07:00 London, 09:00 Helsinki, 8 May 2014 - Afarak Group Plc ("Afarak" or "the Company") (LSE: AFRK, OMX: AFAGR) Interim Report

AFARAK GROUP PLC'S INTERIM REPORT FOR 1 JANUARY – 31 MARCH 2014

Q1 HIGHLIGHTS (January-March 2014):

- Positive EBIT and profit for the first time since entering the mineral business in 2008
- Revenue increased by 36.7% to EUR 43.2 (Q1/2013: 31.6) million
- Sales from processed products increased by 47.7% to 22,146 (Q1/2013: 14,993) tonnes
- EBITDA was EUR 3.0 (Q1/2013: 4.2) million and the EBITDA margin was 7.0% (Q1/2013: 13.2%)
- EBIT was EUR 0.9 (Q1/2013: -2.1) million
- Profit for the period totalled EUR 0.2 (Q1/2013: 0.0) million
- Production increased by 70.5% to 139,084 (Q1/2013: 81,551) tonnes
- Cash flow from operations was EUR 2.8 (Q1/2013: 8.1) million and liquid funds at 31 March were EUR 16.8 (31 March 2013: 17.5) (31 December 2013:13.8) million
- Outlook for 2014 remain unchanged

KEY FIGURES (EUR million)	Q1/14	Q1/13	Change	FY2013
Revenue	43.2	31.6	36.7%	135.5
EBITDA	3.0	4.2	-28.0%	14.0
EBITDA margin	7.0%	13.2%		10.4%
EBIT	0.9	-2.1		-8.0
EBIT margin	2.1%	-6.5%		-5.9%
Earnings before taxes	1.2	-2.7		-11.2
Earnings margin	2.7%	-8.7%		-8.2%
Profit	0.2	0.0		-4.4
Earnings per share, basic, EUR	0.00	0.00		-0.02

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

"The Group's revenue during the period was strong with a substantial increase of 48% in sales volumes of processed material when compared to the same quarter last year. Despite this increase we have experienced difficult market conditions with lower prices and a weak US dollar impacting conversion of revenue and results from operations.

Processing volumes improved in the first quarter when compared to the equivalent period last year as a result of having both EWW and Mogale Alloys in full operation during this period. Mining sales and production volumes were also higher when compared to the same period last year due to the fact that Mecklenburg was not yet in operation in the first quarter of 2013.

The ferrochrome market remains difficult to predict with some signs of recovery during the period. In the longer term we believe that ferrochrome, particularly the speciality and super alloys segment, will again be in high demand. We continue evaluating different initiatives that could strengthen our position and provide new growth opportunities. Our focus remains on generating cash and increasing profits.

Finally, I'm pleased to announce that we have achieved positive EBIT and profit for the first time from the mineral business since entering the sector.

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 FerroAlloys 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 Q1/2014 interim report enclosed to this stock exchange release. The Interim Report is attached to this release and is also available on the Company's website at www.afarakgroup.com.

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

Afarak Group is a chrome mining and minerals producer focused on delivering sustainable growth with a speciality alloys business in southern Europe and a ferroalloys business in 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:
NASDAQ OMX Helsinki
London Stock Exchange
main media
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AFARAK GROUP PLC: Q1 INTERIM REPORT FOR 1 JANUARY – 31 MARCH 2014

This Interim Report is prepared in accordance with the IAS 34 standard and is unaudited. All the corresponding comparable figures of 2013 are presented in brackets, unless otherwise explicitly stated.

SALES

Sales from processing:

Tonnes	Q1/14	Q1/13	FY2013
Processing, Speciality Alloys	6,822	5,662	21,516
Processing, FerroAlloys	15,324	9,330	41,110
Processing, Total	22,146	14,993	62,626

The Group's sales from processing, which include all the products produced at the Mogale Alloys and Elektrowerk Weisweiler GmbH processing plants, were 22,146 (Q1/2013: 14,993) tonnes, an increase of 47.7% compared to the equivalent period in 2013. This increase is attributable to more demand in both Speciality Alloys and FerroAlloys segments. However, average sales prices were lower during this quarter when compare to the same period last year. The increase in the FerroAlloy segment volumes in 2014 was due to the fact that Mogale Alloys operated at normal levels during this period, in the same period last year sales volumes in this segment were reduced by the participation in Eskom's electricity buyback program.

