07:00 London, 09:00 Helsinki, 14 February 2014 - Afarak Group Plc ("Afarak" or "the Company") (LSE: AFRK, OMX: AFAGR) Financial Statement Review

AFARAK GROUP PLC'S FINANCIAL STATEMENTS REVIEW FOR 1 JANUARY – 31 DECEMBER 2013

FULL YEAR HIGHLIGHTS (January-December 2013):

- Revenue increased by 5.4% to EUR 135.5 (FY/2012: 128.6) million
- Sales from processed products decreased by 14.7% to 56,676 (FY/2012: 66,449) tonnes
- EBITDA improved significantly and was EUR 14.0 (FY/2012: 9.2) million. EBITDA margin was 10.4% (FY/2012: 7.2%)
- EBIT was EUR -8.0 (FY/2012: -16.8) million
- Profit for the period totalled EUR -4.4 (FY/2012: -16.6) million
- Full year production increased by 97.3% to 568,279 (FY/2012: 288,095) tonnes
- Cash flow from operations was EUR 13.8 (FY/2012: 6.2) million

Q4 HIGHLIGHTS (October - December 2013):

- Revenue increased by 72.5% to EUR 41.8 (Q4/2012: 24.2) million
- Sales from processed products increased by 96.1% to 19,635 (Q4/2012: 10,014) tonnes
- EBITDA was EUR 0.8 (Q4/2012: 6.8) million and the EBITDA margin was 1.9% (Q4/2012: 27.9%)
- EBIT was EUR -2.9 (Q4/2012: 0.6) million
- Profit for the period totalled EUR -0.7 (Q4/2012: -6.2) million
- Production increased by 189.6% to 174,702 (Q4/2012: 60,329) tonnes
- Cash flow from operations was EUR 2.7 (Q4/2012: -6.7) million and liquid funds at 31 December were EUR 13.8 (31 December 2012: 14.2) (30 September 2013:13.1) million

Dividend proposal

The Board of Directors proposes to the Annual General Meeting which will be held on 8 May 2014 that no dividend would be distributed but that a capital redemption of EUR 0.01 per share would be paid out of the paid-up unrestricted equity fund.

KEY FIGURES (EUR million)	Q4/13	Q4/12	Change	FY2013	FY2012	Change
Revenue	41.8	24.2	72.5%	135.5	128.6	5.4%
EBITDA	0.8	6.8	-88.3%	14.0	9.2	52.2%
EBITDA margin	1.9%	27.9%		10.4%	7.2%	
EBIT	-2.9	0.6		-8.0	-16.8	
EBIT margin	-6.9%	2.4%		-5.9%	-13.0%	
Earnings before taxes	-3.1	-4.0		-11.2	-19.6	
Earnings margin	-7.4%	-16.4%		-8.2%	-15.2%	
Profit	-0.7	-6.2		-4.4	-16.6	
Earnings per share, basic, EUR	0.00	-0.03		-0.02	-0.06	

Commenting on the full year and fourth quarter results, Dr Danko Koncar, CEO, said:

"Early in the year we have seen positive signals and consequently delivered good results in the first half of the year which were followed by, the seasonal market slowdown during the summer period. Higher trading volumes led revenue in the fourth quarter to improve significantly by 73% compared to the same period last year. Despite this improvement we were not able to achieve better results compared to the fourth quarter of 2012 due to more difficult market conditions that led to lower sales prices, higher raw material costs and extraordinary year-end adjustments. Additionally there were also extraordinary items that positively impacted our results in the Ferro Alloys segment during the last quarter of 2012.

Processing volumes improved in the fourth quarter compared to the equivalent period last year as a result of having Mogale Alloys in full operation. We increased our mining production in both segments due to the demand for chrome ore during this quarter.

I firmly believe that ferrochrome, particularly the Speciality Alloys segment, will be in high demand in the long-term. We are not waiting for the market to change and we are continuously evaluating different initiatives that could strengthen our position and provide new growth opportunities. A reflection of this is our resolution to invest in the ferroalloy refining and granulation equipment at Mogale Alloys so that part of the current ferrochrome production can be converted to granulated medium carbon ferrochrome. Once completed, we are expecting that this project will improve our profitability in the Ferro Alloys segment as we will be able to achieve a higher profit margin.

The cost saving initiatives and restructuring of functions that took place in 2013 brought material cost benefits in comparison to the previous financial year. We have significantly restructured our organisation and the way we work to streamline costs. Our focus remains on generating cash and profits.

Finally, I would like to conclude by saying that when assessing our results over the years we managed to show a constant growth with 2013 being our best year since entering into mining and metal business in 2008."

2014 outlook

The global economic outlook is showing signs of recovery with western industrial nations issuing positive economic indicators. Demand for commodities is also showing recovery with increase in demand for speciality alloys in United States. The ferroalloy market is expected to continue the positive trend of 2013 during which consumption reached record levels. To date, however, pricing has not responded to the increased demand. The Group continues to be prepared for significant price fluctuations and will continue to adapt its production levels accordingly. At Mogale Alloys, part of the Ferro Alloys division, the Company expects to start production of medium carbon ferrochrome during the third quarter of 2014, which is expected to have a positive impact on our profit margins. In the Speciality Alloys division we are expecting to see an increase in our raw materials cost due to current market conditions. As a result the Group expects its financial performance for the full year 2014 to marginally improve compared to 2013.

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 Financial Statements Review for 2013 enclosed to this stock exchange release. The Financial Statements Review is attached to this release and is also available on the Company's website at www.afarakgroup.com.

Investor Conference Call

Management will host an investor conference call in English on 14 February 2014 at 14:00 Finnish time, 12:00 UK time. Please dial-in at least 10 minutes beforehand, quoting the reference: 44732.

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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 ferro alloys business in southern Africa. The Company is listed on NASDAQ OMX Helsinki (AFAGR) and the Main Market of the London Stock Exchange (AFRK). www.afarakgroup.com

Distribution:
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AFARAK GROUP PLC: FINANCIAL STATEMENTS REVIEW FOR 1 JANUARY – 31 DECEMBER 2013

This Financial Statements Review is prepared in accordance with the IAS 34 standard and is unaudited. All the corresponding comparable figures of 2012 are presented in brackets, unless otherwise explicitly stated.

