

Signs of a market picking up in the second quarter; Glaston revises its operating profit guidance

Glaston Interim Report 1 January – 30 June 2014

- Orders received in January-June totalled EUR 55.5 (55.8) million. Orders received in the second quarter were EUR 29.1 (26.9) million.
- The order book on 30 June 2014 was EUR 34.7 (33.8) million.
- Consolidated net sales in January-June totalled EUR 58.2 (60.1) million. Second-quarter net sales were EUR 35.2 (33.7) million.
- EBITDA was EUR 3.0 (6.8) million, i.e. 5.1 (11.2)% of net sales; the comparison year figure includes non-recurring items totalling EUR 3.8 million.
- The operating result, excluding non-recurring items, in January-June was a profit of EUR 1.3 (0.7) million, i.e. 2.2 (1.2)% of net sales. The second-quarter operating result, excluding non-recurring items, was a profit of EUR 2.0 (1.1) million.
- The operating result in January-June was a profit of EUR 0.7 (4.5) million, i.e. 1.1 (7.4)% of net sales. The second-quarter operating result was a profit of EUR 1.4 (1.1) million.
- Continuing Operations' return on capital employed (ROCE) was 2.3 (16.8)%.
- Continuing Operations' January-June earnings per share were EUR 0.00 (0.03).
- Glaston's interest-bearing net debt totalled EUR 10.7 (12.3) million.
- Glaston adjusts its outlook and expects that 2014 net sales and operating profit, excluding non-recurring items, will grow.

Adjustment to outlook for 2014

Glaston adjusts its outlook for 2014. Glaston adjusts its outlook and expects that 2014 net sales and operating profit, excluding non-recurring items, will grow (previous outlook: Glaston expects that 2014 net sales and operating profit will grow).

President & CEO Arto Metsänen:

"For Glaston, the second quarter was significantly better than the first. Our net sales grew compared with the corresponding period of the previous year and our operating result, excluding non-recurring items, was positive at EUR 2.0 million. The January-June operating profit, excluding non-recurring items, improved compared with the corresponding period last year by EUR 0.6 million, despite the fact that net sales were slightly below the previous year's level. This shows that our profitability is developing in the right direction.

In the second quarter, new orders received were on a higher level than the previous year and reduced the difference caused by the low level of the first quarter. We ended up, in practice, at the previous year's level for the whole first half of the year. We continue to believe that full-year net sales will exceed the previous year's level.

Although the net sales of each reporting segment for the first six months fell short of the previous year's figures, business profitability has improved. In the Machines segment, demand has been strong, particularly for furnaces of the FC product series. Demand for pre-processing machines has improved but profitability is still unsatisfactory. In the Services segment, there was a slight pick-up in demand, especially towards the end of the second quarter.

We will continue our systematic work with both growth and profitability measures during the second half of the year. In line with our strategy, we are focusing more strongly on developing the customer experience, and during the early part of the year we have received encouraging feedback on our work from our customers. Our goal is to achieve the highest customer satisfaction in our field of business.”

Operating environment

In January-June 2014, Glaston's markets developed largely according to expectations. Market growth of new machines was good in the EMEA area. Stable development continued in North America and in Asia. In South America, the machine market remained subdued. The service market continued to be challenging.

Machines

In the Machines segment, the market picked up in the second quarter after a relatively quiet first quarter. In the EMEA area, particularly the UK and Central Europe, the market for heat treatment machines developed positively. In North America, market development was stable due to recovering office and residential construction. In South America, the market remained quiet. The Glass South America Fair, held in Brazil in May, was a reasonable success in terms of sales. In Asia, market development was uneven. In China, stable development continued. In the Pacific area, growth slowed significantly compared with the corresponding period of the previous year.

The difficult market situation for pre-processing machines continued in the second quarter. In North America, however, demand for pre-processing machines was satisfactory. In other areas, demand was weaker.

In the second quarter, the Machines segment's product development investments were directed at the development of new pre-processing and heat treatment products. These will be presented at the industry's most important event, the Glasstec Fair, to be held in Dusseldorf, Germany, in October.

In the second quarter, the most significant deal was an agreement valued at around EUR 2.0 million with an Asian glass processor that supplies special glass solutions to the architectural glass industry. The deal included a special model of the Glaston RC350™ tempering line and the patented Vortex Pro™ convection control system.

In January-June, the Machines segment's net sales totalled EUR 41.1 (41.3) million. The operating profit, excluding non-recurring items, was EUR 1.3 (0.8) million. Second-quarter net sales totalled EUR 26.4 (24.3) million and the operating profit, excluding non-recurring items, was EUR 2.1 (1.2) million.

Services

The Services segment's year continued to be challenging for all product lines. Despite the difficult market situation, the company maintained its strong market position.

In the EMEA area, excluding Russia and Middle East, sales of heat treatment machine spare parts developed according to plan in the second quarter. In North America, the market for heat treatment machine spare parts was stable, but sales development of pre-processing machine spare parts was unsatisfactory. In South America, spare parts sales were in line with expectations. In Asia, demand for spare parts declined.

Customers' investments in new machine sizes and new machines were reflected significantly in demand for large upgrade products in all sales areas. In tools, demand was at the level of the corresponding period of the previous year. The growth was influenced in particular by increasing competition from the Far East.

The most significant deal in the second quarter was a EUR 0.4 million upgrade package for a tempering furnace in North America.

In January-June, the Services segment's net sales totalled EUR 18.0 (18.8) million and the operating profit, excluding non-recurring items, was EUR 2.6 (2.2) million. Second-quarter net sales totalled EUR 9.0 (9.0) million and the operating profit, excluding non-recurring items, was EUR 1.2 (1.0) million.

Continuing Operations' orders received and order book

Glaston's order intake during the first six months of the year totalled EUR 55.5 (55.8) million. Of orders received, the Machines segment accounted for 69% and the Services segment 31%. Orders received during the second quarter of the year totalled EUR 29.1 (26.9) million.

Glaston's order book on 30 June 2014 was EUR 34.7 (33.8) million. Of the order book, the Machines segment accounted for EUR 33.4 million and the Services segment for EUR 1.3 million.

Order book, EUR million	30.6.2014	30.6.2013
Machines	33.4	32.2
Services	1.3	1.6
Total	34.7	33.8

Continuing Operations' net sales, operating result, and result

Net sales for the review period were EUR 58.2 (60.1) million. The Machines segment's net sales in the first half of the year were EUR 41.1 (41.3) million and the Services segment's net sales were EUR 18.0 (18.8) million.

