07:00 London, 09:00 Helsinki, 15 August 2013 - Afarak Group Plc (“Afarak” or “the Company”) (LSE: AFRK, OMX: AFAGR) Interim Report

AFARAK GROUP PLC’S INTERIM REPORT FOR 1 APRIL – 30 JUNE 2013

Q2 HIGHLIGHTS (April-June 2013):

- Revenue increased by 1.4% to EUR 31.4 (Q2/2012: 31.0) million
- Sales from processed products decreased by 14.9% to 10,689 (Q2/2012: 12,567) tonnes
- EBITDA was EUR 6.2 (Q2/2012: 1.6) million and the EBITDA margin was 19.6% (Q2/2012: 5.0%)
- EBIT was EUR 0.0 (Q2/2012: -4.8) million
- Profit for the period totalled EUR -1.8 (Q2/2012: -2.3) million
- Production increased by 120.9% to 163,878 (Q2/2012: 74,181) tonnes
- Cash flow from operations was EUR 4.8 (Q2/2012: 14.4) million and liquid funds at 30 June were EUR 17.7 (30 June 2012: 44.3) (31 March 2013:17.5) million
- The Group updates its Outlook for 2013 due to signs of the increase in demand for commodities

KEY FIGURES (EUR million)	Q2/13	Q2/12	Change	H1/13	H1/12	Change	FY/12
Revenue	**31.4**	31.0	1.4%	63.0	76.5	-17.7%	128.6
EBITDA	**6.2**	1.6	296.6%	10.3	4.7	119.9%	9.2
EBITDA margin	**19.6%**	5.0%		16.4%	6.1%		7.2%
EBIT	**0.0**	-4.8		-2.0	-8.4		-16.8
EBIT margin	**0.1%**	-15.4%		-3.2%	-10.9%		-13.0%
Earnings before taxes	**-2.5**	-4.2		-5.3	-6.3		-19.6
Earnings margin	**-8.0%**	-13.5%		-8.4%	-8.2%		-15.2%
Profit	**-1.8**	-2.3		-1.9	-4.3		-16.6
Earnings per share, basic, EUR	**-0.01**	-0.01		-0.01	-0.01		-0.06

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

“I am pleased to report that the positive trend started in Q1 has continued into the second quarter. There is a significant improvement compared to the same period last year and in the second quarter we have managed an improvement over last year’s revenue despite the lower sales and difficult market conditions. We were also able to increase profitability and generate positive cash flow. This was achieved by focusing on value added speciality products, increase in the sales of ferrochrome, increased mining production and lowering our cost base. This improved revenue allowed us to pay a EUR 0.01 capital redemption per share to our shareholders in May this year and to shift our focus to new investment opportunities.

Regardless of the processing volumes being lower in the second quarter compared to the equivalent period last year, we secured a higher margin. Despite the fact that the ferrochrome market remains difficult to predict, we have seen some positive growth in that segment.

In the longer term I firmly believe that ferrochrome, particularly the speciality and super alloys segment, will again be in high demand. At the same time we are not waiting for the market to change, but are continuously evaluating different initiatives that could strengthen our position and provide new growth opportunities.

In addition we have significantly restructured our organisation and the way we work to streamline costs. Our focus remains on generating cash and increasing profits. The Company has also changed its name and we now are operating under the name Afarak Group plc.”

2013 outlook

The global economic outlook continues to be uncertain in 2013. Despite the Eurozone crisis continues, there are signs of an increase in the demand for commodities. The ferroalloy market however, is still expected to continue to be volatile during the year with signs of improvement expected at the end of the year or the first quarter of next year. The Group is preparing for significant price fluctuations and will continue to adapt its production levels accordingly. The Company is also continuing its cost saving initiatives and restructuring of functions and this is expected to bring material costs savings in 2013 compared to previous financial year. In light of this the Group expects its financial performance for the full year 2013 to significantly improve compared to 2012.

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.

