07:00 London, 09:00 Helsinki, 16 August 2016 - Afarak Group Plc (“Afarak” or “the Company”) (LSE: AFRK, NASDAQ: AFAGR) Interim Report

AFARAK GROUP PLC’S INTERIM REPORT FOR 1 APRIL – 30 JUNE 2016

Q2 HIGHLIGHTS (April - June 2016):

- Board approved additional capital redemption of EUR0.01 per share
- Revenue decreased by 25.6% to EUR 39.5 (Q2/2015: 53.1) million as a result of extreme weakness in demand and prices for Afarak’s products
- Processed material sold decreased by 11.2% to 28,214 (Q2/2015: 31,755) tonnes
- Despite the challenging external environment EBITDA remained positive at EUR 0.8 (Q2/2015: 7.6) million and the EBITDA margin was 2.0% (Q2/2015: 14.4%)
- EBIT was EUR -0.9 (Q2/2015: 5.8) million
- Profit for the period from continuing operations totalled EUR -1.0 (Q2/2015: 5.7) million
- Ferrochrome production decreased by 3.8% to 26,786 (Q2/2015: 27,856) tonnes
- Tonnage mined decreased by 56.8% to 56,395 (Q2/2015: 130,417) tonnes
- Cash flow from operations was EUR -0.4 (Q2/2015: 5.0) million and liquid funds at 30 June were EUR 13.2 (30 June 2015: 10.5) (31 March 2016: 21.7) million
- The Group reduced its debt by EUR 4,7 million due to its strong cash position notwithstanding the depressed markets

INTERIM DISTRIBUTION

The Board resolved on an additional capital redemption of [EUR 0.01] per share, using the authorization given by the AGM held on 11 May 2016. The payment will be made from the company's fund for invested unrestricted equity on16 September 2016.

KEY FIGURES (EUR million)	Q2/16	Q2/15	Change	H1/16	H1/15	Change	FY2015
Revenue	**39.5**	53.1	-25.6%	80.3	93.8	-14.4%	187.7
EBITDA	**0.8**	7.6	-89.8%	4.1	12.3	-66.9%	17.2
EBITDA margin	**2.0%**	14.4%		5.1%	13.1%		9.2%
EBIT	**-0.9**	5.8		0.8	8.8		9.9
EBIT margin	**-2.2%**	11.0%		1.0%	9.3%		5.3%
Earnings before taxes	**-1.3**	5.4		-0.4	8.1		6.5
Earnings margin	**-3.2%**	10.2%		-0.5%	8.6%		3.5%
Profit from continuing operations	**-1.0**	5.7		-1.3	8.0		7.8
Profit from discontinued operations	**0**	0		0.5	0		0.8
Profit	**-1.0**	5.7		-0.8	8.0		8.5
Earnings per share, basic, EUR	**-0.00**	0.02		-0.00	0.03		0.03

Commenting on the second quarter results, Alistair Ruiters, CEO, said:

“The external environment in quarter two was one of the most challenging in recent years. Selling prices continued to plummet and the South African rand continued its rally against the US dollar and the euro. These two factors have adversely impacted the industry at large with more firms going into business rescue.

Despite the difficult environment, Afarak still managed to achieve a positive EBITDA in the first half of the year. In the face of plummeting prices, we consciously stuck to our policy of not compromising our selling prices in favour of larger sales volumes and the downward price pressures hit our sales volumes particularly in the Speciality Alloy segment. In addition, our mining volumes were much less since no open-cast mining happened at Mecklenburg.

Looking ahead, we are expecting our performance to improve in the coming months. Improved benchmark prices for charge chrome will favour Afarak and our decision to switch one of the silicon manganese furnaces at our Mogale plant to charge chrome should reflect positively in our returns from the FerroAlloys segment. We are also expecting increased business from the United States with respect to special grade ferrochrome.

Internally, we are very much focused on using this difficult period to evaluate our cost structures across our operations. The Board and Management is actively promoting cost saving initiatives and assessing ways to streamline business processes with a view of strengthening our sustainability.

Our balance sheet position remains healthy. Over the past year, Afarak has further reduced its debt levels and maintains a good cash position.

Afarak remains committed to its shareholders and we aim to continue creating value for all our stakeholders Looking ahead, market sentiment is positive and it is expected to improve in the coming months. This improved economic outlook and Afarak's balance sheet position gives the Board sufficient comfort to issue the interim capital redemption that was agreed during our last Annual General Meeting.

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 Q2/2016 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.afarak.com.

Investor Conference Call
Management will host an investor conference call in English on 17 August 2016 at 14.00 Finnish time, 12.00 UK time. Please dial-in at least 10 minutes beforehand, quoting the reference: 38313.

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Financial reports and other investor information are available on the Company's website: www.afarak.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 South Africa. The Company is listed on NASDAQ Helsinki (AFAGR) and the Main Market of the London Stock Exchange (AFRK).

