2009 ANNUAL REPORT GLASTON CORPORATION

Reliability

Top quality products and services from the wide product range to serve different customer needs

Quality

Premium quality of glass processed with our technology

Service

Extensive, global customer service network for all customer needs

Glaston in Brief

Glaston is an international glass technology company and a pioneer in its industry. The cornerstones of Glaston's business are reliability, quality and service. With its quality products and services, Glaston aims to be its customers' most valued partner. The company has a comprehensive customer service network covering more than 20 service locations in different parts of the world. Glaston has production in four countries on three continents. The Group employed a total of 1,200 professionals at the end of 2009.

Sustainable development with comprehensive product and service range

Glaston's solutions support customer companies' operations through the entire life cycle of products. The company develops technological applications that benefit both customers and the environment. Glaston's business is divided into three reportable segments: Machines, Services and Software Solutions.

The Machines segment includes tempering, bending and laminating machines sold under the Tamglass and Uniglass brands, glass pre-processing machines sold under the Bavelloni brand, and tool manufacturing. The segment's most significant customer groups are the construction, solar energy glass, automotive, as well as furnishing and appliance industries. Glaston's technology supports energy-efficient glass processing solutions. The Machines segment's net sales in 2009 totalled EUR 82.2 million.

The Services segment comprises maintenance services of glass processing machines, sale of tools and spare parts, as well as the operation of the glass processing factory in Akaa, Finland, as a service activity on behalf of a customer. Maintenance services also cover other manufacturers' machines in addition to Glaston's machines and equipment. The most extensive service network in the business and support for the entire life cycle of its products are Glaston's most important competitive assets. The Services segment's net sales in 2009 totalled EUR 48.1 million.

The Software Solutions segment supplies software as well as enterprise resource planning and reporting systems to the glass industry. The segment's product offering covers software and integrated solutions for the glass industry sold under the Albat+Wirsam brand, and software for the needs of window and door glass manufacturers sold under the Cantor brand. The Software Solutions segment's net sales in 2009 totalled EUR 23.9 million.

Glaston's head office is located in Tampere, Finland. Glaston's share (GLA1V) is listed on the NASDAQ OMX Helsinki Mid Cap List.

GLASTON ORGANISATION AS OF 1 JANUARY 2010

ARTO METSÄNEN – CEO

GROUP FUNCTIONS
Finance, HR, Communications, Legal, IT

	MACHINES Topi Saarenhovi	SERVICES Juha Liettyä	SOFTWARE SOLUTIONS Günter Befort
EMEA & MARKETING Henrik Reims			
SOUTH AMERICA Moreno Magon			
NORTH AMERICA Jack van Meerbeeck			
ASIA Frank Zhang			

2009 in Brief

Glass processing machine demand was at an exceptionally low level throughout the year and net sales fell sharply. The emphasis of machine sales was on sales of single machines. Demand for more extensive deliveries and solar energy investments was weak and projects were postponed to a later date. The number of service contracts grew despite the market situation and the Services segment performed reasonably well. The market situation for the Software Solutions segment continued to be stable in Central Europe, but elsewhere markets weakened.

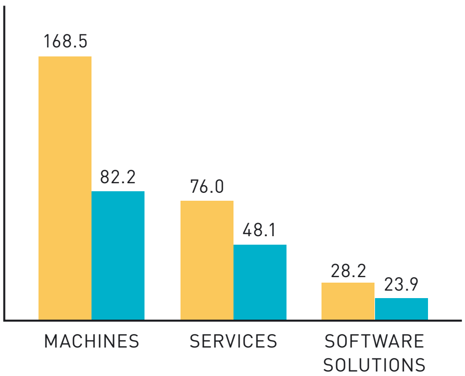
Efficiency measures launched in 2008 continued in Glaston throughout the year. In the final quarter of 2009, the company initiated an extensive adjustment programme, and personnel negotiations were completed by the end of December. As a result of the negotiations, Glaston will adjust its production capacity, optimise its product range and streamline the structure of its sales organisation. The agreed measures will lead at most to a reduction of around 400 employees.

The architectural glass segment and the development of service business continue to create a foundation for the Group's future growth. Demand for solar energy projects, moreover, is expected to develop positively.

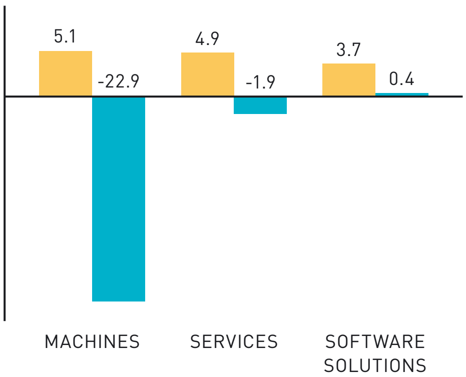
GROUP KEY FIGURES

- Orders received EUR 141.9 (230.5) million.
- Order book on 31 December 2009 was EUR 45.5 (62.5) million.
- Group net sales totalled EUR 151.8 (270.4) million.
- The operating result excl. non-recurring items was a loss of EUR 33.6 (6.2 profit) million, i.e. -22.2 (+2.3)% of net sales.
- The operating result was a loss of EUR 55.3 (6.1 loss) million.
- Return on capital employed (ROCE) was -32.1 (-2.3)%.
- Earnings per share were EUR -0.68 (-0.12).
- Net gearing was 91.9 (46.8)%.
- The Board of Directors proposes to the Annual General Meeting that no dividend be distributed.

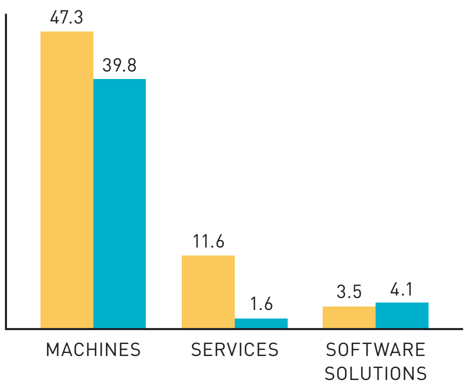
NET SALES BY SEGMENT [EUR MILLION]



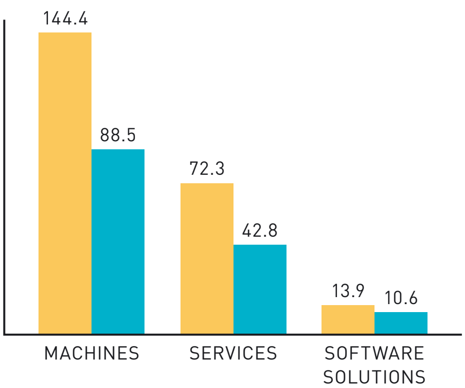
OPERATING RESULT BY SEGMENT, EXCL. NON-RECURRING ITEMS [EUR MILLION]



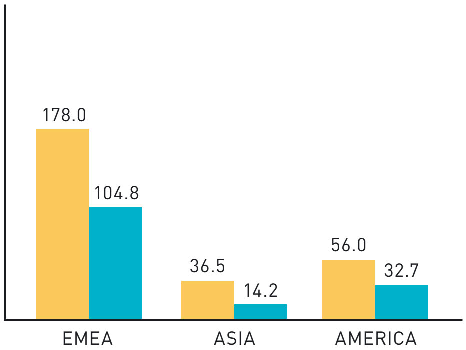
ORDER BOOK BY SEGMENT [EUR MILLION]



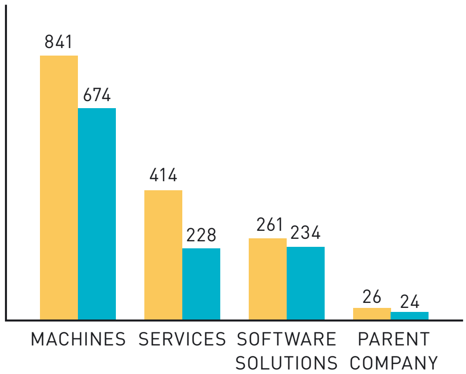
ORDERS RECEIVED BY SEGMENT [EUR MILLION]



SALES BY MARKET AREA [EUR MILLION]



PERSONNEL AT YEAR-END



2008 2009

PHOTO: RIKU ISOHELLA

President & CEO's Review

2009 was very challenging for Glaston due to the economic recession. We implemented efficiency measures during the year and changed our structure in a more customer-oriented direction.

Challenging market situation

2009 was very challenging for Glaston and we had to implement strong measures to adjust to the market situation. Price competition in the industry was intense and our competitors also suffered from the economic situation.

The recession has, on the other hand, taught us to understand which issues are important for us as a company and for our customers. Surviving the difficult economic situation will give Glaston new resources to pursue matters that are important to us, such as product development and the further development of personnel.

Our objectives for 2009

Our objectives for 2009 were to develop Chinese operations as well as the management of sourcing and working capital. China is our strongest growing market area. During the year we developed our Chinese operations and continued utilising our factory in product development and sales to the Asian market.

During the year, we continued our product development cooperation with our customers and glass manufacturers. Despite the market situation, the Glass Processing Days event attracted hundreds of glass industry decision-makers, experts and architects to Tampere. The main themes of the world's largest glass industry event were solar energy and glass architecture.

During 2009 we continued the implementation of efficiency measures initiated at the end of 2008. We restructured our organisation by combining the Pre-processing and Heat Treatment business areas into the Machines segment and by forming a separate Services segment for maintenance services. Our new matrix organisation increases cooperation between business and market areas and facilitates the development of our customer service. The most important structural changes have now been made and in future we will focus on developing customer segments and distribution channels, as well as on product development.

Outlook for 2010

2010 will also be a challenging year and no significant improvement in the market situation is expected, at least in the first half of the year. The competitive situation in our industry will continue to be severe, but our wider product range, strong position in China and distribution channels will continue to be our competitive assets. Our Chinese factory and global sourcing will promote the improvement of our profitability.

The shift to energy-saving glass in the construction industry and the recovery of investments in the solar energy segment will support our business operations, as our glass processing machines are capable of manufacturing high quality energy-saving glass.

Our agenda for 2010 includes, in particular, the enhancement and acceleration of our product development as well as the development of our distribution, service and sales channels. We will strive to ensure that we have decision-making capability close to the customer, which will serve both our product development and the development of our customer service.

I would like to thank our customers, shareholders and partners for their trust and our employees for their contribution to developing Glaston in 2009.

Arto Metsänen
President & CEO

Business Strategy

Glaston promotes the development of a pleasant, safe and energy-efficient residential and working environment by utilising highly developed and innovative glass processing technology. By sharing its expertise and developing new, innovative and energy-saving glass solutions, Glaston is committed to building a sustainable future.

Glaston's strategy and financial objectives were announced in 2008. The key elements of the strategy are:

- The architectural glass segment, supported by the solar energy market, creates a foundation for the company's future growth. Glaston's objective is to act as an integrator of the architectural glass industry value chain.
- In the appliance and automotive glass segments, Glaston focuses on improving profitability and cash flow.
- The One-Stop-Partner concept distinguishes Glaston from its competitors.
- Glaston's goal is to build a strong market position in China and elsewhere in Asia.
- Further development of the service business is a cornerstone of the company's growth and market leadership.
- Glaston will make carefully considered acquisitions to strengthen its offering.

Architectural glass segment as engine of growth

Glaston's objective is to act as an integrator of the architectural glass industry's value chain. In this customer segment Glaston is able to utilize its solid expertise and strong market position. Architectural glass is the largest segment of the glass market with a share of around 70% of glass consumption and its growth expectations are considerable. Growth of the architectural glass segment is supported by office construction and housing construction as well as by new trends in construction such as large glass surfaces, renovation and energy efficiency. Tightening safety and energy consumption regulations increase demand for Glaston's machines. Glaston estimates that, at the moment, only around 30% of glass currently used in construction is safety glass.

The growing solar energy market also supports the architectural glass segment. Glaston expects the solar energy market to offer significant growth potential for the company over the next few years. Glaston's objective is to achieve a strong market position in this customer segment with the company's technologically high-level products and comprehensive service concept.

The appliance and automotive industry glass segments are significantly smaller than the architectural glass segment. The automotive industry accounts for around 10% of the total glass market and the appliance industry for around 20%. Growth expectations for these segments are very moderate. In the appliance and automotive industry's customer groups, Glaston focuses on improving profitability and cash flow.

Competitive advantage from comprehensive deliveries

With its comprehensive product and software range, extensive service network and technological expertise, Glaston is able to offer all of its customers comprehensive solutions, which distinguishes Glaston from other operators in the sector. Glaston's comprehensive offering is directed primarily at customers operating in the architectural and solar energy glass segments.

The goal of comprehensive deliveries is to ensure that the customer receives the most suitable and best possible products and services from one place and from one supplier. By offering comprehensive solutions, Glaston helps customers enhance their operations and improve their competitiveness.

The economic recession strongly weakened demand for comprehensive solutions in 2009. The market for comprehensive solutions still exists, however, and Glaston's position in this customer segment is strong. The normalization of the market situation and customers' growing efficiency requirements are expected to boost demand for comprehensive deliveries.

Strong market position in China

China is the fastest growing market area and its glass demand accounts for around 40% of the worldwide demand in the whole sector.

The Chinese market continued to grow in 2009. Reliability, expert customer service, high quality and well known brands are Glaston's competitive assets in China. Glaston has purposefully continued measures to strengthen its position in China, for example, by expanding its localised product range and local sourcing. The strategic significance of the Tianjin factory will grow in the future when the factory's production is strongly developed. The production of tempering machines was transferred from USA to Finland and China in 2009.

Further development of service business a cornerstone of growth

Glaston's key message is crystallised in three words: reliability, quality and service. Glaston invests in first-class customer service at every stage of the customer relationship. Glaston's comprehensive service network and strong maintenance expertise are among the company's most important competitive assets.

The increasing requirements related to continuity, efficiency and quality of production boost demand for the service business. In 2009 Glaston's maintenance and service business was separated from machine operations into its own Services segment. There was greater emphasis on machine modernisations as glass processors focused on machine upgrades instead of new investments. Modernisations were related to technology upgrades, energy saving and automation systems.

In the next few years, Glaston will focus on profitable growth of its service business, on further increasing customer satisfaction, developing new products and concepts as well as on maintaining quality and level of service of the maintenance operations by developing the service concept.

Cooperation between business and market areas facilitates customer service development.

Carefully considered acquisitions to strengthen offering

In addition to organic growth, Glaston will make, if necessary, carefully considered acquisitions to strengthen or supplement either its technological expertise, product offering or geographical market position. A precondition of acquisitions is that they are in line with the strategy, increase company value, offer clear and substantial synergies and support the company's financial objectives. The management of the company being acquired also needs to be able to manage business operations as part of an international group.

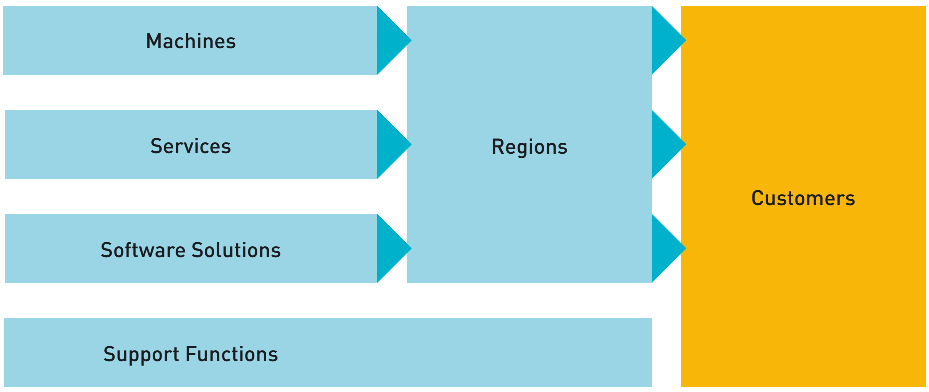
Glaston's financial objectives

In connection with an updated strategy at the beginning of 2008, Glaston announced the following financial objectives:

- growth in net sales of over 8%
- increasing the operating profit percentage (EBIT%) to at least 10%
- return on capital employed (ROCE) of at least 20%.

Due to weakened market conditions and uncertainty in the operating environment, Glaston announced in October 2008 that it expects to be able to achieve the financial objectives in 2012 instead of 2010.

GLASTON'S WAY OF OPERATING



Operating Environment

In 2009 Glaston's operating environment was dominated by a market decline caused by the economic recession, which led to tightened competition, particularly price competition. Despite this, factors affecting long-term demand for Glaston's glass processing machines remained unchanged.

Operating environment in 2009

In 2009 the economic recession strongly influenced demand for glass and thereby for glass processing machines. In a difficult economic situation, glass processors reduced their new machine investments, and the financing situation also delayed sales of machine upgrades. A decline in the volume of new machine investments, together with the number of competitors remaining unchanged, led to tightened competition and intense price competition. Investments in the solar energy segment were at a standstill in 2009 due to a deterioration in the availability of financing.

Glaston succeeded in maintaining its market position despite a significant decline in the size of the markets. Machines produced in Asia entered the markets in 2009, which was increasingly reflected in the tightening of the competitive situation.

Factors affecting demand

Demand for glass is driven by wider use of glass, particularly in public construction and architecture. Wider use of glass in both new and renovation construction has a positive impact on demand for Glaston's machines. Demand for technologically demanding glass applications is growing, and architectural glasses are required to be ever larger in size, more bendable and of good quality.

Heightened environmental awareness is increasing energy-saving targets. Using the right type of glass can significantly reduce energy consumption, which influences demand for energy glass. Safety regulations related to construction are also boosting the use of energy and laminated glass. In addition to construction, demand for safety glass is strong in the automotive industry as well as in the appliance industry.

Through general economic growth, use of energy glass is also increasing in emerging markets as end-customers have the opportunity to use more highly processed glass and more expensive glass applications and to exploit their energy-saving potential. Even though use of glass in not yet as common in emerging markets as in developed markets, generally the trend is the same everywhere: glass size and coating requirements are increasing and the demand for more demanding glass applications is growing.

In glass demand the significance of alternative forms of energy is clearly growing and this trend is expected to strengthen in the future. Wider use of alternative forms of energy is being supported by growing environmental awareness, the effort to reduce dependence on non-renewable energy sources, and by cost factors. Demand for alternative forms of energy is also being increased by various restrictions on emissions. For example, according to the EU Energy and Climate Package, the proportion of renewable energy in the EU's energy consumption must be raised to 20% by 2020. Demand for glass processing machines serving the solar energy segment is also expected to offer significant growth potential for Glaston in the future.

The size of the worldwide raw glass market was an estimated 48 million tonnes in 2009. In the long term, annual demand for processed glass is estimated to grow by 4% on average. Europe, China and North America together represent around 70% of total market demand.

Cycles and economic conditions

Cyclical fluctuations of the economy affect demand for the glass processing machines, services and software offered by Glaston. In cycles of economic growth, glass processors invest more, and demand for glass processing machines increases. In an economic downturn or recession, the volume of investments falls, but correspondingly demand for machine upgrades and maintenance services increases. Glaston's service business is not as sensitive to cyclical fluctuations as new machine sales and for this reason it partly offsets seasonal and cyclical fluctuations in machines sales.

Glaston's three geographical market areas, namely the EMEA area, Asia and America also contribute to even out cyclical fluctuations, even though the worldwide financial crisis and recession were evident in all market areas in 2009. Moreover, Glaston has a number of different customer groups, which means that the economic cycles of their end-customers, such as the construction, automotive and appliance industries, even each other out to some extent. For example, demand for glass of end-customers in the construction industry is balanced by renovation construction.

Strong brand, extensive services and comprehensive product range are Glaston's competitive assets.

Competitive situation and Glaston's competitive assets

Brands have great significance in a competitive situation: Glaston's key brands, Tamglass, Uniglass, Bavelloni and Albat+Wirsam, are known in the glass processing industry all over the world. The importance of strong and reliable brands is particularly emphasised during an economic downturn.

The comprehensive service business is one of Glaston's most important competitive assets. The strong service business supports new machine sales and helps commit the customer to Glaston's products. The possibility of comprehensive deliveries is also a competitive asset for Glaston. Due to its size and wide product range, Glaston is able to offer its customers whole factory and line solutions that many of its competitors cannot offer due to their size.

In the Machines segment's heat treatment technology, Glaston is the clear market leader worldwide, and in pre-processing technology it is one of the world's leading companies. Glaston has the widest product range and service offering in the market. Through its expertise in both glass processing machine and tool manufacturing, Glaston is able to create a competitive offering in terms of production efficiency and end-product quality. In pre-processing technology, Glaston is strong, particularly in grinding machines and tools.

In heat treatment technology, the Machines segment's most significant competitors come from Italy and elsewhere in Europe as well as from USA, China and Taiwan. In pre-processing technology, there are a large number of local companies as well as companies focusing only on one product group. The most significant competitors come from Italy and elsewhere in Central Europe and to some extent from China.

Chinese competitors are entering the European and North American markets, but for now they are strongest in their home market. The Chinese operators have brought along strong price competition, to which Glaston aims to respond with its technological lead, the high quality of its products, its comprehensive service offering and by being geographically close to its customers.

In the Services segment, the comprehensive service offering, and the service network close to the customer are important competitive assets. Glaston's service offering is extensive, and large customers in particular often set the one-stop-shop approach, namely the offering of all maintenance services from one place, as a condition for the customer relationship. The Services segment's largest competition consists of customers' own maintenance activity. Chinese competitors focus on machine deliveries and do not offer maintenance services. Customers' efforts to outsource functions not belonging to their core business offer Glaston a growth opportunity in the future, although in 2009 the outsourcing trend came to a halt due to the economic recession.

In the Software Solutions segment, Glaston has only one competitor capable of offering software covering the whole industry worldwide. Other competitors are either local or tied to a certain machine brand. The Software Solutions segment's competitive assets are independence of equipment brands, innovation, and comprehensive understanding of its customers' industry processes.

Market Areas

Glaston's market areas developed unevenly in 2009. Markets in Middle East and North America weakened, whereas markets in South America and China developed favourably, in particular at the end of the year.

EMEA

The EMEA area consists of Europe, Africa, the Middle East, India, Pakistan, Bangladesh and CIS countries. Glaston's market position in the area is strong thanks to its well known brands and comprehensive sales and service network.

In 2009 Glaston maintained its market position in the EMEA area, even though the size of the market decreased significantly and competition intensified. Due to the deteriorated economic and financial situation, demand for new and replacement investments clearly declined compared to the previous year and decision-making times lengthened. This was particularly apparent in the solar energy glass segment, where the cessation of national subsidy programmes also affected investments. There was a marked slow-down in construction and the automotive industry also suffered strongly from the recession.

The Middle Eastern market experienced the strongest demand decline. The development of the German market was a positive exception in the EMEA area and the Eastern European market started to recover more quickly than the rest of Europe.

In 2010 the market in the EMEA area is expected to grow slightly compared to 2009 and the recovery of demand in Eastern Europe is excepted to continue.

AMERICAS

North America

The North American area consists of USA, Canada and Mexico. In USA and Canada, the most significant factors driving sales in public construction are energy efficiency and local building regulations. Service offering has a key position in the area due to requirements related to production efficiency.

In USA and Canada, demand for glass processing machines, and particularly demand in solar energy glass segment, fell in 2009 with the deterioration of the availability of financing. In Mexico, demand declined as the H1N1 epidemic impacted economic growth.

North American demand was directed at machine upgrades and customer training in particular. Glaston maintained its overall market position in North America even though the sales of software solutions weakened due to increasing competition.

In 2010 the North American market is expected to be on the same level as in 2009. There will be an even greater emphasis on the maintenance and service business.

South America

South America is divided into three subareas: Brazil, where the market is well developed; Argentina, Chile, Colombia, Peru, Venezuela and Ecuador, where the market is less developed; and Paraguay, Bolivia, Uruguay, other smaller countries and the Caribbean area, where the market is undeveloped. Glaston's market position in South America is strong thanks to its well known brands and agent network.

In 2009 competition in the area intensified due to the arrival of competitors from Europe and Asia. Growing purchasing power boosted internal demand in the area, particularly in Brazil. Peru and Venezuela developed favourably during the year, while Argentina, Chile, Colombia and Ecuador suffered from the recession. In Paraguay and Uruguay demand for architectural glass developed positively.

New machine investments were more significant than replacement investments. Demand for architectural glass grew thanks to foreign investments. Sales of automotive glass and household appliance industry glass grew thanks to local tax concessions. Demand for Low-E glass increased, while demand for photovoltaic glass remained flat.

In 2010 the South American market is expected to grow as infrastructure investments connected with the 2014 FIFA World Cup and the 2016 Olympics are expected to commence.

ASIA

North Asia and China

China is the most significant market in North Asia. Glaston's competitive assets include the strong brands, high quality technology and professional customer service. Production located in China helps Glaston serve its customers in Asia and makes lower production and transport costs possible.

In 2009 Glaston responded to the economic recession and intense price competition by localising products to the needs of the local market and through local sourcing.

The Chinese market continued to grow in 2009. In particular, demand for energy-efficient glass and solar energy glass in

The glass of the Mori Tower, i.e. the World Financial Centre (on the left of centre), in Shanghai, China, was made on machines supplied by Glaston.

Production in Tianjin, China helps Glaston serve its customers in Asia.

particular grew during the year. Glaston increased its market share in China despite the competition.

The other market areas in North Asia developed unevenly in 2009. In South Korea, Glaston's order book grew, while demand declined in Japan and Taiwan.

In 2010 the Chinese market is expected to continue to grow, particularly in respect of glass directed to the construction industry. Manufacturing of solar energy glass is forecast to grow as a result of China's internal solar energy projects.

APAC

The APAC area consists of SEA (the most important countries being Thailand, Malaysia, Vietnam, the Philippines and Indonesia) and Oceania (Australia and New Zealand). Glaston's competitive assets include local service, good brands and the price competitiveness of machines manufactured in Tianjin.

In 2009 the glass processing market in the APAC area contracted as construction slowed down and the weak availability of financing postponed customers' investment decisions. Glaston's market position remained unchanged. The increased significance of efficiency in the production process increased demand for Glaston's products.

In SEA countries, demand for insulated and laminated glass grew as greater attention was paid to the energy efficiency of buildings. In the Oceania area, the Australian market remained active during the first half of the year, due to the government's investment support package, but slowed later in the year. New Zealand returned to a normal market situation at the end of the year after a particularly difficult start of the year.

In 2010 the market in the APAC area is expected to improve due to a significant number of investment decisions having been postponed until 2010.

The 828 metre Burj Khalifa Tower in Dubai was officially opened in January 2010 as the world's tallest building. Glaston's customers White Aluminium and Al Abbar participated in supplying glass to the tower.

PHOTO: EMAAR PROPERTIES

Machines

In 2009 the Machines segment focused on improving efficiency and implementing cost-saving programmes. The structure of the business area was changed by combining Glaston's Pre-processing and Heat Treatment business areas into the Machines segment. At the same time, maintenance and service business was separated from machine operations into its own Services segment.

Products and product development

The Machines segment manufactures glass pre-processing machines, stone processing machines and safety glass machines. The product range covers machines from glass cutting and drilling to edge processing and grinding further to flat tempering, bending, bending tempering and laminating. In addition, the Machines segment develops and manufactures glass and stone processing tools. Glass pre-processing machines are sold under the Bavelloni brand and glass tempering, bending and laminating machines under the Tamglass and Uniglass brands. The tool brands are Bavelloni, DiaPol and AAA.

In 2009 the most significant product groups were glass grinding machines in pre-processing technology and flat tempering machines in heat treatment technology. Demand for automotive and solar energy glass machines fell proportionately the most during the year due to a sharp fall in activity in the automotive and solar energy segments.

As part of the efficiency programme, the Machines segment rationalised its product offering. All technology and product groups remained in the product range, but the number of product variants was reduced. No changes in brands took place during 2009.

During the year, Glaston launched several new heat treatment technology machines at the Vitrum Fair, such as the Tamglass ProE MAGNUM+ 3396 and 33120 machines, which are the largest flat tempering machines on the market. In addition, a high capacity bending and tempering machine, the Tamglass SyncroBend, was launched as well as the Tamglass Compact, which is a flat tempering machine intended for smaller glass sizes. The new products were well received on the market and the first ProE MAGNUM+ 3396 machine was delivered to a customer.

In pre-processing technology, an extension to the cutting product range was launched for cutting laminated and coated glass, comprising a Low-E film removal feature. The CNC product series was expanded with NRG 330 machine and in this connection a new, patented Power Jet technology was presented. Glaston also launched new tools for processing solar energy glass.

Product development in 2009 focused on technology transfers, adapting current products to photovoltaic solar energy glass (PV) and CSP solar mirror manufacturing as well as on reducing product costs. In heat treatment technology, the focus was also on the high quality of end-products and energy saving.

Production

The production of glass processing machines is centralised into four locations: Italy, Brazil, China and Finland. Due to its localised product range, Glaston is able to respond to market needs and increase its production in low cost countries. Tool manufacturing is centralised into Italy, China and Brazil.

Production capacity was adjusted in 2009 to correspond to the uncertain market situation and the number of production personnel was cut, especially in Italy and Finland. Sourcing was enhanced and its focus shifted during the year by transferring sourcing to low-cost countries, particularly China.

The factory located in Cinnaminson, USA was closed and production transferred to

	2009	2008	CHANGE-%
NET SALES [EUR MILLION]	82.2	168.5	-51.2
OPERATING RESULT EXCL. NON-RECURRING ITEMS [EUR MILLION]	-22.9	5.1	-
AS PERCENTAGE OF NET SALES	-27.9	3.0	-
ORDER BOOK [EUR MILLION]	39.8	47.3	-15.9
PERSONNEL AT YEAR-END	674	841	-19.9

Finland and China. In addition, Uniglass Engineering Ltd.'s operations were merged with Glaston Finland. In Italy plans were initiated to transfer glass cutting machine production to China. In addition, the consolidation of production facilities in Italy was started. The production and development of the Tamglass CHF product range and the CHF Pro was transferred from USA to China and Finland.

Customers and market position

The Machines segment has a worldwide customer base serving, as end-customer segments, the architectural and construction industry, the automotive industry, the appliance industry, as well as manufacturers of solar energy solutions. Architectural and construction glass customers account for the largest proportion. Glaston's competitive assets include strong technological expertise, quality, an advanced product offering, a comprehensive sales and service network, as well as the reliability and productivity of its machines.

In heat treatment technology, Glaston is the clear market leader, and in pre-processing technology one of the world's leading companies. In pre-processing technology Glaston, through its expertise in both machine and tool product development and manufacturing, is able to provide a competitive offering in terms of production efficiency and end-product quality.

The Machines segment maintained its market position in 2009. Price competition, particularly from Asian competitors, intensified during the year due to the challenging market situation, which affected market prices, weakening the profitability of the industry. Nearly all of the companies in the industry experienced profitability problems and initiated efficiency programmes during the year.

On the other hand, customers' focus on quality increased during the year, as did the trend towards ever larger glass sizes, which presented new opportunities for Glaston. In addition, energy saving and safety requirements advanced in such a way that they will support demand for machines able to process tempered and coated glass in the long term. Regulations related to Low-E glass will also require the upgrading of glass processing machines in the future.

The Machines segment's most significant market area geographically in 2009 was the EMEA area. Demand for machines weakened significantly in all market areas, except for South America, where demand remained high throughout the year. In Central Europe, demand in the German market stood out positively from the rest of the EMEA area. Towards the end of 2009, a gradual recovery was also evident in the Asian and Australian markets. Particularly in the Chinese market, recovery of the architectural glass segment accelerated due to local stimulus programmes initiated during the year. The architectural glass segment thus suffered less from the recession during the year than Glaston's other end-customer segments. The activity of the automotive glass segment weakened in all market areas.

Demand for solar energy glass solutions weakened as customers postponed decision making on projects due to economic uncertainty and instability of financial markets. Customers have not cancelled projects, however, but the projects are expected to be initiated as economic conditions improve. Demand for comprehensive deliveries was very low during 2009, with demand focusing on single machines instead of system deliveries.

Glass Performance Days

Every second year, Glaston organises a Glass Performance Days (GDP) event in Tampere, Finland, which attracts all of the diverse interest groups of the glass processing chain. The Tampere event is the largest in the glass processing industry and the GDP held in June 2009 was the 11th of its kind.

The GDP is a unique event with the objective of gathering and disseminating the latest information among industry participants and to promote the development of new areas of application and technological features. The GDP is a significant event for the development of the entire glass processing industry. Moreover, the event helps Glaston follow at close range the latest technological trends in the industry as well as customers' and partners' expectations, and it also helps to create customer contacts. One of the GPD's absolute assets is its broad reach. The event allows the industry's activities to be comprehensively viewed from many perspectives.

In 2010 a Glass Performance Days event will also be held in South America for the first time. Glass Performance Days South America will take place in Sao Paulo, Brazil in May 2010. In addition, Glass Performance Days China will be held in Beijing, China in June 2010.

2009 and outlook for 2010

The merger of the Pre-processing and Heat Treatment business areas into the Machines segment took place in the summer of 2009. The merger of the business areas has created one cohesive organisation with wide integration of operations. Removing overlapping functions has achieved cost savings and operational efficiencies as well as synergy benefits, particularly in the management of the segment. As part of the organisational restructuring, Glaston's tool business was also divided so that product development and manufacturing of tools remained in the Machines segment, while sales and marketing were transferred to the Services segment.

In 2009 efficiency improvement played a key role in developing the operations of the Machines segment. An efficiency programme initiated in 2008 continued and, in addition, new cost-saving programmes were launched, leading to significant personnel reductions in Finland and Italy. In addition, the product portfolio was rationalised and machine production locations rearranged by transferring the focus of production and sourcing more towards China. The measures were more extensive on the pre-processing technology side of the business.

In 2009 the net sales of the Machines segment accounted for 54% of Glaston's net-sales. Net sales declined to EUR 82.2 (168.5) million. The operating result excluding non-recurring items amounted to EUR -22.9 (5.1) million.

Overall, Glaston's markets are not expected to recover in 2010, except for individual market areas. In 2010 the priorities for developing the Machines segment's business operations are improving profitability and implementing rationalisation measures initiated in 2009 in terms of personnel, production and the product portfolio. Product development will continue in 2010 in accordance with the previously defined strategy and objectives.

Paul King
Managing Director
Cooling Brothers

Keeping the Cutting Edge of Quality and Service

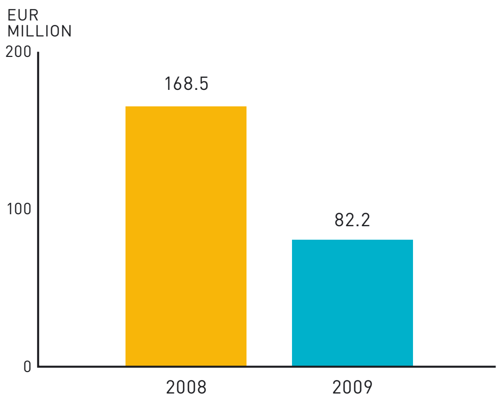
Regardless of where a company is located, it can continue to develop its edge by staying ahead. Cooling Brothers in Perth, Australia, has been continuously reinventing itself ever since it was founded in 1992. Today, the company attributes its success to a high level of quality and customer service. In 2009, the company celebrated the opening of its new factory, equipped with Asia-Pacific's most extensive range of Glaston products, including both Bavelloni and Tamglass machinery and Albat+Wirsam software.

The Australian government supports construction projects built with high-energy efficiency. The use of Low-E glass, which requires high quality in glass processing, helps to meet these criteria. Cooling Brothers purchased the Tamglass ProE furnace to specifically produce this high-performance Low-E glass.

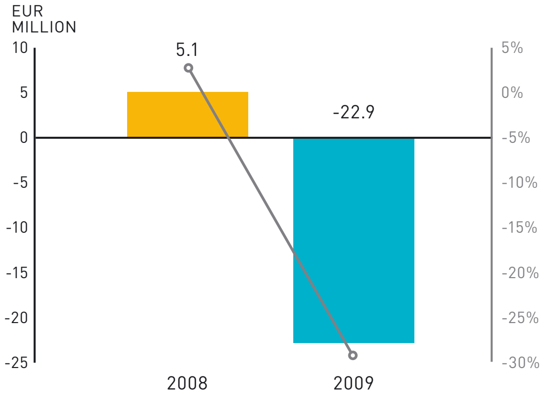
Drivers for the growth in the Australian market come from an increasing demand for new glass types as well as more toughened laminates and double-glazing. This is due to a heightened awareness of caring for the environment. "We are fully committed to alternative glass solutions – green solutions," says Paul King, Managing Director of the company.

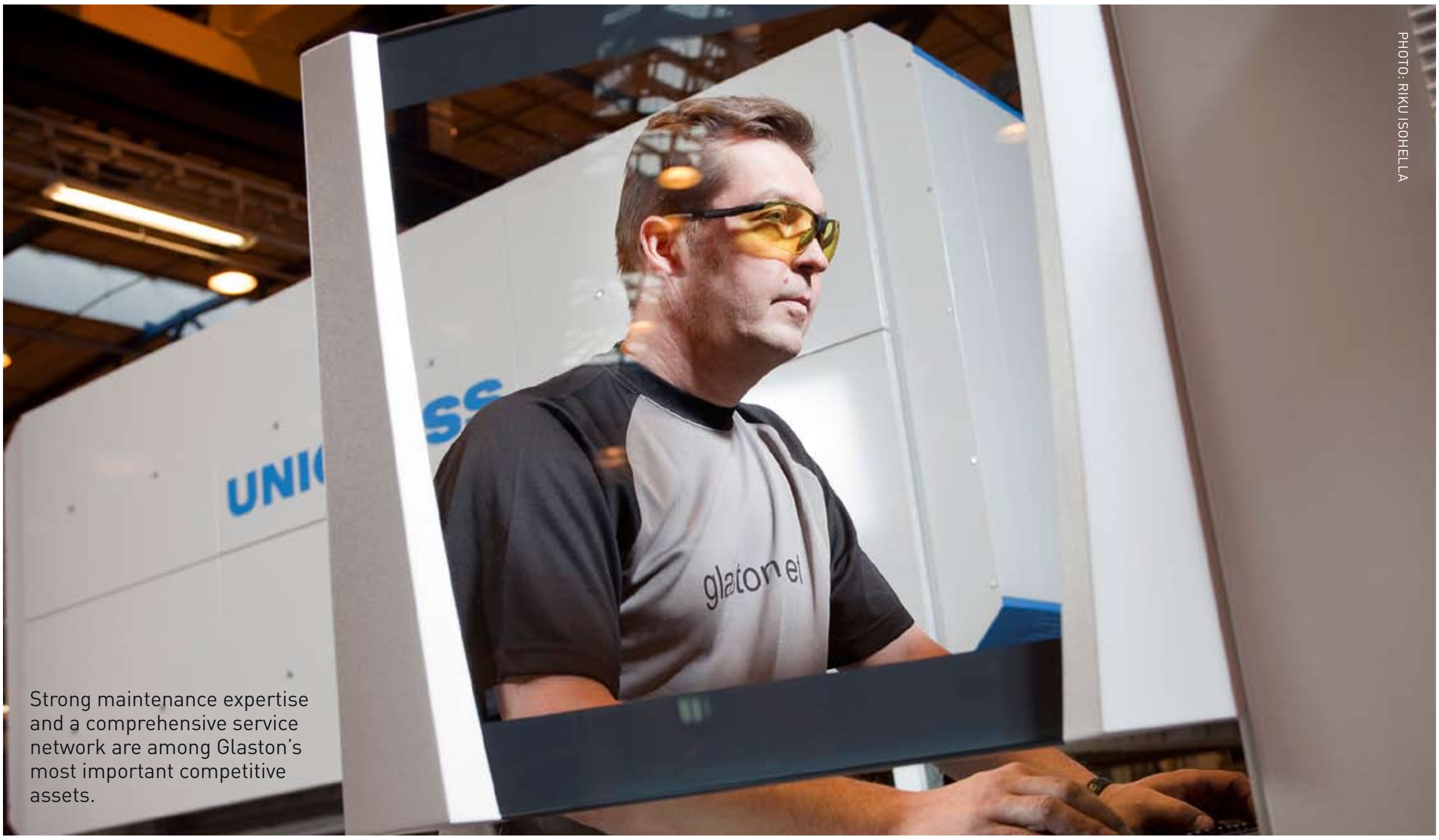
Quality

NET SALES



OPERATING RESULT (EXCL. NON-RECURRING ITEMS) AND OPERATING RESULT AS % OF NET SALES





Strong maintenance expertise and a comprehensive service network are among Glaston's most important competitive assets.

