07:00 London, 09:00 Helsinki, 17 February 2017 - 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 2016

FULL YEAR HIGHLIGHTS (January-December 2016)

Afarak's performance in 2016 highlights its strong fundamentals. The Company registered a positive operational result despite another challenging year, particularly its first half. Nevertheless, due to strategic planning and timely capital investments, the Company was well-positioned to benefit from the market upswing towards the end of the year.

Investor highlights

- Capital redemption of EUR 2.6 (5.1) million approved and paid during the second quarter
- Capital redemption of EUR 2.6 (0.0) million approved and paid during the third quarter

Financial highlights

- Revenue totalled EUR 153.6 (FY/2015: 187.7) million
- EBITDA was EUR 5.5 (FY/2015: 17.2) million and the EBITDA margin was 3.6% (FY/2015: 9.2%)
- EBIT was EUR -1.0 (FY/2015: 9.9) million and the EBIT margin was -0.7% (FY/2015: 5.3%)
- Profit for the year from continuing operations totalled EUR -2.8 (FY/2015: 7.8) million
- Cash flow from operations was EUR 9.0 (FY/2015: 12.5) million
- The Company repaid a total of EUR11.8 million of its external debt resulting in a debt-to-equity ratio of 2.1% (FY/2015: 8.2%)

Operational highlights

- Processed material sold decreased by 8.2% to 97,095 (FY/2015: 105,777) tonnes
- Full year ferrochrome production was reduced by 7.6% to 95,739 (FY/2015: 103,591) tonnes
- Tonnage mined decreased by 43.2% to 262,266 (FY/2015: 461,781) tonnes

Q4 HIGHLIGHTS (October-December 2016)

Afarak registered a stronger performance in the fourth quarter on the back of a bullish market.

Financial highlights

- Revenue totalled EUR 44.4 (Q4/2015: 49.2) million
- EBITDA increased by 16.2% to EUR 4.3 (Q4/2015: 3.7) million and the EBITDA margin was 9.6% (Q4/2015: 7.5%)
- EBIT increased by 50% to EUR 2.7 (Q4/2015: 1.8) million and the EBIT margin was 6.1% (Q4/2015: 3.7%)
- Profit from continuing operations totalled EUR 1.7 (Q4/2015: 0.8) million
- Cash flow from operations was EUR 7.7 (Q4/2015: 0.4) million
- The Company repaid EUR 4.2 million of external debt (Q4/2015: 2.6) million

Operational highlights

- The Company substituted low profit production for higher yielding material. As a result, processed material sold totalled 23,906 (Q4/2015: 31,137) tonnes
- Ferrochrome production was reduced by 21.1% to 22,833 (Q4/2015: 28,938) tonnes to optimise working capital
- Tonnage mined increased by 20.2% to 114,898 (Q4/2015: 95,587) tonnes

MARKET SENTIMENT FOR Q1 2017

The prices of chrome ore and ferrochrome are expected to remain strong in quarter one 2017, positively affecting Afarak´s financial performance. We expect significantly better results in Q1 2017 compared to the Q1 2016 results.

DIVIDEND PROPOSAL

Due to the net loss for the year 2016, the Board of Directors will propose to the Annual General Meeting, which will be held on 23 May 2017 that no capital redemption or dividend would be distributed. In line with the Group's policy, distributions to shareholders will be reviewed at the time of the half year announcement.

KEY FIGURES (EUR million)	Q4/16	Q4/15	Change	FY2016	FY2015	Change
Revenue	44.4	49.2	-9.7%	153.6	187.7	-18.2%
EBITDA	4.3	3.7		5.5	17.2	
EBITDA margin	9.6%	7.5%		3.6%	9.2%	
EBIT	2.7	1.8		-1.0	9.9	
EBIT margin	6.1%	3.7%		-0.7%	5.3%	
Earnings before taxes	1.5	0.5		-3.1	6.5	
Earnings margin	3.4%	0.9%		-2.0%	3.5%	
Profit from continuing operations	1.7	0.8		-2.8	7.8	
Profit from discontinued operations	0.4	0.8		1.9	0.8	
Profit	2.0	1.6		-0.9	8.5	
Earnings per share, basic, EUR	0.01	0.01		0.00	0.03	

Commenting on the full year and fourth quarter results of 2016, Guy Konsbruck, CEO, said:

"Throughout 2016, Afarak faced largely depressed market conditions, affecting most chrome and ferrochrome producers. During the past year, a good number of South African producers either went into business rescue or reduced their ferrochrome output.

With prices gravitating downwards, our sales volumes were hit hard, particularly in the speciality segment. Our mining and production volumes were also lower due to the closure of Mecklenburg, safety stoppages at the mines and the temporary closure of Mogale Alloys. In response to these conditions, Afarak focused its efforts on prudent capital management, debt collection, optimising production, inventory management – including the decision to temporarily stop production in our German smelter EWW, which created an opportunity for successful placing of TMS' chrome ore onto the higher priced market during Q4.

In the second half of 2016, Afarak confirmed its agility and responsiveness to expected market conditions. With a recovery in market prices and a strengthening in demand; Afarak was able to respond in a timely and effective manner. As benchmark prices reached an eight-year high in December, Afarak brought on stream three projects that enabled it to benefit from the upswing. The Mogale plant is now operating as a swing plant and switched one of its silicomanganese furnaces to ferrochrome enabling better margins in the current market. Mecklenburg restarted opencast mining and the shaking table project at the Ilitha mine is now in full production. These factors have allowed Afarak to register a strong performance in the fourth quarter and confirmed the Company's entrepreneurial nature in identifying and reaping opportunities.