The previous outlook, published in the first quarter interim results on 8 May 2013, was:

The global economic outlook continues to be uncertain in 2013 as the Eurozone crisis continues and demand for commodities, primarily driven by Chinese consumption, remains weak. The ferroalloy market is expected to continue to be volatile during the year. The Group is preparing for significant price fluctuations and will continue to adapt its production levels accordingly. At Mogale Alloys, part of the FerroAlloys division, the decision has been taken to participate in Eskom's electricity buyback program. The Company is also continuing its cost saving initiatives and restructuring of functions and this is expected to bring material costs savings in 2013 compared to previous financial year. In light of this the Group expects its financial performance for the full year 2013 to significantly improve compared to 2012.

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 Q2/2013 interim report enclosed to this stock exchange release. The Interim Report is attached to this release and is also available on the Company's website at www.afarakgroup.com.

Investor Conference Call

Management will host an investor conference call in English on 15 August 2013 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

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AFARAK
GROUP

AFARAK GROUP PLC: Q2 INTERIM REPORT FOR 1 APRIL–30 JUNE 2013

This Interim Report 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	Q2/13	Q2/12	H1/13	H1/12	FY/12
Processing, Speciality Alloys	5,944	6,869	11,606	13,759	27,324
Processing, FerroAlloys	4,745	5,698	14,076	31,622	39,125
Processing, Total	10,689	12,567	25,682	45,381	66,449

The Group's sales from processing, which includes all the products produced at the Mogale Alloys and EWW processing plants, were 10,689 (Q2/2012: 12,567) tonnes, a decrease of 14.9% compared to the equivalent period in 2012, which was mainly attributable to the decision to participate in Eskom's electricity buyback program in South Africa but also the decision to remain disciplined and not to compromise the sales prices or margins in a weak market.

After very challenging business conditions in the first quarter we could see better conditions when entering into second quarter of 2013, with South African benchmark price increasing from 112.50 USc/lb Cr to 127.00 USc/lb Cr. We could see a noticeable recovery in shipments especially to the speciality stainless steel plants in tube, oil & gas, turbine and aerospace industries.

The Global stainless steel production market has been forecasted to achieve an all-time high figure of 36.4 million tonnes in the calendar year, 2013. This would be approximately 3% above the previous year, with China, Taiwan and Korea the most aggressive producers and exporters. The established markets such as the EU, United States and Japan remain below the pre-crisis high of 2007.

Chinese standard stainless steel and ferro chrome production continues to expand faster than anywhere else. A year-on-year increase of more than 7% is forecasted for 2013, giving total production of over 17 million tonnes. The other established stainless steel producing nations in the Far East are experiencing difficulties as a result of the fast growing Chinese industry, both Taiwan and South Korea are expected to decrease their stainless steel production this year. The situation in Japan is improving slightly, weakening currency improving exports and a marginal increase in crude stainless steel production is anticipated to give a total of over 3.1 million tonnes.

In the United States economic indicators have been largely positive; output in the first half of 2013 has matched expectations and we have improved our forecasts for the remainder of the year, to give an annual market total of more than 2 million tonnes, which is an increase of over 3%, year-on-year basis. We also observed encouraging signs in Industrial activities in the second quarter. The European Union remained depressed during the second quarter. The countries in the south of the continent have shown little sign of recovery. Even in Germany, where the effects of the financial crisis were offset by strong sales of luxury cars and other consumer goods to Asia, their economy has also slowed with a reduction in standard stainless steel and ferro chrome production of nearly 2% on last year's figure expected.

Afarak believes that the confidence should return to the market during end of the year 2013 or the first quarter of next year if, as expected, the economic climate improves. Raw material costs are likely to rise during this period as demand traditionally improves at this time. Consequently, the Board believe that the first half of 2014 could be the start of a sustained revival in stainless steel transaction values.

