Glaston Interim Report 1 January - 30 June 2008

- In January-June, orders received totalled EUR 115.1 (124.9) million.
- Glaston's order book on 30 June 2008 was EUR 98.9 (116.2) million.
- In January-June, the Group's net sales grew by 10% to EUR 135.7 (123.7) million. In the second quarter, net sales totalled EUR 72.6 (65.6) million.
- Operating profit in January-June excluding non-recurring items was EUR 5.4 (5.5) million, i.e. 4.0 (4.4)% of net sales. Operating profit in the second quarter was EUR 3.8 (3.8) million, i.e. 5.2 (5.8)% of net sales. *)
- Return on capital employed (ROCE) was 8.3 (3.3)%.
- Earnings per share in January-June were EUR 0.05 (0.00).
- Glaston expects net sales and operating profit for the whole year to be at the previous year's level.

*) 1-6/2007 non-recurring items EUR -7.3 million; 4-6/2007: EUR -7.3 million.

President & CEO Mika Seitovirta:

"The architectural glass segment and the strongly developing solar energy market form the foundation for our growth. In the first half of the year, the architectural glass market continued to grow. The solar energy market also continued to be active, but customers' decision-making times have lengthened significantly. As a result, orders received were below the level of the previous year, which was a record high. Glaston's growth was strongest in the Middle East and South America. The North American market was the weakest.

Net sales grew in line with long term financial targets and operating profit including non-recurring items improved in the second quarter and during the entire review period. During the early part of the year, the profitability of the Heat Treatment and Software Solutions business areas was good. Measures to improve the profitability of the Pre-Processing business area were forcefully continued by the business area's new management.
The Group's result was again significantly burdened by the strongly loss-making result of Heat Treatment's Tamglass Glass Processing Ltd., which operates in Finland. The operating result was EUR -2.9 (0.1) million during the first six months of the year.

We expect Glaston's net sales and operating profit for the whole year to be at the previous year's level."

Markets

Public construction continued to be strong. Residential construction developed very unevenly, with big differences between areas.

The downturn in the North American market continued. Demand grew strongly in South America and the Middle East. The solar energy market developed positively worldwide.

Demand for Glaston's One-Stop-Partner concept continued to be good.

Pre-Processing

The market situation of the Pre-Processing business area remained good, but with big regional differences. Demand in North America weakened significantly as a consequence of the construction industry crisis. The market for stone processing machines and tools was particularly weak. The South American and Chinese markets continued their growth. Sales in the EMEA area (Western, Central and Eastern Europe, Africa and the Middle East) were at the previous year's level, with the Italian, Central and Eastern Europe markets being particularly active.

During the second quarter, a slight fall off was perceptible in the business area's market, which impacted on orders received. At the end the first half of the year, orders received totalled EUR 33.8 (37.0) million. The order book at the end of the review period stood at EUR 21.9 (25.9) million.

In order to enhance its market position, Pre-Processing's sales organisation was strengthened. A new sales director for South America assumed his post at the beginning of the year, and the sales organisation in the EMEA area was restructured during the second quarter.

Measures to improve profitability continued in the review period. To balance increased raw material costs, measures were initiated to increase production efficiency and reduce production costs. In addition, special measures were initiated to reduce personnel costs.

In product development, investments were directed to product integration and particularly to solutions that serve the growing architectural and solar energy markets. At the industry's leading fair, Glasstec, to be held in October, the business area will present for the first time a machine combination in which Pre-Processing's machines have been integrated and operate together utilising Albat+Wirsam software.

Heat Treatment
The Heat Treatment business area's market situation remained strong in the EMEA area and in South America. The market in North America weakened further. The solar energy market developed positively and demand was high.

To strengthen Heat Treatment's market position, measures continued to increase production of its machines in China. Utilising the technology of machines manufactured in North America in the Group's other units was accelerated. The Group's global procurement activity was reorganised and measures were initiated to achieve cost savings.

Profit for the review period was EUR 76.9 (79.3) million. The profitability of the core business, i.e. safety glass machines, was good. At the end of the first half of the year, Heat Treatment's order book was EUR 71.0 (90.3) million. Order book development was strongly influenced by weaker demand in North America and by One-Stop-Partner orders booked in the second quarter of the previous year, which were at a record high. Orders received by the Heat Treatment business area stood at EUR 75.8 (87.9) million on 30 June 2008. Most of the orders came from the EMEA area.

The focus of product development was on projects producing solar energy. During the review period, a machine line for producing solar energy glass, CSP (Concentrated Solar Power), was completed. Operation of the new line has more than exceeded the production targets set for it. Products based on PV (photovoltaic) technology have also been developed and they will be presented at industry trade fairs during autumn 2008.

Software Solutions
The Software Solutions business area developed positively during the first half of the year. The good development of sales that began in 2007 continued and new orders booked in the second quarter exceeded set targets. Significant orders have been received in both the glass and window sectors. In addition to these, Software Solutions will contribute its software to One-Stop-Partner projects initiated in the Middle East during the review period.

The Software Solutions business area's net sales during the period under review were EUR 13.7 million (consolidated in Glaston Group as of 1 June 2007; 7-12/2007: EUR 14.7 million) and in the second quarter EUR 6.4 million. The order book on 30 June 2008 was EUR 6.0 million (31.12.2007: EUR 6.2 million).

Service Solutions

The service market continued to be active and the net sales of Service operations totalled EUR 27.7 (21.4) million.