SALES

Sales from processing:

Tonnes	Q4/13	Q4/12	FY2013	FY2012
Processing, Speciality Alloys	4,989	4,548	21,516	23,558
Processing, FerroAlloys	18,604	5,469	41,110	42,891
Processing, Total	23,593	10,017	62,626	66,449

Full Year (January–December) 2013

The Group's sales from processing, which includes all the products produced at the Mogale Alloys and Elektrowerk Weisweiler GmbH processing plants, were 62,626 (FY/2012: 66,449) tonnes in 2013, a decrease of 5.8% compared to the equivalent period in 2012. Full year sales were impacted by Group's decision to restrict its production at its South African processing plant and to participate in Eskom's electricity buyback program, this led to low production volumes in the first half of the year.

Fourth Quarter (October–December) 2013

The Group's sales from processing, which include all the products produced at the Mogale Alloys and Elektrowerk Weisweiler GmbH processing plants, were 23,593 (Q4/2012: 10,017) tonnes, an increase of 135.5% compared to the equivalent period in 2012. This was mainly due to the increase in sales volumes in the Ferro Alloy segment. Despite the improvement in sale quantity there was still signs of weak market conditions with sales prices lower than the previous quarter. In the fourth quarter of 2012 Mogale Alloys revenue was low due to the decision to participate in Eskom's electricity buyback program

AFARAK GROUP'S FINANCIAL PERFORMANCE

REVENUE AND PROFITABILITY

EUR million	Q4/13	Q4/12	Change	FY2013	FY2012	Change
Revenue	41.8	24.2	72.5%	135.5	128.6	5.4%
EBITDA	0.8	6.8	-88.3%	14.0	9.2	52.2%
EBITDA margin	1.9%	27.9%		10.4%	7.2%	
EBIT	-2.9	0.6		-8.0	-16.8	
EBIT margin	-6.9%	2.4%		-5.9%	-13.0%	
Profit	-0.7	-6.2		-4.4	-16.6	

Full Year (January–December) 2013

Revenue for the full year 2013 increased by 5.4% to EUR 135.5 (128.6) million. This minor increase in revenue was mainly attributable to the increase in sales volumes in the Ferro Alloys segment. EBITDA for the full year was EUR 14.0 (9.2) million. The increase in EBITDA was mainly due to improved profitability in the Ferroalloys segment. EBITDA margin in this segment improved to 14.4% (6.7%) and lead to an increase of 151% over 2012. Reduction in overhead cost across all our operations also helped achieving this result. Weakening of the South African Rand also affected the group results as it helped reduce our production costs in South Africa. In the fourth quarter we experienced an increase in raw material cost in the Speciality Alloys segment which led to a lower EBITDA margin for the year. The joint venture share of profit in 2013 was EUR -2.3 (-4.7) million, this negative result was mainly attributable to finance expenses of EUR -2.3 (-1.0) million and is included in EBITDA. EBIT for the year was EUR -8.0 (-16.8) million, this was negatively affected by IFRS depreciation of EUR 18.7 million. IFRS depreciation reduced by EUR 1.2 million per month as from November 2013.

The full year earnings per share was EUR -0.02 (-0.06).

Fourth Quarter (October–December) 2013

Revenue for the fourth quarter 2013 increased by 72.5% to EUR 41.8 (24.2) million compared to the equivalent period in 2012. This increase in revenue was mainly attributable to the increase in sales volumes in the Ferro Alloys segment, in fourth quarter 2012 Mogale Alloys revenue was low due to the decision to participate in Eskom's electricity buyback program. EBITDA for the fourth quarter 2013 reduced substantially compared to the equivalent period in 2012 to EUR 0.8 (6.8) million. Although we managed to achieve improved profitability in the Ferro Alloys segment and reduce overhead costs across all our operations when comparing with the equivalent period last year EBITDA decreased due to extraordinary income from Eskom's electricity buyback program which occurred in fourth quarter 2012. Other items that negatively affected EBITDA during the quarter were the Increase in raw material costs and lower sales prices in the Speciality Alloys segment. Extraordinary year-end items also affected EBITDA negatively, these relate to inventory value adjustment of EUR 0.5 million and increase in provision for doubtful debts of EUR 0.3 million. The joint venture share of profits includes net financial expenses relating to unrealised exchange difference which positively affected EBITDA by EUR 0.1 (0.8) million.

Earnings per share was EUR 0.00 (-0.03).

BALANCE SHEET, CASH FLOW AND FINANCING

The Group's liquidity, as at 31 December 2013, was EUR 13.8 (14.2) (30 September 2013: 13.1) million. Operating cash flow in the fourth quarter was EUR 2.7 (-6.7) million and in the full year EUR 13.8 (6.2) million. Afarak's gearing at the end of the fourth quarter was -6.4% (-5.4%) (30 September 2013: -5.4%). Net interest-bearing debt was EUR -12.3 (-11.4) (30 September 2013: -10.5) million.

One of the Group's Maltese subsidiaries has been granted a loan facility from a Maltese bank amounting US$ 13.0 million. This loan will be utilised by the Group to finance the ferroalloy refining and granulation equipment in South Africa. The Group has provided a corporate guarantee of US$ 13.0 million and assigned future receivables that amount to US$ 13.0 million as collateral.

Total assets on 31 December were EUR 277.9 (304.2) (30 September 2013: 280.2) million. The equity ratio was 68.5% (69.2%) (30 September 2013: 69.4%). Decrease in total assets value during quarter four was mainly due to the translation of the South African Rand denominated assets as the currency continued weakening in this quarter.

INVESTMENTS, ACQUISITIONS AND DIVESTMENTS

Capital expenditure for the fourth quarter 2013 totalled EUR 1.7 (0.8) million and in full year 2013 EUR 10.6 (12.8) million. This relates primarily to the advance payments made in relation to ferroalloy refining and granulation equipment at Mogale Alloys as well as sustaining capital expenditure at the Speciality Alloys segment.