Services

In 2009 Glaston's maintenance and service business was separated from machine operations into its own Services segment. The Services segment focused on bringing the service organisation closer to the customer and on further improving customer satisfaction.

Services and service network

The Services segment includes maintenance and service of glass processing machines, sale of spare parts and tools, and the operation of the glass processing factory in Akaa, Finland, as a service activity on behalf of a customer.

The Services segment offers its customers a comprehensive range of different service and maintenance products. Maintenance services are also offered based on continuous service agreements. The Glaston Care service agreement covers preventative maintenance and servicing of the customer's glass processing machines, while the Glaston Care Plus agreement also includes a stock of machine spare parts. Other services include machine modernisations and accessories, spare parts and tools, remote monitoring and diagnostics, as well as consulting and training.

In 2009 there was greater emphasis on machine modernisations as glass processors focused on machine upgrades instead of new investments. The modernisations related to energy saving, automation systems and technology upgrades. Towards the end of the year, there was also increased demand for upgrade products related to boosting performance and improving the quality of architectural glass.

Services launched during the year included modernisation packages for Uniglass and Bavelloni machines as well as maintenance of competitors' machines. In addition, Glaston launched consulting and training service packages related to the optimum use of machines, such as the OEE consulting package. With the aid of an ACC upgrade launched in USA, cooling of glass can be accelerated in tempering, achieving both energy saving and quality improvement.

Glaston's comprehensive service network and strong maintenance expertise are among the company's most important competitive assets. The network consists of more than 20 service locations. In 2009 the significance of geographical areas and operating close to customers was highlighted. Orivesi upgrade production in

	2009	2008	CHANGE-%
NET SALES [EUR MILLION]	48.1	76.0	-36.7
OPERATING RESULT EXCL. NON-RECURRING ITEMS [EUR MILLION]	-1.9	4.9	-
AS PERCENTAGE OF NET SALES	-4.0	6.5	-
ORDER BOOK (EUR MILLION]	1.6	11.6	-86.2
PERSONNEL AT YEAR-END	228	414	-44.9

Finland was transferred to Tampere and Uniglass integration was completed. Bavelloni service activity was initiated in the Middle Eastern office and a delivery centre was established in Cinnaminson, USA.

Customers and market position

The increasing continuity, efficiency and quality requirements related to production influence demand for maintenance and services. Machines are modernised and upgraded with new features to correspond to the competitive situation and changes in the operating environment.

In 2009 the economic recession impacted negatively on customer demand, particularly in the solar energy, architectural and automotive glass segments. Lower utilisation rates of glass processing machines reduced the need for spare parts and demand fell significantly. The outsourcing trend initiated in previous years came to a halt. The volume of service agreements and work of the Services segment increased, however. Machine upgrades were at the previous year's level, but demand for training services increased notably.

Despite price pressures, customers valued Glaston's ability to offer all maintenance services from the same place. A customer satisfaction survey carried out in 2009 gave the service business the highest customer satisfaction figures in its history.

In the EMEA area, demand for maintenance services and upgrades slowed down with the exception of Germany and the UK, and the Middle East was quieter than expected. Demand in the APAC area declined, except for Australia and New Zealand. In USA, demand was good especially for upgrade products.

2009 and outlook for 2010

In 2009 the net sales of the Services segment accounted for 32% of Glaston's net sales. Net sales declined to EUR 48.1 (76.0) million. The operating result excluding non-recurring items amounted to EUR -1.9 (4.9) million.

The objectives for 2010 are improving profitability, continuing customer-oriented organisational change, developing new products and concepts particularly relating to end-product quality, process monitoring and clean technology, further developing the efficiency of spare part and tool sales, maintaining the quality and service level of maintenance by developing the maintenance concept, and developing the maintenance cooperation network.

Murtaza Hebatullah
Managing Director
Impala Glass
Industries Ltd.

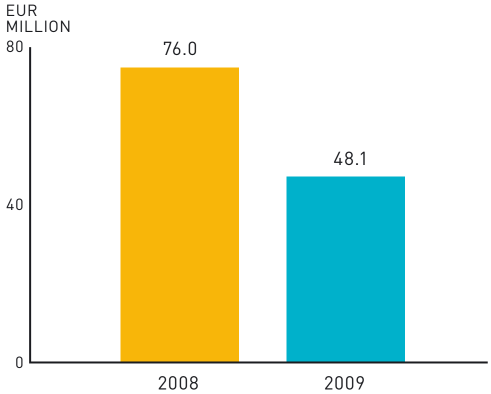
Just a Phone Call Away

In Africa, in the Kenyan market, Impala Glass Industries Ltd. is a well-known manufacturer of laminated windscreen glass and toughed sideline glass. Automotive products represent approximately 60% and architectural safety glass approximately 40% of the company's portfolio. During the past 20 years, Impala Glass has purchased numerous Bavelloni and Tamglass machines. It has also been a long-term customer of Glaston Services.

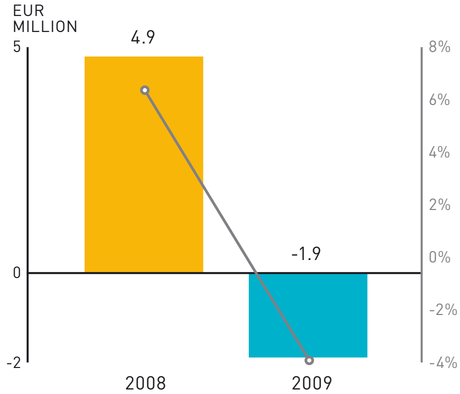
The company has chosen several upgrades and a Glaston service agreement during the years to extend the useful life and reliability of its production machinery. "We have upgraded our machines to help us offer greater value to our customers," says Mr. Hebatullah, Managing Director of Impala Glass.

Today, all of the company's machines are included as part of the long-term Glaston Care service agreement, which includes a visit from a service technician every six months. During these visits, issues relating to the production process are discussed. "Generally, we're doing well with our own maintenance. Still, whenever we've had any problems, help is just a phone call away. And spare parts are available immediately. Service partnership is a continuous learning process for us," says Mr. Murtaza Hebatullah.

NET SALES



OPERATING RESULT (EXCL. NON-RECURRING ITEMS) AND OPERATING RESULT AS % OF NET SALES



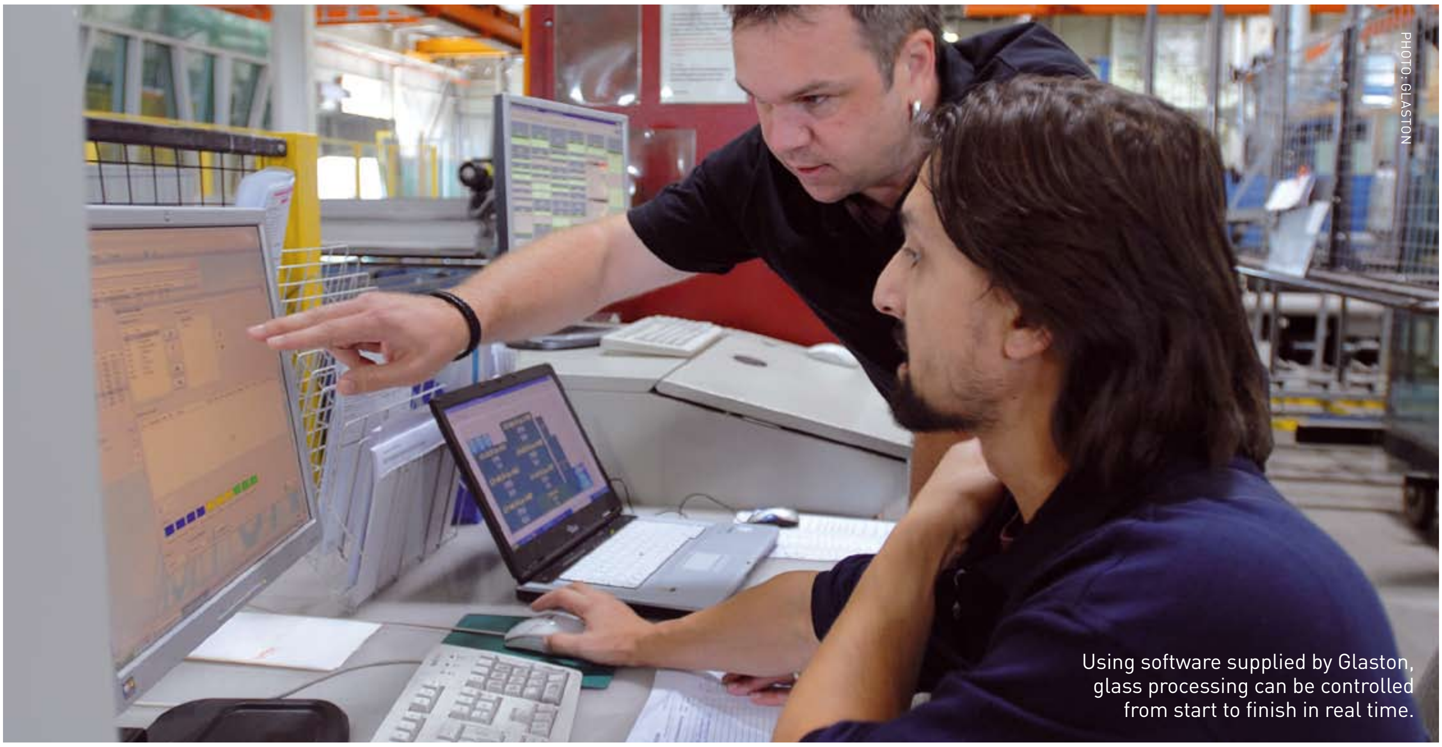


PHOTO: GLASTON

Using software supplied by Glaston, glass processing can be controlled from start to finish in real time.

Software Solutions

In 2009, the Software Solutions segment experienced a strong decline in new licence income. The segment adjusted its operations to the decreased demand through sensible cost management and adapting the size of its organization.

Products and product development
The Software Solutions segment offers software solutions for the glass and window industry. Software Solutions enables Glaston to supply not only glass processing techniques but also production logistics to its customers.

The software products offered by Software Solutions help customers to manage their production and commercial processes as well as link their business partners. For production management, the segment offers software for production optimisation systems, machinery control, and control of material and production processes. For the management of commercial processes, the product range comprises software for business-to-business management, quotations and orders, production and capacity planning, cost calculation, material management, and invoicing. In the individual work areas, the processes are supported by monitoring systems, up to the complete networking ofmachinery to control the material and work flow.

The main difference between the software offered by Glaston and that of other suppliers is that Glaston can control the entire work flow of glass production online in real time, whereas its competitors rely on batch-processing methods.

In 2009, the CAD and line control systems both gained in importance in the product portfolio. The Software Solutions segment developed product variants tailored for Asian markets. The new generation of software systems developed for the window industry allows better work flow integration. Products aimed at controlling integrated line solutions launched in 2008, such as Panorama and AWFactory, were installed as pilots at selected customers during 2009.

Customers and market position
Typical customers of Software Solutions are glass processors and window manufacturers who produce several product variants and have to supply their products just in time. The compatibility of the business and production processes in the glass and window industry allows the managing of the entire delivery chain company-wide. Glaston is the only supplier of software solutions, whose products can be used in several glass industry sectors.

The strongest market sector by volume for the segment is EMEA, followed by North

	2009	2008	CHANGE-%
NET SALES [EUR MILLION]	23.9	28.2	-15.2
OPERATING RESULT EXCL. NON-RECURRING ITEMS [EUR MILLION]	0.4	3.7	-89.2
AS PERCENTAGE OF NET SALES	1.7	13.3	-
ORDER BOOK (EUR MILLION]	4.1	3.5	17.1
PERSONNEL AT YEAR-END	234	261	-10.3

and South America, Asia and APAC. In general, customers in Central Europe demand higher integration and higher production automation, whereas customers in Eastern Europe, Asia and APAC more standard and less complex systems.

In 2009, Software Solutions was able to improve its relative market position in Europe due to strong demand from medium-sized companies. Although demand from global players decreased in general, medium-sized companies invested intensively in the renewal of their production processes towards higher automation, more flexibility, and shorter delivery times.

Although the global market was stagnating or weakening, Software Solutions did not lose market share. The segment's ability to supply highly integrated software solutions which allow for an increase in the level of automation in glass production was an important factor driving demand in 2009.

The Software Solutions segment was able to adapt its operations to the slowing markets by strengthening the structures and processes in product management and implementation as well as by making closeness to customer its top priority.

Year 2009 and outlook for 2010

In 2009, the Software Solutions segment accounted for 16% of Glaston's net sales. The net sales of the segment decreased to EUR 23.9 million (EUR 28.2 million). Operating result excluding non-recurring items amounted to EUR 0.4 million (EUR 3.7 million).

In 2010, the Software Solutions segment will focus on developing easy-to-operate systems and versions for markets such as Eastern Europe, Asia, APAC, and Africa in order to reach customers who are not equipped with the machinery for high automation. On the other hand, the trend towards intensifying partnerships between technology and high-end machinery providers will enable the segment to offer the highest state-of-the-art automated solutions for high-end customers.

Axel J. Schulz
Managing Director
GSK Glas+Spiegel-Schulz

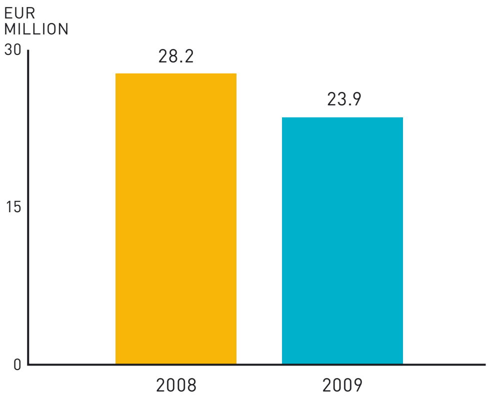
Service – Key to Long Customer Relationship

At the new, recently completed premises of GSK Glas+Spiegel-Schulz, the first toughened glass sheets are being produced in their new Uniglass furnace. For GSK, a company with a long tradition, this is another step towards a successful future: "We want to be a problem solver with glass-technical concepts, offering intelligent and innovative glass products in addition to the standard high-tech insulated glasses", states Axel J. Schulz, who runs the family business in its fourth generation.

For more than 30 years, GSK have been organizing their business and production organization processes using Albat+Wirsam software. The launch of high-tech toughening furnace in 2009 required a thorough re-organization of the production flow, which has been realized with customer-tailored Albat+Wirsam technical software.

"In Albat+Wirsam we have not only chosen the most innovative of software partners; important for us is A+W's committed service concept which guarantees fast and competent support around the clock. This is a major pillar of the long-standing, reliable partnership with our software supplier", says Axel J. Schulz.

NET SALES



OPERATING RESULT (EXCL. NON-RECURRING ITEMS) AND OPERATING RESULT AS % OF NET SALES

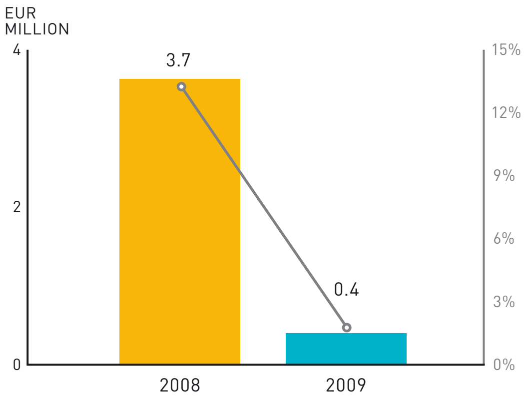



PHOTO: RIKU ISOHELLA

Improving the energy efficiency and performance of machines as well as developing the physical and optical properties of glass are important priorities of Glaston's product development.

Product Development

Product development has important strategic significance for Glaston, because it ensures that the company has a competitive product portfolio. Glaston's product development is strongly customer-oriented and the company cooperates closely in this field with its customers. In 2009 product development expenditure totalled EUR 13.6 (14.4) million, corresponding to around 8.9 (5.3)% of Group net sales.

Glaston's glass processing machine product development is driven by the ever-increasing size of glass surfaces and the simultaneous demand for ever higher quality glass. As efficiency requirements continually tighten, Glaston has focused in its product development on increasing the performance and cost-efficiency of machines. An additional product development priority has been enhancing the energy efficiency of the process and improving the optical quality.

Product development enhanced and centralised

During 2009 Glaston's product development operating practices were strongly enhanced. The company focused on rationalising the product portfolio and cutting production costs. The sector's difficult market situation and intense price competition were also reflected in product development. Product development of the Pre-processing and Heat Treatment business areas was centralised under the Machines segment, which resulted in the standardisation and improved efficiency of operating practices. In addition, the Uniglass product portfolio was integrated into Machines segment product development, and its planning centralised completely in Tampere. Cooperation within the organisation was also improved, for example between the Services segment and Machines segment's product development.

The closure of Glaston's US factory also affected the organisation of product development. Development and production of the CHF product range was transferred from USA to China and Finland. In future, CHF development work directed at making solar energy glass will take place, as a rule, in China and in terms of CHF Pro, in Finland.

During the year, Glaston continued product development cooperation with customers and glass manufacturers with the aim of ensuring the suitability of machine characteristics for customer and market needs. Product development cooperation also continued with research institutes as well as with technical universities and colleges.

New product innovations and customised deliveries

Due to the challenging market situation and intensified competition, product development in 2009 was increasingly focused on developing the characteristics of existing machines. Development work addressed all elements of glass processing machines. The objective was to facilitate the adding of new features to machines already delivered. Product development was also focused on localising existing products to meet the requirements of the Chinese market. Products were also customised to meet the tight quality requirements of the solar energy glass sector in terms of both PV and CSP applications.

In 2009 Glaston launched three significant new machines in the Tamglass product range: Tamglass Magnum+, Tamglass Syncrobend and Tamglass Compact. The Tamglass Magnum+ is Europe's largest flat tempering machine while the Tamglass Compact, on the other hand, is a basic flat tempering machine intended for smaller glass sizes. The Tamglass Syncrobend is a mould-free device intended for bent and tempered glass production. In addition, Glaston launched an extension to its cutting product range for the cutting of laminated and coated glass. Glaston's CNC product range was also supplemented with a new type of auxiliary machine.

The product development priority in the Software Solutions segment was the further development of products and the refining of product variations for the Asian market. The goal was to achieve solutions that will serve customers even better.

> Glaston responds to the needs of different market areas by utilizing its global product development.

Continuous product development also in the future

The priorities for technological development in the future will continue to be improving the energy-efficiency and performance of machines as well as developing the physical and optical properties of glass. In the solar energy glass market, the key objectives in terms of glass processing machines relate primarily to their solar energy technology recovery ratio. There are still no standards defining the technology in the sector, so Glaston can play a significant role in this development.

Glaston's product development expertise will be extended further within the organisation in the future. In 2010 a product development team will be set up in China, which will serve the company's operations better in the local market.

Solar

The solar energy market has been growing fast in recent years. Currently solar energy covers less than 1 per cent of the world's energy needs. According to estimates, solar energy could cover around 70% of the world's energy needs by 2100. In 2009 growth of the solar energy segment slowed, however, as the availability of funding deteriorated. The largest markets for solar electricity panels were Germany and Spain, and the main markets for CSP (Concentrated Solar Power) products were USA and Spain. The solar energy industry has invested heavily, encouraged by the growth of the market in recent years, but in 2009 demand did not grow as expected. In addition to the recession, delays in land-use permits also contributed to the slowing of the market.

Despite the recession, Glaston continued developing solutions for the solar energy market in line with its strategy. Glaston offers providers of solar power applications machines, technology and related services worldwide. The priority areas are solar electricity panels (photovoltaic) and other solar energy glass applications for CSP, in which precisely bent glass panels are used to collect the heat to turn steam turbines for electricity production. The third priority area is solar thermal applications (ST), which are used most commonly for water heating.

In 2009 Glaston's deliveries to the solar energy segment to a large extent reflected the trends in the sector. Glaston delivered several flat tempering machines as well as pre-processing equipment to China for production of glasses used in PV panels. The company also concluded an agreement with a German customer for the delivery of a new-generation continuously operating CHF Pro flat tempering furnace in 2010.

The recession and the deterioration in the availability of funding reduced demand in the solar energy segment. The market is expected, however, to return to growth, and Glaston is ready to respond to the challenges presented by the sector. Solar energy glass processing requires increasingly advanced technology and Glaston will continue to develop its glass processing solutions. In the future transferring to the use of renewable forms of energy is a big and important challenge and Glaston wants to participate in solving this challenge.

Corporate Social Responsibility

Glaston's corporate social responsibility is built on the three supporting columns of sustainable development, namely financial, social and environmental responsibility. Glaston's operations are guided by a Code of Conduct, which the company's Board of Directors has approved.

The Code of Conduct defines Glaston's general operating practices and how employees' are expected to act in their daily work with both colleagues and customers, suppliers and other stakeholder groups.

Glaston requires that all employees adhere to high ethical principles. The company complies with national and international laws, provisions and generally excepted operating practices in all of its activities.

Glaston respects and complies with internationally accepted principles on human rights, which are based, for example, on the UN Universal Declaration on Human Rights, the International Labour Organisation Declaration on Fundamental Principles and Rights at Work, and the UN Global Compact corporate responsibility initiative. Glaston does not use child or forced labour, nor does it cooperate with subcontractors or suppliers that use such labour.

In Glaston, responsible corporate activity and sustainable development are implemented in practice via the company's management.

ENVIRONMENTAL RESPONSIBILITY

The most significant environmental issues for Glaston relate to our products and above all to their efficiency, sustainability and safety.

As a starting point, Glaston's own operations do not have major impacts on the environment. The objective is to achieve the best possible operating practices taking into consideration the local conditions. The Tampere production plant's certified ISO 14001 environmental management system forms a solid foundation for the management of Glaston's environmental issues.

Glaston develops its processes continually in order to take the principles of sustainable development better into account. In product development, paying due attention to energy efficiency occupies a key role and the goal is to make glass processing machines as energy-efficient as possible. The glass processing machines manufactured by Glaston have long lifetimes, and the entire life cycle of a machine is taken into account in its design. Glass processing machines are designed and built to withstand constant use at high production capacities. Regular maintenance extends the machines' useful life as well as product safety. The modernisation of a machine with new technical features will extend the useful life of the machine and will, for example, reduce energy consumption in glass processing.

Glaston pays special attention to the recyclability of machine materials, particularly with respect to components susceptible to wear and tear and thus often changed.

Environmental problems and discussion of climate change have increased demand for products that have a positive impact on the environment. Besides other types of glass, the machines manufactured by Glaston are also used to produce energy glass, which reduces buildings' energy consumption, as well as glass used in applications that produce solar energy.

The heating and cooling of buildings accounts for around half of the world's energy consumption. Changing one old window pane to energy glass reduces the carbon dioxide load resulting from heating and cooling by around 90 kilos each year. The one-off carbon dioxide load arising from the manufacture of the same window pane, however, is only around 25 kilos. Tightening legislation in many countries is promoting the use of energy glass both in new and renovation construction.

Solar energy production is expected to grow significantly in the coming years. A significant area of expertise for Glaston is the offering of machines, technology and services to glass manufacturers that produce special glass for solar energy projects. The glass used in solar cells is subject to high quality requirements, for example with respect to curved surfaces. With Glaston's technology, high quality glass can be produced precisely for this purpose.

SOCIAL RESPONSIBILITY

Development work on Glaston's human resources functions continued during 2009 by building and standardising human resources processes, among others. The goal is for Glaston to operate worldwide according to consistent principles and operating practices by 2011. During 2009 important steps in this direction were achieved and the company made progress towards its target. At the end of 2009, Glaston had 1,160 employees.

Focus on people management

Glaston's human resources strategy was updated in 2009 and the focus areas were the development of pay and remuneration practices, performance management and talent management.

The management practices agreed in Glaston are applied throughout the organisation worldwide. According to Glaston's principles, management of personnel is expert and open. During 2009 personnel development discussion practices, i.e. Performance Dialogue, were extended to cover all employees and the degree of implementation was over 80%. Based on good experi-

Glaston employs a total of 154 people in China.

PHOTO: GLASTON

ences, the PD discussions will be introduced throughout the entire organisation in 2010.

Expert personnel the objective

In 2009 the expertise of sales and service personnel in particular was enhanced. A sales skills training programme that began in 2008 was continued in all geographical sales areas. This training programme is of two years' duration and it will finish during the first half of 2010. Technical product and process training on Glaston's most important products was arranged for service personnel. In addition, sales training was arranged for maintenance service personnel. The use of virtual methods in training programmes was successfully increased.

Glaston's internal training courses have been centralised worldwide into the Glass Performance Academy. In 2009 the company established a new GPA management group, which supervises the targeting of development measures in line with strategy throughout the whole organisation.

Every year Glaston conducts a global personnel survey. Based on the results of the survey, company management implements development measures in collaboration with personnel. Such measures have been directed particularly at creating consistent practices.

The 2009 survey showed that those employees who had participated in a PD discussion were on average more committed to both their work and the company and were also more satisfied with management. The widely introduced PD discussion practice, the global leadership (Value Up) training programme initiated in 2008 and more active internal communications have clearly yielded results.

A year of adjustment measures

Glaston's personnel numbers and organisational structure were adjusted to business conditions both through temporary lay-offs and redundancies. The company has managed the difficult situation quickly and fairly and, if necessary, training related to re-entry into employment has been arranged for those made redundant. Lay-offs have been arranged in close cooperation with personnel to ensure that customer work has not been adversely affected. In 2010 the main goal of human resources management is supporting the company's management to ensure the smooth operation of the new organisation and enhance the commitment of employees.

FINANCIAL RESPONSIBILITY

Glaston's objective is to be the world's leading company in the glass processing sector and thereby to create added value for both its internal and external stakeholders. Good profitability and management of business risks will ensure conditions for creating added value.

Glaston is striving to achieve its objectives through an extensive product range and high customer satisfaction. In terms of net sales, the company is a leading player in its field. At the same time, the product range offered by Glaston to its customers is the widest in the glass processing sector.

Glaston has set the following financial objectives:

- growth in net sales of over 8%.
- raising the operating profit percentage (EBIT%) to at least 10%.
- return on capital employed (ROCE) at least 20%.

Due to weakened market conditions and uncertainty in the operating environment, Glaston announced in October 2008 that it believes to be able to achieve the financial objectives in 2012 instead of 2010.

The scope of its business operations and particularly good profitability will ensure conditions for Glaston's operations over the long term and create a foundation for the competitive development of the business.

In practice, financial responsibility in Glaston means responsible and appropriate financial management. The Group's operational and financial risks are recognised and managed so that business targets are achieved and continuity of the operations is safeguarded. For risk management, Glaston applies a risk management policy, approved by the Board of Directors, which specifies the risk management processes and responsibilities.

BOARD OF DIRECTORS

CHRISTER SUMELIUS
B. 1946, M.SC.(ECON)
DEPUTY CHAIRMAN, MEMBER OF THE BOARD SINCE 1995

SHARE OWNERSHIP AT 31.12.2009: 2,624,200 shares, including shares owned by related parties

MAIN OCCUPATION: Chairman of the Board, Oy Investsum Ab since 1984

PRIMARY WORK EXPERIENCE:
Se-Center Oy, Managing Director, 1987–2007; Graphex GmbH, Director, 1979–1988; Pyramid Advertising Co. Ltd. (Lagos), Chairman, 1983–1985; Pyramid Paper Products Ltd. (Lagos), Managing Director, 1982–1984; Pyramid Inks Manufacturing Co. Ltd. (Lagos), Director, 1981–1985; Finska Papperbruksföreningen, Finnpap, (Singapore), Area Representative, 1980–1981

POSITIONS OF TRUST:
Oy Investsum Ab, Chairman of the Board, 1984–; Tecnomen Lifetree Corporation, Member of the Board, 2001–; Finnish Association of Professional Board Members, Member, 2003–; Chemdyes Sdn. Bhd. Penang (Malaysia), Member of the Board 2006–; Xemet Oy, Member of the Board, 2008–; Nicholai Sourcing Ltd., Member of the Board, 2008–; I-Hygiene Solutions (Malaysia), Member of the Board, 2009–

ANDREAS TALLBERG
B. 1963, M.SC.(ECON.)
CHAIRMAN OF THE BOARD SINCE 2007

SHARE OWNERSHIP AT 31.12.2009: no shares

MAIN OCCUPATION: Oy G.W. Sohlberg Ab, President & CEO since 2007

PRIMARY WORK EXPERIENCE:
EQT, Senior Partner, 1997–2006; MacAndrews & Forbes International, President, 1992–1995; Amer Group, Director, Business Development,1987–1991

POSITIONS OF TRUST:
Detection Technology Oy, Chairman of the Board 2007–; StaffPoint Oy, Chairman of the Board 2008–; Svenska Handelsbanken AB (publ), Finnish branch, Member of the Board 2007–; Myllykoski Oy, Member of the Board 2007–; Perlos Plc, Deputy Chairman of the Board 2007–; Salcomp Plc, Member of the Board 1999–; Nissala Oy, Chairman of the Board 1999–; Oy Frank Media Ab, Member of the Board 2009–

JAN LÅNG
B. 1957, M.SC.(ECON.)
INDEPENDENT MEMBER OF THE BOARD SINCE 2008

SHARE OWNERSHIP AT 31.12.2009: no shares

MAIN OCCUPATION: Ahlstrom Corporation, President & CEO since 2008

PRIMARY WORK EXPERIENCE:
Uponor Corporation, President & CEO, 2003–2008; Huhtamäki Group, several management positions, 1982–2003

POSITIONS OF TRUST: –

PHOTOS: RIKU ISOHELLA

KLAUS CAWÉN
B. 1957, MASTER OF LAWS, LL.M.
INDEPENDENT MEMBER OF THE BOARD SINCE 2004

SHARE OWNERSHIP AT 31.12.2009: 6,000 shares

MAIN OCCUPATION: KONE Corporation, M&A and Strategic Alliances, Russia, Legal Affairs, Member of the Executive Board since 1991

PRIMARY WORK EXPERIENCE:
KONE Corporation, 1983–; KONE Corporation, Member of the Executive Board, 1991–

POSITIONS OF TRUST:
Oy Karl Fazer Ab, Member of the Board, 2002–; Toshiba Elevator and Building Systems Corporation (Japan), Member of the Board, 2002–; Sponda Plc, Member of the Board, 2008–

CARL-JOHAN ROSENBRÖIJER
B. 1964, DR.SC.(ECON.)
MEMBER OF THE BOARD SINCE 1996

SHARE OWNERSHIP AT 31.12.2009: 12,600 shares

MAIN OCCUPATION: Senior teacher, Arcada University of Applied Sciences since 2003

PRIMARY WORK EXPERIENCE:
Swedish School of Economics and Business Administration, Teacher and Researcher, 1990–2001; University of Oulu, Teacher, 2001–2003; Head Consulting Oy, Senior Consultant, 2001–2003

POSITIONS OF TRUST:
Ekonomiska Samfundet i Finland, Member of the Board, 2009–

CLAUS VON BONSDORFF
B. 1967, M.SC.(ENG.), M.SC.(ECON.)
INDEPENDENT MEMBER OF THE BOARD SINCE 2006

SHARE OWNERSHIP AT 31.12.2009: 122,600 shares

MAIN OCCUPATION: Head of Strategy, Business Development and Marketing, Nokia Siemens Networks, Customer and Market Operations, Director since 2007

PRIMARY WORK EXPERIENCE:
Nokia Plc expert and management positions 1994–2007; Nokia Siemens Networks, 2007–

POSITIONS OF TRUST: –

MEMBERS

KIMMO LAUTANEN
CHIEF FINANCIAL OFFICER
B. 1959, M.SC.(ECON.)
EMPLOYED BY THE COMPANY SINCE 2007

SHARE OWNERSHIP AT 31.12.2009:
9,690 shares

PRIMARY WORK EXPERIENCE:
Chief Financial Officer, Oy Hartwall Ab 2003-2007; Chief Financial Officer, Ciba Speciality Chemicals, Japan, France 1996–2003; Chief Financial Officer, Ciba-Geigy, Finland, South Korea 1988–1996; Financial management positions, Kemira Oyj 1986–1988

ARTO METSÄNEN
PRESIDENT & CEO
B. 1956, M.SC.(ENG.)
EMPLOYED BY THE COMPANY SINCE 1 SEPTEMBER 2009

SHARE OWNERSHIP AT 31.12.2009:
no shares

PRIMARY WORK EXPERIENCE:
CPS Colour Group Oy, President & CEO, 2005–2009; Consolis Oy, President & CEO 2005; Sandvik Tamrock Oy, President 2003–2005; Sandvik Tamrock, SVP USA and Mexico, 2002–2003; Sandvik Tamrock Oy, SVP South Europe and Middle East, 1998–2002

POSITIONS OF TRUST:
Tammermatic Oy, Member of the Board 2009–; Rapal Oy, Member of the Board 2006–; Ursviken Group Oy, Member of the Board 2007–

TOPI SAARENHOVI
SENIOR VICE PRESIDENT, MACHINES SEGMENT
B. 1967, M.SC.(ENG.)
EMPLOYED BY THE COMPANY SINCE 2007

SHARE OWNERSHIP AT 31.12.2009:
8,225 shares

PRIMARY WORK EXPERIENCE:
Managing Director, Amomatic Oy, 2004–2007; Vice President, Amomatic Oy, 2003–2004; Plant Manager, Wärtsilä Oyj, Turku, 2002–2003; Production Management Positions, Wärtsilä Oyj, Turku, 1996–2001

PHOTOS: RIKU ISOHELLA

MANNE TIENSUU
SENIOR VICE PRESIDENT, HUMAN RESOURCES
B. 1970, M.SC.(PSYC.)
EMPLOYED BY THE COMPANY SINCE 2009

SHARE OWNERSHIP AT 31.12.2009:
no shares

PRIMARY WORK EXPERIENCE:
Nokia Plc, International Human Resources Management positions, 1999–2009

GÜNTER BEFORT
SENIOR VICE PRESIDENT, SOFTWARE SOLUTIONS SEGMENT
B. 1954, B.SC.(ENG)
EMPLOYED BY THE COMPANY SINCE 2007

SHARE OWNERSHIP AT 31.12.2009:
no shares

PRIMARY WORK EXPERIENCE:
Over 35 years in the glass industry, of which the last 20 years at Albat+Wirsam

TIMO NIEMINEN
SENIOR VICE PRESIDENT, SERVICE SOLUTIONS SEGMENT
B.1968, M.SC.(ENG.), M.SC.(ECON.)
EMPLOYED BY THE COMPANY 2008–2009

SHARE OWNERSHIP AT 31.12.2009:
no shares

PRIMARY WORK EXPERIENCE:
Accenture, Head of Tampere Unit, 2007–2008; Senior Consultant, Accenture, 2001–2008; Consultant, Accenture, 1995–2001

HENRIK REIMS
SENIOR VICE PRESIDENT, MARKETING AND EMEA SALES
B.1968, M.SC.(ENG.)
EMPLOYED BY THE COMPANY SINCE 2008

SHARE OWNERSHIP AT 31.12.2009:
no shares

PRIMARY WORK EXPERIENCE:
Global Account Manager, IBM Finland, 2006–2007; Senior Manager, IBM Finland, 2002–2006; Consultant, MECRASTOR PricewaterhouseCoopers Oy, 1999–2002; Project Manager, ABB Finland, 1997–1999

Terminology

Architectural glass » Glass used in building projects, e.g. façade glass, balcony glass and insulation glass.

Bending » Glass process in which the glass is bent in a desired way.

Bending or flat-tempering » See tempering. According to the desired end-product, glass is either bent or kept flat in the tempering process.

Convection technology » Heat transfer technology by which heat transfer to glass is accelerated (particularly with coated glass).

CSP solar mirror » CSP (Concentrating Solar Power) solar collector.

CSP technology » CSP (Concentrating Solar Power) -energy recovery based on concentrating solar collector technology, utilising heat transfer material.

Emissivity » A measure of the capacity of glass to reflect thermal radiation. Glass possessing a low emissivity reflects thermal radiation more effectively than high emissivity glass.

Energy-saving glass » Soft-surfaced: the glass is coated using a vacuum coating method with several thin metal layers (e.g. silver), which have a good thermal radiation reflectance. Used to improve thermal insulation in insulating glass. Hard-surfaced: the glass is coated in manufacturing process with a metal layer, which has a relatively good thermal radiation reflectance. Can be used as single glasses, but generally used as part of an insulating glass system.

Flat-tempering machine » Glass processing machine, which heats raw glass to a high temperature and cools it quickly. In the machine, a powerful compression stress arises in the surface layer of the glass with a tensile stress developing inside, which makes the glass stronger. Flat-tempering machines produce safety glass.

Float or raw glass » Flat glass, made in a float process from sand, soda, dolomite, limestone and recycled glass. During manufacture, the molten glass flows from the furnace onto a bath of molten tin, from where the glass is cooled into sheets. Float glass is used as the raw material in most glass processing.

Glass processing machine » A machine in which raw glass is processed into a final product for the selected purpose. Glass processing machines are glass pre-processing machines, safety glass machines and post-processing machines.

GPD » Glass Performance Days, the world's leading glass industry conference, organised by Glaston.

Insulating glass » Element made of two or more glass sheets, in which the space formed by the glass sheets and the frames are air-tight sealed with elastic compound. The element effectively insulates a building, keeping heat inside and preventing the transmission of cold, outside air into the interior.

Lamination » Glass process in which several sheets of glass are bonded together with special plastic film with the aid of temperature and pressure.

Low-E glass » Coated glass included in insulating glass elements. The properties of the coated glass are modified with a silver-oxide coating such that thermal radiation is largely reflected back into the original heat source without changing the colour, light transmission or other mechanical properties of the glass compared with clear raw glass.

Parabolic mirror » Mirror used in solar energy production, whose cross-section is in the form of a parabola which collects all rays of light parallel to its axis so that they meet exactly at the same point, the focal point of the mirror.

Pre-processing machine » Machine on which glass is cut, ground, drilled, washed or silk-screen printed.

PV glass » (Photovoltaic) solar panel – can be based either on light cell technology or on the use of special thin metal coatings.

Safety glass » Glass made by tempering or laminating. Tempered glass is many times stronger than ordinary glass and when it breaks it disintegrates into harmless granules. Laminated glass stays in its frame when it breaks.

Safety glass machine » A machine on which raw glass is processed, after pre-processing, into safety glass, i.e. tempered or laminated glass.

Solar energy glass machine » Glass processing machine on which raw glass is processed into glass that is used in solar energy applications producing electricity or heat.

Tempering » Glass process in which float glass is heated to high temperature and then cooled quickly. During the process, a powerful compression stress arises in the surface layer of the glass with a tensile stress developing inside, which makes the glass up to five times stronger than raw glass.