Strong prices are expected to remain in quarter one 2017. It is however difficult to predict the longer term outlook. Afarak will continue concentrating on its core activity, ferrochrome specialties. We shall further strengthen our in-house ore capacities, so as to be more independent from third parties. We have created the basis to broaden our product range for 2017.

During my first month at Afarak I have met and interacted with our team and was impressed by the skill-sets and technical competence as well as the willingness to improve processes and efficiency. On behalf of Afarak Group, I would like to extend my thanks to all our colleagues who played an important role in achieving this positive result in 2016 given the external environment."

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 Q4/2016 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.

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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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main media
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: FINANCIAL STATEMENTS REVIEW FOR 1 JANUARY – 31 DECEMBER 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	Q4/16	Q4/15	FY2016	FY2015
Processing, Speciality Alloys	5,758	5,705	20,003	27,336
Processing, FerroAlloys	18,148	25,432	77,092	78,441
Processing, Total	**23,906**	**31,137**	**97,095**	**105,777**

Full Year (January–December) 2016

The Group's sales from processing, which includes all the products produced at the Mogale Alloys and Elektrowerk Weisweiler processing plants, were 97,095 (FY/2015: 105,777) tonnes in 2016, representing a decrease of 8.2% compared to the equivalent period in 2015. Sales volumes in the Speciality Alloys segment decreased by 26.8% when compared to the previous year as a result of lower demand for Speciality Alloys material, as well as due to pricing pressures from BRICS country producers who dampened prices on account of destocking their position. Sales volumes in the FerroAlloys segment decreased by a marginal 1.7% when compared to the previous year, and this was mainly driven by the decrease in sales volumes of silico manganese material which was only partly offset by the increases in sales volumes of both charge chrome and medium carbon ferrochrome. The availability of silico manganese was reduced as a result of the switch of P2 furnace at Mogale Alloys from silico manganese production to charge chrome during the second half of 2016, due to poor market conditions of SiMn, and disproportional rise in raw material cost (Manganese Ore).

Fourth Quarter (October–December) 2016

The Group's processed material sold stood at 23,906 (Q4/2015: 31,137) tonnes, a decrease of 23.2% compared to the equivalent period in 2015. Sales volumes in the Speciality Alloys segment marginally increased by 0.9%. The decrease by 28.6% in processed material sold in the FerroAlloys segment is mainly attributable to the substantial decrease in sales volumes of silico manganese material which were only partly offset by increases in sales volumes of charge chrome material, but avoided substantial further losses.

AFARAK GROUP'S FINANCIAL PERFORMANCE

REVENUE AND PROFITABILITY

EUR million	Q4/16	Q4/15	Change	FY2016	FY2015	Change
Revenue	44.4	49.2	-9.7%	153.6	187.7	-18.2%
EBITDA	4.3	3.7		5.5	17.2	
EBITDA margin	9.6%	7.5%		3.6%	9.2%	
EBIT	2.7	1.8		-1.0	9.9	
EBIT margin	6.1%	3.7%		-0.7%	5.3%	
Profit from continuing operations	1.7	0.8		-2.8	7.8	
Profit from discontinued operations	0.4	0.8		1.9	0.8	
Profit	2.0	1.6		-0.9	8.5	

Full Year (January–December) 2016

Revenue for the full year of 2016 decreased by 18.2% to EUR 153.6 (187.7) million. The decrease was mostly seen in the Speciality Alloys segment which decreased by 28.1% as a result of lower sales volumes of processed material due to weak demand and excess supply as producers from BRICS countries continued destocking their positions with the effect of dumping prices. Revenue in the Ferro Alloys segment decreased by 8.0% due to lower sales prices of both silicomanganese and charge chrome which only recovered in the last quarter of 2016. EBITDA for the full year reduced to EUR 5.5 (17.2) million. This was mainly driven by the lower margins resulting from a continuous decline in selling prices; lower sales volumes; an increase in ore and power costs in the FerroAlloys segment; and the unrecovered production overheads which had to be expensed in the Speciality Alloys segment as a result of lower production. The joint venture managed to register a profit during 2016 amounting to EUR 0.1 (-0.1) million. Profit from discontinued operations during 2016 amounted to EUR 1.9 (0.8) million that includes a release of EUR 0.8 (0.2) million from the provision in relation to the discontinued wood segment as the Company sold part of the saw mill equipment that was acquired in 2008.

The full year earnings per share was EUR 0.00 (0.03).

Fourth Quarter (October–December) 2016

The Company reported positive EBITDA and EBIT results driven mainly by the FerroAlloys segment, in spite of a decrease in revenues which amounted to EUR 44.4 (49.2) million, on account of the new sales mix which includes an increased proportion of more profitable charge chrome. This was however partly offset by the shutdown cost in the Speciality Alloys segment.
During the fourth quarter of 2016, the Company reported profit from discontinued operations amounting to EUR 0.4 (0.8) million and is entirely attributable to a release of EUR 0.4 (0.2) million from the provision in relation to the discontinued wood segment.

