



DNick Holding plc
Annual Report 2008



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REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31 December 2008.

The directors have also prepared an annual report in German, which is available from the company's administrative centre or from the company's website. The directors advise that the German annual report will be an unaudited translation of the English annual report.

PRINCIPAL ACTIVITY

The principal activity of the DNick Group is the manufacture and sale of metal products and other materials. The parent company continues to be the investment holding and management company for the group's subsidiaries.

RESULTS AND DIVIDENDS

The results for the year and the group's financial position at the end of the year are shown in the attached financial statements.

The company has not paid a dividend during the year and is not proposing a dividend after the end of the year.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The structure of the DNick Group at 31 December 2008 is as follows:

Iron-nickel

- Deutsche Nickel GmbH, Germany
- Auerhammer Metallwerk GmbH, Germany
- Deutsche Nickel America Inc., USA
- DN Real Estate GmbH, Germany
- Innovative Clad Solutions Private Limited, India (33,33 % Joint Venture)

Coin blanks

- SAXONIA EuroCoin GmbH, Germany
- Compania Europea de Cospeles S.A. (CeCo), Spain (50 % Joint Venture)

Holding/ Other

- DNick Holding plc, U.K.
- DN Service GmbH, Germany

In the iron-nickel segment comprising the production companies Deutsche Nickel GmbH and Auerhammer Metallwerk GmbH, the group strictly continued its strategy of growing this business by expanding and further strengthening its market position as well as by using additional synergy opportunities. International co-operations are used in addition to organic growth. In this context, the Joint Venture Innovative Clad Solutions Private Limited (ICS), India, was founded in February 2008 together with two industrial partners.

The three partners hold equal shares in this Joint Venture. ICS has begun to build up a manufacturing facility to start metal cladding in India. Start-up is scheduled to take place in the third quarter 2009.

In 2008, the group evaluated its options regarding possible co-operation with third parties, in line with its strategy of expanding the iron-nickel business. A project with very interesting synergy potential was identified and analyzed during the year. Although significant progress was made during the year, the project could not be completed as the other party had to withdraw from completion of this project for internal reasons as a consequence of the global financial crisis.

The coin blank business of SAXONIA EuroCoin GmbH and the Joint Venture CeCo is focused on international coin projects. After completion of considerable capital expenditure and expansion at the Halsbrücke facility, SAXONIA EuroCoin GmbH has developed further to become a high-performance and reliable supplier of coin blanks in the international market. Due to its further strengthened market position, the company booked quite a number of interesting international coin projects, thus resulting into a good utilization of its further increased capacities.

OUTLOOK

Against the background of the global economic recession, the directors have re-assessed the group's 2009 budget and the midterm forecasts. In 2009 the Group is forecasting reduced sales as a result of the global economic situation. The extent of this reduction cannot be forecast reliably at the moment but will definitely affect the group's results. The uncertainties in the financial and industrial markets actually do not allow a quantifiable forecast of 2009 sales and operational results of the group.

The directors have prepared forecasts based upon their current expectations of the Group's trading for the next 12 months from the date of approval of the financial statements and remain confident that the Group will be able to operate within the available loan facilities throughout the period. Further details are provided under the heading "Going Concern" in the notes to the 2008 Group accounts.

PRINCIPAL RISKS AND UNCERTAINTIES

The management of the business and the nature of the Group's strategy are subject to a number of risks.

The directors are of the opinion that a thorough risk management process is adopted which involves the formal review of all the risks. Where possible, processes are in place to monitor and mitigate such risks.

The directors have set out in the attached management report on page 16 -18 the principal risks facing the business.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group uses various financial instruments, these include loans, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The existence of these financial instruments exposes the Group to a number of financial risks. In order to manage the Group's exposure to those risks, the group enters into a number of derivative transactions including, but not limited to, forward foreign currency contracts, forward metal contracts and variable to fixed rate interest rate swaps.

All transactions in derivatives are undertaken to manage risks arising from underlying business activities and no transactions of speculative nature are undertaken.

The main risks are described in more detail in note 33 of the group's financial statements.

KEY PERFORMANCE INDICATORS

The directors have monitored the progress of the overall Group strategy and the individual strategic elements by reference to certain financial and non financial key performance indicators.

Measures used by the directors include:

1. sales volume and order intake by business segment
2. review of gross profit by business segment and at group level
3. effectiveness of cash generation, through comparison of actual to budgeted results

The Group met its targets during the 2008 financial year.

CREDITORS PAYMENT POLICY

The Group's policy is to agree terms of payment prior to commencing trade with a supplier and to adhere to the terms on the timely submission of invoices.

The number of days' purchases for the group outstanding at 31 December 2008 was 25.3 (2007: 29.7 days).

QUALIFYING THIRD PARTY INDEMNITY PROVISION

During the year, a qualifying third party indemnity provision for the benefit of 5 directors was in force.

DIRECTORS

The present membership of the Board is set out below.

Paul Felton-Smith (Chairman)
Edouard Altenhoven
Dr. Goetz-Peter Blumbach
Dr. Hans-Joachim Krueger
Franz-Josef Seipelt

During the year, all five directors participated in a share award scheme - the details of this scheme and the entitlement to shares in the company awarded under the scheme are disclosed in Note 21.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditors are unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

AUDITORS

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



Dr. Götz-Peter Blumbach
Director
22 May 2009



Franz-Josef Seipelt
Director
22 May 2009

MANAGEMENT REPORT

DESCRIPTON OF BUSINESS ACTIVITIES / STRATEGY

DNick Holding plc was established in 2005 as a holding company for the former business activities of Deutsche Nickel AG. The company operates as an investment holding company.

The structure of the DNick group at 31 December 2008 is as follows:

Iron-nickel

- Deutsche Nickel GmbH, Schwerte, Germany
- Auerhammer Metallwerk GmbH, Aue, Germany
- Deutsche Nickel America Inc., Cumberland, USA
- DN Real Estate GmbH, Schwerte, Germany
- Innovative Clad Solutions Private Limited, New Delhi, India (33.33 % holding)

Coin blanks

- SAXONIA EuroCoin GmbH, Halsbrücke, Germany
- Compania Europea de Cospeles S.A. (CeCo), Madrid, Spain (50 % holding)

Holding/ Other

- DNick Holding plc, London, U.K.
- DN Service GmbH, Schwerte, Germany

In the iron-nickel segment comprising the production companies Deutsche Nickel GmbH and Auerhammer Metallwerk GmbH, the group strictly continued its strategy of growing this business by expanding and further strengthening its market position as well as by using additional synergy opportunities. International co-operations are used in addition to organic growth. In this context, the Joint Venture Innovative Clad Solutions Private Limited (ICS), India, was founded in February 2008 together with two industrial partners. The three partners hold equal shares in this Joint Venture. ICS has begun to build up a manufacturing facility to start metal cladding in India. Start-up is scheduled to take place in the third quarter of 2009.

In 2008, the group evaluated its options regarding possible co-operation with third parties, in line with its strategy of expanding the iron-nickel business. A project with very interesting synergy potential was identified and analysed during the year. Although significant progress was made during the year, the project could not be completed as the other party had to withdraw from completion of this project for internal reasons as a consequence of the global financial crisis.

The coin blank business of SAXONIA EuroCoin GmbH and the Joint Venture CeCo is focused on international coin projects. After completion of considerable capital expenditure and expansion at the Halsbrücke facility, SAXONIA EuroCoin GmbH has developed further to become a high-performance and reliable supplier of coin blanks in the international market. Due to its further strengthened market position, the company booked quite a number of interesting international coin projects, resulting in a good utilisation of its further increased capacities.

The activities of the operating companies of the DNick group are set out below.

IRON-NICKEL

DEUTSCHE NICKEL GMBH

Deutsche Nickel GmbH is one of the world's leading manufacturers of iron-nickel and nickel alloy materials. The production of all products, depending on the plant configuration, focuses on special alloys. Its smelting plant for the production of iron-nickel and cupronickel blocks for the manufacture of wire and bars, and for strips manufactured by Auerhammer Metallwerk GmbH, has a capacity of 9,000 to 10,000 tonnes p.a.

Deutsche Nickel GmbH's products at the production site in Schwerte are divided into the product segments wires and bars. Wires manufactured in the wires segment are mainly used in the automotive, optics, light and electronics sectors. The wires programme comprises a number of alloyed wires used in high-tech products and everyday products. The bars segment manufactures materials in different nickel alloys and dimensions that are used primarily as semi-finished products in fittings and apparatus. Free capacity at the smelting plant is also increasingly being used for toll production.

On 1 March 2005, the company took over the operations of the former Deutsche Nickel AG business. In 2005 a range of action plans were already implemented to restructure operations and these have been continued and implemented in subsequent years. They include measures to increase sales, to reduce materials consumption and costs, and to make optimum use of technology.

AUERHAMMER METALLWERK GMBH

The company has continued to develop into a modern production facility for special metal products, in particular in the strips and foils segment, which are used in electronics, electrical engineering, the automotive industry, hunting and sports ammunition, chemical plants/welding technology and coins.

Auerhammer Metallwerk GmbH obtains a material part of the semi-finished goods from Deutsche Nickel GmbH in the form of smelted blocks.

The extensive upgrading of the Auerhammer Metallwerk GmbH site was completed at the end of 2008 after a construction period of one and a half years. The opportunity was taken through these measures, involving own capital expenditure and costs of some EUR 1.5 million and substantial public funds, to use additional space for further growth.

DEUTSCHE NICKEL AMERICA INC.

Deutsche Nickel America Inc. operates as a sales and trading company in the North American market for Deutsche Nickel GmbH and Auerhammer Metallwerk GmbH. The company supplies wires, bars and strips to a variety of customers in the USA, Canada and Mexico.

