

**Glaston Interim Report 1 January-31 March 2011**

- Orders received in January-March totalled EUR 38.8 (32.9) million.
- Order book on 31 March 2011 was EUR 45.6 (36.9) million.
- Consolidated net sales in January-March totalled EUR 34.2 (38.4) million.
- EBITDA was EUR 1.0 (0.2) million, i.e. 3.0 (0.6)% of net sales.
- The operating profit in January-March was a loss of EUR 0.9 (1.7 loss) million, i.e. -2.6 (-4.4)% of net sales.
- Return on capital employed (ROCE) was -3.4 (-9.9)%.
- January-March share-issue adjusted earnings per share were EUR -0.09 (-0.06).
- Glaston expects that 2011 net sales will be at least at the 2010 level and that the operating profit will return to a positive trend.

President & CEO Arto Metsänen:

“The January-March operating profit is an indication of the effectiveness of our adjustment and efficiency measures. Due to measures implemented and currently under way, our cost structure is now lighter and the results will begin to be seen in full towards the end of the year.

In February, Glaston signed a long-term financing agreement with its financing banks. The agreement improved our financial flexibility and also strengthened our equity. Our lower gearing provides a good basis for future operations.

The cautious positive development of the glass processing market has continued during the first quarter.”

**Markets**

Cautious recovery continued during the first quarter, with growth centred on emerging markets such as Asia and South America. Solar energy glass demand in particular developed positively. In mature markets, where growth is more steady, Services segment products were the focus of demand. In Europe the market remained subdued, while in North America the cautious recovery of the market continued.

**Machines**

Due to overcapacity and economic uncertainty, demand remained on a low level in Europe and North America and this influenced in particular the number of new orders for heat treatment machines. The positive development of the South American and Asian markets continued on a good level due to sustained demand. In Asia demand was most buoyant in China and India.

In January, Glaston strengthened its position in the Asian market by establishing a China Technology Centre in connection with its Tianjin factory. The technology centre will enable Glaston to respond better to the growing demands of Asian customers in terms of both production technology and product range. The centre will also help the company to influence production costs and product localisations more effectively and to accelerate the

development of new products. The new technology centre will be fully operational in autumn 2011.

There was a perceptible recovery in demand for solar energy glass solutions during the review period. In March, the first Beneq-Glaston TFC2000™ thin film coated glass production line for the manufacture of solar panels was sold in Asia. The order value was around EUR 14 million, of which Glaston's share was more than EUR 4 million. In the review period, a number of smaller pre-processing machine orders were also received for solar energy glass production in, among other places, Asia, North America, India, Slovenia and Angola.

Machines segment adjustment measures, which were directed mainly at Italy, were completed during the reporting period. Around 140 people continue to work at the Bregnano plant in Italy.

In January-March, the Machines segment's net sales totalled EUR 20.1 (24.3) million.

### **Services**

During the first quarter, signs of recovery were perceptible in the Services segment market, and demand grew for upgrade and modernisation products in particular. Customers are showing most interest in capacity-raising and quality-improving products. The Vortex Pro convection system, which improves production line capacity and glass quality, was very well received in the North American market. Demand for spare parts also developed positively.

During the first quarter, the segment did not launch any new products onto the markets rather it focused on active sales of its existing product range.

In January-March, the Services segment's net sales totalled EUR 8.3 (8.2) million.

### **Software Solutions**

The cautious recovery of the Software Solutions segment's markets continued during the first quarter. Rising energy costs and a more stable economic situation boosted demand for energy-efficient façade glass and windows in Central Europe. Investments of customers operating in the window and façade glass segments relate to raising the degree of production automation, namely renewing and updating production technology and software. In the review period, orders were also received from the Middle East and North Africa.

Despite the fact that the construction industry in Europe and North America is still suffering from the 2009 economic crisis, major global customers have resumed investment. This was evident in a growing interest towards the products of the Software Solutions segment.

The most significant new products of the review period were the window and glass industry applications Cantor Cockpit and Cockpit 2000 for the iPhone, which are available to licensed A+W users in the Apple Store. With the aid of the applications, customers receive key business information directly to their phones.

In January-March, the Software Solutions segment's net sales totalled EUR 6.0 (6.1) million.

### **Orders received**

Glaston's orders received during the first quarter totalled EUR 38.8 (32.9) million. Of orders received, the Machines segment accounted for 62%, the Services segment 16% and the Software Solutions segment 22%. Geographically, orders were distributed as follows: EMEA 45%, Asia 28% and the Americas 27%.

### Order book

Glaston's order book on 31 March 2011 was EUR 45.6 (36.9) million. Of the order book, the Machines segment accounted for EUR 40.2 million, the Services segment EUR 1.7 million and the Software Solutions segment EUR 3.8 million.

Order book, EUR million	31.3.2011	31.3.2010	Change, %
<b>Machines</b>	40.2	32.4	+24%
<b>Services</b>	1.7	0.7	+ 147%
<b>Software Solutions</b>	3.8	3.8	-
<b>Total</b>	45.6	36.9	+24%

### Net sales and result

Net sales for the financial period totalled EUR 34.2 (38.4) million. The Machines segment's net sales in the first quarter were EUR 20.1 (24.3) million, the Services segment's net sales EUR 8.3 (8.2) million and the Software Solutions segment's net sales EUR 6.0 (6.1) million.

Net sales, EUR million	1-3/2011	1-3/2010	1-12/2010
Machines	20.1	24.3	95.0
Services	8.3	8.2	32.0
Software Solutions	6.0	6.1	23.9
Other and internal sales	-0.2	-0.2	-1.5
<b>Total</b>	34.2	38.4	149.4

The operating profit (EBIT) in January-March was a loss of EUR 0.9 (1.7 loss) million, i.e. - 2.6 (- 4.4)% of net sales. Of the first-quarter operating profit, the Machines segment contribution was EUR -1.9 (-1.5) million, the Services segment's contribution EUR 1.5 (1.0) million and the Software Solutions segment's contribution EUR 1.0 (0.7) million.

Glaston's net financial expenses were EUR -6.3 (-3.1) million. Financial expenses for 2011 were increased by a EUR 3.4 million expense recognition arising from additional compensation granted in connection with the conversion of a convertible bond. This recognition has no impact on equity or cash flow.

The result for the review period was a loss of EUR 8.1 (4.4 loss) million and share-issue adjusted earnings per share were EUR -0.09 (-0.06).

### Adjustment measures

In 2011 the business development priorities will be improving profitability and completing adjustment measures.

Adjustment measures proceeded during the review period according to plan and negotiations on the reduction of approximately 40 jobs in Italy were completed. During the first quarter of the year, temporary lay-offs in Italy also continued.

### Financing package

On 25 February 2011, Glaston signed a EUR 84 million financing package aimed at refinancing the company's funding from short-term into long-term, improving its financial flexibility and strengthening its equity.

