GRAPHITE INTERNATIONAL B.V.

at Rotterdam

Annual report over the period
1 April 2015 till 31 March 2016

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RSM

To the Shareholders and Board of Directors of
Graphite International B.V.
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RSM Netherlands Accountants N.V.

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Utrecht, 12 May 2016
Ref.: 19765/2016

Dear Sirs,

Following your request we have audited the financial statements of Graphite International B.V., Rotterdam, over the period 1 April 2015 till 31 March 2016, included in this report. On 12 May 2016 we issued our audit opinion on these financial statements. Our audit opinion is included under the paragraph Other Information.

General

Appropriation of the result for the period 1 April 2014 till 31 March 2015

The net loss of the period 1 April 2014 till 31 March 2015 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 2014/2015.

Proposed appropriation of the loss for the period 1 April 2015 till 31 March 2016

It is proposed that the General Meeting of Shareholders will deduct the loss for the period 1 April 2015 till 31 March 2016 from the other reserves. This proposed result appropriation has not been incorporated in the financial statements.

THE POWER OF BEING UNDERSTOOD
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Fiscal position

Corporate income tax

Graphite International B.V. is independently taxable for 2015/2016 corporation taxes. The unconsolidated taxable amount has been calculated as follows:

(in euros)	*2015/2016*
Net income	286.618
Add: Non-deductible withholding taxes	42.364
Deduct: fiscal losses previous years	-
Taxable amount	328.982

Calculation corporate tax	
20% of € 200.000	40.000
25% of € 128.980	32.246
Payable corporate tax	72.246

The taxes on income in the consolidated profit and loss account for 2015/2016 can be specified as follows:

	2015/2016
Taxes on income entity in The Netherlands	72.246
Taxes on income entities in Germany	111.603
	183.849

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-2015 to 31-March-2016

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 exploiting 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 396,908 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) :

   - Graphite Cova 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	
	2015-16	2014-15	2015-16	2014-15
INCOME				
Revenue from operations	397	419	35,168	38,736
Other Income	-	-	615	1,333
Total Revenue	397	419	35,783	40,069
Less: Operating expenses	110	108	39,323	41,115
Profit/(Loss) before Finance Cost and depreciation	287	311	(3,540)	(1,046)
Less : Finance Cost	-	-	387	615
Profit/(Loss) before depreciation and tax	287	311	(3,927)	(1,661)
Less : Depreciation	-	-	636	599
Profit/(Loss) before taxation	287	311	(4,563)	(2,260)
Less: Provision for taxation	72	16	184	2
Profit/(Loss) for the year	215	295	(4,747)	(2,262)

5. Discussion on Operation of Subsidiaries:

The manufacturing facilities of Subsidiary Companies comprise three divisions namely Graphite Electrodes, Graphite Specialties and Coating, 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 division 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.

Global growth in 2015 was lower over 2014 indicating a slowdown in emerging markets and weaker recoveries in advanced economics, as per the World Economic Outlook (WEO) update released by the International Monetary Fund (IMF). Global activity is projected to gather some pace in 2016. In advanced economics, the modest recovery that started in 2014 is projected to strengthen further. In emerging market and developing economics, the outlook is projected to improve. Overall global growth is projected to reach 3.4 per cent and 3.6 per cent in 2016 and 2017 respectively.

World crude steel production reached 1.623 million tones (mt) for the year 2015, down by 2.8% compared to 2014. Crude Steel production in the EU (28), North America and Asia was down in 2015 compared to 2014 including in the C.I.S. and South America. Annual production for Asia was 1,113.8 Mt of crude steel in 2015, a decrease of 2.3% compared to 2014. China's crude steel production in 2015 reached 803.8 mt, a decrease by 2.3% on 2014, China's share of world crude steel production remained at almost same level as it was 49.5% in 2014. The EU also recorded decrease of 1.8% compared to 2014, producing 166.2 mt of crude steel in 2015. Germany produced 42.7 mt of crude steel in 2015, down by 0.6% over 2014. In 2014, crude steel production in North America was 110.7 mt, a decrease of 8.6% on 2014. The US produced 78.9 mt of crude steel, down by 10.5% compared to 2014. The average capacity utilisation in 2015 was 69.7% compared to 73.4% in 2014.