Information for Shareholders

Annual General Meeting
The Annual General Meeting of Glaston Corporation will be held in Helsinki on Tuesday, 13 April 2010 at 4 p.m. at the hotel Hilton Helsinki Kalastajatorppa.

Shareholders entered in the company's shareholder register held by Euroclear Finland Oy on March 30, 2010 are entitled to attend the Annual General Meeting.

Shareholders who wish to attend the Annual General Meeting must register their intention to attend at the latest by 4 p.m. on 8 April 2010. Such registration can be made either:

- by e-mail to tania.spare@glaston.net
- by telephone to +358 10 500 6438
- by fax to +358 10 500 6515 or
- by regular mail to the address Glaston Corporation, Mikonkatu 9, FI-00100 Helsinki.

The registration must arrive before the registration period ends. Possible proxy documents should be delivered in originals to Glaston Corporation before the last date for registration.

A holder of nominee registered shares is advised to request without delay necessary instructions regarding the registration in the shareholder's register of the company, the issuing of proxy documents and registration for the General Meeting from his/her custodian bank. The account management organization of the custodian bank will register a holder of nominee registered shares, who wants to participate in the General Meeting, to be temporarily entered into the shareholders' register of the company at the latest on 8 April 2010 by 10 a.m.

Dividend
Glaston's Board of Directors proposes to the Annual General Meeting that no dividend be distributed for financial year 2009.

Glaston Corporation's financial reporting schedule during 2010

- Glaston's financial statements for 1 January – 31 December 2009 are published on 10 February 2009
- The Annual Report is published in Week 11
- Interim report 1 January – 31 March 2010 on Tuesday, 4 May 2010
- Interim report 1 January – 30 June 2010 on Tuesday, 24 August 2010
- Interim report 1 January – 30 September 2010 on Wednesday, 27 October 2010

Glaston publishes financial reports and bulletins in Finnish and English, and they are also available in the company's website www.glaston.net.

Briefings for analysts and the press will be arranged on the date of publication of each interim report at a time to be announced separately.

Glaston observes a three-week quiet period before the publication of financial results. During this period, the company's representatives do not meet with investors or analysts and do not comment on the company's financial position.

Ordering of bulletins and publications
Glaston's annual reports and interim reports can be ordered by telephone from +358 10 500 500 or through the company's website www.glaston.net → Media → Publications → Order Publications.

You can order Glaston Corporation's stock exchange releases directly to your e-mail address. As soon as the releases are published, they are sent automatically to those who have registered for the distribution service on the company's website www.glaston.net → Media → Releases → Order releases.

Changes of address
Glaston shareholders are requested to notify changes of address to the bank which maintains their book-entry account. Shareholders registered with Euroclear Finland Oy are requested to send a written notification of change of address to:

Euroclear Finland Oy
P.O. BOX 1110
FI-00101 Helsinki

The change notification should mention the shareholder's name, book-entry account number or date of birth as well as the new and former address. A change of address can also be made directly on an electronic form at the address www.euroclear.fi → Euroclear Finland.

Further information about Glaston
Agneta Selroos
IR and Communications Manager
tel. +358 10 500 6105
e-mail: agneta.selroos@glaston.net

LOCATIONS AND ADDRESSES

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Fax +358 10 500 6515

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FI-33731 Tampere
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Via Milano, 93
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SOFTWARE SOLUTIONS SEGMENT
Albat+Wirsam Software AG
Konrad-Adenauer-Straße 15
D-35440 Linden
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SERVICES SEGMENT
Glaston Finland Oy
Vehmaistenkatu 5
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2009 BOARD OF DIRECTORS' REVIEW AND FINANCIAL STATEMENTS GLASTON CORPORATION

glaston

CONTENTS

(* Not included in the official Board of Directors' Review and Financial Statements

BOARD OF DIRECTORS' REVIEW 1 JANUARY–31 DECEMBER 2009

MARKETS

In 2009 the economic recession strongly influenced demand for glass processing machines and the market situation was extremely difficult throughout the year. Glaston's market in different countries developed unevenly during the year. As the European, Middle Eastern and North American weakened further, positive development was perceptible in the South American and Chinese markets.

NEW SEGMENTS

Glaston changed its organisation in 2009 and its reportable segments are Machines, Services and Software Solutions

The Pre-processing and Heat Treatment segments were combined to form the Machines segment. At the same time, maintenance and service business was separated from machine operations into its own Services segment.

The Machines segment comprises tempering, bending and laminating machines sold under the Tamglass and Uniglass brands, glass pre-processing machines sold under the Bavelloni brand, and tool manufacturing. The Services segment consists of glass processing machine maintenance and service activity, sales of spare parts and tools, and the operation of the glass processing factory in Akaa, Finland, as a service activity on behalf of a customer. The Software Solutions segment includes enterprise resource planning systems for the glass industry and sold under the Albat+Wirsam brand.

MACHINES

Despite a weakening of demand, the Machines segment maintained its market position in 2009. Owing to the challenging market situation, price competition intensified during the year, particularly with respect to Asian competitors.

Demand for glass processing machines weakened significantly in all market areas, except for South America, where demand remained high throughout the year. In Central Europe, demand in the German market stood out positively from the rest of the EMEA area. At the end of 2009, a gradual recovery of the market was also evident in the Asian and Australian markets. Particularly in the Chinese market, recovery of the architectural glass segment was accelerated by local stimulus measures initiated during the year.

Demand for solar energy glass solutions weakened as customers postponed decision-making on projects due to economic uncertainty and financial market instability. Demand for comprehensive (One-Stop-Partner) deliveries was very low and the emphasis on machine sales was on single machines.

In 2009 efficiency improvement played a key role in developing the operations of the Machines segment. An efficiency programme initiated in 2008 continued and, additionally, new cost-cutting programmes were launched, which included significant personnel reductions in Finland and Italy. Moreover, the product portfolio was rationalised and machine production location arrangements were made by transferring the focus of production and sourcing more towards China. The measures were more extensive on the pre-processing technology.

Orders received in the Machines segment totalled EUR 88.5 (144.4) million in 2009. January-December net sales totalled EUR 82.2 (168.5) million.

SERVICES

In 2009 the Services segment's strongest market areas were Germany, Brazil, Australia and New Zealand. In the EMEA area demand for maintenance services and upgrades slowed down except for Germany and the UK. The Middle East was quieter than expected. Demand in the APAC area declined, except for Australia and New Zealand. In the United States demand was subdued.

The economic recession negatively impacted customer demand, particularly in the solar energy, architectural and automotive glass segments. Lower utilisation rates of glass processing machines reduced the need for spare parts. The outsourcing trend initiated in previous years came to a halt.

Although market demand weakened, the volume of the Services segment's service contracts and maintenance work grew and demand for training services clearly increased. Demand for spare parts fell significantly, however. There was greater emphasis on machine modernisations as glass processors focused on machine upgrades instead of new investments. The modernisations related to energy-saving, automation systems and technology upgrades. At the end of the year, there was also increased demand for modernisation related to enhancing performance and improving the quality of architectural glass.

In 2009 the significance of geographical areas and operating close to the customer was highlighted. Orivesi upgrade production in Finland was transferred to Tampere and the integration of Uniglass machine maintenance into the rest of the service organisation was completed. A service point for Bavelloni machines was established in the Middle East and a new distribution centre set up in Cinnaminson, USA.

Orders received in the Services segment totalled EUR 42.8 (72.3) million in 2009. January-December net sales totalled EUR 48.1 (76.0) million.

SOFTWARE SOLUTIONS

In 2009 Software Solutions improved its market position in Europe due to strong demand from medium-sized companies. Although demand from international operators generally declined, medium-sized companies invested strongly in renewing their production processes towards a higher degree of automation, greater flexibility and shorter delivery times.

The Software Solutions segment did not lose market share, even though the markets were at a standstill or weakened outside Europe. A factor driving demand in 2009 was the segment's ability to deliver highly integrated software solutions that facilitate increased automation of glass processing.

The Software Solutions segment succeeded in adjusting operations to correspond with shrinking markets by strengthening product management and implementation structures and processes as well as by prioritising customer orientation.

In 2009 a more prominent role was given to CAD and line control systems in the product range. The Software Solutions segment developed customised product applications for the Asian market. New-generation software systems developed for the window industry facilitated better integration of work flow. The Panorama and AWFactory products launched in 2008 and intended to manage integrated line control systems were delivered to selected customers as pilot projects during 2009.

Orders received in the Software Solutions segment totalled EUR 10.6 (13.9) million in 2009. January-December net sales totalled EUR 23.9 (28.2) million.

ORDERS RECEIVED AND ORDER BOOK

Glaston's orders received during the financial year totalled EUR 141.9 (230.5) million. Of orders received, the Machines segment accounted for 62.4%, Services 30.2% and Software Solutions 7.4%.

Glaston's order book on 31 December 2009 was EUR 45.5 (62.5) million. Of the order book, the Machines segment accounted for EUR 39.8 (47.3) million, Services EUR 1.6 (11.6) million and Software Solutions EUR 4.1 (3.5) million.

ORDER BOOK, EUR MILLION	31.12.2009	31.12.2008
MACHINES	39.8	47.3
SERVICES	1.6	11.6
SOFTWARE SOLUTIONS	4.1	3.5
TOTAL	45.5	62.5

NET SALES AND OPERATING PROFIT

Glaston's January-December net sales totalled EUR 151.8 (270.4) million. Of the net sales, the Machines segment accounted for EUR 82.2 (168.5) million, Services EUR 48.1 (76.0) million and Software Solutions EUR 23.9 (28.2) million.

NET SALES, EUR MILLION	2009	2008
MACHINES	82.2	168.5
SERVICES	48.1	76.0
SOFTWARE SOLUTIONS	23.9	28.2
PARENT COMPANY, ELIM.	-2.4	-2.2
TOTAL	151.8	270.4

NET SALES, EUR MILLION	2009	2008	2007
GLASTON GROUP	151.8	270.4	269.8

The operating result, excluding non-recurring items, was a loss of EUR 33.6 (6.2 profit) million, i.e. -22.2 (+2.3)% of net sales.

The operating result was a loss of EUR 55.3 (6.1 loss) million. Non-recurring items in 2009 totalled EUR -21.6 (-12.3) million, of which EUR -17.3 (-12.3) million were recognised in the final quarter. Non-recurring items in 2009 consist mainly of impairment losses on goodwill and intangible assets (EUR 10.9 million), costs recognised for the merger of business areas (EUR 3.3 million) and recognition of personnel expenses arising from the efficiency programmes initiated at the end of the year (EUR 7.6 million). In addition, non-recurring items include the release of provisions made in 2008 totalling EUR 1.1 million.

The Machines segment's operating result in January-December was a loss of EUR 38.8 (4.4 loss) million. The 2009 operating result, excluding non-recurring items, was a loss of EUR 22.9 (5.1 profit) million.

The strong decline in sales weakened the profitability of the Machines segment, and the substantial cost-cutting and adjustment measures were insufficient to balance sharply falling net sales. In addition, intense price competition affected market prices, weakening the profitability of both the Machines segment and the entire sector.

Operating result of the Services segment in January-December was a loss of EUR 4.7 (2.7 profit) million. The segment's operating result for the full year, excluding non-recurring items, was a loss of EUR 1.9 (4.9 profit) million. The Services result was heavily burdened by Tamglass Glass Processing's operating loss of EUR 4.6 (6.3 loss) million.

The Software Solutions segment's operating result in January-December was a loss of EUR 1.3 (3.2 profit). The segment's operating profit for the full year, excluding non-recurring items, was EUR 0.4 (3.7) million.

OPERATING RESULT, EXCLUDING NON-RECURRING ITEMS, EUR MILLION	1-12/2009	1-12/2008
MACHINES	-22.9	5.1
SERVICES	-1.9	4.9
SOFTWARE SOLUTIONS	0.4	3.7
PARENT COMPANY, ELIM.	-9.3	-7.6
TOTAL	-33.6	6.2
NON-RECURRING ITEMS	-21.6	-12.3
OPERATING RESULT AFTER NON-RECURRING ITEMS	-55.3	-6.1

The result for the financial year was a loss of EUR 53.6 (9.2 loss) million. Return on capital employed (ROCE) was -32.1 (-2.3)%. Earnings per share were EUR -0.68 (-0.12).

Glaston has no significant revenue or expense items recognised directly in equity.

	2009	2008	2007
OPERATING RESULT, EUR MILLION	-55.3	-6.1	12.2
OPERATING RESULT, % OF NET SALES	-36.4	-2.3	4.5
PROFIT / LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT, EUR MILLION	-53.6	-9.1	10.8
PROFIT / LOSS FOR THE YEAR ATTRIBUTABLE TO OWNERS OF THE PARENT, % OF NET SALES	-35.3	-3.4	4.0

	2009	2008	2007
EARNINGS PER SHARE, CONTINUING OPERATIONS, EUR	-0.68	-0.12	0.09
EARNINGS PER SHARE, DISCONTINUED OPERATIONS, EUR	-	-	0.05
EARNINGS PER SHARE, BASIC AND DILUTED, TOTAL, EUR	-0.68	-0.12	0.14

	2009	2008	2007
RETURN ON CAPITAL EMPLOYED (ROCE), %	-32.1	-2.3	11.3
RETURN ON EQUITY, %	-55.5	-7.0	7.7

The definitions of key figures are presented in the consolidated financial statements.

FINANCING AND CASH FLOW

The Group's financial position remained reasonable. The Group's financial position was affected mainly by changes in working capital and cash flow from operating activities as well as by a convertible bond (EUR 23.8 million) issued in June. Cash flow from operating activities was EUR -1.2 million, of which the change in net working capital was EUR +28.6 million. Cash flow from operating activities, excluding the change in net working capital, was negative (EUR -29.8 million) in the review period. Cash flow from investing activities was EUR -7.5 (-13.4) million. Cash flow from financing activities in January-December was EUR +12.3 (+37.8) million, including dividends paid in the review period of EUR 3.9 (7.8) million.

The equity ratio on 31 December 2009 was 33.1 (45.8)%.

The Group's liquid funds on 31 December 2009 totalled EUR 15.6 (11.5) million. Interest-bearing net debt totalled EUR 63.7 (57.9) million and net gearing was 91.9 (46.8)%. In the liquidity management Glaston mainly utilises a committed revolving credit facility. The revolving credit facility was renewed in November 2009. At the end of 2009, the size of the new revolving credit facility was EUR 74 million, of which EUR 42 million was in use. The revolving credit facility includes covenants and other commitments which are linked to consolidated key figures. If the covenants are not fulfilled, negotiations with the lenders will be initiated. These negotiations may lead to notice of termination of financial agreements. The terms of agreement also include restrictions on the payment of dividends. Based on the restrictions dividend distribution is conditional on Glaston's net gearing such that net gearing before and after a possible dividend payment does not exceed 80%.

	2009	2008	2007
EQUITY RATIO, %	**33.1**	45.8	55.5
GEARING, %	**114.3**	56.1	15.2
NET GEARING, %	**91.9**	46.8	7.1
INTEREST-BEARING NET DEBT, EUR MILLION	**63.7**	57.9	9.9

Contingent liabilities are presented in Note 27 to the consolidated financial statements.

CAPITAL EXPENDITURE, DEPRECIATION AND AMORTISATION

Glaston's gross capital expenditure totalled EUR 8.5 (18.4) million. The most significant capital expenditure during 2009 was related to the ERP project as well as to a joint venture founded in connection with the sale of the glass processing operations.

During 2009 depreciation and amortisation of property, plant and equipment and intangible assets totalled EUR 8.4 (8.7) million. In addition, impairment losses totalled EUR 12.5 (2.6) million, of which goodwill accounted for EUR 7.8 million.

	2009	2008	2007
GROSS CAPITAL EXPENDITURE, EUR MILLION	**8.5**	18.4	34.1
GROSS CAPITAL EXPENDITURE, % OF NET SALES	**5.6**	6.8	12.6
DEPRECIATION AND AMORTISATION, EUR MILLION	**8.4**	8.7	7.1
IMPAIRMENT LOSSES, EUR MILLION	**12.5**	2.6	-

EFFICIENCY PROGRAMME

To improve profitability and adjust operations to the market situation, efficiency measures were initiated throughout the Group in September 2008, and these measures were continued during 2009.

In addition to the efficiency measures under way, Glaston announced in April that it would change its structure to improve profitability. The Pre-processing and Heat Treatment business areas were combined to form the Machines segment. The Machines segment's new global organisation was appointed and active by June 2009. The operational restructuring proceeded in the autumn, focusing on completing integration and further improving profitability, developing the global production structure, enhancing sourcing activity and streamlining the product portfolio.

Operational efficiency was enhanced by adjusting production, and the production unit located in Mexico was closed in March. The factory located in Cinnaminson, USA was closed in December 2009 and production of tempering machines manufactured in the USA was transferred to Finland and China.

In autumn 2009, Glaston initiated a programme to develop spare parts and tool operations as well as logistics, and inventories in Mexico and Greensboro, USA, were transferred to Cinnaminson, USA. In the Services segment, cost-cutting and operational adjustment measures continued. A unit manufacturing upgrade products in Orivesi, Finland, was closed.

The Group had substantial temporary lay-off programmes under way in Finland and Italy during the year. Working time was shortened in Germany and the USA.

In October 2009 Glaston announced an extensive adjustment programme to reorganise its operations. The employee negotiations related to the programme were completed in December and included, among other things, production capacity adjustment measures, product range optimisation, and simplification of the sales organisation structure. The need to cut jobs amounts at most around 400. The programme's annual additional savings are around EUR 12 million and they will be implemented mainly in the first half of 2010. The non-recurring costs arising from the planned measures amount to EUR 7.6 million and they have been recognised in the final quarter of 2009. Most of these non-recurring costs will impact cash flow in 2010.

The cost savings planned in the efficiency measures total around EUR 30 million. Related non-recurring costs totalled EUR 11.4 million for 2009, of which EUR 7.6 million were related to the efficiency programme initiated in autumn and the remainder to the efficiency programme launched in spring, which was realised at only EUR 3.8 million instead of the previously estimated amount.

PERSONNEL

Glaston initiated negotiations to adjust human resources significantly to the weakened market situation since late 2008. Substantial lay-offs in Finland and Italy were initiated in late 2008 and in early 2009 and continued during the year. It was decided in March to temporarily lay off all Glaston Finland Oy personnel, excluding maintenance staff, a total around 200 people, for 10 - 18 weeks, and the lay-offs continued in autumn 2009. In Italy 25% of personnel, i.e. 100 employees, have been regularly laid off since December 2008. A shortening of working time was agreed in Germany and the USA.

In October 2009, Glaston initiated an extensive adjustment programme covering the entire Glaston workforce worldwide. The most substantial adjustment measures were directed at Italy, where it was agreed to cut around 140 jobs, and in Finland, where 50 employees were made redundant in December 2009 following negotiations.

On 31 December 2009, Glaston Corporation had a total of 1,160 (1,541) employees. Of the Group's employees, 20% worked in Finland and 53% elsewhere in the EMEA area, 15% in Asia and 13% in the Americas. The average number of employees was 1,344 (1,519).

	2009	2008	2007
WAGES, SALARIES AND BONUSES, EUR MILLION	**55.7**	59.7	49.7
PERSONNEL AT END OF YEAR	**1,160**	1,541	1,435
PERSONNEL (AVERAGE)	**1,344**	1,519	1,288

GROUP STRUCTURAL CHANGES

As part of an efficiency programme initiated in 2008, operations of Uniglass Engineering Oy were transferred to Glaston's factory in Tampere, Finland. Operations at the Uniglass factory in Ylöjärvi, Finland, ended on 31 March 2009.

Glaston's subsidiary Tamglass Glass Processing Ltd. sold its insulation and architectural glass processing operations to INTERPANE Glass Oy in March. INTERPANE Glass Oy is a Glaston joint venture company. As of 1 April 2009, Glaston's glass processing operations consist only of solar reflector production at Akaa, Finland, as a service activity on behalf of a customer.

The Pre-processing and Heat Treatment business areas were merged in April to form the Machines segment. To boost sales of tools and ensure synergy benefits in spare parts sales and deliveries, tool sales were transferred during the third quarter from the Machines segment to the Services segment, with manufacturing and development of tools remaining in the Machines segment.

Glaston's two companies in Mexico were merged in the second quarter, Glaston UK Ltd. and Albat+Wirsam Software Ltd. in the UK at the beginning of the third quarter, and Albat+Wirsam Software AG and Cantor Software GmbH in Germany at the beginning of September. In Italy, Glaston Italy S.p.A. and DiaPol S.r.l. were merged in December.

CHANGES IN COMPANY MANAGEMENT

Henrik Reims was appointed Senior Vice President, Sales and Marketing as of 1 April 2009, Topi Saarenhovi Senior Vice President of the Machines segment as of 22 April 2009 and Manne Tiensuu Senior Vice President, Human Resources as of 15 May 2009. Arto Metsänen, M.Sc.(Eng.), was appointed on 5 August 2009 as the company's new President & CEO, and he started work in his position on 1 September 2009.

SHARES AND SHARE PRICES

Glaston Corporation's paid and registered share capital on 31 December 2009 was EUR 12.7 million and the number of issued shares totalled 79,350,000. The company has one series of share. At the end of the financial year, the company held 838,582 of the company's own shares (treasury shares), corresponding to 1% of the total number of issued shares and votes. The counter book value of treasury shares is EUR 134,173.

During 2009, 28,789 of the company's own shares, transferred in 2008 to key individuals on the basis of the share-based incentive scheme, were returned to Glaston Corporation, as the terms for the performance period of the incentive scheme were not fulfilled.

Every share that the company does not hold itself entitles its owner to one vote at the Annual General Meeting. The share has no nominal value. Each share has a counter book value of EUR 0.16.

During 2009, a total of 7,032,751 of the company's shares were traded, representing around 9% of the average number of shares. The lowest price paid for a share was

EUR 0.92 and the highest price EUR 1.44. In January–December, the volume-weighted average price of shares traded was EUR 1.18. The closing price on 31 December 2009 was EUR 1.08.

On 31 December 2009, the market capitalisation of the company's shares, treasury shares excluded, was EUR 84.8 (71.5) million. The equity per share attributable to the owners of parent was EUR 0.88 (1.58).

PER SHARE DATA	2009	2008	2007
EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT PER SHARE, EUR	**0.88**	1.58	1.78
DIVIDEND PER SHARE, EUR *)	**0.00**	0.05	0.10
DIVIDEND PAYOUT RATIO, % *)	**-**	-43.0	73.2
DIVIDEND YIELD, % *)	**-**	5.5	3.6
PRICE / EARNINGS PER SHARE (P/E) RATIO	**-1.6**	-7.8	20.3
PRICE / EQUITY ATTRIBUTABLE TO OWNERS OF THE PARENT PER SHARE	**1.23**	0.58	1.55
SHARE PRICE AT END OF YEAR, EUR	**1.08**	0.91	2.77
MARKET CAPITALISATION, END OF THE YEAR, EUR MILLION	**84.8**	71.5	217.3
SHARE TURNOVER (1,000 SHARES)	**7,033**	3,965	7,993
SHARE TURNOVER, % OF AVERAGE NUMBER OF SHARES	**9.0**	5.1	10.2
NUMBER OF SHARES AT END OF THE YEAR	**79,350,000**	79,350,000	79,350,000
NUMBER OF SHARES AT END OF YEAR, INCLUDING EFFECT OF CONVERTIBLE BOND	**97,619,231**	-	-
AVERAGE NUMBER OF SHARES, EXCLUDING TREASURY SHARES	**78,522,224**	78,507,338	78,682,449
AVERAGE NUMBER OF SHARES, INCLUDING DILUTION EFFECT OF CONVERTIBLE BOND AND EXCLUDING TREASURY SHARES	**89,143,077**	-	-

*) Board of Directors' proposal to the Annual General Meeting

The definitions of key figures are presented in the consolidated financial statements. The impact of the convertible bond on the number of the company's shares is presented in Note 4 to the consolidated financial statements.

SHAREHOLDERS

Glaston Corporation's largest shareholders at 31 December 2009, the ownership distribution at 31 December 2009, and the share ownership by number of shares are presented in Note 4 to consolidated financial statements. Information on the Glaston Corporation shares owned by Members of the Board of Directors and the President & CEO is presented in Note 30 to the consolidated financial statements.

Glaston Corporation is unaware of any agreements or arrangements relating to share ownership and the exercise of votes.

SHARE-BASED INCENTIVE SCHEMES

On 9 May 2007, Glaston's Board of Directors decided on a share-based incentive scheme for the Glaston Group's key individuals. The scheme had three one-year performance periods, namely the calendar years 2007, 2008 and 2009. The scheme will be settled in 2008, 2009 and 2010 in shares and cash. The proportion to be paid in cash is intended to cover taxes and tax-related costs arising to key personnel from the bonus. Shares cannot be disposed of within two years of the bonus being awarded.

The bonus from the scheme for the 2009 performance period was based on growth of the Group's operating profit and a reduction of net working capital. If the targets set for the performance criteria of the incentive scheme for the years 2007-2009 are achieved in full, a maximum of 652,500 shares, namely 217,000 shares per year, will be given as bonus from the scheme, and cash paid will be at most the amount needed for the taxes and tax-related costs arising to key individuals from the bonus at the time the bonus is paid.

Owing to Glaston's weak profit development, the Board of Directors of Glaston Corporation has decided that no bonus from the share-based incentive scheme will be paid for 2009.

In addition to the above-mentioned scheme, the President & CEO of Glaston Corporation has a separate share-based payment incentive scheme, according to which 50,000 Glaston Corporation shares will be transferred to him one year after the beginning of his employment relationship.

DECISIONS OF THE ANNUAL GENERAL MEETING

The Annual General Meeting of Glaston Corporation was held in Helsinki on 17 March 2009. The Annual General Meeting approved the financial statements and consolidated financial statements for 2008 and released the President & CEO and the Board of Directors from liability for the financial period 1 January-31 December 2008.

The Annual General Meeting approved the Board of Directors' proposal of a dividend of EUR 0.05 per share.

The Annual General Meeting confirmed that the following will continue on the Board of Directors for a year-long term of office: Claus von Bonsdorff, Klaus Cawén, Jan Lång, Carl-Johan Rösenbröijer, Christer Sumelius and Andreas Tallberg. The Annual General Meeting decided to maintain the Chairman of the Board's annual remuneration at EUR 40,000 and the Deputy Chairman's annual remuneration at EUR 30,000. It was also decided to maintain the remuneration of the other Members of the Board at EUR 20,000 per year. The Board of Directors elected Andreas Tallberg to continue as the Chairman of the Board and Christer Sumelius to continue as the Deputy Chairman of the Board.

The Annual General Meeting re-elected as auditor the authorised public accounting firm KPMG Oy Ab, with the responsible auditor being Sixten Nyman, APA. Annual General Meeting approved amendments to the Articles 2, 11 and 12 of the Articles of Association.

AUTHORISATIONS GIVEN BY THE ANNUAL GENERAL MEETING

The 2009 Annual General Meeting of Glaston Corporation authorised the Board of Directors to decide on the acquisition of the company's own shares up to a maximum of 7,000,000 shares. The authorisation is valid for 18 months from the decision of the Annual General Meeting.

The Annual General Meeting also authorised the Board of Directors to decide on the issue of new shares and/or the conveyance of the own shares held by the company such that, in exemption to the pre-emptive subscription right of shareholders, a maximum of 7,800,000 new shares can be issued and a maximum of 7,800,000 own shares held by the company can be conveyed, but such that the total number of shares to be issued and/or conveyed does not exceed 7,800,000. The latter authorisations were not, however, valid at the end of the reporting period of 2009.

DECISIONS OF THE EXTRAORDINARY MEETING OF SHAREHOLDERS

An Extraordinary Meeting of Shareholders of Glaston Corporation, held on 8 June 2009, authorised the Board of Directors to decide of the issuing of shares and the issuing of special rights granting entitlement to shares, referred to in Chapter 10 Section 1 of the Companies Act.

The number of shares to be issued under the authorisation may not exceed a total of 25,000,000 shares. If all shares that may be issued under the authorisation were issued, the number of shares issued would correspond to approximately 24% of all the shares in the company.

The Board of Directors shall decide on the conditions of the issuing of shares and of special rights granting entitlement to shares. The authorisation concerns both the issuing of new shares as well as th e conveyance of treasury shares. The issuing of shares and of special rights granting entitlement to shares may be carried out in exception to shareholders' pre-emptive rights.

The authorisation is effective until the next Annual General Meeting, however at the latest until 30 June 2010, and it canceled the authorisation to decide on the issuing of shares given by the Annual General Meeting on 17 March 2009.

CONVERTIBLE BOND

On 16 June 2009, the Board of Directors decided, based on the authorisation granted by the Extraordinary Meeting of Shareholders, to issue a convertible bond up to a maximum principal of EUR 30,000,000, divided into promissory notes of nominal value EUR 50,000. The bonds were issued in exception to the shareholders' pre-emptive subscription rights to investors selected by the Board of Directors. The bond was subscribed to a total of EUR 23,750,000 and the Board of Directors approved the subscriptions on 17 June 2009. The bond strengthens the company's financial position, optimises the capital structure and facilitates investments. The terms and conditions of the convertible bond were presented in a stock exchange release dated 16 June 2009. On 28 September 2009 a total of 475 subscribed promissory notes were accepted for public trading on the official list of Nasdaq OMX Helsinki Ltd.

RESEARCH AND PRODUCT DEVELOPMENT

Research and product development expenditure in 2009 totalled EUR 13.6 (14.4) million, representing 8.9 (5.3)% of net sales.

Due to the difficult market situation and intensified competition, product development focused during the year on developing features of machines already on the market to allow the addition of new functionalities to machines delivered earlier. Moreover, the localisation of products to correspond with the requirements of the Chinese market continued.

During the year, Glaston launched a number of new heat treatment technol-

	2009	2008	2007
RESEARCH AND DEVELOPMENT EXPENDITURE, EUR MILLION	**13.6**	14.4	6.3
CAPITALISED DEVELOPMENT EXPENDITURE IN THE FINANCIAL YEAR, EUR MILLION	**3.1**	4.2	9.0
RESEARCH AND DEVELOPMENT EXPENDITURE, % OF NET SALES	**8.9**	5.3	2.3

ogy machines, such as the Tamglass ProE MAGNUM+ 3396 and 33120 machines, the Tamglass Syncrobend and the Tamglass Compact machines. The Tamglass ProE MAGNUM+ is the market's largest flat tempering machine and the Tamglass Compact is a basic flat tempering machine for smaller glass sizes. The Tamglass Syncrobend is a high-capacity machine intended for the tempering of double-curved glass. The machine can handle rapid changes of glass type and variable series sizes, offering good capability for flexible manufacturing of many types of glass. In addition to these, the cutting product range was supplemented by a machine for cutting laminated and coated glass. The CNC product range was also expanded with a new type of machine.

The product development priority in the Software Solutions segment was the further development of products and, among other things, the refining of product variations for the Asian market.

During 2009 Glaston's product development operating practices were enhanced. Product development of the former Pre-processing and Heat Treatment business areas was centralised into the Machines segment. In addition, the Uniglass product portfolio was also incorporated into the product development of the Machines segment. As a consequence of the closure of the factory in the USA, production and development of the CHF product range was transferred to China and Finland.

ENVIRONMENT

Glaston aims to be as environmentally friendly as possible in its operations. Glaston is continually developing its processes in order to take the principles of sustainable development better into account. As a rule, Glaston's own production operations do not load the environment significantly. In product development, paying due attention to energy efficiency occupies a key role and the goal is to make glass processing machines as energy-efficient as possible.

The glass processing machines manufactured by Glaston have long lifetimes, and the entire life cycle of a machine is taken into account in its design. Glass processing machines are developed and manufactured to withstand constant use at high production capacities. The modernisation of a machine with new technical features will extend the useful life of the machine and will, for example, reduce energy consumption in glass processing.

Glaston pays special attention to the recyclability of machine materials, particularly with respect to components susceptible to wear and tear and thus often changed.

Environmental problems and discussion of climate change have increased demand for products that have a positive impact on the environment. Besides other types of glass, the machines manufactured by Glaston are also used to produce energy glass, which reduces buildings' energy consumption, as well as glass used in applications that produce solar energy.

RISKS AND RISK MANAGEMENT

A strategic risk for Glaston is above all the possible arrival of a competing machine technology on the market, which would require Glaston to make considerable product development investments. Moreover, loss of the Group's market shares, particularly in the most strongly emerging markets (Asia, the Middle East) is a strategic risk. Implementing the Group's strategy may require acquisitions, the possible failure of which would affect financial performance and Glaston's risk profile.

The development of comprehensive risk management is a Group-level responsibility in accordance with risk management policy. The business areas and units are responsible for recognising, managing and reporting risks associated with their own operations. The Group Treasury handles centrally the management of the Group's financial risks in accordance with a treasury policy approved by and within the restrictions issued by the Board of Directors.

Glaston's most significant operational risks include management of large customer projects, the availability and price development of components, management of the subcontractor network, and the availability and permanence of personnel. Glaston is developing its information systems and despite careful planning, temporary disruptions to operations might be associated with the introduction stages.

Financial risks connected with operations include foreign exchange, interest rate, financing, counterparty, credit and liquidity risks, of which the latter two have grown particularly in the last year. The nature of international business means that Glaston has risks arising from fluctuations in foreign exchange rates. Changes in interest rates represent an interest rate risk. Credit and counterparty risk arises from risk associated with the payment period granted to customers. The liquidity risk is the risk that Glaston's negotiated credit facilities would be insufficient to cover the financial needs of the business. Financial risks and their management are explained in more detail in the consolidated financial statements.

In protecting against possible hazard risk, worldwide insurance programmes covering all companies are used, in addition to preventive risk management measures. The coverage of these programmes is regularly reviewed as part of overall risk management.

INFORMATION IN ACCORDANC WITH THE ORDINANCE 153/2007 OF THE MINISTRY OF FINANCE OF FINLAND

According to the Articles of Association of Glaston Corporation, a shareholder whose proportion of all the company's shares or votes conferred by the shares - either alone or together with other shareholders as defined hereinafter - reaches or exceeds 33 1/3% or 50%, is obligated on the demand of the other shareholders to redeem their shares. This redemption obligation does not affect a shareholder who can show that the shareholding or voting rights limit entailing the redemption obligation was reached or exceeded before the relevant provision of the Articles of Association was entered in the Trade Register.

Glaston Corporation is not a party to arrangements by which financial rights connected with shares or the management of securities are separated from each other.

According to the Articles of Association of Glaston Corporation, a General Meeting of Shareholders elects the Board of Directors. The term of office of Members of the Board of Directors expires at the end of the next Annual General Meeting that follows their election. The Board of Directors appoints and dismisses the President & Chief Executive Officer (CEO). The Board of Directors has no special agreements with the company relating to compensation when the Board of Directors resigns or is dismissed or its function otherwise terminates as a result of a public tender offer. The President & CEO has a special agreement relating to compensation in the event that more than 50% of the company's shares is transferred to a new owner in connection with a merger or acquisition. The terms and conditions of the President & CEO's employment contract are presented in more detail in Note 30 to the consolidated financial statements. The Articles of Association of Glaston Corporation contain no special provisions on the amendment of the Articles of Association.

Glaston Corporation has a clause in the terms of a loan, according to which the lenders have the option to demand repayment of the loan if control in Glaston changes.

RELATED PARTY LOANS

Glaston has granted a related party loan to a joint venture, the conditions of which are presented in Note 16 to the consolidated financial statements.

CORPORATE GOVERNANCE STATEMENT

Glaston's Corporate Governance Statement is issued separately in this Annual Report.

SEPARATE FINANCIAL STATEMENTS OF THE PARENT COMPANY

The separate financial statements of Glaston Corporation have been prepared according to the Finnish Accounting Act, the Accounting Ordinance and other laws and regulations relating to financial statements. The consolidated financial statements of Glaston Group have been prepared in accordance with the International Financial Reporting Standards (IFRS).

Glaston Corporation's net sales in the financial period were EUR 4.2 (0.6) million and the operating loss was EUR 5.5 (7.2 loss) million. Net financial items were EUR -0.6 (2.2) million and extraordinary items EUR 0.0 (5.1) million. The result for the financial period was a loss of EUR 4.6 (0.2 profit) million.

The parent company had an average 29 (28) employees in the financial period and 24 (26) employees at the end of the year.

The parent company has no branches. The company has not granted other related party loans than loans to group companies.

PARENT COMPANY INFORMATION, EUR MILLION	2009	2008	2007
NET SALES	4.2	0.6	0.6
OPERATING LOSS	-5.5	-7.2	-4.0
RESULT BEFORE TAXES AND APPROPRIATIONS	-6.1	0.0	8.2
INCOME TAX	1.4	0.3	0.4
RESULT FOR THE FINANCIAL PERIOD	-4.6	0.2	8.5
BALANCE SHEET TOTAL	175.0	153.2	134.7
SHAREHOLDERS' EQUITY	85.6	94.1	101.4
SALARIES AND BONUSES PAID	3.6	3.0	4.9
PERSONNEL (AVERAGE)	29	28	13

EVENTS AFTER THE REVIEW PERIOD

Juha Liettyä B.Sc.(Eng.) was appointed as Senior Vice President of Glaston's Services segment as of 2 January 2010. Liettyä has been employed by the company since 1986.

UNCERTAINTIES IN THE NEAR FUTURE

Glaston's uncertainties and risks in the near future are to a large extent linked to the development of the world economy. A significant proportion of the uncertainties are beyond the management's control.

Due to the economic recession Glaston's markets have decreased. The subdued market has also led to overcapacity. In addition, difficulties related to customers' financing arrangements may limit investment opportunities, in which case orders may be postponed and those already confirmed may be cancelled. Customers' financial situation also impacts on the collection of receivables and on credit losses.

Raw material prices have levelled off and subcontracting capacity problems have nearly disappeared. Subcontractors' adjustment measures to the prevailing market situation may influence Glaston's operations.

Glaston recognised an impairment loss on goodwill of EUR 7.8 million in the 2009 result. If the international financial crisis is extended and the recovery of the sector delayed, it is possible that Glaston's recoverable amounts will, despite the savings arising from efficiency measures, be insufficient to cover the carrying amounts of assets, particularly goodwill. If this happens, it will be necessary to recognise an impairment loss, which when implemented will weaken the result and equity.

OUTLOOK

A limited and modest recovery in Glaston's markets is expected during 2010. A market recovery was already perceptible at the end of 2009 in Asia, particularly in China. In South America demand remained on a high level in 2009 and this positive development is expected to continue. Demand for solar energy projects is also expected to develop positively.

The priorities for operational development are improving profitability and implementing the adjustment measures initiated in 2009. The cornerstones of our operations remain the architectural glass segment and the solar energy market. We will purposefully continue strengthening our position in China and elsewhere in Asia.

Due to the efficiency measures performed, Glaston starts 2010 on a better foundation. It is expected that 2010 net sales will be at least at the 2009 level and that the operating result will improve significantly.

BOARD OF DIRECTORS' PROPOSAL FOR THE DISTRIBUTION OF PROFITS

The distributable funds of Glaston Corporation, the parent of Glaston Group, are EUR 47,632,812, of which EUR 4,577,977 represents the loss for the financial year.

The Board of Directors proposes to the Annual General Meeting that no dividend be distributed from the result for the year and from retained earnings. EUR 47,632,812 will be left in distributable funds.

CORPORATE GOVERNANCE STATEMENT 2009

(Not included in the official Board of Directors' Review and Financial Statements)

Glaston Corporation complies with its Articles of Association, the Finnish Companies Act and the rules of NASDAQ OMX Helsinki Stock Exchange. In addition, Glaston complies with the Finnish Corporate Governance Code for listed companies, which came into force on 1 January 2009, with the exception that the company has no committees established by the Board of Directors. The Finnish Corporate Governance Code is publicly available at the internet address www.cgfinland.fi.

