Glaston's Financial Statement 1 January – 31 December 2014: Favourable growth continued; order book grew by 48%

- Orders received in January-December totalled EUR 145.1 (123.3) million. Orders received in the fourth quarter totalled EUR 55.5 (33.3) million.
- The order book on 31 December 2014 was EUR 57.9 (39.1) million.
- Consolidated net sales totalled EUR 124.5 (122.2) million. Final quarter net sales totalled EUR 40.8 (35.9) million.
- EBITDA, excluding non-recurring items, was EUR 9.2 (6.7) million, i.e. 7.4 (5.5)% of net sales.
- EBITDA was EUR 8.6 (10.5) million, i.e. 6.9 (8.6)% of net sales.
- The operating profit, excluding non-recurring items, grew 130.7% and was EUR 4.9 (2.1) million, i.e. 3.9 (1.7)% of net sales. The final quarter operating profit, excluding non-recurring items, was EUR 2.5 (1.9) million.
- Continuing Operations' operating profit was EUR 4.3 (5.9) million, i.e. 3.4 (4.8)% of net sales. The final quarter operating profit was EUR 2.5 (1.9) million.
- Continuing Operations' return on capital employed (ROCE) was 7.9 (9.8)%.
- Continuing Operations' earnings per share were EUR 0.01 (0.01) and for the fourth quarter EUR 0.00 (-0.01). Continuing and Discontinued Operations' earnings per share were EUR 0.01 (0.01) and in the fourth quarter EUR 0.00 (-0.01).
- Glaston's interest-bearing net debt totalled EUR -5.0 (8.6) million.
- The Board of Directors proposes to the Annual General Meeting a return of capital of EUR 0.02 per share.
- We expect that 2015 net sales and operating profit, excluding non-recurring items, will exceed the level of 2014 (net sales EUR 124.5 million and operating profit, excluding non-recurring items EUR 4.9 million in 2014)

President & CEO Arto Metsänen:
"For Glaston, the final quarter of the year was good and we start 2015 with a strong order book. Our new products and particularly the FC series have gained a strong reputation among customers and this was reflected in new orders. Based on feedback received from customers, our new convection systems are clearly ahead of what our competitors have to offer.

For the full year, we achieved growth in both net sales and operating profit. I am particularly satisfied with the stronger than expected development of operating profit. In terms of net sales, our growth expectations were higher than the level of net sales achieved. The situation in Russia and a lower than expected order intake in Asia slowed development of net sales. We will continue our strong focus on Asia. Our new products have already gained a strong position in the European and North American markets, and we also believe in their competitiveness in Asia.

Among the other significant events during the review period was strong cash flow, as a result of which our net debt was negative. In addition, we concluded our first deal for a GlastonAir™ machine, equipped with our new air flotation technology. The deal was a significant milestone in the technological development of the industry."

Glaston's outlook for 2015
We expect that 2015 net sales and operating profit, excluding non-recurring items, will exceed the level of 2014 (net sales EUR 124.5 million and operating profit, excluding non-recurring items EUR 4.9 million in 2014)

glaston seeing it through®

Operating environment
Glaston's markets developed favourably in 2014. After a quiet first quarter, positive development began in the second quarter and strengthened as the year progressed. In the EMEA area, a pick-up in the market was evident in a number of countries. The glass processing machine market advanced in the UK, eastern Central Europe, Germany, the Baltic countries and Spain. In the North American market, a strong pick-up was also perceptible. In South America, steady development continued with large regional differences. In Brazil, demand fell short of expectations, but in other South American countries good results were achieved. In Asia, market development was weaker than expected.

Machines
In the Machines segment, the operating environment developed positively as a rule during 2014. Except for Asia, all sales regions developed positively. In North America and the EMEA area, demand strengthened during 2014. In South America, the market remained at rather low level. In Asia, demand in the machines business was more subdued than expected.

In the final quarter, demand was strong in both North America and the EMEA area. In the North American market, the strengthening of the dollar against the euro increased customers' activity, and the activation of large glass companies was evident towards the end of the year. The EMEA area developed strongly, with the UK, Poland and Germany acting as engines of growth. In late 2014, the weakening of the Russian rouble was reflected in the willingness of Russian customers to invest. In Asia, demand was weak throughout the quarter, and in China investment declined due to a tight lending policy and rising interest rates.

The glass industry's main event, the Glasstec Fair, was held in Germany in October. At the fair, Glaston presented, among other products, the new FC1000™ flat tempering line, the new HE500™ horizontal edging line and the GlastonInsight™ real-time heat treatment process optimisation system. The fair was successful in terms of sales. In connection with the fair, the first GlastonAir™ deal to Columbia was announced.

In 2014 the Machines segment's most important product launches were the FC1000™ flat tempering line, the GlastonInsight™ real-time heat treatment optimisation system, and the ProL200™ flat laminating machine. The GlastonFC500™ tempering line further strengthened its position among customers who value high optical quality.

In 2014, the Machines segment's orders received totalled EUR 106.4 (86.2) million. In January-December, net sales totalled EUR 87.1 (84.3) million. In January-December, the operating profit was EUR 4.3 (2.4) million. Growth of net sales while maintaining the level of fixed costs, lower property expenses, a scalable manufacturing model as well as significantly lower warranty and quality costs had a positive impact on profitability. At the end of 2014, the segment had 354 (343) employees.

In the final quarter of the year, the Machines segment's orders received totalled EUR 44.6 (24.1) million. October-December net sales totalled EUR 28.6 (26.0) million and the operating profit was EUR 2.2 (1.8) million.

Services
In 2014 the positive development of the service market continued in the EMEA area and in North America, with demand being directed at machine upgrade products. In Spain, the UK and Poland, in particular, significant deals were concluded. In the Middle East, growth of demand was evident in the latter part of the year. The sought-after growth in the Asia market was not fulfilled. A fall-off in the growth rate in China particularly contributed to this trend. Despite an extensive installed machine stock, demand in South America did not correspond with expectations.

Glaston's market position remained strong, particularly in heat treatment machine maintenance contracts. Competition continued to be aggressive in pre-processing machine spare parts and tools. Despite this, the company was able to increase its market share in certain areas, such as Italy, Mexico and the United States.

The final quarter was good for the Services segment. Excellent sales of upgrade products in the EMEA area and Japan raised the segment's net sales above the previous year's level. In other product groups, too, sales grew in the final quarter.

At the beginning of 2014, tools became part of the Services segment. The transfer achieved the expected benefits in both sales and logistics. The acquisition of Glassrobots' industrial property rights in August 2014 extended Glaston's potential customer base and machine stock in need of maintenance.

