07:00 London, 09:00 Helsinki, 16 February 2016 - 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 2015

FULL YEAR HIGHLIGHTS (January-December 2015):

- Revenue increased by 8.7% to EUR 187.7 (FY/2014: 172.7) million
- Processed material sold increased by 7.0% to 104,150 (FY/2014: 97,351) tonnes
- EBITDA was EUR 17.2 (FY/2014: 8.4) million and the EBITDA margin was 9.2% (FY/2014: 4.9%)
- EBIT was EUR 9.9 (FY/2014: 1.7) million and the EBIT margin was 5.3% (FY/2014: 1.0%)
- Profit for the period from continuing operations totalled EUR 7.8 (FY/2014: 0.5) million
- Full year ferrochrome production increased by 2.1% to 103,591 (FY/2014: 101,461) tonnes
- Tonnage mined increased by 51.8% to 461,781 (FY/2014: 304,199) tonnes
- Cash flow from operations was EUR 12.5 (FY/2014: 5.1) million

Q4 HIGHLIGHTS (October - December 2015):

- Revenue increased by 18.2% to EUR 49.2 (Q4/2014: 41.6) million
- Processed material sold increased by 32.7% to 31,137 (Q4/2014: 23,465) tonnes
- EBITDA was EUR 3.7 (Q4/2014: 0.0) million and the EBITDA margin was 7.5% (Q4/2014: 0.0%)
- EBIT was EUR 1.8 (Q4/2014: -1.1) million and the EBIT margin was 3.7% (Q4/2014: -2.8%)
- Profit for continuing operations totalled EUR 0.8 (Q4/2014: -0.3) million
- Ferrochrome production decreased by 5.5% to 28,938 (Q4/2014: 30,622) tonnes
- Tonnage mined increased by 47.3% to 95,587 (Q4/2014: 64,875) tonnes
- Cash flow from operations was EUR 0.4 (Q4/2014: -4.3) million and liquid funds at 31 December were EUR 19.6 (31 December 2014: 13.3) (30 September 2015: 22.3) million

DIVIDEND PROPOSAL

The Board of Directors will propose a new dividend policy to the Annual General Meeting, which will be held on 11 May 2016. The Group will in future review it distributions to shareholders either through a capital redemption or dividend twice yearly at the time of the 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 board will be recommending a EUR0.02 per share distribution where EUR0.01 will be paid in May 2016 and subject to market conditions a further EUR0.01 will be paid in August 2016.

KEY FIGURES (EUR million)	Q4/15	Q4/14	Change	FY2015	FY2014	Change
Revenue	49.2	41.6	18.2%	187.7	172.7	8.7%
EBITDA	3.7	0.0		17.2	8.4	
EBITDA margin	7.5%	0.0%		9.2%	4.9%	
EBIT	1.8	-1.1		9.9	1.7	
EBIT margin	3.7%	-2.8%		5.3%	1.0%	
Earnings before taxes	0.5	-1.3		6.5	0.5	
Earnings margin	0.9%	-3.1%		3.5%	0.3%	
Profit for continuing operations	0.8	-0.3		7.8	0.5	
Profit for discontinued operations	0.8	1.8		0.8	1.8	
Profit	1.6	1.4		8.5	2.2	
Earnings per share, basic, EUR	0.01	0.01		0.03	0.01	

Commenting on the full year and fourth quarter results of 2015, Alistair Ruiters, CEO, said:

“I am very pleased to report an outstanding performance by Afarak in 2015. The Group reported very positive results in the first half of the year. This was followed by the seasonal market slowdown during the summer period. Afarak though performed strongly in the fourth quarter selling higher volumes of processed material compared to the comparable period last year. In fact year on year we succeeded in increasing sales in processed material by 7.0%. The introduction of a bulk sample mining at Vlakpoort in the second quarter and the uninterrupted operation of Mecklenburg for the year enabled the FerroAlloys segment to increase mined tonnages by 53.8%. Our Speciality Alloys segment also increased mined output by 37%.

The Group’s revenue for the past year increased by 8.7% year -on-year. Afarak’s EBITDA doubled when compared to the previous year as EBITDA improved both in the Speciality Alloys segment and in the Ferro Alloys segment.

Whilst global sentiment for commodities consistently weakened throughout the year, the market for our Speciality Alloy products was stable, with prices in Euro-terms remaining firm. The uncertainty in the market towards the end of 2015 has made us more cautious ahead of 2016. As a result, we have actively managed our stockpiles successfully reducing our inventory and increasing our cash position.

The Group succeeded in reporting higher EBITDA and EBIT levels and our focus remains on generating cash and increasing profits. This is reflected both in the Group’s results over the past years and since entering the minerals business in 2008, culminating in our strongest year ever in 2015. Our balance sheet and cash position remains strong and we believe this will offer some protection against the headwinds we may encounter in the year ahead.

Afarak remains committed to its strategy of managing production levels, increasing its range of speciality products and diversifying its geographic spread of customers. Given the headwinds in the sector, we will continue to review our production costs and reorganise our structures to reduce overall expenditure.”

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 Q4/2015 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.afarak.com.

Investor Conference Call

Management will host an investor conference call in English on 16 February 2016 at 14.00 Finnish time, 12.00 UK time. Please dial-in at least 10 minutes beforehand, quoting the reference: 38313.