EUR 73.7 million of the financing package consists of a syndicated loan arranged by Pohjola Bank Plc, Nordea Bank Finland Plc and Sampo Bank Plc. The syndicated loan facility has a maturity of three years and the financial agreement includes typical financial covenants. Payment of dividend will be conditional on a net financial debt to EBITDA ratio of less than 2.75. These restrictions do not apply to statutory dividends. Glaston's largest shareholders Oy G.W.Sohlberg Ab and GWS Trade Oy have also separately agreed not to claim minority dividends as prescribed in Chapter 13 Section 7 of the Finnish Companies Act.

Glaston issued new shares valued at approximately EUR 6 million and also a EUR 4.0 million debenture loan with a maturity of three years.

The Board of Directors of Glaston decided by virtue of the authorisation granted by the Annual General Meeting on 13 April 2010 to conduct a directed share issue and to offer a maximum number of 6.8 million new shares for subscription against payment to experienced and professional Finnish investors. The share issue in its entirety was underwritten. Among others, Varma Mutual Pension Insurance Company and Finnish Industry Investment Ltd. had provided undertakings to the Company to subscribe for the shares. The subscription price for each share issued in the directed issue was the trade volume-weighted average price of the Glaston share less 4.9% for a time period of five days preceding the payment date.

Glaston also entered into agreement with Varma and Finnish Industry Investment Ltd. on the conversion of their Glaston convertible bond holdings into shares in Glaston at the conversion rate of EUR 1.30 per share specified in the terms and conditions of the convertible bond. The amount of the convertible bond held by Varma was EUR 9.0 million and by Finnish Industry Investment Ltd. EUR 6.25 million, a total of EUR 15.25 million, for which they received in the conversion a total of 11,730,768 Glaston shares. To compensate for the difference between the conversion price and the market price of the shares, Glaston undertook to compensate investors making the conversion with an additional consideration of 21 cents per share. A corresponding offer was also made to other convertible bond holders. The total issue amount of the convertible load was EUR 30 million, of which EUR 15.25 million was converted into shares in this conversion.

The converted amount of the convertible bond was credited fully to the reserve for invested unrestricted equity. In accordance with IAS 32, a financial expense of around EUR 2.5 million was recognised in the income statement for the additional consideration made to Varma and Finnish Industry Investment Ltd. The expense, however, has no effect on Glaston's equity or cash flow. The new shares were entered in the Trade Register on 4 March 2011.

On 28 March 2011, the Board of Directors of Glaston approved loan conversion undertakings for other convertible bond holders totalling EUR 6.0 million, for which they received in the conversion a total of 4,615,367 Glaston shares. The share conversion took place in accordance with the terms of the convertible bond at a conversion price of EUR 1.30 per share. To compensate for the difference between the conversion price and the market price of the shares, the company undertook to compensate investors making the conversion with an additional consideration of 21 cents per share. The converted amount of the convertible bond was credited fully into the reserve for invested unrestricted equity. In accordance with IAS 32, a financial expense of around EUR 1.0 million was recognised for the additional consideration. The expense, however, has no effect on Glaston's equity or cash flow. The new shares were entered in the Trade Register on 4 April 2011.

The Annual General Meeting held on 5 April 2011 authorised the company's Board of Directors to decide on the issue of new shares. As part of the proposal, the Board of Directors sought an authorisation for a share issue for no payment, which can be used for the payment of the above-mentioned additional consideration connected with the conversion

of the convertible bond. Further information about the authorisation and the share issue can be found in the section "Events after the review period".

### **Financial position, cash flow and financing**

At the end of the review period, the consolidated asset total was EUR 198.1 (224.3) million. The equity attributable to the owners of the parent was EUR 57.8 (66.1) million, i.e. EUR 0.57 (0.84) per share (share-issue adjusted). The equity ratio on 31 March 2011 was 32.0 (32.1)%; the equity ratio on 31 December 2010 equity ratio was 22.1%. Net gearing was 94.7 (102.0)% (on 31 December 2010, 189.0%)

Return on equity in January-March was -3.4 (-9.9)%.

Cash flow from operating activities, excluding the change in working capital, was EUR -5.7 (-3.2) million in the review period. The most significant reasons for the negative cash flow from operating activities were financial expenses, such as payment of interest on the converted convertible bond as well as the settling of provisions recognised in 2010. The change in working capital was EUR 1.0 (-3.5) million. Cash flow from investments was EUR -1.1 (-0.7) million. Cash flow from financing activities in January-March was EUR 11.8 (5.5) million.

### **Capital expenditure, depreciation and amortisation**

Glaston's gross capital expenditure totalled EUR 1.2 (0.8) million. In the review period, there were no significant individual investments; the largest investments were directed at development expenditure.

In the first quarter, depreciation and amortisation of intangible assets and property, plant and equipment totalled EUR 1.9 (1.8) million. In addition, impairment losses of EUR 0.0 (0.1) million on intangible assets and property, plant and equipment were recognised in the review period.

### **Organisation and personnel**

Senior Vice President, Machines and member of the Executive Management Group Topi Saarenhovi left Glaston on 1 February 2011. No new Senior Vice President, Machines was appointed; the business area will report directly to the President & CEO.

On 31 March 2011, Glaston Corporation had a total of 900 (1,072) employees. Of the Group's employees, 19% worked in Finland and 42% elsewhere in the EMEA area, 25% in Asia and 15% in the Americas. The average number of employees during the review period was 920 (1,080).

### **Shares and share prices**

On 25 February 2011, Glaston published a stock exchange release outlining the company's new financial package. As part of the arrangement, Glaston's convertible bond holders were offered the opportunity to convert their bond holdings into the company's shares, and 6.8 million shares were issued in a directed share issue for subscription by experienced and professional Finnish investors.

On 25 February 2011, a total of 18,530,768 new shares were subscribed for in the directed share issue and in the conversion of the convertible bonds into shares. These new shares were entered in the Trade Register on 4 March 2011 and became available for trading on the NASDAQ OMX Helsinki Stock Exchange on 7 March 2011. On 28 March 2011, the Board of Directors of Glaston approved bond conversion undertakings totalling EUR 6.0 million, for which bond holders received in the conversion a total of 4,615,367 Glaston shares. These shares were entered in the Trade Register on 4 April 2011, after the review period ended.

Glaston Corporation's paid and registered share capital on 31 March 2011 was EUR 12.7 million and the number of issued and registered shares totalled 97,880,768. The company has one series of share. At the end of March, the company held 788,582 of the company's own shares (treasury shares), corresponding to 0.8% of the total number of issued and registered shares and votes. The counter book value of treasury shares is EUR 102,286.

Every share that the company does not hold itself entitles its owner to one vote at the Annual General Meeting. The share has no nominal value. The counter book value of each share is EUR 0.13.

