Glaston Corporation Financial Statements 1 January – 31 December 2010

– Orders received in January-December totalled EUR 148.3 (151.5) million. Orders received in the fourth quarter totalled EUR 39.7 (44.1) million.
– Glaston's order book on 31 December 2010 was EUR 42.1 (45.5) million.
– Consolidated net sales in January-December were EUR 149.4 (151.8) million. Final quarter net sales were EUR 37.7 (35.8) million.
– The operating result in January-December was a loss of EUR 24.9 (55.3 loss) million, i.e. -16.7 (-36.4)% of net sales.
– The operating result in January-December, excluding non-recurring items, was a loss of EUR 11.3 (33.6 loss) million, i.e. -7.5 (-22.2)% of net sales. The final quarter operating result, excluding non-recurring items, was a loss of EUR 3.9 (11.0 loss) million, i.e. -10.5 (-30.8)% of net sales.
– Non-recurring items in 2010 totalled EUR -13.7 (-21.6) million and they were recognised in the final quarter.
– Return on capital employed (ROCE) was -19.0 (-32.1)%.
– Earnings per share in January-December were EUR -0.41 (-0.68) and fourth-quarter earnings per share were EUR -0.24 (-0.34).
– The Board of Directors proposes to the Annual General Meeting that no dividend be distributed.
– Glaston expects that 2011 net sales will be at least at the 2010 level and that the operating result will return to a positive trend.

President & CEO Arto Metsänen:
2010 was challenging for Glaston. Demand for our products remained at a low level and the company's profitability was very weak. Our operating year was marked by extensive efficiency measures to reverse the trend in profitability. Despite the subdued market, our net sales remained at the previous year's level. Our operating result clearly improved, which shows that our adjustment and efficiency measures are working.

Our most important goal for 2011 is a clear improvement in operational profitability. During 2010, due to the substantial measures implemented, our organisation has adjusted to the present market situation, and the foundation has been laid for profitable operations. The financing package signed at the end of February has safeguarded the company's long-term funding. Now we can focus on growing our business and serving our customers.

Markets
In demand for glass processing machines, cautious signs of a pick-up in the market were evident during 2010. Glaston's markets developed unevenly. Demand continued to be active in Asia and South America. In North America, faint signs of a recovery were perceptible in the latter part of the year. In Europe, the market situation continued to be challenging.

Machines
2010 remained challenging for the Machines segment, even though signs of recovery were evident in certain markets.

Financial market instability and overcapacity among glass processors continued to impact customers' investment decisions in Europe and North America. In Europe, the market situation continued to be weak throughout the year, but in the North American market faints signs of recovery were perceptible in the final quarter. Demand continued to be active throughout the year in Asia and South America. In Asia, the automotive and construction industries' need for glass increased.

Demand for solar energy solutions picked up. This customer segment became highly active in the latter part of the year, as demand shifted to Asia, and to China in particular. The unique TFC 2000 machine line, developed by Glaston and the Finnish company Beneq Oy for the production of thin-film coated solar panel glass was well received in the market.

During the year, the product offering was strengthened by three new flat tempering machines and two new cutting lines.

In 2010 improving profitability was the main focus in the development of the Machines segment's business. Efficiency and adjustment measures continued and were directed mainly at Finland and Italy. Production costs were lowered by enhancing sourcing efficiency and by increasing production in China. The adjustment measures also resulted in personnel reductions and at the end of 2010 the segment had 577 employees (2009 688).

Orders received in the Machines segment totalled EUR 96.2 (98.8) million in 2010. In January-December, the Machines segment's net sales totalled EUR 95.0 (92.5) million.

Services

In 2010 the Services segment market recovered after faltering the previous year. The number of new service contracts rose, and in Asia and North America demand for upgrade products picked up.

In 2010 the Services segment launched a number of new products, all connected with improving the quality of the end product and expanding the features and raising the capacity of machines.

The iLooK real-time quality measurement system for flat tempering machines was launched in the autumn and it was very well received a by the customers. Other new products were the Vortex Pro™ convection system, which enables a higher production capacity and the manufacture of better quality glass, a blower monitoring system and automatic malfunction reporting by e-mail and text message.

Orders received in the Services segment totalled EUR 29.8 (32.6) million in 2010. In January-December, the Services segment's net sales were EUR 32.0 million (in 2009 EUR 37.7 million, including Tamglass Glass Processing's share of EUR 5.8 million). Operational profitability improved as a result of internal efficiency measures, product range adjustments and area-specific marketing measures. At the end of 2010 the segment had 149 employees (2009 215).

Software Solutions

In 2010 demand in the Software Solutions segment picked up in Central Europe, but fell slightly in North America and Asia.

In mature markets, investments were directed at modernising production processes towards a higher degree of automation, shorter delivery times and greater flexibility. In developing markets, such as Eastern Europe, Asia and the Pacific region, systems in a more standard form fulfiled customers' needs.

The AWFactory and Panorama products, intended for managing line control systems, were developed further and new features added to the systems.

The Software Solutions segment adjusted its operations to the market situation and at the end of the year the segment had 214 (234) employees.

Orders received in the Software Solutions segment totalled EUR 22.3 (20.2) million in 2010. In January-December, the Software Solutions segment's net sales totalled EUR 23.9 (23.9) million.

Orders received
Glaston's orders received during the financial year totalled EUR 148.3 (151.5) million. Of orders received, the Machines segment accounted for 65%, the Services segment 20% and the Software Solutions segment 15%.

Orders received during the final quarter of the year totalled EUR 39.7 (44.1) million.

Order book
Glaston's order book on 31 December 2010 was EUR 42.1 (45.5) million. Of the order book, the Machines segment accounted for EUR 37.4 (39.8) million, the Services segment EUR 1.2 (1.6) million and Software Solutions segment EUR 3.5 (4.1) million.

Order book, EUR million	**31.12.2010**	**31.12.2009**	Change, %
Machines	37.4	39.8	-6.0%
Services	1.2	1.6	-25.0%
Software Solutions	3.5	4.1	-14.6%
Total	**42.1**	**45.5**	-7.5%

Net sales and operating result
Glaston's net sales in January-December totalled EUR 149.4 (151.8) million. The Machines segment's net sales in the review period were EUR 95.0 (92.5) million, the Services segment's net sales EUR 32.0 (37.7) million and the Software Solutions segment's net sales EUR 23.9 (23.9) million.

Final quarter net sales were EUR 37.7 (35.8) million. Final quarter net sales were distributed across the business segments as follows: Machines EUR 23.6 (21.9) million, Services EUR 8.8 (8.2) million and Software Solutions EUR 5.8 (6.3) million.

Net sales, EUR million	**2010**	**2009**
Machines	95.0	92.5
Services	32.0	37.7
Software Solutions	23.9	23.9
Other and internal sales	-1.5	-2.4
Total	**149.4**	**151.8**

The operating result, excluding non-recurring items, was a loss of EUR 11.3 (33.6 loss) million, i.e. -7.5 (-22.2)% of net sales. The operating result for the final quarter, excluding non-recurring items, was a loss of EUR 3.9 (11.0 loss) million.

The operating result was a loss of EUR 24.9 (55.3 loss) million. Non-recurring items in 2010 totalled EUR -13.7 (-21.6) million and they were recognised in the final quarter. Non-recurring items in 2010 consisted of impairment losses on goodwill and intangible and tangible assets and cancellations thereof (EUR -6.4 million net), personnel and other expenses resulting from structural changes (EUR -5.5 million), and inventory expense recognitions resulting from changes in the product portfolio (EUR -2.2 million). In addition, non-recurring items include EUR 0.4 million from the cancellation of provisions made in previous years.

