07:00 London, 09:00 Helsinki, 16 February 2015 - Afarak Group Plc ("Afarak" or "the Company") (LSE: AFRK, OMX: AFAGR) Interim Report

AFARAK GROUP PLC'S FINANCIAL STATEMENTS REVIEW FOR 1 JANUARY – 31 DECEMBER 2014

FULL YEAR HIGHLIGHTS (January - December 2014):

- Revenue increased by 27.4% to EUR 172.7 (FY/2013: 135.5) million
- Processed material sold increased by 55.4% to 97,351 (FY/2013: 62,626) tonnes
- EBITDA was EUR 8.4 (FY/2013: 14.0) million and the EBITDA margin was 4.9% (FY/2013: 10.4%)
- Joint Venture write-downs negatively affected EBITDA by EUR 1.6 million
- EBIT was EUR 1.7 (FY/2013: -8.0) million and the EBIT margin was 1.0% (FY/2013: -5.9%)
- Profit for the period from continuing operations totalled EUR 0.5 (FY/2013: -4.4) million
- Full year ferrochrome production increased by 53.3% to 101,461 (FY/2013: 66,197) tonnes
- Tonnage mined decreased by 38.7% to 304,199 (FY/2013: 496,573) tonnes
- Cash flow from operations was EUR 5.1 (FY/2013: 13.8) million
- The Board proposes a capital redemption of EUR 0.02

Q4 HIGHLIGHTS (October - December 2014):

- Revenue decreased by 0.3% to EUR 41.6 (Q4/2013: 41.8) million
- Processed material sold decreased by 0.5% to 23,465 (Q4/2013: 23,593) tonnes
- EBITDA was EUR 0.0 (Q4/2013: 0.8) million and the EBITDA margin was 0.0% (Q4/2013: 2.0%)
- Joint Venture write-downs negatively affected EBITDA by EUR 1.6 million
- EBIT was EUR -1.1 (Q4/2013: -2.8) million and the EBIT margin was -2.8% (Q4/2013: -6.8%)
- Profit for continuing operations totalled EUR -0.3 (Q4/2013: -0.7) million
- Ferrochrome production increased by 82.9% to 30,622 (Q4/2013: 16,745) tonnes
- Tonnage mined decreased by 57.4% to 64,875 (Q4/2013: 152,449) tonnes
- Cash flow from operations was EUR -4.3 (Q4/2013: 2.7) million and liquid funds at 31 December were EUR 13.3 (31 December 2013: 13.8) (30 September 2014:21.4) million

DIVIDEND PROPOSAL

The Board of Directors proposes to the Annual General Meeting, which will be held on 8 May 2015 that a capital redemption of EUR 0.02 per share would be paid out of the paid-up unrestricted equity fund. The Board will investigate the possibility to increase the dividend.

KEY FIGURES (EUR million)	Q4/14	Q4/13	Change	FY2014	FY2013	Change
Revenue	41.6	41.8	-0.3%	172.7	135.5	27.4%
EBITDA	0.0	0.8		8.4	14.0	
EBITDA margin	0.0%	2.0%		4.9%	10.4%	
EBIT	-1.1	-2.8		1.7	-8.0	
EBIT margin	-2.8%	-6.8%		1.0%	-5.9%	
Earnings before taxes	-1.3	-3.1		0.5	-11.2	
Earnings margin	-3.1%	-7.3%		0.3%	-8.2%	
Profit for continuing operations	-0.3	-0.7		0.5	-4.4	
Profit for discontinued operations	1.8	0		1.8	0	
Profit	1.4	-0.7		2.2	-4.4	
Earnings per share, basic, EUR	0.01	0.00		0.01	-0.02	

Commenting on the full year and fourth quarter results of 2014, Danko Koncar, CEO, said:

“In spite of facing difficult conditions Afarak performed well in 2014. The volumes of processed ferrochrome increased substantially in 2014 by 53.3% as a result of higher demand in the Speciality Alloy segment where production increased by 23.8% over 2013. In the FerroAlloy segment we saw an increase of 69.2% as Mogale Alloys produced throughout the year and unlike in 2013, did not participate in Eskom’s electricity buyback program. The tonnage mined during the year was negatively affected by the temporary suspension of the Mecklenburg mine production and the strike and lockout at the Turkish mines. Unfortunately these events caused a decrease of 38.7% compared to year 2013.

The Group’s revenue in 2014 improved with an increase of 27.4%. Speciality ferrochrome prices remained stable during the year, whilst charge chrome prices were weak and remain below the high levels seen in 2013. The weak US dollar during the majority of 2014 had a negative impact on conversion of revenue and results from operations. Furthermore, the increase in the cost of production caused by higher raw material costs in the Speciality Alloys segment and higher energy cost in the Ferroalloys segment affected our results negatively.

2014 was a year where we saw a good increase in demand for ferrochrome but unfortunately the increase was not reflected in prices. The possible price increase was pushed away by the strengthening of the US dollar in Q4 2014 which on the other hand helped to increase revenue on conversion of US dollar denominated transactions. Despite ferrochrome remains difficult to predict, in the long term we believe that ferrochrome prices, particularly the speciality and super alloys segment, have potential to recover to higher levels which we would expect to result in improved margins. The granulation and converter plant at Mogale Alloys was commissioned in December 2014 and enabled the production of medium carbon ferrochrome, a niche product, which affects positively the profitability of Mogale Alloys in 2015. We continue to evaluate initiatives with the objective of strengthening our position and providing new growth opportunities. Our focus remains on generating cash and increasing profits.

I’m pleased to say that despite a lower EBITDA we managed to achieve positive EBIT throughout the first three quarters of 2014. We would also have achieved a positive EBIT in the fourth quarter of 2014 but unfortunately asset write-downs in our joint venture operation pushed our results down. We venture forth into 2015 with a more favourable US dollar rate and a lean and committed team which aims to find ways to improve profitability also in 2015.”

2015 OUTLOOK

The global growth in stainless steel production is expected to lead an increase in demand for chrome products in 2015. However, as occurred in 2014 where the chrome industry has not been able to increase chrome product prices it is unclear whether this upswing in prices will occur in 2015.

At Mogale Alloys, part of the FerroAlloys division, the Company started production of medium carbon ferrochrome during the fourth quarter of 2014, this is expected to make a positive contribution towards the Company’s profit margins in 2015. In the Speciality Alloys division Afarak expects to continue to see an increase in raw materials costs. In addition, the strengthening of the US dollar is also expected to improve the financial performance of the Company as compared to 2014. In 2015, Afarak’s revenue is expected to remain at the same levels of 2014 and EBIT is expected to improve as compared to 2014.

Fluctuations of exchange rates between the Euro, the South African Rand, the Turkish Lira and the US Dollar can significantly impact the Company’s financial performance.