On 31 March 2011, the market capitalisation of the company's registered shares, treasury shares excluded, was EUR 98.1 (113.1) million. During the first quarter of the year, a total of around 2.1 million of the company's shares were traded, i.e. around 2.5% of the average number of registered shares. The lowest price paid for a share was EUR 0.87 and the highest price EUR 1.27. The volume-weighted average price of shares traded during January-March was EUR 1.05. The closing price on 31 March 2011 was EUR 1.01.

The share-issue adjusted equity per share attributable to owners of the parent was EUR 0.57 (0.84).

#### **Disclosures under Chapter 2, Section 9 of the Securities Markets Act**

During the review period, Glaston was informed of the following changes in ownership: on 25 February 2011, Varma Mutual Pension Insurance Company and Finnish Industry Investment Ltd. announced that they had subscribed for shares in Glaston's directed share offering and had converted their Glaston convertible bond holdings into the company's shares. Finnish Industry Investment Ltd's ownership rose to 8,139,692 shares, which is 8.32% of all Glaston shares and votes. Varma's ownership rose to 8,137,549 shares, which is 8.31% of all Glaston shares and votes.

On 29 March 2011 Glaston was informed that the holdings of both Oy G.W.Sohlberg Ab and GWS Trade Oy in Glaston Corporation had fallen below 15% as part of the convertible bond conversion relating to Glaston's financing arrangements. Oy G.W.Sohlberg Ab's ownership fell to 12,819,400 shares, which is 12.51% of all Glaston shares and votes. GWS Trade Oy's ownership fell to 13,446,700 shares, which is 13.12% of all Glaston shares and votes.

#### **Decisions of the Annual General Meeting**

The Annual General Meeting of Glaston Corporation was held in Helsinki on 5 April 2011. The Annual General Meeting approved the financial statements and consolidated financial statements for 2010 and released the Board of Directors and the President & CEO from liability for the financial year 1 January-31 December 2010.

The Annual General Meeting approved the proposal of the Board of Directors that no dividend be distributed for the financial year ending 31 December 2010.

The Annual General Meeting confirmed the re-election of the following Members of the Board of Directors for a year-long term of office: Claus von Bonsdorff, Carl-Johan Rosenbröijer, Teuvo Salminen, Christer Sumelius and Andreas Tallberg. A new member, Pekka Vauramo, was also elected.

The Annual General Meeting decided to maintain the Chairman of the Board's annual remuneration at EUR 40,000 and the Deputy Chairman's annual remuneration at EUR 30,000. It was also decided to maintain the annual remuneration of the other Members of the Board at EUR 20,000.

The Annual General Meeting elected as auditor Public Accountants Ernst & Young, with Harri Pärssinen, APA, as the responsible auditor.

Annual General Meeting approved an amendment to Article 1 of Articles of Association so that the domicile of the company shall be Helsinki.

### **Authorisations given by the Annual General Meeting**

The Annual General Meeting authorised the Board of Directors to decide on the issue of new shares and/or the conveyance of the own shares held by the company. By virtue of the authorisation, the Board of Directors is entitled to decide on the issuance of a maximum of 20,000,000 new shares and on the conveyance of a maximum of 20,000,000 own shares held by the company. However, the total number of shares to be issued and/or conveyed may not exceed 20,000,000 shares.

The new shares may be issued and own shares held by the company may be conveyed either against payment or without payment.

The new shares may be issued and/or own shares held by the company conveyed to the company's shareholders in proportion to their existing shareholdings in the company, or by means of a directed share issue, in derogation of the pre-emptive subscription right of the shareholders, if there is a weighty reason for the company to do so, such as the shares are to be used to improve the capital structure of the company or as consideration in future acquisitions or other arrangements that are part of the company's business or as part of the company's or its subsidiaries' incentive schemes.

Shares can be issued or conveyed without payment in derogation the pre-emptive subscription right of shareholders only if there is an especially weighty financial reason for the company to do so, taking the interests of all shareholders into account.

The Board of Directors may decide on a share issue without payment also to the company itself. A decision regarding a share issue to the company itself cannot be made such that the total number of shares held jointly by the company or its subsidiaries would exceed one tenth of all shares of the company.

The subscription price of new shares issued and the consideration paid for the conveyance of the company's own shares shall be credited to the reserve for invested unrestricted equity.

By virtue of the share issue authorisation, the Board of Directors shall decide on other matters relating to the issuing and conveyance of shares. The share issue authorisation is valid until the end of the 2013 Annual General Meeting.

The Board of Directors has no other authorisations.

### **Organising meeting of the Board of Directors**

At its organising meeting, the Board of Directors elected from among its members Andreas Tallberg to continue as the Chairman of the Board and Christer Sumelius to continue as the Deputy Chairman of the Board.

### **Events after the review period**

On 8 April 2011, Dr. Uwe Schmid was appointed Senior Vice President, Software Solutions and he will assume full operational responsibility for the segment on 1 September 2011.

The shares subscribed for in the Glaston Corporation's convertible bond conversion approved on 28 March 2011, a total of 4,615,367 new shares, were entered into the Trade Register on 4 April 2011. The total number of Glaston shares after the registration of the new shares is 102,496,135. The shares entered into the Trade Register became available for public trading on the NASDAQ OMX Helsinki Stock Exchange on 5 April 2011.

The Board of Directors of Glaston Corporation decided on 28 April 2011 to implement a directed share issue without payment on the basis of the authorisation granted to it by the Annual General Meeting on 5 April 2011. In the share issue, a total of 3,092,501 new shares in the company were issued without payment to those investors who have converted convertible bonds, issued by the company on 16 June 2009 and 18 February 2010, into shares in the company. The new shares are expected to be entered in the Trade Register on 6 May 2011. After the Trade Register entry, Glaston will have a total of 105,588,636 shares. The issued new shares are of the same type as the company's other shares. It is expected that the new shares will be publicly traded on the NASDAQ OMX Helsinki Stock Exchange approximately on 9 May 2011.

On 29 April 2011 Glaston was informed that the holding of Oy G.W.Sohlberg Ab and GWS Trade Oy in Glaston Corporation had fallen under 25% as part of the directed share issue without payment relating to Glaston's financing arrangements as described in the stock exchange release of 28 April 2011. Oy G.W. Solhlberg Ab's ownership fell to 12.14% and GWS Trade Oy's to 12.73%.

#### **Uncertainties and risks in the near future**

The risks arising from the international financial crisis have receded further. In some markets, uncertainty is still evident and the risk of the postponement of orders and changes in delivery schedules remains, if perhaps on a diminished level. Customers' difficulties relating to finance arrangements may further restrict customers' investment opportunities.

The underlying nature of the sector is expected to remain unchanged, so development in the coming years is expected to be positive. If the recovery of the sector is delayed or slows, this will have a negative effect on Glaston's result. The shift of the geographical focus of activity to areas of higher economic growth will, however, dampen the economic effects of a possibly slower recovery in Western Europe.

