INTERIM REPORT

01–09 | 07

9 **GÜNTER BEFORT, CEO OF ALBAT+WIRSAM:** Belonging to the Glaston Group will strengthen our global reach

10 **VITRUM – THE LEADING EUROPEAN GLASS INDUSTRY EVENT THIS YEAR**

seeing it through

01–09 | 07

DEAR SHAREHOLDER

Glaston's restructuring is proceeding

At the end of the review period the Group's order book remained at good levels. A slow down of private building and financial market instability in the USA had a weakening effect on the third quarter order book for the Heat Treatment business area. The forecast for the final quarter of the year is good, exceeding the level of the third quarter.

The Glaston Group's net sales for the early part of the year were better than the previous year, and third quarter net sales were at the previous year's level. Profit levels remained unsatisfactory. Software Solutions' result was good.

The integration of Albat+Wirsam, acquired in July, is proceeding faster than planned. Albat+Wirsam brings significant added value to the One-Stop-Partner concept and customer feedback has been good all over the world.

Measures to improve the Group profitability continued. A number of programmes are under way in the business areas to improve the quality of the delivery chain and enhance operational efficiency. The results of the efficiency measures will begin to be seen during 2008.

Mika Seitovirta
President & CEO

Key figures for January–September

- Consolidated net sales grew by 17% to EUR 181.0 million (restated 1–9/2006: 154.9 million). Third quarter net sales were EUR 57.3 (7–9/2006: 56.3) million.
- Operating profit excluding non-recurring items was EUR 9.5 (restated 1–9/2006: 5.4) million, i.e. 5.2 (3.5)% of net sales. Third quarter operating profit was EUR 4.0 (restated 7–9/2006: 3.5) million, i.e. 6.9 (6.2)% of net sales.
- Earnings per share were EUR 0.03 (1–9/2006: 0.10), of which the third quarter contribution was EUR 0.03 (7–9/2006: 0.04).
- Orders received totalled EUR 170.7 (1–9/2006: 137.9) million. In the third quarter, orders received totalled EUR 39.8 (7–9/2006: 54.8) million.
- The order book on 30 September 2007 was EUR 125.7 (30.9.2006: 93.8) million.
- The market situation, excluding North America, is expected to continue to be satisfactory.
- The integration of the Albat+Wirsam Software Group into Glaston has proceeded faster than initially planned.

Glaston's Interim Report January–September 2007

THE GLASTON GROUP'S STRUCTURE AND SEGMENTATION

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

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 are reported separately.

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

MARKET

The favourable development of the construction industry continued in all market areas, excluding North America, where residential construction in particular was subdued. Public construction developed favourably in all markets. The North American situation, however, has increased general uncertainty.

Demand has grown for Glaston's One-Stop-Partner deliveries, i.e. joint deliveries and combinations of Pre-processing and safety glass machines as well as production management systems.

PRE-PROCESSING

In the third quarter, the market situation of the Pre-processing business area was good. In contrast with the general market situation, sales in North America developed positively. Sales in the South American market developed better than anticipated, while sales in the EMEA area and North Asia fell short of targets. In the third quarter, measures aimed at improving the efficiency of product delivery were initiated in the Pre-processing business area.

Sales of service and maintenance business in the EMEA area and in North America continued their strong growth, and sales of spare parts in particular grew compared with the previous year. Maintenance sales based on annual contracts developed well during the period under review, with growth from the corresponding period being 122%, although the starting level was modest.

HEAT TREATMENT

In the third quarter, the market situation of the Heat Treatment business area was good, excluding North America. Sales in the EMEA area developed favourably, with the strongest growth being in Eastern Europe and the Middle East. Led by China, the Asian market continued its growth, but the longer processing times for building permits is influencing customers' decision-making, which was evident in the delays of contracts to the latter part of the year. In South America, demand for glass processing machines grew, boosted by favourable economic development.

Sales of service and maintenance business grew in the EMEA area and in North America. In the USA, control system updates and accessories particularly sold well during the third quarter. Heat Treatment's maintenance sales based on annual contracts developed strongly in January-September, and growth was 59% from the previous year.

SOFTWARE SOLUTIONS

In the third quarter, the market situation of the Software Solutions business area was good. The market in Central, Western and Northern Europe was stable. The Eastern Europe market, and Russia in particular, grew strongly, as did the Middle East. Market growth in Asia was enhanced by a large project realised in Japan.

The general North American market situation has not been reflected in Software Solutions business, as a number of large glass manufacturers are investing in new software solutions.

ONE-STOP-PARTNER

Sales of the One-Stop-Partner business, i.e. joint deliveries and combinations of Pre-processing and safety glass machines as well as production management systems, reached EUR 51.3 million in the period under review (1–12/2006: 18.8 million). In the third quarter, sales amounted to around EUR 3.5 million. The subdued market in North America was also reflected in OSP sales. Overall, demand for OSP deals remained at a satisfactory level during the period under review.

Realised OSP orders are divided into replacement investments and new developments, particularly for the architectural glass industry in public construction projects as well as solar-energy generating systems.