On 1 July 2013 Mogale Alloys entered into a contract in relation to the installation of ferroalloy refining and granulation equipment. The equipment complements Mogale's current four furnaces producing low phosphor ferrochrome and low phosphor silicomanganese. Once the installations are complete, a significant part of the current ferrochrome production can be converted to granulated medium carbon ferrochrome. This is in line with the Company's goal to provide niche products into mature markets to increase profitability and optimise shareholder value. The project commenced in July 2013 and first production of speciality alloys is expected to commence in Q3 2014.

PERSONNEL

At the end of the fourth quarter 2013, Afarak had 779 (768) employees. The average number of employees during the fourth quarter of 2013 was 763 (771) and in full year 2013 was 773 (795).

Number of employees by segment *:

	31.12.2013	31.12.2012	Change
Speciality Alloys	443	423	4.7%
FerroAlloys	333	335	-0.6%
Other operations	3	10	-70.0%
Group total	**779**	**768**	**1.4%**

*Including personnel of joint ventures.

SAFETY, HEALTH AND SUSTAINABLE DEVELOPMENT

The Group's target was to introduce 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". This standardisation process has been finalised during 2013.

In the fourth quarter of 2013 the results obtained in decreasing the lost time injury frequency were satisfactory with only minor incidents reported. 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. Excess chrome ore from TMS is exported. As at 31 December 2013, the business had 443 (423) employees.

Production:

Tonnes	Q4/13	Q4/12	Change	FY2013	FY2012	Change
Mining*	19,121	16,049	19.1%	70,988	72,098	-1.5%
Processing	4,930	5,739	-14.1%	23,242	25,129	-7.5%

* Including both chromite concentrate and lumpy ore production

Production increased to 24,051 (21,788) tonnes for the fourth quarter 2013, representing an increase of 10.4% compared to the equivalent period in 2012. This was mainly due to the increase in the mining operation at TMS, processing at EWW reduced by 14.1% to better respond to reduced demand in the market, EWW also closed for periodic shutdown in December 2013. The annual production decreased by a marginal 3.1% to 94,230 (97,227) tonnes.

EUR million	Q4/13	Q4/12	Change	FY2013	FY2012	Change
Revenue	19.9	15.0	32.3%	74.5	76.5	-2.6%
EBITDA	0.5	1.4		9.0	11.0	
EBITDA margin	2.7%	9.1%		12.1%	14.3%	
EBIT	-1.6	-3.1		-6.1	-6.7	
EBIT margin	-7.8%	-20.7%		-8.2%	-8.7%	

Full Year (January–December) 2013
Revenue for the full year 2013 was EUR 74.5 (76.5) million, representing a decrease of 2.6% compared to the equivalent period in 2012 and EBITDA was EUR 9.0 (11.0) million. The decrease in revenue and EBITDA was due to lower sales volumes throughout the year and decreased sales prices in the last quarter of 2013.

Fourth Quarter (October–December) 2013
Revenue for the fourth quarter improved by 32% to EUR 19.9 (15.0) million and EBITDA decreased by 60.6% to EUR 0.5 (1.4) million compared to the equivalent period in 2012. The increase in revenue was due to higher sales volumes. EBITDA was negatively affected by lower sales prices; increase in raw material costs; and an increase in provision for doubtful debts of EUR 0.3 million.

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, silicomanganese and stainless steel alloy for sale to global markets. As at 31 December 2013, the business had 333 (335) employees.

Production:

Tonnes	Q4/13	Q4/12	Change	FY2013	FY2012	Change
Mining*	133,328	24,185	451.3%	425,585	140,346	203.2%
Processing	17,323	14,356	20.7%	48,463	50,522	-4.1%

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

Production in this segment increased substantially to 150,651 (38,541) tonnes in the fourth quarter of 2013, representing an increase of 290.9% when compared to the same period in 2012. The production at the Stellite mine and the Mecklenburg mine increased from the previous quarter, with an average monthly production of 44,450 tonnes. Mogale Alloys operated at normal levels during this period, as opposed to the previous year where production was impacted by the decision to participate in Eskom's electricity buyback program. The annual production increased significantly by 148.4% to 474,048 (190,868) tonnes as a result of the fact that mining and processing plant operated in full production as from Q3 2013.

EUR million	Q4/13	Q4/12	Change	FY2013	FY2012	Change
Revenue	21.9	9.2	138.8%	61.0	52.1	17.2%
EBITDA	0.6	4.4		8.8	3.5	
EBITDA margin	2.7%	47.7%		14.4%	6.7%	
EBIT	-0.9	2.7		2.0	-4.8	
EBIT margin	-4.2%	29.3%		3.3%¤	-9.3%	

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

Full Year (January–December) 2013
Revenue for the full year increased to EUR 61.0 (52.1) million, representing an increase of 17.2% compared to the equivalent period in 2012. The improvement in revenue was driven by the increase in demand for chrome ore and better sales prices in Q2 2013. EBITDA for the full year was EUR 8.8 (3.5) million and included a EUR 0.1 (0.1) million non-cash expense for the share based payments. Improvement of EBITDA compared to 2012 mainly relates to increase in sale of chrome ore, and reduction in cost due to weakening of the South African Rand. The joint venture share of profit in 2013 was EUR -2.3 (-4.7), this negative result was mainly attributable to finance expenses of -2.3 (-1.0) million and is included in EBITDA.

Fourth Quarter (October–December) 2013
Revenue for the fourth quarter improved to EUR 21.9 (9.2) million, representing an increase of 138.8% compared to the equivalent period in 2012. The increase in revenue was mainly due to the increase in ferrochrome sales volumes. Sales prices were lower then expected in this quarter. EBITDA for the fourth quarter decreased to EUR 0.6 (4.4) million. The decrease in EBITDA compared to the equivalent period in 2012 was driven by the extraordinary items that occurred last year, relating to other income from Eskom's electricity buyback program, and a decrease in environmental provision of EUR 2.1 million. Extraordinary year-end items that affected EBITDA in 2013 were inventory value adjustments that amounting to EUR 0.5 million. The joint venture share of profits includes net financial expenses relating to unrealised exchange difference which positively affected EBITDA by EUR 0.1 (0.8) million.

