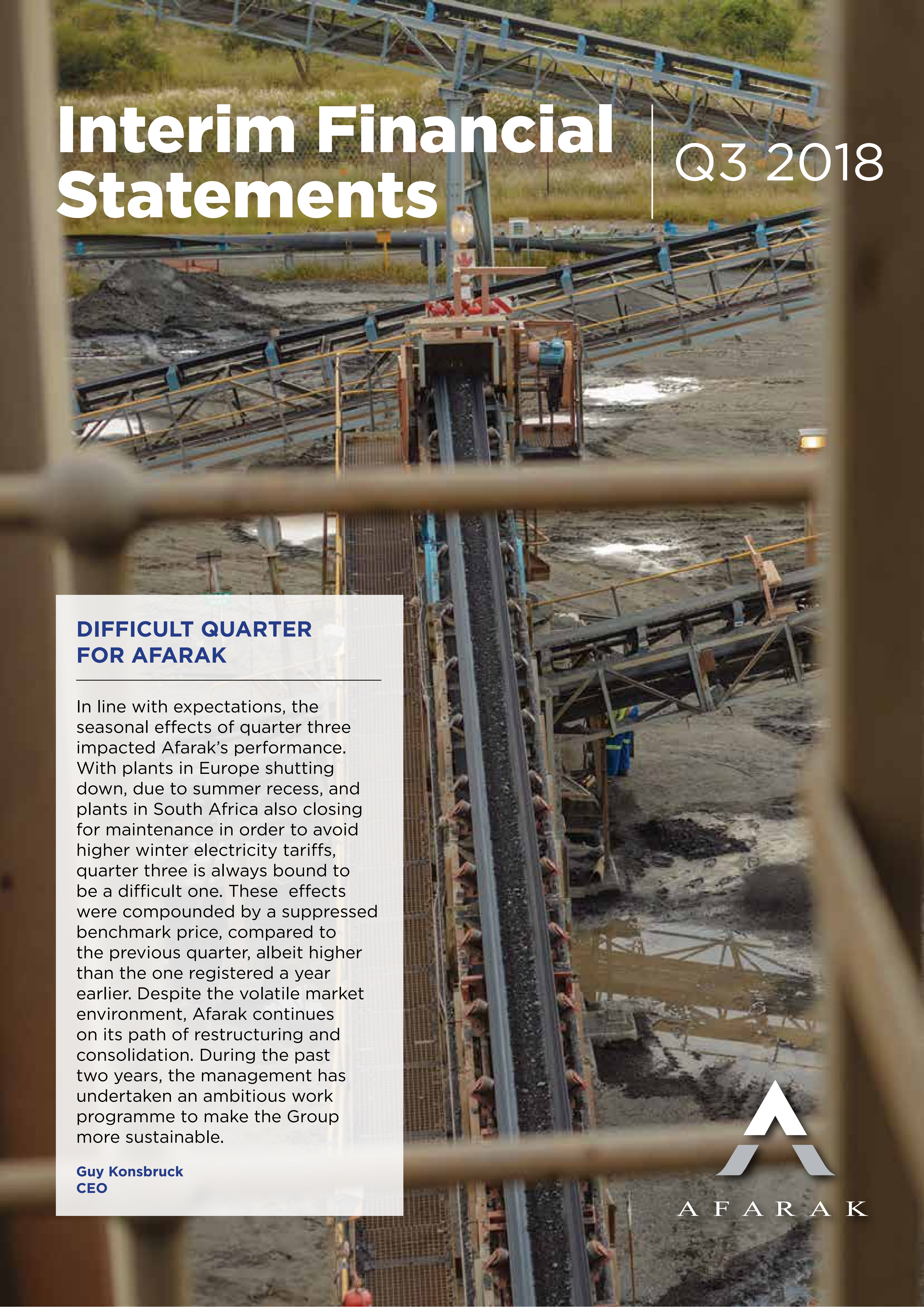


Interim Financial Statements

Q3 2018

DIFFICULT QUARTER FOR AFARAK

In line with expectations, the seasonal effects of quarter three impacted Afarak's performance. With plants in Europe shutting down, due to summer recess, and plants in South Africa also closing for maintenance in order to avoid higher winter electricity tariffs, quarter three is always bound to be a difficult one. These effects were compounded by a suppressed benchmark price, compared to the previous quarter, albeit higher than the one registered a year earlier. Despite the volatile market environment, Afarak continues on its path of restructuring and consolidation. During the past two years, the management has undertaken an ambitious work programme to make the Group more sustainable.

Guy Konsbruck
CEO

AFARAK

DIFFICULT QUARTER FOR AFARAK

Industry seasonal effects, coupled with some internal adversities, primarily in the FerroAlloys segment, continues to make 2018 a difficult year for the Company.

		Q3/18	**Q3/17**	**Q2/18**	**Q1-Q3/18**	**Q1-Q3/17**	**2017**
Revenue	EUR million	42.6	44.2	54.3	147.0	148.2	198.8
EBITDA	EUR million	-2.5	-2.2	1.2	-2.0	15.4	18.0
EBIT	EUR million	-4.3	-4.2	-0.4	-7.1	10.2	11.4
Earnings before taxes	EUR million	-4.0	-5.4	-3.3	-9.8	2.5	4.2
Profit from continuing operations	EUR million	-2.8	-3.9	-2.7	-7.4	1.7	5.2
Profit from discontinued operations	EUR million	0.0	0.0	0.0	0.0	1.5	1.5
Profit	EUR million	-2.8	-3.9	-2.7	-7.4	3.2	6.7
Earnings per share	EUR	-0.01	-0.01	-0.01	-0.03	-0.01	0.02
EBITDA margin	%	-5.9	-4.9	2.2	-1.4	10.4	9.0
EBIT margin	%	-10.0	-9.4	-0.8	-4.8	6.9	5.7
Earnings margin	%	-9.4	-12.1	-6.2	-6.7	1.7	2.1
Personnel (end of period)		1,051	912	1,032	1,051	912	1,017

QUARTER THREE 2018 HIGHLIGHTS

- The benchmark price for ferrochrome, during quarter three 2018, fell further from its level in the previous quarter, leading to lower revenues, when compared to both a year earlier and the previous quarter;
- Processed material sold decreased by 7.3%, to 25,521 (Q3/2017: 27,538) tonnes and revenues decreased by 3.6%, to EUR 42.6 (Q3/2017: 44.2) million;
- Tonnage mined decreased by 1.5%, to 150,951 (Q3/2017: 153,286) tonnes;
- The Group’s EBITDA stood at EUR -2.5 (Q3/2017:-2.2) million and the EBITDA margin was -5.9% (Q3/2017: -4.9%);
- EBIT was EUR -4.3 (Q3/2017: -4.2) million, with the EBIT margin at -10.0% (Q3/2017: -9.4%);
- Profit for the period from continuing operations totalled EUR -2.8 (Q3/2017: -3.9) million;
- Cash flow from operations stood at EUR 2.3 (Q3/2017: -0.4) million. Net interest-bearing debt increased to EUR 9.9 (Q3/2017: -2.1) (30 June 2018: 10.5) million;
- Cash and cash equivalents at 30 September totalled EUR 5.8 (30 September 2017: 13.6) (30 June 2018: 5.5) million.