The Machines segment's operating result in January-December was a loss of EUR 20.4 (38.3 loss) million and in the final quarter a loss of EUR 14.7 (19.8 loss) million. The 2010 operating result, excluding non-recurring items, was a loss of 8.5 (22.4 loss) million and in the final quarter a loss of EUR 2.7 (7.7 loss) million.

The Services segment's operating result in January-December was a profit of EUR 1.1 (5.2 loss) million and in the final quarter a loss of EUR 1.0 (2.9 loss) million. The segment's operating result for the year, excluding non-recurring items, was a profit of EUR 3.3 (2.4 loss) million and in the final quarter a profit of EUR 1.2 (0.5 loss) million. The Services segment's operating result is adversely affected by the EUR 2.1 million operating loss (4.2 loss) of Tamglass Glass Processing.

The Software Solutions segment's operating result in January-December was a profit of EUR 1.5 (1.3 loss) million and in the final quarter a profit of EUR 0.1 (1.6 loss) million. The segment's operating result for 2010, excluding non-recurring items, was a profit of EUR 1.1 (0.4 profit) million and in the final quarter a loss of EUR 0.3 (0.2 loss) million.

Operating result, EUR million	**1-12/2010**	**1-12/2009**
Machines	-8.5	-22.4
Services	3.3	-2.4
Software Solutions	1.1	0.4
Other and eliminations	-7.1	-9.3
Total	**-11.3**	**-33.6**
Non-recurring items	-13.7	-21.6
Operating result, including non-recurring items	**-24.9**	**-55.3**

The loss for the review period was EUR 32.0 (53.6 loss) million and in the final quarter the loss was EUR 18.8 (26.8 loss) million. In January-December, the return on capital employed (ROCE) was -19.0 (-32.1)%. Earnings per share in January-December were EUR -0.41 (-0.68) and fourth-quarter earnings per share were EUR -0.24 (-0.34).

Financial position, cash flow and financing

At the end of the review period, the consolidated asset total was EUR 194.9 (226.7) million. The equity attributable to the owners of the parent was EUR 39.1 (69.0) million, i.e. EUR 0.50 (0.88) per share. The equity ratio on 31 December 2010 was 22.1 (33.1)%.

Return on equity in January-December was -58.7 (-55.5)%.

Cash flow from operating activities, excluding the change in working capital, was EUR -13.7 (-29.8) million in the review period. The most significant reasons for the negative cash flow from operating activities were the settling of provisions recognised in 2009 and financial items, such as the payment of convertible bond interest. The change in working capital was EUR 2.7 (28.6) million. Cash flow from investments was EUR -3.5 (-7.5) million. Cash flow from financing activities in January-December was EUR 11.9 (12.3) million.

A EUR 6.3 million convertible bond was issued in February. The terms of the convertible bond are similar to those of the convertible bond issued in June 2009.

The Group's liquid funds at the end of the review period totalled EUR 15.7 (15.6) million. Interest-bearing net debt totalled EUR 74.6 (63.7) million and net gearing was 189.0 (91.9)%.

At end of the third quarter of 2010, the company's loan covenants, operating margin and net gearing would not have met the limits originally agreed in Glaston's revolving credit facility agreement. Glaston agreed, however, with its financial institutions that the covenant terms of the revolving credit facility agreement will not be applied. Negotiations with the financial institutions on the renewal of existing financing agreements negotiations were completed before the financial statements were authorized for issue. Glaston's financing package was published in a Stock Exchange Release on 25 February 2011 and the content is described in the section "Events after the review period" of this release.

Adjustment measures
In 2010 Glaston implemented extensive adjustment measures worldwide, with the focus being mainly on Europe. The efficiency improvement measures initiated in 2008 and the extensive adjustment programme to reorganise operations initiated in 2009 were completed for the most part during the first half of 2010.

In December 2010, Glaston initiated negotiations on adjustment measures aimed at improving the profitability of the Machines segment. The most extensive adjustments were directed at Italy, where negotiations on the reduction of around 40 jobs will be completed during the first quarter of 2011. Measures directed at Finland were completed during the review period, and as a result of the negotiation process around 25 employees were made redundant. During the final quarter of 2010, personnel reductions were also made in the European area organisation, in which the expansion of a distributor- and agent-based operating model led to the termination of around 25 employment relationships.

During 2010 the number of personnel in Europe has been reduced by 240 (-48 in Finland, -192 in the rest of Europe). The Group had substantial temporary lay-off programmes under way in Finland and Italy during the year.

Research and product development
Glaston's research and product development expenditure in 2010 totalled EUR 9.8 (13.6) million, i.e. 6.6 (8.9)% of net sales. In product development, most attention was focused on improving the user friendliness of products as well as on production efficiency and reliability, and end-product quality.

During the year, Glaston launched onto the market a number of product solutions, of which the most significant were the Tamglass FC500 and Tamglass RC200 flat tempering machines, Tamglass Power Control, directed at the South American LowE glass market, the iControL control and automation system, the iLooK online quality measurement system and the Vortex Pro convention system. As the focus of the market shifted to Asia, Glaston moved manufacturing of glass cutting machines from Italy to its Tianjin factory in China. Production of the Bavelloni ProCut and Bavelloni Dragon cutting lines, directed at the Asian market, was initiated in the spring.

In autumn 2010, Glaston entered into a cooperation agreement with the Finnish company Beneq Oy and launched onto the market the unique Beneq-Glaston TFC 2000 machine line, developed jointly by the companies, for the production of transparent conducting oxide (TCO) solar panel (PV) glass.

Product development in the Software Solutions segment focused on the development of additional features for AWFactory and Panorama products.

Capital expenditure, depreciation and amortisation
Glaston's gross capital expenditure totalled EUR 4.6 (8.5) million. The most significant investments in 2010 were in product development.

During 2010 depreciation and amortisation of property, plant and equipment totalled EUR 7.5 (8.4) million. In addition, recognitions of impairment losses and cancellations of earlier impairment losses totalled EUR 7.0 (12.5) million net, of which goodwill accounted for EUR 5.8 (7.8) million.

Changes in the company's management
Tapio Engström was appointed Chief Financial Officer as of 1 July 2010, Pekka Huuhka Senior Vice President, Supply Chain as of 1 August 2010, and Tapani Lankinen Senior Vice President, Human Resources as of 1 October 2010. All are members of Glaston's Executive Management Group. Frank Chengdong Zhang, General Manager, Asia, was appointed member of the Executive Management Group as of 1 September 2010.

Organisation and personnel
During 2010, measures to adjust personnel numbers to the changed market situation continued. In Europe, the number of personnel declined significantly (-240) and was directed mainly at Finland, Italy and the European area organisation. In Asia, human resources were strengthened (+52). Most of the new personnel work in production roles, but the product development and procurement organisations were also strengthened.

To standardise the organisation and operating practices, Glaston's values, "The Glaston Way", were launched during the year.

On 31 December 2010, Glaston Corporation had a total of 957 (1,160) employees. Of the Group's employees, 19% worked in Finland and 44% elsewhere in the EMEA area, 23% in Asia and 14% in the Americas. The average number of employees was 1,028 (1,344).