DUTIES AND RESPONSIBILITIES OF GOVERNING BODIES

The Annual General Meeting, Board of Directors and the President & CEO, whose duties are determined mainly in accordance with the Finnish Companies Act, are responsible for the management of Glaston Group.

GENERAL MEETING OF SHAREHOLDERS

The General Meeting of Shareholders is the company's ultimate decision-making body. It decides the duties for which it is responsible in accordance with the Companies Act and the Articles of Association. The Annual General Meeting (AGM) decides on, among other things, the adoption of the financial statements and the consolidated financial statements contained therein, the distribution of profits and the discharge of the Members of Board of Directors and the President & CEO from liability. In addition, the AGM elects the Members of the Board of Directors and the auditors, and decides on the remuneration paid to Members of Board of Directors and the auditors. The AGM, furthermore, may decide on, for example, amendments to the Articles of Association, share issues and the acquisition of the company's own shares.

Glaston Corporation's General Meeting of Shareholders meets at least once per year. The Annual General Meeting must be held at the latest by the end of May. In accordance with the Articles of Association, a notice to attend a General Meeting of Shareholders must be announced no earlier than two months before the last day of registration and no later than 21 days before the meeting in one Finnish-language and one Swedish-language daily newspaper specified by the Board of Directors. In addition, Glaston publishes the notice to the General Meeting of Shareholders as a stock exchange release and on its website.

The President & CEO, the Chairman of the Board and a sufficient number of Members of the Board must attend a General Meeting of Shareholders. In addition, the auditor must be present at the Annual General Meeting.

EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

An Extraordinary General Meeting of Shareholders is convened when the Board of Directors considers there is good cause to do so, or if the auditor or shareholders who control one tenth of all the shares so demand in writing for the consideration of a certain issue.

SHAREHOLDERS' RIGHTS

In accordance with the Finnish Companies Act, a shareholder shall have the right to have a matter falling within the competence of the General Meeting dealt with by the General Meeting, if the shareholder so demands in writing from the Board of Directors well in advance of the meeting, so that the matter can be mentioned in the notice. At a General Meeting, shareholders have the right to make proposals and ask questions on the issues being handled.

Shareholders have the right to participate in a General Meeting if they are registered as shareholders in the company's shareholder register eight days before a General Meeting. Owners of nominee-registered shares can be temporarily registered in the company's shareholder register for participation in a General Meeting. Shareholders may attend a General Meeting personally or through an authorised representative. Shareholders may also have an assistant at a meeting.

BOARD OF DIRECTORS

The Board of Directors is responsible for the appropriate arrangement of the company's administration and operations. The Board of Directors consists of minimum of five and a maximum of nine members elected by a General Meeting of Shareholders. The term of office of Members of the Board of Directors expires at the end of the next Annual General Meeting that follows their election. According to the Articles of Association, a person who has reached 67 years of age cannot be elected a Member of the Board of Directors.

The Board of Directors elects from among its members a Chairman and a Deputy Chairman to serve for one year at a time. The Board of Directors has a quorum if more than half of its members are present at a meeting.

The Board of Directors' tasks and responsibilities are determined primarily by the company's Articles of Association, the Finnish Companies Act and other legislation and regulations. It is the responsibility of the Board of Directors to further the interests of the company and all of its shareholders.

The main duties and operating principles of the Board of Directors are defined in the board charter approved by the Board. It is the Board's duty to prepare the matters to be handled by a General Meeting and to ensure that the decisions made by a General Meeting are appropriately implemented. It is also the Board's task to ensure that the appropriate arrangement of the control of the company accounts and finances. In addition, the Board directs and supervises the company's executive management, appoints and dismisses the CEO, decides on the CEO's employment and other benefits, and approves the salary and other benefits of the Executive Management Group. The Board approves the Executive Management Group's charter.

The Board of Directors also decides on far-reaching and fundamentally important issues affecting the Group. Such matters are the Group's strategy, approving the Group's budget and action plans and monitoring their implementation, acquisitions and the Group's operating structure, significant capital expenditures, internal control systems and risk management, key organisational issues and incentive schemes.

The Board of Directors is also responsible to monitor the reporting process of financial statements, the financial reporting process and the efficiency of the company's internal control, internal audit, if applicable, and risk management systems, to review the description of the main features of the internal control and risk management systems pertaining to the financial reporting process, to monitor the statutory audit of the financial statements and consolidated financial statements, to evaluate the independence of the statutory auditor or audit firm, particularly the provision of related services to the company to be audited and to prepare the proposal for resolution on the election of the auditor.

The Board of Directors regularly assesses its operations and working practices. The assessment may be performed by the Board itself or by an external assessor.

Meetings of the Board of Directors are held as a rule in the company's office in Helsinki. The Board of Directors also visits each year the Group's other operating locations and holds meetings there. The Board of Directors may also, if necessary, hold telephone conferences. The Board of Directors normally meets 7–10 times per year. The company's President & CEO and Chief Financial Officer generally attend the meetings of the Board. If necessary, such as in connection with the handling of strategy or the annual plan, other members of the Executive Management Group may also attend meetings of the Board. The auditor attends two meetings per year.

INDEPENDENCE OF MEMBERS OF THE BOARD

According to an independence assessment performed by the company's Board of Directors, all of the Board's six members are, in principle, independent of the company. Excluding Andreas Tallberg, the Members of the Board are independent of the company's significant shareholders. Andreas Tallberg is Chairman of the Board of GWS Trade Oy (GWS Trade Oy's ownership of Glaston Corporation shares was 16.95% on 31 December 2009) and Managing Director of Oy G.W. Sohlberg Ab (Oy G.W. Sohlberg Ab's ownership was 16.16% on 31 December 2009). Based on a broader assessment, however, the Board considers that Carl-Johan Rosenbröijer and Christer Sumelius are not independent of the company, because they have served as Members of the Board for more than 12 consecutive years. The Members of the Board, the President & CEO and the Members of Executive Management Group have no conflicts of interest between the duties they have in the company and their private interests.

COMMITTEES OF THE BOARD OF DIRECTORS

The company has no committees established by the Board of Directors and therefore the Board is responsible for the duties of the Audit Committee in accordance with the Finnish Corporate Governance Code for listed companies. The company's Board of Directors has considered that it wishes to participate as a whole in the preparation of issues specified for the Board and that the effectiveness of the company's Corporate Governance is such that it does not currently require the establishment of separate committees.

PRESIDENT & CEO

President & CEO handles the operational management of the company in accordance with instructions issued by the Board. He is responsible to the Board of Directors for fulfilling the targets, plans and goals it sets. The President & CEO is responsible for ensuring that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner. The President & CEO is supported in the Group by the Executive Management Group.

EXECUTIVE MANAGEMENT GROUP

The Executive Management Group comprises the President & CEO, the Senior

Vice Presidents of the Machines, Software Solutions and Services segments, the Senior Vice President, Sales of the EMEA area, the Senior Vice President, Human Resources and the Chief Financial Officer. The members of the Executive Management Group report to the President & CEO and assist him in implementing the company's strategy, operational planning and management, and in reporting the development of business operations. The Executive Management Group meets under the direction of the President & CEO.

The Chairman of the company's Board of Directors appoints, on the proposal of the President & CEO, the members of the Executive Management Group and confirms their remuneration and other contractual terms. The company's President & CEO acts as the chairman of the Executive Management Group. The Executive Management Group handles the Group's and segments' strategy issues, capital expenditure, product policy, Group structure and control systems, and supervises the company's operations. Information on the members of the Executive Management Group is presented on the company's website at the address www.glaston.net.

INSIDER ADMINISTRATION

In addition to statutory insider regulations, Glaston complies with the insider guidelines for listed companies of NASDAQ OMX Helsinki Ltd as well as the regulations and guidelines of the Finnish Financial Supervisory Authority.

Glaston's permanent insiders include the statutory insiders, namely the Board of Directors, the President & CEO and the responsible auditor. In addition to these, other members of the Executive Management Group are also permanent insiders with a duty to disclose their ownership in Glaston.

Glaston's company-specific non-public insider register also includes other management and employees according to their job descriptions. At the preparation stage of significant projects, the company also keeps a project-specific insider register. Insiders are given a written statement of their inclusion in an insider register as well as guidelines on insider obligations.

The company's insider registers are maintained by the Group's Communications Department, which is responsible for updating the information. Shareholding information on the company's permanent insiders as well as their related parties' shareholdings are available in the SIRE system of Euroclear Finland Ltd. The information is also on Glaston's website.

AUDITING

The company has one auditor, which shall be an auditing firm authorised by the Finnish Central Chamber of Commerce. Annual General Meeting elects the auditor to audit the accounts for the financial year, and the auditor's duties cease at the close of the subsequent Annual General Meeting. The auditor's duty is to audit the consolidated and parent company financial statements and accounting as well as the parent company's governance, and to give reasonable assurance that the financial statements and the Board of Directors' Review give true and fair view of the Group's operations and result as well as its financial position. The company's auditor presents the audit report required by law to the company's shareholders in connection with the annual financial statements and reports regularly to the Board of Directors. The auditor, in addition to fulfilling general competency requirements, must also comply with certain legal independence requirements guaranteeing the execution of an independent and reliable audit.

MAIN FEATURES OF THE INTERNAL CONTROL AND RISK MANAGEMENT PERTAINING TO THE FINANCIAL REPORTING PROCESS

Internal control is an essential part of the company's administration and management. Its aim is to ensure that the Group's operations are efficient, productive and reliable and that legislation and other regulations are complied with. The Group has specified for the main areas of its operations Group-wide principles that form the basis for internal control.

The Group's internal control systems serve to provide reasonable assurance that the financial reports published by the Group give reasonably correct information about the Group's financial position. The Board of Directors and the President & CEO are responsible for arranging internal control. A report covering the Group's financial situation is supplied monthly to each Member of the Board of Directors. The Group's internal control is decentralised to different Group functions, which supervise within their areas of responsibility compliance with the policies approved by the Board of Directors. The Group's financial management and operational control are supported and coordinated by the Group's financial management and controller network.

The Group's financial reporting process complies with the Group's operating guidelines and standards relating to financial reporting. The interpretation and application of financial reporting standards has been concentrated in the Group's Financial Management organisation, which maintains operating guidelines and standards relating to financial reporting and is responsible for internal communication relating to them. The Group's Financial Management organisation also supervises compliance with these guidelines and standards. The company has no separate internal auditing organisation. The Group's Financial Management organisation regularly monitors the reporting of segments and addresses deviations perceived in reporting and, if necessary, performs either its own separate internal auditing or commissions the internal auditing to external experts. Control of reporting and budgeting processes is based on the Group's reporting principles, which are determined and centrally administered by the Group's Financial Management organisation. The principles are applied consistently throughout the Group and a consistent Group reporting system is in place.

RISK MANAGEMENT

Risk management is an essential part of Glaston's management and control system. The purpose of risk management is to ensure the identification, management and monitoring of risks relating to business targets and operations. Risk management principles have been specified in a risk management policy approved by the company's Board of Directors, and operating practices have been specified in a risk management process description and in risk management guidelines.

The principle guiding Glaston's risk management is the continuous, systematic and appropriate development and implementation of the risk management process, with the objective being the comprehensive recognition and appropriate management of risks. Glaston's risk management focuses on the management of risks relating to business opportunities and of risks that threatens the achievement of Group objectives in a changing operating environment. From the perspective of risk management, the company has divided risks into four different groups: strategic risks, operational risks, financial risks and hazard risks. Risks relating to property, business interruption as well as liability arising from the Group's operations have been covered by appropriate insurances. Management of financial risks is the responsibility of the Group's Treasury in the Group's parent company.

Glaston's risk management policy includes the Group's risk management guidelines. Risk management policy also specifies the risk management processes and responsibilities. Glaston's risk management consists of the following stages: risk identification, risk assessment, risk treatment, risk reporting and communication, control of risk management activities and processes, business continuity planning and crisis management. As part of the risk management process, the most significant risks and their possible impacts are reported to the management and the Board of Directors regularly, based on which management and the Board can make decisions on the level of risk that the company's business areas are possibly ready to accept in each situation or at a certain time.

It is the duty of Glaston's Board of Directors to supervise the implementation of risk management and to assess the adequacy and appropriateness of the risk management process and of risk management activities. In practice, risk management consists of appropriately specified tasks, operating practices and tools, which have been adapted to Glaston's segments and Group-level management systems. Risk management is the responsibility of the senior manager of each segment and Group-level function. Risk identification is in practice the responsibility of every Glaston employee.

The Group Legal function is responsible for guidelines, support, control and monitoring of risk management measures. In addition, the function consolidates segment and Group level risks. The Group Legal function reports on risk management issues regularly to the President & CEO and the Executive Management Group and assesses in collaboration with them any changes in the probabilities of the impacts of identified risks and in the level of their management. The Group Legal function also reports the result of risk management processes annually to the Board of Directors.

Segment and Group-level risk management is included in the annually repeated Group-wide risk management process. The process can also be initiated during the year if substantial strategic changes requiring the initiation of the risk management process take place in a certain area of operations.

The management group of each segment identifies and assesses segment risks and specifies the segment's risk management measures by which an acceptable level of risk can be achieved.

With the aid of the risk management process, risks are systematically recognised and assessed in each business segment and at Group level. In addition, at each level measures are specified which, when implemented, will achieve an acceptable level of risk. Risks are consolidated from segment level to Group level. Action plans are prepared at each level of operations to ensure risks remain at an acceptable level.

The Group's risks are covered in more detail in the Board of Directors' Review on page 11. The management and organisation of the Group's financial risks are presented in more detail in Note 3 to the consolidated financial statements on page 38.

CORPORATE GOVERNANCE IN 2009

ANNUAL GENERAL MEETING

Glaston's Annual General Meeting, held on 17 March 2009, confirmed the financial statements and discharged the President & CEO and the Members of the Board of Directors from liability for financial year 2008. All documents relating to the Annual General Meeting are available on the company's website www.glaston.net.

EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS 2009

An Extraordinary General Meeting of Shareholders of Glaston Corporation, held on 8 June 2009, authorised the Board of Directors to decide on the issuing of shares and the issuing of special rights granting entitlement to shares, referred to in Chapter 10 Section 1 of the Companies Act.

COMPOSITION OF THE BOARD OF DIRECTORS

The 2009 Annual General Meeting elected the following to the company's Board of Directors:

Andreas Tallberg	**b. 1963 - Chairman of the Board since 2007**
Education	M.Sc.(Econ.)
Main occupation	Oy G.W. Sohlberg Ab, President & CEO since 2007
Primary work experience	Senior Partner, EQT, 1997–2006; President, MacAndrews & Forbes International, 1992–1995; Director, Business Development, Amer Group, 1987–1991

Christer Sumelius	**b. 1946 - Deputy Chairman of the Board since 1995**
Education	M.Sc.(Econ.)
Main occupation	Chairman of the Board, Oy Investsum Ab since 1984
Primary work experience	Managing Director, Se-Center Oy, 1987-2007; Director, Graphex GmbH, 1979–1988; Chairman, Pyramid Advertising Co. Ltd. (Lagos), 1983–1985; Managing Director, Pyramid Paper Products Ltd. (Lagos), 1982–1984; Director, Pyramid Inks Manufacturing Co. Ltd. (Lagos), 1981–1985; Area Representative, Finska Papperbruksföreningen, Finnpap (Singapore), 1980–1981

Klaus Cawén	**b. 1957 - independent Member of the Board since 2004**
Education	Master of Laws, LL.M.
Main occupation	KONE Corporation, M&A and Strategic Alliances, Russia, Legal Affairs, Member of the Executive Board since 1991
Primary work experience	Member of the Executive Board, KONE Corporation since 1991; employed by KONE Corporation since 1983

Carl-Johan Rosenbröijer	**b. 1964 - Member of the Board since 1996**
Education	Dr.Sc.(Econ.)
Main occupation	Senior Teacher, Arcada University of Applied Sciences since 2003
Primary work experience	Teacher, University of Oulu, 2001–2003; Senior Consultant, Head Consulting Oy, 2001–2003; Teacher and Researcher Svenska handelshögskolan, 1990–2001

Claus von Bonsdorff	**b. 1967 - independent Member of the Board since 2006**
Education	M.Sc.(Eng.), M.Sc.(Econ.)
Main occupation	Head of Strategy, Business Development and Marketing, Nokia Siemens Networks, Customer and Market Operations, Director since 2007
Primary work experience	Nokia Siemens Networks since 2007; Expert and management positions in Nokia Plc, 1994–2007

Jan Lång	**b. 1957 - independent Member of the Board since 2008**
Education	M.Sc.(Econ.)
Main occupation	Ahlstrom Corporation, President & CEO, since 2008
Primary work experience	President & CEO, Uponor Group, 2003–2008; Several management positions, Huhtamäki Group, 1982–2003

Mikael Mäkinen served as a Member of the Board up to the Annual General Meeting held on 17 March 2009.

In 2009 Glaston's Board of Directors held 18 meetings, of which 8 were via telephone conference. The attendance of Members of the Board Government at meetings was 92.7%.

REMUNERATION OF MEMBERS OF THE BOARD

In 2009 the Chairman of the Board was paid remuneration of EUR 40,000, the Deputy Chairman EUR 30,000 and the other Members of the Board EUR 20,000. In addition, the Chairman of the Board was paid a meeting fee of EUR 800 and the other Members of the Board EUR 500 for those meetings of the Board that they attended. The travel expenses of Members of the Board are compensated in accordance with the company's travel rules. None of the Members of the Board receives from the company remuneration unconnected with their work on the Board of Directors. The Members of Glaston's Board of Directors are covered by voluntary pension insurance accrued from their Board of Directors remuneration. The value of the pension insurance corresponds with the Finnish TyEL pension scheme. Remuneration paid to the Board of Directors is outlined in more detail in Note 30 to the consolidated financial statements.

PRESIDENT & CEO

Glaston's President & CEO from 1 January to 5 August 2009 was Mika Seitovirta. Arto Metsänen (b. 1956) became Glaston's President & CEO on 1 September 2009. Chief Financial Officer Kimmo Lautanen handled the duties of the President & CEO from 6 August to 31 August 2009.

REMUNERATION OF THE PRESIDENT & CEO

The remuneration of the President & CEO consists of fixed monthly salary, an annual bonus and a share bonus scheme intended as a long-term incentive. The annual bonus is determined on the basis of Glaston's financial performance. The indicators used are the Group's result and personal targets. The maximum amount of the President & CEO's annual bonus is 50% of the annual salary. Mika Seitovirta's cash salary plus fringe benefits was EUR 800,870, which includes severance pay. In addition, he was paid a performance bonus of EUR 33,171.

The cash salary plus fringe benefits paid to Arto Metsänen in 2009 totalled EUR 112,000. The President & CEO's period of notice is three months. In addition, the President & CEO is paid compensation corresponding to 12 months' salary if he is dismissed by the company. If more than 50% of the company's shares are transferred to a new owner in connection with a merger or acquisition, the President & CEO has the right to terminate his employment contract with 1 month's notice, in which case he is paid one-off severance pay of EUR 200,000. The President & CEO also has a separate share bonus arrangement, according to which 50,000 Glaston Corporation shares will be transferred to him one year after the beginning of his employment relationship.

AUDITING

At the 2009 Annual General Meeting, the accounting firm KPMG Oy Ab was elected as the company's auditor.

The responsible auditor was Sixten Nyman, APA. Auditing units representing the KPMG Group have mainly served as the auditors of the company's subsidiaries in each country. In 2009 the Group's auditing costs totalled EUR 635 thousand, of which KPMG received EUR 558 thousand. KPMG's auditing expenses for the audit for the financial year 2009 totalled EUR 373 thousand. In addition, auditing units belonging to the KPMG Group have provided other advice to companies belonging to the Glaston Group to a value of EUR 48 thousand.

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR thousand

	Note	at 31 December 2009	2008
Assets			
Non-current assets			
Goodwill	13, 14	58,403	66,183
Intangible assets	14	19,671	22,546
Property, plant and equipment	15	24,673	35,004
Holdings in associates and joint ventures	16	396	892
Available-for-sale financial assets	17	335	321
Loan receivables	19	5,935	-
Deferred tax assets	12	8,467	7,916
Total non-current assets		**117,880**	**132,862**
Current assets			
Inventories	18	37,398	53,918
Assets for current tax	12	3,602	4,369
Trade and other receivables	19	52,228	83,258
Cash and cash equivalents			
Cash		15,556	11,524
Total current assets		**108,784**	**153,068**
Total assets		**226,664**	**285,930**
Equity and liabilities			
Equity			
Share capital		12,696	12,696
Share premium account		25,270	25,270
Other reserves		1	-
Reserve for invested unrestricted equity		209	177
Treasury shares	4	-3,518	-3,487
Fair value reserve		46	33
Retained earnings and exchange differences		87,914	98,166
Net result attributable to owners of the parent		-53,590	-9,134
Attributable to owners of the parent		**69,027**	**123,721**
Non-controlling interest		323	50
Total equity		**69,351**	**123,771**
Non-current liabilities			
Convertible bond	22	20,144	-
Non-current interest-bearing liabilities	22	4,726	16,440
Non-current interest-free liabilities	24	262	599
Non-current provisions	23	3,899	3,388
Deferred tax liabilities	12	6,613	8,439
Defined benefit pension and other defined long-term employee benefit liabilities	21	3,173	3,991
Total non-current liabilities		**38,817**	**32,857**
Current liabilities			
Current interest-bearing liabilities	22	54,409	52,995
Current provisions	23	9,798	10,572
Trade payables and other current interest-free liabilities	24	53,249	63,802
Liabilities for current tax	12	1,040	1,933
Total current liabilities		**118,496**	**129,302**
Total liabilities		**157,313**	**162,159**
Total equity and liabilities		**226,664**	**285,930**

CONSOLIDATED INCOME STATEMENT

EUR thousand

		1 January - 31 December	
	Note	2009	2008
Net sales	5	**151,769**	**270,419**
Other operating income	8	1,125	444
Changes in inventories of finished goods and work in process		-18,796	4,351
Own work capitalised		-	1,136
Materials	9	-44,566	-86,157
Personnel expenses	10	-70,843	-76,888
Other operating expenses	9	-51,596	-108,234
Share of results of joint ventures and associates	16	-1,536	28
Depreciation, amortisation and impairment charges	13	-20,851	-11,205
Operating profit / loss		**-55,293**	**-6,107**
Income from assets held for sale	11,17	-	83
Financial income	11	2,230	2,157
Financial expenses	11	-4,578	-4,218
Net financial expenses		-2,348	-1,978
Profit / loss before income taxes		**-57,641**	**-8,085**
Income tax expense	12	4,002	-1,091
Profit / loss for the year		**-53,639**	**-9,176**
Attributable to non-controlling interest		-49	-42
Attributable to owners of the parent		**-53,590**	**-9,134**
Total		-53,639	-9,176
Earnings per share, EUR, basic		**-0.68**	**-0.12**
Earnings per share, EUR, diluted		**-0.68**	**-0.12**
Net result attributable to owners of the parent, EUR thousand		-53,590	-9,134
Average number of shares (1,000 shares)		78,522	78,507
Earnings per share (EPS), EUR, basic and diluted		**-0.68**	**-0.12**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR thousand

	1 January - 31 December	
	2009	2008
Profit / loss for the period	**-53,639**	**-9,176**
Other comprehensive income		
Total exchange differences on translating foreign operations	-743	681
Fair value changes of cash flow hedges reclassified in profit or loss	-	-28
Fair value changes of available-for-sale assets	18	17
Other reclassifications	-	11
Income tax on other comprehensive income	-5	3
Other comprehensive income for the year, net of tax	**-730**	**683**
Total comprehensive income for the year	**-54,369**	**-8,493**
Attributable to:		
Owners of the parent	-54,320	-8,506
Non-controlling interest	-49	13
Total comprehensive income for the year	**-54,369**	**-8,493**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR thousand

	Share capital	Share premium account	Reserve for invested unrestricted equity	Hedging reserve	Fair value reserve	Treasury shares	Retained earnings	Cumulative exchange difference	Attributable to owners of the parent	Non-controlling interest	Total equity
Equity 1 January, 2008	**12,696**	**25,270**	**269**	**21**	**-**	**-3,933**	**106,779**	**-1,228**	**139,873**	**37**	**139,910**
Total comprehensive income for the year	-	-	-	-21	33	-	-9,209	691	-8,506	13	-8,493
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	0	0
Disposal of treasury shares	-	-	-124	-	-	447	-	-	323	-	323
Tax effect of net income recognised directly in equity	-	-	32	-	-	-	-	-	32	-	32
Reversal of unpaid dividends	-	-	-	-	-	-	11	-	11	-	11
Share-based incentive plan	-	-	-	-	-	-	-196	-	-196	-	-196
Share-based incentive plan, tax effect	-	-	-	-	-	-	27	-	27	-	27
Dividends paid	-	-	-	-	-	-	-7,844	-	-7,844	-	-7,844
Equity 31 December, 2008	**12,696**	**25,270**	**177**	**-**	**33**	**-3,487**	**89,569**	**-537**	**123,721**	**50**	**123,771**

	Share capital	Share premium account	Other reserves	Reserve for invested unrestricted equity	Hedging reserve	Fair value reserve	Treasury shares	Retained earnings	Cumulative exchange difference	Attributable to owners of the parent	Non-controlling interest	Total equity
Equity 1 January, 2009	**12,696**	**25,270**	**-**	**177**	**-**	**33**	**-3,487**	**89,569**	**-537**	**123,721**	**50**	**123,771**
Total comprehensive income for the year	-	-	-	-	-	13	-	-53,590	-743	-54,320	-49	-54,369
Changes in non-controlling interest	-	-	-	-	-	-	-	50	-	50	323	372
Other changes in treasury shares	-	-	-	32	-	-	-32	-	-	-	-	-
Reversal of unpaid dividends	-	-	-	-	-	-	-	15	-	15	-	15
Share-based incentive plan	-	-	-	-	-	-	-	69	-	69	-	69
Share-based incentive plan, tax effect	-	-	-	-	-	-	-	-18	-	-18	-	-18
Other changes	-	-	1	-	-	-	-	-1	-	-	-	-
Equity part of convertible bond	-	-	-	-	-	-	-	3,437	-	3,437	-	3,437
Dividends paid	-	-	-	-	-	-	-	-3,927	-	-3,927	-	-3,927
Equity 31 December, 2009	**12,696**	**25,270**	**1**	**209**	**-**	**46**	**-3,518**	**35,604**	**-1,280**	**69,027**	**323**	**69,351**

DISTRIBUTABLE EQUITY OF THE PARENT (FAS)

EUR thousand

	2009	2008
Reserve for invested unrestricted equity [*]	209	177
Retained earnings	55,520	59,279
Treasury shares	-3,518	-3,487
Net profit / loss for the period	-4,578	153
Total	**47,633**	**56,123**
Dividend per share, EUR	0.00	0.05

[* Reserve for invested unrestricted equity can not be distributed as dividends.

CONSOLIDATED STATEMENT OF CASH FLOWS
EUR thousand

	1 January - 31 December	
	2009	2008
Cash flows from operating activities		
Net result attributable to owners of the parent	-53,590	-9,134
Adjustments to net result attributable to owners of the parent [1	5,064	16,352
Depreciation, amortisation and impairment	20,851	11,205
Interest received	703	966
Interest paid	-2,341	-2,469
Dividends received	5	9
Other financing items	-1,957	-375
Income taxes paid	1,466	-9,398
Cash flows from operating activities before change in net working capital	**-29,799**	**7,156**
Change in net working capital		
Change in inventories	10,689	-9,801
Change in current receivables	29,375	5,095
Change in interest-free current liabilities	-11,464	-25,731
Change in net working capital, total	**28,600**	**-30,437**
Cash flows from operating activities	**-1,200**	**-23,282**
Cash flows from investing activities		
Business combinations less of acquired cash and cash equivalents	-530	666
Acquisition of other investments	-	-4
Capital expenditure in property, plant and equipment and intangible assets	-6,450	-14,492
Investments in joint ventures	-2,000	-
Other	98	-
Proceeds from sale of assets held for sale	-	170
Proceeds from sale of property, plant and equipment and intangible assets	1,390	217
Proceeds from sale of other available-for-sale investments	-	17
Proceeds from sale of available-for-sale shares	-	12
Cash flows from investing activities	**-7,491**	**-13,416**
Cash flow before financing	**-8,691**	**-36,697**
Cash flows from financing activities		
Draw-down of non-current loans	23,750	17,532
Repayments of non-current loans	-11,857	-
Change in non-current loan receivables (decrease +, increase -)	-	279
Draw-down of current loans	142,418	395,142
Repayments of current loans	-139,259	-367,286
Dividends paid	-3,923	-7,836
Other financing	1,220	14
Cash flows from financing activities	**12,349**	**37,845**
Effect of exchange rate fluctuations	**375**	**-1,034**
Net increase (- decrease) in cash and cash equivalents	**4,033**	**114**
Cash and cash equivalents at end of period	15,556	11,524
Cash and cash equivalents at beginning of period	11,524	11,410
Net increase (- decrease) in cash and cash equivalents	**4,033**	**114**

[1 Non-cash flow items included in net result attributable to owners of the parent (e.g. gains / losses on the sale of non-current assets).

The above figures cannot be directly derived from the statements of financial position.

SUPPLEMENTAL INFORMATION FOR STATEMENT OF CASH FLOWS

EUR thousand

	1 January - 31 December	
	2009	2008
Business combinations		
Purchase consideration on business combinations	-	199
Unpaid part of the purchase consideration recorded in liabilities	-	192
Purchase consideration of acquisitions made in previous years	-530	673
Cash flow on acquisitions net of cash acquired	**-530**	**666**
Acquired net assets		
Property, plant and equipment, intangible assets and shares	-	160
Goodwill	-	39
Total net assets of business combinations	**-**	**199**
Unpaid part of the purchase consideration recorded in liabilities	-	192
Purchase consideration of acquisitions made in previous years	-530	673
Cash flow on acquisitions net of cash acquired	**-530**	**666**

PER SHARE DATA

	2009	2008	2007 restated
Earnings per share, Continuing Operations, EUR	-0.68	-0.12	0.09
Earnings per share, Discontinued Operations, EUR	-	-	0.05
Earnings per share, EUR, basic and diluted	-0.68	-0.12	0.14
Dividend per share, EUR [1	0.00	0.05	0.10
Dividend payout ratio, % [1	-	-43.0%	73.2%
Dividend yield [1	-	5.5%	3.6%
Equity attributable to owners of the parent per share, EUR	0.88	1.58	1.78
Price per earnings per share (P/E) ratio	-1.6	-7.8	20.3
Price per equity attributable to the owners of the parent per share	1.23	0.58	1.55
Dividends paid, EUR million [1	0.0	3.9	7.8
Number of shares at the end of the year	79,350,000	79,350,000	79,350,000
Number of shares at the end of the year, treasury shares excluded	78,511,418	78,540,207	78,436,500
Weighted average number of shares, treasury shares excluded	78,522,224	78,507,338	78,682,449
Weighted average number of shares, excluding treasury shares, dilution effect of the convertible bond taken into account	89,143,077	-	-
Share price and turnover			
Share price, year high, EUR	1.44	3.33	4.53
Share price, year low, EUR	0.92	0.87	2.70
Share price, volume-weighted year average, EUR	1.18	2.07	3.84
Share price, end of year, EUR	1.08	0.91	2.77
Number of shares traded (1,000)	7,033	3,965	7,993
% of average number of shares	9.0%	5.1%	10.2%
Market capitalisation, end of year, EUR million	84.8	71.5	217.3

[1 The 2009 dividend is the Board of Directors' proposal to the Annual General Meeting.

FINANCIAL RATIOS
EUR thousand

	2009	2008	2007 restated
Income statement and profitability			
Net sales	151,769	270,419	269,801
Operating profit / loss	-55,293	-6,107	12,203
% of net sales	-36.4%	-2.3%	4.5%
Operating profit / loss, non-recurring items excluded	-33,647	6,191	16,766
% of net sales	-22.2%	2.3%	6.2%
Financial income and expenses (net)	-2,348	-1,978	-15
% of net sales	1.5%	0.7%	0.0%
Result before income taxes and non-controlling interests	-57,641	-8,085	12,188
% of net sales	-38.0%	-3.0%	4.5%
Income taxes	4,002	-1,091	-5,202
Profit from Discontinued Operations	-	-	3,784
Net profit / loss attributable to owners of the parent	-53,590	-9,134	10,756
% of net sales	-35.3%	-3.4%	4.0%
Return on capital employed (ROCE), %	-32.1%	-2.3%	11.3%
Return on equity, %	-55,5%	-7,0%	7,7%
Research and development expenses	13,556	14,430	6,265
% of net sales	8.9%	5.3%	2.3%
Gross capital expenditure	8,452	18,432	34,083
% of net sales	5.6%	6.8%	12.6%
Orderbook, EUR million	45.5	62.5	87.0
Statement of financial position and solvency			
Property, plant and equipment and intangible assets	44,344	57,550	52,080
Goodwill	58,403	66,183	67,641
Non-current assets total	117,880	132,862	125,042
Equity attributable to owners of the parent	69,027	123,721	139,873
Equity (includes non-controlling interest)	69,351	123,771	139,910
Liabilities	157,313	162,159	135,999
Total assets	226,664	285,930	275,909
Capital employed	148,629	193,206	161,226
Net interest-bearing debt	63,723	57,911	9,906
Equity ratio, %	33.1%	45.8%	55.5%
Gearing, %	114.3%	56.1%	15.2%
Net gearing, %	91.9%	46.8%	7.1%
Personnel			
Personnel, average	1,344	1,519	1,288 (*
Personnel, at the end of the period	1,160	1,541	1,435
in Finland	227	440	425

(* Continuing Operations

DEFINITIONS OF KEY RATIOS

PER SHARE DATA

Earnings per share (EPS)
Net result attributable to owners of the parent
Adjusted average number of shares

Diluted earnings per share
Net result attributable to owners of the parent adjusted with the result effect of the convertible bond
Adjusted average number of shares, dilution effect of the convertible bond taken into account

Dividend per share
Dividends paid
Adjusted number of issued shares at end of the period

Dividend payout ratio
Dividend per share x 100
Earnings per share

Dividend yield
Dividend per share x 100
Share price at end of the period

Equity attributable to owners of the parent per share
Equity attributable to owners of the parent at end of the period
Adjusted number of shares at end of the period

Average trading price
Shares traded (EUR)
Shares traded (volume)

Price per earnings per share (P/E)
Share price at end of the period
Earnings per share (EPS)

Price per equity attributable to owners of the parent per share
Share price at end of the period
Equity attributable to owners of the parent per share

Share turnover
The proportion of number of shares traded during the period to weighted average number of shares

Market capitalisation
Number of shares at end of the period x share price at the end of the period

Number of shares at period end
Number of issued shares - treasury shares

FINANCIAL RATIOS

EBITDA
Profit / loss before depreciation, amortisation and impairment, share of joint ventures' and associates' results included

Operating profit (EBIT)
Profit / loss after depreciation, amortisation and impairment, share of joint ventures' and associates' results included

Cash and cash equivalents
Cash + other financial assets

Net interest-bearing debt
Interest-bearing liabilities - cash and cash equivalents

Financial expenses
Interest expenses of financial liabilities + fees of financing arrangements + foreign currency differences of financial liabilities

Equity ratio, %
Equity (Equity attributable to owners of the parent + non-controlling interest) x 100
Total assets - advance payments received

Gearing, %
Interest-bearing liabilities x 100
Equity (Equity attributable to owners of the parent + non-controlling interest)

Net gearing, %
Net interest-bearing debt x 100
Equity (Equity attributable to owners of the parent + non-controlling interest)

Return on capital employed, % (ROCE)
Profit / loss before taxes + financial expenses x 100
Equity + interest-bearing liabilities
(average of 1 January and end of the reporting period)

Return on equity, % (ROE)
Profit / loss for the reporting period x 100
Equity (Equity attributable to owners of the parent + non-controlling interest)
(average of 1 January and end of the reporting period)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

BASIC INFORMATION

Glaston Corporation is a public limited liability company organised under the laws of the Republic of Finland and domiciled in Hämeenkyrö, Finland. Glaston's shares are publicly traded in the NASDAQ OMX Helsinki Ltd. Mid Cap in Helsinki, Finland. Glaston Corporation is the parent of Glaston Group and its registered office is at Vehmaistenkatu 5, 33730 Tampere, Finland. The name of the parent company changed from Kyro Corporation to Glaston Corporation on 1 June, 2007.

Glaston Group is an international glass technology company. Glaston is a global market leader of glass processing machines and its customers' One-Stop-Partner, comprehensive supplier. Its product range and service network are the most extensive in the industry. Glaston's well-known brands are Bavelloni in pre-processing machines and tools, Tamglass and Uniglass in safety glass machines as well as Albat+Wirsam in glass industry software. The operations of the Glaston Group are organised in three reportable segments, which are Machines, Services and Software Solutions. Supporting activities include head office operations.

The Board of Directors of Glaston Corporation has in its meeting on 10 February, 2010, approved these financial statements to be published. According to the Finnish Companies' Act, the shareholders have a possibility to approve or reject or make a decision on altering the financial statements in a General Meeting to be held after the publication of the financial statements.

BASIS OF PRESENTATION

The consolidated financial statements of Glaston Group are prepared in accordance with International Financial Reporting Standards (IFRS), including International Accounting Standards (IAS) and Interpretations issued by the International Financial Reporting Interpretations Committee (SIC and IFRIC). International Financial Reporting Standards are standards and their interpretations adopted in accordance with the procedure laid down in regulation (EC) No 1606/2002 of the European Parliament and of the Council. The Notes to the Financial Statements are also in accordance with the Finnish Accounting Act and Ordinance and the Finnish Companies' Act.

The consolidated financial statements include the financial statements of Glaston Corporation and its subsidiaries. The functional and reporting currency of the parent is euro, which is also the reporting currency of the consolidated financial statements. Functional currencies of subsidiaries are determined by the primary economic environment in which they operate.

The financial year of Glaston Group as well as of the parent and subsidiaries is the calendar year ending 31 December.

The financial statements have been prepared under the historical cost convention except as disclosed in the accounting policies below.

The figures in Glaston's consolidated financial statements are mainly presented in EUR thousands. Due to rounding differences the figures presented in tables do not necessarily add up to the totals of the tables.

NEW ACCOUNTING STANDARDS

Glaston has applied the following new or revised or amended standards and interpretations from 1 January, 2009:

- IAS 23 (revised) Borrowing Costs
- IFRS 8 Operating Segments
- Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items
- Amendments to IFRS 7 Financial Instruments: Disclosures – Improving Disclosures about Financial Instruments
- Amendments to IFRIC 9 and IAS 39: Embedded Derivatives

In addition, Glaston applies the annual Improvements to IFRSs issued in May 2008.

Applying IFRS 8 did not have any material effect on the financial information of Glaston.

Applying revised IAS 23 Borrowing Costs changed Glaston's accounting principles from 1 January, 2009. From that date on the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised to the acquisition cost of the asset. The capitalisation applies mainly to property, plant and equipment and intangible assets.

Other new or amended standards or interpretations applicable from 1 January, 2009 are not material for Glaston Group.

Glaston will apply the following new or revised or amended standards and interpretations from 1 January, 2010: ˙

- IFRS 3 (revised) Business Combinations
- Amendments to IAS 27 Consolidated and Separate Financial Statements.
- IFRS 2 Share-based Payments – Group Cash-settled Share-based Payment Transactions

In addition, Glaston will apply the annual Improvements to IFRSs issued in April 2009.