QUARTER ONE TO QUARTER THREE 2018 HIGHLIGHTS

- Revenue in the Speciality Alloys segment increased by 11.4%, to EUR 72.6 (Q1-Q3/2017: EUR 65.2) million;
- Revenue in the FerroAlloys segment decreased by 8.3%, to EUR 73.8 (Q1-Q3/2017: EUR 80.5) million;
- Profitability was impacted by the negative performance of the FerroAlloys segment, affected by the fact that Mogale's P3 furnace was not operating since August, due to the transformer failure;
- EBITDA for quarter one to quarter three of 2018 contracted, compared to the historically high result posted in the equivalent period in 2017, to EUR -2.0 (15.4) million. The share of joint venture profit for the period amounted to EUR -1.8 (4.4) million;
- Profit from continuing operations for quarter one to quarter three stood at EUR -7.4 (1.7) million.

MARKET SENTIMENT FOR THE FOURTH QUARTER 2018

The downward trend in the benchmark price for ferrochrome is set to continue in the fourth quarter of 2018. In fact, the benchmark has been settled at USD 124 c/lb., which is lower than both the previous quarter and the price for quarter four 2017.

CEO GUY KONSBRUCK

"In line with expectations, the seasonal effects of quarter three impacted Afarak's performance. With plants in Europe shutting down, due to summer recess, and plants in South Africa also closing for maintenance in order to avoid higher winter electricity tariffs, quarter three is always bound to be a difficult one. These effects were compounded by a suppressed benchmark price, compared to the previous quarter, albeit higher than the one registered a year earlier.

The significant challenges faced by the FerroAlloys segment in South Africa offset positive results registered by the Speciality segment. Higher electricity costs were compounded by lower mining activity, primarily due to lower quality ore from Mecklenburg, and a forced close of the P3 furnace, due to unexpected repairs. This interplay of factors, together with lower sales prices, led to the segment registering a significant loss, which impacted heavily on the Group's results.

The Speciality Alloys business segment fully met our expectations. The mines in Turkey continued to perform well and the additional plant investments have led to an increase in productivity and outputs. Processing levels at our EWW plant in Germany continued to increase. We also enjoyed increased demand for our products. Currency exposures, particularly the strengthening of the US Dollar, positively affected our profitability, when compared to a year earlier.

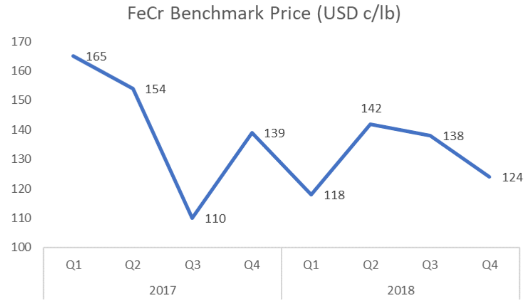
On behalf of management, I would like to thank all the teams working in our different mines and plants for their commitment and loyalty to the company. Local teams remain focused on optimising solutions and initiatives for the company to move forward, despite the challenging environment. I believe that the resilient performance registered by the Company is due to the effort of each and every employee. We continued to invest in our assets in order to ensure sustainable returns going forward.

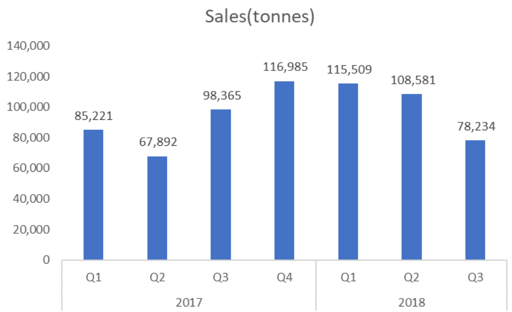
Management is also committed to continue investing in the sustainability of our operations. We continue placing our employees at the centre of our operations and we continue to register improvements in our safety record. Our commitment to local communities remains unchanged, and we are proud of our involvement in South Africa where we are making a tangible difference in the lives of our employees and host communities.

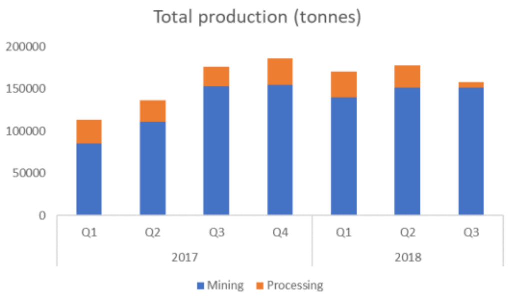
Moving forward, the market environment remains highly challenging. The benchmark price for ferrochrome declined further to USD 124 c/lb., which is lower than both the price reached a year ago, as well as a quarter earlier. Concurrently, several measures taken by the Company are expected to come on-stream. The Mecklenburg mine is expected to deliver more tonnages as the open-cast pit has been extended until the end of March 2019, with a resultant deferral in going underground. Mecklenburg, despite being a challenging mine, remains an important supplier to Mogale. The PGM plant at Stellite is now complete and has started operating, with the revenue from this new product class expected to make a full contribution in 2019. Vlaakport continued to operate and contribute positively. The Zeerust mine is currently being prepared for a start of operations during the final quarter as, following the grant of Section 11, the final transfer of control was completed in November. The situation at Mogale is expected to improve and following emergency works at the P3 furnace, production is expected to resume during the final quarter. Finally, a new production cycle is set to commence at Magnohrome in 2019, as repair works in the rotary kiln have been finalized and preparations have started for ramping up mining of the magnesite ore.

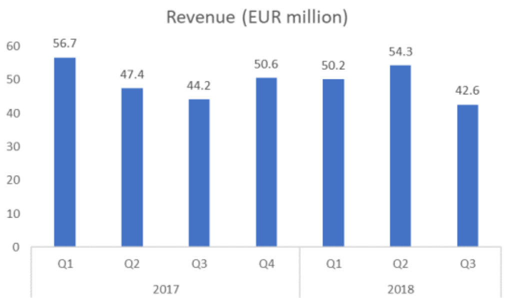
Despite the volatile market environment, Afarak continues on its path of restructuring and consolidation. During the past two years the management has undertaken an ambitious work programme to make the Group more sustainable."