Group structural changes in 2010
The US company Glaston North America, Inc. was merged with Glaston America Ltd. and the Brazilian company Brazil Glaston Brazil Ltda was merged with Z. Bavelloni South America Ltda in January. The Japanese company Glaston Japan, Inc. was dissolved in March and the Chinese company Glaston Shanghai Co. Ltd. was merged with Glaston Management (Shanghai) Co. Ltd. in June.

The German company Albat+Wirsam Software AG changed its name to Albat+Wirsam Software GmbH, and Tamglass EMA Sales Ltd. Oy changed its name to Glaston International Oy.

Albat+Wirsam Software GmbH founded a branch in Spain.

Environment
Glaston strives to promote sustainable development both in terms of the products and services it offers to its customers and in its own operations. Even though Glaston's own production activity does not, in principle, significantly load the environment, the company even so continually develops its processes to take the principles of sustainable development still better into account. In terms of the products it manufactures, Glaston's objective is to make glass processing machines as energy-efficient as possible. The life cycle of a glass

processing machine is long, on average around 20 years. The design of Glaston's machines takes into account the machines' entire life cycle, and they are built to withstand continuous use at high production capacities. Special attention is also paid to the machines' energy use. During the review period, Glaston launched the Tamglass FC500 tempering line, which in terms of its energy efficiency is around 30% higher and in terms of energy glass tempering capacity up to 40% higher than a traditional tempering line.

Shares and share prices
Glaston Corporation's paid and registered share capital on 31 December 2010 was EUR 12.7 million and the number of issued shares totalled 79,350,000. The company has one series of share. At the end of the financial year, the company held 788,582 of the company's own shares (treasury shares), corresponding to 1% of the total number of issued shares and votes. The counter book value of treasury shares is EUR 126,173.

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 0.16.

During 2010, a total of 15,419,409 of the company's shares were traded, representing approximately 20% of the average number of shares. The lowest price paid for a share was EUR 0.80 and the highest price EUR 1.65. The volume-weighted average price of shares traded during January-December was EUR 1.17. The closing price on 31 December 2009 was EUR 1.13.

On 31 December 2010, the market capitalisation of the company's shares, treasury shares excluded, was EUR 88.8 (84.8) million. The equity per share attributable to owners of the parent was EUR 0.50 (0.88).

Share-based incentive scheme
On 9 June 2010, the Board of Directors decided on a new share-based incentive scheme for management. The scheme has one performance period covering 2010 and 2011, with the performance criterion being the development of the Group's operating profit. Any bonus will be paid after the result for 2011 is published in spring 2012.

On the basis of the scheme, a maximum total gross number of approximately 2.5 million Glaston shares can be distributed. Any income taxes and other statutory payments arising from the payment of the bonus will be deducted from the gross number of shares before their distribution. The target group for the scheme will consist during the performance period of at most 12 people.

In addition to the above-mentioned incentive scheme, the President & CEO of Glaston Corporation has a separate share bonus arrangement, on the basis of which he was awarded a total of 50,000 Glaston Corporation shares on 3 September 2010.

Decisions of the Annual General Meeting
The Annual General Meeting of Glaston Corporation was held in Helsinki on 13 April 2010. The Annual General Meeting approved the financial statements and consolidated financial statements for 2009 and released the Board of Directors and the President & CEO from liability for the financial year 1 January-31 December 2009.

The Annual General Meeting approved the proposal of the Board of Directors that no dividend be distributed for the financial year ending 31 December 2009.

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, Klaus Cawén, Jan Lång, Carl-Johan Rosenbröijer, Christer Sumelius and Andreas Tallberg. In addition, Teuvo Salminen was elected as a new member of the Board.

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 the responsible auditor being Harri Pärssinen, APA.

The Annual General Meeting approved an amendment to Article 11 of the Articles of Association that the notice to attend a General Meeting be published no later than three weeks prior to the General Meeting, however at the latest nine days before the record date of the General Meeting.

At its organising meeting on 13 April 2010, Glaston's Board of Directors elected Andreas Tallberg to continue as the Chairman of the Board and Christer Sumelius to continue as the Deputy Chairman of the Board.

Authorisations given by the Annual General Meeting
The Annual General Meeting of Glaston Corporation 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 6,800,000 new shares and on the conveyance of a maximum of 6,800,000 own shares held by the company. However, the total number of shares to be issued and/or conveyed may not exceed 6,800,000 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, waiving 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 exception to 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 2012 Annual General Meeting.

The Board of Directors has no other authorisations.

Events after the review period
Senior Vice President, Machines and member of the Executive Management Group left Glaston on 1 February 2011. No new Senior Vice President, Machines will be appointed; the business area will report directly to the President & CEO.

Glaston signed on 25 february 2011 the financing package to provide approximately EUR 84 million to refinance its current short-term syndicated loan facility, to increase its financial flexibility and to strengthening its equity. The financing package comprised of the following elements:

EUR 73.7 million was provided in the form of secured senior debt from Pohjola Bank plc, Nordea Bank Finland Plc, Pohjola Bank plc and Sampo Bank plc. The syndicated loan facility has a maturity of three years and the loan agreement includes typical financial covenants. Payment of dividend will be conditional on 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 regulated in Chapter 13 Section 7 of the Finnish Companies Act.

Approximately EUR 6 million was provided by issuing new shares in Glaston and EUR 4.0 million in junior debt with maturity of three years.

The Board of Directors of Glaston resolved by virtue of the authorization granted by the Annual General Meeting on 13 April 2010 to conduct a directed share issue and offered 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 ("Varma") and Finnish Industry Investment Ltd. provided undertakings to the Company to subscribe for the shares.

The subscription price for each share issued in the directed issue is the trade volume-weighted average price of the Glaston share less 4.9 per cent for a time period of five days preceding the payment date. New shares issued in the directed share issue will be registered in the Trade Register on or about 4 March 2011 and trading in the Main market of NASDAQ OMX Helsinki Ltd will commence on or about 7 March 2011.

Glaston also entered into agreement with Varma and Finnish Industry Investment Ltd. on conversion of Glaston Convertible Loan held by them into shares in Glaston with the conversion rate EUR 1.30 determined in the terms and conditions of the Convertible Loan. Thus the amount of the Convertible Loan held by Varma, EUR 9.0 million, and Finnish Industry Investment, EUR 6.25 million, in total EUR 15.25 million, was converted into 11,730,768 shares in Glaston. To compensate Varma and Finnish Industry Investment Ltd. for the difference of conversion rate and recent share price trading level, Glaston agreed to provide the investors 21 cents per share as additional consideration. This offer will be extended to all Convertible Loan investors. The total issued amount of Convertible Loan was EUR 30 million.

The converted amount of the convertible bond was recorded in reserve for invested unrestricted equity. In accordance with IAS 32, the compensation to Varma and Finnish Industry Investment Ltd related to the conversion of the bond will result in approximately EUR 2.5 million financial expense. However, the expense has no effect on Glaston’s equity.

The Board of Directors intends to propose the Annual General Meeting to be held on 5 April 2011 to authorise the Board of Directors to issue new shares. As a part of contemplated authorisation, the new shares may be issued without payment for the purpose of aforementioned compensation for the Convertible Loan investors. Glaston's largest shareholders Oy G.W.Sohlberg Ab and GWS Trade Oy have separately agreed that they will support the proposal of the share issue without payment at the Annual General Meeting.

Uncertainties and risks in the near future
During the last couple of years, the glass processing market has fundamentally changed, with the focus of activity shifting to emerging market areas. Led by China, the Asian market is growing strongly, as is the South American market, with Brazil acting as the engine of growth. Glaston has strengthened its presence in these markets. The shift of the focus of business activity to the emerging markets requires the management of risks associated with these areas. These include, for example, political and economic instability as well as issues relating to product rights.