Disclosure procedure

Afarak follows the disclosure procedure enabled by Disclosure obligation of the issuer (7/2013) published by the Finnish Financial Supervision Authority, and hereby publishes its Q4/2014 interim report enclosed to this stock exchange release. The Interim Report is attached to this release and is also available on the Company's website at www.afarakgroup.com.

Investor Conference Call

Management will host an investor conference call in English on 16 February 2015 at 14.00 Finnish time, 12.00 UK time. Please dial-in at least 10 minutes beforehand, quoting the reference: 44732.

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Financial reports and other investor information are available on the Company's website: www.afarakgroup.com.

Afarak Group is a chrome mining and minerals producer focused on delivering sustainable growth with a Speciality Alloys business in southern Europe and a FerroAlloys business in southern Africa. The Company is listed on NASDAQ Helsinki (AFAGR) and the Main Market of the London Stock Exchange (AFRK). www.afarakgroup.com

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AFARAK GROUP PLC: FINANCIAL STATEMENTS REVIEW FOR 1 JANUARY – 31 DECEMBER 2014

This Interim Report is prepared in accordance with the IAS 34 standard and is unaudited. All the corresponding comparable figures of 2013 are presented in brackets, unless otherwise explicitly stated.

SALES

Processed material:

Tonnes	Q4/14	Q4/13	FY2014	FY2013
Processing, Speciality Alloys	5,643	4,989	28,448	21,516
Processing, FerroAlloys	17,822	18,604	68,903	41,110
Processing, Total	23,465	23,593	97,351	62,626

Full Year (January–December) 2014

The Group's sales from processing, which includes all the products produced at the Mogale Alloys and Elektrowerk Weisweiler GmbH processing plants, were 97,351 (FY/2013: 62,626) tonnes in 2014, an increase of 55.4% compared to the equivalent period in 2013. This increase was mainly attributable to the continuing increase in demand in both Speciality Alloys and FerroAlloys segments. The increase in the FerroAlloys segment volumes in 2014 was a result of having Mogale Alloys operating at normal levels during this year. Last year sales volumes of the FerroAlloys segment were lower due to the participation in Eskom's electricity buyback program.

Fourth Quarter (October–December) 2014

The Group's processed material sold, which includes all the products produced at the Mogale Alloys and Elektrowerk Weisweiler processing plants, was 23,465 (Q4/2013: 23,593) tonnes, a fractional decrease of 0.5% compared to the equivalent period in 2013. The Speciality Alloy segment continued the positive trend of 2014, with an increase in sales volumes of 13% when compared to same period in 2013. Sales volumes in the FerroAlloys segment decreased by 4.2%, this was mainly due to lower demand during this quarter which also affected sales prices which continued to remain weak.

AFARAK GROUP'S FINANCIAL PERFORMANCE

REVENUE AND PROFITABILITY

EUR million	Q4/14	Q4/13	Change	FY2014	FY2013	Change
Revenue	41.6	41.8	-0.3 %	172.7	135.5	27.4%
EBITDA	0.0	0.8		8.4	14.1	
EBITDA margin	0.0%	2.0%		4.9%	10.4%	
EBIT	-1.1	-2.8		1.7	-8.0	
EBIT margin	-2.8%	-6.8%		1.0%	-5.9%	
Profit from continuing operations	-0.3	-0.7		0.5	-4.4	
Profit from discontinued operations	1.8	0		1.8	0	
Profit	1.4	-0.7		2.2	-4.4	

Full Year (January–December) 2014

Revenue for the full year 2014 increased by 27.4% to EUR 172.7 (135.5) million. The increase in revenue was mainly attributable to the increase in sales volumes of our processed material in both segments and the growth in our trading operations. Revenue was negatively affected by lower sales prices and weaker US Dollar that only started recovering in September 2014. EBITDA for the full year was EUR 8.4 (14.1) million. The EBITDA decreased in spite of the increase in trading volumes, mainly due to profit margins remaining low during 2014; the increase in production cost; and a weak US dollar throughout the first three quarters led to lower profitability in both segments. The suspension of the Mecklenburg mine and the lockout and strike at the Turkish mines also negatively affected our result. However, mining recommenced at the Mecklenburg mine during December 2014. TMS resolved to end the lockout at both its Tavas and Kavak mines in Turkey. Operations have restarted at Tavas, however, the Kavak mine still suffers from the continuing strike action.

EBITDA was positively affected by EUR 1.2 million relating to profit on the sale of land in Turkey in Q3/2014. Reduction in overhead costs across all our operations also contributed. Weakening of the South African Rand also affected the Group's results as it helped to reduce our production costs in South Africa. The joint venture share of profit in 2014 was EUR -3.3 (-2.3) million. The negative result was mainly attributable to not having Mecklenburg mine in operation during a substantial part of the year and net write-down of assets amounting to EUR 1.6 (0.0) million. The joint venture share of profit includes, depreciation of EUR 0.9 (1.1) million and, finance expenses of EUR 1.0 (2.3) million that negatively affect our EBITDA. EBIT for the year improved significantly to EUR 1.7 (-8.0) million, that was mainly due to the beneficial effect of a lower depreciation charge in 2014 resulting from acquisition related assets acquired by Afarak in 2008 that were fully amortised in Q4 2013. During the fourth quarter of 2014, the Company sold part of the saw mill equipment that was acquired in 2008 for the now discontinued wood business. This transaction positively affected the Q4/2014 profit for the period by EUR 1.8 million that includes a release of EUR 0.6 million from the provision in relation to the discontinued wood business.

The full year earnings per share was EUR 0.01(-0.02).

Fourth Quarter (October–December) 2014

Revenue for the fourth quarter 2014 decreased by a 0.3% to EUR 41.6 (41.8) million compared to the equivalent period in 2013. The decrease in revenue was mainly attributable to the decrease in sales volumes of our mining material in both segments. Revenue was also negatively affected by lower sales prices. EBITDA for the fourth quarter of 2014 decreased compared to the equivalent period in 2013 to EUR 0.0 (0.8) million. The temporary suspension of Mecklenburg mine and the strike and lockout at the Turkish mines continued to negatively affect our results during this period as the Company had to purchase raw material from third parties. Mecklenburg and Tavas mines restarted their operation in Q4 2014 while Kavak mine still suffers from the continuing strike action. Share of joint venture net write-down of assets amounting to EUR 1.6 (0.0) million also negatively affected EBITDA in Q4 2014. EBIT for the fourth quarter of 2014 improved to EUR -1.1 (-2.9) million primarily due to the beneficial effect of a lower depreciation charge in 2014, resulting from acquisition related assets acquired by Afarak in 2008, that were fully amortised in Q4 2013. During the fourth quarter 2014, the Company sold part of the saw mill equipment that was acquired in 2008 for the now discontinued wood business. This transaction positively affected the Q4 2014 profit for the period by EUR 1.8 million. This profit includes a release EUR 0.6 million from the provision in relation to the discontinued wood business.

