Convenience translation
(only the original German version is binding)

Audited Financial Statements as of
March 31, 2018 and Management Report
for the Financial Year 2017/18
of

Bavaria Electrodes GmbH
Röthenbach a.d. Pegnitz

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EXHIBITS

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General Conditions of Engagement dated 1 January 2017

LIST OF ABBREVIATIONS

AuS	German Audit Standard (Prüfungsstandard des IDW)
BCH	Bavaria Carbon Holdings GmbH, Röthenbach a.d. Pegnitz
BCS	Bavaria Carbon Specialities GmbH, Röthenbach a.d. Pegnitz
GC	Graphite Cova GmbH, Röthenbach a.d. Pegnitz
GmbHG	Gesetz betreffend die Gesellschaften mit beschränkter Haftung
GIBV	Graphite International B.V., Rotterdam, Netherlands
GIL	Graphite India Ltd., Kolkata, India
HGB	German Commercial Code (Handelsgesetzbuch)
IDW	Institut der Wirtschaftsprüfer in Deutschland e.V., Düsseldorf
IDW-AAB	General engagement terms for Wirtschaftspürfer und Wirtschaftsprüfungsgesellschaften (German Public Auditors and German Public Audit Firms)
IDW AuS 450 a.F.	German Audit standard regarding long-form audit reports (dated 1. March 2012)
kEUR	Thousand Euro

A. AUDIT ENGAGEMENT

The Management of

<u>Bavaria Electrodes GmbH,</u>

<u>Röthenbach a.d. Pegnitz</u>

(referred to as “Bavaria Electrodes” or simply “the Company”)

engaged us to perform an audit of the annual financial statements as of 31 March 2018 including the underlying books and records, and the management report for the financial year 2017/2018 using generally accepted auditing standards, as well as to provide a written report of our findings.

The audit engagement as of 10 November 2017 was approved on the shareholder’s meeting as of 27 November 2017 at which we have been appointed as auditors (Sec. 318 para. 1 sentence 1 of the German Commercial Code).

The Company ranks as a mid-sized corporation as defined by the terms of Sec. 267 para. 2 of the German Commercial Code and is therefore subject to mandatory auditing in accordance with Sec. 316 et seq. of the German Commercial Code.

We confirm that, during the course of our audit, we have observed the independence rules according to Sec. 321 para. 4a HGB.

Our reporting complies with the German Audit Standards for the Issuance of long-form Audit Reports for the Audits of Financial Statements (IDW AuS 450 a. F.) issued by the Institute of Public Auditors in Germany (IDW).

Our long-form audit report includes our comments on management’s assessment of the company’s situation in section B. The audit methodology and audit results are individually reported in sections C and D accordingly. The unqualified opinion is reprinted in section E.

We have attached the audited financial statements, including Balance Sheet (exhibit 1), Income Statement (exhibit 2) and Notes (exhibit 3) as well as the audited management report (exhibit 4) to this audit report.

We have analyzed the legal, economic and tax background of the company in a table format in exhibits 5 to 7.

The performance of our engagement and our liability - also in relation to third parties - are subject to the general engagement terms for auditors and accountancy firms in the version dated 1. January 2017.

B. GENERAL FINDINGS

Comments on Management's Assessment of the Company's Situation

Management has commented on the Company's economic situation in the management report (exhibit 4), based on the financial statements as of 31 March 2018 (exhibit 1 to 3) and other documents, especially the budget for financial year 2018/19.

According to Sec. 321 para. 1 sentence 2 HGB, we as the auditors comment on management's discussion and analysis in the annual financial statements and in the management report. We especially comment on the assessment of going concern and anticipated development in view of the management report. Our comments are based on our own assessment on the company's situation, which we have reached during the course of our audit of the financial statements and the management report.

1. Situation of the Company

In our opinion, the management report contains the following core statements:

- The Company produces Graphite Electrodes, Speciality Products and other Miscellaneous Carbon and Graphite Products, which are solely distributed by the sister company GC. GC reimburses BE the expenses incurred plus a margin.
- Despite a lower utilization of the worldwide steel capacities continued in 2017, BE's expectations were exceeded, mainly due to the restricted steel production and steel exports from China. This led to an intensified steel production in other parts of the world and hence an increased demand for electrodes, leading to an increase in the quantity sold was well as the sales price. Consequently, the production of Graphite Electrodes increased from 8,949 metric tons in 2016/2017 to 10,669 metric tons in 2017/2018.
- This also led to an increase in net sales from kEUR 13,074 to kEUR 15,129, with operating expenses increasing proportionately with the increase in sales. The Company earned profit of TEUR 216 during the year as against TEUR 249 in the previous year.
- Due to increased electrode production in last quarter both receivables from and payables to affiliated company are increased.

2. Future development with its key opportunities and risks

In our opinion, the management report contains the following core statements:

- BE is integrated into the risk management system of the parent company. A total of decisive factors are the development of the steel industry, but also the development of the commodity and energy markets as well as the price policy of market leaders.

- The consolidation of the market for graphite electrodes and the related reduction of production capacity has an enormous impact on the price level and the consolidation of the market for graphite electrodes and the related reduction of production capacity has an enormous impact on the price level of the Electrodes.

- The sales volume of the production is exclusively marketed via GC, so a sales risk is present. In turn, GC counteracts this market risk by opening up markets outside Europe to reduce dependency on the European market.

- Usually, supply contracts for raw materials and supply contracts for gas and electricity are renewed at the same time. However, the cost of the main raw materials as well as their derivative materials could represent a risk for the company due to by a price increase.

- Due to the revival of the global industry and the opening up of new markets the company expects in the long term an increase in demand and an improvement of the results. For the coming financial year, the company expects a strong increase in revenues paired with a moderate increase in profits since costs are also expected to rise disproportionately.

3. Concluding Assessment

According to the result of our audit and the knowledge gained, the assessment of the company's situation including the risks and opportunities of future development is plausible and derived logically. Management's assessment of the company's situation is adequate and correct. Our audit has not identified any evidence, that the company's continued existence would be jeopardized.

C. PURPOSE, NATURE AND SCOPE OF THE AUDIT

During our audit, we examined whether the books and records, the annual financial statements as of 31 March 2018 (exhibits 1 to 3) including the management report (exhibit 4) comply with the relevant regulations concerning financial accounting.

Assessment criteria for our audit of the financial statements were the accounting provisions of Secs. 242 to 256a and Secs. 264 to 288 HGB and the special provisions of the GmbHG. No additional accounting requirements result from the articles of incorporation and bylaws. Assessment criteria for the management report were the provisions of Sec. 289 HGB.

Our audit procedures pertaining to the management report were aimed at determining whether it is consistent with the annual financial statements, gives a true and fair view of the Company's situation, and whether it suitably presents the opportunities and risks relating to its future development.

An evaluation of the appropriateness of the insurance coverage, in particular whether all the risks were considered and adequately insured, was not part of our audit engagement.

The maintenance of the books and records and the preparation of the annual financial statements and management report are the responsibility of the Company's management. Our task is to provide an opinion on the documents and information within the official framework of our audit.

