Glaston Half Year Financial Report 1 January – 30 June 2017: Operating result took clear turn for the better

April–June 2017

- Orders received totalled EUR 26.6 (28.6) million.
- Net sales grew by 32% to EUR 29.1 (22.1) million.
- Comparable EBITDA was EUR 2.2 (0.2) million, i.e. 7.5 (1.1)% of net sales.
- The operating result was positive at EUR 1.3 (-0.6) million, i.e. 4.4 (-2.7)% of net sales.
- The comparable operating result was EUR 1.4 (-0.4) million, i.e. 5.0 (-1.9)% of net sales.

January-June 2017

- Orders received totalled EUR 48.1 (53.7) million.
- The order book on 30 June 2017 was EUR 41.2 (40.9) million.
- Net sales totalled EUR 52.0 (51.5) million.
- Comparable EBITDA was EUR 3.0 (1.6) million, i.e. 5.7 (3.1)% of net sales.
- The operating result was EUR 1.3 (0.1) million, i.e. 2.5 (0.2)% of net sales.
- The comparable operating result was EUR 1.5 (0.3) million, i.e. 2.8 (0.5)% of net sales.
- Return on capital employed (ROCE) was 5.3 (0.7)%
- Earnings per share were EUR 0.002 (-0.003)
- Net interest-bearing debt amounted to EUR 5.9 (11.4) million.
- Research and product development expenditure amounted to 4.0 (2.8) % of net sales.

Outlook

Glaston's outlook remains unchanged. We expect the full-year comparable operating result to improve from 2016. (In 2016 the comparable operating result was EUR 2.8 million.)

President & CEO Arto Metsänen:

"Glaston's second quarter was reasonably good, particularly compared with the weak quarter of the previous year. Due to an increased number of deliveries, second-quarter net sales grew by 32%. The comparable operating result improved significantly to EUR 1.4 million, whereas last year the second-quarter result was a loss. The market picked up perceptibly, and new orders grew by 23% compared with the first quarter.

Glaston's core expertise is in flat tempering technology, and our technological leading position is based on customer-oriented product development. The first deliveries of the updated FC Series™ have begun and we are continuing to increase our lead over our competitors. In addition, our renewed lamination product has received good feedback from the market.

In the glass industry, the trend is clearly towards more intelligent and more functional glass. Emerging glass technologies and value-adding glass products are making a strong entry into the market. As a frontrunner in our sector, we are participating in this development. In June, a glass industry startup event was held for the first time in connection with the Glaston-organised global Glass Performance Days conference. The aim of the event was to accelerate the development of the sector and introduce new innovations to investors. The conference was attended by more than 660 international experts. The startup event attracted widespread interest, and a total of 35 startup companies from all over the world participated in the programme. Glaston's Emerging Technologies unit is contributing to taking new

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innovations forward by offering special expertise and technology in glass processing and bringing together the industry's major companies and startups promoting groundbreaking ideas."

Operating environment

In the second quarter, activity in the glass processing market developed positively. In the EMEA area, demand remained good. In the Asian market area, activity grew overall, but development varied from country to country. The North American market slowed and customers' purchasing decisions were delayed. In the South American market, there was a slight recovery from a very low level.

Machines

After a quiet first quarter, the Machines business market become more active in the second quarter. In flat tempering, the trend towards significantly larger furnaces continued. The first deliveries of the updated FC Series™ began in the review period. In lamination products, the renewed line solution was well received in the market.

In the EMEA area, decision-making was slow in many countries, but overall market development was stable. The early-year high activity in the Middle East market continued in the second quarter. In the Central European market, demand picked up and Glaston agreed on the delivery of a tempering line to France after a gap of many years. In Eastern Europe, the slow progress of financing decisions postponed customers' decision-making to future quarters. In Southern Europe, there were signs of emerging investment activity.

The North American market levelled off in the second quarter. In the USA, the market slowed and customers' investment decisions were postponed. In Canada and Mexico, market development continued to be stable. The South American market picked up marginally, but the market situation in the region remains weak.

In the Asian market area, development was positive, but varied from region to region. The Australian and New Zealand markets remained active. In China, the first signs of a pick-up in construction were perceptible, but demand for glass processing machines remained weak. In Indonesia, Thailand and the Philippines, positive market development continued and was directed particularly at low-emissivity (Low-E) glass.

New technologies

In the Emerging Technologies unit, discussions on solar energy solutions, demanding architectural solutions and automotive industry innovations proceeded. In possible future projects, Glaston would act as the production line supplier.

