Glaston Corporation Financial Statement Release 1 January – 31 December 2012

Continuing Operations January-December 2012 compared with January-December 2011 (comparison year figures have been restated)

- Orders received in January-December totalled EUR 118.1 (120.6) million. Orders received in the fourth quarter totalled EUR 33.3 (34.9) million.
- The order book on 31 December 2012 was EUR 34.2 (35.8) million.
- Consolidated net sales totalled EUR 115.6 (119.7) million. Final quarter net sales were EUR 32.3 (33.7) million.
- EBITDA was EUR 2.0 (2.3) million, i.e. 1.7 (1.9)% of net sales.
- The operating result excluding non-recurring items was a loss of EUR 3.4 (3.4 loss) million, i.e. -3.0 (-2.8)% of net sales. The final quarter operating profit, excluding non-recurring items, was EUR 0.4 (0.0) million.
- The operating result was a loss of EUR 8.8 (3.1 loss) million, i.e. -7.6 (-2.6)% of net sales. The final quarter operating result was a loss of EUR 2.0 (0.2 profit) million.
- Return on capital employed (ROCE) was -12.5 (0.3)%
- Continuing Operations' earnings per share were EUR -0.17 (-0.16) and for the fourth quarter EUR -0.06 (-0.02). Continuing and Discontinued Operations' earnings per share totalled EUR -0.21 (-0.14) euros and in the fourth quarter EUR -0.05 (-0.01).
- The Board of Directors proposes to the Annual General Meeting that no dividend be distributed.
- Glaston expects 2013 net sales to be on the 2012 level and the operating result to be positive.

President & CEO Arto Metsänen:
"Glaston's market overall in 2012 continued to be challenging. After a weak start to the year, the market turned in a better direction in the second half of the year, and the latter part of the year went according to our plans.

Towards the end of the year, to improve profitability we implemented adjustment measures, which were mostly strongly targeted at Finland and Brazil. The annual savings of the adjustment programme, amounting to around EUR 5 million, will be realised in full during 2013.

At the end of 2012, we also initiated measures to strengthen significantly the company's financial position. These measures include plans for a share issue, negotiations with present lenders on a new long-term financial agreement and negotiations on the conversion of convertible bonds and a debenture bond into Glaston shares. According to current estimates, the measures will be implemented during the first quarter of 2013.

As a result of the above-mentioned measures, we start 2013 from a sound foundation. Moreover, our expectations for the development of the market in 2013 are cautiously positive. An indication of this is good order intake for several FC500™ machines at the beginning of the year and also the concluded EUR 3.4 million sale in China, which included two CCS900™ machines and one FC500™ machine."

Markets
Glaston's market situation and operating environment remained challenging in 2012 as a consequence of general economic development and uncertainty. After a weak start to the year, demand picked up towards the end of the year and particularly in the final quarter. Price competition intensified in both machine sales and services. In South America, the market was stable. Global economic instability adversely affected the development of the Asian market at the beginning of the year. Demand in the area turned, however, to modest growth in the second half of the year. There were indications of a revival of the North American market, with particular growth of demand for machine upgrade and

modernisation products. In the EMEA area, the difficult situation continued, with significant regional differences.

Machines

The market situation of the Machines segment was challenging in 2012. The Asian and EMEA markets levelled off during the first half of the year, but picked up in the third quarter and particularly in the fourth quarter of the year. In Europe, sales directed at Eastern Europe in particular grew, boosted by Russia. In North America, the gradual recovery from a low level continued. In South America, development was stable.

The Machines segment's product development investments continued. In pre-processing machines, the new UC 300 and UC 500 automatic cutting lines were launched on to the market. The range of tools was supplemented by the SolarTech™ and White Tech™ diamond grinding wheels, which are particularly suitable for the grinding of solar panel, home appliance and furniture glass. In heat treatment machines, the most significant new products were the Glaston Air™ air floatation technology concept for tempering 2 millimetre glass as well as a global cooperation agreement with the German company Arcon relating to the reduction of anisotropy, namely iridescence, in glass. By developing production line efficiency, Glaston managed by the end of the year to reduce the delivery time of basic tempering machines from six months to around 15 weeks, which gave the company an important competitive advantage.

The unstable economic outlook was reflected in customers' investment activity, which affected the Machines segment's growth. Orders received in the Machines segment totalled EUR 86.3 (89.2) million in 2012. In January-December, net sales totalled EUR 84.7 (90.0) million. The January-December operating result was a loss of EUR 7.4 (1.7 loss) million, and the operating result excluding non-recurring items was a loss of EUR 2.6 (1.9 loss) million. At the end of 2012, the segment had 461 (541) employees.

Orders received in the Machines segment totalled EUR 25.5 (26.9) million in October-December. October-December net sales were EUR 22.7 (26.2) million and the operating result was a loss of EUR 1.3 (1.7 profit) million. The operating result excluding non-recurring items was EUR 0.4 (1.5) million.

Services

The Services segment's market was challenging in 2012. Owing to overcapacity, demand was focused on quality-improving and cost-saving products. Price competition continued to be very intense.

The market in North America developed positively, with demand being directed over the entire product range. In the EMEA area, the market was stable. Signs of recovery were perceptible in Russia, the Middle East and in Poland and Germany. In South America, the year was challenging, particularly in Brazil. In Asia, the year began quietly, but demand picked up in the second half of the year. In the Pacific area, Glaston concluded in the third quarter its largest ever single deal of the Services segment, valued at around EUR 0.9 million.

During the year, the Services segment continued its actions aimed at developing the coverage of its service network, reducing delivery times and improving reliability. During the year, the Services segment launched a number of new products connected with improving end product quality and increasing capacity. The beginning of the year saw the introduction of the CCS™ preheating chamber upgrade product and HS Extension, which improves the quality of thick, heat-strengthened glass. The revamped Glaston Care service contract product range, which has four different service levels, was also launched. At the Glasstec fair, Glaston presented the RC200-zone™ upgrade product, which enables the modernisation of old or damaged chambers of tempering machines, as well as iControl™ (iC™), an automation system upgrade for Glaston flat tempering machines.

Orders received in the Services segment totalled EUR 31.8 (31.4) million in 2012. January-December net sales totalled EUR 32.3 (31.2) million. The January-December operating result was EUR 5.8 (5.4) million, and the operating result excluding non-recurring items was EUR 5.9 (5.3) million. At the end of 2012, the segment had 130 (122) employees.

Orders received in the Services segment totalled EUR 7.9 (8.0) million in the final quarter of 2012. October-December net sales were EUR 9.9 (8.0) million and the operating profit was EUR 1.9 (0.8) million. The operating result excluding non-recurring items was EUR 2.0 (0.8) million.

Continuing Operations' orders received and order book
Orders received in the review period totalled EUR 118.1 (120.6) million. Of orders received, the Machines segment accounted for 73% and the Services segment for 27%.

Orders received during the final quarter of the year totalled EUR 33.3 (34.9) million.

Glaston's order book on 31 December 2012 was EUR 34.2 (35.8) million. Of the order book, the Machines segment accounted for EUR 33.1 (34.6) million and the Services segment EUR 1.1 (1.2) million.

Order book, EUR million	**31.12.2012**	**31.12.2011**
Machines	33.1	34.6
Services	1.1	1.2
Total	**34.2**	**35.8**

Continuing Operations' net sales and operating result
Glaston's January-December net sales totalled EUR 115.6 (119.7) million. The Machines segment's net sales in the review period were EUR 84.7 (90.0) million and the Services segment's net sales EUR 32.3 (31.2) million.

Final quarter net sales were EUR 32.3 (33.7) million. The Machines segment's net sales in the fourth quarter were EUR 22.7 (26.2) million and the Services segment's net sales were EUR 9.9 (8.0) million.

Net sales, EUR million	**2012**	**2011**
Machines	84.7	90.0
Services	32.3	31.2
Other and internal sales	-1.4	-1.5
Total	**115.6**	**119.7**

Operating result excluding non-recurring items was a loss of EUR 3.4 (3.4 loss) million, i.e. -3.0 (-2.8)% of net sales. In January-December, the Machines segment's operating result excluding non-recurring items was a loss of EUR 2.6 (1.9 loss) million and the Services segment's operating result excluding non-recurring items was a profit of EUR 5.9 (5.3) million.

The final quarter operating result excluding non-recurring items was EUR 0.4 (0.0) million. In October-December, the Machines segment's operating result excluding non-recurring items was a profit of EUR 0.4 (1.5) million and Services segment's operating result excluding non-recurring items was a profit of EUR 2.0 (0.8) million.