Earnings per share was EUR 0.01 (0.00).

BALANCE SHEET, CASH FLOW AND FINANCING

The Group's liquidity, as at 31 December 2014, was EUR 13.3 (13.8) (30 September 2014: 21.4) million. Operating cash flow in the fourth quarter was EUR -4.3 (2.7) million. Afarak's gearing at the end of the fourth quarter was -0.7% (-6.4%) (30 September 2014: -3.9%). Net interest-bearing debt was EUR -1.2 (-12.3) (30 September 2014: -11.6) million.

Total assets on 31 December 2014 were EUR 290.3 (277.9) (30 September 2014: 281.9) million. The equity ratio was 62.8% (68.5%) (30 September 2014: 65.6%).

INVESTMENTS, ACQUISITIONS AND DIVESTMENTS

Capital expenditure for the fourth quarter of 2014 totalled EUR 5.2 (1.7) million and in full year 2014 EUR

14.8 (10.6) million. This relates primarily to the payments made in relation to the ferroalloy refining and granulation equipment at Mogale Alloys as well as sustaining capital expenditure at the Speciality Alloys segment.

PERSONNEL

At the end of the fourth quarter 2014, Afarak had 698 (779) employees. The average number of employees during the fourth quarter of 2014 was 700 (763) and in full year 2014 was 726 (773).

Number of employees by segment *:

	31.12.2014	31.12.2013	Change
Speciality Alloys	355	443	-19.9%
FerroAlloys	339	333	1.8%
Other operations	4	3	33.3%
Group total	**698**	**779**	**-10.4%**

*Including personnel of joint ventures.

SAFETY, HEALTH AND SUSTAINABLE DEVELOPMENT

The Group's target was to introduce standardised health, safety and environmental policies and procedures across the Group's operations and continue its programme focused on pro-active safety and environmental measurements as part of its aim to achieve "Zero Harm". This standardisation process was finalised in 2013.

In 2014 lost time injuries were at the same levels of last year with only minor incidents reported. Afarak continues all efforts, including training, to further improve the safety performance.

Afarak aims to conduct its business in a sustainable way and to preserve the environment by minimising the environmental impact of its operations. The Group has programmes on all sites to monitor and address its impact on the environment.

Our aim is to guarantee our employees a safe working place and minimum impact towards the environment.

SEGMENT PERFORMANCE

SPECIALITY ALLOYS BUSINESS

The Speciality Alloys business consists of Türk Maadin Şirketi A.S ("TMS"), the mining and beneficiation operation in Turkey, and Elektrowerk Weisweiler GmbH ("EWW"), the chromite concentrate processing plant in Germany. TMS supplies EWW with high quality chromite concentrate which produces speciality products including specialised low carbon and ultra low carbon ferrochrome. Chrome ore from TMS that is not utilised for the production of specialised low carbon ferrochrome is sold to the market as lumpy chrome ore.

Production:

Tonnes	**Q4/14**	**Q4/13**	**Change**	**FY2014**	**FY2013**	**Change**
Mining*	1,706	19,121	-91.1%	35,848	70,988	-49.5%
Processing	7,357	4,930	49.2%	28,784	23,242	23.8%

* Including both chromite concentrate and lumpy ore production

Production decreased to 9,063 (24,051) tonnes for the fourth quarter 2014, compared to the equivalent period in 2013. The decrease in production was mainly attributable to the decrease in mining activity of our mines in Turkey as the strike and lockout continued through the fourth quarter. Processing at EWW increased substantially in the fourth quarter as a result of having the plant closed for shutdown for a shorter period than 2013, as well as the fact that daily processing volumes were higher due to increased demand for speciality alloys material. The annual production decreased by 31.4% to 64,632 (94,230) tonnes. Mining at TMS stopped in June 2014 due to a strike and lockout. Tavas mine restarted their operation following the end of the lockout in November 2014 but production remains suspended at Kavak due to continuing strike action. During 2014 EWW increased substantially its operation as a result of having the plant closed for shutdown for a shorter period during the year and also having increased daily processing volumes due to higher demand for speciality alloys material.

EUR million	Q4/14	Q4/13	Change	FY2014	FY2013	Change
Revenue	22.6	19.9	14.0%	97.8	74.5	31.4%
EBITDA	1.2	0.5	%	7.9	9.0	
EBITDA margin	5.2%	2.7%		8.0%	12.1%	
EBIT	0.8	-1.6		5.7	-6.1	
EBIT margin	3.5%	-7.8%		5.8%	-8.2%	

Full Year (January–December) 2014
Revenue for the full year 2014 was EUR 97.8 (74.5) million, representing an increase of 31.4% compared to the equivalent period in 2013 and EBITDA was EUR 7.9 (9.0) million. The increase in revenue was mainly due to higher sales prices and trading volumes of speciality material when compared to 2013. Despite the improvement in revenue, EBITDA was negatively affected by a weaker US dollar average rate on conversion of revenue in the first three quarters of 2014; increase in raw material costs; and loss of profit due to the strike and lockout at the mines in Turkey. In Q3 2014 EBITDA was positively affected by EUR 1.2 million relating to the profit on sale of land in Turkey. EBIT for the year was EUR 5.7 (-6.1) million, this significant improvement was mainly due to the beneficial effect of a lower depreciation charge in 2014, resulting from acquisition related assets acquired by Afarak in 2008, that were fully amortised in Q4 2013.

Fourth Quarter (October–December) 2014
Revenue for the fourth quarter increased by 14.0% to EUR 22.6 (19.9) million and EBITDA increased by 117.9% to EUR 1.2 (0.5) million compared to the equivalent period in 2013. The increase in revenue was due to higher sales prices and trading volumes when compared to Q4 2013. The positive impact on revenue was also seen in EBITDA where we saw a substantial improvement on last year's EBITDA. EBITDA during the period was negatively affected by loss of profit due to the strike and lockout of the mines in Turkey. EBIT for the quarter was EUR 0.8 (-1.6) million, this significant improvement was mainly due to the beneficial effect of a lower depreciation charge in 2014, resulting from acquisition related assets acquired by Afarak in 2008, that were fully amortised in Q4 2013.

As at 31 December 2014, the Speciality Alloys business had 355 (443) employees.

FERROALLOYS BUSINESS

The FerroAlloys business consists of the processing plant Mogale Alloys and the joint ventures Stellite mine and Mecklenburg mine in South Africa. The business produces chrome ore, charge chrome and silico manganese for sale to global markets.

