GRAPHITE INTERNATIONAL B.V.

at Rotterdam

Annual report over the period
1 April 2017 till 31 March 2018

Table of contents

RSM Netherlands Accountants N.V.

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To the Shareholders and Board of Directors of
Graphite International B.V.
attn. H. Jansen/S.W.Parnerkar
Claudius Prinsenlaan 144
4818CP BREDA

Utrecht, 11 May 2018
Ref.: 19765/2018

Dear Sirs,

Following your request we have audited the financial statement of Graphite International B.V., Rotterdam, over the period 1 April 2017 till 31 March, 2018, included in this report, on 11th May 2017 we have issued our audit opinion on these financial statement. Our audit opinion is included under paragraph Other Information.

General

Appropriation of the result for the period 1 April 2016 till 31 March 2017

The net loss of the period 1 April 2016 till 31 March 2017 has been deducted from the other reserves in accordance with the decision of the General Meeting of Shareholders, following the proposed result appropriation included in the annual accounts 2016/2017.

Proposed appropriation of the profit for the period 1 April 2017 till 31 March 2018

It is proposed that the 2017/2018 profit will be added to the other reserves. According to statutory and legal regulations the profit for the year 2017/2018 is added to the other reserves.

Due to statutory and legal regulations the majority of theprofit is not at the free disposal of the General Meeting, therefore - in advance of appropriation of the profit by the General Meeting - this part of the result appropriation is incorporated in the annual accounts.

RSM

Fiscal position

Corporate income tax(current)

Graphite International B.V. is independently taxable for 2017/2018 corporation taxes. The company taxable amount (excluding deferred tax asset) has been calculated as follows:

(in euros)	*2017/2018*
Net income	451.931
Add: Other Expenses not deductible for tax purposes	57.420
Deduct: fiscal losses previous years	-
Taxable amount	509.351

Calculation corporate tax	
20% of € 200.000	40.000
25% of € 309.351	77.337
Payable corporate tax	117.337

The taxes on income in the consolidated profit and loss account for 2017/2018 can be specified as follows:

	2017/2018
Taxes on income entity in The Netherlands	117.337
Taxes on income entities in Germany	1.077.320
GAAP Adjustment Germany	11.594
Deferred tax asset Germany	-5.795.590
	-4.589.339

Please do not hesitate to contact us if you require further details.

Yours sincerely,
RSM Netherlands Accountants N.V.,
for and on behalf of,

WAS SIGNED

drs. M. Hammer RA

Management Report for 01-April-2017 to 31-March-2018

1. The Company is a wholly owned subsidiary of Graphite India Limited, India.

2. Graphite International B.V. is a holding company, managing and financing its subsidiaries and exploring its trademarks and patents. The Company trades in raw materials and goods, and provides (under lease agreements) machinery and equipment related to the graphite and carbon industry. The Company will persevere in its efforts to explore further opportunities in this line of business.

   The Company is the owner of trademark 'COVA' and Graphite Electrodes manufactured by the German subsidiary are marketed under this brand.

   Earning by way of Patents and Trademarks was Euro 574,202.79 during the year.

3. **Subsidiaries:**

   The following are the four subsidiaries of the Company, based in Germany, (hereinafter referred commonly as the Graphite Cova Group Companies):

   - GraphiteCova GmbH
   - Bavaria Electrodes GmbH
   - Bavaria Carbon Specialities GmbH
   - Bavaria Carbon Holdings GmbH

4. **Financial Performance:**

The financial performance of the Company is given in the following Table -

All figures in thousand Euro

Particulars	Graphite International B.V.		Graphite International B.V. Group	
	2017-18	2016-17	2017-18	2016-17
INCOME				
Revenuefrom operations	574	303	51,875	32,510
OtherIncome	-	-	461	600
Total Revenue	**574**	**303**	**52,336**	**33,110**
Less: Operating expenses	122	84	40,936	37,181
Profit/(Loss) before Finance Cost and depreciation	**452**	**219**	**11,400**	**(4,071)**
Less : Finance Cost	-	-	433	357
Profit/(Loss) before depreciation and tax	452	219	10,967	(4,428)
Less : Depreciation	-	-	669	635
Profit/(Loss) beforetaxation	**452**	**219**	**10,298**	**(5,063)**
Less: Provisionfortaxation	117	52	(4,589)	115
Profit/(Loss) for the year	**335**	**167**	**14,887**	**(5,178)**

5. Discussion on Operation of Subsidiaries:

The manufacturing facilities of Subsidiary Companies comprise two divisions namely Graphite Electrodes and Graphite Specialties, all located in Roethenbach, Germany. The Graphite Electrodes division manufactures Graphite electrodes for use in Electric Arc Furnace (EAF) based steel mills. The Specialties division manufactures graphite/carbon based machined components, crucibles, therapeutic carbon, carbon brushes, heating elements, pumps, bricks and a host of other products for a variety of applications in chemical, electrical, electronic and mechanical engineering industries.