The Glasstec Fair, held in October, was a commercial success for the Services segment. New tools for automotive, architectural and solar products were also presented at the fair. These received a good reception from customers. The quality of customer experience and the flexibility of services were improved by bringing to the market new service and pricing models.

Orders received in the Services segment totalled EUR 38.7 (37.1) million in 2014. In January-December, net sales totalled EUR 39.2 (38.6) million. In January-December, the operating profit was EUR 5.2 (5.2) million. At the end of 2014, the segment had 226 (227) employees.

The Services segment's orders received in the final quarter totalled EUR 10.9 (9.2) million. October-December net sales totalled EUR 12.7 (10.1) million and the operating profit was EUR 1.5 (1.6) million.

Continuing Operations' orders received and order book
Glaston's order intake in the financial year 2014 grew 18% compared with the previous year and was EUR 145.1 (123.3) million. Of orders received, the Machines segment accounted for 73% and the Services segment 27%. Orders received in the final quarter totalled EUR 55.5 (33.3) million.

Glaston's order book grew 48% compared with December 2013 and stood at a record high of EUR 57.9 (31.12.2013: 39.1) million on 31 December 2014. Of the order book, the Machines segment accounted for EUR 55.8 (38.0) million and the Services segment for EUR 2.1 (1.1) million. In the final quarter of the year, the following significant orders were entered in the order book: the first GlastonAir™ tempering machine and Glaston ProBend™ machine, suitable for bending and tempering, and the first GlastonFC1000™ tempering line with double chamber. Boosted by the Glasstec Fair, held in October, a number of GlastonFC500™ tempering machines were sold both to Europe and the USA.

Order book, EUR million	**31.12.2014**	**31.12.2013**
Machines	55.8	38.0
Services	2.1	1.1
Total	**57.9**	**39.1**

Continuing Operations' net sales, operating result and result
Glaston's net sales totalled EUR 124.5 (122.2) million in January-December. The Machines segment's net sales in the financial year totalled EUR 87.1 (84.3) million and the Services segment's net sales totalled EUR 39.2 (38.6) million. Net sales in the EMEA area grew 13% and were EUR 57.2 (50.6) million. In the Americas, net sales were at the previous year's level: EUR 43.6 (44.4) million. In Asia, net sales developed more weakly than expected and totalled EUR 23.7 (27.2) million.

Final quarter net sales totalled EUR 40.8 (35.9) million. The Machines segment's net sales in the final quarter totalled EUR 28.6 (26.0) million and the Services segment's net sales totalled EUR 12.7 (10.1) million.

Net sales, EUR million	10-12/2014	10-12/2013	2014	2013
Machines	28.6	26.0	87.1	84.3
Services	12.7	10.1	39.2	38.6
Other and internal sales	-0.6	-0.2	-1.8	-0.6
Total	**40.8**	**35.9**	**124.5**	**122.2**

The operating profit, excluding non-recurring items, was EUR 4.9 (2.1) million, i.e. 3.9 (1.7)% of net sales. In January-December, the Machines segment's operating profit, excluding non-recurring items, was EUR 4.3 (2.4) million and the Services segment's operating profit, excluding non-recurring items, was EUR 5.2 (5.2) million.

The final quarter operating profit, excluding non-recurring items, was EUR 2.5 (1.9) million. In October-December, the Machines segment's operating profit, excluding non-recurring items, was EUR 2.2 (1.8) million and Services segment's operating profit, excluding non-recurring items, was a profit of EUR 1.5 (1.6) million.

In the second quarter of 2014, a non-recurring item of EUR -0.6 million was recognised from an adjustment to the final selling price of the Software Solutions business. The final selling price, paid on 1 July 2014, was EUR 1.5 million. Of the non-recurring items totalling EUR 3.7 million recognised in early 2013, the most significant was the sale of the Tampere property complex.

EBIT, EUR million	10-12/2014	10-12/2013	2014	2013
Machines	2.2	1.8	4.3	2.4
Services	1.5	1.6	5.2	5.2
Other and eliminations	-1.2	-1.5	-4.6	-5.5
EBIT, excl. non-recurring items	**2.5**	**1.9**	**4.9**	**2.1**
Non-recurring items	-	-0.0	-0.6	3.7
EBIT	**2.5**	**1.9**	**4.3**	**5.9**

Group's net financial items in 2014 were EUR -0.7 (-1.0) million and in the final quarter EUR -0.6 (-0.9) million.

Income taxes amounted to EUR -2.4 (-3.6) million, of which the change in deferred tax assets was EUR -0.9 million. Of this change, EUR -1.3 million was booked based on the Finnish companies' taxable earnings. The cash flow-based tax was EUR -1.0 million, of which most was paid from the Group's foreign subsidiaries.

Continuing Operations' result in January-December was a profit of EUR 1.1 (1.3) million, and in the final quarter EUR 0.6 (1.7 loss) million. The result, after the result of Discontinued Operations, was a profit of EUR 1.1 (1.3) million, and in the final quarter a profit of EUR 0.6 (1.7 loss) million. In January-December, the return on capital employed (ROCE) was 7.9 (9.9)%.

Earnings per share
Continuing Operations' earnings per share were EUR 0.01 (0.01). Discontinued Operations' earnings per share were EUR 0.00 on 31 December 2014. Continuing and Discontinued Operations' earnings per share totalled EUR 0.01 (0.01).

Financial position, cash flow and financing
At the end of the reporting period, the Group's liquid funds totalled EUR 20.0 (16.4) million. Interest-bearing net debt totalled EUR -5.0 (8.6) million and net gearing was -9.8 (16.9)%.

At the end of 2014, the consolidated asset total was EUR 128.7 (125.6) million. The equity attributable to the owners of the parent was EUR 50.5 (50.4) million. The share issue-adjusted equity per share was EUR 0.26 (0.26). Return on equity in January-December was 2.2 (3.2)%.

Cash flow from the operating activities of Continuing and Discontinued Operations, before the change in working capital, was EUR 9.2 (6.3) million in January-December. The change in working capital was EUR 7.4 (0.9) million. Cash flow from investing activities was EUR -2.0 (22.5) million. In 2013 cash flow from investing activities was improved by proceeds from the sales of both the Software Solutions segment and the Tampere factory property, a total of EUR 25.3 million. Cash flow from financing activities in January-December was EUR -11.8 (-23.1) million.

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.

Research and product development
In 2014 Glaston's research and product development expenditure totalled EUR 3.9 (4.8) million, i.e. 3.2 (3.9)% of net sales.