Production:

Tonnes	Q4/14	Q4/13	Change	FY2014	FY2013	Change
Mining*	63,169	133,328	-52.6%	268,351	425,585	-36.9%
Processing	23,265	11,815	96.9%	72,677	42,955	69.2%

* Including both chromite concentrate and lumpy ore production by the joint ventures

Production in this segment decreased to 86,434 (145,143) tonnes in the fourth quarter of 2014 when compared to the same period in 2013. This was mainly due to the suspension of the mining operations at Mecklenburg mine, which restarted mining operations in December 2014. The Stellite mine and Mogale Alloys operated at normal levels during this quarter. The annual production decreased by 27.2% to 341,028 (468,540) tonnes. This decrease was mainly due to the suspension of mining operation at Mecklenburg mine which led mining production 36.9% down from last year. In contrary to the mining operation, production of processed material increased by 69.2% in 2014 as Mogale didn't participate in Eskom's electricity buyback program.

EUR million	Q4/14	Q4/13	Change	FY2014	FY2013	Change
Revenue	19.0	21.9	-13.3%	74.8	61.0	22.6%
EBITDA	-0.4	0.6		3.1	8.8	
EBITDA margin	-1.9%	2.7%		4.1%	14.4%	
EBIT	-1.1	-0.9		-1.4	2.0	
EBIT margin	-5.9%	-4.2%		-1.8%	3.3%	

* Revenue of the joint ventures is not included in the Group's revenue

Full Year (January–December) 2014

Revenue for the full year increased to EUR 74.8 (61.0) million, representing an increase of 22.6% compared to the equivalent period in 2013. The improvement in revenue was driven by the increase in trading volumes of processed material when compared to 2013. EBITDA for the full year decreased to EUR 3.1 (8.8) million as a result of lower sales prices; a weak US Dollar rate on conversion of revenue which only started to recover in September 2014; increased cost of production as a result of high energy cost in the South African winter periods; and a reduction in sales of mining material. The joint venture share of profit in 2014 was EUR -3.3 (-2.3) million, this negative result was mainly attributable to not having Mecklenburg mine in operation during a substantial part of the year and net write-down of assets amounting to EUR 1.6 (0.0) million. Joint venture share of profit also included depreciation of EUR 0.9 (1.1) million and finance expenses of EUR 1.0 (2.3) million which negatively affected our EBITDA in 2014.

Fourth Quarter (October–December) 2014

Revenue for the fourth quarter decreased to EUR 19.0 (21.9) million compared to the equivalent period in 2013, representing a decrease of 13.3%. Decrease in revenue was mainly due to lower trading volumes when compared to the same period last year. The suspension of the mining operations at Mecklenburg mine also continued to have an effect on the revenue as the material mined following the suspension was sold in Q1 2015. EBITDA for the fourth quarter decreased to EUR -0.4 (0.6). The strengthening of the USD Dollar rate on conversion of revenue improved profitability during this quarter but unfortunately the effect of joint venture share of profits which amounted to EUR -2.2 (0.1) million negatively affected EBITDA. The joint venture share of profit negative result was mainly attributable to not having Mecklenburg mine in operation during a substantial part of the quarter and net write-down of assets amounting to EUR 1.6 (0.0) million. Joint venture share of profit also included depreciation of EUR 0.3 (0.3) million and net finance expenses of EUR 0.6 (0.3) million which negatively affected our EBITDA in Q4 2014.
The share of profit from joint ventures is made up as follows:

EUR million	Q4/14	Q4/13	Change	FY2014	FY2013	Change
Revenue	**0.7**	2.8	-76.3%	**5.7**	9.5	-40.4%
EBITDA	**-2.0**	0.4		**-2.2**	0.9	
EBITDA margin	**-311.7%**	15.8%		**-38.0%**	9.8%	
EBIT	**-2.3**	0.1		**-3.1**	-0.2	
EBIT margin	**-348.4%**	4.8%		**-54.1%**	-1.8%	
Financial income and expense	**-0.6**	-0.3		**-1.0**	-2.3	
Profit for the period	**-2.2**	-0.1		**-3.3**	-2.3	

Full Year (January–December) 2014

Afarak's share of joint ventures revenue for the full year decreased to EUR 5.7 (9.5) million representing a decrease of 40.4% compared to the equivalent period in 2013. The decrease in revenue was mainly due to the reduction in sales volumes of the Mecklenburg mine material as operations were suspended in Q2 2014 due to the unrest in the local community and only restarted in December 2014. Revenue generation from the Mecklenburg mine only restarting in January 2015 as material mined in December 2014 could only be delivered in January 2015 as logistics were limited in December 2014 due to the summer holidays in South Africa. Share from joint venture EBITDA for the full year decreased to EUR -2.2 (0.9) million. Decrease in EBITDA was mainly due to the loss of profitability from Mecklenburg mine material, which also led to higher overhead cost per ton mined as mining volumes decreased by 36.9% when compared to 2013. Share of profit of joint venture was also negatively affected by a net write-down of assets in Q4 2014 amounting to EUR 1.6 (0.0) million. EBIT was negatively affected by higher depreciation as a result of change in accounting estimates which was reflected as from the beginning of 2014.

Fourth Quarter (October–December) 2014
Afarak's share of joint ventures revenue for the fourth quarter decreased to EUR 0.7 (2.8) million compared to the equivalent period in 2013, representing a decrease of 76.3%. The decrease in revenue was mainly due to the reduction in sales volumes of the Mecklenburg mine material due to the suspended of the mine which only restarted mining operation in December 2014. Share of joint venture EBITDA for the fourth quarter decreased to EUR -2.0 (0.4) million. Decrease in EBITDA was mainly due to the loss of profitability from Mecklenburg mine material, which also led to higher overhead cost per ton mined as mining volumes decreased by 91.1% when compared to 2013. Share of profit of joint venture was negatively affected by a net write-down in relation to Waylox Mining project of EUR 0.5 (0.0) million as the Company decided not to continue pursuing this project, and a net write-down on the assets of Stellite mine of EUR 1.1 million.

As at 31 December 2014, the FerroAlloys business had 339 (333) employees.

GLOBAL MARKET

STAINLESS STEEL MARKET

While the U.S. economy has been strengthening through the second half of 2014, most other regions of the world, including most of Western Europe and China, have not seen the hoped-for coattails from the stronger U.S. economy helping to strengthen their particular economies, this led the global economy ending 2014 on a downswing with prices for most nonferrous metals decreasing through the second half of the year.

Still the total global stainless steel production volume for 2014 reached again an all-time high of 41 million tonnes. This is an increase of 7.6% compared to 2013. In 2014, the outturn in all of the traditional stainless steel making regions, except South Korea, was higher than in the previous year. The recovery was particularly strong in the USA and Japan, with growth in the EU and Taiwan also seen. However, production in all of these established stainless steel making countries remained sill lower than 2006, when production peaked.

On the other hand, China's output in 2014 was four times more than 2006. However, the rate of growth is not expected to continue, although production in 2015 expected to continue to increase by more than 5% on 2014, to reach a high of approximately 23 million tonnes. This would represent more than 50% of global stainless steel production.

It is expected that worldwide production of stainless steel will increase by about 5% worldwide, to reach approximately 43 million tonnes in 2015.