In North America and in Europe, the market has developed unevenly, with substantial differences between areas. Quiet markets have led to overcapacity and, in addition, customers' difficulties relating to finance arrangements may further restrict customers' investment opportunities. In certain markets uncertainty is still evident and the risk of the postponement of orders and of the cancellation of orders already confirmed still exists, if perhaps on a diminished level.

The underlying nature of the sector is expected to remain unchanged, however, so development in the coming years is expected to be positive compared with 2010. If the recovery of the sector is delayed further 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.

Glaston's 2010 result includes an impairment loss on goodwill of EUR 5.8 million. If the recovery of the sector is delayed, it is possible that Glaston's recoverable amounts will, despite the savings arising from efficiency measures, be insufficient to cover the carrying amounts of assets, particularly goodwill. If this happens, it will be necessary to recognise an impairment loss, which, when implemented, will weaken the result and equity.

General business risks and risk management are outlined in more detail in Glaston's 2010 Annual Report 2010 and on the company's website www.glaston.net.

Board of Directors' proposal on the distribution of profits
The distributable funds of Glaston Corporation, the parent of Glaston Group, are EUR 43,370,581, of which EUR 4,370,565 represents the loss for the financial year.

The Board of Directors proposes to the Annual General Meeting that no dividend be distributed from the result for the year nor from retained earnings. EUR 43,370,581 will be left in distributable funds.

Outlook
A modest recovery in Glaston's market is expected during 2011. In Asia and particularly in China, demand is expected to grow strongly. In South America, demand was on a high level in 2010 and this positive development is expected to continue. In the North American market, cautious signs of recovery were evident in the final quarter of 2010, and modest growth in demand is expected in 2011. In Europe and the Middle East, the market continues 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 be robust. We will continue purposefully to strengthen our position in China and elsewhere in Asia.

In 2011 the business development priorities will be profitability improvement and the completion of 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 result will return to a positive trend.

Helsinki, 1 March 2011

Glaston Corporation
Board of Directors

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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

GLASTON CORPORATION

CONDENSED FINANCIAL STATEMENTS AND NOTES 1 JANUARY - 31 DECEMBER 2010

These condensed financial statements are audited. Auditor’s report has been given on 1 March, 2011. Quarterly information and interim reports are not audited.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	31.12.2010	31.12.2009
Assets		
Non-current assets		
Goodwill	52.6	58.4
Other intangible assets	18.8	19.7
Property, plant and equipment	19.5	24.7
Investments in joint ventures and associates	0.0	0.4
Available-for-sale assets	0.3	0.3
Loan receivables	4.5	5.9
Deferred tax assets	8.9	8.5
Total non-current assets	**104.6**	**117.9**
Current assets		
Inventories	27.9	37.4
Receivables		
Trade and other receivables	43.1	52.2
Assets for current tax	0.8	3.6
Total receivables	43.9	55.8
Cash equivalents	15.7	15.6
Assets held for sale	2.8	-
Total current assets	**90.3**	**108.8**
Total assets	**194.9**	**226.7**

	31.12.2010	31.12.2009
Equity and liabilities		
Equity		
Share capital	12.7	12.7
Share premium account	25.3	25.3
Other reserves	0.0	0.0
Reserve for invested unrestricted equity	0.1	0.2
Treasury shares	-3.3	-3.5
Fair value reserve	0.0	0.0
Retained earnings and exchange differences	36.3	87.9
Net result attributable to owners of the parent	-31.9	-53.6
Equity attributable to owners of the parent	**39.1**	**69.0**

Non-controlling interest	**0.3**	**0.3**
Total equity	**39.5**	**69.4**
Non-current liabilities		
Convertible bond	26.2	20.1
Non-current interest-bearing liabilities	0.0	4.7
Non-current interest-free liabilities and provisions	4.3	7.3
Deferred tax liabilities	4.7	6.6
Total non-current liabilities	**35.2**	**38.8**
Current liabilities		
Current interest-bearing liabilities	61.4	54.4
Current provisions	7.0	9.8
Trade and other payables	48.2	53.2
Liabilities for current tax	0.8	1.0
Liabilities related to non-current assets held for sale	2.8	-
Total current liabilities	**120.2**	**118.5**
Total liabilities	**155.4**	**157.3**
Total equity and liabilities	**194.9**	**226.7**

CONDENSED CONSOLIDATED INCOME STATEMENT

EUR million	**10-12/ 2010**	**10-12/ 2009**	**1-12/ 2010**	**1-12/ 2009**
Net sales	**37.7**	**35.8**	**149.4**	**151.8**
Other operating income	0.4	0.2	0.9	1.1
Expenses	-47.0	-50.6	-160.3	-185.8
Share of associates and joint ventures' result	0.0	-0.5	-0.4	-1.5
Depreciation, amortization and impairment	-8.6	-13.3	-14.5	-20.9
Operating profit / loss	**-17.6**	**-28.4**	**-24.9**	**-55.3**
Financial items, net	-1.0	-0.7	-6.9	-2.3
Result before income taxes	**-18.5**	**-29.0**	**-31.8**	**-57.6**
Income taxes	-0.2	2.2	-0.2	4.0
Profit / loss for the period	**-18.8**	**-26.8**	**-32.0**	**-53.6**
Attributable to:				
Owners of the parent	-18.7	-26.8	-31.9	-53.6
Non-controlling interest	0.0	0.0	0.0	0.0
Total	**-18.8**	**-26.8**	**-32.0**	**-53.6**
Earnings per share, EUR, basic	**-0.24**	**-0.34**	**-0.41**	**-0.68**
Earnings per share, EUR, diluted	**-0.24**	**-0.34**	**-0.41**	**-0.68**
Operating profit / loss, as % of net sales	-46.7	-79.2	-16.7	-36.4

Profit / loss for the period, as % of net sales	-49.8	-74.9	-21.4	-35.3
Non-recurring items included in operating profit / loss	-13.7	-17.3	-13.7	-21.6
Operating profit / loss, non-recurring items excluded	-3.9	-11.0	-11.3	-33.6
Operating profit / loss, non-recurring items excluded, as % of net sales	-10.5	-30.8	-7.5	-22.2

CONSOLIDATED STATEMENT OF COMPEREHENSIVE INCOME

	10-12/ 2010	10-12/ 2009	1-12/ 2010	1-12/ 2009
Profit / loss for the period	**-18.8**	**-26.8**	**-32.0**	**-53.6**
Other comprehensive income				
Total exchange differences on translating foreign operations	0.3	0.0	1.0	-0.7
Fair value changes of available-for-sale assets	0.0	0.0	0.0	0.0
Income tax on other comprehensive income	0.0	0.0	0.0	0.0
Other comprehensive income for the reporting period, net of tax	**0.3**	**0.0**	**1.0**	**-0.7**
Total comprehensive income for the reporting period	**-18.4**	**-26.9**	**-30.9**	**-54.4**
Attributable to				
Owners of the parent	-18.4	-26.8	-30.9	-54.3
Non-controlling interest	0.0	-0.1	0.0	0.0
Total comprehensive income for the reporting period	**-18.4**	**-26.9**	**-30.9**	**-54.4**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1-12/2010	1-12/2009
Cash flows from operating activities		
Cash flow before change in net working capital	-13.7	-29.8
Change in net working capital	2.7	28.6
Net cash flow from operating activities	**-11.0**	**-1.2**
Cash flow from investing activities		
Business combinations	0.0	-0.5
Other purchases of non-current assets	-4.4	-6.5