AFARAK GROUP'S FINANCIAL PERFORMANCE

REVENUE AND PROFITABILITY

EUR million	Q1/14	Q1/13	Change	FY2013
Revenue	43.2	31.6	36.6%	135.5
EBITDA	3.0	4.2	-28.0%	14.0
EBITDA margin	7.0%	13.2%		10.4%
EBIT	0.9	-2.1		-8.0
EBIT margin	2.1%	-6.5%		-5.9%
Profit	0.2	0.0		-4.4

Revenue for the first quarter 2014 increased by 36.6% to EUR 43.2 (31.6) million compared to the equivalent period in 2013. This increase in revenue was mainly attributable to the increase in sales volumes in both Speciality Alloys and FerroAlloys segments. EBITDA for the first quarter 2014 decreased compared to the equivalent period in 2013 to EUR 3.0 (4.2) million. This was mainly attributable to lower sales prices and increased production cost in the Speciality Alloys segment. As the majority of our products are traded in US dollars the Group's revenue was also negatively effected on conversion due to weakening of the US dollar. Weakening of the South African Rand on the other hand positively effected the Group's results as it helped reduce production costs in South Africa. EBITDA was also negatively affected by EUR -0.1 (-1.8) million as the joint venture share of profits includes net financial expenses. EBIT for the first quarter 2014 improved to EUR 0.9 (-2.1) million, this improvement is an effect of having lower IFRS depreciation in 2014.

Earnings per share was EUR 0.00 (0.00).

BALANCE SHEET, CASH FLOW AND FINANCING

The Group's liquidity, as at 31 March 2014, was EUR 16.8 (17.5) (31 December 2013: 13.8) million. Operating cash flow in the first quarter was EUR 2.8 (8.1) million. Afarak's gearing at the end of the first quarter was -7.9% (-7.3%) (31 December 2013: -6.4%). Net interest-bearing debt was EUR -15.2 (-15.2) (31 December 2013: -12.3) million.

Total assets on 31 March were EUR 286.8 (299.3) (31 December 2013: 277.9) million. The equity ratio was 67.4% (70.0%) (31 December 2013: 68.5%).

INVESTMENTS, ACQUISITIONS AND DIVESTMENTS

Capital expenditure for the first quarter 2014 totalled EUR 2.4 (3.8) million which relates primarily to the payments made in relation to ferroalloy refining and granulation equipment at Mogale Alloys as well as sustaining capital expenditure at the Speciality Alloys segment.

PERSONNEL

At the end of the first quarter 2014, Afarak had 767 (765) employees. The average number of employees during the first quarter of 2014 was 770 (758).

Number of employees by segment *:

	31.3.2014	**31.3.2013**	**Change**	**31.12.2013**
Speciality Alloys	430	421	2.1%	443
FerroAlloys	333	336	-0.9%	333
Other operations	4	8	-50%	3
Group total	**767**	**765**	**0.3%**	**779**

*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 was finalised in 2013.

In the first quarter of 2014 the results obtained in decreasing the lost time injury frequency improved when compared to 2013 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.

Production:

Tonnes	**Q1/14**	**Q1/13**	**Change**	**FY2013**
Mining*	19,694	16,249	21,2%	70,988
Processing	8,189	6,975	17,4%	23,242

* Including both chromite concentrate and lumpy ore production

Production increased to 27,883 (23,224) tonnes for the first quarter 2014, compared to the equivalent period in 2013 due to an increase in demand for speciality alloys material during the quarter. Mining operations at TMS operated at normal levels compared to the same quarter last year where TMS had lower production due to shutdown for maintenance and gallery preparation in one of the mines.