In accordance with the revised IFRS 3 standard all acquisition-related costs arising from the business combinations made after 1 January 2010 will be recognised in profit or loss and not capitalised as a part of the purchase consideration, as previously has been done. In addition, all consideration transferred in the business combination will be measured at the acquisition date fair value, and liabilities classified as contingent consideration will subsequently be measured at fair value with any resulting gain or loss recognised in profit or loss. For each business combination it will be possible to choose, whether the non-controlling interest will be measured at fair value or as the non-controlling interest's proportionate share of the acquiree's net assets. This choice will have an effect on the goodwill arising from the business combination.

In accordance with the revised IAS 27 standard, the effects of the transactions made with non-controlling interests will be recognised in equity, if there is no change in control. These transactions will not result in goodwill or gains or losses. If the control is lost, the possible remaining ownership share will be measured at fair value and the resulting gain or loss will be recognised in profit or loss. Also, in accordance with the revised standard, total comprehensive income will be attributed also to non-controlling interest even if this will result in the non-controlling interest having a deficit balance.

The change of IAS 36 Impairment of Assets included in the annual improvements of IFRSs will change the allocation of goodwill in Glaston. Currently goodwill is allocated to reportable segments aggregated from operating segments. According to the change in the standard, the unit to which the goodwill can be allocated cannot be larger than an operating segment before it is aggregated to be a part of a reportable segment.

Other new or amended standards or interpretations applicable from 1 January, 2010 are not material for Glaston Group.

Glaston will apply the following new or revised or amended standards and interpretations from 1 January, 2011:

- IAS 24 (revised) Related Party Disclosures
- Amendments to IAS 32 Financial Instruments: Presentation – Classification of Rights Issues
- Amendment to IFRIC 14 IAS 19 Prepayments of a Minimum Funding Requirement
- IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments can have an effect on Glaston's result, if Glaston's convertible bond is converted to equity instruments.

Other new or amended standards or interpretations applicable from 1 January, 2011 are not material for Glaston Group.

Glaston will apply the following new or revised or amended standards and interpretations from 1 January, 2013:

- IFRS 9 Financial Instruments

CONSOLIDATION PRINCIPLES

The consolidated financial statements include the parent and its subsidiaries. Subsidiaries are companies in which the parent has, based on its holding, more than half of the voting rights directly or via its subsidiaries or over which it otherwise has control. Divested subsidiaries are included in the consolidated financial statements until the control is lost, and companies acquired during the reporting period are included from the date when the control has been transferred to Glaston. Acquisitions of subsidiaries are accounted for under the purchase method.

Joint ventures, in which the Group exercises control together with other parties, are accounted for using the equity method in the consolidated financial statements. Also associates, where the Group has a significant influence (holding normally 20 - 50 percent), are accounted for using the equity method. The Group's share of the joint ventures' and associates' net results for the financial year is recognised as a separate item in profit or loss. The Group's interest in a joint venture or an associate is carried in the statement of financial position at an amount that reflects its share of the net assets of the joint venture or associate together with goodwill on acquisition, if such goodwill exists. When the Group's share of losses exceeds the carrying amount of the joint venture or an associate, the carrying amount is reduced to nil and recognition of further losses ceases unless the Group is committed to satisfy obligations of the joint venture or associate by guarantees or otherwise.

Other shares, i.e. shares in companies in which Glaston owns less than 20 percent of voting rights, are classified as available-for-sale financial assets and presented at cost or fair value in the statement of financial position, and dividends received from them are recognised in profit or loss.

All inter-company transactions are eliminated as part of the consolidation process. Non-controlling interests are presented separately in arriving at the net profit or loss attributable to owners of the parent. They are also shown separately within equity. If the Group has a contractual obligation to redeem the share of the non-controlling interest with cash or cash equivalents, non-controlling interest is classified as a financial liability.

Unrealised gains arising from transactions with associates and joint ventures are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the similar way as unrealised gains, but only to the extent that there is no evidence of impairment.

FOREIGN SUBSIDIARIES

In the consolidated financial statements, the income statements, statements of comprehensive income and statements of cash flows of foreign subsidiaries have been translated into euros using the average exchange rates of the reporting period and the statements of financial positions have been translated using the closing exchange rates at the end of the reporting period.

The exchange difference arising from translating the income statements, statements of comprehensive income and statements of financial position using the different exchange rates is recognised as other comprehensive income and included in equity as cumulative exchange difference. Exchange differences arising from the translation of the net investments in foreign subsidiaries, joint ventures and associates in non-euro-area are also recognised in other comprehensive income and included in equity as cumulative exchange difference.

On the disposal of all or part of a foreign subsidiary, a joint venture or an associate, the cumulative amount or proportionate share of the exchange difference is reclassified from equity to profit or loss as a reclassification item in the same period in which the gain or loss on disposal is recognised.

TRANSACTIONS IN FOREIGN CURRENCY

In their own day-to-day accounting the Group companies translate transactions in foreign currencies into their own reporting or functional currency at the exchange rates prevailing on the dates of the transactions. At the end of the reporting period, the unsettled balances of foreign currency transactions are measured at the exchange rates prevailing at the end of the reporting period. Foreign exchange gains and losses arising from trade receivables are entered as adjustments of net sales and foreign exchange gains and losses related to trade payables are recorded as adjustments of purchases. Foreign exchange gains and losses arising from financial items are recorded as financial income and expenses.

FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities of Glaston have been classified as financial assets and liabilities at fair value through profit or loss, loans and receivables, available-for-sale financial assets and financial liabilities measured at amortised cost.

A financial asset is derecognised from the statement of financial position when Glaston's contractual rights to the cash flows from the financial asset expire or the financial asset is transferred to an external party and the transfer fulfills the asset derecognition criteria of IAS 39.

A financial liability or a part of a financial liability is removed from the statement of financial position when the liability is extinguished, i.e. when the obligation specified in the contract is discharged or cancelled or expired.

DERIVATIVE FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS AND HEDGE ACCOUNTING

Derivatives, which do not meet hedge accounting criteria, are financial assets and liabilities at fair value through profit or loss, and changes in the fair values of these derivative instruments are recognised immediately in profit or loss.

Derivatives are recorded in the statement of financial position at their fair values. Fair values of publicly traded derivatives are calculated based on quoted market rates at the end of the reporting period. All Glaston's derivatives are publicly traded. Fair values of forward foreign exchange contracts are determined using forward exchange market rates at the end of the reporting period. At the end of the reporting periods of 2009 and 2008, Glaston had no other derivatives than forward foreign exchange contracts.

Most of the Group's derivative transactions, while providing economic hedges, do not qualify for hedge accounting under IAS 39, and therefore changes in the fair values of these derivative instruments are recognised immediately in profit or loss. Group companies mainly hedge their sales in foreign currency as well as those orders received, for which there are firm commitments. The hedging instruments used are forward contracts mainly made with Group Treasury or directly with banks. These hedges are recognised in profit or loss as adjustment of net sales.

If the hedge accounting criteria are fulfilled, derivatives are reported as cash flow hedges in accordance with IAS 39 hedge accounting principles. In that case the changes in fair value of the derivatives are recognised in other comprehensive income net of tax, and included in hedging reserve in equity. Ineffective part of the hedge is recognised immediately in profit or loss. The cumulative gain or loss of the derivative recognised in other comprehensive income is reclassified from equity in profit or loss as a reclassification item in the same period in which the hedged item affects profit or loss. Hedge accounting was not applied during the reporting period 2009 nor at the end of 2008.

Changes in the fair value of foreign currency derivatives designated as hedges of net investment in foreign entities, and which are effective hedges, are recognised in other comprehensive income net of tax, and included in the equity in cumulative exchange difference. Ineffective part of the hedge is recognised immediately in profit or loss. Glaston had no net investment hedges in foreign entities in 2009 or 2008.

Derivative instruments are included in current assets or liabilities in the statement of financial position. Trade date accounting is used in recognising purchases and sales of derivative instruments.

OTHER ASSETS AND LIABILITIES AT FAIR VALUE THROUGH PROFIT OR LOSS

Other assets and liabilities at fair value through profit or loss include mainly Glaston's current investments, which are classified as held for trading, i.e. which have been acquired or incurred principally for the purpose of selling them in the near term. Other assets and liabilities at fair value through profit or loss are included in current assets or liabilities in the statement of financial position.

Fair values of other financial assets and liabilities at fair value through profit or loss are estimated to approximate their carrying amounts because of their short maturities. Trade date accounting is used in recognising purchases and sales of other assets and liabilities at fair value through profit or loss.

LOANS AND RECEIVABLES

Loans and receivables are assets which are not included in derivative assets. Loans and receivables arise when money, goods or services are delivered to a debtor. They are not quoted in an active market and payments related to them are either fixed or determinable. Loans and receivables granted by the Group are measured at amortised cost.

Loans and receivables include loan receivables, trade receivables, other receivables and cash. They are included in current or non-current financial assets in accordance with their maturity. Loan and trade receivables falling due after 12 months are discounted, and the increase in the receivable which reflects the passage of time is recognised as interest income in financial income and expenses.

Trade receivables are carried at the original invoice amount less the share of the discounted interest and an estimate made for doubtful receivables. Estimate made for doubtful receivables is based on a periodic review of all outstanding amounts. For example payment defaults or late payments are considered as indications of impairment of the receivable. Impairment losses of trade receivables are recorded in a separate allowance account within trade receivables, and the impairment losses are recognised in profit or loss as other operating expenses. If the impairment loss is final, the trade receivable is derecognised from the allowance account. If a payment is later received from the impaired receivable, the received amount is recognised in profit or loss as a deduction of other operating expenses.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are assets not classified as derivative assets, assets at fair value through profit or loss or loans and receivables.

Glaston has classified other shares than shares in joint ventures or associates as available-for-sale financial assets. Available-for-sale assets include also other non-current investments.

Glaston records changes in fair value of available-for-sale assets as other comprehensive income net of tax, and they are included in fair value reserve in equity until the assets are disposed, at which time the cumulative gain or loss is reclassified from equity in profit or loss as a reclassification item.

Listed investments are measured at the market price at the end of the reporting period. Investments, for which fair values cannot be measured reliably, such as unlisted equities, are reported at cost or at cost less impairment. If the available-for-sale asset is impaired, impairment loss is recognised immediately in profit or loss.

Trade date accounting is used in recognising purchases and sales of available-for-sale financial assets.

Available-for-sale assets are included in non-current assets in the statement of financial position.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents comprise cash and other financial assets. Other financial assets are highly liquid investments with remaining maturities at the date of acquisition of three months or less. Bank overdrafts are included in current interest-bearing liabilities.

FINANCIAL LIABILITIES MEASURED AT AMORTISED COST
On initial recognition financial liabilities are measured at their fair values that are based on the consideration received. Subsequently, financial liabilities are measured at amortised cost using the effective interest method. Transaction costs are included in the acquisition cost.

Financial liabilities measured at amortised cost include convertible bond pension loans, loans from financial institutions, finance lease liabilities, commercial papers, trade payables and advances received. They are included in current or non-current liabilities in accordance with their maturity.

Interest expenses are accrued for and mainly recognised in profit or loss for each period. Applying revised IAS Borrowing Costs changed, however, Glaston's accounting principles from 1 January, 2009. From that date on, the borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset will be capitalised to the acquisition cost of the asset. The capitalisation applies mainly to property, plant and equipment and intangible assets.

Glaston issued in June 2009 a convertible bond. The convertible bond is classified and recognised partly as equity and partly as a financial liability in accordance with IAS 32 Financial Instruments: Presentation. The fair value of the convertible bond is presented in Note 25 to the consolidated financial statements. Even though the convertible bond is listed, there weren't any transactions with the bond in 2009, so the fair value of the bond has been measured using the pricing model used when the bond was issued.

REVENUE RECOGNITION
Net sales include the total invoicing value of products sold and services provided less discounted interest and sales tax, cash discounts and rebates. Foreign exchange differences arising from trade receivables are recognised as sales adjustments.

Revenue is recognised after the risks and rewards of ownership of the goods have been transferred to the buyer. Normally, revenue recognition takes place at the date of the delivery in accordance with the delivery terms. Revenue from services rendered and reparation work made is recognised in profit or loss when the service has been rendered or the work has been finished.

Revenue from tailor-made glass processing machine deliveries is recognised based on a milestone method, according to which revenue from a glass processing machine is recognised when the machine delivery leaves the manufacturing plant and the revenue from the installation is recognised when the machine has been installed and is taken into use by the customer. The stage of completion is determined project-specifically as the ratio between the costs incurred and attributable to the work performed by the end of the reporting period and the total estimated costs of the project. Costs which are attributable to a project, for which revenue is not yet recognised, are included in inventories as unfinished construction contracts.

PENSIONS AND OTHER LONG-TERM EMPLOYEE BENEFITS
The Group has various pension plans in accordance with the local conditions and practices in the countries where it operates. The pension plans are classified as defined contribution plans or defined benefit plans. The schemes are generally funded through payments to insurance companies as determined by actuarial calculations.

The contributions to defined contribution plans are charged to profit or loss in the period to which the contributions relate.

In addition to defined benefit pensions, Glaston has other long-term employee benefits, such as termination benefits. These benefits are accounted for as post-employment benefits, and they are presented separately from defined benefit pensions.

The obligations for defined benefit plans have been calculated separately for each plan. Defined benefit liabilities or assets, which have arisen from the difference between the present value of the obligations and the fair value of plan assets, have been entered in the statement of financial position.

The defined benefit obligation is measured as the present value of the estimated future cash flows using interest rates of government securities that have maturity terms approximating the terms of related liabilities or similar long-term interests.

For the defined benefit plans, costs are assessed using the projected unit credit method. Under this method the cost is charged to profit or loss so as to spread over the service lives of employees.

Glaston records actuarial gains and losses of defined benefit plans using the so called corridor method, which means that actuarial gains and losses are recognised only to the extent that they exceed 10 percent of the greater of the present value of the defined benefit obligation and the fair value of plan assets. If the actuarial gains and losses are recognised, they are recognised in profit or loss over the expected average remaining working lives of the employees participating in the plan.

SHARE-BASED PAYMENTS
SHARE-BASED INCENTIVE PLAN
The share-based incentive plan of Glaston is a combination of shares and a cash payment. The granted amount of the incentive plan, settled in shares, is measured at fair value at grant date, and the cash-settled part of the plan is measured at fair value at the reporting date or at the date when the shares were surrendered. The persons involved in the share-based incentive plan are not allowed to transfer the shares within two years from date of the reward payment. This period is considered to be part of the vesting period of the plan.

The expenses arising from the incentive plan are recognised in profit or loss during the vesting period. The unpaid cash-settled part of the incentive plan is recorded as a liability in the statement of financial position and the part to be settled in shares is recognised in retained earnings in equity net of tax. Glaston has recorded the personnel costs arising from the share-based incentive plan to the extent it is liable to pay them. The share-based incentive plans are described in Note 29 to the consolidated financial statements.

SYNTHETIC OPTIONS
In addition, the Group had a share-based payment programme which ended in 2008. Within the programme the key manage-

ment of the Group was granted share appreciation rights (synthetic options). The payments have been settled in cash. The expenses arising from the programme were recognised as employee benefit expenses in profit or loss during the vesting period.

CURRENT AND DEFERRED TAXES

The consolidated financial statements include current taxes, which are based on the taxable results of the group companies for the reporting period together with tax adjustments for previous reporting periods, calculated in accordance with the local tax rules, and the change in the deferred tax liabilities and assets.

Income taxes which relate to items recognised in other comprehensive income are also recognised in other comprehensive income.

The Group's deferred tax liabilities and assets have been calculated for temporary differences, which have been obtained by comparing the carrying amount of each asset or liability item with their tax bases. Deferred tax assets are recognised for deductible temporary differences and tax losses to the extent that it is probable that taxable profit will be available, against which tax credits and deductible temporary differences can be utilised. In calculating deferred tax liabilities and assets, the tax rate used is the tax rate in force at the time of preparing the financial statements or which has been enacted by end of the reporting period.

Principal temporary differences arise from depreciation and amortisation of property, plant and equipment and intangible assets, defined benefit plans, recognition of net assets of acquired companies at fair value, measuring available-for-sale assets and derivative instruments at fair value, inter-company inventory profits, share-based payments and confirmed tax losses.

INTANGIBLE ASSETS

Intangible asset is recognised in the balance sheet if its cost can be measured reliably and it is probable that the expected future economic benefits attributable to the asset will flow to the Group. Intangible assets are stated at cost and amortised on a straight line basis over their estimated useful lives. Intangible assets with indefinite useful life are not amortised, but tested annually for impairment.

Acquired intangible assets recognised as assets separately from goodwill are recorded at fair value at the time of the acquisition of the subsidiary.

The estimated useful lives for intangible assets are as follows:

Computer software, patents, licenses, trademarks, product rights	3 - 10 years
Capitalised development expenditure	5 - 7 years
Other intangible assets	5 - 10 years

Research costs are expensed as incurred. Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products, is capitalised if the product is technically and commercially feasible and the Group has sufficient resources to complete development and to use or sell the intangible asset. Amortisation of the capitalised expenditure starts when the asset is available for use. The intangible assets not yet available for use are tested annually for impairment.

Research expenditure and development expenditure recognised in profit or loss are recognised in operating expenses.

Borrowing costs are capitalised as part of the acquisition cost of intangible assets if the intangible assets are qualifying assets as defined in IAS 23 Borrowing Costs. In 2009 Glaston did not have any qualifying assets, so no borrowing costs were capitalised.

GOODWILL

Goodwill represents the excess of the acquisition cost over fair value of the assets less liabilities of the acquired entity. Goodwill arising from the acquisition of foreign entities of acquisitions made after 1 January, 2004, is treated as an asset of the foreign entity and translated at the closing exchange rates at the end of the reporting period. Goodwill arising from the acquisitions of foreign entities made before 1 January, 2004, has been translated into euros at the foreign exchange rate prevailing on the acquisition date.

Acquisitions made after 1 January, 2004, have been recognised in accordance with IFRS 3. Purchase consideration has been allocated to intangible assets, if they have met the recognition criteria stated in IAS 38 (Intangible Assets). Acquisitions made before 1 January, 2004, have not been restated to be in accordance with IFRS-standards. The revised IFRS 3 standard will be applied for business combinations made after 1 January, 2010.

In accordance with IFRS 3 Business Combinations, goodwill is not amortised. The carrying amount of goodwill is tested annually for impairment. The testing is made more frequently if there are indications of impairment of the goodwill. Any possible impairment loss is recognised immediately in profit or loss.

Glaston reorganised its businesses and re-determined its reportable segments in spring 2009 in accordance with its new operational model. The goodwill has been reallocated to the segments accordingly.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at historical cost less accumulated depreciation and impairment losses. The cost of self-constructed assets includes the cost of materials, direct labour and an appropriate proportion of production overheads. When an asset consists of major components with different useful lives, they are accounted for as separate items. Assets from acquisition of a subsidiary are stated at their fair values at the date of the acquisition.

Depreciation is recorded on a straight-line basis over expected useful lives. Land is not depreciated since it is deemed to have indefinite useful life.

The most common estimated useful lives are as follows:

Buildings and structures	25 - 40 years
Heavy machinery	10 - 15 years
Other machinery and equipment	3 - 5 years
IT equipment	3 - 10 years
Other tangible assets	5 - 10 years

Gain on the sale of property, plant and equipment is included in other operating income and loss in operating expenses.

The costs of major inspections or the overhaul of property, plant and equipment items, that occur at regular intervals and are identified as separate components, are capitalised and depreciated over their useful lives. Ordinary maintenance and repair charges are expensed as incurred.

Borrowing costs are capitalised as part of the acquisition cost of tangible assets if the tangible assets are qualifying assets as defined in IAS 23 Borrowing Costs. In 2009 Glaston did not have any qualifying assets, so no borrowing costs were capitalised.

NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

Non-current assets are classified as held for sale and shown separately in the statement of financial position if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. In order to be classified as held for sale the asset must be available for immediate sale in its present condition and the sale must be highly probable. In addition, the sale should qualify for recognition of a complete sale within one year from the date of the classification.

An asset classified as held for sale is measured at the lower of its carrying amount and fair value less costs to sell and it is not depreciated.

IFRS 5 Non-current Assets Held for Sale and Discontinued Operations is not applied retrospectively if the valuations and other information required by the standard were not obtainable at the time the classification criteria were met.

A discontinued operation is a segment or a unit representing a significant geographical area. A coordinated disposal plan has been prepared regarding the discontinued operation. The profit for the period attributable to the discontinued operation is presented separately in the consolidated income statement.

IMPAIRMENT OF ASSETS

Annual impairment tests for goodwill are performed during the fourth quarter of the year. Other assets of the Group are evaluated at the end of each reporting period or at any other time, if events or circumstances indicate that the value of an asset has been impaired. If there are indications of impairment, the asset's recoverable amount is estimated, based on the higher of an asset's fair value less costs to sell and value in use. An impairment loss is recognised in profit or loss whenever the carrying amount of an asset or cash generating unit exceeds its recoverable amount. If subsequently recording the impairment loss a positive change has occurred in the estimates of the recoverable amount, the impairment loss made in previous years is reversed no more than up to the value which would have been determined for the asset item if an impairment loss had not been booked on it in previous years. For goodwill, a recognised impairment loss is not reversed.

Cash flow projections have been calculated on the basis of reasonable and supportable assumptions. They are based on the most recent financial plans and forecasts that have been approved by management. Estimated cash flows are used for a maximum of five years. Cash flow projections beyond the period covered by the most recent plans and forecasts are estimated by extrapolating the projections using a steady or declining growth rate. The discount rate is the weighted average cost of capital. It is a pre-tax rate and reflects current market assessments of the time value of money at the time of review and the risks related to the assets.

INVENTORIES

Inventories are reported at the lower of cost and net realisable value. Cost is determined on a first in first out (FIFO) basis, or alternatively, weighted average cost. Net realisable value is the amount which can be realised from the sale of the asset in the normal course of business, after allowing for the estimated costs of completion and the costs necessary to make the sale.

The cost of finished goods and work in process includes materials, direct labour, other direct costs and a systematically allocated appropriate share of variable and fixed production overheads. As Glaston's machine projects are usually not considered to be qualifying assets as defined in IAS 23, borrowing costs are not included in the cost of inventory of normal machine projects.

GOVERNMENT GRANTS

Government or other grants are recognised in profit or loss in the same periods in which the corresponding expenses are incurred. Government grants received to acquire property, plant and equipment are reduced from the acquisition cost of the assets in question.

ACCOUNTING FOR LEASES

Glaston Group has entered into various operating leases, the payments under which are treated as rentals and charged to profit or loss over the lease term.

Leases of property, plant and equipment where Glaston has substantially all the rewards and risks of ownership, are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased asset or the present value of the minimum lease payments. Lease payments are allocated between liability and finance charges. The lease liabilities net of finance charges are included in interest-bearing liabilities, with the interest element charged to profit or loss over the lease period.

Property, plant and equipment acquired under finance lease contracts are depreciated over the shorter of the useful life of the asset or the lease period.

The Group has acquired production plants and machinery and equipment under finance leases.

IFRIC 4 Determining Whether an Arrangement Contains a Lease is applied to such agreements, which are not leases in legal form, but which in substance convey the right to use an asset for an agreed period of time in return for a payment. If an arrangement or part of it is determined to be a lease, it or part of it is classified as finance or operating lease and accounted for under the guidance in IAS 17 Leases.

PROVISIONS

A provision is recognised when as a consequence of some previous event there has arisen a legal or constructive obligation, and it is probable, that this will cause future expenses and the amount of the obligation can be evaluated reliably.

A restructuring provision is booked only when a detailed and fully compliant plan has been prepared for it and implementation of the plan has been started or notification of it has been made known to those whom the arrangement concerns. The amount recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period. If the time value of money is material, provisions are discounted.

A provision for warranties is recognised when the underlying products are sold. The provision is estimated on the basis of historical warranty expense data.

SEGMENT INFORMATION

Glaston reorganised its businesses and re-determined its reportable segments in spring 2009 in accordance with its new operational model.

The reportable segments of Glaston are Machines, Services and Software Solutions. The reportable segments apply Glaston Group's accounting and measurement principles. Glaston follows the same commercial terms in transactions between segments as with third parties.

The reportable segments consist of operating segments, which have been aggregated in accordance with the criteria of IFRS 8.12. Operating segments have been aggregated, when the nature of the products and services is similar, the nature of the production process is similar, as well as the type or class of customers. Also the methods to distribute products or to provide services are similar.

The reportable segments are disclosed in more detail in Note 5 to the consolidated financial statement.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the end of the reporting period and the recognised amounts of revenues and expenses during the reporting period. Actual results may differ from these estimates.

In addition, management uses judgement in applying the accounting principles and in choosing the applicable accounting policies, if IFRS allow alternative methods.

The following items include critical accounting estimates: impairment testing of assets; estimated fair values of property, plant and equipment and intangible assets acquired in an acquisition and their estimated useful lives; useful lives of other intangible assets and property, plant and equipment; future economic benefits arising from capitalised development cost; measurement of inventories and trade receivables; recognition and measurement of deferred taxes; estimates of the amount and probability of provisions; actuarial assumptions used in defined benefit plans.

The critical accounting estimates and judgements are described in more detail in Note 2 to the consolidated financial statements.

DIVIDENDS

Dividends proposed by the Board of Directors are not recorded in the financial statements until they have been approved by the shareholders at the Annual General Meeting.

TREASURY SHARES

Treasury shares acquired by the company and the related costs are presented as a deduction of equity. Gain or loss on surrender of treasury shares are recorded in reserve for invested unrestricted equity net of tax.

EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net result attributable to owners of the parent by the weighted average number of shares outstanding during the year, excluding shares acquired by the Group and held as treasury shares.

When calculating diluted earnings per share, the net result attributable to owners of the parent is adjusted with the effect on profit or loss of the convertible bond and the weighted average number of shares outstanding during the year is adjusted by the effect of the convertible bond on the number of shares.

ORDER BOOK

Glaston's order book includes the binding undelivered orders of the Group at the end of the reporting period. Orders for new machines are recognised in the order book only after receiving a binding agreement and either down-payment or a letter of credit.

ORDERS RECEIVED

Glaston's orders received include the binding orders received and recognised in the order book during the reporting period as well as net sales of the service business, including net sales of spare parts and tools. Machine upgrades, which belong to the service business, are included in orders received based on the binding orders received and recognised in the order book during the reporting period.

AUDIT

Quarterly information as well as interim reports are not audited.

NOTE 2
CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS AND ASSESSMENT OF GOING CONCERN

When preparing financial statements, Glaston's management assesses Glaston's ability to continue as going concern. Glaston's management has no information of such events or circumstances which may cast significant doubt on Glaston's ability to continue as going concern regardless of the significant loss of the 2009 reporting period. Thanks to major restructuring programs and cost savings arising from them, Glaston's profitability is estimated to improve. Glaston's financing has been secured with the new revolving credit facility agreement which was signed during the latter part of 2009. If the covenants of the credit facility are breached, that will lead into negotiations with the lenders. These negotiations may lead into a situation where the liabilities shall become immediately due and payable.

The most significant management estimates relate to impairment tests, which require use of estimates in the calculations. In impairment testing management estimates recoverable amount of an asset or a cash generating unit. Recoverable amount is the higher of fair value less costs to sell and value in use. When calculating value in use, management estimates the future cash flows as well as the discount rates used in discounting the cash flows. Discount rates reflect current market assessments of the time value of money at the time of impairment testing and the risks related to the tested assets. Estimated cash flows include assumptions of, among other things, future prices, production levels, costs and development of the markets. Impairment loss is recorded if the carrying amount exceeds recoverable amount. The sensitivity analyses related to the impairment tests performed are described in Note 13 to the consolidated financial statements.

In business combinations the net assets of the acquired companies are measured at fair value. In the case of a major acquisition, estimated fair values of property, plant and equipment and intangible assets acquired in an acquisition and their estimated useful lives may have a significant effect on Glaston's result and statement of financial position.

Useful lives of intangible assets and property, plant and equipment are based on management's best estimate of the period the asset is expected to be available for use by Glaston. The actual useful life can, however, differ from the expected useful life resulting in adjustment of annual depreciation or amortisation of the asset or in recording of impairment loss.

Glaston capitalises development costs of new products. In addition to other capitalisation criteria, management has to estimate the future economic benefits arising from the development cost. If management estimates, that there will not be future economic benefits, the development cost is recognised in profit or loss. Whether a development cost is capitalised or recognised immediately in profit or loss can have an effect on the result of the reporting period. At the end of the reporting period of 2009, Glaston had EUR 8.1 (10.9) million of capitalised development expenditure in the statement of financial position.

Measurement of inventories and trade receivables includes some management estimates. Inventories are measured at lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Net realisable value is used in testing the recoverable amount of inventories in order to avoid the inventories being carried in excess of amount expected to be realised from their sale or use. If management estimates that carrying amount of a trade receivable exceeds its fair value, an impairment loss is recognised. For example payment defaults or late payments are considered as indications of impairment of the receivable. The carrying amount of inventory was at the end of the reporting period EUR 37.4 (53.9) million and the carrying amount of trade receivables was EUR 40.9 (69.1) million.

Recognition and measurement of deferred tax liabilities and assets include management estimates, especially deferred tax assets arising from confirmed tax losses of group companies or from other temporary differences. Deferred tax assets are recognised for deductible temporary differences and tax losses to the extent that it is probable that taxable profit will be available against which tax credits and deductible temporary differences can be utilised. All tax liabilities and assets are reviewed at the end of the reporting period and changes are recognised in profit or loss. At the end of the reporting period, the carrying amount of deferred tax assets was EUR 8.5 (7.9) million and the carrying amount of deferred tax liabilities was EUR 6.6 (8.4) million.

If Glaston's management has assessed that as a result of a past event Glaston has a legal or constructive obligation, and that is its probable, that an outflow of resources will be required to settle the obligation, the management has estimated the amount of provision recognised from the obligation. The amount of the provision is the management's best estimate of the amount required to settle the obligation at the end of the reporting period. Glaston's most significant provisions at the end of the reporting period were warranty provision, EUR 4.9 (3.6) million, and restructuring provision, EUR 8.1 (5.9) million. The management's estimate of the warranty provision is based on previous experience, and the estimate of the restructuring provision is based on the restructuring plan in which the locations and personnel concerned have been identified. If possible, external experts have been used in estimating the amount of the provision. If the management has estimated that it is unlikely, that Glaston has an obligation, the contingent liability is presented in the notes to the consolidated financial statements.

Calculation of defined benefit pensions and other defined long-term employee benefits requires choosing certain assumptions which actuaries use in calculation of the obligations arising from defined benefit plans. These assumptions include, among other things, discount rates used in the measurement of plan assets and liabilities as well as other actuarial assumptions such as future salary increases and mortality rate. Actual results, which differ from the initial estimates and assumptions, are recognised using the corridor method in profit or loss over the expected average remaining working lives of the employees participating in the plan. The annual result effect arising from the defined benefit plan is not material. The most significant defined benefit plan is the severance plan of Glaston's Italian subsidiary. The carrying amount of the liability of this plan was EUR 3.0 (3.8) million at the end of the reporting period.

Glaston divested in 2007 its Energy business. Part of the selling price of the Energy business was based on the management's estimate on the number of future emission right allowances to be received by the business and the use of these rights. This part was recognised as a non-current receivable from the buyer. The buyer amortises the receivable annually during 5 years starting from 2009. The receivable was remeasured in the 2007 financial statements based on the fair value of the emission right allowances and on management's estimate of the number to be received. During the spring of 2008, the unit price of the emission right allowance was fixed by a contract. In the financial statements of 2009, management has estimated the number of the emission right allowances.

NOTE 3
MANAGEMENT OF FINANCIAL RISKS

FINANCIAL RISK MANAGEMENT

The main objectives for the financial risk management within Glaston are to secure the sufficient funding of the Group while taking into consideration the current and future needs of the business and at the same time to secure competitive cost of financing.

The Group's treasury functions have been centralised to the parent which is responsible for relations with financial institutions, long-term financing arrangements and the investment of liquid assets as well as the Group's internal funding allocations according to the liquidity needs of different group companies. Group Treasury cooperates with the group companies to identify the risks and provides financial services for the group companies in order to manage these identified risks.

The management of financial risks in Glaston Group is conducted in accordance with the Glaston Group's Treasury Policy approved by the Board of Directors of Glaston Corporation. It is the responsibility of the CFO and Group Treasurer to propose amendments to this policy as conditions within the Group and on the financial markets change. Group Treasury is responsible for monitoring the use of the Policy.

The Group's financial risks consist of foreign exchange, interest rate, credit, counterparty and liquidity risks. Due to its international operations the Group is exposed to risks arising from foreign exchange rate fluctuations. The effects of interest rate changes on the Group's annual result create an interest rate risk. Credit and counterparty risk primarily consists of risk related to credit granted to customers. Liquidity risk is defined as the risk that the Group's funds and borrowing facilities become insufficient to meet the needs of the business or that extra costs are incurred in order to arrange the financing needed.

Also investment of liquid funds is managed in accordance with the Treasury Policy. Liquid assets are invested in low risk instruments and only counterparties that possess high credit-worthiness are accepted. Counterparties are approved annually by the Board of Directors of Glaston Corporation.

MARKET RISKS

FOREIGN EXCHANGE RISK

The Group operates internationally and is therefore exposed to transaction and translation risks arising from fluctuations in foreign exchange rates which may have an effect on the income statement and financial position. Transaction risks arise from cash flows generated by purchase and sales activities while translation risks arise from converting items in the income statement and the statements of financial position of non-euro subsidiaries into the Group's functional currency.

The main invoicing currency is the euro which is the Group's functional currency. The most significant foreign exchange risk arises from exchange rate fluctuations between the euro and the US dollar. US dollar accounted for 14 percent of the total net sales in 2009. However, the share of US dollar of the Group's total invoicing has decreased significantly as more customers accept the euro as the invoicing currency. These two currencies together account for approximately 83 percent of the Group's invoicing. Also other currencies such as Brazilian Real and Chinese Renminbi are used in invoicing but the amounts are not significant. Both of these currencies have, however, increased their share of the invoicing significantly during 2009.

The Group did not have major foreign currency denominated loans at 31 December, 2009. The working capital credit facilities of foreign subsidiaries are in their domestic currencies but their use was very limited. The amount drawn from such facilities was not significant and was at 31 December, 2009 approximately EUR 1.5 (0.5) million.

The objective for foreign exchange risk management is primarily to secure the results of group companies from unexpected currency fluctuations. Hedging of foreign exchange risk is conducted in accordance with the Treasury Policy and the group companies are responsible for reporting their respective positions. Net positions vary greatly between different group companies. These net positions are hedged mainly with forward contracts up to a maximum of 12 months ahead. The average hedging period is 4 to 6 months. The Group has not hedged the net investments in foreign entities.

Glaston does not apply hedge accounting as defined by IAS 39.

For the sensitivity analysis as defined in IFRS 7, a possible +/- 10 percent change in the main currencies was assessed, with all other factors remaining unchanged. The sensitivity analysis is based on the foreign currencies denominated assets and liabilities as of 31 December, 2009. The analysis takes into consideration the impact of foreign exchange derivatives, which offsets the effects of changes in foreign exchange rates.

In the table below the effect of the main currencies on consolidated result before taxes has been analysed. Only risks that are related to financial instruments are included in the analysis.

		Change in exhange rates	
EUR million	Gross position	-10 percent	+ 10 percent
USD/EUR	3	-0.1	0.0
BRL/EUR	2	-0.2	0.2
CNY/EUR	-4	0.5	-0.4
GBP/EUR	3	-0.3	0.3
Other currencies	3	-	-
	7		

INTEREST RATE RISK

Possible changes in the interest rates cause a risk that will affect the result of the Group. The objective for the interest risk management is to minimize the effect of interest rate fluctuations on the Group's annual result.

As a measurement for the management of interest rate risk an average interest fixing term for the parent's interest bearing liabilities has been used. It is maintained within the limits set by the Board of Directors of Glaston Corporation. The average interest fixing term at the end of 31 December, 2009 was 20.3 months in comparison to 10.4 months at the end of the previous year.

On 31 December, 2009, the Group's interest-bearing net debt consisted mainly from use of revolving credit facilities, of the convertible bond issued in 2009 and from commercial paper programme.

For the sensitivity analysis as defined by IFRS 7, a possible +1/-0.5 percentage point change in the interest rates was assessed, with all other factors remaining unchanged. The effect of the change on the Group's result before taxes considering the level of debt with flexible interest rates on the 31 December, 2009, is EUR -0.4/+0.2 million.

CREDIT AND COUNTERPARTY RISK

The Group becomes exposed to credit and counterparty risks when it grants payment time to the customers. The credit worthiness of these counterparties may decrease and affect Group's result. Credit risk management is conducted in accordance with the Group's Credit Management Policy.

The objective for credit risk management is to eliminate the risk as far as possible without compromising the flexibility needed by different business areas. Risk management is performed together with the business management with the objective to avoid major credit risk concentrations and to verify, that sufficient guarantees and collaterals are received. The Group reduces its credit risk by using letters of credit and various types of guarantees received from the customers to secure the receivables. In addition, the Group accelerates fund inflows and reduces risk by using advance payments.

At the end of 2009, 14.0 (32.5) percent of Group's trade receivables were secured by guarantees. The carrying amounts of financial assets equal their maximum credit risk.

The Group's client base is diversified over several different geographical areas and customer segments which reduces major concentrations of credit risk. The largest single customer's share of the Group's receivables is not significant in terms of risk management. Significant unfavorable changes in the level of business, particularly in construction sector, could negatively impact the development of the Group's credit risk.

The Group's liquid funds are invested to mitigate risk and only counterparties with high credit rating are accepted. Portfolio investments consist mainly of money market deposits. The risk profile of accepted counterparties and maximum risk to a single counterparty are approved annually by the Board of Directors of Glaston Corporation.

The quality of trade receivables is assessed by each group company based on the Group's Credit Management Policy. Based on these assessments, impairment losses on trade receivables are recognised in accordance with the Credit Policy.

The total carrying amount of trade receivables on 31 December, 2009, was EUR 40.9 (69.1) million. Of this amount the receivables, which would have been past due but which have been renegotiated, was EUR 1.9 (3.3) million.

Ageing analysis and changes in allowance account of trade receivables are presented in Note 19 to the consolidated financial statements.

LIQUIDITY RISK

Liquidity risk is defined as the risk that the Group's funds and borrowing facilities become insufficient to meet the business needs or that significant extra costs are incurred in order to arrange the financing needed.

Liquidity risk is managed through effective use of advance payments in order to reduce the amount of working capital tied up in the operations. A special focus is set on the working capital management and the development is monitored regularly. Short- and long-term cash planning is part of group companies' operational activity together with the Group's Treasury. As a measurement for the management of liquidity risk are the unused credit facilities. Group Treasury reports the changes in the unused credit facilities on a monthly basis to the management and to the Board of Directors of Glaston Corporation.

Group's funding is mainly organised by using committed credit facilities together with the convertible bond issued in 2009. The most significant of the committed credit facilities is the EUR 74.0 million revolving credit facility signed on 20 November, 2009. The term of the facility is two years, with an option of a one-year extension period subject to agreement between the parties. The term of the convertible bond is five years and subscriptions in total of EUR 23.8 million were made. In addition, the Group has a EUR 50.0 million commercial paper programme out of which approximately EUR 3.5 million was in use at 31 December, 2009.

