

GRAPHITE INTERNATIONAL B.V.

at Rotterdam

Annual report over the period

1 April 2018 till 31 March 2019

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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
4818 CP BREDA

Utrecht, 18 May 2019
Ref.: 19765/2019

Dear Sirs,

Following your request we have audited the financial statement of Graphite International B.V., Rotterdam, over the period 1 April 2018 till 31 March, 2019, included in this report, on 18th May 2019 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 2017 till 31 March 2018

The net loss of the period 1 April 2017 till 31 March 2018 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 2017/2018.

Proposed appropriation of the profit for the period 1 April 2018 till 31 March 2019

It is proposed that the 2018/2019 profit will be added to the other reserves. The profit is at the free disposal of the General Meeting.

Fiscal position

Corporate income tax(current)

Graphite International B.V. is independently taxable for 2018/2019 corporation taxes. The company taxable amount (excluding deferred tax asset) has been calculated as follows:

| | 2018/2019 |
|--|------------------|
| (in euros) | |
| Result after taxes | 343.876 |
| Add: Other expenses and depreciation not deductible for tax purposes | 1.263.091 |
| Corporate income tax | <u>522.323</u> |
| Taxable amount | <u>2.129.290</u> |

Calculation corporate tax

20% of € 200.000

40.000

25% of € 1.929.290

482.323

Payable corporate tax

522.323

The taxes on income in the consolidated profit and loss account for 2018/2019 can be specified as follows:

| | 2018/2019 |
|---|-------------------|
| Taxes on income entity in The Netherlands | 522.323 |
| GAAP Difference | 3.505 |
| Taxes on income entities in Germany | 22.256.197 |
| Deferred tax asset Germany | 5.795.590 |
| | <u>28.577.615</u> |

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

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

drs. M. Hammer RA

Management Report for 01-April-2018 to 31-March-2019

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 2,213,898.66 during the year.

Earning by way of dividend was Euro 7,500,000 from Graphite Cova GmbH during the year.

The Company has made an investment in the shares of General Graphene Corporation (GGC) in which it own 26,679% of stake as at reporting date. GGC is domiciled in USA and is not listed. GGC is involved in development of Graphene sheets for commercial purpose. It is yet to commence production and is in development phase.

By virtue of this investment, GGC has become an associate of the Company.

3. Subsidiaries/Associates:

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

- Graphite Cova GmbH
- Bavaria Electrodes GmbH
- Bavaria Carbon Specialities GmbH
- Bavaria Carbon Holdings GmbH

General Graphene Corporation, USA is an associate of the Company.

4. Financial Performance:

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

| Particulars | Graphite International B.V. | | All figures in thousand Euro Graphite International B.V. Group | |
|---|-----------------------------|------------|---|---------------|
| | 2018-19 | 2017-18 | 2018-19 | 2017-18 |
| INCOME | | | | |
| Revenue from operations | 2,214 | 574 | 161,281 | 51,875 |
| Other Income | 4 | - | 16,193 | 461 |
| Total Revenue | 2,218 | 574 | 177,474 | 52,336 |
| Less: Operating expenses | 641 | 122 | 74,883 | 40,936 |
| Profit/(Loss) before Finance Cost and depreciation | 1,577 | 452 | 102,591 | 11,400 |
| Less : Finance Cost | 2 | - | 59 | 433 |
| Profit/(Loss) before depreciation and tax | 1,575 | 452 | 102,982 | 10,967 |
| Less : Depreciation | 709 | - | 1,486 | 669 |
| Profit/(Loss) before taxation | 866 | 452 | 101,165 | 10,298 |
| Share of Profit/(Loss) in Associates | - | - | (371) | - |
| Less: Provision for taxation | 522 | 117 | 28,578 | (4,589) |
| Profit/(Loss) for the year | 344 | 335 | 72,216 | 14,887 |

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.

According to initial calculations by the Federal Statistical Office (Destatis), the price-adjusted gross domestic product (GDP) in 2018 was 1.5 % higher than in the previous year. The German economy has thus grown for the ninth year in succession, but growth has lost momentum. In the previous two years, the price-adjusted GDP had risen by 2.2 % in each case. A longer-term view shows that German economic growth in 2018 is above the average of +1.2 % for the last ten years

Positive growth impulses in 2018 came primarily from Germany: Both private consumer spending (+1.0%) and government spending (+1.1%) were higher than in the previous year. However, growth was significantly lower than in the last three years.

The price-adjusted gross investments increased overall by 4.8 % compared to the previous year. Investments in equipment were 4.5 % higher than in the previous year. Construction investments increased by 3.0%.

