Glaston Interim Report 1 January – 30 September 2016: Net sales down, outlook unchanged

This interim report's comparison year figures refer to Continuing Operations.

July-September 2016

- Orders received totalled EUR 25.6 (28.2) million.
- Net sales totalled EUR 20.5 (34.3) million.
- Comparable EBITDA was EUR 0.4 (3.4) million.
- The operating result was a loss of EUR 0.3 (2.4 profit) million, i.e. -1.3 (7.0)% of net sales.
- The comparable operating result was a loss of EUR 0.3 (2.5 profit) million, i.e. -1.3 (7.4)% of net sales.

January-September 2016

- Orders received totalled EUR 79.3 (83.2) million.
- The order book on 30 September 2016 was EUR 46.0 (47.8) million.
- Net sales totalled EUR 72.0 (90.8) million.
- Comparable EBITDA was EUR 2.0 (8.1) million, i.e. 2.8 (8.9)% of net sales.
- The operating result was a loss of EUR 0.1 (7.3 profit) million, i.e. -0.2 (8.1)% of net sales.
- The comparable operating result was EUR 0.0 (5.5) million, i.e. 0.0 (6.1)% of net sales.
- Cash flow from business operations was positive, at EUR 4.5 million.
- Continuing Operations' return on capital employed (ROCE) was -0.2 (18.6)%.
- Continuing Operations' earnings per share were EUR -0.01 (0.01).
- Interest-bearing net liabilities amounted to EUR 7.7 (5.2) million.

Outlook

Glaston revised its outlook on 4 August 2016. Glaston expects 2016 net sales to be approximately EUR 105–110 million and the comparable operating profit to be approximately EUR 2–4 million. (In 2015 net sales were EUR 123.4 million and comparable operating profit was EUR 6.1 million).

President & CEO Arto Metsänen:

"Due to low orders during the end of last year and the beginning of this year, Glaston's third quarter net sales were very low and amounted to EUR 20.5 (34.3) million. Due to a lower cost level, however, the result was only slightly negative. The comparable operating result improved compared with the previous quarter and was a loss of EUR 0.3 (2.5 profit) million. Due to a reduction in working capital, cash flow clearly strengthened during the quarter.

Markets remained quiet at the beginning of the quarter, but picked up at the end of the review period. In the EMEA area and the Asian market area in particular, customer activity is increasing. Orders received in the third quarter declined by 9% compared with the corresponding period the previous year and totalled EUR 25.6 million. The orders intake of the Machines business grew 10% to EUR 16.6 million. We expect this positive development of the Machines business to continue in the final quarter of the year.

Glaston Oyj Abp
Yliopistonkatu 7
FI-00100 Helsinki
Finland
Tel +358 10 500 500
Fax +358 10 500 6515
Domicile: Helsinki
VAT No / Business ID: FI16515850
info@glaston.net
www.glaston.net

An efficiency plan for operations in South America, presented in June, was completed in the third quarter. In the future, the focus of South American operations will be on sales and service operations. From the beginning of October, Glaston has machine manufacturing in two efficient and modern production plants: In Tampere, Finland and in Tianjin, China.

Signs of a pick-up in the markets were clearly perceptible at our industry's most significant fair, Glasstec, which was held in September. At the fair, we engaged in a number of negotiations, which we expect to lead to machine orders in the coming months. Offer activity has also been better in the Services business. We expect the order intake to grow significantly in the fourth quarter.

The final quarter is generally the strongest of the year for Glaston. This year, the difference compared with the other quarters will be higher than normal, because a large number of deliveries will take place in the latter part of the year."

Operating environment

In the glass processing market, the third quarter began slowly, but at the end of the review period a pick-up was already perceptible. In the Asian market area, good development continued. In the EMEA area, the market revived towards the end of the quarter. In North America, the market evened out. In South America, the market remained subdued.

Machines

In the Machines business, the third quarter began very quietly, but picked up towards the end of the quarter. The market situation as whole was challenging.

After a quiet second quarter, a recovery was evident in the EMEA market area in the third quarter. Customer demand was focused particularly on the FC product series. There was positive development, particularly in Eastern Europe and Italy, where customers' investments were boosted by the entry into force of tax relief measures.

In the Asian market area, customer activity increased, particularly in the China, Australia and New Zealand markets.

In the North American market, customers' decision-making times lengthened in the third quarter, and the market was sluggish. The South American market remained weak.

New FC and RC series flat tempering lines were launched at the Glasstec Fair. The new machines focus on increasing the degree of automation of machines and improving the optical quality of glass. As one of Glaston's digitalisation and industrial internet projects, the Glaston Insight platform was brought to the market. In the first phase, the Insight service will enable real-time monitoring of tempering machine production with both a mobile device and an internet connection. Using the service, a machine's utilisation rate can be maximised, because Glaston Insight gives, for example, direct feedback on production quality, energy consumption and the machine's maintenance needs. Glaston Insight is available for all machines that have a Glaston iControL control system.

The nanotechnology project proceeded according to plan, and the assembly of a prototype line began in the review period. The prototype line will be launched towards the end of the year, at which time test runs with glass will begin. Glaston is participating in the project with a labour input of approximately five people. In addition to the nanotechnology project, Glaston is engaged in a number of discussions with partners on the development of the glass technologies of the future. Glaston's role in possible new projects may be, for example, developing advanced glass coatings or developing and assembling production lines for glass-related solar energy applications. Investments in new technology will have an estimated EUR 0.5 million cost impact this year.

