



07:00 London, 09:00 Helsinki, 11 November 2016 - Afarak Group Plc (“Afarak” or “the Company”) (LSE: AFRK, NASDAQ: AFAGR) Interim Report

AFARAK GROUP PLC’S UNAUDITED INTERIM REPORT FOR 1 JULY – 30 SEPTEMBER 2016

Q3 HIGHLIGHTS (July-September 2016):

Afarak displayed resilience in the face of a challenging quarter and is well-positioned to benefit from the current market upswing.

Health, safety & environment

- One worker, Nelson Maurison Msimango, succumbed to grievous injuries sustained followed at accident at Mogale plant

Investor highlights

- Capital redemption of EUR 2.6 (0.0) million approved and paid during the quarter

Financial highlights

- Revenue decreased by 35.4% to EUR 28.9 (Q3/2015: 44.8) million
- EBITDA was EUR -2.8 (Q3/2015: 1.3) million and the EBITDA margin was -9.8% (Q3/2015: 2.8%) EBIT was EUR -4.5 (Q3/2015: -0.7) million and the EBIT margin was -15.7% (Q3/2015: -1.5%)
- Profit for the period from continuing operations totalled EUR -3.2 (Q3/2015: -1.0) million
- Cash flow from operations was EUR -5.5 (Q3/2015: 9.9) million and liquid funds at 30 September was EUR 7.0 (30 September 2015: 22.3) (30 June 2016: 13.2) million

Operational highlights

- Processed material sold decreased by 11.7% to 18,023 (Q3/2015: 20,419) tonnes
- Production of processed material decreased by 4.4% to 18,489 (Q3/2015: 19,348) tonnes
- Tonnage mined decreased by 64.2% to 45,487 (Q3/2015: 127,004) tonnes

KEY FIGURES (EUR million)	Q3/16	Q3/15	Change	Q1-Q3/16	Q1-Q3/15	Change	FY 2015
Revenue	28.9	44.8	-35.4%	109.2	138.5	-21.2%	187.7
EBITDA	-2.8	1.3	-326.0%	1.2	13.5	-91.0%	17.2
EBITDA margin	-9.8%	2.8%		1.1%	9.8%		9.2%
EBIT	-4.5	-0.7		-3.7	8.1		9.9
EBIT margin	-15.7%	-1.5%		-3.4%	5.8%		5.3%
Earnings before taxes	-4.2	-2.0		-4.6	6.1		6.5
Earnings margin	-14.6%	-4.5%		-4.2%	4.4%		3.5%
Profit from continuing operations	-3.2	-1.0		-4.5	7.0		7.8
Profit from discontinued operations	1.0	0		1.5	0		0.8
Profit	-2.2	-1.0		-3.0	7.0		8.5
Earnings per share, basic, EUR	-0.01	0.00		-0.01	0.03		0.03

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

“The company endured a very challenging quarter. It was extremely painful to deal with the loss of one of our colleagues, Nelson Maurison Msimango, who passed away following a fatal accident at our Mogale plant. We are continuing with our efforts to enhance health and safety procedures at our plants.

Markets remained subdued as prices for many of our products continued to slide accompanied by tapered demand. With prices gravitating downwards, our sales volumes in the speciality alloy segment were hit hard. Our mining and production volumes were lower due to safety stoppages at our mines and due to the closure of Mogale Alloys plant following the fatality. In response, Afarak focused its efforts on prudent working capital management, the procurement of strategic raw materials at competitive prices and debt collection. Our sales of materials, particularly charge chrome, remained satisfactory despite the seasonality associated with weak demand in the third quarter.

We are seeing a recovery in prices. Benchmark prices for charge chrome have accelerated and demand is gaining traction. This improved market sentiment together with our strong managerial and production capabilities should further support our efforts to generate value for our shareholders.”

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 Q3/2016 unaudited 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 11 November 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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AFARAK GROUP PLC

Alistair Ruiters

CEO

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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

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www.afarak.com

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014 ('MAR'). Upon the publication of this announcement via Regulatory Information Service ('RIS'), this inside information is now considered to be in the public domain.