The price-adjusted exports of goods and services were 2.4 % higher than in 2017. Imports increased more strongly by +3.4 % in the same period.

On the production side, almost all sectors of the economy made a positive contribution to economic development in 2018.

Global crude steel production reached 1,808.6 million tonnes (Mt) for the year 2018, up by 4.6% compared to 2017. Crude steel production increased in all regions in 2018 except in the EU, which saw a 0.3% contraction.

Asia produced 1,271.1 Mt of crude steel in 2018, an increase of 5.6% compared to 2017. China's crude steel production in 2018 reached 928.3 Mt, up by 6.6% on 2017. China's share of global crude steel production increased from 50.3% in 2017 to 51.3% in 2018. India's crude steel production for 2018 was 106.5 Mt, up by 4.9% on 2017, meaning India has replaced Japan as the world's second largest steel producing country. Japan produced 104.3 Mt in 2018, down 0.3% compared to 2017. South Korea produced 72.5 Mt of crude steel in 2018, an increase of 2.0% compared to 2017.

The EU produced 168.1 Mt of crude steel in 2018, a decrease of 0.3% compared to 2017. Germany* produced 42.4 Mt of crude steel in 2018, a decrease of 2.0% on 2017. Italy produced 24.5 Mt in 2018, up by 1.7% on 2017. France produced 15.4 Mt of crude steel, a decrease of 0.7% on 2017. Spain produced 14.3 Mt of crude steel in 2018, a decrease of 0.1% on 2017.

Crude steel production in North America was 120.5 Mt in 2018, 4.1% higher than in 2017. The US produced 86.7 Mt of crude steel, up by 6.2% on 2017.

The CIS produced 101.3 Mt, an increase of 0.3%. Russia* produced 71.7 Mt of crude steel in 2018, up by 0.3% on 2017. Ukraine produced 21.1 Mt of crude steel in 2018, a decrease of -1.1% compared to 2017.

Annual crude steel production for South America was 44.3 Mt in 2018, an increase of 1.3% on 2017. Brazil produced 34.7 Mt in 2018, up by 1.1% compared to 2017.

The Middle East produced 38.5 Mt of crude steel in 2018, an increase of 11.7% on 2017. Iran* produced 25.0 Mt in 2018, up 17.7% on 2017.

Turkey's crude steel production for 2018 was 37.3 Mt, down by 0.6% on 2017.

In 2019:

The World Steel Association (worldsteel) today released its April 2019 Short Range Outlook (SRO). Worldsteel forecasts global steel demand will reach 1,735 Mt in 2019, an increase of 1.3% over 2018. In 2020, demand is projected to grow by 1.0% to reach 1,752 Mt.

Commenting on the outlook, it was said, "In 2019 and 2020, global steel demand is expected to continue to grow, but growth rates will moderate in tandem with a slowing global economy. Uncertainty over the trade environment and volatility in the financial markets have not yet subsided and could pose downside risks to this forecast."

In 2018, global steel demand increased by 2.1% (after adjusting for China induction furnace closures), growing slightly slower than in 2017. In 2019 and 2020 growth is still expected, but in a less favourable economic environment. China's deceleration, a slowing global economy, and uncertainty surrounding trade policies and the political situation in many regions suggest a possible moderation in business confidence and investment.

6. Borrowing facilities of Subsidiary companies from Banks:

The working capital limit from bank was TEUR 24,000 as at 31st March, 2019. Total utilisation of fund based limits from bank was TEUR Nil 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 Nil compared to Euro 14.50 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 2019/2020 as its subsidiary's competitive cost structure and a well-diversified customer base and is well geared to enhance its presence in the global Graphite Electrode market and continue to strengthen its position in the industry.

For the business year 2019/2020, the Subsidiary expects a further positive development of the global consolidation of the market for Graphite Electrodes and expects sales above Euro 137 Million, the increase being mainly due to an increase in quantities sold. A positive annual net result of approx. Euro 37 Million before tax is expected. The budget 2019 - 20 is based on a sales volume of 15,371 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 215 Numbers during 2018-19. 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 2018, the composition of the Board of Managing Directors did not change compared to 2017. 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 Subsidiary 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. 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

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: 18 May 2019

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

S.W.Parnerkar

J.W.P. Jansen

FINANCIAL STATEMENTS

CONSOLIDATION AND 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.

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%).
- The share of loss associate General Graphene Corporation (26,679%)

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 to acquisition 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.

