quality.

Construction industry trends

One of the current trends in the construction industry is the industrialisation of the construction process in order to improve cost-efficiency, quality, competitiveness and productivity. The focus has shifted from products to services and societal aspects, including:

- safe and healthy living and working conditions
- the ageing of the population
- a reduction in the energy and materials used
- preservation of the cultural and architectural heritage.

Large construction companies have increasingly started to offer products and services for single-family housing construction, and are seeking to augment their market share in this sector, too. In Europe, although the housing construction market remains rather fragmented, the consolidation trend has already begun.

The market share of plastic plumbing systems is expected to continue to increase. Statistics show that plastic and composite systems have already taken the lead over copper systems in buildings' plumbing installations.

In addition to comfort and aesthetic aspects, the current legislation supports a strengthening of the market position of hydronic heating systems since more energy-efficient building solutions and systems are required in many countries. Furthermore, building owners are increasingly demanding more environmentally friendly technical solutions.

Uponor is developing its processes, products and services to meet the needs of large players. The company is also investing in partnerships, the importance of which is expected to increase further in the future.

Sustainable development playing an increasingly important role

As a result of greater demand for energy efficiency as well as appreciation changes and higher energy costs, sustainable development has become a major selection criterion in new building, renovation and modernisation projects. Uponor has a long tradition in the development of pro-environmental products that have a long service life and help save energy and clean water. Furthermore, Uponor products are made from raw materials that enable efficient recycling.

Uponor is contributing to an ever greater extent to the development of an environment that can be enjoyed by future generations. The company is seeking to generate an operating model in which buildings and their surroundings are considered as entities. This is being pursued by focusing on life-cycle thinking with respect to buildings and by concluding partnerships with other professionals participating in these projects. This operating model emphasises, for instance, the total installed cost of the product, product and service quality, customer satisfaction, productivity and environmental know-how.

Key figures

Key financial figures	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2003 FAS
Net sales, MEUR	1,219.3	1,157.0	1,031.4	1,026.9	1,021.0
Change in net sales, %	5.4	12.2	0.4	0.6	–10.2
Operating profit, MEUR	151.0	143.7	123.0	95.2	30.7
Operating profit, %	12.4	12.4	11.9	9.3	3.0
Profit before taxes, MEUR	148.5	141.5	120.5	89.3	20.8
Profit for the period, MEUR	101.9	96.5	82.7	63.8	1.6
Return on Equity (ROE), %	30.1	25.3	20.3	21.7	0.3
Return on Investment (ROI), %	39.2	35.8	28.1	27.0	4.9
Solvency, %	50.2	53.6	63.2	57.7	59.8
Gearing, %	25.4	6.3	–6.4	8.5	17.8
Net interest-bearing liabilities, MEUR	84.5	21.7	–26.9	33.6	84.0
Personnel (FTE) at 31 December	4,581	4,325	4,126	4,475	4,803
Investments, MEUR	58.1	54.2	49.0	37.8	36.7

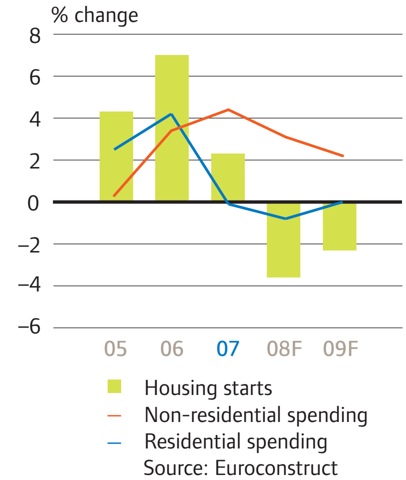
Share-specific key figures					
Market value of share capital, MEUR	1,260.6	2,076.6	1,338.9	1,029.5	935.4
Dividend, MEUR	4) 102.5	3) 102.5	2) 166.0	52.0	106.9
Dividend per share, €	4) 1.40	3) 1.40	2) 2.27	0.70	1) 1.44
Effective share yield, %	8.1	4.9	12.6	5.1	11.5
Issue-adjusted share prices					
– highest, €	31.45	29.35	19.78	15.00	13.01
– lowest, €	15.31	18.00	13.72	12.10	8.40

The definitions of key ratios are presented in the financial statements.

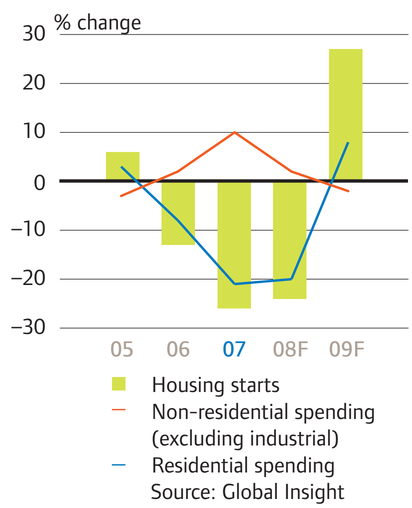
Years 2004–2006 are reported according to IFRS, while year 2003 is reported according to FAS.
Notes to the share-specific key figures:
1) includes an extra dividend payment 0.44 euros per share
2) includes an extra dividend payment 1.37 euros per share
3) includes an extra dividend payment 0.25 euros per share
4) proposal of the Board of Directors.

Figures reported for 2003 have been converted based on the bonus issue 2004.
The bonus issue was executed by issuing one bonus share for each existing share without consideration. The average number of shares allows for the effect of treasury shares.

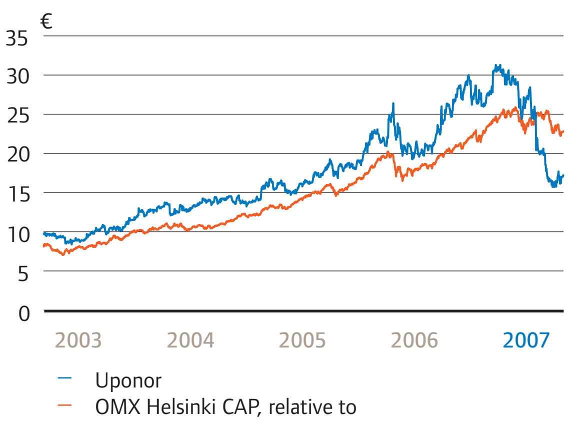
Construction activity
Euroconstruct countries



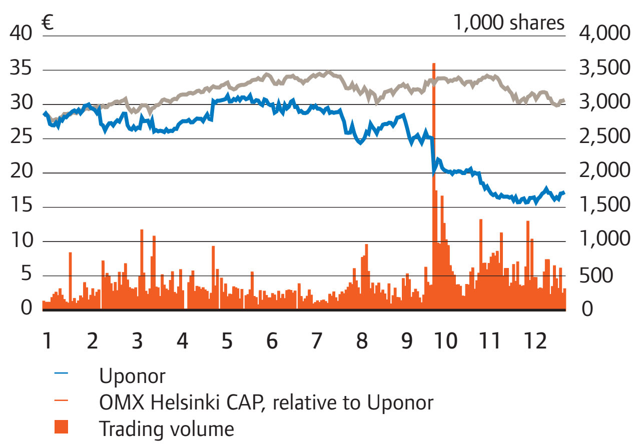
Construction activity
USA



Share price 2003–2007



Share price and trading 2007

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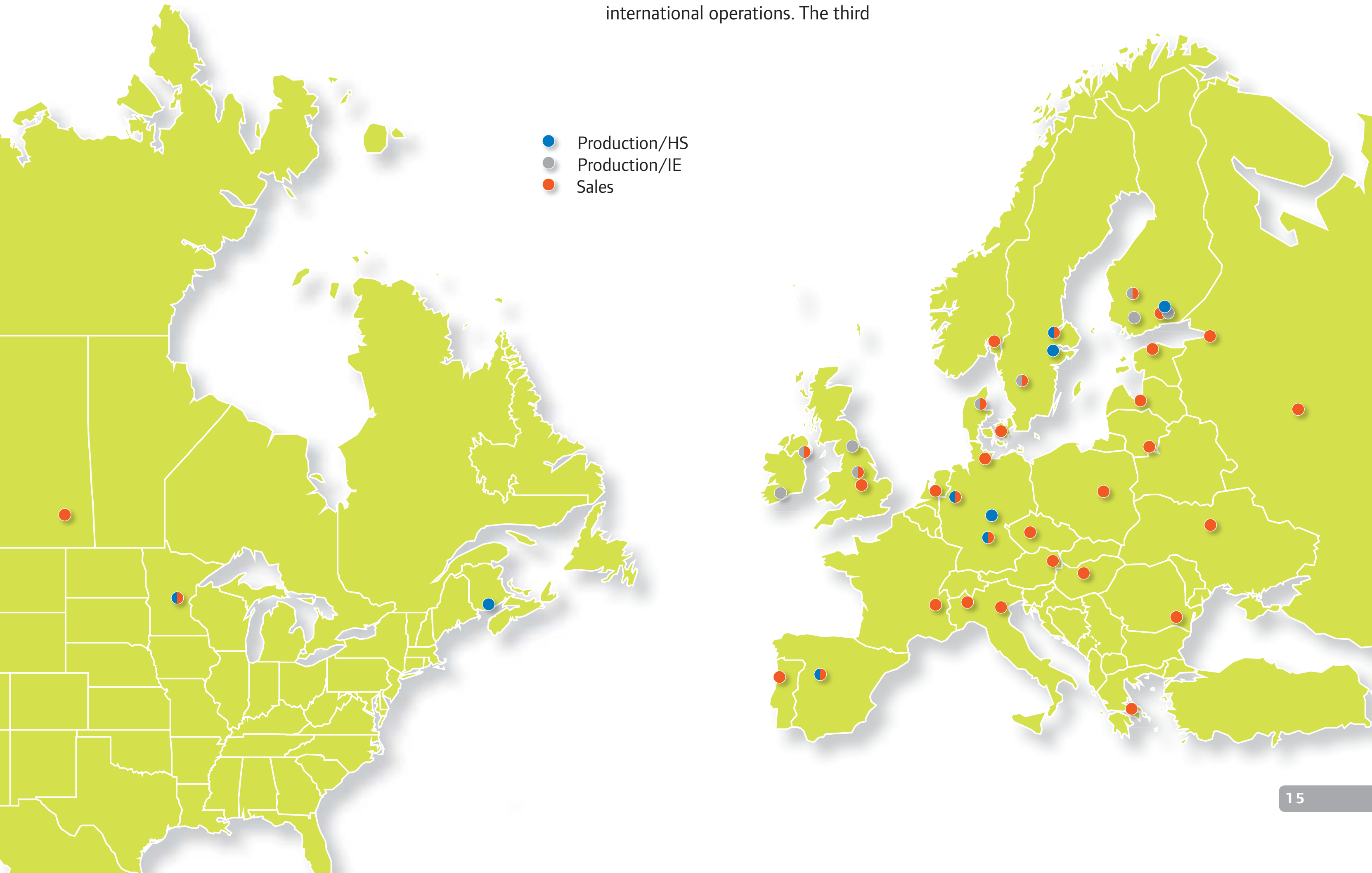
Steady progress
in volatile markets

Uponor Central Europe is responsible for the company's housing solutions business in Germany, Austria, Switzerland, the Benelux countries, the Czech Republic, Poland, Ukraine and Belarus. All of the region's three production plants are situated in Germany. The regional organisation employs approximately 1,260 people.

Uponor Nordic supplies infrastructural pipe systems and plumbing and heating solutions to the Nordic countries. The regional organisation has production units in Sweden, Finland and Denmark and it employs 1,380 people.

Uponor Europe – West, East, South covers Uponor's operations in southern, western and eastern Europe (including Russia), as well as international operations and exports to countries which do not fall within the territory of Uponor's other regional organisations. This regional organisation is divided into three areas: Europe – South, West which is responsible for the housing solutions business in Spain, Portugal, Italy, France and the British Isles; and Europe – East & International which operates in Russia, the Baltic countries, Hungary, Romania and Greece and is responsible for Uponor's international operations. The third unit, Infrastructure – UK and Ireland is responsible for the infrastructure business in the British Isles. The whole regional organisation employs approximately 1,220 people and has production units in Spain, the UK and Ireland.

Uponor North America provides its customers with underfloor heating, plumbing and sprinkler systems in the US and Canada. It has production plants in Minnesota, US, and New Brunswick, Canada and employs approximately 570 people.



Major fluctuations in Central Europe

Market situation

The beginning of the year 2007 was characterised by lively demand. Accordingly, the first half was particularly strong in Germany, where demand continued to be boosted by the tax and subsidy changes implemented in 2006. The market situation changed during the latter part of the year, with demand slackening and housing construction proving slow, particularly within the single-family house sector. However, non-residential construction remained strong.

With respect to Uponor's product range in Central Europe, demand was created mainly by high energy prices, the drive towards more energy-efficient systems and an increasing focus on living comfort. The continued transfer from metal to plastic systems was supported by high metal prices.

Business review

In contrast to weakening demand in Germany, developments in other Central European countries varied from good to satisfactory. Sales developed particularly well in the eastern parts of the region, such as Poland and the Czech Republic.

Uponor launched several new products in 2007, including a self-adhesive underfloor heating system and a new underfloor heating control system, which further strengthened the company's market position. In the cooling market, Uponor introduced a new cooling panel which is installed in ceilings, enabling the easy installation of cooling systems into existing buildings. In early 2007, Uponor discontinued its production and marketing of prewall toilet installation systems in Germany.

A new training centre was built in Ochtrup, Germany, providing training for engineers and architects, for example, with a particular focus on the high-rise segment. This centre features a unique simulation technique for heating, cooling and drinking water equipment.

Uponor revised its Central European sales organisation, paying special attention to the development of its customer service targeted at the high-rise segment. A new sales office was opened in Kiev, Ukraine, to strengthen operations in this growing market. Furthermore, Uponor extended its composite pipe production capacity in its German plants.

Uponor participated in a sustainable development research centre project in Kassel, Germany. In particular, the purpose of this project is to investigate a new-technology cooling concept utilising renewable energy sources. For instance, Uponor supplied the centre with an underfloor heating and cooling system whose energy consumption is only a quarter of that of a traditional office building.

Profit performance

The region's net sales increased to 351.3 (345.1 in 2006) million euros while operating profit declined to 41.1 (49.3) million euros. This was attributable, among other things, to major fluctuations in demand which increased production costs, and the introduction of a new enterprise resource planning system.

BMW Group

Unique architecture at BMW Welt

The design of BMW Welt, located in Munich, Germany, was inspired by the painting The Tower of Babel by Pieter Bruegel. The architect wanted to create the illusion of a building floating in the air. This building, a representative of progressive architecture, was opened to the public in October 2007 and functions as a BMW car delivery centre and as a stage for various cultural events.

Its unique architecture posed challenges for the heating and cooling system which was supposed to adapt even to unconventional structural and visual solutions. The project designer was familiar with Uponor and knew that it would be just the right partner for this challenging building, whose structures hide 7,800 square metres of underfloor heating and cooling systems designed for industrial use.

Uponor Nordic
enjoyed continued high demand

Market situation
In the Nordic region, demand for Uponor's infrastructure and housing solutions is affected by the number of housing starts. In the main, demand for housing solutions depends on the number of single- and multi-family housing starts and the number of high-rise projects. Furthermore, the renovations and modernisations sector helps to balance fluctuations.

Uponor's product lines have benefited from changes in the market. In plumbing, the migration from metal to plastic systems has grown the market and the popularity of plastic pipe systems continues. A corresponding trend is visible in the heating business, where central heating radiators and electric heating are increasingly being replaced with hydronic underfloor heating, including high-rise buildings. The popularity of hydronic cooling is rising due to its energy-efficiency and higher comfort requirements. The energy-efficiency of buildings is becoming a key priority among real estate owners, both with respect to residential and commercial properties.

Contrary to some other European countries, demand remained on a good level in the Nordic region throughout 2007, with the exception of Denmark where demand began to weaken during the second quarter. Towards the end of the year, growth also slackened in the Finnish housing construction market whereas non-residential building and renovations continued to grow. In Sweden and Norway, the market growth was hampered mainly by the lack of professional installers. Demand for infrastructure solutions remained at a healthy level in Sweden and Finland, in particular, during 2007.

Business review
Uponor is placing increasing emphasis on the marketing of total solutions while paying attention to technical customer service and training provided to various professional groups. In the consumer market, an example of this is the total offering concept launched in Finland in 2006–2007, a comprehensive Uponor systems package to home builders. Furthermore, Uponor's technical and planning services facilitate the acquisition and installation of the various Uponor systems.

In line with its strategy, Uponor continued to implement growth measures in the high-rise segment, with a special emphasis on the marketing of floor heating and pre-installed products as well as marketing co-operation with various professionals. Uponor continued to develop its infrastructure and housing solutions organisations, with the aim of enhancing their co-operation and extending their processes beyond national borders. Uponor's production units developed their processes as part of the enhancement of their operational efficiency and quality. In addition, the production units invested in expanding their capacity.

Uponor's European-wide ERP system was implemented in the first Nordic facility in Sweden in July. Towards the end of the year, its implementation expanded to cover all housing solutions businesses in Sweden, Denmark and Norway.

Profit performance
Net sales remained at a healthy level and amounted to 397.7 (377.8) million euros. This was mainly attributable to good demand for infrastructure solutions. Net sales of the housing solutions business were affected by shipping problems related to the ERP launch in the fourth quarter.

Operating profit almost reached its 2006 levels, coming to 49.7 (56.6) million euros. It was strained by an increase in production costs due to fluctuations in demand, the expenses of the ERP project and an increase in infrastructure solutions' raw material prices, which the company was unable to transfer in full to its sales prices.

Farewell to a slippery road in Sweden

The Göteborgsbacken incline on highway number 40 from Jönköping to Gothenburg was previously known by motorists as a place to avoid in slippery road conditions. Every winter, the uphill caused trouble as vehicles became stuck on it, causing traffic congestion and dangerous situations.

In order to eliminate the problems caused by the icy road, the Swedish Road Administration selected Uponor's Meltaway system, which was installed on the additional lane built on the steepest part of the incline. The system was designed and realised as a joint effort by the Swedish Road Administration, a consultancy firm and Uponor, and the heated additional lane was opened for use at the end of 2007.

Strategic investments bring growth in Europe – West, East, South

Market situation

There were major differences in demand between the various markets belonging to the geographically extensive region of Uponor Europe – West, East, South. In particular, the eastern European and Russian markets were boosted by economic growth and a general improvement in the standard of living. In southern Europe, lively demand in early 2007 exceeded expectations but declined during the latter part of the year alongside the drop in housing starts. Renovations, modernisations and public and non-residential construction remained relatively healthy. With respect to Uponor's product range, the growth in the market position of plastic systems and the transfer to more energy-efficient and environmentally-friendly solutions compensated for the decline in the construction sector.

In Eastern Europe, underfloor heating is still playing a minor role in the heating business which, together with intensifying building activity, is creating growth opportunities. The wholesale business structure is still taking shape in eastern Europe, with many western European and Far Eastern manufacturers trying to gain a foothold in these markets. Furthermore, the major construction sector operators are seeking partners for local co-operation.

In western and southern Europe, environmental considerations are playing an increasingly important role in building activities. For example, Spain tightened its energy-efficiency requirements for residential buildings through the related legislation in 2007. These new regulations require, for instance, the extensive utilisation of solar energy in heating, cooling and plumbing solutions. Moreover, the importance of quality and life-cycle thinking is being emphasised in construction-related decision-making.

The infrastructure markets of the UK and Ireland remained relatively lively. These markets are being boosted by the investments of gas and water utilities aimed at renovating their networks in line with today's requirements.

Business review

In eastern Europe, the product-based offering of many of Uponor's competitors is providing the company with the opportunity to profile itself as a supplier of systems and comprehensive solutions. Various measures, such as new services targeted at installers, the expansion of the training provided

Co-operation yields results in Sacyr Vallehermoso

Sacyr Vallehermoso is a 52-storey complex rising to 236 metres in the city of Madrid. The third tallest building in Spain, this high-rise houses both offices and a five-star hotel offering spectacular views to its guests.

In order to achieve the best results, co-operation between the designers, developers and Uponor began well before the actual construction work was launched. The plumbing system, utilising Uponor's Quick&Easy system, was selected for the building due to its versatility and easy installation.

by the Uponor Academy, and customer loyalty programmes, have helped Uponor increase its market share in plumbing systems and strengthen its position in the underfloor heating business. Uponor's eastern European and international operations increased their marketing co-operation in order to achieve synergy gains, and new offices were opened in Russia and Romania.

In southern and western Europe, Uponor sought growth from new business areas, such as the combination of underfloor heating and cooling. An operational model targeted at the high-rise segment in particular, in which Uponor enters into partnerships at various levels of the value chain, proved effective. In Spain, an advertising campaign targeted at consumers significantly increased Uponor's recognition in several customer groups. The company also continued to develop its loyal customer programme, expanding it to cover the most important customer segments. A new training centre was opened in Italy, and training was provided to a total of 10,000 professionals throughout southern Europe. In the UK, Uponor launched an underfloor heating system designed for renovation and modernisation projects.

In Spain, Uponor signed a partnership agreement aimed at combining solar energy and Uponor's cooling systems to create one of the most energy-efficient solutions on the market.

In December, Uponor announced its plan to centralise its Irish infrastructure production in conjunction with its existing factory in Northern Ireland, and signed an agreement to sell its production facility in Cork in the final quarter of 2008.

Profit performance

The region's net sales increased to 445.4 (387.9) million euros while operating profit went up to 57.5 (38.2) million euros. This growth in operating profit was mainly attributable to strong growth in net sales and the improved performance of the infrastructure business.

New employees were recruited, particularly in sales and marketing operations, to support Uponor's growth strategy and high-rise projects.

Uponor participates in the 'eighth wonder of the world' in Dubai

The Palm is one of three artificial islands currently under construction on the coast of Dubai, providing the emirate with an additional 520 kilometres of coastline. A whole community will be built on these islands, including hotels, luxury apartments, restaurants, fashion shops, marinas and much more. Uponor has supplied the location with both infrastructure and plumbing systems.

The largest infrastructure delivery was the Atlantis hotel that has over 1,500 rooms. Up to now, the amount of infrastructural pipe systems supplied by Uponor to The Palm would suffice to handle the entire water supply of New York City.

Uponor has delivered plumbing systems to several high-rise buildings in the Golden Mile area, both for residential and hotel use. In addition to its high-quality products, Uponor's track record as a reliable partner in large projects was a decisive factor in its selection.

Powerful developments in a challenging market environment in North America

Market situation

The US market was affected by a notable slowdown in the residential new construction market, which also eroded demand for housing solutions. The level of unsold homes increased caution, not only among construction sector companies but also among consumers and the distribution channel. In the US, the market's weakening was more dramatic than anticipated, the number of new housing starts plunging by a quarter during 2007, whereas in Canada residential building continued at 2006 levels.

Business review

In the US, Uponor performed relatively well amidst a challenging market environment, since it was able to capitalise on the increasing market share of plastic systems. The company strengthened its position as North America's leading supplier of hydronic underfloor heating systems and, its market share in plumbing systems developed positively, too.

The company launched a factory extension project in Apple Valley, MN, with the aim of ensuring the sufficiency of its production capacity in underfloor heating and plumbing systems in line with growing demand. The extension, which will be completed in 2008, will also enable Uponor to introduce and produce new products.

Uponor initiated several projects in order to improve its production, marketing and administrative efficiency. The company strengthened its sales and marketing organisations and increased and re-allocated resources, in order to focus on its most important customer groups. It also extended its own sales network significantly, for instance, to broaden its geographical scope, and centralised its support functions to further improve efficiency.

The development of Uponor's role both in-house and towards customers as a supplier of environmentally-friendly solutions in North America was initiated. Accordingly, initiatives were identified and implemented in 2007. The attention paid to efficiency improvements from 2006 to 2007 resulted in major reductions in the company's energy costs and scrap generation.

Uponor also introduced a number of new tools and products which further augmented its offering in, for instance, the high-rise segment.

Profit performance

The region's net sales totalled 169.2 (183.0) million euros, equal to USD 233.1 (230.9) million. In a difficult market situation, growth was mainly generated by the success of underfloor heating and the growth in Canada.

Operating profit grew to 16.6 (14.5) million euros, or 22.9 (18.3) million dollars. This profit improvement was achieved mainly through various measures increasing production efficiency, sourcing savings and offering improvements.

Michigan dream home delivers comfort and saves energy

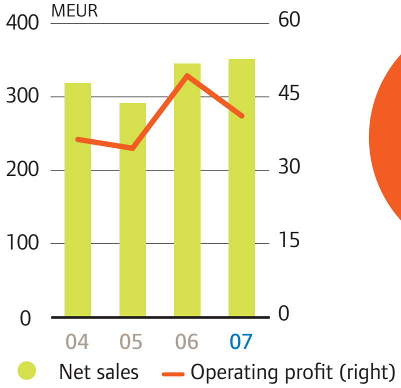
When planning the massive 22,000 square foot (2,000 square metre) home, it was not enough to have just beautiful rooms. State-of-the-art comfort and energy efficiency were also top priorities. The house is a reminiscent of the 16th century English Tudor style, and it contains a variety of floor coverings, including hardwood, marble, tile, carpet and stone.

