Glaston's result improved, Group ended year well

- Consolidated net sales grew by 23% to EUR 269.8 million (restated *1-12/2006: 218.9). In the final quarter of the year, net sales totalled EUR 88.8 million (restated 10-12/2006: 64.0).
- Operating profit excluding non-recurring items was EUR 16.6 million (comparable restated**1-12/2006: 10.9), i.e. 6.2% (5.0) of net sales. In the final quarter of the year, operating profit was EUR 7.1 million (comparable restated 10-12/2006: 5.5), i.e. 8.0% (8.5) of net sales.
- Return on capital employed improved and was 12.1% (restated 8.8).
- Orders received totalled EUR 212.7 million (1-12/2006: 195.5). In the final quarter of the year, orders received totalled EUR 42.0 million (restated 10-12/2006: 57.6).
- Order book on 31 December 2007 was EUR 87.0 million (31.12.2006: 97.8).
- Earnings per share were EUR 0.14 (restated 1-12/2006: 0.11), of which the final quarter contribution was EUR 0.10 (restated 10-12/2006: 0.01).
- The Board of Directors proposes to the AGMeeting that a dividend of EUR 0.10 (0.09) per share be distributed
- Glaston's market outlook for 2008 remains good. Growing markets elsewhere are balancing the instability evident in North America.

President & CEO Mika Seitovirta:
"2007 was a year of important changes for Glaston. Our net sales grew by nearly a quarter. The main key figures, such as operating profit and return on capital employed, took an upward turn. Measures aimed at improving the Group's profitability will continue in order to achieve the financial targets.

"At the end of the financial year, Glaston's order book was at satisfactory levels. Financial market instability and a downturn in private construction in the USA have had an impact on Heat Treatment's order book. We believe, however, that the order book will develop well during the early part of 2008.

"Glaston's new strategy, development programmes and financial targets were announced in January 2008. The architectural glass segment, supported by the solar energy market, creates a foundation for the Group's profitable growth. In terms of the appliance and automotive industries, we are focusing on improving cash flow and profitability."

Group structure and segmentation
In this report, Glaston's figures are divided into Continuing Operations and Discontinued Operations. The primary segments of Continuing Operations are the business areas Pre-Processing and Heat Treatment, and, as of the third quarter, Software Solutions.
The secondary segments reported quarterly for Continuing Operations are the geographical segments EMEA (Europe, Middle East and Africa), America (North, Central and South America) and Asia (China and the rest of the Asia-Pacific area).

*, **) calculation principles in the enclosure of this stock exchange release

The Pre-Processing segment includes glass pre-processing machines sold under the Bavelloni brand, maintenance and service operations, as well as tool manufacturing. The Heat Treatment segment includes tempering, bending and laminating machines sold under the Tamglass and Uniglass brands, maintenance and service operations, as well as the glass processing operations of Tamglass Glass Processing. The Software Solutions segment comprises the operations of the A+W Software Group. Group costs unallocated to the segments will be reported separately.

The Discontinued Operations' Energy business area figures are published in accordance with the reporting practice of the IFRS 5 standard Discontinued Operations.

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Markets
Glaston's markets developed favourably during the financial year, except for North America. Public construction continued to be strong in all market areas. In the residential construction market, on the other hand, there were large differences between areas.

In the developed markets and particularly in the EMEA area, Glaston's One-Stop-Partner concept, namely the combination and joint delivery of pre-processing and safety glass machines and now as well production management systems, was well received. In summer 2007, Glaston received two significant orders, the larger of which, after its completion, will be a complete glass processing factory producing architectural glass.

Pre-Processing
The market situation of the Pre-Processing business area was good throughout the year. Net sales in 2007 were EUR 94.1 million (89.1), representing growth of 5.6 per cent and operating profit EUR 1.4 (0.3) million. The order book at the end of the year was EUR 20.9 million (19.9). The most active market areas were South America and, in contrast with the Heat Treatment business area, North America.

Due to efficiency measures as well as steps to enhance the delivery process, the Pre-Processing business area achieved a positive, if still modest, result in 2007.

In Italy, manufacturing was reorganised and production was moved from Bergamo and centralised in Bregnano. Efficiency measures included the merger of Pre-Processing production with Heat Treatment in Brazil. The Pre-Processing business area received a new management team in 2007.

Heat Treatment
The market situation of the Heat Treatment business area was generally good. Demand for safety glass machines grew, particularly in the Middle East, Eastern Europe, China and South America. Net sales in 2007 were EUR 162.3 million (131.3), representing growth of 24 per cent and operating profit EUR 19.6 (13.5) million. The order book at the end of the year was EUR 59.9 million (77.9). The order book level was influenced particularly by weaker demand in North America and the transfer of a number of orders to the beginning of 2008.

Heat Treatment focused on growing the sales and market position of products launched in 2006. Demand for comprehensive solutions grew in 2007, as did demand coming from manufacturers of solar energy panels and mirrors.