AFARAK GROUP PLC: Q3 UNAUDITED INTERIM REPORT FOR 1 JULY– 30 SEPTEMBER 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

Processed material:

Tonnes	Q3/16	Q3/15	Q1-Q3/16	Q1-Q3/15	FY2015
Processing, Speciality Alloys	3,507	6,287	14,245	21,631	27,336
Processing, FerroAlloys	14,516	14,132	58,944	51,381	76,813
Processing, Total	18,023	20,419	73,189	73,012	104,150

The Group's sales from processing, which includes all the products produced at the Mogale Alloys and Elektrowerk Weisweiler processing plants, were 18,023 (Q3/2015: 20,419) tonnes, representing a decrease of 11.7% compared to the equivalent period in 2015. Sales volumes in the Speciality Alloys segment continued the negative trend and decreased by 44.2% as a result of weak demand and the continued pricing pressures coming from BRICs country producers who continued offering lower price to the low carbon ferrochrome market to destock their positions. Sales volumes in the FerroAlloys segment increased marginally by 2.7% as the decrease in sales volumes of silico manganese material were offset by increases in sales volumes of both charge chrome and medium carbon ferrochrome. The availability of silico manganese shrunk as a result of the switch of P2 furnace at Mogale Alloys from silico manganese production to charge chrome during the quarter.

AFARAK GROUP'S FINANCIAL PERFORMANCE

REVENUE AND PROFITABILITY

EUR million	Q3/16	Q3/15	Change	Q1-Q3/16	Q1-Q3/15	Change	FY2015
Revenue	28.9	44.8	-35.4%	109.2	138.5	-21.2%	187.7
EBITDA	-2.8	1.3	-326.0%	1.2	13.5	-91.0%	17.2
EBITDA margin	-9.8%	2.8%		1.1%	9.8%		9.2%
EBIT	-4.5	-0.7		-3.7	8.1		9.9
EBIT margin	-15.7%	-1.5%		-3.4%	5.8%		5.3%
Profit from continuing operations	-3.2	-1.0		-4.5	7.0		7.8
Profit from discontinued operations	1.0	0.0		1.5	0.0		0.8
Profit	-2.2	-1.0		-3.0	7.0		8.5

Revenue for the third quarter of 2016 decreased by 35.4% to EUR 28.9 (44.8) million compared to the equivalent period in 2015. The decrease in revenue was more accentuated in the Speciality Alloys segment as revenue decreased by 53.6% due to lower sales volumes as a result of subdued markets. The demand-side was weak coupled with an excess supply as producers from BRIC countries continued destocking their positions. Revenue also decreased in the FerroAlloys segment by 13.5% as a result of lower prices driven by poor demand. In the FerroAlloys segment a number of internally-driven factors also contributed. A decrease in production due to the depletion of the open-cast mine at Mecklenburg and the closure of the Mogale Alloys plant following the fatality together with higher energy tariffs compounded the effects of the challenging external environment.

EBITDA for the third quarter of 2016 decreased to EUR -2.8 (1.3) million when compared to the comparative period in 2015. EBITDA decreased mainly due to lower margins resulting from a continuous drop in selling prices and increases in ore and power costs. EBIT for the third quarter of 2016 amounted to EUR -4.5 (-0.7) million. Profit for the third quarter was EUR -2.2 (-1.0) million. The share of joint venture profit for the period amounted to EUR -0.2 (-0.6) million.

Earnings per share was EUR -0.01 (0.00).

BALANCE SHEET, CASH FLOW AND FINANCING

The Group's liquidity, as at 30 September 2016, was EUR 7.0 (22.3) (30 June 2016: 13.2) million. Operating cash flow in the third quarter was EUR -5.5 (9.9) million, which was mainly driven by the results during the quarter, as well as due to an additional EUR 2.2 (-3.1) million used for working capital. During the quarter Afarak paid a capital redemption of EUR 2.6 (0.0) million. Afarak's gearing at the end of the third quarter was 0.4% (-2.4%) (30 June 2016: -4.5%). Net interest-bearing debt was EUR 0.8 (-4.2) (30 June 2016: -7.7) million.

Total assets on 30 September were EUR 257.7 (279.2) (30 June 2016: 260.0) million. The equity ratio was 66.2% (63.0%) (30 June 2016: 65.4%).

INVESTMENTS, ACQUISITIONS AND DIVESTMENTS

Capital expenditure for the third quarter of 2016 totalled EUR 0.5 (2.4) million. Capital expenditure both in the Speciality Alloys segment and in the Ferro Alloys segment was incurred to sustain Group operations.

