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The National Renewable Energy Lab, Golden, Colorado, USA – LEED Platinum

INTERIM REPORT 2012

10 August 2012

Q2

Uponor grows in North America, faces weakening markets in Europe

- A lively North American market could not compensate for the softening European demand
- Consolidated net sales showed 2.4% organic growth for the quarter
- Net sales reported for April–June totalled €218.1 (222.6) million, a change of -2.0%
- Operating profit for April–June was €16.1 (15.5) million, showing a change of 4.2%
- Net sales in January–June totalled €410.6 (395.8) million, a change of 3.7%
- Operating profit for January–June came to €25.4 (18.7) million, a change of 35.9%
- January–June earnings per share amounted to €0.18 (0.15)
- January–June return on investment was 15.3% (10.6%), and gearing 74.2 (67.7)
- January–June cash flow from business operations improved to -€28.2 (-32.4) million
- The full-year guidance remains unchanged

(This interim report has been compiled in accordance with the IAS 34 reporting standards, and it is unaudited. The figures in the report are for continuing operations unless otherwise stated. 'Reporting period' refers to January–June.)

President and CEO Jyri Luomakoski comments on Uponor's performance:

- While we are happy to see the positive market trends continue in North America, the outlook in Europe is growing more worrying. Signals indicating further weakening are now spreading to new European markets.
- Despite market challenges, we have been successful in utilising business opportunities, thanks to our recent strong product launches and tailwinds from the sustainability trend.
- We reached a reasonable gross margin, greatly aided by our active sales price management last year and in the first part of this year. The ongoing weakening of the European markets means that we need to look for and implement new measures to adjust costs to operations.
- While our strategies are based on an extended low-growth market scenario, Uponor continues to implement its growth strategy, based on both organic growth and acquisitions, and is utilising its strong market position to offer competitive and sustainable solutions for its professional partners in key regions of Europe and North America as well as in export markets.

Webcast and presentation material
Upon the release of this report, the presentation material for the interim report will be available at www.uponor.com > **Investors** > **News & downloads**.

A webcast on interim results will be broadcast in English on Friday, 10 August 2012, at 10:00 EEST. Connection details are available at www.uponor.com > Investors. Questions for the webcast can be sent in advance to ir@uponor.com. The completed webcast will be available for viewing at www.uponor.com > **Investors** > **News & downloads** shortly after the financial information is published.

Uponor Corporation will release its interim report for January–September 2012 on Friday, 26 October 2012. For a silent period from 1 to 26 October, Uponor will not comment on market prospects or factors affecting business and performance, nor will the company engage in discussion of events or trends related to the reporting period or the current fiscal period.

Markets

Overall, market development in Uponor's main geographic regions has been more modest than forecast in 2011, and, in an echo of 2011, market demand declined in the second quarter from that of the first quarter. Clearly, the greatest impact was felt in Europe, Uponor's core geographic area, where attention was drawn to euro-area financial concerns whose effects kept spreading across the continent. National governments, in southern Europe in particular, were focussing on austerity measures, thus further increasing consumers' and businesses' lack of both confidence and willingness to invest. In Uponor's fields of business, throughout Europe, price competition became ever more apparent as rival companies focussed on utilising any short-term business opportunities available amongst customers, who were increasingly plagued by tighter financing and credit constraints.

In Europe, in comparison to the previous year, a general weakening of demand was felt in building solutions throughout Central Europe, with the sharpest decline experienced in the Netherlands. In Germany, the industry's sentiments as well as its leading indicators remained resilient, although the mood was affected by the euro crisis. A softening of the market, especially in terms of plans to build new single-family homes, became apparent in the German-speaking countries toward the latter part of the period. Much in line with the trend witnessed for the first time in 2011, demand did not develop in step with the more normal seasonal trend of increasing activity levels as the summer season approaches. In the Nordic countries, the weakening of demand that was noticed already in the first quarter steepened in Sweden, and market activity ended up below the previous year's figures. Activity in Denmark and Finland was close to 2011 levels. In Norway, the markets continued to show a trend of improvement and the building solutions market turned out to be rather lively. South-west Europe's markets witnessed a decline from the previous year's levels, mostly due to the countries' economic challenges leading to a lack of public funding. Development was weakest in Iberia and Italy. The French and, especially, the UK market showed steadier development of demand, with reasonably high activity levels through much of the second quarter. In Eastern Europe, there was a modest improvement in demand over the levels of the second quarter of 2011 in several individual national markets.

In North America, demand improved slightly from the lively first quarter, especially in the United States, and both the US and Canada showed clear year-on-year improvement in the number of residential housing starts. The market for non-residential projects declined slightly.

Infrastructure solutions demand in the second quarter, in comparison to the previous year, remained rather flat in Finland and Sweden, while a modest pick-up in demand was noted in the Baltic countries as well as in Norway and Denmark. Because of the mild winter experienced in the first quarter in Scandinavia, some of the projects planned for 2012 had already been started in the first quarter, thus slowing the increase of business in the second quarter.