The Cattin unit's safety glass machine product development was discontinued in Switzerland and the operations in Finland. The unit was closed during the third quarter. Production at the new factory in China began in May 2007, and it will answer growing demand in China and Asia. Finnish factory delivery volume was also increased to meet high demand from the EMEA area. The Heat Treatment business area's management team was renewed in 2007.

Software Solutions
The market situation of the Software Solutions business area was good throughout the year. The Eastern Europe area and Russia grew strongly, as did the Middle East. Net sales in 2007 (7-12/2007) were EUR 14.7 million and operating profit EUR 2.6 million. The North American market situation has not affected the Software Solutions business area's sales, because a number of large glass manufacturers are investing in new software solutions.

In 2007 the most significant single event was the A+W Software Group's incorporation into Glaston and the substantial integration process that followed it. Integration has proceeded faster than expected.

Service Solutions
Service Solutions unit's net sales were EUR 45.9 million, representing 40 per cent growth from the previous year. Half of this growth was organic. The unit is not reported as a separate business area; its earnings are included in the reporting business areas.

Service solutions business grew during the financial year, especially in the EMEA area and North America. In the final quarter of the year, there was particular demand for options and spare parts. In the USA, where new investments by glass processors have slowed down, Glaston's customers opted instead for software updates and options.

One-Stop-Partner

Total One-Stop-Partner sales, namely joint deliveries and combinations of pre-processing and safety glass machines as well as production management systems, were EUR 47.7 million (18.8) during the financial year. Earnings from OSP operations are officially included in the reporting segments. Completed orders have focused on systems producing solar energy as well as glass processing factories manufacturing architectural glass. Strongest growth was in the EMEA area and the North Asian market, which together represented 85 per cent of OSP sales.

Orders received

Glaston received orders during the financial year amounting to EUR 212.7 (195.5) million, representing growth of 9 per cent from the previous year. In the final quarter of the year, order intake was EUR 42.0 (10-12/2006: 57.6) million.

Geographical distribution of orders received, EUR million

	1-12/2007	1-12/2006	Change, %
EMEA	134.4	108.7	+24
America	44.0	58.4	-25
Asia	34.3	28.4	+21
Total	**212.7**	**195.5**	**+9**

Order book

Glaston's order book on 31 December 2007 was EUR 87.0 million (31.12.2006: 97.8). The Heat Treatment business area accounted for EUR 59.9 million of the order book, Pre-Processing for EUR 20.9 million and Software Solutions for EUR 6.2 million.

Order book, EUR million	**31.12.2007**	**31.12.2006**
Pre-Processing	20.9	19.9
Heat Treatment	59.9	77.9
Software Solutions	6.2	-
Total	**87.0**	**97.8**

Net sales and operating profit

Glaston's net sales in the financial year grew by 23 per cent to EUR 269.8 (adjusted 1-12/2006: EUR 218.9) million. In the final quarter of the year, net sales totalled EUR 88.8 million (adjusted 10-12/2006: 64.0). Pre-Processing's net sales in October-December were EUR 28.5 million (10-12/2006: 26.6), Heat Treatment's net sales were EUR 52.8 million (38.6) and Software Solution's net sales were EUR 7.9 million.

Net sales, EUR million	**1-12/2007**	**1-12/2006**	**10-12/2007**	**10-12/2006**
Pre-Processing	94.1	89.1	28.5	26.6
Heat Treatment	162.3	131.3	52.8	38.6
Software Solutions	14.7	-	7.9	-
Parent company, elim.	-1.3	-1.5	-0.5	-1.2
Total	**269.8**	**218.9**	**88.8**	**64.0**

The company's comparable operating profit excluding non-recurring items was EUR 16.6 million (adjusted 1-12/2006: 10.9), i.e. 6.2 (5.0) per cent of net sales. In the final quarter of the year, operating profit was EUR 7.2 million (comparable adjusted 10-12/2006: 5.5), i.e. 8.0 (8.5) per cent of net sales. The Pre-Processing business area accounted for EUR 0.2 million of the fourth-quarter operating profit, Heat Treatment for EUR 7.7 million and Software Solutions for EUR 1.0 million.

Pre-Processing's operating profit improved during the financial year, although the level was still unsatisfactory. Heat Treatment's operating profit developed well during 2007. The result, however, was burdened by the Tamglass Glass Processing result, which clearly fell short of set targets. Tamglass Glass Processing's rationalisation programme will be forcefully continued during 2008. Software Solutions' result, consolidated since the third quarter, was very good.

Operating profit, EUR million	**1-12/2007**	**1-12/2006**	**10-12/2007**	**10-12/2006**
Pre-Processing	1.4	0.3	0.2	0.4
Heat Treatment	19.6	13.5	7.7	5.1
Software Solutions	2.6	-	1.0	-
Parent company, elim.	-7.0	-3.0	-1.8	0.0
Operating profit, total	**16.6**	**10.9**	**7.1**	**5.5**
Non-recurring items	-4.6	-5.2	+2.8	-3.5
Group, total	**12.0**	**5.6**	**9.9**	**1.9**

Profit for the financial year was EUR 10.6 million (8.9). Return on capital employed was 12.1 (8.8) per cent. Earnings per share were EUR 0.14 (0.11).