AFARAK GROUP'S FINANCIAL PERFORMANCE

REVENUE AND PROFITABILITY

EUR million	Q2/13	Q2/12	Change	H1/13	H1/12	Change	FY/12
Revenue	**31.4**	31.0	1.4%	63.0	76.5	-17.7%	128.6
EBITDA	**6.2**	1.6	296.6%	10.3	4.7	119.9%	9.2
EBITDA margin	**19.6%**	5.0%		16.4%	6.1%		7.2%
EBIT	**0.0**	-4.8		-2.0	-8.4		-16.8
EBIT margin	**0.1%**	-15.4%		-3.2%	-10.9%		-13.0%
Profit	**-1.8**	-2.3		-1.9	-4.3		-16.6

Revenue for the second quarter 2013 increased by 1.4% to EUR 31.4 (31.0) million compared to the equivalent period in 2012. This minor increase in revenue was mainly attributable to the increase in sales volumes in the FerroAlloys segment. EBITDA for the second quarter 2013 improved substantially compared to the equivalent period in 2012 to EUR 6.2 (1.6) million. This was not only attributable to improved profitability in the FerroAlloys segment but also a reduction in costs across all our operations.

Earnings per share was EUR -0.01 (-0.01).

BALANCE SHEET, CASH FLOW AND FINANCING

The Group's liquidity, as at 30 June 2013, was EUR 17.7 (44.3) (31 December 2012: 14.2) million. Operating cash flow in the second quarter was EUR 4.8 (14.4) million. Afarak's gearing at the end of the second quarter was -7.9% (6.7%) (31 December 2012: -5.4%). Net interest-bearing debt was EUR -15.6 (15.9) (31 December 2012: -11.4) million.

Total assets on 30 June were EUR 285.4 (382.6) (31 December 2012: 304.2) million. The equity ratio was 71.2% (62.2%) (31 December 2012: 69.2%). Decrease in total assets value during quarter two was mainly due to the translation of the South African Rand denominated assets as the currency weakened significantly in June 2013.

INVESTMENTS, ACQUISITIONS AND DIVESTMENTS

Capital expenditure for the second quarter 2013 totalled EUR 2.6 (9.3) million which relates primarily to the acquisition of property surface rights in South Africa as well as sustaining capital expenditure at the Speciality Alloys segment.

PERSONNEL

At the end of the second quarter 2013, Afarak had 754 (794) employees. The average number of employees during the second quarter of 2013 was 757 (799).

Number of employees by segment *:

	30.6.2013	30.6.2012	Change	31.12.2012
Speciality Alloys	423	432	-2.1%	423
FerroAlloys	328	353	-7.1%	335
Other operations	3	9	-66.7%	10
Group total	**754**	**794**	**-5.0%**	**768**

*Including personnel of joint ventures.

SAFETY, HEALTH AND SUSTAINABLE DEVELOPMENT

The Group's target is 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 is on-going and is expected to be finalised during 2013.

In the second 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.

SEGMENT PERFORMANCE

SPECIALITY ALLOYS BUSINESS

The Speciality Alloys business consists of TMS, the mining and beneficiation operation in Turkey, and 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.

Production:

Tonnes	**Q2/13**	**Q2/12**	**Change**	**H1/13**	**H1/12**	**Change**	**FY/12**
Mining*	16 808	17 729	-5,2 %	33 057	36 983	-10,6 %	72,098
Processing	4 618	7 484	-38,3 %	11 593	14 225	-18,5 %	25,129

* Including both chromite concentrate and lumpy ore production

Production decreased to 21,426 (25,213) tonnes for the second quarter 2013, compared to the equivalent period in 2012. This was mainly due to a decision to reduce work shifts in order to better respond to reduced demand in the market. In addition the maintenance shutdown at EWW was held in June as opposed to July due to considerable maintenance work required. Mining at TMS operated at normal levels.

EUR million	**Q2/13**	**Q2/12**	**Change**	**H1/13**	**H1/12**	**Change**	**FY/12**
Revenue	**18.7**	22.3	-16%	37.0	43.6	-15.1%	76.5
EBITDA	**3.1**	4.5	-32.2%	6.0	7.7	-21.9%	11.0
EBITDA margin	**16.4%**	20.4%		16.4%	17.8%		14.3%
EBIT	**-1.3**	0.4		-2.7	-0.8		-6.7
EBIT margin	**-6.8%**	1.8%		-7.2%	-1.9%		-8.7%

Revenue for the second quarter decreased by 16.0% to EUR 18.7 (22.3) million and EBITDA decreased by 32.2% to EUR 3.1 (4.5) million compared to the equivalent period in 2012. The decrease in revenue was due to lower sales volumes and decreased sales prices.   EBIT and EBITDA has been increased by non-recurring sale of land in Turkey and sale of professional services aggregating EUR 1.7 million.