These activities account for around 25 % of the business volume of Deutsche Nickel GmbH and around 10 % of Auerhammer Metallwerk GmbH. Deutsche Nickel America Inc. does not carry out any sales activities for the business in coin blanks.

COIN BLANKS

SAXONIA EUROCOIN GMBH

The manufacture of blanks comprises on the one hand the manufacture of the blanks from steel strips followed by electroplating with nickel, copper, brass and bronze and on the other hand the manufacture of non-ferrous metal blanks. The manufacture of gold and silver blanks for coins and medals completes the product range. Apart from the production facility in Halsbrücke, SAXONIA EuroCoin GmbH also has a 50 % holding in the joint venture Compania Europea de Cospeles, S.A., Spain.

In 2006, considerable investments were made in the site at Halsbrücke to physically separate it from SAXONIA Edelmetalle GmbH, which has since been sold, and to integrate machinery and equipment of the former EuroCoin AG business for the production of non-ferrous metal blanks. These activities were completed in the spring of 2007, and have considerably increased the company's capacity in non-ferrous metal blanks as a material precondition to increase sales significantly. As a result of the stronger market position and further growth in customer demand, further steps were taken in 2008 to expand capacity.

SALES

The group's customer base is widely distributed. Regional sales channels are therefore used in order to achieve fast and comprehensive customer care. European customers are handled directly by the sales departments and the sales force of each company. American iron-nickel customers are handled directly by the sales company in the USA, and Asian customers by local sales representatives in China, Malaysia, Thailand and Korea.

The sale of coin blanks is organised independently and separately from the iron-nickel business.

RESEARCH AND DEVELOPMENT

In order to expand business operations and to respond to customer requirements and the demands of the market, various new products and applications were developed in the individual group companies, sometimes with the cooperation of customers, and these were then tested by customers. Having its own smelting plant is important for the successful development of new materials and alloys in the iron-nickel segment, which are both customer and market-oriented, and important for ensuring economic and qualitative competitiveness and long-term customer relationships.

Existing certifications were confirmed in 2008. Regular customer audits were successfully completed.

ENVIRONMENTAL PROTECTION

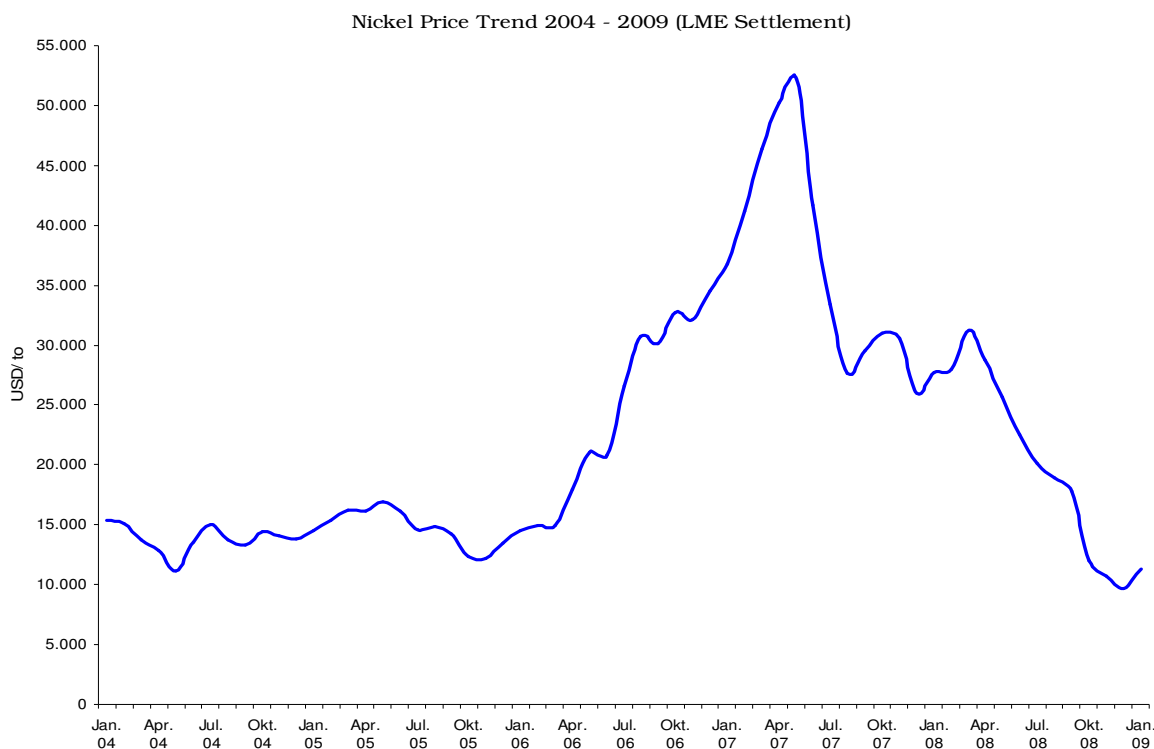
Legal obligations are met for all segments. Demolition of buildings at the Aue site, which had been disused for years and were no longer operationally required, was completed in agreement with the regional authorities at the end of 2008. Minor measures will be required at the Schwerte site in 2009 regarding dedusting of the smelting plant. No other significant investments in plants and machinery, for environmental protection purposes, are required. Preparation of an environment audit at the Schwerte site has been completed.

BUSINESS REVIEW

GENERAL BUSINESS ENVIRONMENT

The worldwide financial crisis has caused a severe deterioration in the economic environment worldwide, recessionary trends intensifying towards the end of 2008. In industrial countries in particular, there was a marked cooling off in economic development. Demand stagnated in the USA due to the crisis in housing construction, the declining trend in business investments and weak private consumption. In Europe too, there was a noticeable slowdown in the economy. The hitherto high growth rates in Asia were markedly reduced due to the considerable decline in exports to the industrial countries of America and Europe.

2008 was further characterised initially by the strong increase in prices of energy and raw materials. These, in some cases extreme, price increases then went into reverse with, in some cases, extreme falls in prices in the 4th quarter of 2008 due to the intensifying recessionary trends of the global economy and the related strong downturn in the demand for raw materials. Nickel, the essential material for the DNick group, continued to fall after the all-time high of May 2007 from about 54,000 USD/t to around 23,000 – 27,000 USD/t by mid-2008. A drastic drop in prices occurred in the 4th quarter of 2008 which caused the price to drop temporarily to below 9,000 USD/t and therefore to a price level last quoted in 2003. At the end of 2008/beginning of 2009, the price of nickel saw a price spread of between 10,000 – 12,000 USD/t. These extreme price fluctuations were essentially due to changes in the workload of global steel producers with its demand for steel and stainless steel alloy components. Nickel producers were unable to adapt their supply at short notice to the considerable drop in demand of steel and stainless steel producers. In addition, the clear decrease in the interest of the capital markets in investments in raw materials accelerated the fall in prices. This is especially true of nickel which is traded in significantly lower volumes than other metals e.g. copper. The prices are mainly generated on the London Metal Exchange (LME), on which the major non-ferrous metals such as copper and nickel are traded.



The nickel price trend should always be viewed together with the EUR/USD exchange rate trend, since trading takes place on the LME in USD. The fall in value of the USD in comparison with the EUR, which occurred at the same time, accordingly aggravated the price reduction in euros.

Alongside the dramatic decrease in the price of nickel, the price of other metals, such as copper, cobalt and molybdenum, had also decreased significantly at the end of 2008.

Since the company essentially quotes the metal prices for the main alloys in the customer contracts on the basis of the LME prices in both the business of iron-nickel and coin blanks, invoiced sales, but not the profit/loss made on orders, are directly affected by fluctuations in the price of metals. Fluctuations in the price of metals may affect volumes required by customers, however, and in any case impact on tied-up working capital.

DEVELOPMENT OF THE DNICK GROUP

Customer demand for iron-nickel products and for coin blanks remained as a whole stable in 2008 despite the worsening prospects of the global economy. The group's good position on the market as a supplier of high-quality iron-nickel specialities with a broad-based scope of application and widely spread customer base had a positive impact. Furthermore, the effects in terms of volume were hardly noticeable in 2008 due to a long order backlog.

The DNick group achieved the targets set in the 2008 business year and in some cases even exceeded them. Shipments of iron-nickel products increased by about 13 % and shipments of coin blanks by about 21 % compared with the previous year. Sales increased to approx. EUR 237 million, an increase of approx. EUR 16 million compared with the previous year.

Operating EBITDA (without revaluation of the non contract-related metal stock) rose to EUR 15.8 million, an increase of EUR 2.3 million. The coin blanks segment in particular contributed materially to this increase in performance. The result before tax of EUR 5.1 million is reduced by EUR 7.4 million from the revaluation of non contract-related metal stock because of an adjustment to reflect the market price of metals which had fallen substantially by the end of the business year.

Cash flow from operating activities rose to EUR 2.0 million, an improvement of EUR 8.7 million compared with the previous year. Cash flow in 2008 did not fully take into account the further reduction of the price of metals which occurred in the 4th quarter of 2008 as the fall in the price of metals had not yet impacted fully on inventories and trade receivables due to the time between hedging transactions concluded and the realisation of orders.

DEVELOPMENT OF THE SEGMENTS

The group companies are divided into the following segments:

Iron-nickel:

· bars and wires	Deutsche Nickel GmbH Deutsche Nickel America Inc. DN Real Estate GmbH
· strips	Auerhammer Metallwerk GmbH Deutsche Nickel America Inc.

Coin blanks:

SAXONIA EuroCoin GmbH
(incl. the 50 % holding CeCo S.A.)

