07:00 London, 09:00 Helsinki, 8 May 2015 - Afarak Group Plc (“Afarak” or “the Company”) (LSE: AFRK, NASDAQ: AFAGR) Interim Report

AFARAK GROUP PLC’S INTERIM REPORT FOR 1 JANUARY – 31 MARCH 2015

Q1 HIGHLIGHTS (January – March 2015):

- Revenue decreased by 5.7% to EUR 40.7 (Q1/2014: 43.2) million
- Processed material sold decreased by 7.4% to 22,826 (Q1/2014: 24,638) tonnes
- EBITDA was EUR 4.6 (Q1/2014: 3.0) million and the EBITDA margin was 11.4% (Q1/2014: 7.0%)
- EBIT was EUR 2.9 (Q1/2014: 0.9) million and the EBIT margin was 7.2% (Q1/2014: 2.1%)
- Profit for the period totalled EUR 2.3 (Q1/2014: 0.3) million
- Ferrochrome production decreased by 4.8% to 27,449 (Q1/2014: 28,823) tonnes
- Tonnage mined decreased by 1.3% to 108,773 (Q1/2014: 110,261) tonnes
- Cash flow from operations was EUR -2.7 (Q1/2014: 3.0) million and liquid funds at 31 March were EUR 11.5 (31 March 2014: 16.8) (31 December 2014: 13.3) million

KEY FIGURES (EUR million)	Q1/15	Q1/14	Change	FY2014
Revenue	40.7	43.2	-5.7%	172.7
EBITDA	4.6	3.0	54.8%	8.4
EBITDA margin	11.4%	7.0%		4.9%
EBIT	2.9	0.9		1.7
EBIT margin	7.2%	2.1%		1.0%
Earnings before taxes	2.7	1.3		0.5
Earnings margin	6.5%	3.1%		0.3%
Profit from continuing operations	2.3	0.3		0.5
Profit from discontinued operations	0	0		1.8
Profit	2.3	0.3		2.2
Earnings per share, basic, EUR	0.01	0.00		0.01

Commenting on the first quarter results, Danko Koncar, CEO, said:

“Our Speciality Alloys segment continues the positive trend seen in 2014 with higher demand for our special grade material. In the FerroAlloys segment trading volumes were lower than last year as a result of weaker market conditions for our standard grade material. Despite these lower sales volumes Afarak still managed to achieve better results during the first quarter.

Ferrochrome production was lower during the first quarter to reduce our inventory levels that have been increasing over the last months. Tonnages mined were at the same level of the first quarter last year, with mining activity at Kavak mine in Turkey restarted in March 2015 following the end of the strike.

The Group’s revenue during the first quarter was affected by lower volumes, but did not have a major impact on our results as we attained better margins as a result of a stronger US dollar on conversion of revenue. The strengthening of US dollar did not have a major effect on our cost as they were mainly denominated in Euro and South African Rand, this led the gains on the revenue conversion to Euro to flow through EBITDA and EBIT.

We aim to continue focusing on our core business and the production of special grade material. At Mogale Alloys we still had some challenges in the supply of medium carbon ferrochrome but we expect that there will be an increase in demand as a result of lower future market capacity. We have also continued evaluating initiatives to strengthen our position with our main focus remaining on generating cash and increasing profits.

I would like to conclude by highlighting that profit from continuing operations in the first quarter are higher than those achieved in the full year 2014, this is a sign that the positive trend started last year has improved with the strengthening of the US dollar."

2015 OUTLOOK

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

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

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

Disclosure procedure

Afarak follows the disclosure procedure enabled by Disclosure obligation of the issuer (7/2013) published by the Finnish Financial Supervision Authority, and hereby publishes its Q1/2015 interim report enclosed to this stock exchange release. The Interim Report is attached to this release and is also available on the Company's website at www.afarakgroup.com.

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

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

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

AFARAK GROUP

AFARAK GROUP PLC: Q1 INTERIM REPORT FOR 1 JANUARY – 31 MARCH 2015

This Interim Report is prepared in accordance with the IAS 34 standard and is unaudited. All the corresponding comparable figures of 2014 are presented in brackets, unless otherwise explicitly stated.

