GLASTON CORPORATION Stock Exchange Release 10 February 2009 14.00

Glaston Corporation Financial Statements 1 January – 31 December 2008

- Orders received in January-December totalled EUR 184.7 (212.7) million. Orders received in the fourth quarter totalled EUR 31.8 (42.1) million.
- Glaston's order book on 31 December 2008 was EUR 60.7 (87.0) million.
- Net sales totalled EUR 270.4 (269.8) million. Final quarter net sales totalled EUR 68.9 (88.8) million.
- Operating profit excluding non-recurring items was EUR 6.2 (16.8) million, i.e. 2.3 (6.2)% of net sales. The final quarter operating result was a loss of EUR 0.3 (7.3 profit) million, i.e. -0.4 (8.2)% of net sales. Non-recurring items of EUR -12.3 million were recognised in the final quarter
- Return on capital employed (ROCE) was -2.3 (11.3)%
- Earnings per share were EUR -0.12 (0.14), of which the final quarter contribution was EUR -0.16 (0.10).
- The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.05 (0.10) per share, a total of EUR 4.0 million, be distributed.
- Due to a weak order book at the end of 2008, Glaston expects 2009 net sales to fall short of the 2008 level. Based on the weak visibility an outlook for opreating profit is not given.

President & CEO Mika Seitovirta:
"The global financial crisis considerably weakened the glass processing machine market in the second half of 2008. The development is particularly evident in orders of new machines. During the final quarter of the year, orders fell sharply compared with the corresponding period of the previous year and the order book clearly weakened.

Efficiency improvement measures have been initiated in all of Glaston's units to cut costs and boost cash flow. Strong measures are particularly needed in the Pre-Processing business area and in Tamglass Glass Processing.

Despite the currently weak economic outlook, we are purposefully continuing to implement our strategy. The architectural glass segment and the solar energy market still represent a foundation for the Group's future growth. Further development of service business will also play an increasingly key role in the weak economic climate.

2009 will be a difficult year. Due to a weak order book at the end of 2008 and exceptionally low demand, Glaston expects 2009 net sales to fall short of the 2008 level. Based on the weak visibility an outlook for operating profit is not given.

Markets

Due to the global financial crisis and the deteriorating economic climate, Glaston's market situation weakened substantially during the autumn, and in the final quarter the market was particularly quiet. More extensive One-Stop-Partner projects stopped in the latter part of the year. Service and maintenance business as well as demand for glass industry software continued to be satisfactory. In all markets, excluding South-America, demand fell sharply during the final quarter of the year.

Pre-processing

In the second quarter of 2008, the Pre-processing business area's market began to slow rapidly. In addition to North America, demand also weakened in the EMEA area and Asia. To

Glaston Oyj Abp
P.O. Box 25
Vehmaistenkatu 5
33730 Tampere
Finland

Tel +358 10 500 500
Fax +358 10 500 6190
www.glaston.net
Domicile: Tampere
VAT No / Business ID: FI16515850

strengthen its market position, Glaston both restructured and strengthened the Pre-processing business area's sales organisation, with the emphasis being on the EMEA area.

In 2008 the market developed positively, however, in South-America, where growing demand for glass applications, particularly in the architectural glass segment supported demand for pre-processing machines and tools. Glaston succeeded in increasing its market share and net sales in the area in 2008.

Assembly of Bavelloni cutting tables and lines began at the Tianjin factory in China during the year, and the first products were delivered to the local market in the third quarter. These actions represented the first steps towards a new localised production range through which the Group will be better able to meet local market needs in China and grow its operations in low cost countries.

Glaston's first ever global upgrade agreement for pre-processing machines was signed at the beginning of the year. Sales of service contracts developed positively in all geographical areas.

Orders received in January-December totalled EUR 56.9 (68.7) million. January-December net sales totalled EUR 89.7 (94.1) million.

Heat Treatment

In 2008 the market situation of the Heat Treatment business area was good, excluding the latter part of the year. Activity in the solar energy glass market continued to be favourable throughout nearly the entire year. Market uncertainty and financial market instability postponed customers' decisions and delivery times in several market areas.

In the EMEA area and in South America demand continued to be strong. The strong downturn in the North American market continued. In Asia, the market slow-down intensified the competitive situation. To strengthen market position in Northern Asia, production of two safety glass machine product families production began at Glaston's factory in Tianjin.

Sales of ceramic rollers as spare parts began via the Tampere delivery centre in the latter part of the year. In North and South America, also sales of upgrade packages developed positively towards the end of the year.

The Heat Treatment business area's January-December net sales totalled EUR 152.9 (162.3) million. Orders received during the financial year totalled EUR 113.9 (141.0) million. The restructuring of Tamglass Glass Processing, which operates in Finland, continued during 2008. As part of the reorientation of operations, the glass processing unit discontinued production of working machines and special automotive glass in order to focus in future on architectural and interior glass as well as glass needed for solar energy producing solutions. In late summer, the unit started production at a factory in Akaa, Finland.

Software Solutions

During the financial year, the integration of Albat+Wirsam into Glaston's organisation and operations was completed. The acquisition of Albat+Wirsam increased Glaston's glass processing expertise and strengthened the company's comprehensive offering. During 2008 the Software Solutions business area focused strongly on integrating Albat+Wirsam software with Glaston's machines and ensuring their compatibility.

The Software Solutions business area developed favourably in 2008 and the market was strong throughout nearly the entire year. A higher degree of automation and flexibility, long sought after in the industry, clearly influenced demand. The EMEA area in particular boosted the business area's growth. In addition, an extensive project in Japan furthered the adaptation of Glaston's software products to the requirements of the Asian market. The North American market did not shown signs of recovery during the financial year.

In October 2008, Glaston acquired the operations of the Chinese company Shanghai Yunzhe Software Co., Ltd. The acquired business is connected with the expansion of Software Solutions business area into China.

January-December net sales totalled EUR 28.2 (7-12/2007: 14.7) million. Licence orders received totalled EUR 13.9 (3.0) million.

One-Stop-Partner

To improve Glaston's delivery process and accelerate One-Stop-Partner product integration, in January 2008 the One-Stop-Partner unit was divided into two, namely One-Stop-Partner Offering and One-Stop-Partner Deliveries. During the year, the product offering was defined and delineated more clearly than before, focusing on the glass processing needs of the architectural and solar energy segments.

In 2008 demand for integrated glass processing solutions, except for the latter part of the year, was good in Eastern and Southern Europe, the Middle East, Northern Asia and the APAC area. Demand was weak in Central and Northern Europe. During the first months of 2008, demand for solar energy solutions was strong in the Americas, and flat panels and Glaston's bending technology were of particular interest to customers. Due to the global financial crisis, customers' decision-making processes lengthened significantly in many areas and projects came to a halt in the final quarter.

In 2008 Glaston delivered OSP solutions in both the architectural and the solar energy sectors. Total sales for One-Stop-Partner joint deliveries were EUR 25.9 (47.7) million in January-December. The unit's earnings are included in Glaston's reported segments.

Orders received

Glaston's orders received during the financial year totalled EUR 184.7 (212.7) million. Of orders received, Heat Treatment accounted for 61.7 percent, Pre-processing 30.8 percent and Software Solutions 7.5 percent.

Orders received during the final quarter totalled EUR 31.8 (42.1) million.

Geographical distribution of orders received, EUR million

	2008	2007	Change, %
EMEA	126.2	134.4	-6.1
America	35.5	44.0	-19.3
Asia	23.0	34.3	-33.0
Total	**184.7**	**212.7**	**-13.2**

Order book

Glaston's order book on 31 December 2008 was EUR 60.7 (87.0) million. The Heat Treatment business area accounted for EUR 44.2 (59.9) million of the order book, Pre-processing for EUR 13.0 (20.9) million and Software Solutions for EUR 3.5 (6.2) million.