EUR million	Q1/14	Q1/13	Change	FY2013
Revenue	22.1	18.2	21%	74.5
EBITDA	1.0	3.0		9.0
EBITDA margin	4.5%	16.3%		12.1%
EBIT	0.3	-0.6		-6.1
EBIT margin	1.5%	-3.4%		-8.2%

Revenue for the first quarter increased by 21% to EUR 22.1 (18.2) million and EBITDA decreased by 66.3% to EUR 1.0 (3.0) million compared to the equivalent period in 2013. The increase in revenue was mainly due to higher sales volumes. Despite the improvement in revenue EBITDA was negatively affected by lower sales prices; a weaker US dollar rate on conversion of revenue; and increase in raw material costs.

As at 31 March 2014, the business had 430 (421) 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	Q1/14	Q1/13	Change	FY2013
Mining*	90,567	53,707	68,6%	425,585
Processing	20,634	4,620	346.6%	48,463

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

Production in this segment increased substantially to 111,201 (58,327) tonnes in the first quarter of 2014 when compared to the same period in 2013. The production at the Stellite mine and Mecklenburg mine continued at a slower pace from the previous quarter with an average monthly production of 30,000 tonnes, this was mainly due to heavy rain in March which slowed production. Mogale Alloys operated at normal levels having all furnaces in procution during this period, as opposed to the same period last year where production was impacted by the decision to participate in Eskom's electricity buyback program.

EUR million	Q1/14	Q1/13	Change	FY2013
Revenue*	21.1	13.4	57.9%	61.0
EBITDA	2.3	3.6		8.8
EBITDA margin	11.1%	27.0%		14.4%
EBIT	0.9	1.8		2.0
EBIT margin	4.4%	13.2%		3.3%

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

Revenue for the first quarter improved to EUR 21.1 (13.4) million compared to the equivalent period in 2013, representing an increase of 57.9%. The increase in revenue was mainly due to the increase in ferrochrome sales volumes as a result of having Mogale operating at normal levels during the period. EBITDA for the first quarter decreased to EUR 2.3 (3.6) million as a result of not participating in the Eskom electricity buyback program. EBITDA was negatively affected by EUR -0.1 (-1.8) million as the joint venture share of profits includes net financial expenses. EBITDA margin in this segment improved when compared to the last two quarters of 2013.

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

EUR million	Q1/14	Q1/13	Change	FY2013
Revenue	2.9	0.7	335.9%	9.5
EBITDA	0.3	-0.2		0.9
EBITDA margin	11.7%	-25.0%		9.8%
EBIT	0.0	-0.3		-0.2
EBIT margin	1.7%	-50.6%		-1.8%
Financial income and expense	-0.2	-1.5		-2.3
Profit for the period	-0.1	-1.8		-2.3

Afarak's share of joint ventures revenue for the first quarter improved to EUR 2.9 (0.7) million compared to the equivalent period in 2013, representing an increase of 335.9%. The increase in revenue was mainly due to the increased sales volumes of the Mecklenburg mine material. EBITDA for the first quarter increased to EUR 0.3 (-0.2) million. The increase in sales volumes contributed to improve the EBITDA for this quarter when compared to the equivalent period in 2013.

As at 31 March 2014, the business had 333 (336) employees.

GLOBAL MARKET

STAINLESS STEEL MARKET

The Worldwide total crude stainless steel output in 2013 reached an all time high of 37.3 million tonnes, increasing by 7.8% year-on-year with the positive trend continuing in the first quarter of 2014. The indication is that global production will grow by a further 3.5% - 4% in 2014, to reach a new record of 39.5 million tonnes, and could possibly reach 40 million tonnes production depending on market demand.

Although China's stainless steel output climbed more quickly than had been predicted in 2013, to total almost 19 million tonnes, the growth rate is expected to slow in 2014 with increasing costs, logistic, power and labour already observable in the period. China's forecast outturn is still expected to reach 19.75 million tonnes, representing around half of worldwide stainless steel production. While there are signs of economic recovery in Europe, producers in the region have lost additional global market share to Asian imports, particularly in Southern Europe. The substantial increase from Taiwanese and Chinese stainless steel producers to the EU has caused Eurofer to initiate anti-dumping investigations against these two areas, however it is uncertain whether the EU Commission will act on Eurofer's arguments.