A new maintenance contract concept, Glaston Care Plus, was launched at the beginning of the year and the first agreement was signed in Finland during the second quarter. The first ever global modernisation agreement for pre-processing machines was signed at the beginning of the year. Since May, Service Solutions has been actively involved in Glaston's One-Stop-Partner offering.

To increase sales and cooperation, the service organisation was restructured and strengthened. The unit's earnings are included in the officially reported segments.

One-Stop-Partner

In order to develop Glaston's comprehensive deliveries and to accelerate product integration, the One-Stop-Partner unit was divided into two in January 2008: the OSP Offering unit and the OSP Deliveries unit.

Utilising the available technology and long glass processing experience, a new concept for the glass needs of solar energy customers was finalised during the period under review. Demand in the solar energy market was active during the first half of the year and a number of negotiations advanced to the offer stage.

Most of the One-Stop-Partner orders came from Eastern Europe, Southeast Europe and the Middle East. In these areas new factories are being built, whereas in the mature Central European and North American markets investments are directed at modernisation of machines and equipment and at the expansion of operations.

The global economic uncertainty has lengthened customers' decision-making times. Total sales for One-Stop-Partner joint deliveries were EUR 14.3 (47.8) million during the second quarter. The unit's earnings are included in the officially reported segments.

Orders received

Glaston's order intake during the financial period reached EUR 115.1 (124.9) million. Of the orders received, Heat Treatment accounted for 65.8%, Pre-Processing 29.4% and Software Solutions 4.8%.

Orders received during the second quarter totalled EUR 54.0 million.

Geographical distribution of orders received, EUR million

	1-6/2008	1-6/2007	Change, %
EMEA	76.4	76.0	0.5
America	19.7	26.4	-34.0
Asia	19.0	22.5	-18.4
Total	**115.1**	**124.9**	**-8.5**

glaston
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Order book
Glaston's order book on 30 June 2008 was EUR 98.9 (116.2) million. The Heat Treatment business area accounted for EUR 71.0 million of the order book, Pre-Processing for EUR 21.9 million and Software Solutions for EUR 6.0 million.

Order book, EUR million	**30.6.2008**	**30.6.2007**
Pre-Processing	21.9	25.9
Heat Treatment	71.0	90.3
Software Solutions	6.0	-
Total	**98.9**	**116.2**

Net sales and operating profit

Glaston's net sales during the financial period were EUR 135.7 (123.7) million. Pre-Processing's net sales in January–June were EUR 46.1 (45.0) million, Heat Treatment's net sales EUR 76.9 (79.3) million and Software Solution's net sales EUR 13.7 million.

Second-quarter net sales were EUR 72.6 (65.6) million. Pre-Processing's net sales were EUR 23.2 (23.4) million, Heat Treatment's net sales EUR 44.0 (42.7) million and Software Solution's net sales EUR 6.4 million.

Net sales, EUR million	**1-6/2008**	**1-6/2007**	**1-12/2007**
Pre-Processing	46.1	45.0	94.1
Heat Treatment	76.9	79.3	162.3
Software Solutions	13.7	-	14.7
Parent company, elim.	-1.0	-0.6	-1.3
Total	**135.7**	**123.7**	**269.8**

Operating profit in January-June excluding non-recurring items was EUR 5.4 (5.5) million, i.e. 4.0 (4.4) per cent of net sales. Operating profit after non-recurring items was EUR 5.4 (-1.9) million, i.e. 4.0 (-1.5) per cent of net sales. Second-quarter operating profit excluding non-recurring items was EUR 3.8 (3.8) million and after non-recurring items EUR 3.8 (-3.5) million.

Pre-Processing's operating profit excluding non-recurring items was EUR -0.1 (0.9) million in the review period and EUR -0.7 (-0.2) million in the second quarter. The reason for the weak profit development was a standstill in demand for tools in the North American market and the unfavourable development of the US dollar exchange rate.

Heat Treatment's operating profit excluding non-recurring items was EUR 7.1 (8.7) million in the period under review and EUR 5.3 (5.7) million in the second quarter. Tamglass Glass Processing's loss-making performance continued during the second quarter, significantly burdening the result of the Heat Treatment business area and Glaston as a whole. The restructuring of Tamglass Glass Processing's operations will be forcefully continued in the latter part of the year.

Software Solution's operating profit was EUR 2.2 million in the review period and EUR 1.2 million in the second quarter, both according to plan.

Operating profit, EUR million	**1-6/2008**	**1-6/2007**	**1-12/2007**
Pre-Processing	–0.1	0.9	1.4
Heat Treatment	7.1	8.7	19.6
Software Solutions	2.2	-	2.6
Parent company, elim.	–3.8	–4.2	–7.0
Total	**5.4**	**5.5**	**16.6**
Non-recurring items	-	–7.3	–4.6
Operating profit after non-recurring items	**5.4**	**–1.9**	**12.0**

Profit for the review period was EUR 3.7 (0.2) million. Return on capital employed (ROCE) improved and was 8.3 (3.3) %. Earnings per share in January-June were EUR 0.05 (0.00). Earnings per share in the second quarter were EUR 0.04 (-0.03).

Financing
The Group's financial position was good. The equity ratio on 30 June 2008 was 51.1 (52.0) %. Glaston Continuing Operations' cash flow from business operations was EUR -7.9 (0.5) million and cash flow from investments was EUR -7.1 (-24.9) million.