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

EUR million	Q4/13	Q4/12	Change	FY2013	FY2012	Change
Revenue	2.8	0.4	629.1%	9.5	6.6	44.1%
EBITDA	0.4	1.4		0.9	-1.6	
EBITDA margin	15.8%	367.2%		9.8%	-24.6%	
EBIT	0.1	1.3		-0.2	-2.4	
EBIT margin	4.8%	353.0%		-1.8%	-36.2%	
Financial income and expense	-0.3	-0.6		-2.3	-1.0	
Profit for the period	0.1	0.8		-2.3	-4.7	

Full Year (January–December) 2013
Afarak's share of joint ventures revenue for the full year improved to EUR 9.5 (6.6) million representing an increase of 44.1% compared to the equivalent period in 2012. The increase in revenue was mainly due to the increased sales volumes of the Mecklenburg mine material. EBITDA for the full year increased to EUR 0.9 (-1.6) million. Increase in EBITDA compared to 2012 was driven by the improved demand for chrome ore as well as improved mining methods helped in lowering mining costs.

Fourth Quarter (October–December) 2013
Afarak's share of joint ventures revenue for the fourth quarter improved to EUR 2.8 (0.4) million representing an increase of 629.1% compared to the equivalent period in 2012. This was mainly due to the increased sales volumes, as in 2012 there was a substantial decline in demand. EBITDA for the fourth quarter decreased to EUR 0.4 (1.4) million. Although EBITDA decreased compared to the equivalent period in 2012, this was not driven by operating performance but by extraordinary items that occurred during 2012. EBITDA in the fourth quarter 2012 excluding the extraordinary item was EUR 0.1 million.

GLOBAL MARKET

Stainless Steel

World Average Stainless Steel transaction values increased due to higher demand in October. Higher nickel prices during late third quarter helped the US and Asian mills to increase their prices. Despite the marginal improvement in global market activity after the return from the summer holidays season, EU selling prices decreased in some of the stainless steel grades due to lower alloy surcharges.

The Board believe that the global demand for stainless steel is set to grow steadily in the near future. The attempts by western mills to improve demand was difficult as sales volumes traditionally reduce towards the year end, due to destocking. The expectation that customers would increase purchase volumes later in the fourth quarter for delivery early in 2014 was not achieved and is expected to shift to the first quarter of 2014. As a result of this shift the increase in price at the end of the year 2013 did not materialise. Sustained revival in stainless steel transaction values is now expected in the first half of 2014.

The annual total global crude stainless steel production for 2013 is estimated to have reached an all-time high of 37.3 million tonnes. This surpasses the previous record mark, set in 2012, by 5.5 %, which is expected to continue in 2014.

The stainless steel production in Q4 2013 exceeded earlier predictions, even though, the production in South Korea, the EU and Japan was lower than in 2012. The output in Taiwan and the United States increased by about 3% compared to the previous year. Despite this, overall production in these established stainless steel producers continues to decrease due to growth in China and are significantly below the peak figures achieved in 2006. China continued to stabilize its position in the stainless steel market in 2013. The growth of the Chinese production is expected to slow down from the high production rates in recent years, however, the expectation is that it could still continue to increase by as much as 7% in 2014, faster than any other producer reaching total production of just below twenty million tonnes. This would mean that China would represent almost 50% of global stainless steel production.

Economic activity continues to recover in Japan following a weak start in 2013, this was supported by the government's stimulus measures and forex exchange rates. Production in both South Korea and Taiwan is forecasted to increase similar to Japan in 2014, which would be close to the numbers recorded in 2012. Production in the United States is expected to grow, especially on the super alloys side, into the aerospace, and Oil and Gas sector, reaching an annual outturn of about 2 million tonnes. Following the decreasing performance in 2013 EU output is expected to improve in 2014.

Stainless steel production continues to increase in the developing markets, despite existing oversupply. The general sentiment in the stainless steel industry is that 2014 should be slightly better than 2013, in terms of both business volumes and profitability. Market participants have been, for some time, expressing the view that activity and prices have been on the low side in the business cycle and that this situation is close to its end with a number of major western industrial nations showing encouraging economic indicators, such as positive GDP growth, increasing manufacturing output and falling unemployment.

Ferrochrome

The Ferrochrome prices continued to remain on near four-year lows. South African ferrochrome benchmark prices in Europe were rolled-over at US$1.125/lb Cr, and in Japan US$1.205/lb Cr in Q4, when at the same time Chinese domestic spot high-carbon ferrochrome prices was sold at US¢84-86/lb. Indian and South African high carbon ferrochrome exporters did not manage to increase their prices in the middle of December 2013, this is now expected to move to early 2014.

World ferrochrome consumption reached a record level of 10.3Mt in 2013 with demand estimated to increase by a further 5.5% to 10.8Mt in 2014. In 2012, China overtook South Africa and became the largest ferrochrome producing country, and continued their strong production in 2013 to increase their output of 3.12 million tons accounting for 34% of the world total, a rise from a13% in 2005.

Demand for ferrochrome closely reflects trends in the stainless steel sector, which accounts for 80% of consumption. Over the past five years, world consumption has risen by 5% per year to an estimated 10.3 million tons in 2013. Similar growth is forecast through 2018, slightly outpacing the rise in stainless steel production due to the shift towards steels with higher chromium content and marginally lower scrap ratios.

There has also been further demand for Afarak's super alloy low carbon ferrochrome (LCFeCr) products, where the Group has renewed all long term agreements and concluded other new long term agreements to the super alloy industry with increasing quantities. This was driven by growth in the gas & oil, sea drilling and especially aircraft industry with increased demand for nickel-based super alloys. The demand for special LCFeCr and chromium metal is expected to increase by more than 4% per year throughout 2018, with roll-over agreements to year 2024.