SALES

Processed material:

Tonnes	Q1/15	Q1/14	FY2014
Processing, Speciality Alloys	7,802	6,822	28,448
Processing, FerroAlloys	15,024	17,816	68,903
Processing, Total	22,826	24,638	97,351

The Group's processed material sold, which includes all the products produced at the Mogale Alloys and Elektrowerk Weisweiler processing plants, was 22,826 (Q1/2014: 24,638) tonnes, a decrease of 7.4% compared to the equivalent period in 2014. The Speciality Alloy segment continued the positive trend of 2014, with an increase in sales volumes of 14.4% when compared to same period in 2014. Sales volumes in the FerroAlloys segment decreased by 15.7%, this was mainly due to lower demand during the first quarter that also affected sales prices which continued to remain weak.

AFARAK GROUP'S FINANCIAL PERFORMANCE

REVENUE AND PROFITABILITY

EUR million	Q1/15	Q1/14	Change	FY2014
Revenue	40.7	43.2	-5.7%	172.7
EBITDA	4.6	3.0	54.8%	8.4
EBITDA margin	11.4%	7.0%		4.9%
EBIT	2.9	0.9		1.7
EBIT margin	7.2%	2.1%		1.0%
Profit from continuing operations	2.3	0.3		0.5
Profit from discontinued operations	0	0		1.8
Profit	2.3	0.3		2.2

Revenue for the first quarter 2015 decreased by 5.7% to EUR 40.7 (43.2) million compared to the equivalent period in 2014. The decrease in revenue was mainly attributable to the decrease in sales volumes of our mining material in both segments. Revenue was also negatively affected by low sales prices in the FerroAlloys segment. EBITDA for the first quarter of 2015 increased compared to the equivalent period in 2014 to EUR 4.6 (3.0) million. Despite the decrease in trading volumes and lower sales prices in the FerroAlloys segment EBITDA increased mainly due to the strengthening of the USD Dollar rate on conversion to Euro. During the first quarter our results in this Speciality Alloys segment were negatively affected by loss of profit due to the strike of Kavak mine in Turkey as the mine only restarted operations in March 2015. The share of joint venture profit for the period amounted to EUR 0.0 (-0.1) in Q1/2015. EBIT for the first quarter of 2015 improved to EUR 2.9 (0.9) million, apart from beneficial effect from the stronger US dollar, EBIT was positively affected by a lower depreciation charge in 2015.

Earnings per share was EUR 0.01 (0.00).

BALANCE SHEET, CASH FLOW AND FINANCING

The Group's liquidity, as at 31 March 2015, was EUR 11.5 (16.8) (31 December 2014: 13.3) million. Despite EBITDA of EUR 4.6 million combined with a decrease in trade receivables of EUR 1.6 million, cash flow from operations during the quarter was -2.7 (3.0) million, due to an increase in stock of EUR 5.1 million and a decrease in trade payables of EUR 3.7 million.

Afarak's gearing at the end of the first quarter was 0.7% (-7.9%) (31 December 2014: -0.7%). Net interest-bearing debt was EUR 1.2 (-15.2) (31 December 2014: -1.2) million.

Total assets on 31 March 2015 were EUR 299.4 (286.8) (31 December 2014: 290.3) million. The equity ratio was 63.2% (67.4%) (31 December 2014: 62.8%).

INVESTMENTS, ACQUISITIONS AND DIVESTMENTS

Capital expenditure for the first quarter of 2015 totalled EUR 2.1 (2.4) million which relates primarily to the dryer in the ferrochrome plant at Mogale Alloys as well as sustaining capital expenditure in the Speciality Alloys segment.

PERSONNEL

At the end of the first quarter 2015, Afarak had 711 (767) employees. The average number of employees during the first quarter of 2015 was 687 (770).

Number of employees by segment *:

	31.3.2015	31.3.2014	Change	31.12.2014
Speciality Alloys	350	430	-18.6%	355
FerroAlloys	357	333	7.2%	339
Other operations	4	4	0.0%	4
Group total	**711**	**767**	**-7.3%**	**698**

*Including personnel of joint ventures.

SAFETY, HEALTH AND SUSTAINABLE DEVELOPMENT

The Group has standardised health, safety and environmental policies and procedures across the Group's operations and continue its programme focused on pro-active safety and environmental measurements as part of its aim to achieve "Zero Harm".

In the first quarter of 2015 we had 3 injuries which caused loss of time, this is an improvement when compared to the 5 injuries that we had in the same period last year. Afarak continues all efforts, including training, to further improve the safety performance.