Investment in joint ventures	-0.2	-2.0
Proceeds from sale of joint ventures	0.4	-
Other	-	0.1
Proceeds from sale of other non-current assets	0.7	1.4
Net cash flow from investing activities	**-3.5**	**-7.5**
Cash flow before financing	**-14.5**	**-8.7**
Cash flow from financing activities		
Increase in non-current liabilities	6.2	23.8
Decrease in non-current liabilities	-1.2	-11.9
Changes in loan receivables (increase - / decrease +)	-0.1	-
Changes in short-term liabilities (increase + / decrease -)	5.5	3.2
Dividends paid	-	-3.9
Other financing	1.4	1.2
Net cash flow from financing activities	**11.9**	**12.3**
Effect of exchange rate changes	**2.7**	**0.4**
Net change in cash and cash equivalents	**0.1**	**4.0**
Cash and cash equivalents at the beginning of period	15.6	11.5
Cash and cash equivalents at the end of period	15.7	15.6
Net change in cash and cash equivalents	**0.1**	**4.0**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Share premium account	Other reserves	Reserve for invested unrestr. equity	Treasury shares	Fair value reserve
Equity at 1 January, 2009	**12.7**	**25.3**	**-**	**0.2**	**-3.5**	**0.0**
Total comprehensive income for the period	-	-	-	-	-	0.0
Other changes	-	-	0.0	-	-	-
Other changes in treasury shares	-	-	-	0.0	0.0	-
Equity at 31 December, 2009	**12.7**	**25.3**	**0.0**	**0.2**	**-3.5**	**0.0**

	Share capital	Share premium account	Other reserves	Reserve for invested unrestr. equity	Treasury shares	Fair value reserve
Equity at 1 January, 2010	**12.7**	**25.3**	**0.0**	**0.2**	**-3.5**	**0.0**
Total comprehensive income for the period	-	-	0.0	-	-	0.0
Share-based incentive plan	-	-	-	-0.1	0.2	-
Share-based incentive plan, tax effect	-	-	-	0.0	-	-
Equity at 31 December, 2010	**12.7**	**25.3**	**0.0**	**0.1**	**-3.3**	**0.0**

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	Retained earnings	Exchange differences	Equity attributable to owners of the parent	Non-controlling interest	Total equity
Equity at 1 January, 2009	**89.6**	**-0.5**	**123.7**	**0.0**	**123.8**
Total comprehensive income for the period	-53.6	-0.7	-54.3	0.0	-54.4
Other changes in non-controlling interest	0.1	-	0.1	0.3	0.4
Other changes in treasury shares	-	-	-	-	-
Other changes	0.0	-	-	-	-
Share-based incentive plan	0.1	-	0.1	-	0.1
Share-based incentive plan, tax effect	0.0	-	0.0	-	0.0
Equity part of convertible bond	3.4	-	3.4	-	3.4
Reversal of unpaid dividends	0.0	-	0.0	-	0.0
Dividends paid	-3.9	-	-3.9	-	-3.9
Equity at 31 December, 2009	**35.6**	**-1.3**	**69.0**	**0.3**	**69.4**

	Retained earnings	Exchange differences	Equity attributable to owners of the parent	Non-controlling interest	Total equity
Equity at 1 January, 2010	**35.6**	**-1.3**	**69.0**	**0.3**	**69.4**
Total comprehensive income for the period	-31.9	1.0	-30.9	0.0	-30.9
Share-based incentive plan	0.2	-	0.3	-	0.3
Share-based incentive plan,	-0.1	-	0.0	-	0.0

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tax effect					
Equity part of convertible bond	0.8	-	0.8	-	0.8
Equity at 31 December, 2010	**4.6**	**-0.3**	**39.1**	**0.3**	**39.5**

KEY RATIOS

	31.12.2010	**31.12.2009**
EBITDA, as % of net sales (1	-6.9	-22.7
Operating profit / loss (EBIT), as % of net sales	-16.7	-36.4
Net result, as % of net sales	-21.4	-35.3
Gross capital expenditure, EUR million	4.6	8.5
Gross capital expenditure, as % of net sales	3.1	5.6
Equity ratio, %	22.1	33.1
Gearing, %	228.6	114.3
Net gearing, %	189.0	91.9
Net interest-bearing debt, EUR million	74.6	63.7
Capital employed, end of period, EUR million	129.7	148.6
Return on equity, %	-58.7	-55.5
Return on capital employed, %	-19.0	-32.1
Number of personnel, average	1,028	1,344
Number of personnel, end of period	957	1,160

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

PER SHARE DATA

	31.12.2010	**31.12.2009**
Number of shares, end of period, treasury shares excluded (1,000)	78,561	78,511
Number of shares, average, treasury shares excluded (1,000)	78,527	78,522
Number of shares, dilution effect of the convertible bond taken into account, average, treasury shares excluded (1,000)	100,880	89,143
EPS, basic, EUR	-0.41	-0.68
EPS, diluted, EUR	-0.41	-0.68
Equity attributable to owners of the parent per share, EUR	0.50	0.88
Price per earnings per share (P/E) ratio	-2.8	-1.6
Price per equity attributable to owners of the parent per share	2.27	1.23
Market capitalization, EUR million	88.8	84.8
Share turnover, % (number of shares traded, % of the average number of shares)	19.6	9.0
Number of shares traded, (1,000)	15,419	7,033

Closing price of the share, EUR	1.13	1.08
Highest quoted price, EUR	1.65	1.44
Lowest quoted price, EUR	0.80	0.92
Volume-weighted average quoted price, EUR	1.17	1.18

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

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

The accounting principles applied in these condensed consolidated financial statements are the same as those applied by Glaston in its consolidated financial statements as at and for the year ended 31 December, 2009, with the exception of the following new or revised or amended standards and interpretations which have been applied from 1 January, 2010:

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

In addition, Glaston has applied the annual Improvements to IFRSs issued in April 2009.

In accordance with the revised IFRS 3 standard all acquisition-related costs arising from the business combinations made after 1 January 2010 are recognized in profit or loss and not capitalized as a part of the purchase consideration, as previously has been done. In addition, all consideration transferred in the business combination is measured at the acquisition date fair value, and liabilities classified as contingent consideration are subsequently measured at fair value with any resulting gain or loss recognized in profit or loss. 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 revised IAS 27 standard, the effects of the transactions made with non-controlling interests are recognized in equity, if there is no change in control. These transactions do not result in goodwill or gains or losses. If the control is lost, the possible remaining ownership share is measured at fair value and the resulting gain or loss is recognized in profit or loss. Also, in accordance with the revised standard, total comprehensive income is attributed also to non-controlling interest even if this will result in the non-controlling interest having a deficit balance.

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

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

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

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

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.

Glaston will apply the following new or revised or amended standards and interpretations from 1 January, 2012, if EU has approved them:

- Amendment to IFRS 7 Financial Instruments: Disclosures – Transfers of Financial Assets

The amendment shall be applied for annual periods beginning on or after 1 July, 2011. The amendment increases the disclosure requirements of transfers and derecognition of financial assets. The amendment does not have material effect on Glaston's consolidated financial statements.

Glaston will apply the following new or revised or amended standards and interpretations from 1 January, 2013, if EU has approved them:

- IFRS 9 Financial Instruments, Part 1
- Amendment to IFRS 9 Financial Instruments – Additions to Accounting for Financial Liabilities

The standards shall be applied for annual periods beginning on or after 1 July, 2013. IFRS 9 shall be applied retrospectively.