INTANGIBLE AND TANGIBLE FIXED ASSETS

Tangible assets are stated at cost of acquisition net of accumulated depreciation and accumulated impairment losses, if any intangible 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 carrying amount 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.

SUBSIDIARIES/ASSOCIATE

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

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 RECEIVABLES

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 significant risks 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.

OTHER INCOME

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 unrecognized 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.

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2019

| ASSETS (in euros) | 31 March 2019 | 31 March 2018 |
|-------------------------------|--------------------|-------------------|
| Fixed assets | | |
| Intangible fixed assets | | |
| Goodwill | 5.375.536 | 8.000 |
| Computer software | 18.640 | 9.503 |
| | <u>5.394.176</u> | <u>17.503</u> |
| Tangible fixed assets | | |
| Land and buildings | 1.459.766 | 1.444.482 |
| Plant and equipment | 3.498.016 | 3.673.436 |
| Other Equipment | 465.691 | 306.543 |
| Prepayments | 788.547 | 212.691 |
| | <u>6.212.020</u> | <u>5.637.152</u> |
| Financial fixed assets | | |
| Associate | 96.140 | - |
| Deferred tax asset | 92.415 | 5.888.005 |
| | <u>188.555</u> | <u>5.888.005</u> |
| Current assets | | |
| Inventories | | |
| Unfinished goods | 14.898.800 | 5.107.687 |
| Raw materials | 23.817.325 | 8.697.763 |
| Finished goods | 6.183.993 | 1.413.580 |
| Other | 685.769 | 565.073 |
| | <u>45.585.887</u> | <u>15.784.103</u> |
| Receivables | | |
| Trades receivable | 24.461.381 | 9.191.036 |
| Participants/ Group companies | - | 1.758.589 |
| Current tax assets | 161.176 | - |
| Other receivables | 680.623 | 564.855 |
| | <u>25.303.180</u> | <u>11.514.480</u> |
| Cash at bank and in hand | 48.565.971 | 3.024.370 |
| Total | <u>131.249.789</u> | <u>41.865.613</u> |

| EQUITY AND LIABILITIES | 31 March 2018 | 31 March 2017 |
|---------------------------------------|--------------------|-------------------|
| Group equity | 91.754.002 | 19.537.280 |
| Provisions | 402.990 | 388.914 |
| Short-term liabilities | | |
| Credit institution | - | 14.500.000 |
| Trade payables | 9.531.511 | 3.877.687 |
| Group companies | 5.335.185 | 1.405.605 |
| Current tax liability | 22.929.114 | 1.009.927 |
| Other liabilities and deferred income | 1.296.987 | 1.146.200 |
| | 39.092.797 | 21.939.419 |
| Total | <u>131.249.789</u> | <u>41.865.613</u> |

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD 1 APRIL 2018 TILL 31 MARCH 2019

| | 1-4-2018 till 31-3-2019 | 1-4-2017 till 31-3-2018 |
|---------------------------------------|----------------------------|----------------------------|
| (in euros) | | |
| Net turnover | 161.281.427 | 51.875.118 |
| Movement in WIP& Finished Stock | 14.561.526 | -560.001 |
| Other income | <u>1.631.815</u> | <u>460.562</u> |
| Operating income | 177.474.768 | 51.775.679 |
| Raw and ancillary materials | 42.661.601 | 15.548.266 |
| Contracted work and external expenses | <u>15.857.400</u> | <u>10.632.062</u> |
| | 58.519.001 | 26.180.328 |
| Gross Margin | 118.955.767 | 25.595.351 |
| Wages and salaries | 9.466.414 | 8.662.059 |
| Social security premiums | 1.632.323 | 1.467.305 |
| Depreciation fixed assets | 1.486.335 | 669.161 |
| Other operating expenses | <u>5.265.605</u> | <u>4.065.825</u> |
| Total operating expenses | 17.850.677 | 14.864.350 |
| Operating result | 101.105.090 | 10.731.001 |
| Financial expenses | <u>59.937</u> | <u>-433.266</u> |
| Income before taxes | 101.165.027 | 10.297.735 |
| Taxes on income | -28.577.615 | 4.589.339 |
| Share in result from subsidiaries | <u>-370.690</u> | |
| Result after taxes | <u>72.216.722</u> | <u>14.887.074</u> |