We carried out the audit for the annual financial statements from 19 March 2018 to 11 May 2018 on the company's premises in Röthenbach a.d. Pegnitz and in our office in Munich. Subsequently, this audit report was prepared.

To prepare our audit, we have performed an interim audit in March 2018 on the company's premises in Röthenbach a.d. Pegnitz, during which we have mainly assessed the company internal control over financial reporting.

Our audit was based on the annual financial statements as of 31 March 2017 audited by us which had been rendered an unqualified audit opinion on 10 May 2017 and were approved unchanged by the shareholders' resolution of 27 November 2017.

The documents provided for the purpose of the audit included accounting documents, receipts and confirmation documents from banks as well as the Company's files and records.

The management and other responsible staff members readily provided us with all requested explanations and proofs.

Furthermore, the management has provided written confirmation using the standard general representation letter that all declarable assets, liabilities, risks, and deferrals as well as all expenses and revenues, required statements, and contingent liabilities were included in the accounting and in the financial statements under review. The representation letter also states that the management report contains all material aspects, including their anticipated development, that are significant for an assessment of the position of the entity as well as all disclosures required by Sec. 289 HGB. According to the representation letter, post-balance sheet events of particular importance have not occurred and have also not become known to us during our audit.

Our audit was carried out in accordance with Sec. 316 et seq. of the German Commercial Code and in compliance with the generally accepted German standards for the audit of financial Statements established by the IDW. Accordingly, we performed our audit with a risk-oriented strategy - however without any specific focus on risk for embezzlement in such a manner that inaccuracies or infringements materially affecting the presentation of the Company's true and fair view of the net assets, financial position, and results of operation are detected with reasonable assurance, if such inaccuracies or infringements had existed.

The audit plan for the key auditing areas was based on our initial estimates of the Company's situation and the efficiency of the internal control system over accounting (risk-oriented audit approach). Our estimates were particularly based on an appreciation of the basic legal and economic conditions. Through meetings with the managing directors and Company employees we were made aware of market risks, the Company's strategy and the particular risks resulting.

As part of our risk oriented auditing approach our audit focused on the following areas:

- Analysis of the going concern assumption (this is not an examination according to § Sec 317 (4a) HGB)
- Audit of the internal control over financial statement closing, purchase, sales and payroll
- Existence and valuation of inventories
- Existence and cut-off of revenues and trade receivables
- Completeness and valuation of accruals

Basis for our audit procedures was a preliminary assessment of the internal control system. Considering the materiality and efficiency, this implies that timing and extent of analytical procedures, as well as test of details, were limited to selective spot checks depending on the particular auditing areas and organization of the accounting information system. The spot checks were selected in a way that the economic significance of the individual entries in the financial statements were taken into account and gave the opportunity to sufficiently determine whether the statutory regulations had been adhered to.

The audit regarding the existence of assets and liabilities was carried out by attending the physical inventory count and requesting confirmations of banks, lawyers as well as creditors on random sample basis.

D. FINDINGS ON ACCOUNTING RECORDS AND FINANCIAL STATEMENTS

I. Compliance of Accounting Records and Financial Statements

1. Accounting Records and Other Audited Documentation

The Company's accounting is carried out by their own IT system using the standard-software SAP ECC 6.0 of the supplier SAP SE, Walldorf. Payroll accounting is also done in-house within this program.

The internal control system over financial accounting, as set up by the Company, provides an adequate instrument of regulation for the organization and the control of operational processes for business purposes and can sufficiently handle current business volumes. There were no significant organizational changes in the accounting procedures during the reporting period.

The organization of the accounting department and the internal control over financial reporting is sufficient and appropriate to assure a complete, correct, timely, and proper recording of the business transactions. The chart of accounts is sufficiently structured and the records are clear and well ordered. The accounts were correctly carried forward from the previous year's financial statement and were determined as having been kept in order throughout the entire financial year.

The information gathered from other audited documents also presents an orderly picture concerning the books and records, the annual financial statements and the management report.

Overall we can determine that the accounting practices in place and the other audited documents (including receipts, internal control and budgeting) all adhere to the applicable, statutory regulations including the Generally Accepted Accounting Principles. The audit has not led to any reservations.

2. Annual Financial Statements

As of the balance sheet date, the Company was classified as being a mid-sized company as defined by Sec. 267 para. 2 of the German Commercial Code. The annual financial statements as of 31 March 2018 were prepared in accordance with the requirements of German Commercial Code regarding mid-sized companies. The Company partly exercised options for mid-sized companies as laid out in Sec. 288 of German Commercial Code.

The balance sheet and the income statement were compiled coherently from the accounting documents and other documents included in the audit. The structure of the balance sheet (exhibit 1) adheres to the scheme provided by Sec. 266 paragraphs 2 and 3 of the German Commercial Code. The income statement (exhibit 2) was compiled applying the cost-summary method according to Sec. 275 paragraph 2 of the German Commercial Code.

As far as there are options regarding disclosure with regard to balance sheet and income statement items, disclosures were mostly made in the notes.

In the notes compiled by the Company (exhibit 3), the accounting and valuation methods used for the balance sheet and income statements are sufficiently explained. All legally required data as well as the optional entries for the balance sheet and income statements contained in the notes are fully complete and accurately represented.

The protection clause in accordance with Sec. 286 para. 4 HGB regarding the disclosure of management compensation was applied correctly.

The annual financial statements therefore conform to statutory requirements including the German Accepted Accounting Principles. The audit has not led to any reservations.

3. Management Report

Audit of the management report has concluded that the management report is consistent with the financial statements and our audit findings and as a whole gives a true and fair view of the Company's situation.

Our audit, based on Sec. 317 para 2 sentence 2 of the German Commercial Code, leads us to conclude that the significant opportunities and risks relating to the Company's future development are suitably presented in the management report. The disclosures pursuant to Sec. 289 para 2 of the German Commercial Code and other legal requirements are complete and accurate.

Concluding one can say that the management report contains all required disclosures and therefore is in compliance with the legal requirements.

II. Overall Picture of the Annual Financial Statements

1. Conclusion on the Annual Financial Statements

Our audit has concluded that the annual financial statements as a whole - comprising the balance sheet, income statement and notes - give a true and fair view of the net assets, financial position and results of operations in accordance with Generally Accepted Accounting Principles (Sec. 264 paragraph 2 of the German Commercial Code).

2. Accounting and Valuation Methods and Constitutive Measures as well as Associated Changes

The following accounting and valuation methods appear material to us:

- The financial statements were set up on the assessment of the company as a going concern (Sec. 252 para. 1 Nr. 2 German Commercial Code).

- The valuation of raw materials, supplies and operating materials is done according to the moving average of purchasing prices, taking into account the strict principle of the lower of cost or market.

- The pension accrual is accounted for using the settlement value. Valuation was done under observation of actuarial principle under application of the projected unit credit method. The average interest rate for a duration of 15 years according to Sec. 253 sec. 2 sentence 2 German Commercial Code amounts to 3.57%. When calculating the settlement value, the tables by Klaus G Heubeck and a fluctuation of 1.5% was used. As of balance sheet date, the provision amounts to kEUR 53 (PY kEUR 50). Due to bankruptcy of the predecessor company, the pension safety net (Pensionssicherungsverein) has taken over part of the pension liability.