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

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

SEGMENT PERFORMANCE

SPECIALITY ALLOYS BUSINESS

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

Production:

Tonnes	Q1/15	Q1/14	Change	FY2014
Mining*	5,997	19,694	-69.5%	35,848
Processing	7,863	8,189	-4.0%	28,784

* Including both chromite concentrate and lumpy ore production

Production decreased to 13,860 (27,883) tonnes for the first quarter 2015, compared to the equivalent period in 2014. The decrease in production was mainly attributable to the decrease in mining activity of our mines in Turkey as the strike in Kavak mine was resolved in March 2015. Processing operations at EWW operated at normal levels compared to the same quarter last year.

EUR million	Q1/15	Q1/14	Change	FY2014
Revenue	23.7	22.1	7.5%	97.8
EBITDA	3.4	1.0	243.0%	7.9
EBITDA margin	14.5%	4.5%		8.0%
EBIT	2.9	0.3		5.7
EBIT margin	12.1%	1.5%		5.8%

Revenue for the first quarter increased by 7.5% to EUR 23.7 (22.1) million and EBITDA increased by 243.0% to EUR 3.4 (1.0) million compared to the equivalent period in 2014. The increase in revenue was due to higher sales prices; increased sales volumes of processed material; as well as the positive effect of the strengthening of the US dollar on conversion to the Euro. The positive impact on revenue followed through EBITDA and EBIT where we saw a substantial improvement. EBITDA for the quarter was 3.4 (1.0) million and EBIT was EUR 2.9 (0.3) million. During the first quarter our results in this segment were negatively affected by loss of profit due to the strike of Kavak mine in Turkey as the mine only restarted operations in March 2015.

As at 31 March 2015, the Speciality Alloys business had 350 (430) employees.

FERROALLOYS BUSINESS

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

Production:

Tonnes	Q1/15	Q1/14	Change	FY2014
Mining*	102,776	90,567	13.5%	268,351
Processing	19,586	20,634	-5.1%	72,677

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

Production in this segment increased to 122,362 (111,201) tonnes in the first quarter of 2015 when compared to the same period of 2014. Mining operations increased by 13.5%, this was mainly due to the increased production volumes at Mecklenburg as Stellite operated at same levels of last year. Despite the introduction of the medium carbon ferrochrome processing at Mogale Alloys decreased by 5.1%, this was mainly due to the lower demand seen during the first quarter.

EUR million	Q1/15	Q1/14	Change	FY2014
Revenue	16.8	21.1	-20.4%	74.8
EBITDA	1.8	2.3	-25.0%	3.1
EBITDA margin	10.5%	11.1%		4.1%
EBIT	0.6	0.9		-1.4
EBIT margin	3.6%	4.4%		-1.8%

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

Revenue for the first quarter decreased to EUR 16.8 (21.1) million compared to the equivalent period in 2014, representing a decrease of 20.4%. Decrease in revenue was mainly due to lower trading volumes and lower sales prices when compared to the same period last year. EBITDA for the first quarter decreased to EUR 1.8 (2.3) million. The decrease is a reflection of lower trading volumes of both mined and processed materials as well as lower sales prices. The joint venture share of profits included in EBITDA amounted to EUR 0.0 (-0.1) million, this included depreciation of EUR 0.3 (0.3) million and net finance expenses of EUR 0.0 (-0.2) million

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

EUR million	**Q1/15**	**Q1/14**	**Change**	**FY2014**
Revenue	**2.2**	2.9	-24.7%	**5.7**
EBITDA	**0.3**	0.3	-9.1%	**-2.2**
EBITDA margin	**14.2%**	11.7%		**-38.0%**
EBIT	**0.0**	0.0		**-3.1**
EBIT margin	**-0.2%**	1.7%		**-54.1%**
Financial income and expense	**0.0**	-0.2		**-1.0**
Profit for the period	**0.0**	-0.1		**-3.3**

Afarak's share of joint ventures revenue for the first quarter decreased to EUR 2.2 (2.9) million compared to the equivalent period in 2014, representing a decrease of 24.7%. The decrease in revenue was mainly due to a reduction in sales volumes of 43.6% compared to the same period last year. Revenue decreased to a lesser extent than volumes as the joint venture was able to achieve better prices for the chrome ore sold during the quarter. Share of joint venture EBITDA for the first quarter was EUR 0.3 (0.3) million. The joint venture still achieved the same level of EBITDA as last year as together with the improved sales prices the joint venture managed to reduce the mining cost following the introduction of new mining contractors, and as a result the EBITDA margin improved during the first quarter. The improved EBITDA number did not follow through to EBIT as depreciation per tonne mined increased as a result of a change in accounting estimates.

As at 31 March 2015, the FerroAlloys business had 357 (333) employees.