CONSOLIDATED CASH FLOW STATEMENT

The movements of funds can be specified as follows:

| | 1-4-2018 till 31-3-2019 | 1-4-2017 till 31-3-2018 |
|--|----------------------------|----------------------------|
| (in euros) | | |
| Cash flow from operating activities | | |
| Profit before tax | 101.165.027 | 10.297.735 |
| <i>Adjustments for:</i> | | |
| Depreciation and amortisation expenses | 1.486.335 | 669.161 |
| Loss / (profit) on disposal of tangible fixed assets | -10.995 | -1.347 |
| Liabilities no longer required written back | -44.197 | -32.436 |
| Bad debts written off | 29.211 | 573.288 |
| Interest expense | -59.937 | 433.266 |
| | 1.400.417 | 1.641.932 |
| <i>Movement in working capital:</i> | | |
| Inventories | -29.801.784 | -1.494.287 |
| Receivables | -14.232.588 | -981.926 |
| Provisions | 14.076 | -22.963 |
| Short-term liabilities | 9.778.385 | -1.654.502 |
| | -34.241.911 | -4.153.678 |
| Cash flow from operating activities | 68.654.553 | 7.785.989 |
| Taxes paid on income | -1.024.014 | -182.422 |
| | -1.024.014 | -182.422 |
| Cash provided by operating activities | 67.630.549 | 7.603.567 |
| Cash flow from investment activities | | |
| Investments intangible fixed assets | -6.096.385 | -2.695 |
| Sale of tangible fixed assets | 12.200 | 7.600 |
| Prepayments on tangible fixed assets | - | -163.303 |
| Investments financial fixed assets | -466.830 | -895.305 |
| Investments tangible fixed assets | -766.840 | - |
| Interest received | 219.069 | - |
| Total cash used in investing activities | -7.098.786 | -1.053.703 |
| Cash flow from financing activities | | |
| Interest paid | -159.132 | -433.266 |
| Short term borrowings receipts/(payments) | -14.500.000 | -4.600.000 |
| Repayment of long-term borrowings | - | - |
| Total cash provided by financing activities | -14.659.132 | -5.033.266 |
| Movements in cash funds | <u>45.541.601</u> | <u>1.516.598</u> |

The movement of funds is as follows:

| | <i>1-4-2018 till 31-3-2019</i> | <i>1-4-2017 till 31-3-2018</i> |
|------------------------|------------------------------------|------------------------------------|
| Balance as at 1 April | 3.024.370 | 1.507.772 |
| Movement for the year | <u>45.541.601</u> | <u>1.516.598</u> |
| Balance as at 31 March | <u><u>48.565.971</u></u> | <u><u>3.024.370</u></u> |

NOTES TO THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2019

ASSETS

Fixed assets

Intangible fixed assets

Movements in intangible fixed assets can be analysed as follows:

| | <i>Goodwill</i> | <i>Computer Software</i> | <i>Total</i> |
|------------------------------------|------------------|------------------------------|------------------|
| (in euros) | | | |
| <u>Balance as at 1 April 2018</u> | | | |
| Costs | 8.000 | 253.228 | 261.228 |
| Accumulated depreciation | - | -243.725 | -243.725 |
| Book value | <u>8.000</u> | <u>9.503</u> | <u>17.503</u> |
| <u>Movements in book value</u> | | | |
| Acquisition | 6.076.456 | 19.929 | 6.357.613 |
| Depreciation | -708.920 | -10.792 | -719.712 |
| | <u>5.367.536</u> | <u>9.137</u> | <u>5.376.673</u> |
| <u>Balance as at 31 March 2019</u> | | | |
| Costs | 6.084.456 | 273.157 | 6.357.613 |
| Accumulated depreciation | -708.920 | -254.517 | -963.437 |
| Book value | <u>5.375.536</u> | <u>18.640</u> | <u>5.394.176</u> |
| Depreciation rates | <u>0% - 20%</u> | <u>20%</u> | <u>0% - 20%</u> |

Tangible fixed assets

Movements in tangible fixed assets are analysed as follows:

| | <i>Land, similar rights and buildings including buildings on third party land</i> | <i>Plant, technical machinery and equipment</i> | <i>Other equipment, factory and office equipment</i> | <i>Prepay- ments, equipment under construction</i> | <i>Total</i> |
|------------------------------------|---|---|--|--|------------------|
| (in euros) | | | | | |
| <u>Balance as at 1 April 2018</u> | | | | | |
| 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 | <u>1.444.482</u> | <u>3.673.436</u> | <u>306.543</u> | <u>212.691</u> | <u>5.637.152</u> |
| <u>Movements in book value:</u> | | | | | |
| Actual cost investments | 53.084 | 500.599 | 213.157 | 575.856 | 1.342.696 |
| Acquisition value of disposal | - | -8.907 | -4.648 | - | -13.555 |
| Depreciation for the year | -37.800 | -674.813 | -54.009 | - | -766.622 |
| Depreciation of disposal | - | 7.702 | 4.648 | - | 12.350 |
| Prepayment during the year | - | - | - | - | - |
| | <u>15.284</u> | <u>-175.420</u> | <u>159.149</u> | <u>575.855</u> | <u>574.868</u> |
| <u>Balance as at 31 March 2019</u> | | | | | |
| Costs | 1.914.550 | 16.724.125 | 1.859.553 | 1.876.547 | 22.374.775 |
| Accumulated depreciation | -454.784 | -13.226.109 | -1.393.862 | -1.088.000 | -16.162.755 |
| Book value | <u>1.459.766</u> | <u>3.498.016</u> | <u>465.691</u> | <u>788.547</u> | <u>6.212.020</u> |
| Depreciation | <u>0% - 10%</u> | <u>10% - 20%</u> | <u>10% - 20%</u> | <u>0%</u> | |

Financial fixed assets

| | 31-3-2019 | 31-3-2018 |
|-------------------------|-----------|-----------|
| (in euros) | | |
| Subsidiaries/ Associate | 96.140 | - |
| Deferred tax asset | 92.415 | 5.888.005 |
| | ----- | ----- |
| | 188.555 | 5.888.005 |
| | ===== | ===== |

| Subsidiaries/ Associate (in euro's) | General Graphene Corporation |
|--|------------------------------------|
| Balance as at 1 April 2018 | - |
| Investment | 466.830 |
| Result for the year | -370.690 |
| Dividend | |
| Balance as at 31 March 2019 | <u>96.140</u> |

List of subsidiaries / associates

| | |
|---|---------|
| General Graphene Corporation, Knoxville | 26,679% |
|---|---------|

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

| | 31-3-2019 | 31-3-2018 |
|------------------|------------|------------|
| (in euros) | | |
| Unfinished goods | 14.898.800 | 5.107.687 |
| Raw materials | 23.817.325 | 8.697.763 |
| Finished goods | 6.183.993 | 1.413.580 |
| Other | 685.769 | 565.073 |
| | ----- | ----- |
| | 45.585.887 | 15.784.103 |
| | ===== | ===== |

The raw materials includes inventories in transit for an amount of € 3.881.569 (PY: € 1.470.444).

Receivables

| | 31-3-2019 | 31-3-2018 |
|-------------------------------|-------------------|-------------------|
| (in euros) | | |
| Trade receivables | 24.461.381 | 9.191.036 |
| Participants/ Group companies | - | 1.758.589 |
| Current tax assets | 161.176 | - |
| Other receivables | 680.623 | 564.855 |
| | <u>25.303.180</u> | <u>11.514.480</u> |
| | ===== | ===== |

The current tax asset in The Netherlands amounts to € 161.176.

| Cash at bank and in hand | 31-3-2019 | 31-3-2018 |
|--------------------------|-------------------|------------------|
| Banks | 48.548.114 | 3.021.139 |
| Cash in hand | 17.857 | 3.231 |
| | <u>48.565.971</u> | <u>3.024.370</u> |
| | ===== | ===== |

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:

| | 1-4-2018 till 31-3-2019 | 1-4-2017 till 31-3-2018 |
|--|----------------------------|----------------------------|
| (in euros) | | |
| Present value of defined benefit obligations | <u>402.990</u> | <u>388.914</u> |
| | ===== | ===== |

Material actuarial principles

The material actuarial principles are the following:

| | 31-03-2019 | 31-03-2018 |
|----------------------------------|------------|------------|
| - applied discount rate | 1,50% | 1,70% |
| - 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 | 6.548 | 7.429 |
| Interest Cost | 6.009 | 5.723 |
| Actuarial (gains) / losses | 2.223 | -35.923 |
| | ----- | ----- |
| Total expense recognized | 14.780 | -22.771 |
| Benefits paid | -704 | -192 |
| | ----- | ----- |
| Total movement in provision | 14.076 | -22.963 |
| | ===== | ===== |

Short-term liabilities

| <u>Credit institutions</u> | 31-3-2019 | 31-3-2018 |
|----------------------------|-----------|------------|
| (in euros) | | |
| Citibank | - | 14.500.000 |
| | ----- | ----- |
| | - | 14.500.000 |
| | ===== | ===== |

The working capital limit from bank was € 24,000,000 as at 31st March, 2019. Total utilisation of fund based limits from bank was € Nil at the end of the year.