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

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

Distribution:
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AFARAK GROUP PLC: FINANCIAL STATEMENTS REVIEW FOR 1 JANUARY – 31 DECEMBER 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	Q4/15	Q4/14	FY2015	FY2014
Processing, Speciality Alloys	5,705	5,643	27,336	28,448
Processing, FerroAlloys	25,432	17,822	76,813	68,903
Processing, Total	31,137	23,465	104,150	97,351

Full Year (January–December) 2015

The Group's sales from processing, which includes all the products produced at the Mogale Alloys and Elektrowerk Weisweiler GmbH processing plants, were 104,150 (FY/2014: 97,351) tonnes in 2015, an increase of 7% compared to the equivalent period in 2014. Sales volumes in the Speciality Alloys segment decreased by 3.9% when compared to the previous year due to lower demand during the second and third quarters of the year. On the other hand, sales volumes in the FerroAlloys segment increased by 11.5% when compared to the previous year due to a stronger demand seen during the second and fourth quarters.

Fourth Quarter (October–December) 2015

The Group's processed material sold, stood at 31,137 (Q4/2014: 23,465) tonnes, a substantial increase of 32.7% compared to the equivalent period in 2014. Sales volumes in the Speciality Alloys segment marginally increased by 1.1%. The significant increase by 42.7% in processed material sold in the Ferro Alloys segment is mainly attributable to the sale of large volumes of commodity charge chrome registered towards the end of the year.

AFARAK GROUP'S FINANCIAL PERFORMANCE

REVENUE AND PROFITABILITY

EUR million	Q4/15	Q4/14	Change	FY2015	FY2014	Change
Revenue	49.2	41.6	18.2%	187.7	172.7	8.7%
EBITDA	3.7	0.0		17.2	8.4	
EBITDA margin	7.5%	0.0%		9.2%	4.9%	
EBIT	1.8	-1.1		9.9	1.7	
EBIT margin	3.7%	-2.8%		5.3%	1.0%	
Profit from continuing operations	0.8	-0.3		7.8	0.5	
Profit from discontinued operations	0.8	1.8		0.8	1.8	
Profit	1.6	1.4		8.5	2.2	

Full Year (January–December) 2015

Revenue for the full year 2015 increased by 8.7% to EUR 187.7 (172.7) million. Revenue in the Speciality Alloys segment decreased marginally by 2.3% as a result of lower sales volumes of processed material, whereas in the FerroAlloys segment revenue increased by 22.7% due to higher sales volumes. EBITDA for the full year amounted to EUR 17.2 (8.4) million. The increase was more accentuated in the Speciality Alloys segment due to a stronger US dollar average rate on conversion of revenue as material prices did not reduce in US dollar terms like they did in the FerroAlloys segment. Normal levels of mining activity being restored at the Turkish mines of Tavas from November 2014 and Kavak from March 2015 following the cessation of operations due to the strike and lockout of the mines from June 2014 also had a positive effect on revenue.

The Synergy Africa Ltd joint venture managed to reduce its losses during 2015 amounting to EUR -0.1 (-3.3) million. Such improvement occurred as a result of resumption of normal mining activity at the Mecklenburg mine throughout 2015 and as a result of the absence of net write-down of assets which during the previous year amounted to EUR 1.6 million. Profit from discontinued operations during 2015 amounted to EUR 0.8 (1.8) million which includes a release of a EUR 0.2 (0.6) million from 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 0.03 (0.01).

Fourth Quarter (October–December) 2015

Revenue for the fourth quarter of 2015 increased by 18.2% to EUR 49.2 (41.6) million compared to the equivalent period in 2014. The increase in revenue was mainly attributable to the increase in material which had been sourced from third parties in the FerroAlloys segment. The Company reported healthy EBITDA and EBIT results, the positive effects of which have been derived primarily from the Speciality Alloys segment. Higher selling prices of normal and specialised low carbon ferrochrome resulting from a stronger US dollar average rate on conversion of revenue when compared to the previous quarter, and the resumption of normal mining activity at the Turkish mines positively contributed towards a higher EBITDA and EBIT in the Speciality Alloys segment when compared to the comparative quarter. During the fourth quarter of 2015, the Company sold part of the saw mill equipment that was acquired in 2008 for the now discontinued wood segment. As noted above, this transaction resulted in a profit from discontinued operations amounting to EUR 0.8 (1.8) million which includes a release of EUR 0.2 (0.6) million of a provision.

Earnings per share was EUR 0.01 (0.01).

BALANCE SHEET, CASH FLOW AND FINANCING

The Group’s liquidity, as at 31 December 2015, was EUR 19.6 (13.3) (30 September 2015: 22.3) million. Operating cash flow in the fourth quarter was EUR 0.4 (-4.3) million. Afarak’s gearing at the end of the fourth quarter was -2.6% (-0.7%) (30 September 2015: -2.4%). Net interest-bearing debt was EUR -4.5 (-1.2) (30 September 2015: -4.2) million.

Total assets on 31 December 2015 were EUR 266.9 (290.3) (30 September 2015: 279.2) million. The equity ratio was 63.9% (62.8%) (30 September 2015: 63.0%).

INVESTMENTS, ACQUISITIONS AND DIVESTMENTS

Capital expenditure for the fourth quarter of 2015 totalled EUR 1.8 (5.2) million and in full year 2015 EUR 8.0 (14.8) million. During the fourth quarter of 2015, the capital expenditure related primarily to the Speciality Alloys segment where TMS continued the investment of fines tailing processing plant at Kavak to increase annual mining volume by 15,600 tonnes following the commissioning of these plants and the new dust exhaustion at EWW which was commissioned in December 2015. Capital Expenditure for the full year 2015 also included the dryer in the ferrochrome plant at Mogale Alloys, replacement of the furnace refractories during the shutdown period and the acquisition of new plant vehicles. At Vlakpoort mine the Group continued investing to ramp up the bulk sample operation. The Synergy Africa Joint Venture also made investments during the year with the commencement of the shaking table project at Stellite Mine.

During the third quarter of 2015 Afarak divested its holding in the associated company Speciality Super Alloys Inc. This led to a loss on sale of investment in associate of EUR 0.3 million and has been classified as an extraordinary item.