In the second quarter, the product development of Glaston's Californian partner, Heliotrope Technologies, advanced to the next stage. Heliotrope is developing for the market a new electro-chromic smart glass technology, whose competitive advantage over solutions already on the market is significantly lower production costs and aesthetic qualities in terms of the colour and clarity of the glass. Glaston will plan and deliver the Heliotrope glass production lines. Planning work on a pilot line is nearly complete.

Services

In the second quarter, a cautiously positive development of the Services business market was evident. Orders received grew in the second quarter. The development of the EMEA was double-edged: on the one hand, Glaston received a high number of orders; on the other hand, in several EMEA countries, such as the UK, there was a significant slowdown. The North American market continued to be challenging. In South America, the market continued to be quiet. In the Asian market area, the second quarter was busier than the first, and Glaston closed a few large modernisation deals. Demand for maintenance services in Asia was also good.

The market for modernization products picked up. In April-June, the number of new projects nearly doubled compared with the first quarter. Particularly in Asia, activity was on the rise. In North America, extended decision-making periods and the postponement of provisionally agreed projects slowed sales of upgrades. Of Glaston's products, the success of the lamination process product ProL-zone continued.

Sales of spare parts remained high in all areas. Service agreements were readily renewed and maintenance work remained buoyant. Development of the tools product group was stable, with the largest areas continuing to be the EMEA area and North America. In the EMEA area, market growth continued.

Orders received and order book

Glaston's second-quarter order intake recovered from the low level of the first quarter and totalled EUR 26.6 (28.6) million.The order intake fell by 7% compared to the second quarter last year and if sales of the USA and Canada pre-processing business are taken into account by 3%. The order intake of the Machines business was EUR 15.1 (17.9) million. The largest orders were received from the USA, New Zealand and Australia. The order intake of the Services business was EUR 11.5 (10.7) million. In spare parts and service operations, orders were in line with expectations. The market for modernisation products picked up in the second quarter. Demand was most positive in Asia and in the EMEA area, where Glaston closed its largest ever modernisation deal. The deal's value is approximately EUR 1.1 million.

Glaston's January-June order intake totalled EUR 48.1 (53.7) million.

The order book at the end of June stood at EUR 41.2 (40.9) million. Of the order book, the Machines business accounted for EUR 36.3 (36.4) million and the Services business for EUR 4.9 (4.5) million.

Order book, EUR million	**30.6.2017**	**30.6.2016**	**31.12.2016**
Machines	36.3	36.4	39.9
Services	4.9	4.5	5.7
Total	**41.2**	**40.9**	**45.6**

Net sales

Glaston's April-June net sales were 32% up from the corresponding period of the previous year and totalled EUR 29.1 (22.1) million. Net sales were up 35%, if sales of the USA and Canada pre-processing business during the quarter are taken into account. Net sales in the second quarter of 2016 were low. Due to a significantly higher number of deliveries, the net sales of the Machines business area were 40% up from the corresponding period of the previous year and totalled EUR 18.2 (13.0) million. The net sales of the Services business were 13% up and totalled EUR 11.2 (9.9) million.

Net sales in January-June were EUR 52.0 (51.5) million. In the first half of the year, the net sales of the Machines business totalled EUR 30.8 (32.0) million, while the net sales of the Services business totalled EUR 22.1 (20.5) million.

Net sales in the EMEA area were 29% up from the corresponding period of the previous year and totalled EUR 25.3 (19.6) million, due to the very good order intake in the final quarter of 2016. In the Americas area, net sales were nearly at the level of the corresponding period of the previous year: EUR 19.3 (20.4) million. The net sales of the Asia area were 36% down from the corresponding period of the previous year and totalled EUR 7.4 (11.5) million.

Net sales, EUR million	4–6/2017	4–6/2016	1–6/2017	1–6/2016	1–12/2016
Machines	18.2	13.0	30.8	32.0	67.4
Services	11.2	9.9	22.1	20.5	41.8
Other and internal sales	-0.3	-0.8	-0.9	-1.0	-2.0
Total	**29.1**	**22.1**	**52.0**	**51.5**	**107.1**

Operating result and profitability

Glaston's comparable operating result improved in April-June to EUR 1.4 (-0.4) million, i.e. 5.0 (-1.9)% of net sales. The improved result was mainly driven by growth in net sales. Items affecting comparability totalling EUR -0.2 (-0.2) million were recognised for the sale of the pre-processing business operations in the USA and Canada and for the sale of unused property in Finland.