April-June net sales totalled EUR 35.2 (33.7) million. The Machines segment's net sales in the second quarter were EUR 26.4 (24.3) million and the Services segment's net sales were EUR 9.0 (9.0) million.

Net sales, EUR million	4-6/2014	4-6/2013	1-6/2014	1-6/2013	1-12/2013
Machines	26.4	24.3	41.1	41.3	84.3
Services	9.0	9.0	18.0	18.8	38.6
Other and internal sales	-0.3	0.3	-0.8	-0.1	-0.6
Total	35.2	33.7	58.2	60.1	122.2

In January-June, the operating result, excluding non-recurring items, was a profit of EUR 1.3 (0.7) million, i.e. 2.2 (1.2)% of net sales. In January-June, the Machines segment's operating result, excluding non-recurring items, was a profit of EUR 1.3 (0.8) million and the Services segment's operating result, excluding non-recurring items, was a profit of EUR 2.6 (2.2) million.

The second-quarter operating result, excluding non-recurring items, was a profit of EUR 2.0 (1.1) million, i.e. 5.8 (3.2)%. In April-June, the Machines segment's operating result, excluding non-recurring items, was a profit of EUR 2.1 (1.2) million and the Services segment's operating result, excluding non-recurring items, was a profit of EUR 1.2 (1.0) million.

In January-June, Continuing Operations' result was a profit of EUR 0.7 (4.5) million, and in the second quarter a profit of EUR 1.4 (1.1) million. In the second quarter, the sale of the Software Solutions business was completed. The final selling price, paid on 1 July 2014, is EUR 1.5 million, and an adjustment of EUR -0.6 million to the final selling price was recognised as a non-recurring item. Of the non-recurring items totalling EUR 3.8 million recognised in the first quarter of 2013, the most significant was the sale of the Tampere property complex.

EBIT, EUR million	4-6/2014	4-6/2013	1-6/2014	1-6/2013	2013
Machines	2.1	1.2	1.3	0.8	2.4
Services	1.2	1.0	2.6	2.2	5.2
Other and eliminations	-1.3	-1.2	-2.6	-2.3	-5.5
EBIT, excl. non-recurring items	2.0	1.1	1.3	0.7	2.1
Non-recurring items	-0.6	0.0	-0.6	3.8	3.7
EBIT, Continuing Operations	1.4	1.1	0.7	4.5	5.9

In January-June, Continuing Operations' result was a profit of EUR 0.6 (4.3) million. The result, after the result of Discontinued Operations, was a profit of EUR 0.6 (4.3) million. In January-June, the return on capital employed (ROCE) for Continuing Operations was 2.3 (16.8)%. The return on capital employed was 2.3 (17.0)%.

In April-June, Continuing Operations' result was a profit of EUR 1.3 (0.4 loss) million, and the result, after the result of Discontinued Operations, was a profit of EUR 1.3 (0.4 loss) million.

Earnings per share

Continuing Operations' earnings per share for the review period were EUR 0.00 (0.03).

Financial position, cash flow and financing

Glaston has a long-term financing agreement, valid until 31 January 2016. The covenants used in the financing agreement are interest cover, net debt/EBITDA, cash and cash equivalents, and gross capital expenditure. The covenants will be monitored, depending on the covenant, monthly, quarterly, semi-annually or annually. The company has operated within the framework of the covenants.

Glaston's interest-bearing net debt totalled EUR 10.7 (12.3) million. The Group's liquid funds at the end of the review period totalled EUR 12.2 (14.2) million. Net gearing was 21.8 (22.8)%

The equity ratio was 45.0 (46.5)% on 30 June 2014.

At the end of the second quarter, the consolidated asset total was EUR 121.8 (130.2) million. The equity attributable to the owners of the parent was EUR 48.7 (53.4) million. The share issue-adjusted equity per share was EUR 0.25 (0.28). The return on equity in January-June was 2.4 (20.5)%.

Cash flow from the operating activities of Continuing and Discontinued Operations, before the change in working capital, was EUR 2.7 (3.0) million in January-June. The change in working capital was EUR -4.0 (-1.3) million. Cash flow from investing activities was EUR -1.0 (23.5) million. In 2013 cash flow from investing activities was improved by proceeds from the sales of the Software Solutions segment and the Tampere factory property, a total of EUR 25.4 million. Cash flow from financing activities in January-June was EUR -2.1 (-21.7) million. In 2013, proceeds (less expenses) from the issuances of shares were a net EUR 9.1 million, and repayments of interest-bearing debt totalled EUR -69.3 million.

Capital expenditure, depreciation and amortisation

The gross capital expenditure of Glaston's Continuing and Discontinued Operations totalled EUR 1.0 (1.7) million. The most significant investments in the review period were in product development. Depreciation and amortisation of Continuing Operations on property, plant and equipment and on intangible assets totalled EUR 2.3 (2.3) million.

Employees

Glaston's Continuing Operations had a total of 600 (592) employees on 30 June 2014. Of the Group's employees, 24% worked in Finland and 28% elsewhere in the EMEA area, 32% in Asia and 16% in the Americas. In the review period, the average number of employees was 591 (595).

Annual General Meeting 2014

The Annual General Meeting of Glaston Corporation was held in Helsinki on 2 April 2014.

Financial statements

The Annual General Meeting adopted the financial statements and consolidated financial statements for the financial year 1 January – 31 December 2013 and discharged the Members of the Board of Directors and the President & CEO from liability for the financial year 1 January – 31 December 2013.

Dividend

Deviating from a proposal of the Board of Directors, the Annual General Meeting resolved, in accordance with a proposal presented by shareholders representing more than 10% of the total number of shares in the company, to distribute EUR 0.01 per share, a total of approximately EUR 1.9 million, as the dividend for 2013. The record date for the dividend payment was 7 April 2014 and the dividend will be paid on 31 July 2014.

Board of Directors

The Annual General Meeting resolved that the number of Members of Board of Directors would be six. The Annual General Meeting decided to re-elect Andreas Tallberg, Teuvo Salminen, Claus von Bonsdorff, Pekka Vauramo and Anu Hämäläinen as Members of the Board of Directors for a term extending to the end of the next Annual General Meeting. In addition it was decided to elect for the same term Kalle Reponen as a new Member of the Board of Directors to replace Christer Sumelius, who has resigned.