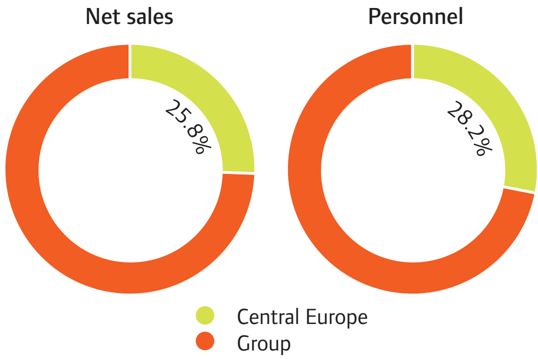
Uponor's underfloor heating was selected because of its long life expectancy, energy efficiency, and provision of a healthier environment with more consistent room temperatures. The system also allows the home owner to adjust the temperatures in different rooms separately. In addition, an Uponor snow-melting system was employed to keep the driveway, walkways and other outdoor areas snow- and ice-free during the winter months.

CENTRAL EUROPE

Region's key figures		
MEUR	2007	2006
Net sales	351.3	345.1
Operating profit (EBITA)	41.1	49.3
EBITA ratio	11.7	14.3
Assets	181.4	197.6
Investments	11.0	7.5
Personnel, 31 December	1,273	1,212

Net sales and operating profit

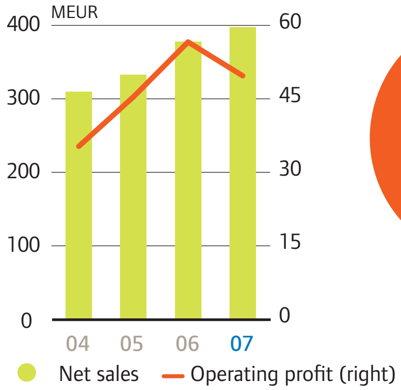


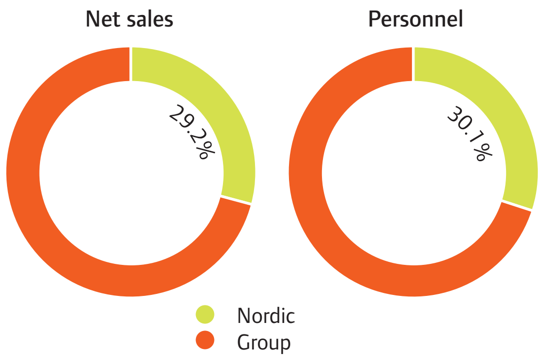


NORDIC

Region's key figures		
MEUR	2007	2006
Net sales	397.7	377.8
Operating profit (EBITA)	49.7	56.6
EBITA ratio	12.5	15.0
Assets	185.3	203.5
Investments	15.5	14.7
Personnel, 31 December	1,361	1,332

Net sales and operating profit

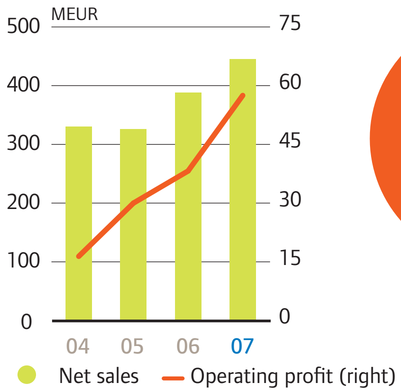


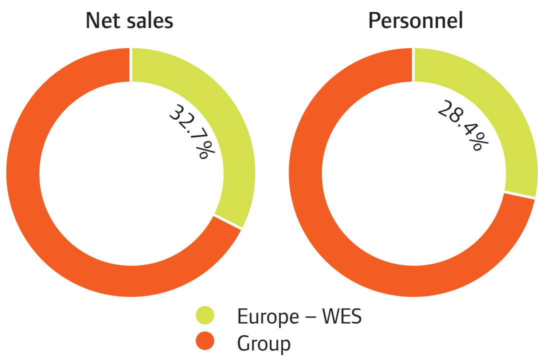


EUROPE – WES

Region's key figures		
MEUR	2007	2006
Net sales	445.4	387.9
Operating profit (EBITA)	57.5	38.2
EBITA ratio	12.9	9.9
Assets	240.1	223.3
Investments	10.1	8.6
Personnel, 31 December	1,283	1,163

Net sales and operating profit

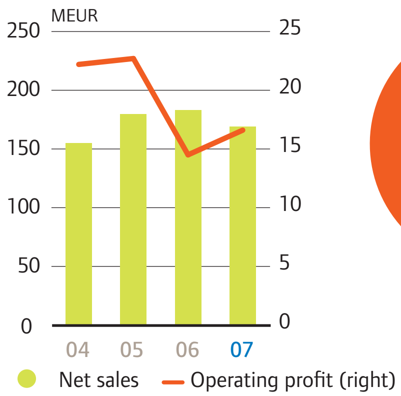


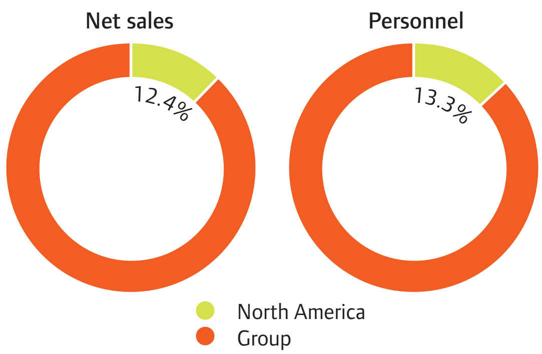


NORTH AMERICA

Region's key figures		
MEUR	2007	2006
Net sales	169.2	183.0
Operating profit (EBITA)	16.6	14.5
EBITA ratio	9.8	7.9
Assets	123.7	109.5
Investments	13.4	8.8
Personnel, 31 December	602	568

Net sales and operating profit





Better
human environments

Uponor creates better human environments by developing increasingly energy-efficient and environmentally friendly housing and infrastructure solutions.

Uponor works to maintain corporate social responsibility on the basis of the following principles:

- Considering environmental factors in the development and manufacture of products
- Well-being, rewarding jobs and skills development for personnel
- Appreciating partners, customers and society

Uponor has also developed a Code of Conduct for questions related to bribery, corruption, the handling of confidential data, the environment, the company's political commitments, as well as employees, customers and suppliers. The company complies with the applicable rules and regulations in all its operations and requires the same of its partners.

Uponor's responsible way of conducting its operations is based on its corporate values presented on page 9 of this Annual Report and the company's website.

Financial responsibility built on stable growth

Profitable business operations provide the basis for financial responsibility. The starting point of Uponor's responsible business operations is stable growth that helps to ensure the company's profitability and competitiveness.

The company has determined long-term financial targets for 2007–2009 in order to further enhance its shareholder value. These targets include average annual organic growth of over 6 per cent during the business cycle and a return on investment (ROI) of over 30 per cent. Uponor's aims are to grow its ordinary dividend and distribute at least 50 per cent of its annual profit to shareholders.

Investments in business development

In 2007, Uponor's gross investments in business development totalled EUR 58.1 million. These were mainly related to the development of the high-rise business, development and implementation of a European-wide enterprise resource planning (ERP) system and the related harmonisation of processes as well as increase of production capacity in both North America and Europe.

Stakeholder relations

Uponor aims at a mutually rewarding co-operation with its stakeholders. It wants to be an attractive investment, a fair partner and a good employer. Uponor is a significant taxpayer everywhere it operates and maintains open and smooth co-operation with various authorities and the media. Uponor co-operates with local educational institutions by, for instance, providing student traineeships and full-time jobs for qualified graduates.

Innovative product development and energy-efficient use of natural resources

Climate change and its effects on the housing and infrastructure solutions business are providing new types of challenges but also opportunities for developing Uponor's businesses, since energy-efficient housing and building solutions play a major role in curbing climate change. Consequently, interest in environmentally-friendly, energy-efficient products is constantly growing.

Strategy work advancing

02/07
Identification of strategically critical success factors by the Executive Committee

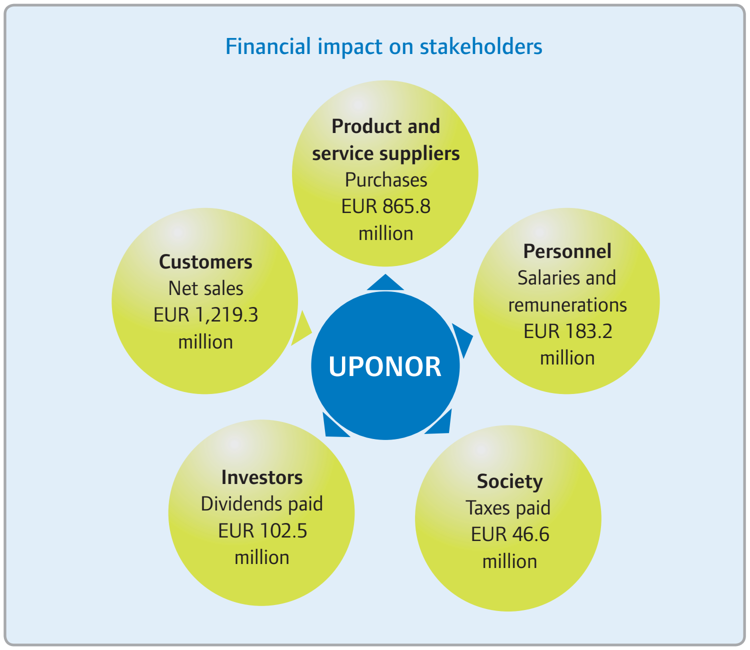
05/07
New vision published

05/07
Marketing workshop focusing on the development of strategic marketing know-how

06/07
New management training programme, Uponor Leader, launched

10/07
Me&Uponor workshops initiated: team discussions on Uponor's vision and individual employees' own role in the development of corporate culture and customer work

11/07
Personnel survey results improved



Uponor has long traditions in designing innovative and technically advanced product systems that promote energy-efficient and healthy living. Its solutions provide a constantly suitable temperature, pure water and fresh air in any facilities where people live, work or spend their leisure time.

Uponor seeks to be one of the industry's forerunners by taking account of the environmental effects of its products throughout their lifecycle in a manner that exceeds the minimum requirements imposed by the authorities. For example, Uponor's hydronic cooling system consumes significantly less energy than traditional air conditioning techniques.

Goal-oriented activities

While most of Uponor's units have set explicit environmental goals, all of the Group's production units are involved in the corporate social responsibility reporting procedure. Environmental, quality, and health and safety indicators form part of financial reporting. Most (over 80%) of Uponor's production units hold an ISO 14001 environmental certificate with a view to providing increasingly extensive and reliable information on the effects of the Group's operations.

Environmental impact of manufacturing kept to a minimum

In Uponor's line of business, the most significant environmental effects stem from the use of raw materials, energy consumption and transportation. The plastics processing industry creates no major burden on the environment since such manufacturing does not involve major emissions, and raw materials are used efficiently. Furthermore, the service life of plastic pipes is exceptionally long, often 50–100 years, after which the product can be recycled.

Raw material waste is crushed and either reused in production or forwarded for recycling or energy use. Water is purified and recycled in a closed system. The environmental effects of transportation are minimised through efficient delivery planning and by using as clean a fuel as possible, such as natural gas or biodiesel.

Human resources management promotes growth

Uponor's human resources management is based on the Unified Uponor strategy and Uponor's values, such as Knowledge and Most rewarding. The company supports its personnel's general and professional skills, work efficiency, job satisfaction and motivation on a broad basis by focusing on management development and the translation of corporate values into action.

Competence development supports corporate strategy

The aim of Uponor's human resources management is to harmonise its management culture and practices as well as internal communications. The principles of good leadership specified by Uponor are: get results, communicate, cooperate, build trust, learn, and change.

Uponor rewarded for its nature-friendly recycling system

In February 2007, Uponor received the Environment Business Outstanding Achievement Award for its innovative SUPER recycling system at the Sustainable City Awards held by the City of London Corporation. Furthermore, Uponor was given an honorary mention for its conservation of natural resources.

The SUPER scheme recovers and recycles customer polyethylene pipes and fittings waste. This plastic waste is turned back into pellets and new plastic products. Since its introduction, the system has recycled more than 260 tons of polyethylene, equivalent to 520 tonnes of carbon dioxide. As a result of waste minimisation and recycling activities, Uponor has reduced the amount of its general waste destined for landfills by 86 per cent.

Strategy opens up in group discussions

Uponor's vision, strategy, targets and values will be presented in a practical manner during the half-day Me&Uponor training events. All employees will participate in group discussions aimed at finding concrete ways of supporting the Uponor strategy in their own work. These teams will also present ideas on how the various Uponor units might work together to create and develop a corporate culture that supports the unified Uponor brand.

Initiated in the autumn of 2007, this training will be organised at all Uponor sites during 2008.

Uponor's regular human resources management tools include budgeting, the strategic planning of resources and competencies, the annual personnel survey, performance reviews and rewarding. Development needs identified by personnel surveys are taken into account in, for example, recruitment and training plans. In addition to training, Uponor supports the development of its personnel through job rotation.

The various subareas of management are measured and analysed on a regular basis in order to ensure the development of business operations in accordance with corporate strategy and values. The achievement of targets is monitored by means of indicators linked, for instance, with the company's financial success, customer satisfaction and brand awareness, its share of new products, or an index calculated on the basis of the personnel survey.

Employee well-being at a high level

In 2007, a personnel survey covering all employees was performed for the fourth time. Its results took an upward turn: in particular, Uponor's employees are satisfied with their colleagues and their jobs, viewing the latter as suitably independent. Over 86 per cent of Uponor's employees feel proud of their employer. As in previous years, the results will be examined within teams and development and action plans will be drawn up on the basis of these discussions during the spring.

Occupational health and well-being are being advanced by ensuring the availability of the appropriate tools and offering rewarding jobs, occupational safety training and regular feedback. Each Uponor facility has its own safety instructions and accidents are reported at local level. In-house job rotation is facilitated through, for example, the announcement of vacancies on the corporate intranet before job advertisements are made available to the public.

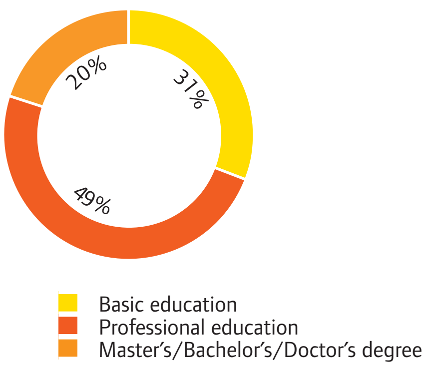
At the end of 2007, the Group employed 4,743 people, 75 per cent of whom were male and 25 per cent female.

Competencies are deepened

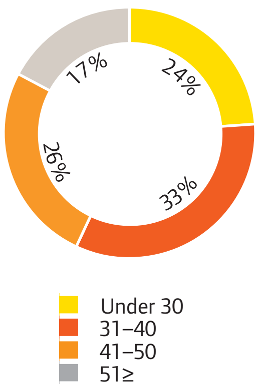
In 2007, Uponor focused on the development of its strategic marketing and the implementation of the new corporate vision. Several training workshops were organised during the year, in order to analyse and further develop the company's present position. Other strategically important training events included those related to leadership, key customer management and product technical skills. Particular emphasis was placed on the identification and training of young talents through, for instance, a new training programme. ■

MORE INFORMATION AVAILABLE AT
WWW.UPONOR.COM

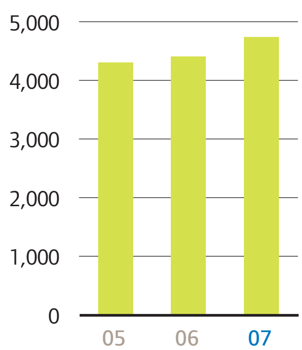
Personnel by education



Personnel
age distribution



Personnel on
31 December



Corporate governance

Pursuant to the Finnish Companies Act and the Articles of Association of Uponor Corporation (hereinafter 'the Corporation'), the control and management of the Corporation is divided among the shareholders, the Board of Directors and the Chief Executive Officer (CEO). Uponor Corporation follows the recommendation on corporate governance for listed companies issued by the HEX Plc, the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers.

Foto Bonatti

General meetings of shareholders

Shareholders exercise their rights in general meetings of shareholders, which constitute the Corporation's highest decision-making body. Under the Companies Act, decisions made by general meetings of shareholders include:

- Amendments to the Articles of Association
- Adoption of the annual accounts
- Dividend distribution
- Share issues
- Buyback and disposal of the Corporation's shares
- Share and stock option plans
- Election of members of the Board of Directors and decision on their emoluments
- Election of the Corporation's auditor and decision on audit fees

Under the Finnish Companies Act, a shareholder has the right to require that an issue to be addressed by the general meeting of shareholders be included on the agenda of the general meeting of shareholders, if (s)he submits his/her demand in writing to the Board of Directors well in advance so that the matter can be included in the notice of meeting.

Shareholders, who alone or jointly with others hold a minimum of 10 per cent of Corporation's shares, have the right to demand in writing that an extraordinary general meeting (EGM) of shareholders be convened for the purpose of dealing with a specific matter.

Shareholders are entitled to exercise their rights at the general meeting of shareholders via an authorised representative, and the shareholder or the representative authorised by the shareholder may use an assistant at the meeting.

Shareholders wishing to participate in and exercise their voting rights at the general meeting of shareholders must notify the Corporation of their intention to attend the meeting by the date mentioned in the notice of meeting.

Board of Directors

Duties

In accordance with the Finnish Companies Act, the Board of Directors is responsible for the management of the Corporation and the proper organisation of its activities. The Board's main duty is to direct the Corporation's operations in such a way that, in the long run, the yield to shareholders is secured, while simultaneously taking the expectations of various stakeholders into account. In addition to its statutory duties, the Board takes decisions on all other significant issues, such as Uponor Group's ("Group") strategy, dividend policy, budget, major investments including company acquisitions and divestments, as well as major restructuring programmes. The Board also approves succession plans for the CEO and the Executive Committee members.

Election and membership

Pursuant to the Articles of Association, the Board comprises a minimum of five and a maximum of seven members, elected for a one-year term starting at closing of the Annual General Meeting (AGM) at which they were elected and expiring at closing of the following AGM. Board members may be elected or removed only by a resolution adopted by the shareholders in a general meeting. The number of terms Board members may serve is not limited, nor is there any defined retirement age applying to them.

The AGM held in March 2007 elected the following six members to the Board: Mr Jorma Eloranta, Mr Jari Paasikivi, Mr Pekka Paasikivi, Mr Aimo Rajahalme, Ms Anne-Christine Silfverstolpe Nordin, and Mr Rainer S. Simon. (For more detailed information on Uponor's Board members, please see page 33 in the annual review or visit www.uponor.com.)

It is the Corporation's policy to comply with the recommendations on issues related to Board members, their independence and non-executive position, issued by the HEX Plc., the Central Chamber of Commerce and the Confederation of Finnish Industry and Employers. All Board members are required to act in the best interest of the Corporation, its subsidiaries and all shareholders, and to disclose any potential conflicts of interest.

All of the current Board members are independent of the Corporation and all of the Board members, except for Mssrs Jari Paasikivi and Pekka Paasikivi, are independent of major shareholders. It is in the interests of the Corporation and stakeholders that the elected Board members represent expertise in various fields, such as the Corporation's industry, relevant technologies, financing, human resources management, risk management and international sales and marketing.

The AGM determines Board emoluments and fees. Based on the 2007 AGM's decision, the annual Board emoluments are as follows: Chairman EUR 65,000, Deputy Chairman EUR 45,000, and ordinary Board members EUR 40,000.

Additionally, the AGM decided that approximately 40 per cent of the annual emoluments be paid in company shares acquired on behalf and in the name of the Board members, and approximately 60 per cent in cash.

The table below shows annual emoluments and fees paid to the current Board members during 2007:

Board member	Annual emoluments, EUR
Paasikivi, Pekka, Chairman	65,000
Rajahalme, Aimo, Deputy Chairman	45,000
Eloranta, Jorma	40,000
Paasikivi, Jari	40,000
Silfverstolpe Nordin, Anne-Christine	40,000
Simon, Rainer S.	40,000
Total	270,000

The Board members were not involved in the Corporation's share-based incentive scheme that terminated at the end of 2006.The Board elects from among its members a Chairman and Deputy Chairman, for one year at a time.

Meetings and decision-making

The Board meets on average 10 times a year. Some meetings may be held as teleconferences. Two of the meetings should take place at a business unit, a different one at each time. The Board of Directors may also meet at any time without the presence of the corporate management and make decisions without holding a meeting.

During 2007, the Board held 14 meetings, one of which at a business unit, and made one decision without a meeting. One non-attendance was recorded.

The Board does not have a separate charter, because given that the company has sufficiently detailed corporate governance guidelines, such a charter is considered unnecessary.

Board Committees

The Board of Directors has decided that the Corporation shall not have a separate Audit Committee but the Board shall perform the duties vested with such a committee. The Board meets with the external auditor at least twice a year, once without the presence of the corporate management, and with the internal auditor, at least once a year. In addition to monitoring internal and external audits, the Board's duties as Audit Committee include examining the contents of the Corporation's annual accounts and interim reports, and monitoring its internal control and risk management systems.

Whenever necessary, the Board sets up ad hoc committees to deal with various issues, such as compensation and nominations. One such committee was set up in 2007 to prepare proposals on Board members for the AGM of 2008.

Chief Executive Officer

Assisted by the Executive Committee, the Chief Executive Officer is in charge of the Group's day-to-day management in accordance with the orders and instructions issued by the Board. It is the CEO's duty to ensure that the Corporation's accounting procedures comply with the applicable legislation and that the financial management is conducted in a reliable manner. The CEO is also the Chairman of the Executive Committee.

The annual remuneration paid to the CEO, Mr. Jan Lång, totalled EUR 386,668.30 in 2007, including fringe benefits. He is also entitled to a bonus of a maximum of 50 per cent of his annual remuneration. In 2007, he received EUR 173,779 in bonuses. In addition, the CEO received a share-based reward whose total value was 1,098,779.60 euros, as part of the incentive plan of 2004–2006.

Under the terms of the written service contract with the CEO, the contract may be terminated by either the CEO or the Corporation at six months´ notice. If the Corporation terminates the contract, it shall pay the CEO, in addition to the statutory compensation for the notice period, an amount equivalent to the remuneration paid to the CEO for 12 months preceding the termination. The Corporation may also terminate the agreement with immediate effect by paying an indemnification equivalent to his 18-month remuneration. The CEO is entitled to retire at the age of 63, with a full pension calculated in accordance with the Employees' Pensions Act (TyEL). The CEO must retire at the age of 65, at the latest.

Executive Committee

Duties

The Executive Committee (ExCom) is mainly responsible for formulating and implementing the Group's strategy. It also discusses and decides on significant operational issues, while each of its members is responsible for the Group's day-to-day management with respect to his/her field of responsibility.

In addition, the ExCom deals with budgets, business plans and their implementation, major organisational changes and any changes in employment terms and conditions affecting a large number of employees.

Membership

The ExCom comprises of the CEO and the number of executives determined by the Board, with the CEO acting as the Chairman. (For more information on ExCom members and their responsibilities, please refer to pages 31 and 34–35.)

Meetings and decision-making

The ExCom meets 10–12 times a year, with informal records being kept of its meetings. In 2007, the ExCom held 12 meetings.

Board and CEO evaluation

The Board conducts an annual evaluation of the CEO's performance with respect to, for example, strategic planning, management skills and financial performance, based on a special evaluation form. In addition, the Board conducts a separate evaluation of its own performance and that of the Chairman, while each director also assesses his/her personal performance.

Compensation

The Group's compensation system consists of the basic salary, fringe benefits and, subject to an individual employee's position, a profit and performance-based bonus. The superior of an employee's immediate supervisor is responsible for approving an individual employee's compensation. The members of the Executive Committee have a long-term incentive programme. To be eligible to participate in the scheme, an Executive Committee member must acquire a specific number of Uponor shares, as defined under the scheme, by the end of August 2008. Depending on the cumulative operating profit of Uponor during 2007–2011, and the number of shares acquired within the scheme, each member is eligible for being awarded Uponor shares in the spring of 2012.

A Group employee is not entitled to a separate fee for a board membership within a Group company.

The Board determines the CEO's employment terms and conditions and his annual compensation, and approves the ExCom members' annual compensation, based on the CEO's proposal.

Internal control, risk management and internal audit

The Board and the CEO determine the policies used to steer the Group's operations. As part of internal control, the management is responsible for monitoring compliance with the said policies within the Group.

The Group's main risk areas have been identified, with each ExCom member being allocated his/her own area of responsibility with regard to the identified risks. These responsibilities include the management and proper organisation of such areas throughout the Group. The officer in charge of risk management co-ordinates overall risk management within the Group and is responsible for ensuring appropriate insurance coverage and organising risk-management reporting on a Group-wide basis.

Internal audit is independent of daily business operations in order to provide a solid basis for an unbiased business evaluation. The Corporation has outsourced its internal audit to PricewaterhouseCoopers Oy. The Board approves the annual internal audit plan.

External audit

The AGM elects the external auditor on the basis of the Board's proposal. The external auditor must be a corporation of authorised public accountants accredited by the Central Chamber of Commerce of Finland. In co-operation with the auditor, the corporate management organises the audit of the Group's subsidiary companies, as required by applicable local legislation. Auditors of these subsidiary companies report directly to the legal unit they have audited, submitting a copy of each report to the Group's financial administration for inclusion in the Corporation's audit log.