Taxes for the financial year totalled EUR 5.2 million (1.7), representing 43 per cent of the result before taxes. Taxes for the comparison period included tax refunds of EUR 1.8 million from previous years, so the comparable effective tax rate was 59 per cent.

Non-recurring items for the financial year totalled EUR 4.6 million (5.2). In the second quarter, the company recognised EUR 7.3 million in project post-delivery costs and for business restructuring measures. In the final quarter of the year, the company recognised a EUR 2.8 million capital gain from the sale of fixed assets not belonging to business operations.

Financing and cash flow

The Group's financial position was good. The equity ratio on 31 December 2007 was 55.4 (61.9)per cent. Glaston Continuing Operations' cash flow from business operations was EUR 8.7 million (–5.2) and cash flow from investments was EUR –27.3 million (–6.9). Cash flow from investments includes the cash for acquisition of Albat+Wirsam shares, namely EUR 17.7 million.

Cash flow from financing in January-December was EUR 1.5 million (–8.4), including dividends paid in the financial year of EUR 7.1 million (13.4) and an increase in short-term loans of EUR 11.2 million. The growth in borrowing related to financing the acquisition of Albat+Wirsam shares. Discontinued Operations' cash flow was EUR 18.3 million (4.8).

The Group's cash and cash equivalents on 31 December 2007 totalled EUR 11.3 (EUR 10.5) million. Interest-bearing net debt was EUR 10.4 million (–2.7). The ratio of net debt to shareholders' equity (gearing) was 7.4 (–1.9) per cent.

Acquisitions

In May, Glaston Corporation signed an agreement to acquire the German Albat+Wirsam Software Group. The deal was finalised on 2 July 2007 and the acquisition price was EUR 21.3 million. The company has 247 employees. The acquisition cost calculation for the shares is stated in the notes to this bulletin.

The Energy business area, sold by the company to M-real Corporation in the spring, was officially separated from the Group on 1 July 2007. The value of the deal to Glaston was EUR 15.4 million. The result and impact of the Energy business on the Group financial position is described in the notes to this bulletin in the section ‘Discontinued Operations’.

Research and development

Research and development expenditure totalled EUR 6.3 million (5.5), representing 2.2 per cent of net sales. Research and development expenditure includes the further development of products already on the market as well as the development of new machines and models.

In the Heat Treatment business area, the focus of product development was on developing software and automation technology for measuring glass quality. In addition, there was an emphasis on design relating to line and factory deliveries as well as on synchronising production between pre-processing and heat treatment machines. In the Pre-Processing business area the development focus was also on integrated lines. In addition, there was an emphasis on developing both the grinding product range and new, advanced cutting machines. The focus of development in the Software Solutions business area was on optimisation. New systems, such as DynOpt and XOPTON Dynamic, sold well during the year.

Capital expenditure

The Group’s capital expenditure during the financial year, excluding acquisitions, totalled EUR 11.3 (12.0) million. The most significant individual projects in 2007 were a EUR 4.2 million investment to production machines as well as a EUR 2.0 million extension to Tamglass Glass Processing’s Lempäälä factory. Capitalised product development was EUR 2.5 million. During 2007, the company initiated a major global ERP project to harmonise internal processes and boost operational efficiency.

Environment

Energy efficiency and alternative energy sources are significant environmental trends for Glaston. Through increasing environmental awareness, energy-saving targets will grow. This will generate demand for energy glass, because using the right kind of glass, energy consumption can be reduced significantly. Solar energy production will grow strongly in the coming years, and demand for solar energy panels and mirrors has grown during 2007. Glaston has the necessary product range to serve solar energy production needs in the field of glass manufacturing.
Glaston’s products are typically long-term, whether the products in question are the company’s own machines or the end products produced by them – i.e. special glasses. In terms of Glaston’s own operations, life cycle management of its machines has a key role. According to the Group’s principles, Glaston’s raw-materials and services are purchased in compliance with valid laws, decrees and statutes, as well as general good business practice. Production plants are responsible for local environmental issues. Environmental issues are coordinated at Group level.

Risk management

Glaston operates globally and changes in the development of the world economy affect the company’s operations. The company’s most significant operational risks include management of large projects, availability and price development of raw materials and components, management of the subcontractor network, and the availability and permanence of personnel.

Financial risks such as foreign exchange, interest rate, financing and credit risks are associated with Glaston’s business activity. The Group’s treasury unit manages financial risk centrally in accordance with the treasury policy approved by the Board of Directors.

Organisation and personnel

The Group’s new organisational structure came into effect in July. During the summer, both the parent company Kyro Corporation and most of the Group’s subsidiaries changed their legal names to Glaston. In June, the Group decided to centralise its safety glass machine product development operations in Finland and to discontinue its Cattin unit in Switzerland. The unit’s operational activity ceased in September, with personnel reductions affecting 12 employees. The merger in Brazil of Tamglass and Bavelloni production operations, initiated in March, was completed in the final quarter of the year. The legal merger of the company is planned to take place during 2008. Personnel reductions related to the merger affected nine employees.