- Deferred tax assets on the valuation difference for the pension accrual according to German GAAP and tax books were not accounted for.

The accounting and valuation methods are unchanged compared to prior year.

In addition, please see the comments made in the Notes (exhibit 3).

E. AUDIT OPINION AND CONCLUDING STATEMENTS

Based on the results of our audit of the annual financial statements as of 31 March 2018 (exhibits 1 to 3) and the management report for the financial year 2017/18 (exhibit 4) of Bavaria Electrodes GmbH, Röthenbach a.d. Pegnitz, we have rendered the following unqualified audit opinion, dated 11 May 2018:

The translation of this audit opinion states as follows:

“We have audited the annual financial statements – comprising the balance sheet, the income statement, and the notes to the financial statements – together with the bookkeeping system, and the management report of Bavaria Electrodes GmbH, Röthenbach a.d. Pegnitz, for the financial year from 1 April 2017 to 31 March 2018. The maintenance of the books and records and the preparation of the annual financial statements and the management report in accordance with German Commercial Law are the responsibility of the Company’s management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Sec. 317 HGB (‘Handelsgesetzbuch’: German Commercial Code) and German Generally Accepted Standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German Principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements, and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position, and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements, complies with requirements, as a whole provides a suitable view of the Company’s position and suitably presents the opportunities and risks of future development.”

We issue the above report on the audit in accordance with the legal provisions and the Generally Accepted Standards for the Issuance of Audit Reports for the Audits of Financial Statements (IDW AuS 450 a.F.).

Use of the audit opinion presented outside of this audit report requires our prior consent. If the annual financial statements are made public or passed on to a third party in any form other than the official, authenticated form (including translation into any other language), then we will be required to provide a new audit opinion, so long as our audit opinion is to be quoted or the audit itself is referred to (see Sec. 328 of the German Commercial Code).

Munich,11 May 2018

RSM Altavis GmbH
Wirtschaftsprüfungsgesellschaft
Steuerberatungsgesellschaft

Roller Wirtschaftsprüfer (Certified Public Auditor)	Schirmer Wirtschaftsprüferin (Certified Public Auditor)

BAVARIA ELECTRODES GMBH
RÖTHENBACH A.D. PEGNITZ
BALANCE SHEET
AS OF MARCH 31, 2018

ASSETS

	31.03.2018 EUR	31.03.2017 EUR
A. FIXED ASSETS		
I. Tangible assets		
1. Technical equipment and machines	7.904,00	8.805,00
2. Other Plants, office fixtures and fittings	34.442,00	29.431,00
	42.346,00	38.236,00
B. CURRENT ASSETS		
I. Inventories		
Raw materials, supplies and operating materials	448.482,78	454.235,91
II. Receivables and other assets		
1. Trade receivables	2.376,80	1.133,70
2. Receivables from affiliated undertakings	6.296.344,01	5.161.795,91
3. Other assets	108.644,59	147.805,41
	6.407.365,40	5.310.735,02
III. Cash, bank deposits and cheques	35.583,30	30.733,79
C. PREPAID EXPENSES	5.249,92	15.603,97
	6.939.027,40	5.849.544,69

EQUITY AND LIABILITIES

	31.03.2018 EUR	31.03.2017 EUR
A. EQUITY		
I. Capital subscribed	100.000,00	100.000,00
II. Profit carried forward	2.797.133,25	2.548.529,84
III. Profit of the year / net loss	215.854,46	248.603,41
	3.112.987,71	2.897.133,25
B. PROVISIONS AND ACCRUALS		
1. Provisions for pensions and similar obligations	53.175,00	50.322,00
2. Provisions for taxes	24.314,27	9.746,12
3. Other provisions	490.417,12	355.310,10
	567.906,39	415.378,22
C. LIABILITIES		
1. Trade payables	1.094.968,92	915.392,36
2. Liabilities due to affiliated undertakings	2.127.910,48	1.588.777,82
3. Other liabilities	35.253,90	32.863,04
- thereof for taxes: EUR 35,109.29 (p.y.: EUR 32,917.90)	3.258.133,30	2.537.033,22
	6.939.027,40	5.849.544,69

BAVARIA ELECTRODES GMBH
RÖTHENBACH A.D. PEGNITZ
INCOME STATEMENT
FOR THE PERIOD FROM 1 APRIL 2017 TO 31 MARCH 2018

	2017/18	2016/17
	EUR	EUR
1. Sales	15.128.890,19	13.094.754,84
2. Other operating income	35.819,45	79.926,38
3. Cost of materials		
a) Cost of raw materials, supplies, operating materials and acquired goods	-1.699.777,88	-1.120.473,00
b) Cost of services acquired	-4.621.133,03	-3.801.608,39
4. Gross Profit	8.843.798,73	8.252.599,83
5. Personnel costs		
a) Wages and salaries	-3.945.506,92	-3.615.671,65
b) Social security and expenses for old age pensions and support	-782.124,77	-736.575,63
	-4.727.631,69	-4.352.247,28
6. Depreciation for intangible fixed assets and tangible assets	-18.876,04	-19.722,49
7. Other operating expenses	-3.796.505,13	-3.594.099,89
8. Operating Income	300.785,87	286.530,17
9. Interest and similar expenses	-1.990,69	-1.969,02
- thererof from compounding: EUR 1,983.00 (p.y.: EUR 1,969.00)		
10. Taxes on income and profit from ordinary business operations	-82.940,72	-35.957,74
11. Profit after tax	215.854,46	248.603,41
12. Net Profit for the year	215.854,46	248.603,41

Bavaria Electrodes GmbH, Roethenbach a. d. Pegnitz

Notes to the Annual Financial Statements for the Financal Year from 01 April 2017 to 31 March 2018

A. General Information

Bavaria Electrodes GmbH ("the Company") is domiciled in Röthenbach a. d. Pegnitz and incorporated in the Register of Companies HRB 21198 maintained by the local civil Court Nuremberg.

The annual financial statements of Bavaria Electrodes GmbH were prepared in accordance with the regulations of the German Commercial Code (HGB) and the Limited Liability Company Act (GmbHG).

For the income statement the total cost method according to § 275 para. 2 HGB has been chosen. The company is a medium-sized company according to § 267 para. 2 HGB.

B. Accounting policies

The accounting and valuation policies applied in the previous year were retained. The accounting and valuation of items in the balance sheet and income statement are based on the going concern assumption according to § 252 sec. 1 Nr. 2 HGB.

The **fixed assets** acquired from the insolvency administrator of the Conradty Group, Dr. Pöhlmann, in August 2004 are valued at the acquisition costs, reduced by the regular straight-line depreciation assuming a remaining life of assets to be seven years for plant and machinery and ten years for building.

Newly acquired intangible assets and fixed assets are valued at the acquisition or production costs reduced by the straight-line depreciation. Assets manufactured in-house are valued according to the production costs considering adequate parts of the required general and administrative costs. Depreciation is done according to the current official tax depreciation tables.