Net sales

Uponor's growth in net sales for continuing operations in the second quarter slowed in comparison to the robust first quarter of 2012. Net sales came to €218.1 (222.6) million, down 2.0 per cent year on year, reflecting e.g. the divestment of German subsidiary Hewing GmbH. Year-on-year organic growth was 2.4 per cent. Currency translation's impact in the second quarter had a favourable influence on net sales, supported by higher net sales in non-euro countries, in relative terms. The quarter saw Uponor carry out price increases to

compensate for the higher input costs, which helped to offset the weaker volume development, especially toward the latter part of the quarter.
The strong growth experienced in the first quarter continued for Building Solutions – North America. The segment reported year-on-year growth of 16.1 per cent, measured in US dollars. The growth reflects positive development in sales both in the US and in Canada. In Europe, the net sales of Building Solutions – Europe declined clearly as a result of the divestment of Hewing GmbH and the adverse market conditions apparent mainly in southern Europe and some other key markets, particularly the Netherlands and Sweden. Infrastructure Solutions' net sales remained rather flat.

Net sales by segment (April–June):

M€	4–6/2012	4–6/2011	Change
Building Solutions – Europe	133.2	147.8	-9.9%
Building Solutions – North America	38.9	29.5	31.9%
(Building Solutions – North America, USD	49.7	42.8	16.1%)
Infrastructure Solutions	47.6	47.3	0.5%
Eliminations	-1.6	-2.0	
Total	218.1	222.6	-2.0%

January–June net sales came to €410.6 (395.8) million, up 3.7 per cent from the comparison period's level. Organically, net sales growth was 5.0 per cent, calculated with exclusion of Zent-Frenger GmbH, which was acquired in the second quarter of 2011, for the first quarter of 2012 and Hewing GmbH for both the first and second quarters in 2011 and 2012.

The impact of currency fluctuations on January–June 2012 net sales was a positive €7.4 million, or 1.8 per cent, year on year. This development was driven primarily by the USD and CAD and to a lesser extent the GBP.

The first half year net sales development shows weakening growth for Building Solutions – Europe when compared to the first quarter, mostly due to the divestment of Hewing GmbH but also confirming the fact that demand suffered in several national markets as euro-crisis concern continued spreading across the continent. In comparable terms, Building Solutions – Europe's January–June net sales growth was zero. In Building Solutions – North America, net sales remained brisk and year-on-year growth strengthened further, especially in the US. In terms of business groups, sales of plumbing solutions were more lively than sales of indoor climate solutions within the Building Solutions segments.

January–June net sales growth softened also in the Infrastructure Solutions segment from the first quarter. This was partly due to the fact that, especially in the Scandinavian countries, projects had been pulled forward to the first quarter on account of the mild winter.

Net sales by segment (January–June):

M€	1–6/2012	1–6/2011	Change
Building Solutions – Europe	266.2	270.1	-1.5%
Building Solutions – North America	69.9	56.2	24.4%
(Building Solutions – North America, USD	91.1	80.0	13.9%)
Infrastructure Solutions	77.3	73.3	5.4%
Eliminations	-2.8	-3.8	
Total	410.6	395.8	3.7%

Results and profitability

Operating profit for continuing operations in the second quarter totalled €16.1 (15.5) million, up 4.2 per cent in year-on-year terms. Profitability measured by the operating profit margin improved to 7.4 per cent from the 7.0 per cent reported a year ago.

The gross margin in the second quarter was at a satisfactory level in comparison to last year, supported by the sales price increases implemented in phases since 2011, even though input costs were high. For Building Solutions – Europe, profitability was suppressed by the tight price competition in the subdued markets. Building Solutions – North America's operating profit improved markedly on account of scale effects generated from higher volumes, rather stable raw-material prices, and continued good efficiency in manufacturing.

Operating profit by segment (April–June):

M€	4–6/2012	4–6/2011	Change
Building Solutions – Europe	12.2	13.9	-12.5%
Building Solutions – North America	4.1	2.7	57.0%
(Building Solutions – North America, USD	5.3	3.8	40.7%)
Infrastructure Solutions	2.2	1.7	28.5%
Others	-2.6	-2.6	
Eliminations	0.2	-0.2	
Total	16.1	15.5	4.2%

Profit before taxes for April–June totalled €13.9 (13.5) million. The influence of taxes on profits was €5.1 million, while the amount of taxes in the comparison period was €4.5 million. Profit for the second quarter came to €8.8 (9.0) million.

January–June operating profit was €25.4 (18.7) million, up €6.7 million or 35.9 per cent from the comparison period. Profitability, or the operating profit margin, was 6.2 per cent, with the year-on-year figure being 4.7 per cent.

Driven materially by translation differences of €2.3 million, expenses remained on a similar level with the first quarter.

Earnings per share for January–June totalled €0.18 (0.15), both basic and diluted. Equity per share was €2.65 (3.00), basic and diluted.

Operating profit by segment (January–June):

M€	1–6/2012	1–6/2011	Change
Building Solutions – Europe	23.9	20.5	16.6%
Building Solutions – North America	6.8	3.4	101.9%
(Building Solutions – North America, USD	8.8	4.8	84.7%)
Infrastructure Solutions	0.3	-2.3	113.0%
Others	-5.0	-3.7	32.6%
Eliminations	-0.6	0.8	
Total	25.4	18.7	35.9%

Investments and financing

Investments during the reporting period were targeted mainly at maintenance and development. Uponor divested its German OEM unit, Hewing GmbH, at the end of the first quarter 2012. The closing sales price was €11.9 million, which was received on 2 April 2012. The divestment improved the periodic cash flow and liquidity.