At the end of the financial year, Glaston had 1,435 (31.12.2006: 1,189) employees. This number includes Albat+Wirsam's personnel, a total of 247 employees. Of the Group's personnel, 29.6 per cent were in Finland and 49.3 per cent elsewhere in Europe. The proportion of Group employees working in Asia was 7.5 per cent and in the Americas 13.6 per cent. The average number of employees was 1,350 (31.12.2006: 1,241).

Changes in company management

Mika Seitovirta became the Group's new President and CEO on 1 January 2007. Two new members were appointed Glaston's Executive Management Group in March. Kimmo Lautanen was appointed Chief Financial Officer and Ari Himma Senior Vice President, Human Resources.

Paolo Ceni was appointed SVP, Pre-Processing and member of the Executive Management Group in April.

Topi Saarenhovi was appointed SVP, Heat Treatment and member of the Executive Management Group in May.

Günter Befort, Managing Director of Albat+Wirsam Software Group, was appointed SVP, Software Solutions and member of the Executive Management Group in July.

Shares and share prices
Glaston's share capital on 31 December 2007 was EUR 12,696,000. A total of 78,436,500 shares were in circulation on the last day of 2007. During the financial year, a total of 7,993,461 shares were traded, representing 10.1 per cent of the total number of shares. The lowest price paid for a share was EUR 2.70 and the highest price EUR 4.53. The average price during the period was EUR 3.84.

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

The potential bonus from the scheme for the 2007 performance period will be based on growth of the Group's profit and net sales. If the targets established for the performance criteria of the incentive scheme for the years 2007-2009 are attained in full, the bonuses to be paid on the basis of the scheme will correspond in gross value (including the portion paid in cash) to approximately 1,305,000 Glaston Corporation shares.

Glaston's Board of Directors confirmed the incentive scheme return for 2007 as 65.8 per cent. The impact on the result for 2007 is EUR 0.2 million.

Decisions of the Annual General Meeting
The company's Annual General Meeting was held on 13 March 2007. The meeting approved the financial statements for 2006 and released the Board of Directors and the President from liability for the financial year.

The meeting also approved the Board of Directors' proposal to pay a dividend of EUR 0.09 per share, a total of EUR 7.1 million.

The Annual General Meeting authorised the Board of Directors to acquire the company's own shares up to a maximum of 7,605,096 shares. The shares can be acquired to develop the company's capital structure, in financing or implementing possible company acquisitions or other arrangements, as part of the company's or its subsidiaries' incentive schemes or to be retained by the company or otherwise disposed of or invalidated.

The Annual General Meeting also decided to authorise the Board of Directors to decide on the issuing of new shares and/or the disposal of own shares in the company's possession either against payment or without payment.

By virtue of the authorisation, the Board of Directors shall be entitled to decide on the issuing of a maximum of 7,935,000 new shares and/or the disposal of a maximum of 7,935,000 own shares possessed by the company, yet so that the total number of shares issued and/or disposed of can be a maximum of 7,935,000 shares.

The authorisation is valid until the end of the 2009 Annual General Meeting.

Disposal and acquisition of own shares
As part of the Glaston and Albat+Wirsam Software Group deal, it was agreed that Albat+Wirsam's founder, Dr Wirsam, would purchase 329,904 own shares in Glaston's possession (treasury shares) at a price of EUR 3.99.

Glaston's Board of Directors decided to exercise the authority granted by the Annual General Meeting to acquire the company's own shares. In 2007 the company acquired 913,500 of its own shares at a price of EUR 4.30 per share, a total of EUR 3.9 million. The shares have been acquired to hedge the cash flow risk relating to the incentive scheme. The authorisation remains unexercised in respect of 7,021,500 shares. At the end of the financial period, Glaston held a total of 913,500 treasury shares, corresponding to 1.15 per cent of the total number of the company's shares, with an accounting counter value of EUR 4.30 per share, a total of EUR 3.9 million.

During the final quarter, the company did not acquire its own shares.

Board of Directors' proposal on profit distribution

The parent company's unrestricted shareholders' equity according to the balance sheet on 31 December 2007 is EUR 63.4 million, of which distributable funds total EUR 63.4 million.

On 5 February 2008, the number of shares entitled to a dividend was 78,436,500.

The Board of Directors proposes to the Annual General Meeting that a dividend of EUR 0.10 per share, a total of EUR 7.8 million, be distributed. After this, the parent company will have EUR 55.6 million in uncommitted retained earnings.

The date of record for the proposed dividend is 14 March 2008. The dividend payment date is 25 March 2008. All shares outstanding on the date of record, excluding treasury shares held by the parent company, are entitled to a dividend for 2007.

Events after the review period
In order to develop Glaston's comprehensive deliveries and to accelerate OSP product integration, the One-Stop-Partner unit was divided into two as of 7 January 2008: an OSP Delivery unit and an OSP Offering unit. Henrik Reims was appointed SVP, OSP Deliveries and member of Glaston's Executive Management Group as of 7 January 2008. SVP, Software Solutions Günter Befort is responsible for developing Glaston's OSP Offering unit as of 7 January 2008. SVP, One-Stop-Partner Mauri Leponen will leave Glaston on 1 April 2008.