EU output in 2013 declined by 4%, year-on-year, to less than 7.2 million tonnes. A moderate recovery is anticipated in 2014, where the first quarter is showing a positive trend. The European stainless steel market had a good start in 2014 and the industry consensus is that this will continue in the coming months. Early macroeconomic indicators are positive indicating likely further expansion of the European economy. As stated above the European stainless steel demand is expected to grow by 3 - 4% in 2014 driven by positive developments in most major end-use segments. Re-stocking at distributors fuelled demand in the first quarter, but this is only likely to continue if nickel prices continue to increase.

Production in the United States grew more than previous forecasts, to just over 2 million tonnes in 2013, however, the outturn this year is expected to remain at a similar level. Japanese stainless steel making showed modest annual growth of 1.2%, in 2013, and continues to be strong in the first quarter of 2014. Production is expected to increase by 4% to a total of 3.3 million tonnes in 2014. Output in South Korea is expected to turn around, with a 3% year-on-year increase this year, following the small drop last year. 2013 production in Taiwan decreased by 25,000 tonnes last year (3.2%) to 756,250 tonnes, however the outturn in 2014 is forecasted to be close to 2012 figures.

FERROCHROME

World ferrochrome consumption in 2013 was confirmed to be a record 11 Million tonnes, an increase of 6% on 2012, with Chinese consumption growing 13% and the rest of the world by 3.2%.

The ferrochrome market started strong in the first quarter of 2014, with good demand in quantity, but ferrochrome prices continued to be low, especially for the South African Charge Chrome. South African ferrochrome benchmark prices in Europe increased to US$1.18/lb Cr, from the last quarter of 2013 US$ 1,125/lb Cr. Japanese prices maintained their usual spread of around +8 USc/lb Cr over European prices, at US$1.26/lb Cr in the first quarter of 2014.

In the same period Chinese domestic spot high-carbon ferrochrome prices wereUS¢86-87/lb, but suffered towards the end of the quarter, dropping as low as US¢82-84/lb Cr, due to pressure from the Stainless Steel industry, caused by a decline in the Chinese Purchasing Manager Index (PMI) which dipped below 50 points, and also increases in Nickel and Molybdenum prices.

Recent reviews of the global ferrochrome market have revealed a mood of cautious optimism, a belief that the bottom of the business cycle had been passed and that sales volumes and prices may start to increase this year, especially in the speciality grades produced by Afarak. While that belief persists with increased sales volumes during this quarter, we are still waiting for the associated price increases.

In Europe distributors and end-users were sufficiently optimistic to rebuild their, admittedly, depleted inventories at the beginning of the year. However, while participants in some sectors and some countries report improved activity, there has been some good upturn in underlying demand and orders on the mills have been good, but prices are yet to improve as expected.

During this quarter we saw encouraging signs from consuming industries due to new infrastructure projects and investments within the manufacturing industry which have been on hold for several years, as a result our after-sales support increased by way of securing additional volumes on current contract.

Notwithstanding the disappointing price levels described above, we still believe that the ferrochrome market will move in a positive direction in the near future. Economic indicators continue to suggest an upturn in real demand. Consequently, producers should be able to maintain basis values, where applicable, at higher levels during the first half of 2014 than in the previous years. Still there is a need for high efficiency and improved performance material, which will support the future demand for speciality alloys.

UNALLOCATED ITEMS

For the first quarter of 2014, the EBITDA from unallocated items was EUR -0.3 (-2.4) million including a EUR 0.0 (1.0) million non-cash expense for the share-based payments. The improvement in EBITDA was mainly due to a one-off restructuring charge in the first quarter of 2013.