Distribution:
NASDAQ Helsinki
London Stock Exchange
main media
www.afarak.com

AFARAK GROUP PLC: Q2 INTERIM REPORT FOR 1 APRIL – 30 JUNE 2016

This Interim Report is prepared in accordance with the IAS 34 standard and is unaudited. All the corresponding comparable figures of 2015 are presented in brackets, unless otherwise explicitly stated.

SALES

Sales from processed material:

Tonnes	**Q2/16**	**Q2/15**	**H1/16**	**H1/15**	**FY/15**
Processing, Speciality Alloys	5,065	7,970	10,738	15,344	27,336
Processing, FerroAlloys	23,149	23,785	44,428	38,877	76,813
Processing, Total	**28,214**	**31,755**	**55,166**	**54,221**	**104,150**

The Group's sales from processing, which includes all the products produced at the Mogale Alloys and Elektrowerk Weisweiler processing plants, were 28,214 (Q2/2015: 31,755) tonnes, a decrease of 11.2% compared to the equivalent period in 2015. Sales volumes in the Speciality Alloys segment continued the negative trend from the first quarter and decreased by 36.5%. Ferrochrome pricing pressures coming from BRICS countries continued to negatively affect the market, leading to the decrease in Afarak's ferrochrome sales, since the company stuck to its policy of not compromising selling prices for more sales volume. The increase of charge chrome and medium carbon ferrochrome sales in the FerroAlloys segment during the second quarter was not sufficient to meet last year's levels as lower sales volumes of silicomanganese led to a marginal decrease of 2.7%.

AFARAK GROUP'S FINANCIAL PERFORMANCE

REVENUE AND PROFITABILITY

EUR million	**Q2/16**	**Q2/15**	**Change**	**H1/16**	**H1/15**	**Change**	**FY/15**
Revenue	**39.5**	53.1	-25.6%	80.3	93.8	-14.4%	187.7
EBITDA	**0.8**	7.6	-89.8%	4.1	12.3	-66.9%	17.2
EBITDA margin	**2.0%**	14.4%		5.1%	13.1%		9.2%
EBIT	**-0.9**	5.8		0.8	8.8		9.9
EBIT margin	**-2.2%**	11.0%		1.0%	9.3%		5.3%
Profit from continuing operations	**-1.0**	5.7		-1.3	8.0		7.8
Profit from discontinued operations	**0.0**	0.0		0.5	0.0		0.8
Profit	**-1.0**	5.7		-0.8	8.0		8.5

Revenue for the second quarter of 2016 decreased by 25.6% to EUR 39.5 (53.1) million compared to the equivalent period in 2015. Revenue in the Speciality Alloys segment decreased by 29.5% as a result of a decrease in prices and sales volumes. Revenue also decreased in the FerroAlloys segment by 21.9% due to the lower selling prices of materials within the FerroAlloys segment. EBITDA for the second quarter of 2016 decreased compared to the equivalent period in 2015 to EUR 0.8 (7.6) million. EBITDA decreased mainly due to lower margins that were affected by the lower trading volumes and higher overhead allocation cost per tonne due to lower production in the Speciality Alloys segment. EBITDA in the FerroAlloys segment was also negatively affected by lower margins as a result of low prices, as well as the net loss incurred by the joint venture. EBIT for the second quarter of 2016 amounted to EUR -1.0 (5.8) million. Profit for the second quarter was EUR -1.0 (5.7) million.

The share of joint venture loss / profit for the period amounted to EUR -0.3 (0.8) million.

Earnings per share was EUR -0.00 (0.02).

BALANCE SHEET, CASH FLOW AND FINANCING

The Group's liquidity, as at 30 June 2016, was EUR 13.2 (10.5) (31 March 2016: 21.7) million. Operating cash flow in the second quarter was EUR -0.4 (5.0) million. The positive cash flow brought over from the first quarter enabled Afarak during the second quarter to continue reducing its' debt with financial intermediaries by EUR 4.7 (-1.1) million, and issued a capital redemption of EUR 2.6 (5.1) million. Afarak's gearing at the end of the second quarter was -4.5% (1.5%) (31 March 2016: -6.8%). Net interest-bearing debt was EUR -7.7 (2.9) (31 March 2016: -11.7) million.

Total assets on 30 June were EUR 260.0 (289.7) (31 March 2016: 263.7) million. The equity ratio was 65.7% (64.5%) (31 March 2016: 65.4%).

INVESTMENTS, ACQUISITIONS AND DIVESTMENTS

Capital expenditure for the second quarter of 2016 totalled EUR 0.7 (1.7) million. In the FerroAlloys segment, the Vlakpoort mine capitalised expenditure related to prospecting activities, whereas at Mogale Alloys it related to the acquisition of plant vehicles, as well as preparatory activity to switch one of the silicon manganese furnaces to produce charge chrome. In the Speciality Alloys segment capital expenditure was to sustain operations.

PERSONNEL

At the end of the second quarter 2016, Afarak had 769 (749) employees. The average number of employees during the second quarter of 2016 was 771 (743).