GLOBAL MARKET

STAINLESS STEEL MARKET

The expectation was that after a slow end of 2014, we would see a stronger start in the first half of 2015. This has been the trend in the last few years but due to a serious reduction in prices of raw materials, most notably nickel, there has been a substantial cut in stainless steel prices in recent months. This was mostly noticeable in countries where prices are traded in US dollars.

LME nickel spot price decreased from a high of nearly USD 17,000 per tonne during December 2014 to a low of USD 12,400 per tonne in March 2015, this was the lowest price traded since May 2009. This reduction in price led to a lower surcharge and discouraged buyers and service centres from closing long forward contracts.

In Europe, the value of the Euro dropped by around 11% against the US dollar from the previous quarter. This has affected the slide in LME nickel values where it was offset by exchange rate movements and as a result the changes in European alloy surcharges were less.

European stockists have not been subject to the same devaluation of their inventories as those in USA, and therefore when making purchases in Europe they have been less pessimistic than their US counterparts about placing orders.

FERROCHROME MARKET

Ferrochrome sales tonnages have failed to pick up as expected in the major consuming markets. This influenced the South African ferrochrome benchmark prices for the first quarter of 2015, which settled at US$ 1,08/lb Cr, down from US$ 1.15/lb Cr. In the first half of January 2015 there was an increase in trading activity which was the result of short-lived stock replenishment measures.

The consensus view amongst market participants in the traditional ferrochrome producing regions is that sales volumes in 2015 are likely to be slightly better than 2014 however pricing is expected to continue to be weak, especially as discounts on the South African benchmark price continue to increase. Many believe that something resembling a traditional second quarter upswing would materialise in 2015. Unfortunately ferrochrome demand was disappointing and volumes and transaction values have followed the general raw material trend where prices continued to decrease.

There are many factors contributing to the current ferrochrome lack of demand. Most of these result in caution on the part of buyers. The recent negative trend in raw material values, especially nickel, has inevitably made customers reluctant to commit to purchases in case the bottom of the price cycle has not been reached.

Broader economic and political issues are also affecting the market. The turmoil in the Eurozone following the election of an anti-austerity government in Greece, sanctions against Russian Federation, and lower oil and gas prices have led to uncertainty and negative sentiment in the region in sales of ferrochrome to the traditional stainless steel producers and pie producers. Also European antidumping legislation regarding Chinese and Taiwanese stainless steel came into force in March 2015.

A knock-on effect of the strife in the region has been the weakening of the Euro against other major currencies. While this has made exports from the Eurozone more competitive, it has made some ferrochrome from non EU ferrochrome producers more expensive for European producers. An unusual outcome of this exchange rate movement is that, while most metals prices have been reducing in US dollar terms, the European stainless steel makers alloy surcharges were increasing.

The rebuilding of confidence by stainless steel producers in the short to medium term is largely dependent on the outlook of nickel price, which would also trigger the ferrochrome price. At present, the pure nickel supply remains in surplus and LME inventories continue to record all-time highs. The predicted turnaround in the supply and demand balance has been delayed by the ability of Chinese nickel pig iron producers to eke out their stocks of Indonesian laterite ore by blending it with lower-nickel ore from the Philippines. Until Chinese stainless steel producers' requirements for refined nickel increase, a sustained upturn in nickel and ferrochrome prices is unlikely.

During the first quarter we have seen the negative trend on standard ferrochrome production, but the speciality stainless steel producers market continues strong, especially the super alloy customers where Afarak Group's Elektrowerk Weisweiler continued their strong supply. At Mogale Alloys with our new converter and granulator producing high grade medium carbon ferrochrome we have still a few challenges to be tackled but in the months ahead we expect that demand will increase.

MANGANESE ALLOY MARKET

Market stagnation has continued in the first quarter amid steadily low bulk alloy consumption. Excessive stockpiles keep depressing manganese alloy prices. There has been European, Indian, Australian, and Ukrainian producers in the market where their supply has increased as they have been able to sell in US dollars against their own weaker domestic currencies.

Overseas demand for Indian manganese alloys became weaker due to market rumors on antidumping on the EU market, which is why sellers were forced to offer discounts when making deals. The prediction was that some sellers would need to exit the market in the short term due to continuing low prices. The expectation is that prices could increase later in the spring or summer, but the European summer closure could postpone a recovery to autumn.

At Afarak Group, the company has been keeping up their full production, with successfully selling in the domestic market and into the ultra low phosphourus export markets, but expected prices were not possible to achieve, but still ultra low phosphourus was sold with small premium to general market pricing.