Low-value assets with product related acquisition costs of up to EUR 150.00 are depreciated completely in the year of acquisition and shown in the asset table as disposal. Fixed assets with acquisition costs between EUR 150.00 (starting 2018: EUR 250) to EUR 1,000.00 are accumulated in a pool item. Depreciation is done in the year of purchase and the following four years. It is depreciated in the year it was recorded and the following four years and hence reducing profits.

Raw materials, supplies and operating materials are valued at their acquisition costs including the incidental acquisition expenses taking into account the lower of cost or market.

Accounts receivable and other assets are valued at their nominal value.

Cash on hand and **bank balances** are measured at nominal value.

The **prepaid expenses** relate to payments made before the reporting date, which represent expenses for a certain period after that date.

The **accruals for pensions and similar rights** are valued according to the projected-unit-credit method applying the tables 2005 G of Klaus Heubeck. An actuarial interest rate of 3,57 % and a pensions dynamic of 1,50 % are assumed. § 253 Sec. 2 sentence 1 and sec. 6 HGB were applied, using the average discount rate of the past 10 years. Consequently, the dividend payout restriction and active difference amount to kEUR 9.

Tax accruals and other accruals to cover any risk and expected/uncertain obligations are accounted in an amount required for the settlement on the basis of a reasonable commercial assessment and are recognized in consideration of the anticipated cost and price increase in the future. For short term accruals, the discounting option was not used.

Liabilities are accounted for in the balance sheet according to their settlement amount. All liabilities are short-term.

Deferred taxes
For discrepancies between the commercial valuation on the one hand and the tax base of assets, debts and accrued and deferred items which can expected to be settled in later financial years, according to § 274 HGB [German Commercial Code], an overall tax burden resulting from these differences shall be shown in the balance sheet as deferred tax liabilities. An overall tax relief resulting from these differences can be shown in the balance sheet as deferred tax assets. By exercising the option to capitalize deferred taxes no deferred tax assets are shown in the balance sheet.

C. Comments on the balance sheet

Fixed assets
The development of the individual items of the fixed assets is stated in asset table attached to these notes.

Receivables and other assets
The receivables and other assets have a residual maturity of up to one year in fiscal year as well as in the previous year. The receivables against affiliated companies relate to receivables from supplies and services.

Deferred taxes
Deferred taxes on pension accruals are not capitalized, in accordance with § 274 sec. 1 Sentence 2 of the HGB [German Commercial Code].

Other reserves and accrued liabilities
The accrued liabilities mainly include accruals for personnel accruals in the amount of kEUR 371(p.y.: kEUR 278), as well as outstanding invoices in the amount of kEUR 26 (p.y.: kEUR 47).

Payables due to affiliated companies
All liabilities have residual maturity of up to one year. Payables to affiliated companies are payables from supplies and services.

D. Comments on the income statement

Taxes on income
Taxes on income are related to trade tax (kEUR 47) and corporation tax and solidarity surcharge in the amount of kEUR 36. In addition, tax repayments for previous years in the amount of kEUR 1 are included.

E. Other disclosures

Contingencies, Guarantees
As at March 31, 2018 no contingencies or guarantees exist. Financial obligations for rent and leasing of equipment amount to kEUR 748. This is all due to affiliated companies.

Number of employees:

Blue-collar workers	99
White-collar workers	14
Total	113

Comments on the consolidated accounts
The annual financial statements of the company will be included in the consolidated accounts of Graphite International B. V., Rotterdam, Netherlands, which is a subsidiary of Graphite India Ltd., Kolkata, India. The consolidated accounts of Graphite India Ltd., Kolkata, India, the ultimate parent company, are published in India at National Stock Exchange and Bombay Stock Exchange in Bombay.

Management
In the financial year 2017/2018, management was carried out by:

Makarand Bhalchandra Gadgil, Nasik, India, Bachelor of Technology / Master of Business Administration (until 12 February 2018)
Adrian Nikolov Bojilov, Röthenbach / Pegnitz, Graduate Economist
Nitin Shridharrao Deshpande, Nasik, India, Graduate Mechanical Engineer

The company did not pay any compensation to the management. The compensations were paid by Bavaria Carbon Specialities GmbH, Röthenbach a.d. Pegnitz, and Graphite India Ltd., Kolkata, India.

Proposed appropriation of results
The net profit of the financial year and the retained profit shall be carried forward onto new account.

Events after balance sheet date
There are no events after the balance sheet date with an effect on the financial statements which would require disclosure.

Röthenbach a. d. Pegnitz, 11 May 2018

A.N. Bojilov N.S. Deshpande

DEVELOPMENT OF FIXED ASSETS DURING THE FINANCIAL YEAR 2017/18

	AQUISITION COSTS				ACCUMULATED DEPRECIATION				NET BOOK VALUE	
	1. Apr. 2017 EUR	Additions EUR	Disposals EUR	31. Mar. 18 EUR	1. Apr. 2017 EUR	Additions EUR	Disposals EUR	31. Mar. 18 EUR	31. Mar. 18 EUR	31. Mar. 17 EUR
PROPERTY, PLANT AND EQUIPMENT										
Technical equipment and machines	215.943,30	1.681,00	0,00	217.624,30	207.138,30	2.582,00	0,00	209.720,30	7.904,00	8.805,00
Other equipment, factory and office equipment	327.392,78	21.305,04	0,00	348.697,82	297.961,78	16.294,04	0,00	314.255,82	34.442,00	29.431,00
	543.337,08	22.986,04	0,00	566.322,12	505.100,08	18.876,04	0,00	523.976,12	42.346,00	38.236,00
	543.337,08	22.986,04	0,00	566.322,12	505.100,08	18.876,04	0,00	523.976,12	42.346,00	38.236,00

EXHIBIT 4

Bavaria Electrodes GmbH
Röthenbach an der Pegnitz
Management Report for the business year from 1. April 2017 until 31. March 2018

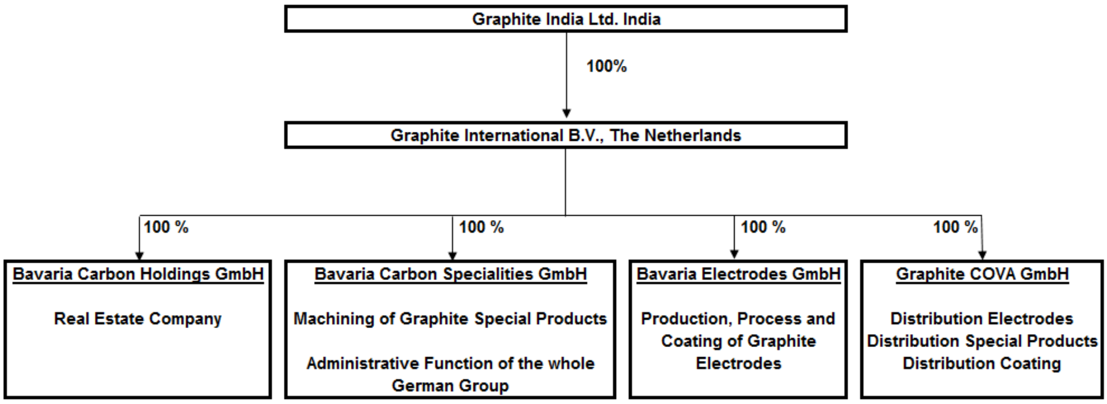
1. Business Model of the Company

The main business of the Company is to manufacture Graphite Electrodes, Speciality Products, Electrode Coating Services and other Miscellaneous Carbon and Graphite Products.