The Machines business was reorganised in the review period to correspond with Glaston's strategic growth targets.

Services

The third quarter brought no change in the modest development of the service market. In North America, steady development continued. In South America, the activity of automotive industry customers increased. In the Asian market area, with the exclusion of Australia, demand continued to be subdued. In the EMEA area, the operating environment was unchanged, and demand varied significantly from country to country.

The modernisation product market remained subdued. A positive note was evident in demand for flat laminating machine modernisations. A major player in the automotive industry bought a windscreen machine modernisation package for its production plant in South America, in order to improve the quality and capacity of its windscreen production. In addition to this, Glaston received, among others, a modernisation order from the Philippines for a continuously operating CHF furnace and a modernisation order from Russia for a Glassrobots flat tempering machine.

Sales of the spare parts product group levelled off in July-September, but were still better than in the comparison period. The stable development of the service market continued and sales of tools in the EMEA area continued to be good.

At the Glasstec Fair, Glaston brought to the market modernisation products for the new RC and FC series as well as a range of new tools.

Orders received and order book

Orders received in July-September declined by 9% compared with the corresponding period the previous year and totalled EUR 25.6 (28.2) million. The order intake of the Machines business grew by 10% and was EUR 16.6 (15.1) million. The largest orders were received from the USA, Italy and Australia. The order intake of the Services business declined to EUR 9.0 (13.1) million. Modernisation product orders declined, particularly in the EMEA area, where the third quarter of last year was very good, and to some extent in North America, where the modernisation of newer-generation products is not scheduled within the next years.

Glaston's January-September order intake declined by 5% and totalled EUR 79.3 (83.2) million.

On 30 September 2016, Glaston's order book stood at EUR 46.0 (47.8) million. The order book grew from the end of the second quarter by EUR 5.1 million. Of the order book, the Machines business accounted for EUR 41.4 (42.0) million and the Services business for EUR 4.6 (5.8) million.

Order book, EUR million	**30.9.2016**	**30.9.2015**	**31.12.2015**
Machines	41.4	42.0	34.9
Services	4.6	5.8	3.6
Total	**46.0**	**47.8**	**38.5**

Net sales

Glaston's net sales declined in the third quarter and were EUR 20.5 (34.3) million. Net sales were affected by the low level of new orders in the final quarter of last year and the first quarter of this year and by the high number of second half deliveries taking place in the final quarter. Net sales in the third quarter of 2015 were exceptionally strong. Of net sales in the review period, the Machines business accounted for EUR 11.3 (21.0) million and the Services business for EUR 9.6 (13.9) million.

January–September net sales totalled EUR 72.0 (90.8) million. The net sales of the Machines business totalled EUR 43.3 (57.1) million. The net sales of the Services business totalled EUR 30.1 (34.8) million.

The good development of net sales in the Asian market area continued in the third quarter, and in January–September net sales rose to EUR 16.2 (11.4) million. EMEA area January–September net sales totalled EUR 27.6 (38.0) million. In the Americas area, net sales were EUR 28.2 (41.4) million. Net sales in the Americas area were adversely affected by low delivery volumes of the Machines business in North America, particularly compared with the previous year's exceptionally good level, and the clear downward trend in new orders in South America, which began a year ago.

Net sales, EUR million	**7–9/2016**	**7–9/2015**	**1–9/2016**	**1–9/2015**	**2015**
Machines	11.3	21.0	43.3	57.1	76.4
Services	9.6	13.9	30.1	34.8	48.2
Other and internal sales	-0.5	-0.5	-1.5	-1.1	-1.3
Total	**20.5**	**34.3**	**72.0**	**90.8**	**123.4**

Operating result and profitability

Glaston's comparable operating result for July–September was a loss of EUR 0.3 (2.5 profit), i.e. -1.3 (7.4)% of net sales. Due to the holiday season and consequent lower personnel expenses as well as cost-saving measures, the operating result improved compared with the second quarter, despite lower net sales. In the review period, no items affecting comparability were recognised (in the same quarter the previous year, EUR 0.1 million in restructuring expenses was recognised).

The July-September operating result was a loss of EUR 0.3 (2.4 profit) million. The result before taxes was a loss of EUR 0.4 (0.7 loss) million. The third-quarter result was a loss of EUR 0.5 (1.3 loss) million. Continuing Operations' July-September earnings per share were EUR -0.00 (-0.01), while Continuing and Discontinued Operations' earnings per share totalled EUR -0.00 (-0.01).

Comparable operating result, EUR million	**7–9/2016**	**7–9/2015**	**1–9/2016**	**1–9/2015**	**2015**
Operating result	-0.3	2.4	-0.1	7.3	6.6
Items affecting comparability	0.0	0.1	0.2	-1.8	-0.6
Comparable operating result	**-0.3**	**2.5**	**0.0**	**5.5**	**6.1**

The January-September comparable operating result was EUR 0.0 (5.5) million, i.e. 0.0 (6.1)% of net sales. Financial performance was adversely affected by lower net sales than the previous year as well as cost overruns relating to customer projects, the impact of which was alleviated by a fall in fixed costs.