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

In January, Glaston announced its new strategy and financial targets. The architectural glass segment, supported by the solar energy market, sets the base for future growth. The company's One-Stop-Partner concept is a strategic strength, and it distinguishes Glaston from its competitors. In automotive and appliance industry machines, the focus is on achieving good profitability and cash flow. Investments in service business activity will be increased significantly.

Tamglass Glass Processing, which operates mainly in the Finnish market, has been defined in the new strategy to be outside Glaston's core operations. The company's immediate focus is on completing the ongoing rationalisation programme that has already begun. Strategic options for the future are being studied within Glaston.

The financial targets underlying Glaston's strategy will run until 2010.
The financial targets are:

- Net sales annual growth over 8 per cent
- Operating profit (EBIT) at least 10 per cent
- Return on capital employed (ROCE) at least 20 per cent

Uncertainties in the near future
The Group still considers the short-term uncertainties to be the development of the US market and the US dollar exchange rate, as well as the transfer of this development more strongly into other markets. The price development and availability of raw materials and components, mainly in Finland, also constitutes a significant uncertainty factor. Large OSP orders received by Glaston increase the challenges relating to the production and delivery processes.

Outlook
Glaston is a leading company in a sector that is expanding globally. The proportion of safety glass used in construction is continually growing. Environmental questions such as the energy efficiency of buildings and the high added value of glass products associated with it also represent a significant development trend that supports growth. The solar energy market is developing quickly and will open new opportunities during 2008. Tightening official regulations will increase sales of safety glass further.

Glaston's outlook for 2008 is positive, with the exception of North America. Due to the geographical distribution of the company's operations, however, the economic cycles of Europe, Asia and America will largely balance each other out.

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

Glaston expects that it will clearly increase its net sales and operating profit compared to 2007. Quarterly net sales and profit are expected to develop as in 2007, with the first quarter being the weakest and the fourth quarter being the strongest.

Helsinki, 6 February 2008

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Glaston Corporation

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

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

Glaston's share (GLA1V) is listed on the OMX Nordic Exchange Helsinki Mid Cap List.

www.glaston.net

Distribution:
OMX
Main media
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Glaston Group				
Consolidated Income Statement, EUR million		Restated		Restated
	10-12-2007	10-12-2006	1-12/2007	1-12/2006
Continuing Operations				
Net sales	88,8	64,0	269,8	218,9
Other operating income	0,3	0,7	0,6	2,4
Operating expenses	79,3	58,2	246,6	205,0
Non-recurring items	-2,8	3,5	4,6	5,2
Depreciation	2,6	1,0	7,2	5,4
Operating profit	9,9	1,9	12,0	5,6
% of net sales	11,2	3,0	4,5	2,6
Operating profit excluding non-recurring items	7,1	5,5	16,6	10,9
% of net sales	8,0	8,5	6,2	5,0
Financial income and expenses	-0,2	-0,2	-0,0	0,3
Profit before taxes	9,8	1,7	12,0	5,9
Income tax	-1,7	-1,8	-5,2	-1,7

Profit for the financial period, Continuing Operations	8,0	0,0	6,9	4,2
Discontinued Operations				
Profit for the financial period, Discontinued Operations	0,0	1,1	3,8	4,8
Profit for the financial period	8,0	1,1	10,6	8,9
Attributable to				
Equity holders of the parent	8,0	1,1	10,6	8,9
Minority interest	0,0	0,0	0,0	0,0
Earnings per share, euros, Continuing Operations	0,10	0,00	0,09	0,05
Earnings per share, euros, Discontinued Operations	0,00	0,01	0,05	0,06
Earnings per share, euros, total	0,10	0,01	0,14	0,11
Consolidated Balance Sheet, EUR million			31.12.2007	31.12.2006
Assets				
Non-current assets			120,6	123,2
Inventories			46,2	49,5
Trade and other receivables			97,4	66,9
Assets recognised at fair value through				
profit and loss			0,1	0,1
Cash and cash equivalents			11,3	10,5
Non-current assets held-for-sale			0,3	
Total assets			275,9	250,2
Equity and liabilities				

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Equity attributable to equity holders of the parent			139,5	140,1
Minority interest			0,1	0,0
Total equity			139,6	140,1
Non-current interest-bearing liabilities			1,9	0,6
Non-current interest-free liabilities			19,1	14,9
Current interest-bearing liabilities			19,4	7,4
Current interest-free liabilities			95,9	87,1
Total equity and liabilities			275,9	250,2

Glaston Group		
Consolidated Cash Flow Statement, EUR million		
		Restated
	1.1.-31.12.	1.1.-31.12.
	2007	2006
Cash flow from business operations, Continuing Operations		
Profit for the financial period	6,9	4,2
Adjustments	6,0	1,3
Cash flow before change in working capital	12,9	5,5
Change in working capital	1,2	-3,1
Cash flow from business operations before financial items and taxes	14,0	2,4
Interest received	0,3	0,8
Dividends received	0,0	0,0
Interest paid	-1,2	-1,0
Taxes paid	-4,5	-7,5
Cash flow from business operations	8,7	-5,2