#### **Outlook**

A modest recovery in Glaston's market is expected during 2011. In Asia and particularly in China demand is expected to grow steadily, and Glaston is expected to grow in line with the market. In South America, demand was on a good level in 2010 and positive development continued in the first quarter of 2011. In the North American market, cautious growth of demand is expected in 2011. In Europe and the Middle East, the market conditions and competition situation continue to be challenging.

The cornerstones of Glaston's operations remain the architectural glass segment and the solar energy market. The automotive industry, which has recovered rapidly, also presents growth opportunities. Asia, particularly China, has a strongly developing solar energy market and we expect demand for solar energy projects to grow. We will continue purposefully to strengthen our position in China and elsewhere in Asia.



In 2011 the business development priorities are improving profitability and completing the adjustment measures, whose positive effect on the result will be realised towards the end of the year.

We expect that 2011 net sales will be at least at the 2010 level and that the operating profit will return to a positive trend.

Helsinki, 4 May 2011

Glaston Corporation  
Board of Directors

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Glaston Corporation  
Arto Metsänen  
President & CEO

Glaston Corporation  
Glaston Corporation is an international glass technology company and a pioneer in glass processing technology. Its product range and service network are the widest in the industry. Glaston's notable 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 share (GLA1V) is listed on the NASDAQ OMX Helsinki Small Cap List.

Distribution: NASDAQ OMX, key media, [www.glaston.net](http://www.glaston.net)

**GLASTON CORPORATION**

**CONDENSED FINANCIAL STATEMENTS AND NOTES 1 JANUARY - 31 MARCH 2011**

These 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.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

EUR million	<u>31.3.2011</u>	<u>31.3.2010</u>	<u>31.12.2010</u>
<b>Assets</b>			
<b>Non-current assets</b>			
Goodwill	52.6	58.4	52.6
Other intangible assets	18.4	19.3	18.8
Property, plant and equipment	19.6	23.7	19.5
Investments in joint ventures and associates	0.0	0.0	0.0
Available-for-sale assets	0.3	0.3	0.3
Loan receivables	4.5	3.2	4.5
Deferred tax assets	8.2	9.0	8.9
<b>Total non-current assets</b>	<b>103.7</b>	<b>114.0</b>	<b>104.6</b>
<b>Current assets</b>			
Inventories	27.9	37.2	27.9
Receivables			
Trade and other receivables	45.2	54.2	43.1
Assets for current tax	0.6	3.6	0.8
<b>Total receivables</b>	<b>45.8</b>	<b>57.8</b>	<b>43.9</b>
Cash equivalents	20.7	15.3	15.7
Assets held for sale	-	-	2.8
<b>Total current assets</b>	<b>94.4</b>	<b>110.3</b>	<b>90.3</b>
<b>Total assets</b>	<b>198.1</b>	<b>224.3</b>	<b>194.9</b>

	<u>31.3.2011</u>	<u>31.3.2010</u>	<u>31.12.2010</u>
<b>Equity and liabilities</b>			
<b>Equity</b>			
Share capital	12.7	12.7	12.7
Share premium account	25.3	25.3	25.3
Other reserves	0.0	0.0	0.0
Reserve for invested unrestricted equity	26.8	0.2	0.1
Treasury shares	-3.3	-3.5	-3.3
Fair value reserve	0.0	0.0	0.0
Retained earnings and exchange differences	4.3	35.7	36.3
Net result attributable to owners of the parent	-8.1	-4.4	-31.9
<b>Equity attributable to owners of the parent</b>	<b>57.8</b>	<b>66.1</b>	<b>39.1</b>
<b>Non-controlling interest</b>	<b>0.3</b>	<b>0.3</b>	<b>0.3</b>

<b>Total equity</b>	<b>58.1</b>	<b>66.4</b>	<b>39.5</b>
<b>Non-current liabilities</b>			
Convertible bond	8.0	25.5	26.2
Non-current interest-bearing liabilities	45.9	4.6	0.0
Non-current interest-free liabilities and provisions	3.2	6.3	4.3
Deferred tax liabilities	4.3	5.3	4.7
<b>Total non-current liabilities</b>	<b>61.5</b>	<b>41.8</b>	<b>35.2</b>
<b>Current liabilities</b>			
Current interest-bearing liabilities	21.8	52.8	61.4
Current provisions	5.9	6.9	7.0
Trade and other payables	50.3	54.2	48.2
Liabilities for current tax	0.6	2.2	0.8
Liabilities related to non-current assets held for sale	-	-	2.8
<b>Total current liabilities</b>	<b>78.6</b>	<b>116.1</b>	<b>120.2</b>
<b>Total liabilities</b>	<b>140.0</b>	<b>157.9</b>	<b>155.4</b>
<b>Total equity and liabilities</b>	<b>198.1</b>	<b>224.3</b>	<b>194.9</b>

#### CONDENSED CONSOLIDATED INCOME STATEMENT

EUR million	<u>1-3/2011</u>	<u>1-3/2010</u>	<u>1-12/2010</u>
<b>Net sales</b>	<b>34.2</b>	<b>38.4</b>	<b>149.4</b>
Other operating income	0.2	0.1	0.9
Expenses	-33.4	-37.8	-160.3
Share of associates and joint ventures' result	-	-0.5	-0.4
Depreciation, amortization and impairment	-1.9	-1.9	-14.5
<b>Operating profit / loss</b>	<b>-0.9</b>	<b>-1.7</b>	<b>-24.9</b>
Financial items, net	-6.3	-3.1	-6.9
<b>Result before income taxes</b>	<b>-7.2</b>	<b>-4.8</b>	<b>-31.8</b>
Income taxes	-0.9	0.4	-0.2
<b>Profit / loss for the period</b>	<b>-8.1</b>	<b>-4.4</b>	<b>-32.0</b>
<b>Attributable to:</b>			
Owners of the parent	-8.1	-4.4	-31.9
Non-controlling interest	0.0	0.0	0.0
<b>Total</b>	<b>-8.1</b>	<b>-4.4</b>	<b>-32.0</b>
<b>Earnings per share adjusted with share issue, EUR, basic</b>	<b>-0.09</b>	<b>-0.06</b>	<b>-0.40</b>
<b>Earnings per share adjusted with share issue, EUR, diluted</b>	<b>-0.09</b>	<b>-0.06</b>	<b>-0.40</b>
Operating profit / loss, as % of net sales	-2.6	-4.4	-16.7
Profit / loss for the period, as % of net sales	-23.6	-11.4	-21.4
	-	-	-13.7

Non-recurring items included in operating profit / loss			
Operating profit / loss, non-recurring items excluded	-0.9	-1.7	-11.3
Operating profit / loss, non-recurring items excluded, as % of net sales	-2.6	-4.4	-7.5