UNALLOCATED ITEMS

For the first quarter of 2015 the EBITDA from unallocated items was EUR -0.5 (-0.3) million.

EVENTS DURING THE REVIEW PERIOD

On 2 January 2015, Afarak announced that the Company has signed a sale agreement in relation to part of the saw mill equipment the Company acquired in 2008. The transaction from the discontinued operation positively affects the Q4/2014 profit for the period by EUR 1.77 million but did not have an effect on EBITDA or EBIT and consequently the outlook of the Company remained unchanged. Cash inflows from the transaction were EUR 1.20 million and the release from the provision in relation to the discontinued wood business was EUR 0.57 million. The Company aims to sell the rest of the saw mill equipment during 2015.

On 3 March 2015, Afarak announced that the Company's subsidiary Turk Maadin Sirketi A.S. (TMS) has resolved to end the strike at Kavak mines in Turkey and operations have restarted.

FLAGGING NOTIFICATIONS

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

EVENTS SINCE THE END OF THE REVIEW PERIOD

On 16 April 2015, Afarak announced that the Company intends to transfer the listing segment of its share on the Main Market of the London Stock Exchange to a Standard listing from the current Premium listing. The proposed change to a Standard listing is subject to shareholder approval and the Board will seek authority from the shareholders to transfer its listing on the London Stock Exchange. The purpose of the transfer is to allow the Company to reduce the costs of its listing which arise from the regulatory burden applicable to companies with a Premium listing, which would no longer be applicable following transfer to a Standard listing. Afarak will maintain the listing of its shares on the NASDAQ Helsinki Stock Exchange. The trading arrangements for the Company's shares on the NASDAQ Helsinki Stock Exchange and on the London Stock Exchange will remain unchanged.

On 16 April 2015, Afarak announced that the company has published a circular to shareholders in connection with the proposed transfer of the listing segment of its shares on the Main Market of the London Stock Exchange to a Standard listing from the current Premium listing.

On 30 April 2015, Afarak announced that as a result of a transaction that occurred between two controlled corporations of Dr Danko Koncar, Kermas Limited and Kermas Resources Limited, Kermas Limited has decreased below the threshold of 5% and Kermas Resources Limited has increased above the threshold of 25%. However, the total combined beneficial ownership of Dr Danko Koncar remains unchanged.

COMPANY'S SHARE

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

On 31 March 2015, the registered number of Afarak Group Plc shares was 259,562,434 (248,432,000) and the share capital was EUR 23,642,049.60 (23,642,049.60).

On 31 March 2015, the Company had 4,244,717 (4,244,717) own shares in treasury, which was equivalent to 1.64% (1.71%) of the issued share capital. The total amount of shares outstanding, excluding the treasury shares held by the Company on 31 March 2015, was 255,317,717 (244,187,283).

At the beginning of the period under review, the Company's share price was EUR 0.33 on NASDAQ Helsinki and GBP 0.25 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 first quarter of 2015 the Company's share price on NASDAQ Helsinki ranged from EUR 0.33 to 0.65 per share and the market capitalisation, as at 31 March 2015, was EUR 112.4 (1 January 2015: 83.1) million. For the same period on the London Stock Exchange the share price range was GBP 0.25 to 0.33 per share and the market capitalisation was GBP 84.4 (1 January 2015: 65.5) million, as at 31 March 2015.

Based on the resolution at the AGM on 8 May 2014, the Board is authorised to buy-back up to a maximum of

15,000,000 of its own shares. This authorisation is valid until 8 November 2015. The Company did not carry out any share buy-backs during the first quarter of 2015.

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 2014 Financial Statements.

Afarak´s financial performance is dependent on the general market conditions of the mining, smelting and minerals processing business. Global financial markets have been very volatile, exacerbated by the Eurozone crisis, and there is uncertainty as to how commodity prices will respond for the rest of 2015, which could considerably impact the Company's revenue and financial performance in 2015.