The group speciality alloy and further expansion that is scheduled for Q3 2014 is a clear indication that the company will continue being a strong player in the speciality stainless steel industry

UNALLOCATED ITEMS

For the fourth quarter of 2013, the EBITDA from unallocated items was EUR -0.6 (-0.2) million including a EUR 0.0 (0.2) million non-cash expense for the share-based payments. The full year EBITDA from unallocated items was EUR -3.9 (-5.3) million. The improvement in EBITDA was mainly due to the restructuring at headquarters level that took place in the first quarter of 2013.

PLEDGES AND CONTINGENT LIABILITIES

On 31 December 2013 the Group had a loan from a financial institution totalling EUR 1.5 (2.7) million. The Group has provided real estate mortgages and other assets as collaterals for total carrying value of

EUR 59.8 (41.1) million. Afarak Group Plc has given guarantees for third party loans totalling EUR 1.3 (1.3) million.

COMPANY'S SHARE

Afarak Group Plc's shares are listed on NASDAQ OMX Helsinki (AFAGR) and on the Main Market of the London Stock Exchange (AFRK).
On 31 December 2013, the registered number of Afarak Group Plc shares was 248,432,000 (248,432,000) and the share capital was EUR 23,642,049.60 (23,642,049.60).

On 31 December 2013, the Company had 4,244,717 (4,297,437) own shares in treasury, which was equivalent to 1.71% (1.73%) of the issued share capital. The total amount of shares outstanding, excluding the treasury shares held by the Company on 31 December 2013, was 244,187,283 (244,134,563).

At the beginning of the period under review, the Company's share price was EUR 0.35 on NASDAQ OMX Helsinki and GBP 0.35 on the London Stock Exchange. At the end of the review period, the share price was EUR 0.32 and GBP 0.30 respectively. During the fourth quarter of 2013 the Company's share price on NASDAQ OMX Helsinki ranged from EUR 0.30 to 0.37 per share and the market capitalisation, as at 31 December 2013, was EUR 79.5 (1.1.2013: 111.8) million. For the same period on the London Stock Exchange the share price range was GBP 0.30 to 0.35 per share and the market capitalisation was GBP 74.5 (1.1.2013: 87.0) million, as at 31 December 2013.

Based on the resolution at the AGM on 8 May 2013, 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 2014. The Company did not carry out any share buy-backs during the fourth quarter of 2013.

On 18 December 2013, the Board of Afarak announced that it has awarded 52,720 ordinary shares from the treasury to Mr Wynand van Wyk, Head of Mining South Africa. The shares were issued under the authorization given by the Company's Annual General Meeting in May 2013 and formed a part of the Company's incentive programme for senior management. Under the terms of the directed free share issue scheme, the shares were offered free of charge and in derogation of the pre-emptive subscription right of shareholders.

CHANGES IN BOARD OF DIRECTORS AND MANAGEMENT

On 15 January 2013, Afarak announced that the Company's management will be reorganised to be more appropriately aligned to the size of the Company's current operations and the prevailing market conditions. The Company announced that it will also undertake a review of its cost base with a view to identifying other restructuring opportunities including larger structural and organisational developments.

As part of the restructuring both the Company's Board of Directors and executive management team was materially downsized. The following members of the Board of Directors left their positions on 11 February 2013: Dr Chris Pointon, Mr Paul Everard, Mr Barry Rourke and Mr Thomas Hoyer. The Executive Management of Afarak was reorganised as follows: Mr Thomas Hoyer CEO; Mr Markus Kivimäki, General Manager: Corporate Affairs; and Mr Kalle Lehtonen, General Manager: Finance left their positions.

Afarak's Extraordinary General Meeting (the "EGM") was held in Helsinki on 11 February 2013. The EGM resolved that the members of the Board will be paid EUR 3,000 per month. Those members of the Board of Directors that are executives of the Company are not entitled to receive any remuneration for the Board membership.

The EGM resolved that the number of members of the Board of Directors shall be six and Mr Michael Lillja, Mr Markku Kankaala, Dr Danko Koncar, Dr Jelena Manojlovic, Dr Alfredo Parodi and Ms Bernice Smart were elected for the mandate that began at the end of the General Meeting and ended in the end of the Annual General Meeting in 2013.

Following the EGM, the Board of Directors held an organisation meeting in which Dr Jelena Manojlovic was appointed Chairman and Ms Bernice Smart Deputy Chairman. The Board appointed from among its members the following members to the Committees:

Audit Committee:
Bernice Smart, (Chairman), Markku Kankaala, Alfredo Parodi

Nomination and Remuneration committee:
Jelena Manojlovic (Chairman), Markku Kankaala, Bernice Smart

The Board appointed Dr Danko Koncar as the Company’s CEO.

On 18 December 2013. Afarak announced that Mr Stefano Bonati left his position as Chief Commercial Officer and stepped down from the Afarak Executive Management Team. Mr Bonati continues his duties, as a consultant, for the Company. Mr Michael Lillja, an Executive Director and Head of Marketing of RCS, the Company's marketing arm, replaced Mr Bonati in the Executive Management Team.

ANNUAL GENERAL MEETING 2013

The Company’s Annual General Meeting (the “AGM”) was held in Helsinki on 8 May 2013. The AGM adopted the financial statements. The AGM resolved in accordance with the proposal of the Board of Directors a capital redemption of EUR 0.01 per share for the year ended on 31 December 2012. The capital redemption was paid on 21 May 2013. The AGM discharged the members of the Board of Directors and the CEO from liability for the financial period 2012.

The AGM resolved that all Board Members are paid EUR 3,000 per month. Those members of the Board of Directors that are executives of the Company are not entitled to receive any remuneration for the Board membership.