Gross investments into fixed assets in January–June came to €7.8 (9.2) million. This was clearly below depreciation, which amounted to €14.2 ((14.0) million. The cash flow from business operations improved to -€28.2 million, from -€32.4 million.

Uponor has a special focus on keeping its liquidity at a good level. Because of the escalating risk of bad debt in Europe, in particular, Uponor is active in following up on trade receivables in order to manage risk. Uponor's available committed bilateral credit facilities amount to €190 million, with none of this amount in use at the end of the reporting period. At end of period, there was €33.5 million in commercial papers issued under the €150 million domestic commercial paper programme.

The Group's solvency ratio declined to 34.7 per cent (37.4 per cent) as a result of an increase in net working capital. Interest-bearing liabilities amounted to €143.9 (150.9) million. The period-end cash balance totalled €7.7 (36.2) million. Gearing increased to 74.2 (67.7) per cent.

Key events

This year marks the 40th anniversary of Uponor PEX technology. The Uponor PEX-a pipe is the best known brand in the industry internationally. The pipe's unique properties, such as chemical-resistance, thermal memory, excellent flexibility, non-corrosiveness, and ability to withstand high temperatures, make it an ideal solution for plumbing and indoor climate systems now and in the future. Over its 40 years, more than 3,300,000,000 metres of PEX pipe have been produced at Uponor's factories in Europe and North America.

In May, Uponor's RTM plumbing fitting technology received a Plus X innovation award as 'Fitting Technology of the Year', along with the Best Product of the Year seal. With a jury of more than 130 members, from 32 countries and a variety of industries, the Plus X awards are the world's largest competition for technological, sport, and lifestyle products.

During the second quarter, Uponor launched a Web portal for Finnish consumers who are managing their own project for building a new home. Through the portal, a builder can obtain quotes and manage the installation process of all Uponor solutions for single-family homes. The new service generated keen interest among new-home builders and contractors. Also in Finland, several independent agreements were made with installation companies for the supply of multilayer composite pipes for plumbing renovation.

In Sweden, Uponor secured a contract to supply building solutions for five new shopping centres being built by a large Swedish project developer and property owner.

In North America, Uponor held its biennial customer convention and trade-show event in Las Vegas in April. Uponor presented its new product and service offerings, and it received encouraging feedback from attendees, who numbered more than 800.

Within Infrastructure Solutions, Uponor added a new size selection for the successful Uponor IQ range of storm-water pipes and introduced the system also to the Finnish market. Simultaneously, work on launching two new systems that complement and work well with Uponor IQ is being continued.

Integration of the European supply chain activities continued with some building solution sales unit warehousing activities taken over by the Supply Chain organisation, in order to enhance and strengthen processes on the European level.

In July, working with partners in ENCORD, the European construction industry's research network, Uponor was actively involved in the development and launch of the first global protocol for measurement and reporting of carbon dioxide emissions in the construction industry. Under the Sustainable Development Charter signed in 2011, the protocol represents a key milestone in implementation of actions to help decrease the construction process's carbon-intensity. The protocol is among the first to bear the 'Built on GHG Protocol' logo, which reflects its alignment with the Greenhouse Gas Protocol developed by the World Resources Institute and the World Business Council for Sustainable Development.
As one aspect of its commitment to a sustainable built environment, Uponor has been measuring its greenhouse gas emissions since 2009 and reporting them through the global Carbon Disclosure Project's Investor CDP report. The results for 2011, submitted in June, showed a trend of declining emissions from operations, as measured in relative terms, which is fully aligned with Uponor targets.

At the end of the first quarter, Uponor closed the divestment of its German OEM unit, Hewing GmbH, to the Rettig Group, as first announced in January. The closing sales price was €11.9 million; this was adjusted later on the basis of the closing statement, ending up at €11.5 million. Uponor made an impairment write-down of €10.5 million for the 2011 financial year. Hewing GmbH's net sales for 2011 were close to €46 million.

Earlier events, announced in the January–March interim report, included, for instance, the acquisition of the remaining 49.7% of the shares in the German company Zent-Frenger Gesellschaft für Gebäudetechnik mbH, which took place on 12 March. Uponor utilised the purchase option in the contract signed in spring 2011, and Uponor now holds 100% of the share capital in the company. Another news item, from 17 February, was that, with reference to the December 2011 taxation decisions by the Finnish tax authorities, Uponor filed an appeal against the decisions and a request for rectification to the Board of Adjustment.

Human resources and administration

The number of Group employees (full time-equivalent) in continuing operations averaged 3,128 (3,281) during the period under review, showing a decrease of 153 employees from the equivalent period in 2011. At the end of the period, the Group had 3,126 (3,400) employees, a decrease of 274 from the end of the comparison period. The divestment of Hewing reduced the headcount by 211.

Share capital and shares

Uponor Corporation's share capital amounts to €146,446,888, and the number of shares totals 73,206,944. There were no changes in the share capital or shares during the reporting period.

The number of Uponor shares traded on the NASDAQ OMX Exchange in Helsinki in the second quarter was 4.3 (7.3) million, with the value of the trading totalling €36.7 (89.0) million. The market value of the share capital at the end of the period was €0.5 (0.8) billion, and the number of shareholders was 18,588 (20,730).