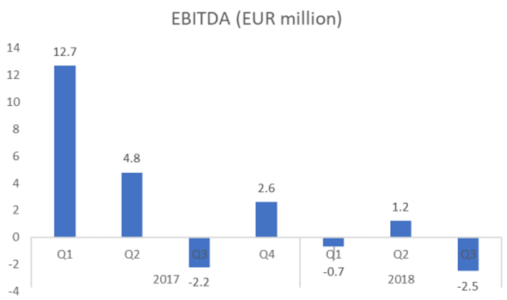
OVERVIEW OF RESULTS











MARKET OVERVIEW

Although demand for stainless steel continued to increase and, in turn, demand for chrome from China started to increase, chrome prices are still not rising as fast as the increase in production costs. In terms of ferrochrome, the European benchmark price for ferrochrome followed the Chinese spot prices, to USD 138 c/lb. in quarter three down from USD 142 c/lb. in the second quarter. For the final quarter, the ferrochrome price decreased to USD 124 c/lb.

Q3 2018 COMPARED TO Q3 2017

The positive performance of the Speciality segment was outweighed by the poor performance of FerroAlloys, reflecting the general subdued market conditions. Total Group sales contracted by 20.4%, to 78,234 (Q3/2017: 98,365) tonnes. With benchmark prices being higher, the drop in revenue was softened and revenues fell marginally by 3.6% to EUR 42.6 (Q2/2017: 44.2) million. Mining output decreased marginally on account of challenging conditions in South Africa. Processing production also decreased in line with seasonal effects and due to reduced capacity at Mogale. EBITDA remained broadly stable.

Q3 2018 COMPARED TO Q2 2018

The third quarter is typically driven by seasonal effects. During the summer period in the northern hemisphere, general activity tends to slow down. In the southern hemisphere, winter shut-downs are scheduled for maintenance. Compounded by challenging market conditions, revenues for the Group fell to EUR 42.6 (54.3) million, on account of lower sales prices and volumes. This translated into a deficit for the quarter, with EBITDA standing at EUR -2.5 (1.2) million.

NINE MONTHS 2018 COMPARED TO NINE MONTHS 2017

Revenues remained broadly stable with only a marginal decline. However, profitability was hard-hit when compared to the historically high figures of a year earlier on account of the negative performance of the FerroAlloys segment in 2018. Lower market prices and adverse conditions in South Africa led a significant contraction in EBITDA, which stands at EUR -2.0 (15.4) million.

SEGMENT PERFORMANCE

SPECIALITY ALLOYS BUSINESS

Speciality Alloys key figures

		Q3/18	Q3/17	Q2/18	Q1-Q3/18	Q1-Q3/17	2017
Revenue	EUR million	21.3	21.2	26.4	72.6	65.2	89.4
EBITDA	EUR million	2.0	1.0	3.9	8.6	9.4	12.6
EBIT	EUR million	1.3	0.7	3.5	7.0	8.2	11.1
EBITDA margin	%	9.3	4.7	14.8	11.8	14.4	14.1
EBIT margin	%	6.2	3.1	13.1	9.7	12.6	12.4
Sales	Tonnes	6,447	6,263	7,989	22,337	17,884	25,340
Total production	Tonnes	23,387	20,312	23,554	71,521	62,197	82,271
Mining	Tonnes	16,696	13,697	15,582	48,036	40,616	53,120
Processing	Tonnes	6,691	6,615	7,972	23,485	21,581	29,151
Personnel		524	442	514	524	442	483

PERFORMANCE COMPARED TO QUARTER THREE 2017

Improved benchmark price and favourable exchange rate movements were reflected in the improvement in EBITDA, which increased to EUR 2.0 (1.0) million.

- Revenue increased marginally by 0.5%, to EUR 21.3 (21.2) million, as the increase in selling prices of ferrochrome was partly offset by lower sales of third-party material;
- Sales volumes increased marginally by 2.9%, to 6,447 (6,263) tonnes, driven solely by sales of low carbon ferrochrome;
- EBITDA improved to EUR 2.0 (1.0) million, due to the interplay of higher prices and favourable exchange rate movements;
- Production increased by 15.1%, to 23,387 (20,312) tonnes for the third quarter of 2018, on account of the new fines tailing plant at Kavak mine;
- Processing tonnages increased marginally by 1.1%, reflecting the slight increase in sales volumes.

PERFORMANCE COMPARED TO QUARTER TWO 2018

Seasonal effects compounded by a challenging market environment have led to a contraction in EBITDA.

- The seasonal effect in quarter three negatively impacted sales volumes and revenue which in turn decreased by 19.3% to, EUR 21.3 (26.4) million, from the previous quarter;
- Notwithstanding the seasonal shutdown at the EWW plan in Germany, production decreased only marginally by 0.7%, to 23,387 (23,554) tonnes for the third quarter of 2018, when compared to the previous quarter;
- The lower sales value and sales prices led to a contraction in EBITDA, to EUR 2.0 (3.9) million.

FERROALLOYS BUSINESS

FerroAlloys key figures

		Q3/18	Q3/17	Q2/18	Q1-Q3/18	Q1-Q3/17	2017
Revenue	EUR million	21.1	22.2	27.8	73.8	80.5	106.1
EBITDA	EUR million	-3.0	-1.8	-1.1	-6.3	9.4	11.4
EBIT	EUR million	-4.2	-3.4	-2.3	-9.9	5.4	6.4
EBITDA margin	%	-14.4	-8.0	-4.1	-8.6	11.6	10.8
EBIT margin	%	-19.7	-15.4	-8.4	-13.4	6.7	6.0
Sales	Tonnes	19,074	21,275	17,940	52,397	58,343	76,258
Total production	Tonnes	148,024	155,024	153,795	447,449	363,174	529,273
Mining	Tonnes	134,255	139,588	135,270	393,245	308,652	450,794
Processing	Tonnes	13,769	15,436	18,525	54,204	54,522	78,479
Personnel		438	396	437	438	396	434

PERFORMANCE COMPARED TO QUARTER THREE 2017

The segment continued to face particular challenges in 2018, primarily due to difficult mining conditions, as well as technical problems at the Mogale processing plant. This led to a contraction in EBITDA.

- Revenue decreased by 5.0%, to EUR 21.1 (22.2) million, on account of lower sales volumes, in turn driven by lower demand for medium carbon ferrochrome material;
- Production decreased to 148,024 (155,024) tonnes in the third quarter of 2018, on account of the challenges encountered at Mecklenburg and Stellite, together with Mogale, which operated without the P3 furnace, due to technical faults. This was partly offset by additional tonnages mined at Vlakpoort;
- Due to the interplay of lower sales and higher production costs, EBITDA fell to EUR -3.0 (-1.8) million;
- Profitability was also negatively impacted by the result of the joint venture. Afarak’s share of profit amounted to EUR -0.4 (0.4) million.

PERFORMANCE COMPARED TO QUARTER TWO 2018

Lower sales prices coupled with lower sales and production volumes and higher production costs, due to the winter season in South Africa, have led EBITDA to contract even more.

- The continuous increase in the demand of charge chrome material led sales to expand by 6.3% during the third quarter, when compared to the previous quarter,
- The lower benchmark, coupled with lower sales of concentrate material, led to a decrease in revenues, to EUR 21.1 (27.8) million;
- Lower revenues and higher costs of production, primarily seasonal energy costs and incurred costs, due to the shutdown, led to a contraction in EBITDA, to EUR -3.0 (-1.1) million;
- Production decreased by 3.8%, to 148,024 (153,795) tonnes, when compared to the previous quarter on account of both lower mining, due to challenging conditions at Mecklenburg, as well as due to the seasonal shutdown at Mogale.