Cash flow from financing in January-June was EUR 15.1 (20.5) million, including dividends paid during the review period of EUR 7.8 (7.1) million.

The Group's liquid funds on 30 June 2008 totalled EUR 11.0 (10.8) million. Interest-bearing net debt totalled EUR 31.9 (29.6) million and net gearing was 23.7 (22.9) %.

Capital expenditure
Capital expenditure in the review period totalled EUR 7.0 (6.2) million. The figure in the comparison period does not include the advance payment (EUR 20.6 million) paid for shares in Albat+Wirsam. The most significant capital expenditure items were again the global ERP project, product development and production machine acquisitions.

Organisation and personnel
In January Henrik Reims was appointed SVP, OSP deliveries. Timo Nieminen was appointed SVP, Service Solutions as of 5 May 2008. Both are members of Glaston's Executive Management Group. Timo Rautarinta was appointed Managing Director of Glaston's glass processing unit Tamglass Glass Processing as of 3 March 2008.

The substantial international Value Up management training programme, initiated in January, came to a conclusion at the beginning of June. During the spring, 120 of the Group's key personnel participated in the training, which will help roll out Glaston's strategy and standardise operating practices.

To streamline Finnish operations, Glaston Service Oy's business operations were transferred on 1 January 2008 to Glaston Finland Oy. The transfer has no impact on the number of personnel.

On 30 June 2008, Glaston Group had a total of 1,529 (1,223) employees, of whom 31% were in Finland and 47% elsewhere in Europe, mainly in Germany and Italy. The proportion of Group employees working in Asia was 9% and in the Americas 13%. The average number of employees was 1,492 (1,192).

Shares and share prices
Glaston Corporation's paid and registered share capital on 30 June 2008 was EUR 12.7 million and the number of issued shares totalled 79,350,000. The company has one series of shares. At the end of the first half of the year, the company held 809,793 of the company's own shares, corresponding to 1% of the total number of issued shares and votes.

The counter book value of the treasury shares held by the company is EUR 129,567. Each share that the company does not hold itself entitles to one vote at the Annual General Meeting. The share has no nominal value. The counter book value of each share is EUR 0.16.

During the first six months of the year, a total of 1,512,473 of the company's shares were traded, representing 1.9% of the total number of shares. The lowest price paid for a share was EUR 2.70 and the highest price EUR 3.33. The average price during the period was EUR 3.09 and the closing price EUR 3.10.

The equity attributable to owners of the parent per share was EUR 1.72 (1.65).

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 & 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 Rosenbröjer, Christer Sumelius and Andreas Tallberg. Uponor Oyj's President & CEO Jan Lång and Cargotec Oyj's President & CEO Mikael Mäkinen were elected new members of the Board of Directors. The 2008 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
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. The authorisation is valid until the end of the 2009 Annual General Meeting and remains unexercised in respect of 7,021,500 shares. During the first half of the year, the company did not acquire its own shares.

The Annual General Meeting also decided to authorise the Board of Directors to decide on the disposal of own shares in the company's possession. On 23 April 2008, the company transferred 103,707 of the own shares in its possession to personnel included in the Group's share-based compensation scheme. The book counter value of the transferred shares was EUR 16,593.

Events after the review period
On 16 July 2008 Glaston announced that it was lowering its 2008 net sales and operating profit forecasts. Net sales and operating profit are expected to be at the previous year's level. According to the previous estimate, announced on 23 April 2008, Glaston Group forecast that net sales and operating profit would clearly increase compared with 2007.

As part of its restructuring programme, the Glaston subsidiary Tamglass Glass Processing Oy announced on 30 July 2008 that it was discontinuing its working machine and special automotive glass operations. The operations to be wound up employ around 30 people. Statutory employer-employee negotiations were initiated on 6 August 2008.

From the beginning of August, Glaston strengthened its operations in North Asia, particularly in China. Frank Zhang has been appointed Managing Director for the North Asia and China market area as of 1 August 2008.

Uncertainties in the near future
The Group considers that the most significant uncertainty factors are connected with the development of the global economy and particularly with the market downturn in the United States and the development of the US dollar exchange rate. The risk of this development extending also to the Group's other markets has grown. It is already evident that the global economic uncertainty is influencing the Group's large comprehensive deliveries, significantly lengthening customers' decision-making times.

The price development and availability of raw materials and components, mainly in Finland, also constitutes a significant uncertainty factor. Large OSP orders received by Glaston increase the challenges relating to the production and delivery process.

Outlook
Glaston's outlook for 2008 for the core business remains reasonable positive, with the exception of North America. Due to the geographical distribution of the Group's operations, the economic cycles of Europe, Asia and America balance each other out.

Demand for OSP comprehensive deliveries is expected to continue to grow due to customers' increasing efficiency and productivity requirements.

Glaston expects net sales and operating profit for the whole year to be at the previous year's level. Quarterly net sales and operating profit are expected to develop as in 2007, with the first quarter being the weakest and the fourth quarter being the strongest.

Publication of the January-September interim report

The publication of the January-September interim report has been brought forward. The new date is 24 October 2008 at 9 p.m.