Operating result	**1-12/2012**	**1-12/2011**
Machines	-2.6	-1.9
Services	5.9	5.3
Parent, eliminations	-6.7	-6.8
Operating result, excluding non-recurring items	**-3.4**	**-3.4**

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Non-recurring items	-5.4	-0.3
Operating result	**-8.8**	**-3.1**

Continuing Operations' operating result in January-December was a loss of EUR 8.8 (3.1 loss) million. A goodwill impairment loss of EUR 3.0 million directed at the Pre-processing operating segment was recognised as a non-recurring item in the first quarter. In the final quarter of the year, non-recurring items totalling EUR 2.4 million were recognised as a result of restructuring measures.

In January-December, Continuing Operations' result was a loss of EUR 18.3 (16.4 loss) million, and in the final quarter a loss of EUR 6.4 (2.2 loss) million. The result, after the result of Discontinued Operations, was a loss of EUR 22.4 (14.4 loss) million, and in the final quarter a loss of EUR 5.3 (1.2 loss) million. In January-December, the return on capital employed (ROCE) was -12.5 (0.3)%.

Earnings per share

Continuing Operations' earnings per share were EUR -0.17 (-0.16), while Discontinued Operations' earnings per share were EUR -0.04 (0.02), i.e. a total of EUR -0.21 (-0.14). In October-December, Continuing Operations' earnings per share were EUR -0.06 (-0.02), while Discontinued Operations' earnings per share were EUR 0.01 (0.01), i.e. a total of EUR -0.05 (-0.01).

Financial position, cash flow and financing

At the end of the review period, the consolidated asset total was EUR 158.0 (187.2) million. The equity attributable to owners of the parent was EUR 30.6 (52.8) million, i.e. EUR 0.29 (0.50) per share. The equity ratio on 31 December 2012 was 21.8 (31.1)%.

Return on equity in January-December was -53.3 (-31.2)%.

Cash flow from the operating activities of Continuing and Discontinued operations, before the change in working capital, was EUR -1.1 (-7.7) million in the review period. The change in working capital was EUR -2.3 (12.2) million. Cash flow from investing activities was EUR -5.5 (-5.5) million. Cash flow from financing activities in January-December was EUR -0.5 (3.8) million.

The Group's liquid funds, including cash equivalents classified as held for sale, totalled EUR 10.9 (18.6) million at the end of the review period. Interest-bearing net debt totalled EUR 57.7 (49.7) million and net gearing was 186.6 (93.5)%.

The Group's loan agreements contain covenant terms and other commitments that are linked to consolidated key figures. The covenants in use are EBITDA/net financial expenses (interest cover), net debt/EBITDA, cash and cash equivalents and gross capital expenditure. During the review period, Glaston renegotiated some of the loan covenants with lenders.

The Group has initiated measures to strengthen its financial position. The planned measures include share issue, new long-term financial package as well as negotiations with holders of the convertible and debenture bonds to convert the bonds to equity. Glaston has summoned an extraordinary shareholders' meeting to be held on 12 February, 2013. The Board of Directors proposes that the Extraordinary General Meeting authorizes the Board of Directors to resolve on issuances of shares. Glaston estimates that the share issue and the other measures to improve financial position will take place during the first quarter of 2013.

On 7 February, 2013, Glaston has agreed with the current lenders on new long-term financial package, which will be in force when certain conditions, such as the share issue and conversion of the convertible and debenture bonds into equity, have been fulfilled. Glaston has received commitments from sufficient number of shareholders participating in the extraordinary shareholders' meeting to ensure, that the shareholders' meeting will approve the share issue. Glaston has also sufficient commitments to ensure, that the minimum required number of shares will be subscribed in the share issue and that the debenture bonds and the majority of convertible bonds will be converted into equity.

Adjustment measures
During 2012 Glaston enhanced and adjusted its operations according to the market situation. In the second quarter, production capacity in Asia was adjusted to correspond with demand through a reduction in personnel. In Italy, temporary layoffs of personnel continued.

At the end of the year, Glaston initiated negotiations on the adjustment of its operations to the new structure and to the prevailing market situation. Negotiations with personnel covered all Glaston personnel in all operations world-wide, with the focus being on Finland and Brazil. The result of the consultations was a personnel reduction of around 50 employees. The annual savings of the adjustment programme will be around EUR 5 million and they will be realised in full by the end of 2013.

During the final quarter, the pre-processing product line in Italy streamlined its organisation. The goal was a simpler and more operational organisation. In Brazil, production of pre-processing machines was discontinued, but Glaston will continue to sell pre-processing machines in Brazil. Measures to boost tool production and increase volumes were initiated in China.

Research and product development
In 2012 the research and product development expenditure of Glaston's Continuing Operations totalled EUR 5.3 (5.0) million, i.e. 4.6 (4.2)% of net sales. The focus of product development was on thin (2 mm) tempering, improving end product quality and energy efficiency, and on capacity-increasing products.

At the beginning of the year, Glaston launched the Tamglass RC350™ and CCS1000™ flat tempering machines. The benefits of the RC350™ machine to the customer are high productivity in the tempering of all Low-E coatings, energy efficiency, and ease of use. The CCS1000™ tempering line is a second-generation double-chamber tempering line, whose advantages are nearly double capacity and excellent end-product quality. A new upgrade product, the CCS™ preheating chamber, was also launched to the market. This product increases significantly production line capacity, end product quality and process energy efficiency. A preheating chamber can be added to nearly all flat tempering machine models. Glaston also launched a completely new method, HS Extension, for improving the quality of thick, heat-strengthened glass.

In October, at the Glasstec fair, the glass industry's main event, a Glaston-developed new air floatation technology intended for the tempering of 2 millimetre glass was presented. The innovation revolutionises the tempering of thin glass by solving a number of technical challenges relating to end product quality and energy efficiency. In addition, the company announced a global cooperation agreement with the German company Arcon on technology that reduces anisotropy, i.e. polarisation reflections in glass, as well as a measuring device with which anisotropy can be numerically verified for the first time.

Glaston IriControl™ technology and measuring devices are sold as options for new flat tempering machines and also as an upgrade product. The Pre-processing product line introduced the new UC 300 and UC 500 automatic cutting lines, the GlasWash series of washing machines, as well as the SolarTech™ and White Tech™ diamond grinding wheel product lines, which deliver excellent performance, grinding speed and quality. The new wheels are highly suitable for the grinding of solar panel, home appliance and furniture glass. The Services segment introduced, among other things, the RC200-zone™ upgrade product, which facilitates the modernisation of a tempering machine's old or broken chamber. The company also launched a new automation system upgrade, iControl™ (iC™), for Glaston's flat tempering machines. iControl™ improves process management and increases productivity.

Discontinued Operations' research and product development expenditure totalled EUR 2.5 (3.1) million.

Capital expenditure, depreciation and amortisation
The gross capital expenditure of Glaston's Continuing and Discontinued Operations totalled EUR 5.6 (5.7) million. The most significant investments in 2012 were in product development.

In 2012, depreciation and amortisation of Continuing Operations on property, plant and equipment and on intangible assets totalled EUR 5.4 (5.5) million. A EUR 3.0 million goodwill impairment loss, directed at the Machines business area, was recognised in the first quarter.

Discontinued Operations
Discontinued Operations consists of the Software Solutions business area. On 12 November 2012, Glaston announced in a stock exchange release the sale of the Software Solutions business area, and the sale was completed on 4 February 2013.

Discontinued Operations' revenue in the review period totalled EUR 20.1 (22.9) million and the result before taxes was a loss of EUR 3.5 (2.0 profit) million. Discontinued Operations' result includes a EUR 5.2 million goodwill impairment loss, which arose from the remeasurement of net assets held for sale at fair value less costs to sell. Discontinued Operations' order book on 31 December 2012 was EUR 1.4 (1.8) million. Discontinued Operations' orders received in the review period totalled EUR 16.5 (20.8) million.

Changes in the company's management
In order to accelerate the implementation of its strategy as well as business growth, Glaston strengthened its Executive Management Group and changed the roles of the Group's members as of 1 July 2012. Roberto Quintero was appointed Senior Vice President, Machines Business Area, Pre-processing and Tools product lines, and he also became a member of the Executive Management Group. He transferred to the post from his duties as SVP, Heat Treatment product line.

SVP, Services Juha Liettyä was appointed SVP, Machines Business Area, Heat Treatment product line, and SVP, Supply Chain Pekka Huuhka was appointed SVP, Services.

Sasu Koivumäki was appointed as the company's Chief Financial Officer as of 1 October 2012, following Tapio Engström's departure from Glaston to join a new employer. Koivumäki transferred to the post from his role as Glaston's Vice President, Sales & Service, North America. Glaston's Senior Industrial Advisor Günter Befort left Glaston on 15 November 2012. Senior Vice President, Human Resources Tapani Lankinen left Glaston on 31 December 2012 to join a new employer. A new group-level Senior Vice President, Human Resources has not been appointed.