As at 30 June 2013, the business had 423 (432) employees.

FERROALLOYS BUSINESS

The FerroAlloys business consists of the processing plant Mogale Alloys and the joint ventures Stellite mine and Mecklenburg mine in South Africa. The business produces chrome ore, Charge Chrome and Silico Manganese for sale to global markets.

Production:

Tonnes	**Q2/13**	**Q2/12**	**Change**	**H1/13**	**H1/12**	**Change**	**FY/12**
Mining*	134 787	38 144	253,4 %	188 494	93 377	101,9 %	140,346
Processing	7 665	10 824	-29,2 %	12 285	20 762	-40,8 %	50,522

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

Production in this segment increased substantially to 134,787 (38,144) tonnes in the second quarter of 2013 when compared to the same period in 2012, this was driven by two main factors. The first, production at the Stellite mine resumed in April 2013 and improved mining methods gave increased quantities and also improved quality of the mine. The second, production at the Mecklenburg mine ramped up as planned during the quarter and the opencast mine is now in full production.

Production at Mogale Alloys, however, was reduced by the decision to participate in Eskom's electricity buyback program which ended in May 2013, production at Mogale resumed in June 2013.

EUR million	**Q2/13**	**Q2/12**	**Change**	**H1/13**	**H1/12**	**Change**	**FY/12**
Revenue	**12.7**	8.6	46.6%	26.0	32.9	-21.0%	52.1
EBITDA	**3.7**	-1.4	357.6%	7.3	0.6	1077.7%	3.5
EBITDA margin	**28.9%**	-16.4%		27.9%	1.9%		6.7%
EBIT	**1.9**	-3.6		3.7	-3.8		-4.8
EBIT margin	**15.0%**	-41.6%		14.1%	-11.7%		-9.3%

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

Revenue for the second quarter improved to EUR 12.7 (8.6) million compared to the equivalent period in 2012, representing an increase of 46.6%. The increase in revenue was mainly due to the improvement in sales prices, the increase in demand for chrome ore, and the resumed production at Mogale. EBITDA for the second quarter increased to EUR 3.7 (-1.4) million. The increase in EBITDA compared to the equivalent period in 2012 was driven by the improved market demand for chrome ore, and the reduction in cost of production due to weakening of the South African Rand. EBITDA was negatively affected by EUR -0.8 (-0.5) million as the joint venture share of profits includes financial expenses which relate to unrealised exchange difference which has not yet been materialised.

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

EUR million	**Q2/13**	**Q2/12**	**Change**	**H1/13**	**H1/12**	**Change**	**FY/12**
Revenue	**3.4**	2.2	56,3 %	**4.1**	5.1	-20,6 %	6.6
EBITDA	**0.4**	-0.8		**0.3**	-2.6		-1.6
EBITDA margin	**12.8%**	-36.1%		6.5%	-51.3%		-24,6 %
EBIT	**0.2**	-1.0		**-0.1**	-3.0		-2.4
EBIT margin	**6.1%**	-45.5%		-3.2%	-58.9%		-36,2 %
Financial income and expense	**-0.8**	-0.5		**-2.3**	-0.4		-1.0
Profit for the period	**-0.6**	-3.2		**-2.4**	-4.6		-4.7

Afarak's share of joint ventures revenue for the second quarter improved to EUR 3.4 (2.2) million compared to the equivalent period in 2012, representing an increase of 56.3%. The increase in revenue was mainly due to the improvement in sales prices, the increase in demand for chrome ore, and the increase in volumes sold due to the Mecklenburg mine material. EBITDA for the second quarter increased to EUR 0.4 (-0.8) million. Increase in EBITDA compared to the equivalent period in 2012 was driven by the improved market demand for chrome ore as well as improved mining methods helped in lowering mining costs. A substantial part of the financial expenses relate to unrealised exchange difference which has not yet been materialised.

As at 30 June 2013, the business had 328 (353) employees.