FERROCHROME MARKET

Together with the stainless steel producers, the ferrochrome producers had to reduce their prices further for their standard materials, to be able to compete with the Chinese producers which lowered their prices further during the third quarter of 2014. The South African benchmark negotiations for the fourth quarter of 2014 were settled earlier than usual at the end of the third quarter. The settled benchmark price for Europe was at US$ 1,15/lb Cr, down from US$ 1,19/lb Cr. In Japan it followed the usual trend at US$ 0,08/lb Cr higher that Europe at US$ 1,23/lb Cr in the fourth quarter. This settlement was lower than we anticipated, mainly due to curtailments in Europe and Japan, and the weak South African rand against the US dollar which limited the ferrochrome price increases and expected market surplus in the fourth quarter.

With the South African benchmark prices reducing during 2014, producers discounts to the larger buyers have increased dramatically, where discounts for standard material has increased from 20% earlier in 2014 going up to even 30% from the benchmark price for charge chrome as the competition in the spot market was tough. Also the currencies in the largest producing countries, such as Kazakhstan, India, Finland and South Africa, weakened against the US dollar. The Chinese benefit in the ferrochrome spot market prices has balanced out with prices now available to all stainless steel producers worldwide.

Afarak's speciality ferrochrome production and prices continue to be stable where the superalloy and speciality stainless steel producers demand was maintained over the fourth quarter. Outlook for 2015 also looks bright with further speciality stainless steel producers committing themselves to long term agreement to secure tonnages from Afarak.

Mogale Alloys had its first medium carbon charge chrome production as the converter and granulator was commissioned in December 2014. First agreements have been signed with major stainless steel producers, and samples have been forwarded to several potential stainless steel customers worldwide. The expectations for 2015 are positive, with production ramping up to full speed by the end of 2015.

MANGANESE ALLOY MARKET

In December 2014, the European Commission launched an anti-dumping investigation against imports of silico manganese from India, following the official petition filed by the Association of European Ferro-Alloy Producers (Euroalliages) in November 2014. Specifically, some of its members believe contract prices in the Indian market are well above those in the EU when comparing silico manganese prices on EXW and FOB basis in India. Silico manganese from India has affected sales of the material from European producers, and also Mogale Alloys silico manganese production. Mogale Alloys silico manganese has been very limited to the European market due to the low prices from India. At the present Indian silico manganese is subject to 3.7% import duty in Europe. Indian, Kazakh and Venezuelan silico manganese is under anti-dumping duty in USA.

UNALLOCATED ITEMS

For the fourth quarter of 2014, the EBITDA from unallocated items was EUR -0.8 (-0.6) million. The full year EBITDA from unallocated items was EUR -2.5 (-3.9) million. During the fourth quarter 2014, the Company sold part of the saw mill equipment that was acquired in 2008 for the now discontinued wood business. This transaction positively affected the Q4/2014 profit for the period by EUR 1.8 million. This profit includes a release EUR 0.6 million from the provision in relation to the discontinued wood business.

PLEDGES AND CONTINGENT LIABILITIES

On 31 December 2014 the Group had a loan from a financial institution totalling EUR 10.3 (1.5) million. The Group has provided real estate mortgages and other assets as collaterals for total carrying value of EUR 71.2 (59.8) million. Afarak Group Plc has given guarantees for third party loans totalling EUR 1.3 (1.3) million.

LITIGATION

On 27 March 2014, Afarak announced that the Company had been served a notice of arbitration by Chinese Suzhou Kaiyuan Chemical Co. Ltd (“Suzhou”). Suzhou’s claim of EUR 2.66 million relates to a chrome ore sales agreement entered into by Chromex Mining Plc ("Chromex") prior to the acquisition of Chromex by Afarak together in a joint venture with Kermas Limited. The claim has been served on Afarak's marketing arm RCS Limited and various companies which form part of the Chromex joint venture. The place of arbitration is Shanghai, China. The Company is strongly contesting the claim and aims to resolve the matter as soon as possible.

ANNUAL GENERAL MEETING 2014

The Company’s Annual General Meeting (“AGM”) was held on 8 May 2014. The AGM adopted the financial statements. The AGM resolved in accordance with the proposal of the Board of Directors a capital redemption of EUR 0.02 per share for the year ended on 31 December 2013. The capital redemption was paid on 22 May 2014. The AGM discharged the members of the Board of Directors and the CEO from liability for the financial period 2013.

The AGM resolved that all Board Members are paid EUR 3,000 per month. Furthermore, the non-executive Board Members who serve on the Board's Committees shall be paid an additional EUR 1,500 per month for the committee work. Those members of the Board of Directors that are executives of the Company are not entitled to receive any remuneration for Board membership.

The AGM resolved that the Board of Directors comprises of six members. Dr Jelena Manojlovic, Ms Bernice Smart, Mr Markku Kankaala, Dr Danko Koncar, Mr Michael Lillja and Dr Alfredo Parodi were all re-elected to the Board. At its meeting held after the Annual General Meeting, the Board of Directors elected from among its members Dr Jelena Manojlovic as Chairman and Ms Bernice Smart as Deputy Chairman. The Board appointed from among its members the following members to the Committees:

Audit Committee:
Bernice Smart, (Chairman), Markku Kankaala, Alfredo Parodi

The Nomination and Remuneration committee
Jelena Manojlovic (Chairman), Markku Kankaala, Bernice Smart

The AGM resolved that authorised public accountant firm Ernst & Young Oy was re-elected as the Auditor of the Company for the year 2014.

The AGM resolved to authorize the Board of Directors to issue shares and stock options and other special rights that entitle to shares in one or more tranches up to a maximum of 24,843,200 new shares or shares owned by the Company. The authorization may be used among other things in financing, enabling corporate and business acquisitions or other arrangements and investments of business activities and in the employee incentive and commitment programs. By virtue of the authorization, the Board of Directors can decide both on share issues against payment and on share issues without payment. The payment of the subscription price can also be made with consideration other than money. The authorization contains the right to decide on derogating from shareholders' pre-emptive right to share subscriptions provided that the conditions set in the Companies' Act are fulfilled.

The AGM authorised the Board of Directors to resolve upon acquiring a maximum of 15,000,000 of the Company's own shares. The authorisation replaces all previous authorisations and it is valid 18 months from the decision of the Annual General Meeting.

EVENTS DURING THE REVIEW PERIOD

On 20 November 2014, Afarak announced that the Company's subsidiary Turk Maadin Sirketi A.S. (TMS) has resolved to end the lockout at both its Tavas and Kavak mines in Turkey. Operations have restarted at Tavas but remain suspended at Kavak due to continuing strike action.

On 16 December 2014, Afarak announced that the Company's Mecklenburg mine located on the Eastern Limb of the Bushveld Complex in South Africa has restarted its production.