Committed credit facilities

EUR million	In use	Unused	Total
Committed credit facilities 31.12.2009	42	32	74
Committed credit facilities 31.12.2008	29	36	65

Maturity analysis of financial liabilities 31 December, 2009

EUR thousand

Maturity of financial liabilities	Carrying amount	Contractual cash flows	Maturing in < 12 months	1-2 years	> 2 years
Financial liabilities					
Secured credit facilities	41,865	42,823	42,823	-	-
Unsecured credit facilities	10,841	11,175	9,232	470	1,473
Other interest-bearing loans	64	71	29	34	8
Convertible bond and commercial papers	23,636	35,567	3,500	-	32,067
Finance lease liabilities	2,872	3,765	576	537	2,652
Trade payables	11,847	11,847	11,847	-	-
Other liabilities	2,758	2,758	2,505	54	199
Forward contracts					
inflow	2,694	2,694	2,694	-	-
outflow	2,694	2,694	2,694	-	-
Guarantees					
on behalf of own commitments	-	560	560	-	-
on behalf of others	-	82	82	-	-
Capital commitments in relation to interests in joint ventures	-	700	700	-	-

Maturity analysis of financial liabilities 31 December, 2008

Maturity of financial liabilities	Carrying amount	Contractual cash flows	Maturing in < 12 months	1-2 years	> 2 years
Financial liabilities					
Secured credit facilities	-	-	-	-	-
Unsecured credit facilities	42,660	43,571	42,238	65	1,268
Other interest-bearing loans	16,925	17,184	6,368	5,731	5,585
Commercial papers	4,965	5,000	5,000	-	-
Finance lease liabilities	4,886	7,237	843	815	5,579
Trade payables	15,754	15,754	15,754	-	-
Other liabilities	6,499	6,499	6,192	108	199
Forward contracts					
inflow	6,033	6,033	6,033	-	-
outflow	6,159	6,159	6,159	-	-
Guarantees					
on behalf of own commitments	-	772	772	-	-
on behalf of others	-	133	133	-	-

Maturity of rental obligations is presented in Note 27 to the consolidated financial statements.

MANAGEMENT OF CAPITAL

The objective for management of capital is to secure the continuation of operations at all times and to maintain appropriate capital structure. In the capital management planning process both current and future needs of the business are taken into consideration together with securing the competitive pricing of financing.

The primary measure for the Group's capital structure is net gearing. It is calculated as the ratio between net interest-bearing debt to equity. The Group's equity ratio is also used as a measure for the capital structure. It is calculated as the ratio between equity to the total assets adjusted with advance payments received. Additionally, the committed unused credit facilities are monitored regularly.

Some of the Group's loan agreements include terms and other commitments which are linked to consolidated key figures. If the covenant terms are not fulfilled, negotiations with the lenders will be initiated. These negotiations may lead to notice of termination of financial agreements. The terms of agreement also include restrictions on the distribution of dividends. Based on the restrictions dividend distribution is allowed only if Glaston's net gearing shall be above 80 percent before and after the possible dividend distribution. This does not apply to statutory dividends required to be distributed pursuant to the Finnish Companies Act.

Interest-bearing net debt	31.12.2009	31.12.2008
Non-current interest-bearing liabilities	24,870	16,440
Current interest-bearing liabilities	54,409	52,995
Cash and cash equivalents	-15,556	-11,524
Interest-bearing net debt	**63,723**	**57,911**
Equity		
Attributable to owners of the parent	69,027	123,721
Non-controlling interest	323	50
Total	**69,351**	**123,771**
Total assets	226,664	285,930
Advances received	-16,851	-15,444
Total	**209,813**	**270,486**
Equity ratio, %	33.1%	45.8%
Net gearing, %	91.9%	46.8%

The consolidated equity and thus the capital structure is decreased by dividends paid and acquisition of Glaston Corporation's own shares. The equity can be increased by disposal of own shares and share issues. The authorisations of the Board of Directors to acquire and dispose own shares, and to issue new shares, are disclosed in Note 4 to the consolidated financial statements. Equity is also affected by the result for the financial year, as well as by changes in fair value reserve and exchange differences included in equity.

NOTE 4
SHARES AND SHAREHOLDERS

SHARES AND VOTING RIGHTS

Glaston Corporation has one class of shares. The number of outstanding shares is 79,350,000 (treasury shares are included in the number of shares) and each share, with the exception of treasury shares, carries one vote at general meetings of shareholders. There are no limitations to transfer the shares. At the end of 2009 and 2008, Glaston Corporation's share capital amounted to EUR 12,696,000. The share has no nominal value. The share's counter book value is EUR 0.16 per share. Glaston's shares are registered in the book-entry securities system maintained by Euroclear Finland Ltd.

According to the Articles of Association of Glaston Corporation, a shareholder whose proportion of all the company's shares or the votes conferred by the shares – either alone or together with other shareholders as defined hereinafter – reaches or exceeds 33 1/3 percent or 50 percent is obligated, upon a demand by the other shareholders, to redeem their shares and the securities entitling their holders to shares under the Companies Act according to the provisions of this article.

According to the Articles of Association of Glaston Corporation the redemption price in respect of shares shall be the higher of the following:

a) the weighted average price of trading in the share during the last ten (10) trading days on the NASDAQ OMX Helsinki Ltd. before the day when the company received from the Redeeming Shareholder a notification that the shareholding or voting rights limit as set forth above had been reached or exceeded or, should such notification be lacking or fail to be received by the deadline, when the company's Board of Directors otherwise received knowledge of it;
b) the average price, weighted by the number of shares, which the Redeeming Shareholder has paid for the shares which he has purchased or otherwise received during the last twelve (12) months before the day specified in paragraph a) above.

The redemption obligation set forth in the Articles of Association does not pertain to a shareholder who can prove that the shareholding or voting rights limit entailing a redemption obligation was reached or exceeded before the relevant provision of these Articles of Association was been entered in the Trade Register.

SHARE TRADING

During 2009, the highest price of the Glaston share was EUR 1.44 (in 2008 EUR 3.33) and the lowest price EUR 0.92 (0.87). The average volume-weighted share price was EUR 1.18 (2.07). At the end of 2009, the share price stood at EUR 1.08 (0.91). The turnover of the share in NASDAQ OMX Helsinki Ltd. in 2009 was 7,032,751 (3,965,341) shares and in euro-terms EUR 8.1 (8.3) million. Number of shares traded was 9.0 (5.1) percent of the average share stock. Market capitalisation at the end of 2009 was approximately EUR 84.8 (71.5) million.

NOTIFICATIONS AS PER SECTION 9 OF CHAPTER 2 OF THE SECURITIES MARKET ACT

Glaston Corporation received on 18 June, 2009 a notification under Chapter 2, Section 9 of the Finnish Securities Market Act regarding a change in holdings according to which the current and potential future holding of Varma Mutual Pension Insurance Company in Glaston Corporation is in aggregate 6,942,277 shares as a result of subscription of convertible bonds made on 17 June, 2009. The holding represents approximately 7.112 percent of Glaston Corporation's all shares and votes, provided that all subscribers of the aforementioned convertible bonds would use their conversion right in full.

Varma's direct holding in Glaston Corporation: 19,200 shares and votes in Glaston Corporation, i.e. Varma's portion is 0.02 percent of the number of shares and votes. Varma had on 17 June, 2009 subscribed with EUR 9,000,000 for convertible bonds 2009, which were issued on 16 June, 2009 by the Board of Directors of Glaston Corporation and which were subscribed for in aggregate with EUR 23,750,000.

RESTRICTIONS ON DIVIDEND PAYMENT

The terms of Glaston's revolving credit facility agreement set restrictions on dividend payments. Dividend payment is thereby conditional on Glaston's net gearing, which may not exceed 80 percent before or after any dividend payment. These restrictions do not apply to statutory dividends.

AUTHORISATIONS OF THE BOARD OF DIRECTORS

The 2009 Annual General Meeting of Glaston Corporation, held on 17 March, 2009, authorised the Board of Directors to decide on the acquisition of the company's own shares up to a maximum of 7,000,000 shares. The authorisation is valid for 18 months from the decision of the Annual General Meeting.

The Annual General Meeting also authorised the Board of Directors to decide on the issue of new shares and/or the conveyance of the own shares held by the company such that, in exception to the pre-emptive subscription right of shareholders, a maximum of 7,800,000 new shares can be issued and a maximum of 7,800,000 own shares held by the company can be conveyed, but such that the total number of shares to be issued and/or conveyed does not exceed 7,800,000. The latter authorisation is, however, no longer valid at the end of the reporting period.

The Extraordinary Meeting of Shareholders of Glaston Corporation, held on 8 June, 2009, authorised the Board of Directors to decide of the issuing of shares and the issuing of special rights granting entitlement to shares, referred to in Chapter 10 Section 1 of the Companies Act.

The number of shares to be issued under the authorisation may not exceed a total of 25,000,000 shares. If all shares that may be issued under the authorisation were issued, the number of shares issued would correspond to approximately 24 percent of all the shares in the company.

The Board of Directors decides on the conditions of the issuing of shares and of special rights granting entitlement to shares. The authorisation concerns both the issuing of new shares as well as the conveyance of treasury shares. The issuing of shares and of special rights granting entitlement to shares may be carried out in exception to shareholders' pre-emptive rights.

The authorisation is effective until the next Annual General Meeting, however no longer than 30 June, 2010, and it cancels the authorisation to decide on the issuing of shares given by the Annual General Meeting on 17 March, 2009.

On 16 June, 2009, the Board of Directors decided, based on the authorisation granted by the Extraordinary Meeting of Shareholders, to issue a convertible bond up to a maximum principal of EUR 30,000,000, divided into negotiable promissory notes of nominal value EUR 50,000. The bond was issued in exception to the shareholders' pre-emptive subscription rights to investors selected by the Board of Directors. The bond was subscribed to a total of EUR 23,750,000 and the Board of Directors approved the subscriptions on 17 June, 2009.

THE EFFECT OF THE CONVERTIBLE BOND ON NUMBER OF SHARES

Glaston's convertible bond was subscribed to a total of EUR 23,750,000 and it is fully paid. With the convertible bond it is possible to subscribe Glaston's shares with a conversion price of EUR 1.30 / share. If Glaston's convertible bond would be converted to shares in its entirety, Glaston's number of shares would increase by 18,269,231 shares. The price to be paid for the shares will be recorded in reserve for invested unrestricted equity.

The conversion period for the bond began on 1 August, 2009. No shares were subscribed with the bond during 2009.

Number of shares and treasury shares	2009	2008
Number of shares		
Number of shares 31 December	79,350,000	79,350,000
Treasury shares 31 December	-838,582	-809,793
Number of shares 31 December, excluding treasury shares	**78,511,418**	**78,540,207**
Average number of shares 31 December, excluding treasury shares	**78,522,224**	**78,507,338**
Average number of shares 31 December, excluding treasury shares, dilution effect of the convertible bond taken into account	89,143,077	78,507,338

Acquisition and disposal of treasury shares

	2009	2008
Treasury shares 1 January, shares	809,793	913,500
Returned during the year, shares	28,789	-
Surrendered during the year, shares	-	-103,707
Treasury shares 31 December, shares	**838,582**	**809,793**
Treasury shares 1 January, EUR thousand	3,487	3,933
Returned during the year, EUR thousand	32	-
Surrendered during the year, EUR thousand	-	-447
Treasury shares 31 December, EUR thousand	**3,519**	**3,487**

Glaston's treasury shares consist of shares acquired for the share-based incentive scheme. Share acquisition and the scheme management have been outsourced to an external service provider. The shares are the property of the service provider until the shares are transferred to key individuals within the framework of the scheme. Irrespective of the legal form of the procedure, the shares have been treated as if Glaston would have acquired the shares itself.

Returned shares are shares, which were surrendered in 2008 based on the share-based incentive plan, and returned to Glaston as the conditions of the share-based incentive plan were not fulfilled.

Share-based incentive plan and management's shareholding

Share-based incentive plan is presented in detail in Note 29.
Directors' and Executive Management Group's share ownership is presented in detail in Note 30.

Equity attributable to owners of the parent per share

	2009	2008
Equity attributable to owners of the parent, EUR thousand	69,027	123,721
Number of shares	78,511,418	78,540,207
Equity attributable to owners of the parent per share, EUR	**0.88**	**1.58**

Dividend

	2009	2008
Dividend per share, EUR	0.00	0.05

The 2009 dividend is the Board of Directors' proposal to the Annual General Meeting.

Largest shareholders 31 December, 2009

Shareholder	Number of shares	% of shares and votes
1. GWS Trade Oy	13,446,700	16.95%
2. Oy G.W.Sohlberg Ab	12,819,400	16.16%
3. Sumelius Birgit	3,642,600	4.59%
4. Society of Swedish Literature in Finland	2,245,000	2.83%
5. Investsum Oy	1,820,000	2.29%
6. Suutarinen Helena Estate	1,802,400	2.27%
7. Von Christierson Charlie	1,600,000	2.02%
8. Investment fund Aktia Capital	1,484,650	1.87%
9. Sumelius Bjarne Henning	1,374,840	1.73%
10. Sumelius-Koljonen Barbro	1,206,875	1.52%
11. Sumelius-Fogelholm Birgitta	1,114,000	1.40%
12. Special Investment Fund EQ Pikkujättiläiset	1,000,000	1.26%
13. Evli Alexander Management Oy	838,582	1.06%
14. Sumelius Christer	803,800	1.01%
15. Huber Karin	800,800	1.01%
16. Mariatorp Oy	800,000	1.01%
17. Sumelius Maria	700,000	0.88%
18. Nordea Bank Finland Abp	679,975	0.86%
19. Fontell Niilo Armas	640,700	0.81%
20. Special Investment Fund EQ Pikkujättiläiset	635,207	0.80%
Total 20 largest shareholders	49,455,529	62.33%
Other shareholders	29,819,271	37.58%
Not in the book-entry securities system (in joint account)	75,200	0.09%
Total	**79,350,000**	**100.00**%
Treasury shares	-838,582	1.06%
Total excluding treasury shares	**78,511,418**	

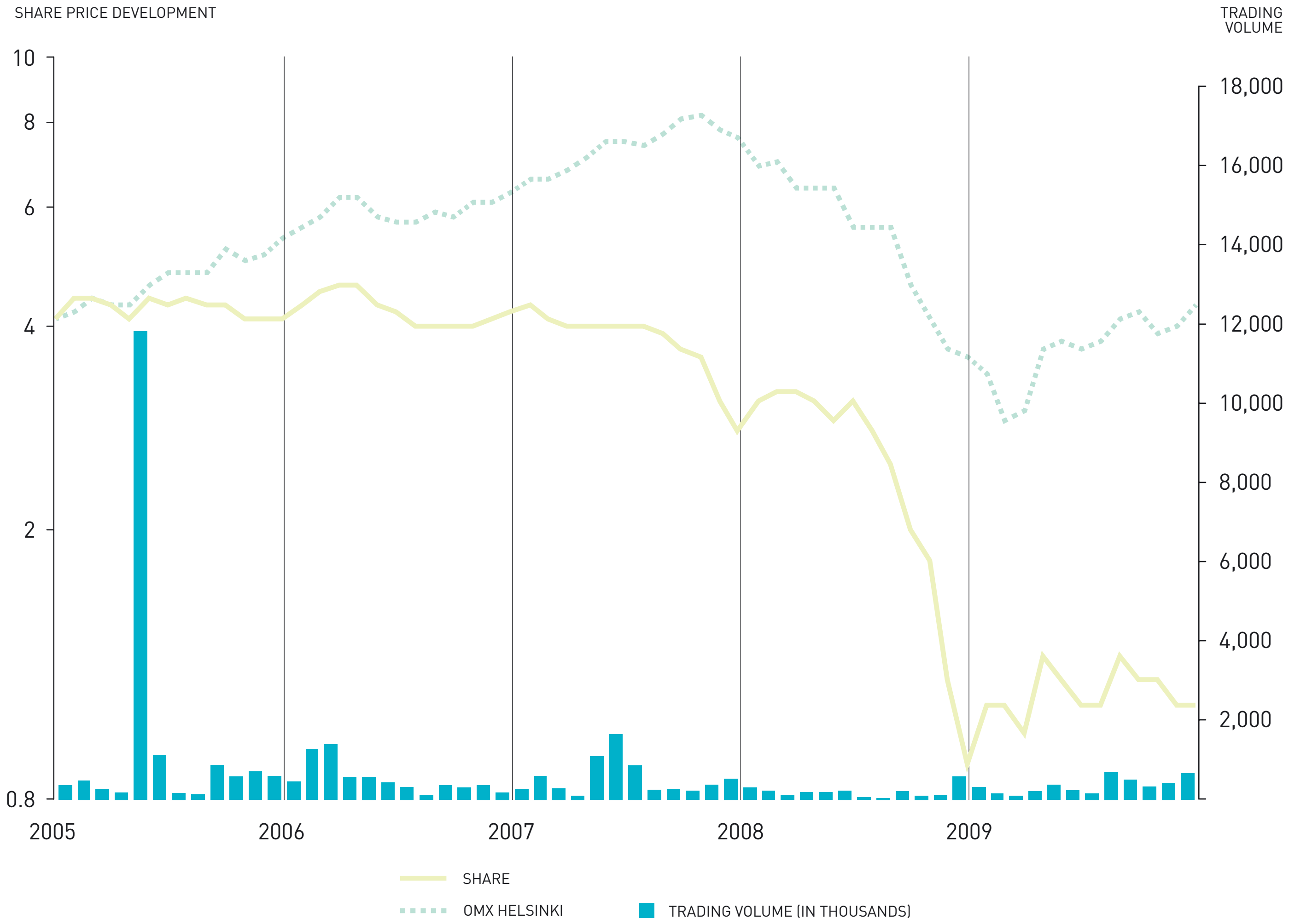
Ownership distribution 31 December, 2009

	Shares total	% of shares and votes
Corporations	33,058,556	41.7%
Financial and insurance corporations	2,525,347	3.2%
Non-profit institutions	3,711,275	4.7%
Households	34,584,294	43.6%
Foreign countries	4,432,961	5.6%
General government	242,161	0.3%
Total	78,554,594	99.0%
Nominee registered	720,206	0.9%
Total	79,274,800	99.9%
Not in the book-entry securities system (in joint account)	75,200	0.1%
Total	**79,350,000**	**100.0%**

Shareholders by share ownership 31 December. 2009

Number of shares	Number of shareholders	% of shareholders	Shares total	% of shares and votes
1 - 100	285	7.0%	18,730	0.02%
101 - 1,000	2,143	53.0%	1,166,607	1.47%
1,001 - 10,000	1,319	32.6%	4,187,409	5.28%
10,001 - 100,000	207	5.1%	7,080,418	8.92%
100,001 - 1,000,000	80	2.0%	24,263,571	30.58%
Over 1,000,000	11	0.3%	42,558,065	53.63%
Total	4,045	100.0%	79,274,800	99.91%
Not in the book-entry securities system (in joint account)			75,200	0.09%
Number of shares issued			**79,350,000**	**100.00%**

Share price development and trading volume



NOTE 5
SEGMENT INFORMATION

EUR thousand

The reportable segments of Glaston are Machines, Services and Software Solutions. The reportable segments apply Glaston Group's accounting and measurement principles as described in Note 1 to the consolidated financial statements. Glaston follows the same commercial terms in transactions between segments as with third parties.

The reportable segments consist of operating segments, which have been aggregated with the criteria of IFRS 8.12. Operating segments have been aggregated, when the nature of the products and services is similar, the nature of the production process is similar, as well as the type or class of customers. Also the methods to distribute products or to provide services are similar.

The reportable Machines segment consists of Glaston's operating segments manufacturing glass processing machines and related tools. The Machines segment includes manufacturing and sale of glass tempering, bending and laminating machines sold under Tamglass and Uniglass brands, glass pre-processing machines sold under the Bavelloni brand as well as tools manufacturing.

Services segment includes maintenance and service of glass processing machines and sale of spare parts and tools. Services segment also provides services to a customer by operating glass processing factory in Akaa, Finland, on behalf of the customer.

Software Solutions segment's product offering, sold under the Albat+Wirsam brand, covers enterprise resource planning systems for the glass industry, software for window and door glass manufacturers, and software for glass processor's integrated line solutions.

The unallocated operating result consists of head office operations of the Group and in 2009 also unallocated share of joint venture's result.

Glaston's chief operating decision maker is the CEO of Glaston Corporation, with the help of the Group's Executive Management Group. The segment information reported to the the chief operating decision maker includes segment revenue (net sales), operating result, orders received and order book as well as operative net working capital. Operative net working capital includes external trade receivables, inventory, external trade payables and advance payments received.

Reportable segments 2009	Machines	Services	Software Solutions	Unallocated and eliminations	Total
External net sales	81,657	46,192	23,929	-9	151,769
Internal net sales	552	1,865	1	-2,417	-
Total net sales	**82,209**	**48,057**	**23,930**	**-2,426**	**151,769**
Operating result of the segments, non-recurring items excluded	**-22,901**	**-1,907**	**417**	**-9,256**	**-33,647**
Operating result includes share of results of joint ventures and associates	-	-	3	-1,539	-1,536
Non-recurring items	-15,935	-2,757	-1,729	-1,225	-21,646
Operating result, non-recurring items included	**-38,836**	**-4,664**	**-1,312**	**-10,481**	**-55,293**
Financial items					-2,348
Income taxes					4,002
Result for the reporting period					**-53,639**
Segment assets	53,521	18,432	6,541	227	78,721
Other assets					147,943
Total assets					**226,664**
Segment liabilities	23,618	4,141	703	235	28,697
Other liabilities					128,616
Total liabilities					**157,313**
Operative net working capital	**29,903**	**14,290**	**5,838**	**-8**	**50,024**

Segment assets include external trade receivables and inventory, and segment liabilities include external trade payables and advance payments received.

The non-recurring items of 2009 consist mainly of impairment losses recognised of goodwill and intangible assets (EUR 10.9 million), expenses arising from merging business areas (EUR 3.3 million) and restructuring programs initiated during the latter part of 2009 (EUR 7.6 million). In addition, the non-recurring items include reversals of provisions made in 2008 (EUR 1.1 million).

Reportable segments 2008	Machines	Services	Software Solutions	Unallocated and eliminations	Total
External net sales	167,574	74,802	28,145	-102	270,419
Internal net sales	928	1,154	9	-2,091	-
Total net sales	**168,502**	**75,956**	**28,154**	**-2,193**	**270,419**
Operating result of the segments, non-recurring items excluded	**5,102**	**4,920**	**3,734**	**-7,565**	**6,191**
Operating result includes share of results of joint ventures and associates	19	-	9	-	28
Non-recurring items	-9,476	-2,237	-550	-35	-12,298
Operating result, non-recurring items included	**-4,374**	**2,683**	**3,184**	**-7,600**	**-6,107**
Financial items					-1,978
Income taxes					-1,091
Result for the reporting period					**-9,176**
Segment assets	90,908	25,398	7,032	2	123,340
Other assets					162,590
Total assets					**285,930**
Segment liabilities	26,842	2,714	1,234	408	31,198
Other liabilities					130,961
Total liabilities					**162,159**
Operative net working capital	**64,066**	**22,684**	**5,798**	**-406**	**92,142**

Non-recurring items of 2008, in total EUR 12.3 million, consist of expenses arising from rationalisation measures as well as non-recurring costs for agreements and doubtful receivables from previous years. In addition, the non-recurring items include impairment losses of assets.

Non-cash income and expenses included in operating result (*	2009	2008
Machines	-11,880	-15,206
Services	-2,762	-1,762
Software Solutions	-1,442	-1,053
Segments total	-16,083	-18,021
Unallocated	-	118
Total non-cash expenses and income	**-16,083**	**-17,903**

(* Excluding impairment.

Goodwill, depreciation, amortisation and impairment by segment

Goodwill EUR million	2009	2008
Machines	36.8	43.1
Services	9.3	10.7
Software Solutions	12.3	12.3
Segments total	**58.4**	**66.2**

Depreciation and amortisation by segment EUR thousand		
Machines	3,708	3,714
Services	1,358	2,332
Software Solutions	2,020	1,728
Segments total	7,085	7,774
Unallocated	1,312	877
Total depreciation and amortisation	**8,398**	**8,651**

Impairment losses of property, plant and intangible assets (* EUR thousand		
Machines	7,479	1,129
Services	2,607	1,425
Software Solutions	1,167	-
Segments total	11,253	2,554
Unallocated	1,200	-
Total impairment losses	**12,453**	**2,554**

(* Includes impairment loss of goodwill.

Orders received and order book by segment

Orders received EUR million		
Machines	88.5	144.4
Services	42.8	72.3
Software Solutions	10.6	13.9
Total	**141.9**	**230.5**

Order book EUR million	31.12.2009	31.12.2008
Machines	39.8	47.3
Services	1.6	11.6
Software Solutions	4.1	3.5
Total	**45.5**	**62.5**

Personnel

Number of personnel at the end of the year by segment	2009	2008
Machines	674	841
Services	228	414
Software Solutions	234	261
Segments total	1,137	1,515
Parent	24	26
Total number of personnel	**1,160**	**1,541**

Number of personnel at the end of the year by geographical location		
Finland	227	440
Other EMEA	613	729
Americas	149	217
Asia	171	156
Total number of personnel	**1,160**	**1,541**

Entity-wide disclosures

Net sales by product groups		
Goods sold	123,776	239,288
Services rendered	27,993	31,131
Total net sales	**151,769**	**270,419**

Net sales by country by destination		
Finland	1,925	19,390
Other EMEA	89,794	158,603
Americas	36,352	55,960
Asia	23,698	36,466
Total	**151,769**	**270,419**

Property, plant and equipment and intangible assets (goodwill excluded), by geographical location		
Finland	29,089	40,753
Other EMEA	10,216	11,268
Americas	1,274	1,266
Asia	3,765	4,264
Total property, plant and equipment and intangible assets, goodwill excluded	**44,344**	**57,550**

EMEA = Europe, the Middle East, Africa and India, Pakistan, Bangladesh, Sri Lanka
Americas = North, Central and South America
Asia = China and the rest of the Asia-Pacific area

Glaston's revenues from any single external customer do not exceed 10 percent of Glaston's total revenue.

NOTE 6
BUSINESS COMBINATIONS

EUR thousand

Business combinations in 2009

Glaston had no business combinations in 2009.

The purchase consideration of the German company Albat+Wirsam Software AG Group was adjusted in 2009 based on the terms of the share purchase agreement. The adjustment did not have any effect on goodwill.

Acquisition cost, adjusted

Purchase consideration	19,780
Expenses related to acquisition	559
Total acquisition cost	**20,339**
Goodwill	**12,747**

Business combinations in 2008

In October 2008, Glaston acquired the business of the Chinese company Yunzhe Software Co. Ltd. The acquired business is related to software business, i.e. Software Solutions segment, which with the acquisition will expand its geographical market area to China. The acquisition was an asset deal. The purchase consideration was EUR 0.2 million, and it was recognised as a liability at the end of 2008. A part of the purchase consideration is contingent and it depends on the future net sales resulting from the acquired business.

Glaston acquired in the business combination identifiable intangible assets consisting of patents and customer list. The fair value of the acquired intangible assets was EUR 0.2 million. A minor goodwill arose from the acquisition. The basis of the goodwill is the transferred expertise of Yunzhe Software Co. Ltd.'s personnel.

If the acquistion would have taken place 1 January, 2008, its effect on Glaston's consolidated net sales and result of 2008 would have been immaterial.

The acquired net assets at the date of acquisition in 2008

	Carrying amounts before combination	Fair values of net assets acquired
Intangible assets	-	160
Acquired net assets	**-**	**160**
Purchase consideration		192
Expenses related to acquisition		7
Total acquisition cost		**199**
Goodwill		**39**
Purchase consideration paid in cash		-
Expenses related to acquisition		7
Effect on cash flow		**-7**

NOTE 7
CONSTRUCTION CONTRACTS
EUR thousand

Construction contracts	2009	2008
Total revenue from construction contracts included in net sales	38,443	103,124
Revenue from unfinished construction contracts included in net sales	12,570	53,434
Advances received recognised in statement of financial position from construction contracts	10,188	10,283

NOTE 8
OTHER OPERATING INCOME
EUR thousand

Other operating income	2009	2008
Capital gains on sale of property, plant and equipment	244	116
Rents	311	71
Other income	570	257
Other operating income total	**1,125**	**444**

NOTE 9
MATERIALS AND OTHER OPERATING EXPENSES
EUR thousand

	2009	2008
Materials		
Materials and supplies, purchases during the period	48,353	87,179
Change in inventories of materials and supplies	-3,787	-1,022
Total materials	**44,566**	**86,157**
Other operating expenses		
Leases	5,953	4,260
Losses on sale of property, plant and equipment	91	11
Subcontracting and maintenance	6,169	37,608
Other expenses	39,383	66,355
Total other operating expenses	**51,596**	**108,234**
Fees for professional services rendered by auditors		
Auditing, KPMG	558	355
Auditing, other auditing companies	77	-
Official statements, KPMG	-	3
Other services, KPMG	48	9
Other services, other auditing companies	86	50
Total	**769**	**416**

The principal auditor of Glaston Group has been KPMG.

Principal auditor's audit fees of the audit of the financial year	373	406

Research and development costs	2009	2008
Recognised in profit or loss	8,193	9,940
Amortisation and impairment losses of capitalised development costs during the reporting period	5,363	4,490
Total	**13,556**	**14,430**
As a percentage of net sales	8.9%	5.3%
Capitalised development costs during the reporting period	3,142	4,186

NOTE 10
EMPLOYEE BENEFITS AND NUMBER OF PERSONNEL

EUR thousand

Employee benefits	2009	2008
Wages and salaries	55,719	59,712
Pension expenses	4,364	4,501
Other personnel expenses	10,249	12,392
Other post-employment benefits	511	283
Total personnel expenses	**70,843**	**76,888**

Pension expenses		
Defined benefit plans	-23	-97
Defined contribution plans	4,387	4,598
Total pension expenses	**4,364**	**4,501**

Pension benefits are presented in more detail in Note 21 to the consolidated financial statements.

Share-based incentive plans and option arrangements are presented in more detail in Note 29 to the consolidated financial statements.

Number of personnel		
Number of personnel, average	1,344	1,519
Personnel in Finland, end of the period	227	440
Personnel outside Finland, end of the period	933	1,101
Total	**1,160**	**1,541**

Average number of personnel in joint venture in 2009 (INTERPANE Glass Oy) was 81. Glaston Group's number of personnel does not include the number of personnel in joint ventures.

In 2008, average number of personnel in joint venture (Glaston Tools [Sanhe] Co., Ltd.) was 51.

NOTE 11
FINANCIAL INCOME AND EXPENSES

EUR thousand

Recognised in income statement	2009	2008
Interest income		
Interest income on assets at fair value through profit or loss	3	5
Interest income on loans and receivables	1,004	836
Other interest income	49	133
Total interest income	1,056	974
Dividend income		
Dividend income on available-for-sale financial assets	5	9
Gains		
Gains on sale of assets held for sale	-	83
Gains on sale of available-for-sale financial assets	-	6
Gains on sale of financial assets at fair value through profit or loss	-	14
Total gains	-	103
Other financial income		
Financial income on emission right receivable	301	1,154
Interest expenses		
Interest expenses on financial liabilities measured at amortised cost	-3,563	-2,411
Other interest expenses	-72	-123
Total interest expenses	-3,635	-2,534
Other financial expenses		
On financial liabilities measured at amortised cost	-372	-60
On loans and receivables	-409	-251
Other financial expenses	-1	-53
Total other financial expenses	-781	-364
Impairment losses on available-for-sale financial assets	-1	-109
Impairment losses on loans and receivables	-160	-
Foreign exchange differences, net		
On financial liabilities measured at amortised cost	1,109	-1,598
On loans and receivables	-344	291
Other foreign exchange gains	103	96
Total foreign exchange differences	868	-1,211
Total financial income and expenses in financial items	**-2,348**	**-1,978**
Net foreign exchange differences in operating profit		
Net sales	-107	38
Purchases	257	114
Total	**151**	**152**

Derivatives	2009	2008
Currency derivatives, hedge accounting applied		
Realised currency derivatives recognised in net sales	-	450
Unrealised currency derivatives recognised in net sales	-	-1
Total	-	449
Currency derivatives, non-hedge accounting		
Realised currency derivatives recognised in net sales	-242	-364
Unrealised currency derivatives recognised in net sales	79	-223
Total	-162	-587

Recognised in other comprehensive income

Fair value changes of available-for-sale financial assets	18	17
Change in fair value of cash flow hedges, effective part	-	-
Change in fair value of cash flow hedges, effective part, reclassified in profit or loss	-	-28
Hedging of net investment in foreign entity	-	-
Total in other comprehensive income	18	-12

Borrowing costs were not capitalised in Glaston Group in 2008. In 2009, in accordance with IAS 23 Borrowing Costs, borrowing costs related to qualifying assets would have been capitalised, if Glaston would have had qualifying assets.

Impairment losses on trade receivables are presented in Note 19.

NOTE 12
INCOME TAXES

EUR thousand

Income tax charge in income statement	2009	2008
Current income tax charge	1,645	-4,662
Adjustments in respect of current income tax of previous years	583	-472
Deferred tax charge	2,409	4,366
Other	-634	-323
Total income tax charge	**4,002**	**-1,091**

Income taxes recognised in other comprehensive income and in equity

Deferred taxes		
Disposal of treasury shares recognised in equity	-27	5
Share-based incentive plan recognised in equity	18	-62
Cash flow hedge, net losses and gains on changes in fair value recognised in other comprehensive income	-	7
Available-for-sale assets, fair value changes recognised in other comprehensive income	-5	-4
Total deferred taxes recognised in other comprehensive income and equity	-14	-54
Current taxes		
Disposal of treasury shares recognised in equity	27	27
Share-based incentive plan, recognised in equity	-	89
Total current taxes recognised in other comprehensive income and in equity	27	116
Total taxes recognised in other comprehensive income and in equity	**13**	**62**

Reconciliation of income tax expense calculated at statutory tax rates with income tax expense in the income statement

Profit before taxes	-57,641	-8,085
Tax at the tax rate applicable to the parent	14,987	2,102
Difference due to different tax rates of foreign subsidiaries	571	182
Impairment losses of goodwill	-2,097	-
Tax exempt income and non-deductible expenses	-348	-1,836
Effect of changes in tax rates and tax laws	-62	334
Losses, where no deferred tax benefit is recognised	-5,288	-473
Deferred taxes recognised during the financial year in respect of previous years' temporary differences	-522	-
Withholding taxes and adjustments in respect of current income tax of previous periods	-113	-614
Effect of joint ventures' and associates' results	-399	7
Use of losses, where no deferred tax asset was recognised	79	262
Deferred tax assets recognised of confirmed losses	-538	-632
Eliminations	-2,967	-412
Effect of taxes not based on taxable income	700	-
Other	-1	-11
Income taxes in the income statement	**4,002**	**-1,091**

The Group companies have tax losses, totalling EUR 38.8 (11.2) million, which can be applied against future taxable income. A deferred tax asset has not been recognised for all tax losses, due to the uncertainty regarding the extent to which they can be used. Deferred tax assets recognised from tax losses amounted to EUR 6.0 (1.8) million.

Limited right to carry forward the tax losses concerns 84 (83) percent of the tax losses and unlimited right 16 (17) percent of the tax losses.

Deferred tax assets are recognised for deductible temporary differences and tax losses to the extent that it is probable that taxable profit will be available, against which tax credits and deductible temporary differences can be utilised. Changes in tax rates have been taken into account when calculating deferred taxes. Corporate tax rate in Finland is 26 percent.

Deferred tax liability has not been recognised in 2009 or 2008 of the undistributed earnings of Finnish or foreign subsidiaries as the majority of such earnings can be transferred to the owner without any tax consequences. Deferred tax liability of undistributed earnings of associates or joint ventures has also not been recognised.

Tax assets and tax liabilities	2009	2008
Deferred tax assets	8,467	7,916
Assets for current tax	3,602	4,369
Deferred tax liabilities	6,613	8,439
Liabilities for current tax	1,040	1,933

Reconciliation of deferred tax assets and deferred tax liabilities

2009

Deferred tax assets	1 January	Exchange difference	Charge in income statement (- tax expense)	Recognised in equity	Recognised in other comprehensive income	31 December
Defined benefit employee benefits	26	-	-4	-	-	22
Unrealised internal profits, inventory	813	-20	-114	-	-	679
Unrealised internal profits, property, plant and equipment and intangible assets	226	-	-181	-	-	45
Confirmed tax losses carried forward (*	1,813	0	4,196	27	-	6,036
Share-based payments	23	-	-7	-3	-	13
Other temporary differences	5,014	-17	-3,326	-	-	1,671
Deferred tax assets in statement of financial position	**7,916**	**-37**	**563**	**24**	**-**	**8,467**

(* EUR 6.4 million deferred tax asset from losses of the reporting period has been recognised during the reporting period.

Other temporary differences consist of expenses which were not tax deductible in the reporting period, but will be tax deductible in future, such as restructuring provisions.

Deferred tax liabilities	1 January	Exchange difference	Charge in income statement (+ tax expense)	Recognised in equity	Recognised in other comprehensive income	31 December
Untaxed reserves	2,286	-	-700	-	-	1,586
Defined benefit employee benefits	363	-	-146	-	-	217
Intangible assets recognised at fair value	1,700	-	-367	-	-	1,333
Available-for-sale financial assets at fair value	12	-	-	-	5	17
Share-based payments	44	-	-58	15	-	2
Other temporary differences	4,034	0	-575	-	-	3,459
Deferred tax liabilities in statement of financial position	**8,439**	**0**	**-1,846**	**15**	**5**	**6,613**

Other temporary differences consist of, among other things, differences between local and IFRS accounting principles, which create timing differences in recognising revenue and expenses.

Change in deferred taxes in income statement (- tax expense) **2,409**

2008

Deferred tax assets	1 January	Exchange difference	Charge in income statement (- tax expense)	Recognised in equity	Recognised in other comprehen-sive income	31 December
Defined benefit employee benefits	-	-	26	-	-	26
Unrealised internal profits, inventory	702	120	-9	-	-	813
Unrealised internal profits, property, plant and equipment and intangible assets	282	-	-57	-	-	226
Confirmed tax losses carried forward	1,802	-	11	-	-	1,813
Share-based payments	155	-	-76	-56	-	23
Other temporary differences	1,504	-30	3,540	-	-	5,014
Deferred tax assets in statement of financial position	**4,446**	**90**	**3,436**	**-56**	**-**	**7,916**

Deferred tax liabilities	1 January	Exchange difference	Charge in income statement (+ tax expense)	Recognised in equity	Recognised in other comprehen-sive income	31 December
Untaxed reserves	2,573	-	-287	-	-	2,286
Defined benefit employee benefits	402	-	-38	-	-	363
Intangible assets recognised at fair value	2,468	-	-768	-	-	1,700
Available-for-sale financial assets at fair value and cash flow hedge	13	-	2	-	-3	12
Share-based payments	-	-	44	-	-	44
Other temporary differences	3,918	-2	118	-	-	4,034
Deferred tax liabilities in statement of financial position	**9,374**	**-2**	**-930**	**-**	**-3**	**8,439**

Change in deferred taxes in income statement (- tax expense)			4,366			

NOTE 13
DEPRECIATION, AMORTISATION AND IMPAIRMENT OF ASSETS

EUR thousand

Depreciation and amortisation	2009	2008
Intangible assets		
Intangible rights	1,116	762
Capitalised development costs	3,145	2,904
Other intangible assets	40	184
Property, plant and equipment		
Buildings and constructions	1,306	1,316
Machinery and equipment	2,404	3,284
Other tangible assets	387	201
Total depreciation and amortisation	**8,398**	**8,651**

Impairment losses		
Intangible assets		
Goodwill	7,792	-
Intangible rights	1,216	149
Capitalised development expenditure	2,218	1,586
Other intangible assets	-	26
Property, plant and equipment		
Buildings and constructions	739	-
Machinery and equipment	477	553
Other tangible assets	11	240
Total impairment	**12,453**	**2,554**
Total depreciation, amortisation and impairment	**20,851**	**11,205**

Impairment of assets

Glaston's cash generating units consist of reportable segments, generating cash flows, which are largely independent of the cash flows of other reportable segments. Glaston reorganised its business in spring 2009 and defined the reportable segments to reflect the new business model. Goodwill has been allocated to the new reportable segments accordingly. In 2008, the impairment testing of goodwill was performed using the old segments.