In the Machines segment, product development investment was directed on the flat tempering side at developing tempering of thinner glass and on improving the optics and energy efficiency of low-emissivity glass. In oscillating furnaces, a new product, the GlastonFC1000™, was developed and launched. In the FC500™ and RC350™ product families, the product offering was expanded. On the automotive side, the product offering was diversified by combining the features of Glaston and Glassrobots products. An essential part of development work is the continuous improvement of existing technology. In automation technology, continuous development work enabled the launch of the new product, GlastonInsight™, in which the control system measures in real time the quality of the glass and automatically proposes to the operator new setting values to optimise the heat treatment process.

In the Services segment, the product development focus continued to be on replacement and additional chambers for RC and FC product series flat tempering lines and on iControL™ control system upgrades. In the latter part of the year, product development expanded through customer projects from flat tempering machines to bending and tempering machines, where a new bender for the HTBS bending and tempering machine is under development.

Environment
For Glaston, environmental responsibility means developing energy-efficient solutions for customers and minimising the environmental impacts of its own activities.

A machine's entire life cycle, which may be many decades, is taken into account in its design. Glaston's glass processing machines are designed and built to withstand constant use at high production capacities. With preventive and regular maintenance, the lifecycle of machines can be extended. The upgrade products offered by the company also increase machine operating times and enhance energy efficiency in glass processing. The length of a machine's service life can also be affected by its correct use, and Glaston offers its customers training in the operation of machines.

Energy efficiency and its development have a key role in product development, in terms of both glass processing machines and end products. Special attention is paid to the recyclability of materials, particularly with respect to components that are susceptible to wear and often changed.

Glaston works actively to promote opportunities to use glass in energy-efficient construction and in utilisation use of solar energy. The Glass Performance Days conference organised by the company is the glass industry's leading expert event, promoting development and networking in these fields.

Capital expenditure, depreciation and amortisation
The gross capital expenditure of Glaston's Continuing and Discontinued Operations totalled EUR 3.6 (2.8) million. The most significant investments in 2014 were in product development.

In 2014, depreciation and amortisation of Continuing Operations on property, plant and equipment and on intangible assets totalled EUR -4.3 (-4.6) million.

Changes in the company's management

As of 1 January 2014, Juha Liettyä, member of Glaston's Executive Management Group, was appointed SVP, Machines business area with both the Heat Treatment and Pre-processing product lines as his area of responsibility. Liettyä was previously SVP, Heat Treatment product line in the Machines business area. Roberto Quintero, SVP, Pre-processing and Tools in the Machines business area and member of Glaston's Executive Management Group, resigned from Glaston's service on 28 February 2014.

In December 2014, the appointment of Chief Financial Officer Sasu Koivumäki as Deputy to the CEO was announced and the appointment entered into effect on 1 January 2015.

Employees

No significant changes in personnel took place during the year. Temporary lay-offs at the Italian factory were implemented during the year. At the factory in Finland, a few staff were added as a consequence of new product launches and the Glassrobots deal.

Employees' skills development continued mainly through internal training and sharing of expertise. During the year, training in different product areas was arranged for sales staff, and Genuine Care Days, which covered 3E strategy in addition to technical training, were arranged for service personnel. To safeguard Glaston's future skills needs, a key positions' career and succession plan is updated annually and development measures agreed.

Glaston's Continuing Operations had a total of 592 (581) employees on 31 December 2014. Of the Group's employees, 25% worked in Finland and 28% elsewhere in EMEA area, 32% in Asia and 15% in the Americas. The average number of employees was 592 (590).

Share-based incentive schemes

On 21 January 2014, Glaston Corporation's Board of Directors decided on a new incentive scheme for the Group's key personnel as part of a long-term incentive and commitment scheme for the senior management of the Group and its subsidiaries. The incentive scheme is tied to the development of Glaston's share price. The scheme launched in 2014 covers the period 2014–2016. Any rewards from the scheme will be paid in spring 2017. The incentive scheme launched in 2014 covers 34 key Glaston personnel.

On 7 February 2013, Glaston's Board of Directors decided on a new share-based incentive scheme for key personnel. The new share bonus scheme had one performance period, which began on 15 March 2013 and ended on 15 March 2014. Participation in the scheme and receipt of rewards for the performance period required that a key employee subscribe for the company's shares in the share issue organised in spring 2013. The rewards from the scheme were 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 was in force and that he or she still owned the shares subscribed for in the share issue.

In January 2014, Glaston's Board of Directors decided to terminate the share-based incentive scheme for the Group's key personnel announced in 2011. The share bonus scheme had three performance periods, namely the calendar years 2012, 2013 and 2014. The company's Board of Directors decided on the scheme's performance criteria and the targets set for them at the beginning of each performance period. No rewards were paid during the scheme's period of validity.

Group structural changes in 2014

Bavelloni Tools (Tianjin) Co., Ltd. was liquidated in April 2014 and Bavelloni UK Ltd. was merged with

Glaston UK Ltd. in November 2014. Z. Bavelloni South America Ltda changed its name to Glaston Brazil Ltda in November 2014.

Decisions of the Annual General Meeting

Glaston Corporation's Annual General Meeting was held in Helsinki on 2 April 2014. The Annual General Meeting adopted the financial statements and consolidated financial statements for the period 1 January – 31 December 2013. 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 as a minority dividend.

The Annual General Meeting discharged the Members of the Board of Directors and the President & CEO from liability for the financial year 1 January – 31 December 2013. The number of the Members of the Board of Directors was resolved to 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 the following term ending at the closing 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 will be paid EUR 40,000, the Deputy Chairman EUR 30,000 and the other Members of the Board EUR 20,000. The Annual General Meeting elected as auditor Authorised Public Accountants Ernst & Young Oy, with Authorised Public Accountant Harri Pärssinen as the responsible auditor.

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. It was proposed that the authorisation 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 31 December 2014.

Nomination Board

Glaston shareholders' Nomination Board consists of the representatives of the four largest shareholders entered in the company's register on the first day of September. In addition, the Chairman of the company's Board of Directors serves as an advisory member of the Nomination Board.

In accordance with the ownership structure on 1 September 2014, the following were re-elected as members of Glaston's Nomination Board: Jari Puhakka (Etera Mutual Pension Insurance Company), Ari Saarenmaa (Oy G.W Sohlberg Ab), Mikko Koivusalo (Varma Mutual Pension Insurance Company) and Kimmo Viertola (Finnish Industry Investment Ltd.). Andreas Tallberg, Chairman of Glaston's Board of Directors, served as an advisory member of the Nomination Board. In its organising meeting on 6 October 2014, the Nomination Board elected Ari Saarenmaa from among its members to be Chairman.