Employees
During the year, measures to adjust personnel numbers to the market situation continued. The measures were targeted particularly at Finland and Brazil.

On 31 December 2012, Glaston's Continuing Operations has a total of 602 (675) employees, of whom 23% worked in Finland and 26% elsewhere in the EMEA area, 32% in Asia and 18% in the Americas. The average number of employees was 634 (703). On 31 December 2012, the Software Solutions segment had a total of 175 (195) employees. Continuing and Discontinued Operations had an average total of 820 (899) employees in 2012.

Group structural changes in 2012
In 2012 the following Group companies were liquidated: Glaston Australia Pty. Ltd. in Australia and Albat+Wirsam Software GmbH branches in Austria and Belgium.

In December, Albat+Wirsam Software GmbH sold the shares of Glaston Germany GmbH to Glaston Services Ltd. Oy.

Environment
The energy efficiency of glass processing machines and, moreover, the energy-efficiency of the end products manufactured with them are highly significant from an environmental perspective. Glaston aims to be as environmentally friendly as possible in its operations. The company's operations may give rise

to minor environmental effects, such as noise. The company does not cause air pollution or create emissions into land or water areas.Glaston's glass processing machines and the components used in them have been designed to withstand intense use. The life cycle of machines and equipment may be measured in decades. In addition, maintenance services, maintenance contracts, machine upgrades and modernisations further extend the life cycle of machines and equipment.

Energy efficiency and its development play a key role in product development. In the new Glaston RC350™ flat tempering machine, energy efficiency in the heating process has been achieved by controlling convection while taking into account the oscillation of the glass in the oven, enabling the amount of compressed air used in convention to be minimised. The machine is suitable for the manufacture of all temperable coated glass, such as the tempering of low-emissivity (Low-E) glass.

The GlastonAir™ air floatation technology enables the tempering of glass as thin as 2 millimetres with the lowest possible cooling power, yielding a significant energy saving compared with traditional solutions. The uses of 2 millimetres tempered glass are, for example, solar panels and CSP mirrors.

Shares and share prices

Glaston Corporation's paid and registered share capital on 31 December 2012 was EUR 12.7 million and the number of issued and registered shares totalled 105,588,636. The company has one series of share. At the end of the year, the company held 788,582 of the company's own shares (treasury shares), corresponding to 0.75% of the total number of issued and registered shares and votes. The counter book value of treasury shares is EUR 94,819.

Every share that the company does not hold itself entitles its owner to one vote at a General Meeting of Shareholders. The share has no nominal value. The counter book value of each registered share is EUR 0.12.

On 31 December 2012, the market capitalisation of the company's registered shares, treasury shares excluded, was EUR 27.2 (47.2) million. During 2012, approximately 17.7 million of the company's shares were traded, i.e. around 17% of the average number of registered shares. The lowest price paid for a share was EUR 0.23 (0.40) and the highest price EUR 0.74 (1.27). The volume-weighted average price of shares traded during January-December was EUR 0.39 (0.84). The closing price on 31 December 2012 was EUR 0.26 (0.45).

The share issue-adjusted equity per share attributable to the owners of the parent was EUR 0.29 (0.50).

Shareholders

Glaston Corporation's largest shareholders on 31 December 2012, the distribution of ownership by shareholder group on 31 December 2012, and the distribution of share ownership by number of shares are presented in Note 4 of the consolidated financial statements. Information on the Glaston Corporation shares owned by Members of the Board of Directors and the President & CEO is presented in Note 30 of the consolidated financial statements.

Glaston Corporation is unaware of any shareholder agreements or arrangements relating to share ownership or the exercise of votes. Glaston's largest shareholders Oy G.W.Sohlberg Ab and GWS Trade Oy have separately undertaken not to claim minority dividends as prescribed in Chapter 13 Section 7 of the Finnish Companies Act.

Share-based incentive plans

On 12 December 2011, Glaston's Board of Directors decided on a new share-based incentive plan for the Group's key personnel. The share bonus plan has three performance periods, namely the calendar years 2012, 2013 and 2014. The company's Board of Directors will decide on the plan's performance criteria and the targets set for them at the beginning of each performance period. The possible bonus of the plan for performance period 2012 was based on the Glaston Group's operating result (EBIT) and net profit. In 2012 the performance criteria were not fulfilled. The share bonus plan's target group consists of around 25 people.

The President & CEO also has a separate share bonus arrangement, according to which 50,000 Glaston Corporation shares were transferred to him one year after the beginning of his employment relationship, namely in September 2010. The shares earned cannot be transferred for two years from the date of acquisition of the shares. If the President & CEO's employment ends during the restriction period, the shares will be returned to the company. The performance period of this plan ended in 2012.

Decisions of the Annual General Meeting

Glaston Corporation's Annual General Meeting was held in Helsinki on 27 March 2012. The Annual General Meeting adopted the financial statements and consolidated financial statements for the period 1 January – 31 December 2011. In accordance with the proposal of the Board of Directors, the Annual General Meeting resolved that no dividend be distributed for the financial year ending 31 December 2011. The Annual General Meeting discharged the members of Board of Directors and the President & CEO from liability for the financial year 1 January – 31 December 2011.

The number of the Members of the Board of Directors was resolved to be six. The Annual General Meeting decided to re-elect Claus von Bonsdorff, Teuvo Salminen, Christer Sumelius, Pekka Vauramo and Andreas Tallberg as Members of the Board of Directors for the following term ending at the closing of the next Annual General Meeting, and to elect Anu Hämäläinen M.Sc.(Econ.) as a new Member of the Board of Directors.

The Annual General Meeting resolved that the annual remuneration payable to Members of the Board of Directors shall remain unchanged. The Chairman of the Board shall be paid EUR 40,000, the Deputy Chairman EUR 30,000 and the other Members of the Board EUR 20,000.

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

The Annual General Meeting resolved in accordance with the proposal of the Board of Directors to amend Articles 10 and 11 of the Articles of Association. Article 10 was amended so that General Meetings of Shareholders shall be held in the place where the company is domiciled or in Espoo. In addition, a mention was added to the article whereby the Chairman of the General Meeting shall have the right to determine the method of voting in the event of a matter being resolved by a vote at a General Meeting. Article 11 was amended so that the notice to a General Meeting of Shareholders shall be published on the company's website. In addition, the Board of Directors may decide on the publishing of the notice to a General Meeting in a newspaper.

At its organising meeting on 27 March 2012, 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.

Events after the review period

On 20 December 2012, Glaston announced in a stock exchange release that it will initiate measures to strengthen the company's financial position. The arrangements require a decision of an Extraordinary General Meeting. On 22 January 2013, Glaston published a notice to an Extraordinary General Meeting. The meeting will be held on 12 February 2013. The Board of Directors proposes that the General Meeting authorises the Board of Directors to decide on one or more issuances of shares. The authorisation contains the right to issue new shares or to dispose of shares held by the company up to 86,000,000 shares.

On 4 February 2013, Glaston announced in a stock exchange release that it had completed the sale of Albat+Wirsam Software GmbH. On the same day, changes in the Executive Management Group were also announced. Senior Vice President, Software Solutions Uwe Schmid resigned from the Executive Management Group and General Counsel Taina Tirkkonen was appointed to the Executive Management

Group.

On 7 February 2013, Glaston announced in a stock exchange release about the new long term credit facility agreement, securing financing for at least the following 12 months. The credit facility will be in force when certain conditions, such as the share issue and conversion of the convertible and debenture bonds into equity, have been fulfilled. Glaston has received commitments from sufficient number of shareholders participating in the extraordinary shareholders' meeting to ensure that the shareholders' meeting will approve the share issue. Glaston has also sufficient commitments to ensure, that the minimum required number of shares will be subscribed in the share issue and that the debenture bonds and the majority of convertible bonds will be converted into equity.

Risks and risk management
Glaston operates globally and changes in the development of the world economy directly affect the Group's operations and risks. A strategic risk for Glaston is above all the loss of the Group’s market shares, particularly in the most strongly developing markets in Asia and South America as well as in Europe. The arrival of a competing machine and glass processing technology on the market in connection with technological development, which would require Glaston to make considerable product development investments, as well as changes to legislation regulating the company are also strategic risks. Glaston's most significant operational risks include cost development relating to Glaston’s operations, management of large customer projects, the availability of components, management of the contractual partner and subcontractor network, product development, succeeding in the effective protection of intellectual property rights and efficient production as well as the availability and permanence of expert personnel. Glaston continually develops its information systems and despite careful planning, temporary disruptions to operations might be associated with the introduction stages.