#### CONSOLIDATED STATEMENT OF COMPEREHENSIVE INCOME

STATEMENT OF COMPREHENSIVE INCOME	<u>1-3/2011</u>	<u>1-3/2010</u>	<u>1-12/2010</u>
<b>Profit / loss for the period</b>	<b>-8.1</b>	<b>-4.4</b>	<b>-32.0</b>
<b>Other comprehensive income</b>			
Total exchange differences on translating foreign operations	-0.7	0.7	1.0
Fair value changes of available-for-sale assets	0.0	0.0	0.0
<b>Other comprehensive income for the reporting period, net of tax</b>	<b>-0.7</b>	<b>0.7</b>	<b>1.0</b>
<b>Total comprehensive income for the reporting period</b>	<b>-8.8</b>	<b>-3.7</b>	<b>-30.9</b>
<b>Attributable to</b>			
Owners of the parent	-8.7	-3.7	-30.9
Non-controlling interest	0.0	0.0	0.0
<b>Total comprehensive income for the reporting period</b>	<b>-8.8</b>	<b>-3.7</b>	<b>-30.9</b>

#### CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	<u>1-3/2011</u>	<u>1-3/2010</u>	<u>1-12/2010</u>
<b>Cash flows from operating activities</b>			
Cash flow before change in net working capital	-5.7	-3.2	-13.7
Change in net working capital	1.0	-3.5	2.7
<b>Net cash flow from operating activities</b>	<b>-4.7</b>	<b>-6.7</b>	<b>-11.0</b>
<b>Cash flow from investing activities</b>			
Business combinations	-	0.0	0.0
Other purchases of non-current assets	-1.2	-0.8	-4.4
Investment in joint ventures	-	-	-0.2
Proceeds from sale of joint ventures	-	-	0.4
Other	-	-	-
Proceeds from sale of other non-current assets	0.1	0.1	0.7
<b>Net cash flow from investing activities</b>	<b>-1.1</b>	<b>-0.7</b>	<b>-3.5</b>
<b>Cash flow before financing</b>	<b>-5.8</b>	<b>-7.4</b>	<b>-14.5</b>
<b>Cash flow from financing activities</b>			
Share issue	5.5	-	-
Increase in non-current liabilities	47.8	6.2	6.2
Decrease in non-current liabilities	-1.8	-0.1	-1.2

Changes in loan receivables (increase - / decrease +)	0.0	-	-0.1
Increase in short-term liabilities	15.2	12.6	50.1
Decrease in short-term liabilities	-54.9	-14.6	-44.5
Other financing	0.0	1.4	1.4
<b>Net cash flow from financing activities</b>	<b>11.8</b>	<b>5.5</b>	<b>11.9</b>
<b>Effect of exchange rate changes</b>	<b>-1.0</b>	<b>1.6</b>	<b>2.7</b>
<b>Net change in cash and cash equivalents</b>	<b>5.0</b>	<b>-0.3</b>	<b>0.1</b>
Cash and cash equivalents at the beginning of period	15.7	15.6	15.6
Cash and cash equivalents at the end of period	20.7	15.3	15.7
<b>Net change in cash and cash equivalents</b>	<b>5.0</b>	<b>-0.3</b>	<b>0.1</b>

#### CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Share premium account	Other reserves	Reserve for invested unrest. equity	Treasury shares	Fair value reserve
<b>Equity at 1 January, 2010</b>	12.7	25.3	0.0	0.2	-3.5	0.0
Total comprehensive income for the period	-	-	-	-	-	0.0
<b>Equity at 31 March, 2010</b>	12.7	25.3	0.0	0.2	-3.5	0.0

EUR million	Share capital	Share premium account	Other reserves	Reserve for invested unrest. equity	Treasury shares	Fair value reserve
<b>Equity at 1 January, 2011</b>	12.7	25.3	0.0	0.1	-3.3	0.0
Total comprehensive income for the period	-	-	0.0	-	-	0.0
Share issue	-	-	-	5.9	-	-
Conversion of convertible bond	-	-	-	20.8	-	-
<b>Equity at 31 March, 2011</b>	12.7	25.3	0.0	26.8	-3.3	0.0

EUR million	Retained earnings	Exchange diff.	Equity attrib. to owners of the parent	Non-controlling interest	Total equity
<b>Equity at 1 January, 2010</b>	<b>35.6</b>	<b>-1.3</b>	<b>69.0</b>	<b>0.3</b>	<b>69.4</b>
Total comprehensive income for the period	-4.4	0.6	-3.7	0.0	-3.7
Share-based incentive plan	0.0	-	0.0	-	0.0
Share-based incentive plan, tax effect	0.0	-	0.0	-	0.0
Equity part of convertible bond	0.8	-	0.8	-	0.8
<b>Equity at 31 March, 2009</b>	<b>32.0</b>	<b>-0.6</b>	<b>66.1</b>	<b>0.3</b>	<b>66.4</b>

EUR million	Retained earnings	Exchange diff.	Equity attrib. to owners of the parent	Non-controlling interest	Total equity
<b>Equity at 1 January, 2011</b>	<b>4.6</b>	<b>-0.3</b>	<b>39.1</b>	<b>0.3</b>	<b>39.5</b>
Total comprehensive income for the period	-8.1	-0.6	-8.7	0.0	-8.8
Share-based incentive plan	0.1	-	0.1	-	0.1
Share-based incentive plan, tax effect	0.0	-	0.0	-	0.0
Share issue	-	-	5.9	-	5.9
Conversion of convertible bond	-2.8	-	18.0	-	18.0
Cost effect of the share price compensation related to convertible bond conversion	3.4	-	3.4	-	3.4
<b>Equity at 31 March, 2011</b>	<b>-2.8</b>	<b>-0.9</b>	<b>57.8</b>	<b>0.3</b>	<b>58.1</b>

#### KEY RATIOS

	<u>31.3.2011</u>	<u>31.3.2010</u>	<u>31.12.2010</u>
EBITDA, as % of net sales <sup>(1)</sup>	3.0	0.6	-6.9
Operating profit / loss (EBIT), as % of net sales	-2.6	-4.4	-16.7
Net result, as % of net sales	-23.6	-11.4	-21.4
Gross capital expenditure, EUR million	1.2	0.8	4.6
Gross capital expenditure, as % of net sales	3.5	2.0	3.1
Equity ratio, %	32.0	32.1	22.1
Gearing, %	130.3	125.0	228.6

Net gearing, %	94.7	102.0	189.0
Net interest-bearing debt, EUR million	55.0	67.7	74.6
Capital employed, end of period, EUR million	133.8	149.4	129.7
Return on equity, %, annualized	-66.3	-25.8	-58.7
Return on capital employed, %, annualized	-3.4	-9.9	-19.0
Number of personnel, average	920	1,080	1,028
Number of personnel, end of period	900	1,072	957

<sup>(1)</sup> EBITDA = Operating profit / loss + depreciation, amortization and impairment.