PERSONNEL

At the end of the fourth quarter 2015, Afarak had 773 (698) employees. The average number of employees during the fourth quarter of 2015 was 779 (700) and in full year 2015 was 742 (726).

Number of employees by segment *:

	31.12.2015	31.12.2014	Change
Speciality Alloys	402	355	13.2%
FerroAlloys	365	339	7.7%
Other operations	6	4	50.0%
Group total	**773**	**698**	**10.7%**

*Including personnel of joint ventures.

SAFETY, HEALTH AND SUSTAINABLE DEVELOPMENT

In the second quarter of 2015 Afarak has set up a Health Safety and Environment committee (HSEC) with the aim of integrating the Group operations to address the social, environment, health and safety position of all stakeholders. While continuing the programme focused on pro-active safety and environmental measurements as part of aiming to achieve "Zero Harm", the members of HSEC are defining Group standard protocols to ensure that all the Group activities are constantly managed, monitored and reported according to Group policies.

In the fourth quarter of 2015 the Company had 2 injuries that caused loss of time. Afarak continues all efforts, including training, to further improve the safety performance.

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

Our aim is to guarantee our employees a safe working place and minimum impact towards the environment, and ensure that the sustainable development meets the present needs of Afarak without compromising the ability of present and future generations.

SEGMENT PERFORMANCE

SPECIALITY ALLOYS BUSINESS

The Speciality Alloys business consists of Türk Maadin Şirketi A.S ("TMS"), the mining and beneficiation operation in Turkey and Elektrowerk Weisweiler GmbH ("EWW"), the chromite concentrate processing plant in Germany. TMS supplies EWW with high quality chromite concentrate which produces speciality products including specialised low carbon and ultra 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	Q4/15	Q4/14	Change	FY2015	FY2014	Change
Mining*	17,807	1,706	943.8%	49,152	35,848	37.1%
Processing	6,422	7,357	-12.7%	26,234	28,784	-8.9%
Total	**24,229**	**9,063**	**167.3%**	**75,386**	**64,632**	**16.6%**

* Including both chromite concentrate and lumpy ore production

Annual production during 2015 increased by 16.6% to 75,386 (64,632) tonnes. The increase is primarily derived from having the Turkish mines operating at normal levels throughout most of 2015 as opposed to the previous year during which mining at TMS stopped during June 2014 due to a strike and lockout. Tavas mine also restarted operations following the end of the lockout in November 2014 and mining also recommenced in March 2015 at Kavak. Processing levels decreased at EWW when compared to the previous year as a result of decreased demand and inventory management.

The higher mining levels seen in the previous quarters of 2015 continued during the fourth quarter where there was an increase of 167.3% to 24,229 (9,063) tonnes when compared to the equivalent period in 2014.

EUR million	Q4/15	Q4/14	Change	FY2015	FY2014	Change
Revenue	21.3	22.6	-5.9%	95.6	97.8	-2.3%
EBITDA	3.4	1.2		12.7	7.9	
EBITDA margin	16.2%	5.2%		13.3%	8.0%	
EBIT	2.7	0.8		10.1	5.7	
EBIT margin	12.6%	3.5%		10.6%	5.8%	

Full Year (January–December) 2015
Revenue for the full year 2015 was EUR 95.6 (97.8) million, representing a marginal decrease of 2.3% when compared to the previous year. The decrease in revenue is mainly attributable to lower sales volumes of processed material and third party material in 2015. EBITDA was EUR 12.7 (7.9) million and EBIT for the year was EUR 10.1 (5.7) million. The improvement in EBITDA and EBIT was mainly attributable to a stronger US dollar average rate on conversion of revenue when compared to 2014. Having the Turkish mines in operation during the majority of 2015 also had a positive impact on EBITDA and EBIT, as compared to 2014 where profit was impacted due to the lockout and strike at the Company’s Turkish operations.

Fourth Quarter (October–December) 2015
Similarly to the previous quarters revenue continued low during the fourth quarter and decreased by 5.9% to EUR 21.3 (22.6) million when compared to the equivalent period in 2014. Performance continued positively during the fourth quarter where EBITDA increased by 193.4% to EUR 3.4 (1.2) million and EBIT was EUR 2.7 (0.8) million.

As at 31 December 2015, the Speciality Alloys business had 402 (355) 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	Q4/15	Q4/14	Change	FY2015	FY2014	Change
Mining*	77,780	63,169	23.1%	412,629	268,351	53.8%
Processing	22,517	23,265	-3.2%	77,357	72,677	6.4%
Total	**100,297**	**86,434**	**16.0%**	**489,986**	**341,028**	**43.7%**

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

Annual production increased by 43.7% to 489,986 (341,028) tonnes. The increase is mainly attributable to the resumption of normal mining activity levels at the Mecklenburg mine throughout 2015 following a seven month suspension of mining activity during 2014 due to the unrest in the local community. Annual processing levels at Mogale Alloys were higher than those registered during the previous year primarily as a result of medium carbon charge chrome production following the commissioning in December 2014 of the converter and granulator.

Production in this segment increased to 100,297 (86,434) tonnes in the fourth quarter of 2015 when compared to the same period in 2014. Bulk sampling activity at Vlakpoort mine which commenced in June 2015 was a key contributor to the increase during the fourth quarter. Open cast mining activity at Mecklenburg mine ended in November 2015. Processing levels at Mogale Alloys during the fourth quarter of 2015 were marginally lower than those registered during the comparative quarter.