In accordance with the new IFRS 9 standard, financial assets, which are debt instruments, are measured after initial measurement at either amortized cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flows characteristics of the financial asset. Financial assets, which are equity instruments, are

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measured at fair value after initial measurement. Fair value changes of equity instruments are recognized in other comprehensive income, if the entity has elected to present the changes at fair value through other comprehensive income.

Financial liabilities are subsequently measured at amortized cost or at fair value through profit or loss. If the entity recognizes the liability at fair value through profit or loss, the fair value changes arising from changes in the liability’s credit risk are recognized in other comprehensive income and they will not be reclassified to profit or loss.

The new IFRS 9 standard is estimated to not to have any material effect of Glaston’s financial statements.

DIVESTMENTS

Glaston’s joint venture, the glass processing company INTERPANE Glass Oy, was sold to Rakla Finland Oy on 9 April, 2010.

INTERPANE Glass Oy began its operations on 1st April, 2009 and was owned jointly by A A A Glass & Design Finland Oy and a subsidiary of Glaston Corporation. The shareholders of INTERPANE Glass agreed on rearranging their ownership, and as a result of the agreement 100 percent of the shares in INTERPANE Glass Oy were sold to Rakla Finland Oy. After the rearrangement transaction, Glaston still holds a EUR 4 million secured loan receivable in INTERPANE Glass Oy.

The result effect of the rearrangement transaction, approximately EUR -2.6 million, has been recognized in Glaston’s result in financial expenses, thus the rearrangement transaction has no effect on Glaston’s operating result.

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. The sale of tools was transferred to Machines segment from Services segment during the first quarter. Comparison information has been restated accordingly.

Services segment includes maintenance and service of glass processing machines, machine upgrades and sale of spare parts. Services segment also provided service to a customer by operating of glass processing factory in Akaa, Finland, on behalf of the customer. Glaston has decided to cease the operations at the glass processing factory.

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 unallocated share of joint venture's result.

Machines

EUR million	**10-12/ 2010**	**10-12/ 2009**	**1-12/ 2010**	**1-12/ 2009**
External sales	23.5	21.8	94.9	92.0
Intersegment sales	0.1	0.1	0.1	0.6
Net sales	**23.6**	**21.9**	**95.0**	**92.5**
EBIT excluding non-recurring items	**-2.7**	**-7.7**	**-8.5**	**-22.4**
EBIT-%, excl. non-recurring items	-11.5	-35.0	-8.9	-24.2
Non-recurring items	-12.0	-12.1	-12.0	-15.9
EBIT	**-14.7**	**-19.8**	**-20.4**	**-38.3**
EBIT-%	-62.1	-90.5	-21.5	-41.4
Net working capital			24.2	34.4
Number of personnel, average			616	778
Number of personnel, end of period			577	688

Services

EUR million	**10-12/ 2010**	**10-12/ 2009**	**1-12/ 2010**	**1-12/ 2009**
External sales	8.3	7.9	30.7	35.9
Intersegment sales	0.5	0.4	1.4	1.9
Net sales	**8.8**	**8.2**	**32.0**	**37.7**
EBIT excluding non-recurring items	**1.2**	**-0.5**	**3.3**	**-2.4**

EBIT-%, excl. non-recurring items	13.3	-5.5	10.1	-6.4
Non-recurring items	-2.2	-2.5	-2.2	-2.8
EBIT	**-1.0**	**-2.9**	**1.1**	**-5.2**
EBIT-%	-11.3	-35.7	3.4	-13.7
Net working capital			6.9	9.8
Number of personnel, average			171	291
Number of personnel, end of period			149	215

Software Solutions

EUR million	**10-12/ 2010**	**10-12/ 2009**	**1-12/ 2010**	**1-12/ 2009**
External sales	5.8	6.3	23.9	23.9
Intersegment sales	-0.1	0.0	0.0	0.0
Net sales	**5.8**	**6.3**	**23.9**	**23.9**
Share of associates' and joint ventures' results	-	-	0.0	0.0
EBIT excluding non-recurring items	**-0.3**	**-0.2**	**1.1**	**0.4**
EBIT-%, excl. non-recurring items	-5.9	-2.9	4.5	1.7
Non-recurring items	0.5	-1.5	0.5	-1.7
EBIT	**0.1**	**-1.6**	**1.5**	**-1.3**
EBIT-%	2.2	-26.2	6.4	-5.5
Net working capital			4.5	5.8
Number of personnel, average			219	248
Number of personnel, end of period			214	234

Glaston Group
EUR million

Net sales	**10-12/ 2010**	**10-12/ 2009**	**1-12/ 2010**	**1-12/ 2009**
Machines	23.6	21.9	95.0	92.5
Services	8.8	8.2	32.0	37.7
Software Solutions	5.8	6.3	23.9	23.9
Other and intersegment sales	-0.5	-0.6	-1.5	-2.4
Glaston Group total	**37.7**	**35.8**	**149.4**	**151.8**

EBIT	**10-12/ 2010**	**10-12/ 2009**	**1-12/ 2010**	**1-12/ 2009**
Machines	-2.7	-7.7	-8.5	-22.4
Services	1.2	-0.5	3.3	-2.4
Software Solutions	-0.3	-0.2	1.1	0.4
Other and eliminations	-2.1	-2.7	-7.1	-9.3
EBIT excluding non-recurring items	**-3.9**	**-11.0**	**-11.3**	**-33.6**
Non-recurring items	-13.7	-17.3	-13.7	-21.6
EBIT	**-17.6**	**-28.4**	**-24.9**	**-55.3**
Net financial items	-1.0	-0.7	-6.9	-2.3
Result before income taxes and non-controlling interest	**-18.5**	**-29.0**	**-31.8**	**-57.6**

Income taxes	-0.2	2.2	-0.2	4.0
Result	**-18.8**	**-26.8**	**-32.0**	**-53.6**
Number of personnel, average			1,028	1,344
Number of personnel, end of period			957	1,160

The non-recurring items of 2010 consist of impairment losses and reversals of impairment losses recognized of goodwill and intangible and tangible assets (net amount EUR -6.4 million), personnel and other expenses arising from restructuring program (EUR -5.5 million) as well as impairment losses of inventory arising from restructuring related product portfolio changes (EUR -2.2 million). In addition, the non-recurring items include reversals of provisions made in previous years (EUR 0.4 million).

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

Segment assets	**31.12.2010**	**31.12.2009**
Machines	46.5	58.0
Services	10.1	13.9
Software Solutions	5.2	6.5
Other	0.0	0.2
Total segment assets	**61.8**	**78.7**
Other assets	133.1	147.9
Total assets	**194.9**	**226.7**

Segment liabilities	**31.12.2010**	**31.12.2009**
Machines	22.3	23.7
Services	3.2	4.1
Software Solutions	0.7	0.7
Other	0.3	0.2
Total segment liabilities	**26.5**	**28.7**
Other liabilities	129.0	128.6
Total liabilities	**155.4**	**157.3**

Net working capital	**31.12.2010**	**31.12.2009**
Machines	24.2	34.4
Services	6.9	9.8
Software Solutions	4.5	5.8
Other	-0.2	0.0
Total Glaston Group	**35.4**	**50.0**

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

Order intake relating to Software Solutions segment was restated in the second quarter so that it currently includes, in addition to license orders, also the software maintenance order intake.

