

Glaston's Financial Statement Bulletin 1 January – 31 December 2015: Net sales grew 12%, comparable operating profit improved

October-December 2015

- Orders received totalled EUR 24.2 (52.0) million.
- Net sales totalled EUR 32.6 (36.6) million.
- The comparable operating profit, excluding non-recurring items, was EUR 0.6 (3.0) million.¹⁾
- The comparable operating profit was EUR -0.7 (3.0) million, i.e. -2.2 (8.1)% of net sales.¹⁾

January-December 2015

- Orders received totalled EUR 107.4 (133.6) million.
- The order book on 31 December 2015 was EUR 38.5 (56.0) million.
- Net sales totalled EUR 123.4 (109.7) million.
- The comparable EBITDA, excluding non-recurring items, was EUR 9.5 (9.2) million, i.e. 7.7 (8.4)% of net sales.¹⁾
- The comparable operating profit, excluding non-recurring items, was EUR 6.1 (5.5) million.¹⁾
- The comparable operating profit was EUR 4.5 (4.9) million, i.e. 3.6 (4.5)% of net sales.¹⁾
- Continuing Operations' return on capital employed (ROCE) was 10.0 (17.2)%.
- Continuing Operations' earnings per share were EUR 0.00 (0.04).
- Interest-bearing net liabilities amounted to EUR 7.4 (-5.0) million.
- The Board of Directors proposes to the Annual General Meeting a return of capital of EUR 0.01 per share.

¹⁾ Due to the sale of the pre-processing machines business, internal purchases eliminated in the comparison figures up to 30 June 2015 changed from 1 July 2015 to external purchases. This impacts the comparability of Continuing Operations' operating profit. In Continuing Operations' comparable operating profit, those internal items that in future will be external items have been restated.

Glaston's outlook for 2016

We expect 2016 net sales to be slightly below the 2015 level and that operating profit, excluding non-recurring items, will be at the 2015 level. (In 2015 net sales were EUR 123.4 million and comparable operating profit, excluding non-recurring items, was EUR 6.1 million).

Change in reporting

In the second quarter of 2015, Glaston sold 100% of the shares of Glaston Italy S.p.A., which specialised in pre-processing operations. As a result, Glaston reassessed its reporting segments and, as of 1 July 2015, combined the operating segments into a single reporting segment.

As of the second quarter of 2015, pre-processing machines business has been classified in Discontinued Operations. Comments in the text refer only to Continuing Operations. Income statement comparison figures have been restated.

President & CEO Arto Metsänen:

“We started 2015 with a record high order book and this had a positive impact throughout the year. Our net sales grew by 12% compared with the previous year and totalled EUR 123.4 million. The Machines and Services business areas both increased their net sales, with growth strongly weighted towards North America. The comparable operating profit, excluding non-recurring items, improved compared with the previous year and was EUR 6.1 million.

In the final quarter of the year, demand continued at a good level in North America. In the EMEA area, the market slowed and for the Machines business, the market situation became challenging. Our order book was weaker than the previous year and was EUR 38.5 million, whereas the figure for the previous year was record high (EUR 56.0 million.).

The single most significant event for Glaston during 2015 was the disposal of pre-processing operations. The sales decision was influenced particularly by the fact that the profitability of the pre-processing operations did not correspond with our objectives and developing the operations in question to the target level would have demanded significant investment.

As a result of the sale of the pre-processing machines business, our structure has been streamlined: we now focus on high technology heat treatment and services. In our view, the growth prospects in these product groups are good.”

Operating environment

In 2015 there were substantial geographical differences in Glaston’s markets. In North America, the market grew significantly, driven by a recovery in construction. In the EMEA area, market development was stable, but demand weakened towards the end of the year. In Asia, the markets of the Pacific area developed positively. In China, the market developed more slowly than expected. During the year, the South American market was subdued and, particularly in Brazil, demand continued to be weak.

Machines

In 2015 Machines business markets mainly developed positively. In North America, the market situation continued to be good and glass processors invested in new machine lines in expectation of increased construction activity. In the EMEA area, demand growth levelled off in the final quarter. Customers’ willingness to invest was slowed by increased economic instability as well as political tensions.

In South America, particularly in Brazil, markets were subdued throughout the year. In Asia, the positive development of markets in the Pacific area continued.

The business area’s most significant product group was flat tempering machines. The FC500™ flat tempering line further strengthened its position in the market and rose to become Glaston’s most popular product. Significant deals were closed for the USA, Poland and Kuwait as well as China, where a customer ordered two CCS1000™ glass tempering furnaces. The first GlastonAir™ tempering line was delivered to Colombia at the end of the year. In addition, the first FC1000™ flat tempering line was delivered to the USA.

During the year, the Machines business strengthened its product offering in automotive products and brought to the market the Ecomax Matrix™, a new-generation windscreen bending machine, which combines the best features from both Glaston’s and Glassrobots’ earlier products.

Through years of goal-oriented development, the company has achieved a leading position in the heat treatment machines segment. The GlastonAir™ and Glaston FC1000™ tempering lines, representing the latest technology, were presented to customers in June in connection with the Glass Performance Days conference in Tampere, and in the autumn at the industry’s main European event, the Vitrum Fair in Italy.

Services

In 2015 the services market developed positively. All product groups, except for tools, increased their sales. Glaston's market position continued to be strong. The profitability of the Services business was on a good level.

The Services business' strongest market areas were North America and the EMEA area. The market slowdown in Asia and South America was reflected in the demand for maintenance services.

In upgrade products, 2015 was very good. Invoicing for modernisation and renovation products grew by 25% compared with the corresponding period the previous year. During the year, large upgrade deals were closed for Spain, the USA, Colombia, the Arab Emirates, Australia and Chile.

Spare parts sales grew by over 10% from the previous year and good results were achieved, particularly in North America and in the EMEA area. In Russia, China and Southeast Asia, target growth did not materialise.

In the tools product group, competition continued to be aggressive throughout the year and the market situation was challenging. It was possible, however, to improve factory reliability of delivery, and to shorten delivery times. With these measures, we will ensure our future competitiveness. Investments in a new production control system and in new key personnel will also improve our cost efficiency and enable profitable growth of the tools product group. The growth targets set for the service work product group were achieved.