Holding / Other

DNick Holding plc
DN Service GmbH

The group is structured in such a way that each segment essentially represents a separate independent group company. Only Deutsche Nickel America Inc. as a sales company works in both bars/wires and strips segments. The segments basically reflect the internal reporting structure. The joint venture in India was not yet considered in the segment presentation because the company will only start production in 2009.

IRON-NICKEL

BARS AND WIRES SEGMENT

Except for the American market, the demand for semi-finished products, both for bars and wires was as a whole stable in the 2008 business year. Sales activities, which intensified in the previous year, produced more successes with orders from new regions and for new applications. These could not, however, compensate for the weak demand on the US market so that as a whole the volume of sales was about 7 % below the previous year.

In the US market, which is important for both wires and bars, deteriorating currency parities could no longer be fully compensated for in 2008 through price increases with the result that margins were adversely affected by the declining US dollar rate. The result in the USA is further reduced by about EUR 1.0 million due to the devaluation of products from a small, non order-related quantity of stock affected by the sharp fall in the price of nickel to 31 December 2008.

An action program to restructure operations was introduced in 2005, and this has been continued and implemented in subsequent years. This included measures to intensify sales, reduce materials consumption and costs, and optimise technology. In addition, available capacity in the smelting plant was increasingly used for third party toll work in 2008.

Sales in the bars and wires segment were EUR 93.7 million in 2008 compared with EUR 110.7 million in 2007. Apart from the lower volume of sales, this change was also due to the lower price of metals compared with the previous year. Operating EBITDA (excluding revaluation of metal stock) was EUR 4.6 million compared with EUR 7.1 million the previous year.

STRIPS SEGMENT

Business in the strips segment came from four product groups in various markets with a broad customer base from different sectors. The product groups are thermostatic bimetals, plated strips, metal strips and metallic foils. This range has provided stability in recent years and also the ability to respond quickly to the demands of the market.

Sales increased and the market position continued to improve overall in 2008 in the two strongest selling product groups, thermostatic bimetal strips and plated strips. As a whole, sales, including toll production, were about 25 % higher than the previous year. The falling US dollar rate, however, impacted on the sales trend, above all on the Asian market, while it was possible to expand the USA business slightly. Business in Europe was extended further through projects undertaken with customers and individual technical support. The position as market leader for thermostatic bimetal products in Europe was further strengthened.

Sales for 2008 in the strips segment were EUR 63.4 million (previous year: EUR 66.9 million). The good result of the previous year of operating EBITDA of EUR 5.8 million was exceeded once again with operating EBITDA (excluding revaluation of metal stock) of EUR 6.1 million.

COIN BLANKS SEGMENT

Considerable capital expenditure, beginning in 2006, was made in the site at Halsbrücke to physically separate it from SAXONIA Edelmetalle GmbH and to integrate the facilities of the former EuroCoin AG for the production of non-ferrous metal blanks. These activities were completed in spring 2007 and have considerably increased the company's capacity in non-ferrous metal blanks as an essential prerequisite for a marked increase in sales since 2007.

Capacity utilisation of blank production facilities is determined by successful tendering and has been solely project-based since the introduction of the Euro was completed. Given the project-based nature of this business, it is defined by markedly greater volatility than the iron-nickel segment.

The 2008 business year was driven by the further development of the market position with the aim of achieving a sustained high level of capacity utilisation, especially in terms of project business, by enlarging customer base. The further increase in capacity utilisation in 2008 underlines the success of this strategy. The company has a reputation in the high-volume South American and Asian markets in particular as an efficient supplier of high-quality products. The volume of sales increased in 2008 by about 21 % compared with the previous year. The export percentage for the coin blanks business in 2008 was around 88 %.

In the electroplated blanks segment, the lower price level compared with non-ferrous metal blanks was countered by measures such as diversifying the order portfolio through to manufacturing more technically sophisticated blanks. The market position in this segment led to a price level which was far above-average, especially in the 1st half year of 2008, which had a very positive impact as a whole on margins in 2008. This temporary situation clearly returned to normal again in the 2nd half of 2008; the impact will be felt fully in 2009.

A fierce price competition continues in the non-ferrous metal blanks segment. The company has profited from a high number of orders to be processed from the previous year at a reasonable price level. On-going strong competitive pressure is expected in this segment.

The joint venture Compania Europea de Cospeles S.A. (CeCo), Spain, also enjoyed a good level of work in 2008 and achieved sales of EUR 26.3 million in 2008. The 50 % holding is valued under the equity-method and in 2008 produced a result of EUR 0.3 million.

Sales in the coin blanks segment as a whole increased further, due to the rise in sales achieved after reconstruction measures were concluded and extended capacities were made available in 2008, by EUR 27.7 million to EUR 93.4 million (excluding CeCo). Operating EBITDA (excluding revaluation of metal stock) increased disproportionately compared to the increase in sales to EUR 8.6 million compared with EUR 3.4 million the previous year. The 2008 result was positively affected by a temporary, above-average price level.

BUSINESS RISKS

During the course of its operational activities, the group is exposed to various risks, in particular fluctuations in the price of metals and currencies. The principal business risks are set out below.

METALS MARKET

The individual group companies manufacture products mainly from nickel and copper alloys and from precious metals. Steel is also used for clad products. The entire product range is therefore greatly dependent on changes in the price of metals.

Since metal prices for the main alloys, such as nickel, are generally quoted to customers in their orders on the basis of the market values on the LME (London Metal Exchange) and the price of metals are hedged through appropriate exchange contracts at the date when an order is received, order earnings are basically unaffected by fluctuations in the price of metals. Only sales revenues and corresponding materials costs vary according to changes in the price of metals. Fluctuations in metal prices can affect the demand for finished products in these metals, however, and therefore affect the business trend of the group.

The risks of changes in the price of metals currently relate mainly to the price of nickel which has been subject to substantial price fluctuations over the last 2 years. Further price developments and risks from sudden price movements in particular cannot currently be predicted, since there is also a speculative element, as well as basic market data, affecting this comparatively small volume market. This makes the group's existing principle of consistently hedging metal prices to minimise risk all the more important.

Alongside the dramatic fall in the price of nickel, especially in the 4th quarter of 2008, there were also significant markdowns for copper and other metals as well as for steel strips which are an essential material component in the production of electroplated coin blanks.

The decrease in metal prices at unchanged sales volumes results in a corresponding reduction in the value of working capital and therefore in lower level of tied up funds or lower financing requirements. The financing of inventories in the iron-nickel segment is particularly important here, since the complex production processes and longer processing times result in a comparatively lower inventory turnover. Business in non-ferrous metal blanks is also affected.

INTEREST

Existing loans to finance working capital are subject to a variable interest rate. In order to hedge the interest rate risk, interest rate hedging transactions (interest rate swaps) are concluded for about 60 % of the domestic credit lines. The future interest charge would rise for the remaining domestic credit lines and the credit lines in the USA were the prevailing basic interest rates for these loans to increase (EONIA and LIBOR respectively).

FOREIGN CURRENCIES

The US dollar is the most important foreign currency for the DNick group. Almost all sales on the American market as well as to Asia are invoiced in US dollars, which corresponds to approx. 36 % of group sales. Sales are also invoiced to a minor extent in British pounds (Sterling).

Since orders in foreign currencies are basically hedged using appropriate exchange futures when the order is received, there are no significant foreign currency risks for hedged transactions. First-class international banks act as trading partners for related financial transactions.

Where sales are invoiced in US dollars, the weakening of the US dollar compared with the euro initially results in a correspondingly lower equivalent value in euros. However, it should be remembered here that the major metals, such as nickel, are also quoted in US dollars, and a falling US dollar rate leads to a corresponding opposite effect on material purchases. Finally, a lower US dollar rate only affects earnings from sales invoiced in US dollars in terms of conversion and processing margins.

Further weakening of the US dollar in comparison with the Euro may also indirectly result in decreased demand for European products, and therefore have a negative effect on the group's business developments.

FINANCING OF WORKING CAPITAL

As described above, the companies commercially need a high volume of inventories, in particular in the iron-nickel operations, as the comparatively long production time can take up to 20 weeks, depending on the product. The order-to-cash cycle therefore requires a large amount of capital tie-up despite factoring. This capital tie-up or financing requirement intensifies greatly when the price of metals increases. Conversely, the financing requirement is lower when the price of metals falls. The group is therefore dependent on securing working capital financing.

The existing assets-based borrowing arrangement for the iron-nickel segment is the appropriate instrument to cover financing requirements resulting from fluctuating working capital financing. When the price of metals weakens, however, this instrument also causes, where the working capital has decreased in value, the assets-based borrowing, i.e. collateral value to fall and therefore causes a reduction in the utilisable credit lines.

DEFAULT RISKS

The main risk of loss of assets arises in terms of the risk of loss of a trading partner. The group has its own internal risk management procedures to minimise the risk of financial loss through a default by a customer. This includes obtaining information about new customers and also regular updates on existing customers. Payment terms are basically only given to customers with the appropriate cover from credit sale insurance or from other securities such as L/C (letter of credit). Furthermore, a large part of the receivables are sold through factoring, which is also an effective instrument in guarding against loss. Losses of receivables outstanding are rare and small in size.

FINANCING

The last instalment of the restructuring loans taken out in 2005 was paid back according to plan in September 2007, thus completing the financing of the restructuring. Restructuring loans totalling EUR 20.5 million plus interest were paid back in 2006 and 2007. While the ultimate holding company DNick Holding plc has been free of debt since October 2007, only bank loans exist at the level of the operating subsidiaries to finance working capital and to a minor extent liabilities from investment financing.