Helsinki, 14 August 2008

Glaston Corporation
Board of Directors

Sender:
Glaston Corporation
Kimmo Lautanen
Chief Financial Officer
Tel. +358 10 500 500

Agneta Selroos
IR and Communications Manager
Tel. +358 10 500 520

Further information:
President & CEO Mika Seitovirta, tel: +358 10 500 500
Chief Financial Officer Kimmo Lautanen, +358 10 500 500

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 Software 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 listed on the OMX Nordic Exchange Helsinki Mid Cap List.

www.glaston.net

Distribution:
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GLASTON CORPORATION

CONDENSED INTERIM FINANCIAL STATEMENTS AND NOTES 1 JANUARY - 30 JUNE 2008

These condensed interim financial statements are not audited. As a result of rounding differences, the figures presented in the tables may not add up to the total.

CONDENSED INCOME STATEMENT

EUR million	4-6/ 2008	4-6/ 2007	1-6/ 2008	1-6/ 2007	1-12/ 2007
Net sales	**72.6**	**65.6**	**135.7**	**123.7**	**269.8**
Other operating income	0.3	0.2	0.4	0.4	0.6
Expenses	-67.0	-60.6	-126.6	-115.9	-246.6
Share of joint ventures' result	0.0	-	0.0	-	-
Depreciation, amortization and impairment	-2.1	-1.4	-4.1	-2.8	-7.2
Non-recurring items	-	-7.3	-	-7.3	-4.6
Operating profit / loss	**3.8**	**-3.5**	**5.4**	**-1.9**	**12.0**
Operating profit / loss, excluding non-recurring items	**3.8**	**3.8**	**5.4**	**5.5**	**16.6**
Gain from sale of assets held for sale	0.1	-	0.1	-	-
Other net financial items	1.8	0.1	1.2	0.4	0.0
Result before income taxes	**5.6**	**-3.4**	**6.7**	**-1.5**	**12.0**
Income taxes	-2.5	0.0	-3.0	-1.3	-5.2
Net result, continuing operations	3.1	-3.4	3.7	-2.8	6.9
Net result, discontinued operations	-	1.5	-	3.0	3.8
Profit / loss for the period	**3.1**	**-1.9**	**3.7**	**0.2**	**10.6**
Attributable to:					
Non-controlling interests	0.0	0.0	0.0	0.0	0.0
Owners of the parent	3.1	-1.9	3.7	0.2	10.6
Total	**3.1**	**-1.9**	**3.7**	**0.2**	**10.6**
Earnings per share, EUR, continuing operations	0.04	-0.05	0.05	-0.04	0.09
Earnings per share, EUR, discontinued operations	-	0.02	-	0.04	0.05
Earnings per share, EUR, total	**0.04**	**-0.03**	**0.05**	**0.00**	**0.14**
Operating profit / loss, as % of net sales	5.2	-5.4	4.0	-1.5	4.5
Operating profit / loss, non-recurring items excluded, as % of net sales	5.2	5.8	4.0	4.4	6.2
Profit / loss for the period, as % of net sales	4.2	-2.9	2.7	0.2	3.9

CONDENSED BALANCE SHEET

EUR million	30.6.2008	30.6.2007	31.12.2007
Assets			
Non-current assets			
Property, plant and equipment	34.4	31.4	32.5
Goodwill	67.6	53.2	67.4
Other intangible assets	20.3	12.3	19.6
Advance payments for shares in subsidiaries	-	20.6	-
Joint ventures	0.8	-	0.8
Available-for-sale assets	0.1	0.1	0.3
Other non-current assets	12.5	3.4	13.0
Deferred tax assets	3.6	5.3	4.4
Total non-current assets	**139.3**	**126.2**	**138.0**
Current assets			
Inventories	57.0	47.3	46.2
Receivables			
Trade and other receivables	76.9	72.1	78.3
Income tax receivables	2.4	4.3	1.7
Total receivables	79.3	76.4	80.0
Cash equivalents	11.0	10.8	11.4
Assets held for sale	0.2	14.9	0.3
Total current assets	**147.6**	**149.4**	**137.9**
Total assets	**286.9**	**275.6**	**275.9**

EUR million	30.6.2008	30.6.2007	31.12.2007
Equity and liabilities			
Equity			
Share capital	12.7	12.7	12.7
Share premium account	25.3	25.3	25.3
Paid-up unrestricted equity reserve	0.2	-	0.3
Treasury shares	-3.5	-4.9	-3.9
Fair value reserve	0.0	-	-
Hedging reserve	-0.1	0.1	0.1
Retained earnings and translation differences	96.5	95.9	94.5
Net result attributable to owners of the parent	3.7	0.2	10.6
Equity attributable to owners of the parent	**134.8**	**129.2**	**139.5**
Non-controlling interest	**0.1**	**0.0**	**0.0**
Total equity	**134.9**	**129.2**	**139.6**
Non-current liabilities			
Non-current interest-bearing liabilities	4.5	2.0	1.9
Non-current interest-free liabilities and provisions	9.3	10.7	9.9
Deferred tax liabilities	8.8	7.2	9.2
Total non-current liabilities	**22.7**	**19.9**	**21.0**
Current liabilities			
Current interest-bearing liabilities	38.4	39.1	19.4
Current provisions	2.0	1.6	2.6
Trade and other payables	85.6	83.5	89.8

Income tax liabilities	3.3	1.9	3.5
Liabilities held for sale	-	0.4	-
Total current liabilities	**129.4**	**126.5**	**115.3**
Total liabilities	**152.0**	**146.3**	**136.3**
Total equity and liabilities	**286.9**	**275.6**	**275.9**