Efficiency measures continued in the third quarter. An employer-employee consultation took place in Finland on the need for possible lay-offs and job reductions. As a result of the consultation, operations in Finland were reorganised. The efficiency plan for South American operations proceeded. In the future, the focus of the South American organisation will be on sales and service operations. In July, the extension to the factory located in Tianjin, China was leased to a third party on a 10-year agreement. Personnel lay-offs were launched at the tool factory in Italy. These savings measures are expected to have an impact of more than EUR 1.5 million on the 2017 result.

Glaston's January–September operating result was a loss of EUR 0.1 (7.3 profit) million. Financial expenses amounted to EUR -0.5 (-4.1) million. The result before taxes was a loss of EUR 0.7 (3.2 profit) million. The result for the review period was a loss of EUR 1.1 (12.4 loss) million.

Continuing Operations' January-September earnings per share were EUR -0.01 (0.01). Discontinued Operations' earnings per share in the comparison period (January-September 2015) were EUR -0.07. Continuing and Discontinued Operations' earnings per share totalled EUR -0.01 (-0.06). Continuing Operations' return on capital employed (ROCE) was -0.2 (18.6)%.

Financial position, cash flow and financing

Glaston's cash flow from operating activities, before the change in working capital, was EUR 0.9 (5.7) million in January-September. The change in working capital was EUR 3.6 (-9.4) million. Third-quarter cash flow was very strong, following a reduction in working capital by EUR 4.9 million. Working capital was reduced particularly by a high level of advance payments for final-quarter deliveries. Cash flow from investments was EUR -3.0 (-3.5) million and cash flow from financing activities was EUR 2.6 (-3.9) million.

At the end of the reporting period, the Group's liquid funds totalled EUR 10.1 (9.5) million. Interest-bearing net debt totalled EUR 7.7 (5.2) million and net gearing was 22.9 (13.4)%. In July, Glaston drew a EUR 2.6 million five-year fixed-interest employment pension (TyEL) reborrowing loan.

At the end of September, the consolidated asset total was EUR 95.6 (105.7) million. The equity attributable to the owners of the parent was EUR 33.2 (38.2) million. The share issue-adjusted equity per share was EUR 2.03 (2.32). Return on equity in the reporting period was -4.2 (-37.1)%. Continuing Operations' return on capital employed (ROCE) was -0.2 (18.6)%.

Capital expenditure, depreciation and amortisation

The gross capital expenditure of Glaston's Continuing and Discontinued Operations totalled EUR 3.1 (3.7) million. The expenditure was mainly related to product development.

Continuing Operations' depreciation and amortisation on property, plant and equipment and on intangible assets totalled EUR 2.0 (2.6) million.

Organisation and employees

Päivi Lindqvist was appointed Glaston's Chief Financial Officer on 19 September 2016. She is a member of the Executive Management Group and reports to President & CEO Arto Metsänen.

Glaston had a total of 434 (470) employees on 30 September 2016. Of the Group's employees, 38% worked in Finland and 15% elsewhere in the EMEA area, 28% in Asia and 19% in the Americas. The average number of employees was 444 (506).

Shares and share prices

Glaston Corporation's paid and registered share capital on 30 September 2016 was EUR 12.7 million and the number of issued shares totalled 193,708,336. The company has one series of share. At the end of September, 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 January-September 2016, a total of approximately 26.5 (48.1) million of the company's shares were traded on Nasdaq Helsinki Ltd, i.e. 13.8 (25.0)% of the average number of registered shares. The lowest price paid for a share was EUR 0.33 (0.37) and the highest price EUR 0.51 (0.60). The volume-weighted average price of shares traded in January-September was EUR 0.38 (0.50) on Nasdaq Helsinki Ltd. The closing price on 30 September 2016 was EUR 0.35 (0.46).

On 30 September 2016, the market value of the company's registered shares, excluding treasury shares, was EUR 67.5 (88.7) million. The share issue-adjusted equity per share attributable to the owners of the parent was EUR 2.03 (2.32).

At the end of the review period, Glaston had 5,933 registered shareholders (30 September 2015: 6,002). At the end of the review period, 0.5% of Glaston's shares were in foreign ownership.

Annual General Meeting

Glaston's Annual General Meeting, held on 5 April 2016, adopted the financial statements and consolidated financial statements for 2015 and discharged the Members of the Board of Directors and the President & CEO from liability for the financial year 1 January – 31 December 2015. The Annual General Meeting resolved that a return of capital of EUR 0.01 per share be paid. The return of capital was paid on 28 April 2016.

The Annual General Meeting elected Claus von Bonsdorff, Anu Hämäläinen, Sarlotta Narjus, Kalle Reponen, Teuvo Salminen, Andreas Tallberg and Pekka Vauramo as Members of the Board of Directors. The Annual General Meeting resolved that, as annual remuneration, 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.

At its organising meeting on 5 April 2016, Glaston's Board of Directors elected Andreas Tallberg to continue as the Chairman of the Board and Teuvo Salminen to continue as the Deputy Chairman of the Board.