The second-quarter operating result was a profit of EUR 1.3 (0.6 loss) million. The result before taxes was a profit of EUR 1.0 (0.7 loss) million. The second-quarter result was a profit of EUR 0.8 (0.8 loss) million. April-June earnings per share were EUR 0.004 (-0.004)

Comparable operating result, EUR million	4–6/2017	4–6/2016	1–6/2017	1–6/2016	2016
EBIT	1.3	-0.6	1.3	0.1	2.3
Items affecting comparability	-0.2	-0.2	-0.2	-0.2	-0.5
Comparable operating result	**1.4**	**-0.4**	**1.5**	**0.3**	**2.8**

The January-June comparable operating result was EUR 1.5 (0.3) million, i.e. 2.8 (0.5)% of net sales.

Glaston's January-June operating result was EUR 1.3 (0.1) million. Financial expenses amounted to EUR -0.6 (-0.3) million. The result before taxes was a profit of EUR 0.7 (0.2 loss) million. The result for the review period was a profit of EUR 0.4 (0.6 loss) million.

January-June earnings per share were EUR 0.002 (-0.003).

Financial position, cash flow and financing

Glaston's cash flow from operating activities, before the change in working capital, was EUR 2.3 (1.4) million in January-June. Working capital grew in January-June by EUR 8.3 million, as advance payments and trade payables related to the exceptionally large order intake at the end of 2016 were removed from the balance sheet with deliveries. Cash flow from investments was EUR -0.8 (-2.3) million and cash flow from financing activities was EUR -2.4 (-0.4) million.

At the end of the reporting period, the Group's cash and cash equivalents totalled EUR 8.0 (3.6) million. Interest-bearing net debt totalled EUR 5.9 (11.4) million and net gearing was 16.5 (33.3)%.

In June, Glaston Corporation agreed on the extension of its long-term financing agreement by three years. The financing agreement consists of a EUR 10.0 million long-term loan as well as a EUR 25.0 million revolving credit facility, which can be used for short-term financing and guarantees. In connection with the extension of the financing agreement, long-term loans of EUR 3.9 million were drawn and short-term financing amounting to EUR 5.5 million was repaid.

At the end of June, the consolidated asset total was EUR 93.6 (88.0) million. The equity attributable to the owners of the parent was EUR 35.6 (33.9) million. Equity per share was EUR 0.18 (0.18). Return on equity in the reporting period was 2.4 (-3.2)%. Return on capital employed (ROCE) was 5.3 (0.7)%.

Capital expenditure, depreciation and amortisation

Glaston's gross capital expenditure totalled EUR 1.0 (2.4) million. Investments were mainly related to product development.

Depreciation and amortisation on property, plant and equipment, and on intangible assets totalled EUR 1.5 (1.3) million.

Research and development

In January-June, research and product development expenditure, excluding depreciation, totalled EUR 2.1 (1.4) million, of which EUR 0.6 (0.6) million was capitalised. Research and product development expenditure amounted to 4.0 (2.8) % of net sales.

In research and product development expenditure, investments were directed at increasing the degree of automation of products, an on-line measurement system for glass anisotropy, and the further development of the FC product range and laminating line. In addition, work on developing GlastonAir continued.

Organisation and employees

Negotiations initiated by Glaston in February on the sale of its pre-processing business in the USA and Canada to the Italian company Bavelloni SpA were completed in May. As a result of the sale, the number of employees in the USA declined by around ten. Net sales of the USA and Canada pre-processing business were approximately EUR 4.9 million in 2016. Glaston will continue to be a reseller of Bavelloni pre-processing machines in Mexico, Brazil and Singapore. The sale and service of heat treatment machines in the USA will continue unchanged.

At the end of June 2017, Glaston had 413 (440) employees. Of the Group's employees, 42% worked in Finland and 16% elsewhere in the EMEA area, 29% in Asia and 13% in the Americas. The average number of employees was 413 (448).

Flagging notifications

During the second quarter, Glaston received notification of the following changes in ownership:

15 June 2017: Etera Mutual Pension Insurance Company's holding of all shares and votes in Glaston Corporation has fallen below 10%.
16 June 2017: OP-Rahastoyhtiö Oy's notification that OP-Finland Pienyhtiöt Fund's holding of shares and votes in Glaston Corporation has exceeded 5%.
21 June 2017: Oy G.W.Sohlberg Ab's holding of all shares and votes in Glaston Corporation has fallen to 0%.
21 June 2017: Ahlström Capital Oy's notification that AC Invest Eight B.V.'s holding of shares and votes in Glaston Corporation has exceeded 15%.