The Coating renders a high-tech and an inimitable anti-oxidation surface coating for graphite electrodes which significantly improves the performance of the electrodes while in use in the EAF steel mills.

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.

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). World steel forecasts global steel demand will reach 1,622.1 Mt in 2017. 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."

6. Borrowing facilities of Subsidiary companies from Banks:

The working capital limit from bank was TEUR 24,000 as at 31st March, 2018. Total utilisation of fund based limits from bank was TEUR 14,500 at the end of the year.

The total funding is provided by Citibank against collateral in the form of Corporate Guarantee of TEUR 24,000 from Graphite India Limited.

Utilisation of bank limit by the end of the year was Euro 14.50 mn compared to Euro 19.10 mn in the previous year. Collections in USD were sold from time to time based on availability and requirements for payment in USD.

7. Dividend:

No dividend is proposed for the year.

8. Outlook:

The Company looks forward to improving its performance in the Financial Year 2018/2019 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.

With the revival of global industry and extension to new markets, the Company expects growth in sales and an improvement in results. For the business year 2018/2019, the company expects a further positive development of the global consolidation of the market for Graphite Electrodes and expects sales above Euro 200 Million, the increase being mainly due to an increase in quantities sold and the sale rate. A positive annual net result of approx. Euro 120 Million before tax is expected. The budget 2018 - 19 is based on a sales volume of 15,775 MT for finished 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.

9. Human Resources:

The Management wishes to place on record its appreciation of the contribution made by employees at all levels. The total strength of employees was 209 Numbers during 2017-18. The personnel and social security for all employees of the company is organized on the basis of the requirements of the applicable German Law.

10. Composition Board of Managing Directors and Supervisory Board:

In 2017, the composition of the Board of Managing Directors did not change compared to 2016. As a consequence the gender diversity is unbalanced considering the new legislation pertaining the Act on Management and Supervision. This act provides guidelines for board positions held by women and men (at least 30%). The Company is willing to increase the number of female members if a qualified candidate shows up.

11. Risks and Concerns:

The Company sells products primarily to the EAF steel manufacturing industry. Steel industry historically has been highly cyclical and is affected significantly by general economic conditions. Significant customers for the steel industry include companies in the automotive, construction, appliance, machinery, equipment and transportation industries, which are industries that were negatively affected by the general economic downturn and deterioration in financial markets, including severely restricted liquidity and credit availability, in the recent past. In particular, EAF steel production declined approximately 17% from 2008 to 2009 which further declined approximately 10% from 2011 to 2015 due to global steel production overcapacity driven largely by Chinese BF steel production. Since 2016, however, the EAF steel market has rebounded strongly and resumed its long-term growth trajectory. Customers, including major steel producers, have in the past experienced and may again experience downturns or financial distress that could adversely impact the Company.

In 2017, SGL decided to sell its electrode production division. 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.

Petroleum needle coke is the primary raw material used in the production of graphite electrodes. Supply of petroleum needle coke has been limited starting in the second half of 2017 as the demand has outpaced supply due to increasing demand for production of lithium-ion batteries used in electric vehicles. Similarly the availability of price of other domestic materials may adversely impact the operations and/or margins of the Company.

12. Acknowledgement:

The Management takes this opportunity to place on record its appreciation of the assistance and support extended by all government authorities, bankers, consultants, solicitors and others.

The Management also express their appreciation for the dedicated and sincere services rendered by the employees of the German Subsidiaries.

Graphite International B.V. put on record the support and assistance provided by the Management team of Graphite India Limited to the German Subsidiaries.

Date: 11 May 2018

J.W.P. Jansen	L.F.S. Bagchus	S. W. Parnerkar

FINANCIAL STATEMENTS

CONSOLIDATIONAND ACCOUNTING PRINCIPLES

REGISTERED ADDRESS AND REGISTRATION NUMBER TRADE REGISTER
The registered city is Rotterdam The Netherlands and actual address of Graphite International B.V. is Claudius Prinsenlaan 144, 4818CP Breda The Netherlands.

INCORPORATION
The Company was incorporated on 27 November 2003.

BASIS OF PREPARATION
These financial statements have been prepared in accordance with the generally accepted accounting principles under the historical cost convention on accrual basis, based on Dutch GAAP.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle. Based on the nature of products and the time between the acquisition of assets for processing and their realisation in cash and cash equivalents, the company has ascertained its operating cycle as twelve months for the purpose of current/non - current classification of assets and liabilities.

LINE OF BUSINESS
Graphite International B.V. is primary a holding company managing and financing subsidiaries and exploiting trademarks and patents. Secondary, the company trades raw materials and trading goods and provides (under lease agreements) machinery and equipment related to the graphite and carbon industry. The subsidiaries' main objective is to manufacture and market graphite electrodes, special products and other carbon and graphite products.

PARENT COMPANY
Graphite International B.V. forms part of a group with Graphite India Ltd. as parent company. The financial statements of Graphite International B.V. are fully consolidated in the consolidated statements of Graphite India Ltd, which are filed at the Register of Companies at West Bengal, India.