The Annual General Meeting elected accounting firm Ernst & Young Oy as the company's auditor, with Authorised Public Accountant Kristina Sandin 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 special rights granting entitlement to shares. The authorisation covers a maximum of 20,000,000 shares. The authorisation is valid until 30 June 2017 and it invalidates earlier authorisations. The Board of Directors had not exercised its authorisation up to 30 September 2016.

Risks and uncertainties in the near future

Glaston operates in a global market. The company's uncertainties and risks in the near future are to a large extent linked to the development of the global economy or the geopolitically changed situation.

A down-turn in the global economy or an increase in political tensions might lead to a deterioration in the market environment. A weak outlook for the market may reduce customers' willingness to invest. A possible slow-down in the construction market in Glaston's main markets in North America and in Europe as well as increasing geopolitical tensions in Europe may affect the company's order intake. A deterioration of the market situation in China may lead to increased price competition globally.

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, the company performs 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 the year, the glass processing market is expected to develop positively and new machine orders to grow markedly compared with the third quarter.

The good second-quarter order intake and the large number of deliveries scheduled for the fourth quarter will increase net sales considerably in the latter part of the year compared with previous quarters. The savings measures undertaken will also have a positive impact on the result.

Glaston revised its outlook on 4 August 2016. Glaston expects 2016 net sales to remain at approximately EUR 105–110 million and the comparable operating profit to be approximately EUR 2–4 million. (In 2015 net sales were EUR 123.4 million and comparable operating profit was EUR 6.1 million).

Helsinki, 31 October 2016
Glaston Corporation
Board of Directors

For further information, please contact:
President & CEO Arto Metsänen, tel. +358 10 500 6100
Chief Financial Officer Päivi Lindqvist, tel. +358 10 500 500

Sender:
Agneta Selroos
Communications Director
Glaston Corporation
Tel. +358 10 500 6105

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

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GLASTON CORPORATION

CONDENSED FINANCIAL STATEMENTS AND NOTES 1 JANUARY – 30 SEPTEMBER 2016

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

The accounting principles applied in these interim financial statements are the same as those applied in consolidated financial statements, except for the adoption of new standards and interpretations effective during 2016. The changes did not have material impact on the Interim Report.

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

EUR million	30.9.2016	30.9.2015	31.12.2015
Assets			
Non-current assets			
Goodwill	30.6	30.6	30.6
Other intangible assets	6.9	6.3	6.3
Property, plant and equipment	9.1	8.9	8.8
Available-for-sale assets	3.2	0.4	3.2
Loan receivables	0.9	2.5	1.4
Deferred tax assets	2.3	1.8	2.4
Total non-current assets	**52.9**	**50.5**	**52.7**
Current assets			
Inventories	13.6	17.7	17.3
Receivables			
Trade and other receivables	19.0	27.8	23.9
Assets for current tax	0.0	0.2	0.4
Total receivables	19.0	28.0	24.3
Cash equivalents	10.1	9.5	6.1
Total current assets	**42.7**	**55.3**	**47.6**
Total assets	**95.6**	**105.7**	**100.3**

	30.9.2016	30.9.2015	31.12.2015
Equity and liabilities			
Equity			
Share capital	12.7	12.7	12.7
Share premium account	25.3	25.3	25.3
Other restricted equity reserves	0.1	0.1	0.1
Reserve for invested unrestricted equity	41.6	43.5	43.5
Treasury shares	-3.3	-3.3	-3.3
Fair value reserve	0.1	0.1	0.1
Other unrestricted equity reserves	0.1	0.1	0.1
Retained earnings and exchange differences	-42.1	-27.8	-28.1
Net result attributable to owners of the parent	-1.1	-12.4	-13.8
Equity attributable to owners of the parent	**33.2**	**38.2**	**36.5**
Non-controlling interest	**0.3**	**0.3**	**0.3**
Total equity	**33.5**	**38.5**	**36.8**
Non-current liabilities			
Non-current interest-bearing liabilities	8.0	7.5	6.0
Non-current interest-free liabilities and provisions	1.2	1.4	1.6
Deferred tax liabilities	0.4	0.8	0.4

Total non-current liabilities	**9.6**	**9.7**	**8.0**
Current liabilities			
Current interest-bearing liabilities	9.9	7.2	7.5
Current provisions	2.3	2.8	2.5
Trade and other payables	40.4	46.4	44.4
Liabilities for current tax	0.0	1.0	1.1
Total current liabilities	**52.6**	**57.5**	**55.4**
Total liabilities	**62.1**	**67.2**	**63.5**
Total equity and liabilities	**95.6**	**105.7**	**100.3**