RECEIVED ORDERS

New orders received by Glaston in January-September totalled EUR 170.7 (1–9/2006: 137.9) million, representing 24 per cent growth from the previous year. Mostly due to the market downturn in North America, third quarter orders were at a lower level compared to the corresponding period the previous year. During July-September, new orders totalled EUR 39.8 (7–9/2006: 54.8) million.

Geographical distribution of new orders, EUR million

	1-9/2007	1-9/2006	Muutos, %
EMEA	108.3	72.5	49.4
America	35.0	44.7	-21.7
Asia	27.4	20.7	32.4
Total	170.7	137.9	23.8

ORDER BOOK

Glaston's order book grew and on 30 September 2007 was EUR 125.7 (31.12.2006: 97.8) million. The Heat Treatment business area accounted for EUR 92.6 million of the order book, Pre-processing for EUR 24.4 million and Software Solutions for EUR 8.6 million.

Order book, EUR million

	30.9.2007	30.9.2006	31.12.2006
Pre-processing	24.4	20.2	19.9
Heat Treatment	92.6	73.6	77.9
Software Solutions	8.6	–	–
Total	125.7	93.8	97.8

NET SALES AND OPERATING PROFIT

Glaston's net sales grew by 17% to EUR 181.0 (restated 1–9/2006: 154.9) million in the financial period. Third quarter net sales were EUR 57.3 (restated 7–9/2006: 56.3) million. Pre-processing's net sales in the third quarter were EUR 20.6 (1–9/2006: 20.9) million, Heat Treatment's net sales were EUR 30.2 (7–9/2006: 35,5) million and Software Solution's net sales were EUR 6.8 million.

Net sales, EUR million

	7-9/2007	7-9/2006	1-9/2007	1-9/2006
Pre-processing	20.6	20.9	65.6	62.5
Heat Treatment	30.2	35.5	109.5	92.7
Software Solutions	6.8	–	6.8	–
Parent company + elim.	–0.3	–0.1	–0.9	–0.3
Total	57.3	56.3	181.0	154.9

In January-September the company's comparable operating profit excluding non-recurring items was EUR 9.5 (restated 1–9/2006: 5.4) million, i.e. 5.2 (3.5) per cent of net sales. The third quarter operating profit was EUR 4.0 (restated 7–9/2006: 3.5) million, i.e. 6.9 (6.2) per cent of net sales. The Pre-processing business area accounted for EUR 0.3 million of the third quarter operating profit, Heat Treatment for EUR 3.2 million and Software Solutions for EUR 1.6 million.

Operating profit, EUR million

	7-9/2007	7-9/2006	1-9/2007	1-9/2006
Pre-processing	0.3	0.4	1.2	–0.1
Heat Treatment	3.2	4.0	11.9	8.5
Software Solutions	1.6	–	1.6	–
Parent company + elim.	–1.1	–0.9	–5.2	–3.0
Total	4.0	3.5	9.5	5.4
Non-recurring items	–	–1.1	–7.3	–1.7
Group, total	4.0	2.4	2.1	3.7

Profit for the financial period was EUR 2.6 (7.8) million. Return on invested capital was 7.4% (8.8%). Earnings per share were EUR 0.03 (0.10).

Taxes for the financial period totalled EUR 3.4 (–0.1) million. Taxes for the comparison period included tax refunds for previous years totalling EUR 1.8 million. Italy's IRAP tax, based on the difference between production value and production costs, as well as non-deductible items in the taxation of certain Group companies had the effect of increasing taxes for the financial period.

In June, Glaston's Board of Directors decided on the sale of non-operating fixed assets, as part of restructuring arrangements and their financing. We estimate that the capital gain on the sale will be around EUR 4 million, which will be recognised as income for the years 2007 and 2008.

FINANCING

The Group's financial position remained good. Equity ratio on 30 September 2007 was 54.8 (31.12.2006: 61.9) per cent. Glaston Continuing Operations' cash flow from business operations was EUR 3.2 (–8.9) million and cash flow from investments was EUR –24.4 (–3.4) million. Cash flow from investments includes the acquisition cost of Albat+Wirsam shares, EUR 16.9 million, as well as the redemption of minority interest shares in Albat+Wirsam subsidiaries, EUR 0.7 million. Cash flow from financing in January-September was EUR 6.0 (–8.4) million, which includes dividends paid in the period of EUR 7.1 (13.4) million and an increase in short-term loans of EUR 16.0 million. Growth in debt is related to financing the acquisition of Albat+Wirsam shares.

Cash flow from Discontinued Operations was EUR 18.3 (4.9) million, of which cash consideration received from the sale of Energy operations amounted to EUR 10.7 million during the period.

The Group's cash and cash equivalents on 30 September 2007 totalled EUR 13.6 (on 31.12.2006 10.5) million. Interest-bearing net debt amounted to EUR 12.3 (–2.8) million. Gearing stood at 9.4 (–2.0) per cent.

COMPANY 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 purchase price was EUR 21.3 million. The company has 239 employees. The purchase 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 around 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'.

CAPITAL EXPENDITURE

The Group's capital expenditure, excluding company acquisitions, totalled EUR 8.4 (8.3) million. Significant individual projects included a EUR 1.4 million extension to Tamglass Glass Processing's Lempäälä factory and a EUR 2.4 million acquisition of production machines. R&D capitalisations totalled EUR 2.3 million.