Number of employees by segment *:

	30.6.2016	30.6.2015	Change	31.12.2015
Speciality Alloys	414	378	9.5%	402
FerroAlloys	348	367	-5.2%	365
Other operations	7	4	75.0%	6
Group total	**769**	**749**	**2.7%**	**773**

*Including personnel of joint ventures.

SAFETY, HEALTH AND SUSTAINABLE DEVELOPMENT

Afarak has a Health Safety and Environment committee (HSEC) with the aim of integrating the Group operations to address the social, environment, health and safety position of all stakeholders. While continuing the programme focused on pro-active safety and environmental measurements as part of aiming to achieve "Zero Harm", the members of HSEC are defining Group standard protocols to ensure that all the Group activities are constantly managed, monitored and reported according to Group policies.

In the second quarter of 2016 we had 3 injuries that caused loss of time, lower than the 6 injuries experienced in the same period last year. 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, and ensure that the sustainable development meets the present needs of Afarak without compromising the ability of present and future generations.

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 -ow carbon ferrochrome. Chrome ore from TMS that is not utilised for the production of specialised low carbon ferrochrome is sold to the market.

Production:

Tonnes	**Q2/16**	**Q2/15**	**Change**	**H1/16**	**H1/15**	**Change**	**FY2015**
Mining*	15,425	13,685	12.7%	30,378	19,682	54.3%	49,152
Processing	7,062	7,365	-4.1%	14,176	15,228	-6.9%	26,234
Total	**22,487**	**21,050**	6.8%	**44,554**	**34,910**	27.6%	**75,386**

* Including both chromite concentrate and lumpy ore production

Production increased to 22,487 (21,050) tonnes for the second quarter of 2016, representing an increase of 6.8% when compared to the equivalent period in 2015. The increase is primarily derived from higher levels of chromite concentrate which have increased consistently since the second quarter of 2015 following the development of the new plant. Processing levels at EWW decreased when compared to the comparative quarter as a result of a decrease in sales volumes.

EUR million	**Q2/16**	**Q2/15**	**Change**	**H1/16**	**H1/15**	**Change**	**FY2015**
Revenue	**18.4**	26.1	-29.5%	36.8	49.8	-26.0%	95.6
EBITDA	**1.5**	4.5	-65.4%	3.8	7.9	-51.6%	12.7
EBITDA margin	**8.4%**	17.2%		10.4%	15.9%		13.3%
EBIT	**0.9**	3.9		2.6	6.8		10.1
EBIT margin	**4.9%**	15.0%		7.0%	13.6%		10.6%

Revenue for the second quarter decreased by 29.5% to EUR 18.4 (26.1) million. The decrease in revenue is mainly attributable to lower sales volumes of processed material as a result of weak demand which also led to lower sales prices during the quarter. EBITDA for the second quarter amounted to EUR 1.5 (4.5) million and EBIT amounted to EUR 0.9 (3.9) million. The decreases in both EBITDA and EBIT was mainly driven by the negative trend in the market for ferrochrome, particularly low carbon ferrochrome, where we saw the highest decrease in margins when compared to the comparative quarter.

As at 30 June 2016, the Speciality Alloys business had 414 (378) employees.

FERROALLOYS BUSINESS

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

Production:

Tonnes	**Q2/16**	**Q2/15**	**Change**	**H1/16**	**H1/15**	**Change**	**FY2015**
Mining*	40,970	116,732	-64.9%	71,503	219,508	-67.4%	412,629
Processing	19,724	20,491	-3.7%	40,241	40,077	0.4%	77,357
Total	**60,694**	**137,223**	**-55.8%**	**111,744**	**259,585**	**-57.0%**	**489,986**

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

Production decreased to 60,694 (137,223) tonnes in the second quarter of 2016, representing a decrease of 55.8% when compared to the same period in 2015. Mining operations decreased significantly as a result of weak demand also during the second quarter, as well as due to the depletion of the open cast mining activity at Mecklenburg which ended in November 2015. Processing levels at Mogale Alloys during the second quarter of 2016 were marginally lower than those registered during the comparative quarter particularly due to lower processing of medium carbon ferrochrome, as well as one of the silicon manganese furnaces was shut down in June to be switched to produce charge chrome.

EUR million	Q2/16	Q2/15	Change	H1/16	H1/15	Change	FY2015
Revenue	**21.1**	27.0	-21.9%	43.4	43.8	-0.9%	91.8
EBITDA	**0.5**	3.9	-87.2%	2.4	5.7	-57.7%	7.5
EBITDA margin	**2.4%**	14.6%		5.6%	13.0%		8.1%
EBIT	**-0.5**	2.7		0.4	3.3		2.8
EBIT margin	**-2.4%**	10.1%		1.0%	7.6%		3.0%

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

Revenue for the second quarter decreased to EUR 21.1 (27.0) million when compared to the equivalent period in 2015, representing a decrease of 21.9%. The decrease in revenue is mainly attributable to the lower selling prices of both silico manganese and charge chrome when compared to the same quarter last year. EBITDA during the quarter decreased to EUR 0.5 (3.9) million and EBIT decreased to -0.5 (2.7) million, this decrease was a result of the decline in prices which led to lower margins, as well as from the net loss incurred by the joint venture. The joint venture share of profits included in EBITDA amounted to EUR -0.3 (0.8) million.