To ensure the best customer experience, the number of field maintenance personnel was increased and operations were strengthened in those maintenance service units in whose operating area many machines have been installed. In addition, the product offering was expanded and the range of upgrade products developed further to cover all the machine models of process areas.

Orders received and order book

Glaston's markets were slightly weaker than expected in the final quarter of the year. The order intake was EUR 24.2 million, which was significantly less than in the comparison period the previous year, when the order intake was an exceptionally high EUR 52.0 million.

The order intake of the Machines business was EUR 13.3 (39.5) million. The most important orders were received from the USA, Kuwait, China and Poland.

The order intake of the Services business was EUR 10.9 (12.5) million. The most important orders were received from the USA, Colombia and the Arab Emirates.

The January-December order intake totalled EUR 107.4 (133.6) million.

Glaston's order book on 31 December 2015 was EUR 38.5 (56.0) million. The order book of the comparison year was a record high. Of the order book, the Machines business accounted for EUR 34.9 (51.4) million and the Services business for EUR 3.6 (4.6) million.

Order book, EUR million	31.12.2015	31.12.2014
Machines	34.9	51.4
Services	3.6	4.6
Total	38.5	56.0

Net sales

Glaston's fourth quarter net sales declined by 11% compared with the corresponding period the previous year and were EUR 32.6 (36.6) million. The market slowdown was reflected in the net sales of the Machines business in particular. They declined in the final quarter by 20% compared with the corresponding period the previous year and were EUR 19.4 (24.1) million. The net sales of the Services business were at roughly the previous year level and were EUR 13.4 million (10–12/2014: EUR 13.2 million).

January-December net sales totalled EUR 123.4 million, representing growth of 12% compared with the previous year (1–12/2014: EUR 109.7 million). The net sales of the Machines business grew by 10% and were EUR 76.4 (69.6) million. The net sales of the Services business grew by 15% to EUR 48.2 (41.9) million.

The net sales of the Americas area grew by 42% compared with the previous year and were EUR 57.2 million (1–12/2014: EUR 40.4 million). Growth was mainly in North America, where demand was boosted by a recovery in construction. In the EMEA area, net sales were roughly at the previous year's level and were EUR 48.0 million (1–12/2014: EUR 47.4 million). Significant deals were closed, particularly for Spain, Poland and Kuwait. In the Asia area, net sales declined by 17% and were EUR 18.2 million (1–12/2014: EUR 22.0 million).

Net sales, EUR million	10–12/2015	10–12/2014	2015	2014
Machines	19.4	24.1	76.4	69.6
Services	13.4	13.2	48.2	41.9
Other and internal sales	-0.2	-0.6	-1.3	-1.7
Total	32.6	36.6	123.4	109.7

Operating result and profitability

Due to the sale of Glaston Italy S.p.A., internal purchases eliminated in the comparison figures up to 30 June 2015 changed from 1 July 2015 to external purchases, impacting the comparability of operating profit. In the comparable operating profit, those internal items that in future will be external items have been restated.

Glaston's comparable operating profit in October-December, excluding non-recurring items, was EUR 0.6 (3.0) million, i.e. 1.7 (8.1)% of net sales. The operating profit, including non-recurring items, was EUR -0.7 (3.0) million. Non-recurring items totalling EUR -1.3 million, related to the restructuring of the company, were recognised in the final quarter.

Comparable EBIT, EUR million	10–12/2015	10–12/2014	2015	2014
EBIT, excluding non-recurring items	0.6	3.0	6.1	5.5
Non-recurring items	-1.3	-	-1.6	-0.6
EBIT, Continuing Operations	-0.7	3.0	4.5	4.9

In January-December, the comparable operating profit, excluding non-recurring items, was EUR 6.1 (5.5) million, i.e. 4.9 (5.0)% of net sales. Glaston recognised a EUR -1.6 million restructuring cost provision as a non-recurring item. In the second quarter of 2014, an adjustment of EUR -0.6 million to the final selling price in the sale of Software Solutions was recognised.

The operating profit in January-December was EUR 6.6 (10.8) million. Financial expenses amounted to EUR -5.8 million. An impairment loss of EUR -2.3 million on a long-term loan receivable was recognised in connection with Glaston's restructuring. Financial expenses also included an unrealised foreign exchange rate loss of EUR -3.0 million related to an internal loan caused by the sharp weakening of the Brazilian real during the third quarter. The Brazilian internal loan agreement has been renewed and from the beginning of 2016 unrealised exchange rate differences are recognised in other comprehensive income in accordance with IAS 21.

The result before taxes was EUR 0.9 (10.2) million. The result for the review period, after the result of Discontinued Operations, was a loss of EUR 13.8 (1.1 profit) million.

Continuing Operations' earnings per share in January-December were EUR 0.00 (0.04) and Discontinued Operations' earnings per share were EUR -0.07 (-0.03). Continuing and Discontinued Operations' earnings per share totalled EUR -0.07 (0.01). Continuing Operations' return on capital employed (ROCE) in January-December was 10.0 (17.2)%. Continuing and Discontinued Operations' return on capital employed (ROCE) was -13.8 (7.9)%.

Discontinued Operations

The sale of Glaston Italy S.p.A. was concluded as the second quarter ended.

The result of Glaston's Discontinued Operations for January-December includes the result of the pre-processing machines business for the period 1 January–31 December 2015 as well as the sales loss of EUR -9.9 million on the disposal of the business area.

Discontinued Operations include non-recurring items totalling EUR -0.5 million.

EUR million	1-12/2015	1-12/2014
Discontinued Operations' result before taxes	-3.9	-6.6
Income tax	-0.2	-0.0
Sales loss on the disposal of Discontinued Operations	-9.9	-
Discontinued Operations' profit / loss	-14.0	-6.6

Financial position, cash flow and financing

Glaston's cash flow from operating activities, before the change in working capital, was EUR 6.5 (9.2) million in January-December. The change in working capital was EUR -9.5 (7.4) million, of which the change in inventories was EUR -5.3 (-2.8), the change in short-term receivables EUR 0.5 (-1.6) and the change in short-term interest-bearing liabilities EUR -4.7 (11.8) million. Cash flow from investments was EUR -6.9 (-2.0) million and cash flow from financing activities was EUR -5.1 (-11.8) million.