PERSONNEL

At the end of the third quarter 2016, Afarak had 785 (760) employees. The average number of employees during the third quarter of 2016 was 773 (753).

Number of employees by segment *:

	30.9.2016	30.9.2015	Change	31.12.2015
Speciality Alloys	417	385	8.3%	402
FerroAlloys	362	369	-1.9%	365
Other operations	6	6	0.0%	6
Group total	785	760	3.3%	773

*Including personnel of joint ventures.

SAFETY, HEALTH AND SUSTAINABLE DEVELOPMENT

Afarak registered its first ever fatality during quarter three of 2016. Nelson Maurison Msimango, an employee at the Mogale Alloys Plant succumbed to the greivous injuries he sustained at his workplace. The plant was closed-down and an in-depth investigation and review of safety policies took place. Following the implementation of more rigorous health and safety procedures, the plant was re-opened. Afarak's management provided counselling sessions to fellow workers as well as held a memorial service on site.

In addition, Afarak Group sustained a further 2 injuries that caused a loss of time.

The Safety, Health and Environment Committee is currently working on reviewing all safety policies, procedures and monitoring and reporting frameworks with a view to improving Afarak's progress and achieving its 'Zero-Harm' goal.

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 low 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	Q3/16	Q3/15	Change	Q1-Q3/16	Q1-Q3/15	Change	FY/15
Mining*	12,455	11,663	6.8%	42,833	31,345	36.7%	49,152
Processing	5,079	4,585	10.8%	19,255	19,813	-2.8%	26,234
Total	17,534	16,248	7.9%	62,088	51,158	21.4%	75,386

* Including both chromite concentrate and lumpy ore production

Production increased to 17,534 (16,248) tonnes for the third quarter of 2016, representing an increase of 7.9% when compared to the equivalent period in 2015. The increase in mining activity is primarily attributable to uninterrupted operations at the mines during Q3 of 2016 as opposed to the comparative quarter during which mining operations were disrupted by the development of the new plant at Tavas mine. Processing levels at EWW increased when compared to the comparative quarter particularly due to an increase in processing levels of specialised low carbon ferrochrome.

EUR million	Q3/16	Q3/15	Change	Q1-Q3/16	Q1-Q3/15	Change	FY/15
Revenue	11.4	24.5	-53.6%	48.2	74.3	-35.1%	95.6
EBITDA	-0.7	1.4	-153.1%	3.1	9.3	-66.8%	12.7
EBITDA margin	-6.5%	5.7%	-214.3%	6.4%	12.5%	-48.9%	13.3%
EBIT	-1.4	0.7	-300.7%	1.2	7.4	-83.7%	10.1
EBIT margin	-12.1%	2.8%	-532.3%	2.5%	10.0%	-74.9%	10.6%

Revenue for the third quarter decreased by 53.6% to EUR 11.4 (24.5) million. The decrease in revenue is mainly attributable to lower sales volumes of processed material on the back of weak demand; dampened prices on account of increased pressure by BRIC producers who reduced their prices to destock their positions of low carbon ferrochrome; as well as lower trading activity of material sourced by third parties. Such a significant decline in revenue and prices caused EBITDA for the third quarter to decrease to EUR -0.7 (1.4) million and EBIT to decrease to EUR -1.4 (0.7) million.

As at 30 September 2016, the Speciality Alloys business had 417 (385) 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	Q3/16	Q3/15	Change	Q1-Q3/16	Q1-Q3/15	Change	FY/15
Mining*	33,032	115,341	-71.4%	104,535	334,849	-68.8%	412,629
Processing	13,410	14,763	-9.2%	53,651	54,840	-2.2%	77,357
Total	46,442	130,104	-64.3%	158,186	389,689	-59.4%	489,986

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

Production decreased to 46,442 (130,104) tonnes in the third quarter of 2016, representing a decrease of 64.3% when compared to the same period in 2015. Mining operations decreased significantly due to the depletion of the open cast mining activity at Mecklenburg which ended in November 2015. The decrease in

mining activity is also attributable to the current idle activity at the Vlakpoort mine which contrasts with the contribution of bulk sampling which occurred during the comparative quarter. Mining activity at Stellite mine was interrupted by temporary closure due to DMR's Section 54, whereas the shaking tables plant which was commissioned earlier in 2016 continued improving recoveries during the quarter. Processing levels at Mogale Alloys during the third quarter of 2016 were lower than those registered during the comparative quarter. Processing of charge chrome increased during the third quarter of 2016 when compared to the comparative quarter, whereas the contrary occurred to silicomanganese as from July 2016, one of the furnaces was switched to produce charge chrome instead of producing silicomanganese. Mogale Alloy's production also had to stop during the quarter due to the fatality with a consequent loss of production of 1,500 tonnes.