Cash flow from investing activities, Continuing Operations		
Acquisition of subsidiaries	-17,7	
Investments in tangible and intangible assets	-11,3	-10,9
Proceeds from disposal of tangible and intangible assets	1,7	2,8
Proceeds from sale of other investments	0,0	3,2
Change in long-term loan receivables		1,1
Taxes on proceeds from disposal of energy business operations in 2005		-2,9
Cash flow from investing activities	-27,3	-6,9
Cash flow from financing activities, Continuing Operations		
Acquisition of treasury shares	-3,9	
Disposal of treasury shares	1,3	
Withdrawals of current loans	14,1	5,6
Repayments of current loans	-2,9	
Repayments of non-current loans	0,0	-0,6
Dividends paid	-7,1	-13,4
Cash flow from financing activities	1,5	-8,4
Discontinued Operations		
Cash flow from business operations	7,6	4,7
Cash flow from investing activities	10,7	0,1
Cash flow from financing activities	0,0	0,0

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Cash flow from Discontinued Operations	18,3	4,8
Change in cash and cash equivalents	1,1	-15,7
Cash and cash equivalents at the beginning of the period	10,5	26,3
Cash and cash equivalents at the end of the period	11,3	10,5

Change in current loans during the financial period includes a change in issued commercial paper of nominal value EUR 12.5 million.

Consolidated Statement of Changes in Equity										
Equity attributable to equity holders of the parent										
EUR million	Share capital	Share premium fund	Fair value and other reserve	Translation reserve	Invested non-restricted equity fund	Treasury shares	Retained earnings	Total	Minority interest	Total equity
Equity at 1 Jan 2006	12,7	25,3	-1,6	1,5		-1,0	102,0	139,0	0,0	139,0
Restatement							5,3	5,3		5,3
Restated equity at 1 Jan 2006	12,7	25,3	-1,6	1,5		-1,0	107,3	144,3	0,0	144,3
Cash flow hedges, net of tax:										
Gains and losses taken to equity			1,4					1,4		1,4
Translation differences				-1,4				-1,4	0,0	-1,4

Gains and losses from hedge of net										
investments in foreign operations,										
net of tax				0,3				0,3		0,3
Profit for the period							8,9	8,9	0,0	8,9
Total recognised income and expense for the period			1,4	-1,1			8,9	9,2	0,0	9,2
Dividends							-13,4	-13,4		-13,4
Equity at 31 Dec 2006	12,7	25,3	-0,2	0,4		-1,0	102,8	140,1	0,0	140,1
Cash flow hedges, net of tax										
Gains and losses taken to equity			0,3					0,3		0,3
Translation differences				-1,8				-1,8	0,0	-1,8
Gains and losses from hedge of net										
investments in foreign operations,										
net of tax				0,0				0,0		0,0
Share-based payments							0,1	0,1		0,1
Profit for the period							10,6	10,6	0,0	10,6
Total recognised income and expense for the period			0,3	-1,8			10,7	9,3		9,3
Dividends							-7,1	-7,1		-7,1
Disposal of treasury shares					0,3	1,0		1,2		1,2
Acquisition of treasury shares						-3,9		-3,9		-3,9
Equity at 31 Dec 2007	12,7	25,3	0,1	-1,3	0,3	-3,9	106,4	139,5	0,0	139,6

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Glaston Group		
Segment-specific data		
Net sales, EUR million	1-12/2007	1-12/2006
Pre-processing	94,1	89,1
Heat Treatment	162,3	131,3
Software Solutions	14,7	
Parent company and eliminations	-1,3	-1,5
Total	269,8	218,9
Operating profit, excluding non-recurring items, EUR million	1-12/2007	1-12/2006
Pre-processing	1,4	0,3
Heat Treatment	19,6	13,5
Software Solutions	2,6	
Parent company and eliminations	-7,0	-3,0
Total	16,6	10,9
Operating profit, excluding non-recurring items, %	1-12/2007	1-12/2006
Pre-processing	1,5 %	0,3 %
Heat Treatment	12,1 %	10,3 %
Software Solutions	17,8 %	
Glaston, total	6,2 %	5,0 %
Net sales by market area, EUR million	1-12/2007	1-12/2006
EMEA	150,5	126,1
America	75,6	65,4
Asia	43,7	27,5
Total	269,8	218,9
Net sales by market area, %	1-12/2007	1-12/2006
EMEA	55,8 %	57,6 %
America	28,0 %	29,9 %
Asia	16,2 %	12,6 %
Total	100,0 %	100,0 %

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Orders received, EUR million	1-12/2007	1-12/2006
Pre-processing	68,7	64,1
Heat Treatment	141,0	131,4
Software Solutions	3,0	
Total	212,7	195,5
Order book, EUR million	31.12.2007	31.12.2006
Pre-processing	20,9	19,9
Heat Treatment	59,9	77,9
Software Solutions	6,2	
Total	87,0	97,8
Personnel at end of period, Continuing Operations	31.12.2007	31.12.2006
Pre-processing	556	590
Heat Treatment	612	590
Software Solutions	247	
Parent company	20	9
Total	1 435	1 189
Personnel, Discontinued Operations		22
Personnel, average, Continuing Operations	2007	2006
Pre-processing	586	626
Heat Treatment	608	606
Software solutions	143	
Parent company	13	8
Total	1 350	1 241
Personnel, Discontinued Operations		23