Glaston's liquid funds on 31 December 2015 totalled EUR 6.1 (20.0) million. Interest-bearing net debt totalled EUR 7.4 (-5.0) million and net gearing was 20.2 (-9.8)%.

At the end of December, the consolidated asset total was EUR 100.3 (128.7) million. The equity attributable to the owners of the parent was EUR 36.5 (50.5) million. The share issue-adjusted equity per share was EUR 0.19 (0.26). Return on equity in January-December was -31.5 (2.2)%.

In June, Glaston concluded a new long-term financing agreement, which secures the company's financing for the next three years. The new financing agreement consists of a EUR 10.0 million long-term loan as well as a EUR 22.0 million revolving credit facility, which can be used for short-term financing and guarantees. The financial covenants used in the financing agreement are gearing (net debt/equity) and leverage (net debt/EBITDA). The covenants will be monitored quarterly.

Research and product development

In 2015 the research and product development expenditure of Glaston's Continuing Operations totalled EUR 3.6 (3.5) million, i.e. 3.0 (3.2)% of Continuing Operations' net sales.

The company's product development was guided by the development of solutions requiring deeper technological expertise and by new business opportunities presented by digitalisation. In its product development, Glaston took a new step by investing in a Californian nanotechnology company that develops new glass technology solutions.

In product development, a significant milestone was reached: development of the FC1000™ flat tempering line advanced to the prototype stage, and the first lines were delivered to customers in the latter part of the year. Another priority was the further development of GlastonAir™, where the focus was on tempering larger sizes of 2 mm glass and developing optics and energy-efficiency. On the automation side, development was directed at the GlastonInsight™ optimisation system and on customisations.

In the Services business, product development focused particularly on quality assurance and process optimisation projects, such as measuring iridescence and developing process sensors.

Environment

For Glaston, environmental responsibility means offering energy-efficient solutions for its customers and minimising the adverse environmental impacts of its own activities. Glaston works actively to promote opportunities to use glass in energy-efficient construction and in utilisation of solar energy.

Glaston's most significant environmental impacts arise from the life-cycle energy consumption of the machines manufactured by the company. Energy efficiency and its development have a key role in product development, in terms of both glass processing machines and end products.

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. Special attention is paid to the recyclability of materials, particularly with respect to components that are susceptible to wear and often changed. With preventive and regular maintenance, the service lives of machines can be extended. In addition, the upgrade products offered by the company increase the service lives of machines and enhance use of energy in glass processing.

Minor environmental impacts, such as noise, may arise from Glaston's own activities. The company's operations do not give rise to air pollution nor emissions to land areas and waterways.

Capital expenditure, depreciation and amortisation

The gross capital expenditure of Glaston's Continuing and Discontinued Operations totalled EUR 7.2 (3.6) million. The most significant investments in 2015 related to the California-based nanotechnology company, expansion of production in China and to product development.

In 2015, depreciation and amortisation of Continuing Operations on property, plant and equipment and on intangible assets totalled EUR 3.4 (3.7) million.

Efficiency programmes

In June 2015, Glaston completed the sale of its pre-processing machine business. In the third quarter, measures were launched in South America and in Asia to adjust operations to the company's new structure and the prevailing market situation. Operations were reorganised, particularly in those units

which had operations that focused on pre-processing.

The restructurings had most impact at the Tianjin factory in China, where the workforce was reduced by 35 employees. In Brazil, operations were adjusted to correspond with the market situation. The arrangements were completed by the end of 2015, and the savings impact, approximately EUR 1.3 million, will be evident from the beginning of 2016.

Changes in the company's management

Glaston's Chief Financial Officer Sasu Koivumäki was appointed as Glaston Corporation's Deputy CEO as of 1 January 2015. Pekka Hytti, Senior Vice President, EMEA area, was appointed to the Executive Management Group as of 2 March 2015.

Employees

We continued the skills development of our employees, mainly through internal training and sharing of expertise. During the year, internal training courses were arranged as well as training in the form of Genuine Care Days for service personnel. In addition to technical training, the theme was improving customer communication. To secure Glaston's future skills needs, we update annually a key positions career and successor plan, and agree on development measures. The implementation of a Working Excellence development programme was started by launching a pilot project in Finland. In line with our strategy, its objective is to promote the agility and flexibility of our working methods and to enhance cooperation. In addition, a new online learning environment was introduced. Content production and training related to this will begin in the current year.

Personnel additions were made during the year in Finland and in the EMEA area, mainly in field service, production and planning – a total of around 20 people. The number of employees was reduced due to efficiency measures in China and Brazil – a total around 50 people.

Glaston's Continuing Operations had a total of 450 (495) employees on 31 December 2015. Of the Group's employees, 36% worked in Finland and 14% elsewhere in the EMEA area, 31% in Asia and 18% in the Americas. The average number of employees was 494 (494).

Share-based incentive schemes

In 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. This 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 30 key Glaston personnel.

On 27 January 2015, Glaston Corporation's Board of Directors decided on a new period for the same incentive scheme. It covers the years 2015–2017 and the possible rewards will be paid in spring 2018. The incentive scheme launched in 2015 covers 31 key Glaston personnel.

Group structural changes in 2015

All of the shares of Glaston Italy S.p.A. were sold in the second quarter. Pre-processing included the manufacturing and servicing of glass pre-processing machines. An Italian subsidiary, Glaston Tools s.r.l., was founded on 10 June 2015. The tools business which remained with Glaston Group in connection with the sale of the preprocessing operations was sold to Glaston Tools s.r.l. by Glaston Italy S.p.A. on 25 June 2015.

Decisions of the Annual General Meeting

The Annual General Meeting of Glaston Corporation was held in Helsinki on 26 March 2015. The Annual General Meeting adopted the financial statements and consolidated financial statements for the period 1 January–31 December 2014. In accordance with the proposal of the Board of Directors, the Annual General Meeting resolved that a return of capital of EUR 0.02 per share be paid. The record date of the payment was 30 March 2015 and the return of capital was paid on 28 April 2015.

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 2014.