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 Heat treatment product development operations in Finland and to discontinue its Cattin unit in Switzerland. During the third quarter, the Cattin unit's operations were wound up. Personnel reductions affecting 12 employees were made in the period under review.

At the end of September, Glaston had 1,425 (30.9.2006: 1,221) employees. The number includes Albat+Wirsam's personnel, a total of 239 employees. Of the Group's personnel, 29.4 per cent were in Finland and 50.0 per cent elsewhere in Europe. The proportion of Group employees working in Asia was 7.2 per cent and in the Americas 13.4 per cent. The average number of employees was 1,270 (30.9.2006: 1,248).

SHARES AND SHARE PRICES

Glaston's share capital on 30 September 2007 was EUR 12,696,000. A total of 78,436,500 shares were in circulation on the last day of September. In January-September, a total of 6,702,595 shares were traded, representing 4.0 per cent of the total number of shares. The lowest price paid for a share was EUR 3.52 and the highest price EUR 4.53. The average price during the period was EUR 4.03.

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 the Group's profit and growth in 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.

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 & CEO 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 own shares and/or the transfer of own shares in the company's possession either against payment or without payment.

By virtue of the authorisation, the Board of Directors is 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.

DISPOSALS AND ACQUISITION OF OWN SHARES

As part of the acquisition of Albat+Wirsam, Glaston and A+W founder Dr Wirsam did agree that Dr Wirsam will buy 329,904 of the treasury shares held by Glaston for 3.99 euros per share. This was completed immediately after the closing.

Glaston's Board of Directors decided to exercise the authority granted by the Annual General Meeting to acquire the company's own shares. In January-September, 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 period under review, Glaston held a total of 913,500 shares, corresponding to 1.15 per cent of the company's shares with an accounting counter value of EUR 4.30.

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

EVENTS AFTER THE REVIEW PERIOD

Glaston's glass processing unit, Tamglass Glass Processing, sold its balcony glass business to Lejo Network Oy on 1 October 2007. As part of the consideration, Tamglass Glass Processing acquired a 12 per cent shareholding in Lejo Network Oy.

The deal included assets of the balcony glazing business, including balcony system product rights. The business operations sold account for approximately 5 per cent of Glass Processing's turnover. The deal has no impact on personnel.

UNCERTAINTIES IN THE NEAR FUTURE

The company's long-term risks have been outlined in the 2006 financial statements. The Group considers the short-term uncertainties to be the development of the US market and the US dollar, as well as the expansion of this development into other markets. The price development and availability of raw materials and components, mainly in Finland, also constitutes a significant uncertainty factor.

OUTLOOK

Glaston's market situation, excluding North America, is expected to continue at satisfactory levels, and at the end of period under review the level of Glaston's order book was good. In line with earlier forecasts, the Glaston Group's 2007 net sales and operating profit are expected to grow.

Helsinki, 7 November 2007, Glaston Corporation, Board of Directors

Glaston Group

CONSOLIDATED INCOME STATEMENT, EUR million	7-9/2007	Restated 7-9/2006	**1-9/2007**	Restated 1-9/2006	Restated 1-12/2006
Continuing Operations					
Net sales	57.3	56.3	**181.0**	154.9	218.9
Other operating income	0.0	0.7	**0.3**	1.7	2.4
Operating expenses	51.5	52.1	**167.3**	146.8	205.0
Non-recurring items		1.1	**7.3**	1.7	5.2
Depreciation	1.8	1.5	**4.6**	4.4	5.4
Operating profit	4.0	2.4	**2.1**	3.7	5.6
% of net sales	6.9	4.3	**1.2**	2.4	2.6
Operating profit excluding non-recurring items	4.0	3.5	**9.5**	5.4	10.9
% of net sales	6.9	6.2	**5.2**	3.5	5.0
Financial income and expenses	–0.2	0.5	**0.1**	0.5	0.3
Profit before taxes	3.7	2.9	**2.2**	4.2	5.9
Income tax	–2.1	–1.0	**–3.4**	0.1	–1.7
Profit for the financial period, Continuing Operations	1.6	2.0	**–1.2**	4.2	4.2
Discontinued Operations					
Profit for the financial period, Discontinued Operations	0.8	1.5	**3.8**	3.6	4.8
Profit for the financial period	2.4	3.5	**2.6**	7.8	8.9
Distribution of result for financial period					
To parent company shareholders	2.4	3.5	**2.6**	7.8	8.9
To minority	0.0	0.0	**0.0**	0.0	0.0
Earnings per share, euros, Continuing Operations	0.02	0.02	**–0.02**	0.05	0.05
Earnings per share, euros, Discontinued Operations	0.01	0.02	**0.05**	0.05	0.06
Earnings/share, euros, total	0.03	0.04	**0.03**	0.10	0.12