CASH FLOW STATEMENT

EUR million	1-6/2008	1-6/2007	1-12/2007
Cash flows from operating activities, continuing operations			
Cash flow before change in net working capital	4.6	-10.0	10.3
Change in net working capital	-12.5	10.5	-1.6
Net cash flow from operating activities	**-7.9**	**0.5**	**8.7**
Cash flow from investing activities, continuing operations			
Acquisition of subsidiaries	-0.5	-21.3(*	-17.7
Other purchases of non-current assets	-7.0	-3.7	-11.3
Proceeds from sale of non-current assets	0.3	0.2	1.7
Net cash used in investing activities	**-7.1**	**-24.9**	**-27.3**
Cash flow before financing, continuing operations	**-15.0**	**-24.4**	**-18.5**
Cash flow from financing activities, continuing operations			
Changes in non-current liabilities (increase + / decrease -)	1.9	0.0	0.0
Changes in non-current loan receivables (increase - / decrease +)	0.3	-	-
Short-term financing, net (increase + / decrease -)	20.2	31.5	11.3
Dividends paid	-7.8	-7.1	-7.1
Acquisition of treasury shares	-	-3.9	-3.9
Disposal of treasury shares	-	-	1.3
Other financing	0.5	-	-
Net cash used in financing activities, continuing operations	**15.1**	**20.5**	**1.5**
Discontinued operations			
Cash flow from operations	-	4.1	7.6
Cash flow from investments	-	-	10.7
Cash flow from financing activities	-	-	-
Cash flow from discontinued operations	**-**	**4.1**	**18.3**

Effect of exchange rate fluctuations	**-0.5**	**0.0**	**-0.3**
Net change in cash and cash equivalents	**-0.4**	**0.2**	**0.9**
Cash and cash equivalents at the beginning of period	11.4	10.5	10.5
Cash and cash equivalents at the end of period	11.0	10.8	11.4
Net change in cash and cash equivalents	**-0.4**	**0.2**	**0.9**

(* Includes advance payment for shares in Albat+Wirsam Software AG.

CHANGES IN EQUITY

EUR million	**Share capital**	**Share premium account**	**Paid-up unrestr. equity reserve**	**Treasury shares**	**Fair value reserve**	**Hedging reserve**
Equity at 1 January 2007	**12.7**	**25.3**	**-**	**-1.0**	**-**	**-0.2**
Cash flow hedges, net of tax	-	-	-	-	-	0.2
Other changes	-	-	-	-	-	-
Available-for-sale shares, change in fair value	-	-	-	-	-	-
Acquisition of treasury shares	-	-	-	-3.9	-	-
Disposal of treasury shares	-	-	-	-	-	-
Tax effect of net income recognized directly in equity	-	-	-	-	-	-
Share-based incentive plan	-	-	-	-	-	-
Share-based incentive plan, tax effect	-	-	-	-	-	-
Recognized income and expenses for the period	-	-	-	-3.9	-	0.2
Equity at 30 June 2007	**12.7**	**25.3**	**-**	**-4.9**	**-**	**0.1**

EUR million	**Share capital**	**Share premium account**	**Paid-up unrestr. equity reserve**	**Treasury shares**	**Fair value reserve**	**Hedging reserve**
Equity at 1 January 2008	**12.7**	**25.3**	**0.3**	**-3.9**	**-**	**0.1**
Cash flow hedges, net of tax	-	-	-	-	-	-0.1
Other changes	-	-	-	-	0.0	-0.1
Available-for-sale shares, change in fair value	-	-	-	-	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	-	0.0	-
Share-based incentive plan	-	-	-	-	-	-
Share-based incentive plan, tax effect	-	-	-	-	-	-
Recognized income and expenses for the period	-	-	-0.1	-	-	-0.2
Equity at 30 June 2008	**12.7**	**25.3**	**0.2**	**-3.5**	**0.0**	**-0.1**

EUR million	**Retained earnings**	**Transl. differences**	**Equity attr. to owners of the parent**	**Non-controlling interest**	**Total equity**
Equity at 1 January 2007	**102.8**	**0.4**	**140.1**	**0.0**	**140.1**
Cash flow hedges, net of tax	-	-	0.2	-	0.2
Exchange rate differences	-	-0.3	-0.3	-	-0.3
Gains and losses from hedge of net investments in foreign operations	-	0.0	0.0	-	0.0
Other changes	-	-	-	-	-
Available-for-sale shares, change in fair value	-	-	-	-	-
Acquisition of treasury shares	-	-	-3.9	-	-3.9
Disposal of treasury shares	-	-	-	-	-
Tax effect of net income recognized directly in equity	-	0.0	0.0	-	0.0
Share-based incentive plan	-	-	-	-	-
Share-based incentive plan, tax effect	-	-	-	-	-
Net profit for the period	0.2	-	0.2	0.0	0.2
Recognized income and expenses for the period	0.2	-0.2	-3.8	0.0	-3.7
Dividends paid	-7.1	0.0	-7.1	0.0	-7.1
Equity at 30 June 2007	**95.9**	**0.2**	**129.2**	**0.0**	**129.2**