The share of profit from joint ventures is made up as follows:

EUR million	Q2/16	Q2/15	Change	H1/16	H1/15	Change	FY/15
Revenue	**0.9**	3.2	-70.5%	**1.7**	5.4	-67.7%	9.7
EBITDA	**0.1**	0.6		**0.0**	0.9		1.3
EBITDA margin	**5.6%**	18.8%		**-2.4%**	16.9%		13.2%
EBIT	**0.0**	0.3		**-0.2**	0.3		0.3
EBIT margin	**-5.3%**	9.8%		**-12.3%**	5.7%		3.4%
Financial income and expense	**-0.2**	0.5		**-0.3**	0.5		-0.6
Profit for the period	**-0.3**	0.8		**-0.5**	0.9		-0.1

Afarak's share of joint ventures revenue for the second quarter decreased to EUR 0.9 (3.2) million compared to the equivalent period in 2015, representing a decrease of 70.5%. Open cast mining activity ended in November 2015 at the Mecklenburg mine and caused sales volumes at the joint venture to decrease significantly. Even though sales volumes at the Stellite mine were higher than those of the comparative quarter, actual revenue was lower as a result of a sharp fall in selling prices of concentrate and lumpy material when compared with same period last year. Share of joint venture EBITDA for the second quarter decreased to EUR 0.1 (0.6) million as a result of higher allocation of cost per tonne mined caused by lower production, as well as the effect of declining selling prices. Share of joint venture profit amounted to EUR -0.3 (0.8) million.

As at 30 June 2016, the FerroAlloys business had 348 (367) employees.

GLOBAL ECONOMY & MARKET

The global economy continues to expand at a moderate pace suggesting a continued steady trajectory. Nonetheless, growth remains fragile due to a number of factors. Low commodity prices are adversely impacting commodity exporters; the tightening of financial conditions in emerging markets; the gradual rebalancing of the Chinese economy and the uncertainties relating to the Brexit negotiations.

Metal prices remained subdued with the price deceleration continuing into quarter 2 due to a number of market-specific factors.

STAINLESS STEEL MARKET

Stainless steel prices remain weak and subdued. During the second quarter of 2016 there was no substantial increase in demand however, there seems to be an increase in demand towards the end of quarter two driven by manufacturing. This is having a positive effect on prices as availability has become tighter. Production capacity is continuing to increase as more producers are responding to this increased demand. In the stainless steel market, Brexit has created uncertainty in light of the new trade deals the United Kingdom will negotiate with trade partners such as China and other producers. The result of the vote translated into a fall in the price of LME nickel.

FERROCHROME MARKET

The market continued to be weak with declining South African benchmark prices together with low demand. This challenging environment has continued to force additional South African producers into business rescue. However, towards the end of the second quarter there was a turnaround in market conditions with increasing demand going into quarter three. This improvement was also seen in the market of standard grade low carbon ferrochrome as the exports from China declined. In the speciality grade of low carbon ferrochrome, Afarak continued to develop new speciality alloys for its clients which will be delivered throughout 2016.

CHROME ORE MARKET

The positive market signals led by Chinese chrome ore demand that emerged in late March persisted throughout quarter two leading to substantial price gains for metallurgical grades of chrome ore. The South African benchmark UG 2 ore price shot up from around $85 to $135 over the quarter. Turkish lump also gained significantly with prices increasing to over $210 as supply was constrained by the fact that some historical producers were not active. Stocks in Chinese main ports declined over the second quarter from around 1.72 to 1.46 million tons as buyers resisted re-stocking while the prices were increasing. Further ore price gains are however not expected in quarter three.

SILICO MANGANESE MARKET

Being a key component for steel making, the silico manganese price market has witnessed a general increase in prices, following the weak first quarter of 2016, which was helped by low inventory levels, tighter supply due to mine closures and a pick-up in demand. Although the main manganese ore suppliers started to increase their prices towards the beginning of quarter two, the price increase was not replicated in the prices of manganese alloys. The situation remains unclear as we enter into quarter three. Afarak has all its silico manganese produced at its Mogale Alloys plant in South Africa presold till the end of quarter three.

UNALLOCATED ITEMS

For the second quarter of 2016, EBITDA from unallocated items was EUR -1.3 (-0.8) million.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting ("AGM") was held on 11 May 2016. The AGM adopted the financial statements. The AGM resolved that no dividend would be paid for 2015. The AGM agreed to a new dividend policy that the Company will in future review it distributions to shareholders either through a capital redemption or dividend twice yearly at the time of full year and the half year announcements. This new policy will allow the Board to take prudent decisions based on market conditions whilst continuing to share its positive results with shareholders.

In line with this new policy, the AGM resolved that a capital redemption of EUR 0.01 per share for the year ended on 31 December 2015. The payment will be made from the company's fund for invested unrestricted equity on 20 May 2016.