CONSOLIDATED BALANCE SHEET, EUR million	**30.9.2007**	30.9.2006	31.12.2006
Assets			
Non-current assets	**128.8**	123.7	123.2
Inventories	**55.2**	51.8	49.5
Trade and other receivables	**74.2**	74.1	66.9
Assets recognised at fair value through profit and loss	**0.3**	0.1	0.1
Cash and cash equivalents	**13.6**	10.5	10.5
Non-current assets held-for-sale	**1.1**		
Assets, total	**273.3**	260.2	250.2
Shareholders' equity and liabilities			
Shareholders' equity attributable to parent company shareholders	**131.9**	136.7	140.1
Minority interest	**0.0**	0.0	0.0
Shareholders' equity, total	**131.9**	136.8	140.1
Non-current interest-bearing liabilities	**2.1**	0.6	0.6
Non-current interest-free liabilities	**12.0**	15.8	14.9
Current interest-bearing liabilities	**24.2**	7.3	7.4
Current interest-free liabilities	**102.8**	99.7	87.1
Liabilities relating to non-current assets held for sale	**0.3**		
Shareholders' equity and liabilities, total	**273.3**	260.2	250.2

STATEMENT OF CHANGE IN CONSOLIDATED SHAREHOLDERS' EQUITY

	Shareholders' equity attributable to parent company shareholders								
EUR million	**Share capital**	**Share premium account**	**Translation differences**	**Fair value fund**	**Own shares**	**Retained earnings**	**Total**	**Minority interest**	**Share-holders' equity, total**
Shareholders' equity 1.1.2007	12.7	25.3	0.4	–0.2	–1.0	102.8	140.1	0.0	140.1
Cash flow hedgings, less taxes:									
Profits and losses recognised in shareholders' equity				0.2			0.2		0.2
Translation differences			–1.3				–1.3		–1.3
Profits or losses from hedging of net investments in foreign units, less taxes			0.0				0.0		0.0
Share-based payments						0.1	0.1		0.1
Profit for the financial period						2.6	2.6	0.0	2.6
Income and expenses recognised in the period, total			–1.2	0.2		2.6	1.6	0.0	1.6
Dividend distribution						–7.1	–7.1		–7.1
Disposal of own shares				0.2	1.0	1.2	1.2		1.2
Acquisition of own shares					–3.9	–3.9	–3.9		–3.9
Shareholders' equity 30.9.2007	12.7	25.3	–0.8	0.3	–3.9	95.6	131.9	0.0	131.9
Shareholders' equity 1.1.2006	12.7	25.3	1.5	–1.6	–1.0	102.0	139.0	0.0	139.0
Restatement						5.3	5.3		5.3
Restated shareholders' equity 1.1.2006	12.7	25.3	1.5	–1.6	–1.0	107.3	144.3	0.0	144.3
Cash flow hedgings, less taxes:									
Profits and losses recognised in shareholders' equity				–1.1			–1.1		–1.1
Translation differences			–0.9				–0.9		–0.9
Profits or losses from hedging of net investments in foreign units, less taxes			0.0				0.0		0.0
Profit for the financial period						7.8	7.8	0.0	7.8
Income and expenses recognised in the period, total			–0.9	–1.1		7.8	5.8		5.8
Dividend distribution						–13.4	–13.4		–13.4
Adjusted shareholders' equity 30.9.2006	12.7	25.3	0.6	–2.7	–1.0	101.7	136.7	0.0	136.8

CONSOLIDATED CASH FLOW STATEMENT, EUR 1000	1.1.– 30.9.2007	Restated 1.1.– 30.9.2006	Restated 1.1.– 31.12.2006
Cash flow from business operations, Continuing Operations			
Profit for the financial period	**–1.2**	4.2	4.2
Adjustments	**4.1**	0.2	1.2
Cash flow before change in working capital	**2.9**	4.4	5.5
Change in working capital	**4.3**	–6.6	–3.1
Cash flow from operations before financial items and taxes	**7.2**	–2.2	2.4
Interest reseived	**0.5**	0.4	0.8
Dividends received	**0.0**	0.0	0.0
Interest paid	**–1.3**	–0.6	–1.0
Taxes paid	**–3.2**	–6.5	–7.5
Cash flow from business operations	**3.2**	–8.9	–5.2
Cash flow from investments, Continuing Operations			
Acquisition of subsidiaries	**–17.6**		
Investments in tangible and intangible assets	**–7.0**	–7.4	–10.9
Proceeds from the sale of tangible and intangible assets	**0.2**	2.6	2.8
Proceeds from disposal of available-for-sale equity investments	**0.0**	3.2	3.2
Change in long-term loan receivables		1.1	1.1
Taxes on proceeds of disposal of energy business operations in 2005		–2.9	–2.9
Cash flow from investments	**–24.4**	–3.4	–6.9
Cash flow from financing, Continuing Operations			
Acquisition of own shares	**–3.9**		
Disposal of own shares	**1.3**		
Drawings of short-term loans	**16.0**	5.6	5.6
Repayments of short-term loans	**–0.2**		
Repayments of long-term loans	**0.0**	–0.6	–0.6
Dividends paid	**–7.1**	–13.4	–13.4
Cash flow from financing	**6.0**	–8.4	–8.4
Discontinued Operations			
Cash flow from business operations	**7.6**	4.9	4.7
Cash flow from investments	**10.7**	0.0	0.1
Cash flow from financing	**0.0**	0.0	0.0
Cash flow from Discontinued Operations	**18.3**	4.9	4.8
Change in cash and cash equivalents	**3.1**	–15.8	–15.7
Cash and cash equiv. at beginning of period	**10.5**	26.3	26.3
Cash and cash equiv. at end of period	**13.6**	10.5	10.5

Change in short-term loans in the period 1–9/2007 includes a change in issued commercial paper of nominal value EUR 15.0 million.