Graphite Cova sold Graphite Electrodes 9,264 MT as compared to 9,058 MT in the previous year. The speciality sale was lower by 17.06%.The group net loss after tax for the year was Euro 4.47 mn (Previous Year- Euro 2.26 mn). The loss was mainly on account of lower realization per MT.

6. Borrowing facilities of Subsidiary companies from Banks :

The working capital limit from bank was TEUR 24,000 as at 31st March, 2016. Total utilisation of fund based limits from bank was TEUR 16,300 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 16.30 mn compared to Euro 17.60 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 global economy is expected to grow at a lower pace and the upturn is projected to be more gradual. The subsidiary companies expect improvement in performance in the year 2016-17 by extending its market horizon outside Europe, ensuring cost control and efficient management of resources.

Sales prices of Electrodes were continued to be under pressure in 2015 which is likely to continue in the near term.

9. Human Resources:

The Management wishes to place on record its appreciation of the contribution made by employees at all levels. 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. Risks and Concerns:

Economic slowdown and/ or cyclical recession in certain industry can adversely impact the demand supply dynamics and profitability and the group too is vulnerable to these changes. Similarly trade barriers in form of cripping import duties or antidumping duties or countervailing duties could affect the earning capacity.

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

The group may be impacted by any change in law relating to business and / or change in taxation laws.

The main raw materials are petroleum based or coal based. The increasing price of crude and coal and its direct impact on its derivative materials like Needle Coke, Pitch, Furnace Oil, Met Coke etc. All tend to rise in unison. They will inflate the input cost in major way.

Volatility in foreign currency market directly impacts group prospects. However natural hedge/ forward contracts of various exposures mitigate the same up to an extent.

Risk is inherent in every business. The manufacturing units are an integral part of a reputed global group which has successfully maintained its operating efficiencies and consistently improved its financial performance through the challenging business cycles. The management believes that the perceived risks can be addressed effectively by strategic business plans.

11. 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 : 12 May 2016.

FINANCIAL STATEMENTS

CONSOLIDATIONAND ACCOUNTING PRINCIPLES

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 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 enterd 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.

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 servies, where applicable.

Subsequent expenditures related to an item of fixed asset (tangible or intangible) are added to its book value only 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 statet 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.

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.

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.

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.

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 RJ 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.

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2016
(before proposed appropriation of result)

ASSETS (in euros)		*31 March 2016*		*31 March 2015*
Fixed assets				
Intangible fixed assets				
Goodwill	8.000		8.000	
Computer software	35.403		82.511	
		43.403		90.511
Tangible fixed assets				
Land and buildings	1.026.148		1.031.562	
Plant and equipment	3.506.231		3.748.822	
Other Equipment	161.030		191.418	
Prepayments	735.300		570.304	
		5.428.709		5.542.106
Current assets				
Inventories				
Unfinished goods	6.208.510		8.193.461	
Raw materials	6.847.812		10.045.771	
Finished goods	2.757.000		2.851.131	
Other	656,109		656.489	
		16.469.431		21.746.852
Receivables				
Trades receivable	9.686.642		10.253.288	
Participants/ Group companies	239.229		527.389	
Other receivables	404.528		894.593	
		10.330.399		11.675.270
Cash at bank and in hand		2.022.377		2.986.810
Total		34.294.319		42.041.549

EQUITY AND LIABILITIES		31 March 2016		31 March 2015
Group equity		9.828.222		14.575.378
Pensions		420.173		468.555
Long-term liabilities				
Financial lease		-		-
Short-term liabilities				
Credit institution	16.300.000		17.600.000	
Trade payables	1.958.158		3.864.953	
Group companies	4.213.247		3.931.053	
Other liabilities and deferred income	1.574.519		1.601.610	
		24.045.924		26.997.616
Total		34.294.319		42.041.549

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD 1 APRIL 2015 TILL 31 MARCH 2016

		1-4-2015 till 31-3-2016		*1-4-2014 till 31-3-2015*
(in euros)				
Net turnover	35.168.103		38.735.742	
Movement work in progress	-2.079.081		-1.122.331	
Other income	614.614		1.333.403	
Operating income		33.703.637		38.946.814
Raw and ancillary materials	16.884.683		19.377.313	
Contracted work and external expenses	8.721.332		9.068.350	
		25.606.015		28.445.663
Gross Margin		8.097.622		10.501.151
Wages and salaries	7.649.414		7.507.337	
Social security premiums	1.395.923		1.485.018	
Depreciation fixed assets	636.215		599.094	
Other operating expenses	2.592.514		2.554.317	
Total operating expenses		12.274.066		12.145.766
Operating result		-4.176.444		-1.644.615
Financial expenses		-386.862		-615.124
Income before taxes		-4.563.306		-2.259.739
Taxes on income		183.849		2.186
Net result		-4.747.155		-2.261.925