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

Graphite International B.V., Rotterdam

| <u>Group companies</u> | <u>31-3-2019</u> | <u>31-3-2018</u> |
|------------------------|------------------|------------------|
| (in euros) | | |
| Graphite India Ltd. | 5.335.185 | 1.405.605 |
| | ===== | ===== |

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

| <u>Current tax liabilities</u> | <u>31-3-2019</u> | <u>31-3-2018</u> |
|--------------------------------|------------------|------------------|
| (in euros) | | |
| Current tax liability | 22.929.114 | 1.009.927 |
| | ===== | ===== |

The tax rate for this year will be 29,74% (PY: 22,78%). The current tax is payable in Germany for an amount of € 22.929.114.

| <u>Other liabilities and deferred income</u> | <u>31-3-2019</u> | <u>31-3-2018</u> |
|---|------------------|------------------|
| (in euros) | | |
| Claims payable | - | 983 |
| Employee related accruals | 697.601 | 670.895 |
| Other accrued liabilities (including VAT and social security charges) | 599.386 | 474.322 |
| | ----- | ----- |
| | 1.296.987 | 1.146.200 |
| | ===== | ===== |

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 € 345.110 (2017/2018: € 130.914), of which € 81.557 (2017/2018: € 90,672) is due within one year, € 235.881 (2017/2018: € 40.242) is due within two and five years. An amount of € 27.670 is payable after five years)2017/2018: € 0).

The lease expense recognised during the year amounted to € 142.188 (2017/2018: € 245.640).

The German subsidiaries of Graphite International B.V. have signed agreements with the State of Bavaria (Germany) for an amount not exceeding € 1.957.299 (previous year € 1.967.192) 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.

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD 1 APRIL 2018 TILL 31 MARCH 2019

Financial information by segment

| | 1-4-2018 till 31-3-2019 | 1-4-2017 till 31-3-2018 |
|---|----------------------------|----------------------------|
| <u>Revenue by segment</u> | | |
| Sales Graphite Electrodes, special products and other Carbon and Graphite products | 161.281.427 ===== | 51.875.118 ===== |

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

| | | |
|---------|----------------------|---------------------|
| Germany | 28.953.960 | 10.178.969 |
| Italy | 47.993.736 | 7.340.290 |
| Egypt | 17.555.363 | 3.815.980 |
| Other | 66.778.368 | 30.539.879 |
| | ----- | ----- |
| | 161.281.427 ===== | 51.875.118 ===== |

Average number of employees

The average number of employees over the period 1 April 2018 till 31 March 2019 was 215 FTE (2017/2018: 209 FTE). 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.

| | 1-4-2018 till 31-3-2019 | 1-4-2017 till 31-3-2018 |
|--|----------------------------|----------------------------|
| <u>Depreciation</u> (in euros) | | |
| Depreciation of intangible fixed assets | 719.712 | 10.189 |
| Depreciation of tangible fixed assets | 766.623 | 658.972 |
| | ----- | ----- |
| | 1.486.335 ===== | 669.161 ===== |
| <i>Depreciation of intangible fixed assets</i> | | |
| Depreciation of software | 10.792 ===== | 10.189 ===== |

| | 1-4-2018 till 31-3-2019 | 1-4-2017 till 31-3-2018 |
|--|----------------------------|----------------------------|
| <i>Depreciation of property, plant and equipment</i> | | |
| Depreciation of land and buildings | 37.800 | 33.902 |
| Depreciation of plant and machinery | 674.813 | 552.786 |
| Depreciation of other equipment | 54.010 | 72.284 |
| | ----- | ----- |
| | 766.623 | 658.972 |
| | ===== | ===== |

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 € 30.000 (excluding € 105.000 other RSM network firms) relating to the audit of the financial statements. The year before the RSM-network charged a fee of € 92.000 (including € 78.000 other RSM network firms) relating to the audit of the financial statements.