The 2007 AGM appointed KPMG Oy Ab, a corporation of authorised public accountants, as the Corporation's auditor for the financial year 2007, with Mr Sixten Nyman, Authorised Public Accountant, acting as the principal auditor. Audit fees paid in 2007 to the external auditor for statutory audit services totalled EUR 684,575, for audit related services EUR 9,589 and for non-audit services EUR 92,941.

Insider guidelines

The Corporation complies with the guidelines for insiders issued by the Helsinki Stock Exchange on 1 January 2006, the standards issued by the Financial Supervision Authority of Finland as well as other authorities. The Corporation also has its own insider regulations.

The Corporation's public insiders comprise of Board members, the CEO, ExCom members and the auditor. The Corporation maintains its public insider register in Finnish Central Securities Depository Ltd's SIRE system.

The Corporation also maintains a company specific, non-public register of its permanent insiders including, among others, employees within the Group's administration. A project-specific insider register is established whenever the Corporation runs a project falling within the scope of insider regulations, and those involved in the special project on the basis of their employment contract or another contract gain insider information on the Corporation. Typically, such a project is a thematic entity or arrangement not forming part of the Corporation's normal business activities due to its nature or size. The Group's internal insider rules are published on the Group intranet, and information on them has been distributed, for instance in the Group's internal Web magazine. Group employees are required to act in accordance with these rules.

Trading in the Corporation's shares and other securities is subject to prior approval by the Corporation's General Counsel. The Corporation applies an absolute trading prohibition that starts at end of the reporting period, however, not later than three weeks prior to the disclosure of annual accounts or interim reports, and lasts until the disclosure of the annual accounts or an interim report.

The table below shows the shares owned by the public insiders in 2007 (including any holdings of corporations controlled by them and any holdings of their immediate circle).

Shares held by public insiders in 2007			
The Board of Directors and the Auditor	Position	Date	Shares
Eloranta, Jorma	Board member	1 Jan.	2,713
		31 Dec.	10,883
Paasikivi, Jari	Board member	15 March	509,960
		31 Dec.	518,159
Paasikivi, Pekka	Chairman of the Board	1 Jan.	429,774
		31 Dec.	443,096
Rajahalme, Aimo	Deputy Chairman of the Board	1 Jan.	5,928
		31 Dec.	12,164
Silfverstolpe Nordin, Anne-Christine	Board member	1 Jan.	5,341
		31 Dec.	13,511
Simon, Rainer S.	Board member	1 Jan.	2,459
		31 Dec.	10,629
Nyman, Sixten	Auditor	1 Jan.	-
		31 Dec.	-
The Executive Committee			
Aarnio, Paula	Member	1 Jan.	-
		31 Dec.	8,140
Bondestam, Sebastian	Member	1 April	-
		31 Dec.	-
Brinkmann, Bernhard	Member	1 Jan.	1,500
		31 Dec.	9,640
Folgmann, Heiko	Member	26 Oct.	-
		31 Dec.	-
von Graevenitz, Georg	Member	1 Jan.	-
		31 Dec.	8,140
Kallioinen, Jukka	Member	1 Jan.	440
		31 Dec.	8,580
Luomakoski, Jyri	Deputy CEO and CFO	1 Jan.	1,900
		31 Dec.	12,900
Lång, Jan	President and CEO	1 Jan.	10,400
		31 Dec.	30,200
Roses, Fernando	Member	26 Oct.	-
		31 Dec.	-
Tollsten, Anders	Member	1 Jan.	-
		31 Dec.	8,140

Group structure 1 January 2008

President & CEO
Jan Lång

Finance & Administration
Jyri Luomakoski

Human Resources
Paula Aarnio

Supply Chain
Sebastian Bondestam

Offering, Technology & Development
Jukka Kallioinen

Uponor Central Europe
Bernhard Brinkmann
- Germany
- Austria
- Switzerland
- Benelux
- Poland
- Czech Republic
- Ukraine
- Belarus

Uponor Nordic
Georg von Graevenitz

HS/IE
- Sweden
- Finland
- Denmark
- Norway

Uponor Europe – West, East, South

HS South, West
Fernando Roses
- Spain
- Portugal
- Italy
- France
- UK & Ireland

HS East & International
Heiko Folgmann
- Baltic
- Greece
- Southeast
- Russia
- International

IE UK & Ireland
Stuart Godfrey

Uponor North America
Anders Tollsten
- USA
- Canada

HS = Housing Solutions
IE = Infrastructure Solutions

The global responsibilities of the Executive Committee members are as follows:

- **Jyri Luomakoski**, Deputy CEO and CFO: finance and administration, strategic planning, financing and risk management, legal services, IT services, external communications and investor relations, the ERP programme
- **Paula Aarnio**, Executive Vice President, Human Resources: HR development, management systems, internal communications
- **Sebastian Bondestam**, Executive Vice President, Supply Chain: supply chain development including procurement, manufacturing network, warehousing, logistics
- **Jukka Kallioinen**, Executive Vice President, Offering and Development: product and systems offering and their development, technology, marketing development
- **Georg von Graevenitz**, Executive Vice President, Nordic: brand management

The regional responsibilities of the Region Executive Vice Presidents are given in the chart.

Uponor Corporation

Board of Directors

1 January 2008

1

Pekka Paasikivi

b. 1944, Finnish citizen, B.Sc. (Eng.), Chair of the Board of Oras Invest Ltd

- Chairman of the Board, Uponor Corporation from 30 September 1999, member of the Board from 23 September 1999
- Uponor shareholdings: 443,096

Board memberships:
- Chairman of the Board, Erkki Paasikivi Foundation
- Chairman of the Board, Kemira Oyj
- Chairman of the Supervisory Board, Varma Mutual Pension Insurance Company
- Member of the Board, Okmetic Oyj
- Member of the Board, Raute Oyj
- Member of the Board, Foundation of Economic Education

Career history:
- Various positions at Oras companies, e.g. Managing Director, President and CEO

2

Aimo Rajahalme

b. 1949, Finnish citizen, M.Sc. (Econ.), Executive Vice President, Finance, KONE Corporation

- Deputy Chair of the Board, Uponor Corporation from 15 March 2005, member from 17 March 2003
- Uponor shareholdings: 12,164

Career history:
- Member of the Executive Board, KONE Corporation, since 1991
- CFO, KONE Corporation, since 1991
- Employed by KONE since 1973

3

Jorma Eloranta

b. 1951, Finnish citizen, M.Sc. (Eng.), President and CEO, Metso Corporation

- Member of the Board, Uponor Corporation from 15 March 2005
- Uponor shareholdings: 10,883

Board memberships:
- Chairman of the Supervisory Board, Ilmarinen Mutual Pension Insurance Company
- Member of the Council of Representatives, Confederation of Finnish Industries (EK)
- Member of the Executive Board and Member of the Board, Technology Industries of Finland
- Chairman of the Advisory Board, Laatukeskus Excellence Finland
- Member of the Advisory Board, Research Foundation of Helsinki University of Technology
- Chairman of the Board, International Chamber of Commerce, ICC Finland

Career history:
- President and CEO, Kvaerner Masa-Yards Inc., 2001–2004
- President and CEO, Patria Industries Group, 1997–2001
- Deputy CEO, Finvest Group and Jaakko Pöyry Group, 1996–1997
- President, Finvest Oyj, 1985–1995

4

Jari Paasikivi

b. 1954, Finnish citizen, M.Sc. (Econ.), President and CEO, Oras Invest Oy

- Member of the Board, Uponor Corporation from 13 March 2007
- Uponor shareholdings: 518,159

Board memberships:
- Member of the Board, Oras Invest
- Member of the Board, Oras Oy
- Member of the Board, Technology Industries of Finland
- Deputy Chairman of the Board, Finland Central Chamber of Commerce
- Chairman of the Board, Vakka-Suomi Youth Foundation

Career highlights:
- Oras Ltd, President and CEO, 2002–2007
- Oras Ltd, Managing Director, 1994-2001
- Oras Ltd, Plant Director, 1989–1994
- Oras Armatur A/S, Norway, Marketing Manager, 1987–1989
- Oras Ltd, Marketing Manager, 1983–1986

5

Anne-Christine Silfverstolpe Nordin

b. 1950, Swedish citizen, M.A. (Soc.), Partner and Senior Consultant of Neuhauser & Falck AB

- Member of the Board, Uponor Corporation from 17 March 2003
- Uponor shareholdings: 13,511

Board memberships:
- Member of the Board, Neuhauser & Falck AB
- Member of the Board and owner, Chorda Management AB

Career history:
- Senior Vice President, Swedish Post (Posten AB) 1997–2002
- Various positions in Human Resources in different companies 1984–1997

6

Rainer S. Simon

b. 1950, German citizen, Dr.Sc.(Econ.), Managing Director, Birch Court GmbH

- Member of the Board, Uponor Corporation from 17 March 2004
- Uponor shareholdings: 10,629

Career history:
- President and CEO, Sanitec Corporation, 2002–2005
- Member of the Executive Board, Friedrich Grohe AG, 1995–2002
- Senior Vice President, Europe, Continental AG, 1993–1995
- Managing Director, Keiper-Recaro, 1991–1993
- Various national and international marketing and general management positions, Continental AG, 1979–1990

Executive Committee

1 January 2008

SRV/Anna Huovinen

Arkkitehdit Hannunkari & Mäkipaja Oy

1 **Jan Lång**
President and CEO
M.Sc. (Econ.)
b. 1957, Finnish citizen

- Employed by Uponor since June 2003
- Uponor shareholdings: 30,200

Career history
- President and CEO, Uponor Corporation, 1 August 2003–
- Various positions at Huhtamäki Group during 1982–2003:
  Division President, Food Service, Europe, 2003
  Group Vice President, South & West Europe, 2001–2002
  Group Vice President, Global Sourcing, 2000–2001
  Steering Group Member, Senior Executive, Huhtamäki/Van Leer merger, 1999–2000
  Group Vice President, North & West Europe, Leaf Group, 1997–1999
  Various director and manager positions in Germany, Holland, UK and Finland, 1982–1997

2 **Jyri Luomakoski**
Deputy CEO, CFO
MBA
b. 1967, Finnish citizen

- Employed by Uponor since 1996
- Uponor shareholdings: 12,900

Career history
- Uponor:
  Deputy CEO, Uponor Corporation, 2002–
  CFO, member of Executive Committee, Uponor Corporation (Asko Oyj), 1999–
  Corporate controller, Uponor, 1997–1999
  Controller, Uponor, 1996–1997
- Deputy Managing Director and CFO, Oy Lars Krogius Ab, 1991–1996
- Director and Manager positions in Germany and Finland, Datatrans, 1987–1991

3 **Paula Aarnio**
Executive Vice President, Human Resources
M.Sc. (Eng.)
b. 1958, Finnish citizen

- Employed by Uponor since February 2004
- Uponor shareholdings: 8,140

Career history
- Human Resources Director, Oy Karl Fazer Ab, 2001–2004
- Vice President, Human Resources, Neste Oy/Fortum Oyj, 1998–2001
- General Manager, Human Resources, Neste Oy, Chemicals Division, 1997–1998
- Technical Marketing Manager, Neste Resins Oy, 1992–1995
- Product Development Manager, Neste Resins Oy, 1987–1991

4 **Sebastian Bondestam**
Executive Vice President, Supply Chain
M.Sc. (Eng.)
b. 1962, Finnish citizen

- Employed by Uponor since 2007
- No Uponor shareholdings

Career history
- Director, Packaging Material Supply Chain EU, Tetra Pak GmbH, 2006–2007
- Director, Converting EU, Tetra Pak Market Operations, 2004–2006
- Vice President, Converting Americas, Tetra Pak Asia & Americas, 2001–2004
- Various Director and Manager positions in Sweden, Singapore, China, UK and Italy, Tetra Pak, 1991–2000
- R&D Engineer, Tilgmann, 1989–1991

5 **Bernhard Brinkmann**
Executive Vice President, Uponor Central Europe
M.Sc. (Mech.Eng.)
b. 1953, German citizen

- Employed by Uponor since May 2004
- Uponor shareholdings: 9,640

Career history
- CEO, Zarges-Tubesca Holding GmbH, 1996–2004
- Division Head of Small Domestic Appliances, Bosch-Siemens Hausgeräte GmbH, 1992–1996
- CEO, Esselte GmbH, 1988–1991
- Director of Strategic Planning, Osram GmbH, 1985–1988
- Management Consultant, Roland Berger & Partner GmbH, 1980–1985

One of the most prestigious residential areas in Helsinki, Eiranranta represents comprehensive planning at its best. This top-notch area combines the luxury of single-family housing with the ease of high-rise living.

While the sea and the architecture provide a magnificent setting, luxury has been taken a step further here. In the apartments, built by the Finnish property developer SRV, the comfort of living has been enhanced in various ways using high-quality solutions both on the surface and underneath. In addition to an Uponor plumbing system, the apartments feature an Uponor underfloor heating system that guarantees an even and pleasant room temperature in all seasons. In line with its vision, Uponor provides solutions that enrich people's way of life – every day.

SRV/Anna Huovinen

6 **Heiko Folgmann**
Executive Vice President, Europe East & International
M.Sc. (Bus.)
b. 1967, German citizen

- Employed by Uponor since 1999
- No Uponor shareholdings

Career history
- Vice President, Europe East & International, 2006–2007
- Vice President, Sales and Marketing, Uponor Central Europe, 2003–2006
- Director Sales & Marketing, Unicor Holding AG, 2000–2003
- Managing Director, Unicor S.r.l, 1999–2000
- Sales Manager Export, Unicor Rohrsysteme GmbH, 1996–1999

7 **Georg von Graevenitz**
Executive Vice President, Uponor Nordic
M.Sc.(Eng.)
b. 1947, Finnish citizen

- Employed by Uponor since March 2004
- Uponor shareholdings: 8,140

Career history
- Uponor:
  Executive Vice President, Marketing and Development, November 2004–August 2006
  Executive Vice President, Marketing, March–October 2004
- Vice President, Marketing, Sulzer Pumps, 2000–2004
- Vice President, Marketing, Ahlstrom Pumps Oy, 1997–2000
- Regional Vice President, Foster Wheeler Energy, 1995–1997
- Managing Director, Ahlstrom CNIM, Paris, France, 1994–1995
- Director Business Development, Ahlstrom Pyropower, 1993–1994
- Various director positions at Nokia in cables and capacitor business in Finland and abroad, 1988–1993
- Various marketing and general management positions at Tampella, Ahlström and Brown Boveri in Finland, Sweden and Switzerland, 1974–1988

8 **Jukka Kallioinen**
Executive Vice President, Offering and Development
M.Sc. (Eng.), eMBA
b. 1958, Finnish citizen

- Employed by Uponor since 1984
- Uponor shareholdings: 8,580

Career history:
- Uponor:
  Executive Vice President, Uponor Europe–West, East, South, 2004–August 2006
  President, Infrastructure and Environment Europe, 2002–2003
  Director, Building and Construction Division, 1999–2001
  Director, Municipal Engineering, 1998–1999
  Managing Director, Uponor Anger GmbH, Germany, 1995–1998
  Business Area Manager, Ecoflex, 1988–1995

9 **Fernando Roses**
Executive Vice President, Europe South, West
M.Sc. (Eng.), eMBA, M.Sc. (Marketing)
b. 1970, Spanish citizen

- Employed by Uponor since 1994
- No Uponor shareholdings

Career history
- Vice President, Europe South, West, 2006–2007
- Vice President, Uponor HS Spain & Portugal, 2003–2006
- Marketing, Sales & Operations Manager, Wirsbo Spain & Portugal, 2002–2003
- Marketing & Sales Manager, Wirsbo Spain & Portugal, 1999–2002
- Technical, Logistic, Purchasing Manager, Wirsbo Spain 1996–1999
- Quality Assurance Manager, Wirsbo Spain, 1996
- Technical Manager, Wirsbo Spain, 1994–1996

10 **Anders Tollsten**
Executive Vice President, Uponor North America
M.Sc. (Eng.)
b. 1962, Swedish citizen

- Employed by Uponor since February 2004
- Uponor shareholdings: 8,140

Career history:
- Executive Vice President, Uponor Nordic, 2004–August 2006
- CEO, ABB Building Systems AB, 2002–2003
- CEO, NorthNode AB, 2001–2002
- Head of LV Motor Division, ABB Motors AB, 1996–2001
- Sub-division Manager, ABB Installation AB, 1994–1996

2007
Financial report

Review by the Board of Directors

Overview

Uponor experienced robust development in 2007. Its strategic development programmes proceeded according to plan, and the company reinforced its structures, operations and strategies. Furthermore, in 2007 Uponor achieved its best result yet, with its operating profit increasing to EUR 151 million.

The 2007 market developments proved historical for two reasons. First, never before has the company experienced such a drop from a boom phase of the economic cycle as between the spring and autumn of 2007. The second surprise was the speed at which trouble spread from the North American housing and financial markets across Europe, weakening the prospects of housing solutions in many of Uponor's key markets, such as Germany, Spain, the UK and Italy.

Housing solutions markets remained largely buoyant in the Nordic countries, Eastern Europe and Central Europe outside Germany. Public and commercial construction made encouraging progress in all of Uponor's geographic markets, as did the infrastructure segment in the Nordic countries and in the UK and Ireland, where Uponor has infrastructure operations.

Net sales

Uponor's net sales increased to EUR 1,219.3m (2006: EUR 1,157.0m) in 2007, a rise of 5.4 per cent year on year. When these figures are adjusted for the structural changes in 2006, organic growth stands at 6.2 per cent. In addition to that, the effect of exchange rates is 1.4 percentage points.

Reported operating profit grew most solidly in Europe – West, East, South, where the company could capitalise on market growth and the opportunities offered by new operations. Stimulated by infrastructure sales, net sales grew in the Nordic region, while the housing solutions targets were not reached, due to year-end delivery problems. Because of the difficult market situation, North American net sales lagged behind the year-on-year figures measured in euros, but slight growth was achieved when measured in the local currency.

Uponor's net sales by secondary segment increased to EUR 839.9m (EUR 804.4m) in housing solutions, representing 68.9 (69.5) per cent of total net sales, with growth at 4.4 (15.3) per cent. Net sales for infrastructure solutions amounted to EUR 379.4m (EUR 352.6m), with adjusted organic growth at 10.2 (11.3) per cent.

The largest geographical markets and their share of consolidated net sales were as follows: Great Britain 12.8% (11.2), USA 11.7% (14.0), Germany 11.7% (13.9), Spain 9.8% (8.1), Finland 9.5% (9.1), Sweden 7.6% (7.4) and Denmark 5.6% (6.3).

Results

Uponor's consolidated operating profit came to EUR 151.0m (EUR 143.7m), accounting for 12.4 per cent (12.4) of net sales. Like-for-like organic growth in oper-

Net sales by region for 1 Jan.–31 Dec. 2007:

EUR million	1-12/2007	1-12/2006	Reported change, %
Central Europe	351.3	345.1	+1.8
Nordic	397.7	377.8	+5.2
Europe – West, East, South	445.4	387.9	+14.8
North America	169.2	183.0	-7.5
(North America, USD	233.1	230.9	+1.0)
Eliminations	-144.3	-136.8	
Total	1,219.3	1,157.0	+5.4

ating profit improved by 6.2 (14.6) per cent year on year. This growth was mainly due to leverage from increased sales in Europe – West, East, South, increases in sales prices, although they failed to fully absorb rises in raw material prices, and the streamlining efforts carried out, particularly in North America. Operating profit was affected by expenditure on the development of the company's operations, such as the modernisation of the ERP system, which exceeded the target expenditure level during the second half of the year. In addition, North America was burdened by non-recurring expenses due to product liability compensation.

Operating profit by region for 1 Jan. – 31 Dec. 2007:

EUR million	2007 1-12	2006 1-12	Reported change, %
Central Europe	41.1	49.3	-16.7
Nordic	49.7	56.6	-12.1
Europe – West, East, South	57.5	38.2	+50.3
North America	16.6	14.5	+14.7
(North America, USD	22.9	18.3	+25.1)
Others, EUR	-13.2	-12.0	
Eliminations	-0.7	-2.9	
Total	151.0	143.7	+5.1

Consolidated profit before taxes increased by 5.0 per cent, to EUR 148.5m (EUR 141.5m). At a tax rate of 31.4 (31.8) per cent, income tax totalled EUR 46.6m (EUR 45.0m). Profit for the financial year totalled EUR 101.9m (EUR 96.5m).

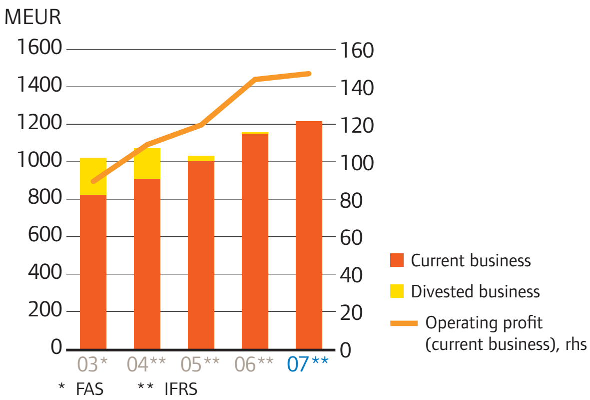
Consolidated net financial expenses remained at the same level at EUR 2.5m (EUR 2.2m), despite higher interest rates.

Return on equity increased to 30.1 (25.3) per cent and return on investment to 39.2 (35.8) per cent.

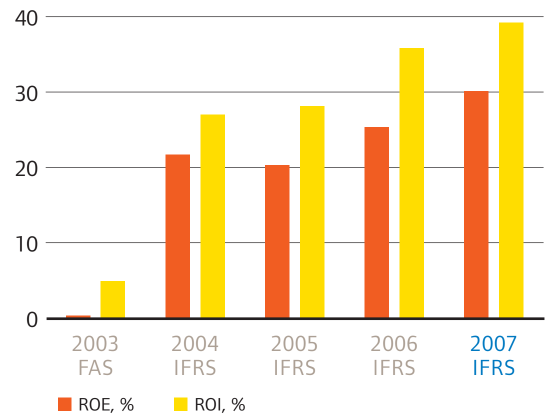
Earnings per share stood at EUR 1.39 (1.32), and equity per share at EUR 4.55 (EUR 4.71).

Cash flow from operations was EUR 93.8m (EUR 147.3m), EUR 53.5m below the 2006 level. This was mainly due to larger inventories, created to secure deliveries but failing

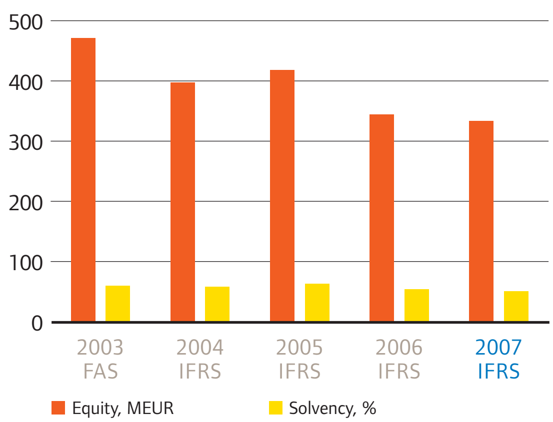
Net sales and operating profit



Return on investment and on equity



Equity and solvency



to achieve the planned turnover following a decline in demand. Further, accounts payable were reduced as a result of curtailed production in response to falling demand towards the end of the year.

Key figures are reported for five years in the financial accounts.

Investments, research and development, and financing

Significant investments were made to increase production capacity in Apple Valley, US, and to expand the composite pipe production in Germany. Consistent with the high-rise growth strategy, a new Uponor Academy training centre was erected in Germany to provide training opportunities for this market segment. Further, investments were made to continue the European ERP programme according to planned.

Gross investments totalled EUR 58.1m (EUR 54.2m), up by EUR 3.9m year on year. Net investments totalled EUR 53.1m (EUR 47.4m).

R&D expenditure, allocated in line with the Group strategy, showed a slight increase, totalling EUR 19.7m (EUR 16.5m), accounting for 1.6 (1.4) per cent of net sales.

Net interest-bearing liabilities increased to EUR 84.5m (EUR 21.7m). The solvency ratio was 50.2 (53.6) per cent and gearing came to 25.4 (6.3) per cent. The average quarterly gearing was 43.9, compared to the range of 30–70 set in the company's financial targets.

Uponor increased its domestic commercial paper programme, signed in 2000, from EUR 100m to EUR 150m.

Key events

Uponor launched a number of new or modernised products in 2007. Its development of underfloor heating systems continued briskly and, in Central Europe, Uponor launched a self-adhesive underfloor heating system, making installation simpler and faster. A wireless control system for underfloor heating was launched in Central Europe at the end of 2006 and in the Nordic region during 2007. In Spain, Uponor signed a partnership agreement with a local company involved in solar energy development in order to promote its sales in underfloor heating and cooling systems.

In the UK, Uponor won a major contract to deliver composite plumbing systems for 8,000 households to be overhauled in the near future. In all regional organisations, Uponor signed several high-rise and cooling project contracts, which support its strategic focus areas.