SEGMENT-SPECIFIC DATA	1-9/2007	1-9/2006	1-12/2006
Net sales, EUR million			
Pre-processing	**65.6**	62.5	89.1
Heat Treatment	**109.5**	92.7	131.3
Software Solutions	**6.8**		
Parent company and eliminations	**–0.9**	–0.3	–1.5
Total	**181.0**	154.9	218.9
Operating profit, excluding non-recurring items, EUR million			
Pre-processing	**1.2**	–0.1	0.3
Heat Treatment	**11.9**	8.5	13.5
Software Solutions	**1.6**		
Parent company and eliminations	**–5.2**	–3.0	–3.0
Total	**9.5**	5.4	10.9
Operating profit, excluding non-recurring items, %			
Pre-processing	**1.9 %**	–0.2%	0.3 %
Heat Treatment	**10.8 %**	9.2%	10.3 %
Software Solutions	**23.0 %**		
Total	**5.2 %**	3.5%	5.0 %
Net sales by market area			
EMEA	**97.7**	89.0	126.1
America	**56.0**	45.4	65.4
Asia	**27.3**	20.5	27.5
Total	**181.0**	154.9	218.9
Net sales by market area, %			
EMEA	**54.0 %**	57.5%	57.6 %
America	**30.9 %**	29.3%	29.9 %
Asia	**15.1 %**	13.2%	12.6 %
Total	**100.0 %**	100.0%	100.0 %
Orders received, EUR million			
Pre-processing	**49.9**	45.8	64.1
Heat Treatment	**119.1**	92.1	131.4
Software Solutions	**1.6**		
Total	**170.7**	137.9	195.5
Order book, EUR million	**30.9.2007**	30.9.2006	30.12.2006
Pre-processing	**24.4**	20.2	19.9
Heat Treatment	**92.6**	73.6	77.9
Software Solutions	**8.6**		
Total	**125.7**	93.8	97.8
Personnel at end of period, Continuing Operations	**30.9.2007**	30.9.2006	30.12.2006
Pre-processing	**559**	612	590
Heat Treatment	**614**	601	590
Software Solutions	**239**		
Parent company	**13**	8	9
Total	**1 425**	1 221	1 189
Personnel, Discontinued Operations		24	22
Personnel, average, Continuing Operations	**1-9/2007**	1-9/2006	1-12/2006
Pre-processing	**577**	635	626
Heat Treatment	**605**	605	606
Software solutions	**76**		
Parent company	**12**	8	8
Total	**1 270**	1 248	1 241
Personnel, Discontinued Operations		23	23

CALCULATION OF KEY FIGURES

Equity ratio, %

$$\frac{\text{Shareholders' equity}}{\text{Balance sheet total – advances received}} \times 100$$

Gearing, %

$$\frac{\text{Net interest-bearing liabilities}}{\text{Shareholders' equity}} \times 100$$

Net interest-bearing liabilities

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

Return on equity (ROE), %

$$\frac{\text{Profit or loss for the period}}{\text{Shareholders' equity}} \times 100$$

Return on invested capital (ROI), %

$$\frac{\text{Profit before taxes + interest and other financial expenses}}{\text{Balance sheet total – non-interest bearing liabilities (average)}} \times 100$$

Earnings per share (EPS)

$$\frac{\text{Profit for period attributable to parent company's shareholders}}{\text{Average number of shares for period excluding treasury shares}}$$

Equity per share (EPS)

$$\frac{\text{Shareholders' equity}}{\text{Number of shares outstanding at end of period}}$$

Key figures	30.9.2007	Restated 30.9.2006	Restated 31.12.2006
Number of shares, 1,000	**79 350**	79 350	79 350
– of which outstanding	**78 437**	79 020	79 020
Return on invested capital, %	**7.4**	8.8	8.8
Return on equity, %	**2.5**	7.4	6.3
Equity ratio, %	**54.8**	61.1	61.9
Gearing, %	**9.4**	–2.0	–1.9
Equity per share, EUR	**1.68**	1.73	1.77
Investments in fixed assets, EUR million	**29.9**	8.3	12.0
Personnel at end of year	**1 425**	1 245	1 211
Personnel (average)	**1 270**	1 272	1 264
Order book, Continuing Operations, EUR million	**125.7**	93.8	97.8

CONTINGENT LIABILITIES, EUR million	30.9.2007	30.9.2006	31.12.2006
Company mortgages	**0.2**	0.2	0.2
Other own liabilities	**4.7**	5.9	5.6

DISCONTINUED OPERATIONS/ENERGY EUR million	1-9/2007	1-9/2006	1-12/2006
Result of Energy operations, including profit on sale and taxes arising from it			
Income	**24.2**	29.0	38.8
Expenses	**19.0**	24.1	32.4
Profit before taxes	**5.2**	4.9	6.4
Income taxes	**–1.4**	–1.3	–1.7
Profit after taxes	**3.8**	3.6	4.8

DISCONTINUED OPERATIONS, EUR million	1-9/2007
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 attributed to sales	**0.3**
Profit on sale before taxes	**1.1**
Considerations, total	**15.4**
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 emissions rights. The estimated time of realisation of the receivable is 2008–2012.