The Annual General Meeting resolved that the annual remuneration payable to Members of the Board of Directors would 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.

After the Annual General Meeting, the Board of Directors held an organising meeting, at which it elected Andreas Tallberg as Chairman of the Board and Teuvo Salminen as Deputy Chairman of the Board.

Auditor

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

Board authorisations

The Annual General Meeting authorised the Board of Directors to decide on the issuance of shares as well as the issuance of options and other rights granting entitlement to shares. The authorisation covers a maximum of 20,000,000 shares.

The authorisation does not exclude the Board of Directors' right to decide on a directed issue. The authorisation can be used for executing or financing arrangements important from the company's point of view, such as business arrangements or investments, or for other such purposes determined by the Board of Directors in which a weighty financial reason would exist for issuing shares, options or other rights granting entitlement to shares and possibly directing a share issue.

The Board of Directors is authorised to resolve on all other terms and conditions of the issuance of shares, options and other rights entitling to shares as referred to in Chapter 10 of the Companies Act, including the payment period, grounds for the determination of the subscription price and the subscription price or allocation of shares, options or other rights without payment or that the subscription price may be paid besides in cash also by other assets either partially or entirely.

The authorisation is valid until 30 June 2015 and it invalidates earlier authorisations.

The Board of Directors had not exercised its authorisation up to 30 June 2014.

Other events during the review period

On 29 April 2014, Canada's Federal Court ordered Shanghai Northglass, a Chinese competitor, to pay to Glaston damages totalling approximately EUR 1.3 million in a patent infringement case. Glaston will not recognise any compensation before the date of payment has been confirmed and payment has been made.

In March 2013, the sale of Glaston's Tampere factory property was completed and the company entered into a long-term lease agreement with the new owner of the property. Activities in Tampere have continued unchanged. Due to more efficient use of the property, a lease agreement on premises that remained vacant was signed in April 2014. The tenants will occupy the premises towards the end of 2014.

Shares and share prices

Glaston Corporation's paid and registered share capital on 30 June 2014 was EUR 12.7 million and the number of issued and registered shares totalled 193,708,336. The company has one series of share. At the end of June, the company held 788,582 of the company's own shares (treasury shares), corresponding to 0.41% of the total number of issued and registered shares and votes. The counter book value of treasury shares is EUR 51,685.

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 0.07.

During the first six months of the year, a total of around 20.5 (15.0) million of the company's shares were traded, i.e. around 10.6 (9.9)% of the total number of shares. The lowest price paid for a share was EUR 0.35 (0.22) and the highest price EUR 0.45 (0.38). The volume-weighted average price of shares traded in January-June was EUR 0.40 (0.29). The closing price on 30 June 2014 was EUR 0.36 (0.33).

On 31 June 2014, the market capitalisation of Glaston's registered shares, treasury shares excluded, was EUR 69.5 (63.7) million. The share issue-adjusted equity per share attributable to the owners of the parent was EUR 0.25 (0.28).

Uncertainties and risks in the near future

Glaston's business environment remains challenging. The company operates in markets in which political and economic uncertainty arise. This affects the timing of large machine orders and customers' investment activity. Projecting the timing of new orders remains difficult.

Global economic uncertainty and its impact on the 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.

Glaston has recognised a total of approximately EUR 3.8 million of loan, interest and trade receivables from a counterparty whose financial situation is challenging. Glaston is continuously monitoring the situation and will recognise an impairment loss on these receivables, if necessary.

The company's long-term lease agreements for the pre-processing machines assembly unit in Bregnano, Italy, will end during the first part of 2015. Non-recurring costs may arise from the reorganization of operations.

General business risks and risk management are outlined in more detail in Glaston's 2013 Annual Report and on the company's website www.glaston.net.

Outlook

Glaston still expects the market overall to grow moderately in 2014. In North America, market growth is expected to continue. The European economy has shown signs of strengthening, and the positive development of the EMEA area is expected to continue. In Asia, and particularly in China, stable development is expected, despite the short-term uncertainty overshadowing the market. The largest challenges are directed at South America, where market development has slowed.

Glaston operates in growing markets, and the safety glass market is expected to grow by nearly 7% per year up to 2017. Drivers of growth include increasing use of safety glass, greater use of glass in construction, and more widespread utilisation of energy-saving glass in both renovations and new construction. In accordance with its strategy, the company will increasingly focus on enhancing customer benefit and customer experience as well as on traditional areas of expertise, namely glass processing machines and related services, with the goal of delivering the industry's best customer satisfaction.

Glaston adjusts its outlook and expects that 2014 net sales and operating profit, excluding non-recurring items, will grow (previous outlook: Glaston expects that 2014 net sales and operating profit will grow).

Helsinki, 24 July 2014
Glaston Corporation
Board of Directors

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Glaston Corporation
Glaston is a global company developing glass processing technology for architectural, solar, appliance and automotive applications. Our product 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. Further information is available at 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 – 30 JUNE 2014

These interim financial statements are not audited. As a result of rounding differences, the figures presented in the tables may not add up to the total.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	<u>30.6.2014</u>	<u>30.6.2013</u>	<u>31.12.2013</u>
Assets			
Non-current assets			
Goodwill	36.8	36.8	36.8
Other intangible assets	7.8	9.7	8.7
Property, plant and equipment	6.5	7.4	6.9
Available-for-sale assets	0.4	0.3	0.3
Loan receivables	1.8	1.8	1.8
Deferred tax assets	3.8	5.7	3.7
Total non-current assets	57.1	61.9	58.3
Current assets			
Inventories	22.1	23.4	19.7
Receivables			
Trade and other receivables	29.6	30.0	30.5
Assets for current tax	0.9	0.8	0.7
Total receivables	30.5	30.8	31.2
Cash equivalents	12.2	14.2	16.4
Total current assets	64.8	68.4	67.3
Total assets	121.8	130.2	125.6