Earnings per share was EUR 0.01 (0.01).

BALANCE SHEET, CASH FLOW AND FINANCING

The Group's total assets on 31 December 2016 were EUR 260.2 (266.9) (30 September 2016: 257.7) million, and net assets totalled EUR 176.2 (171.2) (30 September 2016: 170.5) million. During the year currency effects positively affected Afarak's balance sheet with the translation reserve improving by EUR 11.9 (-16.6) million mainly due to the strengthening of the South African rand on conversion of our South African investments. The Group's cash position, as at 31 December 2016, was EUR 9.7 (19.6) (30 September 2016: 7.0) million. Operating cash flow in the fourth quarter was EUR 7.7 (0.4) million.

Cash during the year retracted as it was utilised to pay the capital redemptions and to reduce debt. The equity ratio was 67.7% (63.9%) (30 September 2016: 66.2%). Afarak's gearing at the end of the fourth quarter was -3.3% (-2.6%) (30 September 2016: 0.4%). Interest-bearing debt stood at EUR 3.8 (15.1) (30 September 2016: 7.8) million.

One of the Group's Maltese subsidiaries has been granted a trade finance loan facility amounting to US$ 5.0 million. The Group did not utilise the facility provided as at 31 December 2016, but has given a corporate guarantee of US$ 5.0 million as collateral.

INVESTMENTS, ACQUISITIONS AND DIVESTMENTS

Capital expenditure for the fourth quarter of 2016 totalled EUR 0.7 (1.8) million and in the full year 2016 totalled EUR 2.8 (8.0) million. Capital expenditure within the Speciality Alloys segment includes the purchase of a press filter system at the new plant in Tavas mine to improve tailing concentration. Capital expenditure within the Ferro Alloys segment was incurred to sustain Group operations. Capital expenditure for the full year 2016 also included the completion of the new dust exhaustion at EWW; replacement of the furnace refractories and the acquisition of new plant vehicles at Mogale Alloys; and capitalisation of expenditure related to prospecting activities at the Vlakpoort mine.

During the first half of 2016 the Synergy Africa joint venture completed the shaking table plant at Ilitha mine which significantly reduced the operating cost per ton, increasing both yield and production capacity.

PERSONNEL

At the end of the fourth quarter 2016, Afarak had 813 (773) employees. The average number of employees during the fourth quarter of 2016 was 803 (779) and in full year 2016 was 779 (742).
Number of employees by segment *:

	31.12.2016	31.12.2015	Change
Speciality Alloys	438	402	9.0%
FerroAlloys	369	365	1.1%
Other operations	6	6	0.0%
Group total	**813**	**773**	**5.2%**

*Including personnel of joint ventures.

SAFETY, HEALTH AND SUSTAINABLE DEVELOPMENT

In the fourth quarter of 2016 the Company had 3 injuries that caused loss of time. Afarak continues with its 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 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	Q4/16	Q4/15	Change	FY2016	FY2015	Change
Mining*	16,918	17,807	-5.0%	59,752	49,152	21.6%
Processing	165	6,422	-97.4%	19,420	26,234	-26.0%
Total	**17,084**	**24,229**	**-29.5%**	**79,172**	**75,386**	**5.0%**

* Including both chromite concentrate and lumpy ore production

Annual production during 2016 increased by 5.0% to 79,172 (75,386) tonnes. The increase is primarily derived from higher concentrate production levels at the Turkish mine of Tavas which benefited from the development of the new plant during the previous year. Processing levels decreased at EWW when compared to the previous year following a decision by management not to produce during the fourth quarter to reduce piling of inventory. As a result, production levels during the fourth quarter of 2016 decreased by 29.5% to 17,084 (24,229) tonnes when compared to the equivalent period in 2015.

EUR million	Q4/16	Q4/15	Change	FY2016	FY2015	Change
Revenue	20.5	21.3	-3.9%	68.7	95.6	-28.1%
EBITDA	1.8	3.4		5.4	12.7	
EBITDA margin	8.8%	16.2%		7.8%	13.3%	
EBIT	1.4	2.7		3.1	10.1	
EBIT margin	6.6%	12.6%		4.4%	10.6%	

Full Year (January–December) 2016
Revenue for the full year 2016 was EUR 68.7 (95.6) million, representing a decrease of 28.1% when compared to the previous year. The decrease in revenue is mainly attributable to lower sales volumes of processed material on the back of weak demand, as well as dumped prices on account of increased pressure by BRICS producers who reduced their prices to destock their positions of low carbon ferrochrome. EBITDA was EUR 5.4 (12.7) million and EBIT for the year was EUR 3.1 (10.1) million. The lower sales volumes led to reduced production during the year and, as a result, unrecovered production overheads had to be expensed. This had a negative impact on EBITDA and EBIT margins which decreased when compared to 2015.

Fourth Quarter (October–December) 2016
Similarly to the previous quarters, revenue in the fourth quarter was lower than that of the comparative quarter as it decreased by 3.9% to EUR 20.5 (21.3) million as a result of lower sales of special grade ferrochrome, and lower sales prices of low carbon ferrochrome. Production shutdown costs were incurred as a result of the decision not to produce during the fourth quarter at the EWW plant, contributing to the decrease of EBITDA to EUR 1.8 (3.4) million and of EBIT decreasing to 1.4 (2.7) million.