UNALLOCATED ITEMS

For the second quarter of 2013, the EBITDA from unallocated items was EUR -0.6 (-1.9) million including a EUR 0.0 (0.2) million non-cash expense for the share-based payments. The improvement in EBITDA was mainly due to the restructuring at headquarters level that took place in the first quarter of 2013.

LITIGATION

The Company announced on 30 April 2013 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'.

According to the settlement agreement, the Company and its subsidiaries are required to change their names to ones that do not contain the word Ruukki within six months (the "Transition Period"). Rautaruukki will compensate the Company in relation to the name change and both the Company and Rautaruukki will bear all of their own legal and other costs incurred in connection with the dispute. After the Transition Period, Rautaruukki and the Company will withdraw all claims and other actions that they have filed against each other and the Company will assign Rautaruukki all rights and trademarks in relation to the 'Ruukki' name.

ANNUAL GENERAL MEETING

The Company's Annual General Meeting ("AGM") was held 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

The 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.

EVENTS SINCE THE END OF THE REVIEW PERIOD

On 1 July 2013 Mogale Alloys has 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 will commence in Q3 2014.

On 5 July 2013 the Company held an Extraordinary General Meeting ("EGM"). 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. Furthermore, 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.

On 10 July 2013, the Company announced that it is contemplating a directed share issue to Singaporean Sail Resources Pte. The share issue would consist of up to five million new ordinary shares. The shares will be offered in derogation of the pre-emptive subscription right of shareholders and the implementation of the share issue would be pursuant to the authorisation granted to the Company's Board of Directors at the Company's Annual General Meeting on 8 May 2013. The Board of Directors aimed to resolve on the terms and conditions of the share issue by the end of July 2013 but the negotiations of the final terms and conditions are still on-going and the Company expects to complete the negotiations in near future.

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.

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 30 June 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 30 June 2013, the Company had 4,297,437 (4,414,682) own shares in treasury, which was equivalent to 1.73% (1.78%) of the issued share capital. The total amount of shares outstanding, excluding the treasury shares held by the Company on 30 June 2013, was 244,134,563 (244,017,318).

At the beginning of the period under review, the Company’s share price was EUR 0.44 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 0.42 and GBP 0.34 respectively. During the second quarter of 2013 the Company’s share price on NASDAQ OMX Helsinki ranged from EUR 0.40 to 0.46 per share and the market capitalisation, as at 31 June 2013, was EUR 104.3 (1.1.2013: 111.8) million. For the same period on the London Stock Exchange the share price range was GBP 0.36 to 0.37 per share and the market capitalisation was GBP 84.5 (1.1.2013: 87.0) million, as at 30 June 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 second quarter of 2013.

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

On 5 June 2013 Afarak received a notification that Kermas Limited, which comprises the indirect interest of the Chairman of the Board Dr Jelena Manojlovic and the CEO Dr Danko Koncar, has acquired 29,467 ordinary shares in the Company at an average price of EUR 0.4223 per share between 31 May 2013 and 4 June 2013. The trades were made on the NASDAQ OMX Helsinki. Accordingly Kermas Limited, now holds voting rights attached to 70,795,967 Shares, representing 28.99 per cent of the issued share capital of the Company excluding treasury shares.

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, and there is uncertainty as to how commodity prices will respond for the rest of 2013, which could considerably impact the Company's revenue and financial performance in 2013.

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.

2013 OUTLOOK

The global economic outlook continues to be uncertain in 2013. Despite the Eurozone crisis continues, there are signs of an increase in the demand for commodities. The ferroalloy market however, is still expected to continue to be volatile during the year with signs of improvement expected at the end of the year or the first quarter of next year. The Group is preparing for significant price fluctuations and will continue to adapt its production levels accordingly. The Company is also continuing its cost saving initiatives and restructuring of functions and this is expected to bring material costs savings in 2013 compared to previous financial year. In light of this the Group expects its financial performance for the full year 2013 to significantly improve compared to 2012.

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.