In 2007, the borrowing-based credit lines of the domestic operating subsidiaries in the iron-nickel segment were standardised and raised to EUR 24.0 million in 2008 (maximum line). These lines are each separate credit facilities with a contractual term to the end of December 2009. Alongside these credit facilities is a credit line for Deutsche Nickel America Inc. of USD 15.0 million, which is also borrowing-based, with a term to December 2010. The aim is to extend these credit lines of the domestic subsidiaries, and this is accordingly under discussion with the financing banks.

Existing credit lines in the iron-nickel segment are adequate to finance current working capital including planned internal growth. Borrowing-based financing covers fluctuations in current financing. The borrowing base of loans is calculated throughout the year and determines the maximum utilisable credit lines. As the value of the working capital and therefore the value of the borrowing base falls when the price of metals weakens, as in 2008, the respective utilisable credit line is accordingly reduced. This financing instrument has the opposite effect when the price of metals rises, and is therefore only available for financing current assets. Investments in fixed assets are therefore financed from cash flow from operating activities and in individual cases by investment financing and leasing.

Project financing for the coin blanks business of SAXONIA EuroCoin GmbH is concluded on a case-to-case basis and was available to a sufficient extent in 2008. The aim is to conclude a medium-term credit line for this business, in particular for depositing bank guarantees which are customary in project business.

FINANCIAL POSITION AND PERFORMANCE

ASSET POSITION

Assets	31.12.2008		31.12.2007	
	EUR('000s)	%	EUR('000s)	%
Cash and cash equivalents	5,477	4.6%	6,696	5.7%
Derivative financial instruments	404	0.3%	1,151	1.0%
Receivables	17,467	14.7%	12,061	10.4%
Inventories	61,519	51.7%	68,273	58.5%
Other	3,990	3.4%	3,830	3.3%
Current assets	88,857	74.7%	92,011	78.9%
Property, plant and equipment	20,079	16.9%	17,691	15.2%
Financial assets	4,547	3.8%	3,831	3.3%
Deferred taxes	4,422	3.7%	2,686	2.3%
Other	1,098	0.9%	419	0.3%
Non-current assets	30,146	25.3%	24,627	21.1%
Total	119,003	100.0%	116,638	100.0%

Compared with the previous year, the balance sheet total increased by EUR 2.4 million which was not directly in proportion to the increase in business volume.

Inventories decreased by EUR 6.8 million in 2008. This decrease compared with the previous year was the result of the falling price of metals and the revaluation of the metal stock, required according to the lower of cost or market price principle, to the considerably lower price of metals in the 4th quarter of 2008, in particular the price of nickel. The inventory volume in coin blanks increased compared with the previous year due to the increase in production.

Short-term receivables from operations increased in accounting terms by EUR 5.4 million. At the same time the outstanding balance of receivables sold in factoring decreased by EUR 4.7 million compared with the previous year.

The book value of property, plant and equipment increased by EUR 2.4 million compared with the previous year. Investments of EUR 5.1 million are balanced by scheduled depreciations of EUR 2.3 million and disposals of EUR 0.4 million. Investments in property, plant and equipment relates mainly to production improvements and associated capital expenditure.

The increase in financial assets is principally due to the contribution to capital for the joint venture Innovative Clad Solutions Private Limited, India, established in 2008.

FINANCIAL POSITION

Liabilities	31.12.2008		31.12.2007	
	EUR('000s)	%	EUR('000s)	%
Bank debts	26,470	22.2%	25,676	22.0%
Derivative financial instruments	3,805	3.2%	782	0.7%
Trade payables	16,181	13.6%	19,220	16.5%
Provisions	6,449	5.4%	6,523	5.6%
<u>Other liabilities</u>	<u>1,276</u>	<u>1.1%</u>	<u>1,302</u>	<u>1.1%</u>
<u>Current liabilities</u>	<u>54,181</u>	<u>45.5%</u>	<u>53,503</u>	<u>45.9%</u>
Bank debts	853	0.7%	293	0.2%
Provisions	1,665	1.4%	2,388	2.0%
Other liabilities	902	0.8%	258	0.2%
Deferred taxes	362	0.3%	986	0.9%
<u>Non-current liabilities</u>	<u>3,782</u>	<u>3.2%</u>	<u>3,925</u>	<u>3.3%</u>
<u>Equity</u>	<u>61,040</u>	<u>51.3%</u>	<u>59,210</u>	<u>50.8%</u>
<u>Total</u>	<u>119,003</u>	<u>100.0%</u>	<u>116,638</u>	<u>100.0%</u>

Current and non-current liabilities due to banks amount to EUR 27.3 million, EUR 26.3 million thereof relating to borrowing-based loans to finance working capital and EUR 1.0 million investment financing.

Trade payables decreased by EUR 3.0 million. This was mainly due to the fall in the price of metals compared with the previous year and lower levels of metal supplies towards the end of the business year.

The increase of EUR 3.0 million in derivative financial instruments carried as liabilities is primarily connected with currency and metal hedging transactions concluded.

The reduction in non-current provisions of EUR 0.7 million was mainly due to settlement payments to DN Service GmbH pensioners in the business year. Following the sale of the operational business of DN PressTec the previous year, the majority of pensioners accepted a corresponding settlement offer.

Equity amounts to approx. EUR 61.0 million at 31 December 2008, and shows an increase of EUR 1.8 million compared with the previous year. This increase results from the 2008 net income plus expenses from share-based remuneration which reduces the net income but not equity. The offset of the adverse balance of the derivative financial instruments directly in equity has decreased equity without affecting the results per the income statement. The equity ratio is now 51.3 % and therefore slightly above the corresponding ratio of the previous year.

EARNINGS POSITION

	2008		2007	
	EUR('000s)	%	EUR('000s)	%
Sales	236,690		220,624	
Other operating income	4,400		2,631	
Change in inventories	-6,230		19,357	
Operating income	234,860	100.0%	242,613	100.0%
Cost of materials	-181,416	-77.2%	-190,967	-78.7%
Personnel expenses	-18,129	-7.7%	-17,978	-7.4%
Other operating expenses	-26,336	-11.2%	-21,521	-8.9%
Income from investments	337	0.1%	674	0.3%
EBITDA	9,316	4.0%	12,821	5.3%
Depreciation	-2,331	-1.0%	-2,607	-1.1%
Exceptional income/expense	0	0.0%	761	0.3%
Interest expense (net)	-2,683	-1.1%	-3,309	-1.4%
Exchange gains / losses	823	0.3%	-320	-0.1%
Losses from derivatives	0	0.0%	-2,659	-1.1%
Earnings Before Tax	5,125	2.2%	4,687	1.9%
Taxes on income	-1,237	-0.5%	-1,339	-0.5%
Annual profit	3,888	1.7%	3,348	1.4%

Sales rose in 2008 from EUR 220.6 million to EUR 236.7 million. Increases in the volume of sales in the iron-nickel segment and especially coin blanks was the principal reason. In contrast, price reductions in metals passed on were reflected in revenue because above all the price of nickel - also including hedging transactions - was on average lower in 2008 than in the previous year. The same applies to copper and other metals.

The reductions in finished goods and work in progress of EUR 6.2 million were primarily affected by the lower price of metals compared with the previous year. Materials costs fell by EUR 9.6 million. These were also affected on the one hand by the fall in the price of metals, while on the other hand volumes, especially in the coin blanks business, increased.

Personnel expenses remained constant to a large extent at EUR 18.1 million despite the increased volume of business.

The increase in other operating expenses of EUR 4.8 million is mainly the result of increased sales expenses connected with the increase of sales in the coin blanks segment. Furthermore, expenses for external consultants were higher in the business year.

The group shows EBITDA of EUR 9.3 million for the 2008 business year and EUR 12.8 million for the previous year. It should be remembered here that, according to IFRS accounting policies, all inventories have to be valued according to the average value method in compliance with the applicable obligatory standards of IAS 2. The Last-In-First-Out (LIFO) method to value non-product-related current raw materials, so-called metal stock, applied to the unconsolidated financial statements according to valuation standards under German GAAP, is not permissible according to IFRS in the group's consolidated financial statements. While the average value method led to a revaluation of the metal stock in 2006 because of the substantial increase in the price of nickel, the average value which initially increased further in 2007 exceeded the market price of nickel which fell towards the end of the year, and therefore had to be revalued to the lower market price. This resulted in a devaluation of EUR 0.7 million in the previous year.

A revaluation of metal stock according to the lower of cost or fair value principle totalling EUR 7.4 million was necessary at 31 December 2008 because of the drastic fall in the price of nickel towards the end of the business year and the fall in the price of other metals. These fluctuations in the price of metals lead to the reporting of fluctuations in the book value of inventories for largely constant volumes, and therefore to book stock adjustments, both positive and negative, in the group which markedly limit comparison of operating results. Given the policy the group practises to cover metal risks, these results do not produce results which are relevant to cash flow and would only be realised in the event of liquidation.

We have, for transparency, separated the effect on results of the revaluation of metal stock in order to provide comparable sustained operating EBITDA. In order to manage and assess the earnings position, management also uses information and key data based on a constant metal stock. Revaluations required based on the lower of cost or fair value principle outside the metal stock, especially in the case of finished products not related to orders, are reported in operating EBITDA.

For the transparency of operating EBITDA, material non-recurrent results are also eliminated if they are not permanent or relate to previous years. These are the income from partial reversal of a provision set up in the previous year outside operating EBITDA relating to obligations to safeguard against hazards associated with an old property, and from an insurance refund which was balanced by corresponding expenses in previous years.