The Group’s financial risks consist of foreign exchange, interest rate, credit loss, counterparty and liquidity risks. The nature of international business means that the Group has risks arising from fluctuations in foreign exchange rates. Changes in interest rates represent an interest rate risk. Credit loss and counterparty risks arise mainly from risks associated with the payment period granted to customers. Liquidity risk is the risk that the Group’s negotiated credit facilities are insufficient to cover the financial needs of the business or that obtaining new funding for these needs will cause a significant increase in financing costs.

The measures initiated to strengthen Glaston’s financial position will improve significantly the group's liquidity.

The Group’s loan agreements include terms and other commitments which are linked to consolidated key figures. If the covenant terms are not fulfilled, negotiations with the lenders will be initiated. These negotiations may lead to notice of termination of financial agreements. The covenants in use are interest cover, net debt /EBITDA, cash and gross capital expenditure. The covenants are monitored regularly. During the financial year and in the end of the fourth quarter Glaston renegotiated some of the loan covenants with lenders. The covenant terms of the new loan agreement signed on 7 February, 2013 are mainly the same as in the previous loan agreement, but the levels of the covenant terms are more favourable to Glaston.

Assesment of going concern
When preparing financial statements, Glaston’s management assesses Glaston’s ability to continue as going concern. It is the opinion of the management and board of directors of Glaston that the most significant factor which could endanger Glaston’s ability to continue as going concern would be insufficient funding, but the measures taken in the latter part of 2012 and in early 2013 have decreased the risk remarkably. Glaston’s financial position will be strengthened with decrease of net debt and improvement of equity. Net debt has been decreased with the funds received from sale of Software Solutions business. The sale was closed in early February 2013. Also, the funds to be received from the sale of Tampere real estate in Finland will be used to pay back debt. The sale is estimated to be finalized during the first quarter of 2013.

The Board of Directors of Glaston Corporation has summoned on January 22, 2013 an extraordinary shareholders' meeting to be held on 12 February, 2013. The Board of Directors proposes that the Extraordinary General Meeting authorizes the Board of Directors to resolve on one or more issuances of shares. The authorization contains the right to issue new shares or dispose of the shares in the possession of the company up to 86,000,000 shares. The share issue will improve Glaston's equity.

In addition, the Board of Directors of Glaston Corporation started at the end of 2012 negotiating with the holders of the convertible bond and of the debenture bond on conversion of the bonds into Glaston shares. The majority of the holders of the convertible bonds and the holders of the debenture bond are committed to convert the bonds into shares.

Glaston's financing has been secured for at least the following 12 months with the new long term credit facility agreement signed on 7 February, 2013. The credit facility will be in force when certain conditions, such as the share issue and conversion of the convertible and debenture bonds into equity, have been fulfilled. Glaston has received commitments from sufficient number of shareholders participating in the extraordinary shareholders' meeting to ensure that the shareholders' meeting will approve the share issue. Glaston has also sufficient number of commitments to ensure that the share issue will be subscribed.

Glaston's management has no information of other events or circumstances which may cast significant doubt on Glaston's ability to continue as going concern.

Uncertainties and risks in the near future
Glaston's business environment remains challenging. Slower economic growth and uncertainty in the financial markets could affect the timing of large machine orders. The general economic uncertainty continues to affect customers' investment activity.

The recession of 2008/2009 reduced production volumes of float glass worldwide. The underlying nature of the sector, however, is expected to be unchanged, so production volumes are forecast to grow in the coming years.

Global economic uncertainty in late 2012 and its impact on development of the sector have been taken into account in the short-term forecasts. If the recovery of the sector is delayed further or slows, this will have a negative effect on future cash flows.

Glaston performs annual goodwill impairment testing during the final quarter of the year. In addition, goodwill impairment testing is performed if there are indications of impairment. Due to prolonged market uncertainty, it is possible that Glaston's recoverable amounts will 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 2012 Annual Report and on the company's website www.glaston.net.

Outlook
Our expectations for the development of the market in 2013 are cautiously positive. In North America, outlook for construction in particular is more positive than a year ago. In Europe, the economic outlook remains uncertain. We expect that the cautiously positive development that began in Asia in late 2012 will continue. Stable development in South America is expected to continue.

As a result of economic uncertainty and overcapacity, the market for new machines will continue to be challenging. The development of the service market is expected to remain positive.

We will focus in future on our core operations, namely on glass processing machines and related services. This strategic decision will allow us to capitalise on our strong expertise and resources in the best possible way. Following the cost-cutting and restructuring programmes implemented in 2012, we start 2013 on a more stable foundation. The prerequisites for profitable operations exist. Despite the discontinuation of unprofitable product groups, we expect a slight growth in net sales.

Glaston expects 2013 net sales to be on the 2012 level and the operating result to be positive.

Board of directors' proposal on the distribution of profits
The distributable funds of Glaston Corporation, the parent of Glaston Group, total EUR 25,909,633, of which the loss for the review period is EUR -11,101,550. The company has no funds available for dividend distribution.

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, and that equity is not returned from the reserve for invested unrestricted equity. EUR 25,909,633 will be left in distributable funds.

Helsinki, 7 February 2013
GLASTON CORPORATION
Board of Directors
For further information, please contact:
President & CEO Arto Metsänen, tel. +358 10 500 500
Chief Financial Officer Sasu Koivumäki, tel. +358 10 500 500

GLASTON CORPORATION
Agneta Selroos
Director, Communications and Marketing

Glaston Corporation
Glaston is a global company developing glass processing technology for architectural, solar, appliance and automotive applications. Our portfolio ranges from pre-processing and safety glass machines to services. We are dedicated to our customers' continued success and provide services for all glass processing needs with a lifecycle-long commitment in mind. For more information, please visit www.glaston.net.
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 2012

These condensed financial statements are audited. Auditor's report has been given on 7 February, 2013. 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	31.12.2012	31.12.2011
Assets		
Non-current assets		
Goodwill	36.8	52.6
Other intangible assets	10.7	18.2

Property, plant and equipment	7.3	18.7
Investments in associates	-	0.0
Available-for-sale assets	0.3	0.3
Loan receivables	1.8	4.4
Deferred tax assets	6.7	6.9
Total non-current assets	**63.8**	**101.2**
Current assets		
Inventories	21.8	25.2
Receivables		
Trade and other receivables	31.2	40.8
Assets for current tax	0.9	1.3
Total receivables	32.0	42.1
Cash equivalents	10.6	18.6
Assets held for sale	29.8	-
Total current assets	**94.2**	**86.0**
Total assets	**158.0**	**187.2**

	31.12.2012	**31.12.2011**
Equity and liabilities		
Equity		
Share capital	12.7	12.7
Share premium account	25.3	25.3
Other restricted equity reserves	0.0	0.0
Reserve for invested unrestricted equity	26.8	26.8
Treasury shares	-3.3	-3.3
Fair value reserve	0.0	0.0
Other unrestricted equity reserves	0.1	-
Retained earnings and exchange differences	-8.6	5.7
Net result attributable to owners of the parent	-22.4	-14.4
Equity attributable to owners of the parent	**30.6**	**52.8**
Non-controlling interest	**0.3**	**0.3**
Total equity	**30.9**	**53.2**
Non-current liabilities		
Convertible bond	8.2	7.9
Non-current interest-bearing liabilities	4.1	37.7
Non-current interest-free liabilities and provisions	2.1	2.0
Deferred tax liabilities	1.5	3.6
Total non-current liabilities	**15.9**	**51.2**
Current liabilities		
Current interest-bearing liabilities	56.2	22.6
Current provisions	3.5	4.1
Trade and other payables	46.4	55.3
Liabilities for current tax	0.3	0.7
Liabilities related to assets held for sale	4.7	-
Total current liabilities	**111.2**	**82.8**
Total liabilities	**127.1**	**134.0**
Total equity and liabilities	**158.0**	**187.2**

CONDENSED STATEMENT OF PROFIT OR LOSS

EUR million	**10-12/ 2012**	restated **10-12/ 2011**	**1-12/ 2012**	restated **1-12/ 2011**