In line with Uponor's growth strategy, operations were expanded and new sites opened in Russia, the Baltic and elsewhere in eastern Europe. Uponor continued to place a heavy emphasis on training, completing the construction of the company's 18th training centre, located in northwestern Germany, at the end of 2007. Representing a new generation of control technology and thinking, the centre offers training to the engineers and architects of the high-rise segment in particular. Other training centres were also opened.

The launch of the ERP system continued into the Nordic region when the housing solutions sites in Sweden, Denmark and Norway transferred to the new system by the end of 2007.

In the infrastructure segment, Uponor renewed the three-year contract with Wales and West Utilities, UK. Sales of a sewer pipe that withstands high cleaning pressure were initiated in the UK. Uponor's commitment to environmentally-friendly solutions was recognised, when the recycling system initiated by Uponor in the UK received two environmental awards. In Denmark, Uponor renewed its contract to deliver telecommunications pipe systems to TDC. Valued at around EUR 10m, the contract will continue until the end of 2009. In December, Uponor announced a plan to concentrate all of its Irish infrastructure production in the company's production plant in Northern Ireland. Streamlining the production network forms part of Uponor's programme to enhance the efficiency of its operations and its supply chain. Uponor signed a contract to sell its Cork plant to an Irish company in the final quarter of 2008. When completed, this sale will generate a profit of around EUR 18m before taxes.

Uponor was one of the main partners of the Clima 2007 scientific conference, held in June in Helsinki. The conference programme focused on building and housing technology, offering Uponor a chance to network with the leading international experts and scientists in the field.

Personnel

The Group had a staff of 4,743 (2006: 4,390, 2005: 4,302) at the end of the year. As full-time equivalents, the number of employees stood at 4,581 (2006: 4,325, 2005: 4,126) at year-end, the annual average number being 4,497 (2006: 4,260, 2005: 4,169). The number of employees grew, particularly in Europe – West, East, South, where operations expanded both in volume and geographically, and in North America, where new skills and competencies were recruited.

The geographical breakdown of personnel was as follows: Germany 1,247 (27.2%), Sweden 673 (14.7%), Finland 527 (11.5%), Great Britain 525 (11.5%), USA 449 (9.8%), Spain 322 (7.0%) and other countries 838 (18.3%).

A total of EUR 183.2m (2006: 181.3m, 2005: 164.4) was paid in wages and other remunerations during the financial period.

In October, Uponor's Board of Directors appointed two new members to the company's Executive Committee: Heiko Folgmann, 39, Head of East European and International Business Operations, and Fernando Roses, 36, Head of Operations in Southern and Western Europe.

Risks associated with business

Strategic risks

Uponor's business is concentrated in Europe and North America, where exposure to political risks is low. Since Uponor's net sales are divided among a large number of customers, the majority of which are distributors (wholesalers), the end market demand for the company's products is distributed across a wide customer base. The largest single customer generates less than 10 per cent of Uponor's net sales.

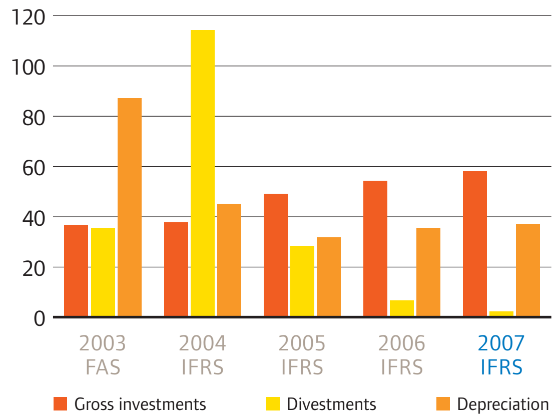
With respect to component and raw material suppliers, Uponor aims to use supplies and raw materials available at several suppliers. Any sole supplier used must have at least two production plants manufacturing goods used by Uponor.

Operational risks

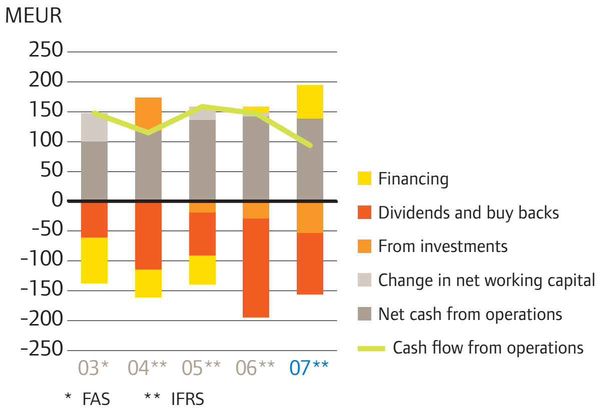
The prices of raw materials used in the manufacture of plastic pipe systems are susceptible to other petrochemical product price fluctuations. In recent years, Uponor has been capable of passing the effects of such fluctuations onto its selling prices with a reasonable delay, in such a way that this has not resulted in any major income losses.

Demand for Uponor's end products depends on business cycles in the construction sector. Traditionally, Uponor's major end market has been single-family housing. However, the company's products are increasingly being supplied to the high-rise segment, representing both residen-

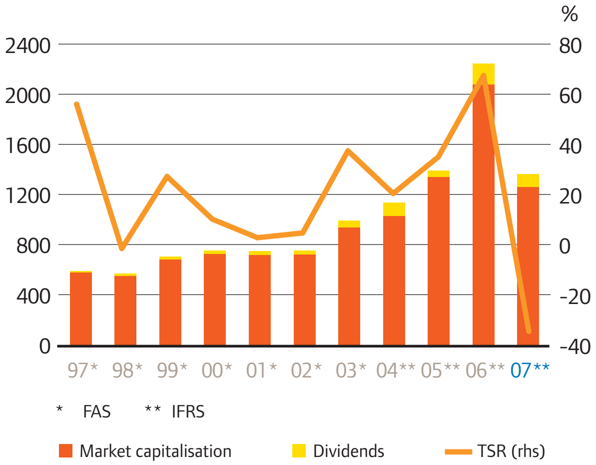
Investments



Cash flow



Shareholder value development



tial, commercial and public construction. Demand fluctuations often differ between these segments. Fluctuations are also offset to a certain degree by demand for renovation projects, which is not always as discretionary as new housing projects.

Financial risks

Since Uponor has strengthened its balance sheet in the last few years, financial risks play a considerably smaller role in the company's risk management. Consequently, the translation risk is the most significant currency risk, reflected in translating non-euro area results into the euro.

In addition to the euro, the main invoicing currencies are the US dollar, the pound sterling and the Swedish krona. Last year, one third of Uponor's net sales was generated in these currencies. Costs arising from the Group's own production in the US, the UK and Sweden balance the open risk positions denominated in the said currencies.

Hazard risks

Uponor runs 17 production plants in 9 countries, and products manufactured in these plants generate a major proportion of the company's net sales. Uponor coordinates indemnity and business interruption insurance at Group-level on a centralised basis, in order to achieve extensive insurance coverage neutralising financial damage caused by any risks associated with machine breakdowns, fire etc. Another major hazard risk is associated with product liability related to products manufactured and sold by Uponor. Product liability is also insured at Group level.

In Q3 2007, Uponor recognised a non-recurring expense of approximately EUR 3m in North America as the company decided to replace defective pipe fittings delivered by its subcontractor in around 700 apartments. Uponor is claiming damages from involved parties. The year 2007 saw no other materialised risks, pending litigation or other legal proceedings or measures by the authorities that could have had a material significance for the Group.

Administration and audit

The 2007 Annual General Meeting (AGM) of 15 March re-elected the following Board members for a term of one year: Anne-Christine Silfverstolpe Nordin, Jorma Eloranta, Pekka Paasikivi, Aimo Rajahalme and Rainer S. Simon, and elected Jari Paasikivi as a new member. Pekka Paasikivi was elected as Chairman and Aimo Rajahalme as Deputy Chairman of the Board. The AGM elected KPMG Oy Ab, Authorised Public Accountants, as the company's auditor, with Sixten Nyman, Authorised Public Accountant, acting as the principal auditor.

Each member of the Board has invested EUR 200,000–300,000 in Uponor's shares in accordance with the announcement at the end of March. The purpose of the measure is to further strengthen the Board's identification with the shareholders' long-term objectives.

Share capital and shares

At the beginning of 2007, Uponor Corporation's share capital totalled EUR 146,446,888 and the number of shares stood at 73,223,444. The share capital did not change during the year, but the number of shares fell to 73,206,944, when a decision was made on 26 April 2007 to cancel 16,500 treasury shares held by the company.

On 24 May 2007, Uponor received a notification on a change in the holdings of Sampo Life Insurance Company, part of the Sampo Group. As a result of a share transaction concluded on 23 May 2007, the holdings of Sampo Life Insurance Company Ltd represent less than 5 per cent of the voting rights and share capital in Uponor Corporation, standing at 4.71 per cent.

On 13 September, Capital Research and Management Company and Capital Group International, Inc. issued notifications, according to which the holdings of Capital Research and Management Company represent over 5 per cent of the share capital and voting rights in Uponor Corporation, whereas the aggregate holdings of Capital Group Companies, Inc. and Capital Group International, Inc. and its subsidiaries have fallen below 5 per cent of the share capital and voting rights.

Further information on shares and shareholdings are reported in the financial statements.

Board authorisations

The AGM authorised the Board to decide on the buyback of the company's own shares, using distributable earnings from unrestricted equity. The number of shares to be bought back will be no more than 3,500,000 shares, representing approximately 4.8 per cent of the company's shares. The authorisation is valid for one year from the date of the AGM, and it has not been exercised until now.

Treasury shares

On 8 February, the Board agreed to transfer 71,500 treasury shares to seven members of the Executive Committee as authorised by the Extraordinary General Meeting of 27 October 2006. This transfer formed part of the share-based incentive plan announced on 6 May 2004. After the cancellation of the treasury shares in April, the company has no treasury shares left.

Management shareholding

The members of the Board of Directors, the CEO and his deputy, as well as corporations known to the company, in which they exercise control, held a total of 1,094,182 (458,515) Uponor shares on 31 December 2007. These shares accounted for 1.5 per cent of all company shares and total votes.

Share-based incentive programme

On 25 September 2007, Uponor Corporation's Board of Directors launched a long-term incentive scheme for members of the company's Executive Committee, following the closure of the previous scheme in 2006. To be eligible to participate in the scheme, an Executive Committee member must acquire a specific number of Uponor shares, as defined under the scheme, by the end of August 2008. Depending on the cumulative operating profit of Uponor during 2007–2011, and the number of shares acquired within the scheme, each Executive Committee member is eligible for being awarded Uponor shares in the spring of 2012. Until now, the members of the Executive Committee have not purchased any shares within the incentive programme.

Events after the financial year

Uponor's European ERP system was launched successfully in Spain and Portugal at the beginning of January.

Outlook for 2008

The short-term outlook for national economies and changes in construction and consumer demand is unclear, which makes forecasting business development difficult. Unstable financial markets, and especially market interest rate developments, will have an impact on construction activity levels during 2008, affecting e.g. the investment decisions of property developers and house builders.

According to public estimates published in November 2007, the European residential and commercial construction markets are expected to grow this year, although at a lower rate than in 2007. In the US, the housing market is generally expected to decline further. Assumptions for the infrastructure market, on the other hand, are to maintain a satisfactory performance in the Nordic region and the UK.

Supported by the company's geographic growth initiatives and the penetration of plastic pipe systems in existing and new applications as well as in new market segments, Uponor expects to grow its net sales organically in 2008. Uponor also expects to at least reach its 2007 operating profit level. Since the first half of 2007 proved exceptionally robust, Uponor expects its net sales and operating profit in the first half of 2008 to fall behind from the year-on-year results.

Group key financial figures

	2007	2006	2005	2004	2003
	IFRS	IFRS	IFRS	IFRS	FAS
Consolidated income statement (continuing operations), MEUR					
Net sales	1,219.3	1,157.0	1,031.4	1,026.9	1,021.0
Operating expenses	1,037.3	981.4	883.6	894.3	910.0
Depreciation and impairments	37.2	35.6	31.0	40.9	87.1
Other operating income	6.2	3.7	6.2	3.5	6.8
Operating profit	151.0	143.7	123.0	95.2	30.7
Financial income and expenses	-2.5	-2.2	-2.5	-5.9	-9.9
Profit before taxes	148.5	141.5	120.5	89.3	20.8
Profit for the period	101.9	96.5	82.7	63.8	1.6
Consolidated balance sheet, MEUR					
Fixed assets	270.3	263.7	267.5	282.9	373.1
Goodwill	70.2	70.2	70.2	70.2	75.9
Inventories	150.6	128.1	111.4	136.5	135.5
Cash and cash equivalent	6.3	12.4	48.9	29.5	16.9
Accounts receivable and other receivables	166.9	169.5	165.3	170.7	187.8
Shareholders' equity	333.0	344.4	418.4	397.0	470.0
Minority interest	-	-	-	-	0.9
Provisions	16.2	15.5	14.8	20.4	31.4
Non-current interest bearing liabilities	14.7	17.2	19.4	22.4	59.5
Current interest-bearing liabilities	76.1	16.9	2.6	40.7	41.5
Non-interest-bearing liabilities	224.3	249.9	208.1	209.3	185.9
Balance sheet total	664.3	643.9	663.3	689.8	789.2
Other key figures					
Operating profit (continuing operations), %	12.4	12.4	11.9	9.3	3.0
Profit before taxes (continuing operations), %	12.2	12.2	11.7	8.7	2.0
Return on Equity (ROE), %	30.1	25.3	20.3	21.7	0.3
Return on Investment (ROI), %	39.2	35.8	28.1	27.0	4.9
Solvency, %	50.2	53.6	63.2	57.7	59.8
Gearing, %	25.4	6.3	-6.4	8.5	17.8
Net interest-bearing liabilities, MEUR	84.5	21.7	-26.9	33.6	84.0
- % of net sales	6.9	1.9	-2.6	3.3	8.2
Change in net sales, %	5.4	12.2	0.4	0.6	-10.2
Exports from Finland, MEUR	42.3	36.7	30.0	22.7	20.4
Net sales of foreign subsidiaries, MEUR	1,103.1	1,051.1	929.0	959.1	900.9
Total net sales of foreign operations, MEUR	1,104.0	1,052.2	931.0	960.8	903.4
Share of foreign operations, %	90.5	90.9	90.3	89.6	88.5
Personnel at 31 December	4,581	4,325	4,126	4,475	4,803
Average no. of personnel	4,497	4,260	4,169	4,684	4,962
Investments, MEUR	58.1	54.2	49.0	37.8	36.7
- % of net sales	4.8	4.7	4.8	3.7	3.6

Years 2004 to 2007 are reported according to IFRS, while year 2003 is reported according to FAS.

Share-specific key figures

	2007	2006	2005	2004	2003
	IFRS	IFRS	IFRS	IFRS	FAS
Share capital, MEUR	146.4	146.4	148.8	149.6	75.4
Number of shares at 31 December, in thousands	73,207	73,223	74,383	74,820	74,834
Number of shares adjusted for share issue, in thousands					
- at end of year	73,207	73,135	73,135	74,295	74,086
- average	73,201	73,135	73,941	74,243	73,807
Shareholders' equity, MEUR	333.0	344.4	418.4	397.0	470.9
Share trading, MEUR	2,362.0	964.0	477.7	676.6	280.8
Share trading, in thousands	99,423	42,417	29,090	49,724	27,912
- of average number of shares, %	135.8	58.0	39.3	67.0	37.8
Market value of share capital, MEUR	1,260.6	2,076.6	1,338.9	1,029.5	935.4
Adjusted earnings per share (fully diluted), EUR	1.39	1.32	1.12	1.19	0.02
Equity per share, EUR	4.55	4.71	5.72	5.34	6.34
Dividend, MEUR	[1] 102,5	102.5	166.0	52.0	106.9
Ordinary dividend per share, EUR	[1] 1,40	1.15	0.90	0.70	1.00
Extra dividend per share, EUR		0.25	1.37		0.44
Dividend per share, total, EUR	1.40	1.40	2.27	0.70	1.44
Effective share yield, %	8.1	4.9	12.6	5.1	11.5
Dividend per earnings, %	100.7	106.1	202.7	58.8	7,200.0
P/E ratio	12.4	21.5	16.1	11.6	625.0
Issue-adjusted share prices, EUR					
- highest	31.45	29.35	19.78	15.00	13.01
- lowest	15.31	18.00	13.72	12.10	8.40
- average	23.76	22.73	16.39	13.61	10.06

The definitions of key ratios are shown on page 46.
Notes to the table:
[1] Proposal of the Board of Directors

Figures reported for 2003 have been converted based on the bonus issue 2004.
The bonus issue was executed by issuing one bonus share for each existing share without consideration.
The average number of shares allows for the effect of treasury shares.

Share issues	2007	2006	2005	2004	2003
Directed issues, MEUR	-	-	-	1.1	-
- issue premium	-	-	-	8.0	-
Subscription price, EUR	-	-	-	8.3	-

Years 2004 to 2007 are reported according to IFRS, while year 2003 is reported according to FAS.

Definitions of key ratios

$$\text{Return on Equity (ROE), \%} = \frac{\text{Profit before taxes}^{1)} - \text{taxes}}{\text{Shareholders' equity + minority interest, average}} \times 100$$

$$\text{Return on Investment (ROI), \%} = \frac{\text{Profit before taxes}^{1)} + \text{interest and other financing costs}}{\text{Balance sheet total} - \text{non-interest-bearing liabilities, average}} \times 100$$

$$\text{Solvency, \%} = \frac{\text{Shareholders' equity + minority interest}}{\text{Balance sheet total} - \text{advance payments received}} \times 100$$

$$\text{Gearing, \%} = \frac{\text{Net interest-bearing liabilities}}{\text{Shareholders' equity + minority interest}} \times 100$$

$$\text{Net interest-bearing liabilities} = \text{Interest-bearing liabilities} - \text{cash, bank receivables and financial assets}$$

$$\text{Earnings per share (EPS)} = \frac{\text{Profit for the period}^{2)}}{\text{Number of shares adjusted for share issue in financial period excluding treasury shares}}$$

$$\text{Equity per share ratio} = \frac{\text{Shareholders' equity}}{\text{Average number of shares adjusted for share issue at end of year}}$$

$$\text{Dividend per share ratio} = \frac{\text{Dividend per share}}{\text{Profit per share}}$$

$$\text{Effective dividend yield} = \frac{\text{Dividend per share}}{\text{Share price at end of financial period}} \times 100$$

$$\text{Price-Earnings ratio (P/E)} = \frac{\text{Share price at end of financial period}}{\text{Earnings per share}}$$

Share trading progress = Number of shares traded during the financial year in relation to average value of the said number of shares

Market value of shares = Number of shares at end of financial period x last trading price

$$\text{Average share price} = \frac{\text{Total value of shares traded (EUR)}}{\text{Total number of shares traded}}$$

1) 2003: Earnings before extraordinary items and taxes
2) 2003: Earnings before extraordinary items – taxes + minority interest of profit

Consolidated income statement

MEUR	Note	2007	2006
Net sales	2	1,219.3	1,157.0
Cost of goods sold		781.5	743.8
Gross profit		437.8	413.2
Other operating income	4	6.2	3.7
Dispatching and warehousing expenses		29.5	25.7
Sales and marketing expenses		185.5	176.6
Administration expenses		57.3	51.0
Other operating expenses	4	20.7	19.9
Expenses		293.0	273.2
Operating profit	2	151.0	143.7
Financial income	7	11.3	9.0
Financial expenses	7	13.8	11.2
Profit before taxes		148.5	141.5
Income taxes	8	46.6	45.0
Profit for the period		101.9	96.5
Earnings per share, EUR	9	1.39	1.32
Diluted earnings per share, EUR		1.39	1.32

Consolidated balance sheet

MEUR	Note	31 Dec 2007	31 Dec 2006
Assets			
Fixed assets			
Intangible assets			
Intangible rights		31.4	27.3
Goodwill		70.2	70.2
Other intangible assets		0.1	0.1
Total intangible assets	10	101.7	97.6
Tangible assets			
Land and water areas		11.7	11.9
Buildings and structures		60.8	65.3
Machinery and equipment		112.9	113.1
Other tangible assets		7.5	7.6
Construction work in progress		26.0	13.9
Total tangible assets	11	218.9	211.8
Securities and long-term investments			
Shares in associated companies	13	0.0	0.0
Other shares and holdings	14	0.2	0.2
Other investments	15	3.4	3.4
Total securities and long-term investments		3.6	3.6
Deferred tax assets	20	16.3	20.9
Total fixed assets		340.5	333.9
Current assets			
Inventories	16	150.6	128.1
Current receivables			
Accounts receivable		144.6	150.6
Loan receivable		0.1	0.0
Current income tax receivable		0.9	0.7
Accruals		13.0	13.4
Other receivable		8.3	4.8
Total current receivables	17, 18	166.9	169.5
Cash and cash equivalent		6.3	12.4
Total current assets		323.8	310.0
Total Assets		664.3	643.9

MEUR	Note	31 Dec 2007	31 Dec 2006
Shareholders' equity and liabilities			
Shareholders' equity			
Share capital		146.4	146.4
Share premium		35.6	42.5
Other reserves		14.2	6.7
Translation differences		-21.6	-10.2
Retained earnings		158.4	159.0
Total shareholders' equity	19	333.0	344.4
Liabilities			
Non-current liabilities			
Interest bearing liabilities	23	14.7	17.2
Employee benefit obligations	21	28.0	29.1
Provisions	22	8.8	10.8
Deferred tax liabilities	20	15.0	16.9
Other non-current liabilities		0.1	0.1
Total non-current liabilities		66.6	74.1
Current liabilities			
Interest bearing liabilities	23	76.1	16.9
Accounts payable		75.2	90.0
Current income tax liability		13.2	13.5
Provisions	22	7.4	4.7
Other current liabilities	24	92.8	100.3
Total current liabilities		264.7	225.4
Total liabilities		331.3	299.5
Total shareholders' equity and liabilities		664.3	643.9

Consolidated cash flow statement

MEUR	Note	1 Jan - 31 Dec 2007	1 Jan - 31 Dec 2006
Cash flow from operations			
Net cash from operations			
Profit for the period		101.9	96.5
Adjustments for:			
Depreciation		37.2	35.6
Income taxes		46.6	45.0
Interest income		-2.6	-3.3
Interest expense		7.0	4.2
Sales gains/losses from the sale of fixed assets		-2.7	1.7
Share of profit in associated companies		-0.5	-
Other cash flow adjustments		-0.9	1.0
Net cash from operations		186.0	180.7
Change in net working capital			
Receivables		1.7	-14.1
Inventories		-26.4	-18.3
Non-interest-bearing liabilities		-20.4	37.6
Change in net working capital		-45.1	5.2
Income taxes paid		-42.7	-37.9
Interest paid		-7.1	-3.9
Interest received		2.7	3.2
Cash flow from operations		93.8	147.3
Cash flow from investments			
Proceeds from disposal of subsidiaries	3	-	0.3
Purchase of fixed assets		-58.1	-54.2
Proceeds from sale of fixed assets		5.0	6.5
Dividends received		0.2	0.0
Loan repayments		0.2	18.6
Cash flow from investments		-52.7	-28.8
Cash flow before financing		41.1	118.5
Cash flow from financing			
Borrowings of debt		58.9	14.7
Repayments of debt		-1.7	-1.7
Dividends paid		-102.5	-166.0
Payment of finance lease liabilities		-1.9	-2.0
Cash flow from financing		-47.2	-155.0
Conversion differences for cash and cash equivalents		0.0	0.0
Change in cash and cash equivalents		-6.1	-36.5
Cash and cash equivalents at 1 January		12.4	48.9
Cash and cash equivalents at 31 December		6.3	12.4
Changes according to balance sheet		-6.1	-36.5

Statement of changes in shareholders' equity

MEUR	Number of shares outstanding (1,000)	Share capital	Share premium	Other reserves	Unrestricted equity	Hedge reserve	Treasury shares	Translation differences	Retained earnings	Total
Balance at 1 January 2006	73,135	148.8	40.1	3.3	-	-	-21.2	-5.4	252.8	418.4
Translation differences								-4.8		-4.8
Net profit for the period									96.5	96.5
Total recognised income and expense for the period								-4.8	96.5	91.7
Cancelling of shares		-2.3	2.3				19.6		-19.6	-
Dividend paid									-166.0	-166.0
Transfers between reserves and other adjustments		-0.1	0.1	3.4					-3.4	-
Share based incentive plan									0.3	0.3
Balance at 31 December 2006	73,135	146.4	42.5	6.7	-	-	-1.6	-10.2	160.6	344.4
Balance at 1 January 2007	73,135	146.4	42.5	6.7	-	-	-1.6	-10.2	160.6	344.4
Translation differences								-11.4		-11.4
Cash flow hedges										
- recorded in equity, net of taxes						0.5				0.5
Net profit for the period									101.9	101.9
Total recognised income and expense for the period						0.5		-11.4	101.9	91.0
Cancelling of shares							0.3		-0.3	-
Dividend paid									-102.5	-102.5
Transfers between reserves and other adjustments			-6.9	7.0	0.1				-0.1	0.1
Share based incentive plan	72						1.3		-1.3	-
Balance at 31 December 2007	73,207	146.4	35.6	13.7	0.1	0.5	-	-21.6	158.3	333.0

For further information see note 19.