EUR million	Q3/16	Q3/15	Change	Q1-Q3/16	Q1-Q3/15	Change	FY/15
Revenue	17.5	20.2	-13.5%	60.9	64.0	-4.9%	91.8
EBITDA	-1.6	0.7		0.8	6.4		7.5
EBITDA margin	-9.1%	3.6%		1.3%	10.1%		8.1%
EBIT	-2.7	-0.5		-2.2	2.8		2.8
EBIT margin	-15.2%	-2.5%		-3.7%	4.4%		3.0%

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

Revenue for the third quarter decreased to EUR 17.5 (20.2) million compared to the equivalent period in 2015, representing a decrease of 13.5%. The decrease in revenue can be attributed to a combination of both market-driven and internal factors. The market continued to be subdued with prices of both silicomanganese and charge chrome being low. In addition the Company faced a significant increase in both manganese ore cost and energy tariffs. There was also a decrease in trading of third party material when compared to a year earlier. The negative effects brought by such factors caused EBITDA to decrease to EUR -1.6 (0.7) million and EBIT to decrease to EUR -2.7 (-0.5) million. The absence of profit which was registered by the Vlakpoort mine during the comparative quarter also negatively affected the result during the quarter. The joint venture share of profits included in EBITDA amounted to EUR -0.2 (-0.6) million.

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

EUR million	Q3/16	Q3/15	Change	Q1-Q3/16	Q1-Q3/15	Change	FY/15
Revenue	0.7	2.7	-72.6%	2.5	8.1	-69.4%	9.7
EBITDA	-0.1	0.4		-0.1	1.3		1.3
EBITDA margin	-9.3%	15.7%		-4.5%	16.5%		13.2%
EBIT	-0.2	0.2		-0.4	0.5		0.3
EBIT margin	-29.6%	7.3%		-17.5%	6.3%		3.4%
Financial income and expense	0.0	-0.8		-0.4	-0.3		-0.6
Profit for the period	-0.2	-0.6		-0.8	0.3		-0.1

Afarak's share of joint ventures revenue for the third quarter decreased to EUR 0.7 (2.7) million compared to the equivalent period in 2015, representing a decrease of 72.6%. Sales volumes at the joint venture decreased significantly following the depletion of open cast mining activity at the Mecklenburg mine in November 2015. Sales volumes of both concentrate material and lumpy material were lower at the Stellite mine than those of the comparative quarter. Revenue decreased as a result of lower selling prices of concentrate and lumpy material which were agreed earlier in the quarter. Share of joint venture EBITDA for the third quarter decreased to EUR -0.1 (0.4) million as a result of the lower sales volumes and prices which led to lower margins. Share of joint venture profits amounted to EUR -0.2 (-0.6) million.

As at 30 September 2016, the FerroAlloys business had 362 (369) employees.

GLOBAL ECONOMY & MARKET

The moderate global growth recorded towards the end of last year continued in the first nine months of 2016. Looking ahead, management expects global growth to recover gradually. Low interest rates, improving labour markets and resilient confidence support the outlook for advanced economies, although the uncertainty generated by the referendum in the United Kingdom on EU membership will weigh on demand in

that country. As regards emerging market economies (EMEs), economic activity in China is expected to slow, while the outlook for large commodity exporters remains subdued, despite some tentative signs of stabilisation. Management believes risks to the outlook for global economic activity remain on the downside.

Commodity prices remained subdued in quarter three due to a number of market-specific factors.

STAINLESS STEEL MARKET

Following the prolonged period of low and depressed prices, stainless steel producers are seeing a slight reversal in trend. Demand for steel increased on account of restocking and price increase expectations rather than for structural reasons. In terms of supply, with the Chinese domestic market gaining momentum, stocks for exports were limited leading to a general tightening of market conditions. This is expected to benefit European producers as it will allow them to secure higher prices as a result of both the tight market supply and the anti-dumping measures that have been in place.