Goodwill and intangible assets with indefinite useful life are tested annually in accordance with IAS 36 for impairment. Glaston does not have other intangible assets than goodwill with indefinite useful life and which are not amortised. Intangible assets not yet in use are also tested during the reporting period for impairment. Impairment testing is performed also always when there is indication that the recoverable amount of an asset or cash generating unit is lower than its carrying amount.

Goodwill has been tested for impairment by comparing the recoverable amount of the cash generating unit, to which the goodwill has been allocated, with the carrying amount of the cash generating unit. Impairment loss has been recorded if the recoverable amount is lower than the carrying amount. Consistent methods have been used in testing property, plant and equipment and intangible assets.

The recoverable amount of a cash generating unit is its value in use, based on its discounted future cash flows. These cash flows are mainly based on the budgets and estimates approved by the management. Budgets and estimates are used as a basis of the future cash flows for a maximum of five years. Subsequent cash flows are estimated by extrapolating the cash flow estimates. Terminal values have been calculated using Western European long-range growth rate.

If the asset has been classified as held for sale, the recoverable amount used is the fair value of the asset, less costs of sale.

The assumptions used in value in use calculations are mainly the same as used in budgets. Cash flows based on the assumptions have, however, been adjusted so that the future cash flows used in impairment testing exclude any cash flows from uncommitted future restructuring, and cash flows arising from improving or enhancing the asset's performance. The cash flows of restructuring programmes, in which the Group was committed at the date of the testing, are included in testing.

The assumptions used in impairment calculations, such as for example development of markets and price development of products, are based on past experience and information gathered from external sources. Based on this information Glaston has arrived at the assumptions used in estimates. The international economic recession has affected negatively on the cash flows during the reporting period, and the effects of the recession have been taken into account in the estimated cash flows of the near future. The cash flows are not expected to recover to the pre-recession level immediately but during several years. The fundamentals of the business are, however, expected to remain unchanged, so the development of the subsequent years is expected to be positive compared with 2009. If the recovery is postponed or slows down, that will have a negative effect on the future cash flows. As a result of the low net sales of 2009, the annual net sales growth percentages used in the estimated future cash flows are rather big as absolute figures, but they are, however, estimated to be realistic.

The profitability assumptions used in the impairment testing are based on the restructuring programs carried out as well as initiated during 2009, which are expected to result in significant cost savings. The cash flow effects of the restructuring programs are taken into account in the calculations. In addition, the forecast growth in sales volumes during the forecast period has a positive effect on the profitability.

The discount rate used in arriving in recoverable amount is the pre-tax weighted average cost of capital, which reflects the market assessment of time value of money and risks specified to the assets and the countries where the segments operate. Also Glaston's target capital structure has been taken into acccount in determining the discount rate as well as Glaston's cost of debt, which has increased from the previous year.

There are no major changes in the sources of information used in determining the discount rate. The changed importance of the different geographical areas due to the new segments has been taken into account when defining the risk-free interest rates and country risks, which are components of the discount rate. When risk-free interest rates and country risks have been defined, more operating countries have been included.

Discount rates have been calculated separately for each segment, and they can vary between the segments. The discount rate of each segment depends, among other things, on the geographical allocation of cash flows in each segment as well as the relative importance of these cash flows. These can differ between the segments.

Discount rates of segments are not fully compared with the rates used in 2008 due to the changes in the segments and the effect of the changes on for example geographical allocation of cash flows in each segment. As the Software Solutions segment has remained unchaged, its discount rate is comparable.

The most significant assumptions used in value in use calculations in 2009	Machines	Services	Software Solutions
Pre-tax discount rate	12.9%	12.2%	10.9%
Long-term growth rate	2.0%	2.0%	2.0%

The most significant assumptions used in value in use calculations in 2008	Pre-processing	Heat Treatment	Software Solutions
Pre-tax discount rate	12.9%	11.3%	11.3%
Long-term growth rate	2.0%	2.0%	2.0%
Annual sales growth during the forecast period compared with the reporting period	-1% - + 37%	-12% - +35%	+7% - +31%
EBITDA percentage during the forecast period	4% - 12%	8% - 14%	14% - 15%

Impairment testing of goodwill

Glaston reorganised its business in spring 2009 and defined the reportable segments to reflect the new business model. The reportable segments were redefined during the autumn. Goodwill has been allocated to the new reportable segments accordingly. When Glaston's reportable segments were redefined, the goodwill arising from the acquisition of the glass processing business at the date of acquisition was allocated to the Services segment and considered to be impaired in its entirety, thus an impairment loss totaling EUR 1.4 million was recognised.

Goodwill

EUR million	2009		
Segment	**Allocated in 2009**	**Impairment loss**	**31 December, 2009**
Machines	43.1	-6.4	36.8
Services	10.7	-1.4	9.3
Software Solutions	12.3	-	12.3
Total	**66.2**	**-7.8**	**58.4**

Segment	**2008**
Pre-processing	25.4
Heat Treatment	28.4
Software Solutions	12.3
Total	**66.2**

Sensitivity analysis

The recoverable amounts used in impairment testing are subject to change if the assumption used in calculation of the recoverable amounts changes.

The management estimates, that in most cases, a reasonably possible change in a key assumption of the Services and the Software Solutions segments does not cause the cash generating unit's carrying amount to exceed its recoverable amount. The cases in which a reasonably possible change in a key assumption would cause the carrying amount of a cash generating unit to exceed its recoverable amount are presented below. The recoverable amounts of these cash generating units exceed their carrying amounts by 14 percent in the Services segment and by 48 percent in the Software Solutions segment.

Impairment testing of goodwill in the Services Segment has been performed of the carrying amount of goodwill after deducting the EUR 1.4 million impairment loss.

A change in an assumption which, other things being equal, would cause the recoverable amount to equal the carrying amount:

Post-tax discount rate (*	Value assigned to the assumption	Change
Services	9.1%	+ 1 percentage point
Software Solutions	8.4%	+ 3 percentage points

Long-term growth rate (*	Value assigned to the assumption	Change
Services	2.0%	Decrease of 1.5 percentage points
Software Solutions	2.0%	Decrease of 4.5 percentage points

(* The consequential effects of the change in the assumption on other variables used to measure recoverable amounts have not been incorporated in the sensitivity analysis.

The sensitivity analyses of the Machines segment have been performed by calculating the effect of the possible changes in the key assumptions on the impairment loss of goodwill recognised. Glaston's management estimates, that there are no grounds to perform the goodwill impairment testing in the Machines segment using fair value less costs of sale instead of value in use.

Sensitivity analysis of the Machines segment

Assumption	Change in the assumption	Increase in impairment loss of goodwill, EUR million
Post-tax discount rate (*	+0.5 percentage points	EUR 7.0 million
Long-term growth rate (*	-0.5 percentage points	EUR 5.5 million

(* The consequential effects of the change in the assumption on other variables used to measure recoverable amounts have not been incorporated in the sensitivity analysis.

Impairment of property, plant and equipment and intangible assets

The impairment of property, plant and equipment is mainly related to machines, which are no longer in use, and to a building which has been financed with a finance lease. The operations in the building have ceased.

Impairment losses of intangible assets have been recognised of such capitalised development costs and intangible rights which no longer are expected to generate future economic benefits.

NOTE 14
INTANGIBLE ASSETS

EUR thousand

Glaston has no other intangible assets than goodwill with indefinite useful life. All intangible assets with the exception of goodwill are amortised over their useful lives.

2009	Capitalised development expenditure	Intangible rights	Goodwill	Other capitalised expenditure	Advances paid	2009 total
Acquisition cost at beginning of year	22,471	10,098	66,183	1,913	7,948	108,612
Business combinations	-	-	-	-	-	-
Other increases	594	193	-	3	4,413	5,203
Decreases	-2,189	-103	-	-73	-	-2,365
Reclassifications and other changes	1,990	2,495	-	3	-4,745	-257
Exchange differences	-	-21	9	-1	-	-13
Acquisition cost at end of year	**22,866**	**12,662**	**66,192**	**1,845**	**7,616**	**111,181**
Accumulated amortisation and impairment at beginning of year	-11,612	-6,605	-	-1,666	-	-19,883
Accumulated amortisation relating to decreases and transfers	2,189	81	-	69	-	2,339
Amortisation during the reporting period	-3,145	-1,116	-	-40	-	-4,301
Impairment losses (note 13)	-2,218	-1,216	-7,792	-	-	-11,226
Reclassifications and other changes	-	-40	-	1	-	-39
Exchange differences	-	-	3	-	-	3
Accumulated amortisation and impairment at end of year	**-14,786**	**-8,896**	**-7,789**	**-1,636**	**-**	**-33,107**
Carrying amount at end of year	**8,080**	**3,766**	**58,403**	**209**	**7,616**	**78,074**

2008	Capitalised development expenditure	Intangible rights	Goodwill	Other capitalised expenditure	Advances paid	2008 total
Acquisition cost at beginning of year	20,575	8,573	67,641	2,909	4,294	103,992
Business combinations	-	115	39	45	-	199
Other increases	1,908	1,536	-	595	2,598	6,636
Decreases	-1,476	-222	-1,454	-3	-	-3,155
Reclassifications and other changes	1,464	77	-43	-1,616	1,056	938
Exchange differences	-	19	-	-17	-	2
Acquisition cost at end of year	**22,471**	**10,098**	**66,183**	**1,913**	**7,948**	**108,612**
Accumulated amortisation and impairment at beginning of year	-8,597	-5,859	-	-2,326	-	-16,782
Accumulated amortisation relating to decreases and transfers	1,476	203	-	3	-	1,682
Amortisation during the reporting period	-2,904	-762	-	-184	-	-3,850
Impairment losses (note 13)	-1,586	-149	-	-26	-	-1,761
Reclassifications and other changes	-1	-1	-	851	-	849
Exchange differences	-	-37	-	16	-	-21
Accumulated amortisation and impairment at end of year	**-11,612**	**-6,605**	**-**	**-1,666**	**-**	**-19,883**
Carrying amount at end of year	**10,859**	**3,493**	**66,183**	**247**	**7,948**	**88,729**

NOTE 15
PROPERTY, PLANT AND EQUIPMENT

EUR thousand

Glaston has given liens on chattel as security for liabilities. These as well as real estate mortgages provided as security for liabilities are presented in Note 27.

At the end of 2009, Glaston did not have of contractual commitments for the acquisition of property, plant and equipment (at the end of 2008: EUR 0.1 million).

In 2009 or 2008, Glaston did not receive any material third party compensation for items of property, plant and equipment that were impaired, lost or given up.

2009	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and assets under construction	2009 total
Acquisition cost at beginning of year	1,704	31,232	32,979	3,252	505	69,673
Business combinations	-	-	-	-	-	-
Other increases	-	82	832	80	255	1,249
Decreases	-	-2,669	-9,856	-550	-200	-13,275
Reclassifications and other changes	-	328	-67	71	-515	-183
Exchange differences	-2	-114	192	10	-	86
Acquisition cost at end of year	**1,702**	**28,859**	**24,080**	**2,863**	**45**	**57,550**
Accumulated depreciation and impairment at beginning of year	-	-12,995	-19,636	-2,037	-	-34,668
Accumulated depreciation relating to decreases and transfers	-	1,865	4,670	550	-	7,085
Depreciation during the reporting period	-	-1,306	-2,404	-387	-	-4,097
Reclassifications and other changes	-	-	-123	238	-	115
Impairment losses (note 13)	-	-739	-477	-11	-	-1,227
Exchange differences	-	16	-90	-10	-	-84
Accumulated depreciation and impairment at end of year	**-**	**-13,159**	**-18,060**	**-1,657**	**-**	**-32,876**
Carrying amount at end of year	**1,702**	**15,700**	**6,020**	**1,206**	**45**	**24,673**

2008	Land and water areas	Buildings and constructions	Machinery and equipment	Other tangible assets	Advances paid and assets under construction	2008 total
Acquisition cost at beginning of year	1,700	27,288	29,662	1,955	1,973	62,579
Business combinations	-	-	-	-	-	-
Other increases	-	3,629	4,084	170	3,505	11,388
Decreases	-	-64	-368	-415	-	-847
Reclassifications and other changes	-	-2	-416	1,629	-5,016	-3,805
Exchange differences	4	380	17	-87	42	357
Acquisition cost at end of year	**1,704**	**31,232**	**32,979**	**3,252**	**505**	**69,673**
Accumulated depreciation and impairment at beginning of year	-	-11,692	-17,349	-1,026	-	-30,067
Accumulated depreciation relating to decreases and transfers	-	44	166	414	-	624
Depreciation during the reporting period	-	-1,316	-3,284	-201	-	-4,801
Reclassifications and other changes	-	-	1,480	-1,014	-	466
Impairment losses (note 13)	-	-	-553	-240	-	-793
Exchange differences	-	-31	-96	30	-	-97
Accumulated depreciation and impairment at end of year	**-**	**-12,995**	**-19,636**	**-2,037**	**-**	**-34,668**
Carrying amount at end of year	**1,704**	**18,237**	**13,343**	**1,215**	**505**	**35,004**

Carrying amount of machinery and equipment used in production 31 December, 2009	3,508
Carrying amount of machinery and equipment used in production 31 December, 2008	10,848

NOTE 16
ASSOCIATES AND JOINT VENTURES
EUR thousand

Investment in joint ventures

	2009	2008
Carrying amount 1 January	869	770
Exchange differences	-	80
Additions	2,000	-
Share of net result of joint ventures	-1,539	19
Reclassifications	-960	-
Carrying amount 31 December	**370**	**869**

The carrying amount of investment in joint ventures does not include goodwill.

Investment in associates

Carrying amount 1 January	23	-
Exchange differences	-	-
Additions	-	-
Share of net result of associates	3	9
Reclassifications	-	14
Carrying amount 31 December	**26**	**23**

The carrying amount of investment in associates does not include goodwill.

Associates and joint ventures

			Group ownership, %		Carrying amount	
			2009	2008	2009	2008
INTERPANE Glass Oy	Tampere	Finland	50	-	370	-
Glaston Tools (Sanhe) Co., Ltd. (*	Sanhe	China	-	70	-	869
Bitec GmbH Büro für Informationstechnik	Chemnitz	Germany	49	49	26	23
					396	**892**

(* The Chinese company Glaston Tools (Sanhe) Co., Ltd. was consolidated in 2008 as a joint venture using the equity method and not as a subsidiary despite of the 70 percent ownership of Glaston, because Glaston was not considered to have control of the company. From 1 January, 2009, Glaston Tools (Sanhe) Co., Ltd. has been consolidated as a subsidiary as Glaston has gained control of the company. There has not been changes in the ownership of the company.

Glaston's subsidiary Tamglass Glass Processing Ltd. sold in March its insulated and architectural glass processing operations to INTERPANE Glass Oy. INTERPANE Glass Oy began its operations on 1 April, 2009. The transaction was an asset deal, consisting of, among others, tangible assets and inventory. The deal was financed mainly through vendor financing given by Glaston. Glaston has also invested EUR 2.0 million in the equity of INTERPANE Glass Oy. In addition, Glaston is committed to invest additional EUR 0.7 million in INTERPANE's equity. Also the other party of the transaction is committed to make additional investments in INTERPANE's equity.

INTERPANE Glass Oy is a company owned jointly by Georg F. Hesselbach through his company A A A Glass & Design Finland Oy, and a subsidiary of Glaston Corporation. The shareholders of INTERPANE Glass Oy have entered into a shareholders' agreement which incorporates put and call options enabling the shareholders to rearrange their ownership shares in the company in the future. At any time during the period between 1 January, 2013 and 30 June, 2015, Glaston has an option to sell all of its shares to A A A Glass & Design Finland Oy. After Georg F. Hesselbach or A A A Glass & Design Finland Oy have provided the equity increase to INTERPANE Glass Oy as agreed in the shareholders' agreement, either Georg F. Hesselbach or A A A Glass & Design Finland Oy have an option to purchase 20 percent of shares in INTERPANE Glass Oy from Glaston. After the transaction Glaston's share ownershipin INTERPANE Glass Oy would be 30 percent.

Glaston's share of assets and liabilities, and income and expenses of joint ventures are as follows:

Share of assets and liabilities of joint ventures	2009	2008
Non-current assets	2,440	531
Current assets	1,383	435
Total assets	**3,823**	**966**
Non-current liabilities	2,967	-
Current liabilities	1,118	97
Total liabilities	**4,085**	**97**

Share of income and expenses of joint ventures		
Net sales	**2,567**	**469**
Expenses and depreciation and amortisation	-3,949	-446
Operating profit / loss	**-1,382**	**23**
Financial income and expenses	-147	2
Result before income taxes	**-1,530**	**25**
Income taxes	-48	-6
Net result	**-1,577**	**19**

Joint venture balances	2009	2008
Non-current receivables	5,935	-
Current receivables	1,218	30
Current liabilities	87	-

Transactions with joint venture		
Sales to joint venture	12	24
Rental income from joint venture	276	-
Interest income from joint venture	295	-

No impairment losses have been recorded from receivables from the joint venture.

Glaston has granted a non-current loan to the joint venture. The loan is a bullet loan to be paid on 31 December, 2013. The per annum interest rate is 7 percent. The accured interest from 2010 will capitalised to the principal amount. From 2011 onward the interest will paid once a year at the end of the reporting period.

Associated company balances

In 2009 and 2008, Glaston group companies did not have any receivables from or payables to associates.

Transactions with associates

In 2009 and 2008, Glaston group companies did not have any transactions with associates.

Financial information of the associate

The Group's share of the result of the associate is consolidated using the equity method. The result used in the consolidation is from the 2008 financial statements of Bitec GmbH Büro für Informationstechnik as the 2009 financial statements of Bitec GmbH Büro für Informationstechnik were not available when preparing Glaston's consolidated financial statements.

	2008	2007
Profit	6	38
Assets	399	369
Liabilities	248	224

NOTE 17
AVAILABLE-FOR-SALE FINANCIAL ASSETS

EUR thousand

2009	Available-for-sale shares	Other available-for-sale investments
Carrying amount 1 January	314	7
Additions	-	-
Disposals	-2	-
Reclassifications	-	-
Impairments	-1	-1
Fair value changes recognised in other comprehensive income	18	-
Carrying amount 31 December	**329**	**6**

2008	Available-for-sale shares	Other available-for-sale investments
Carrying amount 1 January	87	18
Additions	-	4
Disposals	-6	-17
Reclassifications	256	69
Impairments	-40	-67
Fair value changes recognised in other comprehensive income	17	-
Carrying amount 31 December	**314**	**7**

Glaston has classified its non-current investments as available-for-sale shares and other available-for-sale investments. Glaston recognises fair value changes of available-for-sale assets in other comperehensive income and they are included in the fair value reserve in equity until the assets are disposed, at which time the cumulative gain or loss is reclassified to profit or loss as an reclassification item. Certain unlisted equities and investments, for which fair values can not be measured reliably, are recognised and measured at cost or at cost less impairment.

Impairment losses of available-for-sale financial assets are recognised in the income statement in financial items.

Reclassifications in 2008 include mainly the reclassification of assets held for sale back to available-for-sale shares.

NOTE 18
INVENTORIES

EUR thousand

	2009	2008
Inventories		
Materials and supplies	8,606	6,494
Work in process	15,008	20,541
Finished goods	13,458	25,867
Advances paid	325	1,015
Total inventories	**37,398**	**53,918**
Impairment losses of inventory during the period	-4,732	-3,470
Reversals of impairment losses of inventory during the period	0	84
Total write-downs and reversals of write-downs during the period	**-4,732**	**-3,386**
Carrying amount of inventories carried at fair value less costs to sell	3,618	4,254

NOTE 19
RECEIVABLES

EUR thousand

	2009	2008
Receivables		
Trade receivables	37,560	66,041
Trade receivables, falling due after 12 months	3,379	3,090
Total trade receivables	40,939	69,131
Prepaid expenses and accrued income	4,406	6,942
Other receivables	3,039	2,270
Other receivables, falling due after 12 months	3,845	4,915
Non-current loan receivables (*	5,935	-
Total receivables	**58,163**	**83,258**

(* In non-current assets

Prepaid expenses and accrued income consist mainly of accruals of financial items, fair values of derivative instruments, accruals related to sales, accruals related to insurances and other accruals.

Prepaid expenses and accrued income related to derivative instruments are disclosed in more detail in Note 26.

Receivables falling due after 12 months have been discounted.

Ageing analysis of trade receivables at 31 December

	Carrying amount of trade receivables after recognising allowance account	Not past due	Past due			
			< 30 days	31 - 180 days	181 - 360 days	> 360 days
2009	40,939	26,967	5,645	6,190	1,038	1,100
2008	69,131	41,075	11,299	12,808	3,274	675

Allowance account of trade receivables is used when an estimate of impairment losses arising from trade receivables is recognised. These impairment losses are recognised in profit or loss. If the impairment loss recognised in the allowance account becomes final, trade receivables are decreased with the amount of the impairment loss and allowance account is adjusted respectively.

Carrying amount of trade receivables, which would be past due, but whose terms have been renegotiated, was EUR 1.9 (3.3) million.

Impairment losses of trade receivables and changes in allowance account of trade receivables

Allowance account 1 January, 2008	4,055
Charge for the year	3,746
Utilised	-177
Unused amounts reversed	-152
Allowance account 31 December, 2008	**7,472**
Charge for the year	3,056
Utilised	-2,343
Unused amounts reversed	-1,244
Allowance account 31 December, 2009	**6,941**

	2009	2008
Impairment losses of trade receivables recognised in profit or loss, net	1,842	3,708

NOTE 20
TOTAL COMPREHENSIVE INCOME INCLUDED IN EQUITY
EUR thousand

	Hedging reserve	Fair value reserve	Retained earnings	Cumulative exchange difference	Non-controlling interest	Total
Total other comprehensive income for 2009						
Total exchange differences on translating foreign operations	-	-	-	-743	-1	-743
Other changes and reclassifications	-	-	-	-	-	-
Cash flow hedges	-	-	-	-	-	-
Income taxes on cash flow hedges	-	-	-	-	-	-
Available-for-sale financial assets, fair value changes	-	18	-	-	-	18
Income taxes on fair value changes of available-for-sale financial assets	-	-5	-	-	-	-5
Other comprehensive income	**-**	**13**	**-**	**-743**	**-1**	**-730**
Loss for 2009	**-**	**-**	**-53,590**	**-**	**-49**	**-53,639**
Total comprehensive income for 2009	**-**	**13**	**-53,590**	**-743**	**-49**	**-54,369**

	Hedging reserve	Fair value reserve	Retained earnings	Cumulative exchange difference	Non-controlling interest	Total
Total other comprehensive income for 2008						
Total exchange differences on translating foreign operations	-	-	-	691	-10	681
Other changes and reclassifications	-	21	-75	-	65	11
Cash flow hedges	-28	-	-	-	-	-28
Income taxes on cash flow hedges	7	-	-	-	-	7
Available-for-sale financial assets, change in fair value	-	17	-	-	-	17
Income taxes on fair value changes of available-for-sale financial assets	-	-4	-	-	-	-4
Other comprehensive income	**-21**	**33**	**-75**	**691**	**55**	**683**
Loss for 2008	**-**	**-**	**-9,134**	**-**	**-42**	**-9,176**
Total comprehensive income for 2008	**-21**	**33**	**-9,209**	**691**	**13**	**-8,493**

NOTE 21
PENSIONS AND OTHER DEFINED LONG-TERM EMPLOYEE BENEFITS
EUR thousand

The Group has various defined benefit schemes in the countries where it operates. The plans include retirement and termination benefits.

The Group has defined benefit pension plans in Finland. The Group has also defined contribution pension plans, of which the charge to the income statement was EUR 4.4 (4.6) million.

In addition to defined benefit pensions, Glaston has other long-term defined employee benefits, such as statutory defined benefit severance pay schemes in Italy and Mexico.

Amounts in the statement of financial position relating to Finnish defined benefit pension plans	**2009**	**2008**
Fair value of plan assets	-	-
Present value of funded obligations	39	48
Unrecognised actuarial gain (loss -)	88	109
Net liability (asset -)	**127**	**157**
Amounts in the balance sheet		
Liabilities	127	157
Assets	-	-
Net liability (asset -)	**127**	**157**

Amounts in the statement of financial position relating to other long-term employee benefits	2009	2008
Fair value of plan assets	-	-
Present value of unfunded obligations	3,181	4,400
Unrecognised actuarial gain (loss -)	-135	-566
Net liability (asset -)	**3,046**	**3,834**
Amounts in the balance sheet		
Liabilities	3,046	3,834
Assets	-	-
Net liability (asset -)	**3,046**	**3,834**

Changes in the fair value of plan assets, Finnish defined benefit pensions

Fair value of plan assets 1 January	**-**	**255**
Expected return on plan assets	-	14
Actuarial gains (losses -)	-	-
Benefits paid	-	-
Contributions by employer	-	1
Other changes	-	-270
Fair value of plan assets 31 December	**-**	**0**

Changes in the present value of defined benefit pension obligation, Finnish defined benefit pensions

Present value of defined benefit obligation 1 January	**48**	**495**
Current service cost	-	1
Interest cost	3	24
Actuarial losses (gains -)	-5	-99
Benefits paid	-7	-15
Other changes	-	-358
Present value of defined benefit obligation 31 December	**39**	**48**

Changes in the present value of other long-term employee benefit plans

Present value of defined benefit obligation 1 January	**4,400**	**4,499**
Exchange differences on foreign plans	0	-13
Current service cost	4	5
Interest cost	208	227
Actuarial losses (gains -)	-142	113
Effect of curtailment	10	-
Benefits paid	-1,299	-431
Present value of defined benefit obligation 31 December	**3,181**	**4,400**

Amounts recognised in profit or loss, Finnish defined benefit pensions

Current service cost	-	1
Expected return on plan assets	-	-14
Interest on obligation	3	24
Actuarial losses and gains (-)	-26	-20
Other changes	-	-88
Total included in pension expenses (gain -)	**-23**	**-97**

The Group expects to contribute EUR 6 thousand to its defined benefit pension plans in 2010.

Amounts recognised in profit or loss, other defined long-term employee benefit plans	2009	2008
Current service cost	4	5
Interest on obligation	209	227
Actuarial losses and gains (-)	289	51
Effect of curtailment	9	-
Total included in other personnel expenses (gain -)	**511**	**283**

The Group expects to contribute EUR 1,268 thousand to its other long-term employee benefit plans in 2010.

Actual return on plan assets, Finnish pensions		
Expected return on plan assets	-	-
Actuarial gains and losses (-) on plan assets	-	-
Actual return on plan assets	**-**	**-**

Actuarial assumptions	2009 Finnish defined pension plans	2009 Other plans	2008 Finnish defined pension plans	2008 Other plans
Discount rate, %	4.00%	5.25% - 8.50%	6.00%	5.00% - 8.68%
Expected return on plan assets, %	4.00%	-	6.00%	-
Future salary increase, %	0.00%	5.04 %	3.30%	5.04%
Future pension increases, %	2.10%	-	2.10%	-
Inflation, %	2.00%	2.00 %	2.00%	2.30% - 4.00%
Expected remaining service period	3	18 - 22	4	11 - 22

Information of the asset categories is not available.

Amounts for the current and previous periods, defined benefit pensions	2009	2008	2007	2006	2005
Defined benefit pension obligation	39	48	494	536	504
Plan assets	-	-	254	269	254
Surplus / deficit (-)	-39	-48	-240	-267	-250
Experience adjustments on plan assets	-	0	84	0	0
Experience adjustments on plan liabilities	-8	-97	-114	0	0

Amounts for the current and previous periods, other long-term employee benefit plans	2009	2008	2007	2006	2005
Defined benefit obligation	3,181	4,400	4,499	6,193	6,346
Plan assets	-	-	-	-	-
Surplus / deficit (-)	-3,181	-4,400	-4,499	-6,193	-6,346
Experience adjustments on plan assets	-	-	-	-	-
Experience adjustments on plan liabilities	-158	90	163	-1	-

NOTE 22
INTEREST-BEARING LIABILITIES

EUR thousand

Non-current interest-bearing liabilities	2009	2008
Convertible bond	20,144	-
Pension loans	-	10,950
Finance leasing liabilities	2,612	4,383
Loans from financial institutions	2,087	1,107
Other non-current liabilities	27	-
Total non-current interest-bearing liabilities	**24,870**	**16,440**

Maturity of non-current interest-bearing liabilities		
2011 (2010)	2,341	5,931
2012 (2011)	262	5,922
2013 (2012)	271	451
2014 (20113)	20,415	1,564
2015 (2014) or later	1,581	2,572
Total	**24,870**	**16,440**

Non-current liabilities by currency		
EUR	24,843	16,440
BRL	27	-
Total	**24,870**	**16,440**

Non-current interest-bearing loans maturing after 5 years		
Finance leasing liabilities	1,581	2,572
Total	**1,581**	**2,572**

Current interest-bearing liabilities		
Loans from financial institutions	50,619	41,553
Commercial paper programme	3,493	4,965
Pension loans	-	5,475
Finance leasing liabilities	260	502
Other current interest-bearing liabilities	37	500
Total current interest-bearing liabilities	**54,409**	**52,995**

Interest-bearing net liabilities		
Non-current interest-bearing liabilities	24,870	16,440
Current interest-bearing liabilities	54,409	52,995
Cash	-15,556	-11,524
Total	**63,723**	**57,912**

Glaston's main liquidity reserve is a committed revolving credit facility. The credit facility was renewed in November 2009. At the end of 2009, EUR 42 million of the new EUR 74 million revolving credit facility was in use. At the end of 2008, EUR 29 million of the EUR 65 million revolving credit facility was in use.

Glaston Corporation has a domestic commercial paper programme of EUR 50 million. Under the commercial paper programme, Glaston is able to issue commercial papers with a maximum maturity of one year.

Glaston issued in June 2009 a convertible bond. An aggregate amount of EUR 23,750,000 of the convertible bond was subscribed. The issue price of the bond was 100 percent, and the principal amount of the bond carries a fixed interest rate of 7 percent per annum. The conversion price of the shares that the bonds may be converted into is EUR 1.30. The right to convert the bonds into shares commenced on 1 August, 2009 and the maturity date of the bonds is 19 June, 2014. The bond is publicly traded on the Nasdaq OMX Helsinki.

Some of the Group's loan agreements include terms and other commitments which are linked to consolidated key figures. If the covenant terms are not fulfilled, negotiations with the lenders will be initiated. These negotiations may lead to notice of termination of financial agreements. The terms of agreement also include restrictions on the distribution of dividends. Based on the restrictions dividend distribution is allowed only if Glaston's net gearing shall be above 80 percent before and after the possible dividend distribution. This does not apply to statutory dividends required to be distributed pursuant to the Finnish Companies Act.

The liquidity and currency risk related to interest-bearing debt is described in more detail in Note 3.

Finance leasing

Glaston has finance lease agreements concerning machinery and equipment and a building. The most significant individual agreement is an agreement made in 2008 with Akaa town, Finland, concerning a building.

The carrying amount of machinery and equipment financed with finance leasing was EUR 0.3 (0.5) million, and depreciation thereon was EUR 0.1 (0.2) million. The carrying amount of buildings financed with finance leasing was EUR 3.3 (5.0) million, and depreciation thereon was EUR 0.3 (0.3) million.

	2009	2008
Minimum lease payments, maturing in		
Less than 1 year	419	859
2 - 5 years	1,519	3,040
Over 5 years	1,828	3,332
Total minimum lease payments	**3,766**	**7,230**
Future finance charge	-894	-2,345
Present value of minimum lease payments	**2,872**	**4,886**

	2009	2008
Present value of minimum lease payments, maturing in		
Less than 1 year	260	502
2 - 5 years	1,030	1,811
Over 5 years	1,581	2,572
Total present value of minimum lease payments	**2,872**	**4,886**

NOTE 23
PROVISIONS

EUR thousand

Non-current provisions

2009	Warranty provision	Restructuring provisions	Other provisions	Total
Carrying amount 1 January	2,904	446	38	3,388
Exchange difference	-	-	-	-
Reclassification	-	-	0	0
Increase in provisions	3,302	-	137	3,439
Provisions used during the period	-1,461	-4	-	-1,464
Provisions released during the period	-1,246	-216	-	-1,463
Carrying amount 31 December	**3,498**	**226**	**175**	**3,899**

2008	Warranty provision	Restructuring provisions	Other provisions	Total
Carrying amount 1 January	2,588	2,212	68	4,868
Exchange difference	-2	9	-	7
Reclassification	1	-	-	1
Increase in provisions	3,224	-	10	3,234
Provisions used during the period	-2,088	-977	-	-3,065
Provisions released during the period	-821	-798	-40	-1,659
Carrying amount 31 December	**2,904**	**446**	**38**	**3,388**

Current provisions

2009	Warranty provisions	Restructuring provisions	Other provisions	Total
Carrying amount 1 January	724	5,499	4,348	10,572
Exchange difference	-	-	-1	-1
Reclassification	789	-	-398	391
Increase in provisions	667	7,833	212	8,712
Provisions used during the period	-368	-4,575	-3,473	-8,415
Provisions released during the period	-375	-923	-162	-1,460
Carrying amount 31 December	**1,437**	**7,834**	**527**	**9,798**

2008	Warranty provisions	Restructuring provisions	Other provisions	Total
Carrying amount 1 January	592	100	1,887	2,579
Exchange difference	0	-	-2	-3
Reclassification	-1	-37	37	-1
Increase in provisions	161	5,600	3,251	9,012
Provisions used during the period	-3	-164	-791	-958
Provisions released during the period	-24	-	-34	-58
Carrying amount 31 December	**724**	**5,499**	**4,348**	**10,572**

Warranty provisions
Glaston grants to its machine deliveries a guarantee period of 1 to 2 years. During the guarantee period Glaston repairs the defects, if any, of the machines and carries the costs of the repairing. The warranty provisions are expected to be realised within the next two years.

Restructuring provisions
Glaston has recorded restructuring provisions for rationalisation measures by closing production units or reducing activities at the units. Restructuring provisions only include expenses that are necessarily entailed by the restructuring, and which are not associated with the on-going activities. The restructuring provision includes, but is not limited to, estimated provisions for employee benefits related to personnel whose employment has been terminated. Glaston estimates, that a significant portion of the restructuring provisions will be realised in 2010. For some of the provisions it is not possible to estimate timing of the outflow of economic benefits, for example due to the timing of such outflows are dependent on the actions of an external party.

Other provisions
Increase in 2008 was primarily related to expense provisions associated with previous year agreements.

NOTE 24
INTEREST-FREE LIABILITIES

EUR thousand

	2009	2008
Non-current interest-free liabilities		
Other non-current interest-free liabilities	262	599
Current interest-free liabilities		
Trade payables	11,847	15,754
Advances received	16,851	15,444
Accrued expenses and deferred income	22,045	26,412
Other current interest-free liabilities	2,505	6,192
Total current interest-free liabilities	**53,249**	**63,802**

Accruals mainly consist of cost accruals for machinery deliveries, accrued personnel expenses, accruals related to net sales and purchases, accruals of interests, fair values of derivative instruments and other accruals.

Accrued expenses and deferred income related to derivative instruments are disclosed in more detail in Note 26.

NOTE 25
FINANCIAL ASSETS AND LIABILITIES

EUR thousand

31 December, 2009	Note	Assets available-for-sale (*	Financial assets and liabilities at fair value through profit and loss (*	Loans and receivables	Financial liabilities at amortised cost	Total carrying amounts	Total fair value
Cash				15,556		15,556	15,556
Trade receivables	19			40,939		40,939	40,939
Other interest-free receivables	19			6,884		6,884	6,884
Interest-bearing non-current receivables	19			5,935		5,935	5,935
Available-for-sale shares	17	329				329	329
Other available-for-sale investments	17	6				6	6
Non-current interest-bearing liabilities	22				-4,726	-4,726	-4,726
Convertible bond	22				-20,144	-20,144	-23,038
Current interest-bearing liabilities	22				-54,409	-54,409	-54,409
Trade payables	24				-11,847	-11,847	-11,847
Advances received	24				-16,851	-16,851	-16,851
Other current interest-free liabilities	24				-2,767	-2,767	-2,767
Derivatives (in liabilities)	26		-51			-51	-51
		335	-51	69,313	-110,744	-41,146	-44,039

31 December, 2008	Note	Assets available-for-sale (*	Financial assets and liabilities at fair value through profit and loss (*	Loans and receivables	Financial liabilities at amortised cost	Total carrying amounts	Total fair value
Cash				11,524		11,524	11,524
Trade receivables	19			69,131		69,131	69,131
Other interest-free receivables	19			7,185		7,185	7,185
Available-for-sale shares	17	314				314	314
Other available-for-sale investments	17	7				7	7
Non-current interest-bearing liabilities	22				-16,440	-16,440	-16,440
Current interest-bearing liabilities	22				-52,995	-52,995	-52,995
Trade payables	24				-15,754	-15,754	-15,754
Advances received	24				-15,444	-15,444	-15,444
Other current interest-free liabilities	24				-6,791	-6,791	-6,791
Derivatives (in liabilities)	26		-126			-126	-126
		321	-126	87,840	-107,424	-19,389	-19,389

(* Fair value measurement hierarchy:	2009	2008
Available-for-sale shares		
Level 1	77	60
Level 3	252	254
	329	314
Other available-for-sale investments		
Level 3	6	7
Derivatives (in liabilities)		
Level 2	-51	-126

Fair value measurement hierarchy:
Level 1 = quoted prices in active markets
Level 2 = other than quoted prices included within Level 1 that are observable either directly or indirectly
Level 3 = not based on observable market data

NOTE 26
DERIVATIVE INSTRUMENTS
EUR thousand

Most of the Group's derivative transactions, while providing economic hedges, do not qualify for hedge accounting under IAS 39. As hedge accounting is not applied for currency derivatives, changes in the fair values of derivative instruments are immediately recognised in profit or loss. Group companies primarily hedge their sales in foreign currency as well as those orders received, for which there are firm commitments. The hedging instruments used are forward contracts mainly made with Group Treasury, or directly with banks. These hedges are recognised in profit or loss as sales adjustments.

During the year 2008 the Group had recorded currency derivatives for which hedge accounting applied. Changes in the fair value of these derivatives were recognised in other comprehensive income net of tax, and presented in hedging reserve in equity. The ineffective part of the hedge was recognised immediately in profit or loss. The cumulative gain or loss of the derivative recognised in other comprehensive income was reclassified from the equity in profit or loss as a reclassification item in the same period in which the hedged item affected profit or loss. At the end of 2008, the Group did not have derivatives which would qualify for hedge accounting.

Valuation methods of derivative instruments are presented in the Summary of Significant Accounting Policies.