	2008	2007
	EUR('000s)	EUR('000s)
EBITDA according to income statement	9,316	12,821
Add impact of revaluation of metal stock	7,431	702
Less other non-recurring income	-933	0
Operating EBITDA (excluding impact of revaluation of stocks and other non-recurring items)	15,814	13,523

Operating EBITDA excluding impact of revaluation of stocks and other non-recurring items of EUR 15.8 million were realised in the 2008 business year, an increase of EUR 2.3 million or 17 % compared with the previous year. This further very welcome improvement in performance reflects the steady continuation of process-oriented improvement, sales increases achieved and, above all, temporary improvements in margin in coin blanks business.

The net interest expense is EUR 0.6 million below the previous year at EUR 2.7 million. When considering this reduction, it must be considered that interest paid in the previous year still included interest on the restructuring loans until September 2007 with very high interest margins.

Losses from derivative financial instruments of EUR 2.7 million reported the previous year resulted from fluctuations in the market value of derivatives which, prior to 1 January 2007 did not meet the hedging instrument criteria and were recognised in the income statement. Since the corresponding documentation obligations under IAS 39 are now met, the change in hedging transactions is now offset against the hedged item without affecting the profit for the year.

Please refer to the notes concerning the content of individual items on the income statement.

CASH FLOW

The DNick group generated a gross cash flow of EUR 12.7 million in the 2008 business year.

Including changes in working capital, business operations resulted in an inflow of funds of EUR 2.0 million. This was affected by the outflow of funds due to the build-up in the volume of inventories resulting from the increased volume of business. In contrast, reductions in the price of metals also have to be considered. Trade accounts receivable also increased. Due to the lower price of metals and lower supplies towards the end of the business year, trade accounts payable were lower than in the previous year and have therefore also resulted in an outflow of funds.

The cash flow statement shows an outflow of funds of EUR 5.3 million from investment activity. Payments for investments in property, plant and equipment of EUR 5.0 million and contributions to capital of EUR 0.8 million in the joint venture Innovative Clad Solutions Private Limited, India, are balanced by the proceeds from the sale of non-current assets of EUR 0.5 million.

The inflow of funds from financing activities of EUR 2.0 million relates primarily to borrowing for investment financing, including finance leasing.

Liquid funds at 31 December 2008 decreased to EUR 5.5 million compared with EUR 6.7 million the previous year at the balance sheet date.

FORECASTS

According to economic experts, the global economy in the current business year 2009 is expected to be defined by a recession. The extent to which the public economic measures and aid for companies and sectors running into difficulties initiated in many countries can weaken this negative development remains to be seen. The growth markets to date of Asia, Central and Eastern Europe and South America will also not be spared this development. Growth in these regions too will in some cases see a substantial reduction.

The DNick group will not be able to evade this deterioration in the general conditions of the global economy. We expect a marked reduction in sales volume in the iron-nickel segment in 2009 compared with the overall good year in 2008. Iron-nickel products cover a wide range of applications and are sold to a widely spread customer base in different sectors and regions. Dependency on specific sectors or regions is therefore only minor. For example automotive suppliers who have been especially hit by the global crisis, use our products to a large extent in after-sales business which is affected to a far lesser extent than business with new vehicles. Intensive sales activities in previous years, especially on the Asian market, are reaping increasing success. However, weakened demand triggered by the global recession has affected almost all sectors and regions to a varying extent so that the iron-nickel business is bound to be affected. The volume of orders booked at the beginning of 2009 was as a whole at about the same level as at the beginning of the previous year. However, actual customer calls in the 1st quarter of 2009 were markedly below those of the previous year. A reduction in sales volumes of 20 – 25 % over the year in the iron-nickel segment must be expected.

The coin blanks segment started the 2009 business year with a good order backlog. Project business is unconnected to a great extent from the global economic crisis given that public authorities act as contracting clients. Interesting international coin projects, where SAXONIA EuroCoin participates in bidding procedures, are expected to produce good capacity utilisation in the 2009 business year. The focus will be on electroplated coins. Additional new production capacities have been available for this since 2008.

Price increases in electricity in particular and the impact of collective agreements concluded on personnel expenses will increase manufacturing costs compared with 2008. Given the current market situation it will be very difficult to pass on these price increases in revenues.

Internal measures in the iron-nickel segment will focus initially on the short-term adjustment to costs through a lower level of employment. Short-time working was already introduced at a very early stage at the Schwerte and Aue sites. Staff cutbacks were also unavoidable because volumes anticipated, in particular for toll production, to utilise capacities at the smelting plant in Schwerte, which are not used for in-house processing, had to be significantly reduced. Other measures affect the continuation of process-oriented improvements and the implementation of further cost cuts, especially with respect to supplies and third-party services. Corresponding cost-cutting measures have been applied to all plants. In parallel, we are focusing on measures to reduce production and delivery times further. The focus in the coin blanks segment continues to be the optimisation of in-house processes and systems after the comprehensive investment programmes were completed.

As far as the essential ingredient nickel is concerned, suppliers are expected to enforce a stabilisation of the price level in 2009. As in the previous year, greater fluctuations cannot be excluded if speculative elements intervene in pricing. The price spread of nickel should therefore move on average in 2009 above the drastic price level to which it fell in the 4th quarter of 2008. The performance of the DNick group is not directly affected by these fluctuations in the price of metals because the price of metals for the main alloys is essentially quoted in the customer contracts on the basis of the LME prices. This affects the amount of sales

invoiced and cost of materials only. The physical supply of nickel requirements is assured through relevant master agreements with different suppliers.

Working capital in 2009 is expected to be below the level at the end of 2008 due to the continued low level of the price of metals expected, above all for nickel. This should make a positive contribution to cash flow.

Investments in the group's property, plant and equipment in 2009 will again be slightly above the level of the depreciation at approx. EUR 2.3 million. Furthermore, a residual amount will be payable as capital contribution for the Indian joint venture Innovative Clad Solutions Private Limited established in 2008 to build up a manufacturing facility to start metal cladding in India. Start-up is scheduled to take place in the third quarter of 2009.

Given the backdrop of an uncertain global environment, the DNick group has reviewed group planning and medium-term planning for 2009. Due to market conditions, a reduction in the volume of sales is anticipated, and its magnitude is currently impossible to assess with confidence. This will affect performance accordingly as implemented internal measures can only compensate the effects of a lower level of utilization partially and even then only with a delay in time. Uncertainties on financial and real markets do not at present allow any quantifiable forecast for the 2009 sales and operating result. However, no further devaluation of the metal stock should be required due to the expected development of the price of metals in 2009 and this should not be a further burden on the group's result as in 2008.

If, as the experts predict, the global economy gains momentum again over the course of 2010, leaving the depths of the recession behind it, the DNick group will continue the growth path pursued over the past years. The conditions for this already exist both in the iron-nickel segment and the coin blanks segment.

INFORMATION ON SHARES

Shares in DNick Holding plc have been traded on the unofficial market on the Frankfurt securities exchange since 18 April 2006.

ISIN: GB00B06ZX541
WKN: A0D9R7
Stock exchange symbol : D2H

The appointed paying agent and depository is the Bank of New York, London, United Kingdom (UK).

Key data of the DNick share

		2008	2007
Closing price in Frankfurt at year-end	in euros	6.00	6.40
High	in euros	9.26	10.92
Low	in euros	4.60	6.04
Market capitalisation at year-end	in million euros	33.6	35.5
Number of shares issued at year-end		5,604,749	5,544,484

According to the stock market trend, the price of the DNick share initially weakened at the beginning of 2008. Publication of the company results for the 2007 business year, however, reversed this trend, and the price of the share then markedly gained in value with, in some cases, significantly high daily transaction volumes, reaching a high of EUR 9.26. In the 4th quarter of 2008, however, the DNick shares could not evade the negative development of stock markets worldwide. The shares were then quoted with a closing price at year-end of 6.00 / share, a fall of some 6 % compared with the previous year. The average trading volume was also comparatively low in 2008 and was just under 6,000 shares per day with, in some cases, considerable fluctuations.

Morgan Stanley Securities Limited and Varde Partners Europe Limited, which each held 5 % of the shares in DNick Holding plc at 31 December 2007, notified the company that they have fallen below the threshold of 3 % with regard to their respective holding in DNick Holding plc or no longer hold any shares in the company.

Undiluted earnings per share according to IAS 33 are as follows:

	2008	2007
Group's result (in KEUR)	3,888	3,348
Weighted average number of shares	5,584,661	5,485,696
Undiluted result per share (in €)	0.70	0.61

At the balance sheet date 31 December 2008, options existed of up to 66,569 shares in line with a management incentive plan. Including these options, the number of issued shares would increase to 5,671,318. Correspondingly, this would result in diluted earnings per share of EUR 0.69/share for 2008.

Adjusted by the impact of the revaluation of the metal stock, the result from derivative financial instruments (2007 only) and the expensed share based remuneration, all of these without any cash flow impact, and excluding non-recurring items as adjusted in operating EBITDA resp. the exceptional result (2007 only), earnings per share - in consideration of respective impact of deferred taxes - would be at EUR 1.54/share (previous year: EUR 1.13/share).

Confirmed by the Board and signed by:



Dr. Götz-Peter Blumbach
Director



Franz-Josef Seipelt
Director

London, 22 May 2009

Report of the independent auditor to the members of DNick Holding PLC

We have audited the group and parent company financial statements (the 'financial statements') of DNick Holding plc for the year ended 31 December 2008 which comprise the group income statement, the group balance sheet, the group statement of changes in equity, the group cash flow statement, the principal accounting policies, notes 1 to 34 to the group financial statements and other information presented after the notes regarding the parent company's legal status, the parent company profit and loss account, the parent company balance sheet and notes 1 to 18 to the parent company financial statements. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the group financial statements in accordance with United Kingdom law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and for preparing the parent company financial statements in accordance with United Kingdom law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and whether the financial statements have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report and the Management Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion:

- the group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the group's affairs as at 31 December 2008 and of its profit for the year then ended;
- the group financial statements have been properly prepared in accordance with the Companies Act 1985;
- the parent company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent company's affairs as at 31 December 2008 and of its profit for the year then ended;
- the parent company's financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' Report is consistent with the financial statements.