JOINT VENTURE

Joint venture key figures (Afarak's share)

		Q3/18	Q3/17	Q2/18	Q1-Q3/18	Q1-Q3/17	2017
Revenue	EUR million	2.6	3.6	4.1	11.2	12.1	16.8
EBITDA	EUR million	0.0	0.3	0.1	-0.3	4.2	4.0
EBIT	EUR million	-0.1	0.0	-0.2	-0.9	3.4	3.0
Financial income & expense	EUR million	-0.2	0.3	-0.3	-0.8	0.9	0.2
Profit for the period	EUR million	-0.4	0.4	-0.4	-1.8	4.4	3.1
EBITDA margin	%	-0.1	9.3	2.5	-2.8	34.4	23.6
EBIT margin	%	-2.1	-0.6	-3.9	-8.2	28.3	17.6

PERFORMANCE COMPARED TO QUARTER THREE 2017

- Afarak's share of joint venture revenue for the third quarter decreased to EUR 2.6 (3.6) million, compared to the equivalent period in 2017, on account of significantly lower production and sales volumes at the Stellite mine, as well as continued losses at Mecklenburg;
- The lower quality raw material mined at Stellite, during the period under review, reduced the beneficiation yield, and hence affected the available monthly sales volumes of concentrate. This material, however, will still be fully utilised, processed and sold going forward, adding to the margins;
- The lower revenues, coupled with higher mining costs, negatively impacted profitability, bringing Afarak's share of joint venture's total profit down to EUR -0.4 (0.4) million.

PERFORMANCE COMPARED TO QUARTER TWO 2018

- Contraction in sales volumes at Stellite led to a fall in Afarak's share of joint venture revenue for the third quarter to EUR 2.6 (4.1) million, compared to the previous quarter, representing a decrease of 36.6%;
- Afarak's share of joint venture's total profit for the third quarter amounted to EUR -0.4 (-0.4) million.

BALANCE SHEET, CASH FLOW AND FINANCING

The Group's total assets on 30 September 2018 stood at EUR 252.3 (255.6) (30 June 2018: 262.8) million and net assets totalled EUR 161.2 (164.6) (30 June 2018: 165.6) million. During the quarter, currency movements negatively affected Afarak's balance sheet, with the translation reserve moving by EUR -1.6 (-7.4) million. The Group's cash and cash equivalents, as at 30 September 2018, totalled EUR 5.8 (13.6) million (30 June 2018: 5.5). Operating cash flow in the third quarter was positive, nonetheless, standing at EUR 2.3 (-0.4) million, this was achieved by management initiatives to reduce inventory during the quarter.

The equity ratio remained strong, at 63.9% (64.4%) (30 June 2018: 63.0%). Afarak's gearing at the end of the third quarter increased to 6.2% (-1.3%) (30 June 2018: 6.3%), driven by the expansion in the interest-bearing debt to EUR 15.8 (11.4) (30 June 2018: 16.0) million.

INVESTMENTS, ACQUISITIONS AND DIVESTMENTS

Capital expenditure for the third quarter of 2018 totalled EUR 2.6 (2.3) million. Capital expenditure in both the Speciality Alloys and FerroAlloys segment was incurred to sustain Group operations, with the major part being TMS where it continued investing in the new fines tailing plant at Kavak mine.

The Company has sold its shareholding in LLR Resources for EUR 0.227 million.

During the quarter, Afarak has concluded the acquisition of Magnohrom, a sinter magnesite refractory material company, with ore mines and production facilities in Kraljevo, Serbia, for an acquisition price of EUR 1.0 million.

PERSONNEL

At the end of the third quarter 2018, Afarak had 1,051 (912) employees. The average number of employees during the third quarter of 2018 was 1,050 (899). The increase in workforce is mainly driven by higher employment at the mines in Turkey and at Mogale plants in South Africa. During the quarter, 55 employees which worked at Afarak Beograd doo were moved to Magnohrome to continue running the newly-acquired sintered magnesite plant in Serbia.

UNALLOCATED ITEMS

For the third quarter of 2018, the EBITDA from unallocated items was EUR -1.4 (-1.4) million. EBITDA included EUR -0.3 (-0.3) million, relating to net operating expenditure incurred by the Group sintered magnesite plant in Serbia.

SUSTAINABILITY

The health and safety of our employees across business unites remains our central focus. No fatalities were recorded during the quarter under review. In terms of lost-time injuries, an improvement was registered with the number declining to 5 (7). As a result, the lost-time injury frequency rate fell to 7.6 (12.3). The incidence rate also fell to 10.8 (21.8). The improvement processes spearheaded by local management at Mogale are leading to tangible improvements, as no injuries were reported during the quarter, a first for the Unit. Management is now focused on improving health and safety practices in the TMS mines in Turkey, given the fast expansion of the unit in terms of employees and assets.

Our efforts with local host communities have continued into the quarter, with the allocation of funds to support local projects and infrastructure development. Our aim remains to improve the daily lives of the communities that host our investments. Our community relationship team continues with its mission to invest directly in such communities.

From the environmental perspective, further investments were made in the plants in Turkey in terms of water conservation and management. With respect to the 2.8MW heat recovery unit, test runs have started and is expected to start producing power in Q4.

SHARES & SHAREHOLDERS

On 30 September 2018, the registered number of Afarak Group Plc shares was 263,040,695 (263,040,695) and the share capital was EUR 23,642,049.60 (23,642,049.60).

On 30 September 2018, the Company had 2,854,161 (3,744,717) own shares in treasury, which was equivalent to 1.09% (1.42%) of the issued share capital. The total number of shares outstanding, excluding the treasury shares held by the Company on 30 September 2018, was 260,186,534 (259,295,978).

At the beginning of the period under review, the Company’s share price was EUR 1.01 on NASDAQ Helsinki and GBP 0.88 on the London Stock Exchange. At the end of the review period, the share price was EUR 0.86 and GBP 0.87 respectively. During the third quarter of 2018, the Company’s share price on NASDAQ Helsinki ranged from EUR 0.77 to 1.04 per share and the market capitalisation, as at 30 September 2018, was EUR 225.4 (1 January 2018: 222.3) million. For the same period on the London Stock Exchange, the share ranged from GBP 0.78 to 0.88 per share and the market capitalisation was GBP 229.7 (1 January 2018: 190.7) million, as at 30 September 2018. Based on the resolution at the AGM on 29 May 2018, the Board is authorised to buy-back up to a maximum of 15,000,000 of its own shares. This authorisation is valid until 29 November 2019. The Company did not carry out any share buy-backs during the third quarter of 2018.

Furthermore, based on the resolution at the EGM on 12 November 2018, the Board is authorised to decide on the acquisition of a maximum of 31,500,000 own shares by a voluntary takeover bid made to Afarak's shareholders. This authorisation is valid until 31 May 2019. The Company did not carry out any share buy-backs during the third quarter of 2018.