EUR million	Retained earnings	Transl. difference	Equity attr. to owners of the parent	Non-controlling interest	Total equity
Equity at 1 January 2008	**106.4**	**-1.3**	**139.5**	**0.0**	**139.6**
Cash flow hedges, net of tax	-	-	-0.1	-	-0.1
Exchange rate differences	-	-0.6	-0.6	0.0	-0.6
Other changes	-0.1	0.1	0.0	0.1	0.0
Available-for-sale shares, change in fair value	-	-	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
Net profit for the period	3.7	-	3.7	0.0	3.7
Recognized income and expenses for the period	3.4	-0.5	3.1	0.0	3.1
Dividends paid	-7.8	-	-7.8	-	-7.8
Equity at 30 June 2008	**102.0**	**-1.8**	**134.8**	**0.1**	**134.9**

KEY RATIOS

	30.6.2008	30.6.2007	31.12.2007
EBITDA, as % of net sales [1]	7.0	0.7	7.1
Operating profit / loss (EBIT), as % of net sales	4.0	-1.5	4.5
Net result, as % of net sales	2.7	0.2	3.9
Gross capital expenditure, EUR million	7.0	6.2 [2]	34.1
Gross capital expenditure, as % of net sales (net sales including discontinued operations)	5.2	4.4	11.9
Equity ratio, %	51.1	52.0	55.4
Gearing, %	31.8	31.8	15.3
Net gearing, %	23.7	22.9	6.9
Net interest-bearing debt, EUR million	31.9	29.6	9.6
Capital employed, end of period, EUR million	177.8	170.3	160.9
Return on equity, %, annualized	5.3	0.3	7.6
Return on capital employed, continuing operations, %, annualized	8.3	-1.8	7.9

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Return on capital employed, %, annualized	8.3	3.3	11.2
Number of personnel, average, continuing operations	1,492	1,192	1,288
Number of personnel, average	1,492	1,215	1,302
Number of personnel, end of period, continuing operations	1,529	1,223	1,435
Number of personnel, end of period	1,529	1,247	1,435

(1 EBITDA = Operating profit / loss + depreciation, amortization and impairment.
(2 Does not include the advance payment paid for shares in Albat+Wirsam.

PER SHARE DATA

	30.6.2008	30.6.2007	31.12.2007
Number of shares, end of period, treasury shares excluded (1,000)	78,540	78,107	78,437
Number of shares, average, treasury shares excluded (1,000)	78,474	78,934	78,682
EPS, continuing operations, EUR (*	0.05	-0.04	0.09
EPS, discontinued operations, EUR (*	-	0.04	0.05
EPS, total, EUR (*	0.05	0.00	0.14
Equity attributable to owners of the parent per share, EUR	1.72	1.65	1.78
Market capitalization, EUR million	243.5	308.5	217.3
Share turnover, % (number of shares traded, % of the average number of shares)	1.9	6.4	10.2
Number of shares traded, (1,000)	1.512	5.020	7.993
Closing price of the share, EUR	3.10	3.95	2.77
Highest quoted price, EUR	3.33	4.53	4.53
Lowest quoted price, EUR	2.70	3.90	2.70
Average quoted price, EUR	3.09	4.07	3.90

(* Glaston Corporation has not issued options or warrants or similar instruments which would dilute the earnings per share.

DEFINITIONS OF KEY RATIOS

Financial ratios

Operating profit / loss (EBIT) = Profit / loss after depreciation, amortization and impairment

EBITDA = operating profit / loss + depreciation, amortization and impairment

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 = Equity attributable to owners of the parent + non-controlling interest

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Capital employed = Equity + interest-bearing liabilities

Equity ratio, % = Equity x 100 / (Balance sheet total - advance payments received)

Gearing, % = Interest-bearing liabilities x 100 / Equity

Net gearing, % = Net interest-bearing debt x 100 / Equity

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

Return on equity, % (ROE) = (Profit / loss for the period) x 100 / Equity (average of 1 January and end of the review period)

Per share data

Earnings per share (EPS) = Profit / loss attributable to owners of the parent for the review period / Adjusted average number of shares during the review period

Equity attributable to owners of the parent per share = Equity attributable to owners of the parent at the end of the review period / Non-diluted number of shares at the end of the review period

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

Market capitalization = Number of shares at the end of the review period x share price at the end of review period

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

ACCOUNTING POLICIES

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

The accounting principles applied in these condensed interim 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 Interpretation IAS 14 The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction

The 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 October 2008:

- IFRIC 16 Hedges of a Net Investment in a Foreign Operation

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

- IAS 1 (revised) Presentation of Financial Statements
- 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
- Improvements to IFRSs
- IFRIC 15 Agreements for the Construction of Real Estate
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement – Eligible Hedged Items

Applying revised IAS 1 standard will change the presentation of income statement, balance sheet and statement of changes in equity in the financial statements.

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.

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.

BUSINESS COMBINATIONS

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 at the end of 2007 and it was recognized provisionally. The acquisition cost and goodwill related to the acquisition can change due to the terms of the share purchase agreement. The final acquisition cost and goodwill will be recognized during the third quarter.