Notes to the consolidated financial statements

1. Accounting principles

Company profile

Uponor is an international industrial Group providing housing and municipal infrastructure solutions. The Group's primary reporting segment consists of the following four geographical regions: Central Europe, Nordic, Europe – West, East, South, and North America. The secondary reporting segment comprises the housing solutions and the infrastructure solutions businesses.

Uponor Group's parent company is Uponor Corporation domiciled in Helsinki in the Republic of Finland. The registered address is:

Uponor Corporation
P.O.Box 37, Robert Huberin tie 3 B
FI-01511 Vantaa
Finland
Tel. +358 (0)20 129 211, Fax +358 (0)20 129 2841

A copy of the Annual Report is also available on the company website at www.uponor.fi or it can be ordered from Uponor Corporation, using the address above.

Uponor Corporation's Board of Directors has approved the publication of these financial statements in its meeting of 7 February 2008. According to the Finnish Companies Act, the shareholders have the opportunity to approve or reject the financial statements at the Annual General Meeting held after their publication. Furthermore, the Annual General Meeting can decide on the modification of the financial statements.

Accounting basis

Uponor Group's consolidated financial statements are prepared in compliance with the International Financial Reporting Standards (IFRS) including International Accounting Standards (IAS) and their SIC and IFRIC interpretations valid on 31 December 2007. In the Finnish Accounting Act and ordinances based on the provisions of the Act, IFRS refer to the standards and to their interpretations adopted in accordance with the procedures laid down in regulation (EC) No 1606/2002 of the European Parliament and of the Council. The consolidated financial statements also include additional information required by the Finnish Accounting Act and the Finnish Companies Act. The consolidated financial statements are presented in millions of euros (MEUR), and they are based on the historical cost convention unless otherwise specified in the accounting principles section below.

The Group has adopted the following new or amended standards and interpretations as of 1 January 2007; comparative figures have been amended as required:

- IFRS 7 Financial Instruments: Disclosures.
- Amendment to IAS 1 Presentation of Financial Statements – Capital Disclosures.
- IFRIC 10 Interim Financial Reporting and Impairment

New standard IFRS 7 and amendment to IAS 1 have increased disclosure information presented in the notes.

IFRIC 10 interpretation has not had any impact on reported figures.

Use of estimates

The preparation of consolidated financial statements under IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities on the date of financial statements, as well as the reported amounts of income and expenses during the report period. In addition, the use of judgement is needed when applying accounting policies. Although these estimates are based on the management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Group accounting

The consolidated financial statements include the parent company, Uponor Corporation, and all companies in which the parent company holds more than half of the voting rights, either directly or through its subsidiaries.

Subsidiaries include those companies in which Uponor Corporation has direct or indirect control of over 50 per cent of the voting rights or otherwise has power to govern the financial and operating policies, with the purpose of gaining financial benefit from their operations. Subsidiaries acquired or established during the year are included from the time when the Group has obtained control. Divested companies are included in the income statement until control ceases.

Intra-Group shareholdings are eliminated using the acquisition cost method. Accordingly, the assets and liabilities of an acquired company are measured at fair value on the date of acquisition. The excess of the acquisitions cost over fair value of the net assets has been recorded as goodwill. Based on the First-Time-Adoption of IFRS 1, any company acquisitions made prior to the

IFRS transition date (1 January 2004) are not adjusted for IFRS, but goodwill amounts apply book value according to FAS. Intra-Group transactions, receivables, liabilities, unrealised gains and dividends between Group companies are eliminated in the consolidated financial statements. Unrealised losses are not eliminated in case of impairment.

Associated companies are entities over which the Group has 20–50 per cent of the voting rights, or over which the Group otherwise exercises significant influence. Holdings in associated companies are included in the consolidated financial statements using the equity method. Accordingly, the share of the post-acquisition profits and losses of associated companies is recognised in the income statement to the extent of the Group's holding in the associated companies. When the Group's share of losses of an associated company exceeds the carrying amount, it is reduced to nil and any recognition of further losses ceases, unless the Group has an obligation to satisfy the associated company's obligations.

Foreign currency translations

Each company translates their foreign currency transactions into their own functional currency using the exchange rate on the transaction date. Outstanding monetary receivables and payables in foreign currencies are stated using the exchange rates on the balance sheet date. Exchange rate gains and losses on actual business operations are treated as sales adjustment items or adjustment items to materials and services. Exchange rate gains and losses on financing are entered as exchange rate differences in financial income and expenses.

In the consolidated financial statements, the income statements of the Group's foreign subsidiaries are converted into euros using average exchange rates quoted for the reporting period. All balance sheet items are converted into euros using exchange rates quoted on the balance sheet date. The resulting conversion difference and other conversion differences resulting from the conversion of subsidiaries' equity are shown as separate item in the equity. In addition, exchange rate differences in the loans granted by the parent company to foreign subsidiaries to replace their equity are treated as conversion differences in the consolidated financial statements. Realised conversion differences in connection with the divestment of subsidiaries and the redemption of material shares in subsidiaries are recognised as income or expense in the income statement.

Non-current assets held for sale and discontinued operations

Non-current assets held for sale and assets related to discontinued operations are formed once the company, according to a single co-ordinated plan, decides to dispose of a separate significant business unit, whose net assets, liabilities and financial results can be separated operationally and for financial reporting purposes. Non-current assets held for sale are shown separately in the consolidated balance sheet. Profit/loss from a discontinued operation and gains/losses on its disposal are shown separately in the consolidated income statement. Assets related to non-current assets held for sale and discontinued operations are assessed at book value or, whether it is lower, at fair value. Depreciation from these assets has been discontinued at the date of classifying assets as non-current assets held for sale and discontinued operations. The Group does not have any assets classified either non-current assets held for sale or discontinued operations at the end of the financial period or comparable period.

Income recognition

Sales of products are recognised as income once the risks and benefits related to ownership of the sold products have been transferred to the buyer, according to the agreed delivery terms, and the Group no longer has possession of, or control over, the products. Sales of services are recognised as income once the service has been rendered. Net sales comprise the invoiced value for the sale of goods and services net of indirect taxes, sales rebates and exchange rate differences.

Research and development

Research costs are expensed as incurred and they are included in the consolidated income statement under other operating expenses. Development costs are expensed as incurred, unless the criteria for capitalising these costs as assets are met. Product development costs are capitalised as intangible assets and are depreciated during the useful life of the asset if future economic benefits are expected to flow to the entity and certain other criteria, such as the product's technical feasibility and commercial usability, are confirmed.

For the present, the Group has no capitalised development costs in the balance sheet.

Pensions

The Group's pension schemes comply with each country's local rules and regulations. Pensions are based on actuarial calculations or actual payments to insurance companies. The Group applies defined contribution and defined benefit pension plans.

Within the defined contribution plan, pension contributions are paid directly to insurance companies and once the contributions have been paid, the Group has no further payment obligations. These contributions are recognised in the income statement for the accounting period during which such contributions are made.

For defined benefit plans, the liability in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date minus the fair value of plan assets, together with adjustments for actuarial gains/losses and past service cost. The pension obligation is defined using the projected unit credit method. The discount rate applied to calculate the present value of post–employment benefit obligations is determined by the market yields of long-term corporate bonds or government bonds. Costs resulting from the defined benefit pension plans are recognised as expenses for the remaining average period of employment.

The portion of actuarial gains and losses for each defined benefit plan entered in the profit and loss account is the excess that falls outside the higher of the following: 10% of the present value of the pension obligation or fair value of pension plan assets divided by the expected average remaining working lives of the employees participating in the plan. On the transition date (1 January 2004) the Group used the possibility to enter all the cumulative actuarial gains and losses in shareholders' equity according to the IFRS 1 standard.

Operating profit

Operating profit is an income statement item, which is calculated by deducting expenses related to the operating activities from net sales.

Borrowing costs

Borrowing costs are recognised in the income statement as they accrue. Direct transaction expenses due to loans, clearly linked to a specific loan, are included in the loan's original cost on an accrual basis and recognised as interest expenses using the effective interest method. Interest costs on borrowings to finance the construction of assets are capitalised as part of the cost during the period required to prepare and complete the property for its intended use.

Income taxes

Income taxes in the consolidated income statement comprise taxes based on taxable income recognised for the period by each Group company on an accrual basis, according to local tax regulations including tax adjustments from the previous periods and changes in deferred tax. Deferred tax assets or liabilities are calculated using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements, using the tax rate effective on the balance sheet date. Deferred tax assets are recognised to the extent that it appears probable that future taxable profit will be available against which the temporary differences can be utilised.

Intangible assets

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the net assets of the acquired company on the date of acquisition. Goodwill is no longer depreciated. Goodwill is allocated to the cash generating units according to business segments' geographical locations and is tested annually for any impairment.

Other intangible assets

Other intangible assets include trademarks, patents, copyrights, capitalised development costs and software licenses. Intangible assets are recognised in the balance sheet at historical costs less accumulated depreciation according to the expected useful life and any impairment losses.

Property, plant and equipment

Group companies' property, plant and equipment are stated at historical cost less accumulated depreciation according to the expected useful life and any impairment losses. Interest costs on borrowings to finance the construction of these assets are capitalised as part of the cost during the period required to prepare and complete the property for its intended use.

Ordinary repair and maintenance costs are charged to the income statement during the financial period in which they are incurred. The cost of major renovations is included in the asset's carrying amount when it is probable that the Group will derive future economic benefits in excess of the originally assessed standard of performance of the existing asset.

Gains or losses on disposal, divestment or removal from use of property, plant and equipment are based on the difference between the net gains and the balance sheet value. Gains are shown under other operating income and losses under other operating expenses.

Depreciations

Group companies' intangible assets and property, plant and equipment are stated at historical cost less accumulated straight-line depreciation according to the expected useful life and any impairment losses. Depreciation is not booked on land areas. Estimated useful lives are the following:

	Years
Buildings	20–40
Production machinery and equipment	8–12
Other machinery and equipment	3–15
Office and outlet furniture and fittings	5–10
Transport equipment	5–7
Intangible assets	3–10

The residual value and useful life of assets is reviewed on each balance sheet date and, if necessary, adjusted to reflect any changes in expectations of economic value.

Government grants

Any grants received for the acquisition of intangible or tangible assets are deducted from the asset's acquisition cost and recorded on the income statement to reduce the asset's depreciation. Other grants are recognised as income for the periods during which the related expenses are incurred. Such grants are shown as deductions from expenses related to the target of the grant.

Impairment of property, plant and equipment and intangible assets

The balance sheet values of assets are assessed for impairment on a regular basis. Should any indication of an impaired asset exist, the asset's recoverable amount shall be assessed. The asset's recoverable amount is the asset's net selling price less any selling expenses or its value in use whichever is higher. The value in use is determined by reference to discounted future net cash flow expected to be generated by the asset. Discount rates correspond to the cash generating unit's average return on investment. Impairment is measured at the level of cash generating units, which is the lowest level that is primarily independent of other units and whose cash flows can be distinguished from other cash flows.

Whenever the asset's carrying amount exceeds its recoverable amount, it is impaired, and the resulting impairment loss is recognised in the income statement. An impairment of property, plant and equipment and other intangible assets, excluding goodwill, will be reversed if, and only if, there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. Impairment is not reversed over the balance sheet value that existed before the recognition of impairment losses in the previous financial periods. Any impairment loss on goodwill is not reversed.

Goodwill is assessed for impairment on a yearly basis.

Leases

Lease liabilities, which expose the Group to risks and rewards inherent in holding such leased assets, are classified as finance leases. These are recognised under tangible assets on the balance sheet and measured at the lesser of the fair value of the leased property at the inception of the lease or the present value of the minimum lease payments. Similarly, lease obligations, from which financing expenses are deducted, are included in interest bearing liabilities. Financing interests are recognised in the income statement during the lease period. An asset acquired under finance lease is depreciated over its useful life or within the shorter lease term.

Leases, which expose the lessor to risks and rewards inherent in holding such leases, are classified as other leases. These rents are recognised as expenses during the lease period.

The assets leased by the Group, where the lessee bears the risks and rewards inherent in holding such leases, are treated as finance leases and recognised as receivables on the balance sheet at their present value. The Group has no finance lease receivables.

Inventories

Inventories are stated at the lower of cost or net realisable value, based on the FIFO principle. The net realisable value is the price received on the date of sale, less expense. In addition to the cost of materials and direct labour, an appropriate proportion of production overheads are included in the inventory value of finished products and work in progress.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, if it is probable that an outflow of resources will be required to settle the obligation or if the settlement of obligation will cause a legal loss and a reliable estimate of the amount of obligation can be made. Provisions can include warranty provisions, restructuring costs and onerous contracts. Changes in provisions are included in relevant expenses on the income statement.

Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at bank and other short-term, highly liquid investments, whose maturity does not exceed three months. Cash and cash equivalents are carried in the balance sheet at cost. The bank account credit limit in use is recognised under short-term interest-bearing liabilities.

Financial assets

Financial assets are classified as follows: financial assets at fair value through profit and loss, held-to-maturity investments, loans and receivables, and available-for-sale financial assets. Sales and purchase of financial assets are recognised on their trading date.

Financial assets at fair value through profit and loss include financial assets held for trading and measured at fair value. Financial assets at fair value through profit and loss have been acquired principally for the purpose of generating a profit from short-term fluctuations in market prices. Derivative instruments for which no hedge accounting is applied are included in financial assets at fair value through profit and loss. Interest and currency derivatives, for which no hedge accounting is applied, are recognised in the balance sheet at historical cost and valued at fair value on each balance sheet date. Fair value is determined using market prices on the balance sheet date or the present value of estimated future cash flows. Changes in the fair value of financial assets at fair value through profit and loss, and unrealised and realised gains and losses are included in financial income and expenses in the period in which they occur.

Held-to-maturity investments are assets with fixed maturity, which the enterprise has the positive intent and ability to hold to maturity. Held-to-maturity assets are measured at amortised cost using the effective interest rate method.

Loans and receivables are non-derivative assets with fixed or determinable payment dates that are not quoted in the active markets nor held for trading purposes. Loans and receivables are measured at amortised cost. Accounts receivable are carried at expected fair value, which is the original invoice amount less the provision made for impairment of these receivables. A provision for impairment of accounts receivable is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probable bankruptcy of the debtor or default in payments are considered as probable indicators for the impairment of accounts receivable.

Available-for-sale financial assets consist of holdings in listed and non-listed companies and investments. Available-for-sale assets are measured at fair value based on market prices on the balance sheet date, or using the net present value method of cash flows, or another revaluation model. If the fair value of a holding or investment cannot be measured reliably, it will be measured at cost. Changes in the fair value of available-for-sale assets are recognised in the fair value reserve under shareholders' equity, taking tax consequences into account. Changes in the fair value will be re-entered from shareholders' equity to the income statement, when the asset is disposed of or it has lost its value to the extent that an impairment loss must be recognised for the asset.

Financial liabilities

Financial liabilities at fair value through profit and loss are measured at their fair value. This group includes those derivatives for which no hedge accounting is applied and whose fair value is negative.

Other financial liabilities are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method. Transaction costs are included in the original book value of financial liabilities.

Derivative contracts and hedge accounting

The Group uses derivative contracts to decrease currency, interest and price risks.

Financial derivatives are used for the hedging purpose, and they are classified as financial assets at fair value through profit and loss. For financial derivatives, like currency and interest derivatives, no hedge accounting is applied.

Commodity derivatives are initially recognised in the balance sheet at cost and are subsequently re-measured at fair value on each balance sheet date. The fair values of commodity derivatives are determined on the basis of publicly quoted market prices. The unrealised and realised gains and losses attributable to the changes in fair value are recognised under cost of goods sold.

Hedge accounting is applied to those commodity derivatives that meet the requirements of IAS 39. Hedge programmes are documented according to the requirements of IAS 39, and the efficiency of commodity derivatives is tested both at the inception of the hedge and during the hedge. Fair value changes of derivatives, which are designated as cash flow hedges, are recognised directly in equity to the extent that the hedge is effective. Such accumulated fair value changes are released into the income statement in the period, in which the hedged cash flow affects the result. The ineffective portion of the gain or loss of the hedging instrument is recognised immediately in the income statement, under cost of goods sold.

Uponor Group has applied hedge accounting for electricity derivatives since September 2007.

Management incentive scheme

In May 2004, Uponor Corporation's Board of Directors approved a new incentive scheme, whereby the Executive Committee could receive a share-based reward in 2007. The reward was based on the fulfilment of a set cumulative operating profit target for 2004–2006. The maximum net value of the reward amounted to the value of 80,000 Uponor shares. The Board of Directors had the possibility to raise or reduce the number of shares by 10 per cent; depending on whether the company's other long-term targets were achieved. According to IFRS 2, the portion given as shares was measured at the share price quoted on the day of granting. Fair value was recognised as a cost on an accrual basis for the expected revenue period similar to an amount paid out in cash. The part which was paid out in cash was recognised as liability. Any changes in the value after the date of granting were expensed over the years 2004–2006 using the closing price of each calendar month in accordance with IFRS 2. In February 2007 the members of the Executive Committee received 71,500 shares in compliance with the share-based incentive scheme.

In September 2007, Uponor Corporation's Board of Directors decided to launch a new long-term incentive scheme for the members of the company's Executive Committee. To be eligible to participate in the scheme, an Executive Committee member must acquire a specific number of Uponor shares, as defined under the scheme, by the end of August 2008. Depending on the cumulative operating profit of Uponor during 2007-2011, and the number of shares acquired within the scheme, each Executive Committee member is eligible for being awarded Uponor shares in the spring 2012. Until now, the Executive Committee members have not acquired any Uponor shares under the scheme, and therefore have not participated in the programme yet. In accordance with IFRS 2, the incentive plan did not have any impact on the income statement or the balance sheet for 2007.

Treasury shares

The parent company held treasury shares during the financial year and the comparative period. Treasury shares are presented in the financial statements as reduction of shareholders' equity. Treasury shares are not taken into account in calculating key figures and ratios.

Dividends

Dividends paid by the Group are recognised for the period during which their payment is approved by the Group's shareholders.

Accounting policies requiring judgement by management, and key sources of estimation uncertainty

Estimates and assumptions regarding the future have to be made during preparation of the financial statements, and the outcome may differ from the estimates and assumptions. Furthermore, the application of accounting principles requires judgement.

Group management needs to make decisions regarding the selection and application of accounting principles. This applies in particular to those cases in which the IFRS in force provide the opportunity to choose between various accounting, valuation or presentation methods. During the reporting period, the Group began to apply hedge accounting for electricity derivatives.

The estimates made in connection with preparing the financial statements reflect the best judgement of the management at the time of closing of the accounts. These estimates are affected by historical experience and assumptions regarding future developments, which are regarded as well-founded at the time of closing of the accounts. The Group monitors the realisation of these estimates and assumptions through internal and external information sources on a regular basis. Any changes in estimates and assumptions are recognised in the financial statements of the period during which such corrections are made and all subsequent financial periods.

Estimates have been used in determining the size of items reported in the financial statements, including, among other things, the realisability of certain asset items, such as deferred tax assets and other receivables, economic useful life of property, plant and equipment, provisions, pension liabilities and impairment on goodwill.

From the Group's perspective, the most significant uncertainty factors are related to the impairment testing on goodwill and the pension obligations related to defined benefit plans. The application of the related accounting policies requires the use of estimates and assumptions that also have a large impact. Uncertainty factors in connection with impairment testing on goodwill relate to the assumptions made on future cash flows and determining the discount rate. The Group's weighted average capital cost rate (WACC), determined by currency areas, is used as discount rate in the impairment tests. Book value of pension obligations related to defined benefit plans is based on the actuarial calculations, which are based on the assumptions and estimates of, for instance, discount rate used for assessing plan assets and obligations at present value, expected rate of return on plan assets and development of inflation and salary and wage level.

Application of new IFRS standards

As of 2008, the Group will apply following amended and new standards and interpretations:

- IFRIC 14 - The limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interactions, effective for annual periods beginning on or after 1 January, 2008, not accepted by EU. Adoption of interpretation is not assumed to have any impact on reported figures.

As of 2009, the Group will apply following amended and new standards and interpretations:

- IFRS 8 Operating Segments, effective for annual periods beginning on or after 1 January, 2009
- IAS 1 Presentation of Financial Statements, effective for annual periods beginning on or after 1 January, 2009 (not accepted by EU)
- IAS 23 Borrowing costs, effective for annual periods beginning on or after 1 January, 2009 (not accepted by EU).

The Group is analysing the impact of the adoption of IFRS 8 and the amended IAS 1 and IAS 23.

2. Segment information

The Group's primary reporting segment is based on geographical segments, in accordance with the Group's organisation. The risks and profits related to products and services by geographical segment differ from segment to segment because of different economic and operating environments. A secondary segment constitutes the housing solutions and infrastructure solutions businesses, whose products and services and related risks and profitability differ from each other. Segment reporting reflects the Group's organisation and internal reporting structure. The accounting policies of the segments are the same as those of the Group. All inter-segment sales are based on market prices, and all inter-segment sales are eliminated in consolidation.

Geographical segments:

Central Europe
Nordic
Europe – West, East, South
North America
Others

Central Europe segment consists of the business in Germany, Benelux countries, Austria, Switzerland, Poland, Ukraine, Belarus and Czech Republic.

Nordic segment includes operations in Finland, Sweden, Norway and Denmark.

Europe – West, East, South segment covers western, eastern and southern Europe, including Russia and the Baltic countries as well as exports to those countries that do not fall within the scope of the other geographical segments.

North America segment includes operations in the United States of America and Canada.

Others segment includes Group functions.

Segment revenue corresponds to net sales and segment result equals to operating profit. Segment assets/liabilities are based on the geographical location of assets. Share of profit in associated companies is allocated as follows: Central Europe 0.2 million euros and Europe – West, East, South 0.3 million euros.

MEUR	2007		
Segment revenue	External	Internal	Total
Central Europe	283.7	67.6	351.3
Nordic	325.4	72.3	397.7
Europe - West, East, South	443.0	2.4	445.4
North America	167.2	2.0	169.2
Eliminations	-	-144.3	-144.3
Uponor Group	1,219.3	-	1,219.3

MEUR	2006		
Segment revenue	External	Internal	Total
Central Europe	283.5	61.6	345.1
Nordic	305.2	72.6	377.8
Europe - West, East, South	385.3	2.6	387.9
North America	183.0	-	183.0
Eliminations	-	-136.8	-136.8
Uponor Group	1,157.0	-	1,157.0

MEUR	2007	2006
Segment result		
Central Europe	41.1	49.3
Nordic	49.7	56.6
Europe - West, East, South	57.5	38.2
North America	16.6	14.5
Others	-13.2	-12.0
Eliminations	-0.7	-2.9
Uponor Group	151.0	143.7

MEUR	2007	2006
Segment depreciation and impairments		
Central Europe	7.7	7.8
Nordic	10.1	10.7
Europe - West, East, South	9.9	9.4
North America	5.6	5.7
Others	3.3	1.6
Eliminations	0.6	0.4
Uponor Group	37.2	35.6

MEUR	2007	2006
Segment investments		
Central Europe	11.0	7.5
Nordic	15.5	14.7
Europe - West, East, South	10.1	8.6
North America	13.4	8.8
Others	8.1	14.6
Uponor Group	58.1	54.2

MEUR	2007	2006
Segment assets		
Central Europe	181.4	197.6
Nordic	185.3	203.5
Europe - West, East, South	240.1	223.3
North America	123.7	109.5
Others	577.9	612.5
Eliminations	-644.1	-702.5
Uponor Group	664.3	643.9

MEUR	2007	2006
Segment liabilities		
Central Europe	119.0	132.2
Nordic	233.5	270.3
Europe - West, East, South	101.9	115.8
North America	55.0	46.8
Others	477.8	454.8
Eliminations	-655.9	-720.4
Uponor Group	331.3	299.5

	2007	2006
Segment personnel, average		
Central Europe	1,261	1,167
Nordic	1,380	1,309
Europe - West, East, South	1,224	1,132
North America	573	603
Others	59	49
Uponor Group	4,497	4,260

Business segments:

Housing solutions
Infrastructure solutions
Others

Others segment includes Group functions.

Segment assets include items directly attributable to a segment and items which can be allocated on a reasonable basis. Unallocated assets consist of long-term receivables and cash and cash equivalent.

MEUR	2007	2006
Segment external revenue		
Housing solutions	839.9	804.4
Infrastructure solutions	379.4	352.6
Uponor Group	1,219.3	1,157.0

MEUR	2007	2006
Segment investments		
Housing solutions	39.4	29.0
Infrastructure solutions	10.5	10.6
Others	8.2	14.6
Uponor Group	58.1	54.2

MEUR	2007	2006
Segment assets		
Housing solutions	437.8	416.1
Infrastructure solutions	173.0	174.1
Others	43.7	37.9
Unallocated assets	9.8	15.8
Uponor Group	664.3	643.9

3. Disposals of subsidiaries

The Group did not sell any subsidiaries in 2007.

In May 2006, the sales company Uponor Czech s.r.o in Czech Republic belonging to Europe - West, East, South, was sold. The disposal was aligned with the Group strategy in infrastructure business to concentrate on markets where a leading market position can be reached in the medium term.