	<u>30.6.2014</u>	<u>30.6.2013</u>	<u>31.12.2013</u>
Equity and liabilities			
Equity			
Share capital	12.7	12.7	12.7
Share premium account	25.3	25.3	25.3
Other restricted equity reserves	0.1	0.1	0.1
Reserve for invested unrestricted equity	47.3	47.4	47.3
Treasury shares	-3.3	-3.3	-3.3
Fair value reserve	0.1	0.0	0.1
Other unrestricted equity reserves	0.1	0.1	0.1
Retained earnings and exchange differences	-34.2	-33.1	-33.1
Net result attributable to owners of the parent	0.6	4.3	1.3
Equity attributable to owners of the parent	48.7	53.4	50.4
Non-controlling interest	0.3	0.3	0.3
Total equity	48.9	53.7	50.7
Non-current liabilities			
Non-current interest-bearing liabilities	10.3	12.9	11.6
Non-current interest-free liabilities and provisions	2.2	3.5	2.7
Deferred tax liabilities	0.8	1.0	1.0
Total non-current liabilities	13.3	17.3	15.3
Current liabilities			
Current interest-bearing liabilities	12.6	13.6	13.4
Current provisions	2.8	1.9	2.6
Trade and other payables	44.0	43.3	43.3
Liabilities for current tax	0.2	0.4	0.4
Total current liabilities	59.6	59.2	59.7
Total liabilities	72.9	76.5	74.9
Total equity and liabilities	121.8	130.2	125.6

CONDENSED STATEMENT OF PROFIT OR LOSS

EUR million	<u>4-6/2014</u>	<u>4-6/2013</u>	<u>1-6/2014</u>	<u>1-6/2013</u>	<u>1-12/2013</u>
Net sales	35.2	33.7	58.2	60.1	122.2
Other operating income	0.3	0.2	0.5	4.1	4.4
Expenses	-32.9	-31.7	-55.8	-57.4	-116.2
Depreciation, amortization and impairment	-1.2	-1.1	-2.3	-2.3	-4.6
Operating result	1.4	1.1	0.7	4.5	5.9
Financial items, net	0.1	-1.4	0.2	0.9	-1.0
Result before income taxes	1.5	-0.3	0.8	5.4	4.9
Income taxes	-0.2	-0.1	-0.2	-1.1	-3.6
Profit / loss for the period from continuing operations	1.3	-0.4	0.6	4.3	1.3
Profit / loss after tax for the period from discontinued operations	-	0.0	-	0.0	0.0
Profit / loss for the period	1.3	-0.4	0.6	4.3	1.3
Attributable to:					
Owners of the parent	1.3	-0.3	0.6	4.3	1.3
Non-controlling interest	0.0	-0.0	-0.0	-0.0	0.0
Total	1.3	-0.4	0.6	4.3	1.3
Earnings per share, EUR, continuing operations	0.01	-0.01	0.00	0.03	0.01
Earnings per share, EUR, discontinued operations	-	-	-	0.00	0.00
Earnings per share, EUR, basic and diluted	0.01	-0.01	0.00	0.03	0.01
Operating result, continuing operations , as % of net sales	4.0	3.2	1.1	7.4	4.8
Profit / loss for the period, continuing operations , as % of net sales	3.8	-1.1	1.0	7.1	1.0
Profit / loss for the period, as % of net sales	3.8	-1.0	1.0	7.2	1.1
Non-recurring items included in operating result, continuing operations	-0.6	0.0	-0.6	3.8	3.7
Operating result, non-recurring items excluded, continuing operations	2.0	1.1	1.3	0.7	2.1
Operating result, continuing operations, non-recurring items excluded, as % of net sales	5.8	3.2	2.2	1.2	1.7

CONSOLIDATED STATEMENT OF COMPEREHENSIVE INCOME

EUR million	<u>4-6/2014</u>	<u>4-6/2013</u>	<u>1-6/2014</u>	<u>1-6/2013</u>	<u>1-12/2013</u>
Profit / loss for the period	1.3	-0.4	0.6	4.3	1.3
Other comprehensive income that will be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	-0.1	0.4	-0.4	0.4	0.6
Fair value changes of available-for-sale assets	0.0	0.0	0.0	-0.0	0.0
Income tax on other comprehensive income	-0.0	-0.0	-0.0	0.0	-0.0
Other comprehensive income that will not be reclassified subsequently to profit or loss:					
Exchange differences on actuarial gains and losses arising from defined benefit plans	-0.0	0.0	-0.0	-0.0	0.0
Actuarial gains and losses arising from defined benefit plans	-	-	-	-	-0.0
Other comprehensive income for the reporting period, net of tax	-0.1	0.4	-0.4	0.4	0.5
Total comprehensive income for the reporting period	1.3	0.0	0.2	4.7	1.8
Attributable to:					
Owners of the parent	1.2	0.0	0.2	4.7	1.8
Non-controlling interest	0.0	-0.0	-0.0	-0.0	-0.0
Total comprehensive income for the reporting period	1.3	0.0	0.2	4.7	1.8

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	<u>1-6/2014</u>	<u>1-6/2013</u>	<u>1-12/2013</u>
Cash flows from operating activities			
Cash flow before change in net working capital	2.7	3.0	6.3
Change in net working capital	-4.0	-1.3	0.9
Net cash flow from operating activities	-1.3	1.7	7.1
Cash flow from investing activities			
Other purchases of non-current assets	-1.1	-1.7	- 2.8
Proceeds from sale of business	-	12.9	12.9
Proceeds from sale of assets held for sale	-	12.4	12.4
Proceeds from sale of other non-current assets	0.1	0.0	0.0
Net cash flow from investing activities	-1.0	23.5	22.5
Cash flow before financing	-2.3	25.3	29.6
Cash flow from financing activities			
Share issue, net	-	9.1	9.1
Increase in non-current liabilities	-	14.7	14.8
Decrease in non-current liabilities	-1.4	-43.4	-43.5
Changes in loan receivables (increase - / decrease +)	0.0	0.1	0.1
Increase in short-term liabilities	10.0	23.7	44.4
Decrease in short-term liabilities	-10.8	-25.9	-47.9
Net cash flow from financing activities	-2.1	-21.7	-23.1
Effect of exchange rate changes	0.2	-0.3	-1.0

Net change in cash and cash equivalents	-4.2	3.3	5.5
Cash and cash equivalents at the beginning of period	16.4	10.9	10.9
Cash and cash equivalents at the end of period	12.2	14.2	16.4
Net change in cash and cash equivalents	-4.2	3.3	5.5

2013 cash flows include also cash flows arising from discontinued operations.