On 17 December 2014, Afarak announced that the Company's subsidiary Mogale Alloys (Pty) Ltd ("Mogale Alloys") has completed the installation of ferroalloy refining and granulation plant and the plant is in operation. Significant part of the current ferrochrome production is now converted to granulated medium carbon ferrochrome, a niche product, which affects positively the profitability of Mogale Alloys and moves the Company further into mature markets.

FLAGGING NOTIFICATIONS

On 10 October 2014, Afarak announced that Hino Resources Co. a company incorporated and existing under the laws of Hong Kong, has completed a sale of shares in Afarak Group Plc and the transaction resulted in Hino Resources Co. decreasing below 20% and becoming a 19.26% holder of the shares and voting rights in Afarak.

OTHER IMPORTANT EVENTS DURING THE REPORTING PERIOD

On 30 May 2014, Afarak announced that the Company's Mecklenburg mine located on the Eastern Limb of the Bushveld Complex in South Africa had suspended production due to the unrest in the local community. On 16 December 2014, the Company announced that the production has been restarted at Mecklenburg.

On 16 June 2014, Afarak announced that the Company's subsidiary TMS had received a strike notification and the employees commenced the strike on 15 June 2014. The Company in turn declared a lockout and temporarily closed down operations in the Tavas and Kavak mines in Turkey from the same date On 20 November 2014, the Company announced that TMS has resolved to end the lockout at both its Tavas and Kavak mines. Operations have restarted at Tavas, however, production has not recommenced at Kavak due to the continuing strike action

On 10 July 2014, Afarak announced that it had resolved to offer 11,130,434 new ordinary shares in the Company ("New Shares") to the vendors of Mogale Alloys (a subsidiary of Afarak acquired in May 2009) under the settlement agreement announced on 11 October 2012. The New Shares represented approximately 4.48 per cent of the issued share capital and approximately 4.56 per cent of the total voting rights of the Company prior to the share issue. On 18 July 2014, Afarak announced that all of the New Shares had been subscribed for and that the total subscription price of EUR 5,565,217 (EUR 0.5 per share) was fully satisfied through offset against the settlement receivables of the vendors related to the Mogale

Alloys acquisition. A maximum of 3,478,261 shares remain to be offered under the agreed settlement. The New Shares were registered with the Finnish Trade Register on 24 July 2014 and admitted to the premium segment of the Official List and to trading on the Main Market of the London Stock Exchange and NASDAQ Helsinki on 25 July 2014.

On 12 August 2014, Afarak announced that the installation of new ferroalloy refining and granulation equipment for Company's subsidiary Mogale Alloys (Pty) Ltd as announced 1 July 2013 has been delayed, and first production of specialty alloys at Mogale would commence during Q4 2014.

EVENTS SINCE THE END OF THE REVIEW PERIOD

On 2 January 2015, Afarak announced that the Company has signed a sale agreement in relation to part of the saw mill equipment the Company acquired in 2008. The transaction from the discontinued operation positively affects the Q4/2014 profit.

On 2 January 2015, Afarak announced that as a result of a transaction that occurred between Ms Aida Djakov and her controller corporation Atkey Limited ("Atkey") Ms Aida Djakov has personally decreased below the threshold of 5% and Atkey has increased above the threshold of 25%. However, the total combined ownership of Ms Aida Djakov and Atkey remained unchanged.

COMPANY'S SHARE

Afarak Group Plc's shares are listed on NASDAQ Helsinki (AFAGR) and on the Main Market of the London Stock Exchange (AFRK).

On 31 December 2014, the registered number of Afarak Group Plc shares was 259,562,434 (248,432,000) and the share capital was EUR 23,642,049.59 (23,642,049.56).

On 31 December 2014, the Company had 4,244,717 (4,244,717) own shares in treasury, which was equivalent to 1.64% (1.71%) of the issued share capital. The total amount of shares outstanding, excluding the treasury shares held by the Company on 31 December 2014, was 255,317,717 (244,187,283).

At the beginning of the period under review, the Company's share price was EUR 0.26 on NASDAQ Helsinki and GBP 0.31 on the London Stock Exchange. At the end of the review period, the share price was EUR 0.32 and GBP 0.25 respectively. During the fourth quarter of 2014 the Company's share price on NASDAQ Helsinki ranged from EUR 0.21 to 0.36 per share and the market capitalisation, as at 31 December 2014, was EUR 83.1 (1 January 2014: 79.5) million. For the same period on the London Stock Exchange the share price range was GBP 0.24 to 0.32 per share and the market capitalisation was GBP 81.8 (1 January 2014: 74.5) million, as at 31 December 2014.

Based on the resolution at the AGM on 8 May 2014, the Board is authorised to buy-back up to a maximum of 15,000,000 of its own shares. This authorisation is valid until 8 November 2015. The Company did not carry out any share buy-backs during the fourth quarter of 2014.

MOST SIGNIFICANT SHORT TERM RISKS AND UNCERTAINTIES, CHANGES DURING AND AFTER THE PERIOD UNDER REVIEW

The changes in the key risks and uncertainties are set out below. Further details of the risks and uncertainties have been published in the Group's 2013 Financial Statements.

Afarak´s financial performance is dependent on the general market conditions of the mining, smelting and minerals processing business. Global financial markets have been very volatile, exacerbated by the Eurozone crisis, and there is uncertainty as to how commodity prices will respond for the rest of 2014, which could considerably impact the Company's revenue and financial performance in 2014.

Changes in foreign exchange rates, if adverse, could have a substantial negative impact on the Group's profitability, in particular changes in US Dollar/South African Rand. In order to better manage its foreign exchange US Dollar/South African Rand exposure, the Group has entered into forward contract arrangements.

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.

2015 OUTLOOK

The global growth in stainless steel production is expected to lead an increase in demand for chrome products in 2015. However, as occurred in 2014 where the chrome industry has not been able to increase chrome product prices it is unclear whether this upswing in prices will occur in 2015.

At Mogale Alloys, part of the FerroAlloys division, the Company started production of medium carbon ferrochrome during the fourth quarter of 2014, this is expected to make a positive contribution towards the Company's profit margins in 2015. In the Speciality Alloys division Afarak expects to continue to see an increase in raw materials costs. In addition, the strengthening of the US dollar is also expected to improve the financial performance of the Company as compared to 2014. In 2015, Afarak's revenue is expected to remain at the same levels of 2014 and EBIT is expected to improve as compared to 2014.

Fluctuations of exchange rates between the Euro, the South African Rand, the Turkish Lira and the US Dollar can significantly impact the Company's financial performance.

DIVIDEND PROPOSAL

The Board of Directors proposes to the Annual General Meeting which will be held on 8 May 2015 that a capital redemption of EUR 0.02 per share would be paid out of the paid-up unrestricted equity fund. The Board will investigate the possibility to increase the dividend.