At period end, the company held 140,378 of its own shares, acquired in the final quarter of 2008 for use in the company's share-based incentive programmes. In April 2012, Uponor transferred 19,622 of its own shares to the company's management under the long-term incentive scheme for 2007–2011, as authorised by the Annual General Meeting of March 2012.

The AGM held on 15 March 2012 authorised the Board to resolve to buy back, at maximum, 3.5 million of the company's own shares, equating to 4.8 per cent of the total number of shares of the company. These shares may be bought back by means of distributable earnings from unrestricted equity. The authorisation is valid until the end of the next Annual General Meeting and for no longer than 18 months. The AGM also authorised the Board to resolve to issue, at maximum, 7.2 million new shares or transfer the company's own shares. The maximum number of shares to be issued is 9.8 per cent of the total number of shares of the company. The Board of Directors is authorised to set the conditions for the share issue by resolution. The authorisation is valid for three years. The general meeting further resolved to establish a permanent Nomination Board comprising shareholders or representatives thereof, to prepare the proposals each year for the election of the membership of the Board of Directors and the remuneration of members of the Board. In the view of the Board of Directors, it is in the interests of the company and its shareholders that the biggest shareholders in the company participate in preparations for the election and remuneration of Board members. The Board of Directors did not exercise any of the above-mentioned authorisations during the reporting period. The Board of Directors has no other valid authorisations from the AGM.

On the basis of a decision by the AGM, the company distributed dividends of €0.35 per share for the 2011 financial year in March 2012.

Events after the reporting period

There have been no significant events to report since the reporting period.

Short-term outlook

Political turbulence in Europe continues, affecting economic development and stability, especially for Europe. Reliably forecasting any lines of development in this environment is impossible. The turbulence is causing financial uncertainty and an unwillingness amongst individuals and organisations to commit to longer-term investment plans, thus slowing demand and affecting any recovery within building and construction markets. In addition to the Southern European countries, which have received the focus thus far, the repercussions are felt across the continent, affecting also the stronger economies.

Developments in the United States and Canada have been more stable, and the markets are expected to remain so for the near term. Despite signs of a slowing economy, the construction industry continues to post gains, though in comparison to a very low base.

As earlier, Uponor is prepared for a lengthy period of current low activity levels, with limited expectations of market growth. The main factors supporting business growth are lively renovation activity, longer-term trends of sustainability and low-energy building, and increased preparation for extreme weather conditions, all of which favour Uponor's indoor climate, plumbing, and infrastructure solutions.

The management are keeping a sharp eye on the company's focus, cost-efficiency, and cash flow, and further actions to cut overheads and other costs may become necessary in selected markets, if the outlook stays weak. At the same time, Uponor maintains support for its various growth initiatives, to benefit from its strong range of new product and system innovation and utilise the tailwind its sustainable product portfolio enjoys in the markets.

Uponor reiterates its guidance for 2012, announced on 10 February 2012:
Uponor's net sales are expected to grow organically from 2011 and operating profit is expected to exceed €50 million. The Group's net investment in fixed assets is not expected to exceed depreciation.

Uponor’s financial performance may be affected by a range of strategic, operational, financial, and hazard risks. A more detailed risk analysis is provided in the ‘Key risks associated with business’ section of the Financial Statements 2011.

Uponor Corporation
Board of Directors

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INTERIM REPORT January – June 2012
Table part

This interim report has been compiled in accordance with the IAS 34 reporting standards and it is unaudited. The figures in brackets are the reference figures for the equivalent period in 2011. The change percentages reported have been calculated from the exact figures and not from the rounded figures published in the interim report.

CONDENCED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

M€	1-6/2012	1-6/2011	4-6/2012	4-6/2011	1-12/2011
Continuing operations					
Net sales	410.6	395.8	218.1	222.6	806.4
Cost of goods sold	254.6	250.8	136.7	142.1	513.5
Gross profit	156.0	145.0	81.4	80.5	292.9
Other operating income	0.7	0.1	0.4	0.1	1.4
Dispatching and warehousing expenses	15.9	15.4	8.1	8.0	31.1
Sales and marketing expenses	82.5	80.0	41.3	40.7	157.9
Administration expenses	24.7	23.2	12.5	12.3	43.0
Other operating expenses	8.2	7.8	3.8	4.1	26.9
Operating profit	25.4	18.7	16.1	15.5	35.4
Financial expenses, net	4.5	3.1	2.2	2.0	17.7
Share of results in associated companies	0.1	-	0.0	-	-
Profit before taxes	21.0	15.6	13.9	13.5	17.7
Income taxes	7.7	5.1	5.1	4.5	15.8
Profit for the period from continuing operations	13.3	10.5	8.8	9.0	1.9
Discontinued operations					
Profit for the period from discontinued operations	0.0	0.0	0.0	0.0	-0.3
Profit for the period	13.3	10.5	8.8	9.0	1.6
Other comprehensive income					
Translation differences	3.2	-6.3	4.5	-2.3	2.0
Cash flow hedges	-0.5	-0.7	-0.3	-0.2	-2.8
Net investment hedges	-2.5	3.4	-2.7	2.4	-4.6
Other comprehensive income for the period	0.2	-3.6	1.5	-0.1	-5.4
Total comprehensive income for the period	13.5	6.9	10.3	8.9	-3.8
Profit/loss for the period attributable to					
- Equity holders of parent company	13.3	10.8	8.8	9.3	2.5
- Non-controlling interest	0.0	-0.3	0.0	-0.3	-0.9
Comprehensive income for the period attributable to					
- Equity holders of parent company	13.5	7.2	10.3	9.2	-2.9
- Non-controlling interest	0.0	-0.3	0.0	0.3	-0.9
Earnings per share, €	0.18	0.15	0.12	0.13	0.03
- Continuing operations	0.18	0.15	0.12	0.13	0.03
- Discontinued operations	0.00	0.00	0.00	0.00	0.00
Diluted earnings per share, €	0.18	0.15	0.12	0.13	0.03
- Continuing operations	0.18	0.15	0.12	0.13	0.03
- Discontinued operations	0.00	0.00	0.00	0.00	0.00