CONDENSED STATEMENT OF PROFIT OR LOSS

EUR million	7-9/2016	7-9/2015	1-9/2016	1-9/2015	1-12/2015
Net sales	**20.5**	**34.3**	**72.0**	**90.8**	**123.4**
Other operating income	0.2	0.2	0.7	0.6	0.9
Expenses	-20.3	-31.3	-70.9	-81.5	-114.3
Depreciation, amortization and impairment	-0.7	-0.9	-2.0	-2.6	-3.4
Operating result	**-0.3**	**2.4**	**-0.1**	**7.3**	**6.6**
Financial items, net	-0.2	-3.1	-0.5	-4.1	-5.8
Result before income taxes	**-0.4**	**-0.7**	**-0.7**	**3.2**	**0.9**
Income taxes	-0.1	-0.5	-0.4	-1.8	-0.7
Profit / loss for the period from continuing operations	**-0.5**	**-1.2**	**-1.1**	**1.5**	**0.2**
Profit / loss after tax for the period from discontinued operations	**-**	**-0.1**	**-**	**-13.9**	**-14.0**
Profit / loss for the period	**-0.5**	**-1.3**	**-1.1**	**-12.4**	**-13.8**
Attributable to:					
Owners of the parent	-0.5	-1.3	-1.1	-12.4	-13.8
Non-controlling interest	-0.0	-0.0	-0.0	-0.0	-0.0
Total	**-0.5**	**-1.3**	**-1.1**	**-12.4**	**-13.8**
Earnings per share, EUR, continuing operations	-0.00	-0.01	-0.01	0.01	0.00
Earnings per share, EUR, discontinued operations	-	-0.00	-	-0.07	-0.07
Earnings per share, EUR, basic and diluted	**-0.00**	**-0.01**	**-0.01**	**-0.06**	**-0.07**
Operating result, continuing operations , as % of net sales	-1.3	7.0	0.2	8.1	5.4
Profit / loss for the period, continuing operations , as % of net sales	-2.7	-3.5	-1.5	1.6	0.1
Profit / loss for the period, as % of net sales	-2.7	-3.9	-1.5	-13.7	-11.2
Comparable items in operating result, continuing operations	-0.3	2.5	0.0	5.5	6.1
Comparable items in operating result, continuing operations, as % of net sales	-1.3	7.4	0.0	6.1	4.9

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CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	7-9/2016	7-9/2015	1-9/2016	1-9/2015	1-12/2015
Profit / loss for the period	**-0.5**	**-1.3**	**-1.1**	**-12.4**	**-13.8**
Other comprehensive income that will be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	-0.1	2.4	- 0.3	3.9	3.6
Fair value changes of available-for-sale assets	-0.0	0.0	-0.0	0.0	0.1
Income tax on other comprehensive income	0.0	-0.0	0.0	0.0	-0.0
Other comprehensive income that will not be reclassified subsequently to profit or loss:					
Exchange differences on actuarial gains and losses arising from defined benefit plans	0.0	-0.0	0.0	-0.0	-0.0
Actuarial gains and losses arising from defined benefit plans	-	-	-	-	-0.0
Other comprehensive income for the reporting period, net of tax	**-0.1**	**2.4**	**- 0.3**	**3.9**	**-3.6**
Total comprehensive income for the reporting period	**-0.7**	**1.0**	**-1.4**	**-8.5**	**-10.2**
Attributable to:					
Owners of the parent	-0.6	1.0	-1.3	-8.5	-10.2
Non-controlling interest	-0.0	-0.0	-0.0	0.0	- 0.0
Total comprehensive income for the reporting period	**-0.7**	**1.0**	**-1.4**	**-8.5**	**-10.2**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1-9/2016	1-9/2015	1-12/2015
Cash flows from operating activities			
Cash flow before change in net working capital	0.9	5.7	6.5
Change in net working capital	3.6	-9.4	-9.5
Net cash flow from operating activities	**4.5**	**-3.6**	**-3.0**
Cash flow from investing activities			
Other purchases of non-current assets	-3.0	-3.6	-7.1
Proceeds from sale of business	0.0	0.1	0.2
Proceeds from sale of other non-current assets	0.0	0.0	0.1
Net cash flow from investing activities	**-3.0**	**-3.5**	**-6.9**
Cash flow before financing	**1.5**	**-7.1**	**-9.8**
Cash flow from financing activities			
Increase in non-current liabilities	3.2	7.5	7.5
Decrease in non-current liabilities	0.0	-10.1	-10.1
Changes in loan receivables (increase - / decrease +)	0.2	0.0	0.1
Increase in short-term liabilities	2.3	22.5	22.5
Decrease in short-term liabilities	-1.3	-20.0	-21.3
Return of capital	-1.9	-3.9	-3.9
Net cash flow from financing activities	**2.6**	**-3.9**	**-5.1**
Effect of exchange rate changes	**0.0**	**0.5**	**1.0**

Net change in cash and cash equivalents	**4.1**	**-10.5**	**-14.0**
Cash and cash equivalents at the beginning of period	6.1	20.0	20.0
Cash and cash equivalents at the end of period	10.1	9.5	6.1
Net change in cash and cash equivalents	**4.1**	**-10.5**	**-14.0**

2015 cash flows include also cash flows arising from discontinued operations.