LITIGATION

On 27 March 2014, Afarak announced that the Company has been served a notice of arbitration by Chinese Suzhou Kaiyuan Chemical Co. Ltd (“Suzhou”). According to the Company’s announcement, Suzhou’s claim of EUR 2.66 million relates to a chrome ore sales agreement entered into by Chromex Mining Plc ("Chromex") prior to the acquisition of Chromex by Afarak together in a joint venture with Kermas Limited. The claim has been served on Afarak's marketing arm RCS Limited and various companies which form part of the Chromex joint venture. The place of arbitration is Shanghai, China. The Company will strongly contest the claim and aims to resolve the matter as soon as possible.

EVENTS DURING THE REVIEW PERIOD

On 20 January 2014, Afarak announced that the directed share issue to Sail Resources Pte (”Sail”) has been cancelled. Sail subscribed for nil shares by the deadline of 18 January 2014. Afarak had announced on 18 December 2013 that the Board of Directors had resolved to offer five million (5,000,000) new ordinary shares in the Company to Sail at a subscription price of EUR 0.45 per share. The Company had a subscription commitment from Sail according to which Sail would subscribe for all the offered shares.

EVENTS SINCE THE END OF THE REVIEW PERIOD

On 3 April 2014, Afarak announced that on 2 April 2014 it had received a flagging notification in accordance with Chapter 9, Section 5 of the Finnish Securities Markets Act from Finaline Business Limited ("Finaline"), a company incorporated and existing under the laws of British Virgin Islands, regarding the shares of Afarak. In accordance with the flagging notification, Finaline has completed a sale of 27,000,000 shares in Afarak Group Plc. The transaction has resulted in Finaline decreasing below 5 and 10 per cent and becoming a 0 per cent holder of the shares and voting rights in Afarak.

On 3 April 2014, Afarak announced that on 3 April 2014 it had received a flagging notification in accordance with Chapter 9, Section 5 of the Finnish Securities Markets Act from Hino Resources Co. Ltd ("Hino"), a company incorporated and existing under the laws of Hong Kong, regarding the shares of Afarak. In accordance with the flagging notification, Hino has completed an acquisition of shares in Afarak Group Plc and the transaction has resulted in Hino increasing above 10 and 15 per cent and becoming a 19.27 per cent holder of the shares and voting rights in Afarak.

On 11 April 2014, Afarak announced that it has resolved to propose to the Annual General Meeting, which will be held on 8 May 2014, that a capital redemption of EUR 0.02 per share would be paid out of the paid-up unrestricted equity fund but no dividend would be distributed. This replaces the previous proposal of a capital redemption of EUR 0.01 per share, as noted in the Annual Financial Statements of the Company. Subject to shareholder approval, the capital redemption will be paid on 22 May 2014 to shareholders who are registered on the Company's shareholder register maintained by Euroclear Finland Ltd on the record date for payment, being 13 May 2014. Shares will commence trading without the right to the capital redemption payment on 9 May 2014 in London and Helsinki.

On 2 May 2014, Afarak has announced that on 1 May 2014 received a flagging notification in accordance with Chapter 9, Section 5 of the Finnish Securities Markets Act from Hino Resources Co. Ltd ("Hino"), a company incorporated and existing under the laws of Hong Kong, regarding the shares of Afarak. In accordance with the flagging notification, Hino has completed an acquisition of shares in Afarak Group Plc and the transaction has resulted in Hino increasing above 20 per cent and becoming a 21.29 per cent holder of the shares and voting rights in Afarak.

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 March 2014, 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 March 2014, 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 March 2014, was 244,187,283 (244,134,563).

At the beginning of the period under review, the Company's share price was EUR 0.32 on NASDAQ OMX Helsinki and GBP 0.30 on the London Stock Exchange. At the end of the review period, the share price was EUR 0.38 and GBP 0.30 respectively. During the first quarter of 2014 the Company's share price on NASDAQ OMX Helsinki ranged from EUR 0.31 to 0.39 per share and the market capitalisation, as at 31 March 2014, was EUR 94.4 (1.1.2014: 79.5) million. For the same period on the London Stock Exchange the share price range was GBP 0.30 to 0.31 per share and the market capitalisation was GBP 74.5 (1.1.2014: 74.5) million, as at 31 March 2014.

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 first quarter of 2014.