Proceeds from divestment of businesses:
EUR million

Purchase consideration received in cash	15.5
Expenses related to the sale, paid in 2013	-1.1
Cash and cash equivalents of divested subsidiaries	-1.6
Net cash flow	12.9

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

EUR million	Share capital	Share premium account	Reserve for inv. unrestr. equity	Treasury shares	Fair value and other reserves	Ret. earnings	Exch. Diff.	Equity attr. to owners of the parent	Non-contr. interest	Total equity
Equity at 1 January, 2013	12.7	25.3	26.8	-3.3	0.1	-31.2	-0.1	30.3	0.3	30.6
Total comprehensive income for the period	-	-	-	-	-0.0	4.3	0.4	4.7	-0.0	4.7
Reclassification	-	-	-	-	0.1	-0.1	-	-	-	-
Share-based incentive plan	-	-	-	-	-	0.1	-	0.1	-	0.1
Share-based incentive plan, tax effect	-	-	-	-	-	-0.0	-	-0.0	-	-0.0
Share issue	-	-	10.0	-	-	-	-	10.0	-	10.0
Share issue, costs	-	-	-0.9	-	-	-	-	-0.9	-	-0.9
Share issue paid with convertible and debenture bonds	-	-	11.4	-	-	-0.4	-	11.0	-	11.0
Result effect of the conversion issue	-	-	-	-	-	-1.9	-	-1.9	-	-1.9
Equity at 30 June, 2013	12.7	25.3	47.4	-3.3	0.2	-29.1	0.3	53.4	0.3	53.7

EUR million	Share capital	Share premium account	Reserve for inv. unrestr. equity	Treasury shares	Fair value and other reserves	Ret. earnings	Exch. Diff.	Equity attr. to owners of the parent	Non-contr. interest	Total equity
Equity at 1 January, 2014	12.7	25.3	47.3	-3.3	0.2	-32.3	0.5	50.4	0.3	50.7
Total comprehensive income for the period	-	-	-	-	0.0	0.6	-0.4	0.2	-0.0	0.2
Change in non-controlling interest	-	-	-	-	-	-	-	-	-0.0	-0.0
Dividend payable	-	-	-	-	-	-1.9	-	-1.9	-	-1.9
Equity at 30 June, 2014	12.7	25.3	47.3	-3.3	0.2	-31.7	0.1	48.7	0.3	48.9

During the first quarter 2013, Glaston had two share issues. A EUR 10 million share issue was directed to the public and another share issue was directed to the holders of the convertible bond and the debenture bond. In this conversion issue the principals as well as accrued interest, in total EUR 11.4 million, were used as payment for the shares. Both share issues were recognized in reserve for invested unrestricted equity. The expenses arising from the share issue, in total EUR 0.9 million, have been deducted from the reserve for invested unrestricted equity.

FINANCIAL ITEMS

During the first quarter 2013, Glaston purchased back convertible bonds with a nominal value of EUR 2 million. The price paid for the bonds was less than the nominal value which resulted in a EUR 0.9 million financial income.

In addition, during the first quarter 2013 the remaining convertible bonds with accrued interest as well as debenture bond with accrued interest were used as payment in a share issue (conversion issue). As the conversion price was higher than the fair value of the share at the time of conversion, a financial income of EUR 1.9 million was recognized.

Neither of the financial income affected cash flow.

KEY RATIOS

	30.6.2014	30.6.2013	31.12.2013
EBITDA, as % of net sales ⁽¹⁾	5.1	11.2	8.6
Operating result (EBIT), as % of net sales	1.1	7.4	4.8
Profit / loss for the period, as % of net sales	1.0	7.2	1.1
Gross capital expenditure, continuing and discontinued operations, EUR million	1.0	1.7	2.8
Gross capital expenditure, as % of net sales of continuing and discontinued operations	1.8	3.2	2.2
Equity ratio, %	45.0	46.5	45.4
Gearing, %	46.7	49.2	49.3
Net gearing, %	21.8	22.8	16.9
Net interest-bearing debt, EUR million	10.7	12.3	8.6
Capital employed, end of period, EUR million	71.8	80.1	75.6
Return on equity, %, annualized	2.4	20.5	3.2
Return on capital employed, %, annualized	2.3	17.0	9.9
Return on capital employed, continuing operations %, annualized	2.3	16.8	9.8
Number of personnel, average	591	595	590
Number of personnel, end of period	600	592	581

⁽¹⁾ EBITDA = Operating result + depreciation, amortization and impairment

PER SHARE DATA

	<u>30.6.2014</u>	<u>30.6.2013</u>	<u>31.12.2013</u>
Number of registered shares, end of period, treasury shares excluded (1,000)	192,920	192,920	192,920
Number of shares issued, end of period, adjusted with share issue, treasury shares excluded (1,000)	192,920	192,920	192,920
Number of shares, average, adjusted with share issue, treasury shares excluded (1,000)	192,920	155,061	174,146
Number of shares, dilution effect of the convertible bond taken into account, average, adjusted with share issue, treasury shares excluded (1,000) ^(c)	192,920	159,208	175,860
EPS, continuing operations, basic and diluted, adjusted with share issue, EUR	0.00	0.03	0.01
EPS, Discontinued Operations, basic and diluted, adjusted with share issue, EUR	-	0.00	0.00
EPS, total, basic and diluted, adjusted with share issue, EUR	0.00	0.03	0.01
Adjusted equity attributable to owners of the parent per share, EUR	0.25	0.28	0.26
Dividend per share, EUR	-	-	0.01
Dividend payout ratio, %	-	-	134.5
Dividend yield	-	-	2.5
Price per adjusted earnings per share (P/E) ratio	111.5	11.8	53.8
Price per adjusted equity attributable to owners of the parent per share	1.43	1.19	1.53
Market capitalization of registered shares, EUR million	69.5	63.7	77.2
Share turnover, % (number of shares traded, % of the average registered number of shares)	10.6	9.9	20.7
Number of shares traded, (1,000)	20,538	15,014	35,594
Closing price of the share, EUR	0.36	0.33	0.40
Highest quoted price, EUR	0.45	0.38	0.44
Lowest quoted price, EUR	0.35	0.22	0.22
Volume-weighted average quoted price, EUR	0.40	0.29	0.35

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):
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

ACCOUNTING PRINCIPLES

The consolidated interim financial statements of Glaston Group are prepared in accordance with International Financial Reporting Standard IAS 34 Interim Financial Reporting as approved by the European Union. They do not include all of the information required for full annual financial statements.