Financial result

| | 1-4-2018 till 31-3-2019 | 1-4-2017 till 31-3-2018 |
|-------------------------------------|----------------------------|----------------------------|
| Other interest and similar income | 219.069 | |
| Other interest and similar expenses | -159.132 | -433.266 |
| | ----- | ----- |
| | 59.937 | -433.266 |
| | ===== | ===== |

Taxes on income

| | 1-4-2018 till 31-3-2019 | 1-4-2017 till 31-3-2018 |
|---|----------------------------|----------------------------|
| Excepted income tax | 19.646.960 | 2.338.390 |
| Effect of change | 1.982.509 | 425.421 |
| Other Expenses not deductible for tax purposes | 968.780 | 30.757 |
| Income exempt from income taxes | 166.997 | - |
| Adjustments for current tax of prior periods | 16.779 | -1.114 |
| Recognised / unrecognised tax losses used to reduce / increase deferred tax expense | 5.795.590 | -5.795.590 |
| Previously unrecognised tax losses now recouped to reduce current tax expense | - | -1.587.203 |
| | ----- | ----- |
| | 28.577.615 | -4.589.339 |
| | ===== | ===== |

FINANCIAL STATEMENTS ACCOUNTING 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, reference is made to the notes to the consolidated balance sheet and income statement.

SUBSIDIARIES/ASSOCIATE

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

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.

COMPANY BALANCE SHEET AS AT 31 MARCH 2019

(before proposed appropriation of result)

[illegible]

EQUITY AND LIABILITIES

31 March 2019

31 March 2018

Shareholders' equity

| | | | | |
|---------------------------------|-------------------|------------|------------------|------------|
| Share capital | 17.300.000 | | 17.300.000 | |
| Other reserves | 2.237.280 | | - | |
| Unallocated result for the year | <u>72.216.722</u> | | <u>2.237.280</u> | |
| | | 91.754.002 | | 19.537.280 |

Short-term liabilities

| | | | | |
|---|----------------|---------|----------------|---------|
| Trade creditors | 50.388 | | 28.672 | |
| Other liabilities, accruals and deferred income | <u>301.616</u> | | <u>182.679</u> | |
| | | 352.004 | | 211.351 |

Equity and liabilities

| | | | | |
|--|-------------------|--|-------------------|--|
| | <u>92.106.006</u> | | <u>19.748.631</u> | |
|--|-------------------|--|-------------------|--|

COMPANY PROFIT AND LOSS ACCOUNT FOR THE PERIOD 1 APRIL 2018 TILL 31 MARCH 2019

| (in euros) | 1-4-2018 till 31-3-2019 | 1-4-2017 till 31-3-2018 |
|-----------------------------------|-------------------------|-------------------------|
| Net turnover | <u>2.213.899</u> | <u>574.203</u> |
| Operating income | 2.213.899 | 574.203 |
| Employee benefits expense | - | - |
| Depreciation fixed assets | 708.920 | - |
| Other operating expenses | <u>640.681</u> | <u>122.272</u> |
| Total operating expenses | <u>1.349.601</u> | <u>122.272</u> |
| Operating result | 864.298 | 451.931 |
| Financial income | 3.964 | - |
| Financial expenses | <u>-2.063</u> | <u>-</u> |
| Income before taxes | 866.199 | 451.931 |
| Taxes on income | -522.323 | -117.337 |
| Share in result from subsidiaries | <u>71.872.846</u> | <u>14.552.480</u> |
| Result after taxes | <u>72.216.722</u> | <u>14.887.074</u> |

NOTES TO THE COMPANYBALANCE SHEET AS AT 31 MARCH 2019

ASSETS

Fixed assets

Intangible fixed assets

Movements in intangible fixed assets can be analysed as follows:

Goodwill

(in euros)

Balance as at 1 April 2018

| | |
|--------------------------|---|
| Costs | - |
| Accumulated depreciation | - |
| Book value | - |

Movements in book value

| | |
|--------------|------------------|
| Acquisition | 6.076.456 |
| Depreciation | -708.920 |
| | <u>5.367.536</u> |

Balance as at 31 March 2019

| | |
|--------------------------|------------------|
| Costs | 6.076.456 |
| Accumulated depreciation | -708.920 |
| Book value | <u>5.367.536</u> |

| | |
|--------------------|------------|
| Depreciation rates | <u>20%</u> |
|--------------------|------------|

Financial fixed assets

| | 31-3-2019 | 31-3-2018 |
|---------------------------|---------------------|---------------------|
| (in euros) | | |
| Subsidiaries / Associates | 83.249.910 ===== | 18.410.235 ===== |

| Subsidiaries (in euro's) | Bavaria Carbon Holdings GmbH | Bavaria Electrodes GmbH | Bavaria Carbon Specialties GmbH | Graphite Cova GmbH | General Graphene Corporation |
|-----------------------------|---------------------------------------|-------------------------------|--|-----------------------|------------------------------------|
| Balance as at 1 April 2018 | 613.947 | 3.100.755 | 2.424.302 | 12.271.231 | - |
| Investment | - | - | - | - | 466.830 |
| Result for the year | -37.711 | 281.262 | 184.240 | 71.815.746 | -370.690 |
| Dividend | | | | -7.500.000 | - |
| Balance as at 31 March 2019 | <u>576.236</u> | <u>3.382.017</u> | <u>2.608.542</u> | <u>76.586.976</u> | <u>96.140</u> |