Order book, EUR million	31.12.2008	31.12.2007	Change, %
Pre-processing	13.0	20.9	-37.8
Heat Treatment	44.2	59.9	-26.2
Software Solutions	3.5	6.2	-43.5
Total	**60.7**	**87.0**	**-30.2**

Net sales and operating profit

Glaston's January-December net sales totalled EUR 270.4 (269.8) million. Pre-processing's net sales in the financial period were EUR 89.7 (94.1) million, Heat Treatment's net sales EUR 152.9 (162.3) million and Software Solutions' net sales EUR 28.2 (14.7) million.

Final quarter net sales totalled EUR 68.9 (88.8) million. Pre-processing's net sales in the fourth quarter were EUR 23.7 (28.5) million, Heat Treatment's net sales EUR 38.8 (52.8) million and Software Solutions' net sales EUR 6.6 (7.9) million.

Net sales, EUR million	**2008**	**2007**
Pre-processing	89.7	94.1
Heat Treatment	152.9	162.3
Software Solutions	28.2	14.7
Parent company, elim.	-0.3	-1.3
Total	**270.4**	**269.8**

*) Software Solutions 7-12/2007

Operating profit excluding non-recurring items was EUR 6.2 (16.8) million, i.e. 2.3 (6.2) percent of net sales. The operating result for the final quarter, excluding non-recurring items, was a loss of EUR 0.3 (7.3 profit) million.

The operating result was a loss of EUR 6.1 (12.2 profit) million. Non-recurring items totalling EUR 12.3 million were recognised in the final quarter, due to the efficiency programme as well as one-off costs recognised for agreements made in previous years and for uncertain receivables.

Pre-processing's operating result in January-December was a loss of EUR 8.4 (0.1 profit) million and in the final quarter of loss of EUR 6.6 (0.5 profit) million. The operating result, excluding non-recurring items, for January-December was a loss of EUR 3.0 (1.6 profit) million and in the final quarter a loss of EUR 1.1 (0.4 profit) million. The weak profit development is explained by intensifying price competition resulting from the market situation and a narrow product range.

The Heat Treatment business area's operating result for January-December was EUR 6.7 (13.7) million and in the final quarter a loss of EUR 0.3 (0.9 profit) million. The business area's operating result, excluding non-recurring items, for January-December was EUR 13.0 (19.6) million and in the final quarter EUR 2.5 (7.7) million.

Tamglass Glass Processing's operating loss of EUR 6.3 (-2.0) million significantly weakened the result of Heat Treatment business area and of Glaston as a whole. The restructuring of Tamglass Glass Processing's operations was forcefully continued in 2008.

Software Solutions' operating result in January-December was EUR 3.2 (2.6) million and in the final quarter a loss of EUR 0.4 (1.0 profit) million. Operating profit, excluding non-recurring items, in the reporting period was EUR 3.7 (2.6) million and in the final quarter EUR 0.1 (1.0) million.

Operating result, excluding non-recurring items EUR million	**1-12/2008**	**1-12/2007**
Pre-processing	-3.0	1.6
Heat Treatment	13.0	19.6
Software Solutions	3.7	2.6
Parent company, elim.	-7.5	-7.0
Total	**6.2**	**16.8**
Non-recurring items	-12.3	-4.6
Operating result after non-recurring items	**-6.1**	**12.2**

The result for the financial year was a loss of EUR 9.2 (10.8 profit) million. Return on capital employed (ROCE) was -2.3 (11.3) percent. Earnings per share were EUR -0.12 (0.14) Fourth-quarter earnings per share were EUR -0.16 (0.10).

Financing and cash flow
The Group's financial position remained reasonably good, despite strongly increased indebtedness. The need for working capital was increased above all by a reduction in customers' advance payments (EUR -8.4 million) and growth in inventories (EUR +9.8 million). Reducing working capital is a key element of the initiated efficiency programme. The equity ratio on 31 December 2008 was 45.8 (55.5) percent. Glaston Continuing Operations' cash flow from operating activities was EUR -23.3 (8.7) million and cash flow from investing activities was EUR -13.4 (-27.3) million.

Cash flow from financing in January-December was EUR 37.8 (1.5) million, including dividends paid in the financial period of EUR 7.8 (7.1) million.

The Group's liquid funds at the end of the period totalled EUR 11.5 (11.4) million. Interest-bearing net debt totalled EUR 57.9 (9.9) million and net gearing was 46.8 (7.1) percent. The financing structure was changed by the raising of a TyEL pension loan amounting to EUR 16.4 million. To ensure liquidity, the Group has a EUR 65 million committed revolving credit facility. At the end of 2008, EUR 29 million of the facility was in use.

Efficiency programme
To improve profitability Glaston initiated efficiency measures in all units. The objective of the programme is to improve the profitability of the whole Group and of the Pre-processing business area in particular, as well as to adjust the Group's operations to the market situation.

Negotiations held with personnel representatives in Finland were completed in December. The outcome was that Glaston Finland personnel, a total around 200 people, will be laid off for an average of 4-8 weeks in winter and spring 2009.

In the Pre-processing business area 25 percent of personnel, i.e. 100 people, have been regularly laid off since December. In addition, personnel reductions have taken place in a number of the Group's other units, resulting in the redundancy of around 100 employees. The number of external hired workers has also been reduced.

The programme is estimated to generate around EUR 5 million in cost savings on an annual basis. These will be realised in full from the beginning of 2010.

As part of operational reorientation and business restructuring, Glaston's Tamglass Glass Processing Ltd., which processes glass in Finland, initiated negotiations in July on the discontinuing of working machines and special automotive glass operations in order to focus in future on architectural glass business. Operations at the Pihtipudas unit ceased at end of the year and the fixed-term employment of 17 people ended. In terms of the working machine and special automotive glass operations to be discontinued, the primary adjustment measure is a three-month lay-off period for ten employees during winter 2008/2009.

Research and development
Research and development expenditure totalled EUR 14.5 (6.3) million, representing 5.4 (2.3) per cent of net sales.

Pre-processing market area product development focused on product integration and mainly on new products directed at the solar energy market. During the year, Glaston launched eight new glass and stone processing products for the architectural, furniture and solar energy segments. Pre-processing machines equipped with Albat+Wirsam software were brought to the market for the first time in the autumn.

A new product strategy was prepared for the Heat Treatment business area, and product management was reorganised. The product development priorities were the development of solar energy products and the development of production-line automation systems. The Tamglass CHF ProTM model, launched into the Tamglass CHF flat tempering product range, is particularly suitable for the tempering of flat architectural applications and solar energy glass, particularly photovoltaic (PV) glass. In bending machines, the Tamglass ESU EcoPower™ was launched, which is able to bend high quality CSP (Concentrated Solar Power) technology solar panels. The ProE Magnum™ product family was expanded to larger glass sizes: a newly launched machine can temper glass sizes up to 3.3 m x 9.6 m.

Product development in the Software Solutions business area focused on integration of glass processing machines and software. In addition to developing pre-processing machine systems, a new product group, the Panorama line control systems, was introduced.

Capital expenditure and depreciation
Glaston's gross capital expenditure totalled EUR 18.4 (34.1) million. The most significant capital expenditure during the year was related to the global ERP project, product development and production machines.

During 2008 depreciation and amortization of property, plant and equipment and intangible assets totalled EUR 8.7 (7.1) million. In addition, impairment losses totalling EUR 2.6 million were recognised, of which most were directed at capitalised development expenses which no longer are expected to generate future economic benefits.

Organisation and personnel
To streamline Finnish operations, Glaston Service Oy's business operations were transferred on 1 January 2008 to Glaston Finland Oy. The transfer had no impact on the number of personnel. Albat+Wirsam France S.A. was merged with Glaston Finland France S.A.S.U. at end of June.

In October 2008, as part of an efficiency programme, it was decided to combine the operations of Uniglass Engineering Oy with Glaston Finland Oy. The combination of the operations will take place during 2009.