Separate opinion in relation to IFRSs

As explained in the accounting principles section to the group financial statements, the group in addition to complying with its legal obligation to comply with IFRSs as adopted by the European Union, has also complied with the IFRSs as issued by the International Accounting Standards Board.

In our opinion the group financial statements give a true and fair view, in accordance with IFRSs, of the state of the group's affairs as at 31 December 2008 and of its profit for the year then ended.



GRANT THORNTON UK LLP
REGISTERED AUDITOR
CHARTERED ACCOUNTANTS

LONDON
22 MAY 2009

Note : The maintenance and integrity of the DNick Holding PLC website is the responsibility of the directors. The work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

Legislation in the United Kingdom governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.



DNick Holding plc
Group Accounts 2008


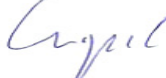


**DNick Holding plc - Group
Income Statement for the Year 2008**

	Notes	2008 EUR	2007 EUR
1. Sales	(22)	236.689.739	220.624.464
2. Other operating income	(23)	4.400.742	2.631.271
3. Changes in inventories of finished goods and work in process		-6.230.214	19.357.147
Operating income		234.860.267	242.612.882
4. Cost of materials		-181.415.735	-190.966.786
a) Cost of raw materials, consumables and supplies and of purchased merchandise		-163.457.162	-177.827.917
b) Cost of purchased services		-17.958.573	-13.138.869
5. Personnel expenses		-18.129.448	-17.977.867
a) Wages and salaries		-15.389.187	-15.094.683
b) Social security and other pension costs		-2.740.261	-2.883.184
6. Other operating expenses	(24)	-26.268.132	-21.446.018
7. Other taxes		-67.773	-75.150
Sub-total (4.-7.)		-225.881.088	-230.465.821
8. Share in profit and loss of associates and joint ventures accounted for at equity		337.089	674.218
Earnings before interest, taxes and depreciation / amortisation (EBITDA)		9.316.268	12.821.279
9. Amortisation / depreciation of intangible assets and property, plant and equipment	(25)	-2.331.285	-2.607.334
10. Exceptional income	(26)	0	1.818.692
11. Exceptional expenses	(26)	0	-1.058.091
12. Interest and similar income	(27)	147.210	191.368
13. Interest and similar expenses	(27)	-2.830.669	-3.500.173
14. Exchange gains / losses	(28)	823.357	-320.400
15. Losses from derivatives	(28)	0	-2.659.023
Earnings before taxes		5.124.881	4.686.318
16. Taxes on income	(29)	-1.236.473	-1.338.750
a) Current taxes		-2.171.120	-2.029.261
b) Deferred taxes		934.647	690.511
Net profit for the year		3.888.408	3.347.568
Basic earnings per share	(30)	0,70	0,61
Diluted earnings per share	(30)	0,69	0,60

DNick Holding plc - Group
Balance Sheet as at 31 December 2008

	Notes	31.12.2008		31.12.2007	
		EUR	EUR	EUR	EUR
A. Current assets					
I. Cash and cash equivalents	(2)		5.477.489		6.695.572
II. Trade receivables / other assets					
1. Trade receivables	(3)	16.463.249		12.042.718	
2. Receivables from associates	(4)	1.003.469		18.698	
3. Derivatives	(5)	403.567		1.150.703	
4. Other assets	(6)	3.599.549		3.342.512	
Total receivables / other assets			21.469.834		16.554.631
III. Inventories					
1. Raw materials, consumables and supplies		11.824.672		11.166.554	
2. Work in process		29.876.751		40.148.876	
3. Finished goods and merchandise		19.817.634		16.890.833	
4. Prepaid inventories		0		66.631	
Total inventories	(7)		61.519.057		68.272.894
IV. Prepaid expenses					
1. Other prepaid expenses		390.677		488.355	
Total prepaid expenses			390.677		488.355
Total current assets			88.857.057		92.011.452
B. Non-current assets					
I. Intangible assets					
1. Concessions, industrial rights, licences, etc.		88.422		66.167	
2. Prepayments		31.200		0	
Total intangible assets	(8.1)		119.622		66.167
II. Property, plant and equipment					
1. Land, land rights		3.139.476		3.139.502	
2. Buildings, buildings on third-party land		7.749.256		7.166.355	
3. Technical equipment and machinery		6.517.984		5.644.670	
4. Other equipment, furniture, fixtures and office equipment		2.041.405		1.625.536	
5. Prepayments and assets under construction		510.951		48.615	
Total property, plant and equipment	(8.2)		19.959.072		17.624.678
III. Investments					
1. Investment in joint venture		3.931.303		3.234.027	
2. Other investments		0		1	
Total investments	(8.3)		3.931.303		3.234.028
IV. Non-current receivables					
1. Other loans		616.018		596.821	
Total non-current receivables	(8.3)		616.018		596.821
V. Deferred tax assets					
	(9)		4.421.523		2.686.176
VI. Other assets					
	(6)		1.098.584		418.938
Total non-current assets			30.146.122		24.626.808
Total assets			119.003.179		116.638.260

	Notes	31.12.2008		31.12.2007	
		EUR	EUR	EUR	EUR
A. Current liabilities					
1. Current liabilities to banks	(10)	26.470.038		25.675.563	
2. Current finance lease liabilities		257.673		61.560	
3. Prepayments received		91.155		319.631	
4. Trade payables	(11)	15.632.237		18.901.024	
5. Provisions					
a) Current tax provision	(12)	2.691.204		2.095.604	
b) Other provisions	(13)	3.758.258		4.427.549	
6. Liabilities to affiliates	(14)	458.470		0	
7. Derivatives	(5)	3.804.831		781.745	
8. Deferred income	(15)	212.403		202.903	
9. Other current liabilities	(16)	804.695		1.037.676	
Total current liabilities			54.180.964		53.503.255
B. Non-current liabilities					
1. Non-current liabilities to banks	(17)	853.438		292.742	
2. Non-current finance lease liabilities		617.240		197.034	
3. Deferred tax liabilities	(9)	362.387		985.958	
4. Non-current provisions					
a) Provisions for Pensions	(18)	830.845		1.419.977	
b) Other provisions	(19)	834.403		968.366	
5. Other non current liabilities		284.240		61.164	
Total non-current liabilities			3.782.553		3.925.241
C. Equity					
1. Issued capital		81.439		80.686	
2. Capital reserve		52.407.260		52.671.539	
3. a) Merger reserve		-10.827.314		-10.827.314	
b) Revaluation reserve		-2.417.101		258.270	
c) Foreign exchange translation reserve		-528.417		-712.743	
4. Retained profits		18.435.387		14.391.758	
5. Net profit		3.888.408		3.347.568	
Total equity	(20) / (21)		61.039.662		59.209.764
Total equity and liabilities			119.003.179		116.638.260
<p>Approved by the Board and signed on its behalf by:</p> <div style="display: flex; justify-content: space-around; align-items: flex-start;"> <div style="text-align: center;">  Dr. Götz-Peter Blumbach Director </div> <div style="text-align: center;">  Franz-Josef Seipelt Director </div> </div> <p>London, 22 May 2009</p>					

DNick Holding plc - Group
Statement of Changes in Equity for the Year 2008

EUR ('000s)	Notes	Share Capital	Capital Reserve	Merger Reserve	Revaluation Reserve	Translation Reserve	Profit Reserve	Total
Balance as at 01/01/07		79	94.241	-12.018	1.033	-206	-28.593	54.536
1. Revaluation of hedge instruments	(20)				369			369
2. Deferred taxes on hedge instruments	(20)				-111			-111
3. Currency translation differences	(20)					-507		-507
4. Net profit for the year							3.348	3.348
Total recognised income and expense for the period		79	94.241	-12.018	1.291	-713	-25.245	57.635
5. Issued Capital	(20)	2						2
6. Share award costs	(21)		1.572					1.572
7. Share award costs realised on share issue	(20)		-1.325				1.325	0
8. Reserves transfers	(20)		-41.817	1.191	-1.033		41.659	0
Total equity as at 31/12/07		81	52.671	-10.827	258	-713	17.739	59.209

EUR ('000s)	Notes	Share Capital	Capital Reserve	Merger Reserve	Revaluation Reserve	Translation Reserve	Profit Reserve	Total
Balance as at 01/01/08		81	52.671	-10.827	258	-713	17.739	59.209
1. Cash flow hedges - reclassification to profit or loss	(20)				-258			-258
2. Revaluation of hedge instruments	(20)				-3.401			-3.401
3. Deferred taxes on hedge instruments	(20)				984			984
4. Currency translation differences	(20)					185		185
5. Net profit for the year							3.888	3.888
Total recognised income and expense for the period		81	52.671	-10.827	-2.417	-528	21.627	60.607
6. Issued Capital	(20)	1						1
7. Share award costs	(21)		432					432
8. Share award costs realised on share issue	(20)		-696				696	0
Total equity as at 31/12/08		82	52.407	-10.827	-2.417	-528	22.323	61.040