RISKS & UNCERTAINTIES

Afarak´s financial performance is dependent on the general market conditions of the mining, smelting and minerals processing business. Global stainless-steel demand also carries direct influence on the company. In particular, the chrome ore prices as well as the benchmark settlements have been extremely volatile in the past. This situation is likely to continue going forward.

Changes in foreign exchange rates, if adverse, could have a negative impact on the Group's profitability, in particular changes in US Dollar/South African Rand. To better manage its foreign exchange US Dollar/South African Rand exposure, the Group constantly evaluates its current and potential exposures and the need to enter into forward contract arrangements. The Group also manages its cash flows to minimise the time during which the Group is exposed to exchange movements.

Afarak's processing operations in Germany and South Africa are intensive users of energy, primarily electricity. Fuel and energy prices globally have been characterised by volatility and cost inflation. In South Africa the majority of the electricity supply, price and availability are controlled by one entity, Eskom. Increased electricity prices and/or reduced, or uncertain electricity supply, or allocation may negatively impact Afarak's current operations, which could have an impact on the Group's financial performance.

REPORTING

EVENTS DURING THE REVIEW PERIOD

On 2 July 2018, Afarak announced that with reference to several recent inaccurate news reports in different media sources, the Company stated that it is not aware of any large transactions of its shares.

On 3 July 2018, Afarak announced that the European benchmark ferrochrome price has been settled at USD138 cents per pound for the third quarter of 2018, down 2.8% from the USD142 cents per pound in the previous quarter. This price is however 25.5% higher than benchmark for quarter three 2017 which stood at USD110 cents per pound.

On 10 July 2018, Afarak Group informed the shareholders about a communication from the Finnish Financial Supervision Authority. The Company noted that it is not a party to the matter. Danko Koncar has informed the Company that he has already appealed to the decision.

On 31 July 2018, Afarak announced that Mr Ivan Jakovcic had submitted his resignation from the Board of Directors.

On 1 August 2018, Afarak announced that Afarak Mogale had reported an unexpected failure in Furnace Three. The fault related to the transformer of the furnace and repairs were expected to last up to 14 weeks. This results in approximately a reduction in capacity and production of around 7,000 tonnes.

On 24 August 2018, Afarak announced that it had received a request to convene an Extraordinary General Meeting from a minority group of shareholders representing 11.09% of shares and voting rights.

On 7 September 2018, Afarak notified the market of managers' transactions.

On 7 September 2018, the Company announced that it had replied to the Regional State Administrative Agency for Southern Finland following the request for a special audit by a minority Group of shareholders.

On 12 September 2018, Afarak notified the market of managers' transactions.

On 21 September 2018, Afarak announced that it had received a request from shareholder LNS Ltd to convene an extraordinary meeting of shareholders to authorise the Board of Directors to plan, decide and to execute the swap of Afarak's shares by a voluntary takeover bid to be made by Afarak to Afarak's shareholders.

On 21 September 2018, Afarak issued an invitation to an Extraordinary General Meeting which was held on 12 November 2018.

On 12 September 2018, Afarak notified the market of managers' transactions.

EVENTS SINCE THE END OF THE REVIEW PERIOD

On 26 October 2018, Afarak notified the market that it was granted Section 11 to its Zeerust Chrome Mine.

On 26 October 2018, the Company received a communication from minority shareholders.

On 31 October 2018, Afarak announced that it received a request from LNS Ltd to further clarify the request made by LNS Ltd on 21 September 2018. In its clarification, LNS asked for the the share offer price to be paid by Afarak in the Takeover Bid shall be EUR 1.015 per share ("Share Offer Price"); no share consideration as a payment of the Share Offer Price would be available in the Takeover Bid, only the cash consideration of EUR 1.015 per share and that the total amount of cash consideration in the Takeover Bid to be paid by Afarak shall be limited to EUR 28,404,000.00. However, the Board at its discretion shall have the right to waive this limitation.

On 9 November 2018, the Board of Afarak announced that if to execute the buy-back, as part of the process, it will formally assess and provide its view on whether the company has secured sufficient resources to execute the proposed transaction. The Board has furthermore received information from two shareholders, LNS Ltd and ATKEY Ltd, that neither of them will sell their shares according to the proposed offer, if the offer is executed.

On 12 November 2018, Afarak communicated the resolutions of the Extraordinary General Meeting held on the same day. The Board was authorised to decide on the acquisition of a maximum of 31,500,000 own shares ("Shares") by a voluntary takeover bid ("Takeover Bid") made to Afarak's shareholders in accordance with the Finnish Securities Markets Act so that:

1. The share offer price to be paid by Afarak in the Takeover Bid shall be EUR 1.015 per share. ("Share Offer Price"). No share consideration as a payment of the Share Offer Price would be available in the Takeover Bid, only the cash consideration of EUR 1.015 per share. Each shareholder of Afarak shall also have the right not to participate in the Takeover Bid and to continue as a shareholder in Afarak.
2. The total amount of cash consideration in the Takeover Bid to be paid by Afarak shall be limited to EUR 28,404,000.00. However, the Board at its discretion shall have the right to waive this limitation.

3. Shares acquired by Afarak are cancelled as part of the settling of the implementation sale, initially on the settlement date, meaning that the Shares will not be held by Afarak. Thus, the restrictions set out in the Finnish Limited Liability Companies Act on the acquisition of own shares, under which an acquisition of own shares shall not be made so that the amount of shares in the possession of the company exceeds 10 per cent of all shares, does not restrict the making of the Takeover Bid.
4. The Shares are acquired using Afarak's unrestricted equity.
5. The payment of the Share Offer Price shall take place by the end of March 2019, if practically possible.
6. The authorisation is proposed to include the right for the Board to decide on all other matters related to the Takeover Bid.
7. The authorisation is proposed to remain valid until 31 May 2019.

The authorisation granted to the Board is conditional on the fulfilment of all of the following conditions:

- Afarak receives a legally valid preliminary ruling provided by the Central Tax Board according to which the provisions of Section 29 of the Finnish Act on Assessment Procedure on disguised dividend does not apply to the acquisition of own shares by Afarak in the Takeover Bid, meaning that the taxation of a shareholder taking part in the Takeover Bid was carried out in Finland normally in accordance with provisions on the taxation of capital gains;
- Afarak receives the required funding for the acquisition of the shares in the Takeover Bid on market terms which are approved by the Board; and
- The Financial Supervisory Authority approves the offer document drawn up by Afarak with respect to Takeover Bid in accordance with the Securities Markets Act.

The EGM also resolved that the Board of Directors shall not be dismissed and that the current Board shall continue in its position.