PRINCIPLES OF CONSOLIDATION
The consolidated accounts comprise the fully consolidated financial statements of Graphite International B.V. and its group companies in which Graphite International B.V. has majority control. The financial statements of the parent and its subsidiaries are combined on a line by line basis by adding together like items of assets, liabilities, equity, income and expenses.

Unrealised intercompany results included in inventories at balance sheet date, resulting from intercompany transactions and intercompany balances, have been eliminated.

There are no unconsolidated investments.The consolidated accounts comprise the financial statements of:

- Graphite International B.V, Rotterdam;
- Bavaria Carbon Specialties GmbH, Germany (100%);
- Bavaria Electrodes GmbH, Germany (100%);
- Bavaria Carbon Holdings GmbH, Germany (100%);
- Graphite Cova GmbH, Germany (100%).

FOREIGN CURRENCY TRANSACTIONS
Transactions in foreign currency are recorded at exchange rates prevailing on the date of the transaction. At the year-end, monetary assets and liabilities denominated in foreign currencies are restated at the year-end exchange rates. The resultant exchange differences (other than relating to long-term foreign currency monetary items) arising from settlement of foreign currency transactions and from the year-end restatement are recognised in the Profit and Loss Statement.

Exchange differences arising on reporting of long-term foreign currency monetary items (i) relating toacquisition of depreciable capital assets is adjusted to the carrying amount of such assets (to be depreciated over the balance life of the related asset) and (ii) in other cases accumulated in a 'Foreign Currency Monetary Item Translation Difference Account' (to be amortised over the balance period of the related long-term monetary asset/ liability).

Premium or discount arising at the inception of a forward exchange contract entered into to hedge an existing asset / liability is amortised as expense or income over the life of the contract.

USE OF ESTIMATES
The preparation of financial statements in conformity with generally accepted accounting principles requires the management to make estimates and assumptions that effect the reported amount of assets and liabilities as of the balance sheet date, reported amount of revenues and expenses for the year and disclosure of contingent liabilities as of the balance sheet date. The estimates and assumptions used in these financial statements are based upon management's evaluation of relevant facts and circumstances as of the date of the financial statements. Actual results could differ from these estimates.

FINANCIAL INSTRUMENTS
Under the financial instruments are both primary financial instruments, such as receivables and payables, and derivatives meant. For the accounting principles of the primary financial instruments, we refer to the notes of the specific balance sheet item.

DERIVATIVE CONTRACTS
In respect of derivative contracts (other than forward exchange contracts entered into hedge an existing assets/liability), gains/losses on settlement and mark-to-market loss, if any, on outstanding contracts as at balance sheet date are recognised in the profit and loss statement and mark-to-market gain, if any, on outstanding contracts as at balance sheet date is ignored. Refer note above for forward exchange contracts entered into to hedge an existing asset/liability.

INTANGEBLE AND TANGIBLE FIXED ASSETS
Tangible assets are stated at cost of acquisition net of accumulated depreciation and accumulated impairment losses, if anyintangible assets are stated at cost of acquisition net of accumulated amortization and accumulated impairment losses, if any.Cost comprises cost of acquisition including non-refundable taxes/duties, freight and other incidental expenses related to acquisition and installation. Cost of software includes licence fee and cost of implementation/ system integration services, where applicable.
Subsequent expenditures related to an item of fixed asset (tangible or intangible) are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance.Machinery spares which are irregular in use and associated with particular asset, are treated as fixed assets.

DEPRECIATION AND AMORTISATION
Depreciation on tangible fixed assets is provided on straight line basis over the estimated useful lives of the assets and intangible assets are amortised on a straight-line basis over a period not exceeding ten years in accordance with local fiscal regulation.

IMPAIRMENT LOSS
Assessment is done at each balance sheet date as to whether there is any indication that an asset (tangible and intangible) may be impaired.An impairment loss, if any, is recognised wherever the carrying amount of the fixed assets exceeds the recoverable amount i.e. the higher of the assets' net selling price and value in use.After impairment, depreciation is provided on the revised carryingamount of the fixed asset over its remaining useful life.

INVESTMENTS

Investments that are readily realizable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Long-term investments are stated at net-asset value write down for any diminution, other than temporary, in carrying value. Current investments are carried at lower of cost and fair value.

FINANCIAL FIXED ASSETS

Deferred tax assets are recognised for all deductible temporary differences between the value of the assets and liabilities under tax regulations on the one hand and the accounting policies used in these financial statements on the other, on the understanding that deferred tax assets are only recognised insofar as it is probable that future taxable profits will be available to offset the temporary differences and available tax losses.

The calculation of the deferred tax assets is based on the tax rates prevailing at the end of the reporting year or the rates applicable in future years, to the extent that they have already been enacted by law.