The AGM resolved that the Board of Directors comprises of six members. Dr Jelena Manojlovic, Ms Bernice Smart, Mr Markku Kankaala, Dr Danko Koncar, Mr Michael Lillja and Dr Alfredo Parodi were re-elected to the Board. At its meeting held after the Annual General Meeting, the Board of Directors elected from among its members Dr Jelena Manojlovic as Chairman and Ms Bernice Smart as Deputy Chairman. The Board appointed from among its members the following members to the Committees:

Audit Committee:
Bernice Smart, (Chairman), Markku Kankaala, Alfredo Parodi
Nomination and Remuneration committee
Jelena Manojlovic (Chairman), Michael Lillja, Bernice Smart

The AGM resolved that authorised public accountant firm Ernst & Young Oy is re-elected as the Auditor of the Company for the year 2013.

The AGM authorised the Board of Directors to resolve on the share issue and on the issuing of stock options and other special rights that entitle to shares. A maximum of 24,843,200 new shares or shares owned by the Company can be emitted. The authorisation contains the right to decide on derogating from shareholders' pre-emptive right to share subscription. The authorisation replaced all previous authorisations and it is valid two years from the resolution 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 18 months from the decision of the Annual General Meeting.

NOTIFICATION OF TRANSACTIONS OF DIRECTORS, PERSONS DISCHARGING MANAGERIAL RESPONSIBILITY OR CONNECTED PERSONS

The Company announced on 18 November 2013 that a private person who is a connected person of Company's Executive Director Michael Lillja had acquired 71 ordinary shares in the Company at an average price of EUR 0.36 per share on 4 November 2013. The trades were made on the NASDAQ OMX Helsinki and made without Mr Lillja's knowledge or his permission.

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 2012 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.

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.

EVENTS DURING THE REVIEW PERIOD

On 1 November 2013, the Company announce an updated Resources and Reserves Statement for the assets in South Africa. Total chrome ore resources have increased significantly from 38.5 million tons to 61.3 million tons with an average chrome oxide ("Cr2O3") grade of 36.71%.The current reserves of chrome ore are 8.4 million tons with an average Cr2O3 grade of 37.54%. Furthermore, the Company was pleased to publish for the first time a mineral resources and reserves statement for Platinum Group Metals ("PGMs 2E +Au"). Total resources of PGMs are stated as 2.67 million ounces of platinum, palladium plus gold.
On 11 November 2013, the Company clarified that the published total chrome ore resources of 61.3 million tons included targeted resources of 17.4 million tons and The published total PGMs 2E +Au resources of 2.67 million ounces also included targeted resources of 0.56 million ounces.

On 18 December 2013, the Board of Afarak announced its resolution to offer five million (5,000,000) new ordinary shares in the Company ("New Shares") to Sail Resources Pte at a subscription price of EUR 0.45 per share, a 20.16% premium to the three month volume weighted average price as at 18 December 2013. The New Shares represent approximately 2.01% of the issued share capital and approximately 2.05% of the total voting rights of the Company prior to the share issue. The Board of Directors of the Company had received a subscription commitment pursuant to which Sail Resources Pte will subscribe for all offered Shares.

Under the terms of the directed share issue scheme, the New Shares were offered in derogation of the pre-emptive subscription right of shareholders and Board approval of the share issue is pursuant to the authorisation granted by the Annual General Meeting to the Board of Directors 8 May 2013. The subscription period for the New Shares commenced on immediately at the date of the release and continued until 18 January 2014. The subscription price was to be paid by 31 January 2014 at the latest.

OTHER IMPORTANT EVENTS DURING THE REPORTING PERIOD

On 30 April 2013, Afarak announced that it has entered into a settlement agreement with Rautaruukki Oyj ("Rautaruukki") in relation to the dispute regarding the Company's and Rautaruukki's right to use and register trademarks and company names containing the word 'ruukki'. Consequently, the Company announced that it will change its name.

According to the settlement agreement, the Company and its subsidiaries were required to change their names to ones that do not contain the word ‘ruukki’ within six months (the "Transition Period"). Rautaruukki compensated the Company in relation to the name change and both the Company and Rautaruukki bore all of their own legal and other costs incurred in connection with the dispute. After the Transition Period, Rautaruukki and the Company were to withdraw all claims and other actions that they have filed against each other and the Company assigned Rautaruukki all rights and trademarks in relation to the 'ruukki' name. The companies are currently finalizing withdrawals.

The Company held an Extraordinary General Meeting (“EGM”) on 5 July 2013. The EGM resolved to change the name of the Company and the article 1 of the Company's Articles of Association was amended to the following:

> 1) Company name and domicile
> The name of the company is Afarak Group Oyj and domicile is Helsinki.

The company name in English is Afarak Group Plc.

Furthermore, the EGM resolved that that the non-executive Board Members who serve on the Board's Committees shall be paid additional EUR 1,500 per month for the committee work. The director’s monthly remuneration fee of EUR 3,000 remained unchanged

On 18 July 2013, the Company's new name was registered in the Finnish Trade Register.

On 19 July 2013, the Company's NASDAQ OMX Helsinki Tradable Instrument Display Mnemonic ("TIDM") changed from RUG1V to AFAGR and London Stock Exchange TIDM changed from RKKI.L to AFRK.L. The ISIN and SEDOL numbers, being FI0009800098 and B28LN87 respectively, remained unchanged.

EVENTS SINCE THE END OF THE REVIEW PERIOD

On 20 January 2014, the Board of Afarak announced that the directed share issue to Sail Resources Pte has been cancelled as Sail Resources subscribed for nil shares by the deadline of 18 January 2014.

2014 OUTLOOK

The global economic outlook is showing signs of recovery with western industrial nations issuing positive economic indicators. Demand for commodities is also showing recovery with increase in demand for speciality alloys in United States. The ferroalloy market is expected to continue the positive trend of 2013 during which consumption reached record levels. To date, however, pricing has not responded to the increased demand. The Group continues to be prepared for significant price fluctuations and will continue to adapt its production levels accordingly. At Mogale Alloys, part of the Ferro Alloys division, the Company expects to start production of medium carbon ferrochrome during the third quarter of 2014, which is expected to have a positive impact on our profit margins. In the Speciality Alloys division we are expecting to see an increase in our raw materials cost due to current market conditions. As a result the Group expects its financial performance for the full year 2014 to marginally improve compared to 2013.