As at 31 December 2016, the Speciality Alloys business had 438 (402) 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	Q4/16	Q4/15	Change	FY2016	FY2015	Change
Mining*	97,979	77,780	26.0%	202,514	412,629	-50.9%
Processing	22,668	22,517	0.7%	76,319	77,357	-1.3%
Total	**120,647**	**100,297**	**20.3%**	**278,833**	**489,986**	**-43.1%**

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

Annual production decreased to 278,833 (489,986) tonnes, representing a decrease of 43.1% when compared to the previous year. 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 second half of the previous year. Annual processing levels at Mogale Alloys were marginally lower than those registered during the previous year. As from July 2016, one of the furnaces was switched to produce charge chrome instead of producing silicomanganese.

Production in this segment increased to 120,647 (100,297) tonnes in the fourth quarter of 2016 when compared to the same period in 2015. This was mainly driven by the additional tonnages from the shaking tables plant and increased mining activity at Stellite mine to supply the increased demand. During the quarter there was no mining activity at Mecklenburg mine and Vlakpoort mine. Processing levels at Mogale Alloys during the fourth quarter of 2016 were marginally higher than those registered during the comparative quarter.

EUR million	Q4/16	Q4/15	Change	FY2016	FY2015	Change
Revenue	23.6	27.7	-15.0%	84.5	91.8	-8.0%
EBITDA	4.2	1.0		5.0	7.5	
EBITDA margin	17.9%	3.7%		5.9%	8.1%	
EBIT	3.1	-0.1		0.9	2.8	
EBIT margin	13.2%	-0.2%		1.0%	3.0%	

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

Full Year (January–December) 2016
Revenue for the full year decreased to EUR 84.5 (91.8) million, representing a decrease of 8.0% compared to the equivalent period in 2015. Revenue decreased as a result of lower selling prices of both silicomanganese and charge chrome in the first three quarters of 2016. Lower selling prices together with a

significant increase in both manganese ore cost and energy tariffs during the second half of 2016 caused EBITDA to decrease to EUR 5.0 (7.5) million and EBIT to decrease to 0.9 (2.8) million. During the last quarter of 2016 prices of charge chrome recovered significantly and contributed to a positive end-of-year result in this segment. The joint venture share of profit for 2016 amounted to EUR 0.1 (-0.1) million.

Fourth Quarter (October–December) 2016
Revenue for the fourth quarter decreased to EUR 23.6 (27.7) million, representing a decrease of 15.0% compared to the equivalent period in 2015. Revenue decreased due to significantly lower trading volumes of silicomanganese which were only partly offset by higher trading volumes of charge chrome when compared to the equivalent period of last year. The FerroAlloys segment benefitted from the new sales mix as a more profitable charge chrome contributed to increasing EBITDA for the fourth quarter to EUR 4.2 (1.0) million. The joint venture share of profit included in EBITDA amounted to EUR 0.9 (-0.4) million, this positive contribution was mainly driven by the strong Chrome ore market during the fourth quarter of 2016.

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

EUR million	Q4/16	Q4/15	Change	FY2016	FY2015	Change
Revenue	2.8	1.6	78.8%	5.3	9.7	-45.4%
EBITDA	1.4	-0.1		1.3	1.3	
EBITDA margin	50.1%	-3.7%		24.4%	13.2%	
EBIT	1.3	-0.2		0.8	0.3	
EBIT margin	45.1%	-11.1%		15.7%	3.4%	
Financial income and expense	-0.1	-0.3		-0.5	-0.6	
Profit for the period	0.9	-0.4		0.1	-0.1	

Full Year (January–December) 2016
Afarak's share of joint ventures revenue for the full year decreased to EUR 5.3 (9.7) million representing a decrease of 45.4% compared to the equivalent period in 2015. 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 at the Stellite mine increased primarily due to an increase in the sales volumes of concentrate material as a result of the Shaking Tables investment. Share of joint venture EBITDA for the full year amounted to EUR 1.3 (1.3) million. EBITDA was negatively affected by an increase in the rehabilitation provision during the fourth quarter amounting to EUR 1.0 (0.1) million which was caused by a change in legislation. This negative impact on EBITDA was offset by the recovery in the chrome ore market in the fourth quarter of 2016, as well as to a reversal of an asset write-down on the assets of Stellite mine amounting to EUR 1.1 (0.0) million. Share of joint venture profits amounted to EUR 0.1 (-0.1) million.

Fourth Quarter (October–December) 2016
Afarak's share of joint ventures revenue for the fourth quarter increased to EUR 2.8 (1.6) million compared to the equivalent period in 2015, representing an increase of 78.8%. The increase in revenue was mainly attributable to the increase in sales volumes at the Stellite mine. Sales volumes of both concentrate material and lumpy material were higher at the Stellite mine than those of the comparative quarter. Such an increase in sales volumes along with higher selling prices contributed to the positive share of joint venture EBITDA for the fourth quarter amounting to EUR 1.4 (-0.1) million as opposed to a negative share of joint venture EBITDA incurred during the comparable quarter. Such a result remained unaltered as the negative effect of an increase in the rehabilitation provision amounting to EUR 1.0 (0.1) million caused by a change in legislation was offset by a reversal of a write-down on the assets of Stellite mine amounting to EUR 1.1 (0.0) million. Share of joint venture profits amounted to EUR 0.9 (-0.4) million.