FERROCHROME MARKET

With prices for nickel gaining ground, consumers started to demand more ferrochrome in the third quarter. On the back of increased demand, prices started to increase even as market supply continued to tighten following the cutbacks in ferrochrome production from South Africa due to several producers going into business rescue or cutting their production. Ferrochrome prices also increased as a result of higher production costs, particularly chrome ore. Management expectations for the ferrochrome market are positive for the period to mid-2017. On the other hand, the chrome metal and standard low carbon ferrochrome markets continued to be weak. Although Chinese exporters have exited the market, producers in Russia and Kazakhstan are destocking their positions.

CHROME ORE MARKET

Chinese metallurgical grade chrome ore demand continued to remain strong leading to a further decline in Chinese stock levels. In addition, the South African benchmark UG 2 ore price has accelerated from around \$135 per tonne to just below \$300 per tonne towards the end of quarter three. Turkish lump has also gained significantly with prices increasing to over \$360 per tonne over this period. It is anticipated that at these levels the Chinese producers will start to cut production.

SILICO MANGANESE MARKET

Despite positive expectations for quarter three, the silico-manganese price remained low due to the strengthening of the euro and weakening of the yuan. In terms of demand, the European steel market has continued to remain stagnant unlike in China where the demand has been increasing.

UNALLOCATED ITEMS

For the third quarter of 2016, the EBITDA from unallocated items was EUR -0.5 (-0.9) million.

EVENTS DURING THE REVIEW PERIOD

On 16 August 2016, Afarak announced that an additional capital redemption of EUR 0.01 per share will be paid, using the authorisation given by the AGM held on 11 May 2016. The payment was made from the Company's fund for invested unrestricted equity on 16 September 2016.

On 19 August 2016, Afarak announced a fatality at its Mogale plant. Nelson Maurison Msimango, a 58-year old from Kagiso, Krugersdorp and employed with Mogale Alloys since May 2005, succumbed to the critical injuries he sustained in a serious incident at the P3 Furnace at the Mogale plant. Afarak Group had to shut-down its operations at the Mogale Alloys plant after the incident and has implemented a number of health and safety initiatives at the Plant. Following the incident, management organised a number of counselling sessions for fellow employees and a memorial service at the Plant.

On 14 September 2016, Afarak announced that it had completed the transfer of 500,000 ordinary shares (the "Shares") from the treasury to Dr Alistair Ruiters, CEO. The Shares were issued under the authorization given by the Company's Annual General Meeting in May 2016 and form a part of the CEOs service based remuneration package.

COMPANY'S SHARES

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

On 30 September 2016, the registered number of Afarak Group Plc shares was 263,040,695 (263,040,695) and the share capital was EUR 23,642,049.60 (23,642,049.60).

On 30 September 2016, the Company had 3,744,717 (4,244,717) own shares in treasury, which was equivalent to 1.42% (1.61%) of the issued share capital. The total amount of shares outstanding, excluding the treasury shares held by the Company on 30 September 2016, was 259,295,978 (258,795,978).

At the beginning of the period under review, the Company's share price was EUR 0.41 on NASDAQ Helsinki and GBP 0.31 on the London Stock Exchange. At the end of the review period, the share price was EUR 0.43 and GBP 0.33 respectively. During the third quarter of 2016 the Company's share price on NASDAQ Helsinki ranged from EUR 0.39 to 0.46 per share and the market capitalisation, as at 30 September 2016, was EUR 113.4 (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 0.33 per share and the market capitalisation was GBP 99.3 (1 January 2016: 85.5) million, as at 30 September 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 third 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.

Following the subdued ferrochrome markets, Afarak ended the second quarter with a high level of inventories. As part of its strategy of prudent working capital management, Afarak conducted a destocking process which also involves a temporary stoppage at its EWW plant to reduce the piling of inventory which is expected to last till the end of the year.

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 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 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.