Order intake

EUR million	1-12/2010	1-12/2009
Machines	96.2	98.8
Services	29.8	32.6
Software Solutions	22.3	20.2
Total Glaston Group	**148.3**	**151.5**

Net sales by geographical areas

EUR million	1-12/2010	1-12/2009
EMEA	75.3	90.7
Asia	35.2	24.7
America	39.0	36.4
Total	**149.4**	**151.8**

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

Machines

EUR million	10-12/ 2010	7-9/ 2010	4-6/ 2010	1-3/ 2010	10-12/ 2009	7-9/ 2009	4-6/ 2009	1-3/ 2009
External sales	23.5	18.5	28.5	24.3	21.8	17.2	30.1	22.8
Intersegment sales	0.1	0.0	0.0	0.0	0.1	0.0	-0.3	0.7
Net sales	**23.6**	**18.5**	**28.5**	**24.3**	**21.9**	**17.3**	**29.8**	**23.6**
EBIT excluding non-recurring items	**-2.7**	**-2.6**	**-1.7**	**-1.5**	**-7.7**	**-4.9**	**-4.6**	**-5.3**
EBIT-%, excl. non-recurring items	-11.5	-14.0	-5.9	-6.1	-35.0	-28.2	-15.4	-22.3
Non-recurring items	-12.0	-	-	-	-12.1	-	-3.8	-
EBIT	**-14.7**	**-2.6**	**-1.7**	**-1.5**	**-19.8**	**-4.9**	**-8.4**	**-5.3**
EBIT-%	-62.1	-14.0	-5.9	-6.1	-90.5	-28.2	-28.1	-22.3

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Services

EUR million	**10-12/ 2010**	**7-9/ 2010**	**4-6/ 2010**	**1-3/ 2010**	**10-12/ 2009**	**7-9/ 2009**	**4-6/ 2009**	**1-3/ 2009**
External sales	8.3	7.3	7.0	8.0	7.9	8.4	9.2	10.4
Intersegment sales	0.5	0.4	0.2	0.2	0.4	0.7	0.6	0.3
Net sales	**8.8**	**7.8**	**7.3**	**8.2**	**8.2**	**9.1**	**9.7**	**10.7**
EBIT excluding non-recurring items	**1.2**	**0.6**	**0.5**	**1.0**	**-0.5**	**-0.1**	**-0.2**	**-1.7**
EBIT-%, excl. non-recurring items	13.3	7.8	6.6	12.1	-5.5	-1.1	-1.7	-16.0
Non-recurring items	-2.2	-	-	-	-2.5	-	-0.3	-
EBIT	**-1.0**	**0.6**	**0.5**	**1.0**	**-2.9**	**-0.1**	**-0.4**	**-1.7**
EBIT-%	-11.3	7.8	6.6	12.1	-35.6	-1.1	-4.5	-16.0

Software Solutions

EUR million	**10-12/ 2010**	**7-9/ 2010**	**4-6/ 2010**	**1-3/ 2010**	**10-12/ 2009**	**7-9/ 2009**	**4-6/ 2009**	**1-3/ 2009**
External sales	5.8	6.0	6.0	6.0	6.3	5.8	5.9	6.0
Intersegment sales	-0.1	0.1	0.0	0.0	0.0	0.0	0.0	0.0
Net sales	**5.8**	**6.1**	**6.0**	**6.1**	**6.3**	**5.8**	**5.9**	**6.0**
Share of associates' and joint ventures' results	-	0.0	-	-	0.0	0.0	0.0	0.0
EBIT excluding non-recurring items	**-0.3**	**0.2**	**0.5**	**0.7**	**-0.2**	**0.5**	**0.5**	**-0.4**
EBIT-%, excl. non-recurring items	-5.9	4.0	7.8	11.7	-2.9	7.7	8.7	-6.0
Non-recurring items	0.5	-	-	-	-1.5	-	-0.3	-
EBIT	**0.1**	**0.2**	**0.5**	**0.7**	**-1.6**	**0.5**	**0.2**	**-0.4**
EBIT-%	2.2	4.0	7.8	11.7	-26.2	7.7	4.1	-6.0

Net sales

EUR million	10-12/ 2010	7-9/ 2010	4-6/ 2010	1-3/ 2010	10-12/ 2009	7-9/ 2009	4-6/ 2009	1-3/ 2009
Machines	23.6	18.5	28.5	24.3	21.9	17.3	29.8	23.6
Services	8.8	7.8	7.3	8.2	8.2	9.1	9.7	10.7
Software Solutions	5.8	6.1	6.0	6.1	6.3	5.8	5.9	6.0
Other and intersegment sales	-0.5	-0.5	-0.2	-0.2	-0.6	-0.7	-0.2	-1.0
Glaston Group total	**37.7**	**31.9**	**41.5**	**38.4**	**35.8**	**31.5**	**45.2**	**39.2**

EBIT

EUR million	10-12/ 2010	7-9/ 2010	4-6/ 2010	1-3/ 2010	10-12/ 2009	7-9/ 2009	4-6/ 2009	1-3/ 2009
Machines	-2.7	-2.6	-1.7	-1.5	-7.7	-4.9	-4.6	-5.3
Services	1.2	0.6	0.5	1.0	-0.5	-0.1	-0.2	-1.7
Software Solutions	-0.3	0.2	0.5	0.7	-0.2	0.5	0.5	-0.4
Other and eliminations	-2.1	-1.1	-2.1	-1.9	-2.7	-2.9	-1.9	-1.6
EBIT excluding non-recurring items	**-3.9**	**-2.8**	**-2.8**	**-1.7**	**-11.0**	**-7.4**	**-6.2**	**-9.0**
Non-recurring items	-13.7	-	-	-	-17.3	-	-4.3	-
EBIT	**-17.6**	**-2.8**	**-2.8**	**-1.7**	**-28.4**	**-7.4**	**-10.5**	**-9.0**

Order book	31.12. 2010	30.9. 2010	30.6. 2010	31.3. 2010	31.12. 2009	30.9. 2009	30.6. 2009	31.3. 2009
Machines	37.4	34.7	25.6	32.4	39.8	35.8	30.8	38.2
Services	1.2	1.9	0.9	0.7	1.6	1.6	2.3	4.0
Software Solutions	3.5	4.0	3.7	3.8	4.1	3.5	4.0	3.7
Total Glaston Group	**42.1**	**40.7**	**30.2**	**36.9**	**45.5**	**40.9**	**37.1**	**45.9**

Order intake

EUR million	10-12/ 2010	7-9/ 2010	4-6/ 2010	1-3/ 2010	10-12/ 2009	7-9/ 2009	4-6/ 2009	1-3/ 2009
Machines	26.8	25.3	23.8	20.3	30.1	23.0	30.0	15.7
Services	8.0	7.7	7.4	6.7	8.5	7.8	7.6	8.7
Software Solutions	4.8	6.1	5.5	5.9	5.5	4.4	5.2	5.1

Total Glaston Group	**39.7**	**39.0**	**36.7**	**32.9**	**44.1**	**35.2**	**42.8**	**29.5**

CONTINGENT LIABILITIES

EUR million	**31.12.2010**	**31.12.2009**
Mortgages and pledges		
On own behalf	274.6	130.8
On behalf of others	0.1	0.0
Guarantees		
On own behalf	0.7	0.6
On behalf of others	0.2	0.1
Lease obligations	10.7	13.4
Repurchase obligations	0.2	0.2
Other obligation on own behalf	0.0	-
Capital commitments in relation to interests in joint ventures	-	0.7

Glaston Group has international operations and can be a defendant or plaintiff in a number of legal proceedings incidental to those operations. The Group does not expect the outcome of any unmentioned legal proceedings currently pending, either individually or in the aggregate, to have material adverse effect upon the Group's consolidated financial position or results of operations.