Graphite Electrode is used in electric arc furnace (EAF) based steel mills for conducting current and is a consumable item for the steel industry.

Group structure

Organisation Chart Graphite India Group



Bavaria Electrodes GmbH is a wholly owned subsidiary of the Graphite International BV, the Netherlands, which is a wholly owned subsidiary of Graphite India Ltd. India. Bavaria Electrodes GmbH deals with only production of Graphite Electrodes, Speciality products, Electrodes Coating services and misc. Carbon and Graphite Products. The selling of these goods is only done by fellow group company Graphite Cova GmbH.

The company is located in Grünthal 1 - 6, D-90552 Röthenbach an der Pegnitz, Germany.

a) Business- and Market Conditions

In spite of increase in production in 2017 as compare to 2016, the year 2017 witnessed lower utilization of steel capacities similar to 2007 before outbreak of the crisis. The year was marked by strong changes in the steel and graphite production in China as well as further restructuring of the worldwide electrode production.

b) Research and Development

Graphite India Ltd. pursues research and development activities on an on-going basis at its in-house research and development centre engaged in the innovation of improved products and processes in the field of Graphite and Carbon. R & D initiatives are in areas of raw materials, productivity, process development, reduction in carbon emissions etc. Many of the cost savings achieved were significant and in compliance with the “pollution control and clean environment norms”.

2. Overall Economic Report

a) Business Overview/Total Statement

At Bavaria Electrodes GmbH, Graphite Electrode production at 10,669 MT was higher as compared to 8,949 MT in 2016-17.

The Company earned profit of TEUR 216 during the year as against TEUR 249 in the previous year.

b) Economic Overall Situation and Trade Based Market Conditions

i. Economic Overall Situation Frame Conditions

The German Gross Domestic Product (GDP) rose by 2.2 per cent in 2017. This is the largest growth since 2011, when Germany recovered from the consequences of the global finance crisis. In 2016, the GDP rose by 1.9 per cent.

The strong economic upswing resulted from the consumers’ propensity to buy, more investments of many businesses and a strong global economy stimulating the demand for products which are “Made in Germany”. In 2017, German exporters are heading for the fourth record year in a row. In the first 11 months, machines, cars and other goods at a value of 1.18 trillion Euros were exported (a plus of 6.5 per cent).

The forecast says that the upswing is going to continue. The labour market is still improving, even though not quite as much as before. Wages are probably going to improve more than in the past few years.

ii. Trade Based Frame Conditions

World crude steel production reached 1,691.2 million tonnes (Mt) for the year 2017, up by 5.3% compared to 2016. Crude steel production increased in all regions in 2017 except in the CIS, which has remained stable (subject to current estimates).

Annual production for Asia was 1,162.5 Mt of crude steel in 2017, an increase of 5.4% compared to 2016. China's crude steel production in 2017 reached 831.7 Mt, up by 5.7% on 2016. China's share of world crude steel production increased from 49.0% in 2016 to 49.2% in 2017. Japan produced 104.7 Mt in 2017, down by -0.1% compared to 2016. India's crude steel production for 2017 was 101.4 Mt, up by 6.2% on 2016. South Korea produced 71.1 Mt of crude steel in 2017, an increase of 3.7% compared to 2016.

In 2017, the EU (28) produced 168.7 Mt of crude steel, an increase of 4.1% compared to 2016. Italy produced 24.0 Mt in 2017, up by 2.9% on 2016. Spain produced 14.5 Mt of crude steel in 2017, an increase of 6.2% compared to 2016.

Crude steel production in North America was 116.0 Mt, 4.8% higher than in 2016. The US produced 81.6 Mt of crude steel, up by 4.0% on 2016.

The World Steel's estimation of 2017 crude steel production in the CIS based on available data was 102.1 Mt, the same amount as in 2016. Russia produced 71.3 Mt of crude steel in 2017, up by 1.3% on 2016. Ukraine recorded a decrease of 6.4% with a year-end figure of 22.7 Mt.

Annual crude steel production for South America was 43.7 Mt in 2017, an increase of 8.7% on 2016. Brazil produced 34.4 Mt in 2017, up by 9.9% compared to 2016.

In 2018:

The World Steel's Association (world steel) released its October 2017 Short Range Outlook (SRO). In 2018, it is forecast that global steel demand will reach 1,648.1 Mt. world steel forecasts that global steel demand excluding China will reach 856.4 Mt, an increase of 2.6% in 2017 and 882.4 Mt, an increase of 3.0% in 2018.

Commenting on the outlook, it was said, "progress in the global steel market this year to date has been encouraging. We have seen the cyclical upturn broadening and firming throughout the year, leading to better than expected performances for both developed and developing economies, although the MENA region and Turkey have been an exception".

The risks to the global economy, such as rising populism/protectionism, US policy shifts, EU election uncertainties and China deceleration, although remaining, have to some extent abated. This leads us to conclude that we now see the best balance of risks since the 2008 economic crisis. However, escalating geopolitical tension in the Korean peninsula, China's debt problem and rising protectionism in many locations continue to remain risk factors.

"In 2018, we expect global growth to moderate, mainly due to slower growth in China, while in the rest of the world, steel demand will continue to maintain its current momentum.

So, world steel demand is recovering well, driven largely by cyclical factors rather than structural. The lack of a strong growth engine to replace China and a long term decline in steel intensity due to technological and environmental factors will continue to weigh on steel demand in the future."

c) Situation of the Company

i. Profitability Situation

	2017-18 kEUR	**% with sales**	**2016-17 kEUR**	**% with sales**
Net Sales	15,129		13,095	
Other Income	36		80	
Total Income	15,165		13,175	
Operating Expenses	14,845	**97.90**	12,868	**97.67**
PBIDT	320	**2.10**	307	**2.33**
Interest	2		2	
PBDT	318	**2.09**	305	**2.31**
Depreciation	19	**0.13**	20	**0.15**
PBT	299	**1.97**	285	**2.16**
Tax	83	**0.54**	36	**0.27**
PAT	216	**1.42**	249	**1.89**

The company produced electrodes 10.669 mt. in the year 2017-18 as against 8.949 mt in previous year.

Revenues during the current period is increased by 16%, this is due to an increase in the quantity sold.

Operating expenses increased in proportion to revenues in current period compare to 2016-17.

ii. Financial Situation

	2017-18 kEUR	%	2016-17 kEUR	%
Equity	3,113		2,897	
Return on Equity		**6.94**		**8.60**
Accruals	568		416	
Liabilities	3,258		2,537	
Total Debts	3,826		2,953	
Debt Equity Ratio		**122.61**		**101.93**
FIXED ASSETS	**42**		**38**	
Inventories	448		454	
Trade Receivables	2		1	
Receivables from affiliated companies	6,296		5,162	
Other Receivables	109		148	
Cash	35		30	
Prepaid Expenses	5		16	
SHORT TERM ASSETS	**6,895**		**5,811**	
Accruals for Taxes	24		10	
Other Accruals	544		406	
Trade Payables	1,094		915	
Payables due to affiliated companies	2,128		1,589	
Other Payables	35		33	
Short & Medium Term Liabilities	**3,826**		**2,953**	
Current Ratio		**180.21**		**196.78**

Due to increased electrode production in last quarter both receivables from and payables to affiliated company are increased.