On 31 December 2008, Glaston Corporation had a total of 1,541 (1,435) employees, of whom 29 percent were in Finland and 47 percent elsewhere in Europe, mainly in Germany and Italy. The proportion of Group employees working in Asia was 10 percent and in the Americas 14 percent. The average number of employees was 1,519 (1,288).

Environment
Alternative energy sources and energy efficiency are key environmental trends for Glaston. In addition, increasing environmental awareness means that energy-saving targets are growing, which impacts on demand for energy glass: using the right kind of glass, energy consumption can be significantly reduced. Solar energy production will grow strongly during the coming years and the emphasis of Glaston's product development is on solutions aimed at the manufacture of solar energy glass. Concepts launched during the year for the needs of solar energy customers were well received.

In its own operations, Glaston's aim is to adopt as environmentally friendly operating practices as possible, and processes are continually developed taking the principles of sustainable development into account. The life cycle of a glass processing machine is long, on average around 20 years. The design of Glaston's machines takes into account a machine's entire life cycle, and they are manufactured to withstand continuous use at high production capacities. Special attention is also paid to the machines' energy use. During the year, Glaston launched a flat tempering machine in which, due to new technology, the energy consumption of glass processing can be reduced by 6-7 percent.

Changes in company management
In January 2008, Henrik Reims was appointed SVP, OSP Deliveries and in May Timo Nieminen was appointed SVP, Service Solutions. Both are members of Glaston's Executive Management Group. Timo Rautarinta was appointed Managing Director of Glaston's glass processing unit Tamglass Glass Processing Ltd. in March 2008.

Risks and risk management
Glaston operates globally and changes in the development of the world economy directly affect the Group's operations and risks. The Board of Directors is responsible for the Group's risk management policy and it supervises the implementation of the policy. The President and CEO and the Executive Management Group, reporting to the Board of Directors, are responsible for risk management operating practices, implementation and monitoring.

A strategic risk for Glaston is above all the possible arrival on the market of a competing machine technology, which would require Glaston to make large product development investments. Moreover, losing the Group's market share, particularly in the most strongly developing 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.

Glaston's most significant operational risks include management of large customer projects, availability and price development of raw materials and components, management of the subcontractor network, and the availability and permanence of expert personnel. Glaston is developing its information systems and a new enterprise resource planning system will be taken into use in Finland according to plan in 2009. Despite careful planning, temporary disruptions to operations might be associated with the introduction of the system.

Financial risks connected with operations, such as foreign exchange, interest rate, financing and counterparty risks and, particularly in the last few months, credit and liquidity risks have grown. The nature of international business means that the Group 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 comes from the fact that the Group's negotiated credit facilities are insufficient to cover financial needs of the business. Financial risks and their management are explained in more detail in the consolidated financial statements.

In 2008 Glaston strongly developed its global risk management, and a new risk management policy, process and reporting were approved by the Board of Directors and introduced to th organization. The development of comprehensive risk management is a Group-level responsibility. 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 the Board of Directors and within the restrictions issued by the Board of Directors.

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

Shares and share prices

Glaston Corporation's share (GLA1V) is quoted on the NASDAQ OMX Helsinki Mid Cap List. The company's paid and registered share capital on 31 December 2008 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 December, the company held 809,793 of the company's own shares (treasury shares), corresponding to 1 percent of the total number of issued shares and votes.

The counter book value of the own shares held by the company is EUR 129,567. Every share that the company does not hold itself entitles 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 January-December, a total of 3,965,341 of the company's shares were traded, representing 5.1 percent of the average number of shares. The lowest price paid for a share was EUR 0.87 and the highest price EUR 3.33. The average price, weighted to trading volumes, during the period was EUR 2.07 and the closing price on 31 December 2008 was EUR 0.91. On 31 December 2008, the market capitalization of Glaston's shares, treasury shares excluded, was EUR 71.5 (217.3) million.

The equity per share attributable to the owners of the parent was EUR 1.58 (1.78).

Share-based incentive scheme

On 9 May 2007, Glaston's Board of Directors decided on a new share-based incentive scheme for the Glaston Group's key personnel. The scheme has 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 settled in cash is intended to cover taxes and tax-related social costs arising to key personnel from the bonus. Shares cannot be disposed of within two years of the bonus being awarded.

The potential bonus from the scheme for the 2008 performance period is based on growth of the Group's profit and net sales. 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 social costs arising to key personnel from the bonus at the time the bonus is paid.

Glaston's Board of Directors confirmed the incentive scheme return for 2008 as 0 per cent. The impact of incentive schemes on the 2008 result was EUR 0.3 million.

Decisions of the Annual General Meeting

The company's Annual General Meeting was held on 11 March 2008. The meeting approved the financial statements for 2007 and released the Board of Directors and the President and CEO from liability for the financial year.

The meeting also approved the Board of Directors' proposal to pay a dividend of EUR 0.10 per share, a total of EUR 7.8 million.

Annual General Meeting confirmed that the following persons continue on the Board of Directors for a year-long term of office: Claus von Bonsdorff, Klaus Cawén, Carl-Johan Rosenbröijer, Christer Sumelius and Andreas Tallberg. Ahlstrom Oyj's CEO Jan Lång and Cargotec Oyj's CEO Mikael Mäkinen were elected new members of the Board of Directors. The Annual General Meeting re-elected as auditor the authorised public accounting firm KPMG Oy Ab, with the responsible auditor being Sixten Nyman, APA.

Acquisition and disposal of own shares and authorizations of the Board of Directors

The 2007 Annual General Meeting authorised the Board of Directors to acquire the company's own shares up to a maximum of 7,605,096 shares. During January-September, the company did not acquire its own shares. The authorisation to acquire shares was valid for 18 months from the decision of the 2007 Annual General Meeting, so it was no longer valid at the end of 2008.

The 2007 Annual General Meeting also decided to authorise the Board of Directors to decide on the disposal of own shares in the company's possession (treasury shares). The authorisation is valid until the end of the 2009 Annual General Meeting. On 23 April 2008, the company transferred 103,707 treasury shares to personnel included in the Group's share-based incentive scheme. The counter book value of the transferred shares was EUR 16,593.

The Board of Directors has no other authorisations.

Board of Director's Proposal for the distribution of profits

The distributable funds of Glaston Corporation, the parent of Glaston Group, are EUR 56,122,554, of which EUR 153,094 represents the net profit for the financial year.

The Board of Directors proposes to the Annual General meeting that EUR 0.05 per shares be distributed as dividend from the net profit for the year and from retained earnings. The total dividend would amount to a maximum of EUR 3,967,500. EUR 52,155,054 would be left in distributable funds. Treasury shares held by the company are not entitled to dividends.

The financial position of the company has not materially changed after the end of the financial year, and it is the Board of Directors' opinion, that the proposed distribution of funds does not compromise the company's liquidity.

Events after the review period

On January 2009, Tamglass Glass Processing Ltd. initiated statutory employer-employee negotiations under the Act on Co-Determination within Undertakings (YT negotiations) in respect of the adjustment of architectural glass operations to the present market situation. The architectural glass operations employ around 110 people.

Uncertainties in the near future

Due to the global financial crisis and the economic recession, Glaston's market rapidly changed during the second half of the year. The situation has adversely affected the investment possibilities of Glaston's customers to a significant extent, and the instability has had a particularly strong impact on large One-Stop-Partner orders.

Owing to the recession, demand for glass processing machines will be weak in the coming months. Customers' financing difficulties mean that orders may be postponed and those already confirmed may be cancelled.

Risks relating to raw materials have decreased. Raw material prices have levelled off and subcontracting capacity problems have nearly disappeared.

Outlook

The current situation in the operating environment will have a strong impact on Glaston's business in 2009. Adjustment of operations to the prevailing market situation will be forcefully continued.

The cornerstones of Glaston's business remain the architectural glass segment and the solar energy market. In the economic downturn, the significance of service and maintenance business will increase.