As at 31 December 2016, the FerroAlloys business had 369 (365) employees.

GLOBAL ECONOMY & MARKET

Global activity continued to improve throughout 2016, especially in the fourth quarter. Data released suggests a relatively stable expansion in advanced economies and a slight improvement in emerging market economies. The medium-term outlook for global activity remains one of strengthening growth, albeit below its pre-crisis pace. The global outlook continues to be overshadowed by several factors, including the gradual rebalancing of the Chinese economy, and policy uncertainty in the United States and the United Kingdom.

In quarter four, commodity prices showed signs of improvement and a pick-up in momentum due to a number of market-specific factors.

Stainless steel market

Following the prolonged period of low and depressed prices, stainless steel is picking up in price levels. The expansions seen are primarily driven by increased cost pressures, specifically raw materials such as ferrochrome and nickel. Stainless steel prices also improved following the US presidential election on account of growth-friendly policies and protectionist measures. In terms of supply, Chinese producers have excess output capacity given the anti-dumping measures that have been put in place.

Ferrochrome market

Demand for ferrochrome, reflecting the trend seen in the stainless steel sector, continued putting upward pressures on price. 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 and in China due to environmental restrictions. The prices for ferrochrome continued to increase and towards the end of the quarter the European benchmark for South African charge chrome reached an eight-year high. The expansion is seen to persist into 2017 as demand for ferrochrome and steel continues to increase, even if we might see some correction in the price levels.

Chrome ore market

The prices for chrome ore continued to accelerate on account of increased demand from Chinese ferro-chrome producers. With supply from South Africa still being tight, this increased demand will continue to support relatively high price levels. In absolute terms, we are likely to see corrections of these price levels. In addition, with the strengthening of the ZAR against the dollar and increased transportation costs; cost-push factors have also impinged on the price level.

Silico manganese market

The rapid gains in manganese ore prices had yet to be reflected in silico-manganese prices outside of China, due to excess supply in the market and subdued demand. However, in the fourth quarter, the price of silico-manganese reversed its downward trend and started to increase due to cost-push factors started having an impact on prices. It is important to note that this tendency is reversing in Q1/2017.

Afarak Group's Mogale Alloys continued supplying their ultra low phosphorus silico manganese successfully in the domestic market of South Africa, and the export markets such as United States and a few speciality customers in Europe and in India.

UNALLOCATED ITEMS

For the fourth quarter of 2016, the EBITDA from unallocated items was EUR -1.7 (-0.8) million. This increase in loss related to receivables write-downs amounting to EUR 1.0 (0) million.

The full year EBITDA from unallocated items was EUR -4.9 (-3.0) million. This increase in loss predominantly related to receivables write-downs.

DISCONTINUED OPERATIONS

During 2016 the Company sold part of the saw mill equipment that was acquired in 2008 for the now discontinued wood business. Profit from discontinued operations in 2016 where EUR 1.9 (0.8) million, which includes a release of EUR 0.8 (0.2) million from the provision in relation to the discontinued wood business.

PLEDGES AND CONTINGENT LIABILITIES

On 31 December 2016 the Group had a loan from a financial institution totalling EUR 3.5 (8.0) million. The Group has provided real estate mortgages and other assets as collaterals for total carrying value of EUR 53.9 (64.2) million. Afarak Group Plc has given guarantees for third party loans totalling EUR 0.3 (1.3) 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 its 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 capital redemption was paid from the company's fund for invested unrestricted equity EUR 2.6 (5.1) million on 20 May 2016 and EUR 2.6 (0.0) million on 16 September 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 a 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 was 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 REPORTING PERIOD

On 5 January 2016, Afarak announced that the Company has signed further sale agreements in relation to parts of the saw mill equipment, acquired by the Company in 2008. The transaction from the discontinued operation positively affects the Q4/2015 profit.

On 14 January 2016, Afarak announced that its subsidiary Türk Maadin Şirketi A.S (TMS) has been granted the exploitation mining license for Eskisehir -Mihaliccik Karaagac "Eagle Field".

On 4 February 2016, Afarak announced that its wholly owned subsidiary Afarak Trading Limited (RCS) has entered into a long-term agreement with US company Carpenter Technology Corporation. Afarak Trading Limited will provide low carbon ferrochrome.

On 11 February 2016, Afarak announced that Ilitha Mine has completed a Shaking Table plant. Ilitha Mine is part of the Synergy Africa joint venture between Afarak and Kermas Limited. The Shaking Table technology, already used in the mines of Afarak's Turkish subsidiary TMS, will allow the company to treat the Tailing Dump for chrome and increase Ilitha Mine's total plant mass yield from currently 49% to 65%. This in turn will drastically reduce the operating cost per ton. Full production is expected to be reached by Mid-March 2016.

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.

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 on16 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 initatives 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.

On 9 December 2016, Afarak announced the appointment of Mr Guy Konsbruck as the new CEO following the resignation of Dr Alistair Ruiters. Dr Ruiters will continue serving the company as Executive Director and Board member. Following the resignation of Mr Keith Scott from the Board, Dr Ruiters was also appointed as Chairman of the Safety, Health and Environment Committee. The Board also appointed Mr Predrag Kovacevic as CFO. Mr Ivan Jakovcic, Chairman of Afarak Group, stated, "Afarak is continuously strengthening its capacity and structures. Mr Konsbruck and Mr Kovacevic bring a wealth of international experience to Afarak and will continue building on the work undertaken by Dr Ruiters."