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

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

2015 OUTLOOK

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

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

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

Helsinki, 8 May 2015

AFARAK GROUP PLC

BOARD OF DIRECTORS

FINANCIAL REPORTING IN 2015

	Closed period	Reporting date
Q2 Interim Report 2015	15.7.-14.8.2015	14 August 2015
Q3 Interim Report 2015	10.10.-10.11.2015	10 November 2015

FINANCIAL TABLES

FINANCIAL DEVELOPMENT AND ASSETS AND LIABILITIES BY SEGMENT

Q1/2015 3 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	23,701	16,810	397	-195	40,713
EBITDA	3,425	1,760	-538	0	4,647
EBIT	2,859	605	-539	0	2,925
Segment's assets	174,396	122,516	9,517	-7,009	299,420
Segment's liabilities	59,881	57,334	3,319	-10,457	110,077

Q1/2014 3 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	22,053	21,127	0	0	43,180
EBITDA	998	2,347	-343	0	3,002
EBIT	338	938	-350	0	926
Segment's assets	154,133	101,681	57,076	-26,096	286,794
Segment's liabilities	93,321	44,639	4,521	-46,184	96,297

FY 2014 12 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	97,836	74,818	147	-132	172,669
EBITDA	7,865	3,084	-2,502	0	8,447
EBIT	5,659	-1,381	-2,552	0	1,726
Segment's assets	181,664	113,125	9,645	-14,146	290,288
Segment's liabilities	68,419	52,451	3,720	-16,547	108,044

RESULTS DEVELOPMENT

	Q2/13	Q3/13	Q4/13	Q1/14	Q2/14	Q3/14	Q4/14	Q1/15
Sales (tonnes)								
Mining	76,830	103,739	98,507	97,281	45,341	34,846	15,728	51,401
Processing	10,689	11,359	23,593	24,638	22,948	26,347	23,465	22,826
Trading	809	1,387	2,133	3,909	6,405	8,268	9,954	3,828
Total	**88,328**	**116,485**	**124,233**	**125,828**	**74,694**	**69,461**	**49,147**	**78,055**
Average rates								
EUR/USD	1.313	1.317	1.328	1.370	1.370	1.355	1.329	1.126
EUR/ZAR	12.115	12.502	12.833	14.887	14.676	14.536	14.404	13.228
Euro (million)	**Q2/13**	**Q3/13**	**Q4/13**	**Q1/14**	**Q2/14**	**Q3/14**	**Q4/14**	**Q1/15**
Revenue*	31.4	30.7	41.8	43.2	47.3	40.6	41.6	40.7
Extraordinary items*	4.8	0.0	0.1	0.0	0.0	1.2	-1.6	0.0
EBITDA	6.2	2.9	0.8	3.0	3.3	2.1	0.0	4.6
EBITDA margin	19.7%	9.4%	1.9%	7.0%	7.1%	5.1%	0.0%	11.4%
EBIT	-2.5	-3.1	-2.9	0.9	1.4	0.5	-1.1	2.9
EBIT margin	-8.0%	-10.1%	-6.9%	2.1%	3.0%	1.3%	-2.8%	7.2%

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

CONSOLIDATED INCOME STATEMENT, SUMMARY

EUR '000	**Q1/15**	**Q1/14**	**FY2014**
Revenue	**40,713**	**43,181**	**172,669**
Other operating income	687	364	3,370
Operating expenses	-36,786	-40,405	-164,287
Depreciation and amortisation	-1,723	-2,075	-6,717
Impairment	0	0	-5
Items related to associates (core)	1	1	6
Share of profit from joint ventures	32	-139	-3,311
Operating profit	**2,924**	**927**	**1,725**
Financial income and expense	-257	404	-1,265
Profit before tax	**2,667**	**1,331**	**460**
Income tax	-395	-1,008	12
Profit for the period from continuing operations	**2,272**	**323**	**472**
Discontinued operations			
Profit for the period from discontinued operations	0	0	1,773
Profit for the period	**2,272**	**323**	**2,245**

Profit attributable to:			
Owners of the parent	2,369	348	2,858
Non-controlling interests	-97	-25	-613
Total	2,272	323	-2,245
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
Diluted earnings per share, EUR	0.01	0.00	0.01

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR ‘000	**Q1/15**	**Q1/14**	**FY2014**
Profit for the period	**2,272**	**323**	**2,245**
Other comprehensive income			
Remeasurement of defined benefit pension plans	0	0	-4,036
Exchange differences on translating foreign operations – Group	6,261	-206	-5,193
Exchange differences on translating foreign operations – Associate and JV	-1,464	-30	-1,003
Income tax relating to other comprehensive income	0	38	-964
Other comprehensive income, net of tax	**4,797**	**-198**	**-11,196**
Total comprehensive income for the period	**7,069**	**125**	**-8,951**
Total comprehensive income attributable to:			
Owners of the parent	6,825	156	-8,533
Non-controlling interests	243	-32	-418