DISCONTINUED OPERATIONS, EUR million	1-9/2007
Long-term assets items classified as being held for sale and their related liabilities	
Long-term asset items held for sale	
Tangible assets	**0.9**
Inventories	**0.2**
Assets, total	**1.1**
Liabilities relating to long-term assets held for sale	
Provisions	**0.3**
Liabilities, total	**0.3**

Long-term assets items classified as being held for sale and their related liabilities are connected with the balcony glazing business and the parent company's real estate and apartment block company units.

QUARTERLY DATA

Restated net sales, operating result and order book for Continuing Operations, EUR million

	1-3/06	4-6/06	7-9/06	10-12/06	1-3/07	4-6/07	7-9/07
Net sales							
Pre-processing	20.3	21.2	20.9	26.6	21.7	**23.4**	**20.6**
Heat Treatment	25.6	31.6	35.5	38.6	36.6	**42.7**	**30.2**
Software Solutions							**6.8**
Parent company and eliminations	0.0	–0.1	–0.1	–1.2	–0.1	**–0.5**	**–0.3**
Total	45.9	52.7	56.3	64.0	58.2	**65.6**	**57.3**
Operating result excluding non-recurring items							
Pre-processing	–0.8	0.3	0.4	0.4	1.2	**–0.2**	**0.3**
Operating result, %	–4.0	1.5	1.8	1.5	5.3	**–0.9**	**1.3**
Heat Treatment	0.6	3.9	4.0	5.1	3.0	**5.7**	**3.2**
Operating result, %	2.3	12.3	11.4	13.1	8.1	**13.4**	**10.5**
Software Solutions							**1.6**
Operating result, %							**23.1**
Parent company and eliminations	–1.0	–1.1	–0.9	0.0	–2.4	**–1.7**	**–1.1**
Total	–1.2	3.1	3.5	5.5	1.7	**3.8**	**4.0**
Operating result, %	–2.7	5.9	6.2	8.6	2.9	**5.8**	**6.9**
Operating result							
Pre-processing	–0.8	0.3	–0.5	–2.7	1.2	**–1.6**	**0.3**
Operating result, %	–4.0	1.5	–2.2	–10.1	5.3	**–7.0**	**1.3**
Heat Treatment	–0.1	3.9	3.8	4.6	3.0	**–0.2**	**3.2**
Operating result, %	–0.3	12.3	10.8	12.0	8.1	**–0.4**	**10.6**
Software Solutions							**1.6**
Operating result, %							**23.1**
Parent company and eliminations	–1.0	–1.1	–0.9	0.0	–2.4	**–1.8**	**–1.1**
Total	–1.9	3.1	2.4	1.9	1.7	**–3.6**	**4.0**
Operating result, %	–4.1	5.9	4.4	3.0	2.9	**–5.4**	**6.9**
Order book							
Pre-processing	17.8	22.1	20.2	19.9	20.2	**25.9**	**24.4**
Heat Treatment	51.6	59.7	73.6	77.9	72.3	**95.7**	**92.6**
Software Solutions							**8.6**
Total	69.4	81.8	93.8	97.8	92.5	**121.6**	**125.7**

ACCOUNTING PRINCIPLES

The interim report has 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 as well as IFRIC Interpretation 10 Interim Financial Reporting and Impairment. The changes have no impact on the Group's interim report.

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 impact of the restatement on the financial statements reported in this interim report are presented in a separate table.

Data presented in the interim report are unaudited.

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 Group. A+W Group is the world's leading company in production management and reporting (ERP) software for the flat glass, window and door industries.

The purchase price paid by Glaston Corporation was a total of EUR 21.3 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 cost of the shares is EUR 21.7 million, including expert fees amounting to EUR 0.5 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.

The impact of the company acquisition on the Group's July-September net sales was EUR 6.8 million and on operating profit EUR 1.6 million.

Management estimates that consolidated net sales in the period 1 January-30 September 2007 would have been around EUR 193 million, if this company acquisition had been completed on 1 January 2007. The table below presents the make-up of the A+W Group company acquisition as of 2 July 2007.

EUR million	Fair values recognised in combination	Book values before combination
Tangible assets	0.9	0.9
Other intangible assets	6.5	0.0
Investments	0.7	0.7
Inventories	0.2	0.2
Interest-free receivables	7.7	7.7
Financial assets	3.9	3.9
Other interest-free liabilities	–12.2	–9.7
Acquired net assets	7.6	3.5
Acquisition price	21.3	
Expenses related to acquisition	0.5	
Goodwill	14.2	
Acquisition price paid as cash	20.3	
Expenses related to acquisition	0.5	
Cash and cash equivalents of acquired companies	–3.9	
Cash flow impact	16.9	

The purchase price allocation is preliminary.