On 16 December 2016, Afarak announced that it has completed the transition of one of its furnaces at its Mogale plant from producing silicomanganese to ferrochrome. The Mogale plant currently has two ferrochrome furnaces in operation and another furnace still producing silicomanganese.

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.

EVENTS SINCE THE END OF THE REVIEW PERIOD

On 12 January 2017, Afarak announced that it has entered into a Mining Services Agreement with Pholagolwa Mining to continue the opencast mining Mecklenburg. Work is currently underway on increasing the high wall to 65 metres from 40 metres. The first tonnages are expected shortly and full production is expected to be reached by April for a period of six months. Full production will be 30,000 tons of chrome ore per month and the total opencast for the project is expected to be just over 200,000 tons of chrome ore. This will also allow better access to the underground mining area which has the potential to produce 4.5 million tons of chrome ore. Development of the shaft is scheduled to start later this year.

On 18 January 2017, Afarak announced that an agreement was made between Afarak Mogale and the Mogale Alloys Workers Trust on the purchase of all the shares the Trust holds in Afarak Mogale. In 2009; Ruukki Group, today Afarak Group, acquired 90% of Afarak Mogale. The remaining 10% was held by the Mogale Alloys Workers Trust. For the past 5 years, numerous requests have been made by the beneficiaries of the Mogale Alloys Workers Trust for Afarak Group to acquire the additional 10%. After several years of negotiation, an agreement was finally reached between the Trust and Afarak Mogale, with the approval of the majority of the beneficiaries of the Trust. Afarak Mogale has put forward an offer of ZAR64.9 million to acquire the remaining 10% in a share buy-back scheme that will see the shares transferred to Afarak Mogale over an 8-year period.

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 2016, the registered number of Afarak Group Plc shares was 263,040,695 (263,040,695) and the share capital was EUR 23,642,049.59 (23,642,049.59).

On 31 December 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 31 December 2016, was 259,295,978 (258,795,978).

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 0.78 and GBP 0.38 respectively. During the fourth quarter of 2016 the Company’s share price on NASDAQ Helsinki ranged from EUR 0.40 to 0.90 per share and the market capitalisation, as at 31 December 2016, was EUR 203.9 (1 January 2016: 105.7) million. For the same period on the London Stock Exchange the share price ranged from GBP 0.35 to 0.38 per share and the market capitalisation was GBP 98.6 (1 January 2016: 85.5) million, as at 31 December 2016.

Based on the resolution at the AGM on 11 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 fourth 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 is uncertainty as to how commodity prices will respond for the rest of 2017, which could considerably impact the Company's revenue and financial performance in 2017.

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.

DIVIDEND PROPOSAL

Due to the net loss for the year 2016, the Board of Directors will propose to the Annual General Meeting, which will be held on 23 May 2017 that no capital redemption or dividend would be distributed. In line with the Group's policy, distributions to shareholders will be reviewed at the time of the half year announcement.

MARKET SENTIMENT FOR Q1 2017

The prices of chrome ore and ferrochrome are expected to remain strong in quarter one 2017, positively affecting Afarak´s financial performance. We expect significantly better results in Q1 2017 compared to the Q1 2016 results.

Helsinki, 17 February 2017

AFARAK GROUP PLC

BOARD OF DIRECTORS

FINANCIAL REPORTING IN 2017

	Closed period	Reporting date
Annual Report 2016		week 13
Q1 Interim Report 2017	12.4.-12.5.2017	12 May 2017
Q2 Interim Report 2017	12.7.-11.8.2017	11 August 2017
Q3 Interim Report 2017	11.10.-17.11.2017	17 November 2017

FINANCIAL TABLES

FINANCIAL DEVELOPMENT AND ASSETS AND LIABILITIES BY SEGMENT

FY 2016 12 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	68,679	84,473	1,767	-1,349	153,570
EBITDA	5,363	5,024	-4,909	0	5,478
EBIT	3,051	863	-4,924	0	-1,010
Segment's assets	135,743	135,359	12,641	-23,503	260,240
Segment's liabilities	44,777	56,959	2,737	-20,420	84,053

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	150,116	129,187	12,519	-24,929	266,894
Segment's liabilities	52,267	58,855	2,565	-18,000	95,687