DNick Holding plc - Group
Cash Flow Statement for the Year 2008

	2008 EUR ('000s)	2007 EUR ('000s)
EBITDA	9.316	12.821
+/- Increase/decrease in non-current accruals	-723	-312
+/- Other non-cash income/expenses	5.722	1.438
- Payments for taxes on income	-1.575	-803
Gross-Cash-Flow	12.740	13.144
+/- Increase/decrease in inventories	-395	-19.327
+/- Increase/decrease in trade receivables	-4.093	-360
+/- Increase/decrease in trade payables	-3.221	3.757
+/- Increase/decrease in short term accruals	-30	-456
+/- Increase/decrease in other working capital	-1.114	1.127
+/- Currency gains / losses	823	-320
- Interest payments	-2.707	-3.533
Cash provided / used by operating activities excluding exceptional business transactions	2.003	-5.968
+/- Cash used by exceptional business transactions	0	-772
Cash provided / used by operating activities including exceptional business transactions	2.003	-6.740
Cash-Flow from investing activities		
- Capital expenditure	-5.087	-3.485
- Acquisition of interest in joint venture	-787	0
+ Proceeds from disposal of non-current assets	221	308
+ Cash received from the divestment of discontinued operations and of associated companies	350	13.608
Cash used / provided by investing activities	-5.303	10.431
Cash-Flow from financing activities		
+ Capital issued	1	2
+/- Cash used / received for the redemption of other loans	-19	-19
+ Cash received from the issue of bankloans	1.355	593
+/- Borrowing / repayment payables of finance lease	616	102
Cash provided by financing activities	1.953	678
Net change in cash and cash equivalents	-1.347	4.369
+/- Effect of foreign exchange rate changes	128	-536
+ Cash at beginning of the year	6.696	2.863
Cash and cash equivalents at year end	5.477	6.696

NOTES TO THE 2008 GROUP ACCOUNTS

PRINCIPAL ACCOUNTING POLICIES

GENERAL

DNick Holding plc is a public limited company under English Law which is registered in London, United Kingdom. The registered office of DNick Holding plc is No 1 Poultry, London, EC2R 8JR, United Kingdom (UK). The business place and administrative centre of the company is Rosenweg 15, 58239 Schwerte, Germany.

The business is registered at Companies House in the United Kingdom under number 5398216. It was registered on 18 March 2005. A branch in Germany has been registered at the local court of Hagen under number HRB 7769. It was registered on 3 December 2007.

Shares in DNick Holding plc are traded on the unofficial market on the Frankfurt stock exchange with the security identification number A0D9R7.

The principal business activities of DNick Holding plc and its subsidiaries are the manufacture and sale of metal products and other materials, in particular in the field of semi-finished products as well as circular blanks for coins.

The group's activities can be divided into the following segments:

- Iron-nickel
 - bars and wires
 - strips
- Blanks for coins
- Holding company activities / Other

The consolidated financial statements are presented in Euro. Unless otherwise indicated, all amounts are given in thousand euros (KEUR).

The business year of DNick Holding plc and all companies included in the consolidated financial statements corresponds to the calendar year.

GOING CONCERN

The consolidated financial statements are prepared on the "going concern" basis. All restructuring loans were paid back in full in 2007; the only credit lines exist to finance working capital of the operating group companies.

As at 31 December 2008, the US subsidiary had a facility amounting to USD 15.0 million which is due for renewal on 31 December 2010 and two German subsidiaries had facilities amounting to EUR 24.0 million which are due for renewal on 31 December 2009. While it is too early for the Group to negotiate extension of the German facilities, based upon current discussions with the banks involved, the directors are confident that these facilities will be renewed or replaced.

Principally as a result of the impairment charges made in the preparation of the financial statements in respect of certain stock values following the fall of the market prices of metals to 31 December 2008, there have been some technical loan covenant breaches in respect of these facilities. Loan covenant breaches in the US subsidiary have been already waived by the bank concerned. Based on current negotiations with the banks providing German

facilities, the directors have assessed it likely that they will waive the loan covenant breaches, although documentation is not yet in place as the directors and banks are still in discussion with respect to the renegotiation of the facilities.

The directors have prepared forecasts based upon their current expectations of the Group's trading for the next 12 months from the date of approval of the financial statements and remain confident that they will be able to operate within the above facilities throughout that period. If existing loans and credit lines are not renewed or extended, contrary to expectations, development of the business and operations could be adversely affected.

ACCOUNTING PRINCIPLES

The consolidated financial statements have been prepared in accordance with applicable International Financial Reporting Standards as adopted by the EU and International Financial Reporting Standards as issued by the International Accounting Standard Board.

APPLICATION OF AMENDED AND NEW STANDARDS AND INTERPRETATIONS

Compared to the consolidated financial statements at 31 December 2007, the following standards and interpretations have been amended or applied for the first time with mandatory effect by adoption in EU law or by the specific regulation coming into force:

- Amendment to IAS 39 and IFRS 7: "Reclassification of Financial Instruments"
- IFRIC 11 "IFRS 2 - Group and Treasury Share Transactions"

The application of these regulations for the first time had no significant effect on the asset, financial and earnings position of the DNick group.

At the date of authorisation of these financial statements, certain new standards, amendments and interpretations to existing standards have been published but are not yet effective, and have not been adopted early by the Group.

Management anticipates that all of the pronouncements will be adopted in the Group's accounting policy for the first period beginning after the effective date of the pronouncement. Information on new standards, amendments and interpretations that are expected to be relevant to the Group's financial statements is provided below. Certain other new standards and interpretations have been issued but are not expected to have a material impact on the Group's financial statements.

- Amendment to IAS 1 Presentation of Financial Statements (Revised 2007) (effective 1 January 2009)

The amendments will include in some cases presentation of an extra comparative statement of financial position (balance sheet) with comparatives and supporting notes. Performance will be reported in a statement of comprehensive income. Amendments also include the requirement for the statement of changes in equity to be a primary statement, not a note to the accounts. Additional disclosures are also introduced.

The amendments to IAS 1 are relevant to the DNick Group and will be applied in future according to the Standard.

· IFRS 8 Operating Segments (effective 1 January 2009)

The Standard replaces IAS 14 Segment Reporting and requires entities to adopt the "management approach" to reporting on their operating segments.

· IAS 23 Borrowing Costs (Revised 2007) (effective 1 January 2009)

The revised Standard requires the capitalisation of borrowing costs, to the extent that they are directly attributable to the acquisition, production or construction of qualifying assets that need a substantial period of time to get ready for their intended use or sale. The option currently used by the Group of immediately expensing those borrowing costs will be removed. In accordance with the transitional provisions of the revised Standard, the Group capitalises borrowing costs relating to qualifying assets for which the commencement date is on or after the effective date. No retrospective restatement will be made for borrowing costs that have been expensed for qualifying assets with a commencement date before the effective date.

· IFRS 3 Business Combinations (Revised 2008) (effective from 1 July 2009)

The Standard is applicable for business combinations occurring in reporting periods beginning on or after 1 July 2009 and will be applied prospectively

· Embedded Derivatives – Amendments to IFRIC 9 and IAS 39 (effective from 1 July 2009)

The Amendment is a result of the changes made to IAS 39 in October and November 2008 permitting the reclassification of non-derivative financial assets out of the fair value through profit or loss category in some circumstances. The Group does not currently anticipate any reclassification under the Amendment will be made.

· Annual Improvements 2008

The IASB has issued *Improvements for International Financial Reporting Standards 2008*. Most of these amendments become effective in annual periods beginning on or after 1 January 2009. The Group expects the amendment to IAS 23 *Borrowing Costs* to be relevant, as set out above. Smaller amendments are made to several other standards, however, these amendments are not expected to have a material impact on the Group's financial statements.

Pronouncements on standards and interpretations which are effective for the 2009 business year will be applied for the first time to the group's 2009 consolidated financial statements; pronouncements which become effective from 1 July 2009 will be applied for the first time to the group's 2010 consolidated financial statements. The group does not intend to apply any of these pronouncements on standards and interpretations early.

The layout of the balance sheet by maturity corresponds to that specified by IAS 1. Assets and liabilities are considered to be short term if they are due within one year. Accordingly, assets and liabilities are classed as long term if they remain in the group for longer than one year. Receivables and trade accounts payable as well as inventories are shown as short-term items. Deferred tax claims and liabilities on the other hand are shown as long term.

SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements include DNick Holding plc as well as all domestic and foreign companies controlled by it. As a rule, control is deemed to exist if DNick Holding plc owns indirectly or directly a majority of the voting rights of the subscribed capital of a company and / or can determine the financial and business policy of this company. The parent company has a 100 % holding in each subsidiary.

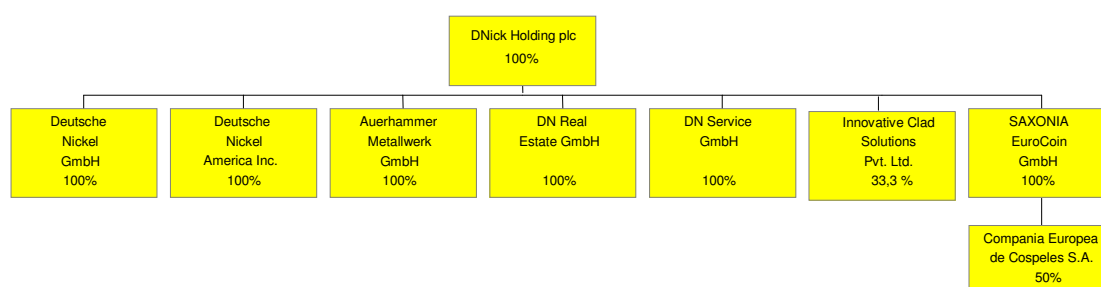
The following companies apart from DNick Holding plc are included in the consolidated statements:

- Deutsche Nickel GmbH, Schwerte / Germany
- Deutsche Nickel America Inc., Cumberland, RI / USA
- Auerhammer Metallwerk GmbH, Aue / Germany
- DN Real Estate GmbH, Schwerte / Germany
- DN Service GmbH, Schwerte / Germany (formerly: DN PressTec GmbH)
- SAXONIA EuroCoin GmbH, Halsbrücke / Germany

The following entities are classified as joint ventures and included in the consolidated financial statements under the equity method:

- Compania Europea de Coseples S.A., Madrid / Spain
- Innovative Clad Solutions Private Limited, New Delhi / India

The group structure of the fully consolidated companies and those included using equity accounting is as follows:



CONSOLIDATION PRINCIPLES

The consolidated financial statements include DNick Holding plc as well as all domestic and foreign companies controlled by it. As a rule, control is deemed to exist if DNick Holding plc owns indirectly or directly more than 50 % of the voting rights of the subscribed capital of a company and as a result can determine the financial and business policy of this company to its economic advantage. The company is included in the consolidation from the date on which control is considered to exist and is excluded from the date on which control ceases to exist.