Shares and share prices

Glaston Corporation's paid and registered share capital on 30 June 2017 was EUR 12.7 million and the number of registered shares issued totalled 193,708,336. The company has one series of share. At the end of June, the company held 788,582 of the company's own shares (treasury shares), corresponding to 0.41% of the total number of issued and registered shares and votes. The counter book value of 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 the first six months of the year, a total of around 51.5 (15.0) million of the company's shares were traded, i.e. around 26.7 (7.8)% of the average number of registered shares. The lowest price paid for a share was EUR 0.39 (0.33) and the highest price EUR 0.45 (0.51). The volume-weighted average price of shares traded in January-June was EUR 0.40 (0.40). The closing price on 30 June 2017 was EUR 0.42 (0.35).

On 30 June 2017, Glaston's market value, excluding treasury shares, was EUR 80.8 (67.5) million. The share issue-adjusted equity per share attributable to the owners of the parent was EUR 0.18 (0.18).

At the end of the review period, Glaston had 5,578 registered shareholders (30 June 2016: 5,947). At the end of the review period, 19.6% of Glaston's shares were in foreign ownership (31 March 2017: 2.1%. The change was mainly attributable to AC Invest Eight B.V.'s ownership.

General Meeting of Shareholders

The Annual General Meeting of Glaston Corporation was held in Helsinki on 4 April 2017.

Financial statements

The Annual General Meeting adopted the financial statements and consolidated financial statements for the financial year 1 January – 31 December 2016 and discharged the Members of the Board of Directors and the President & CEO from liability for the financial year 1 January – 31 December 2016.

Board of Directors

The number of the Members of the Board of Directors was resolved to be seven. At the Annual General Meeting, current Members of the Board Andreas Tallberg, Teuvo Salminen, Claus von Bonsdorff, Anu Hämäläinen, Sarlotta Narjus and Pekka Vauramo were re-elected for a term of office ending at the closing of the next Annual General Meeting. In addition, it was resolved that Kai Mäenpää M.Sc.(Eng) be elected as a new Member of the Board of Directors for the same term of office.

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 will be paid EUR 40,000, the Deputy Chairman EUR 30,000 and the other Members of the Board EUR 20,000.

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

Auditor

The Annual General Meeting elected Authorised Public Accounting firm Ernst & Young Oy as the company's auditor, with Authorised Public Accountant Kristina Sandin as the main responsible auditor.

Board authorisations

The Annual General Meeting authorised the Board of Directors to decide on the issuance of shares as well as the issuance of options and other rights granting entitlement to shares. The authorisation covers a maximum of 20,000,000 shares. The authorisation does not exclude the Board of Directors' right to decide on a directed issue. 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 2018 and it invalidates earlier authorisations.
The Board of Directors had not exercised its authorisation up to 30 June 2017.

Uncertainties and risks in the near future

Glaston operates in a global market in which both political and economic instability arise. The company's uncertainties and risks in the near future are to a large extent linked to the development of global investment demand and, in some geographical areas, to customers' access to financing. The timing of investment decisions is also affected by geopolitical uncertainty, which has increased compared with previous years.

Glaston has taken into account in its forecasts for the near future the uncertain development outlook for the global economy and its impact on the development of the sector. If the demand situation of the sector deteriorates substantially, this will affect Glaston's net sales and earnings with a 3–6 month delay.

The Group's net sales are affected most by the level and timing of order intake as well as the geographical and product mix of orders. In terms of earnings, there is also uncertainty in meeting the planned delivery times and costs of customer projects.

Outlook unchanged

After a quiet first quarter, the glass processing market became more active to some extent in the second quarter. The prolonged uncertainty in the global economy and increasing political tensions in some regions are impacting customers' willingness to invest, and decision-making times have lengthened. There are no visible signs of a permanent change in the market, however. We expect the positive market development to continue.

Good order book at start of the year, positive market development and the cost-saving measures undertaken create good conditions for the development of operations in 2017. We expect the full-year comparable operating result to improve from 2016. (In 2016 the comparable operating result was EUR 2.8 million.)

Helsinki, 10 August 2017
Glaston Corporation
Board of Directors

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GLASTON CORPORATION

CONDENSED FINANCIAL STATEMENTS AND NOTES 1 JANUARY – 30 JUNE 2017

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.