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 2013 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 2014, which could considerably impact the Company's revenue and financial performance in 2014.

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.

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 FerroAlloys 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.

Helsinki, 8 May 2014

AFARAK GROUP PLC

BOARD OF DIRECTORS

FINANCIAL REPORTING IN 2014

	Closed period	Reporting date
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

Q1/2014 3 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	22,053	21,127	0	0	43,181
EBITDA	998	2,347	-343	0	3,002
EBIT	338	938	-350	0	927
Segment's assets	154,133	101,681	57,076	-26,096	286,794
Segment's liabilities	59,623	41,872	12,908	-20,873	93,530

Q1/2013 3 months EUR '000	Speciality Alloys	Ferro Alloys	Unallocated items	Eliminations	Group total
Revenue	18,226	13,381	85	-76	31,617
EBITDA	2,966	3,619	-,2,414	0	4,171
EBIT	-615	1,768	-2,424	0	-2,056
Segment's assets	145,930	119,554	92,696	-58,838	299,342
Segment's liabilities	85,603	47,254	13,340	-55,562	90,636

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	97,945	69,335	-32,866	277,924
Segment's liabilities	64,684	43,172	13,069	-33,329	87,596

CONSOLIDATED INCOME STATEMENT, SUMMARY

EUR '000	**Q1/14**	**Q1/13**	**FY2013**
Revenue	**43,181**	**31,617**	**135,509**
Other operating income	364	6,038	12,936
Operating expenses	-40,405	-31,665	-132,061
Depreciation and amortisation	-2,075	-6,227	-22,074
Items related to associates (core)	1	1	0
Share of profit from joint ventures	-139	-1,820	-2,294
Operating profit	**927**	**-2,056**	**-7,984**
Financial income and expense	236	-685	-3,146
Profit before tax	**1,164**	**-2,741**	**-11,130**
Income tax	1,008	2,709	6,728
Profit for the period	**155**	**-32**	**-4,403**
Profit attributable to:			
Owners of the parent	180	-71	-4,252
Non-controlling interests	-25	39	-151
Total	155	-32	-4,403
basic (EUR), Group total	0,00	0.00	-0.02
diluted (EUR), Group total	0,00	0.00	-0.02

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

EUR ‘000	Q1/14	Q1/13	FY2013
Profit for the period	**155**	**-32**	**-4,403**
Other comprehensive income			
Remeasurements of defined benefit pension plans	0	0	-40
Exchange differences on translating foreign operations	2569	-4,641	-22,206
Income tax relating to other comprehensive income		1,820	7,741
Other comprehensive income, net of tax	**2,569**	**-2,821**	**-14,505**
Total comprehensive income for the period	**2,724**	**-2,853**	**-18,908**
Total comprehensive income attributable to:			
Owners of the parent	2,756	-2,500	-17,130
Non-controlling interests	-32	-352	-1,778

CONSOLIDATED STATEMENT OF FINANCIAL POSITION, SUMMARY

EUR '000	31.3.2014	31.3.2013	31.12.2013
ASSETS			
Non-current assets			
Investments and intangible assets			
Goodwill	62,268	66,601	62,288
Investments in associates	77	78	76
Other intangible assets	21,115	40,111	22,040
Investments and intangible assets total	83,460	106,789	84,405
Property, plant and equipment	37,318	39,317	36,257
Other non-current assets	56,243	57,047	56,650
Non-current assets total	**177,020**	**203,154**	**177,312**
Current assets			
Inventories	50,516	45,177	46,284
Receivables	42,456	33,550	40,559
Cash and cash equivalents	16,802	17,461	13,769
Current assets total	**109,774**	**96,188**	**100,612**
Total assets	**286,794**	**299,342**	**277,924**
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	245,725	245,167	242,725
Legal reserve	200	0	201
Translation reserves	-2,126	5,615	-4,773
Retained earnings	-102,252	-98,270	-102,574
Equity attributable to owners of the parent	**187,929**	**201,895**	**184,960**
Non-controlling interests	**5,336**	**6,812**	**5368**
Total equity	**193,264**	**208,706**	**190,328**