Proceeds from divestment of businesses:

EUR million	2016	2015
Purchase consideration received in cash	-	0.5
Expenses related to the sale, paid during the year	-	-0.2
Cash and cash equivalents of divested subsidiaries	-	-0.3
Net cash flow	**-**	**0.1**

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, 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	-	-	-	-	0.0	-12.4	3.9	**-8.5**	0.0	**-8.5**
Return of equity	-	-	-3.9	-	-	-	-	**-3.9**	-	**-3.9**
Equity at 30 September, 2015	**12.7**	**25.3**	**43.5**	**-3.3**	**0.2**	**-45.7**	**5.5**	**38.2**	**0.3**	**38.5**

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, 2016	**12.7**	**25.3**	**43.5**	**-3.3**	**0.2**	**-47.1**	**5.2**	**36.5**	**0.3**	**36.8**
Total compr. income for the period	-	-	-	-	0.0	-1.1	-0.2	**-1.3**	0.0	**-1.4**
Return of equity	-	-	-1.9	-	-	-	-	**-1.9**	-	**-1.9**
Equity at 30 September, 2016	**12.7**	**25.3**	**41.6**	**-3.3**	**0.2**	**-48.2**	**4.9**	**33.2**	**0.3**	**33.5**

KEY RATIOS

	30.9.2016	30.9.2015	31.12.2015
EBITDA, as % of net sales (1	2.5	10.9	8.1
Operating result (EBIT), as % of net sales	-0.2	8.1	5.4
Profit / loss for the period, as % of net sales	-1.5	-13.7	-11.2
Gross capital expenditure, continuing and discontinued operations, EUR million	3.1	3.7	7.2
Gross capital expenditure, as % of net sales of continuing and discontinued operations	4.3	4.1	5.6
Equity ratio, %	43.6	45.3	43.9
Gearing, %	53.2	38.2	36.7
Net gearing, %	22.9	13.4	20.2
Net interest-bearing debt, EUR million	7.7	5.2	7.4
Capital employed, end of period, EUR million	51.3	53.2	50.3
Return on equity, %, annualized	-4.2	-37.1	-31.5
Return on capital employed, %, annualized	-0.2	-12.4	-13.8
Return on capital employed, continuing operations, %, annualized	-0.2	18.6	10.0
Number of personnel, average	444	506	494
Number of personnel, end of period	434	470	450

PER SHARE DATA

	30.9.2016	30.9.2015	31.12.2015
Number of registered shares, end of period, treasury shares excluded (1,000)	192 920	192 920	192 920
Number of shares, average, adjusted with share issue, treasury shares excluded (1,000)	192 920	192 920	192 920
EPS, continuing operations , basic and diluted, adjusted with share issue, EUR	- 0.01	0.01	0.00
EPS, Discontinued Operations, basic and diluted, adjusted with share issue, EUR	-	-0.07	-0.07
EPS, total, basic and diluted, adjusted with share issue, EUR	-0.01	-0.06	-0.07
Adjusted equity attributable to owners of the parent per share, EUR	0.17	0.20	0.19
Capital repayment per share, EUR	-	-	0.01
Capital repayment ratio, %	-	-	-
Capital repayment yield	-	-	2.0
Price per adjusted earnings per share (P/E) ratio	-61.7	-7.2	-7.0
Price per adjusted equity attributable to owners of the parent per share	2.03	2.32	2.64
Market capitalization of registered shares, EUR million	67.5	88.7	96.5
Share turnover, % (number of shares traded, % of the average registered number of shares)	13.8	25.0	32.7
Number of shares traded, (1,000)	26 547	48 134	63 067
Closing price of the share, EUR	0.35	0.46	0.50
Highest quoted price, EUR	0.51	0.60	0.60
Lowest quoted price, EUR	0.33	0.37	0.37
Volume-weighted average quoted price, EUR	0.38	0.50	0.50

SEGMENT INFORMATION

The reportable segment consists 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. 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 customers are the same, as is their market development, which is linked to the general development of the global market. Also the methods to distribute products or to provide services are similar. In the long term, also sales development and gross profit of the operating segments are similar.

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 OPEARATIONS

NET SALES

EUR million	**7-9/2016**	**7-9/2015**	**1-9/2016**	**1-9/2015**	**1-12/2015**
Machines	11.3	21.0	43.3	57.1	76.4
Services	9.6	13.9	30.1	34.8	48.2
Other and intersegment sales	-0.5	-0.5	- 1.5	-1.1	-1.3
Net sales Glaston Group total	**20.5**	**34.3**	**72.0**	**90.8**	**123.4**
Comparable EBIT	**-0.3**	**2.5**	**0.0**	**5.5**	**6.1**
Comparable EBIT-%	-1.3	7.4	0.0	6.1	4.9
Items affecting comparability	0.0	-0.1	-0.2	1.8	0.6
EBIT	-0.3	2.4	-0.1	7.3	6.6
EBIT-%	-1.3	7.0	-0.2	8.1	5.4

Order intake

EUR million	**1-9/2016**	**1-9/2015**	**1-12/2015**
Machines	49.8	46.6	59.9
Services	29.4	36.6	47.5
Total Glaston Group	**79.3**	**83.2**	**107.4**

Net sales by geographical areas (continuing operations)

EUR million	**1-92016**	**1-92015**	**1-12/2015**
EMEA	27.6	38.0	48.0
Asia	16.2	11.4	18.2
America	28.2	41.4	57.2
Total	**72.0**	**90.8**	**123.4**