CONDENSED CONSOLIDATED STATEMENT OF FINANCIAL POSITION

M€	30.6.2012	30.6.2011	31.12.2011
Assets			
Non-current assets			
Property, plant and equipment	154.5	166.4	161.6
Intangible assets	95.4	99.0	97.3
Securities and long-term investments	1.1	8.6	2.8
Deferred tax assets	12.9	12.3	13.2
Total non-current assets	263.9	286.3	274.9
Current assets			
Inventories	90.3	97.4	81.8
Accounts receivable	165.2	157.2	106.6
Other receivables	32.0	19.0	22.8
Cash and cash equivalents	7.7	36.2	29.1
Total current assets	295.2	309.8	240.3
Total assets	559.1	596.1	515.2
Equity and liabilities			
Equity			
Equity attributable to the owners of the parent company	194.0	219.2	209.2
Non-controlling interest	-	3.7	2.9
Total equity	194.0	222.9	212.1
Non-current liabilities			
Interest-bearing liabilities	110.6	112.4	110.4
Deferred tax liability	11.8	9.4	12.2
Provisions	5.2	4.1	5.2
Employee benefits and other liabilities	19.5	22.4	21.3
Total non-current liabilities	147.1	148.3	149.1
Current liabilities			
Interest-bearing liabilities	41.0	74.7	2.8
Provisions	15.1	6.6	16.8
Accounts payable	58.0	61.9	45.7
Other liabilities	103.9	81.7	88.7
Total current liabilities	218.0	224.9	154.0
Total equity and liabilities	559.1	596.1	515.2

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOW

M€	1-6/2012	1-6/2011	1-12/2011
Cash flow from operations			
Net cash from operations	39.8	32.6	66.8
Change in net working capital	-39.3	-55.0	12.4
Income taxes paid	-22.4	-9.5	-16.5
Interest paid	-6.5	-0.8	-6.3
Interest received	0.2	0.3	2.0
Cash flow from operations	-28.2	-32.4	58.4
Cash flow from investments			
Proceeds from disposal of subsidiaries and businesses*	8.0	-	-
Acquisition of subsidiary shares	-	-6.4	-6.4
Proceeds from disposal of shares	0.0	0.1	0.1
Purchase of fixed assets	-7.8	-9.2	-24.0
Proceeds from sale of fixed assets	0.9	0.3	1.1
Dividends received	0.0	0.0	0.0
Loan repayments	-	0.2	0.1
Cash flow from investments	1.1	-15.0	-29.1
Cash flow from financing			
Borrowings of debt	46.0	161.3	162.1
Repayment of debt	-25.8	-58.2	-113.7
Change in other short-term loan	18.3	9.8	-18.3
Dividends paid	-25.6	-40.2	-40.2
Acquisition of non-controlling interest	-6.2	-	-
Payment of finance lease liabilities	-0.9	-1.0	-2.0
Cash flow from financing	5.8	71.7	-12.1
Conversion differences for cash and cash equivalents	-0.1	0.0	0.0
Change in cash and cash equivalents	-21.4	24.3	17.2
Cash and cash equivalents at 1 January	29.1	11.9	11.9
Cash and cash equivalents at end of period	7.7	36.2	29.1
Changes according to balance sheet	-21.4	24.3	17.2

*) The above presented proceeds from disposal of subsidiaries and businesses equals to cash received from sale and the cash and cash equivalents disposed of.

STATEMENT OF CHANGES IN EQUITY

M€	A	B	C	D*	E	F	G	H	I
Balance at 1 Jan 2012	146.4	50.2	0.2	-12.5	-1.2	26.1	209.2	2.9	212.1
Total comprehensive income for the period			-0.5	0.7		13.3	13.5	0.0	13.5
Dividend paid (€0.35 per share)						-25.6	-25.6		-25.6
Share-based incentive plan						0.2	0.2		0.2
Acquisition of non-controlling interest						-3.3	-3.3	-2.9	-6.2
Other adjustments			0.0			0.0	0.0		0.0
Balance at 30 June 2012	146.4	50.2	-0.3	-11.8	-1.2	10.7	194.0	0.0	194.0
Balance at 1 Jan 2011	146.4	50.2	2.9	-9.8	-1.2	63.6	252.1	-	252.1
Total comprehensive income for the period			-0.7	-2.9		10.8	7.2	-0.3	6.9
Dividend paid (€0.55 per share)						-40.2	-40.2	-	-40.2
Share based incentive plan						0.1	0.1		0.1
Other adjustments			0.0			0.0		4.0	0.0
Balance at 30 June 2011	146.4	50.2	2.2	-12.7	-1.2	34.3	219.2	3.7	222.9

*) Includes a -€15.5 (-5.0) million effective part of net investment hedging at the end of period.
Change in presentation Q4/2011: net investment hedging related foreign exchange gains/losses have been reclassified from hedge reserves to translation differences. Comparative data for Q2/2011 has been changed accordingly.