Trade payables are increased in current period as compared to 2016 - 17. This increase is due to increase in domestic payables.

Other accruals are increased in current period compared to 2016 - 17 due to increase in employee related provisions.

d) Financial and Non-financial Performance Factors

i. Financial Performance Factors

The company earned profit of kEUR 216 as against kEUR 249 in the previous year 2016-17.

The global market for graphite electrodes is dominated by a few producers. Lower Steel production through EAF route resulted in excess capacity of graphite electrodes. Hence Company could produce to the extent of around 61% in 2017-18.

ii. Non-Financial Performance Factors

Product quality has been further stabilised on a level allowing comparison to that of the leading graphite producers. Customer acceptance is encouraging. Confidence on the part of customers, suppliers and authorities keeps on growing. However the capacity of the Company is restricted to graphite electrodes of 550 mm diameter. The technology of steel making has undergone significant advancements. Hence, in tune with the improved quality requirements of customers. It is imperative to scale up and modernize the production facility.

Modernization of production facility will start once the market is improved.

The company has already initiated rationalisation measures for controlling costs.

e) Comparison to Previous Year

In the management report for the previous year, the company expected a further positive development of economic growth in 2017/2018, a moderate growth of the entire steel industry and an improvement in sales as well as profit after tax. For the above mentioned reasons, sales have increased but profits have stagnated.

3. Supplementary Report

There were no events with a material influence on the financial statements as of 31 March 2018.

4. Forecast, Chance and Risk Report

A) Forecast Report

The Company looks forward to improving its performance in the Financial Year 2018-19 following favourable business indications of global steel industry brightening and extension of the market in other continents. In 2018, the global steel industry is expected to grow, even though at a lower rate. A change in the steel production route - from BOF to EAF will have a further positive effect, even if the total steel quantity produced is not increased significantly. Therefore, due to increased demand, we expect a strong increase in revenues paired with a moderate increase in profits since costs are also expected to rise disproportionately.

With the revival of global industry and extension to new markets, the Company expects increase in demand and improvement in results. For the business year 2018-19, the company expects a further positive development of the global consolidation of the market for Graphite Electrodes.

It cannot be excluded that the actual business will diverge from expectations, because of some unforeseeable developments in the economic and commercial environment of the market.

B) Risk Report

i. Risk Management System

The company is integrated into the risk management system of the parent company. The implemented risk management system of the company uses appropriate management tools and indicators in the key areas sales and earnings development, raw material management, sales and production control as well as financing and securing of liquidity.

The integrated early detection system based on rolling budgeting is aimed at the early identification of business risks, to analyse and to classify them, to be able to handle issues which threaten the existence, in time. The management receives information on risk-relevant issues in regular reports. Depending on requirements, supplementary reports to individual circumstances can be created.

Based on the controlling reports and rolling expansions for the current business year all significant developments are presented and explained in detail by the department heads in regular meetings with the management, the current risk situation is discussed and appropriate measures to control the development of the company are defined.

The business development of the company is regularly discussed and coordinated with the parent company Graphite India.

ii. General Risks

It is undeniable that business projections have an inherent element of uncertainty of unknown elements like sudden reversal of positive trends leading to economic slowdown resulting in possible negative growth for steel, automotive and infrastructure industries slowing down which in turn may adversely impact the prospects for our industry.

It is not only the steel industry which plays a quite decisive role but also the development in raw material and energy prices as well as the market leaders' pricing policy, influence our performance.

iii. Specials Risks

a) Market Risks

The global market for graphite electrodes is in a consolidation phase. In business year 2014/2015 dominant competitors decided the reduction of production capacity in the amount of 120.000 tons. The reduction of this capacity to adapt to the reduced demand from the steel industry is essential for the consolidation of the industry. The timing and extent of the positive effects of these measures on the consolidation of the industry are fraught with uncertainties. In August 2015, one of the biggest electrode producers – GrafTech – was sold to Investment Group Brookfield. As a consequence, the electrode stocks which the new owner had taken over, were sold heavily, resulting in a strong decline in prices. The company expects a normalization of the markets in one to two years.

In 2017. SGL decided to sell it’s electrode production. The plants in Europe and Malaysia were sold to SDK and the plants in the U.S. were sold to Tokai. Japan. This way a new giant emerged – SDK – with approx. 255.000 mt of electrode production.

Because of the reduced total demand for electrodes in Europe and the continuosly growing import of Chinese electrodes in this market in the past, the company has started extending the market outside Europe. The increased share of sales to customers outside of Europe has proven this decision right. The Company markets Graphite Electrodes under the brand name of ‘COVA’, which has good acceptance in the market.

Summarising the risk factors the company expect that the steel and also electrodes market will improve in due course.

b) Sales Risks

The product Graphite Electrode involves various manufacturing processes and hence needs to be produced as per requirement of Cova. The production planning is based on expected market developments from the global steel industry and specific requirements of the major steel industry customers. Risks may happen when the actual demand for graphite electrodes deviate from the expectations of the production. The sale of goods is only done via the fellow group company Graphite Cova GmbH. there is therefore a sales risk.

c) Risks from Energy- and Raw Material Prices

Company has ensured the supply of electricity and gas, contracts for regular supply of them are renewable before the end of the existing contracts. For the amendment of the Renewable Energies Act (EEG), no significant changes in subsidization of electricity consumption for the company are expected.

d) Risks resulting from the use of financial instruments

The company is not using any external financing, therefore there is no material interest rate risk. Furthermore, the only customers are other group companies, therefore the default risk is considered low. Revenues and expenses are only generated in EUR, hence there is no currency risk.

C) OPPORTUNITY REPORT

Through the involvement of society in the globally active group of Graphite India, additional market opportunities generated outside Europe and cost benefits from the globally organized production network. The Company expects significant benefits from the consolidation of the industry in the next one to two years.

Acknowledgement

The Management takes this opportunity to place on record its appreciation of the assistance and support extended by all government authorities, consultants, solicitors, customers, vendors and others. Special thanks to the banks for having shown their confidence in the company. The Management also expresses their appreciation for the dedicated and sincere services rendered by employees of the Company.

A special acknowledgement to the technical team and management of Graphite India for extending support from time to time during the year.