DERIVATIVE INSTRUMENTS

EUR million	**31.12.2010**		**31.12.2009**	
	Nominal value	Fair value	Nominal value	Fair value
Currency derivatives				
Currency forwards	0.4	0.1	2.6	-0.1
Commodity derivatives				
Electricity forwards	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

Changes in property, plant and equipment	1-12/2010	1-12/2009
Carrying amount at beginning of the period	24.7	35.0
Additions	0.9	1.2
Disposals	-0.4	-6.2
Depreciation and amortization	-3.4	-4.1
Impairment losses and reversals of impairment losses	-1.2	-1.2
Reclassification and other changes	-1.5	-0.1
Exchange differences	0.5	0.0
Carrying amount at end of the period	19.5	24.7

At the end of 2010, Glaston's contractual commitments for the acquisition of property, plant and equipment were EUR 0.0 million. At the end of 2009, Glaston did not have of contractual commitments for the acquisition of property, plant and equipment.

SHAREHOLDER INFORMATION

Largest shareholders 31 December, 2010

Shareholder	Number of shares	% of shares and votes
GWS Trade Oy	13,446,700	28.02%
Oy G.W.Sohlberg Ab	12,819,400	26.71%
Sumelius Birgit	3,644,200	7.59%
Fondita Nordic Micro Cap Investment Fund	2,350,000	4.90%
Oy Investsum Ab	1,820,000	3.79%
Suutarinen Helena Estate	1,802,400	3.76%
Von Christierson Charlie	1,600,000	3.33%
Sumelius Bjarne Henning	1,225,936	2.55%
Sumelius-Koljonen Barbro	1,206,375	2.51%
Sumelius-Fogelholm Birgitta Christin	1,014,000	2.11%
Nordea Pro Finland Fund	900,000	1.88%
Sumelius Bertil Christer	803,800	1.67%
Huber Karin	800,800	1.67%
Nordea Life Assurance Finland Ltd	800,000	1.67%
Investment Fund Aktia Capital	734,574	1.53%
Evli Alexander Management Oy	658,582	1.37%
Fontell Niilo Armas	624,700	1.30%
Pihkala-Vlassis Anna Marja	615,520	1.28%
Oy Cacava Ab	600,000	1.25%
Fennia Life Insurance Company Ltd.	525,000	1.09%
Total 20 largest shareholders	47,991,987	60.48%
Other shareholders	31,282,813	39.42%
Not in the book-entry securities system (in joint account)	75,200	0.09%
Total	**79,350,000**	**100.00%**

Treasury shares	-788,582	0.99%
Total excluding treasury shares	**78,561,418**	

Ownership distribution 31 December, 2010

	Shares total	% of shares and votes
Corporations	32,613,782	41.1%
Financial and insurance corporations	6,366,564	8.0%
Non-profit institutions	1,413,376	1.8%
Households	33,877,017	42.7%
Foreign countries	4,029,568	5.1%
General government	104,200	0.1%
Total	78,404,507	98.8%
Nominee registered	870,293	1.1%
Total	79,274,800	99.9%
Not in the book-entry securities system (in joint account)	75,200	0.1%
Total	**79,350,000**	**100.0%**

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 – December EUR 0.6 (0.6) million.

During the review period there were no other related party transactions whose terms would differ from the terms in transactions with third parties than what has been described in section “Transactions with joint ventures and associates”.

Management remuneration

Remuneration of the Board of Directors

EUR	**2010** annual fee	meeting fee	**2009** annual fee	meeting fee
Andreas Tallberg, Chairman of the Board of Directors	40,000	5,600	40,000	8,000
Christer Sumelius, Deputy Chairman of the Board of Directors	30,000	3,000	30,000	5,000
Claus von Bonsdorff	20,000	3,500	20,000	5,000
Klaus Cawén	20,000	3,000	20,000	5,000
Carl-Johan Rosenbröijer	20,000	3,500	20,000	5,000
Jan Lång	20,000	3,500	20,000	4,500
Teuvo Salminen (*	15,000	500	-	-
Mikael Mäkinen (**	-	-	5,000	1,000
Total	**165,000**	**22,600**	**155,000**	**33,500**

(* Member of the Board of Directors from 14 April, 2010
(** Member of the Board of Directors from 11 March, 2008 until 17 March, 2009

Remuneration of the Executive Management Group

EUR	**2010**	**2009**
CEO Arto Metsänen (*		
Salaries	316,920	105,580
Share-based incentive plans, settled in cash	70,312	-
Share-based incentive plans, settled in shares, value of shares	65,500	-
Total	452,732	105,580
Fringe benefits	19,080	6,420
Total	**471,812**	**112,000**
Compulsory pension payments (Finnish TyEL or similar plan)	54,768	6,048
Voluntary pension payments	61,844	-

(* from 1 September, 2009

Other members of the Executive Management Group		
Salaries	1,140,288	1,155,624
Compensations for termination of employment	327,161	425,036
Bonuses	44,819	124,322
Total	1,512,268	1,704,982

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Fringe benefits	81,058	74,573
Total	**1,593,326**	**1,779,555**
Compulsory pension payments (Finnish TyEL or similar plan)	163,143	132,802
Voluntary pension payments	20,515	3,000

Share-based payments

The Board of Directors of Glaston Corporation decided in June, 2010, on a new share-based incentive plan to form a part of the long-term incentive and commitment program for the top management of Glaston.

The share-based incentive plan offers the participants a possibility to earn Glaston's shares as remuneration for achieving established earning criteria. The plan has one earning period covering the years 2010 and 2011, and the earnings criterion is the development of the consolidated operating profit of Glaston. A possible award shall be paid after the release of the 2011 financial statements in spring 2012.

An aggregate gross maximum number of Glaston shares granted under the plan is approximately 2.5 million shares. Income taxes and other statutory costs arising from the award will be deducted from the gross number of shares before share delivery.

In accordance with the terms of the CEO's share-based incentive plan, Glaston's CEO Arto Metsänen received in September 50,000 shares in Glaston Corporation. The fair value of the shares was 65,500 EUR. The shares cannot be transferred further within two years from the reward payment date.

The expenses arising from Glaston's share-based incentive plans were EUR 0.5 (0.3) million during the review period.

Transactions with joint ventures and associates

Glaston had leased property to the joint venture during the review period in January - April.

The shares in INTERPANE Glass Oy were sold to Rakla Finland Oy on 9 April, 2010. As a part of the ownership arrangement, Glaston waived its rights to EUR 3.3 million of the loan granted to INTERPANE Glass Oy. The result effect of the waiver of the loan is included in the appr. EUR 2.6 million financial expense booked from the arrangement. INTERPANE Glass Oy was Glaston's joint venture during 31 March, 2009 – 9 April, 2010.

Glaston did not have transactions with the associate.

Transactions with joint ventures and joint venture balances

	2010 (*	2009
Sales to joint venture	-	12
Rental income from joint venture	96	276
Interest income from joint venture	104	295
Other financial expenses	-3,300	-

(* For the period 1 January - 31 March, 2010

	2010	2009
Non-current receivables	-	5,935
Current receivables	-	1,218
Current liabilities	-	87

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