CONSOLIDATED CASH FLOW STATEMENT

The movements of funds can be specified as follows:

(in euros)		1-4-2015 till 31-3-2016		1-4-2014 till 31-3-2015
Cash flow from operating activities				
Profit before tax		-4.563.306		-2.259.740
Adjustments for:				
Depreciation and amortisation expenses	636.215		599.094	
Loss / (profit) on disposal of tangible fixed assets	74.205		-4.703	
Liabilities no longer required written back	-90.289		-41.585	
Interest income	-27.457		-27.649	
Bad debts written off	282		879	
Interest expense	386.862		615.124	
Foreign exchange (gain) / loss	-36.698		2.320	
		943.120		1.143.481
Movement in working capital:				
Inventories	5.277.421		-1.415.375	
Receivables	1.272.408		-1.618.592	
Provisions	-48.382		86.387	
Short-term liabilities	-1,571,680		3.447.686	
		4.929.767		500.106
Cash flow from operating activities		1.309.581		-616.152
Taxes paid on income	-56.734		-57.057	
		-56.734		-57.057
Cash provided by operating activities		1.252.847		-673.209
Cash flow from investment activities				
Investments intangible fixed assets	-84		-39.333	
Sale of property, plant and equipment	-		6.084	
Prepayments on tangible fixed assets	-164.996		-	
Refund of Advance for Property,Plant and equipment	-		1.088.000	
Investments property, plant and equipment	-384.835		-397.791	
Interest received	27.457		28.170	
Total cash used in investing activities		-522.458		685.130
Cash flow from financing activities				
Interest paid	-386.862		-615.124	
Short term borrowings receipts/(payments)	-1.300.000		2.828.460	
Repayment of long-term borrowings	-7.960		-15.685	
Total cash provided by financing activities		-1.694.822		2.197.651
Movements in cash funds		-964.433		2.209.573

The movement of funds is as follows:

Balance as at 1 April	2.986.810	777.237
Movement for the year	-964.433	2.209.573
Balance as at 31 March	2.022.377	2.986.810

NOTES TO THE CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2016

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 2015			
Costs	8.000	235.366	243.366
Accumulated depreciation	-	-152.855	-152.855
Book value	8.000	82.511	90.511
Movements in book value			
Acquisition	-	82	82
Depreciation	-	-47.190	-47.190
	-	-47.108	-47.108
Balance as at 31 March 2016			
Costs	8.000	235.447	243.447
Accumulated depreciation	-	-200.044	-200.044
Book value	8.000	35.403	43.403
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 2015					
Costs	1.351.080	14.805.951	1.350.901	1.658.304	19.166.236
Accumulated depreciation	-319.518	-11.057.129	-1.159.483	-1.088.000	-13.624.130
Book value	1.031.562	3.748.822	191.418	570.304	5.542.106
Movements in book value:					
Actual cost investments	26.100	312.282	46.455	-	384.837
Acquisition value of disposal	-	-74.205	-6.381	-	-80.586
Depreciation for the year	-31.514	-480.668	-76.843	-	-589.025
Depreciation of disposal	-	-	6.381	-	6.381
Prepayment during the year	-	-	-	164.996	164.996
	-5.414	-242.591	-30.388	164.996	-113.397
Balance as at 31 March 2016					
Costs	1.377.180	15.044.028	1.390.975	1.823.300	19.635.483
Accumulated depreciation	-351.031	-11.537.797	-1.229.945	-1.088.000	-14.206.773
Book value	1.026.148	3.506.231	161.030	735.300	5.428.709
Depreciation	0% - 5%	20%	20%	0%	

Current assets

Inventories

(in euros)	31-3-2016	31-3-2015
Unfinished goods	6.208.510	8.193.461
Raw materials	6.847.812	10.045.771
Finished goods	2.757.000	2.851.131
Other	656.109	656.489
	16.469.431	21.746.852

Receivables

(in euros)	31-3-2016	31-3-2015
Trade receivables	9.686.642	10.253.288
Participants/ Group companies	239.229	527.389
Other receivables	404.528	894.593
	10.330.399	11.675.271