The number of the Members of the Board of Directors was resolved to be six. The Annual General Meeting decided to re-elect the current Members of the Board of Directors, Andreas Tallberg, Teuvo Salminen, Claus von Bonsdorff, Anu Hämäläinen, Kalle Reponen and Pekka Vauramo for the following term ending at the closing of the next Annual General Meeting.

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.

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

The Annual General Meeting elected as the company's auditor Authorised Public Accountants Ernst & Young Oy, which nominated Authorised Public Accountant Harri Pärssinen as the main 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 with other assets either partially or entirely.

The authorisation is valid until 30 June 2016 and it invalidates earlier authorisations. The Board of Directors did not exercise its authorisation up to 31 December 2015.

Nomination Board

Glaston Corporation's 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 Glaston Corporation's Board of Directors serves as an advisory member of the Nomination Board.

In accordance with the ownership situation on 1 September 2015, the following were elected to the Nomination Board of Glaston Corporation: Ari Saarenmaa (Oy G.W.Sohlberg Ab), Stefan Björkman (Etera Mutual Pension Insurance Company), Jeppe Lahtinen (Hymy Lahtinen Oy) and Mikko Koivusalo (Varma Mutual Pension Insurance Company). Andreas Tallberg, Chairman of Glaston's Board of Directors, served as an advisory member of the Nomination Board. In its organising meeting on

19 October 2015, the Nomination Board elected Ari Saarenmaa from among its members to be Chairman.

Shares and share prices

Glaston Corporation's share capital on 31 December 2015 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 the 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 2015, approximately 63.1 (46.1) million of Glaston's shares were traded on NASDAQ OMX Helsinki, i.e. around 33 (24)% of the average number of registered shares. In the review period, the lowest price paid for a share was EUR 0.37 (0.32) and the highest price EUR 0.60 (0.45). The volume-weighted average price of shares traded in January-December was EUR 0.50 (0.38). The closing price on 31 December 2015 was EUR 0.50 (0.38).

Glaston's market value on 31 December 2015 was EUR 96.5 (73.3) million, excluding treasury shares. The share issue-adjusted equity per share attributable to the owners of the parent was EUR 0.19 (0.26).

At the end of the review period, Glaston had 5,963 registered shareholders (31 December 2014: 5,818). At the end of the review period, 0.5% of Glaston's shares were in foreign ownership.

Flagging notifications

During the review period January-December 2015, Glaston was informed of the following changes in ownership:

27 January 2015: Finnish Industry Investment Ltd's holding of Glaston Corporation's total number of shares and votes has fallen below 5%.

10 March 2015: Hymy Lahtinen Oy's holding of Glaston Corporation's total number of shares and voting rights has risen above 10%.

31 March 2015: The holding of Jeppe Lahtinen and Hymy Lahtinen Oy, which is controlled by Jeppe Lahtinen, of Glaston Corporation's total number of shares and voting rights has risen above 10%.

16 October 2015: The holding of Evli Pankki Oyj and its subsidiaries and companies it controls of Glaston Corporation's total number of shares and voting rights has risen above 5%. Of the number of shares, Evli Pankki Oyj owns 365,000 shares, i.e. 0.19%, and companies it controls own 9,586,960 shares, i.e. 4.95% (Evli Alexander Management Oy 788,582 shares, i.e. 0.41%, and Mutual Fund Evli Finnish Small Cap 8,798,378, i.e. 4.54%).

26 October 2015: Oy G.W. Sohlberg Ab's holding of Glaston Corporation's total number of shares and votes has risen above 15%.

Events after the review period

Artturi Mäki has been appointed Senior Vice President of Glaston's Services business area and member of the Executive Management Group as of 8 February 2016. As of the same date, Senior Vice President, Services Pekka Huuhka was appointed as Senior Advisor. In this role, Huuhka will focus on growth projects in line with Glaston's strategy. Huuhka also continues as a member of the Executive Management Group.

Shareholders

Glaston Corporation's largest shareholders on 31 December 2015, 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.

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 a significant loss of 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 regulates 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. The effect of changes of interest rates on the Group's result 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.

General business risks and risk management are outlined in more detail in Glaston's 2015 Annual Review and on the company's website <http://www.glaston.net>.

Uncertainties and risks in the near future

The company operates in global markets in which both political and economic uncertainty arise. Glaston's uncertainties in the near future are to a large extent linked to the development of the global economy. Demand for products is also influenced by geopolitical tensions. A possible slow-down in the construction market, particularly in North America and Europe, might impact the company's order intake. A weak outlook for the market environment may reduce customers' willingness to invest.

Glaston has taken into account in its forecasts for the near future the short-term weak development outlook for the global economy and its impact on the development of the sector. Glaston's market outlook continues to be challenging. If the recovery of the sector slows, this will have a negative impact on Glaston's future cash flows.

Glaston performs annual goodwill impairment testing during the final quarter of the year. In addition, we perform such testing in the event that we perceive indications of a reduction in value of asset items. If market uncertainty is prolonged, 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.

Outlook

In the final quarter of 2015, signs of caution appeared in Glaston markets. Looking at 2016, we expect the overall market to develop positively but cautiously.

We expect the North American market to continue to develop well also in 2016. We expect the EMEA area to develop positively. In Asia, we expect the Chinese market to remain stable at its current level, and we expect growth in the Pacific area.

The heat treatment machines market will continue to be reasonably subdued. We expect that demand for new heat treatment machines will be weaker than the previous year during the early part of the year. Despite a challenging market outlook, Glaston's position in the market is good. Our wide product range corresponds excellently with customers' needs. As the technology leader, we will continue our goal-oriented development work, in which digitalisation and new technologies will present new business opportunities.

The outlook for the services market is cautiously positive. Our growth objectives are supported by Glaston's strong market position, comprehensive service network and up-to-date product range.

Due to the subdued market situation and reduced order book, we expect 2016 net sales to be slightly below the 2015 level. We expect the operating profit, excluding non-recurring items, to be at the 2015 level. (In 2015 net sales were EUR 123.4 million and operating profit, excluding non-recurring items, was EUR 6.1 million).

Board of Directors' proposal on the distribution of profits

The distributable funds of Glaston Corporation are EUR 23,833,715, of which EUR -22,649,728 represents the net loss for the financial year. The Board of Directors proposes to the Annual General Meeting to be held on 5 April 2016 that the loss for the financial year 2015 be placed in retained earnings and that no dividend be paid.