FINANCIAL INFORMATION

FINANCIAL TABLES

FINANCIAL DEVELOPMENT AND ASSETS AND LIABILITIES BY SEGMENT

Q1-Q3/2018 9 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	72,572	73,831	2,476	-1,875	147,004
EBITDA	8,562	-6,337	-4,216	0	-1,991
EBIT	7,010	-9,873	-4,231	0	-7,094
Segment's assets	128,064	124,578	15,506	-15,835	252,313
Segment's liabilities	56,895	58,958	4,282	-28,977	91,158

Q1-Q3/2017 9 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	65,157	80,506	4,082	-1,527	148,217
EBITDA	9,363	9,376	-3,379	0	15,360
EBIT	8,237	5,392	-3,383	0	10,246
Segment's assets	147,591	126,160	12,369	-30,480	255,640
Segment's liabilities	66,631	42,827	1,493	-19,893	91,058

FY 2017 12 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	89,419	106,094	5,338	-2,037	198,814
EBITDA	12,572	11,423	-6,025	0	17,970
EBIT	11,054	6,378	-6,033	0	11,399
Segment's assets	143,349	135,109	13,693	-32,210	259,941
Segment's liabilities	60,610	44,881	2,867	-20,782	87,576

RESULTS DEVELOPMENT

	Q3/16	Q4/16	Q1/17	Q2/17	Q3/17	Q4/17	Q1/18	Q2/18	Q3/18
Sales (tons)									
Mining	19,559	55,212	51,972	41,427	67,339	85,698	85,289	79,547	50,027
Processing	18,023	23,906	27,916	20,773	27,538	25,371	23,284	25,929	25,521
Trading	12,256	8,619	5,333	5,692	3,488	5,916	6,936	3,006	2,686
Total	**49,838**	**87,737**	**85,221**	**67,892**	**98,365**	**116,985**	**115,509**	**108,482**	**78,234**
Average rates									
EUR/USD	1.116	1.107	1.065	1.083	1.114	1.130	1.229	1.210	1.194
EUR/ZAR	16.683	16.265	14.081	14.306	14.706	15.049	14.710	14.891	15.392
Euro (million)	**Q3/16**	**Q4/16**	**Q1/17**	**Q2/17**	**Q3/17**	**Q4/17**	**Q1/18**	**Q2/18**	**Q3/18**
Revenue*	28.9	44.4	56.7	47.4	44.2	50.6	50.2	54.3	42.6
EBITDA	-2.8	4.3	12.7	4.8	-2.2	2.6	-0.7	1.2	-2.5
EBITDA margin	-9.8%	9.6%	22.4%	10.2%	-4.9%	5.2%	-1.4%	2.2%	-5.9%
EBIT	-4.5	2.7	11.1	3.3	-4.2	1.2	-2.4	-0.4	-4.3
EBIT margin	-15.7%	6.1%	19.6%	7.0%	-9.4%	2.3%	-4.7%	-0.8%	-10.0%

CONSOLIDATED INCOME STATEMENT, SUMMARY

EUR '000	**Q3/18**	**Q3/17**	**Q1-Q3/18**	**Q1-Q3/17**	**FY2017**
Revenue	**42,551**	**44,153**	**147,004**	**148,217**	**198,814**
Other operating income	1,389	2,684	2,933	3,953	4,343
Operating expenses	-46,017	-49,372	-150,139	-141,241	-188,255
Depreciation and amortisation	-1,783	-1,428	-5,103	-4,547	-6,017
Impairment	0	-567	0	-567	-554
Share of profit from joint ventures	-416	370	-1,789	4,430	3,068
Operating profit	**-4,276**	**-4,159**	**-7,094**	**10,246**	**11,399**
Financial income and expense	277	-1,205	-2,738	-7,777	-7,158
Profit before tax	**-3,999**	**-5,364**	**-9,832**	**2,469**	**4,241**
Income tax	1,162	1,501	2,390	-765	951
Profit for the period from continuing operations	**-2,837**	**-3,863**	**-7,442**	**1,704**	**5,192**
Discontinued operations					
Profit for the period from discontinued operations	0	0	0	1,519	1,519
Profit for the period	**-2,837**	**-3,863**	**-7,442**	**3,224**	**6,711**
Profit attributable to:					
Owners of the parent	-2,748	-3,862	-7,094	2,562	6,261
Non-controlling interests	-89	-1	-348	662	450
Total	-2,837	-3,863	-7,442	3,224	6,711
Earnings per share for profit attributable to the shareholders of the parent company, EUR					
Basic earnings per share, EUR	-0.01	0.02	-0.03	-0.01	0.02
Diluted earnings per share, EUR	-0.01	0.02	-0.03	-0.01	0.02

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR '000	**Q3/18**	**Q3/17**	**Q1-Q3/18**	**Q1-Q3/17**	**FY2017**
Profit for the period	**-2,837**	**-3,863**	**-7,442**	**3,223**	**6,711**
Other comprehensive income					
Remeasurement of defined benefit pension plans	0	0	0	0	-196
Exchange differences on translating foreign operations – Group	-1,552	-7,165	-3,538	-5,838	-2,028
Exchange differences on translating foreign operations – Associate and JV	-97	-495	-523	-1,258	-608
Other comprehensive income, net of tax	**-1,649**	**-7,660**	**-4,061**	**-7,096**	**-2,832**
Total comprehensive income for the period	**-4,486**	**-11,523**	**-11,503**	**-3,873**	**3,879**
Total comprehensive income attributable to:					
Owners of the parent	-4,378	-11,240	-11,080	-4,097	3,518
Non-controlling interests	-108	-283	-423	224	361

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY

EUR '000	**30.9.2018**	**30.9.2017**	**31.12.2017**
ASSETS			
Non-current assets			
Goodwill	62,567	60,480	62,409
Other intangible assets	14,024	15,439	16,205
Property, plant and equipment	44,113	42,232	45,806
Other non-current assets	28,039	26,005	25,441
Non-current assets total	**148,743**	**144,156**	**149,861**
Current assets			
Inventories	53,859	43,754	49,944
Trade receivables	24,575	37,013	24,006
Other receivables	19,290	17,148	25,428
Cash and cash equivalents	5,846	13,569	10,702
Current assets total	**103,570**	**111,484**	**110,080**
Total assets	**252,313**	**255,640**	**259,941**

EUR '000	**30.9.2018**	**30.9.2017**	**31.12.2017**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	23,642	23,642	23,642
Share premium reserve	25,740	25,740	25,740
Paid-up unrestricted equity reserve	231,174	230,545	230,835
Legal Reserve	86	142	131
Translation reserves	-23,320	-23,446	-19,334
Retained earnings	-96,712	-93,127	-89,618
Equity attributable to owners of the parent	**160,610**	**163,496**	**171,396**
Non-controlling interests	**546**	**1,086**	**969**
Total equity	**161,156**	**164,582**	**172,365**
Liabilities			
Non-current liabilities			
Deferred tax liabilities	3,588	3,789	4,460
Provisions	8,579	10,132	9,180
Share of joint ventures' losses	16,154	13,262	13,778
Pension liabilities	19,634	19,841	19,936
Financial liabilities	5,056	5,428	5,716
Non-current liabilities total	**53,011**	**52,452**	**53,070**
Current liabilities			
Trade payables	15,231	20,853	16,504
Other current liabilities	22,915	17,753	18,002
Current liabilities total	**38,146**	**38,606**	**34,506**
Total liabilities	**91,157**	**91,058**	**87,576**
Total equity and liabilities	**252,313**	**255,640**	**259,941**