The AGM authorized the Board of Directors to decide on its discretion on additional dividend from the Company's profits and/or on the distribution of assets from the invested unrestricted equity fund or from both as follows: the total amount of the additional dividend/capital redemption shall be maximum of EUR 0.01 per share.

The AGM resolved that the Chairman of the Board and the Chairman of the Audit and Risk Management Committee would be paid EUR 4,500 per month and the ordinary Board Members would be paid EUR 3,500 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 seven members. Mr Markku Kankaala, Dr Jelena Manojlovic, Mr Barry Rourke, Dr Alistair Ruiters and Mr Ivan Jakovcic were re-elected. Mr Keith Scott and Mr Milan Djakov were elected.

The AGM resolved that authorised public accountant firm Ernst & Young Oy is re-elected as the Auditor of the Company for the year 2016.

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 for 18 months from the decision of the Annual General Meeting.

EVENTS DURING THE REVIEW PERIOD

On 7 April 2016, Afarak announced that it entered into a long-term agreement with a world-leading developer and manufacturer of products made from advanced stainless steel and special alloys. Afarak will supply low carbon ferrochrome produced at its wholly-owned subsidiary Eschweiler-Weisweiler plant in Germany.

On 8 April 2016, Afarak announced that its subsidiary Mogale Alloys has successfully concluded Section 189 negotiations at its plant. As a result of the challenging economic environment the company had to take responsible decisions in the long-term interest of all its stakeholders. Having considered all available options, it was with regret that the company ended in a position where 23 jobs have been retrenched. The company had committed itself to assist these employees which at the conclusion of the discussions all have been either relocated or offered voluntary retirement schemes.

On 9 May 2016, Afarak announced that it finalized its EUR 3.0 million investment in a shaking table plant at Stellite. Shaking tables is an environmental-friendly technology which enables the treatment of tailing dumps for chrome. Results from the Stellite shaking table plant show that mass yield from the tailings will be up to 40% and the plant has a monthly capacity of 5,000 tonnes per month. 20 new jobs were created as a result of this investment project.

On 12 May 2016, Afarak announced that following the AGM, the Board of Directors held a meeting in which Mr Ivan Jakovcic was appointed Chairman. The Board Committees and their composition are as follows:

Audit Committee
Barry Rourke, Chairman
Markku Kankaala
Keith Scott

The Nomination and Remuneration committee
Dr Jelena Manojlovic, Chairperson
Markku Kankaala
Ivan Jakovcic

The Committee for Health Safety and sustainable development
Keith Scott, Chairman
Markku Kankaala
Milan Djakov
Barry Rourke

On 21 June 2016, Afarak announced the appointment of Cantor Fitzgerald Europe as Financial Adviser and Corporate Broker with immediate effect

FLAGGING NOTIFICATIONS

On 21 June 2016, Afarak has received a flagging notification in accordance with Chapter 9, Section 5 of the Finnish Securities Markets Act from Hino Resources Co. Ltd ("Hino"), a company incorporated and existing under the laws of Hong Kong, regarding the shares of Afarak. In accordance with the flagging notification, Hino has completed a sale of shares in Afarak Group Plc and the transaction has resulted in Hino decreasing its shareholding in the Company to under 15 per cent and becoming a 14.06% per cent holder of the shares and voting rights in Afarak.

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 30 June 2016, the registered number of Afarak Group Plc shares was 263,040,695 (259,562,434) and the share capital was EUR 23,642,049.56 (23,642,049.56).

On 30 June 2016, the Company had 4,244,717 (4,244,717) own shares in treasury, which was equivalent to 1.61% (1.64%) of the issued share capital. The total amount of shares outstanding, excluding the treasury shares held by the Company on 30 June 2016, was 258,795,978 (255,317,717).

At the beginning of the period under review, the Company's share price was EUR 0.43 on NASDAQ Helsinki and GBP 0.33 on the London Stock Exchange. At the end of the review period, the share price was EUR 0.41 and GBP 0.31 respectively. During the second quarter of 2016 the Company's share price on NASDAQ Helsinki ranged from EUR 0.39 to 0.51 per share and the market capitalisation, as at 30 June 2016, was EUR 107.8 (1 January 2016: 105.7) million. For the same period on the London Stock Exchange the share price ranged from GBP 0.31 to GBP 0.34 per share and the market capitalisation was GBP 80.2 (1 January 2016: 85.5) million, as at 30 June 2016.

Based on the resolution at the AGM on 12 May 2016, the Board is authorised to buy-back up to a maximum of 15,000,000 of its own shares. This authorisation is valid until 12 November 2017. The Company did not carry out any share buy-backs during the second quarter of 2016.

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 2015 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 and there is uncertainty as to how commodity prices will respond for the rest of 2016, which could considerably impact the Company's revenue and financial performance in 2016.

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 constantly evaluates the need to enter 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.