MEUR	2007	2006
Book value of disposed assets		
Intangible assets	-	0.0
Tangible assets	-	0.1
Long-term investments	-	-0.1
Deferred tax assets	-	0.0
Inventories	-	0.7
Accounts receivable and other receivables	-	2.9
Cash and cash equivalent	-	0.2
Total Assets	-	3.8
Accounts payable and other liabilities	-	1.7
Total liabilities	-	1.7
Net assets	-	2.1
Cash received from sale	-	0.5
Cash and cash equivalents disposed of	-	-0.2
Cash flow effect	-	0.3

4. Other operating income and expenses

MEUR	2007	2006
Other operating income		
Gains from sales of fixed assets	3.7	1.7
Royalties	1.9	1.7
Earnings share from associated companies	0.5	0.2
Other items	0.1	0.1
Total	6.2	3.7
Other operating expenses		
Losses from sales of fixed assets	1.0	3.4
Research and development expenses	19.7	16.5
Reversal of impairments	-	0.0
Total	20.7	19.9

5. Employee benefits

MEUR	2007	2006
Short-term employee benefits:		
- Salaries and bonuses	183.2	181.3
- Other social costs	32.5	28.2
Post-employment benefits:		
- Pension expenses - defined contribution plans	7.3	7.3
- Pension expenses - defined benefit plans	4.2	3.8
Other long-term employee benefits	0.0	0.0
Termination benefit expenses	1.2	1.1
Share based payments		
- Equity settled share-based payment transactions	-	0.3
- Cash settled share-based payment transactions	-	0.8
Total	228.4	222.8

Share-based payments are accrued for the expected revenue period according to IFRS 2 standard.

Information of the management's employee benefits are presented in the related party transactions (note 31).

6. Depreciation, amortisation and impairment

MEUR	2007	2006
Depreciation and amortisation by asset category		
Intangible rights	3.7	2.0
Other intangible assets	0.1	0.1
Land and water areas	0.2	0.2
Buildings and structures	4.9	5.1
Machinery and equipment	25.2	25.9
Other tangible assets	3.1	2.3
Total	37.2	35.6
Depreciation and amortisation by function		
Cost of goods sold	26.7	26.3
Dispatching and warehousing	1.5	1.3
Sales and marketing	3.0	3.5
Administration	5.1	3.7
Other	0.9	0.8
Total	37.2	35.6

7. Financial income and expenses

MEUR	2007	2006
Financial income		
Dividend income on available-for-sale financial assets	0.0	0.0
Interest income from loans and other receivables	2.6	3.3
Change in fair value of financial assets designated at fair value through profit and loss		
- foreign currency derivatives, not under hedge accounting	2.8	0.6
Exchange differences	5.8	4.9
Other financial income	0.1	0.2
Total	11.3	9.0
Financial expenses		
Interest expense for financial liabilities measured at amortised cost	8.2	4.4
Change in fair value of financial liabilities designated at fair value through profit and loss		
- foreign currency derivatives, not under hedge accounting	1.3	0.8
Exchange differences	3.7	5.2
Other financial costs	0.6	0.8
Total	13.8	11.2

In addition to financial income and expenses, exchange rate gains are included in sales corrections totaling 0.3 million euros (exchange rate losses 0.3 million euros) and correspondingly exchange rate gains are included in operating expenses totaling 0.5 million (0.8 million euros). Interest expenses include also the interest part of finance lease payments 1.2 million euros (0.3 million euros).

8. Income taxes

MEUR	2007	2006
Current year and previous years taxes		
For the financial period	44.7	48.7
For previous financial periods	-0.7	0.0
Change in deferred taxation	2.6	-3.7
Total	46.6	45.0
Tax reconciliation		
Profit before taxes	148.5	141.5
Computed tax at Finnish statutory rate	38.6	36.8
Difference between Finnish and foreign rates	8.7	7.8
Non-deductible expenses	3.0	3.9
Tax exempt income	-0.4	-0.4
Use of previously unrecognised tax losses	-1.1	-1.1
Change in tax legislation	0.8	0.0
Previous years taxes	-0.7	0.0
Other items	-2.3	-2.0
Total	46.6	45.0
Effective tax rate, %	31.4	31.8

The most important change in tax legislation is the decrease in the German effective tax rate from 38 per cent to 29 per cent in 2008. The valuation of deferred tax assets and liabilities on 31 December 2007 in accordance with the new tax rate increased the tax expense for the period. Correspondingly, the amount of non-deductible expenses decreased in the German taxation from the 2006 level, so the change in the German taxation did not have a major impact on the Group tax rate. In 2007, the change in the effective tax rate resulted mainly from adjustments to previous years' taxes.

9. Earnings per share

	2007	2006
Profit for the period, MEUR	101.9	96.5
Shares, in thousands		
Weighted average number of shares [*)]	73,201	73,135
Share based incentive scheme	-	72
Diluted weighted average number of shares	73,201	73,207
Basic earnings per share, EUR	1.39	1.32
Diluted earnings per share, EUR	1.39	1.32

[*)] Weighted average number of shares does not include own shares.

10. Intangible assets

2007 MEUR	Intangible rights	Goodwill	Other intangible assets	Investment in progress	**Intangible assets**
Acquisition costs 1 Jan	46.9	70.2	0.8	-	**117.9**
Conversion difference	-0.5	-	-	-	**-0.5**
Increases	8.2	-	0.0	-	**8.2**
Decreases	0.4	-	-	-	**0.4**
Acquisition costs 31 Dec	54.2	70.2	0.8	-	**125.2**
Accumulated depreciations and impairments 1 Jan	19.6	-	0.7	-	**20.3**
Conversion difference	-0.2	-	-0.1	-	**-0.3**
Acc. depreciation on disposals and transfers	-0.3	-	-	-	**-0.3**
Depreciation for the financial period	3.7	-	0.1	-	**3.8**
Accumulated depreciations and impairments 31 Dec	22.8	-	0.7	-	**23.5**
Book value 31 December	31.4	70.2	0.1	-	**101.7**

2006 MEUR	Intangible rights	Goodwill	Other intangible assets	Investment in progress	**Intangible assets**
Acquisition costs 1 Jan	30.9	70.2	0.8	11.4	**113.3**
Structural changes	0.0	-	-	-	**0.0**
Conversion difference	0.4	-	-	-	**0.4**
Increases	26.0	-	0.0	-11.4	**14.6**
Decreases	10.4	-	0.0	-	**10.4**
Acquisition costs 31 Dec	46.9	70.2	0.8	-	**117.9**
Accumulated depreciations and impairments 1 Jan	27.6	-	0.6	-	**28.2**
Conversion difference	0.4	-	-	-	**0.4**
Acc. depreciation on disposals and transfers	-10.4	-	0,0	-	**-10.4**
Depreciation for the financial period	2.0	-	0.1	-	**2.1**
Accumulated depreciations and impairments 31 Dec	19.6	-	0.7	-	**20.3**
Book value 31 December	27.3	70.2	0.1	-	**97.6**

According to the IFRS 3 standard goodwill is no longer depreciated. Goodwill is tested annually for any impairment.

In 2006 and 2007, the investments in intangible assets have been mainly related to the acquisition of an ERP system.

The largest part of the Group goodwill (23.4 million euros) is generated by the Oy Uponor Ab minority share acquired by Asko Oyj, which due to Oy Uponor Ab's merger into Asko Oyj has been moved to present Uponor Oyj, and acquired Unicor businesses (43.2 million euros). The goodwill has been allocated to cash-generating units. Goodwill has been allocated to the primary segments as follows: Central Europe 53.3 million euros, Nordic 14.9 million euros and Europe - West, East, South 2.0 million euros.

Impairment tests are carried out on each separate cash-generating unit. The cash flow forecasts related to goodwill cover a period of ten years, including cash flow forecasts for the next five years and a residual value that corresponds to the sum total of five years' cash flow forecasts. The useful lives of cash generating units including goodwill have been assumed to be indefinite since these units have been estimated to impact the accrual of cash flows for an undetermined period. The discount rate used is based on the interest rate level that reflects the average yield requirement before taxes for the cash generating unit in question. Discount rates varied between 11.1 % and 14.6 %. The Group has not recorded any impairment losses for tangible assets during 2006-2007. Group management estimates that it is highly unlikely that any factor would change to the extent that the recoverable amount would be higher than the book value for any cash-generating unit. It has been verified with sensitivity analysis that there would not be any need to book an impairment loss if for instance net sales and operating profit stayed on the 2008 budgeted level during coming years. Also, no impairment loss would result if the discount rate used were to rise by 5 percentage points at the same time.

The Group does not have any capitalised development costs.

11. Property, plant and equipment

2007 MEUR	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction work in progress	Tangible assets
Acquisition costs 1 Jan	14.4	139.3	400.4	26.3	13.9	594.3
Conversion difference	-0.4	-3.6	-13.6	-1.1	-0.5	-19.2
Increases	0.6	2.5	27.4	3.2	15.2	48.9
Decreases	0.1	1.3	10.4	1.0	0.0	12.8
Transfers between items	-0.2	0.5	2.3	-	-2.6	-
Acquisition costs 31 Dec	14.3	137.4	406.1	27.4	26.0	611.2
Accumulated depreciations and impairments 1 Jan	2.5	74.0	287.3	18.7	-	382.5
Conversion difference	-0.1	-1.6	-10.2	-0.9	-	-12.8
Acc. depreciation on disposals and transfers	0.0	-0.7	-9.1	-1.0	-	-10.8
Depreciation for the financial period	0.2	4.9	25.2	3.1	-	33.4
Accumulated depreciations and impairments 31 Dec	2.6	76.6	293.2	19.9	-	392.3
Book value 31 December	11.7	60.8	112.9	7.5	26.0	218.9
Balance sheet value of production plant and machinery			101.6			

2006 MEUR	Land and water areas	Buildings and structures	Machinery and equipment	Other tangible assets	Construction work in progress	Tangible assets
Acquisition costs 1 Jan	16.0	139.5	403.4	25.2	10.8	594.9
Structural changes	0.0	0.0	0.0	-0.2	0.0	-0.2
Conversion difference	-0.2	-0.6	0.2	-1.0	0.0	-1.6
Increases	0.1	5.4	26.4	4.3	3.1	39.3
Decreases	1.5	5.0	29.6	2.0	0.0	38.1
Transfers between items	0.0	0.0	0.0	-	-	0.0
Acquisition costs 31 Dec	14.4	139.3	400.4	26.3	13.9	594.3
Accumulated depreciations and impairments 1 Jan	2.4	72.5	286.3	18.8	-	380.0
Structural changes	0.0	-	-	-0.1	-	-0.1
Conversion difference	-0.1	-0.2	1.3	-0.7	-	0.3
Acc. depreciation on disposals and transfers	-	-3.8	-25.8	-1.6	-	-31.2
Depreciation for the financial period	0.2	5.1	25.9	2.3	-	33.5
Transfers between items	-	0.4	-0.4	-	-	0.0
Reversal of impairments	-	0.0	-	-	-	0.0
Accumulated depreciations and impairments 31 Dec	2.5	74.0	287.3	18.7	-	382.5
Book value 31 December	11.9	65.3	113.1	7.6	13.9	211.8
Balance sheet value of production plant and machinery			101.8			

The building investments of 2007 include a new training centre in Germany. In 2006, increases in buildings were mainly related to the North American regional office and the expansion of the adjacent production plant. In addition, 2006 investments in buildings include the expansion of the main warehouse and the construction of new training facilities in Italy. In 2007 decreases in buildings include the sale of building in Portugal.

Uponor continued to expand its production capacity in 2007. In 2006 and 2007, the largest investments in machinery and equipment were made in Germany, North America and Sweden. The decrease in property, plant and equipment in 2006 is mainly due to the divestment of the business operations of Uponor Anger GmbH that concentrated on the sewer and rainwater pipe business.

In 2007, the majority of construction work-in-progress was related to the expansion of production facilities in North America and Sweden.

Tangible assets include property that is acquired under finance lease arrangements as follows:

Finance lease arrangements

2007 MEUR	Land and water areas	Buildings and structures	Others	Finance lease arrangements total
Acquisition costs 1 Jan	0.7	16.2	0.9	17.8
Conversion difference	0.2	-0.1	-0.3	-0.2
Increases	-	-	0.2	0.2
Decreases	-	0.0	0.6	0.6
Transfers between items	0.2	0.7	-	0.9
Acquisition costs 31 Dec	1.1	16.8	0.2	18.1
Accumulated depreciations and impairments 1 Jan	-	6.5	0.7	7.2
Conversion difference	-	-0.1	-0.2	-0.3
Acc. depreciation on disposals and transfers	-	0.0	-0.6	-0.6
Depreciation for the financial period	-	0.6	0.1	0.7
Transfers between items	-	0.2	-	0.2
Accumulated depreciations and impairments 31 Dec	-	7.2	0.0	7.2
Book value 31 December	1.1	9.6	0.2	10.9

2006 MEUR	Land and water areas	Buildings and structures	Others	Finance lease arrangements total
Acquisition costs 1 Jan	0.9	16.3	1.1	18.3
Increases	-	-	0.1	0.1
Decreases	0.2	0.1	0.3	0.6
Acquisition costs 31 Dec	0.7	16.2	0.9	17.8
Accumulated depreciations and impairments 1 Jan	-	5.9	0.9	6.8
Acc. depreciation on disposals and transfers	-	-0.1	-0.3	-0.4
Depreciation for the financial period	-	0.3	0.1	0.4
Transfers between items	-	0.4	-	0.4
Accumulated depreciations and impairments 31 Dec	-	6.5	0.7	7.2
Book value 31 December	0.7	9.7	0.2	10.6

12. Financial assets and liabilities by categories

2007 MEUR	Derivative contracts, under hedge accounting	Financial assets/ liabilities at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortised cost	**Carrying amounts by balance sheet item**	Note
Non-current financial assets							
Other shares and holdings				0.2		**0.2**	14
Non-current receivables			3.1			**3.1**	15
Derivative contracts	0.3					**0.3**	15
Current financial assets							
Interest-bearing receivable			0.1			**0.1**	17
Accounts receivable and other receivables			150.8			**150.8**	18
Derivative contracts	0.4	1.7				**2.1**	18
Cash and cash equivalent			6.3			**6.3**	
Carrying amount by category	0.7	1.7	160.3	0.2		**162.9**	
Non-current financial liabilities							
Interest-bearing liabilities					14.7	**14.7**	23
Other liabilities					0.1	**0.1**	23
Current financial liabilities							
Interest-bearing liabilities					76.1	**76.1**	
Derivative contracts	0.0	0.0				**0.0**	23
Accounts payable and other liabilities					78.4	**78.4**	24
Carrying amount by category	0.0	0.0			169.3	**169.3**	

2006 MEUR	Derivative contracts, under hedge accounting	Financial assets/ liabilities at fair value through profit or loss	Loans and receivables	Available-for-sale financial assets	Financial liabilities measured at amortised cost	**Carrying amounts by balance sheet item**	Note
Non-current financial assets							
Other shares and holdings				0.2		**0.2**	14
Non-current receivables			3.4			**3.4**	15
Current financial assets							
Interest-bearing receivable			0.0			**0.0**	17
Accounts receivable and other receivables			155.4			**155.4**	18
Derivative contracts	0.0					**0.0**	18
Cash and cash equivalent			12.4			**12.4**	
Carrying amount by category	0.0		171.2	0.2		**171.4**	
Non-current financial liabilities							
Interest-bearing liabilities					17.2	**17.2**	23
Other liabilities					0.1	**0.1**	
Current financial liabilities							
Interest-bearing liabilities					16.9	**16.9**	23
Derivative contracts		0.4				**0.4**	24
Accounts payable and other liabilities					95.7	**95.7**	24
Carrying amount by category	0.0	0.4			129.9	**130.3**	

Carrying value of financial assets and liabiabilities is considered to approximate their fair value.

13. Investments in associated companies

MEUR	2007	2006
Acquisition costs 1 Jan	0.0	0.0
Book value 31 December	0.0	0.0

14. Other shares and holdings

MEUR	2007	2006
Other shares and holdings	0.2	0.2

Other non-current investments include other unlisted shares which were measured at cost since it was not possible to determine their fair value reliably.

15. Non-current receivables

MEUR	2007	2006
Loans to associated companies	1.0	1.1
Other loan receivables	0.8	1.0
Derivatives contracts	0.3	-
Other receivable	1.3	1.3
Book value 31 December	3.4	3.4

The loan receivable from associated companies is a variable rate loan in pound sterling (GBP) with an effective interest rate of 6.76% (5.85%).

16. Inventories

MEUR	2007	2006
Raw materials and consumables	20.2	21.0
Finished products / goods	127.3	105.9
Advance payments	3.1	1.2
Book value 31 December	150.6	128.1

Inventories are stated at the lower of cost or likely net realisable value, based on the FIFO principle. In the financial period 0.7 million euros (0.3 million euros) were expensed to reduce the book value of inventories to correspond the net realisable value of inventories. During the financial period no reversal of write-downs has been done. In the comparable period, the reversal of write-downs was 0.1 million euros.

17. Interest-bearing current assets

MEUR	2007	2006
Other loan receivable	0.1	0.0

18. Accounts receivable and other receivables

MEUR	2007	2006
Accounts receivable	145.1	152.4
Doubtful accounts receivables	-0.5	-1.8
Current income tax receivable	0.9	0.7
Prepayments and accrued income	13.0	13.4
Derivative contracts	2.2	0.0
Other receivable	6.2	4.8
Book value 31 December	166.9	169.5

The aging of accounts receivable is presented in the note 27 Financial risk management.

Accrued income

MEUR	2007	2006
Taxes	5.6	5.5
Discounts received	0.4	1.2
Interest	0.2	0.3
Other	6.8	6.4
Book value 31 December	13.0	13.4

According to the Group's assessment, the carrying value of non-interest-bearing current receivables, except for derivative contracts receivables, is considered to approximate their fair value.

The Group recorded 0.5 million (1.8 million euros) of doubtful accounts receivables as expenses during the financial period. The Group is not aware of any factors which would cause possible additional write-downs.

19. Shareholders' equity

At the beginning of 2007, Uponor Corporation's share capital came to EUR 146,446,888 and the number of shares totalled 73,223,444, while the year-end share capital was EUR 146,446,888 with the number of shares totalling 73,206,944. Each share entitles its holder to one vote at the shareholders' meeting. The Annual General Meeting of 15 March 2007 decided to remove references to nominal value of a share as well as minimum and maximum share capital. All issued shares are fully paid.

At the beginning of 2007, the company held a total of 88,000 of its own shares bought back based on past authorisations. On 15 February 2007, a total of 71,500 own shares were handed over to members of the Executive Committee in accordance with the share-based incentive plan published on 6 May 2004. On 26 April 2007, the Board of Directors decided to invalidate 16,500 treasury shares. This had no effect on the company's share capital. The company did not buy back any of its own shares in 2007 and did not hold any treasury shares at the end of 2007. Treasury shares are presented as reduction in retained earnings. Treasury shares carry no balance sheet value in the financial statements.

In 2007, a reserve for invested unrestricted equity complying with the new Companies Act and a hedge reserve, in which the changes in fair value of derivative contracts under hedge accounting is recorded, were added to shareholders' equity.

At present, other reserves include legal reserves required by local statutes.

20. Deferred taxes

MEUR	2007	2006
Deferred tax assets		
Profit in inventory	1.4	1.5
Provisions	2.6	3.1
Unrecognised tax losses	1.7	2.1
Tangible assets	0.5	0.9
Employee benefits	3.8	4.3
Other temporary differences	6.3	9.0
Total	16.3	20.9
Deferred tax liabilities		
Accumulated depreciation difference and untaxed reserve	5.4	5.4
Tangible assets	7.3	9.1
Fair valuation of available-for-sale investments and financial instruments	0.2	0.0
Other temporary differences	2.1	2.4
Total	15.0	16.9

The Group has recognised a deferred tax asset for its net operating loss carry-forwards, which probably can be utilised against future profits in the relevant tax jurisdictions. On 31 December 2007 the Group had losses carried forward of 7.2 million euros (9.6 million euros), of which the Group has recognised a deferred tax receivable. With respect to confirmed losses, 0.1 million euros (0.3 million euros) had no expiry date while 7.1 million euros expire during 2008-2011. In 2007, there were 0.8 million euros of such operating loss carry-forwards for which no deferred tax assets are recognised due the uncertainty of the utilisation of these loss carry-forwards. In 2006, there were no such losses.

No deferred tax liability has been recognised for the undistributed earnings of Finnish subsidiaries as such earnings may be transferred to the Parent Company without any tax consequences. The Group does not provide deferred taxes on undistributed earnings of non-Finnish subsidiaries to the extent that such earnings are intended to be permanently reinvested in those operations and their repatriation would cause tax expenses.

21. Employee benefit obligations

The Group has a number of pension plans for its operations. The Group's pension schemes comply with each country's local rules and regulations. The Group applies defined contribution and defined benefit pension plans. Pensions are based on actuarial calculations or actual payments to insurance companies. Independent authorised actuaries prepared the actuarial calculations. The discount rate for actuarial calculations is determined by the reference to market yields of high quality corporate bonds or government bonds. Pension benefits are normally based on the number of working years and the salary. Most of the defined benefit plans are in Germany and in the UK, constituting 60% of the defined benefit pension liability in the Group's balance sheet. In Finland, pensions are handled according to the TyEL system, which is a defined contribution pension plan.

MEUR	2007	2006
Post-employment benefit obligations:		
- Pensions - defined benefit plans	27.2	28.4
Other long-term employee benefit liability	0.8	0.7
Total	28.0	29.1

Pension obligations

MEUR	2007	2006
Reconciliation of assets and liabilities recognised in the balance sheet		
Present value of funded obligations	68.0	69.9
Present value of unfunded obligations	19.9	20.3
Fair value of plan assets	-57.6	-56.0
Unrecognised actuarial gains (+) and losses (-)	-3.1	-5.8
Net liability in the balance sheet	27.2	28.4

MEUR	2007	2006
Expenses recognised in the income statement		
Current service costs	3.4	3.3
Interest costs	4.1	3.8
Expected return on plan assets	-3.2	-2.8
Actuarial gains (-) and losses (+)	-0.1	0.1
Effect of any curtailments and settlements	0.0	-0.6
Total	4.2	3.8
Actual return on plan assets	2.8	3.8

MEUR	2007	2006
Expenses recognised in the income statement by function		
Cost of goods sold	1.3	1.3
Dispatching and warehousing	0.1	0.2
Sales and marketing	1.0	0.8
Administration	1.2	1.2
Other	0.6	0.3
Total	4.2	3.8

MEUR	2007	2006
Movements in obligation		
Obligation at 1 January	90.2	84.1
Current service cost	3.4	3.3
Interest cost	4.1	3.8
Actuarial gains (-) and losses (+)	-2.7	0.2
Gains (-) and losses (+) on curtailments	-0.1	-0.3
Member contributions	0.5	0.6
Benefit payments	-2.2	-2.1
Settlements	-0.1	-0.5
Conversion difference	-5.2	1.1
Obligation at 31 December	87.9	90.2

MEUR	2007	2006
Movements in fair value of plan assets		
Fair value of plan assets at 1 January	56.0	48.0
Expected return on plan assets	3.2	2.8
Actuarial gains (+) and losses (-)	-0.4	1.0
Contributions by employer	4.4	4.6
Member contributions	0.5	0.6
Settlements	-0.1	-0.2
Conversion difference	-3.9	0.8
Benefit payments	-2.1	-1.6
Fair value of plan assets at 31 December	57.6	56.0

MEUR	2007	2006
Major categories of plan assets as % of total plan		
Equities	46.3	63.3
Bonds	50.5	25.5
Other	3.2	11.2
Total	100.0	100.0

Principal actuarial assumptions

	Nordic countries		Germany		UK and Ireland		Other countries	
	2007	2006	2007	2006	2007	2006	2007	2006
Discount rate (%)	4.50-5.25	4.00-4.50	5.25	4.50	5.25-5.50	4.50-5.00	5.25	4.50
Expected rate of return on plan assets (%)	6.00	5.30	n/a	n/a	5.50-6.25	5.00-5.80	n/a	n/a
Expected rate of salary increase (%)	3.00-4.25	3.00-4.25	2.50	2.50	3.75-4.25	3.50-4.00	3.25	3.25
Expected rate of pension increase (%)	2.00	2.00	2.00	2.00	2.25-3.25	2.00-3.00	2.00	2.00

The expected rate of return on plan assets is 5.50-6.25 per cent. When determining the expected long-term rate of return on plan assets, the Group has considered historical returns and future expectations for each asset class. Transaction expenses and any applicable yield taxes have been deducted from the return on plan assets.

MEUR	2007	2006
Amounts for the current and previous period		
Present value of obligation	87.9	90.2
Fair value of plan assets	-57.6	-56.0
Surplus (+)/Deficit (-)	30.3	34.2
Experience adjustments on plan assets	0.5	-1.3
Experience adjustments on plan liabilities	-2.6	0.6

Group expects to contribute 4.6 million euros to its defined benefit pension plans in 2008.

22. Provisions

MEUR	Guarantee and warranty obligations	Environmental obligations	Restructuring	Other provisions	Total
Provisions at January 1, 2007	5.4	6.1	1.3	2.7	15.5
Conversion difference	-0.4	-	0.1	0.0	-0.3
Additional provisions	3.9	0.4	-	0.8	5.1
Utilised provisions	-1.7	-0.4	-0.8	-0.3	-3.2
Unused amounts reversed	-0.8	-	-	-0.1	-0.9
Provisions at December 31, 2007	6.4	6.1	0.6	3.1	16.2
Current provisions	3.9	1.9	0.5	1.1	7.4
Non-current provisions	2.5	4.2	0.1	2.0	8.8

Warranty provisions were 6.4 million euros (5.4 million euros) at the end of the period. Warranty provisions are based on previous years' experience of defective goods. The aim is to be prepared for future warranty expenses. Warranty periods vary from country to country, depending on the local legislation and commercial practice.