EUR million	Q4/15	Q4/14	Change	FY2015	FY2014	Change
Revenue	27.7	19.0	46.2%	91.8	74.8	22.7%
EBITDA	1.0	-0.4		7.5	3.1	
EBITDA margin	3.7%	-1.9%		8.1%	4.1%	
EBIT	-0.1	-1.1		2.8	-1.4	
EBIT margin	-0.2%	-5.9%		3.0%	-1.8%	

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

Full Year (January–December) 2015
Revenue for the full year increased to EUR 91.8 (74.8) million, representing an increase of 22.7% compared to the equivalent period in 2014. The increase in trading volumes of processed material was the main contributor towards the improvement in revenue when compared to 2014. The joint venture share of profit for 2015 amounted to EUR -0.1 (-3.3) million, the reduction in losses was key in increasing EBITDA in the FerroAlloys segment for the full year to EUR 7.5 (3.1) million. The reduced loss from the joint venture occurred as a result of the resumption of normal mining activity at the Mecklenburg mine throughout the first eleven months of 2015 following a seven month suspension of mining activity during the previous year and the absence of net write-down of assets which during the previous year amounted to EUR 1.6 million. The positive performance during the year enabled the FerroAlloys segment to register a positive EBIT of EUR 2.8 (-1.4) million.

Fourth Quarter (October–December) 2015
Revenue for the fourth quarter increased to EUR 27.7 (19.0) million compared to the equivalent period in 2014, representing an increase of 46.2%. The increase in revenue is mainly attributable to a significant increase of plasma charge chrome sales volumes and to the increase in material which had been sourced by third parties. The FerroAlloys segment managed to register a positive EBITDA for the fourth quarter as a result of lower cost of production arising from the weakening of the South African Rand during the fourth quarter when compared to the comparative quarter and due to a decrease in the joint venture share of profit where result went down to EUR -0.4 (-2.2) million when compared to the comparable quarter of 2014.

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

EUR million	Q4/15	Q4/14	Change	FY2015	FY2014	Change
Revenue	1.6	0.7	139.6%	9.7	5.7	69.9%
EBITDA	-0.1	-2.0		1.3	-2.2	
EBITDA margin	-3.7%	-311.7%		13.2%	-38.0%	
EBIT	-0.2	-2.3		0.3	-3.1	
EBIT margin	-11.1%	-348.4%		3.4%	-54.1%	
Financial income and expense	-0.3	-0.6		-0.6	-1.0	
Profit for the period	-0.4	-2.2		-0.1	-3.3	

Full Year (January–December) 2015
Afarak's share of joint ventures revenue for the full year increased to EUR 9.7 (5.7) million representing an increase of 69.9% compared to the equivalent period in 2014. The increase in revenue was mainly due to the increase in sales volumes of the Mecklenburg mine material as operations were resumed in December 2014. The increase in revenue was also attributable to the increase in processed material at the Stellite mine, particularly from concentrate material. Resumption of mining activity at the Mecklenburg mine also contributed to the positive share of joint venture EBITDA for the full year amounting to EUR 1.3 (-2.2) million as opposed to a negative share of joint venture EBITDA incurred during the previous year. The results of the previous year were negatively affected by write-downs in relation to Waylox mining project of EUR 0.5 million and a net write-down on the assets of Stellite mine of EUR 1.1 million.

Fourth Quarter (October–December) 2015
Afarak's share of joint ventures revenue for the fourth quarter increased to EUR 1.6 (0.7) million compared to the equivalent period in 2014, representing an increase of 139.6%. Similarly to what happened in the previous quarters, EBITDA for the fourth quarter improved to EUR -0.1 (-2.0) million as a result of more favorable operating conditions.

As at 31 December 2015, the FerroAlloys business had 365 (339) employees.

GLOBAL MARKET

STAINLESS STEEL MARKET

The fourth quarter of 2015 has been another difficult period for stainless steel industry globally. There was continued weakness in the European markets with the margins for all mills remaining to be unsatisfactory.

Despite the expectations at the end of the third quarter that consumption would improve in the fourth quarter, demand failed to grow materially and selling prices decreased further than expected.
During the past year, the price of nickel, which is one of the main raw materials used to produce stainless steel together with ferrochrome, in common with most other traded commodities, has had a notable downward trend. The LME nickel prices have dropped from over US$ 15,000 per tonne in 2014, to US$ 8,650 per tonne, by the end of 2015, a decrease of more than 44%. In addition, prices were at levels lower than these during parts of the fourth quarter.

The nickel price has been undermined, in part, by the unprecedented high level of LME inventory. The official daily figure rose from over 400,000 tonnes at the end of 2014, to reach a peak of over 470,000 tonnes in June 2015. Stocks steadily reduced thereafter reaching a low of around 393,000 tonnes, until a recent influx of material took the total over 438,000 tonnes at the end of 2015.

The costs of the other major raw materials have also fallen. The price paid by United States mills for chromium has decreased by around 10% in the past twelve months, while the cost of scrap, used in the American producers' alloy surcharge calculations, has dropped by 56%, resulting in losses for scrap suppliers. As a result, the December 2015 alloy surcharge in the United States is 46% lower than the figure reported in the same period of 2014. This contributes to a transaction value for 304 cold rolled coil that was around 34% less than the prices in December 2014.

The Western mill selling figures for the same products have fallen by almost 34% in China and by nearly 25% in Europe when compared to the prices at the end of 2014.

The persistent negative trend in stainless steel selling values has created very difficult business conditions for all participants in the supply chain except for the speciality stainless steel producers who saw an improvement in sentiment.

FERROCHROME MARKET

In the fourth quarter South African benchmark price dropped from the third quarter by US$ 0.04/lb Cr. The benchmark prices for the European steel mills and Japanese steel mills were of US$ 1.04/lb Cr and US$ 1.12/lb Cr respectively not including discounts which reached 25% at times. This price is the lowest since the third quarter of 2009.