Röthenbach an der Pegnitz. 11. May 2018

A. N. Bojilov N. S. Deshpande

LEGAL BACKGROUND

-	Company name	Bavaria Electrodes GmbH
-	Registered seat	Röthenbach an der Pegnitz
-	Commercial Register	Amtsgericht Nürnberg HRB 21198
-	Articles of Association	Latest version dated 28 November 2006
-	Financial year	1 April – 31 March
-	Purpose of the company	Production and manufacturing of graphite and carbon products, graphite and carbon electrodes, anodes, cathodes and carbon paste for the usage in electric arc furnaces for the electric steel industry and the non-metall-manufacturing industry.
-	Share capital	EUR 100,000.00 (fully paid in) – single shareholder is GIBV)
-	Shareholder	Graphite International B.V., Rotterdam / The Netherlands
-	Shareholder resolutions	Shareholder resolutions on 27 November 2017 - Approval of Financial statements as of 31 March 2017 - Relief of management from their duties for financial year 2016/17 - Carry on of profit 2016/17 - Appointment of RSM Altavis GmbH as auditors for year end 31 March 2018 Shareholder resolutions on 12 February 2018 - Installation of an advisory board with the following members: Gadgil, Makarand Bhalchandra Dixit, Ashutosh

- Management
    - Bojilov, Adrian Nikolov
    - Gadgil, Makarand Bhalchandra (until 12 February 2018)
    - Desphande, Nitin Shridharrao

- Proxies
    - Atawane, Ishwar Tukaram
    - Renner, Helmut
    - Sasle, Suryakant Laxman
    - Shenoy, Vittaldas

No material change subsequent to balance sheet date.

EXHIBIT 6

ECONOMIC BACKGROUND

1. Intercompany Contracts

Lease agreement regarding immovables from BCH dated 9 September 2004 (start of lease period 13 August 2004). Automatic renewal when no termination is done. Maintenance and smaller repairs need to be covered by the lessee. Leasing costs amount to 137.5 kEUR per year.

Lease agreement for equipment (mainly production machines and tools) with GC dated 9 September 2004. Automatic renewal when no termination is done. Lessee has to pay for all repairs, auxiliary costs and insurance. Rent is 15% of acquisition costs per year.

Production agreement with GC dated 9 September 2004. Automatic renewal if no termination is done. Bavaria Electrodes is instructed to produce graphite electrodes. Fee is cost plus 4%.

General services agreement with BCS dated 9 September 2004. Automatic renewal in case no termination is done. BCS is performing services such as accounting, IT, HR and administration of property. Fee is cost plus 7%, excluding third party costs that are covered directly.

2. Public law contract

Contract with State of Bavaria dated 14 July 2004 regarding contamination on the property now belonging to BCH.

EXHIBIT 7

TAX BACKGROUND

- Tax authority	Nürnberg
- Tax ID	241/122/12120
- Tax group	Tax group for VAT purposes
- Head of tax group	GC
- Applicable taxes	Trade tax, corporate income tax.
- Tax returns and assessments	Tax returns for 2016 are field.
- Tax field audits	Tax field audits regarding 2009 – 2013 have been completed in 2017/2018. Results are completely in corporated in current year's financial statements

[Translator's notes are in square brackets]

General Engagement Terms
for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors and Public Audit Firms]
as of January 1, 2017

1. Scope of application

(1) These engagement terms apply to contracts between German Public Auditors (*Wirtschaftsprüfer*) or German Public Audit Firms (*Wirtschaftsprüfungsgesellschaften*) – hereinafter collectively referred to as "German Public Auditors" – and their engaging parties for assurance services, tax advisory services, advice on business matters and other engagements except as otherwise agreed in writing or prescribed by a mandatory rule.

(2) Third parties may derive claims from contracts between German Public Auditors and engaging parties only when this is expressly agreed or results from mandatory rules prescribed by law. In relation to such claims, these engagement terms also apply to these third parties.

2. Scope and execution of the engagement

(1) Object of the engagement is the agreed service – not a particular economic result. The engagement will be performed in accordance with the German Principles of Proper Professional Conduct (*Grundsätze ordnungsmäßiger Berufsausübung*). The German Public Auditor does not assume any management functions in connection with his services. The German Public Auditor is not responsible for the use or implementation of the results of his services. The German Public Auditor is entitled to make use of competent persons to conduct the engagement.

(2) Except for assurance engagements (*betriebswirtschaftliche Prüfungen*), the consideration of foreign law requires an express written agreement.

(3) If circumstances or the legal situation change subsequent to the release of the final professional statement, the German Public Auditor is not obligated to refer the engaging party to changes or any consequences resulting therefrom.

3. The obligations of the engaging party to cooperate

(1) The engaging party shall ensure that all documents and further information necessary for the performance of the engagement are provided to the German Public Auditor on a timely basis, and that he is informed of all events and circumstances that may be of significance to the performance of the engagement. This also applies to those documents and further information, events and circumstances that first become known during the German Public Auditor's work. The engaging party will also designate suitable persons to provide information.

(2) Upon the request of the German Public Auditor, the engaging party shall confirm the completeness of the documents and further information provided as well as the explanations and statements, in a written statement drafted by the German Public Auditor.

4. Ensuring independence

(1) The engaging party shall refrain from anything that endangers the independence of the German Public Auditor's staff. This applies throughout the term of the engagement, and in particular to offers of employment or to assume an executive or non-executive role, and to offers to accept engagements on their own behalf.

(2) Were the performance of the engagement to impair the independence of the German Public Auditor, of related firms, firms within his network, or such firms associated with him, to which the independence requirements apply in the same way as to the German Public Auditor in other engagement relationships, the German Public Auditor is entitled to terminate the engagement for good cause.

5. Reporting and oral information

To the extent that the German Public Auditor is required to present results in writing as part of the work in executing the engagement, only that written work is authoritative. Drafts are non-binding. Except as otherwise agreed, oral statements and explanations by the German Public Auditor are binding only when they are confirmed in writing. Statements and information of the German Public Auditor outside of the engagement are always non-binding.

6. Distribution of a German Public Auditor's professional statement

(1) The distribution to a third party of professional statements of the German Public Auditor (results of work or extracts of the results of work whether in draft or in a final version) or information about the German Public Auditor acting for the engaging party requires the German Public Auditor's written consent, unless the engaging party is obligated to distribute or inform due to law or a regulatory requirement.

(2) The use by the engaging party for promotional purposes of the German Public Auditor's professional statements and of information about the German Public Auditor acting for the engaging party is prohibited.

7. Deficiency rectification

(1) In case there are any deficiencies, the engaging party is entitled to specific subsequent performance by the German Public Auditor. The engaging party may reduce the fees or cancel the contract for failure of such subsequent performance, for subsequent non-performance or unjustified refusal to perform subsequently, or for unconscionability or impossibility of subsequent performance. If the engagement was not commissioned by a consumer, the engaging party may only cancel the contract due to a deficiency if the service rendered is not relevant to him due to failure of subsequent performance, to subsequent non-performance, to unconscionability or impossibility of subsequent performance. No. 9 applies to the extent that further claims for damages exist.

(2) The engaging party must assert a claim for the rectification of deficiencies in writing (*Textform*) [*Translators Note: The German term "Textform" means in written form, but without requiring a signature*] without delay. Claims pursuant to paragraph 1 not arising from an intentional act expire after one year subsequent to the commencement of the time limit under the statute of limitations.