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

Net sales

EUR million	7-9/2016	4-6/2016	1-3/2016	10-12/2015	7-9/2015	4-6/2015	1-3/2015
Machines	11.3	13.0	19.0	19.4	21.0	19.4	16.7
Services	9.6	9.9	10.6	13.4	13.9	11.0	9.9
Other and intersegment sales	- 0.5	-0.8	-0.2	- 0.2	-0.5	-0.2	-0.4
Net sales Glaston Group total	**20.5**	**22.1**	**29.4**	**32.6**	**34.3**	**30.1**	**26.3**
Comparable EBIT	**-0.3**	**-0.4**	**0.7**	**0.6**	**2.5**	**1.7**	**1.2**
Comparable EBIT-%	-1.3	-1.9	2.4	1.7	7.4	5.8	4.7
Items affecting comparability	0.0	-0.2	-	-1.3	-0.1	0.7	1.2
EBIT	-0.3	-0.6	0.7	-0.7	2.4	2.5	2.5
EBIT-%	-1.3	-2.7	2.4	-2.2	7.0	8.2	9.3

Order book

	30.9.2016	30.6.2016	31.3.2016	31.12.2015	30.9.2015	30.6.2015	31.3.2015
Machines	41.4	36.4	31.5	34.9	42.0	50.1	48.7
Services	4.6	4.5	3.0	3.6	5.8	5.9	4.1
Total Glaston Group	**46.0**	**40.9**	**34.5**	**38.5**	**47.8**	**56.0**	**52.8**

Order intake

EUR million	7-9/2016	4-6/2016	1-3/2016	10-12/2015	7-9/2015	4-6/2015	1-3/2015
Machines	16.6	17.9	15.3	13.3	15.1	19.0	12.5
Services	9.0	10.7	9.7	10.9	13.1	13.5	10.0
Total Glaston Group	**25.6**	**28.6**	**25.0**	**24.2**	**28.2**	**32.5**	**22.5**

CONTINUING OPERATIONS, COMPARABLE OPERATING RESULT

Items affecting comparability

EUR million	**7-9/2016**	**7-9/2015**	**1-9/2016**	**1-9/2015**	**1-12/2015**
Re-stucturings (*	0.0	-0.1	-0.2	1.8	0.6
Items affecting comparability	**0.0**	**-0.1**	**-0.2**	**1.8**	**0.6**

(* Including the group internal purchases that have been eliminated in group figures until 30.6.2015, which are reported as external purchases starting 1.7.2015 (due to sale of preprocessing machine business).

Comparable EBITDA	**7-9/2016**	**7-9/2015**	**1-9/2016**	**1-9/2015**	**1-12/2015**
Operating result	-0.3	2.4	-0.1	7.3	6.6
Depreciation and amortization	0.7	0.9	2.0	2.6	3.4
Adjustment: Items affecting comparability	-0.0	0.1	0.2	-1.8	-0.6
Comparable EBITDA	**0.4**	**3.4**	**2.0**	**8.1**	**9.5**
% of net sales	1.9	9.9	2.8	8.9	7.7

Comparable EBIT	**7-9/2016**	**7-9/2015**	**1-9/2016**	**1-9/2015**	**-12/2015**
Operating result	-0.3	2.4	-0.1	7.3	6.6
Adjustment: Items affecting comparability	-0.0	0.1	0.2	-1.8	-0.6
Comparable EBIT	**-0.3**	**2.5**	**0.0**	**5.5**	**6.1**
% of net sales	-1.3	7.4	0.0	6.1	4.9

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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	**1-9/2016**	**1-9/2015**	**1-12/2015**
EUR million			
Revenue	-	6.5	6.5
Expenses	-	-10.4	-10.4
Gross profit	**-**	**-3.9**	**-3.9**
Finance costs. net	-	0.0	-0.0
Profit / loss before tax from discontinued operations	**-**	**-3.9**	**-3.9**
Current income tax	-	-0.2	-0.2
Profit / loss after tax from discontinued operations	**-**	**-4.0**	**-4.1**
Loss from disposal of discontinued operations	-	-9.8	-9.9
Profit / loss from discontinued operations	**-**	**-13.8**	**-14.0**

Net cash flows of discontinued operations	**1-9/2016**	**1-9/2015**	**1-12/2015**
Operating	-	-4.6	-4.6
Investing	-	-0.5	-0.5
Financing	-	-	-
Net cash flow	**-**	**-5.1**	**-5.1**

PROPERTY, PLANT AND EQUIPMENT

EUR million

Changes in property, plant and equipment	**1-9/2016**	**1-9/2015**	**1-12/2015**
Carrying amount at beginning of the period	8.8	7.5	7.5
Additions	1.3	2.3	2.4
Disposals	-0.0	-0.2	-0.2
Depreciation and amortization	-0.8	-1.0	-1.2
Reclassification and other changes	-0.0	0.1	0.1
Exchange differences	-0.2	0.2	0.2
Carrying amount at end of the period	9.1	8.9	8.8

At the end of September 2016 Glaston has EUR 0.1 million contractual commitments for the acquisition of property, plant and equipment (30.9.2015 0.8; 31.12.2015 0.8).