Net sales	**32.3**	**33.7**	**115.6**	**119.7**
Other operating income	0.4	0.2	1.1	0.9
Expenses	-33.3	-32.2	-117.1	-118.0
Depreciation, amortization and impairment	-1.4	-1.5	-8.4	-5.7
Operating result, continuing operations	**-2.0**	**0.2**	**-8.8**	**-3.1**
Financial items, net	-3.5	-0.9	-8.6	-10.8
Result before income taxes	**-5.5**	**-0.7**	**-17.4**	**-13.9**
Income taxes	-0.9	-1.5	-0.8	-2.5
Profit / loss for the period from continuing operations	**-6.4**	**-2.2**	**-18.3**	**-16.4**
Profit / loss after tax for the period from discontinued operations	**1.0**	**1.0**	**-4.2**	**1.9**
Profit / loss for the period	**-5.3**	**-1.2**	**-22.4**	**-14.4**
Attributable to:				
Owners of the parent	-5.3	-1.2	-22.4	-14.4
Non-controlling interest	0.0	0.0	0.0	0.0
Total	**-5.3**	**-1.2**	**-22.4**	**-14.4**
Earnings per share, EUR, continuing operations	-0.06	-0.02	-0.17	-0.16
Earnings per share, EUR, discontinued operations	0.01	0.01	-0.04	0.02
Earnings per share, EUR, basic and diluted	**-0.05**	**-0.01**	**-0.21**	**-0.14**
Operating result, continuing operations, as % of net sales	-6.1	0.6	-7.6	-2.6
Profit / loss for the period, continuing operations , as % of net sales	-19.7	-6.4	-15.8	-13.7
Profit / loss for the period, as % of net sales	-16.5	-3.5	-19.4	-12.1
Non-recurring items included in operating result, continuing operations	-2.4	0.2	-5.4	0.3
Operating result, non-recurring items excluded, continuing operations	0.4	0.0	-3.4	-3.4
Operating result, continuing operations, non-recurring items excluded, as % of net sales	1.4	0.1	-3.0	-2.8

CONSOLIDATED STATEMENT OF COMPEREHENSIVE INCOME

	10-12/ 2012	**10-12/ 2011**	**1-12/ 2012**	**1-12/ 2011**
Profit / loss for the period	**-5.3**	**-1.2**	**-22.4**	**-14.4**
Other comprehensive income				
Total exchange differences on translating foreign operations	0.0	0.4	0.2	0.5

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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	**0.0**	**0.4**	**0.2**	**0.5**
Total comprehensive income for the reporting period	**-5.4**	**-0.8**	**-22.2**	**-14.0**
Attributable to:				
Owners of the parent	-5.4	-0.8	-22.2	-14.0
Non-controlling interest	0.0	0.0	0.0	0.0
Total comprehensive income for the reporting period	**-5.4**	**-0.8**	**-22.2**	**-14.0**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1-12/2012	1-12/2011
Cash flows from operating activities		
Cash flow before change in net working capital	1.1	-7.7
Change in net working capital	-2.3	12.2
Net cash flow from operating activities	**-1.1**	**4.4**
Cash flow from investing activities		
Business combinations	-0.1	0.0
Other purchases of non-current assets	-5.6	-5.7
Proceeds from sale of other non-current assets	0.2	0.2
Net cash flow from investing activities	**-5.5**	**-5.5**
Cash flow before financing	**-6.6**	**-1.1**
Cash flow from financing activities		
Share issue and conversion of convertible bond, net	-	5.8
Increase in non-current liabilities	0.1	47.9
Decrease in non-current liabilities	-1.6	-3.4
Changes in loan receivables (increase - / decrease +)	0.1	0.1
Increase in short-term liabilities	11.2	34.9
Decrease in short-term liabilities	-10.3	-81.5
Other financing	-	0.0
Net cash flow from financing activities	**-0.5**	**3.8**
Effect of exchange rate changes	**-0.6**	**0.2**
Net change in cash and cash equivalents	**-7.7**	**2.9**
Cash and cash equivalents at the beginning of period	18.6	15.7
Cash and cash equivalents at the end of period, Continuing and Discontinued Operations	10.9	18.6
Net change in cash and cash equivalents	**-7.7**	**2.9**

Cash flows include also cash flows arising from discontinued operations.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Share premium account	Other restricted equity reserves	Reserve for invested unrestr. equity	Treasury shares	Fair value reserve

Equity at 1 January, 2011	**12.7**	**25.3**	**0.0**	**0.1**	**-3.3**	**0.0**
Total comprehensive income for the period	-	-	0.0	-	-	0.0
Share issue	-	-	-	5.9	-	-
Conversion of convertible bond	-	-	-	20.8	-	-
Equity at 31 December, 2011	**12.7**	**25.3**	**0.0**	**26.8**	**-3.3**	**0.0**

	Share capital	**Share premium account**	**Other restricted equity reserves**	**Reserve for invested unrest. equity**	**Treasury shares**	**Fair value reserve**
Equity at 1 January, 2012	**12.7**	**25.3**	**0.0**	**26.8**	**-3.3**	**0.0**
Total comprehensive income for the period	-	-	0.0	-	-	0.0
Reclassification	-	-	0.0	-	-	-
Equity at 31 December, 2012	**12.7**	**25.3**	**0.0**	**26.8**	**-3.3**	**0.0**

EUR million	**Retained earnings**	**Exchange diff.**	**Equity attrib. to owners of the parent**	**Non-contr. interest**	**Total equity**
Equity at 1 January, 2011	**4.6**	**-0.3**	**39.1**	**0.3**	**39.5**
Total comprehensive income for the period	-14.0	0.0	-14.0	0.0	-14.0
Reversal of unpaid dividends	0.0	-	0.0	-	0.0
Share-based incentive plan	-0.2	-	-0.2	-	-0.2
Share-based incentive plan, tax effect	0.1	-	0.1	-	0.1
Share issue	-	-	5.9	-	5.9
Conversion of convertible bond	-2.3	-	18.5	-	18.5
Cost effect of the share price compensation related to convertible bond conversion	3.4	-	3.4	-	3.4
Equity at 31 December, 2011	**-8.4**	**-0.3**	**52.8**	**0.3**	**53.2**

	Other unrestr. equity reserves	**Retained earnings**	**Exchange diff.**	**Equity attrib. to owners of the parent**	**Non-contr. int.**	**Total equity**
Equity at 1 January, 2012	**-**	**-8.4**	**-0.3**	**52.8**	**0.3**	**53.2**
Total comprehensive income for the period	-	-22.4	0.2	-22.2	0.0	-22.2

Reversal of unpaid dividends	-	0.0	-	0.0	-	0.0
Reclassification	0.1	-0.1	-	-	-	-
Share-based incentive plan	-	0.0	-	0.0	-	0.0
Share-based incentive plan, tax effect	-	0.0	-	0.0	-	0.0
Equity at 31 December, 2012	**0.1**	**-30.9**	**-0.1**	**30.6**	**0.3**	**30.9**

KEY RATIOS

	31.12.2012	31.12.2011
EBITDA of continuing operations , as % of net sales [1]	-0.3	2.1
Operating result (EBIT) of continuing operations , as % of net sales	-7.6	-2.6
Profit / loss for the period, as % of net sales	-19.4	-12.1
Gross capital expenditure, continuing and discontinued operations, EUR million	5.6	5.7
Gross capital expenditure, as % of net sales of continuing and discontinued operations	4.1	4.0
Equity ratio, % [2]	21.8	31.1
Gearing, % [2]	221.8	128.5
Net gearing, % [2]	186.6	93.5
Net interest-bearing debt, EUR million [2]	57.7	49.7
Capital employed, end of period, EUR million	99.5	121.4
Return on equity, %, annualized	-53.3	-31.2
Return on capital employed, %	-12.5	0.3
Return on capital employed, continuing operations %	-9.4	-1.3
Number of personnel, average	820	899
Number of personnel, continuing operations , end of period	602	675
Number of personnel, discontinued operations, end of period	175	195
Number of personnel, end of period	776	870

[1] EBITDA = Operating result + depreciation, amortization and impairment
[2] Assets held for sale and related liabilities are included in calculation of the key ratio

PER SHARE DATA

	31.12.2012	31.12.2011
Number of registered shares, end of period, treasury shares excluded (1,000)	104,800	104,800
Number of shares issued, end of period, adjusted with share issue, treasury shares excluded (1,000)	104,800	104,800
Number of shares, average, adjusted with share issue, treasury shares excluded (1,000)	104,800	100,826
Number of shares, dilution effect of the convertible bond taken into account, average, adjusted with share issue,	111,531	110,538

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treasury shares excluded (1,000)

EPS, continuing operations , basic and diluted, adjusted with share issue, EUR	-0.17	-0.16
EPS, Discontinued Operations, basic and diluted, adjusted with share issue, EUR	-0.04	0.02
EPS, total, basic and diluted, adjusted with share issue, EUR	-0.21	-0.14
Adjusted equity attributable to owners of the parent per share, EUR	0.29	0.50
Price per adjusted earnings per share (P/E) ratio	-1.2	-3.1
Price per adjusted equity attributable to owners of the parent per share	0.89	0.89
Market capitalization of registered shares, EUR million	27.2	47.2
Share turnover, % (number of shares traded, % of the average registered number of shares)	16.9	8.5
Number of shares traded, (1,000)	17,736	8,447
Closing price of the share, EUR	0.26	0.45
Highest quoted price, EUR	0.74	1.27
Lowest quoted price, EUR	0.23	0.40
Volume-weighted average quoted price, EUR	0.39	0.84