RESULTS DEVELOPMENT

	Q4/14	**Q1/15**	**Q2/15**	**Q3/15**	**Q4/15**	**Q1/16**	**Q2/16**	**Q3/16**	**Q4/16**
Sales (tonnes)									
Mining	15,728	51,401	91,040	103,567	66,379	22,959	40,618	19,559	55,212
Processing	23,465	22,466	31,755	20,419	31,137	26,952	28,214	18,023	23,906
Trading	9,954	4,188	3,357	6,571	10,061	10,177	7,262	12,256	8,619
Total	**49,147**	**78,055**	**126,152**	**130,557**	**107,577**	**60,088**	**76,094**	**49,838**	**87,737**
Average rates									
EUR/USD	1.329	1.126	1.116	1.114	1.110	1.102	1.116	1.116	1.107
EUR/ZAR	14.404	13.228	13.305	13.701	14.172	17.455	17.198	16.683	16.265
Euro (million)	**Q4/14**	**Q1/15**	**Q2/15**	**Q3/15**	**Q4/15**	**Q1/16**	**Q2/16**	**Q3/16**	**Q4/16**
Revenue	41.6	40.7	53.1	44.8	49.2	40.8	39.5	28.9	44.4
EBITDA	0.0	4.6	7.6	1.3	3.7	3.3	0.8	-2.8	4.3
EBITDA margin	0.0%	11.4%	14.4%	2.8%	7.5%	8.0%	2.0%	-9.8%	9.6%
EBIT	-1.1	2.9	5.8	-0.7	1.8	1.7	-0.9	-4.5	2.7
EBIT margin	-2.8%	7.2%	11.0%	-1.5%	3.7%	4.2%	-2.2%	-15.7%	6.1%

CONSOLIDATED INCOME STATEMENT, SUMMARY

EUR '000	Q4/16	Q4/15	FY2016	FY2015
Revenue	**44,400**	**49,181**	**153,570**	**187,711**
Other operating income	597	776	1,705	2,331
Operating expenses	-41,639	-45,472	-149,912	-172,439
Depreciation and amortisation	-1,569	-1,860	-6,488	-7,302
Share of profit from joint ventures	905	-820	116	-414
Operating profit	**2,695**	**1,805**	**-1,010**	**9,888**
Financial income and expense	-1,201	-1,346	-2,127	-3,367
Profit before tax	**1,494**	**459**	**-3,137**	**6,520**
Income tax	193	316	340	1,236
Profit for the period from continuing operations	**1,687**	**776**	**-2,798**	**7,756**
Discontinued operations				
Profit for the period from discontinued operations	352	782	1,861	782
Profit for the period	**2,039**	**1,558**	**-937**	**8,539**
Profit attributable to:				
Owners of the parent	1,958	1,526	-615	8,854
Non-controlling interests	82	31	-322	-315
Total	2,039	1,558	-937	8,539
Earnings per share for profit attributable to the shareholders of the parent company, EUR				
Basic earnings per share, EUR	0.01	0.01	0.00	0.03
Diluted earnings per share, EUR	0.01	0.01	0.00	0.03

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR ‘000	Q4/16	Q4/15	FY2016	FY2015
Profit for the period	**2,039**	**1,558**	**-937**	**8,539**
Other comprehensive income				
Remeasurement of defined benefit pension plans	-1,609	986	-1,609	986
Exchange differences on translating foreign operations – Group	3,419	-8,831	5,736	-18,845
Exchange differences on translating foreign operations – Associate and JV	785	-585	6,797	-3,125
Income tax relating to other comprehensive income	1,039	2,055	0	4,552
Other comprehensive income, net of tax	**3,635**	**-6,375**	**10,924**	**-16,432**
Total comprehensive income for the period	**5,674**	**-4,817**	**9,987**	**-7,894**

Total comprehensive income attributable to:				
Owners of the parent	5,292	-4,487	9,681	-6,791
Non-controlling interests	383	-330	306	-1,103

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY

EUR '000	**31.12.2016**	**31.12.2015**
ASSETS		
Non-current assets		
Investments and intangible assets		
Goodwill	63,780	58,349
Other intangible assets	18,311	17,014
Property, plant and equipment	45,131	43,559
Other non-current assets	38,652	42,496
Non-current assets total	**165,874**	**161,418**
Current assets		
Inventories	48,424	45,152
Trade receivables	23,643	24,803
Other receivables	12,649	15,976
Cash and cash equivalents	9,651	19,644
Current assets total	**94,367**	**105,575**
Total assets	**260,240**	**266,994**
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	235,242	240,240
Legal Reserve	160	187
Translation reserves	-16,787	-28,692
Retained earnings	-95,963	-93,755
Equity attributable to owners of the parent	**172,036**	**167,362**
Non-controlling interests	**4,151**	**3,845**
Total equity	**176,187**	**171,207**
Liabilities		
Non-current liabilities		
Deferred tax liabilities	5,857	5,949
Provisions	10,691	9,309
Share of joint ventures' losses	16,234	23,218
Pension liabilities	20,097	18,734
Financial liabilities	4,200	4,944
Non-current liabilities total	**57,078**	**62,155**
Current liabilities		
Trade payables	13,620	9,875
Other current liabilities	13,356	23,756
Current liabilities total	**26,975**	**33,631**
Total liabilities	**84,053**	**95,687**

Total equity and liabilities	**260,240**	**266,994**

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

EUR '000	**31.12.2016**	**31.12.2015**
Cash and cash equivalents	**9,651**	**19,644**
Interest-bearing receivables		
Current	3,513	3,519
Non-current	28,287	33,165
Interest-bearing receivables	**31,800**	**36,684**
Interest-bearing liabilities		
Current	3,764	12,133
Non-current	29	2,975
Interest-bearing liabilities	**3,793**	**15,108**
NET TOTAL	**37,657**	**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	73,942	206,835
Additions	2,239	557
Disposals	-162	-96
Reclass between items	411	-1
Effect of movements in exchange rates	4,992	17,041
Acquisition cost 31.12.2016	81,422	224,337
Acquisition cost 1.1.2015	78,052	225,275
Additions	7,336	652
Disposals	-898	-3
Reclass between items	311	30
Effect of movements in exchange rates	-10,858	-18,811
Acquisition cost 31.12.2015	73,942	206,835