(3) Apparent deficiencies, such as clerical errors, arithmetical errors and deficiencies associated with technicalities contained in a German Public Auditor's professional statement (long-form reports, expert opinions etc.) may be corrected – also versus third parties – by the German Public Auditor at any time. Misstatements which may call into question the results contained in a German Public Auditor's professional statement entitle the German Public Auditor to withdraw such statement – also versus third parties. In such cases the German Public Auditor should first hear the engaging party, if practicable.

8. Confidentiality towards third parties, and data protection

(1) Pursuant to the law (§ [Article] 323 Abs 1 [paragraph 1] HGB [German Commercial Code: *Handelsgesetzbuch*], § 43 WPO [German Law regulating the Profession of Wirtschaftsprüfer: *Wirtschaftsprüferordnung*], § 203 StGB [German Criminal Code: *Strafgesetzbuch*]) the German Public Auditor is obligated to maintain confidentiality regarding facts and circumstances confided to him or of which he becomes aware in the course of his professional work, unless the engaging party releases him from this confidentiality obligation.

(2) When processing personal data, the German Public Auditor will observe national and European legal provisions on data protection.

9. Liability

(1) For legally required services by German Public Auditors, in particular audits, the respective legal limitations of liability, in particular the limitation of liability pursuant to § 323 Abs. 2 HGB, apply.

(2) Insofar neither a statutory limitation of liability is applicable, nor an individual contractual limitation of liability exists, the liability of the German Public Auditor for claims for damages of any other kind, except for damages resulting from injury to life, body or health as well as for damages that constitute a duty of replacement by a producer pursuant to § 1 ProdHaftG [German Product Liability Act: *Produkthaftungsgesetz*], for an individual case of damages caused by negligence is limited to € 4 million pursuant to § 54 a Abs. 1 Nr. 2 WPO.

(3) The German Public Auditor is entitled to invoke demurs and defenses based on the contractual relationship with the engaging party also towards third parties.

(4) When multiple claimants assert a claim for damages arising from an existing contractual relationship with the German Public Auditor due to the German Public Auditor's negligent breach of duty, the maximum amount stipulated in paragraph 2 applies to the respective claims of all claimants collectively.

(5) An individual case of damages within the meaning of paragraph 2 also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty regardless of whether the damages occurred in one year or in a number of successive years. In this case, multiple acts or omissions based on the same source of error or on a source of error of an equivalent nature are deemed to be a single breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the German Public Auditor is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(6) A claim for damages expires if a suit is not filed within six months subsequent to the written refusal of acceptance of the indemnity and the engaging party has been informed of this consequence. This does not apply to claims for damages resulting from scienter, a culpable injury to life, body or health as well as for damages that constitute a liability for replacement by a producer pursuant to § 1 ProdHaftG. The right to invoke a plea of the statute of limitations remains unaffected.

10. Supplementary provisions for audit engagements

(1) If the engaging party subsequently amends the financial statements or management report audited by a German Public Auditor and accompanied by an auditor's report, he may no longer use this auditor's report.

If the German Public Auditor has not issued an auditor's report, a reference to the audit conducted by the German Public Auditor in the management report or any other public reference is permitted only with the German Public Auditor's written consent and with a wording authorized by him.

(2) If the German Public Auditor revokes the auditor's report, it may no longer be used. If the engaging party has already made use of the auditor's report, then upon the request of the German Public Auditor he must give notification of the revocation.

(3) The engaging party has a right to five official copies of the report. Additional official copies will be charged separately.

11. Supplementary provisions for assistance in tax matters

(1) When advising on an individual tax issue as well as when providing ongoing tax advice, the German Public Auditor is entitled to use as a correct and complete basis the facts provided by the engaging party – especially numerical disclosures; this also applies to bookkeeping engagements. Nevertheless, he is obligated to indicate to the engaging party any errors he has identified.

(2) The tax advisory engagement does not encompass procedures required to observe deadlines, unless the German Public Auditor has explicitly accepted a corresponding engagement. In this case the engaging party must provide the German Public Auditor with all documents required to observe deadlines – in particular tax assessments – on such a timely basis that the German Public Auditor has an appropriate lead time.

(3) Except as agreed otherwise in writing, ongoing tax advice encompasses the following work during the contract period:

a) preparation of annual tax returns for income tax, corporate tax and business tax, as well as wealth tax returns, namely on the basis of the annual financial statements, and on other schedules and evidence documents required for the taxation, to be provided by the engaging party

b) examination of tax assessments in relation to the taxes referred to in (a)

c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)

d) support in tax audits and evaluation of the results of tax audits with respect to the taxes referred to in (a)

e) participation in petition or protest and appeal procedures with respect to the taxes mentioned in (a).

In the aforementioned tasks the German Public Auditor takes into account material published legal decisions and administrative interpretations.

(4) If the German Public auditor receives a fixed fee for ongoing tax advice, the work mentioned under paragraph 3 (d) and (e) is to be remunerated separately, except as agreed otherwise in writing.

(5) Insofar the German Public Auditor is also a German Tax Advisor and the German Tax Advice Remuneration Regulation (*Steuerberatungsvergütungsverordnung*) is to be applied to calculate the remuneration, a greater or lesser remuneration than the legal default remuneration can be agreed in writing (*Textform*).

(6) Work relating to special individual issues for income tax, corporate tax, business tax, valuation assessments for property units, wealth tax, as well as all issues in relation to sales tax, payroll tax, other taxes and dues requires a separate engagement. This also applies to:

a) work on non-recurring tax matters, e.g. in the field of estate tax, capital transactions tax, and real estate sales tax;

b) support and representation in proceedings before tax and administrative courts and in criminal tax matters;

c) advisory work and work related to expert opinions in connection with changes in legal form and other re-organizations, capital increases and reductions, insolvency related business reorganizations, admission and retirement of owners, sale of a business, liquidations and the like, and

d) support in complying with disclosure and documentation obligations.

(7) To the extent that the preparation of the annual sales tax return is undertaken as additional work, this includes neither the review of any special accounting prerequisites nor the issue as to whether all potential sales tax allowances have been identified. No guarantee is given for the complete compilation of documents to claim the input tax credit.

12. Electronic communication

Communication between the German Public Auditor and the engaging party may be via e-mail. In the event that the engaging party does not wish to communicate via e-mail or sets special security requirements, such as the encryption of e-mails, the engaging party will inform the German Public Auditor in writing (*Textform*) accordingly.

13. Remuneration

(1) In addition to his claims for fees, the German Public Auditor is entitled to claim reimbursement of his expenses; sales tax will be billed additionally. He may claim appropriate advances on remuneration and reimbursement of expenses and may make the delivery of his services dependent upon the complete satisfaction of his claims. Multiple engaging parties are jointly and severally liable.

(2) If the engaging party is not a consumer, then a set-off against the German Public Auditor's claims for remuneration and reimbursement of expenses is admissible only for undisputed claims or claims determined to be legally binding.

14. Dispute Settlement

The German Public Auditor is not prepared to participate in dispute settlement procedures before a consumer arbitration board (*Verbraucherschlichtungsstelle*) within the meaning of § 2 of the German Act on Consumer Dispute Settlements (*Verbraucherstreitbeilegungsgesetz*).

15. Applicable law

The contract, the performance of the services and all claims resulting therefrom are exclusively governed by German law.