The market outlook for the early part of the year is very poor. Prospects for service and maintenance business are reasonable. The emphasis of new machine sales will be on sales of single machines. No significant demand for One-Stop-Partner projects is perceptible for the first half of the current year. Demand for glass processing machines in the latter part of the year is very difficult to forecast in the uncertain economic climate.

Due to a weak order book at the end of 2008 and exceptionally low demand, Glaston expects 2009 net sales to fall short of the 2008 level. Based on the weak visibility an outlook for operating profit is not given.

Helsinki, 10 February 2009

Glaston Corporation
Board of Directors

Sender:
Glaston Corporation
Agneta Selroos
IR and Communications Manager
Tel. +358 10 500 6105

Glaston Corporation

Glaston Corporation is a growing, international glass technology company. Glaston is the global market leader in glass processing machines, and a comprehensive One-Stop-Partner supplier to its customers. Its product range and service network are the widest in the industry. Glaston's well–known brands are Bavelloni in pre-processing machines and tools, Tamglass and Uniglass in safety glass machines, and Albat+Wirsam in glass industry software.

Glaston's own glass processing unit, Tamglass Glass Processing, is a local Finnish manufacturer of high quality safety glass products.

Glaston's share (GLA1V) is quoted on the NASDAQ OMX Helsinki Mid Cap List.

www.glaston.net

GLASTON CORPORATION

CONDENSED FINANCIAL STATEMENTS AND NOTES 1 JANUARY - 31 DECEMBER 2008

These condensed financial statements are audited. Auditor’s report has been given on 10 February, 2009. Quarterly information and interim reports are not audited.

As a result of rounding differences, the figures presented in the tables may not add up to the total.

CONDENSED STATEMENT OF FINANCIAL POSITION

EUR million	31.12.2008	restated 31.12.2007	restated 31.12.2006
Assets			
Non-current assets			
Property, plant and equipment	35.0	32.5	43.3
Goodwill	66.2	67.6	53.2
Other intangible assets	22.5	19.6	15.8
Joint ventures and associates	0.9	0.8	-
Available-for-sale assets	0.3	0.1	0.6
Deferred tax assets	7.9	4.4	8.6
Total non-current assets	**132.9**	**125.0**	**121.5**
Current assets			
Inventories	53.9	46.2	49.5
Receivables			
Trade and other receivables	83.3	91.3	67.8
Assets for current tax	4.4	1.7	0.9
Total receivables	87.6	92.9	68.7
Cash equivalents	11.5	11.4	10.5
Assets held for sale	-	0.3	-
Total current assets	**153.1**	**150.9**	**128.7**
Total assets	**285.9**	**275.9**	**250.2**

EUR million	31.12.2008	restated 31.12.2007	restated 31.12.2006
Equity and liabilities			
Equity			
Share capital	12.7	12.7	12.7
Share premium account	25.3	25.3	25.3
Reserve for invested unrestricted equity	0.2	0.3	-
Treasury shares	-3.5	-3.9	-1.0
Fair value reserve	0.0	-	-
Hedging reserve	-	0.0	-0.2
Retained earnings and translation differences	98.2	94.8	94.8
Net result attributable to owners of the parent	-9.1	10.8	8.7
Equity attributable to owners of the parent	**123.7**	**139.9**	**140.3**
Non-controlling interest	**0.1**	**0.0**	**0.0**
Total equity	**123.8**	**139.9**	**140.3**
Non-current liabilities			
Non-current interest-bearing	16.4	1.9	0.9

liabilities			
Non-current interest-free liabilities and provisions	8.0	9.4	7.5
Deferred tax liabilities	8.4	9.4	7.4
Total non-current liabilities	**32.9**	**20.7**	**15.8**
Current liabilities			
Current interest-bearing liabilities	53.0	19.4	7.2
Current provisions	10.6	2.6	6.1
Trade and other payables	63.8	89.8	78.2
Liabilities for current tax	1.9	3.5	2.6
Total current liabilities	**129.3**	**115.3**	**94.1**
Total liabilities	**162.2**	**136.0**	**109.9**
Total equity and liabilities	**285.9**	**275.9**	**250.2**

CONDENSED INCOME STATEMENT

EUR million	10-12/ 2008	restated 10-12/ 2007	1-12/ 2008	restated 1-12/ 2007
Net sales	**68.9**	**88.8**	**270.4**	**269.8**
Other operating income	0.0	0.3	0.4	0.6
Expenses	-64.6	-79.1	-253.5	-246.5
Share of result of joint ventures and associates	0.0	-	0.0	-
Depreciation, amortization and impairment	-4.7	-2.6	-11.2	-7.1
Non-recurring items	-12.3	2.8	-12.3	-4.6
Operating profit / loss	**-12.6**	**10.1**	**-6.1**	**12.2**
Gains from sale of assets held for sale	0.0	-	0.1	-
Other net financial items	-2.2	-0.3	-2.1	0.0
Result before income taxes	**-14.8**	**9.8**	**-8.1**	**12.2**
Income taxes	2.5	-1.8	-1.1	-5.2
Net result, continuing operations	-12.3	8.1	-9.2	7.0
Net result, discontinued operations	-	0.0	-	3.8
Profit / loss for the period	**-12.3**	**8.1**	**-9.2**	**10.8**
Attributable to:				
Non-controlling interests	0.0	0.0	0.0	0.0
Owners of the parent	-12.3	8.1	-9.1	10.8
Total	**-12.3**	**8.1**	**-9.2**	**10.8**

Earnings per share, EUR, continuing operations	-0.16	0.10	-0.12	0.09
Earnings per share, EUR, discontinued operations	-	0.00	-	0.05
Earnings per share, EUR, total, basic and diluted	**-0.16**	**0.10**	**-0.12**	**0.14**
Operating profit / loss, as % of net sales	-18.3	11.4	-2.3	4.5

Profit / loss for the period, as % of net sales	-17.8	9.1	-3.4	4.0

Operating profit / loss, non-recurring items excluded

	10-12/ 2008	10-12/ 2007	1-12/ 2008	1-12/ 2007
Operating profit / loss, excluding non-recurring items	-0.3	7.3	6.2	16.8
Operating profit / loss, non-recurring items excluded, as % of net sales	-0.4	8.2	2.3	6.2

STATEMENT OF COMPEREHENSIVE INCOME

EUR million

	1-12/ 2008	1-12/ 2007
Profit / loss for the period	**-9.2**	**10.8**
Other comprehensive income		
Total exchange differences on translating foreign operations	0.7	-1.8
Hedging of net investment in foreign operations	-	0.2
Effective portion of fair value changes of cash flow hedges recognized in other comprehensive income	-	0.0
Fair value changes of cash flow hedges reclassified in profit or loss	0.0	0.2
Fair value changes of available-for-sale shares	0.0	-
Other reclassifications	0.0	-
Income tax on other comprehensive income	0.0	-0.1
Other comprehensive income for the year, net of tax	**0.7**	**-1.5**
Total comprehensive income for the year	**-8.5**	**9.3**
Attributable to		
Owners of the parent	-8.5	9.3
Non-controlling interest	0.0	0.0
Total comprehensive income for the year	**-8.5**	**9.3**

CONDENSED STATEMENT OF CASH FLOWS

EUR million	1-12/ 2008	1-12/ 2007
Cash flows from operating activities, continuing operations		
Cash flow before change in net working capital	7.2	10.3
Change in net working capital	-30.4	-1.6