Shares and share prices
Glaston Corporation's paid and registered share capital on 31 September 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 the year, 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.

On 31 December 2014, the market capitalisation of the company's registered shares, treasury shares excluded, was EUR 73.3 (77.2) million. During 2014, approximately 46.1 million of the company's shares were traded, i.e. around 23.9% of the average number of registered shares. The lowest price paid for a share was EUR 0.32 (0.22) and the highest price EUR 0.45 (0.44). The volume-weighted average price of shares traded during January-December was EUR 0.38 (0.35). The closing price on 31 December 2014 was EUR 0.38 (0.40).

The share issue-adjusted equity per share attributable to the owners of the parent was EUR 0.26 (0.26).

Other events in the review period
On 29 April 2014, Canada's Federal Court ordered Shanghai Northglass, Glaston's 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 confirmation of the date of payment.

In March 2013, the sale of the 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. Use of premises was enhanced, as a result of which a lease agreement on space that became unoccupied was signed in April 2014. The tenants took occupancy of the premises in the latter part of 2014.

The industrial property rights and related documentation of Finnish glass processing machine manufacturer Glassrobots Oy's flat tempering and bending machines as well as its automotive products and other equipment transferred to Glaston in a deal concluded on 8 August 2014. The industrial property rights include, among other things, three significant patents, which Glaston can in future utilise in its own product development. The deal strengthened Glaston's position as a global technology leader in glass processing machines and as a provider of the industry's most extensive lifecycle services.

Shareholders
Glaston Corporation's largest shareholders on 31 December 2014, the distribution of share ownership by number of shares, and the distribution of ownership by shareholder group are presented in Note 4 of the consolidated financial statements. Information on the Glaston Corporation shares owned by Members of the Board of Directors and the President & CEO is presented in Note 30 of the consolidated financial statements.

Glaston Corporation is unaware of any shareholder agreements or arrangements relating to share ownership or the exercise of votes.

Events after the closing date
On 27 January 2015, Glaston received a flagging notice stating that Finnish Industry Investment Ltd's holding of Glaston Corporation's total number of shares and votes had fallen below 5%.

At its meeting held on 30 January 2015, the Nomination Board appointed by the Annual General Meeting gave its proposal on the number of the Members of the Board of Directors and on the composition and remuneration of the Board of Directors.

Risks and risk management
Glaston operates globally, and changes in the development of the world economy directly affect the Group's operations and risks. A strategic risk for Glaston is above all the loss of the Group's market shares as well as the arrival of a competing machine and glass processing technology on to the market in connection with technological development, which would require Glaston to make considerable product development investments. Changes to legislation that regulate the company are also strategic risks.

Glaston's most significant operational risks include cost development relating to operational activity, management of large customer projects, the availability of components, management of the contractual partner and subcontractor network, product development, succeeding in the effective protection of intellectual property rights and efficient production as well as the availability and permanence of expert personnel. Glaston continually develops its information systems and despite careful planning, temporary disruptions to operations might be associated with the introduction stages.

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

Uncertainties and risks in the near future
The company operates in markets in which political and economic uncertainty arise. This impacts the timing of large machine orders as well as customers' willingness to invest. The sharp depreciation of the rouble as well as the Ukraine crisis contributes to increasing instability. These factors have had a negative impact on market activity in Russia and surrounding countries. Glaston has no significant receivables from Russia.

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 slows, this will have a negative impact 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 on its balance sheet a total of approximately EUR 3.8 million of unimpaired loan, interest and trade receivables from a counterparty whose financial situation is uncertain. Glaston is continuously monitoring the situation and will recognise an impairment of these receivables, if necessary.

In November 2014, extension agreements were signed for the lease of pre-processing machine production premises in Bregnano. Glaston is continually reviewing different options for developing operations. Non-recurring costs may arise from this.

General business risks and risk management are outlined in more detail in Glaston's 2014 Annual Report and on the company's website www.glaston.net.

Outlook
The company's diverse and competitive product portfolio, strengthened order book and solid financial position, combined with the cautious recovery of the glass processing industry, create good conditions for business growth.

Glaston operates in growing markets. We expect our markets to grow moderately in 2015. Growth is expected particularly in heat treatment machines, but Glaston's extensive installed machine base also creates great potential in service business.

In market development, differences between market areas are expected. In the EMEA area and in North America strong development is expected to continue. In South America, the stable development of the market will continue. Gross prospects in Asia's glass processing market remain good, despite a temporary setback. We expect the Asian market to pick up in the second half of the year.

We expect that 2015 net sales and operating profit, excluding non-recurring items, will exceed the level of 2014 (net sales EUR 124.5 million and operating profit, excluding non-recurring items EUR 4.9 million in 2014).

Board of Directors' proposal on the distribution of profits
The distributable funds of Glaston Corporation are EUR 50,340,334 of which EUR 682,293 represents the net profit for the financial year. The Board of Directors proposes to the Annual General Meeting to be held on 26 March 2015 that the profit for the financial year 2014 be placed in retained earnings and no dividend be paid.

The Board of Directors proposes to the Annual General Meeting that, based on the balance sheet to be adopted for 2014, a return of capital of EUR 0.02 per share be paid. Capital is repaid from the reserve for invested unrestricted equity. The capital is repaid to a shareholder who is registered in the Company's shareholders' register maintained by Euroclear Finland Ltd on the record date for payment, 30 March 2015. The Board of Directors proposes to the Annual General Meeting that the return of capital be paid on 30 April 2015.

On the day the proposal for the distribution of assets was made, the number of shares entitling to dividend was 192,919,754, which means the total amount of the return of capital would be EUR 3,858,395.