A – Share capital
B – Share premium
C – Other reserves
D* – Translation reserve
E – Treasury shares
F – Retained earnings
G – Equity attributable to owners of the parent company
H – Non-controlling interest
I – Total equity

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES

The interim report has been prepared in compliance with International Financial Reporting Standards (IFRS) as adopted by the EU and IAS 34 Interim Financial Reporting. In its interim reports, Uponor Group follows the same principles as in the annual financial statements for 2011.

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

M€	1-6/2012	1-6/2011	1-12/2011
Gross investment	7.8	9.2	24.0
- % of net sales	1.9	2.3	3.0
Depreciation	14.2	14.0	29.4
Write downs	-	-	10.5
Book value of disposed fixed assets	0.8	0.2	1.8

PERSONNEL

Converted to full time employees	1-6/2012	1-6/2011	1-12/2011
Average	3,128	3,281	3,288
At the end of the period	3,126	3,400	3,228

OWN SHARES

OWN SHARES	30.6.2012	30.6.2011	31.12.2011
Own shares held by the company, pcs	140,378	160,000	160,000
- of share capital, %	0.2	0.2	0.2
- of voting rights, %	0.2	0.2	0.2
Accounted par value of own shares held by the company, M€	0.3	0.3	0.3

SEGMENT INFORMATION

	1-6/2012			1-6/2011		
M€	External	Internal	Total	External	Internal	Total
Segment revenue, continuing operations						
Building Solutions – Europe	266.0	0.2	266.2	269.9	0.2	270.1
Building Solutions - North America	69.9	-	69.9	56.2	-	56.2
Infrastructure Solutions	74.7	2.6	77.3	69.7	3.6	73.3
Eliminations	-	-2.8	-2.8	-	-3.8	-3.8
Total	410.6	-	410.6	395.8	-	395.8

	4-6/2012			4-6/2011		
M€	External	Internal	Total	External	Internal	Total
Segment revenue, continuing operations						
Building Solutions – Europe	133.2	0.0	133.2	147.7	0.1	147.8
Building Solutions - North America	38.9	-	38.9	29.5	0.0	29.5
Infrastructure Solutions	46.0	1.6	47.6	45.4	1.9	47.3
Eliminations	-	-1.6	-1.6	0.0	-2.0	-2.0
Total	218.1	-	218.1	222.6	-	222.6

M€	1-12/2011		
Segment revenue, continuing operations	External	Internal	Total
Building Solutions – Europe			

Building Solutions - North America	543.2	0.7	543.9
Infrastructure Solutions	121.5	-	121.5
Eliminations	141.7	8.0	149.7
Total	-	-8.7	-8.7
	806.4	-	806.4

M€	1-6/2012	1-6/2011	4-6/2012	4-6/2011	1-12/2011
Segment result, continuing operations					
Building Solutions - Europe	23.9	20.5	12.2	13.9	41.7
Building Solutions - North America	6.8	3.4	4.1	2.7	10.1
Infrastructure Solutions	0.3	-2.3	2.2	1.7	-2.4
Others	-5.0	-3.7	-2.6	-2.6	-14.0
Eliminations	-0.6	0.8	0.2	-0.2	0.0
Total	25.4	18.7	16.1	15.5	35.4

M€	1-6/2012	1-6/2011	1-12/2011
Segment depreciation and impairments, continuing operations			
Building Solutions - Europe	6.0	6.5	13.0
Building Solutions - North America	2.9	2.0	5.5
Infrastructure Solutions	2.9	3.1	6.2
Others	2.2	2.1	14.7
Eliminations	0.2	0.3	0.5
Total	14.2	14.0	39.9
Segment investments, continuing operations			
Building Solutions – Europe	4.1	5.2	13.6
Building Solutions - North America	1.7	1.3	3.6
Infrastructure Solutions	1.4	2.0	5.4
Others	0.6	0.7	1.4
Total	7.8	9.2	24.0

M€	30.6.2012	30.6.2011	31.12.2011
Segment assets			
Building Solutions - Europe	425.4	432.2	433.9
Building Solutions - North America	132.3	100.3	130.0
Infrastructure Solutions	109.6	105.3	83.0
Others	260.9	300.8	283.7
Eliminations	-369.1	-342.5	-415.4
Total	559.1	596.1	515.2
Segment liabilities			
Building Solutions - Europe	301.3	310.9	296.7
Building Solutions - North America	87.0	64.1	89.6
Infrastructure Solutions	82.9	76.5	60.2
Others	287.0	292.5	285.8
Eliminations	-393.1	-370.8	-429.2
Total	365.1	373.3	303.1

The presentation of segment assets and liabilities was changed between the segment Others and Eliminations due to a change in elimination logic of internal receivables and liabilities. The comparable data have been adjusted accordingly.