Günter Befort believes in strong and sound partnerships

Glaston acquired German Albat+Wirsam Software AG Group, the global leader in software for flat glass and glass processing industries, in July this year. The acquisition of Albat+Wirsam is in line with Glaston's strategy and strengthens the company's market leadership and One-Stop-Partner service concept. **TEXT** Kaisa Kaipia-Gran

Mr **Günter Befort** continues as the CEO of Albat + Wirsam. He will also be a member of the Glaston Executive Management Group, with responsibility for the software business area, including ERP solutions for the flat glass industry and software systems for the door and window business.

Through the acquisition, Glaston has gained a significant position in production management software for glass processing. Production management software solutions are increasingly requested by customers, as software ties all the production machinery together in an efficient way.

"In Glaston, we found a partner that holds the same visions and goals as we do. Finding a partner in the same industrial sector was the optimum solution for us," says Günter Befort. He also says that the One-Stop-Partner concept reflects just what Albat + Wirsam has been offering the market – comprehensive handling of its customers' business processes – and therefore matches exactly the way in which the company thinks and works.

SUCCESS THROUGH NETWORKING

As a Glaston Group company, Albat + Wirsam will retain a high level of independence and will continue to develop its business together with its various technology partners to serve the company's existing and future customers in the best possible way.

Günter Befort says that success comes through sound and strong partnerships.

"The integration of Albat + Wirsam into the Glaston Group caused a few confused reactions at first. But when the discussion turned to market opportunities, the confusion melted away and technology partners became convinced by the positive effects of cooperation."

He believes that the customers of Albat + Wirsam appreciate the fact that the company has a partner in the same sector.

"We will supply our customers with technology that improves their profitability and supports them in their business operations even better than before. I am convinced that belonging to the Glaston Group will strengthen our global reach and enable us to expand our customer service network," concludes Mr. Befort.

"In Glaston, we found a partner that holds the same visions and goals as we do. Finding a partner in the same industrial sector was the optimum solution for us," says Günter Befort.

ALBAT + WIRSAM SOFTWARE AG GROUP

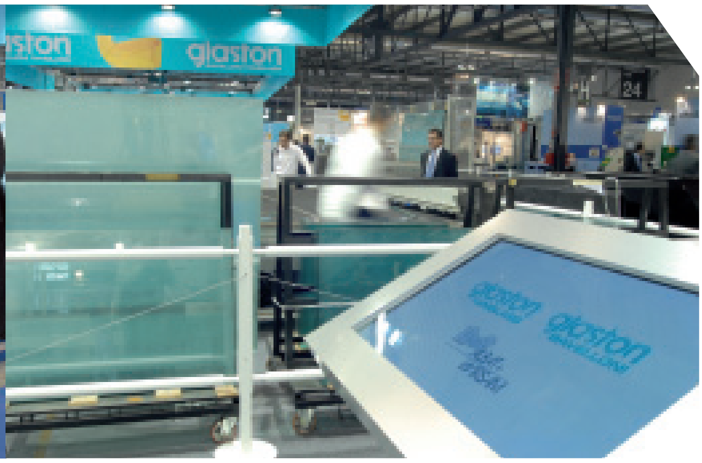
A+W Group, headquartered in Linden, Germany, is the market leader in comprehensive software solutions for the flat glass, window and door industries. A+W offers customer-orientated solutions for the most varied and complex production needs, encompassing **production planning, control and optimisation as well as individually tailored ERP and commercial systems, bar-coding and CAD solutions.**

In addition to a direct sales force in Germany, A+W has **15 sales offices of its own around the world**. A+W also sells through regional agents (primarily Japan and Australia regions). A+W has a global customer reference base of over 1,000 customers. A+W Group has over 200 employees.

Strengthened Glaston

exhibited at glass industry fair with new look

TEXT Mari Kurkinen



At the Vitrum Fair, held Milan in October, Glaston presented its enhanced One-Stop-Partner concept (OSP) for the first time. In the summer Glaston acquired the German Albat+Wirsam (A+W) Software Group, the world's leading float glass and glass processing industry software company, whose production management systems represent a significant addition to Glaston's OSP concept.

Glaston's fair stand in Italy presented an example of a production line solution that included the entire OSP range: the latest pre-processing machine from Bavelloni, Tamglass safety glass machines, Albat+Wirsam production management systems and Glaston's maintenance services. The products were very well received. The glass industry is changing and different kinds of solutions are increasingly required, so Glaston's customers have clearly been waiting for a comprehensive service like this. "The OSP concept facilitates the maximum utilisation of machines and lines; in other words, it increases capacity and profitability. In practice, end-product quality also improves through optimum glass material management – and delivery times shorten," says One-Stop-Partner Business Area Director Mauri Leponen. At the fair, Glaston announced OSP glass process production solutions particularly for the architectural, insulating glass and household appliance industries.