Helsinki, 5 February 2015
Glaston Corporation
Board of Directors

For further information, please contact:
President & CEO Arto Metsänen, tel. +358 10 500 500
Chief Financial Officer Sasu Koivumäki, tel. +358 10 500 500

GLASTON CORPORATION
Agneta Selroos
Director, Communications and Marketing

Glaston Corporation
Glaston is a global company developing glass processing technology for architectural, solar, appliance and

automotive applications. Our 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 – 31 DECEMBER 2014

These condensed financial statements are audited. Auditor's report has been given on 5 February, 2015. Quarterly information and interim reports are not audited.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	31.12.2014	31.12.2013
Assets		
Non-current assets		
Goodwill	36.8	36.8
Other intangible assets	7.8	8.7
Property, plant and equipment	7.5	6.9
Available-for-sale assets	0.4	0.3
Loan receivables	1.8	1.8
Deferred tax assets	3.0	3.7
Total non-current assets	**57.2**	**58.3**
Current assets		
Inventories	21.8	19.7
Receivables		
Trade and other receivables	29.3	30.5
Assets for current tax	0.3	0.7
Total receivables	29.6	31.2
Cash equivalents	20.0	16.4
Total current assets	**71.5**	**67.3**
Total assets	**128.7**	**125.6**

	31.12.2014	31.12.2013
Equity and liabilities		
Equity		
Share capital	12.7	12.7
Share premium account	25.3	25.3
Other restricted equity reserves	0.1	0.1
Reserve for invested unrestricted equity	47.3	47.3
Treasury shares	-3.3	-3.3
Fair value reserve	0.1	0.1
Other unrestricted equity reserves	0.1	0.1
Retained earnings and exchange differences	-32.8	-33.1
Net result attributable to owners of the parent	1.2	1.3
Equity attributable to owners of the parent	**50.5**	**50.4**
Non-controlling interest	**0.3**	**0.3**
Total equity	**50.8**	**50.7**
Non-current liabilities		
Non-current interest-bearing liabilities	7.5	11.6
Non-current interest-free liabilities and provisions	2.9	2.7
Deferred tax liabilities	1.1	1.0
Total non-current liabilities	**11.4**	**15.3**
Current liabilities		
Current interest-bearing liabilities	7.6	13.4

Current provisions	3.3	2.6
Trade and other payables	55.1	43.3
Liabilities for current tax	0.5	0.4
Total current liabilities	**66.4**	**59.7**
Total liabilities	**77.8**	**74.9**
Total equity and liabilities	**128.7**	**125.6**

CONDENSED STATEMENT OF PROFIT OR LOSS

EUR million	10-12/2014	10-12/2013	1-12/2014	1-12/2013
Net sales	**40.8**	**35.9**	**124.5**	**122.2**
Other operating income	0.2	0.1	0.9	4.4
Expenses	-37.6	-33.0	-116.8	-116.2
Depreciation, amortization and impairment	-1.0	-1.2	-4.3	-4.6
Operating result	**2.5**	**1.9**	**4.3**	**5.9**
Financial items, net	-0.6	-0.9	-0.7	-1.0
Result before income taxes	**1.9**	**0.9**	**3.6**	**4.9**
Income taxes	-1.3	-2.6	-2.4	-3.6
Profit / loss for the period from continuing operations	**0.6**	**-1.7**	**1.1**	**1.3**
Profit / loss after tax for the period from discontinued operations	**-**	**-0.0**	**-**	**0.0**
Profit / loss for the period	**0.6**	**-1.7**	**1.1**	**1.3**
Attributable to:				
Owners of the parent	0.6	-1.7	1.2	1.3
Non-controlling interest	-0.0	0.0	-0.0	0.0
Total	**0.6**	**-1.7**	**1.1**	**1.3**
Earnings per share, EUR, continuing operations	0.00	-0.01	0.01	0.01
Earnings per share, EUR, discontinued operations	-	-0.00	-	0.00
Earnings per share, EUR, basic and diluted	**0.00**	**-0.01**	**0.01**	**0.01**
Operating result, continuing operations , as % of net sales	6.1	5.2	3.4	4.8
Profit / loss for the period, continuing operations , as % of net sales	1.5	-4.7	0.9	1.0
Profit / loss for the period, as % of net sales	1.5	-4.7	0.9	1.1
Non-recurring items included in operating result, continuing operations	-	-0.0	-0.6	3.7
Operating result, non-recurring items excluded, continuing operations	2.5	1.9	4.9	2.1
Operating result, continuing operations, non-recurring items excluded, as % of net sales	6.1	5.2	3.9	1.7

CONSOLIDATED STATEMENT OF COMPEREHENSIVE INCOME

EUR million	10-12/2014	10-12/2013	1-12/2014	1-12/2013
Profit / loss for the period	**0.6**	**-1.7**	**1.1**	**1.3**
Other comprehensive income that will be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	0.5	0.2	1.2	0.6
Fair value changes of available-for-sale assets	0.0	0.0	0.0	0.0
Income tax on other comprehensive income	-0.0	-0.0	-0.0	-0.0
Other comprehensive income 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
Actuarial gains and losses arising from defined benefit plans	-0.2	-0.0	-0.2	-0.0
Other comprehensive income for the reporting period, net of tax	**0.3**	**0.1**	**0.9**	**0.5**
Total comprehensive income for the reporting period	**0.9**	**-1.6**	**2.1**	**1.8**
Attributable to:				
Owners of the parent	0.9	-1.6	2.1	1.8
Non-controlling interest	0.0	0.0	0.0	-0.0
Total comprehensive income for the reporting period	**0.9**	**-1.6**	**2.1**	**1.8**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1-12/2014	1-12/2013
Cash flows from operating activities		
Cash flow before change in net working capital	9.2	6.3
Change in net working capital	7.4	0.9
Net cash flow from operating activities	**16.6**	**7.1**
Cash flow from investing activities		
Other purchases of non-current assets	-3.6	-2.8
Proceeds from sale of business	1.5	12.9
Proceeds from sale of assets held for sale	-	12.4
Proceeds from sale of other non-current assets	0.1	0.0
Net cash flow from investing activities	**-2.0**	**22.5**
Cash flow before financing	**14.6**	**29.6**
Cash flow from financing activities		
Share issue, net	-	9.1
Increase in non-current liabilities	-	14.8
Decrease in non-current liabilities	-4.2	-43.5
Changes in loan receivables (increase - / decrease +)	0.0	0.1
Increase in short-term liabilities	30.0	44.4
Decrease in short-term liabilities	-35.8	-47.9
Dividends paid	-1.9	-
Net cash flow from financing activities	**-11.8**	**-23.1**
Effect of exchange rate changes	**0.9**	**-1.0**
Net change in cash and cash equivalents	**3.7**	**5.5**

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Cash and cash equivalents at the beginning of period	16.4	10.9
Cash and cash equivalents at the end of period	20.0	16.4
Net change in cash and cash equivalents	**3.7**	**5.5**

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

Proceeds from divestment of businesses:

EUR million	**2014**	**2013**
Purchase consideration received in cash	1.5	15.5
Expenses related to the sale, paid during the year	-	-1.1
Cash and cash equivalents of divested subsidiaries	-	-1.6
Net cash flow	**1.5**	**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. earn-ings**	**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	1.3	0.6	**1.8**	-0.0	**1.8**
Reclassification	-	-	-	-	0.1	-0.1	-	**-**	-	**-**
Share-based incentive plan	-	-	-	-	-	-	-	**-**	-	**-**
Share-based incentive plan, tax effect	-	-	-	-	-	-	-	**-**	-	**-**
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	-	-	-1.9	-	**9.5**	-	**9.5**
Result effect of the conversion issue	-	-	-	-	-	-0.4	-	**-0.4**	-	**-0.4**
Equity at 31 December 2013	**12.7**	**25.3**	**47.3**	**-3.3**	**0.2**	**-32.3**	**0.5**	**50.4**	**0.3**	**50.7**

EUR million	**Share capital**	**Share premium account**	**Reserve for inv. unrestr. equity**	**Treasury shares**	**Fair value and other reserves**	**Ret. earn-ings**	**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	0.9	1.1	**2.1**	0.0	**2.1**
Change in non-controlling interest	-	-	-	-	-	-	-	**-**	-0.0	**-0.0**
Dividends paid	-	-	-	-	-	-1.9	-	**-1.9**	-	**-1.9**
Equity at 31 December 2014	**12.7**	**25.3**	**47.3**	**-3.3**	**0.2**	**-33.3**	**1.6**	**50.5**	**0.3**	**50.8**

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

	31.12.2014	31.12.2013
EBITDA, as % of net sales (1	6.9	8.6
Operating result (EBIT), as % of net sales	3.4	4.8
Profit / loss for the period, as % of net sales	0.9	1.1
Gross capital expenditure, continuing and discontinued operations, EUR million	3.6	2.8
Gross capital expenditure, as % of net sales of continuing and discontinued operations	2.9	2.2
Equity ratio, %	47.7	45.4
Gearing, %	29.6	49.3
Net gearing, %	-9.8	16.9
Net interest-bearing debt, EUR million	-5.0	8.6
Capital employed, end of period, EUR million	65.9	75.6
Return on equity, %, annualized	2.2	3.2
Return on capital employed, %, annualized	7.9	9.9
Return on capital employed, continuing operations %, annualized	7.9	9.8
Number of personnel, average	592	590
Number of personnel, end of period	592	581

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

PER SHARE DATA

	31.12.2014	31.12.2013
Number of registered shares, end of period, treasury shares excluded (1,000)	192,920	192,920
Number of shares issued, end of period, adjusted with share issue, treasury shares excluded (1,000)	192,920	192,920
Number of shares, average, adjusted with share issue, treasury shares excluded (1,000)	192,920	174,146
Number of shares, dilution effect of the convertible bond taken into account, average, adjusted with share issue, treasury shares excluded (1,000)	192,920	175,860
EPS, continuing operations , basic and diluted, adjusted with share issue, EUR	0.01	0.01
EPS, Discontinued Operations, basic and diluted, adjusted with share issue, EUR	-	0.00
EPS, total, basic and diluted, adjusted with share issue, EUR	0.01	0.01
Adjusted equity attributable to owners of the parent per share, EUR	0.26	0.26
Dividend per share, EUR	-	0.01
Dividend payout ratio, %	-	134.5
Dividend yield	-	2.5
Return of capital per share, EUR (*	0.02	-
Return of capital ratio, % (*	335.4	-
Return of capital yield (*	5.3	-
Price per adjusted earnings per share (P/E) ratio	63.7	53.8
Price per adjusted equity attributable to owners of the parent per share	1.45	1.53
Market capitalization of registered shares, EUR million	73.3	77.2
Share turnover, % (number of shares traded, % of the average registered number of shares)	23.9	20.7
Number of shares traded, (1,000)	46,061	35,594
Closing price of the share, EUR	0.38	0.40
Highest quoted price, EUR	0.45	0.44
Lowest quoted price, EUR	0.32	0.22
Volume-weighted average quoted price, EUR	0.38	0.35

(* 2014 Proposal by the Board of Directors

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

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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

*The definition is also applied with return of capital

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

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

These condensed consolidated financial statements 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, join 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	10-12/2014	10-12/2013	1-12/2014	1-12/2013
External sales	28.6	26.0	87.0	84.2
Intersegment sales	0.1	0.0	0.1	0.0
Net sales	**28.6**	**26.0**	**87.1**	**84.3**
EBIT excluding non-recurring items	**2.2**	**1.8**	**4.3**	**2.4**
EBIT-%, excl. non-recurring items	7.5	6.8	4.9	2.9
Non-recurring items	-	-0.0	-	-0.0
EBIT	**2.2**	**1.8**	**4.3**	**2.4**
EBIT-%	7.5	6.8	4.9	2.9
Net working capital			9.6	17.1
Number of personnel, average			351	346
Number of personnel, end of period			354	343

Services

EUR million	10-12/2014	10-12/2013	1-12/2014	1-12/2013
External sales	12.2	9.8	37.5	37.3
Intersegment sales	0.5	0.3	1.7	1.3
Net sales	**12.7**	**10.1**	**39.2**	**38.6**
EBIT excluding non-recurring items	**1.5**	**1.6**	**5.2**	**5.2**
EBIT-%, excl. non-recurring items	12.0	16.1	13.3	13.4
Non-recurring items	-	-	-	0.0
EBIT	**1.5**	**1.6**	**5.2**	**5.2**
EBIT-%	12.0	16.1	13.3	13.4
Net working capital			29.6	30.1
Number of personnel, average			229	233
Number of personnel, end of period			226	227

Glaston Group

Net sales

EUR million	10-12/2014	10-12/2013	1-12/2014	1-12/2013
Machines	28.6	26.0	87.1	84.3
Services	12.7	10.1	39.2	38.6
Other and intersegment sales	-0.6	-0.2	-1.8	-0.6
Glaston Group total	**40.8**	**35.9**	**124.5**	**122.2**

EBIT

EUR million	10-12/2014	10-12/2013	1-12/2014	1-12/2013
Machines	2.2	1.8	4.3	2.4
Services	1.5	1.6	5.2	5.2
Other and eliminations	-1.2	-1.5	-4.6	-5.5
EBIT excluding non-recurring items	**2.5**	**1.9**	**4.9**	**2.1**
Non-recurring items	-	-0.0	-0.6	3.7
EBIT, continuing operations	**2.5**	**1.9**	**4.3**	**5.9**
Net financial items	-0.6	-0.9	-0.7	-1.0
Result before income taxes from continuing operations	**1.9**	**0.9**	**3.6**	**4.9**
Income taxes from continuing operations	-1.3	-2.6	-2.4	-3.6
Result from continuing operations	**0.6**	**-1.7**	**1.1**	**1.3**
Net discontinued operations	-	-0.0	-	0.0
Net result	**0.6**	**-1.7**	**1.1**	**1.3**
Number of personnel, average			592	590
Number of personnel, end of period			592	581