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	30.6.2017	30.6.2016	31.12.2016
Assets			
Non-current assets			
Goodwill	30.6	30.6	30.6
Other intangible assets	6.7	6.6	6.9
Property, plant and equipment	8.6	9.4	9.2
Available-for-sale assets	3.0	3.2	3.2
Loan receivables	0.5	1.1	0.9
Deferred tax assets	1.7	2.3	2.2
Total non-current assets	**51.0**	**53.2**	**52.9**
Current assets			
Inventories	13.3	14.6	11.9
Receivables			
Trade and other receivables	20.9	16.6	18.7
Assets for current tax	0.3	0.0	0.2
Total receivables	21.2	16.6	18.9
Cash equivalents	8.0	3.6	17.4
Total current assets	**42.5**	**34.8**	**48.1**
Total assets	**93.6**	**88.0**	**101.1**

	30.6.2017	30.6.2016	31.12.2016
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	41.6	41.6
Treasury shares	-3.3	-3.3	-3.3
Fair value reserve	0.1	0.1	0.1
Other unrestricted equity reserves	0.2	0.1	0.1
Retained earnings and exchange differences	-41.5	-42.0	-41.9
Net result attributable to owners of the parent	0.4	-0.6	1.0
Equity attributable to owners of the parent	**35.6**	**33.9**	**35.6**
Non-controlling interest	**0.3**	**0.3**	**0.3**
Total equity	**35.9**	**34.1**	**35.9**
Non-current liabilities			
Non-current interest-bearing liabilities	10.5	6.6	6.9
Non-current interest-free liabilities and provisions	1.3	1.3	1.9
Deferred tax liabilities	0.4	0.4	0.4
Total non-current liabilities	**12.2**	**8.4**	**9.1**

Current liabilities			
Current interest-bearing liabilities	3.4	8.3	9.9
Current provisions	2.6	2.5	2.7
Trade and other payables	39.5	34.6	43.5
Liabilities for current tax	0.0	0.0	0.1
Total current liabilities	**45.5**	**45.5**	**56.1**
Total liabilities	**57.7**	**53.8**	**65.2**
Total equity and liabilities	**93.6**	**88.0**	**101.1**

CONDENSED STATEMENT OF PROFIT OR LOSS

EUR million	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
Net sales	**29.1**	**22.1**	**52.0**	**51.5**	**107.1**
Other operating income	0.7	0.2	0.9	0.5	1.1
Expenses	-27.8	-22.3	-50.1	-50.6	-103.3
Depreciation, amortization and impairment	-0.7	-0.7	-1.5	-1.3	-2.7
Operating result	**1.3**	**-0.6**	**1.3**	**0.1**	**2.3**
Financial items, net	-0.2	-0.1	-0.6	-0.3	-0.7
Result before income taxes	**1.0**	**-0.7**	**0.7**	**-0.2**	**1.6**
Income taxes	-0.2	-0.1	-0.3	-0.3	-0.6
Profit / loss for the period	**0.8**	**-0.8**	**0.4**	**-0.6**	**1.0**
Attributable to:					
Owners of the parent	0.8	-0.8	0.4	-0.6	1.0
Non-controlling interest	-0.0	-0.0	-0.0	-0.0	-0.0
Total	**0.8**	**-0.8**	**0.4**	**-0.6**	**1.0**
Earnings per share, EUR	0.004	-0.004	0.002	-0.003	0.005
Earnings per share, EUR, basic and diluted	**0.004**	**-0.004**	**0.002**	**-0.003**	**0.005**
Operating result, as % of net sales	4.4	-2.7	2.5	0.2	2.1
Profit / loss for the period, as % of net sales	2.8	-3.6	0.8	-1.1	0.9
Items affecting comparability	-0.2	-0.2	-0.2	-0.2	-0.5
Comparable operating result	1.4	-0.4	1.5	0.3	2.8
Comparable operating result, as % of net sales	5.0	-1.9	2.8	0.5	2.6

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR million	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
Profit / loss for the period	**0.8**	**-0.8**	**0.4**	**-0.6**	**1.0**
Other comprehensive income that will be reclassified subsequently to profit or loss:					
Exchange differences on translating foreign operations	-0.6	0.2	-0.7	-0.2	0.0
Fair value changes of available-for-sale assets	0.0	0.0	0.0	-0.0	-0.0
Cash flow hedges	0.1	-	0.2	-	-
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	**-0.4**	**0.2**	**-0.5**	**-0.2**	**0.0**
Total comprehensive income for the reporting period	**0.4**	**-0.6**	**-0.0**	**-0.7**	**1.0**
Attributable to:					
Owners of the parent	0.4	-0.6	-0.0	-0.7	1.0
Non-controlling interest	-0.0	-0.0	-0.0	-0.0	-0.0
Total comprehensive income for the reporting period	**0.4**	**-0.6**	**-0.0**	**-0.7**	**1.0**