Helsinki, 16 August 2016

AFARAK GROUP PLC

BOARD OF DIRECTORS

FINANCIAL REPORTING IN 2016

	Closed period	Reporting date
Q3 Interim Report 2016	11.10.-11.11.2016	11 November 2016

FINANCIAL TABLES

FINANCIAL DEVELOPMENT AND ASSETS AND LIABILITIES BY SEGMENT

H1/2016 6 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	36,836	43,389	81	-53	80,254
EBITDA	3,822	2,411	-2,177	0	4,057
EBIT	2,592	424	-2,180	0	835
Segment's assets	146,748	120,028	11,141	-17,924	259,993
Segment's liabilities	50,223	49,789	2,295	-13,047	89,260

H1/2015 6 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	49,753	43,796	606	-389	93,766
EBITDA	7,902	5,703	-1,338	0	12,267
EBIT	6,762	3,343	-1,349	0	8,755
Segment's assets	150,647	152,910	10,248	-24,126	289,679
Segment's liabilities	55,943	57,674	4,445	-15,368	102,695

FY 2015 12 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	95,555	91,774	1,513	-1,130	187,711
EBITDA	12,740	7,467	-3,017	0	17,190
EBIT	10,123	2,789	-3,024	0	9,888
Segment's assets	150,216	129,187	12,519	-24,929	266,994
Segment's liabilities	52,367	58,855	2,565	-18,000	95,787

RESULTS DEVELOPMENT

	Q2/14	**Q3/14**	**Q4/14**	**Q1/15**	**Q2/15**	**Q3/15**	**Q4/15**	**Q1/16**	**Q2/16**
Sales (tonnes)									
Mining	45,341	34,846	15,728	51,401	91,040	101,701	64,487	22,959	40,618
Processing	22,948	26,347	23,465	22,466	31,755	20,059	31,137	26,952	28,214
Trading	6,405	8,268	9,954	4,188	3,357	8,798	11,953	10,177	7,262
Total	74,694	69,461	49,147	78,055	126,152	130,558	107,577	60,088	76,094
Average rates									
EUR/USD	1.370	1.355	1.329	1.126	1.116	1.114	1.110	1.102	1.116
EUR/ZAR	14.676	14.536	14.404	13.228	13.305	13.701	14.172	17.455	17.198

Euro (million)	Q2/14	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16
Revenue*	47.3	40.6	41.6	40.7	53.1	44.8	49.2	40.8	39.5
Extraordinary items*	0.0	1.2	-1.6	0.0	0.0	-0.3	0.0	0.0	0.0
EBITDA	3.3	2.1	0.0	4.6	7.6	1.3	3.7	3.3	0.8
EBITDA margin	7.1%	5.1%	0.0%	11.4%	14.4%	2.8%	7.5%	8.0%	2.0%
Adjusted EBITDA**	3.3	0.9	1.6	4.6	7.6	1.6	3.7	3.3	0.8
EBIT	1.4	0.5	-1.1	2.9	5.8	-0.7	1.8	1.7	-0.9
EBIT margin	3.0%	1.3%	-2.8%	7.2%	11.0%	-1.5%	3.7%	4.2%	-2.2%

* 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	**Q2/16**	**Q2/15**	**H1/16**	**H1/15**	**FY/15**
Revenue	**39,484**	**53,053**	**80,254**	**93,766**	**187,711**
Other operating income	221	505	527	1,193	2,331
Operating expenses	-38,638	-46,781	-76,175	-83,567	-172,439
Depreciation and amortisation	-1,663	-1,788	-3,222	-3,512	-7,302
Impairment	0	0	0	0	0
Items related to associates (core)	0	1	0	2	0
Share of profit from joint ventures	-292	842	-549	873	-414
Operating profit	**-887**	**5,831**	**835**	**8,755**	**9,888**
Financial income and expense	-372	-410	-1,233	-668	-3,367
Profit before tax	**-1,259**	**5,421**	**-398**	**8,088**	**6,520**
Income tax	223	289	-881	-105	1,236
Profit for the period from continuing operations	**-1,036**	**5,711**	**-1,279**	**7,982**	**7,756**
Discontinued operations					
Profit for the period from discontinued operations	0	0	461	0	782
Profit for the period	**-1,036**	**5,711**	**-818**	**7,982**	**8,539**
Profit attributable to:					
Owners of the parent	-944	5,750	-653	8,119	8,854
Non-controlling interests	-92	-40	-165	-137	-315
Total	-1,036	5,711	-818	7,982	8,539
Earnings per share for profit attributable to the shareholders of the parent company, EUR					
Basic earnings per share, EUR	-0.00	0.02	-0.00	0.03	0.03
Diluted earnings per share, EUR	-0.00	0.02	-0.00	0.03	0.03

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR ‘000	**Q2/16**	**Q2/15**	**H1/16**	**H1/15**	**FY2015**
Profit for the period	**-1,036**	**5,711**	**-818**	**7,982**	**8,539**
Other comprehensive income					
Remeasurements of defined benefit pension plans	0	0	0	0	986
Exchange differences on translating foreign operations - Group	-395	-3,879	-664	4,200	-18,845
Exchange differences on translating foreign operations – Associate and JV	1,662	-132	4,218	-1,596	-3,125
Income tax relating to other comprehensive income	-276	1,056	-788	-763	4,552
Other comprehensive income, net of tax	**1,780**	**-2,956**	**2,765**	**1,841**	**-16,432**
Total comprehensive income for the period	**744**	**2,755**	**1,947**	**9,823**	**-7,894**
Total comprehensive income attributable to:					
Owners of the parent	761	2,987	1,998	9,812	-6,791
Non-controlling interests	-17	-232	-51	11	-1,103