Liabilities			
Non-current liabilities			
Deferred tax liabilities	8,030	14 639	8,507
Provisions	9,873	12,469	9,739
Share of joint ventures' losses	12,691	13,347	15,333
Pension liabilities	16,061	15,766	16,095
Financial liabilities	103	111	149
Non-current liabilities total	**46,758**	**56,332**	**49,823**
Current liabilities			
Advances received	0	1,051	0
Other current liabilities	46,772	33,253	37,773
Current liabilities total	**46,772**	**34,303**	**37,773**
Total liabilities	**93,530**	**90,636**	**87,596**
Total equity and liabilities	**286,794**	**299,342**	**277,924**

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

EUR '000	**31.3.2014**	**31.3.2013**	**31.12.2013**
Cash and cash equivalents	**16,802**	**17,461**	**13,769**
Interest-bearing receivables			
Current	5,168	5,467	8,133
Non-current	39,871	48,276	40,038
Interest-bearing receivables	**45,038**	**53,742**	**48,170**
Interest-bearing liabilities			
Current	1,508	2,236	1,362
Non-current	63	62	149
Interest-bearing liabilities	**1,571**	**2,298**	**1,511**
NET TOTAL	**60,270**	**68,906**	**60,429**

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

EUR '000	**Property, plant and equipment**	**Intangible assets**
Acquisition cost 1.1.2014	92,724	223,883
Additions	2,322	116
Disposals	-69	0
Reclass between items	-73	0
Effect of movements in exchange rates	-109	-143
Acquisition cost 31.3.2014	94,795	223,856
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

CONSOLIDATED STATEMENT OF CASH FLOWS, SUMMARY

EUR '000	**Q1/14**	**Q1/13**	**FY/13**
Profit for the period	155	-32	-4,443
Adjustments to profit for the period	3,416	6,267	23,774
Changes in working capital	-751	1,863	-5,493
Discontinued operations	0	0	0
Net cash from operating activities	**2,819**	**8,099**	**13,837**
Acquisition of subsidiaries and associates, net of cash acquired	-5	0	-404
Disposal of subsidiaries and associates, net of cash sold	0	0	2
Capital expenditure and other investing activities	-2,259	-3,721	-10,192
Proceeds from repayments of loans and loans given	2,183	-208	782
Net cash used in investing activities	**-81**	**-3,929**	**-9,812**
Capital Redemption	0	0	-2,442
Dividends paid	168		
Proceeds from borrowings	477	0	0
Repayment of borrowings, and other financing activities	-416	-692	-1,405
Net cash used in financing activities	**228**	**-692**	**-3,847**
Net increase in cash and cash equivalents	**2,966**	**3,478**	**179**

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	G	H
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 1-3/2013				-2 430	-71		-2 500	-352	-2 853
Share-based payments					993		993	1	994
Equity at 31.3.2013	**23 642**	**25 740**	**245 167**	**5 615**	**-98 270**	**0**	**201 895**	**6 812**	**208 706**
Total comprehensive income 4-12/2013				-10 388	-4 219		-14 607	-1 446	-16 053
Share-based payments					116		116	1	117
Capital Redemption			-2 442				-2 442	0	-2 442
Other changes in equity					-201	201	0	0	0
Equity at 31.12.2013	**23 642**	**25 740**	**242 725**	**-4 773**	**-102 574**	**201**	**184 961**	**5 367**	**190 328**
Total comprehensive income 1-3/2014				2 647	180		2 827	-25	2 802
Dividend distribution					168		168	0	168
Translation differences					-71		-71	-7	-78
Share-based payments					45		45	0	45
Other changes in equity						-1	-1	0	-1
Equity at 31.3.2014	**23 642**	**25 740**	**242 725**	**-2 126**	**-102 252**	**200**	**187 929**	**5 335**	**193 264**