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY

EUR '000	**FY2016**	**FY2015**
Profit for the period	-937	8,539
Adjustments to profit for the period	2,723	6,258
Changes in working capital	6,291	-2,438
Discontinued operations	925	177
Net cash from operating activities	**9,003**	**12,535**

Acquisition of subsidiaries and associates, net of cash acquired	0	-173
Disposal of subsidiaries and associates, net of cash sold	0	293
Capital expenditure on non-current assets, net	-2,597	-7,317
Other investments, net	414	-238
Proceeds from repayments of loans and loans given	54	3,516
Net cash used in investing activities	**-2,128**	**-3,919**
Capital Redemption	-5,176	-5,106
Proceeds from borrowings	7,093	8,728
Repayment of borrowings, and other financing activities	-18,867	-5,720
Net cash used in financing activities	**-16,950**	**-2,098**
Net change in cash and cash equivalents	**-10,075**	**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

	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**	**182,245**
Profit for the period 1-12/2015 + comprehensive income				-13,505	8,854		-4,652	-315	-4,967
Share of OCI in associates and JV				-3,125			-3,125	0	-3,125
Translation differences								-788	-788
Share-based payments			183		91		274	1	275
Share Issue			1,739				1,739		1,739
Capital redemption			-5,106				-5,106	0	-5,106
Acquisitions and disposals of subsidiaries					-29		-29	0	-29
Remeasurements of defined benefit pension plans					986		986	0	986
Other changes in equity						-23	-23	0	-23
Equity at 31.12.2015	**23,642**	**25,740**	**240,240**	**-28,692**	**-93,755**	**187**	**167,362**	**3,845**	**171,207**
Profit for the period 1-12/2016 + comprehensive income				5,108	-615		4,493	-322	4,171
Share of OCI in associates and JV				6,797			6,797		6,797
Translation differences							0	628	628
Share-based payments			178		16		195	1	196
Capital redemption			-5,176				-5,176		-5,176
Remeasurements of defined benefit pension plans					-1,609		-1,609		-1,609
Other changes in equity						-27	-27		-27
Equity at 31.12.2016	**23,642**	**25,740**	**235,242**	**-16,787**	**-95,963**	**160**	**172,036**	**4,151**	**176,187**

RELATED PARTY TRANSACTIONS DURING THE REVIEW PERIOD

EUR '000	**FY2016**	**FY2015**
Sales to joint ventures	423	353
Sales to other related parties	27	30
Purchases from joint ventures	-74	-9,448
Financing income from joint ventures	760	958
Financing expense to other related parties	-21	296
Loan receivables from joint ventures	28,134	32,573
Loan receivables from other related parties	3,513	3,519
Trade and other receivables from joint ventures	8,451	7,913
Trade and other receivables from other related parties	96	62
Trade and other payables to joint ventures	339	209

FINANCIAL INDICATORS

	FY2016	**FY2015**
Return on equity, % p.a.	-1.6%	4.4%
Return on capital employed, % p.a.	0.9%	9.3%
Equity ratio, %	67.7%	64.2%
Gearing, %	-3.3%	-2.6%
Personnel at the end of the period	813	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

	FY2016	FY2015
TRY	3.3433	3.0255
USD	1.1069	1.1095
ZAR	16.2645	14.1723

Balance sheet rates

	31.12.2016	31.12.2015
TRY	3.7072	3.1765
USD	1.0541	1.0887
ZAR	14.4570	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

		Q4/16	**Q4/15**	**FY2016**	**FY2015**
Share price development in London Stock Exchange					
Average share price*	EUR	0.37	0.45	0.37	0.45
	GBP	0.30	0.33	0.30	0.33
Lowest share price*	EUR	0.42	0.45	0.34	0.34
	GBP	0.35	0.33	0.28	0.25
Highest share price*	EUR	0.46	0.45	0.46	0.45
	GBP	0.38	0.33	0.38	0.33
Share price at the end of the period**	EUR	0.44	0.44	0.44	0.44
	GBP	0.38	0.33	0.38	0.33
Market capitalisation at the end of the period**	EUR million	115.2	116.5	115.2	116.5
	GBP million	98.6	85.5	98.6	85.5
Share trading development					
Share turnover	thousand shares	2,389	7	2,452	13
Share turnover	EUR thousand	877	3	902	6
Share turnover	GBP thousand	718	2	739	4
Share turnover	%	0.9 %	0.0 %	0.9 %	0.0 %
Share price development in NASDAQ Helsinki					
Average share price	EUR	0.58	0.49	0.51	0.44
Lowest share price	EUR	0.40	0.39	0.39	0.33
Highest share price	EUR	0.90	0.57	0.90	0.67
Share price at the end of the period	EUR	0.78	0.40	0.78	0.40
Market capitalisation at the end of the period	EUR million	203.9	105.7	203.9	105.7
Share trading development					
Share turnover	thousand shares	19,858	5,262	36,108	38,224
Share turnover	EUR thousand	11,526	2,560	18,315	16,936
Share turnover	%	7.5 %	2.0 %	13.7 %	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.