Nominal and fair values of derivative instruments

	2009		2008	
	Nominal value	**Fair value**	**Nominal value**	**Fair value**
Currency derivatives				
Forward contracts	2,571	-51	6,156	-126

Change in fair values of derivatives included in equity

	Hedging reserve
Equity 1 January, 2008	**21**
Cash flow hedges, change in fair values, effective portion	-
Cash flow hedges, reclassified in profit or loss	-28
Deferred taxes	7
Cash flow hedges included in equity, net	**-21**
Equity 31 December, 2008	**-**
Cash flow hedges, change in fair values, effective portion	-
Cash flow hedges, reclassified in profit or loss	-
Deferred taxes	-
Cash flow hedges included in equity, net	**-**
Equity 31 December, 2009	**-**

Derivative instruments in the income statement	**2009**	**2008**
Items included in net sales	-162	-138

Derivative instruments in the statement of financial position, receivables and liabilities

Accrued expenses and deferred income		
Currency derivatives	51	126

NOTE 27
CONTINGENCIES

EUR thousand

	2009	2008
Loans secured with mortgages or pledges		
Loans from financial institutions	41,865	-
Mortgages given	28,000	-
Liens on chattel	48,000	-
Carrying amount of pledged securities	54,753	-
Total loans secured with mortgages, liens on chattel and pledged securities	**41,865**	**-**
Total mortgages, liens on chattel and pledged securities	**130,753**	**-**

	2009	2008
Contingent liabilities		
Mortgages		
On behalf of own commitments	28,000	168
Liens on chattel		
On behalf of own commitments	48,000	-
Assets pledged		
On behalf of own commitments	54,753	-
Total	130,753	168
Repurchase obligations	210	782
Guarantees		
On behalf of own commitments	560	772
On behalf of others	86	133
Total	646	905
Capital commitments in relation to interests in joint ventures	700	-
Total contingent liabilities	**132,309**	**1,855**

Operating leases

Glaston has some operating lease agreements in which the Group acts as a lessor. The minimum future payments to be received from non-cancellable operating lease agreements are presented in the table below.

	2009	2008
Minimum future payments of operating leases		
Maturity within one year	3,505	4,352
Maturity later than one year and not later than five years	8,427	13,458
Maturity later than five years	1,479	1,213
Total minimum future payments of operating leases	**13,411**	**19,023**

Operating leases as a lessor

Glaston has some operating lease agreements in which the Group acts as a lessor. The minimum future payments to be received from non-cancellable operating lease agreements are presented in the table below.

	2009	2008
Minimum future payments of operating leases		
Maturity within one year	384	13
Maturity later than one year and not later than five years	480	23
Maturity later than five years	-	-
Total minimum future payments of operating leases	**864**	**36**

Other contingent liabilities and litigations

Glaston Group has international operations and can be a defendant or plaintiff in a number of legal proceedings incidental to those operations. The Group does not expect the outcome of any unmentioned legal proceedings currently pending, either individually or in the aggregate, to have material adverse effect upon the Group's consolidated financial position or result.

A customer of the US subsidiary Glaston USA, Inc. had made a claim of approximately USD 22 million due to a sale of a machine in 2004. The arbitration proceeding initiated by the customer against the US subsidiary Glaston USA, Inc. was concluded in April 2009. Majority of the customer's claim were denied. The matter had no material effect on Glaston's 2009 result, because it was included in 2008 result as a non-recurring item, but the compensation paid by Glaston has affected Glaston's cash flow.

The Group recognised a tax refund of approximately EUR 2 million in 2006 after having received an affirmative decision according to which the expenses arising from the management incentive scheme of the Group are deductible in taxation. The tax authorities of the Tax Office for Major Corporations appealed against the decision to the Administrative Court of Helsinki. Administrative Court of Helsinki decided the case on Glaston's favour in January 2009. The decision is final, since no appeal was made.

NOTE 28
SHARES AND HOLDINGS

Group companies			Group holding %	Parent holding %
Glaston Oyj Abp	Hämeenkyrö	Finland		
Uniglass Engineering Oy	Tampere	Finland	100.0%	100.0%
Glaston Services Ltd. Oy	Tampere	Finland	100.0%	100.0%
Glaston Estonia Oü	Tallinn	Estonia	100.0%	
Glaston Finland Oy	Tampere	Finland	100.0%	
Tamglass Lasinjalostus Oy	Tampere	Finland	100.0%	
Tamglass Project Development Oy	Tampere	Finland	100.0%	
Tamglass EMA Sales Ltd. Oy	Tampere	Finland	100.0%	
Glaston America, Inc.	Pittsburgh, PA	United States	100.0%	
Glaston USA, Inc.	Cinnaminson, NJ	United States	100.0%	
Glaston North America, Inc. (*	Greensboro, NC	United States	100.0%	
Glaston UK Ltd.	Nottinghamshire	United Kingdom	100.0%	
Bavelloni UK Ltd. (**	Rugby	United Kingdom	100.0%	
Glaston France S.A.S.U.	Chassieu	France	100.0%	
Glaston Spain S.L.	Barcelona	Spain	100.0%	
Glaston Germany GmbH	Nürnberg	Germany	100.0%	
Glaston Japan, Inc.	Osaka	Japan	100.0%	
Glaston Singapore Pte. Ltd.	Singapore	Singapore	100.0%	
Glaston Brazil Ltda (***	São Paulo	Brazil	100.0%	
Glaston Tianjin Co. Ltd.	Tianjin	China	100.0%	
Glaston Shanghai Co. Ltd.	Shanghai	China	100.0%	
Glaston Management (Shanghai) Co. Ltd.	Shanghai	China	100.0%	
Glaston China Co. Ltd.	Tianjin	China	100.0%	
LLC Glaston	Moscow	Russia	100.0%	
Glaston Australia Pty. Ltd.	Queensland	Australia	100.0%	
Glaston Mexico S.A. de C.V.	Jalisco	Mexico	100.0%	
Z. Bavelloni South America Ltda	São Paulo	Brazil	100.0%	
Glasto Holding B.V.	Sittard	Netherlands	100.0%	
Glaston Netherlands B.V.	Hoensbroek	Netherlands	100.0%	
Glaston Hong Kong Ltd.	Hong Kong	China	100.0%	
Bavelloni Tools (Tianjin) Co., Ltd.	Tianjin	China	70.0%	
Glaston Tools (Sanhe) Co., Ltd. (****	Sanhe	China	70.0%	
Glaston Italy S.p.A.	Bregnano	Italy	100.0%	
Albat+Wirsam Software AG	Linden	Germany	100.0%	100.0%
Glaston Belgium GmbH	Eupen	Belgium	100.0%	
Albat+Wirsam Polska Sp.z.o.o.	Krakow	Poland	100.0%	
Albat+Wirsam North America Inc.	Ontario	Canada	100.0%	
Joint ventures				
INTERPANE Glass Oy	Tampere	Finland	50.0%	
Associate				
Bitec GmbH Büro für Informationstechnik	Chemnitz	Germany	48.8%	

(* The company was merged with Glaston America Ltd.1 January, 2010.

(** Merger process is ongoing. The company will be merged with Glaston UK Ltd.

(*** The company was merged with Z. Bavelloni South America Ltda 4 January, 2010. The merged company's name will be Glaston South America Ltda.

(**** The company was consolidated as a joint venture using the equity method in 2008 as Glaston did not have control in the company. From the beginning of 2009, the company has been consolidated as a subsidiary.

Changes in subsidiaries in 2009

- The Chinese company, Glaston Management (Shanghai) Co. Ltd., was established in April.
- The Mexican company Glaston Servicios S.A. de C.V. merged in June with Glaston Mexico S.A. de C.V.
- The Swiss company Cattin Machines, S.A. was liquidated in June.
- Albat+Wirsam Software (UK) Ltd. in the UK was merged wit Glaston UK Ltd. in July.
- The German company Cantor Software GmbH merged with Albat+Wirsam Software AG in September.
- The Italian company DiaPol S.r.l. merged in December with Glaston Italy S.p.A.
- The name of Sanhe AAA Tools Co., Ltd. was changed to Glaston Tools (Sanhe) Co., Ltd.

NOTE 29
SHARE-BASED INCENTIVE PLANS

Share-based incentive plans

Glaston's share-based incentive plan is directed to the Group's key personnel as part of the Group's incentive schemes. The plan aims to align the interests of the company's shareholders and key personnel in the Group in order to raise the value of Glaston. The shares can be in Glaston Corporation's own treasury or they may be purchased in public trading. Therefore, the incentive plan has no dilution effect on the share value.

The share-based incentive plan of Glaston is a combination of shares and cash payments. Glaston has the option to settle the possible reward in cash in its entirety. The granted amount of the incentive plan settled in shares is measured at fair value at the grant date, and the cash-settled part of the plan is measured at fair value at the reporting or payment date. The expenses arising from the incentive plan have been recognised in profit or loss during the vesting periods. The cash-settled portion of the incentive plan is recorded as a liability in the statement of financial position, if it has not been paid, and the portion settled in shares has been recorded in retained earnings in equity net of tax. Glaston has recorded the personnel costs arising from the share-based incentive plan to the extent it is liable to pay them.

Share-based incentive plans 2007 - 2009

Glaston's Board of Directors decided on 9 May, 2007, to adopt a new share-based incentive plan which was based on three performance periods: 2007, 2008 and 2009. The Board of Directors determined on the target group and on the criteria used and set targets for the criteria at the beginning of each performance period. The maximum reward of the plan is 652,500 shares. In addition to shares, a cash payment up to an amount that is needed for taxes and tax-related costs arising from the reward will be paid. The earnings criteria for the performance periods of 2009 were the Group's operating profit (EBIT) and working capital, both with 50 percent weight. The earnings criteria for the performance periods of 2008 and 2007 were the Group's operating profit (60 percent weight) and growth in net sales (40 percent weight).

In addition, the CEO has a separate share-based payment incentive plan. According to the plan, the CEO will receive 50,000 shares in Glaston Corporation one year after the date when his employment in Glaston began.

The shares cannot be transferred further within two years from the reward payment date (restriction period). If a person's employment or service ends during the restriction period, he/she must return the shares.

The expenses, personnel costs included, were in 2009 EUR 0.3 (0.3) million. The unpaid portion, recognised as a liability, was EUR 0.0 (0.0) million. In 2008, in total 103,707 shares from the 2007 performance period were surrendered to the 18 persons involved in the share-based incentive plan. At the date when the shares were surrendered, the fair value of the shares was EUR 0.4 million.

Basic information of the share-based plans	**Share-based incentive plans 2007 - 2009**			**CEO's plan**
	Performance period 2007	**Performance period 2008**	**Performance period 2009**	**Performance period 2009**
Grant date	9 May, 2007	26 March, 2008	11 June, 2009	11 August, 2009
Nature of the plan	Shares and cash	Shares and cash	Shares and cash	Shares and cash
Target group	Key personnel	Key personnel	Key personnel	CEO
Maximum number of shares, settled in shares	175,122	273,750	273,750	50,000
Maximum number of shares, settled in cash (calculated as a number of shares) (*	209,017	334,583	334,583	55,000
Performance period begins	1 January, 2007	1 January, 2008	1 January, 2009	1 September, 2009
Performance period ends	31 December, 2007	31 December, 2008	31 December, 2009	1 September, 2010
End of restriction period	25 April, 2010	30 April, 2011	30 April, 2011	1 September, 2012
Vesting conditions	EBIT (weight 60%) and sales growth (weight 40%)	EBIT (weight 60%) and sales growth (weight 40%)	EBIT (weight 50%) and net working capital (weight 50%)	-
	Service period	Service period	Service period	Service period
Maximum contractual life, years	3.0	Forfeited	3.1	3.1
Remaining contractual life, years	0.3	-	2.5	2.7
Number of persons involved 31 December, 2009	11	-	31	1

(* The number of shares includes the cash-settled part (in shares).

Transactions in 2009
in number of shares

	Performance Period 2007	Performance Period 2008	Performance Period 2009 (**	Total
Gross number of shares (* 1 January, 2009				
Outstanding at the beginning of the period	103,707	608,333	-	712,040
Changes during the reporting period				
Granted	-	-	713,333	713,333
Forfeited	-28,789	-608,333	-94,444	-637,122
Settled in cash	-	-	-	-
Expired	-23,853	-	-	-23,853
Gross number of shares (* 31 December, 2009				
Outstanding at the end of the period	51,065	-	618,889	669,954
Excercisable at the end of the period	-	-	618,889	618,889

(* The number of shares includes the cash-settled part (in shares).
(** Includes both plans.

Transactions in 2008
number of shares

	Performance period 2007	Performance period 2008	Total
Gross number of shares (* 1 January, 2008			
Outstanding at the beginning of the period	384,139	-	384,139
Changes during the reporting period			
Granted	-	608,333	608,333
Forfeited	-156,652	-	-156,652
Settled in cash	-123,780	-	-123,780
Expired	-	-	-
Gross number of shares (* 31 December, 2008			
Outstanding at the end of the period	103,707	608,333	712,040
Excercisable at the end of the period	-	608,333	608,333

In 2008, in total 103,707 shares from the 2007 performance period were surrendered.

Basic parameters used in calculation of fair value of the share-based incentinve plans in 2009

	Share-based incentive plans 2007 - 2009			CEO's plan
	Performance period 2007	Performance period 2008	Performance period 2009	Performance period 2009
Fair value calculation of the share-based reward				
Share price at the grant date, EUR	4.08	3.28	1.11	1.22
Annually expected dividends, EUR	0.09	0.10	0.00	0.00
Fair value of share-settled part / share, EUR	3.99	3.18	1.11	1.22
Share price at 31 December 2009 or at the date of the surrender (cash-settled part), EUR	3.11	-	1.08	1.08
Fair value of the reward at 31 December 2009, EUR thousand	684	-	210	120
Effect on the profit of loss for the period and on financial position				
Effect on the result of the 2009 reporting period, EUR thousand	223	-21	43	13
Recognised in equity during the reporting period. EUR thousand	59	-16	19	7
Carrying amount of liability, 31 December, 2009	-	-	24	7

The fair value of the share-based reward is defined on the date when the company and the target group have agreed on the plan (grant date). As the persons involved in the plan are not entitled to dividends during the performance period, the fair value of the equity-settled reward accounts for the share price at the grant date deducted by the dividends expected to be paid during the performance period.

Synthetic option plan

Glaston Services Ltd. Oy had an incentive plan approved in 2002, which was aimed at the management and key persons of Glaston Group. During the 2008 reporting period, the remaining options, in total 1,500 options (A- and B-options), were paid. The value of the paid options was EUR 0.2 million.

NOTE 30
RELATED PARTIES

Parties are considered to be related parties if a party is able to exercise control over the other, or substantially influence its decision-making concerning its finances and business operations. Glaston Group's related parties include the parent of the Group (Glaston Corporation), subsidiaries, associates and joint ventures.

Related parties also include the members of the Board of Directors, the Group's Executive Management Group, the CEO and their family members.

Glaston follows the same commercial terms in transactions with associates, joint ventures and other related parties as with third parties. Associates and joint ventures are described in more detail in Note 16 to the consolidated financial statements.

Glaston has rented premises from companies owned by individuals belonging to the management. The rents paid correspond with the local level of rents.

Transactions with related parties EUR thousand	**2009**	**2008**
Rents paid	627	638

Remuneration of the Executive Management Group
EUR

CEO Arto Metsänen (*		
Salaries	105,580	-
Bonuses	-	-
Total	105,580	-
Fringe benefits	6,420	-
Total	**112,000**	**-**
Compulsory pension payments (Finnish TyEL or similar plan)	6,048	-

(* from 1 September, 2009

CEO Mika Seitovirta (*		
Salaries	272,024	442,014
Compensation for termination of employment	525,000	-
Share-based incentive plans, settled in cash	-	74,204
Share-based incentive plans, settled in shares, value of shares	-	61,391
Bonuses	33,171	87,930
Total	830,195	665,539
Fringe benefits	3,846	2,420
Total	**834,041**	**667,959**
Compulsory pension payments (Finnish TyEL or similar plan)	13,289	16,439

(* until 5 August, 2009

Other members of the Executive Management Group	2009	2008
Salaries	1,155,624	1,176,370
Compensations for termination of employment	425,036	-
Share-based incentive plans, settled in cash	-	137,395
Share-based incentive plans, settled in shares, value of shares	-	102,319
Bonuses	124,322	298,237
Total	1,704,982	1,714,321
Fringe benefits	74,573	70,804
Total	**1,779,555**	**1,785,125**
Compulsory pension payments (Finnish TyEL or similar plan)	132,802	137,193

The CEO's period of notice is 3 months. In the event the company would give notice to the CEO, he will receive an additional remuneration equaling 12 months' salary. If there is a change in control of the company where more than 50 percent of the company's shares are transferred to a new owner, the CEO has the right to terminate his employment with 1 month's period of notice, in which case he would receive EUR 200,000 as compensation for temination of employment. The CEO has also a separate share-based payment incentive plan. According to the plan, the CEO will receive 50,000 shares in Glaston Corporation one year after the date when his employment in Glaston began.

Compensation of the CEO and other members of the Executive Management Group consists of a fixed monthly salary, an annual bonus and a share-based incentive plan intended as a long-term incentive (described in more detail in Note 29). The criteria for bonus payments are consolidated result, result of the business area or business unit as well as personal targets. The maximum annual bonus of the CEO is 50 percent of the annual salary. The maximum annual bonus of the other members of the Executive Management Group is 40 percent of the annual salary.

The CEO of Glaston Corporation is entitled to retire at the age of 63. The retirement age of other members of the Executive Management Group is according to the normal local legislation.

Remuneration of the Board of Directors

EUR	2009		2008	
	annual fee	meeting fee	annual fee	meeting fee
Andreas Tallberg, Chairman of the Board of Directors	40,000	8,000	40,000	7,200
Christer Sumelius, Deputy Chairman of the Board of Directors	30,000	5,000	30,000	4,500
Claus von Bonsdorff	20,000	5,000	20,000	4,500
Klaus Cawén	20,000	5,000	20,000	4,500
Carl-Johan Rosenbröijer	20,000	5,000	20,000	4,500
Mikael Mäkinen (*	5,000	1,000	15,000	3,000
Jan Lång (**	20,000	4,500	15,000	3,000
Jan Hasselblatt (***	-	-	5,000	1,500
Yhteensä	**155,000**	**33,500**	**165,000**	**32,700**

(* Member of the Board of Directors from 11 March, 2008 until 17 March, 2009

(** Member of the Board of Directors from 11 March, 2008

(*** Member of the Board of Directors until 11 March, 2008

The members of Glaston Corporation's Board of Directors were paid a monthly remuneration and a meeting fee; other compensation was not paid. The Chairman of Glaston Corporation's Board of Directors was paid EUR 40,000 (40,000) annually, the Deputy Chairman EUR 30,000 (30,000) annually and each of the members EUR 20,000 (20,000) annually. In addition, a meeting fee of EUR 800 (800) per meeting was paid to the chairman of the meeting and EUR 500 (500) to the other participants of the meeting. The members of the Board of Directors did not receive any shares or share derivatives as remuneration during the year.

The members of Glaston Corporation's Board of Directors are covered by voluntary pension insurance accrued from board membership fees. This pension liability is covered. The value of the pension insurance corresponds to the Finnish TyEL pension.

Board of Directors, share ownership

	Glaston shares	
	31.12.2009	31.12.2008
Andreas Tallberg, Chairman of the Board of Directors	0	0
Christer Sumelius, deputy Chairman of the Board of Directors	2,624,200	2,624,200
Claus von Bonsdorff	122,600	122,600
Klaus Cawén	6,000	6,000
Carl-Johan Rosenbröijer	12,600	12,600
Mikael Mäkinen (*	-	0
Jan Lång (**	0	0

(* Member of the Board of Directors from 11 March, 2008 until 17 March, 2009
(** Member of the Board of Directors from 11 March, 2008

Share ownership included also the ownership of Glaston Corporation shares by the related parties of the person in question and entities controlled by the person in question.

Executive Management Group, share ownership

	Glaston shares		
	31.12.2009 total	31.12.2008 total	of which received in 2008 based of the share-based incentive plan (*
Arto Metsänen	0	-	-
Mika Seitovirta, CEO	-	19,740	19,740
Günter Befort	0	0	-
Paolo Ceni	-	8,225	8,225
Ari Himma	-	8,225	8,225
Kimmo Lautanen	9,690	9,690	8,225
Juha Liettyä	0	0	-
Timo Nieminen	-	0	-
Henrik Reims	0	0	-
Topi Saarenhovi	8,225	8,225	8,225
Manne Tiensuu	0	-	-

(* In accordance with the terms of the share-based incentive plan, the shares cannot be transferred for two years after receiving them.

CEO Arto Metsänen will receive 50,000 shares in Glaston when he has been employed by Glaston for one year. When he receives the shares, he will also receive cash to cover the income taxes and related payments arising from the shares. The shares cannot be transferred further within two years from the reward payment date (restriction period).

INCOME STATEMENT OF THE PARENT COMPANY (FAS)

EUR thousand

		1 January - 31 December	
	Note	2009	2008
Net sales	2	**4,200**	**632**
Other operating income	3	664	441
Personnel expenses	4	-4,227	-3,321
Depreciation, amortisation and impairment losses	5	-2,424	-578
Other operating expenses	6	-3,704	-4,393
Operating result		**-5,490**	**-7,219**
Net financial items	7	-644	2,197
Profit / loss before extraordinary items		**-6,134**	**-5,022**
Extraordinary items	8	-	5,067
Profit /loss before appropriations and taxes		**-6,134**	**45**
Appropriations	9	125	-187
Income taxes	10	1,431	295
Profit / loss for the financial year		**-4,578**	**153**

BALANCE SHEET OF THE PARENT COMPANY (FAS)

EUR thousand

	Note	2009	2008
Assets			
Non-current assets			
Intangible assets	11	4,681	4,815
Tangible assets	11	2,783	2,837
Investments	12,13	81,803	81,806
Total non-current assets		**89,267**	**89,458**
Current assets			
Non-current receivables	14	2,336	2,570
Current receivables	14	83,106	58,918
Cash and bank		1,946	2,283
Total current assets		**87,388**	**63,772**
Total assets		**176,655**	**153,229**
Equity and liabilities			
Equity			
Share capital		12,696	12,696
Share premium fund		25,270	25,270
Reserve for invested unrestricted equity		209	177
Treasury shares		-3,518	-3,487
Retained earnings		55,520	59,279
Profit / loss for the financial year		-4,578	153
Total equity	15	**85,599**	**94,088**
Accumulated appropriations	16	**189**	**315**
Liabilities			
Non-current liabilities	17	23,750	4,283
Current liabilities	18	67,117	54,543
Total liabilities		**90,867**	**58,826**
Total equity and liabilities		**176,655**	**153,229**

PARENT COMPANY CASH FLOW STATEMENT (FAS)

EUR thousand

	1 January - 31 December	
	2009	2008
Cash flow from operating activities		
Profit / loss for the financial period	-4,578	153
Adjustments:		
Depreciation, amortisation and impairment	2,424	578
Financial income and expenses	644	-2,197
Other adjustments	-1,548	5,208
Cash flow from operating activities before change in net working capital	-3,057	3,743
Change in net working capital		
Change in current interest-free receivables	-2,254	-311
Change in current interest-free liabilities	-608	124
Cash flow from operating activities before financial items and taxes	-5,919	3,556
Interests paid and payments made for other financial items		
Interests paid and other financial expenses	-2,218	-3,486
Dividends received	2	1,003
Interest received	5,795	3,328
Income taxes paid	2,426	-1,928
Cash flow from operating activities before extraordinary items	85	2,473
Cash flow from extraordinary items	5,067	1,000
Cash flow from operating activities	**5,152**	**3,473**
Cash flow from investing activities		
Investments in tangible and intangible assets	-2,245	-4,487
Proceeds from disposal of tangible and intangible assets	-	186
Investments in subsidiaries	-438	-438
Received purchase price refund	-	1,220
Proceeds from sale of other investments	3	3
Cash flow from investing activities	**-2,680**	**-3,516**
Cash flow from financing activities		
Drawn-down of non-current loans	23,750	6,425
Repayments of non-current loans	-6,425	0
Change in current intra-group receivables	-31,020	-15,626
Change in current intra-group loans	3,463	-2,833
Change in current loans	11,346	21,529
Dividends paid	-3,923	-7,836
Cash flow from financing activities	**-2,809**	**1,658**
Change in cash and cash equivalents	**-337**	**1,615**
Cash and cash equivalents at the beginning of the period	2,283	668
Cash and cash equivalents at the end of the period	1,946	2,283
Change in cash and cash equivalents	**-337**	**1,615**

NOTE 1
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Glaston Corporation is a public limited liability company organised under the laws of Republic of Finland and whose shares are publicly traded in NASDAQ OMX Helsinki Oy in Mid Cap. Glaston Corporation is domiciled in Hämeenkyrö, Finland and its registered office is Vehmaistenkatu 5, 33730 Tampere, Finland. Glaston Corporation is the parent of Glaston Group.

The financial statements of Glaston Corporation are prepared in accordance with Finnish Accounting Standards (FAS). The consolidated financial statements of Glaston Group are prepared in accordance with International Financial Reporting Standards (IFRS), and Glaston Corporation applies in its separate financial statements the same accounting principles as Glaston Group to the extent it is possible within the framework of Finnish accounting practice. The accounting principles of Glaston Group are presented in the Notes to the Consolidated Financial Statements (Note 1).

The main differences in the accounting principles between Glaston Corporations's separate financial statements and Glaston Group's consolidated financial statement are presented below.

PENSION ARRANGEMENTS
Glaston Corporation has a pension arrangement, which is classified as a defined benefit plan in the IFRS financial statements. The obligation arising from this pension as well as the pension expense differ from the obligation and expense recognised in the consolidated financial statements.

FINANCIAL ASSETS AND LIABILITIES AND DERIVATIVE INSTRUMENTS
Financial assets and liabilities with the exception of derivative instruments are recorded at cost or at cost less impairment losses. Fair value changes of derivatives are recognised in financial items. Valuation methods of derivatives are presented in the accounting policies of Glaston Group.

FINANCE LEASING
Lease payments are recognised as lease expenses. Leasing obligations are presented as contingent liabilities.

EXTRAORDINARY INCOME AND EXPENSES
The parent's extraordinary income and expenses consist of group contributions received from and given to subsidiaries.

UNTAXED RESERVES
Untaxed reserves consist of a depreciation difference. This difference between scheduled depreciation and amortisation and the depreciation and amortisation deducted in arriving to taxable profit is presented as a separate item in the income statement and in the balance sheet.

SHARE-BASED INCENTIVE PLAN
The share-based incentive plan of Glaston Corporation is a combination of shares and a cash payment. Glaston has the option to settle the possible reward in cash in its entirety. The expenses arising from the incentive plan of 2007, which were related to the personnel of Glaston Corporation, were recorded in full in profit or loss in the separate financial statements of Glaston Corporation in 2008, when the shares were surrendered, though the earning period for the shares ends in early 2010.

CONVERTIBLE BOND
In Glaston Corporation's separate financial statements the convertible bond is accounted for entirely as a liablity.

EUR thousand

NOTE 2
NET SALES

	2009	2008
Net sales by country by destination		
Finland	2,147	632
Other EMEA	1,967	0
Americas	64	0
Asia	22	0
Total	**4,200**	**632**

EMEA = Europe, the Middle East, Africa and India, Pakistan, Bangladesh, Sri Lanka
Americas = North, Central and South America
Asia = China and the rest of the Asia-Pacific area

NOTE 3
OTHER OPERATING INCOME

Charges from group companies	664	348
Proceeds from sale of fixed assets	-	92
Other operating income, total	**664**	**441**

NOTE 4
PERSONNEL EXPENSES

Salaries and fees	3,609	3,014
Pension expenses	453	125
Other personnel expenses	165	182
Total	**4,227**	**3,321**
Salaries and remuneration paid to members of the Board of Directors and Managing Director	1,124	863

The members of the Board of Directors are covered by voluntary pension insurance accrued from board membership fees. This pension liability is covered. The value of the pension insurance corresponds to the Finnish TyEL pension.

Employees during financial year, average, management and administrative personnel	29	28

NOTE 5
DEPRECIATION, AMORTISATION AND IMPAIRMENT LOSSES

Depreciation and amortisation according to plan		
Intangible assets		
Intangible rights	550	151
Other capitalised expenditure	208	54
Tangible assets		
Buildings and structures	112	108
Machinery and equipment	355	266
Other tangible assets	-	0
Total depreciation and amortisation according to plan	**1,224**	**578**
Impairment losses		
Impairment loss of intangible assets	1,200	-
Total depreciation and amortisation according to plan and impairment losses	**2,424**	**578**

EUR thousand

NOTE 6
OTHER OPERATING EXPENSES

	2009	2008
Loss on sale of fixed assets	2	19
Rents	427	301
Information and communications technology expenses	882	509
Travel expenses	240	422
Other expenses	2,152	3,141
Other operating expenses, total	**3,704**	**4,393**

Fees paid to auditors		
Fees paid to principal auditors for audit	56	46
Fees paid to principal auditors for other services	41	145
Total	**97**	**191**

NOTE 7
NET FINANCIAL ITEMS

Dividend income		
from group companies	-	1,000
from external parties	2	3
Dividend income, total	**2**	**1,003**
Interest and other financial income		
from group companies	4,265	4,333
from external parties	63	54
Interest income and other financial income	**4,328**	**4,387**
Interest and other financial income, total	**4,329**	**5,390**
Interest expenses and other financial expenses		
to group companies	-2,487	-1,675
to external parties	-2,486	-1,518
Interest expenses and other financial expenses, total	**-4,973**	**-3,193**
Net financial items, total	**-644**	**2,197**
Other financial income and expenses include foreign exchange gains and losses (net)	-272	344

NOTE 8
EXTRAORDINARY INCOME

Extraordinary income		
Received group contributions	-	5,067
Extraordinary income, total	**-**	**5,067**

NOTE 9
APPROPRIATIONS

Difference between depreciation and amortisation according to plan and depreciation and amortisation in taxation	-125	187
Total	**-125**	**187**

EUR thousand

NOTE 10
INCOME TAXES

	2009	2008
Income taxes for extraordinary items	-	1,317
Income taxes for operations	-117	-1,967
Change in deferred tax assets	1,548	355
Total	**1,431**	**-295**

NOTE 11
FIXED ASSETS

Intangible assets	Intangible rights	Other capitalised expenditure	Advance payments and investments in progress	Total
Acquisition cost 1 January, 2009	1,890	746	2,876	5,513
Additions	186	352	1,494	2,031
Disposals	-	-	-	-
Reclassifications	1,748	-	-1,956	-208
Acquisition cost 31 December, 2009	**3,824**	**1,098**	**2,414**	**7,336**
Accumulated amortisations 1 January, 2009	-455	-243	-	-698
Accumulated amortisations of disposals and transfers	-	-	-	-
Amortisation for the period	-550	-208	-	-758
Impairment losses	-360	-	-840	-1,200
Accumulated amortisations 31 December, 2009	**-1,365**	**-450**	**-840**	**-2,655**
Carrying amount at 31 December, 2009	**2,458**	**648**	**1,574**	**4,681**
Carrying amount at 31 December, 2008	1,435	504	2,876	4,815

Tangible assets	Land and water areas	Buildings	Machinery and equipment	Other tangible assets	Total
Acquisition cost 1 January, 2009	1,033	1,598	1,465	26	4,122
Additions	-	-	214	-	214
Disposals	-	-	-17	-	-17
Reclassifications	-	208	-	-	208
Acquisition cost 31 December, 2009	**1,033**	**1,806**	**1,662**	**26**	**4,527**
Accumulated depreciations 1 January, 2009	-	-611	-648	-26	-1,285
Accumulated depreciations of disposals and transfers	-	-	8	-	8
Depreciation for the period	-	-112	-355	-	-467
Accumulated depreciations 31 December, 2009	**-**	**-722**	**-995**	**-26**	**-1,744**
Carrying amount 31 December, 2009	**1,033**	**1,084**	**667**	**-**	**2,783**
Carrying amount at 31 December, 2008	1,033	988	817	-	2,837

NOTE 12
INVESTMENTS

	Shares Group companies	Shares Others	Total
Acquisition cost 1 January, 2009	81,549	257	81,806
Increase	-	-	-
Decrease	-	-3	-3
Acquisition cost 31 December, 2009	81,549	254	81,803
Carrying amount at 31 December, 2009	**81,549**	**254**	**81,803**
Carrying amount at 31 December, 2008	81,549	257	81,806

EUR thousand

NOTE 13
SHARES AND HOLDINGS OWNED BY THE PARENT

Subsidiary shares	Ownership %	Number of shares	Nominal value	Carrying amount
Uniglass Engineering Oy, Tampere, Finland	100.0%	20,000	400	6,351
Glaston Services Ltd. Oy, Tampere, Finland	100.0%	1,800,000	3,600	54,753
Albat+Wirsam Software AG, Linden, Germany	100.0%	1,500,000		20,445
Total				**81,549**
Other				
Kiinteistö Oy Torikyrö, Finland	63.4%	804	68	240
Other shares and holdings				14
Total				**254**

NOTE 14
RECEIVABLES

	2009	2008
Non-current receivables		
Receivables from external parties		
Deferred tax assets	2,336	761
Receivables from group companies		
Loan receivables	-	2,570
Non-current receivables, total	**2,336**	**3,331**
Current receivables		
Receivables from external parties		
Trade receivables	-	3
Prepaid expenses and accrued income	1,470	3,339
Total	1,470	3,342
Receivables from group companies		
Trade receivables	1,805	1,298
Loan receivables	78,322	44,982
Other receivables	1,203	-
Prepaid expenses and accrued income	307	8,536
Total	81,637	54,816
Current receivables, total	**83,106**	**58,157**
Prepaid expenses and accrued income		
Personnel expenses	67	155
Interest income	273	3,300
Income taxes	-	2,570
Indirect taxes	33	168
Financial items	1,213	-
Group contribution	-	5,067
Prepaid insurances	65	-
Other	124	615
Prepaid expenses and accrued income, total	**1,777**	**11,875**

EUR thousand

NOTE 15
EQUITY

	2009	2008
Share capital 1 January	12,696	12,696
Share capital 31 December	12,696	12,696
Share premium fund 1 January	25,270	25,270
Share premium fund 31 December	25,270	25,270
Reserve for invested unrestricted equity 1 January	177	269
Loss on disposal of treasury shares / gain on disposal of treasury shares and return of treasury share	32	-92
Reserve for invested unrestricted equity 31 December	209	177
Treasury shares 1.1	-3,487	-3,933
Return / disposal of treasury shares (**	-32	447
Treasury shares 31.1	-3,518	-3,487
Retained earnings 1 January	59,432	67,111
Dividends	-3,927	-7,844
Dividends not drawn	15	11
Retained earnings 31 December	55,520	59,279
Profit / loss for the financial year	-4,578	153
Equity at 31 December	**85,599**	**94,088**

Distributable funds at 31 December

Reserve for invested unrestricted equity (*	209	177
Treasury shares	-3,518	-3,487
Retained earnings	55,520	59,279
Profit / loss for the financial year	-4,578	153
Distributable funds	**47,633**	**56,123**

(* Reserve for invested unrestricted equity can not be distributed as dividends.

(** Shares acquired for the share bonus scheme. Share acquisition and scheme management have been outsourced to an external service provider. The shares are the property of the external party until the shares are transferred to key individual within the framework of the bonus scheme. Irrespective of the legal form of the procedure, it has been treated in the financial statement as if Glaston would have acquired its own shares.

EUR thousand

NOTE 16
ACCUMULATED APPROPRIATIONS

	2009	2008
Accumulated depreciation difference 1 January	315	128
Increase (+) / decrease (-)	-125	187
Accumulated depreciation difference 31 December	**189**	**315**

NOTE 17
NON-CURRENT LIABILITIES

Convertible bond	23,750	-
Pension loans	-	4,283
Non-current liabilities, total	**23,750**	**4,283**

NOTE 18
CURRENT LIABILITIES

Liabilities to external parties		
Loans from financial institutions	45,365	34,000
Pension loans	-	2,142
Trade payables	235	409
Other liabilities	128	159
Accrued expenses and deferred income	1,735	1,623
Liabilities to external parties, total	47,463	38,333
Liabilities to group companies		
Trade payables	86	37
Other liabilities	19,513	16,050
Accrued expenses and deferred income	56	122
Liabilities to group companies, total	19,654	16,210
Current liabilities, total	**67,117**	**54,543**
Accrued expenses and deferred income		
Salary and other personnel expense accruals	564	403
Interests	1,049	99
Other	177	1,243
Accrued expenses and deferred income, total	**1,790**	**1,746**

EUR thousand

NOTE 19
CONTINGENT LIABILITIES

	2009	2008
Leasing liabilities		
Maturity within one year	116	104
Maturity later than one year	105	132
Total	**221**	**236**

The leasing agreements have normal terms.

	2009	2008
Other rental liabilities		
Maturity within one year	228	228
Maturity later than one year	380	608
Total	**608**	**836**
Pledges		
On behalf of group companies	6,028	14,580
Loans secured with mortgages		
Loans from financial institutions	41,865	-
Mortgages given	4,000	-
Loans from financial institutions	41,865	-
Carrying amount of pledged securities	54,753	-

NOTE 20
DERIVATIVE INSTRUMENTS

	2009		2008	
Currency derivatives	**Nominal value**	**Fair value**	**Nominal value**	**Fair value**
Forward contracts	1,584	-31	1,741	42
Intra-group currency derivatives				
Forward contracts	1,584	31	1,741	-42

BOARD OF DIRECTOR'S PROPOSAL FOR THE DISTRIBUTION OF PROFITS

The distributable funds of Glaston Corporation, the parent of Glaston Group, are EUR 47,632,812 of which EUR 4,577,977 represents the net loss for the financial year. The Board of Directors proposes to the Annual General meeting that no dividend will be distributed from the net loss for the year and from retained earnings. EUR 47,632,812 will be left in distributable funds.

Helsinki, 10 February, 2010

Andreas Tallberg Chairman of the Board	Christer Sumelius Deputy Chairman of the Board
Claus von Bonsdorff	Klaus Cawén
Carl-Johan Rosenbröijer	Mikael Mäkinen
Jan Lång	Arto Metsänen CEO

AUDITOR'S REPORT

TO THE ANNUAL GENERAL MEETING OF GLASTON CORPORATION

We have audited the accounting records, the financial statements, the report of the Board of Directors, and the administration of Glaston Corporation for the year ended on 31 December, 2009. The financial statements comprise the consolidated statement of financial position, consolidated income statement, consolidated statement of comprehensive income, statement of changes in equity, consolidated statement of cash flows and notes to the consolidated financial statements, as well as the parent company's balance sheet, income statement, cash flow statement and notes to the financial statements.

THE RESPONSIBILITY OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the financial statements and the report of the Board of Directors and for the fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, as well as for the fair presentation of the parent company's financial statements and the report of the Board of Directors in accordance with laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The Board of Directors is responsible for the appropriate arrangement of the control of the company's accounts and finances, and the Managing Director shall see to it that the accounts of the company are in compliance with the law and that its financial affairs have been arranged in a reliable manner.

AUDITOR'S RESPONSIBILITY

Our responsibility is to perform an audit in accordance with good auditing practice in Finland, and to express an opinion on the parent company's financial statements, on the consolidated financial statements and on the report of the Board of Directors based on our audit. Good auditing practice requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements and the report of the Board of Directors are free from material misstatement and whether the members of the Board of Directors of the parent company and the Managing Director have complied with the Limited Liability Companies Act.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the report of the Board of Directors. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements or of the report of the Board of Directors, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements and the report of the Board of Directors in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the report of the Board of Directors.

The audit was performed in accordance with good auditing practice in Finland. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION ON THE CONSOLIDATED FINANCIAL STATEMENTS

In our opinion, the consolidated financial statements give a true and fair view of the financial position, financial performance, and cash flows of the group in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU.

OPINION ON THE COMPANY'S FINANCIAL STATEMENTS AND THE REPORT OF THE BOARD OF DIRECTORS

In our opinion, the financial statements and the report of the Board of Directors give a true and fair view of both the consolidated and the parent company's financial performance and financial position in accordance with the laws and regulations governing the preparation of the financial statements and the report of the Board of Directors in Finland. The information in the report of the Board of Directors is consistent with the information in the financial statements.

Helsinki 10 February, 2010
KPMG Oy Ab
Sixten Nyman
Authorised Public Accountant