Calculation of key figures

Equity ratio, %=
Equity / x 100
Balance sheet total - advances received

Gearing, %=
Net interest-bearing liabilities / x 100
Equity

Net interest-bearing liabilities=
Interest-bearing liabilities - interest-bearing receivables –
cash and cash equivalents and other short-term investments

Return on equity (ROE), %=
Profit or loss for the period / x 100
Equity

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Return on capital employed (ROCE), =
Profit before taxes + interest expenses / x 100
Interest-bearing liabilities + equity (average)

Earnings per share (EPS)=
Profit for the period attributable to equity holders of the parent /
Average number of shares for period excluding treasury shares

Equity per share
Equity /
Number of shares outstanding at end of period

		Restated
Key figures	31.12.2007	31.12.2006
Number of shares, 1,000	79 350	79 350
- of which outstanding	78 437	79 020
Return on capital employed, %	12,1	8,8
Return on equity, %	7,6	6,3
Equity ratio, %	55,4	61,9
Gearing, %	7,4	-1,9
Investments in fixed assets, EUR million	34,1	12,0
Personnel at end of year	1 435	1 211
Personnel, average	1 350	1 264
Order book, Continuing Operations, EUR million	87,0	97,8
Key indicators per share		
Earnings per share, euros, Continuing Operations	0,09	0,05
Earnings per share, euros, Discontinued Operations	0,05	0,06
Earnings per share, euros, total	0,14	0,11
Equity per share, euros	1,78	1,77
Number of shares, 1,000	79 350	79 350
- of which outstanding	78 437	79 020
Number of shares, average, 1,000	78 682	79 020
Share price trend, EUR		
Average price	3,84	4,33

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Lowest price	2,70	3,75
Highest price	4,53	4,84
Share price at the end of the year	2,77	4,15
Market capitalisation of all shares at the end		
of the year, EUR million	219,8	329,3
Turnover, number of shares	7 993 461	6 978 316
Turnover, EUR million	31,2	30,2
Turnover, % of the total number	10,1	8,8
Dividend per share, EUR	0,10	0,09
Dividend per earnings, %	71,4	81,8
Effective dividend yield, %	3,6	2,2
P/E ratio	19,8	37,7
Contingent liabilities, EUR million	31.12.2007	31.12.2006
Company mortgages	0,2	0,2
Other own liabilities	6,1	5,6
Derivative contracts		
Values of the underlying instruments		
Currency derivatives	13,2	17,3
Fair value		
Forward contracts		
Positive fair value	0,1	0,3
Negative fair value	0,0	-0,1

Glaston Group		
Discontinued Operations		
	1-6/2007	1-12/2006
Result of Energy operations, including profit on sale and taxes arising from it		
Income	24,2	38,8
Expenses	19,0	32,4
Profit before taxes	5,1	6,4
Income taxes	-1,3	-1,7
Profit after taxes	3,8	4,8

Impact of sale of Energy business on Group's financial position		
Book values of sold balance sheet items		
Tangible assets	13,8	
Intangible rights	0,1	
Inventories	0,2	
Short-term liabilities	-0,1	
Assets and liabilities, total	14,0	
Expenses attributable to sales	0,3	
Profit on sale before taxes	1,0	
Considerations, total	15,3	
Consideration received in cash	10,6	
Expenses attributed to sales	0,3	
Cash flow from sale	10,4	
From the sale price was recognised a EUR 4.7 million receivable relating to the sale of future emission rights.		
The estimated time of realisation of the receivable is 2008-2012.		
Long-term asset items classified as being held for sale and their related liabilities		
Long-term asset items held for sale		
Tangible assets	0,3	
Long-term asset items classified as being held for sale are connected with the parent company's apartment block company units.		

Quarterly information								
Restated net sales, operating result and order book for								
Continuing Operations, EUR million								
	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12
Net sales	/06	/06	/06	/06	/07	/07	/07	/07
Pre-processing	20,3	21,2	20,9	26,6	21,7	23,4	20,6	28,5
Heat Treatment	25,6	31,6	35,5	38,6	36,6	42,7	30,2	52,8
Software Solutions							6,8	7,9
Parent company and eliminations	0,0	-0,1	-0,1	-1,2	-0,1	-0,5	-0,3	-0,5