INTANGIBLE ASSETS

EUR million

Changes in property, plant and equipment	**1-9/2016**	**1-9/2015**	**1-12/2015**
Carrying amount at beginning of the period	36.9	44.6	44.6
Additions	1.8	1.4	2.0
Disposals	-	-7.1	-7.1
Depreciation and amortization	-1.1	-1.9	-2.5
Impairment losses and reversals of impairment losses	-	-0.0	-0.0
Reclassification and other changes	-0.0	-0.0	-0.0
Transfer to / from assets held for sale	-	-	-
Exchange differences	-0.0	-0.1	-0.1
Carrying amount at end of the period	37.5	36.9	36.9

CONTINGENT LIABILITIES

EUR million	30.9.2016	30.9.2015	31.12.2015
Mortgages and pledges			
On own behalf	166.9	166.9	166.9
Guarantees			
On own behalf	7.7	5.1	4.4
On behalf of others	0.2	0.6	0.1
Lease obligations	15.1	16.6	15.6
Repurchase obligations	0.3	0.5	0.5

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	30.9.2016		30.9.2015		31.12.2015	
	Nominal value	Fair value	Nominal value	Fair value	Nominal value	Fair value
Commodity derivatives						
Electricity forwards	0.3	-0.1	0.4	-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.

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	2016	2015
1 January	3.1	0.2
Additions	-	-
Impairment losses	-	-
Reclassification	-	-
30 September	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

Fair value measurement hierarchy	**30.9.2016**	**30.9.2015**	**31.12.2015**
Available-for-sale shares			
Level 1	0.2	0.1	0.2
Level 3	0.2	0.2	0.2
	0.4	0.4	0.4
Other long term investments			
Level 3	2.8	-	2.8
Derivatives			
Level 2	-0.1	-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.

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

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

Share-based incentive plan

Share-based incentive plan 2016

On 19 January 2016, Glaston's Board of Directors approved a new period for the long-term incentive and commitment plan for the Group's key personnel including senior management of the Group and its subsidiaries.

The incentive plan is based on the development of Glaston's share price. The plan covers the years 2016–2018 and the possible rewards will be paid in spring 2019. The incentive plan for 2016 covers 18 key persons of Glaston.

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 plan 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 plan for 2015 covers 31 key persons of Glaston.

Share-based incentive plan 2014

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

The incentive plan is based on the development of Glaston's share price. The plan covers the years 2014–2016 and the possible rewards will be paid in spring 2017. The incentive plan for 2014 covers 30 key persons of Glaston.

SHAREHOLDER INFORMATION

20 largerst shareholders 30 September, 2016

	Shareholder	Number of shares	% of shares and votes
1	Oy G.W.Sohlberg Ab	33 253 679	17.17
2	Hymy Lahtinen Oy	23 400 000	12.08
3	Etera Mutual Pension Insurance Company	22 593 878	11.66
4	Varma Mutual Pension Insurance Company	12 786 643	6.60
5	Evli Finnish Small Cap Fund	9 589 091	4.95
6	OP-Finland Small Firms Fund	5 168 223	2.67
7	Päivikki and Sakari Sohlberg Foundation	3 965 600	2.05
8	Oy Investsum Ab	3 408 000	1.76
9	Hulkko Juha Olavi	3 000 000	1.55
10	Danske Invest Finnish Small Cap Fund	2 895 896	1.49
11	Kirkon Eläkerahasto	2 730 000	1.41
12	Sijoitusrahasto Taaleritehdas Mikro Markka	2 375 600	1.23
13	Säästöpankki Pienyhtiöt	2 307 860	1.19
14	Sumelius-Fogelholm Birgitta	1 994 734	1.03
15	Sumelius Bjarne Henning	1 875 954	0.97
16	Von Christierson Charlie	1 600 000	0.83
17	Oy Nissala Ab	1 500 000	0.77
18	Metsänen Arto Juhani	1 500 000	0.77
19	Sumelius Christer	1 398 533	0.72
20	Sumelius-Koljonen Barbro	1 235 988	0.64
	20 largest shareholders total	138 579 679	71.54
	Nominee registered shareholders	1 596 908	0.82
	Other shares	53 531 749	27.64
	Total	193 708 336	

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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

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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

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

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

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

Equity ratio, %:
Equity (Equity attributable to owners of the parent + non-controlling interest) x 100 / Total assets - advance payments received

Gearing, %:
Interest-bearing liabilities x 100 / Equity (Equity attributable to owners of the parent + non-controlling interest)

Net gearing, %:
Net interest-bearing debt x 100 / Equity (Equity attributable to owners of the parent + non-controlling interest)

Return on capital employed, % (ROCE):
Profit / loss before taxes + financial expenses x 100 / Equity + interest-bearing liabilities, average of 1 January and end of the reporting period

Return on equity, % (ROE).
Profit / loss for the reporting period x 100 /
Equity (Equity attributable to owners of the parent + non-controlling interest), average of 1 January and end of the reporting period

Alternative performance measures

Comparable EBIT:
Profit / loss of continuing operations after depreciation, amortization and impairment, share of associates' results included – items affecting comparability

Comparable EBITDA:
Profit / loss of continuing operations before depreciation, amortization and impairment, share of associates' results included – items affecting comparability

Items affecting comparability:

Items affecting comparability are related to restructuring and for events or activities, which are not part of the normal business operations. They can include expenses arising from personnel reduction, product portfolio rationalization, changes in production structure and from reduction of offices. Impairment loss of goodwill, exceptionally large gains or losses from disposals of property, plant and equipment and intangible assets as well as capital gains or losses arising from group restructuring.