Net cash flow from operating activities	**-23.3**	**8.7**
Cash flow from investing activities, continuing operations		
Business combinations	0.7	-17.7
Other purchases of non-current assets	-14.5	-11.3
Proceeds from sale of non-current assets	0.4	1.7
Net cash used in investing activities	**-13.4**	**-27.3**
Cash flow before financing, continuing operations	**-36.7**	**-18.5**
Cash flow from financing activities, continuing operations		
Changes in non-current liabilities (increase + / decrease -)	17.5	0.0
Changes in non-current loan receivables (increase - / decrease +)	0.3	-
Short-term financing, net (increase + / decrease -)	27.9	11.3
Dividends paid	-7.8	-7.1
Acquisition of treasury shares	-	-3.9
Disposal of treasury shares	-	1.3
Other financing	0.0	-
Net cash used in financing activities, continuing operations	**37.8**	**1.5**
Discontinued operations		
Cash flow from operations	-	7.6
Cash flow from investments	-	10.7
Cash flow from discontinued operations	**-**	**18.3**
Effect of exchange rate fluctuations	**-1.0**	**-0.3**
Net change in cash and cash equivalents	**0.1**	**0.9**
Cash and cash equivalents at the beginning of period	11.4	10.5
Cash and cash equivalents at the end of period	11.5	11.4
Net change in cash and cash equivalents	**0.1**	**0.9**

STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Share premium account	Reserve for invested unrest. equity	Treasury shares	Fair value reserve	Hedging reserve
Equity at 1 January 2007, as published	**12.7**	**25.3**	**-**	**-1.0**	**-**	**-0.2**
Effect of restatement	**-**	**-**	**-**	**-**	**-**	**-**
Equity at 1 January 2007	**12.7**	**25.3**	-	**-1.0**	-	**-0.2**
Total comprehensive income for the year	-	-	-	-	-	0.2
Acquisition of treasury shares	-	-	-	-3.9	-	-
Disposal of treasury shares	-	-	0.4	1.0	-	-
Tax effect of	-	-	-0.1	-	-	-

net income recognized directly in equity						
Equity at 31 December 2007	**12.7**	**25.3**	**0.3**	**-3.9**	**-**	**0.0**

EUR million	**Share capital**	**Share premium account**	**Reserve for invested unrestr. equity**	**Treasury shares**	**Fair value reserve**	**Hedging reserve**
Equity at 1 January 2008	**12.7**	**25.3**	**0.3**	**-3.9**	**-**	**0.0**
Total comprehensive income for the year	-	-	-	-	0.0	0.0
Acquisition of treasury shares	-	-	-	-	-	-
Disposal of treasury shares	-	-	-0.1	0.4	-	-
Tax effect of net income recognized directly in equity	-	-	0.0	-	-	-
Equity at 31 December 2008	**12.7**	**25.3**	**0.2**	**-3.5**	**0.0**	**0.0**

EUR million	**Retained earnings**	**Transl. differences**	**Equity attribu-table to owners of the parent**	**Non-controll. interest**	**Total equity**
Equity at 1 January 2007, as published	**102.8**	**0.4**	**140.1**	**0.0**	**140.1**
Effect of restatement	0.2	-	0.2	-	0.2
Equity at 1 January 2007	**103.0**	**0.4**	**140.3**	**0.0**	**140.3**
Total comprehensive income for the year	10.8	-1.7	9.3	0.0	9.3
Acquisition of treasury shares	-	-	-3.9	-	-3.9
Disposal of treasury shares	-	-	1.3	-	1.3
Tax effect of net income recognized directly in equity	-	-	-0.1	-	-0.1
Share-based incentive plan	0.1	-	0.1	-	0.1
Share-based incentive plan, tax effect	-	-	-	-	-
Dividends paid	-7.1	-	-7.1	-	-7.1
Equity at 31 December 2007	**106.8**	**-1.2**	**139.9**	**0.0**	**139.9**

EUR million	Retained earnings	Transl. differences	Equity attribu-table to owners of the parent	Non-controll. interest	Total equity
Equity at 1 January 2008	**106.8**	**-1.2**	**139.9**	**0.0**	**139.9**
Total comprehensive income for the year	-9.2	0.7	-8.5	0.0	-8.5
Other changes in non-controlling interest	-	-	-	0.0	0.0
Acquisition of treasury shares	-	-	-	-	-
Disposal of treasury shares	-	-	0.3	-	0.3
Tax effect of net income recognized directly in equity	-	-	0.0	-	0.0
Share-based incentive plan	-0.2	-	-0.2	-	-0.2
Share-based incentive plan, tax effect	0.0	-	0.0	-	0.0
Reversal of unpaid dividends	0.0	-	0.0	-	0.0
Dividends paid	-7.8	-	-7.8	-	-7.8
Equity at 31 December 2008	**89.6**	**-0.5**	**123.7**	**0.0**	**123.8**

KEY RATIOS

	31.12.2008	**31.12.2007**
EBITDA, as % of net sales [1	1.9	7.2
Operating profit / loss (EBIT), as % of net sales	-2.3	4.5
Net result, as % of net sales	-3.4	4.0
Gross capital expenditure, EUR million	18.4	34.1
Gross capital expenditure, as % of net sales (net sales including discontinued operations)	6.8	12.6
Equity ratio, %	45.8	55.5
Gearing, %	56.1	15.2
Net gearing, %	46.8	7.1
Net interest-bearing debt, EUR million	57.9	9.9
Capital employed, end of period, EUR million	193.2	161.2
Return on equity, %, annualized	-7.0	7.7
Return on capital employed, continuing operations, %, annualized	-2.3	8.0
Return on capital employed, %, annualized	-2.3	11.3
Number of personnel, average, continuing operations	1,519	1,288
Number of personnel, average	1,519	1,302
Number of personnel, end of period, continuing operations	1,541	1,435
Number of personnel, end of period	1,541	1,435

(1 EBITDA = Operating profit / loss + depreciation, amortization and impairment.

PER SHARE DATA

	31.12.2008	31.12.2007
Number of shares, end of period, treasury shares excluded (1,000)	78,540	78,437
Number of shares, average, treasury shares excluded (1,000)	78,507	78,682
EPS, continuing operations, EUR (*	-0.12	0.09
EPS, discontinued operations, EUR (*	-	0.05
EPS, total, EUR (*	-0.12	0.14
Equity attributable to owners of the parent per share, EUR	1.58	1.78
Dividend per share, EUR (**	0.05	0.10
Dividend payout ratio, % (**	-43.0	73.2
Dividend yield (**	5.5	3.6
Price per earnings per share (P/E) ratio	-7.8	20.3
Price per equity attributable to owners of the parent per share	0.58	1.55
Market capitalization, EUR million	71.5	217.3
Share turnover, % (number of shares traded, % of the average number of shares)	5.1	10.2
Number of shares traded, (1,000)	3,965	7,993
Closing price of the share, EUR	0.91	2.77
Highest quoted price, EUR	3.33	4.53
Lowest quoted price, EUR	0.87	2.70
Volume-weighted average quoted price, EUR	2.07	3.84

(* Glaston Corporation has not issued options or warrants or similar instruments which would dilute the earnings per share.
(** Dividend for 2008 is the Board of Directors' proposal

DEFINITIONS OF KEY RATIOS

Financial ratios

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

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

Liquid funds = Cash and bank + current investments

Net interest-bearing debt = Interest-bearing liabilities - liquid funds

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 investments, % (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)

Per share data

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

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 per share = Share price at period end / 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 capitalization = Number of shares at end of the period x share price at end of the period

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

RESTATEMENT OF PREVIOUS YEARS

Due to an error discovered in the actuarial calculations of defined benefit plans the figures of the 2007 financial statements have been restated accordingly. Also the statement of financial position of 2006 has been restated accordingly. The impact of the restatement is presented in the tables below.