At period end, the environmental provision related to a divested domestic real estate business was 6.1 million euros (6.1 million euros). A total of 1.9 million euros of the provision is expected to realise during 2007.

23. Interest bearing liabilities

MEUR	2007	2006
Non-current interest bearing liabilities		
Loans from financial institutions	1.1	3.1
Finance lease liability	13.6	14.1
Total	14.7	17.2
Current interest-bearing liabilities		
Loans from financial institutions	75.5	16.3
Finance lease liability	0.6	0.6
Total	76.1	16.9

MEUR	2009	2010	2011	2012	2013 -
Maturity of non-current interest bearing liabilities					
Loans from financial institutions	1.1	0.0	0.0	-	-
Finance lease agreements	0.6	0.6	0.6	0.8	10.9
Total	1.7	0.6	0.6	0.8	10.9

	2007	2006
The interest rate ranges of interest-bearing liabilities, % pa		
Loans from financial institutions	3.5-5.95	3.5-5.95

The carrying value of the remaining interest bearing liabilities of the Group is considered to approximate their fair value.

Finance lease liability

MEUR	2007	2006
Finance lease liability		
Minimum lease payments		
In less than one year	1.8	1.8
1-5 years	6.8	7.1
Over 5 years	15.4	17.1
Total	24.0	26.0
Future finance charges	9.8	11.3
Finance lease liabilities - the present value of minimum lease payments	14.2	14.7
The present value of minimum lease payments		
In less than one year	0.6	0.6
1-5 years	2.7	2.5
Over 5 years	10.9	11.6
Total	14.2	14.7

The Group's finance lease agreements are mainly related to office, factory and warehouse premises. On 31 December 2007, the total amount of activated costs for finance lease agreements in the Group was 10.9 million euros (10.6 million euros), which was included in property, plant and equipment in the balance sheet. The corresponding depreciation in 2007 was 0.6 million euros (0.4 million euros). The total amount of finance lease payments in 2007 was 1.8 million euros (1.2 million euros), which included 1.2 million euros (0.3 million euros) of interest expenses.

The most significant leasing liability is the finance lease agreement signed in connection with the purchase of the Unicor business in 1999. In 2007, no significant new leasing agreements were made.

24. Accounts payable and other liabilities

MEUR	2007	2006
Accounts payable	75.2	90.0
Current income tax liability	13.2	13.5
Accrued liabilities	88.5	92.5
Advances received	1.1	1.5
Derivative contracts	0.0	0.4
Other current liabilities	3.2	5.7
Total	181.2	203.6
Accrued liabilities		
Personnel expenses	19.4	22.6
Bonuses	11.2	8.8
Taxes	10.9	14.5
Interest	0.1	0.2
Others	46.9	46.4
Total	88.5	92.5

25. Contingent liabilities

MEUR	2007	2006
- on own behalf		
Mortgages issued	0.0	-
- on behalf of others		
Guarantees issued	11.5	12.6
Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures.		
Mortgages issued	0.0	-
Guarantees issued	11.5	12.6
Total	11.5	12.6

Contingent liabilities are recorded in accordance with the best estimate of the amount of liability. The Group has entered into agreements with third parties (former Group or associated companies) to provide them with financial or performance assurance services. The Group has no collateral or other recourse provisions related to these guarantees. The maximum amounts of future payments on behalf of others under these guarantees are disclosed under "Guarantees issued - on behalf of others".

26. Operating leases commitments

MEUR	2007	2006
Future minimum lease payments		
In less than one year	8.5	7.4
1-5 years	12.9	13.5
Over 5 years	3.0	3.5
Total	24.4	24.4

The Group has rented office and warehouse premises with various agreements. In addition, rental agreements, which are not finance lease agreements, are classified as other rental agreements. The rents of operating leases commitments are booked as expenses during the maturity.

27. Financial risk management

Financial risk management aims to minimise the adverse effects caused by the uncertainties in financial markets to the Group's financial performance and to ensure sufficient liquidity in a cost-efficient manner. The general operating principles of financial risk management are defined in the Group's financing policy approved by the Board of Directors.

Chaired by the Group's President and CEO, the Treasury Committee is responsible for steering and supervising practical financial risk management. For risk management, Uponor employs only financial instruments whose market value and risk profile it can monitor reliably and continuously. Hedging transactions related to, for instance, currency, interest rate, liquidity and counterparty risks are carried out in accordance with the written risk management principles approved by the Group management.

Group Treasury operates as the Group's internal bank, centralised at the Corporate Head Office. Its financial risk management duties include identifying, assessing and covering the Group's financing risks. The internal bank is also responsible for external market transactions related to asset and risk management, and providing Group subsidiaries with consultation and services within financing.

Currency risk

Due to its international operations, the Group is exposed to currency risks arising from, for instance, currency-denominated accounts receivable and payable, intra-Group transactions and the financing of foreign subsidiaries. According to the Group hedging policy, subsidiaries hedge all major transaction risks with Group's internal forward transactions. Group Treasury is responsible for hedging Group-level net currency flows in external currency markets. Currency forward agreements and options are mainly used as hedging instruments.

Subsidiaries estimate their foreign currency cash flows for the following 12 month periods and according to Group's hedging policy they are responsible to hedge 50-100% of the monthly net flow up to 6 months. In addition to the Euro, the main invoicing currencies are the US dollar (USD), the pound sterling (GBP) and the Swedish krona (SEK). On 31 December 2007, these currencies accounted for approximately 36 per cent of the Group's external accounts receivable. Costs arising from the Group's own production in the United States, the United Kingdom and Sweden balance the open risk positions denominated in the said currencies.

Currency positions are continuously assessed by currency for the following 12-month periods. Pursuant to the Group's hedging policy, all substantial open currency positions are hedged against adverse currency fluctuations, largely through currency forward agreements, options or swap agreements. Such currency derivative agreements are generally of less than six months in maturity.

Group's currency transaction risk position at 31 Dec 2007:

Currency	SEK	GBP	USD
Net position	40.9	14.9	-3.7
External hedges	-43.2	-14.7	3.0
Open position	-2.3	0.2	-0.7
Hedge level, %	106%	99%	81%

During 2007, the Group has included to its position also internal loans. Due to the change in the hedging policy comparable information from 2006 is not available.

As open position is small, the sensitivity to currency fluctuations is immaterial.

Translational risk arise when the currency denominated assets and liabilities of subsidiaries located outside the euro area is exposed to currency fluctuations when they are translated into the Group's reporting currency, the euro. The most significant net investments are in the United States, the United Kingdom and Sweden. Translational risk affects for instance key ratios, but not the cash flow. According to the policy these non-euro denominated balance sheet items are not hedged.

Interest rate risk

The Group is exposed to interest rate risks in the form of, on the one hand, changes in the value of balance sheet items (i.e. price risks) and, on the other hand, risks related to the restructuring of interest income and expenses necessitated by changes in interest rates. Group Treasury is responsible for managing interest rate risks within the framework specified by corporate financial policy with the aim of balancing the interest rate position and minimising interest rate risks.

In order to manage interest rate risks, Uponor spreads Group funding across fixed and floating interest rate instruments. The duration of the interest rate position is regulated by choosing loans with different interest rate periods and by using different derivative instruments, such as interest rate swaps, forward rate agreements and interest rate options. Group Treasury is also responsible for matching external financial items and the duration of balance sheet items funded by such items. Short-term money market investments expose the Group to cash flow interest rate risks, but the overall impact of the said investments is insignificant. End of the period Group have had mainly short-term loan, which is floating interest.

The Group had no open interest rate swaps or other interest rate derivatives on the balance sheet date.

Financial instruments' sensitivity to fluctuations in market interest rates, as stated in IFRS 7 –standard, is presented in the following sensitivity analysis. The impact of interest rate increase or decrease by one per cent on the income statement after taxes is +/- 0.5 million euros (+/- 0.1) million euros and on the equity after taxes +/- 0.5 million euros (+/- 0.1) million euros. Interest position consists of interest-bearing financial liabilities and assets.

Liquidity and refinancing risk

The Group's liquidity is managed through efficient cash management and by investing solely in low-risk objects that can be liquidated rapidly and at a clear market price.

Uponor seeks to ensure the availability and flexibility of financing through a balanced distribution of loan maturities as well as adequate credit limit reserves and by acquiring financing from several banks and using various types of financing.

Group Treasury is responsible for the co-ordination of Group funding through the parent company. In exceptional cases, mainly for practical or legal reasons, Group Treasury may establish local working capital credit lines in the name of a subsidiary, guaranteed by the parent company.

The most significant existing funding programs on 31 December 2007 included:
– Revolving Credit Facility of 120 million euros, maturing in 2010
– Finnish commercial paper program totalling 150 million euros

Contractual maturity of financial liabilities at 31 Dec 2007:

MEUR	2008	2009	2010	2011	2012 -
Commercial papers	73.5				
Loans from financial institutions	1.1	0.2			
Finance lease liability	1.8	1.7	1.7	1.7	17.1
Bank overdrafts in use	2.1				
Accounts payable	75.2				
Derivative contracts					
Foreign currency derivatives					
- cash outflow	0.2				
- cash inflow	1.9				
Commodity derivatives	0.4	0.3	0.1		

Contractual maturity of financial liabilities at 31 Dec 2006:

MEUR	2007	2008	2009	2010	2011-
Commercial papers	16.0				
Loans from financial institutions	1.9	1.1	0.2		
Finance lease liability	1.8	1.8	1.7	1.7	19.0
Bank overdrafts in use	0.4				
Accounts payable	90.0				
Derivative contracts					
Foreign currency derivatives					
- cash outflow	0.0				
- cash inflow	0.2				
Commodity derivatives	0.4				

Counterparty and credit risk

The counterparty risk related to financial instruments has been defined as a risk that the counterparty is unable to fulfill its contractual obligations. In order to minimise counterparty risks, the Group invests its cash reserves and makes derivative contracts only with parties who meet the Group's criteria for creditworthiness.

The Group did not suffer any credit losses in its operations during the financial year. The maximum counterparty risk is the book value of financial assets on 31 December 2007.

Potential concentrations of credit risk with respect to trade and other receivables are limited due to the large number and geographic dispersion of companies that comprise the Group's customer base. The largest single customer generates less than 10 per cent of Uponor's net sales. Customer credit limits are established and monitored and on-going evaluation of customers' financial conditions are performed. Trade receivables are credit insured when it is applicable. In 2007, the Group recorded 0.5 million of doubtful accounts receivables as expenses.

MEUR	2007	2006
The aging of accounts receivable *)		
Undue	111.5	115.0
Due 1-30 days	23.3	26.9
Due 31-60 days	4.9	3.9
Due 61-90 days	2.2	2.0
Due over 90 days	2.7	2.8
Total	144.6	150.6

*) Comparable data is partly based on estimate.

Price risk

The Group is exposed to electricity price risk in its business operations. Group Treasury is responsible for taking action to manage the electricity price fluctuations on Nordic level within the frame defined in the Electricity Hedging Policy of Uponor Group. The hedge level according to the policy is for the coming 12 months 70-100 per cent and the following 12 months 25-80 per cent.

The table below presents the sensitivity of open currency derivatives to fluctuations in electricity price should the market price of electricity increase or decrease by 10 per cent. The figures include the impact of taxes while other factors are expected to remain unchanged. Electricity derivatives recorded at fair value affect the profit after tax. Any changes in the value of electricity derivatives that meet the criteria for hedge accounting as set forth in IAS 39 have an impact on shareholders' equity.

MEUR	2007	2006
Change in the income statement	+/- 0.0	+/- 0.3
Change in shareholders' equity	+/- 0.3	+/- 0.3

28. Derivative contracts and hedge accounting

MEUR	2007	2006
Nominal value		
Foreign currency derivatives:		
Forward agreements	85.9	13.0
Commodity derivatives:		
Forward agreements		
- not under hedge accounting	0.4	5.6
- under hedge accounting	3.2	-

2007 MEUR	Positive fair value	Negative fair value	Net fair value
Fair value			
Foreign currency derivatives:			
Forward agreements	1.9	-0.2	1.7
Commodity derivatives			
- not under hedge accounting	0.1	0.0	0.1
- under hedge accounting	0.7	0.0	0.7

2006 MEUR	Positive fair value	Negative fair value	Net fair value
Fair value			
Foreign currency derivatives:			
Forward agreements	0.2	-	0.2
Commodity derivatives			
- not under hedge accounting	-	0.4	-0.4

Uponor Group has applied hedge accounting for electricity derivatives since September 2007. The Group uses electricity derivatives in order to hedge against the price risk arising from fluctuations in the market price of electricity. Those electricity derivatives that meet the criteria for hedge accounting have been defined as cash flow hedges.

Changes in the fair values of electricity derivatives which are designated as cash flow hedges are recognised in shareholders' equity to the extent that the hedge is effective and ineffective portion is recognised immediately in the income statement. 0.5 million euros were entered directly in equity during the financial period. The impact of ineffective portion on the profit for the financial period was insignificant. With respect to the hedging fund, a loss of 0.0 million euros was recorded in the income statement during the financial period, under cost of goods sold.

29. Capital management

The purpose of the Group's capital management is to create an efficient capital structure in order to ensure normal operational preconditions and growth opportunities and, thereby, to increase long-term shareholder return.

In addition to investment decisions, dividend distribution is a key factor affecting the capital structure. The Group's long-term goal is to pay an annually-growing basic dividend which represents at least 50 per cent of the earnings per share.

The Group's capital structure developments are monitored by means of gearing. Gearing is calculated by dividing net interest-bearing liabilities by shareholders' equity. Net interest-bearing liabilities include interest-bearing liabilities less cash and cash equivalents. At the end of 2006, Uponor published its long-term targets for 2007–2009, according to which it seeks to keep its gearing between 30 and 70 per cent across quarters. In 2006, the gearing target was below 70 per cent.

MEUR	2007	2006
Interest-bearing liabilities	90.8	34.1
Cash and cash equivalent	6.3	12.4
Net interest-bearing liabilities	84.5	21.7
Shareholders' equity	333.0	344.4
Gearing, %	25.4	6.3

30. Management incentive scheme and share based payments

In May 2004, Uponor Corporation's Board of Directors approved a new incentive scheme, whereby the Executive Committee can receive a share-based reward in 2007. The reward was based on the fulfillment of a set cumulative operating profit target for 2004-2006. The maximum net value of the reward amounted to the value of 80,000 Uponor shares. The Board of Directors had the possibility to raise or reduce the number of shares by 10 per cent; depending on whether the company's other long-term objectives are achieved. According to IFRS 2, the portion given as shares was measured at the share price quoted on the day of granting. Fair value was recognised as a cost on an accrual basis for the expected revenue period similar to an amount paid in cash. The part which was paid out in cash was recognised as liability. Any changes in the value after the date of granting were recognised as income using the closing price of each calendar month. In February 2007, a total of 71,500 shares were handed over to members of the Executive Committee in accordance with the share-based incentive plan.

In September 2007, Uponor Corporation's Board of Directors decided to launch a long-term incentive scheme for the members of the company's Executive Committee. To be eligible to participate in the scheme, an Executive Committee member must acquire a specific number of Uponor shares, as defined under the scheme, by the end of August 2008. Depending on the cumulative operating profit of Uponor during 2007-2011, and the number of shares acquired within the scheme, each Executive Committee member is eligible for being awarded Uponor shares in the spring 2012. Until now, the Executive Committee members have not acquired any Uponor shares under the scheme, and therefore have not participated in the programme yet. In accordance with IFRS 2, the incentive plan did not have any impact on the income statement or balance sheet in 2007.

31. Related party transactions

Uponor Group's related parties include subsidiaries and associates as well as Board members, the CEO, deputy CEO and Executive Committee members.

MEUR	2007	2006
Transactions with associated companies		
Net sales	5.2	3.1
Purchases	2.1	2.9
Balances at the end of period		
Loan receivable	1.0	1.1
Accounts receivable and other receivables	1.1	0.4
Accounts payable and other liabilities	0.2	0.2

TEUR	2007	2006
Executive Committee remuneration		
Remuneration	2,137.5	2,678.3
Termination expenses	-	162.6
Post-employment benefit expenses	57.0	44.4
Total	2,194.5	2,885.3

TEUR	2007	2006
Executive Committee remuneration: CEO and his Deputy		
Lång Jan, CEO	1,659.2	525.7
Luomakoski Jyri, Deputy CEO	913.9	273.5

CEO and Deputy CEO are entitled to retire at the age of 63.

TEUR	2007	2006
Board remuneration		
Paasikivi Pekka, Chairman	65.0	65.0
Rajahalme Aimo, Deputy Chairman	45.0	45.0
Eloranta Jorma	40.0	40.0
Paasikivi Jari (elected 15 March 2007)	40.0	-
Silfverstolpe Nordin Anne-Christine	40.0	40.0
Simon Rainer S.	40.0	40.0
Total	270.0	230.0

Loans to management

No loans have been issued to management and Board members on 31 December 2007 or 2006.

The shareholding of the management and Board members has been presented in Corporate Governance.

Subsidiaries

Name	Domicile and country	
130167 Canada Inc.	Canada, Montreal	CA
Uponor Beteiligungs GmbH	Germany, Hassfurt	DE
Uponor Hispania, S.A.	Spain, Móstoles	ES
Uponor (Deutschland) GmbH	Germany, Hassfurt	DE
Uponor Klärtechnik GmbH	Germany, Marl	DE
Hewing GmbH	Germany, Ochtrup	DE
Uponor GmbH	Germany, Hassfurt	DE
Uponor S.A.R.L.	France, St. Etienne de St. Geoirs	FR
Karhu Deutschland GmbH i.L.	Germany	DE
Trak GmbH i.L.	Germany, Kiefersfelden	DE
Uponor A/S	Denmark, Hadsund	DK
Uponor Eesti Oü	Estonia, Tallinn	EE
Jita Oy	Finland, Virrat	FI
Nereus Oy	Finland, Uusikaupunki	FI
Uponor Business Solutions Oy	Finland, Vantaa	FI
Uponor Suomi Oy	Finland, Nastola	FI
Uponor Texnikes Lyseis gia Ktiria AE	Greece, Athens	GR
Uponor Kft.	Hungary, Budapest	HU
Uponor Limited	Ireland, Bishopstown	IE
Uponor (Cork) Limited	Ireland, Bishopstown	IE
Uponor S.r.l.	Italy, Badia Polesine	IT
SIA Uponor Latvia	Latvia, Riga	LV
UAB Uponor	Lithuania, Vilnius	LT
Uponor B.V.	The Netherlands, Amsterdam	NL

Name	Domicile and country	
Uponor s.r.o.	Czech, Prague	CS
Uponor AS	Norway, Vestby	NO
Uponor Sp. z o.o.	Poland, Plonie	PL
Uponor Portugal - Sistemas para Fluidos, Lda.	Portugal, V.N. Gaia	PT
Uponor Construcão e Ambiente - Sistemas de Tubagens, S.A.	Portugal, V.N. Gaia	PT
AO Asko-Upo (RUS)	Russia, Moscow	RU
AO Asko-Upo (Spb)	Russia, St. Petersburg	RU
ZAO Uponor Rus	Russia, St. Petersburg	RU
Uponor Innovation AB	Sweden, Borås	SE
Uponor AB	Sweden, Virsbo	SE
Uponor Vertriebs GmbH	Austria, Guntramsdorf	AT
Uponor Limited	UK, England	UK
Uponor UK Export Ltd	UK, England	UK
Uponor Aldyl Limited	UK, England	UK
Uponor Housing Solutions Limited	UK, England and Wales	UK
Radius Plastics Limited	UK, Northern Ireland	UK
Uponor North America, Inc.	USA, Delaware	US
Hot Water Systems North America, Inc.	USA, Delaware	US
Uponor, Inc.	USA, Illinois	US
Uponor Ltd	Canada, Saskatchewan	CA
Radiant Technology, Inc.	USA, Delaware	US
Tulsa Pipe Plant, Inc. (former Uponor Aldyl Company, Inc.)	USA, Delaware	US

Associated companies

Name	Shareholding, %	Domicile and country	
Punitec GmbH & Co. KG	36%	Gochsheim	DE
Punitec Verwaltungs GmbH	36%	Gochsheim	DE
nrg2 Limited	49%	UK, England	UK

32. Events after the balance sheet date

Uponor's European ERP system was launched successfully in Spain and Portugal at the beginning of January.

Shares and shareholders

The volume of Uponor shares traded on the Helsinki OMX Nordic Exchange in 2007 totalled 99,422,652, valued at EUR 2,362.0 million. The share closed at EUR 17.22 and the market capitalisation came to EUR 1,260.6 million. The yearend number of shareholders totalled 12,564, of which foreign shareholders accounted for 33.1 per cent (34.6 per cent).

Major shareholders on 31 December 2007

Shareholder	Shares	% of shares	% of votes
Oras Invest Ltd	17,471,780	23.9	23.9
Varma Mutual Pension Insurance Company *)	4,898,672	6.7	6.7
Sampo Life Insurance Company	3,449,117	4.7	4.7
Ilmarinen Mutual Pension Insurance Company	1,783,710	2.4	2.4
Tapiola Mutual Pension Insurance Company	1,356,500	1.9	1.9
Tapiola General Mutual Insurance Company	117,372	0.2	0.2
Tapiola Mutual Life Assurance Company	71,813	0.1	0.1
Tapiola Corporate Life Insurance Company Ltd	33,650	0.0	0.0
Fennia Life Insurance Company Ltd	380,000	0.5	0.5
Fennia Mutual Pension Insurance Company	300,000	0.4	0.4
State Pension Fund	680,000	0.9	0.9
Paasikivi Jukka	525,463	0.7	0.7
Paasikivi Jari	518,159	0.7	0.7
Finnish Cultural Foundation	500,670	0.7	0.7
Juselius Sigrid Foundation	500,000	0.7	0.7
Others	40,620,038	55.5	55.5
Total	73,206,944	100.0	100.0

*) According to the notification that Uponor received, Varma Mutual Pension Insurance Company's balance sheet includes a total of 4,898,672 Uponor shares, representing 6.7 per cent of the shares and voting power. According to the register maintained by the Finnish Central Securities Depository, Varma's holding is 1,523,159 shares or 2.1 per cent of the shares and voting power. The difference is caused by share lending.

Nominee registered shares on 31 December 2007			
Skandinaviska Enskilda Banken AB	9,423,848	12.9	12.9
Nordea Bank Finland Plc	9,380,099	12.8	12.8
Svenska Handelsbanken AB (publ.)	3,774,753	5.2	5.2
Others	741,163	1.0	1.0
Total	23,319,863	31.9	31.9

Currently valid foreign notifications
13 September 2007 Uponor Corporation was informed that the shareholdings of Capital Research and Management Company had exceeded 5 per cent of the share capital and voting rights in Uponor Corporation.

The maximum number of votes which may be cast at the Annual General Meeting is 73 206 944 (status on 31 December 2007).
At the end of the financial period the company held no own shares.