The accounting principles applied in these interim financial statements are the same as those applied by Glaston in its consolidated financial statements as at and for the year ended 31 December, 2013, with the exception that some new or revised or amended standards and interpretations have been applied from 1 January, 2014.

Glaston will apply the following new or revised or amended standards and interpretations from 1 January, 2014.

IFRS 10 Consolidated Financial Statements

The standard establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more entities. The standard defines the principles of control and establishes control as the basis for consolidation. The amendment of IFRS 10 does not affect the consolidated financial statements of Glaston.

IFRS 11 Joint Arrangements

The standard outlines the accounting by entities that jointly control an arrangement. Joint control involves the contractual agreed sharing of control and arrangements subject to joint control and classified as either a joint venture or joint operation. The amendment does not have an impact on the consolidated financial statements.

IFRS 12 Disclosure of Interests in Other Entities

The standard is a consolidated disclosure standard requiring a wide range of disclosures about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The new standard extends the scope of Group disclosures about its interests in other entities.

IFRS 27 (revised) Separate Financial Statements

The amended IAS 27 outlines the accounting and disclosure requirements for separate financial statements remaining after sections regarding control were included in the new IFRS 10. The amendment does not have a material impact on the consolidated financial statements.

IFRS 28 (revised) Investments in Associates and Joint Ventures

The amended standard outlines how to apply the equity method to investments in associates and joint ventures following the publication of IFRS 11.

The amendment does not have a material impact on the consolidated financial statements.

IAS 32 (amended) Financial Instruments: Presentation

The amendment clarifies some of the requirements for offsetting financial assets and financial liabilities on the balance sheet.

The amendment does not have a material impact on the consolidated financial statements.

IAS 36 (amended) Impairment of assets on recoverable amount disclosures

The amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal.

Other new or amended standards or interpretations applicable from 1 January, 2014 are not material for Glaston Group.

SEGMENT INFORMATION

The reportable segments of Glaston are Machines and Services. Software Solutions segment, which has 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.

On 1 January 2014, Glaston transferred sales of tools from the Machines segment to the Services segment.

The Machines segment has been divided into two operating segments: Heat Treatment, which comprises manufacturing and sales of glass tempering, bending and laminating machines, and Pre-processing, which comprises manufacturing and sales of glass pre-processing machines.

The Services segment comprises glass processing machine maintenance and service operations, sales of machine upgrades and spare parts, and manufacturing and sales of tools.

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

The non-recurring items of January-December 2014, in total EUR 0.6 million negative, consist of the adjustment of the final sales price of the 2013 Software Solutions business area sales.

The non-recurring items of January – December 2013, in total EUR 3.7 million positive, consist mainly of the gain from the sale of Tampere real estate. Other non-recurring items are adjustments made to restructuring costs initially recognized in 2012.

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.

Machines

EUR million	4-6/2014	4-6/2013	1-6/2014	1-6/2013	1-12/2013
External sales	26.4	24.3	41.1	41.3	84.2
Intersegment sales	-	-	-0.0	-	0.0
Net sales	26.4	24.3	41.1	41.3	84.3
EBIT excluding non-recurring items	2.1	1.2	1.3	0.8	2.4
EBIT-%, excl. non-recurring items	8.1	5.0	3.3	2.0	2.9
Non-recurring items	-	0.0	-	-0.0	-0.0
EBIT	2.1	1.2	1.3	0.8	2.4
EBIT-%	8.1	5.0	3.3	2.0	2.9
Net working capital			18.4	20.6	17.1
Number of personnel, average			350	348	346
Number of personnel, end of period			356	345	343

Services

EUR million	4-6/2014	4-6/2013	1-6/2014	1-6/2013	1-12/2013
External sales	8.7	8.8	17.1	18.1	37.3
Intersegment sales	0.3	0.3	0.9	0.7	1.3
Net sales	9.0	9.0	18.0	18.8	38.6
EBIT excluding non-recurring items	1.2	1.0	2.6	2.2	5.2
EBIT-%, excl. non-recurring items	12.7	11.2	14.3	11.8	13.4
Non-recurring items	-	-	-	0.0	0.0
EBIT	1.2	1.0	2.6	2.2	5.2
EBIT-%	12.7	11.2	14.3	11.8	13.4
Net working capital			31.4	31.9	30.1
Number of personnel, average			228	236	233
Number of personnel, end of period			232	235	227

Glaston Group

Net sales

EUR million	4-6/2014	4-6/2013	1-6/2014	1-6/2013	1-12/2013
Machines	26.4	24.3	41.1	41.3	84.3
Services	9.0	9.0	18.0	18.8	38.6
Other and intersegment sales	-0.3	0.3	-0.8	-0.1	-0.6
Glaston Group total	35.2	33.7	58.2	60.1	122.2

EBIT

EUR million	4-6/2014	4-6/2013	1-6/2014	1-6/2013	1-12/2013
Machines	2.1	1.2	1.3	0.8	2.4
Services	1.2	1.0	2.6	2.2	5.2
Other and eliminations	-1.3	-1.2	-2.6	-2.3	-5.5
EBIT excluding non-recurring items	2.0	1.1	1.3	0.7	2.1
Non-recurring items	-0.6	0.0	-0.6	3.8	3.7
EBIT, continuing operations	1.4	1.1	0.7	4.5	5.9
Net financial items	0.1	-1.4	0.2	0.9	-1.0
Result before income taxes from continuing operations	1.5	-0.3	0.8	5.4	4.9
Income taxes from continuing operations	-0.2	-0.1	-0.2	-1.1	-3.6
Result from continuing operations	1.3	-0.4	0.6	4.3	1.3
Net discontinued operations	-	0.0	-	0.0	-0.0
Net result	1.3	-0.4	0.6	4.3	1.3
Number of personnel, average			591	595	590
Number of personnel, end of period			600	592	581

Segment assets

EUR million	1-6/2014	1-6/2013	1-12/2013
Machines	56.8	59.7	56.1
Services	38.7	39.4	37.8
Total segments	95.5	99.2	93.9
Unallocated and eliminations and adjustments	3.9	5.4	4.9
Total segment assets	99.4	104.6	98.8
Other assets	22.4	25.7	26.8
Total assets	121.8	130.2	125.6