Income statement	**1 January - 31 December**		
EUR million	**2007**		**2007**
	before restatement	effect of restatement	restated
Net sales	**269.8**	**-**	**269.8**
Other operating income	0.6	-	0.6
Expenses	-251.3	0.2	-251.1

Depreciation, amortization and impairment charges	-7.1	-	-7.1
Operating profit	**12.0**	**0.2**	**12.2**
Net financial items	0.0	-	0.0
Profit / loss before income taxes	**12.0**	**0.2**	**12.2**
Income tax expense	-5.2	0.0	-5.2
Profit / loss from continuing operations	**6.9**	**0.1**	**7.0**
Profit from discontinued operations	3.8	-	3.8
Profit / loss for the reporting period	**10.6**	**0.1**	**10.8**
Attributable to non-controlling interest	0.0	-	0.0
Attributable to owners of the parent	**10.6**	**0.1**	**10.8**
Total	10.6	0.1	10.8
Earnings per share, EUR, continuing operations	0.09	-	0.09
Earnings per share, EUR, discontinued operations	0.05	-	0.05
Earnings per share, EUR, total, basic and diluted	**0.14**	**-**	**0.14**

Statement of financial position

EUR million	**2007**		**2007**
	before restatement	effect of restatement	restated
Assets			
Non-current assets			
Goodwill	67.6	-	67.6
Intangible assets	19.6	-	19.6
Property, plant and equipment	32.5	-	32.5
Holdings in associates and joint ventures	0.8	-	0.8
Available-for-sale assets	0.1	-	0.1
Deferred tax assets	4.4	-	4.4
Total non-current assets	**125.0**	-	**125.0**
Current assets			
Inventories	46.2	-	46.2
Assets for current tax	1.7	-	1.7
Trade and other receivables	91.3	-	91.3
Cash and cash equivalents			
Current investments	0.1	-	0.1
Cash and bank	11.3	-	11.3
Assets held for sale	0.3	-	0.3
Total current assets	**150.9**	-	**150.9**
Total assets	**275.9**	-	**275.9**

Equity and liabilities

Equity

Share capital	12.7	-	12.7
Share premium account	25.3	-	25.3
Reserve for invested unrestricted equity	0.3	-	0.3
Treasury shares	-3.9	-	-3.9
Fair value reserve	-	-	-
Hedging reserve	0.0	-	0.0
Retained earnings and translation differences	94.6	0.2	94.8
Net result attributable to owners of the parent	10.6	0.1	10.8
Attributable to owners of the parent	**139.5**	**0.4**	**139.9**
Non-controlling interest	0.0	-	0.0
Total equity	**139.6**	**0.4**	**139.9**
Non-current liabilities			
Non-current interest-bearing liabilities	1.9	-	1.9
Non-current interest-free liabilities	0.3	-	0.6
Provisions	4.9	-	4.9
Deferred tax liabilities	9.2	0.2	9.4
Defined benefit pension and other long-term employee benefit liabilities	4.8	-0.5	4.3
Total non-current liabilities	**21.0**	**-0.3**	**20.7**
Current liabilities			
Current interest-bearing liabilities	19.4	-	19.4
Provisions	2.6	-	2.6
Accounts payable and other current interest-free liabilities	89.8	-	89.8
Liabilities for current tax	3.5	-	3.5
Total current liabilities	**115.3**	-	**115.3**
Total liabilities	**136.3**	-0.3	**136.0**
Total equity and liabilities	**275.9**	0.0	**275.9**

Statement of financial position

EUR million	**2006**		**2006**
	before restatement	effect of restatement	restated
Assets			
Non-current assets			
Goodwill	53.2	-	53.2
Intangible assets	15.8	-	15.8
Property, plant and equipment	43.3	-	43.3
Holdings in associates and joint ventures	-	-	-
Available-for-sale assets	0.6	-	0.6
Deferred tax assets	8.6	-	8.6
Total non-current assets	**121.5**	-	**121.5**

glaston
seeing it through

Current assets			
Inventories	49.5	-	49.5
Assets for current tax	0.9	-	0.9
Trade and other receivables	67.8	-	67.8
Cash and bank	10.5	-	10.5
Total current assets	**128.7**	-	**128.7**
Total assets	**250.2**	-	**250.2**
Equity and liabilities			
Equity			
Share capital	12.7	-	12.7
Share premium account	25.3	-	25.3
Reserve for invested unrestricted equity	-	-	-
Treasury shares	-1.0	-	-1.0
Fair value reserve	-	-	-
Hedging reserve	-0.2	-	-0.2
Retained earnings and translation differences	94.3	0.5	94.8
Net result attributable to owners of the parent	8.9	-0.2	8.7
Attributable to owners of the parent	**140.1**	**0.2**	**140.3**
Non-controlling interest	0.0	-	0.0
Total equity	**140.1**	**0.2**	**140.3**
Non-current liabilities			
Non-current interest-bearing liabilities	0.9	-	0.9
Non-current interest-free liabilities	0.1	-	0.1
Provisions	1.4	-	1.4
Deferred tax liabilities	7.3	0.1	7.4
Defined benefit pension and other long-term employee benefit liabilities	6.4	-0.3	6.1
Total non-current liabilities	**16.0**	**-0.2**	**15.8**
Current liabilities			
Current interest-bearing liabilities	7.2	-	7.2
Provisions	6.1	-	6.1
Accounts payable and other current interest-free liabilities	78.2	-	78.2
Liabilities for current tax	2.6	-	2.6
Total current liabilities	**94.1**	**-**	**94.1**
Total liabilities	**110.1**	**-0.2**	**109.9**
Total equity and liabilities	**250.2**	**0.0**	**250.2**

glaston
seeing it through

ACCOUNTING POLICIES

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.

These condensed consolidated financial statements have been prepared in accordance with International Financial Reporting Standard IAS 34 Interim Reporting as approved by the European Union. They do not include all the information required for full annual financial statements.

The accounting principles applied in these condensed consolidated financial statements are the same as those applied by Glaston in its consolidated financial statements as at and for the year ended 31 December 2007, with the exception of the following new or revised or amended standards and interpretations which have been applied from 1 January 2008:

- IFRIC 11 IFRS 2 Group and Treasury Share Transactions
- IFRIC 12 Service Concession Arrangements
- IFRIC 14 IAS 19 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
- Changes to IAS 39 Financial Instruments: Recognition and Measurement and IFRS 7 Financial Instruments: Disclosures – Reclassification of Financial Assets (applied from 1 July 2008)
- IFRIC 16 Hedges of a Net Investment in a Foreign Operation (applied from 1 October 2008)

These new or amended standards or interpretations are not material for Glaston Group.

In addition, Glaston has applied IAS 1 (revised) Presentation of Financial Statements standard in its financial statements for the reporting period of 2008. In accordance with the revised standard, income and expense items are not presented in the statement of changes in equity for the period, so these changes in equity which are not related to owners are separated from the changes in equity which are related to owners. Changes in equity not related to the owners are presented in two separate statements, in income statement and in other comprehensive income in the statement of comprehensive income. The statement of comprehensive income includes, in addition to profit or loss for the period, also those income and expense items which are not recognized in the income statement and which are not related to owners.

Revised IAS 1 also changes the names of the statements of the financial statements. “Balance sheet” is replaced with “statement of financial position” and “cash flow statement” with “statement of cash flows”.

Glaston will apply the following new or revised or amended standards and interpretations from 1 January 2009:

- IAS 23 (revised) Borrowing Costs
- IFRS 8 Operating Segments
- IFRIC 3 Customer Loyalty Programs
- Amendments to IFRS 2 Share-based Payments: Vesting Conditions and Cancellations

- Amendments to IAS 32 Financial Instruments: Presentation and IAS 1 Presentation of Financial Statements - Puttable Financial Instruments and Obligations Arising on Liquidation
- IFRIC 15 Agreements for the Construction of Real Estate
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items
- Changes to IFRS 1 First-time Adoption of International Financial Reporting Standards and IAS 27 Consolidated and Separate Financial Statements - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate.

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

Glaston estimates that applying IFRS 8 will not have any material effect on the financial information of Glaston.

Applying revised IAS Borrowing Costs will change 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 an asset will be capitalized to the acquisition cost of the asset. The capitalization will apply mainly to property, plant and equipment and intangible assets.