DEFINITIONS OF KEY RATIOS
Per share data

Earnings per share (EPS), continuing operations:
Net result of continuing operations attributable to owners of the parent / Adjusted average number of shares

Earnings per share (EPS), discontinued operations:
Net result of discontinued operations attributable to owners of the parent / Adjusted average number of shares

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 the convertible bond / Adjusted average number of shares, dilution effect of the convertible bond taken into account

Dividend per share:
Dividends paid / Adjusted number of issued shares at end of the period

Dividend payout ratio:
(Dividend per share x 100) / Earnings per share

Dividend yield:
(Dividend per share x 100) / Share price at end of the period

Equity attributable to owners of the parent per share:
Equity attributable to owners of the parent at end of the period / Adjusted number of shares at end of the period

Average trading price:
Shares traded (EUR) / Shares traded (volume)

Price per earnings per share (P/E):

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Share price at end of the period / Earnings per share (EPS)

Price per equity attributable to owners of the parent per share:
Share price at end of the period / Equity attributable to owners of the parent per share

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

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

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

Financial ratios

EBITDA:
Profit / loss of continuing operations before depreciation, amortization and impairment, share of associates' results included

Operating result (EBIT):
Profit / loss of continuing operations after depreciation, amortization and impairment, share of associates' results included

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

Cash and cash equivalents:
Cash + other financial assets (includes cash and cash equivalents classified as held for sale)

Net interest-bearing debt:
Interest-bearing liabilities (includes interest-bearing liabilities classified as held for sale) - cash and cash equivalents

Financial expenses:
Interest expenses of financial liabilities + fees of financing arrangements + foreign currency differences of financial liabilities (total of continuing and discontinued operations)

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 capital employed, % (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

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ACCOUNTING PRINCIPLES

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, 2011, with the exception of the following new or revised or amended standards and interpretations which have been applied from 1 January, 2012:

- 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 but it increases the disclosure information in the consolidated financial statements.

Other new or amended standards or interpretations applicable from 1 January, 2012 are not material for Glaston Group.

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

- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurements
- Amendment to IAS 1 Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income
- IAS 19 (revised) Employee Benefits
- IAS 27 (revised) Separate Financial Statements
- IAS 28 (revised) Investments in Associates and Joint Ventures
- Annual Improvements to IFRSs 2009 – 2011 Cycle, published in May 2012

The revised and amended standard shall be applied for annual periods beginning on or after 1 January, 2013, except that revised IAS 1 shall be applied for annual periods beginning on or after 1 July, 2012.

IFRS 10 Consolidated Financial Statements standard changes the definition of control in other entities. Control is the basis for including an entity in the consolidated financial statements. The application of IFRS 10 does not affect the consolidated financial statements of Glaston.

IFRS 12 Disclosure of Interests in Other Entities standard increases the disclosure information of group companies in the consolidated financial statements.

IFRS 13 Fair Value Measurements standard increases the disclosure information in the consolidated financial statements but has otherwise no material effect on Glaston's consolidated financial statements.

Amended to IAS 1 Presentation of Items of Other Comprehensive Income standard changes the presentation of other comprehensive income in the consolidated financial statements but has otherwise no effect on Glaston's consolidated financial statements.

Revised IAS 19 Employee Benefits standard changes the recognition of actuarial gains and losses. The corridor method is no longer allowed in recognizing actuarial gains and losses but they are recognized in other comprehensive income. Only current and past service costs as well as net interest on net defined benefit liability can be recorded in profit or loss. Other changes in net defined benefit liability are recognized in other comprehensive income with not subsequent recycling to profit or loss. The revised IAS 19 standard is applied retrospectively. As a result of applying the revised IAS 19, Glaston's liabilities from defined benefit plans increase approximately EUR 0.4 million and equity decreases approximately EUR 0.5 million.

Other new or amended standards or interpretations applicable from 1 January, 2013 are not material for Glaston Group.

SEGMENT INFORMATION

The reportable segments of Glaston are Machines and Services. Software Solutions segment, which previously belonged to reportable segments is presented as discontinued operations. 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, glass pre-processing machines as well as sale and manufacturing of tools.

Services segment includes maintenance and service of glass processing machines and sale of spare parts and upgrades. Services segment also includes software business in North Asia which previously belonged to Software Solutions segment. Glaston continues this business as a reseller. Comparable information has been restated.

The unallocated operating result consists of head office operations of the Group.

Non-recurring items have been reclassified to non-recurring items of continuing operations and non-recurring items of discontinued operations.

The non-recurring items of 2012 consist of goodwill impairment loss (EUR 2.9 million), goodwill impairment loss arising from measurement of disposal group classified as held for sale at fair value less costs to sell (EUR 5.2 million, in result of discontinued operations) and personnel and other costs arising from restructuring (EUR 2.9 million, of which EUR 0.5 million in result of discontinued operations).

The non-recurring items of 2011 consist of reversals of the provisions made in prior years.

Segment assets include external trade receivables and inventory, and segment liabilities include external trade payables and advance payments received. In addition, segment assets and liabilities include business related prepayments and accruals as well as other business related receivables and liabilities. Segment assets and liabilities do not include loan receivables, prepayments and receivables related to financial items, interest-bearing liabilities, accruals and liabilities related to financial items, income and deferred tax assets and liabilities nor cash and cash equivalents.

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Continuing operations

Machines

EUR million	10-12/ 2012	10-12/ 2011	1-12/ 2012	1-12/ 2011
External sales	22.7	26.1	84.7	89.8
Intersegment sales	0.0	0.1	0.0	0.2
Net sales	**22.7**	**26.2**	**84.7**	**90.0**
EBIT excluding non-recurring items	**0.4**	**1.5**	**-2.6**	**-1.9**
EBIT-%, excl. non-recurring items	1.8	5.6	-3.1	-2.1
Non-recurring items	-1.8	0.2	-4.7	0.2
EBIT	**-1.3**	**1.7**	**-7.4**	**-1.7**
EBIT-%	-5.9	6.3	-8.7	-1.9
Net working capital			37.7	47.9
Number of personnel, average			492	557
Number of personnel, end of period			461	541

Services

EUR million	10-12/ 2012	10-12/ 2011	1-12/ 2012	1-12/ 2011
External sales	9.5	7.6	30.8	29.9
Intersegment sales	0.3	0.4	1.5	1.2
Net sales	**9.9**	**8.0**	**32.3**	**31.2**
EBIT excluding non-recurring items	**2.0**	**0.8**	**5.9**	**5.3**
EBIT-%, excl. non-recurring items	19.9	9.7	18.3	16.9
Non-recurring items	-0.1	0.0	-0.1	0.1
EBIT	**1.9**	**0.8**	**5.8**	**5.4**
EBIT-%	18.8	10.0	18.0	17.4
Net working capital			24.0	21.9
Number of personnel, average			129	132
Number of personnel, end of period			130	122

Glaston Group

Net sales

EUR million	10-12/ 2012	10-12/ 2011	1-12/ 2012	1-12/ 2011
Machines	22.7	26.2	84.7	90.0
Services	9.9	8.0	32.3	31.2
Other and intersegment sales	-0.3	-0.5	-1.4	-1.5
Glaston Group total	**32.3**	**33.7**	**115.6**	**119.7**

EBIT

EUR million	10-12/ 2012	10-12/ 2011	1-12/ 2012	1-12/ 2011
Machines	0.4	1.5	-2.6	-1.9
Services	2.0	0.8	5.9	5.3
Other and eliminations	-1.9	-2.2	-6.7	-6.8
EBIT excluding non-recurring items	**0.4**	**0.0**	**-3.4**	**-3.4**
Non-recurring items	-2.4	0.2	-5.4	0.3
EBIT, continuing operations	**-2.0**	**0.2**	**-8.8**	**-3.1**

Net financial items	-3.5	-0.9	-8.6	-10.8
Result before income taxes from continuing operations	**-5.5**	**-0.7**	**-17.4**	**-13.9**
Income taxes from continuing operations	-0.9	-1.5	-0.8	-2.5
Result from continuing operations	**-6.4**	**-2.2**	**-18.3**	**-16.4**
Net discontinued operations	1.0	1.0	-4.2	1.9
Net result	**-5.3**	**-1.2**	**-22.4**	**-14.4**
Number of personnel, average (continuing operations)			634	703
Number of personnel, end of period (continuing operations)			602	675

Segment assets

EUR million	**31.12.2012**	**31.12.2011**
Machines	80.7	94.5
Services	30.0	28.9
Software Solutions (discontinued operations)	19.7	25.1
Total segments	**130.3**	**148.5**
Unallocated and eliminations and adjustments	-15.7	5.3
Total segment assets	**114.6**	**153.8**
Other assets	43.4	33.3
Total assets	**158.0**	**187.2**