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY

EUR '000	**30.6.2016**	**30.6.2015**	**31.12.2015**
ASSETS			
Non-current assets			
Goodwill	59,199	64,383	58,349
Other intangible assets	16,988	21,784	17,014
Property, plant and equipment	43,328	49,867	43,559
Investments in associates	0	89	0
Other non-current assets	39,946	44,231	42,496
Non-current assets total	**159,461**	**180,354**	**161,418**
Current assets			
Inventories	50,131	60,742	45,152
Trade receivables	22,963	20,780	24,803
Other receivables	14,269	17,308	15,976
Cash and cash equivalents	13,169	10,494	19,644
Current assets total	**100,533**	**109,324**	**105,575**
Total assets	**259,994**	**289,679**	**266,994**
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	237,780	238,318	240,240
Legal Reserve	185	198	187
Translation reserves	-26,040	-10,368	-28,692
Retained earnings	-94,367	-95,505	-93,755
Equity attributable to owners of the parent	**166,940**	**182,025**	**167,362**

Non-controlling interests	**3,794**	**4,959**	**3,845**
Total equity	**170,734**	**186,984**	**171,207**
Liabilities			
Non-current liabilities			
Deferred tax liabilities	6,011	8,412	5,949
Provisions	9,759	10,481	9,309
Share of joint ventures' losses	19,536	20,277	23,218
Pension liabilities	18,513	19,830	18,734
Financial liabilities	3,186	9,854	4,944
Non-current liabilities total	**57,005**	**68,854**	**62,155**
Current liabilities			
Trade payables	16,897	15,713	9,875
Other current liabilities	15,357	18,128	23,756
Current liabilities total	**32,255**	**33,841**	**33,631**
Total liabilities	**89,260**	**102,695**	**95,787**
Total equity and liabilities	**259,994**	**289,679**	**266,994**

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

EUR '000	**30.6.2016**	**30.6.2015**	**31.12.2015**
Cash and cash equivalents	**13,169**	**10,494**	**19,644**
Interest-bearing receivables			
Current	3,516	5,193	3,519
Non-current	29,687	35,414	33,165
Interest-bearing receivables	**33,203**	**40,607**	**36,684**
Interest-bearing liabilities			
Current	5,418	4,612	12,133
Non-current	50	8,736	2,975
Interest-bearing liabilities	**5,468**	**13,348**	**15,108**
NET TOTAL	**40,905**	**37,753**	**41,220**

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

EUR '000	**Property, plant and equipment**	**Intangible assets**
Acquisition cost 1.1.2016	73,843	206,835
Additions	1,165	373
Disposals	-4	0
Reclass between items	288	0
Effect of movements in exchange rates	1,220	2,950
Acquisition cost 30.6.2016	76,511	210,158
Acquisition cost 1.1.2015	78,052	225,275
Additions	7,336	652
Disposals	-898	-310

Reclass between items	211	30
Effect of movements in exchange rates	-10,858	-18,811
Acquisition cost 31.12.2015	73,843	206,835

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY

EUR '000	**H1/16**	**H1/15**	**FY2015**
Profit for the period	-818	7,982	8,539
Adjustments to profit for the period	4,198	-3,103	6,258
Changes in working capital	3,169	-2,583	-2,438
Discontinued operations	273	0	177
Net cash from operating activities	**6,822**	**2,296**	**12,535**
Acquisition of subsidiaries and associates, net of cash acquired	-19	0	-173
Disposal of subsidiaries and associates, net of cash sold	0	0	293
Capital expenditure and other investing activities	-1,288	-3,939	-7,555
Proceeds from repayments of loans and loans given	3	3,510	3,516
Net cash used in investing activities	**-1,304**	**-429**	**-3,919**
Capital Redemption	-2,588	-5,106	-5,106
Proceeds from borrowings	2,199	3,363	8,728
Repayment of borrowings, and other financing activities	-11,619	-3,004	-5,720
Net cash used in financing activities	**-12,008**	**-4,747**	**-2,098**
Net increase in cash and cash equivalents	**-6,491**	**-2,880**	**6,518**

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, t
H = Non-controlling interests
I = Total equity