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 comprises the operations of Albat+Wirsam Software Group, which 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	**1-6/ 2008**	**1-6/ 2007**	**1-12/ 2007**
Pre-processing	46.1	45.0	94.1
Heat Treatment	76.9	79.3	162.3
Software Solutions	13.7	-	14.7
Parent company and eliminations	-1.0	-0.6	-1.3
Total	**135.7**	**123.7**	**269.8**

Operating profit / loss, excluding non-recurring items	**1-6/ 2008**	**1-6/ 2007**	**1-12/ 2007**
Pre-processing	-0.1	0.9	1.4
Heat Treatment	7.1	8.7	19.6
Software Solutions	2.2	-	2.6
Parent company and eliminations	-3.8	-4.2	-7.0
Total	**5.4**	**5.5**	**16.6**
Non-recurring items	-	-7.3	-4.6
Operating profit / loss	**5.4**	**-1.9**	**12.0**
Net financial items	1.3	0.4	0.0
Income taxes	-3.0	-1.3	-5.2
Discontinued operations	-	3.0	3.8
Net result for the period	**3.7**	**0.2**	**10.6**

Operating profit / loss, excluding non-recurring items, as % of net sales	**1-6/ 2008**	**1-6/ 2007**	**1-12/ 2007**
Pre-processing	-0.3%	2.1%	1.5%
Heat Treatment	9.3%	11.0%	12.1%
Software Solutions	16.0%	-	17.8%
Total	**4.0%**	**4.4%**	**6.2%**

Assets	**30.6.2008**	**30.6.2007**	**31.12.2007**
Pre-processing	50.2	41.7	39.6
Heat Treatment	68.3	66.1	76.7
Software Solutions	7.5	-	6.8
Parent company and eliminations	-0.5	-0.7	-0.6
Total segment assets	**125.5**	**107.1**	**122.5**
Non-current assets	135.6	120.9	133.6
Deferred tax assets	3.6	5.3	4.4
Income tax receivables	2.4	4.3	1.7
Other non-allocated receivables	8.4	12.3	2.0
Cash and cash equivalents	11.0	10.8	11.4
Assets held for sale	0.2	14.9	0.3
Total assets	**286.9**	**275.6**	**275.9**

Liabilities	**30.6.2008**	**30.6.2007**	**31.12.2007**
Pre-processing	19.5	18.5	21.8
Heat Treatment	23.4	22.5	22.7

Software Solutions	2.6	-	1.9
Parent company and eliminations	1.3	0.7	0.4
Total segment liabilities	**46.8**	**41.7**	**46.8**
Deferred tax liabilities	8.8	7.2	9.2
Provisions	11.3	12.2	12.5
Interest-bearing liabilities	42.9	41.1	21.3
Income tax liabilities	3.3	1.9	3.5
Other non-allocated liabilities	38.8	41.8	43.0
Liabilities held for sale	-	0.4	-
Total liabilities	**152.0**	**146.3**	**136.3**

Depreciation, amortization and impairment	**1-6/ 2008**	**1-6/ 2007**	**1-12/ 2007**
Pre-processing	-0.9	-0.8	-1.9
Heat Treatment	-1.9	-1.9	-4.0
Software Solutions	-0.8	-	-1.1
Parent company and eliminations	-0.5	-0.1	-0.2
Total	**-4.1**	**-2.8**	**-7.2**

Orders received	**1-6/ 2008**	**1-6/ 2007**	**1-12/ 2007**
Pre-processing	33.8	37.0	68.7
Heat Treatment	75.8	87.9	141.0
Software Solutions	5.5	-	3.0
Total	**115.1**	**124.9**	**212.7**

Order book	**30.6.2008**	**30.6.2007**	**31.12.2007**
Pre-processing	21.9	25.9	20.9
Heat Treatment	71.0	90.3	59.9
Software Solutions	6.0	-	6.2
Total	**98.9**	**116.2**	**87.0**

Personnel at the end of the period, continuing operations	**30.6.2008**	**30.6.2007**	**31.12.2007**
Pre-processing	594	582	556
Heat Treatment	653	629	612
Software Solutions	252	-	247
Parent company	30	12	20
Total	**1,529**	**1,223**	**1,435**

Personnel, average, continuing operations	**1-6/ 2008**	**1-6/ 2007**	**1-12/ 2007**
Pre-processing	577	581	572
Heat Treatment	641	599	606
Software Solutions	249	-	97
Parent company	25	11	13
Total	**1,492**	**1,192**	**1,288**

EUR million

Net sales by market area	**1-6/ 2008**	**1-6/ 2007**	**1-12/ 2007**
EMEA	90.0	64.8	150.5
America	25.9	41.0	75.6
Asia	19.8	18.0	43.7

Total	135.7	123.7	269.8

Net sales by market area, %	1-6/ 2008	1-6/ 2007	1-12/ 2007
EMEA	66.3%	52.4%	55.8%
America	19.1%	33.1%	28.0%
Asia	14.6%	14.5%	16.2%
Total	**100.0%**	**100.0%**	**100.0%**

Geographical distribution of orders received	1-6/ 2008	1-6/ 2007	change, %
EMEA	76.4	76.0	0.5%
America	19.7	26.4	-34.0%
Asia	19.0	22.5	-18.4%
Total	**115.1**	**124.9**	**-8.5%**

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

EUR million

Net sales	1-3/ 2007	4-6/ 2007	7-9/ 2007	10-12/ 2007	1-3/ 2008	4-6/ 2008
Pre-processing	21.7	23.4	20.6	28.5	22.9	23.2
Heat Treatment	36.6	42.7	30.2	52.8	32.9	44.0
Software Solutions	-	-	6.8	7.9	7.3	6.4
Parent company and eliminations	-0.1	-0.5	-0.3	-0.5	0.0	-1.0
Total	**58.2**	**65.6**	**57.3**	**88.8**	**63.1**	**72.6**