The Board of Directors proposes to the Annual General Meeting that, based on the balance sheet adopted for 2015, a return of capital of EUR 0.01 per share be paid. Capital will be repaid from the reserve for invested unrestricted equity. Capital will be repaid to a shareholder who is registered in the company's register of shareholders, maintained by Euroclear Finland Ltd, on the record date for payment, 7 April 2016. The Board of Directors proposes to the Annual General Meeting that the return of capital be paid on 28 April 2016.

On the day that the proposal for the distribution of assets was made, the number of shares entitling to a return of capital was 192,919,754, which means that the total amount of the return of capital would be EUR 1,929,198.

Helsinki, 11 February 2016
Glaston Corporation
Board of Directors

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Communications Director



Glaston Corporation

Glaston is a leading company in glass processing technologies. We provide high-quality heat treatment machines and services for architectural, solar, appliance and automotive applications. We are committed to our customers' success over the entire lifecycle of our offering. Moreover, we continuously innovate and develop technologies to enable the glass processing industry to reach ever higher standards in quality and safety. Glaston's shares (GLA1V) are listed on NASDAQ Helsinki Ltd. Further information is available at www.glaston.net

Distribution: NASDAQ Helsinki Ltd., key media, www.glaston.net

GLASTON CORPORATION

CONDENSED FINANCIAL STATEMENTS AND NOTES 1 JANUARY – 31 DECEMBER 2015

These condensed financial statements are audited. Auditor's report has been given on 11 February, 2016. 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	<u>31.12.2015</u>	<u>31.12.2014</u>
Assets		
Non-current assets		
Goodwill	30.6	36.8
Other intangible assets	6.3	7.8
Property, plant and equipment	8.8	7.5
Available-for-sale assets	3.2	0.4
Loan receivables	1.4	1.8
Deferred tax assets	2.4	3.0
Total non-current assets	52.7	57.2
Current assets		
Inventories	17.3	21.8
Receivables		
Trade and other receivables	23.9	29.3
Assets for current tax	0.4	0.3
Total receivables	24.3	29.6
Cash equivalents	6.1	20.0
Total current assets	47.6	71.5
Total assets	100.3	128.7

EUR million	<u>31.12.2015</u>	<u>31.12.2014</u>
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	43.5	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	-28.1	-32.8
Net result attributable to owners of the parent	-13.8	1.2
Equity attributable to owners of the parent	36.5	50.5
Non-controlling interest	0.3	0.3
Total equity	36.8	50.8
Non-current liabilities		
Non-current interest-bearing liabilities	6.0	7.5
Non-current interest-free liabilities and provisions	1.6	2.9
Deferred tax liabilities	0.4	1.1
Total non-current liabilities	8.0	11.4
Current liabilities		
Current interest-bearing liabilities	7.5	7.6
Current provisions	2.5	3.3

Trade and other payables	44.4	55.1
Liabilities for current tax	1.1	0.5
Total current liabilities	55.4	66.4
Total liabilities	63.5	77.8
Total equity and liabilities	100.3	128.7

CONDENSED STATEMENT OF PROFIT OR LOSS

EUR million	<u>10-12/2015</u>	restated <u>10-12/2014</u>	<u>1-12/2015</u>	restated <u>1-12/2014</u>
Net sales	32.6	36.6	123.4	109.7
Other operating income	0.3	0.2	0.9	0.9
Expenses	-32.8	-31.4	-114.3	-96.1
Depreciation, amortization and impairment	-0.8	-0.8	-3.4	-3.7
Operating result	-0.7	4.6	6.6	10.8
Financial items, net	-1.6	-0.5	-5.8	-0.6
Result before income taxes	-2.4	4.1	0.9	10.2
Income taxes	1.1	-1.4	-0.7	-2.4
Profit / loss for the period from continuing operations	-1.3	2.7	0.2	7.7
Profit / loss after tax for the period from discontinued operations	-0.1	-2.1	-14.0	-6.6
Profit / loss for the period	-1.4	0.6	-13.8	1.1
Attributable to:				
Owners of the parent	-1.4	0.6	-13.8	1.2
Non-controlling interest	-0.0	-0.0	-0.0	-0.0
Total	-1.4	0.6	-13.8	1.1
Earnings per share, EUR, continuing operations	-0.01	0.01	0.00	0.04
Earnings per share, EUR, discontinued operations	-0.00	-0.01	-0.07	-0.03
Earnings per share, EUR, basic and diluted	-0.01	0.00	-0.07	0.01
Operating result, continuing operations , as % of net sales	-2.2	12.7	5.4	9.8
Profit / loss for the period, continuing operations , as % of net sales	-4.0	7.4	0.1	7.1
Profit / loss for the period, as % of net sales	-4.3	1.6	-11.2	1.0
Non-recurring items included in operating result, continuing operations	-1.3	-	-1.6	-0.6
Operating result, non-recurring items excluded, continuing operations	0.6	4.6	8.2	11.4
Operating result, continuing operations, non-recurring items excluded, as % of net sales	1.7	12.7	6.7	10.4

CONSOLIDATED STATEMENT OF COMPEREHENSIVE INCOME

EUR million	<u>10-12/2015</u>	<u>10-12/2014</u>	<u>1-12/2015</u>	<u>1-12/2014</u>
Profit / loss for the period	-1.4	0.6	-13.8	1.1
Other comprehensive income that will be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	-0.3	0.5	3.6	1.2
Fair value changes of available-for-sale assets	0.0	0.0	0.1	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	-0.0	-0.2	-0.0	-0.2
Other comprehensive income for the reporting period, net of tax	-0.3	0.3	3.6	0.9
Total comprehensive income for the reporting period	-1.7	0.9	-10.2	2.1
Attributable to:				
Owners of the parent	-1.7	0.9	-10.2	2.1
Non-controlling interest	-0.0	0.0	-0.0	0.0
Total comprehensive income for the reporting period	-1.7	0.9	-10.2	2.1