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY

EUR '000	**31.3.2015**	**31.3.2014**	**31.12.2014**
ASSETS			
Non-current assets			
Goodwill	65,107	62,268	63,052
Other intangible assets	22,755	21,115	20,358
Property, plant and equipment	51,530	37,318	47,970
Investments in associates	106	77	92
Other non-current assets	45,814	56,243	44,664
Non-current assets total	**185,313**	**177,020**	**176,136**
Current assets			
Inventories	65,143	50,516	60,051
Trade receivables	18,381	23,752	19,987
Other receivables	19,063	18,705	20,782
Cash and cash equivalents	11,521	16,802	13,332
Current assets total	**114,107**	**109,774**	**114,153**
Total assets	**299,420**	**286,794**	**290,289**
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	243,424	242,725	243,424
Legal Reserve	211	200	210
Translation reserves	-7,605	-4,894	-12,061
Retained earnings	-101,260	-102,252	-103,657
Equity attributable to owners of the parent	**184,153**	**185,161**	**177,298**
Non-controlling interests	**5,191**	**5,336**	**4,947**
Total equity	**189,343**	**190,497**	**182,245**
Liabilities			
Non-current liabilities			
Deferred tax liabilities	8,822	8,030	8,200
Provisions	10,669	9,873	10,137
Share of joint ventures' losses	20,979	15,458	19,622
Pension liabilities	19,892	16,061	19,954
Financial liabilities	10,696	103	10,337
Non-current liabilities total	**71,058**	**49,525**	**68,250**
Current liabilities			
Trade payables	15,552	18,539	19,291
Other current liabilities	23,468	28,233	20,503
Current liabilities total	**39,019**	**46,772**	**39,794**
Total liabilities	**110,077**	**93,530**	**108,044**
Total equity and liabilities	**299,420**	**286,794**	**290,289**

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

EUR '000	**31.3.2015**	**31.3.2014**	**31.12.2014**
Cash and cash equivalents	**11,521**	**16,802**	**13,332**
Interest-bearing receivables			
Current	5,014	5,168	9,213
Non-current	35,816	39,871	34,993
Interest-bearing receivables	**40,830**	**45,038**	**44,206**
Interest-bearing liabilities			
Current	2,671	1,508	1,792
Non-current	10,093	63	10,337
Interest-bearing liabilities	**12,764**	**1,571**	**12,129**
NET TOTAL	**39,587**	**60,270**	**45,409**

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

EUR '000	**Property, plant and equipment**	**Intangible assets**
Acquisition cost 1.1.2015	109,032	228,191
Additions	2,010	43
Disposals	-144	0
Reclass between items	31	0
Effect of movements in exchange rates	3,616	7,737
Acquisition cost 31.3.2015	114,545	235,971
Acquisition cost 1.1.2014	92,724	223,883
Additions	14,369	441
Disposals	-298	0
Reclass between items	22	24
Effect of movements in exchange rates	2,215	3,843
Acquisition cost 31.12.2014	109,032	228,191

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY

EUR '000	**Q1/15**	**Q1/14**	**FY2014**
Profit for the period	2,272	323	2,245
Adjustments to profit for the period	595	3,416	7,397
Changes in working capital	-5,562	-751	-3,425
Discontinued operations	0	0	-1,087
Net cash from operating activities	**-2,696**	**2,987**	**5,129**
Acquisition of subsidiaries and associates, net of cash acquired	0	-5	0
Disposal of subsidiaries and associates, net of cash sold	0	0	-2
Capital expenditure and other investing activities	-1,908	-2,259	-12,562
Proceeds from repayments of loans and loans given	3,431	2,183	2,351
Net cash used in investing activities	**1,524**	**-81**	**-10,213**
Capital Redemption	0	0	-4,884
Proceeds from borrowings	825	477	11,364
Repayment of borrowings, and other financing activities	-1,584	-416	-1,891
Net cash used in financing activities	**-759**	**60**	**4,590**
Net increase in cash and cash equivalents	**-1,930**	**2,966**	**-494**