Segment assets

EUR million	1-12/2014	1-12/2013
Machines	60.4	56.1
Services	38.9	37.8
Total segments	**99.3**	**93.9**
Unallocated and eliminations and adjustments	2.1	4.9
Total segment assets	**101.4**	**98.8**
Other assets	27.3	26.8
Total assets	**128.7**	**125.6**

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Segment liabilities

EUR million	1-12/2014	1-12/2013
Machines	50.8	39.0
Services	9.2	7.7
Total segments	**60.1**	**46.7**
Unallocated and eliminations and adjustments	1.1	1.9
Total segment liabilities	**61.2**	**48.6**
Other liabilities	16.6	26.3
Total liabilities	**77.8**	**74.9**

Net working capital

EUR million	1-12/2014	1-12/2013
Machines	9.6	17.1
Services	29.6	30.1
Total segments	**39.2**	**47.2**
Unallocated and eliminations and adjustments	1.0	2.9
Total Glaston Group	**40.2**	**50.2**

Order intake (continuing operations)

EUR million	1-12/2014	1-12/2013
Machines	106.4	86.2
Services	38.7	37.1
Total Glaston Group	**145.1**	**123.3**

Net sales by geographical areas (continuing operations)

EUR million	1-12/2014	1-12/2013
EMEA	57.2	50.6
Asia	23.7	27.2
America	43.6	44.4
Total	**124.5**	**122.2**

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

Machines

EUR million	10-12/ 2014	7-9/ 2014	4-6/ 2014	1-3/ 2014	10-12/ 2013	7-9/ 2013	4-6/ 2013	1-3/ 2013
External sales	28.6	17.3	26.4	14.7	26.0	16.9	24.3	17.0
Intersegment sales	0.1	0.0	-	-0.0	0.0	0.0	-	-
Net sales	**28.6**	**17.3**	**26.4**	**14.7**	**26.0**	**16.9**	**24.3**	**17.0**
EBIT excluding non-recurring items	**2.2**	**0.8**	**2.1**	**-0.8**	**1.8**	**-0.1**	**1.2**	**-0.4**
EBIT-%, excl. non-recurring items	7.5	4.7	8.1	-5.5	6.8	-0.9	5.0	-2.3
Non-recurring items	-	-	-	-	-0.0	-0.0	0.0	-0.0
EBIT	**2.2**	**0.8**	**2.1**	**-0.8**	**1.8**	**-0.1**	**1.2**	**-0.4**
EBIT-%	7.5	4.7	8.1	-5.5	6.8	-0.9	5.0	-2.3

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Services

EUR million	10-12/ 2014	7-9/ 2014	4-6/ 2014	1-3/ 2014	10-12/ 2013	7-9/ 2013	4-6/ 2013	1-3/ 2013
External sales	12.2	8.2	8.7	8.4	9.8	9.4	8.8	9.4
Intersegment sales	0.5	0.4	0.3	0.6	0.3	0.3	0.3	0.5
Net sales	**12.7**	**8.6**	**9.0**	**8.9**	**10.1**	**9.6**	**9.0**	**9.8**
EBIT excluding non-recurring items	**1.5**	**1.1**	**1.2**	**1.4**	**1.6**	**1.3**	**1.0**	**1.2**
EBIT-%, excl. non-recurring items	12.0	13.3	12.7	15.9	16.1	13.9	11.2	12.4
Non-recurring items	-	-	-	-	-	-	-	0.0
EBIT	**1.5**	**1.1**	**1.2**	**1.4**	**1.6**	**1.3**	**1.0**	**1.2**
EBIT-%	12.0	13.3	12.7	15.9	16.1	13.9	11.2	12.4

Net sales

EUR million	10-12/ 2014	7-9/ 2014	4-6/ 2014	1-3/ 2014	10-12/ 2013	7-9/ 2013	4-6/ 2013	1-3/ 2013
Machines	28.6	17.3	26.4	14.7	26.0	16.9	24.3	17.0
Services	12.7	8.6	9.0	8.9	10.1	9.6	9.0	9.8
Other and intersegment sales	-0.6	-0.4	-0.3	-0.5	-0.2	-0.3	0.3	-0.4
Glaston Group total	**40.8**	**25.5**	**35.2**	**23.1**	**35.9**	**26.3**	**33.7**	**26.4**

EBIT

EUR million	10-12/ 2014	7-9/ 2014	4-6/ 2014	1-3/ 2014	10-12/ 2013	7-9/ 2013	4-6/ 2013	1-3/ 2013
Machines	2.2	0.8	2.1	-0.8	1.8	-0.1	1.2	-0.4
Services	1.5	1.1	1.2	1.4	1.6	1.3	1.0	1.2
Other and eliminations	-1.2	-0.8	-1.3	-1.3	-1.5	-1.6	-1.2	-1.2
EBIT excluding non-recurring items	**2.5**	**1.1**	**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	**2.5**	**1.1**	**1.4**	**-0.7**	**1.9**	**-0.4**	**1.1**	**3.4**

Order book (continuing operations)	31.12. 2014	30.9. 2014	30.6. 2014	31.3. 2014	31.12. 2013	30.9. 2013	30.6. 2013	31.3. 2013
Machines	55.8	39.4	33.4	39.7	38.0	40.0	32.2	37.8
Services	2.1	3.7	1.3	1.6	1.1	2.0	1.6	1.6
Total Glaston Group	**57.9**	**43.1**	**34.7**	**41.3**	**39.1**	**42.0**	**33.8**	**39.4**

Order intake (continuing operations)

EUR million	10-12/ 2014	7-9/ 2014	4-6/ 2014	1-3/ 2014	10-12/ 2013	7-9/ 2013	4-6/ 2013	1-3/ 2013
Machines	44.6	23.6	20.7	17.6	24.1	24.5	18.2	19.2
Services	10.9	10.5	8.4	8.8	9.2	9.7	8.7	9.6
Total Glaston Group	**55.5**	**34.1**	**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	1-12/2014	1-12/2013
Revenue	-	1.8
Expenses	-	-1.2
Gross profit	-	**0.5**
Finance costs, net	-	0.0
Impairment loss recognized on the remeasurement to fair value less cost to sell	-	-
Profit / loss before tax from discontinued operations	-	**0.5**
Current income tax	-	-0.1
Income tax related to measurement to fair value less costs to sell	-	-0.4
Loss from disposal of discontinued operations	-	**0.0**

Net cash flows of discontinued operations

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

CONTINGENT LIABILITIES

EUR million	31.12.2014	31.12.2013
Mortgages and pledges		
On own behalf	303.7	303.3
On behalf of others	-	0.0
Guarantees		
On own behalf	11.0	4.1
On behalf of others	0.0	0.0
Lease obligations	24.2	18.5
Repurchase obligations	0.7	-

Mortgages and pledges include EUR 91.4 million shares in group companies and EUR 45.7 million receivables from group companies.
Glaston Group has international operations and can be a defendant or plaintiff in a number of legal proceedings incidental to those operations. The Group does not expect the outcome of any unmentioned legal proceedings currently pending, either individually or in the aggregate, to have material adverse effect upon the Group's consolidated financial position or results of operations.