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	<u>1-12/2015</u>	<u>1-12/2014</u>
Cash flows from operating activities		
Cash flow before change in net working capital	6.5	9.2
Change in net working capital	-9.5	7.4
Net cash flow from operating activities	-3.0	16.6
Cash flow from investing activities		
Other purchases of non-current assets	-7.1	-3.6
Proceeds from sale of business	0.2	1.5
Proceeds from sale of other non-current assets	0.1	0.1
Net cash flow from investing activities	-6.9	-2.0
Cash flow before financing	-9.8	14.6
Cash flow from financing activities		
Increase in non-current liabilities	7.5	-
Decrease in non-current liabilities	-10.1	-4.2
Changes in loan receivables (increase - / decrease +)	0.1	0.0
Increase in short-term liabilities	22.5	30.0
Decrease in short-term liabilities	-21.3	-35.8
Dividends paid	-	-1.9
Return of capital	-3.9	-
Net cash flow from financing activities	-5.1	-11.8
Effect of exchange rate changes	1.0	0.9
Net change in cash and cash equivalents	-14.0	3.7
Cash and cash equivalents at the beginning of period	20.0	16.4
Cash and cash equivalents at the end of period	6,1	20.0
Net change in cash and cash equivalents	-14.0	3.7

Proceeds from divestment of businesses:

EUR million	2015	2014
Purchase consideration received in cash	0.8	1.5
Expenses related to the sale, paid during the year	-0.3	-
Cash and cash equivalents of divested subsidiaries	-0.3	-
Net cash flow	0.2	1.5

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, 2014	12.7	25.3	47.3	-3.3	0.2	-32.3	0.5	50.4	0.3	50.7
Total compr. 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

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, 2015	12.7	25.3	47.3	-3.3	0.2	-33.3	1.6	50.5	0.3	50.8
Total compr. income for the period	-	-	-	-	0.1	-13.8	3.6	-10.2	-0.0	-10.2
Change in non-controlling interest	-	-	-	-	-	-	-	-	-	-
Return of equity	-	-	-3.9	-	-	-	-	-3.9	-	-3.9
Equity at 31 December, 2015	12.7	25.3	43.5	-3.3	0.2	-47.1	5.2	36.5	0.3	36.8

KEY RATIOS

	<u>31.12.2015</u>	restated <u>31.12.2014</u>
EBITDA, as % of net sales ⁽¹⁾	8.1	13.2
Operating result (EBIT), as % of net sales	5.4	9.8
Profit / loss for the period, as % of net sales	-11.2	1.0
Gross capital expenditure, continuing and discontinued operations, EUR million	7.2	3.6
Gross capital expenditure, as % of net sales of continuing and discontinued operations	5.9	3.3
Equity ratio, %	43.9	47.7
Gearing, %	36.7	29.6
Net gearing, %	20.2	-9.8
Net interest-bearing debt, EUR million	7.4	-5.0
Capital employed, end of period, EUR million	50.3	65.9
Return on equity, %, annualized	-31.5	2.2
Return on capital employed, %, annualized	-13.8	7.9
Return on capital employed, continuing operations %, annualized	10.0	17.2
Number of personnel, average	494	494
Number of personnel, end of period	450	495

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

PER SHARE DATA

	<u>31.12.2015</u>	restated <u>31.12.2014</u>
Number of registered shares, end of period, treasury shares excluded (1,000)	192 920	192 920
Number of shares, average, adjusted with share issue, treasury shares excluded (1,000)	192 920	192 920
EPS, continuing operations , basic and diluted, adjusted with share issue, EUR	0.00	0.04
EPS, Discontinued Operations, basic and diluted, adjusted with share issue, EUR	-0.07	-0.03
EPS, total, basic and diluted, adjusted with share issue, EUR	-0.07	0.01
Adjusted equity attributable to owners of the parent per share, EUR	0.19	0.26
Return of capital per share, EUR*	0.01	0.02
Return of capital payout ratio, %	-	335.4
Return of capital yield*	2.0	5.3
Price per adjusted earnings per share (P/E) ratio	-7.0	63.7
Price per adjusted equity attributable to owners of the parent per share	2.64	1.45
Market capitalization of registered shares, EUR million	96.5	73.3
Share turnover, % (number of shares traded, % of the average registered number of shares)	32.7	23.9
Number of shares traded, (1,000)	63 067	46 061
Closing price of the share, EUR	0.50	0.38
Highest quoted price, EUR	0.60	0.45

Lowest quoted price, EUR	0.37	0.32
Volume-weighted average quoted price, EUR	0.50	0.38

* The Board of Directors' proposal to the Annual General Meeting

SEGMENT INFORMATION

Changes in segment reporting

In June 2015, Glaston Corporation completed the sale of the pre-processing machines business and reorganised its business and reporting structure. The remaining business consists of the manufacture and sale of heat treatment glass machines as well as the service operations for these machines. There is a high level of integration between safety glass machines and maintenance.

Product development as well as sales and distribution are shared functions, serving both business areas. Their market development is the same, as is their market development, which is linked to the general development of the global market. For these reasons, Glaston has re-evaluated its reporting segments and, as of 1 July 2015, has combined the operating segments into a single reporting segment.

Glaston's highest operative decision maker (CODM, Chief Operating Decision Maker) is Glaston Corporation's President & CEO, supported by the Executive Management Group. The President & CEO assesses the Group's financial position and its overall development.

Continuing Operations' non-recurring item of EUR -1.6 million in 2015 consists of a restructuring costs provision.