RELATED PARTY TRANSACTIONS DURING THE REVIEW PERIOD

EUR '000	**Q1/14**	**Q1/13**	**FY/13**
Sales to joint ventures	13	16	44
Sales to other related parties	7	3	34
Purchases from joint ventures	-3,057	-840	-12,092
Financing income from joint ventures	253	284	1,108
Financing expense to other related parties	-41	-26	-100
Loan receivables from joint ventures	34,489	36,899	34,500
Loan receivables from other related parties	7,241	10,227	10,241
Trade and other receivables from joint ventures	5,397	5,010	5,125
Trade and other receivables from other related parties	8	65	8
Trade and other payables to joint ventures	2,775	840	2,364

FINANCIAL INDICATORS

	Q1/14	**Q1/13**	**FY/13**
Return on equity, % p.a.	0.3%	-0.1%	-2.2%
Return on capital employed, % p.a.	3.9%	-0.2%	0.0%
Equity ratio, %	67.4%	70.0%	68.5%
Gearing, %	-7.9%	-7.3%	-6.4%
Personnel at the end of the period	768	765	779

EXCHANGE RATES

The balance sheet date rate is based on exchange rate published by the European Central Bank for the closing date. The average exchange rate is calculated as an average of daily rates from the European Central Bank during the year.

The key exchange rates applied in the accounts:

Average rates

	Q1/14	Q1/13	FY/13
TRY	3.0372	2.3577	2.5335
USD	1.3696	1.3206	1.3281
ZAR	14.8866	11.8264	12.8330

Balance sheet rates

	31.3.2014	31.3.2013	31.12.2013
TRY	2.9693	2.3212	2.9605
USD	1.3788	1.2805	1.3791
ZAR	14.5875	11.8200	14.5660

FORMULAS FOR FINANCIAL INDICATORS

Financial ratios and indicators have been calculated with the same principles as applied in the 2013 financial statements. These principles are presented below.

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

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

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

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

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

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

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

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

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

ACCOUNTING POLICIES

This Interim Report is prepared in accordance with IAS 34 'Interin Financial Reproting' and should be read in conjunction with Afarak's financial statements for 2013. Afarak has applied the same accounting principles in the preparation of this Interim Report as in its financial statements for 2013, except for the adoption of new standards and inerpretations that become effective in 2014. The changes did not have material impact on the Interim Report.

The preparation of the Interim Report in accordance with IFRS requires management to make estimates and assumptions that affect the valuation of the reported assets and liabilities and other information, such as contingent liabilities and the recognition of income and expenses in the income statement. Although the estimates are based on the management's best knowledge of current events and actions, actual results may differ from the estimates.

The figures in the tables have been rounded off, which must be considered when calculating totals. Average exchange rates for the period have been used for income statement conversions, and period-end exchange rates for balance sheet.

The Interim Report data are unaudited.

Share-related key figures

		Q1/14	Q1/13	FY2013
Share price development in London Stock Exchange				
Average share price*	EUR	0.37	0.43	0.43
	GBP	0.31	0.37	0.37
Lowest share price*	EUR	0.36	0.39	0.35
	GBP	0.30	0.33	0.30
Highest share price*	EUR	0.37	0.47	0.47
	GBP	0.31	0.40	0.40
Share price at the end of the period**	EUR	0.36	0.41	0.36
	GBP	0.30	0.35	0.30
Market capitalisation at the end of the period**	EUR million	90.0	102.8	89.4
	GBP million	74.5	87.0	74.5
Share trading development				
Share turnover	thousand shares	7	39	45
Share turnover	EUR thousand	2	17	19
Share turnover	GBP thousand	2	14	16
Share turnover	%	0.0%	0.0%	0.02%
Share price development in NASDAQ OMX Helsinki				
Average share price	EUR	0.34	0.45	0.40
Lowest share price	EUR	0.31	0.39	0.30
Highest share price	EUR	0.39	0.48	0.48
Share price at the end of the period	EUR	0.38	0.44	0.32
Market capitalisation at the end of the period	EUR million	94.4	109.3	79.5
Share trading development				
Share turnover	thousand shares	2,244	1,564	4,554
Share turnover	EUR thousand	769	707	1,826
Share turnover	%	0.9%	0.6%	1.8%

* 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.