Operating profit / loss excluding non-recurring items	1-3/ 2007	4-6/ 2007	7-9/ 2007	10-12/ 2007	1-3/ 2008	4-6/ 2008
Pre-processing	1.2	-0.2	0.3	0.2	0.6	-0.7
Operating profit / loss, %	5.3	-0.9	1.3	0.8	2.5	-3.1
Heat Treatment	3.0	5.7	3.2	7.7	1.9	5.3
Operating profit / loss, %	8.1	13.4	10.5	14.6	5.7	12.0
Software Solutions	-	-	1.6	1.0	1.0	1.2
Operating profit / loss, %	-	-	23.1	13.2	13.2	19.3
Parent company and eliminations	-2.4	-1.7	-1.1	-1.8	-1.8	-2.0
Total	**1.7**	**3.8**	**4.0**	**7.1**	**1.6**	**3.8**
Operating profit / loss, %	2.9	5.8	6.9	8.0	2.6	5.2

Operating profit / loss	1-3/ 2007	4-6/ 2007	7-9/ 2007	10-12/ 2007	1-3/ 2008	4-6/ 2008
Pre-processing	1.2	-1.6	0.3	0.3	0.6	-0.7
Operating profit / loss, %	5.3	-7.0	1.3	0.9	2.5	-3.1
Heat Treatment	3.0	-0.2	3.2	7.7	1.9	5.3
Operating profit / loss, %	8.1	-0.4	10.6	14.6	5.7	12.0

Software Solutions	-	-	1.6	1.0	1.0	1.2
Operating profit / loss, %	-	-	23.1	13.2	13.2	19.3
Parent company and eliminations	-2.4	-1.7	-1.1	0.9	-1.8	-2.0
Total	**1.7**	**-3.5**	**4.0**	**9.9**	**1.6**	**3.8**
Operating profit / loss, %	2.9	-5.4	6.9	11.2	2.6	5.2

Order book	**1-3/ 2007**	**4-6/ 007**	**7-9/ 2007**	**10-12/ 2007**	**1-3/ 2008**	**4-6/ 2008**
Pre-processing	20.2	25.9	24.4	20.9	21.0	21.9
Heat Treatment	72.3	90.3	92.6	59.9	65.0	71.0
Software Solutions	-	-	8.6	6.2	9.5	6.0
Total	**92.5**	**116.2**	**125.7**	**87.0**	**95.5**	**98.9**

DISCONTINUED OPERATIONS

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	**1-6/ 2008**	**1-6/ 2007**	**1-12/ 2007**
Income	-	16.0	16.0
Expenses	-	-11.9	-11.9
Profit before taxes	-	4.1	4.1
Income taxes	-	-1.1	-1.1
Profit after taxes	**-**	**3.0**	**3.0**
Gains from disposal of discontinued operations net of tax	**-**	-	0.8
Profit for the period, discontinued operations	**-**	**3.0**	**3.8**

Assets held for sale of discontinued operations	**30.6.2008**	**30.6.2007**	**31.12.2007**
Intangible assets	-	0.5	-
Property, plant and equipment	-	14.0	-
Inventories	-	0.2	-
Total assets	**-**	**14.6**	**-**

Liabilities held for sale of discontinued operations	**30.6.2008**	**30.6.2007**	**31.12.2007**
Accrued expenses	-	0.4	-
Total liabilities	**-**	**0.4**	**-**

PROPERTY, PLANT AND EQUIPMENT

EUR million

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Changes in property, plant and equipment	**1-6/ 2008**	**1-6/ 2007**
Carrying amount at beginning of the period	32.5	43.3
Additions	4.2	4.8
Disposals	0.0	-0.8
Depreciations, continuing operations	-2.3	-1.8
Depreciations, discontinued operations	-	-0.5
Impairment losses and reversals of impairment losses	-	-
Reclassification and other changes	0.0	0.3
Transfer to assets held for sale	-	-13.9
Exchange differences	0.0	0.0
Carrying amount at end of the period	34.4	31.4

Tamglass Lasinjalostus Oy has signed a contract with the town of Akaa, Finland. The subject of the contract is a hall to be completed in 2008. The company has committed to redeem the premises from the town within 12 years. The cost for the project is EUR 3.7 million, and it will be accounted for as a finance lease.

At the end of June, Glaston Group had no other material commitments to acquire property, plant and equipment.

CONTINGENT LIABILITIES

EUR million	30.6.2008	30.6.2007	31.12.2007
Mortgages			
On own behalf	0,2	0,2	0,2
Guarantees			
On own behalf	4,6	6,0	3,1
Lease obligations	12,5	5,1	18,0
Repurchase obligations	1,5	2,4	3,0
Other contingent liabilities			
On own behalf	-	0,1	-

A customer of the US subsidiary Glaston USA, Inc. has made a claim of USD 10 million due to a sale of a machine in 2004. On 25 January 2008, the company received a statement that the customer has increased the claim to USD 22 million. It is Glaston’s opinion, that both the original claim and the increased one are unfounded. The matter has been referred to arbitration court in the USA and the court’s decision is expected to be received during 2008.

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	30.6.2008		30.6.2007		31.12.2007	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Currency derivatives						
Currency	12.9	0.4	20.1	0.0	12.8	0.1

forwards

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.

RELATED PARTY TRANSACTIONS

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

Glaston follows the same commercial terms in transactions 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 – June EUR 0.3 million.

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

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 0.2 million in January – June.

Transactions with joint ventures

EUR million	1-6/ 2008	1-6/ 2007
Sales to joint ventures	0.0	-
Receivables		
Trade receivables from joint ventures	0.0	-