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

EUR million	1-6/2017	1-6/2016	1-12/2016
Cash flows from operating activities			
Cash flow before change in net working capital	2.3	1.4	5.3
Change in net working capital	-8.3	-1.2	8.2
Net cash flow from operating activities	**-6.0**	**0.2**	**13.4**
Cash flow from investing activities			
Other purchases of non-current assets	-0.9	-2.3	-3.9
Proceeds from sale of business	0.1	-	-
Proceeds from sale of other non-current assets	0.0	-0.0	0.1
Net cash flow from investing activities	**-0.8**	**-2.3**	**-3.8**
Cash flow before financing	**-6.9**	**-2.2**	**9.6**
Cash flow from financing activities			
Increase in non-current liabilities	3.9	0.7	3.2
Decrease in non-current liabilities	-0.0	-0.0	-0.0
Changes in loan receivables (increase - / decrease +)	0.2	0.1	0.3
Increase in short-term liabilities	1.0	2.0	2.3
Decrease in short-term liabilities	-7.4	-1.3	-2.5
Return of capital	-	-1.9	-1.9
Net cash flow from financing activities	**-2.4**	**-0.4**	**1.4**
Effect of exchange rate changes	**-0.2**	**0.1**	**0.3**
Net change in cash and cash equivalents	**-9.4**	**-2.5**	**11.3**
Cash and cash equivalents at the beginning of period	17.4	6.1	6.1
Cash and cash equivalents at the end of period	8.0	3.6	17.4
Net change in cash and cash equivalents	**-9.4**	**-2.5**	**11.3**

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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, 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	-0.6	-0.1	**-0.7**	-0.0	**-0.7**
Return of equity	-	-	-1.9	-	-	-	-	**-1.9**	-	**-1.9**
Equity at 30 June, 2016	**12.7**	**25.3**	**41.6**	**-3.3**	**0.2**	**-47.6**	**5.0**	**33.9**	**0.3**	**34.1**

UR 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, 2017	**12.7**	**25.3**	**41.6**	**-3.3**	**0.2**	**-46.1**	**5.2**	**35.6**	**0.3**	**35.9**
Total compr. income for the period	-	-	-	-	0.2	0.4	-0.6	**-0.0**	-0.0	**-0.0**
Return of equity	-	-	-	-	-	-	-	**-**	-	**-**
Equity at 30 June, 2017	**12.7**	**25.3**	**41.6**	**-3.3**	**0.4**	**-45.6**	**4.6**	**35.6**	**0.3**	**35.9**

KEY RATIOS

	30.6.2017	30.6.2016	31.12.2016
EBITDA, as % of net sales (1	5.4	2.8	4.6
Operating result (EBIT), as % of net sales	2.5	0.2	2.1
Profit / loss for the period, as % of net sales	0.8	-1.1	0.9
Gross capital expenditure, EUR million	1.0	2.4	3.9
Gross capital expenditure, as % of net sales	1.9	4.7	3.6
Equity ratio, %	45.1	45.8	43.2
Gearing, %	38.7	43.8	46.7
Net gearing, %	16.5	33.3	-1.7
Net interest-bearing debt, EUR million	5.9	11.4	-0.6
Capital employed, end of period, EUR million	49.7	49.1	52.6
Return on equity, %, annualized	2.4	-3.2	2.8
Return on capital employed, %, annualized	5.3	0.7	4.6
Number of personnel, average	413	448	437
Number of personnel, end of period	413	440	415

PER SHARE DATA	30.6.2017	30.6.2016	31.12.2016
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, total, basic and diluted, adjusted with share issue, EUR	0.002	-0.003	0.005
Adjusted equity attributable to owners of the parent per share, EUR	0.18	0.18	0.18
Price per adjusted earnings per share (P/E) ratio	181.1	-122.4	75.3
Price per adjusted equity attributable to owners of the parent per share	2.27	1.99	2.17
Market capitalization of registered shares, EUR million	80.8	67.5	77.2
Share turnover, % (number of shares traded, % of the average registered number of shares)	26.7	7.8	16.5
Number of shares traded, (1,000)	51 493	14 992	31 898
Closing price of the share, EUR	0.42	0.35	0.40
Highest quoted price, EUR	0.45	0.51	0.51
Lowest quoted price, EUR	0.39	0.33	0.33
Volume-weighted average quoted price, EUR	0.40	0.40	0.38

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.