Segment liabilities

EUR million	1-6/2014	1-6/2013	1-12/2013
Machines	38.5	39.2	39.0
Services	7.3	7.5	7.7
Total segments	45.8	46.7	46.7
Unallocated and eliminations and adjustments	1.3	1.9	1.9
Total segment liabilities	47.1	48.7	48.6
Other liabilities	25.8	27.9	26.3
Total liabilities	72.9	76.5	74.9

Net working capital

EUR million	1-6/2014	1-6/2013	1-12/2013
Machines	18.4	20.6	17.1
Services	31.4	31.9	30.1
Total segments	49.7	52.5	47.2
Unallocated and eliminations and adjustments	2.6	3.4	2.9
Total Glaston Group	52.3	55.9	50.2

Order intake (continuing operations)

EUR million	1-6/2014	1-6/2013	1-12/2013
Machines	38.3	37.5	86.2
Services	17.3	18.3	37.1
Total Glaston Group	55.5	55.8	123.3

Net sales by geographical areas (continuing operations)

EUR million	1-6/2014	1-6/2013	1-12/2013
EMEA	26.4	24.6	50.6
Asia	12.9	13.9	27.2
America	19.0	21.6	44.4
Total	58.2	60.1	122.2

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

EUR million	4-6/2014	1-3/2014	10-12/2013	7-9/2013	4-6/2013	1-3/2013
External sales	26.4	14.7	26.0	16.9	24.3	17.0
Intersegment sales	-	-0.0	0.0	0.0	-	-
Net sales	26.4	14.7	26.0	16.9	24.3	17.0
EBIT excluding non-recurring items	2.1	-0.8	1.8	-0.1	1.2	-0.4
EBIT-%, excl. non-recurring items	8.1	-5.5	6.8	-0.9	5.0	-2.3
Non-recurring items	-	-	-0.0	-0.0	0.0	-0.0
EBIT	2.1	-0.8	1.8	-0.1	1.2	-0.4
EBIT-%	8.1	-5.5	6.8	-0.9	5.0	-2.3

Services

EUR million	4-6/2014	1-3/2014	10-12/2013	7-9/2013	4-6/2013	1-3/2013
External sales	8.7	8.4	9.8	9.4	8.8	9.4
Intersegment sales	0.3	0.6	0.3	0.3	0.3	0.5
Net sales	9.0	8.9	10.1	9.6	9.0	9.8
EBIT excluding non-recurring items	1.2	1.4	1.6	1.3	1.0	1.2
EBIT-%, excl. non-recurring items	12.7	15.9	16.1	13.9	11.2	12.4
Non-recurring items	-	-	-	-	-	0.0
EBIT	1.2	1.4	1.6	1.3	1.0	1.2
EBIT-%	12.7	15.9	16.1	13.9	11.2	12.4

Net sales

EUR million	4-6/2014	1-3/2014	10-12/2013	7-9/2013	4-6/2013	1-3/2013
Machines	26.4	14.7	26.0	16.9	24.3	17.0
Services	9.0	8.9	10.1	9.6	9.0	9.8
Other and intersegment sales	-0.3	-0.5	-0.2	-0.3	0.3	-0.4
Glaston Group total	35.2	23.1	35.9	26.3	33.7	26.4

EBIT

EUR million	4-6/2014	1-3/2014	10-12/2013	7-9/2013	4-6/2013	1-3/2013
Machines	2.1	-0.8	1.8	-0.1	1.2	-0.4
Services	1.2	1.4	1.6	1.3	1.0	1.2
Other and eliminations	-1.3	-1.3	-1.5	-1.6	-1.2	-1.2
EBIT excluding non-recurring items	2.0	-0.7	1.9	-0.4	1.1	-0.4
Non-recurring items	-0.6	-	-0.0	-0.0	0.0	3.7
EBIT	1.4	-0.7	1.9	-0.4	1.1	3.4

Order book (continuing operations)	30.6.2014	31.3.2014	31.12.2013	30.9.2013	30.6.2013	31.3.2013
Machines	33.4	39.7	38.0	40.0	32.2	37.8
Services	1.3	1.6	1.1	2.0	1.6	1.6
Total Glaston Group	34.7	41.3	39.1	42.0	33.8	39.4

Order intake (continuing operations)

EUR million	4-6/2014	1-3/2014	10-12/2013	7-9/2013	4-6/2013	1-3/2013
Machines	20.7	17.6	24.1	24.5	18.2	19.2
Services	8.4	8.8	9.2	9.7	8.7	9.6
Total Glaston Group	29.1	26.4	33.3	34.2	26.9	28.8

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

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 took place on 4 February, 2013. The result of Software Solutions business area as well as the result from the sale transaction is presented as profit / loss for the period from continuing operations in 2013.

Revenue, expenses and result of discontinued operations

EUR million	1-6/2014	1-6/2013	1-12/2013
Revenue	-	1.8	1.8
Expenses	-	-1.2	-1.2
Gross profit	-	0.5	0.5
Finance costs, net	-	0.0	0.0
Impairment loss recognized on the remeasurement to fair value less cost to sell	-	-	-
Profit / loss before tax from discontinued operations	-	0.5	0.5
Current income tax	-	-0.1	-0.1
Income tax related to measurement to fair value less costs to sell	-	-0.4	-0.4
Loss from disposal of discontinued operations	-	0.0	0.0

Net cash flows of discontinued operations

EUR million	1-6/2014	1-6/2013	1-12/2013
Operating	-	1.0	1.0
Investing	-	-0.3	-0.3
Financing	-	-0.0	-0.0
Net cash flow	-	0.7	0.7

CONTINGENT LIABILITIES

EUR million	<u>30.6.2014</u>	<u>30.6.2013</u>	<u>31.12.2013</u>
Mortgages and pledges			
On own behalf	303.1	295.0	303.3
On behalf of others	-	0.1	0.0
Guarantees			
On own behalf	6.7	3.4	4.1
On behalf of others	0.0	0.0	0.0
Lease obligations	19.3	19.5	18.5

Mortgages and pledges include EUR 91.5 million shares in group companies and EUR 43.5 million receivables from group companies.