CONTINUING OPEARATIONS

NET SALES

EUR million	10-12/2015	10-12/2014	1-12/2015	1-12/2014
Machines	19.4	24.1	76.4	69.6
Services	13.4	13.2	48.2	41.9
Other and intersegment sales	-0.2	-0.6	-1.3	-1.7
Net sales Glaston Group total	32.6	36.6	123.4	109.7

Order intake

EUR million	1-12/2015	1-12/2014
Machines	59.9	87.7
Services	47.5	45.9
Total Glaston Group	107.4	133.6

Net sales by geographical areas (continuing operations)

EUR million	1-12/2015	1-12/2014
EMEA	48.0	47.4
Asia	18.2	22.0
America	57.2	40.4
Total	123.4	109.7

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

Net sales								
EUR million	10-12/2015	7-9/2015	4-6/2015	1-3/2015	10-12/2014	7-9/2014	4-6/2014	1-3/2014
Machines	19.4	21.0	19.4	16.7	24.1	12.9	21.1	11.6
Services	13.4	13.9	11.0	9.9	13.2	9.4	10.3	9.0
Other and intersegment sales	-0.2	-0.5	-0.2	-0.4	-0.6	-0.3	-0.3	-0.5
Net sales Glaston Group total	32.6	34.3	30.1	26.3	36.6	21.9	31.1	20.1
EBIT excluding non-recurring items	0.6	2.5	2.7	2.5	4.6	2.1	3.6	1.1
EBIT-%, excl. non-recurring items	1.7	7.4	8.9	9.3	12.7	9.7	11.6	5.3
Non-recurring items	-1.3	-0.1	-0.2	-	-	-	-0.6	-
EBIT	-0.7	2.4	2.5	2.5	4.6	2.1	3.0	1.1
EBIT-%	-2.2	7.0	8.2	9.3	12.7	9.7	9.5	5.3

Order book

	31.12.2015	30.9.2015	30.6.2015	31.3.2015	31.12.2014	30.9.2014	30.6.2014	31.3.2014
Machines	34.9	42.0	50.1	48.7	51.4	35.7	29.7	35.1
Services	3.6	5.8	5.9	4.1	4.6	6.0	3.0	4.0
Total Glaston Group	38.5	47.8	56.0	52.8	56.0	41.7	32.7	39.0

Order intake

EUR million	10-12/2015	7-9/2015	4-6/2015	1-3/2015	10-12/2014	7-9/2014	4-6/2014	1-3/2014
Machines	13.3	15.1	19.0	12.5	39.5	19.3	16.0	12.8
Services	10.9	13.1	13.5	10.0	12.5	12.8	9.7	10.9
Total Glaston Group	24.2	28.2	32.5	22.5	52.0	32.1	25.8	23.7

CONTINUING OPERATIONS, COMPARABLE EBIT

Comparable EBIT

EUR million	10-12/2015	10-12/2014	1-12/2015	1-12/2014
EBIT excluding non-recurring items	0.6	4.6	8.2	11.4
Adjustment	0.0	-1.7	-2.1	-5.9
Comparable EBIT excluding non-recurring items	0.6	3.0	6.1	5.5
Comparable EBIT-%, excl. non-recurring items	1.7 %	8.1 %	4.9 %	5.0 %
Non-recurring items	-1.3	-	-1.6	-0.6
Comparabale EBIT	-0.7	3.0	4.5	4.9
Comparable EBIT-%	-2.2 %	8.1 %	3.6 %	4.5 %

Comparable EBIT

EUR million	10-12/2015	7-9/2015	4-6/2015	1-3/2015	10-12/2014	7-9/2014	4-6/2014	1-3/2014
EBIT excluding non-recurring items	0.6	2.5	2.7	2.5	4.6	2.1	3.6	1.1
Adjustment (*)	0.0	-	-0.9	-1.2	-1.7	-1.0	-1.8	-1.4
Comparable EBIT excluding non-recurring items	0.6	2.5	1.7	1.2	3.0	1.1	1.8	-0.4
Comparable EBIT-%, excl. non-recurring items	1.7 %	7.4 %	5.8 %	4.7 %	8.1 %	5.1 %	5.9 %	-1.9 %
Non-recurring items	-1.3	-0.1	-0.2	-	-	-	-0.6	-
Comparabile EBIT	-0.7	2.4	1.5	1.2	3.0	1.1	1.2	-0.4
Comparable EBIT-%	-2.2 %	7.0 %	5.1 %	4.7 %	8.1 %	5.1 %	3.8 %	-1.9 %

(* In Glaston group, there are transactions between continuing and discontinued operations, that continue as external transactions after the sale of the preprocessing business. The subsidiaries in Glaston group continue as distributors of preprocessing machines, and will continue buying these from former Glaston Italy S.p.A, current Bavelloni S.p.A. In the comparison figures, the group internal purchases that have been eliminated in group figures until 30.6.2015, are reported as external purchases starting 1.7.2015 (due to sale of company), and consequently these are not eliminated anymore. This affects the comparability of the continuing operations, and in order to be able to provide our investors with comparable figures, we adjust those group internal transactions, that henceforward will be external transactions in the group.

DISCONTINUED OPERATIONS

Glaston announced in May 2015 that it was negotiating the sale of its pre-processing machines business, and the sale of 100% of the shares of Glaston Italy S.p.A. was completed as the second quarter ended. The result of Glaston's Discontinued Operations includes the result of the pre-processing business and the sales loss on the disposal of the business area.

Revenue, expenses and result of discontinued operations	1-12/2015	1-12/2014
EUR million		
Revenue	6.5	14.8
Expenses	-10.4	-21.3
Gross profit	-3.9	-6.5
Finance costs, net	-0.0	-0.1
Profit / loss before tax from discontinued operations	-3.9	-6.6
Current income tax	-0.2	-0.0
Profit / loss after tax from discontinued operations	-4.1	-6.6
Loss from disposal of discontinued operations	-9.9	-
Profit / loss from discontinued operations	-14.0	-6.6

Net cash flows of discontinued operations

EUR million	1-12/2015	1-12/2014
Operating	-4.6	-3.7
Investing	-0.5	-0.2
Financing	-	-
Net cash flow	-5.1	-3.9

PROPERTY, PLANT AND EQUIPMENT

EUR million

Changes in property, plant and equipment	1-12/2015	1-12/2014
Carrying amount at beginning of the period	7.5	6.9
Additions	2.4	1.4
Disposals	-0.2	-0.0
Depreciation and amortization	-1.2	-1.2
Impairment losses and reversals of impairment losses	-	-
Reclassification and other changes	0.1	-0.0
Transfer to / from assets held for sale	-	-
Exchange differences	0.2	0.3
Carrying amount at end of the period	8.8	7.5

At the end of December 2015 Glaston has EUR 0.8 million contractual commitments for the acquisition of property, plant and equipment (31.12.2014 1.5).