Segment liabilities

EUR million	**31.12.2012**	**31.12.2011**
Machines	43.0	46.6
Services	6.0	6.9
Software Solutions (discontinued operations)	2.6	4.8
Total segments	**51.6**	**58.3**
Unallocated and eliminations and adjustments	-0.3	1.8
Total segment liabilities	**51.3**	**60.1**
Other liabilities	75.8	73.9
Total liabilities	**127.1**	**134.0**

Net working capital

EUR million	**31.12.2012**	**31.12.2011**
Machines	37.7	47.9
Services	24.0	21.9
Software Solutions (discontinued operations)	17.1	20.4
Total segments	**78.7**	**90.2**
Unallocated and eliminations and adjustments	-15.5	3.5
Total Glaston Group	**63.3**	**93.7**

Order intake (continuing operations)

EUR million	**1-12/2012**	**1-12/2011**
Machines	86.3	89.2
Services	31.8	31.4
Total Glaston Group	**118.1**	**120.6**

Net sales by geographical areas (continuing operations)

EUR million	1-12/2012	1-12/2011
EMEA	48.2	48.1
Asia	25.4	32.5
America	42.0	39.0
Total	**115.6**	**119.7**

Discontinued operations

Software Solutions

EUR million	10-12/ 2012	10-12/ 2011	1-12/ 2012	1-12/ 2011
External sales	6.1	5.6	21.0	22.9
Intersegment sales	0.0	0.0	0.0	0.1
Net sales	**6.1**	**5.6**	**21.0**	**23.0**
Share of associates' and joint ventures' results	-	-	0.0	0.0
EBIT excluding non-recurring items	**0.7**	**0.9**	**1.8**	**2.1**
EBIT-%, excl. non-recurring items	11.9	15.3	8.3	8.9
Non-recurring items	0.0	-	-5.7	0.0
EBIT	**0.7**	**0.9**	**-3.9**	**2.1**
EBIT-%	11.1	15.3	-18.7	7.7
Number of personnel, average			186	197
Number of personnel, end of period			175	195

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

Continuing operations

Machines

EUR million	10-12/ 2012	7-9/ 2012	4-6/ 2012	1-3/ 2012	10-12/ 2011	7-9/ 2011	4-6/ 2011	1-3/ 2011
External sales	22.7	18.4	21.7	21.9	26.1	16.2	27.4	20.1
Intersegment sales	0.0	0.0	0.0	0.0	0.1	0.0	0.2	0.0
Net sales	**22.7**	**18.4**	**21.7**	**21.9**	**26.2**	**16.2**	**27.6**	**20.1**
EBIT excluding non-recurring items	**0.4**	**-0.5**	**-1.7**	**-0.9**	**1.5**	**-1.7**	**0.2**	**-1.9**
EBIT-%, excl. non-recurring items	1.8	-2.5	-7.8	-4.1	5.6	-10.5	0.6	-9.2
Non-recurring items	-1.8	-	-	-3.0	0.2	-	-	-
EBIT	**-1.3**	**-0.5**	**-1.7**	**-3.9**	**1.7**	**-1.7**	**0.2**	**-1.9**
EBIT-%	-5.9	-2.5	-7.8	-17.7	6.3	-10.5	0.6	-9.2

Services

EUR million	10-12/ 2012	7-9/ 2012	4-6/ 2012	1-3/ 2012	10-12/ 2011	7-9/ 2011	4-6/ 2011	1-3/ 2011
External sales	9.5	6.3	6.7	8.3	7.6	6.1	8.1	8.1
Intersegment sales	0.3	0.6	0.3	0.2	0.4	0.2	0.4	0.2

Net sales	**9.9**	**6.8**	**7.0**	**8.5**	**8.0**	**6.3**	**8.5**	**8.3**
EBIT excluding non-recurring items	**2.0**	**1.2**	**1.0**	**1.7**	**0.8**	**0.8**	**2.2**	**1.5**
EBIT-%, excl. non-recurring items	19.9	18.1	13.7	20.5	9.7	12.2	26.3	17.7
Non-recurring items	-0.1	-	-	-	0.0	0.0	0.1	-
EBIT	**1.9**	**1.2**	**1.0**	**1.7**	**0.8**	**0.8**	**2.3**	**1.5**
EBIT-%	18.8	18.1	13.7	20.5	10.0	13.0	27.0	17.7

Net sales

EUR million	**10-12/ 2012**	**7-9/ 2012**	**4-6/ 2012**	**1-3/ 2012**	**10-12/ 2011**	**7-9/ 2011**	**4-6/ 2011**	**1-3/ 2011**
Machines	22.7	18.4	21.7	21.9	26.2	16.2	27.6	20.1
Services	9.9	6.8	7.0	8.5	8.0	6.3	8.5	8.3
Other and intersegment sales	-0.3	-0.6	-0.3	-0.2	-0.5	-0.2	-0.6	-0.2
Glaston Group total	**32.3**	**24.6**	**28.5**	**30.2**	**33.7**	**22.3**	**35.5**	**28.2**

EBIT

EUR million	**10-12/ 2012**	**7-9/ 2012**	**4-6/ 2012**	**1-3/ 2012**	**10-12/ 2011**	**7-9/ 2011**	**4-6/ 2011**	**1-3/ 2011**
Machines	0.4	-0.5	-1.7	-0.9	1.5	-1.7	0.2	-1.9
Services	2.0	1.2	1.0	1.7	0.8	0.8	2.2	1.5
Other and eliminations	-1.9	-1.2	-2.0	-1.6	-2.2	-1.5	-1.5	-1.6
EBIT excluding non-recurring items	**0.4**	**-0.4**	**-2.7**	**-0.7**	**0.0**	**-2.4**	**0.9**	**-1.9**
Non-recurring items	-2.4	-	-	-3.0	0.2	0.0	0.1	-
EBIT	**-2.0**	**-0.4**	**-2.7**	**-3.7**	**0.2**	**-2.3**	**0.9**	**-1.9**

Order book (continuing operations)

	31.12. 2012	**30.9 .2012**	**30.6. 2012**	**31.3. 2012**	**31.12. 2011**	**30.9. 2011**	**30.6. 2011**	**31.3. 2011**
Machines	33.1	31.3	30.8	34.2	34.6	33.1	35.4	40.2
Services	1.1	4.0	3.3	1.1	1.2	1.4	1.1	1.7
Total Glaston Group	**34.2**	**35.3**	**34.1**	**35.2**	**35.8**	**34.5**	**36.5**	**41.8**

Order intake (continuing operations)

EUR million	**10-12/ 2012**	**7-9/ 2012**	**4-6/ 2012**	**1-3/ 2012**	**10-12/ 2011**	**7-9/ 2011**	**4-6/ 2011**	**1-3/ 2011**
Machines	25.5	21.1	19.1	20.7	26.9	15.2	23.1	24.0
Services	7.9	7.3	9.1	7.6	8.0	6.7	8.0	8.7
Total Glaston Group	**33.3**	**28.4**	**28.2**	**28.3**	**34.9**	**21.9**	**31.1**	**32.7**

DISCONTINUED OPERATIONS AND ASSETS AND LIABILITIES OF DISPOSAL GROUP CLASSIFIED AS HELD FOR SALE

Assets and liabilities related to Software Solutions business area are presented as held for sale as Glaston announced in October 2012 that it was negotiating of sale of Software Solutions business area. Glaston published in November 2012 that it has signed a binding contract of the sale of the business area. The closing of the sale is expected took place on 4 February, 2013. Software Solutions business area was earlier presented as one of Glaston's reportable segment.

Revenue, expenses and result of discontinued operations

	31.12.2012	**31.12.2011**
Revenue	21.0	22.9
Expenses	-19.2	-20.9
Gross profit	**1.7**	**2.0**
Finance costs, net	0.0	0.0
Impairment loss recognized on the remeasurement to fair value less cost to sell	-5.2	-
Profit / loss before tax from discontinued operations	**-3.5**	**2.0**
Income tax	-0.7	-0.1
Income tax related to measurement to fair value less costs to sell	-	-
Profit / loss from discontinued operations	**-4.2**	**1.9**

Profit / loss from discontinued operations include EUR 5.2 million goodwill impairment loss. The goodwill impairment loss arises from measurement of net assets held for sale to fair value less costs to sell.

Assets and liabilities of disposal group classified as held for sale
Assets and liabilities of disposal groups include, in addition to assets and liabilities related to discontinued operations, also the real estate in Tampere, Finland, which Glaston has classified as non-current asset held for sale. Glaston has classified this real estate as held for sale as Glaston intends to sell and lease back the real estate. As a result, the carrying amount of the real estate will be recovered through a sale transaction and not through continuing use. The lease agreement arising from the transaction will be an operating lease.