INVENTORIES

Inventories are valued at lower of cost and net realisable value. The costs are ascertained under weighted average formula. The cost of finished goods and work-in-progress comprises raw materials, direct labour, other direct costs and related production overheads. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and the estimated costs necessary to make the sale.

ACCOUNT RECEIVBLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost. If payment of the receivable is postponed under an extended payment deadline, fair value is measured on the basis of the discounted value of the expected revenues. Interest gains are recognised using the effective interest method. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables.

PROVISIONS AND CONTINGENT LIABILITIES

Provisions are recognized when there is a present obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and there is a reliable estimate of the amount of the obligation. Provisions are measured at the best estimate of the expenditure required to settle the present obligation as at the balance sheet date and are not discounted to its present value.

A disclosure for a contingent liability is made when there is a possible obligation arising from past events, the existence of which will be confirmed only by occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company or a present obligation that arises from past events where it is either not probable that an outflow of resources will be required to settle or a reliable estimate of the amount cannot be made.

CURRENT LIABILITIES

On initial recognition current liabilities are recognised at fair value. After initial recognition current liabilities are recognised at the amortised cost price, being the amount received, taking into account premiums or discounts, less transaction costs. This usually is the nominal value.

REVENUE

Revenue from sale of goods are recognised when the significantrisks and rewards of ownership in the goods are transferred to the buyer as per the terms of contract. It excludes value added tax, trade discounts, returns, as applicable.
Income from services rendered is recognised as the service is performed on proportionate completion method and is booked based on agreements / arrangements with the concerned parties.

OTHERINCOME

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the rate applicable. All other items are recognised on accrual basis.

BORROWING COSTS

Borrowing costs, if any, attributable to the acquisition and construction of qualifying assets are added to the cost up to the date when such assets are ready for their intended use. Other borrowing costs are recognised as expense in the period in which these are incurred.

TAXATION

Current tax is measured at the amount expected to be paid to tax authorities in accordance with the taxation laws prevailing in the respective jurisdictions.

Deferred tax is recognized for all the timing differences, subject to consideration of prudence in respect of deferred tax assets. Deferred tax assets are recognised and carried forward only to the extent that there is a virtual/reasonable certainty as applicable that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted by the balance sheet date. At each balance sheet date, the company reassesses unrecognized deferred tax assets, if any.

EMPLOYEE BENEFITS

Short-term employee benefit

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees is recognised during the period when the employee renders the service.

Post-employment benefit plan

Contributions under defined contribution plans payable in keeping with the related schemes are recognised as expenses for the year, in which the employee has rendered the service.

For foreign defined benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in full in the profit and loss statement for the period in which they occur, in accordance with DAS 271.321a. Past service cost is recognised immediately to the extent that the benefits are already vested, and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost.

LEASES

Leases in which a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the profit and loss statement on a straight-line basis over the period of lease.

CASH FLOW STATEMENT

The compilation of the cash flow statement is based on the indirect method. The cash funds as used in the cash flow statement concludes the cash as stated on the assets side of the consolidated balance. Cash flows in foreign currencies are translated at the applicable exchange rate on the date of transaction. Interest income, interest expenses and income taxes are separately shown under the cash flow from operating activities.

EQUITY AND LIABILITIES		31 March 2018		31 March 2017
Group equity		19.537.280		4.650.206
Provisions		388.914		411.877
Short-term liabilities				
Credit institution	14.500.000		19.100.000	
Trade payables	3.877.687		2.107.730	
Group companies	1.405.605		4.148.914	
Current tax liability	1.009.927		-	
Other liabilities and deferred income	1.146.200		1.859.788	
		21.939.419		27.216.432
Total		41.865.613		32.278.515

Graphite International B.V., Rotterdam

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD 1 APRIL 2017 TILL 31 MARCH 2018

(in euros)		*1-4-2017 till 31-3-2018*		*1-4-2016 till 31-3-2017*
Net turnover	51.875.118		32.510.227	
Movement in WIP& Finished Stock	-560.001		-1.884.242	
Other income	460.562		600.252	
Operating income		51.775.679		31.226.237
Raw and ancillary materials	15.548.266		14.254.412	
Contracted work and external expenses	10.632.062		8.943.379	
		26.180.328		23.197.791
Gross Margin		25.595.351		8.028.446
Wages and salaries	8.662.059		8.115.814	
Social security premiums	1.467.305		1.478.036	
Depreciation fixed assets	669.161		634.714	
Other operating expenses	4.065.825		2.505.664	
Total operating expenses		14.864.350		12.734.228
Operating result		10.731.001		-4.705.782
Financial expenses		-433.266		-357.580
Income before taxes		10.297.735		-5.063.362
Taxes on income		4.589.339		-114.654
Net result		14.887.074		-5.178.016

CONSOLIDATED CASH FLOW STATEMENT

The movements of funds can be specified as follows:

(in euros)		*1-4-2017 till 31-3-2018*		*1-4-2016 till31-3-2017*
Cash flow from operating activities				
Profit before tax		10.297.735		-5.063.362
Adjustments for:				
Depreciation and amortisation expenses	669.161		634.714	
Loss / (profit) on disposal of tangible fixed assets	-1.347		-6.418	
Liabilities no longer required written back	-32.436		-56.355	
Bad debts written off	573.288		18.562	
Interest expense	433.266		357.580	
		1.641.932		948.082
Movement in working capital:				
Inventories	-1.494.287		2.179.616	
Receivables	-981.926		-220.718	
Provisions	-22.963		-8.296	
Short-term liabilities	-1.654.502		473.916	
		-4.153.678		2.424.518
Cash flow from operating activities		7.785.989		-1.690.762
Taxes paid on income	-182.422		-268.025	
		-182.422		268.025
Cash provided by operating activities		7.603.567		-1.958.787
Cash flow from investment activities				
Investments intangible fixed assets	-2.695		-15.086	
Sale of tangible fixed assets	7.600		6.419	
Prepayments on tangible fixed assets	-163.303		-	
Investments tangible fixed assets	-895.305		-989.571	
Total cash used in investing activities		-1,053,703		-998.238
Cash flow from financing activities				
Interest paid	-433.266		-357.580	
Short term borrowings receipts/(payments)	-4.600.000		2.800.000	
Repayment of long-term borrowings	-		-	
Total cash provided by financing activities		-5.033.266		2.442.420
Movements in cash funds		**1.516.598**		**-514.605**

The movement of funds is as follows:

	1-4-2017 till 31-3-2018	*1-4-2016 till 31-3-2017*
Balance as at 1 April	1.507.772	2.022.377
Movement for the year	1.516.598	-514.605
Balance as at 31 March	3.024.370	1.507.772

NOTES TO THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2018

ASSETS

Fixed assets

Intangible fixed assets

Movements in intangible fixed assets can be analysed as follows:

	Goodwill	*Computer Software*	*Total*
(in euros)			
Balance as at 1 April 2017			
Costs	8.000	250.533	258.553
Accumulated depreciation	-	-233.536	-233.536
Book value	8.000	16.997	24.997
Movements in book value			
Acquisition	-	2.695	2.695
Depreciation	-	-10.189	-10.189
	-	-7.494	-7.494
Balance as at 31 March 2018			
Costs	8.000	253.228	261.228
Accumulated depreciation	-	-243.725	-243.725
Book value	8.000	9.503	17.503
Depreciation rates	0%	20%	0% - 20%

Tangible fixed assets

Movements in tangible fixed assets are analysed as follows:

(in euros)	*Land, similar rights and buildings including buildings on third party land*	*Plant, technical machinery and equipment*	*Other equipment, factory and office equipment*	*Prepay-ments, equipment under construction*	*Total*
Balance as at 1 April 2017					
Costs	1.426.656	15.841.519	1.643.548	1.710.676	20.622.399
Accumulated depreciation	-383.080	-12.032.173	-1.302.087	-1.088.000	-14.805.340
Book value	1.043.576	3.809.346	341.461	622.676	5.817.059
Movements in book value:					
Actual cost investments	434.810	423.129	37.366	-409.985	485.320
Acquisition value of disposal	-	-32.214	-29.870	-	-62.084
Depreciation for the year	-33.904	-552.784	-72.284	-	-658.972
Depreciation of disposal	-	25.961	29.870	-	55.831
Prepayment during the year	-	-	-	-	-
	400.906	-135.908	-34.918	-409.985	-179.907
Balance as at 31 March 2018					
Costs	1.861.466	16.232.433	1.651.044	1.300.691	21.045.634
Accumulated depreciation	-416.984	-12.558.998	-1.344.501	-1.088.000	-15.408.482
Book value	1.444.482	3.673.436	306.543	212.691	5.637.152
Depreciation	0% - 10%	10% - 20%	10% - 20%	0%	

Financial fixed assets

(in euros)	31-3-2018	31-3-2017
Deferred tax asset	5.888.005	-
	5.888.005	-

Due to the profit made by the company, all of the German (fiscal) losses are accrued for as a deferred tax asset against the German CIT rate of 15,83% and the German Trade tax rate of 11,20%.

Current assets

Inventories

(in euros)	31-3-2018	31-3-2017
Unfinished goods	5.107.687	4.805.461
Raw materials	8.697.763	6.609.110
Finished goods	1.413.580	2.275.808
Other	565.073	599.437
	15.784.103	14.289.816

Receivables

(in euros)	31-3-2018	31-3-2017
Trade receivables	9.191.036	8.945.699
Participants/ Group companies	1.758.589	1.286.512
Current tax assets	-	106.318
Other receivables	564.855	300.343
	11.514.480	10.638.872

Cash at bank and in hand

Banks	3.021.139	1.497.052
Cash in hand	3.231	10.720
	3.024.370	1.507.772

The cash at bank and in hand is at free disposal of the group.

EQUITY AND LIABILITIES

Group equity

See the notes to the company balance sheet for the movements during the year in the group equity.