INTANGIBLE ASSETS

EUR million

Changes in intangible assets	1-12/2015	1-12/2014
Carrying amount at beginning of the period	44.6	45.6
Additions	2.0	2.2
Disposals	-7.1	-0.1
Depreciation and amortization	-2.5	-3.1
Impairment losses and reversals of impairment losses	-0.0	-
Reclassification and other changes	-0.0	0.0
Transfer to / from assets held for sale	-	-
Exchange differences	-0.1	0.1
Carrying amount at end of the period	36.9	44.6

CONTINGENT LIABILITIES

EUR million

	<u>31.12.2015</u>	<u>31.12.2014</u>
Mortgages and pledges		
On own behalf	166.9	303.7
Guarantees		
On own behalf	4.4	11.0
On behalf of others	0.1	0.0
Lease obligations	15.6	24.2
Repurchase obligations	0.5	0.7

Mortgages and pledges include EUR 23.9 million shares in 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>31.12.2015</u>		<u>31.12.2014</u>	
	<u>Nominal value</u>	<u>Fair value</u>	<u>Nominal value</u>	<u>Fair value</u>
Commodity derivatives				
Electricity forwards	0.4	-0.1	0.5	-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.

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

EUR million	2015	2014
1 January	0.2	0.2
Additions	2,8	
Impairment losses	-	-
Reclassification	-	-
31 December	3,1	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

	31.12.2015	31.12.2014
Available-for-sale shares		
Level 1	0.2	0.1
Level 3	0.2	0.2
	<hr/>	<hr/>
	0.4	0.3
Other long term investments		
Level 3	2.8	
Derivatives		
Level 2	-0.1	-0.1

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.

The management of Glaston Italy SpA is not part of the Glaston Group's related parties and the sale of the shares of Glaston Italy S.p.A to the local management of Glaston Italy S.p.A is not reported as a related party transaction.

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.

Management remuneration (accrual based)

Remuneration of the Board of Directors, accrual based

EUR	2015 annual fee	meeting fee	2014 annual fee	meeting fee
Andreas Tallberg, Chairman of the Board of Directors	40,000	6,700	40,000	8,100
Teuvo Salminen, Deputy Chairman of the Board of Directors	30,000	4,300	27,500	4,600
Claus von Bonsdorff	20,000	4,300	20,000	5,100
Pekka Vauramo	20,000	4,300	20,000	4,100
Anu Hämäläinen	20,000	4,300	20,000	5,100
Kalle Reponen	20,000	4,300	15,000	3,600
Christer Sumelius (*)	-	-	7,500	1,500
Yhteensä	150,000	28,200	150,000	32,100

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

CEO Arto Metsänen	2015	2014
Salaries	519,924	378,569
Bonuses	20,000	-
Share based benefit	20,000	42,488
Total	559,924	421,057
Fringe benefits	-	16,583
Total	559,924	437,640

Statutory pension payments (Finnish TyEL or similar plan)	30,122	161,158
Voluntary pension payments	63,671	56,774

Remuneration of the Executive Management Group, accrual based

Salaries	1,179,963	901,424
Compensations for termination of employment	-	83,479
Bonuses	54,000	2,847
Share based benefit	50,000	112,131
Total	1,283,963	1,099,881
Fringe benefits	78,348	38,054
Total	1,362,311	1,137,935

Statutory pension payments (Finnish TyEL or similar plan)	154,040	276,346
Voluntary pension payments	46,097	26,701

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 2015

On 27 January 2015, Glaston's Board of Directors approved a new period for the long-term incentive and commitment scheme for the Group's key personnel including senior management of the Group and its subsidiaries. The period covers the years 2015–2017 and the possible rewards will be paid in spring 2018. The incentive scheme for 2015 covers 31 key persons of Glaston.

Share-based incentive plan 2014

On 21 January 2014, Glaston'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 period starting 2014 covers the years 2014–2016 and the possible rewards will be paid in spring 2017. The incentive scheme for 2014 covers 30 key persons of Glaston.

SHAREHOLDER INFORMATION

20 largest shareholders 30 September, 2015

	Shareholder	Number of shares	% of shares and votes
1	Oy G.W.Sohlberg Ab	33 253 679	17.17
2	Etera Mutual Pension Insurance Company	22 593 878	11.66
3	Hymy Lahtinen Oy	21 106 117	10.9
4	Varma Mutual Pension Insurance Company	12 786 643	6.6
5	Evli Finnish Small Cap Fund	9 589 209	4.95
6	Nordea Pro Finland Fund	7 000 000	3.61
7	Päivikki and Sakari Sohlberg Foundation	3 965 600	2.05
8	Danske Invest Finnish Small Cap Fund	3 960 197	2.04
9	Oy Investsum Ab	3 438 000	1.77
10	The Central Church Fund	2 730 000	1.41
11	Sijoitusrahasto Taaleritehdas Mikro Markka	2 550 000	1.32
12	Säästöpankki Pienyhtiöt	2 307 860	1.19
13	Sumelius-Fogelholm Birgitta	1 994 734	1.03
14	Sumelius Bjarne Henning	1 961 504	1.01
15	Von Christierson Charlie	1 600 000	0.83
16	Metsänen Arto Juhani	1 500 000	0.77
17	Oy Nissala Ab	1 500 000	0.77
18	Sumelius Christer	1 398 533	0.72
19	Sumelius-Koljonen Barbro	1 235 988	0.64
20	Lahtinen Jeppe Juhani Urponpoika	986 423	0.51
	20 largest shareholders total	137 458 365	70.96 %
	Nominee registered shareholders	1 676 398	0.87 %
	Other shares	54 573 573	28.17 %
	Total	193 708 336	

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

*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, %:

$\text{Interest-bearing liabilities} \times 100 / \text{Equity (Equity attributable to owners of the parent + non-controlling interest)}$

Net gearing, %:

$\text{Net interest-bearing debt} \times 100 / \text{Equity (Equity attributable to owners of the parent + non-controlling interest)}$

Return on capital employed, % (ROCE):

$\text{Profit / loss before taxes + financial expenses} \times 100 / \text{Equity + interest-bearing liabilities, average of 1 January and end of the reporting period}$

Return on equity, % (ROE).

$\text{Profit / loss for the reporting period} \times 100 /$

$\text{Equity (Equity attributable to owners of the parent + non-controlling interest), average of 1 January and end of the reporting period}$