Helsinki, 11 November 2016

AFARAK GROUP PLC

BOARD OF DIRECTORS

FINANCIAL TABLES

FINANCIAL DEVELOPMENT AND ASSETS AND LIABILITIES BY SEGMENT

Q1-Q3/2016 9 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	48,215	60,913	51	-9	109,170
EBITDA	3,084	809	-2,679	0	1,214
EBIT	1,215	-2,236	-2,684	0	-3,705
Segment's assets	140,761	125,297	11,729	-20,113	257,674
Segment's liabilities	48,076	53,219	2,142	-16,265	87,172

Q1-Q3/2015 9 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	74,254	64,044	815	-584	138,530
EBITDA	9,293	6,438	-2,206	0	13,525
EBIT	7,447	2,846	-2,211	0	8,082
Segment's assets	153,474	136,417	11,483	-22,136	279,238
Segment's liabilities	57,172	55,892	4,259	-14,023	103,299

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

	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16	Q3/16
Sales (tonnes)									
Mining	34,846	15,728	51,401	86,884	101,701	64,487	22,959	40,618	10,918
Processing	26,347	23,465	22,826	30,556	20,419	31,137	26,952	28,214	18,023
Trading	8,268	9,954	3,828	6,466	8,798	11,953	10,177	7,262	12,256
Total	69,461	49,147	78,055	123,906	130,558	107,577	60,088	76,094	41,260
Average rates									
EUR/USD	1.355	1.329	1.126	1.116	1.114	1.110	1.102	1.116	1.116
EUR/ZAR	14.536	14.404	13.228	13.305	13.701	14.172	17.455	17.198	16.683
Euro (million)	Q3/14	Q4/14	Q1/15	Q2/15	Q3/15	Q4/15	Q1/16	Q2/16	Q3/16
Revenue	40.6	41.6	40.7	53.1	44.8	49.2	40.8	39.5	28.9
Extraordinary items*	1.2	-1.6	0.0	0.0	-0.3	0.0	0.0	0.0	0.0
EBITDA	2.1	0.0	4.6	7.6	1.3	3.7	3.3	0.8	-2.8
EBITDA margin	5.1%	0.0%	11.4%	14.4%	2.8%	7.5%	8.0%	2.0%	-9.8%
Adjusted EBITDA**	0.9	1.6	4.6	7.6	1.6	3.7	3.3	0.8	-2.8
EBIT	0.5	-1.1	2.9	5.8	-0.7	1.8	1.7	-0.9	-4.5
EBIT margin	1.3%	-2.8%	7.2%	11.0%	-1.5%	3.7%	4.2%	-2.2%	-15.7%

*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. Extraordinary items in Q3/15 relate to loss on sale of investment in associate.

** Adjusted EBITDA is EBITDA excluding the extraordinary items.

CONSOLIDATED INCOME STATEMENT, SUMMARY

EUR '000	Q3/16	Q3/15	Q1-Q3/16	Q1-Q3/15	FY2015
Revenue	28,916	44,765	109,170	138,530	187,711
Other operating income	580	363	1,107	1,556	2,331
Operating expenses	-32,098	-43,400	-108,273	-126,967	-172,439
Depreciation and amortisation	-1,698	-1,931	-4,920	-5,443	-7,302
Items related to associates (core)	0	-2	0	0	0
Share of profit from joint ventures	-241	-467	-790	406	-414
Operating profit	-4,540	-673	-3,705	8,082	9,888
Financial income and expense	307	-1,354	-926	-2,022	-3,367
Profit before tax	-4,234	-2,027	-4,632	6,061	6,520
Income tax	1,028	1,025	147	920	1,236
Profit for the period from continuing operations	-3,205	-1,002	-4,485	6,981	7,756
Discontinued operations					

Profit for the period from discontinued operations	1,048	0	1,509	0	782
Profit for the period	-2,158	-1,002	-2,976	6,981	8,539
Profit attributable to:					
Owners of the parent	-1,919	-792	-2,572	7,328	8,854
Non-controlling interests	-239	-210	-404	-347	-315
Total	-2,158	-1,002	-2,976	6,981	8,539
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	0.03	0.03
Diluted earnings per share, EUR	-0.01	0.00	-0.01	0.03	0.03

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR '000	Q3/16	Q3/15	Q1-Q3/16	Q1-Q3/15	FY2015
Profit for the period	-2,158	-1,002	-2,976	6,981	8,539
Other comprehensive income					
Remeasurement of defined benefit pension plans	0	0	0	0	986
Exchange differences on translating foreign operations – Group	2,982	-14,215	2,317	-10,014	-18,845
Exchange differences on translating foreign operations – Associate and JV	1,794	-944	6,012	-2,540	-3,125
Income tax relating to other comprehensive income	-251	3,260	-1,039	2,497	4,552
Other comprehensive income, net of tax	4,525	-11,898	7,289	-10,057	-16,432
Total comprehensive income for the period	2,367	-12,900	4,313	-3,076	-7,894
Total comprehensive income attributable to:					
Owners of the parent	2,392	-12,116	4,390	-2,304	-6,791
Non-controlling interests	-26	-784	-77	-773	-1,103