EUR '000	A	B	C	D	E	F	G	H	I
Equity at 31.12.2014	**23,642**	**25,740**	**243,425**	**-12,062**	**-103,658**	**210**	**177,297**	**4,948**	**182,244**
Profit for the period 1-6/2015 + comprehensive income				3,289	8,119		11,409	-137	11,272
Share of OCI in associates and JV				-1,596			-1,596		-1,596
Translation differences								148	148
Share-based payments					60		60	1	61
Capital redemption			-5,106				-5,106		-5,106
Acquisitions and disposals of subsidiaries					-27		-27		-27
Other changes in equity						-11	-11		-11
Equity at 30.6.2015	**23,642**	**25,740**	**238,318**	**-10,368**	**-95,505**	**198**	**182,025**	**4,960**	**186,984**
Profit for the period 7-12/2015 + comprehensive income				-16,794	735		-16,059	-178	-16,237
Share of OCI in associates and JV				-1,529			-1,529		-1,529
Translation differences							0	-936	-936
Share-based payments			183		31		214		214
Share Issue			1,739				1,739		1,739
Acquisitions and disposals of subsidiaries					-2		-2		-2
Remeasurements of defined benefit pension plans					986		986		986
Other changes in equity						-12	-12		-12
Equity at 31.12.2015	**23,642**	**25,740**	**240,240**	**-28,691**	**-93,755**	**187**	**167,362**	**3,845**	**171,207**
Profit for the period 1-6/2016 + comprehensive income				-1.567	-653		-2,220	-165	-2,385
Share of OCI in associates and JV				4.218			4,218		4,218
Translation differences							0	113	113
Share-based payments			128		42		170		170
Capital redemption			-2,588				-2,588		-2,588
Acquisitions and disposals of subsidiaries									
Other changes in equity						-2	-2		-2
Equity at 30.6.2016	**23.642**	**25.740**	**237.780**	**-26,041**	**-94,366**	**185**	**166,939**	**3,794**	**170,733**

RELATED PARTY TRANSACTIONS DURING THE REVIEW PERIOD

EUR '000	H1/16	H1/15	FY2015
Sales to joint ventures	96	175	353
Sales to other related parties	13	16	30
Purchases from joint ventures	-74	-4,488	-9,448
Financing income from joint ventures	402	494	958
Financing expense to other related parties	-14	308	296
Loan receivables from joint ventures	29,046	34,804	32,573
Loan receivables from other related parties	3,516	3,592	3,519
Trade and other receivables from joint ventures	7,881	7,323	7,913
Trade and other receivables from other related parties	69	78	62
Trade and other payables to joint ventures	411	291	209

FINANCIAL INDICATORS

	H1/16	H1/15	FY2015
Return on equity, % p.a.	-1.5%	8.5%	4.4%
Return on capital employed, % p.a.	2.1%	14.5%	9.3%
Equity ratio, %	65.7%	64.5%	64.2%
Gearing, %	-4.5%	1.5%	-2.6%
Personnel at the end of the period	769	749	773

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

	H1/16	H1/15	FY2015
TRY	3.2593	2.8626	3.0255
USD	1.1159	1.1158	1.1095
ZAR	17.1983	13.3048	14.1723

Balance sheet rates

	30.6.2016	30.6.2015	31.12.2015
TRY	3.2060	2.9953	3.1765
USD	1.1102	1.1189	1.0887
ZAR	16.4461	13.6416	16.9530

FORMULAS FOR FINANCIAL INDICATORS

Financial ratios and indicators have been calculated with the same principles as applied in the 2014 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 2015. Afarak has applied the same accounting principles in the preparation of this Interim Report as in its financial statements for 2015, except for the adoption of new standards and interpretations that become effective in 2016. 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

		Q2/16	Q2/15	H1/16	H1/15	FY2015
Share price development in London Stock Exchange						
Average share price*	EUR	0.41	0.44	0.41	0.44	0,45
	GBP	0.32	0.33	0.32	0.33	0,33
Lowest share price*	EUR	0.39	0.44	0.39	0.34	0,34
	GBP	0.31	0.33	0.31	0.25	0,25
Highest share price*	EUR	0.44	0.44	0.44	0.44	0,45
	GBP	0.34	0.33	0.34	0.33	0,33
Share price at the end of the period**	EUR	0.37	0.46	0.37	0.46	0,44
	GBP	0.31	0.33	0.31	0.33	0,33
Market capitalisation at the end of the period**	EUR million	97.1	118.6	97.1	118.6	116,5
	GBP million	80.2	84.4	80.2	84.4	85,5
Share trading development						
Share turnover	thousand shares	1	7	3	7	13

Share turnover	EUR thousand	1	3	1	3	6
Share turnover	GBP thousand	0	2	1	2	4
Share turnover	%	0.0 %	0.0 %	0.0 %	0.0 %	0,0 %
Share price development in NASDAQ Helsinki						
Average share price	EUR	0.43	0.40	0.42	0.39	0.44
Lowest share price	EUR	0.39	0.36	0.39	0.33	0.33
Highest share price	EUR	0.51	0.46	0.51	0.65	0.67
Share price at the end of the period	EUR	0.41	0.37	0.41	0.37	0.40
Market capitalisation at the end of the period	EUR million	107.8	96.0	107.8	96.0	105.7
Share trading development						
Share turnover	thousand shares	5,819	4,636	10,921	20,579	38,224
Share turnover	EUR thousand	2,490	1,868	4,570	7,968	16,936
Share turnover	%	2.2%	1.8%	4.2%	7.9%	14.5 %

* 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.