The Chinese spot market prices of high carbon ferrochrome and charge chrome also came under downward pressure during the fourth quarter of 2015 where prices went down below US$ 0.70/lb Cr, which is still low when compared to the European benchmark prices. China's ferrochrome market was quiet, with most producers waiting for new tender prices from steelmakers, most of which was heavily delayed and therefore tonnages imported dropped to 539,938 tonnes in the fourth quarter, from the 755,883 tonnes reported in the third quarter of 2015.

Spot ferroalloy prices continued to decrease during the fourth quarter, even though not at the same rate as Nickel or Ferro-Molybdenum. Destocking during the fourth quarter was expected to lead to a pickup in spot demand but the stainless steel production showed very limited sign of any upturn.

At Mogale Alloys, our sales and marketing arm, Afarak Trading Ltd, was successful in securing good levels of Plasma charge chrome sales which reduced the stocks during the fourth quarter, with further deliveries expected to continue long into the first quarter of 2016.

At Elektrowerk Weisweiler, Afarak Trading Ltd continued to successfully secure new long term agreements for the production of speciality low carbon ferrochrome. Strong demand continued with several weeks sold out in advance, especially to the aerospace, tool, high speed rail wheels, and turbine industries.

SILICO MANGANESE MARKET

The anti-dumping disputes continued in the steel market, within the alloy markets, including silico manganese, which was also the subject of trade cases. Bulk alloy prices have decreased significantly during 2015 and in some cases have fallen back to the levels last seen prior to China's upsurge in stainless production which began in 2008 when the West was hit by the financial crisis. Bulk alloys production in China and in the West was cut during the fourth quarter of 2015 in response to low prices.

It was also noted that Eurasian Economic Union (EEU) Commission is considering introducing anti-dumping measures of Ukrainian Silico-Manganese to Russia, which could increase exports to Europe.

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 2015, the EBITDA from unallocated items was EUR -0.8 (-0.8) million. The full year EBITDA from unallocated items was EUR -3.0 (-2.5) million. During the fourth quarter 2015, the Company sold part of the saw mill equipment that was acquired in 2008 for the now discontinued wood business. This transaction positively affected the Q4/2015 profit for the period by EUR 0.8 (1.8) million. This profit includes a release EUR 0.2 (0.6) million from the provision in relation to the discontinued wood business.

PLEDGES AND CONTINGENT LIABILITIES

On 31 December 2015 the Group had a loan from a financial institution totalling EUR 8.0 (10.3) million. The Group has provided real estate mortgages and other assets as collaterals for total carrying value of EUR 64.2 (71.2) million. Afarak Group Plc has given guarantees for third party loans totalling EUR 1.3 (1.3) million.

LITIGATION

Further to the announcement of 27 March 2014, whereby Afarak announced that the Company had been served a notice of arbitration by Chinese Suzhou Kaiyuan Chemical Co. Ltd ("Suzhou"), on 14 July 2015, Afarak announced that the claim by Suzhou was withdrawn. Suzhou's claim of EUR 2.66 million had related to a chrome ore sales agreement entered into by Chromex Mining Plc ("Chromex") prior to the acquisition of Chromex by Afarak together in a joint venture with Kermas Limited and was served on Afarak's marketing arm RCS Limited and various companies which form part of the Chromex joint venture. As a result of the withdrawal the arbitration tribunal dismissed the claim and ordered Suzhou to pay the full arbitration cost.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting ("AGM") was held on 8 May 2015. The AGM adopted the financial statements. The AGM resolved in accordance with the proposal of the Board of Directors a capital redemption of EUR 0.02 per share for the year ended on 31 December 2014. The capital redemption was paid on 20 May 2015.

The AGM resolved that the Chairman of the Board and the Chairman of the Audit and Risk Management Committee would be paid € 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 Michael Lillja, Mr Markku Kankaala, Dr Jelena Manojlovic and Dr Alfredo Parodi were re-elected to the Board. Mr Barry Rourke, Dr Alistair Ruiters and Mr Ivan Jakovcic 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 2015.

The AGM resolved to authorize the Board of Directors to issue shares and stock options and other special rights that entitle to shares in one or more tranches up to a maximum of 25,000,000 new shares or shares owned by the Company. This equates to approximately 9.6% of the Company's currently registered shares. The authorization may be used among other things in financing, enabling corporate and business acquisitions or other arrangements and investments of business activities and in the employee incentive and commitment programs. By virtue of the authorization, the Board of Directors can decide both on share issues against payment and on share issues without payment. The payment of the subscription price can also be made with consideration other than money. The authorization contains the right to decide on derogating from shareholders' pre-emptive right to share subscriptions provided that the conditions set in the Companies' Act are fulfilled. The authorisation replaces all previous authorisations and is valid 2 years from the decision of the Annual General Meeting.

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.

The AGM resolved to approve the proposed transfer of the Company's equity share listing on the Official List of the United Kingdom Listing Authority (''UKLA'') and on the Main Market of the London Stock Exchange plc from the Premium listing (commercial company) segment to the Standard listing (shares) segment as described in detail in the circular to shareholders dated 16 April 2015.

EVENTS DURING THE REPORTING 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 announced that it intended 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 restarted.

On 16 April 2015, Afarak announced that the Company intended 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 was subject to shareholder approval and the Board sought 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 remain unchanged.

On 16 April 2015, Afarak announced that the company had 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 21 May 2015, Afarak announced changes in the Company's management structure so that its current executive management team and board member Dr Alistair Ruiters was appointed new Chief Executive Officer ("CEO") of the Company. The current CEO, Dr. Danko Koncar, is now focusing on the operational matters of the Company as Business Development Director, reporting to the CEO. Dr Ruiters continues to serve as a board member of the Company. Further, Mr Michael Lillja, currently head of marketing and a board member, has assumed the responsibilities of Marketing Director while continuing as a board member.