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY

EUR '000	30.9.2016	30.9.2015	31.12.2015
ASSETS			
Non-current assets			
Goodwill	61,082	61,194	58,349
Other intangible assets	17,538	19,457	17,014
Property, plant and equipment	44,145	45,313	43,559
Other non-current assets	39,311	43,137	42,496
Non-current assets total	162,076	169,101	161,418
Current assets			
Inventories	55,751	54,131	45,152
Trade receivables	19,409	19,160	24,803
Other receivables	13,398	14,551	15,976

Cash and cash equivalents	7,041	22,294	19,644
Current assets total	95,598	110,137	105,575
Total assets	257,674	279,238	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	235,217	240,057	240,240
Legal Reserve	177	175	187
Translation reserves	-21,729	-21,693	-28,692
Retained earnings	-96,313	-96,158	-93,755
Equity attributable to owners of the parent	166,734	171,764	167,362
Non-controlling interests	3,769	4,175	3,845
Total equity	170,503	175,939	171,207
Liabilities			
Non-current liabilities			
Deferred tax liabilities	5,318	6,533	5,949
Provisions	10,274	9,830	9,309
Share of joint ventures' losses	17,957	21,768	23,218
Pension liabilities	18,402	19,768	18,734
Financial liabilities	3,346	9,862	4,944
Non-current liabilities total	55,297	67,762	62,155
Current liabilities			
Trade payables	14,873	14,348	9,875
Other current liabilities	17,002	21,190	23,756
Current liabilities total	31,875	35,538	33,631
Total liabilities	87,172	103,299	95,787
Total equity and liabilities	257,674	279,238	266,994

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

EUR '000	30.9.2016	30.9.2015	31.12.2015
Cash and cash equivalents	7,041	22,294	19,644
Interest-bearing receivables			
Current	3,514	5,026	3,519
Non-current	28,799	34,008	33,165
Interest-bearing receivables	32,313	39,034	36,684
Interest-bearing liabilities			
Current	7,758	10,380	12,133
Non-current	50	7,756	2,975
Interest-bearing liabilities	7,808	18,136	15,108
NET TOTAL	31,457	43,193	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	1,621	442
Disposals	-4	-5
Reclass between items	442	0
Effect of movements in exchange rates	3,141	8,964
Acquisition cost 30.9.2016	79,043	216,236
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	Q1-Q3/16	Q1-Q3/15	FY2015
Profit for the period	-2,976	6,981	8,539
Adjustments to profit for the period	1,836	4,673	6,258
Changes in working capital	1,500	527	-2,438
Discontinued operations	948	0	177
Net cash from operating activities	1,307	12,181	12,535
Acquisition of subsidiaries and associates, net of cash acquired	-19	0	-173
Disposal of subsidiaries and associates, net of cash sold	0	109	293
Capital expenditure and other investing activities	-925	-7,032	-7,555
Proceeds from repayments of loans and loans given	-251	3,514	3,516
Net cash used in investing activities	-1,194	-3,409	-3,919
Capital Redemption	-5,176	-5,106	-5,106
Proceeds from borrowings	7,817	9,664	8,728
Repayment of borrowings, and other financing activities	-15,402	-4,117	-5,720
Net cash from financing activities	-12,760	441	-2,098
Net increase in cash and cash equivalents	-12,648	9,213	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, total