| Subsidiaries (in euro's) | Total |
|-----------------------------|-------|
|-----------------------------|-------|

| | |
|-----------------------------|-------------------|
| Balance as at 1 April 2018 | 18.410.235 |
| Investment | 466.830 |
| Result for the year | 71.872.845 |
| Dividend | -7.500.000 |
| Balance as at 31 March 2019 | <u>83.249.910</u> |

List of subsidiaries/Associate

| | |
|--|---------|
| Bavaria Carbon Specialties GmbH, Röthenbach an der Pegnitz | 100% |
| Bavaria Electrodes GmbH, Röthenbach an der Pegnitz | 100% |
| Bavaria Carbon Holding GmbH, Röthenbach an der Pegnitz | 100% |
| Graphite Cova GmbH, Röthenbach an der Pegnitz | 100% |
| General Graphene Corporation, Knoxville, USA an Associate | 26,679% |

Current assets

Receivables and prepaid expenses

| | 31-3-2019 | 31-3-2018 |
|---|-----------|-----------|
| Group companies | 3.016.161 | 1.306.097 |
| Taxes and social security contributions | 161.176 | 3.675 |
| Other current assets | 4.653 | 13.125 |
| | ----- | ----- |
| | 3.181.991 | 1.322.897 |
| | ===== | ===== |
| <u>Group companies</u> | | |
| Graphite Cova GmbH | 3.016.161 | 1.306.097 |
| | ===== | ===== |

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

Taxes and social security contributions

| | 31-3-2019 | 31-3-2018 |
|-----------------|-----------|-----------|
| Value added tax | - | 3.675 |
| Income tax | 161.176 | - |
| | ----- | ----- |
| | 161.176 | 3.675 |
| | ===== | ===== |

Cash at bank and in hand

| | | |
|-------------------------------|---------|--------|
| Citco Bank, current account | - | 15.449 |
| Citibank N.A. Current Account | 306,569 | - |
| | ===== | ===== |

EQUITY AND LIABILITIES

| | <i>Issued share capital</i> | <i>Other reserves</i> | <i>Unallocated result for the year</i> | <i>Total</i> |
|---------------------------------|-----------------------------|-----------------------|--|--------------|
| Balance as at 1 April 2017 | 17.300.000 | -7.471.778 | -5.178.016 | 4.650.206 |
| Allocation result previous year | - | -5.178.016 | 5.178.016 | - |
| Issued share capital | - | - | 14.887.074 | 14.887.074 |
| Unallocated 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 |
| Allocation result previous year | - | 2.237.280 | - | 2.237.280 |
| Unallocated result for the year | - | - | -2.237.280 | -2.237.280 |
| Result for the year | - | - | 72.216.722 | 72.216.722 |
| Balance as at 31 March 2019 | 17.300.000 | 2.237.280 | 72.216.722 | 91.754.002 |

Share capital

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

| | <i>31-3-2019</i> | <i>31-3-2018</i> |
|--|------------------|------------------|
| <u>Other liabilities, accruals and deferred income</u> | | |
| Withholding taxes | 301.616 | 130.609 |
| Income tax | - | 52.070 |
| | <hr/> | <hr/> |
| | 301.616 | 182.679 |

Appropriation of result

It is proposed that the 2018/2019 profit will be added to the other reserves. The full result is at the free disposal of the General meeting.

Average number of employees

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

Subsequent events

These have not occurred

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
- General Graphene Corporation, USA, An Associate
- Emerald Company Private Limited, India-Ultimate Parent Company
- First Capital Consultants LLP, India- Relative of Director of Parent Company is a Partner

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.

The number of non-voting shares and their powers

No special statutory controlling rights are held in the company.

Branch offices

The company has no branches.

Rotterdam, 18 May 2019
Graphite International B.V.

Directors:
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INDEPENDENT AUDITOR'S REPORT

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

A. Report on the audit of the annual report FY 2018/2019 included in the annual report

Our opinion

We have audited the annual report FY 2018/2019 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 2019, 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 2019;
- the consolidated and company income statement for the year then ended;
- the consolidated cash flow statement;
- 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.

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.

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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, 18 May 2019

RSM Netherlands Accountants N.V.

WAS SIGNED

drs M. Hammer RA