Share capital development 1999 - 2007

Year	Date	Reason	Change, euro	Share capital, euro	Number of shares
2007	31 Dec.			146,446,888	73,206,944
	7 May.	Reduction (cancellation of own shares)	-	146,446,888	73,206,944
2006	31 Dec.			146,446,888	73,223,444
	16 Mar.	Reduction (cancellation of own shares)	2,320,000	146,446,888	73,223,444
2005	31 Dec.			148,766,888	74,383,444
	23 Mar.	Reduction (cancellation of own shares)	874,000	148,766,888	74,383,444
2004	31 Dec.			149,640,888	74,820,444
	19 Nov.	Increase (bonus issue 1:1)	74,820,444	149,640,888	74,820,444
	23 Sept.	Increase (stock option rights)	348,000	74,820,444	37,410,222
	28 Apr.	Increase (stock option rights)	216,000	74,472,444	37,236,222
	22 Mar.	Reduction (invalidation of own shares)	1,120,000	74,256,444	37,128,222
	19 Jan.	Increase (stock option rights)	542,000	75,376,444	37,688,222
2003	31 Dec.			74,834,444	37,417,222
	21 Mar.	Reduction (cancellation of own shares)	1,000,000	74,834,444	37,417,222
2002	31 Dec.			75,834,444	37,917,222
	18 Mar.	Reduction (cancellation of own shares)	600,000	75,834,444	37,917,222
2001	31 Dec.			76,434,444	38,217,222
	15 Mar.	Reduction (cancellation of own shares)	1,000,000	76,434,444	38,217,222
2000	31 Dec.			77,434,444	38,717,222
1999	31 Dec.			77,434,444	38,717,222
	25 Aug.	Increase (bond with warrants)	33,000	77,434,444	38,717,222
	7 Jul.	Increase (bond with warrants)	154,000	77,401,444	38,700,722
	9 Jun.	Increase (bond with warrants)	426,250	77,247,444	38,623,722
	7 Apr.	Increase (bond with warrants)	27,500	76,821,194	38,410,597
	20 Mar.	Increase (conversion of nominal value)	12,214,833	76,793,694	38,396,847
			Change, FIM	Share capital, FIM	Number of shares
	19 Mar.	Reduction (cancellation of own shares)	5,000,000	383,968,470	38,396,847
	8 Jan.	Increase (bond with warrants)	371,250	388,968,470	38,896,847
1998	31 Dec.			388,597,220	38,859,722

Shareholders by category on 31 December 2007

Category	No. of shares	% of shares
Private non-financial corporations	20,390,422	27.9
Public non-financial corporations	111,000	0.2
Financial and insurance corporations	6,864,618	9.4
General government	7,176,380	9.8
Non-profit institutions	3,174,944	4.3
Households	11,286,961	15.4
Foreign (including nominee registrations)	24,201,761	33.1
Other (joint account)	858	0.0
Total	73,206,944	100.0

Shareholders by size of holding on 31 December 2007

Shares per shareholder	No. of shares, total	% of share capital	No. of shareholders	% of shareholders
1 - 100	207,067	0.3	2,941	23.4
101 - 1,000	3,166,731	4.3	7,351	58.5
1,001 - 10,000	5,703,650	7.8	2,007	16.0
10,001 - 100,000	6,254,584	8.5	222	1.8
100,001 - 1,000,000	9,711,946	13.3	35	0.3
1,000,001 -	48,162,966	65.8	8	0.1
Total	73,206,944	100.0	12,564	100.0

Parent company financial statement (FAS)

Income statement

MEUR		2007	2006
Net sales		7.9	6.8
Other operating income	3	0.2	0.6
Personnel expenses	4	3.7	4.5
Depreciation and impairments	5	0.2	0.2
Other operating expenses	3	12.2	8.5
Operating profit		-8.0	-5.8
Financial income and expenses	6	35.1	25.1
Profit before extraordinary items		27.1	19.3
Extraordinary items	7	9.6	11.2
Profit before appropriations and taxes		36.7	30.5
Increase (-) or decrease (+) in accumulated depreciation difference		0.0	0.1
Income taxes	8	2.4	5.4
Profit for the period		34.3	25.2

Balance sheet

MEUR		31 Dec 2007	31 Dec 2006
Assets			
Fixed assets			
Intangible assets			
Other capitalised long-term expenditure		0.4	0.3
Investment in progress		0.2	-
Intangible assets	9	0.6	0.3
Tangible assets			
Machinery and equipment		0.1	0.1
Tangible assets	9	0.1	0.1
Securities and long-term investments			
Shares in subsidiaries		158.2	158.9
Other shares and holdings		0.1	0.1
Loan receivable		266.5	291.1
Securities and long-term investments	10	424.8	450.1
Total fixed assets		425.5	450.5
Current assets			
Current receivables			
Accounts receivable		2.2	2.0
Loan receivable		11.6	18.5
Accruals		3.0	0.5
Deferred tax assets		0.4	0.3
Other receivable		44.1	31.6
Current receivables	11	61.3	52.9
Liquid assets			
Financial securities		0.0	0.0
Cash and cash equivalent		1.7	6.5
Liquid assets		1.7	6.5
Total current assets		63.0	59.4
Total assets		488.5	509.8

Balance sheet

MEUR		31 Dec 2007	31 Dec 2006
Liabilities and shareholders' equity			
Shareholders' equity			
Share capital		146.4	146.4
Share premium		50.2	50.2
Unrestricted equity		0.1	-
Retained earnings		87.2	164.5
Profit for the period		34.3	25.2
Total shareholders' equity	12	318.2	386.3
Accumulated appropriations	13	0.1	0.1
Obligatory provisions	14	1.5	1.2
Liabilities			
Current liabilities			
Accounts payable		1.4	1.0
Accruals		1.3	7.2
Other current liabilities		166.0	114.0
Current liabilities	15	168.7	122.2
Total liabilities		168.7	122.2
Total liabilities and shareholders' equity		488.5	509.8

Cash flow statement

MEUR	1 Jan - 31 Dec 2007	1 Jan - 31 Dec 2006
Cash flow from operations		
Net cash from operations		
Profit before appropriations and taxes	36.7	30.6
Depreciation	0.2	0.2
Sales gains/losses from the sale of fixed assets	-0.2	-0.6
Other cash flow adjustments	0.4	0.0
Income taxes	-2.4	-5.4
Group contributions	-9.6	-11.2
Net cash from operations	25.1	13.6
Change in net working capital		
Receivables	-10.0	2.0
Non-interest-bearing liabilities	-5.6	1.7
Change in net working capital	-15.6	3.7
Cash flow from operations	9.5	17.3
Cash flow from investments		
Share acquisitions	-	-10.8
Share divestments and result of subsidiary liquidations	0.9	2.9
Purchase of fixed assets	-0.4	-0.1
Granted loans	-8.8	-17.0
Loan repayments	33.4	145.6
Cash flow from investments	25.1	120.6
Cash flow before financing	34.6	137.9
Cash flow from financing		
Borrowings of debt	51.9	-
Repayments of debt	-	-21.6
Dividends paid	-102.5	-166.0
Group contributions	11.2	12.2
Cash flow from financing	-39.4	-175.4
Change in cash and cash equivalents	-4.8	-37.5
Cash and cash equivalents at 1 January	6.5	44.0
Cash and cash equivalents at 31 December	1.7	6.5
Changes according to balance sheet	-4.8	-37.5

Notes to the parent company's financial statement (FAS)

1. Accounting Principles

The Parent Company's Financial Statement has been prepared according to Generally Accepted Accounting Principals in Finland. Uponor Group's financial statement has been prepared in accordance with International Financial Reporting Standards (IFRS), and the Parent Company observes the Group's accounting policies whenever this is possible. Presented below are principally the accounting policies in which the practice differs from the Group's accounting policies. In other respects, the Group's accounting policies are applied.

Pension arrangements

The Company's pension liabilities are handled through a pension insurance company. All expenses incurred in pension benefits are recorded as expenses in the period during which the corresponding work was performed.

Extraordinary income and expenses

Extraordinary income and expenses consist of Group contributions received and given, which are eliminated at the Group level.

Income taxes

The Group's accounting policies are applied to income taxes and deferred tax assets and liabilities to the extent permitted under Finnish financial statement practice.

Financial assets, financial liabilities and derivative contracts

Financial assets and liabilities are booked at their acquisition cost or their value less write-downs, except for derivatives, which are measured at their fair value. Changes in the value of financial assets and liabilities, including derivatives, are booked as a credit or charged to income under financial income and expenses. The methods of measuring derivative contracts are discussed in the section on the Group's accounting principles.

Derivative contracts between the parent company and the subsidiaries are recognised in the parent company's books when they realised. The fair value of the derivative contracts is presented in the notes.

Leases

All leasing payments have been treated as rental expenses.

Management incentive scheme

The costs of management incentive scheme were recognised as a cost on accrual basis for the years 2004-2006 according to Generally Accepted Accounting Principals in Finland.

2. Parent Company's business

Parent Company's business consists of Group functions. The turnover of the parent company consists of the service charges of the Group companies.

3. Other operating income and expenses

MEUR	2007	2006
Other operating income		
Gains from sales of fixed assets	0.2	0.6
Total	0.2	0.6

Other operating income includes mainly capital gains from reorganising Group's legal structure

Other operating expenses		
Environmental expenses	0.9	0.7
Other income	11.3	7.8
Total	12.2	8.5

Other operating expenses include environmental expenses relating to the domestic real estate business divested in 2004, as well as other operating expenses.

4. Personnel expenses

MEUR	2007	2006
Salaries and bonuses	3.0	3.9
Pension expenses	0.2	0.5
Other personnel expenses	0.5	0.1
Total	3.7	4.5
Salaries and emoluments paid to the Managing Directors and Board Members TEUR *)		
Managing Director and his deputy	2,573.1	799.2
Board of Directors	270.0	230.0
Total	2,843.1	1,029.2

*) specification per persons has been reported in the notes of the consolidated income statement

Loans to company directors
At 31 December 2007, the company´s Managing Director and members of the Board of directors had no loans outstanding from the company or its subsidiaries.

The retirement age for the parent company CEO has been agreed as 63 years.

5. Depreciation and impairment

MEUR	2007	2006
Other capitalised long-term expenditure	0.1	0.1
Machinery and equipment	0.1	0.1
Total	0.2	0.2

6. Financial income and expenses

MEUR	2007	2006
Interest income	2.2	2.7
Intercompany interest income	15.8	16.1
Dividend income from subsidiaries	28.9	9.3
Total	46.9	28.1
Interest expenses	6.5	2.1
Intercompany interest expenses	3.1	3.8
Other financial expenses	0.2	0.2
Exchange differences		
- Realised	-0.9	0.9
- Unrealised	2.9	-4.0
Total	11.8	3.0
Financial income and expenses	35.1	25.1

7. Extraordinary income

MEUR	2007	2006
Group contributions	9.6	11.2

8. Taxes

MEUR	2007	2006
For the financial period	2.5	5.4
Change in deferred taxation	-0.1	-
Total	2.4	5.4

9. Intangible and tangible assets

2007 MEUR	Intangible rights	Other capital-ised long-term expenditure	Intangible investment in progress	Machinery and equipment	Intangible and tangible assets
Acquisition costs 1 Jan	0.2	4.5	-	1.0	5.7
Increases	-	0.1	0.2	0.1	0.4
Decreases	0.2	3.3	-	0.7	4.2
Acquisition costs 31 Dec	-	1.3	0.2	0.4	1.9
Accumulated depreciations and impairments 1 Jan	0.2	4.1	-	1.0	5.3
Acc. depreciation on disposals and transfers	-0.2	-3.3	-	-0.7	-4.2
Depreciation for the financial period	-	0.1	-	-	0.1
Accumulated depreciations and impairments 31 Dec	-	0.9	-	0.3	1.2
Book value 31 December	-	0.4	0.2	0.1	0.7

2006 MEUR	Intangible rights	Other capital-ised long-term expenditure	Intangible investment in progress	Machinery and equipment	Intangible and tangible assets
Acquisition costs 1 Jan	0.2	4.4	-	1.0	5.6
Increases	-	0.1	-	-	0.1
Acquisition costs 31 Dec	0.2	4.5	-	1.0	5.7
Accumulated depreciations and impairments 1 Jan	0.2	4.0	-	0.9	5.1
Depreciation for the financial period	-	0.1	-	0.1	0.2
Accumulated depreciations and impairments 31 Dec	0.2	4.1	-	1.0	5.3
Book value 31 December	-	0.3	-	0.1	0.4

10. Non-current investments

MEUR	2007	2006
Shares in subsidiaries 1.1.	158.9	150.4
Increases	-	10.8
Decreases	0.7	2.3
Shares in subsidiaries 31.12.	158.2	158.9
Other shares and holdings 1.1.	0.1	0.1
Other shares and holdings 31.12.	0.1	0.1
Loans receivables		
- Subsidiaries	266.5	291.1
Total	424.8	450.1

11. Current receivables

MEUR	2007	2006
Accounts receivable		
- from subsidiaries	2.2	2.0
Loan receivable		
- from subsidiaries	11.6	18.5
Accruals		
- from subsidiaries	0.1	-
- from others	2.9	0.5
Deferred tax assets	0.4	0.3
Other receivable		
- from subsidiaries	44.1	31.6
Total	61.3	52.9

Deferred tax assets are recognized according to obligatory provisions in the balance sheet.

MEUR	2007	2006
Accruals		
Interest income	0.2	0.1
Other financial income	1.7	0.1
Taxes	0.5	0.2
Others	0.6	0.1
Total	3.0	0.5

12. Changes in equity

MEUR	2007	2006
Restricted equity		
Share capital on 1 January	146.4	148.8
Cancelling of shares	-	-2.4
Share capital on 31 December	146.4	146.4
Capital reserve on 1 January	50.2	47.8
Cancelling of shares	-	2.4
Premium on shares issued, 31 December	50.2	50.2
Total restricted equity	196.6	196.6
Unrestricted equity		
Unrestricted equity 1.1.	-	-
Increases	0.1	-
Unrestricted equity 31.12.	0.1	-
Retained earnings 1 January	189.7	330.5
Dividend payments	-102.5	-166.0
Profit for financial period	34.3	25.2
Retained earnings 31 December	121.5	189.7
Total unrestricted equity	121.6	189.7
Shareholders' equity 31 December	318.2	386.3

Distributable funds, 31 December 2007, EUR	
Unrestricted equity	66,613.56
Retained earnings	87,158,541.96
Profit for the period	34,296,207.38
Distributable funds, 31 December 2007, EUR	121,521,362.90

13. Accumulated depreciation differences

MEUR	2007	2006
- Other capitalised long-term expenditure	0.1	-
- Plant and machinery	-	0.1
Total	0.1	0.1

Accumulated depreciation differences include deferred tax liabilities, which have not been recorded in parent company's financial statement.

14. Obligatory provisions

MEUR	2007	2006
Pension obligation	0.1	0.3
Environmental provision	1.4	0.9
Total	1.5	1.2

15. Current liabilities

MEUR	2007	2006
Accounts payable		
- from subsidiaries	0.4	0.5
- from others	1.0	0.5
Accruals		
- from subsidiaries	0.2	-
- from others	1.1	7.2
Other current liabilities		
- from subsidiaries	6.8	4.6
- from others	159.2	109.4
Total	168.7	122.2

MEUR	2007	2006
Accrued liabilities		
Personnel expenses	0.7	0.5
Taxes	-	3.3
Interest	0.2	0.2
Others	0.4	3.2
Total	1.3	7.2

16. Contingent liabilities

MEUR	2007	2006
- on behalf of a subsidiary		
Guarantees issued	10.5	11.4
- on behalf of others		
Guarantees issued	9.3	9.7
Operating leases commitments		
Operating leases commitments for next 12 months	0.5	0.4
Operating leases commitments over next 12 months	1.3	1.5
Guarantees issued	19.8	21.1
Lease commitments	1.8	1.9
Total	21.6	23.0

Letter of Comfort commitments undertaken on behalf of subsidiaries are not included in the above figures.

17. Exchange and interest rate risk management

MEUR	2007	2006
Nominal value		
Foreign currency derivatives:		
Forward agreements	85.8	13.0
Intercompany forward agreements	56.1	13.2
Fair value		
Foreign currency derivatives:		
Forward agreements	1.7	0.2
Intercompany forward agreements	-0.2	-0.1

Proposal of the Board of Directors

The distributable funds of the parent company Uponor Corporation are EUR 121,521,362.90 of which profit for the period is EUR 34,296,207.38.

The Board of Directors proposes to the Annual General Meeting that

• a dividend of EUR 1.40 per share will be paid, totaling	EUR 102,489,721.60
• the remainder be retained in the shareholders' equity	EUR 19,031,641.30
	EUR 121,521,362.90

Vantaa, 7 February 2008

Pekka Paasikivi
Chairman

Aimo Rajahalme

Jari Paasikivi

Anne-Christine Silfverstolpe Nordin

Jorma Eloranta

Rainer S. Simon

Jan Lång
Managing director

Auditors' report

To the shareholders of Uponor Corporation

We have audited the accounting records, the report of the Board of Directors, the financial statements and the administration of Uponor Corporation for the period 1 January - 31 December 2007. The Board of Directors and the Managing Director have prepared the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, containing the consolidated balance sheet, income statement, cash flow statement, statement on the changes in equity and notes to the financial statements, as well as the report of the Board of Directors and the parent company's financial statements, prepared in accordance with prevailing regulations in Finland, containing the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements. Based on our audit, we express an opinion on the consolidated financial statements, as well as on the report of the Board of Directors, the parent company's financial statements and the administration.

We conducted our audit in accordance with Finnish Standards on Auditing. Those standards require that we perform the audit to obtain reasonable assurance about whether the report of the Board of Directors and the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the report and in the financial statements, assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. The purpose of our audit of the administration is to examine whether the members of the Board of Directors and the Managing Director of the parent company have complied with the rules of the Companies Act.

Consolidated financial statements

In our opinion the consolidated financial statements, prepared in accordance with International Financial Reporting Standards as adopted by the EU, give a true and fair view, as defined in those standards and in the Finnish Accounting Act, of the consolidated results of operations as well as of the financial position.

Parent company's financial statements, report of the Board of Directors and administration

In our opinion the parent company's financial statements have been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The parent company's financial statements give a true and fair view of the parent company's result of operations and of the financial position.

In our opinion the report of the Board of Directors has been prepared in accordance with the Finnish Accounting Act and other applicable Finnish rules and regulations. The report of the Board of Directors is consistent with the consolidated financial statements and the parent company's financial statements and gives a true and fair view, as defined in the Finnish Accounting Act, of the result of operations and of the financial position.

The consolidated financial statements and the parent company's financial statements can be adopted and the members of the Board of Directors and the Managing Director of the parent company can be discharged from liability for the period audited by us. The proposal by the Board of Directors regarding the disposal of distributable funds is in compliance with the Companies Act.

Helsinki, 7 February 2008

KPMG OY AB

Sixten Nyman
Authorized Public Accountant

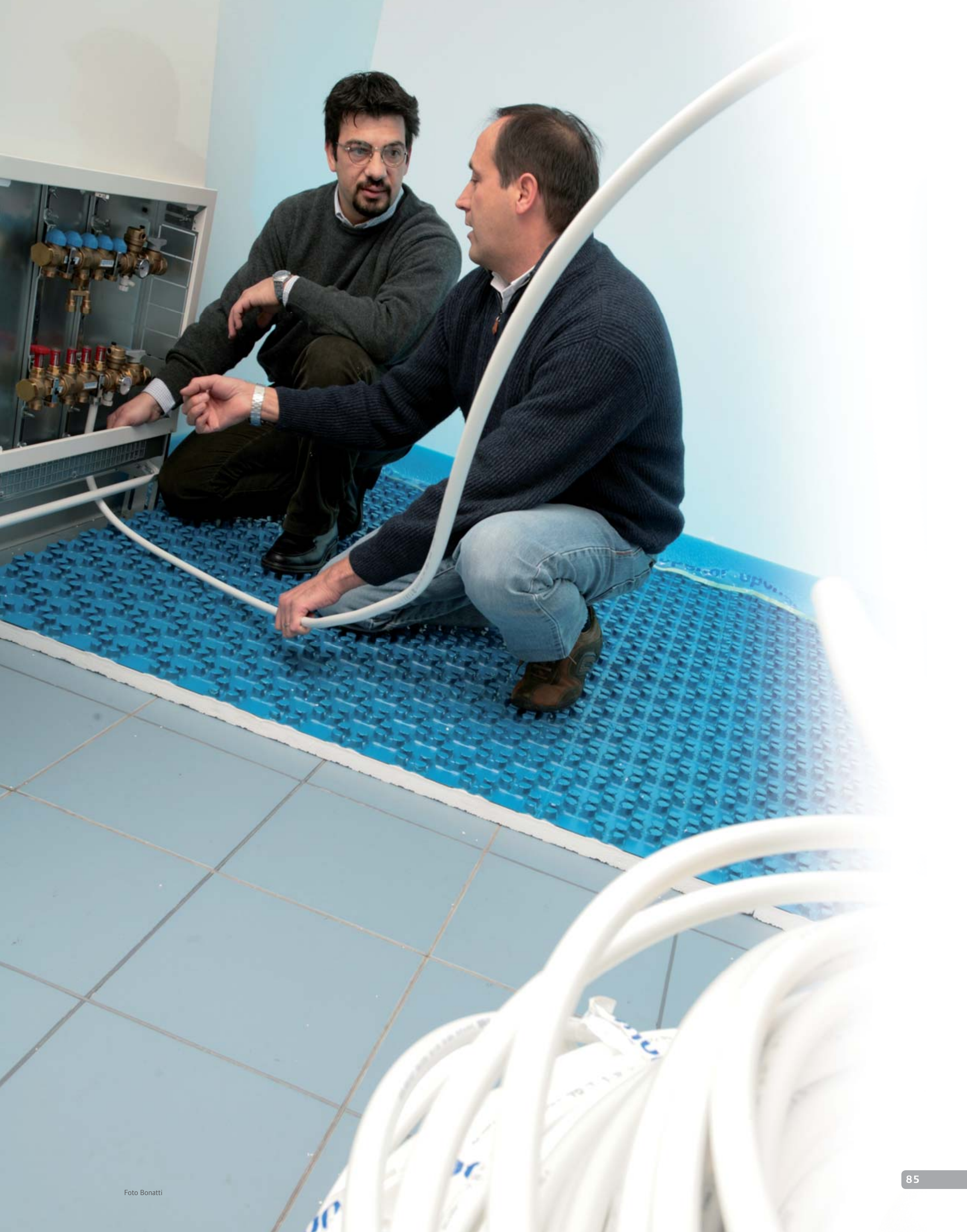


Foto Bonatti

Uponor's investor relations

Silent period

Uponor applies the principle of a silent period in its IR communications. During a silent period, Uponor does not comment on market prospects or factors affecting business and performance, nor does the company engage in discussion on events or trends related to the reporting period or the current fiscal period. Uponor will not pay visits to, or receive them from, investors or representatives of media in which these matters are discussed.

A silent period starts at the end of each reporting period, and not later than three weeks prior to the disclosure of annual accounts or interim reports, and lasts until the release of the annual accounts or an interim report.

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Shareholders are requested to notify their bank, their brokerage firm, or any other financial institution responsible for maintaining their book-entry securities account of any changes in their mailing address. By keeping your contact details updated, you ensure correct delivery of any shareholder information from Uponor.

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Uponor commemorates its
90th anniversary in 2008.

FOUNDED IN 1918
UPONOR

Vocabulary

Term (in Uponor context)	Explanation
Application	A technical entity in which Uponor products are used, such as radiant underfloor heating, a plumbing system, or a water supply and wastewater network.
Business group	A set of applications that are logically interconnected in terms of use, such as unpressurised sewers for municipal infrastructure, water supply networks, and pressurised sewers.
Commercial construction	Construction related to commercial purposes, such as shops or offices.
Composite pipe	A plastic pipe with a metal core designed to provide the best characteristics of both materials. Due to its stiffness, it is an excellent product for surface installations in, for example, renovation and modernisation projects.
ERP, Enterprise Resource Planning	An information system used for steering an enterprise's operations and managing information related to, for example, production, sales, and distribution.
High-rise building	A multi-storey residential, commercial, office, or public building. In the Uponor context, high-rise business mainly refers to a market segment in which customers are construction sector professionals and projects are usually extensive.
Housing solutions	At Uponor, this business group covers the following applications: underfloor heating and cooling, plumbing and radiator pipes, and pre-insulated house connections for heating and tap water.
HPAC	Heating, plumbing, ventilation, and air conditioning systems in buildings.
Hydronic cooling	A cooling method based on the same principle as hydronic heating. Enables comfortable and energy-efficient cooling of buildings and dwellings.
Hydronic heating (also: radiant heating)	A heating method in which heat generation and distribution are separated from each other. Any source of energy can be used to produce the heat, which is then distributed to the building through, for example, underfloor pipes circulating heated water.
Infrastructure solutions	At Uponor, this business group covers the following applications: water, sewer, and gas networks; cable protection; on-site wastewater treatment; and soil and waste systems and ventilation for buildings.
Multilayer pipe	A pipe consisting of multiple layers, each of them having a specific function, such as to protect against wear and tear or prevent oxygen from passing through the pipe wall. While the layers are typically made of plastic, a composite pipe contains a layer of aluminium.
Municipal engineering	Cf. Municipal infrastructure
Municipal infrastructure (also: municipal engineering or utility infrastructure)	Water, sewerage, electricity, district heating, and other such services that are centrally produced for buildings situated in population centres.
On-site waste water treatment	A wastewater disposal method intended for buildings that are not connected to the municipal sewerage network, aimed at burdening the environment as little as possible.
PEX pipe	PEX is an extremely strong plastic that withstands high temperatures. It is made of polyethylene through cross-linkage that forms transverse bonds between longitudinal bonds, for a net-like structure.
Plastic pipe	A general term referring to various types of pipes made of plastic. Compared to other pipe types, plastic pipes offer many benefits, including easy installation, durability, and low lifetime cost.
Polyethylene pipe	Polyethylene pipes are used in municipal infrastructure and also as cold-water plumbing pipes in buildings. Their benefits include versatility and weldability.
Polypropylene pipe	Polypropylene pipes are used both for infrastructural uses and for buildings. Advantages include, for example, weldability and, especially for building use, their low cost.
PVC pipe / Vinyl pipe	PVC or vinyl pipes are used mainly in municipal infrastructure, for use in the ground.
Region	Uponor is divided into four geographical region organisations.
Renovation	Repair, renovation, or replacement of existing buildings, pipework, etc.
Segment	Uponor's two business segments are housing solutions and infrastructure solutions.
Single-family building	In the Uponor context, this includes single- and two-family houses, semidetached houses, and row houses (US) / terraced houses (UK).
Sprinkler system	An additional feature available for Uponor's plumbing system to protect people and property from fire hazards. A heat-activated sprinkler system sprays water into the area of fire.
Surface installation	An installation method used in, for example, renovation and modernisation that involves installing new pipes on the wall rather than in the wall as is typically the case in new building. Surface installation makes the work quicker and often saves money.
Underfloor heating	A heating method in which the floor's thermal storage mass is utilised for heating the space. This can be carried out as a hydronic system (cf. hydronic heating) or by use of electric cables.

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Kreab Oy

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CEO, Executive Committee and Board of Directors: Dick Lindberg
Others: Uponor, unless otherwise noted

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