#### PER SHARE DATA

	<u>31.3.2011</u>	<u>31.3.2010</u>	<u>31.12.2010</u>
Number of registered shares, end of period, treasury shares excluded (1,000)	97,092	78,511	78,561
Number of shares issued, end of period, adjusted with share issue, treasury shares excluded (1,000) <sup>(1)</sup>	101,708	79,036	79,086
Number of shares, average, adjusted with share issue, treasury shares excluded (1,000) <sup>(1)</sup>	85,589	79,036	79,052
Number of shares, dilution effect of the convertible bond taken into account, average, adjusted with share issue, treasury shares excluded (1,000) <sup>(1)</sup>	104,411	99,310	101,554
EPS, basic, adjusted with share issue, EUR	-0.09	-0.06	-0.40
EPS, diluted, adjusted with share issue, EUR	-0.09	-0.06	-0.40
Adjusted equity attributable to owners of the parent per share, EUR	0.57	0.84	0.49
Price per adjusted earnings per share (P/E) ratio	-10.7	-26.0	-2.8
Price per adjusted equity attributable to owners of the parent per share	1.78	1.72	2.28
Market capitalization of registered shares, EUR million	98.1	113.1	88.8
Share turnover, % (number of shares traded, % of the average registered number of shares)	2.5	7.4	19.6
Number of shares traded, (1,000)	2,067	5,826	15,419
Closing price of the share, EUR	1.01	1.44	1.13
Highest quoted price, EUR	1.27	1.65	1.65
Lowest quoted price, EUR	0.87	1.05	0.80
Volume-weighted average quoted price, EUR	1.05	1.21	1.17

<sup>(\*)</sup> Includes issued but not yet registered shares.

## DEFINITIONS OF KEY RATIOS

### Financial ratios

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

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

Operating result (EBIT) excluding non-recurring items = Profit / loss after depreciation, amortization and impairment, share of joint ventures' and associates' results included, non-recurring items excluded

Cash and cash equivalents = Cash + other financial assets

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

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

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

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

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

Return on 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)

Non-recurring items = mainly items arising from restructuring and structural changes. They can include expenses arising from personnel reduction, product portfolio rationalization, changes in production structure and from reduction of offices. Impairment loss of goodwill is also included in non-recurring items. Non-recurring items are recognized in profit or loss in the income or expense category where they belong by their nature and they are included in operating result. In its key ratios Glaston presents also operating result excluding non-recurring items. If a non-recurring expense is reversed for example due to changes in circumstances, the reversal is also included in non-recurring items. In addition, exceptionally large gains or losses from disposals of property, plant and equipment and intangible assets as



well as capital gains or losses arising from group restructuring are included in non-recurring items.

#### **Per share data**

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

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

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 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

#### **ACCOUNTING POLICIES**

The consolidated interim financial statements of Glaston Group are 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 interim financial statements are the same as those applied by Glaston in its consolidated financial statements as at and for the year ended 31 December, 2009, with the exception of the following new or revised or amended standards and interpretations which have been applied from 1 January, 2011:

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

IAS 24 (revised) Related Party Disclosures standard shall be applied for annual periods beginning on or after 1 January, 2011. The application is retrospective.

Amendments to IAS 32 Financial Instruments: Presentation - Classification of Rights Issues shall be applied for annual periods beginning on or after 1 February, 2010.

Amendment to IFRIC 14 IAS 19 Prepayments of a Minimum Funding Requirement shall be applied for annual periods beginning on or after 1 January, 2011. The application is retrospective.

IFRIC 19 Extinguishing Financial Liabilities with Equity Instruments shall be applied for annual periods beginning on or after 1 July, 2010.

In addition, Glaston will apply the annual Improvements to IFRSs issued in May 2010. These will affect mainly the disclosure information in Glaston's consolidated financial statements. These improvements shall be mainly applied for annual periods beginning on or after 1 January, 2011.

The change of IFRS 3 Business Combinations included in the annual improvements of IFRSs changes the measurement of non-controlling interest. For each business combination it is possible to choose, whether the non-controlling interest will be measured at fair value or as the non-controlling interest's proportionate share of the acquiree's net assets. This choice affects the goodwill arising from the business combination. In accordance with the improvement, the choice is possible only for the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation. All other components of non-controlling interests, such as options, are measured at their acquisition-date fair value.

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

## **SEGMENT INFORMATION**

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

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

The reportable Machines segment consists of Glaston's operating segments manufacturing glass processing machines and related tools. The Machines segment includes manufacturing and sale of glass tempering, bending and laminating machines sold under Tamglass and Uniglass

brands, glass pre-processing machines sold under the Bavelloni brand as well as manufacturing and sale of tools.

Services segment includes maintenance and service of glass processing machines, machine upgrades and sale of spare parts.

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

The unallocated operating result consists of head office operations of the Group and in 2010 also unallocated share of joint venture's result.

### Machines

EUR million	1-3/2011	1-3/2010	1-12/2010
External sales	20.1	24.3	94.9
Intersegment sales	0.0	0.0	0.1
<b>Net sales</b>	<b>20.1</b>	<b>24.3</b>	<b>95.0</b>
<b>EBIT excluding non-recurring items</b>	<b>-1.9</b>	<b>-1.5</b>	<b>-8.5</b>
EBIT-%, excl. non-recurring items	-9.2	-6.1	-8.9
Non-recurring items	-	-	-12.0
<b>EBIT</b>	<b>-1.9</b>	<b>-1.5</b>	<b>-20.4</b>
EBIT-%	-9.2	-6.1	-21.5
Net working capital	23.6	34.8	24.2
Number of personnel, average	556	640	616
Number of personnel, end of period	550	645	577

### Services

EUR million	1-3/2011	1-3/2010	1-12/2010
External sales	8.1	8.0	30.7
Intersegment sales	0.2	0.2	1.4
<b>Net sales</b>	<b>8.3</b>	<b>8.2</b>	<b>32.0</b>
<b>EBIT excluding non-recurring items</b>	<b>1.5</b>	<b>1.0</b>	<b>3.3</b>
EBIT-%, excl. non-recurring items	18.4	12.1	10.1
Non-recurring items	-	-	-2.2
<b>EBIT</b>	<b>1.5</b>	<b>1.0</b>	<b>1.1</b>
EBIT-%	18.4	12.1	3.4
Net working capital	8.0	10.3	6.9
Number of personnel, average	145	192	171
Number of personnel, end of period	139	182	149

### Software Solutions

EUR million	1-3/2011	1-3/2010	1-12/2010
External sales	6.0	6.0	23.9
Intersegment sales	0.0	0.0	0.0
<b>Net sales</b>	<b>6.0</b>	<b>6.1</b>	<b>23.9</b>
Share of associates' and joint ventures' results	-	-	0.0
<b>EBIT excluding non-recurring items</b>	<b>1.0</b>	<b>0.7</b>	<b>1.1</b>
EBIT-%, excl. non-recurring items	16.4	11.7	4.5