	1-6/2012	1-6/2011	1-12/2011
Segment personnel, continuing operations, average			
Building Solutions - Europe	2,173	2,280	2,305

Building Solutions - North America	410	409	409
Infrastructure Solutions	487	534	516
Others	59	58	58
Total	3,128	3,281	3,288

Reconciliation

M€	1-6/2012	1-6/2011	1-12/2011
Segment result, continuing operations			
Segment result, total	25.4	18.7	35.4
Financial expenses, net	4.5	3.1	17.7
Share of results in associated companies	0.1	-	-
Group profit before taxes	21.0	15.6	17.7

The segment result equals to the operating profit presented in the condensed consolidated statement of comprehensive income.

CONTINGENT LIABILITIES

M€	30.6.2012	30.6.2011	31.12.2011
Group:			
Commitments of purchase of property, plant and equipment	0.6	-	0.6
Pledges			
- on own behalf	-	0.0	0.0
Mortgages			
- on own behalf	0.1	-	0.1
Guarantees			
- on own behalf	-	0.6	-
- on behalf of others	6.2	7.3	5.9
Parent company:			
Guarantees			
- on behalf of a subsidiary	16.6	11.3	19.8
- on behalf of others	-	6.9	-

Uponor Corporation’s subsidiary in Spain, Uponor Hispania, SA, had a tax audit in December 2011 – May 2012, covering financial years 2006 and 2007. As a result of the audit, the tax authority claims €3.9 million in taxes, delay interest and penalties from Uponor Hispania. The claim mainly relates to the tax deductibility of certain costs such as services rendered by Uponor Group and advertising. Uponor Hispania disagrees with the assessment of the tax authority and has appealed the case. While the appeal is being handled, Uponor Hispania, SA has provided a bank guarantee of €2.9 million covering the tax amount and delay interests due to the Spanish tax authority. The bank guarantee given is included in Guarantees on behalf of a subsidiary given by parent company above.

M€	30.6.2012	30.6.2011	31.12.2011
OPERATING LEASE COMMITMENTS	33.2	33.4	35.6

DERIVATIVE CONTRACTS

M€	Nominal value 30.6.2012	Fair value 30.6.2012	Nominal value 30.6.2011	Fair value 30.6.2011	Nominal value 31.12.2011	Fair value 31.12.2011
Currency derivatives						
- Forward agreements	270.0	-2.6	163.0	1.0	212.8	-2.5
- Currency options, bought	14.6	0.1	13.6	0.1	14.2	0.0
- Currency options, sold	14.6	-0.1	14.4	-0.1	14.2	0.0
Interest derivates						
- Interest rate swaps	50.0	-2.3	50.0	-0.5	50.0	-1.8
Commodity derivatives						
- Forward agreements	6.2	-0.7	5.9	0.4	5.8	-0.5

BUSINESS COMBINATIONS

The final acquisition calculation of the acquisition of the 50.3% majority stake in Zent-Frenger Gesellschaft für Gebäudetechnik mbH in April 2011 is presented below. The Group did not make any acquisitions in the reporting period.

M€	
Recognised amounts of identifiable net assets acquired and liabilities assumed	
Non-current assets	3.8
Inventories	1.0
Accounts receivable and other receivables	5.9
Cash and cash equivalents	6.4
Total assets	17.1
Non-current interest-bearing liabilities	4.2
Deferred tax liability	0.1
Accounts payable and other liabilities	5.1
Total liabilities	9.4
Net assets	7.7
Acquisition cost	6.4
Non-controlling interest	3.8
Acquired net assets	-7.7
Goodwill	2.6

ACQUISITION OF NON-CONTROLLING INTEREST

Uponor acquired the remaining 49.7% of the shares in Zent-Frenger Gesellschaft für Gebäudetechnik mbH on 12 March 2012. The cash consideration paid was €6.2 million. The acquisition of non-controlling interest has been recorded directly to equity according to IAS 27 and its effect in the retained earnings was -€3.3 million.

DISPOSAL OF SUBSIDIARIES

Uponor closed the divestment of Hewing GmbH at the end of the first quarter. The sales price of €11.9 million was received on 2 April 2012. This was later adjusted on the basis of the closing statement, ending up at €11.5 million. The sales price adjustment of €0.4 million is included in other short term liabilities at the end of the reporting period. The net impact on the result was immaterial.

M€	2012	2011
Book value of disposed assets		
Tangible assets	3.4	-
Intangible assets	0.1	-
Other non-current assets	0.3	-
Inventory	5.6	-
Accounts receivable and other receivables	6.9	-
Cash and cash equivalents	3.9	-
Total assets	20.2	-
Employee benefits and other liabilities	2.3	-
Provisions	0.5	-
Accounts payable and other current liabilities	6.0	-
Total liabilities	8.8	-
Net assets	11.4	-
Cash received from sales	11.9	-
Cash and cash equivalents disposed of	3.9	-
Cash flow effect	8.0	-

DISCONTINUED OPERATIONS

In 2012 and 2011, the discontinued operations include costs related to the Irish infrastructure business sold in 2008. These costs incurred mainly from administrative and operative costs.