Provisions

The provision included in the balance sheet mainly relates to pension liabilities and can be broken down as follows:

(in euros)	*1-4-2017 till 31-3-2018*	*1-4-2016 till 31-3-2017*
Present value of defined benefit obligations	388.914	411.877
	========	========

Material actuarial principles
The material actuarial principles are the following:

	31-03-2018	*31-03-2017*
- applied discount rate	1,70%	1,40%
- price inflation	1,50%	1,50%
- salary / pension increase	1,50%	1,50%
- expected return on plan assets		
a) real assets	N/A	N/A
b) fixed-income securities	N/A	N/A
- expected increase in salaries		
a) general growth in salaries	N/A	N/A
b) individual salary rise	N/A	N/A

Expense recognized in the Profit and Loss account

Current Service Cost	7.429	7.787
Interest Cost	5.723	6.671
Actuarial (gains) / losses	-35.923	3.023
	----------------	--------------
Total expense recognized	-22.771	17.481
Benefits paid	-192	-25.777
	----------------	--------------
Total movement in provision	-22.963	-8.296
	===========	===========

Short-term liabilities

Credit institutions	31-3-2018	31-3-2017
(in euros)		
Citibank	14.500.000	19.100.000
	14.500.000	19.100.000

The credit facility relates to a short term credit facility in the amount of Euro 24 Million and is renewed on a year to year basis. The Loan from Citibank is repayable on demand. The facility from Citibank is secured by a Corporate Guarantee from Graphite India Limited of Euro 24 Million. The corporate guarantee is valid till 30 September 2020.

Group companies	31-3-2018	31-3-2017
(in euros)		
Graphite India Ltd.	1.405.605	4.148.914

No interest is charged on the current accounts of group companies. No security has been given.

Current tax liabilities	31-3-2018	31-3-2017
(in euros)		
Current tax liability	1.009.927	-

The tax rate for this year will be 22,78% (PY: 25,13%). The current tax is payable in Germany for an amount of € 987.250 and The Netherlands for an amount of € 22.677.

Other liabilities and deferred income	31-3-2018	31-3-2017
(in euros)		
Claims payable	983	930.196
Employee related accruals	670.895	532.966
Other accrued liabilities (including VAT and social security charges)	474.322	396.626
	1.146.200	1.859.788

Contingent liabilities

The group has operating lease agreements for certain vehicles and equipment. There are no cancellable operating lease in the current year as well as in the previous year. The future lease payments in respect of these amount to € 130.914 (2016/2017: € 351.378), of which € 90.672(2016/2017:€ 220.464) is due within one year, € 40.242 (2016/2017: € 130.914) is due within two and five years. The lease expense recognised during the year amounted to € 229.640 (2016/2017: € 262.658).

The German subsidiaries of Graphite International B.V. have signed agreements with the State of Bavaria (Germany) for an amount not exceeding € 1.967.192 (previous year € 2.339.354) towards potential obligation in respect of environmental issues. No provision has been recorded in the balance sheet due to the uncertainty of the actual size and timing of the (remaining) obligation, taken into account the investments done and possible future investments.

Financial information by segment

	1-4-2017 till 31-3-2018	*1-4-2016till 31-3-2017*
Revenue by segment		
Sales Graphite Electrodes, special products and other Carbon and Graphite products	51.875.118	32.510.227

The revenue by segment is shown after elimination of intercompany sales.

Germany	10.178.969	10.836.710
Italy	7.340.290	4.379.770
Other	34.35.859	17.293.747
	51.875.118	32.510.227

Average number of employees

The average number of employees over the period 1 April 2017 till 31 March 2018was 209 FTE (2016/2017: 206 FTE), of which 146 Blue collar employees (2016/2017: 142). All employees are employed in Germany.

Directors remuneration

In accordance with the exemption within 2:383 paragraph 1 of the Dutch Civil Code, no disclosure regarding payments to directors has been made, because these payments are traceable to one person.

Operating expenses

	1-4-2017 till 31-3-2018	*1-4-2016 till 31-3-2017*
Depreciation *(in euros)*		
Depreciation of intangible fixed assets	10.189	33.492
Depreciation of tangible fixed assets	658.972	601.222
	669.161	634.714

Depreciation of intangible fixed assets

Depreciation of software	10.189	33.492

	1-4-2017 till 31-3-2018	1-4-2016 till 31-3-2017
Depreciation of property, plant and equipment		
Depreciation of land and buildings	33.902	32.049
Depreciation of plant and machinery	552.786	497.031
Depreciation of other equipment	72.284	72.142
	658.972	601.222

Auditor's remuneration
With reference to Section 382A, Part 9 of Book 2 of the Netherlands Civil Code, the RSM-network has charged a fee of € 92.000 (including € 78.000 other RSM network firms) relating to the audit of the financial statements. The year before the RSM-network charged a fee of € 95.000 (including € 70.000 other RSM network firms) relating to the audit of the financial statements.