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

DERIVATIVE INSTRUMENTS

EUR million	<u>30.6.2014</u>		<u>30.6.2013</u>		<u>31.12.2013</u>	
	<u>Nominal value</u>	<u>Fair value</u>	<u>Nominal value</u>	<u>Fair value</u>	<u>Nominal value</u>	<u>Fair value</u>
Commodity derivatives						
Electricity forwards	0.6	-0.1	0.4	-0.0	0.4	-0.1

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	1-6/2014	1-6/2013	1-12/2013
Changes in property, plant and equipment			
Carrying amount at beginning of the period	6.9	7.3	7.3
Additions	0.2	0.7	1.0
Disposals	0.0	-0.0	-0.0
Depreciation and amortization	-0.6	-0.7	-1.3
Impairment losses and reversals of impairment losses	-	-0.0	-0.0
Reclassification and other changes	0.0	-0.7	-0.7
Transfer to / from assets held for sale	-	0.7	0.7
Exchange differences	-0.0	0.0	-0.1
Carrying amount at end of the period	6.5	7.4	6.9

At the end of June 2014 or 2013 Glaston did not have of contractual commitments for the acquisition of property, plant and equipment.

Changes in property, plant and equipment	1-6/2014	1-6/2013	1-12/2013
Carrying amount at beginning of the period	45.6	47.6	47.6
Additions	0.8	0.6	1.4
Disposals	-	-0.0	-0.1
Depreciation and amortization	-1.7	-1.6	-3.3
Impairment losses and reversals of impairment losses	-	-0.0	-0.0
Reclassification and other changes	0.0	-	-
Transfer to / from assets held for sale	-	0.0	0.0
Exchange differences	-0.0	0.0	-0.0
Carrying amount at end of the period	44.6	46.6	45.6

SHAREHOLDER INFORMATION

20 largest shareholders 30 June, 2014

Shareholder	Number of shares	% of shares and votes
1 Etera Mutual Pension Insurance Company	27,593,878	14.25 %
2 Oy G.W.Sohlberg Ab	26,266,100	13.56 %
3 Varma Mutual Pension Insurance Company	17,331,643	8.95 %
4 Suomen Teollisuussijoitus Oy	16,601,371	8.57 %
5 Hymy Lahtinen Oy	9,750,000	5.03 %
6 Yleisradion Eläkesäätiö S.r.	6,987,579	3.61 %
7 Päivikki and Sakari Sohlberg Foundation	4,465,600	2.31 %
8 Oy Investsum Ab	3,480,000	1.80 %
9 Sumelius Bjarne Henning	2,381,504	1.23 %
10 Investment Fund Säästöpankki Small Cap	2,307,860	1.19 %
11 Danske Fund Finnish Small Cap	2,244,114	1.16 %
12 Nordea Pro Finland Fund	2,234,955	1.15 %
13 Sijoitusrahasto Taaleritehdas Mikro Markka	2,100,000	1.08 %
14 Sumelius-Fogelholm Birgitta	1,994,734	1.03 %
15 Fennia Life Insurance Company Ltd	1,612,820	0.83 %
16 Von Christierson Charlie	1,600,000	0.83 %
17 Metsänen Arto Juhani	1,500,000	0.77 %
18 Oy Nissala Ab	1,500,000	0.77 %
19 Sumelius Christer	1,398,533	0.72 %
20 Sumelius-Koljonen Barbro	1,350,238	0.70 %
20 largest shareholders total	134,700,929	69.54 %
Nominee registered shareholders	992,910	0.51 %
Other shares	58,014,497	29.95 %
Total	193,708,336	

RELATED PARTY TRANSACTIONS

Glaston Group's related parties include the parent and subsidiaries. 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 shareholdings are considered to be related parties as well as the companies controlled by these shareholders.

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

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

Share-based incentive plan

Share-based incentive plan 2014

On 21 January 2014, Glaston's Board of Directors decided Glaston Corporation's Board of Directors has approved a new long-term incentive and commitment scheme for the Group's key personnel including senior management of the Group and its subsidiaries.

The incentive scheme is based on the development of Glaston's share price. The scheme covers the years 2014–2016 and the possible rewards will be paid in spring 2017. The incentive scheme covers 34 key persons of Glaston.

The share-based incentive scheme for 2012–2014, announced on 12 December 2011, has been discontinued. No rewards were paid under the scheme during its period of validity.

Share-based incentive plan 2013

On 7 February 2013, Glaston's Board of Directors decided on a new share-based incentive plan for the Group's key personnel.

Participation in the plan and receipt of rewards for the performance period requires that a key employee subscribed for the company's shares in the share issue organized in spring 2013. Rewards of the plan will be paid in April 2014 as cash instead of shares in accordance with a decision of the Board of Directors, provided that the key employee's employment or service with the Group is in force and that he or she still owns the shares subscribed for in the share issue. If a key employee's employment or service with the Group ends before the payment of a reward, the main principle is that no reward will be paid.

The share bonus plan's target group consists of 24 people.

FINANCIAL INSTRUMENTS AT FAIR VALUE

Financial instruments at fair value include derivatives. Other financial instruments at fair value through profit or loss can include mainly Glaston's current investments, which are classified as held for trading i.e. which have been acquired or incurred principally for the purpose of selling them in the near future. Also available-for-sale financial assets are measured at fair value.

Fair values of publicly traded derivatives are calculated based on quoted market rates at the end of the reporting period (fair value hierarchy level 1). All Glaston's derivatives are publicly traded.

Listed investments are measured at the market price at the end of the reporting period (fair value hierarchy. level 2). Investments, for which fair values cannot be measured reliably, such as unlisted equities, are reported at cost or at cost less impairment (fair value hierarchy. level 3).

Fair value measurement hierarchy:

Level 1 = quoted prices in active markets

Level 2 = other than quoted prices included within Level 1 that are observable either directly or indirectly

Level 3 = not based on observable market data, fair value equals cost or cost less impairment

During the reporting period there were no transfers between levels 1 and 2 of the fair value hierarchy.

During the reporting period there were no changes in the valuation techniques of levels 2 or 3 of the fair value hierarchy.

Fair value hierarchy, level 3, changes during the reporting period

EUR million	2014	2013
1 January	0.2	0.2
Impairment	-	-
Transfers	-	-
30 June	0.2	0.2

Financial instruments measured at fair value and included in level 3 of fair value hierarchy had no effect on the profit or loss of the reporting period or on other comprehensive income. These financial instruments are not measured at fair value on recurring basis.

Fair value hierarchy, fair values

EUR million	30.6.2014	30.6.2013	31.12.2013
Available-for-sale shares			
Level 1	0.1	0.1	0.1
Level 3	0.2	0.2	0.2
	0.3	0.3	0.3
Derivatives			
Level 2	-0.1	-0.0	-0.1