The previous outlook, published in the first quarter interim results on 8 May 2013, was:

The global economic outlook continues to be uncertain in 2013 as the Eurozone crisis continues and demand for commodities, primarily driven by Chinese consumption, remains weak. The ferroalloy market is expected to continue to be volatile during the year. The Group is preparing for significant price fluctuations and will continue to adapt its production levels accordingly. At Mogale Alloys, part of the FerroAlloys division, the decision has been taken to participate in Eskom's electricity buyback program. The Company is also continuing its cost saving initiatives and restructuring of functions and this is expected to bring material costs savings in 2013 compared to previous financial year. In light of this the Group expects its financial performance for the full year 2013 to significantly improve compared to 2012.

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Helsinki, 15 August 2013

AFARAK GROUP PLC

BOARD OF DIRECTORS

FINANCIAL REPORTING IN 2013

	Closed period	Reporting date
Q3 Interim Report 2013	9.10.-8.11.2013	8 November 2013

FINANCIAL TABLES

FINANCIAL DEVELOPMENT AND ASSETS AND LIABILITIES BY SEGMENT

H1/2013 6 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	36,973	26,033	171	-152	63,025
EBITDA	6,047	7,274	-2,983	0	10,338
EBIT	-2,672	3,666	-3,007	0	-2,012
Segment's assets	144,805	109,775	92,018	-61,187	285,411
Segment's liabilities	88,613	44,896	13,085	-59,975	86,619

H1/2012 6 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	43,522	32,947	418	-380	76,537
EBITDA	7,739	618	-3,656	0	4,701
EBIT	-845	-3,839	-3,677	0	-8,361
Segment's assets	189,872	179,211	33,438	-19,935	382,586
Segment's liabilities	55,863	101,298	6,408	-18,751	144,818

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	**Q2/13**	**Q2/12**	**H1/13**	**H1/12**	**FY/12**
Revenue	**31,408**	**30,976**	**63,025**	**76,537**	**128,582**
Other operating income	5,311	5,079	11,349	8,798	13,000
Operating expenses	-29,975	-31,324	-61,639	-76,005	-127,620
Depreciation and amortisation	-6,124	-6,335	-12,350	-13,062	-25,997
Items related to associates (core)	1	2	2	5	6
Share of profit from joint ventures	-578	-3,177	-2,399	-4,635	-4,740
Operating profit	**44**	**-4,779**	**-2,012**	**-8,361**	**-16,768**
Financial income and expense	-2,568	609	-3,253	2,067	-2,822
Profit before tax	**-2,524**	**-4,170**	**-5,265**	**-6,294**	**-19,590**
Income tax	695	1,896	3,404	1,954	2,957
Profit for the period	**-1,829**	**-2,274**	**-1,860**	**-4,340**	**-16,633**
Profit attributable to:					
Owners of the parent	-1,992	-1,559	-2,063	-3,348	-15,493
Non-controlling interests	164	-715	203	-993	-1,141
Total	-1,829	-2,274	-1,860	-4,340	-16,633
Earnings per share for profit attributable to the shareholders of the parent company, EUR					
Basic earnings per share, EUR	-0.01	-0.01	-0.01	-0.01	-0.06
Diluted earnings per share, EUR	-0.01	-0.01	-0.01	-0.01	-0.06

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR '000	**Q2/13**	**Q2/12**	**H1/13**	**H1/12**	**FY/12**
Profit for the period	**-1,829**	**-2,274**	**-1,860**	**-4,340**	**-16,633**
Other comprehensive income					
Remeasurements of defined benefit pension plans	0	0	0	0	-4,904
Exchange differences on translating foreign operations	-8,683	-1,187	-13,324	1,029	-6,096
Income tax relating to other comprehensive income	3,005	1,152	4,824	361	1,991
Other comprehensive income, net of tax	**-5,678**	**-35**	**-8,499**	**1,390**	**-9,009**
Total comprehensive income for the period	**-7,507**	**-2,309**	**-10,360**	**-2,950**	**-25,642**
Total comprehensive income attributable to:					
Owners of the parent	**-7,008**	-1,480	-9,509	-2,054	-23,853
Non-controlling interests	**-498**	-830	-851	-896	-1,789