Financial expenses

	1-4-2017 till 31-3-2018	1-4-2016 till 31-3-2017
Other interest and similar expenses	433.266	357.580
	433.266	357.580

Taxes on income

	1-4-2017 till 31-3-2018	1-4-2016 till 31-3-2017
Excepted income tax	2.338.390	-1.272.054
Effect of change	425.421	-
Other Expenses not deductible for tax purposes	30.757	16.331
Income exempt from income taxes	-	-9.966
Adjustments for current tax of prior periods	-1.114	-13.371
Recognised / unrecognised tax losses used to reduce / increase deferred tax expense	-5.795.590	1.486.947
Previously unrecognised tax losses now recouped to reduce current tax expense	-1.587.203	-92.415
	-4.589.339	115.471

FINANCIAL STATEMENTSACCOUNTING PRINCIPLES

GENERAL
The company financial statements have been prepared in accordance with the statutory provisions of Title 9, Book 2 of the Dutch Civil Code and the firm pronouncements in the Dutch Accounting Standards as issued by the Dutch Accounting Standards Board.

The accounting policies for the company financial statements and the consolidated financial statements are the same.

For the accounting policies for the company balance sheet and income statement,referenceis made to the notes to the consolidated balance sheet and incomestatement.

SUBSIDIARIES
Participations (associates), over which significant influence can be exercised, are valued according to the net asset value method. In the event that 20% or more of the voting rights can be exercised, it may be assumed that there is significant influence.

The net asset value is calculated in accordance with the accounting principles that apply for these financial statements; with regard to participations in which insufficient data is available for adopting these principles, the valuation principles of the respective participation are applied.

If the valuation of an associate based on the net asset value is negative, it will be stated at nil. If and insofar as Graphite International B.V. can be held fully or partially liable for the debts of the associate, or has the firm intention of enabling the participation to settle its debts, a provision is recognised for this.

In the event of an impairment loss, valuation takes place at the realisable value (see also section "Impairment of fixed assets"); an impairment is recognised and charged to the income statement.

RESULT FROM SUBSIDIARIES (valued at net asset value)
The result is the amount by which the carrying amount of the participation has changed since the previous financial statements as a result of the earnings achieved by the participation to the extent that this can be attributed to Graphite International B.V.

EQUITY AND LIABILITIES		31 March 2018		31 March 2017
Shareholders' equity				
Share capital	17.300.000		17.300.000	
Other reserves	-		-7.471.778	
Unallocated result for the year	2.237.280		-5.178.016	
		19.537.280		4.650.206
Short-term liabilities				
Trade creditors	28.672		29.294	
Other liabilities, accruals and deferred income	182.679		88.034	
		211.351		117.328
Total liabilities		19.748.631		4.767.534

COMPANY PROFIT AND LOSS ACCOUNT FOR THE PERIOD 1 APRIL 2017 TILL 31 MARCH 2018

(in euros)	*1-4-2017 till 31-3-2018*		*1-4-2016 till 31-3-2017*	
Net turnover	574.203		303.156	
Operating income		574.203		303.156
Employee benefits expense	-		7.500	
Depreciationfixed assets	-		-	
Other operating expenses	122.272		76.214	
Total operating expenses		122.272		83.714
Operating result		451.931		219.442
Financial income		-		-
Financial expenses		-		-
Income before taxes		451.931		219.442
Taxes on income		-117.337		-52.439
Share in result from subsidiaries		14.552.480		-5.345.019
Net result		14.887.074		-5.178.016

NOTES TO THE COMPANYBALANCE SHEET AS AT 31 MARCH 2018

ASSETS

Fixed assets

Financial fixed assets

(in euros)	*31-3-2018*	*31-3-2017*
Subsidiaries	18.410.235	3.857.755

Subsidiaries (in euro's)	*Bavaria Carbon Holdings GmbH*	*Bavaria Electrodes GmbH*	*Bavaria Carbon Specialities GmbH*	*Graphite Cova GmbH*	*Total*
Balance as at 1 April 2017	835.688	2.879.100	2.213.580	-2.070.613	3.857.755
Result for the year	-221.741	221.655	210.722	14.341.844	14.552.480
Balance as at 31 March 2018	613.947	3.100.755	2.424.302	12.271.231	18.410.235

List of subsidiaries

Bavaria Carbon Specialties GmbH, Röthenbach an der Pegnitz	100%
Bavaria Electrodes GmbH, Röthenbachan der Pegnitz	100%
Bavaria Carbon Holding GmbH, Röthenbachan der Pegnitz	100%
Graphite Cova GmbH, Röthenbachan der Pegnitz	100%

Current assets

Receivables and prepaid expenses

	31-3-2018	*31-3-2017*
Group companies	1.306.097	880.344
Taxes and social security contributions	3.675	11.026
Other current assets	13.125	13.125
	1.322.897	904.495

Group companies

Graphite Cova GmbH	1.306.097	880.344

No interest is charged on the current accounts of group companies. No security has been given.