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 31.12.2013	**23,642**	**25,740**	**242,725**	**-4,773**	**-102,574**	**201**	**184,961**	**5,367**	**190,328**
Profit for the period 1-3/2014 + comprehensive income				-90	348		258	-25	233
Share of OCI in associates and JV				-30			-30	0	-30
Translation differences					-71		-71	-7	-78
Share-based payments					45		45	0	45
Other changes in equity						-1	-1	0	-1
Equity at 31.3.2014	**23,642**	**25,740**	**242,725**	**-4,893**	**-102,252**	**200**	**185,162**	**5,335**	**190,497**
Profit for the period 4-12/2014 + comprehensive income				-6,201	2,510		-3,691	-588	-4,279
Share of OCI in associates and JV				-967			-967	0	-967
Translation differences					10		10	197	207
Share-based payments					109		109	3	112
Rights Issue			5,583				5,583	0	5,583
Capital redemption			-4,884				-4,884	0	-4,884
Acquisitions and disposals of subsidiaries					2		2	0	2
Remeasurements of defined benefit pension plans					-4,036		-4,036	0	-4,036
Other changes in equity						10	10	0	10
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 1-3/2015 + comprehensive income				5,920	2,369		8,289	-97	8,192
Share of OCI in associates and JV				-1,464			-1,464	0	-1,464
Translation differences							0	341	341
Share-based payments					28		28	0	28
Other changes in equity						1	1	0	1
Equity at 31.3.2015	**23,642**	**25,740**	**243,424**	**-7,605**	**-101,260**	**211**	**184,152**	**5,190**	**189,343**

RELATED PARTY TRANSACTIONS DURING THE REVIEW PERIOD

EUR '000	**Q1/15**	**Q1/14**	**FY2014**
Sales to joint ventures	101	13	145
Sales to other related parties	8	7	30
Purchases from joint ventures	-661	-3,057	-4,376
Financing income from joint ventures	246	253	1,020
Financing expense to other related parties	317	-41	-120

Loan receivables from joint ventures	35,220	34,489	34,406
Loan receivables from other related parties	3,597	7,241	7,102
Trade and other receivables from joint ventures	6,907	5,397	6,389
Trade and other receivables from other related parties	9	8	8
Trade and other payables to joint ventures	251	2,775	166

FINANCIAL INDICATORS

	Q1/15	Q1/14	FY2014
Return on equity, % p.a.	4.9%	0.7%	1.2%
Return on capital employed, % p.a.	12.6%	4.2%	4.0%
Equity ratio, %	63.2%	67.4%	62.8%
Gearing, %	0.7%	-7.9%	-0.7%
Personnel at the end of the period	711	767	698

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

	Q1/15	Q1/14	FY2014
TRY	2.7731	3.0372	2.9065
USD	1.1261	1.3696	1.3285
ZAR	13.2283	14.8866	14.4037

Balance sheet rates

	31.3.2015	31.3.2014	31.12.2014
TRY	2.8131	2.9693	2.8320
USD	1.0759	1.3788	1.2141
ZAR	13.1324	14.5875	14.0353

FORMULAS FOR FINANCIAL INDICATORS

Financial ratios and indicators have been calculated with the same principles as applied in the 2014 financial statements. These principles are presented below.

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

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

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

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

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

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

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

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

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

ACCOUNTING POLICIES

This Interim Report is prepared in accordance with IAS 34 'Interim Financial Reporting' and should be read in conjunction with Afarak's financial statements for 2014. Afarak has applied the same accounting principles in the preparation of this Interim Report as in its financial statements for 2014, except for the adoption of new standards and interpretations that become effective in 2015. 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

		Q1/15	**Q1/14**	**FY2014**
Share price development in London Stock Exchange				
Average share price*	EUR	0.40	0.37	0.37
	GBP	0.30	0.31	0.30
Lowest share price*	EUR	0.34	0.36	0.30
	GBP	0.25	0.30	0.24
Highest share price*	EUR	0.44	0.37	0.39
	GBP	0.33	0.31	0.32
Share price at the end of the period**	EUR	0.45	0.36	0.32
	GBP	0.33	0.30	0.25
Market capitalisation at the end of the period**	EUR million	116.0	90.0	84.1
	GBP million	84.4	74.5	65.5
Share trading development				
Share turnover	thousand shares	0	7	23
Share turnover	EUR thousand	0	2	9
Share turnover	GBP thousand	0	2	7
Share turnover	%	0.0%	0.0%	0.0 %
Share price development in NASDAQ Helsinki				
Average share price	EUR	0.38	0.34	0.32

Lowest share price	EUR	0.33	0.31	0.21
Highest share price	EUR	0.65	0.39	0.42
Share price at the end of the period	EUR	0.43	0.38	0.32
Market capitalisation at the end of the period	EUR million	112.4	94.4	83.1
Share trading development				
Share turnover	thousand shares	15,943	2,244	20,927
Share turnover	EUR thousand	6,100	769	6,638
Share turnover	%	6.1%	0.9%	8.1%

* 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.