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	243,424	-12,061	-103,657	210	177,298	4,947	182,244
Profit for the period 1-9/2015 + comprehensive income				-7,092	7,328		236	-347	-111
Share of OCI in associates and JV				-2,540			-2,540		-2,540
Translation differences							0	-426	-426
Share-based payments					200		200	1	201
Rights Issue			1,739				1,739		1,739
Capital redemption			-5,106				-5,106		-5,106
Acquisitions and disposals of subsidiaries					-29		-29		-29
Other changes in equity						-35	-35		-35
Equity at 30.9.2015	23,642	25,740	240,057	-21,693	-96,158	175	171,763	4,175	175,937
Profit for the period 10-12/2015 + comprehensive income				-6,413	1,526		-4,887	32	-4,855
Share of OCI in associates and JV				-585			-585		-585
Translation differences							0	-362	-362
Share-based payments			183		-109		74		74
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 1-9/2016 + comprehensive income				950	-2,572		-1,622	-404	-2,026
Share of OCI in associates and JV				6,012			6,012		6,012
Translation differences								327	327
Share-based payments			153		15		168	1	168
Capital redemption			-5,176				-5,176		-5,176
Other changes in equity						-10	-10		-10
Equity at 30.9.2016	23,642	25,740	235,217	-21,729	-96,313	177	166,734	3,769	170,503

RELATED PARTY TRANSACTIONS DURING THE REVIEW PERIOD

EUR '000	Q1-Q3/16	Q1-Q3/15	FY2015
Sales to joint ventures	144	255	353
Sales to other related parties	19	24	30
Purchases from joint ventures	-74	-7,714	-9,448
Financing income from joint ventures	590	736	958
Financing expense to other related parties	-18	287	296
Loan receivables from joint ventures	28,130	33,419	32,573
Loan receivables from other related parties	3,614	3,588	3,519
Trade and other receivables from joint ventures	7,896	7,113	7,913
Trade and other receivables from other related parties	80	68	62
Trade and other payables to joint ventures	310	359	209

FINANCIAL INDICATORS

	Q1-Q3/16	Q1-Q3/15	FY2015
Return on equity, % p.a.	-3.5%	5.2%	4.4%
Return on capital employed, % p.a.	-1.3%	9.8%	9.3%
Equity ratio, %	66.2%	63.0%	64.2%
Gearing, %	0.4%	-2.4%	-2.6%
Personnel at the end of the period	785	760	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

	Q1-Q3/16	Q1-Q3/15	FY2015
TRY	3.2766	2.9708	3.0255
USD	1.1162	1.1114	1.1095
ZAR	16.6827	13.7010	14.1723

Balance sheet rates

	30.9.2016	30.9.2015	31.12.2015
TRY	3.3576	3.3903	3.1765
USD	1.1161	1.1203	1.0887
ZAR	15.5238	15.4984	16.9530

FORMULAS FOR FINANCIAL INDICATORS

Financial ratios and indicators have been calculated with the same principles as applied in the 2015 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

		Q3/2016	Q3/2015	Q1- Q3/2016	Q1- Q3/2015	FY 2015
Share price development in London Stock Exchange						
Average share price*	EUR	0.41	0.45	0.41	0.45	0.45
	GBP	0.33	0.33	0.33	0.33	0.33
Lowest share price*	EUR	0.38	0.45	0.35	0.34	0.34
	GBP	0.31	0.33	0.28	0.25	0.25
Highest share price*	EUR	0.40	0.45	0.40	0.45	0.45
	GBP	0.33	0.33	0.33	0.33	0.33
Share price at the end of the period**	EUR	0.38	0.44	0.38	0.44	0.44
	GBP	0.33	0.33	0.33	0.33	0.33
Market capitalisation at the end of the period**	EUR million	99.3	115.8	99.3	115.8	116.5

	GBP million	85.5	85.5	85.5	85.5	85.5
Share trading development						
Share turnover	thousand shares	60	7	63	7	13
Share turnover	EUR thousand	25	3	26	3	6
Share turnover	GBP thousand	20	2	21	2	4
Share turnover	%	0.0 %	0.0 %	0.0 %	0.0 %	0.0 %
Share price development in NASDAQ Helsinki						
Average share price	EUR	0.42	0.52	0.42	0.44	0.44
Lowest share price	EUR	0.39	0.36	0.39	0.33	0.33
Highest share price	EUR	0.46	0.58	0.51	0.58	0.67
Share price at the end of the period	EUR	0.43	0.53	0.43	0.53	0.40
Market capitalisation at the end of the period	EUR million	113.4	139.4	113.4	139.4	105.7
Share trading development						
Share turnover	thousand shares	5,329	12,382	16,250	32,962	38,224
Share turnover	EUR thousand	2,219	6,408	6,789	14,376	16,936
Share turnover	%	2.0 %	4.7 %	6.2 %	12.5 %	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.