SUMMARY OF CASH, INTEREST-BEARING RECEIVABLES AND INTEREST-BEARING LIABILITIES

EUR '000	**30.9.2018**	**30.9.2017**	**31.12.2017**
Cash and cash equivalents	**5,846**	**13,569**	**10,702**
Interest-bearing receivables			
Current	10,878	3,508	3,508
Non-current	18,843	18,969	26,435
Interest-bearing receivables	**29,721**	**22,477**	**29,943**
Interest-bearing liabilities			
Current	13,439	8,938	9,393
Non-current	2,344	2,490	2,548
Interest-bearing liabilities	**15,783**	**11,428**	**11,941**
NET TOTAL	**19,784**	**24,618**	**28,704**

SUMMARY OF GROUP'S PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

EUR '000	**Property, plant and equipment**	**Intangible assets**
Acquisition cost 1.1.2018	84,219	220,845
Additions	7,602	350
Business combination	602	394
Disposals	-1,500	0
Reclass between items	391	0
Effect of movements in exchange rates	-11,575	-9,209
Acquisition cost 30.9.2018	79,739	212,384
Acquisition cost 1.1.2017	81,422	224,337
Additions	7,412	261
Disposals	-197	-2
Reclass between items	-18	-139
Effect of movements in exchange rates	-4,400	-3,612
Acquisition cost 31.12.2017	84,219	220,845

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY

EUR '000	**Q1-Q3/18**	**Q1-Q3/17**	**FY2017**
Profit for the period	-7,442	3,223	6,711
Adjustments to profit for the period	7,139	11,928	8,887
Changes in working capital	-938	-15,133	-14,855
Discontinued operations	0	809	809
Net cash from operating activities	**-1,241**	**827**	**1,552**
Acquisition of subsidiaries and associates, net	-1,003	0	0
Acquisition of non-controlling interest	-348	-714	-727
Capital expenditure on non-current assets, net	-6,616	-4,757	-7,601
Other investments, net	168	-244	-591
Proceeds from repayments of loans and loans given	-752	8,865	8,851
Net cash used in investing activities	**-8,551**	**3,150**	**-68**
Capital Redemption	0	-5,186	-5,186
Proceeds from borrowings	4,988	1,215	2,832
Repayment of borrowings, and other financing activities	-4,020	-3,293	-3,894
Movement in short-term financing activities*	3,925	7,990	6,470
Net cash used in financing activities	**4,893**	**726**	**222**
Net increase in cash and cash equivalents	**-4,899**	**4,703**	**1,706**

*This includes bank overdrafts, factoring and other trade receivable facilities.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

A = Share capital
B = Share premium reserve
C = Paid-up unrestricted equity reserve
D = Translation reserve
E = Retained earnings
F = Legal reserve
G = Equity attributable to owners of the parent, total
H = Non-controlling interests
I = Total equity

EUR '000	A	B	C	D	E	F	G	H	I
Equity at 31.12.2016	**23,642**	**25,740**	**235,242**	**-16,787**	**-95,963**	**160**	**172,034**	**4,151**	**176,185**
Profit for the period 1-9/2017 + comprehensive income				-5,401	2,562		-2,839	662	-2,177
Share of OCI in associates and JV				-1,258			-1,258		-1,258
Translation differences							0	-437	-437
Share-based payments			489		4		493		493
Capital Redemption			-5,186				-5,186		-5,186
Acquisition of non-controlling interest					267		267	-3,290	-3,023
Other changes in equity					3	-18	-15		-15
Equity at 30.9.2017	**23,642**	**25,740**	**230,545**	**-23,446**	**-93,127**	**142**	**163,496**	**1,086**	**164,582**
Profit for the period 10-12/2017 + comprehensive income				3,462	3,699		7,161	-212	6,949
Share of OCI in associates and JV				650			650		650
Translation differences								348	348
Share-based payments			290		2		292		292
Capital redemption									
Acquisition of non-controlling interest					4		4	-253	-249
Remeasurements of defined benefit pension plans					-196		-196		-196
Other changes in equity						-11	-11		-11
Equity at 31.12.2017	**23,642**	**25,740**	**230,835**	**-19,334**	**-89,618**	**131**	**171,396**	**969**	**172,365**
Profit for the period 1-9/2018 + comprehensive income				-3,463	-7,094		-10,557	-348	-10,905
Share of OCI in associates and JV				-523			-523		-523
Translation differences								-75	-75
Share-based payments			339				339		339
Other changes in equity						-45	-45		-45
Equity at 30.9.2018	**23,642**	**25,740**	**231,174**	**-23,320**	**-96,712**	**85**	**160,610**	**546**	**161,156**

RELATED PARTY TRANSACTIONS DURING THE REVIEW PERIOD

EUR '000	**Q1-Q3/18**	**Q1-Q3/17**	**FY2017**
Sales to joint ventures	875	769	1,063
Sales to other related parties	244	334	452
Purchases from joint ventures	-14,166	-12,431	-18,340
Purchases from other related parties	-556	0	0
Financing income from joint ventures	719	414	870
Financing expense to other related parties	0	-6	-6
Loan receivables from joint ventures	26,165	18,802	18,687
Loan receivables from other related parties	3,508	3,508	3,508
Trade and other receivables from joint ventures	7,778	14,370	14,038
Trade and other receivables from other related parties	78	95	89
Trade and other payables to joint ventures	2,933	-31	655

FINANCIAL INDICATORS

	Q1-Q3/18	**Q1-Q3/17**	**FY2017**
Return on equity, % p.a.	-6.0%	1.4%	3.0%
Return on capital employed, % p.a.	-3.6%	8.1%	8.2%
Equity ratio, %	63.9%	64.4 %	66.3%
Gearing, %	6.2%	-1.3%	0.7%
Personnel at the end of the period	1,051	912	1,017

EXCHANGE RATES

The balance sheet date rate is based on exchange rate published by the European Central Bank for the closing date. The average exchange rate is calculated as an average of daily rates from the European Central Bank during the year.

The key exchange rates applied in the accounts:

Average rates

	Q1-Q3/18	**Q1-Q3/17**	**FY2017**
TRY	5.5098	4.0031	4.1206
USD	1.1942	1.1140	1.1297
ZAR	15.3920	14.7055	15.049

Balance sheet rates

	30.9.2018	**30.9.2017**	**31.12.2017**
TRY	6.9650	4.2013	4.5464
USD	1.1576	1.1806	1.1993
ZAR	16.4447	15.9440	14.8054

FORMULAS FOR FINANCIAL INDICATORS

Financial ratios and indicators have been calculated with the same principles as applied in the 2017 financial statements. These principles are presented below.