M€	1-6/2012	1-6/2011	1-12/2011
Expenses	0.0	0.0	0.3
Profit before taxes	0.0	0.0	-0.3
Income taxes	-	-	-
Profit after taxes	0.0	0.0	-0.3
Profit for the period from discontinued operations	0.0	0.0	-0.3
Cash flow from discontinued operations			
Cash flow from operations	-0.4	-0.2	-0.3

RELATED-PARTY TRANSACTIONS

M€	1-6/2012	1-6/2011	1-12/2011
Continuing operations			
Purchases from associated companies	0.9	0.9	1.7
Balances at the end of the period			
Accounts receivable and other receivables	0.0	-	0.0
Accounts payables and other liabilities	0.1	0.1	0.2

KEY FIGURES

	1-6/2012	1-6/2011	1-12/2011
Earnings per share, €	0.18	0.15	0.03
- continuing operations	0.18	0.15	0.03
- discontinued operations	0.00	0.00	0.00
Operating profit (continuing operations), %	6.2	4.7	4.4
Return on equity, % (p.a.)	13.2	8.8	0.7
Return on investment, % (p.a.)	15.3	10.6	11.0
Solvency ratio, %	34.7	37.4	41.2
Gearing, %	74.2	67.7	39.3
Net interest-bearing liabilities	143.9	150.9	84.1
Equity per share, €	2.65	3.00	2.86
- diluted	2.65	3.00	2.86
Trading price of shares			
- low, €	6.77	10.15	6.03
- high, €	10.00	14.25	14.25
- average, €	8.48	12.38	9.57
Shares traded			
- 1,000 pcs	12,155	16,878	38,155
- M€	103	209	366

QUARTERLY DATA

	4-6/ 2012	1-3/ 2012	10-12/ 2011	7-9/ 2011	4-6/ 2011	1-3/ 2011
Continuing operations						
Net sales, M€	218.1	192.5	197.0	213.6	222.6	173.2
- Building Solutions - Europe	133.2	133.0	133.0	140.9	147.8	122.3
- Building Solutions - North America	38.9	31.0	32.0	33.2	29.5	26.7
- Building Solutions - North America, USD	49.7	41.4	43.2	46.8	42.8	37.2
- Infrastructure Solutions	47.6	29.7	34.3	42.1	47.3	26.0
Gross profit, M€	81.4	74.6	70.0	77.9	80.5	64.5
- Gross profit, %	37.3	38.7	35.5	36.5	36.2	37.2
Operating profit, M€	16.1	9.3	-3.0	19.7	15.5	3.2
- Building Solutions - Europe	12.2	11.7	7.8	13.4	13.9	6.6
- Building Solutions - North America	4.1	2.7	1.8	4.9	2.7	0.7
- Building Solutions - North America, USD	5.3	3.5	2.4	7.0	3.8	1.0
- Infrastructure Solutions	2.2	-1.9	-1.5	1.4	1.7	-4.0
- Others	-2.6	-2.4	-11.1	0.1	-2.6	-1.1
Operating profit, % of net sales	7.4	4.8	-1.5	9.2	7.0	1.8
- Building Solutions - Europe	9.1	8.8	5.9	9.5	9.4	5.4
- Building Solutions - North America	10.6	8.5	5.7	14.8	8.9	2.7
- Building Solutions - North America, USD	10.6	8.5	5.7	14.8	8.9	2.7
- Infrastructure Solutions	4.7	-6.5	-4.4	3.2	3.7	-15.4
Profit for the period, M€	8.8	4.5	-21.3	12.3	9.0	1.5
Balance sheet total, M€	559.1	542.0	515.2	562.9	596.1	528.0
Earnings per share, €	0.12	0.06	-0.29	0.17	0.13	0.02
Equity per share, €	2.65	2.51	2.86	3.18	3.00	2.87
Market value of share capital, M€	517.2	632.5	502.2	451.7	837.5	880.7
Return on investment, % (p.a)	15.3	11.1	11.0	15.3	10.6	4.7
Interest-bearing net debt at the end of period, M€	143.9	145.3	84.1	126.8	150.9	130.8
Gearing, %	74.2	79.2	39.3	53.7	67.7	62.3
Gearing, %, rolling 4 quarters	61.7	60.1	55.9	52.6	49.3	46.0
Gross investment, M€	4.0	3.8	11.2	3.6	6.3	2.9
- % of net sales	1.8	2.0	5.3	1.7	2.8	1.7

DEFINITIONS OF KEY RATIOS

Return on Equity (ROE), %

$$= \frac{\text{Profit before taxes – taxes}}{\text{Shareholders' equity + minority interest, average}} \times 100$$

Return on Investment (ROI), %

$$= \frac{\text{Profit before taxes + interest and other financing costs}}{\text{Balance sheet total – non-interest-bearing liabilities, average}} \times 100$$

Solvency, %

$$= \frac{\text{Shareholders' equity} \pm \text{minority interest}}{\text{Balance sheet total – advance payments received}} \times 100$$

Gearing, %

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

Net interest-bearing liabilities

= Interest-bearing liabilities – cash, bank receivables and financial assets

Earnings per share (EPS)

$$= \frac{\text{Profit for the period}}{\text{Number of shares adjusted for share issue in financial period excluding treasury shares}}$$

Equity per share ratio

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

Average share price

$$= \frac{\text{Total value of shares traded (€)}}{\text{Total number of shares traded}}$$