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY

EUR '000	**30.6.2013**	**30.6.2012**	**31.12.2012**
ASSETS			
Non-current assets			
Investments and intangible assets			
Goodwill	64,309	102,365	68,990
Investments in associates	77	77	75
Other intangible assets	32,370	55,752	43,539
Investments and intangible assets total	96,755	158,194	112,603
Property, plant and equipment	37,356	45,065	41,108
Other non-current assets	60,697	63,963	55,343
Non-current assets total	**194,809**	**267,222**	**209,054**
Current assets			
Inventories	42,222	39,782	50,455
Receivables	30,692	31,321	30,573
Cash and cash equivalents	17,688	44,260	14,158
Current assets total	**90,601**	**115,364**	**95,186**
Total assets	**285,411**	**382,586**	**304,240**
EQUITY AND LIABILITIES			
Equity attributable to owners of the parent			
Share capital	23,642	23,642	23,642
Share premium reserve	25,740	25,740	25,740
Paid-up unrestricted equity reserve	242,725	245,128	245,167
Translation reserves	599	12,795	8,045
Retained earnings	-100,229	-80,343	-99,192
Equity attributable to owners of the parent	**192,478**	**226,962**	**203,402**
Non-controlling interests	**6,314**	**10,806**	**7,163**
Total equity	**198,792**	**23,768**	**210,566**
Liabilities			
Non-current liabilities			
Deferred tax liabilities	11,462	22,738	16,906
Provisions	11,521	14,510	12,893
Share of joint ventures' losses	14,288	10,829	11,805
Pension liabilities	15,717	10,853	15,815
Financial liabilities	129	59,267	114
Non-current liabilities total	**53,117**	**118,196**	**57,533**
Current liabilities			
Advances received	0	363	0
Other current liabilities	33,502	26,259	36,141
Current liabilities total	**33,502**	**26,622**	**36,141**
Total liabilities	**86,619**	**144,818**	**93,674**
Total equity and liabilities	**285,411**	**382,586**	**304,240**

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

EUR '000	30.6.2013	30.6.2012	31.12.2012
Cash and cash equivalents	**17,688**	**44,260**	**14,158**
Interest-bearing receivables			
Current	3,052	3,183	6,005
Non-current	47,208	57,010	48,501
Interest-bearing receivables	**50,260**	**60,193**	**54,507**
Interest-bearing liabilities			
Current	1,998	949	2,719
Non-current	84	59,215	64
Interest-bearing liabilities	**2,082**	**60,164**	**2,782**
NET TOTAL	**65,866**	**44,289**	**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	3 099	3 307
Disposals	-79	0
Reclass between items	200	-276
Effect of movements in exchange rates	-7 219	-19 806
Acquisition cost 30.6.2013	94 453	235 879
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	H1/13	H1/12	FY/12
Profit for the period	-1,860	-4,340	-16,633
Adjustments to profit for the period	15,609	12,001	29,570
Changes in working capital	-803	8,399	-6,003
Discontinued operations	0	-225	-743
Net cash from operating activities	**12,946**	**15,835**	**6,191**
Acquisition of subsidiaries and associates, net of cash acquired	-404	-25,091	-25,070
Capital expenditure and other investing activities	-5,309	-2,855	-4,512

Proceeds from repayments of loans and loans given	82	-2,571	-3,919
Net cash used in investing activities	**-5,631**	**-30,516**	**-33,501**
Capital Redemption	-2,442	0	0
Proceeds from borrowings	0	53	59
Repayment of borrowings, and other financing activities	-879	-5,154	-22,294
Net cash used in financing activities	**-3,321**	**-5,101**	**-22,234**
Net increase in cash and cash equivalents	**3,994**	**-19,782**	**-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 = Equity attributable to owners of the parent, total
G = Non-controlling interests
H = Total equity