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.

DIVIDEND PROPOSAL

The Board of Directors proposes to the Annual General Meeting which will be held on 8 May 2014 that no dividend would be distributed but that a capital redemption of EUR 0.01 per share would be paid out of the paid-up unrestricted equity fund.

Helsinki, 14 February 2014

AFARAK GROUP PLC

BOARD OF DIRECTORS

FINANCIAL REPORTING IN 2014

	Closed period	Reporting date
Q1 Interim Report 2014	7.4.-8.5.2014	8 May 2014
Q2 Interim Report 2014	15.7.-14.8.2014	14 August 2014
Q3 Interim Report 2014	10.10.-10.11.2014	10 November 2014

FINANCIAL TABLES

FINANCIAL DEVELOPMENT AND ASSETS AND LIABILITIES BY SEGMENT

FY 2013 12 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	74,461	61,011	342	-304	135,509
EBITDA	9,043	8,794	-3,787	-6	14,044
EBIT	-6,136	2,003	-3,891	-6	-8,030
Segment's assets	143,952	97,503	69,335	-32,866	277,924
Segment's liabilities	64,684	43,172	13,069	-33,329	87,596

FY 2012 12 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	76,456	52,050	912	-836	128,582
EBITDA	10,954	3,504	-5,259	29	9,229
EBIT	-6,677	-4,820	-5,300	29	-16,768
Segment's assets	172,655	125,222	21,308	-14,945	304,240
Segment's liabilities	53,975	48,360	5,669	-14,329	93,674

CONSOLIDATED INCOME STATEMENT, SUMMARY

EUR '000	**Q4/13**	**Q4/12**	**FY2013**	**FY2012**
Revenue	**41,751**	**24,269**	**135,509**	**128,582**
Other operating income	1,271	3,749	12,936	13,000
Operating expenses	-42,099	-21,960	-132,101	-127,620
Depreciation and amortisation	-3,676	-6,168	-22,074	-25,997
Items related to associates (core)	-4	1	0	6
Share of profit from joint ventures	-126	773	-2,300	-4,740
Operating profit	**-2,882**	**592**	**-8,030**	**-16,768**
Financial income and expense	-221	-4,561	-3,146	-2,822
Profit before tax	**-3,104**	**-3,970**	**-11,176**	**-19,590**
Income tax	2,380	-2,235	6,728	2,957
Profit for the period	**-724**	**-6,205**	**-4,449**	**-16,633**

Profit attributable to:				
Owners of the parent	-569	-6,634	-4,292	-15,493
Non-controlling interests	-149	430	-151	-1,141
Total	-718	-6,205	-4,443	-16,633
Earnings per share for profit attributable to the shareholders of the parent company, EUR				
Basic earnings per share, EUR	0.00	-0.03	-0.02	-0.06
Diluted earnings per share, EUR	0.00	-0.03	-0.02	-0.06

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR '000	**Q4/13**	**Q4/12**	**FY2013**	**FY2012**
Profit for the period	**-718**	**-6,205**	**-4,443**	**-16,633**
Other comprehensive income				
Remeasurements of defined benefit pension plans	0	-4,904	0	-4,904
Exchange differences on translating foreign operations	-5,248	-4,364	-22,206	-6,096
Income tax relating to other comprehensive income	1,813	1,300	7,741	1,991
Other comprehensive income, net of tax	**-3,435**	**-7,968**	**-14,465**	**-9,009**
Total comprehensive income for the period	**-4,153**	**-14,173**	**-18,908**	**-25,642**
Total comprehensive income attributable to:				
Owners of the parent	-3,591	-14,125	-17,131	-23,853
Non-controlling interests	-562	-48	-1,778	-1,789

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY

EUR '000	**31.12.2013**	**31.12.2012**
ASSETS		
Non-current assets		
Investments and intangible assets		
Goodwill	62,288	68,990
Investments in associates	76	75
Other intangible assets	22,040	43,539
Investments and intangible assets total	84,405	112,603
Property, plant and equipment	36,257	41,108
Other non-current assets	56,650	55,343
Non-current assets total	**177,312**	**209,054**
Current assets		
Inventories	46,284	50,455
Receivables	40,559	30,573
Cash and cash equivalents	13,769	14,158
Current assets total	**100,612**	**95,186**
Total assets	**277,924**	**304,240**

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	242,725	245,167
Legal Reserve	201	0
Translation reserves	-4,773	8,045
Retained earnings	-102,574	-99,192
Equity attributable to owners of the parent	**184,960**	**203,402**
Non-controlling interests	**5368**	**7,163**
Total equity	**190,328**	**210,566**
Liabilities		
Non-current liabilities		
Deferred tax liabilities	8,507	16,906
Provisions	9,739	12,893
Share of joint ventures' losses	15,333	11,805
Pension liabilities	16,095	15,815
Financial liabilities	149	114
Non-current liabilities total	**49,823**	**57,533**
Current liabilities		
Advances received	0	0
Other current liabilities	37,773	36,141
Current liabilities total	**37,773**	**36,141**
Total liabilities	**87,596**	**93,674**
Total equity and liabilities	**277,924**	**304,240**

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

EUR '000	**31.12.2013**	**31.12.2012**
Cash and cash equivalents	**13,769**	**14,158**
Interest-bearing receivables		
Current	8,133	6,005
Non-current	40,038	48,501
Interest-bearing receivables	**48,170**	**54,507**
Interest-bearing liabilities		
Current	1,362	2,719
Non-current	149	64
Interest-bearing liabilities	**1,511**	**2,782**
NET TOTAL	**60,429**	**65,882**