Cash at bank and in hand

Banks	2.008.437	2.983.476
Cash in hand	13.940	3.334
	2.022.377	2.986.810

EQUITY AND LIABILITIES

Group equity

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

Provisions

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

	1-4-2015 till 31-3-2016	*1-4-2014 till 31-3-2015*
(in euros)		
Present value of defined benefit obligations	420.173	468.555
	========	========

Material actuarial principles
The material actuarial principles are the following:

	31-03-2016	*31-03-2015*
- applied discount rate	1,60%	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	9.121	7.344
Interest Cost	6.559	10.747
Actuarial (gains) / losses	-32.992	89.446
	----------------	--------------
Total expense recognized	-17.312	107.537
Benefits paid	-31.070	-
	----------------	--------------
Total movement in provision	-48.382	107.537
	===========	===========

Short-term liabilities

Credit institutions	31-3-2016	31-3-2015
(in euros)		
Citibank	16.300.000	17.600.000
	16.300.000	17.600.000

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 (recently upto July 2017)). 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, 2017.

Group companies	31-3-2016	31-3-2015
(in euros)		
Graphite India Ltd.	4.213.247	3.931.053

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

Other liabilities and deferred income	31-3-2016	31-3-2015
(in euros)		
Claims payable	750.120	812.410
Employee related accruals	477.330	467.219
Short-term portion of long-term liabilities	-	7.960
Accruals for taxes	47.053	28.413
Other accrued liabilities	300.016	285.608
	1.574.519	1.601.610

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 € 541.870 (2014/2015: € 853.422), of which € 257.983 (2014/2015:€ 347.584) is due within one year, € 283.887 (2014/2015: € 505.838) is due within two and five years. The lease expense recognised during the year amounted to € 353.463 (2014/2015: € 394.422).

The German subsidiaries of Graphite International B.V. have signed agreements with the State of Bavaria (Germany) for an amount not exceeding € 2.347.047 (previous year € 2.366.361) 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 2015 TILL 31 MARCH 2016

Financial information by segment

	1-4-2015 till 31-3-2016	*1-4-2013 till 31-3-2015*
Revenue by segment		
Sales Graphite Electrodes, special products and other Carbon and Graphite products	35.168.103	38.735.742

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

Germany	10.441.574	11.925.333
Europe	12.240.122	13.115.749
Africa	19.642	135.814
Other	12.572.081	13.687.289
Promotion costs	-105.316	-128.443
	35.168.103	38.735.742

Average number of employees

The average number of employees over the period 1 April 2014 till 31 March 2015 was 203 FTE (2014/2015: 206 FTE), of which 140 Blue collar employees (2014/2015: 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

	1-4-2015 till 31-3-2016	*1-4-2014 till 31-3-2015*
Depreciation *(in euros)*		
Depreciation of intangible fixed assets	47.190	49.154
Depreciation of tangible fixed assets	589.025	549.940
	636.215	599.094

Depreciation of intangible fixed assets

Depreciation of software	47.190	49.154

Depreciation of property, plant and equipment	*1-4-2015 till 31-3-2016*	*1-4-2014 till 31-3-2015*
Depreciation of land and buildings	31.514	31.676
Depreciation of plant and machinery	480.668	425.996
Depreciation of other equipment	76.843	92.268
	589.025	549.940

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 € 88.250 relating to the audit of the consolidated financial statements.

Financial income and expense

	1-4-2015 till 31-3-2016	*1-4-2014 till 31-3-2015*
Other interest and similar expenses	386.862	615.124
	386.862	615.124

UNCONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2016
(before proposed appropriation of result)

ASSETS (in euros)	*31 March 2016*	*31 March 2015*
Fixed assets		
Financial fixed assets	9.202.774	14.299.355
Current assets		
Receivables and prepaid expenses	811.373	451.257
Cash at bank and in hand	-	50.610
Total assets	10.014.147	14.801.222

EQUITY AND LIABILITIES		31 March 2016		31 March 2015
Shareholders' equity				
Share capital	17.300.000		17.300.000	
Other reserves	-2.589.568		-398.041	
Unallocated result for the year	-4.882.210		-2.191.527	
		9.828.222		14.710.432
Short-term liabilities				
Trade creditors	33.543		29.477	
Other liabilities, accruals and deferred income	152.382		61.313	
		185.925		90.790
Total liabilities		10.014.147		14.801.222

UNCONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE PERIOD 1 APRIL 2015 TILL 31 MARCH 2016

(in euros)	*1-4-2015 till 31-3-2016*		*1-4-2014 till 31-3-2015*	
Net turnover	396.908		419.047	
Operating income		396.908		419.047
Employee benefits expense	10.000		10.000	
Depreciation fixed assets	-		-	
Other operating expenses	100.350		98.029	
Total operating expenses		110.350		108.029
Operating result		286.558		311.018
Financial income		59		216
Financial expenses		-		-
Income before taxes		286.617		311.234
Taxes on income		72.246		16.278
Share in result from subsidiaries		-5.096.581		-2.486,483
Net result		-4.882.210		-2.191.527

NOTES TO THE UNCONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2016

ASSETS

Fixed assets

Financial fixed assets

(in euros)	*31-3-2016*	*31-3-2015*
Subsidiaries	9.202.774	14.299.355

Subsidiaries (in euro's)	*Bavaria Carbon Holdings GmbH*	*Bavaria Electrodes GmbH*	*Bavaria Carbon Specialities GmbH*	*Graphite Cova GmbH*	*Total*
Balance as at 1 April 2015	1.064.113	2.510.471	1.937.822	8.786.949	14.299.355
Prior year adjustment	-	-22.474	-103.786	-8.794	-135.054
Result for the year	64.960	142.645	177.318	-5.346.450	-4.961.527
Balance as at 31 March 2016	1.129.073	2.630.642	2.011.354	3.431.705	9.202.774

The prior year adjustments relate to the correction in valuation of the subsidiaries in the unconsolidated statements. As the impact of result is only a one-time adjustment it has been recorded as such in the result from subsidiaries.

List of subsidiaries

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%

Current assets

Receivables and prepaid expenses

	31-3-2016	*31-3-2015*
Group companies	801.361	450.351
Taxes and social security contributions	1.168	905
Other current assets	8.844	-
	811.373	451.257

Group companies

Graphite Cova GmbH	801.361	450.351

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

Taxes and social security contributions

	31-3-2016	31-3-2015
Value added tax	1.168	905
Income tax	-	-
	1.168	905

Cash at bank and in hand

Fortis Bank, current account	-	50.610

EQUITY AND LIABILITIES

Shareholders' equity

(in euro's)	*Issued share capital*	*Other reserves*	*Unallocated result for the year*	*Total*
Balance as at 1 April 2014	17.300.000	8.949.005	-9.347.046	16.901.959
Allocation result previous year	-	-9.347.046	9.347.046	-
Issued share capital	-	-	-	-
Unallocated result for the year	-	-	-2.191.527	-2.191.527
Balance as at 31 March 2015	17.300.000	-398.041	-2.191.527	14.710.432
Allocation result previous year	-	-2.191.527	2.191.527	-
Unallocated result for the year	-	-	-4.882.210	-4.882.210
Balance as at 31 March 2016	17.300.000	-2.589.568	-4.882.210	9.828.222

Share capital

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

	31-3-2016	*31-3-2015*
Other liabilities, accruals and deferred income		
Withholding taxes	80.136	45.035
Income tax	72.246	16.278
	152.382	61.313

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 € 10.000 (2015: € 10.000). 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, 12 May 2016
Graphite International B.V.

Directors:
Liberation Management (Nederland) N.V.
for this: J.G.H. Dercksen

S.W. Parnerkar

RSM

INDEPENDENT AUDITORS' REPORT

To: The management and shareholders of Graphite International B.V.

Report on the financial statements
We have audited the accompanying financial statements for the year ended March 31, 2016 of Graphite International B.V., Rotterdam, which comprise the consolidated and company balance sheet as at 31 March 2016, the consolidated and company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

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

Auditor's responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the financial statements
In our opinion, the financial statements give a true and fair view of the financial position of Graphite International B.V. as at March 31, 2016 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Utrecht, 12 May 2016

RSM Netherlands Accountants N.V.

Drs. M. Hammer RA

OTHER INFORMATION

Provision in the articles of association governing the appropriation of profits

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.

Appropriation of result

It is proposed that the 2015/2016 loss will be deducted from the other reserves. This proposal has not been included in the financial statements for the period 1 April 2015 till 31 March 2016.