NET SALES

EUR million	4-6/2017	4-6/2016	1-6/2017	1-6/2016	1-12/2016
Machines	18.2	13.0	30.8	32.0	67.4
Services	11.2	9.9	22.1	20.5	41.8
Other and intersegment sales	-0.3	-0.8	-0.9	-1.0	-2.0
Net sales Glaston Group total	**29.1**	**22.1**	**52.0**	**51.5**	**107.1**
Comparable EBIT	**1.4**	**-0.4**	**1.5**	**0.3**	**2.8**
Comparable EBIT-%	5.0	-1.9	2.8	0.5	2.6
Items affecting comparability	-0.2	-0.2	-0.2	-0.2	-0.5
EBIT	**1.3**	**-0.6**	**1.3**	**0.1**	**2.3**
EBIT-%	4.4	-2.7	2.5	0.2	2.1

Order intake

EUR million	1-6/2017	1-6/2016	1-12/2016
Machines	27.0	33.3	72.3
Services	21.1	20.4	40.6
Total Glaston Group	**48.1**	**53.7**	**112.9**

Net sales by geographical areas (continuing operations)

EUR million	1-6/2017	1-6/2016	1-12/2016
EMEA	25.3	19.6	42.4
Asia	7.4	11.5	21.0
America	19.3	20.4	43.7
Total	**52.0**	**51.5**	**107.1**

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

Net sales

EUR million	4-6/2017	1-3/2017	10-12/2016	7-9/2016	4-6/2016	1-3/2016
Machines	18.2	12.5	24.1	11.3	13.0	19.0
Services	11.2	10.9	11.6	9.6	9.9	10.6
Other and intersegment sales	-0.3	-0.6	-0.5	-0.5	-0.8	-0.2
Net sales Glaston Group total	**29.1**	**22.8**	**35.1**	**20.5**	**22.1**	**29.4**
Comparable EBIT	**1.4**	**0.0**	**2.7**	**-0.3**	**-0.4**	**0.7**
Comparable EBIT-%	5.0	0.1	7.8	-1.3	-1.9	2.4
Items affecting comparability	-0.2	-	-0.3	0.0	-0.2	-
EBIT	**1.3**	**0.0**	**2.4**	**-0.3**	**-0.6**	**0.7**
EBIT-%	4.4	0.1	6.8	-1.3	-2.7	2.4

Order book

	30.6.2017	31.3.2017	31.12.2016	30.9.2016	30.6.2016	31.3.2016
Machines	36.3	40.4	39.9	41.4	36.4	31.5
Services	4.9	4.8	5.7	4.6	4.5	3.0
Total Glaston Group	**41.2**	**45.1**	**45.6**	**46.0**	**40.9**	**34.5**

Order intake

EUR million	4-6/2017	1-3/2017	10-12/2016	7-9/2016	4-6/2016	1-3/2016
Machines	15.1	12.0	22.4	16.6	17.9	15.3
Services	11.5	9.6	11.2	9.0	10.7	9.7
Total Glaston Group	**26.6**	**21.6**	**33.6**	**25.6**	**28.6**	**25.0**

COMPARABLE OPERATING RESULT

Items affecting comparability

EUR million	**4-6/2017**	**4-6/2016**	**1-6/2017**	**1-6/2016**	**1-12/2016**
Restucturings and disposals of property, plant and equipment	-0.2	-0.2	-0.2	-0.2	-0.5
Items affecting comparability	**-0.2**	**-0.2**	**-0.2**	**-0.2**	**-0.5**

Comparable EBITDA	**4-6/2017**	**4-6/2016**	**1-6/2017**	**1-6/2016**	**1-12/2016**
Operating result	1.3	-0.6	1.3	0.1	2.3
Depreciation and amortization	0.7	0.7	1.5	1.3	2.7
Adjustment: Items affecting comparability	0.2	0.2	0.2	0.2	0.5
Comparable EBITDA	**2.2**	**0.2**	**3.0**	**1.6**	**5.4**
% of net sales	7.5	1.1	5.7	3.1	5.1

Comparable EBIT	**4-6/2017**	**4-6/2016**	**1-6/2017**	**1-6/2016**	**1-12/2016**

Operating result	1.3	-0.6	1.3	0.1	2.3
Adjustment: Items affecting comparability	0.2	0.2	0.2	0.2	0.5
Comparable EBIT	**1.4**	**-0.4**	**1.5**	**0.3**	**2.8**
% of net sales	5.0	-1.9	2.8	0.5	2.6

PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

EUR million

Changes in property, plant and equipment	**1-6/2017**	**1-6/2016**	**1-12/2016**
Carrying amount at beginning of the period	9.2	8.8	8.8
Additions	0.3	1.3	1.7
Disposals	-0.0	-0.0	-0.0
Depreciation and amortization	-0.6	-0.6	-1.1
Reclassification and other changes	-	-0.0	-0.0
Exchange differences	-0.3	-0.2	-0.1
Carrying amount at end of the period	8.6	9.4	9.2

At the end of June 2017 Glaston had not contractual commitments for the acquisition of property, plant and equipment (30.6.2016 0.1 EUR million).