The current executive management team is as follows
Dr. Alistair Ruiters, CEO
Dr. Danko Koncar, Business Development Director
Michael Lillja, Marketing Director

Furthermore, the board has also reviewed the composition of the board committees. The new committees are as follows:

Audit Committee
Barry Rourke, Chairman
Markku Kankaala
Ivan Jakovcic

The Nomination and Remuneration committee
Jelena Manojlovic, Chairman

Markku Kankaala
Ivan Jakovcic

The Committee for Health Safety and sustainable development
Alfredo Parodi, Chairman
Michael Lillja
Markku Kankaala

On 9 June 2015 Afarak announced that the United Kingdom Listing Authority had given its approval to effect the shares transfer on the Main Market of the London Stock Exchange to a Standard listing from a Premium listing, and that the transfer had now become effective.

On 29 June 2015 Afarak announced that the Company had commenced bulk sampling at its Vlakpoort open pit mine in South Africa. The total open pit measured, indicated, and inferred resources are estimated at 1.9 million tonnes of chromite, as stated in the Company's resource statement, with a life of mine for the open pit of five years. The Company expects to ramp up to full production in 2016, once the submitted mining right has been approved.

On 14 July 2015, Afarak announced that the claim that had been served on Afarak's marketing arm RCS Limited and various companies which form part of the Chromex joint venture by Chinese Suzhou Kaiyuan Chemical Co. Ltd (Suzhou) was withdrawn. As a result of the withdrawal the arbitration tribunal dismissed the claim and ordered Suzhou to pay the full arbitration cost.

On 11 August 2015, Afarak announced that as a result of the strong performance during the first half of 2015, Afarak Group Plc had revised its guidance and estimated the Group's revenue for 2015 would remain at the same levels of 2014 but for EBIT would significantly improve when compared to 2014. The increase was primarily due to the positive effect of exchange rates, in particular the strong US dollar and weak South African Rand, but also improved sales from the FerroAlloys division and the re-opening of the Mecklenburg mine in December 2014.

On 14 August 2015, Afarak announced that it has resolved to offer 3,478,261 new ordinary shares in the Company ("New Shares") to Gujo Investment (Pty) Limited, one of the vendors of Mogale Alloys (a company acquired in May 2009) under the settlement agreement announced on 11 October 2012. Following completion of the share issue, the consideration for the acquisition was fully satisfied. All of the New Shares were subscribed for and the subscriptions have been approved by the Board of Directors. The total subscription price of EUR 1,739,130.50 (EUR 0.5 per share) has been fully satisfied through offset against the settlement receivables of the Vendor related to the Mogale Alloys acquisition.

On 24 August 2015, Afarak announced that the Company was notified on 22 August 2015, that Alistair Ruiters, CEO and member of the Board of Directors, sold 18,211 ordinary shares ("shares") in the Company at a price of EUR 0.51 per share on 20 August 2015. The trade was made on the NASDAQ OMX Helsinki. The shares were part of an earlier management share scheme and were sold as the scheme was closed and the shares released for trading. Accordingly Alistair Ruiters now holds voting rights attached to 400,000 shares, representing 0.152 % of the issued share capital of the Company and 0.155 % of the voting rights of the Company.

EVENTS SINCE THE END OF THE REVIEW 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.

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 2015, the registered number of Afarak Group Plc shares was 263,040,695 (259,562,434) and the share capital was EUR 23,642,049.59 (23,642,049.59).

On 31 December 2015, the Company had 4,244,717 (4,244,717) own shares in treasury, which was equivalent to 1.61% (1.64%) of the issued share capital. The total amount of shares outstanding, excluding the treasury shares held by the Company on 31 December 2015, was 258,795,978 (255,317,717).

At the beginning of the period under review, the Company's share price was EUR 0.51 on NASDAQ Helsinki and GBP 0.33 on the London Stock Exchange. At the end of the review period, the share price was EUR 0.40 and GBP 0.33 respectively. During the fourth quarter of 2015 the Company's share price on NASDAQ Helsinki ranged from EUR 0.39 to 0.55 per share and the market capitalisation, as at 31 December 2015, was EUR 105.7 (1 January 2015: 83.1) million. For the same period on the London Stock Exchange the share price remained GBP 0.33 per share and the market capitalisation was GBP 85.5 (1 January 2015: 65.5) million, as at 31 December 2015.

Based on the resolution at the AGM on 8 May 2015, 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 2016. The Company did not carry out any share buy-backs during the fourth 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 and is uncertainty as to how commodity prices will respond for the rest of 2016, which could considerably impact the Company's revenue and financial performance in 2016.

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

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

DIVIDEND PROPOSAL

The Board of Directors will propose a new dividend policy to the Annual General Meeting which will be held on 11 May 2016. The Group will in future review it distributions to shareholders either through a capital redemption or dividend twice yearly at the time of full year and the half year announcements. This new policy will allow the board to take prudent decisions based on market conditions whilst continuing to share its positive results with shareholders. In line with this new policy the board will be recommending a EUR0.02 per share distribution where EUR0.01 will be paid in May 2016 and subject to market conditions a further EUR0.01 will be paid in August 2016.