Return on equity, % = Profit for the period / Total equity (average for the period) * 100

Return on capital employed, % = (Profit before taxes + financing expenses) / (Total assets - interest-free liabilities) average * 100

Equity ratio, % = Total equity / (Total assets - prepayments received) * 100

Gearing, % = (Interest-bearing debt - liquid funds) / Total equity * 100

Net interest-bearing debt = Interest-bearing debt - liquid funds

Earnings per share, basic, EUR = Profit attributable to owners of the parent company / Average number of shares during the period

Earnings per share, diluted, EUR = Profit attributable to owners of the parent company / Average number of shares during the period, diluted

Operating profit (EBIT) = Operating profit is the net of revenue plus other operating income, plus gain/loss on finished goods inventory change, minus employee benefits expense, minus depreciation, amortisation and impairment and minus other operating expense. Foreign exchange gains or losses are included in operating profit when generated from ordinary activities. Exchange gains or losses related to financing activities are recognised as financial income or expense.

Earnings before interest, taxes, depreciation and amortisation (EBITDA) = Operating profit + depreciation + amortisation + impairment losses

ACCOUNTING POLICIES

This Interim Report is prepared in accordance with IAS 34 'Interim Financial Reporting' and should be read in conjunction with Afarak's financial statements for 2017. Afarak has applied the same accounting principles in the preparation of this Interim Report as in its financial statements for 2017, except for the adoption of new standards and interpretations that become effective in 2018.

IFRS 15 Revenues from Contracts with Customers replaces existing standard regarding revenues. The standard establishes a new five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. Afarak adopted the new standard as from 1st January 2018 using the full retrospective method. Afarak has conducted an assessment of contracts with customers to determine the effects on revenue recognition. Revenue is recognised when the Group transfers the control to customer either over time or at the point of time. The transfer of control depends on terms of delivery (incoterms), and some of which have transfer of risk to the customer before material is delivered. In these cases, Afarak concluded that the freight in conjunction with these delivery terms may be regarded as a separate performance obligation but as they are limited in number, such freight will not be recognised separately from the sale. The conclusion of the assessment is that the adoption of IFRS 15 will have no material impact on the timing of the revenue recognition.

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments - Recognition and Measurement. IFRS 9 introduced a model for the classification and valuation of financial instruments, an expected credit loss model, and a revised approach to hedge accounting. Classification and valuation under

IFRS 9 are based on the business model that a company applies for its financial assets and on the contractual cash flows from the financial assets. Afarak has performed an analysis based on historical data and also assessed the trade receivable individually for credit risk. Based on this analysis management has concluded that a loss reserve shall not be reported for trade receivables as historically the Group did not have material recoverability issues. With respect to other financial assets Afarak applies the general approach. This general approach requires that the company determines the probability, default rate and assesses if there is an increase in credit risk at reporting date. IFRS 9 has no material effect on the provision and the classification of Afarak's financial instruments.

Amendments to IFRS 2 Share-based Payment address three main areas: the effects of vesting conditions on the measurement of a cash-settled share-based payment transaction; the classification of a share-based payment transaction with net settlement features for withholding tax obligations; and accounting where a modification to the terms and conditions of a share-based payment transaction changes its classification from cash settled to equity settled. On adoption, entities are required to apply the amendments without restating prior periods, but retrospective application is permitted if elected for all three amendments and other criteria are met. The amendments are effective for annual periods beginning on or after 1 January 2018, with early application permitted. These amendments did not have any impact to the Group.

The preparation of the Interim Report in accordance with IFRS requires management to make estimates and assumptions that affect the valuation of the reported assets and liabilities and other information, such as contingent liabilities and the recognition of income and expenses in the income statement. Although the estimates are based on the management's best knowledge of current events and actions, actual results may differ from the estimates.

The figures in the tables have been rounded off, which must be considered when calculating totals. Average exchange rates for the period have been used for income statement conversions, and period-end exchange rates for balance sheet.

The Interim Report data are unaudited.

SHARE-RELATED KEY FIGURES

		Q3/18	Q3/17	Q1-Q3/18	Q1-Q3/17	FY2017
Share price development in London Stock Exchange						
Average share price*	EUR	0.92	1.01	1.01	0.84	0.84
	GBP	0.81	0.89	0.89	0.74	0.74
Lowest share price*	EUR	0.88	0.80	0.82	0.63	0.63
	GBP	0.78	0.70	0.73	0.55	0.55
Highest share price*	EUR	0.99	0.94	1.05	1.06	1.06
	GBP	0.88	0.83	0.93	0.93	0.93
Share price at the end of the period**	EUR	0.87	0.94	0.87	0.94	0.82
	GBP	0.78	0.83	0.78	0.83	0.73
Market capitalisation at the end of the period**	EUR million	229.7	246.1	229.7	246.1	214.9
	GBP million	203.9	217.0	203.9	217.0	190.7
Share trading development						
Share turnover	thousand shares	0	2	28	53	66
Share turnover	EUR thousand	0	2	28	44	56
Share turnover	GBP thousand	0	2	24	39	49
Share turnover	%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Share price development in NASDAQ Helsinki						
Average share price	EUR	0.88	0.84	0.97	0.91	0.91
Lowest share price	EUR	0.77	0.75	0.77	0.72	0.72
Highest share price	EUR	1.04	1.01	1.20	1.15	1.15
Share price at the end of the period	EUR	0.86	0.90	0.86	0.90	0.85
Market capitalisation at the end of the period	EUR million	225.4	235.4	225.4	235.4	222.3
Share trading development						
Share turnover	thousand shares	5,674	10,108	24,501	56,612	64,867
Share turnover	EUR thousand	4,975	8,532	23,731	51,727	58,773
Share turnover	%	2.2 %	3.8 %	9.3 %	21.5 %	24.7 %

* Share prices have been calculated on the average EUR/GBP exchange rate published by Bank of Finland.

** Share price and market capitalisation at the end of the period have been calculated on the EUR/GBP exchange rate published by Bank of Finland at the end of the period.

Formulas for share-related key indicators

Average share price = Total value of shares traded in currency / Number of shares traded during the period

Market capitalisation, million = Number of shares * Share price at the end of the period

FORWARD LOOKING STATEMENTS

This report contains forward-looking statements. Often, but not always, forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “expects”, “intends”, “may”, “will” or “should” or, in each case, their negative or other variations or comparable terminology. By their nature, forward-looking statements involve uncertainty because they depend on future circumstances, and relate to events, not all of which are within the Company's control or can be predicted by the Company.

Although the Company believes that the expectations reflected in such forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. Actual results could differ materially from those set out in the forward-looking statements. Save as required by law (including the Finnish Securities Markets Acts (746/2012), as amended, or by the Listing Rules or the Disclosure and Transparency Rules of the UK Financial Services Authority), the Company undertakes no obligation to update any forward-looking statements in this report that may occur due to any changes in the Directors' expectations or to reflect events or circumstances after the date of this report.