Non-recurring items	-	-	0.5
<b>EBIT</b>	<b>1.0</b>	<b>0.7</b>	<b>1.5</b>
EBIT-%	16.4	11.7	6.4
Net working capital	5.1	7.5	4.5
Number of personnel, average	204	223	219
Number of personnel, end of period	198	222	214

### Glaston Group

EUR million

<b>Net sales</b>	<b>1-3/2011</b>	<b>1-3/2010</b>	<b>1-12/2010</b>
Machines	20.1	24.3	95.0
Services	8.3	8.2	32.0
Software Solutions	6.0	6.1	23.9
Other and intersegment sales	-0.2	-0.2	-1.5
<b>Glaston Group total</b>	<b>34.2</b>	<b>38.4</b>	<b>149.4</b>

<b>EBIT</b>	<b>1-3/2011</b>	<b>1-3/2010</b>	<b>1-12/2010</b>
Machines	-1.9	-1.5	-8.5
Services	1.5	1.0	3.3
Software Solutions	1.0	0.7	1.1
Other and eliminations	-1.6	-1.9	-7.1
<b>EBIT excluding non-recurring items</b>	<b>-0.9</b>	<b>-1.7</b>	<b>-11.3</b>
Non-recurring items	-	-	-13.7
<b>EBIT</b>	<b>-0.9</b>	<b>-1.7</b>	<b>-24.9</b>
Net financial items	-6.3	-3.1	-6.9
<b>Result before income taxes and non-controlling interest</b>	<b>-7.2</b>	<b>-4.8</b>	<b>-31.8</b>
Income taxes	-0.9	0.4	-0.2
<b>Result</b>	<b>-8.1</b>	<b>-4.4</b>	<b>-32.0</b>
Number of personnel, average	920	1,080	1,028
Number of personnel, end of period	900	1,072	957

<b>Segment assets</b>	<b>31.3.2011</b>	<b>31.3.2010</b>	<b>31.12.2010</b>
Machines	46.6	60.2	46.5
Services	10.9	12.9	10.1
Software Solutions	6.0	7.9	5.2
Other	0.0	0.4	0.0
<b>Total segment assets</b>	<b>63.5</b>	<b>81.4</b>	<b>61.8</b>
Other assets	134.6	142.9	133.1
<b>Total assets</b>	<b>198.1</b>	<b>224.3</b>	<b>194.9</b>

<b>Segment liabilities</b>	<b>31.3.2011</b>	<b>31.3.2010</b>	<b>31.12.2010</b>
Machines	23.0	25.4	22.3
Services	2.9	2.6	3.2
Software Solutions	0.8	0.4	0.7
Other	0.2	0.2	0.3
<b>Total segment liabilities</b>	<b>26.9</b>	<b>28.7</b>	<b>26.5</b>
Other liabilities	113.1	129.2	129.0
<b>Total liabilities</b>	<b>140.0</b>	<b>157.9</b>	<b>155.4</b>

<b>Net working capital</b>	<b>31.3.2011</b>	<b>31.3.2010</b>	<b>31.12.2010</b>
Machines	23.6	34.8	24.2
Services	8.0	10.3	6.9
Software Solutions	5.1	7.5	4.5
Other	-0.2	0.2	-0.2
<b>Total Glaston Group</b>	<b>36.6</b>	<b>52.8</b>	<b>35.4</b>

In segment reporting net working capital consists of inventory, external trade receivables and trade payables and advances received.

#### Order intake

EUR million	1-3/2011	1-3/2011	1-12/2010
Machines	24.0	20.3	96.2
Services	8.7	6.7	29.8
Software Solutions	6.1	5.9	22.3
<b>Total Glaston Group</b>	<b>38.8</b>	<b>32.9</b>	<b>148.3</b>

#### Net sales by geographical areas

EUR million	1-3/2011	1-3/2011	1-12/2010
EMEA	16.6	20.5	75.3
Asia	9.7	9.2	35.2
America	7.9	8.7	39.0
<b>Total</b>	<b>34.2</b>	<b>38.4</b>	<b>149.4</b>

#### QUARTERLY NET SALES, OPERATING RESULT, ORDER INTAKE AND ORDER BOOK

##### Machines

EUR million	1-3/ 2011	10-12/ 2010	7-9/ 2010	4-6/ 2010	1-3/ 2010
External sales	20.1	23.5	18.5	28.5	24.3
Intersegment sales	0.0	0.1	0.0	0.0	0.0
<b>Net sales</b>	<b>20.1</b>	<b>23.6</b>	<b>18.5</b>	<b>28.5</b>	<b>24.3</b>
<b>EBIT excluding non-recurring items</b>	<b>-1.9</b>	<b>-2.7</b>	<b>-2.6</b>	<b>-1.7</b>	<b>-1.5</b>
EBIT-%, excl. non-recurring items	-9.2	-11.5	-14.0	-5.9	-6.1
Non-recurring items	-	-12.0	-	-	-
<b>EBIT</b>	<b>-1.9</b>	<b>-14.7</b>	<b>-2.6</b>	<b>-1.7</b>	<b>-1.5</b>
EBIT-%	-9.2	-62.1	-14.0	-5.9	-6.1

##### Services

EUR million	1-3/ 2011	10-12/ 2010	7-9/ 2010	4-6/ 2010	1-3/ 2010
External sales	8.1	8.3	7.3	7.0	8.0
Intersegment sales	0.2	0.5	0.4	0.2	0.2
<b>Net sales</b>	<b>8.3</b>	<b>8.8</b>	<b>7.8</b>	<b>7.3</b>	<b>8.2</b>
<b>EBIT excluding non-recurring items</b>	<b>1.5</b>	<b>1.2</b>	<b>0.6</b>	<b>0.5</b>	<b>1.0</b>

EBIT-%, excl. non-recurring items	18.4	13.3	7.8	6.6	12.1
Non-recurring items	-	-2.2	-	-	-
<b>EBIT</b>	<b>1.5</b>	<b>-1.0</b>	<b>0.6</b>	<b>0.5</b>	<b>1.0</b>
EBIT-%	18.4	-11.3	7.8	6.6	12.1

### Software Solutions

EUR million	1-3/ 2011	10-12/ 2010	7-9/ 2010	4-6/ 2010	1-3/ 2010
External sales	6.0	5.8	6.0	6.0	6.0
Intersegment sales	0.0	-0.1	0.1	0.0	0.0
<b>Net sales</b>	<b>6.0</b>	<b>5.8</b>	<b>6.1</b>	<b>6.0</b>	<b>6.1</b>
Share of associates' and joint ventures' results	-	-	0.0	-	-
<b>EBIT excluding non-recurring items</b>	<b>1.0</b>	<b>-0.3</b>	<b>0.2</b>	<b>0.5</b>	<b>0.7</b>
EBIT-%, excl. non-recurring items	16.4	-5.9	4.0	7.8	11.7
Non-recurring items	-	0.5	-	-	-
<b>EBIT</b>	<b>1.0</b>	<b>0.1</b>	<b>0.2</b>	<b>0.5</b>	<b>0.7</b>
EBIT-%	16.4	2.2	4.0	7.8	11.7