Other new or amended standards or interpretations 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
IAS 27 (amended) Consolidated and Separate Financial Statements.
IFRIC 17 Distribution of Non-cash Assets to Owners

In accordance with the revised IFRS 3 standard all acquisition-related costs arising from the business combinations made after 1 January 2010 will be recognized in profit or loss and not capitalized as a part of the purchase consideration, as currently is 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 recognized in profit or loss. Also, remuneration to be paid to former owners for future services will be recognized as employee benefit expenses in profit or loss, and it will not be capitalized as a part of the purchase consideration, as currently is done. 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 identifiable 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 recognized 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 recognized 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.

Other new or amended standards or interpretations are not material for Glaston Group.

BUSINESS COMBINATIONS

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

	Carrying amounts before combination	**Fair values of net assets acquired**
Intangible assets	-	0.2
Acquired net assets	-	0.2
Purchase consideration		0.2
Expenses related to acquisition		0.0
Total purchase price		0.0
Goodwill		0.0
Purchase consideration paid in cash		-
Expenses related to acquisition		0.0
Effect on cash flow		**0.0**

Glaston Corporation acquired on 2 July 2007 all the shares in a German company Albat+Wirsam Software AG. The recognized acquisition cost was EUR 21.7 million and the goodwill EUR 14.2 million at the end of 2007, and they were recognized provisionally. Based on the terms of the share purchase agreement the purchase consideration was decreased during the third quarter of 2008 by EUR 1.2 million. As a result of the lower acquisition cost and changes in the provisionally recognized fair values of the acquired business, the goodwill arising from the acquisition decreased by EUR 1.5 million.

SEGMENT INFORMATION

Glaston Group’s primary segment is business segment. The Pre-processing segment includes glass pre-processing machines sold under the Bavelloni brand, maintenance and service operations, as well as tool manufacturing. The Heat Treatment segment includes tempering, bending and laminating machines sold under the Tamglass and Uniglass brands, maintenance and service operations, as well as the glass processing operations of Tamglass Glass Processing. The

Software Solutions segment's product offering, sold under the Albat+Wirsam brand, covers enterprise resource planning systems for the glass industry, software for windows and door glass manufacturers, and software for glass processor's integrated line solutions. Software Solutions has been consolidated to Glaston Group from 1 July 2007.

The Energy business area was divested from Glaston Group in July 2007, and is thus classified as discontinued operations in 2007 figures.

EUR million

Net sales	**1-12/ 2008**	**1-12/ 2007**
Pre-processing	89.7	94.1
Heat Treatment	152.9	162.3
Software Solutions	28.2	14.7
Parent and eliminations	-0.3	-1.3
Total	**270.4**	**269.8**

Operating profit / loss, excluding non-recurring items	**1-12/ 2008**	**1-12/ 2007**
Pre-processing	-3.0	1.6
Heat Treatment	13.0	19.6
Software Solutions	3.7	2.6
Parent and eliminations	-7.5	-7.0
Total	**6.2**	**16.8**
Non-recurring items	-12.3	-4.6
Operating profit / loss	**-6.1**	**12.2**
Net financial items	-2.0	0.0
Income taxes	-1.1	-5.2
Discontinued operations	-	3.8
Net result for the period	**-9.2**	**10.8**

Operating profit / loss, excluding non-recurring items, as % of net sales	**1-12/ 2008**	**1-12/ 2007**
Pre-processing	-3.3%	1.7%
Heat Treatment	8.5%	12.1%
Software Solutions	13.3%	17.8%
Total	**2.3%**	**6.2%**

Depreciation, amortization and impairment	**1-12/ 2008**	**1-12/ 2007**
Pre-processing	-2.1	-1.8
Heat Treatment	-6.5	-4.0
Software Solutions	-1.7	-1.1
Parent and eliminations	-0.9	-0.2
Total	**-11.2**	**-7.1**

Capital expenditure in property, plant, equipment and intangible assets	**2008**	**2007**
Pre-processing	2.9	6.6
Heat Treatment	9.0	15.7
Software Solutions	2.1	10.5
Parent and eliminations	4.5	0.6
Total	**18.4**	**33.3**

Assets	31.12.2008	31.12.2007
Pre-processing	81.2	80.4
Heat Treatment	148.6	143.4
Software Solutions	26.8	26.3
Unallocated and eliminations	29.4	25.7
Total assets	**285.9**	**275.9**

Liabilities	31.12.2008	31.12.2007
Pre-processing	32.3	37.1
Heat Treatment	46.5	73.2
Software Solutions	4.5	5.8
Unallocated and eliminations	78.9	19.9
Total liabilities	**162.2**	**136.0**

Orders received	1-12/ 2008	1-12/ 2007
Pre-processing	56.9	68.7
Heat Treatment	113.9	141.0
Software Solutions	13.9	3.0
Total	**184.7**	**212.7**

Order book	31.12.2008	31.12.2007
Pre-processing	13.0	20.9
Heat Treatment	44.2	59.9
Software Solutions	3.5	6.2
Total	**60.7**	**87.0**

Personnel at the end of the period, continuing operations	31.12.2008	31.12.2007
Pre-processing	614	556
Heat Treatment	640	612
Software Solutions	262	247
Parent	26	20
Total	**1,541**	**1,435**

Personnel, average, continuing operations	1-12/ 2008	1-12/ 2007
Pre-processing	591	572
Heat Treatment	647	606
Software Solutions	255	97
Parent	26	13
Total	**1,519**	**1,288**

Net sales by market area	1-12/ 2008	1-12/ 2007
EMEA	175.6	150.5
America	56.0	75.6
Asia	38.8	43.7
Total	**270.4**	**269.8**

Net sales by market area, %	1-12/ 2008	1-12/ 2007
EMEA	65.0%	55.8%

America	20.7%	28.0%
Asia	14.4%	16.2%
Total	**100.0%**	**100.0%**

Geographical distribution of orders received	**1-12/ 2008**	**1-12/ 2007**	**change, %**
EMEA	126.2	134.4	-6.1%
America	35.5	44.0	-19.3%
Asia	23.0	34.3	-33.0%
Total	**184.7**	**212.7**	**-13.2%**

NET SALES, OPERATING PROFIT / LOSS AND ORDER BOOK OF CONTINUING OPERATIONS BY QUARTER

EUR million

Net sales	**1-3/ 2008**	**4-6/ 2008**	**7-9/ 2008**	**10-12/ 2008**
Pre-processing	22.9	23.2	20.0	23.7
Heat Treatment	32.9	44.0	37.2	38.8
Software Solutions	7.3	6.4	7.8	6.6
Parent and eliminations	0.0	-1.0	0.8	-0.2
Total	**63.1**	**72.6**	**65.8**	**68.9**

Net sales	**1-3/ 2007**	**4-6/ 2007**	**7-9/ 2007**	**10-12/ 2007**
Pre-processing	21.7	23.4	20.6	28.5
Heat Treatment	36.6	42.7	30.2	52.8
Software Solutions	-	-	6.8	7.9
Parent and eliminations	-0.1	-0.5	-0.3	-0.5
Total	**58.2**	**65.6**	**57.3**	**88.8**

Operating profit / loss excluding non-recurring items	**1-3/ 2008**	**4-6/ 2008**	**7-9/ 2008**	**10-12/ 2008**
Pre-processing	0.6	-0.7	-1.6	-1.1
Operating profit / loss, %	2.5%	-3.1%	-8.4%	-4.8%
Heat Treatment	1.9	5.3	3.3	2.5
Operating profit / loss, %	5.7%	12.0%	8.9%	6.4%
Software Solutions	1.0	1.2	1.4	0.1
Operating profit / loss, %	13.2%	19.3%	18.1%	1.8%
Parent and eliminations	-1.8	-2.0	-2.0	-1.8
Total	**1.6**	**3.8**	**1.1**	**-0.3**
Operating profit / loss, %	2.6%	5.2%	1.6%	-0.4%