DERIVATIVE INSTRUMENTS

EUR million	31.12.2014		31.12.2013	
	Nominal value	Fair value	Nominal value	Fair value
Commodity derivatives				
Electricity forwards	0.5	-0.1	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, AND INTANGIBLE ASSETS

EUR million

Changes in property, plant and equipment	**1-12/2014**	**1-12/2013**
Carrying amount at beginning of the period	6.9	7.3
Additions	1.4	1.0
Disposals	-0.0	-0.0
Depreciation and amortization	-1.2	-1.3
Impairment losses and reversals of impairment losses	-	-0.0
Reclassification and other changes	-0.0	-0.7
Transfer to / from assets held for sale	-	0.7
Exchange differences	0.3	-0.1
Carrying amount at end of the period	7.5	6.9

At the end of 2014 Glaston have EUR 1.5 million contractual commitments for the acquisition of property, plant and equipment (2013 0.0).

EUR million

Changes in intangible assets	**1-12/2014**	**1-12/2013**
Carrying amount at beginning of the period	45.6	47.6
Additions	2.2	1.4
Disposals	-0.1	-0.1
Depreciation and amortization	-3.1	-3.3
Impairment losses and reversals of impairment losses	-	-0.0
Reclassification and other changes	0.0	-
Transfer to / from assets held for sale	-	0.0
Exchange differences	0.1	-0.0
Carrying amount at end of the period	44.6	45.6

SHAREHOLDER INFORMATION

20 largest shareholders 31 December, 2014

	Shareholder	Number of shares	% of shares and votes
1	Oy G.W.Sohlberg Ab	26,266,100	13.56
2	Etera Mutual Pension Insurance Company	22,593,878	11.66
3	Suomen Teollisuussijoitus Oy	16,601,371	8.57
4	Varma Mutual Pension Insurance Company	13,786,643	7.12
5	Hymy Lahtinen Oy	11,900,000	6.14
6	Mutual Fund Evli Finnish Equity	7,072,772	3.65
7	Yleisradion Eläkesäätiö S.r.	6,987,579	3.61
8	Päivikki and Sakari Sohlberg Foundation	4,465,600	2.31
9	Oy Investsum Ab	3,480,000	1.80
10	Danske Fund Finnish Small Cap	2,744,114	1.42
11	Sumelius Bjarne Henning	2,351,504	1.21
12	Investment Fund Säästöpankki Small Cap	2,307,860	1.19
13	Sijoitusrahasto Taaleritehdas Mikro Markka	2,200,000	1.14
14	Nordea Pro Finland Fund	2,086,000	1.08
15	Sumelius-Fogelholm Birgitta	1,994,734	1.03
16	The Central Church Fund	1,790,205	0.92
17	Fennia Life Insurance Company Ltd	1,612,820	0.83
18	Von Christierson Charlie	1,600,000	0.83
19	Metsänen Arto Juhani	1,500,000	0.77
20	Oy Nissala Ab	1,500,000	0.77
	20 largest shareholders total	134,841,180	69.61 %
	Common accounts	75,200	0.04 %
	Other shares	58,791,956	30.35 %
	Total	193,708,336	100.00 %
	Treasury shares	-788,582	0.41 %
	Total excluding treasury shares	192,919,754	

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.

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Management remuneration (accrual based)

Remuneration of the Board of Directors, accrual based

EUR	2014 annual fee	meeting fee	2013 annual fee	meeting fee
Andreas Tallberg, Chairman of the Board of Directors	40,000	8,100	40,000	7,600
Teuvo Salminen , Deputy Chairman of the Board of Directors	27,500	4,600	20,000	4,900
Claus von Bonsdorff	20,000	5,100	20,000	4,400
Pekka Vauramo	20,000	4,100	20,000	3,900
Anu Hämäläinen	20,000	5,100	20,000	4,900
Kalle Reponen (*	15,000	3,600	-	-
Christer Sumelius (**	7,500	1,500	30,000	4,900
Total	**150,000**	**32,100**	**150,000**	**30,600**

(* Member of the Board of Directors from 2 April, 2014

(** Member of the Board of Directors until 2 April, 2014

Remuneration of the Executive Management Group, accrual based

EUR

CEO Arto Metsänen	**2014**	**2013**
Salaries	378,569	381,629
Bonuses	-	65,131
Share based benefit	42,488	159,452
Total	421,057	606,212
Fringe benefits	16,583	18,722
Total	**437,640**	**624,934**
Statutory pension payments (Finnish TyEL or similar plan)	161,158	60,443
Voluntary pension payments	56,774	45,429
Other members of the Executive Management Group		
Salaries	901,424	1,029,220
Compensations for termination of employment	83,479	-
Bonuses	2,847	278,399
Share based benefit	112,131	266,545
Total	1,099,881	1,574,164
Fringe benefits	38,054	28,494
Total	**1,1379,35**	**1,602,658**
Statutory pension payments (Finnish TyEL or similar plan)	276,346	207,924
Voluntary pension payments	26,701	270,804

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

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 for 2014 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.

The share bonus plan had one performance period, which began on 15 March 2013 and ended on 15 March 2014. Participation in the plan and receipt of rewards for the performance period required that a key employee subscribed for the company's shares in the share issue organized in spring 2013. In accordance with a decision of the Board of Directors, the rewards of the plan were paid in April 2014 as cash instead of shares, provided that the key employee's employment or service with the Group was in force and that he or she still owned the shares subscribed for in the share issue.

The share bonus plan's target group consisted of 24 people at 31.12.2013.

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 measurement hierarchy, Level 3, changes during the reporting period

	2014	2013
1 January	0.2	0.2
Impairment losses	-	-
Reclassification	-	-
31 December	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

	31.12.2014	31.12.2013
Available-for-sale shares		
Level 1	0.1	0.1
Level 3	0.2	0.2
	0.4	0.3
Derivatives		
Level 2	-0.1	-0.1