### Net sales

EUR million	1-3/ 2011	10-12/ 2010	7-9/ 2010	4-6/ 2010	1-3/ 2010
Machines	20.1	23.6	18.5	28.5	24.3
Services	8.3	8.8	7.8	7.3	8.2
Software Solutions	6.0	5.8	6.1	6.0	6.1
Other and intersegment sales	-0.2	-0.5	-0.5	-0.2	-0.2
<b>Glaston Group total</b>	<b>34.2</b>	<b>37.7</b>	<b>31.9</b>	<b>41.5</b>	<b>38.4</b>

### EBIT

EUR million	1-3/ 2011	10-12/ 2010	7-9/ 2010	4-6/ 2010	1-3/ 2010
Machines	-1.9	-2.7	-2.6	-1.7	-1.5
Services	1.5	1.2	0.6	0.5	1.0
Software Solutions	1.0	-0.3	0.2	0.5	0.7
Other and eliminations	-1.6	-2.1	-1.1	-2.1	-1.9
<b>EBIT excluding non-recurring items</b>	<b>-0.9</b>	<b>-3.9</b>	<b>-2.8</b>	<b>-2.8</b>	<b>-1.7</b>
Non-recurring items	-	-13.7	-	-	-
<b>EBIT</b>	<b>-0.9</b>	<b>-17.6</b>	<b>-2.8</b>	<b>-2.8</b>	<b>-1.7</b>

Order book	31.3.2011	31.12.2010	30.9.2010	30.6.2010	31.3.2010
Machines	40,2	37,4	34,7	25,6	32,4
Services	1,7	1,2	1,9	0,9	0,7
Software Solutions	3,8	3,5	4,0	3,7	3,8
<b>Total Glaston Group</b>	<b>45,6</b>	<b>42,1</b>	<b>40,7</b>	<b>30,2</b>	<b>36,9</b>

## Order intake

EUR million	1-3/ 2011	10-12/ 2010	7-9/ 2010	4-6/ 2010	1-3/ 2010
Machines	24.0	26.8	25.3	23.8	20.3
Services	8.7	8.0	7.7	7.4	6.7
Software Solutions	6.1	4.8	6.1	5.5	5.9
<b>Total Glaston Group</b>	<b>38.8</b>	<b>39.7</b>	<b>39.0</b>	<b>36.7</b>	<b>32.9</b>

## CONTINGENT LIABILITIES

EUR million	<u>31.3.2011</u>	<u>31.3.2010</u>	<u>31.12.2010</u>
Mortgages and pledges			
On own behalf	516.9	130.8	274.6
On behalf of others	0.2	-	0.1
Guarantees			
On own behalf	0.2	0.5	0.7
On behalf of others	0.2	0.1	0.2
Lease obligations	10.5	13.6	10.7
Repurchase obligations	0.2	0.3	0.2
Other obligation on own behalf	0.0	-	0.0
Capital commitments in relation to interests in joint ventures	-	0.6	-

Pledged assets include EUR 122.2 million shares in group companies and EUR 55.3 million receivables from group companies.

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	<u>31.3.2011</u>		<u>31.3.2010</u>		<u>31.12.2010</u>	
	<u>Nominal value</u>	<u>Fair value</u>	<u>Nominal value</u>	<u>Fair value</u>	<u>Nominal value</u>	<u>Fair value</u>
<b>Currency derivatives</b>						
Currency forwards	0.2	0.0	1.7	-0.1	0.4	0.1
<b>Commodity derivatives</b>						
Electricity forwards	0.3	0.2	0.5	0.1	0.3	0.2

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

<b>Changes in property, plant and equipment</b>	<b>1-3/2011</b>	<b>1-3/2010</b>	<b>1-12/2010</b>
Carrying amount at beginning of the period	19.5	24.7	24.7
Additions	0.3	0.1	0.9
Disposals	-0.1	0.0	-0.4
Depreciation and amortization	-0.7	-0.8	-3.4
Impairment losses and reversals of impairment losses	0.0	0.0	-1.2
Reclassification and other changes	0.8	-0.5	-1.5
Exchange differences	-0.2	0.3	0.5
Carrying amount at end of the period	19.6	23.7	19.5

At the end of March 2011 and 2010, Glaston did not have of contractual commitments for the acquisition of property, plant and equipment.

## SHAREHOLDER INFORMATION

### Largest shareholders 31 March, 2011

	<b>Number of shares</b>	<b>% of shares and votes</b>
1 Gws Trade Oy	13,446,700	13.74
2 Oy G.W.Sohlberg Ab	12,819,400	13.10
3 Finnish Industry Investment Ltd.	8,139,692	8.32
4 Varma Mutual Pension Insurance Company	8,137,549	8.31
5 Sumelius Birgit	3,644,200	3.72
6 Fondita Nordic Micro Cap Investment Fund	2,350,000	2.40
7 Oy Investsum Ab	1,820,000	1.86
8 Suutarinen Helena Estate	1,802,400	1.84
9 Von Christierson Charlie	1,600,000	1.63
10 Sumelius Bjarne Henning	1,190,936	1.22
11 Sumelius-Koljonen Barbro	1,175,238	1.20
12 Oy Cacava Ab	1,000,000	1.02
13 Investment Fund Nordea Pro Suomi	909,655	0.93
14 Sumelius-Fogelholm Birgitta Christina	850,000	0.87
15 Sumelius Bertil Christer	803,800	0.82
16 Huber Karin	800,800	0.82
17 Nordea Life Assurance Finland Ltd.	800,000	0.82
18 Evli Alexander Management Oy	788,582	0.81
19 Investment Fund Aktia Capital	734,574	0.75
Total 20 largest shareholders	62,813,526	64.18
Other shareholders	862,777	0.88
Not in the book-entry securities system (in joint account)	34,204,465	34.95
<b>Total</b>	<b>97,880,768</b>	<b>100.00</b>



## 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 leasing of premises to a joint venture. In addition, the Group has leased premises from companies owned by individuals belonging to the management. The lease payments were in January - March EUR 0.2 (0.2) million.

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

### Transactions with joint ventures and associates

In 2011 Glaston did not have transactions with joint ventures or the associate.

EUR million

#### Transactions with joint ventures

	<u>1-3/2011</u>	<u>1-3/2010</u>	<u>1-12/2010</u>
Sales to joint ventures	-	-	-
Other operating income from joint ventures	-	0.1	0.1
Interest income from joint ventures	-	0.1	0.1
Other financial expenses	-	-	-3.3

#### Receivables from and liabilities to joint ventures

	<u>1-3/2011</u>	<u>1-3/2010</u>	<u>1-12/2010</u>
Current receivables	-	1.6	-
Non-current loan receivables	-	3.2	-
Trade payables	-	0.0	-