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Total	45,9	52,7	56,3	64,0	58,2	65,6	57,3	88,8
Operating								
result								
excluding								
non-recurring	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12
items	/06	/06	/06	/06	/07	/07	/07	/07
Pre-processing	-0,8	0,3	0,4	0,4	1,2	-0,2	0,3	0,2
Operating result %	-4,0	1,5	1,8	1,5	5,3	-0,9	1,3	0,8
Heat Treatment	0,6	3,9	4,0	5,1	3,0	5,7	3,2	7,7
Operating result %	2,3	12,3	11,4	13,1	8,1	13,4	10,5	14,6
Software Solutions							1,6	1,0
Operating result %							23,1	13,2
Parent company and eliminations	-1,0	-1,1	-0,9	0,0	-2,4	-1,7	-1,1	-1,8
Total	-1,2	3,1	3,5	5,5	1,7	3,8	4,0	7,1
Operating result %	-2,7	5,9	6,2	8,6	2,9	5,8	6,9	8,0
	1-3	4-6	7-9	10-12	1-3	4-6	7-9	10-12
Operating result	/06	/06	/06	/06	/07	/07	/07	/07
Pre-processing	-0,8	0,3	-0,5	-2,7	1,2	-1,6	0,3	0,3
Operating result %	-4,0	1,5	-2,2	-10,1	5,3	-7,0	1,3	0,9
Heat Treatment	-0,1	3,9	3,8	4,6	3,0	-0,2	3,2	7,7
Operating result %	-0,3	12,3	10,8	12,0	8,1	-0,4	10,6	14,6
Software Solutions							1,6	1,0
Operating result %							23,1	13,2
Parent company and eliminations	-1,0	-1,1	-0,9	0,0	-2,4	-1,8	-1,1	0,9
Total	-1,9	3,1	2,5	1,9	1,7	-3,6	4,0	9,9
Operating result %	-4,1	5,9	4,4	3,0	2,9	-5,4	6,9	11,2
	03/	06/	09/	12/	03/	06/	09/	12/
Order book	06	06	6,0	06	07	07	07	07
Pre-processing	17,8	22,1	20,2	19,9	20,2	25,9	24,4	20,9
Heat Treatment	51,6	59,7	73,6	77,9	72,3	95,7	92,6	59,9
Software Solutions							8,6	6,2
Total	69,4	81,8	93,8	97,8	92,5	121,6	125,7	87,0

Accounting principles

The financial statements have been prepared in accordance with the principles of recognition and valuation of the IFRS standards.

On 1 January 2007, the Group introduced the IFRS 7 standard Financial instruments: Disclosures in the Financial Statements, an amendment to the IAS 1 Standard relating to Presentation of Financial Statements - Capital Disclosures.

The proportion of the Group's net sales accounted for by glass processing machines tailored to customers' wishes and sold as comprehensive deliveries has grown significantly, and for this reason the Group as of 1 January 2007 recognises their delivery on the basis of degree of completion of the delivery in accordance with IAS 11 Standard Construction Contracts. Comparison data have been restated to correspond with the new recognition practice.

The purchase cost calculation for Albat+Wirsam shares

Through an agreement signed on 2 July 2007, Glaston Corporation acquired all of the shares of A+W Software AG GroupA+W Group is the world's leading company in production management and reporting (ERP) software for the flatglass, window and door industries.

The purchase price paid by Glaston Corporation was a total of EUR 21.2 million, of which a sum of EUR 0.9 million represents a discounted portion of an additional purchase price payable within two years. The final acquisition costof the shares is EUR 21.8 million, including expert fees amounting to EUR 0.6 million. The goodwill/acquisition cost of the acquired business may change on the basis of terms and conditions relating to the purchase price of the bill of sale.

In a business combination, tangible fixed assets are valued at fair value based on the market prices of similar assets, taking into consideration the age and condition of the assets and other corresponding factors. Tangible assets are depreciated over their useful life based on a management estimate in accordance with the Group's depreciation principles.

Intangible assets acquired in a business combination are recognised separately from goodwill at fair value at the time of acquisition, if the fair value of the asset can be determined reliably. In the acquired business, the Group has acquired identifiable intangible assets mainly in the form of product rights and an order book of technology deliveries.

From the acquisition cost a fair value of EUR 6.5 million was attributed to the product rights and order book. Fair value has been determined using the Multi-period Excess Earnings (MEEM) method. The useful life is five years.

The deal includes goodwill amounting to EUR 14.2 million. The creation of goodwill is based on expert personnel, expected synergy benefits and the good profitability of the acquired business.

A+W Software AG Group's net sales of six months, EUR 14.7 million, are included in consolidated net sales in 2007. Management estimates that consolidated net sales in 2007 would have been around EUR 282 million, if this company acquisition had been completed on 1 January 2007.

The values of the acquired assets and the received liabilities at the date of acquisition were as follows

EUR million	Fair values recognised in combination	Book values before combination
Tangible assets	0,8	0,8
Other intangible assets	6,5	
Investments	0,3	0,3
Inventories	0,3	0,3
Interest-free receivables	8,7	8,7

Financial assets	3,8	3,8
Other interest-free liabilities	-12,9	-12,7
Acquired net assets	7,5	1,2
Acquisition price	21,2	
Expenses related to acquisition	0,6	
Goodwill	14,2	
Acquisition price paid as cash	20,2	
Expenses related to acquisition	0,6	
Cash and cash equivalents of acquired companies	-3,8	
Cash flow impact	17,0	
The purchase price allocation is preliminary.		