Helsinki, 16 February 2016

AFARAK GROUP PLC

BOARD OF DIRECTORS

FINANCIAL REPORTING IN 2016

	Closed period	Reporting date
Q1 Interim Report 2016	11.4.-11.5.2016	11 May 2016
Q2 Interim Report 2016	17.7.-16.8.2016	16 August 2016
Q3 Interim Report 2016	11.10.-11.11.2016	11 November 2016

FINANCIAL TABLES

FINANCIAL DEVELOPMENT AND ASSETS AND LIABILITIES BY SEGMENT

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

FY 2014 12 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	97,836	74,818	147	-132	172,669
EBITDA	7,865	3,084	-2,502	0	8,447
EBIT	5,659	-1,381	-2,552	0	1,725
Segment's assets	160,500	146,514	9,645	-26,370	290,288
Segment's liabilities	68,419	52,451	3,720	-16,547	108,044

RESULTS DEVELOPMENT

	Q4/13	**Q1/14**	**Q2/14**	**Q3/14**	**Q4/14**	**Q1/15**	**Q2/15**	**Q3/15**	**Q4/15**
Sales (tonnes)									
Mining	98,507	97,281	45,341	34,846	15,728	51,401	86,884	101,701	64,487
Processing	23,593	22,146	22,948	26,347	23,465	22,826	30,556	20,059	31,137
Trading	2,133	3,909	6,405	8,268	9,954	3,828	6,466	8,798	11,953
Total	**124,233**	**123,336**	**74,694**	**69,461**	**49,147**	**78,055**	**123,906**	**130,558**	**107,577**
Average rates									
EUR/USD	1.328	1.370	1.370	1.355	1.329	1.126	1.116	1.114	1.110
EUR/ZAR	12.833	14.887	14.676	14.536	14.404	13.228	13.305	13.701	14.172
Euro (million)	**Q4/13**	**Q1/14**	**Q2/14**	**Q3/14**	**Q4/14**	**Q1/15**	**Q2/15**	**Q3/15**	**Q4/15**
Revenue*	41.8	43.2	47.3	40.6	41.6	40.7	53.1	44.8	49.2
Extraordinary items*	0.1	0.0	0.0	1.2	-1.6	0.0	0.0	-0.3	0.0
EBITDA	0.8	3.0	3.3	2.1	0.0	4.6	7.6	1.3	3.7
EBITDA margin	1.9%	6.9%	7.1%	5.1%	0.0%	11.4%	14.4%	2.8%	7.5%
Adjusted EBITDA**	0.0	0.0	0.0	0.0	0.0	4.6	7.6	1.6	0.0

EBIT	-2.9	0.9	1.4	0.5	-1.1	2.9	5.8	-0.7	1.8
EBIT margin	-6.9%	2.1%	3.0%	1.3%	-2.8%	7.2%	11.0%	-1.5%	3.7%

*Extraordinary items in Q3/14 relate to profit on sale of land in Turkey. Extraordinary items in Q4/14 relates to net write-down of assets that are included in the joint venture share of profits. Extraordinary items in Q3/15 relate to loss on sale of investment in associate.
** Adjusted EBITDA is EBITDA excluding the extraordinary items.

CONSOLIDATED INCOME STATEMENT, SUMMARY

EUR '000	**Q4/15**	**Q4/14**	**FY2015**	**FY2014**
Revenue	**49,181**	**41,609**	**187,711**	**172,669**
Other operating income	776	785	2,331	3,370
Operating expenses	-45,472	-40,179	-172,439	-164,287
Depreciation and amortisation	-1,860	-1,153	-7,302	-6,717
Impairment	0	-5	0	-5
Items related to associates (core)	0	2	0	6
Share of profit from joint ventures	-820	-2,207	-414	-3,311
Operating profit	**1,805**	**-1,148**	**9,888**	**1,725**
Financial income and expense	-1,346	-127	-3,367	-1,265
Profit before tax	**459**	**-1,275**	**6,520**	**460**
Income tax	316	946	1,236	12
Profit for the period from continuing operations	**776**	**-330**	**7,756**	**472**
Discontinued operations				
Profit for the period from discontinued operations	782	1,773	782	1,773
Profit for the period	**1,558**	**1,443**	**8,539**	**2,245**
Profit attributable to:				
Owners of the parent	1,526	1,607	8,854	2,858
Non-controlling interests	31	-164	-315	-613
Total	1,558	1,443	8,539	2,245
Earnings per share for profit attributable to the shareholders of the parent company, EUR				
Basic earnings per share, EUR	0.01	0.01	0.03	0.01
Diluted earnings per share, EUR	0.01	0.01	0.03	0.01

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR ‘000	**Q4/15**	**Q4/14**	**FY2015**	**FY2014**
Profit for the period	**1,558**	**1,443**	**8,539**	**2,245**
Other comprehensive income				
Remeasurement of defined benefit pension	986	-4,036	986	-4,036

plans				
Exchange differences on translating foreign operations – Group	-8,831	1,143	-18,845	-5,193
Exchange differences on translating foreign operations – Associate and JV	-585	239	-3,125	-1,003
Income tax relating to other comprehensive income	2,055	-418	4,552	-964
Other comprehensive income, net of tax	**-6,375**	**-3,072**	**-16,432**	**-11,196**
Total comprehensive income for the period	**-4,817**	**-1,628**	**-7,894**	**-8,951**
Total comprehensive income attributable to:				
Owners of the parent	-4,487	-1,552	-6,791	-8,533
Non-controlling interests	-330	-76	-1,103	-418

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY

EUR '000	**31.12.2015**	**31.12.2014**
ASSETS		
Non-current assets		
Investments and intangible assets		
Goodwill	58,349	63,052
Investments in associates	0	92
Other intangible assets	17,014	20,358
Investments and intangible assets total	75,363	83,502
Property, plant and equipment	43,459	47,970
Other non-current assets	42,496	44,664
Non-current assets total	**161,318**	**176,136**
Current assets		
Inventories	45,152	60,051
Trade receivables	35,721	19,987
Other receivables	5,058	20,782
Cash and cash equivalents	19,644	13,332
Current assets total	**105,575**	**114,153**
Total assets	**266,894**	**290,289**
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	240,240	243,424
Legal Reserve	187	210
Translation reserves	-28,692	-12,061
Retained earnings	-93,755	-103,657
Equity attributable to owners of the parent	**167,362**	**177,298**
Non-controlling interests	**3,845**	**4,947**
Total equity	**171,207**	**182,245**