Helsinki, 16 February 2015

AFARAK GROUP PLC

BOARD OF DIRECTORS

FINANCIAL REPORTING IN 2015

	Closed period	Reporting date
Q1 Interim Report 2015	8.4.-8.5.2015	8 May 2015
Q2 Interim Report 2015	15.7.-14.8.2015	14 August 2015
Q3 Interim Report 2015	10.10.-10.11.2015	10 November 2015

FINANCIAL TABLES

FINANCIAL DEVELOPMENT AND ASSETS AND LIABILITIES BY SEGMENT

FY 2014 12 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	97,836	74,818	147	-132	172,669
EBITDA	7,865	3,084	-2,502	0	8,447
EBIT	5,659	-1,381	-2,552	0	1,725
Segment's assets	181,664	113,125	9,645	-14,146	290,289
Segment's liabilities	68,419	43,115	3,720	-16,547	98,708

FY 2013 12 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	74,461	61,011	342	-304	135,509
EBITDA	9,083	8,794	-3,787	0	14,090
EBIT	-6,096	2,003	-3,891	0	-7,984
Segment's assets	143,952	97,945	69,335	-32,866	277,924
Segment's liabilities	64,684	43,172	13,069	-33,329	87,596

RESULTS DEVELOPMENT

	Q1/13	**Q2/13**	**Q3/13**	**Q4/13**	**Q1/14**	**Q2/14**	**Q3/14**	**Q4/14**
Sales (tonnes)								
Mining	16,221	76,830	103,739	98,507	97,281	45,341	34,846	15,728
Processing	14,992	10,689	11,359	23,593	22,146	22,948	26,347	23,465
Trading	0	809	1,387	2,133	3,909	6,405	8,268	9,954
Total	**31,213**	**88,328**	**116,485**	**124,233**	**123,336**	**74,694**	**69,461**	**49,147**
Average rates								
EUR/USD	1.321	1.313	1.317	1.328	1.370	1.370	1.355	1.329
EUR/ZAR	11.826	12.115	12.502	12.833	14.887	14.676	14.536	14.404
Euro (million)	**Q1/13**	**Q2/13**	**Q3/13**	**Q4/13**	**Q1/14**	**Q2/14**	**Q3/14**	**Q4/14**
Revenue*	31.6	31.4	30.7	41.8	43.2	47.3	40.6	41.6
Extraordinary items*	5.8	4.8	0.0	0.1	0.0	0.0	1.2	-1.6
EBITDA	4.2	6.2	2.9	0.8	3.0	3.3	2.1	0.0
EBITDA margin	13.3%	19.7%	9.4%	1.9%	6.9%	7.1%	5.1%	0.0%
EBIT	-2.1	-2.5	-3.1	-2.9	0.9	1.4	0.5	-1.1

EBIT margin	-6.6%	-8.0%	-10.1%	-6.9%	2.1%	3.0%	1.3%	-2.8%

*Revenue in Q1/13 and Q2/13 is low due Mogale Alloys participation in Eskom's electricity buyback program. Income received in connection with Eskom's electricity buyback program is included in extraordinary items. Extraordinary items in Q3/14 relate to profit on sale of land in Turkey. Extraordinary items in Q4/14 relates to net write-down of assets that are included in the joint venture share of profits.

CONSOLIDATED INCOME STATEMENT, SUMMARY

EUR '000	**Q4/14**	**Q4/13**	**FY2014**	**FY2013**
Revenue	**41,609**	**41,751**	**172,669**	**135,509**
Other operating income	785	1,271	3,370	12,936
Operating expenses	-40,179	-42,059	-164,287	-132,061
Depreciation and amortisation	-1,153	-3,676	-6,717	-22,074
Impairment	-5	0	-5	0
Items related to associates (core)	2	2	6	6
Share of profit from joint ventures	-2,207	-126	-3,311	-2,300
Operating profit	**-1,148**	**-2,837**	**1,725**	**-7,984**
Financial income and expense	-127	-221	-1,265	-3,146
Profit before tax	**-1,275**	**-3,058**	**460**	**-11,130**
Income tax	946	2,380	12	6,728
Profit for the period from continuing operations	**-330**	**-678**	**472**	**-4,403**
Discontinued operations				
Profit for the period from discontinued operations	1,773	0	1,773	0
Profit for the period	**1,443**	**-678**	**2,245**	**-4,403**
Profit attributable to:				
Owners of the parent	1,607	-529	2,858	-4,252
Non-controlling interests	-164	-149	-613	-151
Total	1,443	-678	-2,245	-4,403
Earnings per share for profit attributable to the shareholders of the parent company, EUR				
Basic earnings per share, EUR	0.01	0.00	0.01	-0.02
Diluted earnings per share, EUR	0.01	0.00	0.01	-0.02

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR '000	**Q4/14**	**Q4/13**	**FY2014**	**FY2013**
Profit for the period	**1,443**	**-678**	**2,245**	**-4,403**
Other comprehensive income				
Remeasurement of defined benefit pension plans	-4,036	-40	-4,036	-40
Exchange differences on	1,143	-5,000	-5,193	-21,858

translating foreign operations – Group				
Exchange differences on translating foreign operations – Associate and JV	239	-248	-1,003	-348
Income tax relating to other comprehensive income	-418	1,813	-964	7,741
Other comprehensive income, net of tax	**-3,072**	**-3,475**	**-11,196**	**-14,505**
Total comprehensive income for the period	**-1,628**	**-4,153**	**-8,951**	**-18,908**
Total comprehensive income attributable to:				
Owners of the parent	-1,552	-3,591	-8,533	-17,130
Non-controlling interests	-76	-562	-418	-1,778

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY

EUR '000	**31.12.2014**	**31.12.2013**
ASSETS		
Non-current assets		
Investments and intangible assets		
Goodwill	63,052	62,288
Investments in associates	92	76
Other intangible assets	20,358	22,040
Investments and intangible assets total	83,502	84,405
Property, plant and equipment	47,970	36,257
Other non-current assets	44,664	56,650
Non-current assets total	**176,136**	**177,312**
Current assets		
Inventories	60,051	46,284
Receivables	40,769	40,559
Cash and cash equivalents	13,332	13,769
Current assets total	**114,153**	**100,612**
Total assets	**290,289**	**277,924**
EQUITY AND LIABILITIES		
Equity attributable to owners of the parent		
Share capital	23,642	23,642
Share premium reserve	25,740	25,740
Paid-up unrestricted equity reserve	243,424	242,725
Legal Reserve	210	201
Translation reserves	-12,067	-4,773
Retained earnings	-103,657	-102,574
Equity attributable to owners of the parent	**177,292**	**184,960**
Non-controlling interests	**4,952**	**5,368**
Total equity	**182,245**	**190,328**
Liabilities		
Non-current liabilities		
Deferred tax liabilities	8,200	8,507