INTANGIBLE ASSETS

EUR million

Changes in property, plant and equipment	**1-6/2017**	**1-6/2016**	**1-12/2016**
Carrying amount at beginning of the period	37.4	36.9	36.9
Additions	0.7	1.1	2.2
Disposals	-	-	-0.0
Depreciation and amortization	-0.9	-0.8	-1.5
Reclassification and other changes	-	-0.0	-0.0
Exchange differences	-0.0	-0.0	-0.0
Carrying amount at end of the period	37.2	37.2	37.4

CONTINGENT LIABILITIES

EUR million	30.6.2017	30.6.2016	31.12.2016
Mortgages and pledges			
On own behalf	166.9	166.9	166.9
Guarantees			
On own behalf	9.9	1.1	11.2
On behalf of others	0.3	0.2	0.3
Lease obligations	13.8	15.3	14.7
Repurchase obligations	0.1	0.4	0.3

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	30.6.2017 Nominal value	Fair value	30.6.2016 Nominal value	Fair value	31.12.2016 Nominal value	Fair value
Commodity derivatives						
Electricity forwards	-	-	0.3	-0.1	0.4	-0.0
Currency forwards						
Currency forward contracts	4.6	0.2	-	-	-	-

Since 2017, Glaston has hedged foreign currency-denominated sales and cash flows of binding orders received with currency forwards. In fulfilling the conditions of hedge accounting, cash flow hedge accounting under IAS 39 is applied with respect to currency derivatives.

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	**2017**	**2016**
1 January	3.1	3.1
Additions	-	-
Disposals	-0.2	-
Impairment losses	-	-
Reclassification	-	-
30 June	2.8	3.1

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.

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Fair value hierarchy, fair values

EUR million

	30.6.2017				30.6.2016				31.12.2016			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets												
Available-for-sale shares	0.2	-	0.0	**0.2**	0.2	-	0.2	**0.4**	0.1	-	0.2	**0.4**
Other long-term investments	-	-	2.8	**2.8**	-	-	2.8	**2.8**	-	-	2.8	**2.8**
Commodity derivatives	-	-	-	-	-	-	-	**-**	-	-	-	**-**
Currency forward contracts	-	0.2	-	**0.2**	-	-	-	**-**	-	-	-	**-**
Total	**0.2**	**0.2**	**2.8**	**3.2**	**0.2**	**-**	**3.1**	**3.2**	**0.1**	**-**	**3.1**	**3.2**
Liabilities												
Commodity derivatives	-	-	-	**-**	-	-0.1	-	**-0.1**	-	-0.0	-	**-0.0**
Currency forward contracts	-	-	-	**-**	-	-	-	**-**	-	-	-	**-**
Total	**-**	**-**	**-**	**-**	**-**	**-0.1**	**-**	**-0.1**	**-**	**-0.0**	**-**	**-0.0**

SHAREHOLDER INFORMATION

20 largerst shareholders 30 June, 2017

	Shareholder	Number of shares	% of shares and votes
1	Ac Invest Eight B.V.	33 931 442	17.52
2	Hymy Lahtinen Oy	23 400 000	12.08
3	OP-Finland Small Firms Fund	13 918 323	7.19
4	Etera Mutual Pension Insurance Company	13 843 878	7.15
5	Varma Mutual Pension Insurance Company	12 786 643	6.60
6	Evli Finnish Small Cap Fund	9 732 139	5.02
7	Päivikki and Sakari Sohlberg Foundation	3 965 600	2.05
8	Hulkko Juha Olavi	3 530 000	1.82
9	Oy Investsum Ab	3 358 000	1.73
10	Kirkon Eläkerahasto	3 142 600	1.62
11	Danske Invest Finnish Small Cap Fund	2 895 896	1.49
12	Sijoitusrahasto Taaleritehdas Mikro Markka	2 375 600	1.23
13	Säästöpankki Pienyhtiöt	2 307 860	1.19
14	Sumelius-Fogelholm Birgitta	1 944 734	1.00
15	Sumelius Bjarne Henning	1 801 504	0.93
16	Metsänen Arto Juhani	1 750 000	0.90
17	Von Christierson Charlie	1 600 000	0.83
18	Oy Nissala Ab	1 500 000	0.77
19	Sumelius Christer	1 362 133	0.70
20	Sumelius-Koljonen Barbro	1 235 988	0.64
	20 largest shareholders total	140 382 340	72.47
	Nominee registered shareholders	1 442 111	0.74
	Other shares	51 883 885	26.78
	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

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.