Liabilities		
Non-current liabilities		
Deferred tax liabilities	5,949	8,200
Provisions	9,309	10,137
Share of joint ventures' losses	23,218	19,622
Pension liabilities	18,734	19,954
Financial liabilities	8,930	10,337
Non-current liabilities total	**66,142**	**68,250**
Current liabilities		
Trade payables	9,875	19,291
Other current liabilities	19,670	20,503
Current liabilities total	**29,545**	**39,794**
Total liabilities	**95,687**	**108,044**
Total equity and liabilities	**266,894**	**290,289**

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

EUR '000	**31.12.2015**	**31.12.2014**
Cash and cash equivalents	**19,644**	**13,332**
Interest-bearing receivables		
Current	3,519	7,535
Non-current	33,165	34,993
Interest-bearing receivables	**36,684**	**42,528**
Interest-bearing liabilities		
Current	8,146	1,792
Non-current	6,961	10,337
Interest-bearing liabilities	**15,108**	**12,129**
NET TOTAL	**41,220**	**43,731**

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

EUR '000	**Property, plant and equipment**	**Intangible assets**
Acquisition cost 1.1.2015	78,052	225,275
Additions	7,336	652
Disposals	-898	-3
Reclass between items	211	30
Effect of movements in exchange rates	-10,858	-18,811
Acquisition cost 31.12.2015	73,843	207,143
Acquisition cost 1.1.2014	61,744	220,967
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	78,052	225,275

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY

EUR '000	**FY2015**	**FY2014**
Profit for the period	8,539	2,245
Adjustments to profit for the period	6,258	7,397
Changes in working capital	-2,438	-3,425
Discontinued operations	177	-1,087
Net cash from operating activities	**12,535**	**5,129**
Acquisition of subsidiaries and associates, net of cash acquired	-173	0
Disposal of subsidiaries and associates, net of cash sold	293	-2
Capital expenditure and other investing activities	-7,555	-12,562
Proceeds from repayments of loans and loans given	3,516	2,351
Net cash used in investing activities	**-3,919**	**-10,213**
Capital Redemption	-5,106	-4,884
Proceeds from borrowings	8,728	11,364
Repayment of borrowings, and other financing activities	-5,720	-1,891
Net cash used in financing activities	**-2,098**	**4,590**
Net increase in cash and cash equivalents	**6,518**	**-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

	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**	**184,960**	**5,368**	**190,328**
Total comprehensive income 1-12/2014				-6,291	2,858		-3,432	-613	-4,046
Share of other comprehensive income in associates and joint ventures				-997			-997	0	-997
Translation differences					-61		-61	190	130
Share-based payments					154		154	3	156
Share 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						9	9	0	9
Equity at 31.12.2014	**23,642**	**25,740**	**243,424**	**-12,061**	**-103,657**	**210**	**177,298**	**4,947**	**182,245**
Total comprehensive income 1-12/2015				-13,505	8,854		-4,652	-315	-4,967
Share of other comprehensive income in associates and joint ventures				-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**

RELATED PARTY TRANSACTIONS DURING THE REVIEW PERIOD

EUR '000	**FY2015**	**FY2014**
Sales to joint ventures	353	145
Sales to other related parties	30	30
Purchases from joint ventures	-9,448	-4,376
Financing income from joint ventures	958	1,020
Financing expense to other related parties	296	-120
Loan receivables from joint ventures	32,573	34,406
Loan receivables from other related parties	3,519	7,102
Trade and other receivables from joint ventures	7,913	6,389
Trade and other receivables from other related parties	62	8
Trade and other payables to joint ventures	209	166

FINANCIAL INDICATORS

	FY2015	FY2014
Return on equity, % p.a.	4.4%	1.2%
Return on capital employed, % p.a.	9.3%	3.1%
Equity ratio, %	63.9%	62.8%
Gearing, %	-2.6%	-0.7%
Personnel at the end of the period	773	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

	FY2015	FY2014
TRY	3.0255	2.9065
USD	1.1095	1.3285
ZAR	14.1723	14.4037

Balance sheet rates

	31.12.2015	31.12.2014
TRY	3.1765	2.8320
USD	1.0887	1.2141
ZAR	16.9530	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

		Q4/15	**Q4/14**	**FY2015**	**FY2014**
Share price development in London Stock Exchange					
Average share price*	EUR	0,45	0.34	0,45	0.37
	GBP	0,33	0.27	0,33	0.30
Lowest share price*	EUR	0,45	0.30	0,34	0.30
	GBP	0,33	0.24	0,25	0.24
Highest share price*	EUR	0,45	0.39	0,45	0.39
	GBP	0,33	0.32	0,33	0.32
Share price at the end of the period**	EUR	0,44	0.32	0,44	0.32
	GBP	0,33	0.25	0,33	0.25
Market capitalisation at the end of the period**	EUR million	116,5	84.1	116,5	84.1
	GBP million	85,5	65.5	85,5	65.5
Share trading development					
Share turnover	thousand shares	7	3	13	23
Share turnover	EUR thousand	3	1	6	9
Share turnover	GBP thousand	2	1	4	7
Share turnover	%	0,0 %	0.0 %	0,0 %	0.0 %
Share price development in NASDAQ Helsinki					
Average share price	EUR	0.49	0.28	0.44	0.32
Lowest share price	EUR	0.39	0.21	0.33	0.21
Highest share price	EUR	0.55	0.36	0.58	0.42
Share price at the end of the period	EUR	0.40	0.32	0.40	0.32
Market capitalisation at the end of the period	EUR million	105.7	83.1	105.7	83.1
Share trading					

development					
Share turnover	thousand shares	5,262	10,476	38,224	20,927
Share turnover	EUR thousand	2,560	2,921	16,936	6,638
Share turnover	%	2.0 %	4.0%	14.5 %	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.