Taxes and social security contributions

	31-3-2018	31-3-2017
Value added tax	3.675	3.715
Income tax	-	7.311
	3.675	11.026

Cash at bank and in hand

Citco Bank, current account	15.499	5.284

EQUITY AND LIABILITIES

Shareholders' equity

(in euro's)	*Issued share capital*	*Other reserves*	*Unallocated result for the year*	*Total*
Balance as at 1 April 2016	17.300.000	-2.589.568	-4.882.810	9.828.222
Allocation result previous year	-	-4.882.210	4.882.810	-
Issued share capital	-	-	-	-
Unallocated result for the year	-	-	-5.178.016	-5.178.016
Balance as at 31 March 2017	17.300.000	-7.471.778	-5.178.016	4.650.206
Allocation result previous year	-	-5.178.016	5.178.016	-
Unallocated result for the year	-	-	14.887.074	14.887.074
Allocation result for the year	-	12.649.794	-12.649.794	-
Balance as at 31 March 2018	17.300.000	-	2.237.280	19.537.280

Share capital

The issued share capital contains a total of 17.300.000 ordinary shares of €1 each at balance date.

	31-3-2018	*31-3-2017*
Other liabilities, accruals and deferred income		
Withholding taxes	130.609	88.034
Income tax	52.070	-
	182.679	88.034

Appropriation of result

It is proposed that the 2017/2018 profit will be added to the other reserves. According to statutory and legal regulations a part of the profit for the year 2017/2018 € 12.649.794 which is added to the other reserves. The remaining part is the profit € 2.237.280 is at the free disposal of the General meeting.

Due to statutory and legal regulations the majority of the profit is not at the free disposal of the General Meeting, therefore - in advance of appropriation of the profit by the General Meeting - this part of the result appropriation is incorporated in the annual accounts.

Other Information

Average number of employees
In this financial year, as in the previous year, no employees were employed.

Directors remuneration
During the financial period the trust company received a remuneration of € nil (2017: € 7.500). This amount has been incorporated in the profit and loss account.

Related party transaction

Related parties are:
- Graphite India Ltd, parent company
- Carbon Finance Limited, fellow subsidiary
- Graphite Cova GmbH, subsidiary
- Bavaria Electrode GmbH, subsidiary
- Bavaria Carbon Holdings GmbH, subsidiary
- Bavaria Carbon Specialities GmbH, subsidiary

Rotterdam, 11 May 2018
Graphite International B.V.

Directors:
Liberation Management (Nederland) N.V.
for this:
L.F.S. Bagchus

S.W.Parnerkar

J.W.P. Jansen

OTHER INFORMATION

Independent Auditor's report

The independent Auditor's report has been set out on the following pages.

Statutory rules concerning appropriation of result

According to article 23 of the statutes of the company the Annual General Meeting of Shareholders shall determine how much of the remaining profit will be added to reserves.

RSM

RSM Netherlands Accountants N.V.

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INDEPENDENT AUDITOR'S REPORT

To: the Annual Meeting of Shareholders and Board of Directors of Graphite International B.V.

A. Report on the audit of the annual report FY 2017/2018 included in the annual report

Our opinion

We have audited the annual report FY 2017/2018 of Graphite International B.V., based in Rotterdam.

In our opinion, the accompanying annual report give a true and fair view of the financial position of Graphite International B.V. as at 31 March 2018, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The annual report comprise:

- the consolidated and company balance sheet as at 31 March 2018;
- the consolidated and company income statement for the year then ended;
- the notes, comprising a summary of the accounting policies and other explanatory information.

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the 'Our responsibilities for the audit of the annual report' section of our report.

We are independent of Graphite International B.V. in accordance with the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

B. Report on the other information included in the annual report

In addition to the annual report and our auditor's report thereon, the annual report contains other information that consists of:

- The management report;
- Other information as required by Part 9 of Book 2 of the Dutch Civil Code.

RSM

Based on the following procedures performed, we conclude that the other information:

- is consistent with the annual report and does not contain material misstatements;
- contains the information as required by Part 9 of Book 2 of the Dutch Civil Code.

We have read the other information. Based on our knowledge and understanding obtained through our audit of the annual report or otherwise, we have considered whether the other information contains material misstatements.

By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is substantially less than the scope of those performed in our audit of the annual report.

Management is responsible for the preparation of the management report in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information as required by Part 9 of Book 2 of the Dutch Civil Code.

C. Description of responsibilities regarding the annual report

Responsibilities of management for the annual report

Management is responsible for the preparation and fair presentation of the annual report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the annual report that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the annual report, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting framework mentioned, management should prepare the annual report using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so.

Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the annual report.

Our responsibilities for the audit of the annual report

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not detect all material errors and fraud during our audit.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual report. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the annual report, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern;
- Evaluating the overall presentation, structure and content of the annual report, including the disclosures; and
- Evaluating whether the annual report represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

Utrecht, 11 May 2018

RSM Netherlands Accountants N.V.

WAS SIGNED

drs M. Hammer RA