OSP BRINGS COMPREHENSIVE BENEFITS

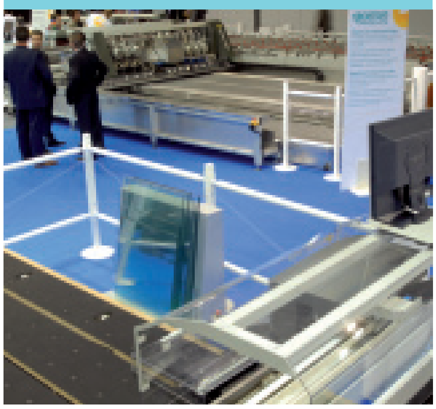
In terms of OSP orders, the early part of the year has been excellent for Glaston. The glass industry has only a few manufacturers that are able to offer comprehensive deliveries. Before Glaston, no-one has been able to combine glass pre-processing, heat processing, production management and maintenance service in one efficient package. A particularly important benefit brought by OSP is in architectural glass processing, where the added value of the end product, i.e. glass, is high and flexibility a competitive asset that everyone cannot offer.

Customers' reception to Glaston's comprehensive service has been good all over the world, but the greatest demand has been in countries where the glass industry is highly developed, labour costs are high, and where the financial value of the end product is substantial. Such areas are, for example, Europe, Middle East and North America. "Customers are always the experts of their own operating environment. The industry, however, is still relatively undeveloped, so training and information must be made available to customers and partners to facilitate a change in operating practices. Comprehensive solutions have become more common in other sectors, which will assist Glaston in this task.

When Mauri Leponen is asked about the challenges that the OSP presents, he responds that the biggest challenge is changing the company's culture in terms of operating practices. Glaston's personnel are in a totally new situation in which they assist customers as providers of comprehensive solutions: they should seek the maximum benefit for the customer's productivity. Help in this is provided by Albat+Wirsam's applications, which have been very well received by Glaston's personnel. A+W is the most respected operator in its field and therefore is a particularly good match for the industry's best machine provider and its personnel.

The Vitrum Fair attracts around **10,000 glass industry experts** to Milan every other year. Glaston's 2007 fair stand received a new look as a result of the company's name change in the spring. **The new Glaston colours exude freshness and lightness.** The 1,500 square metre stand presented the Glaston brands the products of Bavelloni, Tamglass and Albat+Wirsam.

Working together with customers is the best way to **achieve an increase in capacity and profitability,** because it is ultimately everyone's goal," says Leponen, explaining the concept.



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ADDITIONAL INFORMATION
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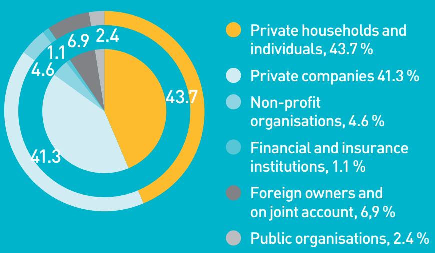
IR pages at the Internet address **www.glaston.net**

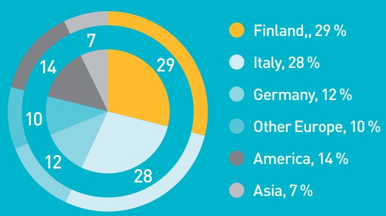
OWNERSHIP BY SECTOR

30.9.2007



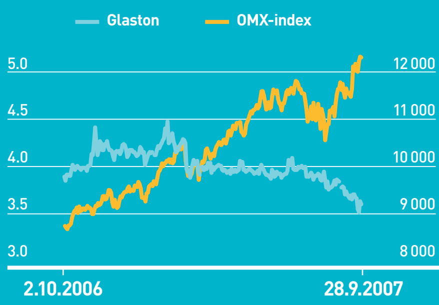
GEOGRAPHICAL DISTRIBUTION OF PERSONNEL

30.9.2007, 1425 persons



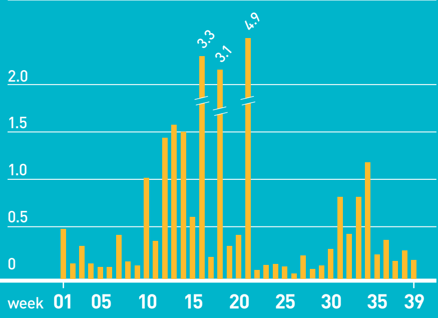
GLASTON´S AVERAGE SHARE PRICE

12 months

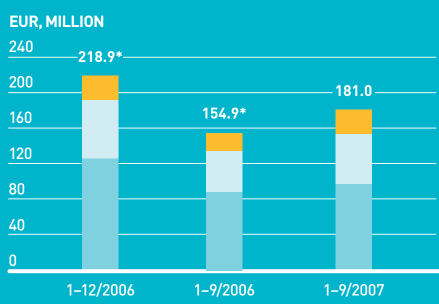


WEEKLY GLASTON SHARE TRADING VOLUME

January–June, m pcs



NET SALES



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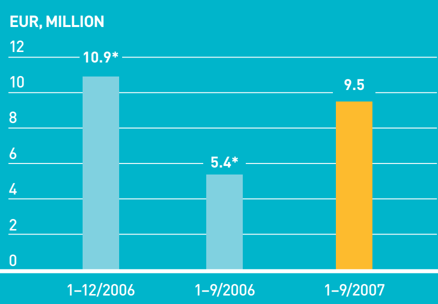
OPERATING PROFIT



ORDER BOOK