Provisions	10,137	9,739
Share of joint ventures' losses	19,622	15,333
Pension liabilities	19,954	16,095
Financial liabilities	10,337	149
Non-current liabilities total	**68,250**	**49,823**
Current liabilities		
Advances received	0	0
Other current liabilities	39,794	37,773
Current liabilities total	**39,794**	**37,773**
Total liabilities	**108,044**	**87,596**
Total equity and liabilities	**290,289**	**277,924**

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

EUR '000	**31.12.2014**	**31.12.2013**
Cash and cash equivalents	**13,332**	**13,769**
Interest-bearing receivables		
Current	9,213	8,133
Non-current	34,993	40,038
Interest-bearing receivables	**44,206**	**48,170**
Interest-bearing liabilities		
Current	1,792	1,362
Non-current	10,337	149
Interest-bearing liabilities	**12,129**	**1,511**
NET TOTAL	**45,409**	**60,429**

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

EUR '000	**Property, plant and equipment**	**Intangible assets**
Acquisition cost 1.1.2014	92,724	223,883
Additions	14,369	441
Disposals	-298	0
Reclass between items	22	24
Effect of movements in exchange rates	2,215	3,843
Acquisition cost 31.12.2014	109,032	228,191
Acquisition cost 1.1.2013	98,453	252,654
Additions	7,287	3,280
Disposals	-193	-61
Reclass between items	826	-934
Effect of movements in exchange rates	-13,649	-31,057
Acquisition cost 31.12.2013	92,724	223,883

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY

EUR '000		FY2014	FY2013
Profit for the period		2,245	-4,403
Adjustments to profit for the period		7,397	21,498
Changes in working capital		-3,425	-2,857
Discontinued operations		-1,087	-504
Net cash from operating activities		**5,129**	**13,734**
Acquisition of subsidiaries and associates, net of cash acquired		0	-404
Disposal of subsidiaries and associates, net of cash sold		-2	2
Capital expenditure and other investing activities		-12,562	-10,192
Proceeds from repayments of loans and loans given		2,351	885
Net cash used in investing activities		**-10,213**	**-9,708**
Capital Redemption		-4,884	-2,442
Proceeds from borrowings		11,364	0
Repayment of borrowings, and other financing activities		-1,891	-1,405
Net cash used in financing activities		**4,590**	**-3,847**
Net increase in cash and cash equivalents		**-494**	**179**

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 31.12.2012	**23,642**	**25,740**	**245,167**	**8,045**	**-99,192**	**0**	**203,402**	**7,163**	**210,565**
Total comprehensive income 1-12/2013				-12,470	-4,291		-16,761	-151	-16,912
Share of other comprehensive income in associates and joint ventures				-348			-348	0	-348
Translation differences								-1,647	-1,647
Share-based payments					1,109		1,109	2	1,111

Capital redemption			-2,441				-2,441	0	-2,441
Other changes in equity					-201	201	0	0	0
Equity at 31.12.2013	**23,642**	**25,740**	**242,726**	**-4,773**	**-102,574**	**201**	**184,962**	**5,367**	**190,328**
Total comprehensive income 1-12/2014				-6,291	2,858		-3,432	-613	-4,046
Share of other comprehensive income in associates and joint ventures				-1,003			-1,003	0	-1,003
Translation differences					-61		-61	196	135
Share-based payments					154		154	3	156
Rights Issue			5,583				5,583	0	5,583
Capital redemption			-4,884				-4,884	0	-4,884
Acquisitions and disposals of subsidiaries	0				2		2	0	2
Remeasurements of defined benefit pension plans					-4,036		-4,036	0	-4,036
Other changes in equity						9	9	0	9
Equity at 31.12.2014	**23,642**	**25,740**	**243,424**	**-12,067**	**-103,657**	**210**	**177,292**	**4,952**	**182,245**

RELATED PARTY TRANSACTIONS DURING THE REVIEW PERIOD

EUR '000	**FY2014**	**FY2013**
Sales to joint ventures	145	44
Sales to other related parties	30	34
Purchases from joint ventures	-4,376	-12,092
Financing income from joint ventures	1,020	1,108
Financing expense to other related parties	-120	-100
Loan receivables from joint ventures	34,406	34,500
Loan receivables from other related parties	7,102	10,241
Trade and other receivables from joint ventures	6,389	5,125
Trade and other receivables from other related parties	8	8
Trade and other payables to joint ventures	166	2,364

FINANCIAL INDICATORS

	FY2014	**FY2013**
Return on equity, % p.a.	1.2%	-2.2%
Return on capital employed, % p.a.	4.0%	0.0%
Equity ratio, %	62.8%	68.5%
Gearing, %	-0.7%	-6.4%
Personnel at the end of the period	695	779

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

	FY2014	FY2013
TRY	2.9065	2.5335
USD	1.3285	1.3281
ZAR	14.4037	12.8330

Balance sheet rates

	31.12.2014	31.12.2013
TRY	2.8320	2.9605
USD	1.2141	1.3791
ZAR	14.0353	14.5660

FORMULAS FOR FINANCIAL INDICATORS

Financial ratios and indicators have been calculated with the same principles as applied in the 2013 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 2013. Afarak has applied the same accounting principles in the preparation of this Interim Report as in its financial statements for 2013, except for the adoption of new standards and interpretations that become effective in 2014. The changes did not have material impact on the Interim Report.

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

		Q4/14	Q4/13	FY2014	FY2013
Share price development in London Stock Exchange					
Average share price*	EUR	0.34	0.37	0.37	0.43
	GBP	0.27	0.31	0.30	0.37
Lowest share price*	EUR	0.30	0.35	0.30	0.35
	GBP	0.24	0.30	0.24	0.30
Highest share price*	EUR	0.39	0.41	0.39	0.47
	GBP	0.32	0.35	0.32	0.40
Share price at the end of the period**	EUR	0.32	0.36	0.31	0.43
	GBP	0.25	0.30	0.25	0.30
Market capitalisation at the end of the period**	EUR million	105.0	89.4	84.1	89.4
	GBP million	81.8	74.5	65.5	74.5
Share trading development					
Share turnover	thousand shares	3	0	23	45
Share turnover	EUR thousand	1	0	9	19
Share turnover	GBP thousand	1	0	7	16
Share turnover	%	0.0 %	0.0%	0.0 %	0.0%
Share price development in NASDAQ Helsinki					
Average share price	EUR	0.28	0.35	0.32	0.40
Lowest share price	EUR	0.21	0.30	0.21	0.30
Highest share price	EUR	0.36	0.37	0.42	0.48
Share price at the end of the period	EUR	0.32	0.32	0.32	0.32
Market capitalisation at the end of the period	EUR million	83.1	79.5	83.1	79.5
Share trading development					
Share turnover	thousand shares	10,476	1,250	20,927	4,554
Share turnover	EUR thousand	2,921	435	6,638	1,826
Share turnover	%	4,0%	0.5%	8.1%	1.8%

* 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.