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

EUR '000	**Property, plant and equipment**	**Intangible assets**
Acquisition cost 1.1.2013	98 453	252 654
Additions	7,287	3,280
Disposals	-193	-61
Reclass between items	826	-934
Effect of movements in exchange rates	-13,649	-31,057
Acquisition cost 31.12.2013	92,724	223,883
Acquisition cost 1.1.2012	98 014	299 162
Additions	3 965	8 824
Disposals *	-594	-30 255
Reclass between items	551	113
Effect of movements in exchange rates	-3 483	-25 191
Acquisition cost 31.12.2012	98 453	252 654

* Including changes in earn-out liabilities and in contingent purchase considerations

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY

EUR '000	**FY2013**	**FY2012**
Profit for the period	-4,443	-16,633
Adjustments to profit for the period	23,774	29,570
Changes in working capital	-5,493	-6,003
Discontinued operations	0	-743
Net cash from operating activities	**13,837**	**6,191**
Acquisition of subsidiaries and associates, net of cash acquired	-404	-25,070
Disposal of subsidiaries and associates, net of cash sold	2	0
Capital expenditure and other investing activities	-10,192	-4,512
Proceeds from repayments of loans and loans given	782	-3,919
Net cash used in investing activities	**-9,812**	**-33,501**
Capital Redemption	-2,442	0
Proceeds from borrowings	0	59
Repayment of borrowings, and other financing activities	-1,405	-22,294
Net cash used in financing activities	**-3,847**	**-22,234**
Net increase in cash and cash equivalents	**179**	**-49,545**

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 31.12.2011	**23 642**	**25 740**	**245 128**	**11 501**	**-80 185**		**225 826**	**14 348**	**240 173**
Total comprehensive income 1-12/2012				-3 456	-20 397		-23 853	-1 789	-25 642
Share-based payments			39		866		905	0	906
Acquisitions and disposals of subsidiaries					524		524	-5 396	-4 871
Equity at 31.12.2012	**23 642**	**25 740**	**245 167**	**8 045**	**-99 192**	**0**	**203 402**	**7 163**	**210 565**
Total comprehensive income 1-12/2013				-12 818	-4 313		-17 131	-151	-17 282
Translation differences								-1 647	-1 647
Share-based payments					1 109		1 109	2	1 111
Capital redemption			-2 441				-2 441	0	-2 441
Other changes in equity					-201	201	0	0	0
Equity at 31.12.2013	**23 642**	**25 740**	**242 725**	**-4 773**	**-102 595**	**201**	**184 939**	**5 367**	**190 307**

RELATED PARTY TRANSACTIONS DURING THE REVIEW PERIOD

EUR '000	**FY2013**	**FY2012**
Sales to joint ventures	44	564
Sales to other related parties	34	98
Purchases from joint ventures	-12,092	-4,342
Financing income from joint ventures	1,108	1,889
Financing expense to other related parties	-100	-104
Loan receivables from joint ventures	34,500	37,120
Loan receivables from other related parties	10,241	10,293
Trade and other receivables from joint ventures	5,125	4,821
Trade and other receivables from other related parties	8	44
Trade and other payables to joint ventures	2,364	0

FINANCIAL INDICATORS

	FY2013	**FY2012**
Return on equity, % p.a.	-2.2%	-7.4%
Return on capital employed, % p.a.	0.0%	-4.5%
Equity ratio, %	68.5%	69.2%
Gearing, %	-6.4%	-5.4%
Personnel at the end of the period	779	768

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

	FY2013	FY2012
TRY	2.5335	2.3135
USD	1.3281	1.2848
ZAR	12.8330	10.5511

Balance sheet rates

	31.12.2013	31.12.2012
TRY	2.9605	2.3551
USD	1.3791	1.3194
ZAR	14.5660	11.1727

FORMULAS FOR FINANCIAL INDICATORS

Financial ratios and indicators have been calculated with the same principles as applied in the 2012 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

The Financial Statements Review is prepared in accordance with the IAS 34 standard. The Company applies new or amended IFRS standards and interpretations from their effective date or after they have been endorsed for application within the EU. The revised standard, IAS 19 Employee Benefits, became effective from the beginning of the financial year 2013. The Company has also resolved to begin to apply the new standards IFRS 10, IFRS 11 and IFRS 12 as well as the revised standards IAS 27 and IAS 28 in the financial statements for the year 2013. The changes in the standards are applied retrospectively. Consequently, Afarak has restated its financial information for 2012. The restated financial information has been published in a stock exchange release on 7 May 2013.

The preparation of the Financial Statements Review is 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 Financial Statements Review data are unaudited.

Share-related key figures

		Q4/13	Q4/12	FY2013	FY2012
Share price development in London Stock Exchange					
Average share price*	EUR	0.37	0.46	0.43	0.54
	GBP	0.31	0.37	0.37	0.43
Lowest share price*	EUR	0.35	0.41	0.35	0.39
	GBP	0.30	0.33	0.30	0.32
Highest share price*	EUR	0.41	0.51	0.47	1.06
	GBP	0.35	0.41	0.40	0.86
Share price at the end of the period**	EUR	0.36	0.43	0.36	0.43
	GBP	0.30	0.35	0.30	0.35
Market capitalisation at the end of the period**	EUR million	89.4	106.5	89.4	106.5
	GBP million	74.5	87.0	74.5	87.0
Share trading development					
Share turnover	thousand shares	0	44	45	288
Share turnover	EUR thousand	0	20	19	154
Share turnover	GBP thousand	0	16	16	125
Share turnover	%	0.0%	0.0%	0.02%	0.1%
Share price development in NASDAQ OMX Helsinki					
Average share price	EUR	0.35	0.44	0.40	0.67
Lowest share price	EUR	0.30	0.42	0.30	0.38
Highest share price	EUR	0.37	0.51	0.48	1.02
Share price at the end of the period	EUR	0.32	0.45	0.32	0.45
Market capitalisation at the end of the period	EUR million	79.5	111.8	79.5	111.8
Share trading development					
Share turnover	thousand shares	1,250	1,410	4,554	5,600
Share turnover	EUR thousand	435	624	1,826	3,773

Share turnover	%	0.5%	0.6%	1.8%	2.3%

* 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.