Operating profit / loss excluding non-recurring items	**1-3/ 2007**	**4-6/ 2007**	**7-9/ 2007**	**10-12/ 2007**
Pre-processing	1.2	-0.2	0.3	0.4
Operating profit / loss, %	5.3%	-0.9%	1.3%	1.3%
Heat Treatment	3.0	5.7	3.2	7.7
Operating profit / loss, %	8.1%	13.4%	10.5%	14.6%
Software Solutions	-	-	1.6	1.0
Operating profit / loss, %	-	-	23.1%	13.2%
Parent and eliminations	-2.4	-1.7	-1.1	-1.8
Total	**1.7**	**3.8**	**4.0**	**7.3**
Operating profit / loss, %	2.9%	5.8%	6.9%	8.2%

glaston seeing it through

Operating profit / loss	1-3/ 2008	4-6/ 2008	7-9/ 2008	10-12/ 2008
Pre-processing	0.6	-0.7	-1.6	-6.6
Operating profit / loss, %	2.5%	-3.1%	-8.4%	-27.7%
Heat Treatment	1.9	5.3	3.3	-3.8
Operating profit / loss, %	5.7%	12.0%	8.9%	-9.8%
Software Solutions	1.0	1.2	1.4	-0.4
Operating profit / loss, %	13.2%	19.3%	18.1%	-6.5%
Parent and eliminations	-1.8	-2.0	-2.0	-1.8
Total	**1.6**	**3.8**	**1.0**	**-12.6**
Operating profit / loss, %	2.6%	5.2%	1.6%	-18.3%

Operating profit / loss	1-3/ 2007	4-6/ 2007	7-9/ 2007	10-12/ 2007
Pre-processing	1.2	-1.6	0.3	0.5
Operating profit / loss, %	5.3%	-7.0%	1.3%	1.6%
Heat Treatment	3.0	-0.2	3.2	7.7
Operating profit / loss, %	8.1%	-0.4%	10.6%	14.6%
Software Solutions	-	-	1.6	1.0
Operating profit / loss, %	-	-	23.1%	13.2%
Parent and eliminations	-2.4	-1.7	-1.1	0.9
Total	**1.7**	**-3.5**	**4.0**	**10.1**
Operating profit / loss, %	2.9%	-5.4%	6.9%	11.2%

Order book	1-3/ 2008	4-6/ 2008	7-9/ 2008	10-12/ 2008
Pre-processing	21.0	21.9	19.1	13.0
Heat Treatment	65.0	71.0	59.0	44.2
Software Solutions	9.5	6.0	4.5	3.5
Total	**95.5**	**98.9**	**82.6**	**60.7**

Order book	1-3/ 2007	4-6/ 2007	7-9/ 2007	10-12/ 2007
Pre-processing	20.2	25.9	24.4	20.9
Heat Treatment	72.3	90.3	92.6	59.9
Software Solutions	-	-	8.6	6.2
Total	**92.5**	**116.2**	**125.7**	**87.0**

DISCONTINUED OPERATIONS AND ASSETS HELD FOR SALE

The Energy business area was divested from Glaston Group in July 2007, and is thus classified as discontinued operations in 2007 figures.

EUR million

Result of the Energy Business Area	1-12/ 2008	1-12/ 2007
Income	-	16.0
Expenses	-	-11.9
Profit before taxes	-	4.1
Income taxes	-	-1.1
Profit after taxes	**-**	**3.0**

glaston seeing it through

Gains from disposal of discontinued operations net of tax	-	0.8
Profit for the period. discontinued operations	**-**	**3.8**

The impact of the disposal of the Energy Business Area on Glaston Group's financial position in 2007

Carrying amounts of disposed assets and liabilities	
Property. plant and equipment	13.8
Intangible assets	0.1
Inventories	0.2
Trade payables and other liabilities	-0.1
Total assets and liabilities	14.0
Consideration received in cash	10.6
Expenses attributed to disposal	-0.3
Cash flow from disposal	10.4
Recognized as a receivable	4.7
Total consideration	15.1

From the sale of the Energy Business Area a receivable of EUR 4.7 million was recognized related to the sale of future CO_2 emission rights. The receivable is estimated to be realized in 2009 - 2013.

Assets held for sale	**31.12.2008**	**31.12.2007**
Intangible assets	-	-
Property. plant and equipment	-	-
Shares	-	0.3
Inventories	-	-
Total assets	**-**	**0.3**

Assets held for sale were related to shares owned by Glaston Corporation.

CONTINGENT LIABILITIES

EUR million	**31.12.2008**	**31.12.2007**
Mortgages		
On own behalf	0.2	0.2
Guarantees		
On own behalf	0.8	1.4
On behalf of others	0.1	0.3
Lease obligations	19.3	18.6
Repurchase obligations	0.8	3.0

A customer of the US subsidiary Glaston USA, Inc. has made a claim of approximately USD 22 million due to a sale of a machine in 2004. It is Glaston’s opinion that the claim is unfounded. The matter has been referred to arbitration court in the USA and the court’s decision is expected to be received during the second quarter of 2009.

The Group recognized 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 subject to appeal until late March 2009.

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 results of operations.

DERIVATIVE INSTRUMENTS

EUR million	**31.12.2008**		**31.12.2007**	
	Nominal value	Fair value	Nominal value	Fair value
Currency derivatives				
Currency forwards	6.2	-0.1	12.8	0.1

Derivative instruments are used only for hedging purposes. Nominal values of derivative instruments do not necessarily correspond with the actual cash flows between the counterparties and do not therefore give a fair view of the risk position of the Group. The fair values are based on market valuation on the date of reporting.

PROPERTY, PLANT AND EQUIPMENT

EUR million

Changes in property, plant and equipment	**1-12/ 2008**	**1-12/ 2007**
Carrying amount at beginning of the period	32.5	43.3
Additions	11.4	8.6
Disposals	-0.2	-15.2
Depreciations, continuing operations	-4.8	-4.1
Impairment losses and reversals of impairment losses	-0.8	-
Reclassification and other changes	-3.3	0.0
Exchange differences	0.3	-0.2
Carrying amount at end of the period	35.0	32.5

At the end of 2008, Glaston had EUR 0.1 million of contractual commitments for the acquisition of property, plant and equipment.

RELATED PARTY TRANSACTIONS

Glaston Group’s related parties include the parent, subsidiaries, associates and joint ventures. Related parties also include the members of the Board of Directors and the Group's Executive Management Group, the CEO and their family members.

Glaston follows the same commercial terms in transactions with associates and joint ventures and other related parties as with third parties.

During the review period Glaston’s related party transactions included sales to joint ventures. In addition, the Group has leased premises from companies owned by individuals belonging to the management. The lease payments were in January – December EUR 0.6 million.

During the review period there were no related party transactions whose terms would differ from the terms in transactions with third parties.

Directors’ and Management Remuneration

In 2008 the remuneration of the Board of Directors of Glaston Corporation was EUR 198 (207) thousand. The remuneration of the CEO, fringe benefits included was EUR 668 (382) thousand, of which 136 (0) thousand based on the share-based incentive plan. The rest of the Executive Management Group was paid EUR 1,785 thousand, of which EUR 240 thousand was based on the share-based incentive plan. In 2007 the rest of the Executive Management Group was paid EUR 6,126 thousand, of which EUR 4,235 thousand was based on the option scheme.

Share-based incentive plan

Based on the 2007 share-based incentive plan, Glaston Corporation transferred in April own shares to persons who are considered to be
related parties. The shares were transferred to the CEO (19,740 shares) and other members of the Management Team (in total 32,900 shares).

The expenses arising from the 2007 and 2008 plans were EUR 0.3 million in January – December.

Transactions with joint ventures and associates

In 2008 Glaston had no material transactions with the joint venture. As the joint venture was acquired in 2007, there were no transactions with the joint venture in 2007.

Glaston did not have transactions with the associate.