EUR '000	**A**	**B**	**C**	**D**	**E**	**F**	**G**	**H**
Equity at 31.12.2011	**23 642**	**25 740**	**245 128**	**11 501**	**-80 185**	**225 826**	**14 348**	**240 173**
Total comprehensive income 1-6/2012				1 294	-3 348	-2 054	-896	-2 950
Share-based payments					406	406	1	407
Acquisitions and disposals of subsidiaries					**2 784**	**2 784**	**-2 646**	**139**
Equity at 30.6.2012	**23 642**	**25 740**	**245 128**	**12 795**	**-80 343**	**226 962**	**10 807**	**237 769**
Total comprehensive income 7-12/2012				-4 750	-17 049	-21 799	-893	-22 692
Share-based payments			39		461	500	-1	499
Acquisitions and disposals of subsidiaries					-2 260	-2 260	-2 750	-5 010
Equity at 31.12.2012	**23 642**	**25 740**	**245 167**	**8 045**	**-99 192**	**203 402**	**7 163**	**210 565**
Total comprehensive income 1-6/2013				-7 446	-2 063	-9 509	-851	-10 360
Share-based payments					1 026	1 026	1	1 027
Capital redemption						-2 441	0	-2 441
Equity at 30.6.2013	**23 642**	**25 740**	**242 725**	**599**	**-100 229**	**192 478**	**6 314**	**198 792**

RELATED PARTY TRANSACTIONS DURING THE REVIEW PERIOD

EUR '000	**H1/13**	**H1/12**	**FY/12**
Sales to joint ventures	26	495	564
Sales to other related parties	18	50	98
Purchases from joint ventures	-3,854	-2,239	-4,342
Financing income from joint ventures	566	1,098	1,889
Financing expense to other related parties	-52	-54	-104

Loan receivables from joint ventures	35,825	36,876	37,120
Loan receivables from other related parties	10,221	10,000	10,293
Trade and other receivables from joint ventures	4,829	4,055	4,821
Trade and other receivables from other related parties	33	0	44
Trade and other payables to joint ventures	-18	1,001	0

FINANCIAL INDICATORS

	H1/13	**H1/12**	**FY/12**
Return on equity, % p.a.	-1.8%	-3.6%	-7.4%
Return on capital employed, % p.a.	2.4%	-3.1%	-4.5%
Equity ratio, %	71.2%	62.2%	69.2%
Gearing, %	-7.9%	6.7%	-5.4%
Personnel at the end of the period	754	794	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

	H1/13	**H1/12**	**FY/12**
TRY	2.3809	2.3361	2.3135
USD	1.3134	1.2965	1.2848
ZAR	12.1153	10.2942	10.5511

Balance sheet rates

	30.6.2013	**30.6.2012**	**31.12.2012**
TRY	2.521	2.2834	2.3551
USD	1.308	1.259	1.3194
ZAR	13.0704	10.3669	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

This Interim Report 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 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

		Q2/13	**Q2/12**	**H1/13**	**H1/12**	**FY/12**
Share price development in London Stock Exchange						
Average share price*	EUR	0.43	0.76	0.43	0.79	0.54
	GBP	0.37	0.62	0.37	0.65	0.43
Lowest share price*	EUR	0.42	0.67	0.39	0.66	0.39
	GBP	0.36	0.54	0.33	0.54	0.32
Highest share price*	EUR	0.43	0.90	0.47	1.05	1.06
	GBP	0.37	0.73	0.40	0.86	0.86
Share price at the end of the period**	EUR	0.40	0.67	0.40	0.67	0.43
	GBP	0.34	0.54	0.34	0.54	0.35
Market capitalisation at the end of the period**	EUR million	98.5	166.3	98.5	166.3	106.5
	GBP million	84.5	134.2	84.5	134.2	87.0
Share trading development						
Share turnover	thousand shares	5	43	45	57	288
Share turnover	EUR thousand	2	33	19	45	154
Share turnover	GBP thousand	2	27	16	37	125
Share turnover	%	0.0 %	0.0%	0.0 %	0.0%	0.1%

Share price development in NASDAQ OMX Helsinki						
Average share price	EUR	0.42	0.78	0.44	0.90	0.67
Lowest share price	EUR	0.40	0.63	0.39	0.63	0.38
Highest share price	EUR	0.46	0.90	0.48	1.02	1.02
Share price at the end of the period	EUR	0.42	0.66	0.42	0.66	0.45
Market capitalisation at the end of the period	EUR million	104.3	164.0	104.3	164.0	111.8
Share trading development						
Share turnover	thousand shares	431	731	1,995	2,638	5,600
Share turnover	EUR thousand	180	568	887	2,368	3,773
Share turnover	%	0.2 %	0.3%	0.8 %	1.1%	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 (495/1989), 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.