	31.12.2012	**31.12.2011**
Assets		
Goodwill	7.6	-
Other intangible assets	7.3	-
Tangible assets	9.6	-
Investments in associates	0.1	-
Available-for-sale assets	0.0	-
Deferred tax asset	0.0	-
Inventories	0.0	-
Assets for current tax	0.0	-
Trade and other receivables	5.0	-
Cash equivalents	0.3	-
Assets classified as held for sale	**29.8**	**-**
Liabilites		
Deferred tax liability	1.8	-
Non-current interest-free liabilities and provisions	0.1	-

Current provisions	0.4	-
Current interest-bearing liabilities	0.0	-
Trade and other payables	2.1	-
Liabilities for current tax	0.2	-
Liabilities related to assets held for sale	**4.7**	**-**

On 31 December, 2011 there were no assets classified as held for sale.

Net cash flows of discontinued operations

	2012	**2011**
Operating	2.8	4.5
Investing	-3.1	-2.4
Financing	0.0	-
Net cash flow	**-0.3**	**2.1**

Order book (discontinued operations)

	31.12.2012	**31.12.2011**
Software Solutions	1.4	1.8

Order intake (discontinued operations)

	1-12/2012	**1-12/2011**
Software Solutions	16.5	20.8

CONTINGENT LIABILITIES

EUR million	**31.12.2012**	**31.12.2011**
Mortgages and pledges		
On own behalf	470.8	490.1
On behalf of others	0.1	0.1
Guarantees		
On own behalf	0.4	0.5
On behalf of others	0.0	0.0
Lease obligations	7.2	9.6
Other obligation on own behalf	0.5	0.8

Mortgages and pledges include EUR 106.4 million shares in group companies and EUR 35.1 million receivables from group companies.

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

DERIVATIVE INSTRUMENTS

EUR million	**31.12.2012** Nominal value	Fair value	**31.12.2011** Nominal value	Fair value
Commodity derivatives				
Electricity forwards	0.3	0.0	0.1	0.0

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

PROPERTY, PLANT AND EQUIPMENT

EUR million

Changes in property, plant and equipment	1-12/2012	1-12/2011
Carrying amount at beginning of the period	18.7	19.5
Additions	0.5	1.2
Disposals	0.0	-0.1
Depreciation and amortization	-2.2	-2.6
Impairment losses and reversals of impairment losses	-	-0.1
Reclassification and other changes	0.0	0.4
Exchange differences	-0.1	0.2
Transfer to assets held for sale	-9.6	-
Carrying amount at end of the period	7.3	18.7

At the end of December 2012 or 2011 Glaston did not have of contractual commitments for the acquisition of property, plant and equipment.

SHAREHOLDER INFORMATION

20 largest shareholders 31 December, 2012

	Shareholder	Number of shares	% of shares and votes
1	GWS Trade Oy	13,446,700	12.74%
2	Oy G.W.Sohlberg Ab	12,819,400	12.14%
3	Varma Mutual Pension Insurance Company	9,447,320	8.95%
4	Suomen Teollisuussijoitus Oy	9,049,255	8.57%
5	Oy Investsum Ab	2,360,000	2.24%
6	Sumelius Bjarne Henning	2,123,733	2.01%
7	Sumelius-Fogelholm Birgitta Christina	1,754,734	1.66%
8	Von Christierson Charlie	1,600,000	1.52%
9	Sumelius Bertil Christer	1,478,533	1.40%
10	Nordea Pro Finland Fund	1,204,381	1.14%
11	Sumelius-Koljonen Barbro	1,175,238	1.11%
12	The Finnish Cultural Foundation	1,084,760	1.03%
13	Vakuutusosakeyhtiö Henki-Fennia	1,010,433	0.96%
14	Ehrnrooth Helene Margareta	1,000,000	0.95%
15	Oy Cacava Ab	1,000,000	0.95%
16	Nordea Life Assurance Finland Ltd.	850,000	0.81%
17	Huber Karin	800,800	0.76%
18	Evli Alexander Management Oy	788,582	0.75%
19	Drumbo Oy	750,000	0.71%
20	Aktia Capital Fund	734,574	0.70%
	Total 20 largest shareholders	64,478,443	61.07%
	Other shareholders	41,034,993	38.86%
	Not in the book-entry securities system (in joint account)	75,200	0.07%

Total	**105,588,636**	**100.00%**
Treasury shares	-788,582	0.75%
Total excluding treasury shares	**104,800,054**	

Ownership distribution 31 December, 2012

	Shares total	% of shares and votes
Corporations	47,056,131	44.6%
Financial and insurance corporations	4,247,118	4.0%
Non-profit institutions	2,525,646	2.4%
Households	36,683,388	34.7%
Foreign countries	4,593,973	4.4%
General government	9,552,320	9.0%
Total	104,658,576	99.1%
Nominee registered	854,860	0.8%
Total	105,513,436	99.9%
Not in the book-entry securities system (in joint account)	75,200	0.1%
Total	**105,588,636**	**100.0%**

RELATED PARTY TRANSACTIONS

Glaston Group’s related parties include the parent, subsidiaries and associates. Related parties also include the members of the Board of Directors and the Group's Executive Management Group, the CEO and their family members. Also the shareholders, which have significant influence in Glaston through shareholding, are consider to be related parties, as well as the companies controlled by these shareholders.

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

Glaston had rented premises from companies owned by individuals belonging to the management. The rents paid correspond with the local level of rents. The related party connection ceased at 30 November, 2012. The lease payments were in 2012 EUR 0.5 (0.6) million.

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

Glaston had no transactions with associates.

Management remuneration (accrual based)

Remuneration of the Board of Directors, accrual based

EUR	**2012** annual fee	meeting fee	**2011** annual fee	meeting fee
Andreas Tallberg, Chairman of the Board of Directors	40,000	7,200	40,000	8,000
Christer Sumelius, Deputy Chairman of the Board of Directors	30,000	4,000	30,000	5,000
Claus von Bonsdorff	20,000	4,500	20,000	5,000
Teuvo Salminen	20,000	4,500	20,000	6,000

Pekka Vauramo (*	20,000	4,500	15,000	3,000
Anu Hämäläinen (**	15,000	3,000	-	-
Carl-Johan Rosenbröijer (***	5,000	2,000	20,000	5,000
Klaus Cawén (****	-	-	5,000	2,000
Jan Lång (****	-	-	5,000	2,000
Total	**150,000**	**29,700**	**155,000**	**36,000**

(* Member of the Board of Directors from 5 April, 2011

(** Member of the Board of Directors from 27 March, 2012

(*** Member of the Board of Directors until 27 March, 2012

(**** Member of the Board of Directors until 5 April, 2011

Remuneration of the Executive Management Group, accrual based

EUR	**2012**	**2011**
CEO Arto Metsänen		
Salaries	359,629	335,306
Bonuses	47,493	114,420
Total	407,122	449,726
Fringe benefits	18,065	16,117
Total	**425,187**	**465,843**
Compulsory pension payments (Finnish TyEL or similar plan)	105,142	82,290
Voluntary pension payments	57,162	40,320

EUR	**2012**	**2011**
Other members of the Executive Management Group		
Salaries	1,271,534	1,180,619
Compensations for termination of employment	540,000	94,482
Bonuses	22,750	257,104
Total	1,834,284	1,532,205
Fringe benefits	99,731	81,058
Total	**1,934,015**	**1,613,263**
Compulsory pension payments (Finnish TyEL or similar plan)	196,519	213,499
Voluntary pension payments	71,767	51,242

The remuneration includes salaries only for the period they have been members of the Executive Management Group.

Share-based payments

Share-based incentive plan 2009
The CEO has a separate share-based payment incentive plan. According to the plan, the CEO received in September 2010, ie. one year after the date when his employment in Glaston began, 50,000 shares in Glaston Corporation. The shares cannot be transferred

further within two years from the reward payment date (restriction period). If the CEO’s employment or service ends during the restriction period, he must return the shares. The vesting period of this incentive plan ended in 2012.

Share-based incentive plan 2010 – 2011

The Board of Directors of Glaston Corporation decided on 9 June, 2010 on a share-based incentive plan. As there was a failure to satisfy the vesting conditions, the share-based plan did not vest. As the share-based plan did not vest, expenses were adjusted in 2011 by EUR 0.5 million.

Share-based incentive plan 2012

On 12 December, 2011 The Board of Directors of Glaston decided to establish a long-term share ownership plan as a part of the remuneration and commitment program for the key personnel. Glaston's share-based plan 2012 offered a possibility to earn the Company’s shares as a reward for attaining the EBIT target set for the financial year 2012. The reward from the plan would have been paid to the key personnel as a combination of shares and cash payment after the end of the earning period. No reward would have been paid to a key person if his/her employment or service ended before the end of the earning period. As the share-based plan did not vest, no reward will be paid for this plan.