The subsidiaries acquired in the 2005 business year through the restructuring of the former Deutsche Nickel AG (subsequently DNick Ltd. (CVA)) were included in the consolidated financial statements using merger accounting principles. Each of the subsidiaries was acquired as part of the reconstruction of the former Deutsche Nickel AG group. The aim of this reconstruction was to enable the former Deutsche Nickel AG and its subsidiaries to continue their operations as going concerns, rather than be purchased by an unrelated third party. Given this background, merger accounting is the appropriate basis to present the financial and earnings situation of the group. As the subsidiaries were incorporated, these transactions do not fall within the scope of application of mergers regulated in IFRS 3.

Under merger accounting principles, no adjustment is made to fair values of the assets and liabilities of the included companies, and the results are included throughout the year with no elimination of the pre-acquisition period.

Capital consolidation is implemented by offsetting the investment book values against the equity of the subsidiaries at the time of the initial consolidation, the difference being offset against the merger reserves. Changes to the investment book values and/or equity of the subsidiaries are eliminated in subsequent consolidation.

In case of a divestment, the respective assets and liabilities of the sold subsidiary, including any related goodwill or difference from the first consolidation, will be compared with the proceeds received. Any difference from deconsolidation is reported in the income statement.

The acquisition costs of joint ventures, consolidated using equity accounting, are increased or decreased annually according to changes in the equity of the investee of the DNick group. The principles applying to full consolidation are applied to the allocation and adjustment of any differences between the acquisition costs of the investment and the proportionate equity of the investee under the equity method. There is no market price for the investments valued using equity accounting.

In principle, the assets, liabilities and deferred items as well as income and expense contained in the corresponding individual financial statements are included in the consolidated financial statements.

Intra-group receivables and payables are netted against each other and eliminated. Intra-group sales, profits and losses as well as all other income and expense are eliminated on consolidation.

Intra-group profits on inventories transferred within the group that relate to deliveries between group companies are eliminated on consolidation.

Intra-group profits on the transfer of property, plant and equipment within the group that relate to deliveries made and services provided between group companies are also eliminated on consolidation.

The consolidated financial statements have been prepared applying uniform accounting and valuation principles.

Investments in associates and joint ventures, which normally involve a share of between 20 and 50 % in the equity capital, are recognised using the equity method. The company performs an annual review of the value of its investments. The investment book values for these investments are increased or decreased annually according to the changes in equity relating to the proportion of share capital held.

CURRENCY CONVERSION

The Group's foreign subsidiaries included in the basis of consolidation are independent from a financial, economic and organisational standpoint. Their reporting currency is the currency of the country in which they are located. The balance sheets of the foreign subsidiaries are translated using the exchange rate prevailing at the year-end, profit and loss items are translated using the average exchange rate for the year. All resultant exchange differences are recognised in accumulated currency differences within equity. In the event that a foreign subsidiary is sold, the accumulated amount of currency differences is recognised as income or expense in the same period in which the profit or loss is realised.

In general, transactions denominated in foreign currency are translated using the exchange rate applicable on the date the transaction is entered into. Any exchange differences are recognised in profit or loss.

For the purposes of converting foreign currency transaction amounts during the year into euros, the applicable transaction rate is used. At the year end, open foreign currency balances are converted using the market rate on the reporting date and the currency differences are recorded within net income.

The exchange rates against the Euro affecting the group accounts have changed as follows:

Exchange rates

		Middle price in € on the balance sheet date		Middle price in € as annual average	
		31.12.2008	31.12.2007	2008	2007
USA	1 USD	0.70946	0.67942	0.67990	0.72842
United Kingdom	1 GBP	1.02720	1.35707	1.25968	1.46148

ESTIMATION UNCERTAINTY AND MANAGEMENT JUDGEMENT

When preparing the financial statements, management undertakes a number of judgements, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses.

The actual results may differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results. Information about significant judgements, estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expense, as discussed below.

Useful lives of depreciable assets:

Management reviews the useful lives of depreciable assets at each reporting date. At 31 December 2008, management assessed that the useful lives represent the expected utility of the assets of the group. The carrying values are analysed in note 8. Actual results, however, many vary due to technical obsolescence.

Defined benefit liability:

Management estimates the defined benefit liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate of defined benefit liability is based on standard rates of inflation and mortality. It also takes into account the group's specific anticipation of future salary increases. Discount factors are determined close to each year-end by reference to high quality corporate bonds that are denominated in the currency in which the benefits will be paid and that have terms to maturity approximating to the terms of the related pension liability.

The most significant judgements made when applying the accounting policies are in relation to deferred tax assets. The assessment of the probability of future taxable income in which deferred tax assets can be utilised is based on the group's latest approved budget forecast, which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit.

ACCOUNTING AND VALUATION METHODS

The individual financial statements included in the consolidated financial statements have been prepared in accordance with the IFRS/IAS international accounting standards and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). The accounting and valuation principles as prescribed by IFRS were implemented as set out in IFRS 1 as if IFRS/IAS standards had always been applied, i.e. retrospectively, unless otherwise stated. The adjustments required to be made on the first-time adoption of the IFRS/IAS accounting and valuation principles were recognised in equity through retained earnings.

The amounts stated in the consolidated financial statement are determined solely by the economic substance of the item, financial and earnings position in the context of the requirements of the IASB and unaffected by tax regulations.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Many of the amounts included in the financial statements involve the use of judgement and/or estimation. These judgements and estimates are based on management's best knowledge of the relevant facts and circumstances, having regard to prior experience, but actual results may differ from the amounts included in the financial statements.

The balance sheet format is on the basis of maturity, in accordance with IAS 1.

FINANCIAL ASSETS

Financial assets other than hedging instruments are divided into the following categories:

- loans and receivables;
- financial assets at fair value through profit or loss;
- available-for-sale financial assets;
- held-to-maturity investments.

Financial assets are assigned to the different categories on initial recognition, depending on the characteristics of the instrument and its purpose. A financial instrument's category is relevant for the way it is measured and whether any resulting income and expenses is recognised in profit or loss or directly in equity. See Note 1 for a summary of the group's financial assets by category.

Generally, the group recognises all financial assets using settlement day accounting. An assessment of whether a financial asset is impaired is made at the latest at each reporting date. All income and expense relating to financial assets are recognised in the income statement line item "Other operating income" or "Other operating expenses," respectively, other than interest income and expense, which is recognised under "Interest and similar income" and "Interest and similar expenses" respectively.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Any change in their fair value is recognised in profit or loss. The group's trade and most other receivables fall into this category of financial instruments. Discounting, however, is omitted where the effect of discounting is immaterial.

Significant receivables are considered for impairment on a case-by-case basis when they are past due at the balance sheet date or when objective evidence is received that a specific counterparty will default.

Financial assets at fair value through profit or loss include financial assets that are either classified as held for trading or are designated by the entity to be carried at fair value through profit or loss upon initial recognition. By definition, all derivative financial instruments that do not qualify for hedge accounting fall into this category. The group has no other type of financial instruments which currently fall within this category. Any gain or loss arising from derivative financial instruments is based on changes in fair value, which is determined by direct reference to active market transactions or using a valuation technique where no active market exists.

CURRENT ASSETS

CASH AND CASH EQUIVALENTS

Cash includes cash on hand and balances at banks.

Cash equivalents are short-term highly liquid assets, which can be quickly converted into cash and have an original maturity of up to 3 months and are not subject to any substantial fluctuations in value. These include cash deposits amounting to 10 % on the receivables sold and assigned to factoring companies, which are released as available cash following payment of the original receivable by the customer.

RECEIVABLES AND OTHER ASSETS

Receivables and other assets are recognised at their recoverable value. Receivables and other assets denominated in foreign currency are translated using the exchange rate prevailing at the balance sheet date.

All receivables and other assets are reviewed annually for impairment at the balance sheet date.

INVENTORIES

Inventories include, in accordance with IAS 2, those assets which are held for sale in the normal course of business (finished products and goods), those which are in production for sale (unfinished products) or those which are used in the course of production or the provision of services (raw materials, auxiliary materials, supplies). Inventories are valued at the lower of the acquisition or production costs identified using the average cost method and their net value on realisation, i.e. the sales revenue achievable in the normal course of business less the estimated finishing and sales costs.

The production costs of unfinished and finished products include all costs which are directly attributable to the production process plus a proportionate amount of production-related overheads. Financing costs are not included. The allocated fixed and variable overheads are based on detailed cost calculations prepared as part of the current cost accounting statements. General administration costs are not included. Write-down to the net value on realisation is carried out as necessary.

Commodities are recognised at the lower of acquisition cost and their fair value.

PREPAID EXPENSES

These include payments made for expenses relating to future periods, these all have a term of up to one year.

NON-CURRENT ASSETS

INTANGIBLE ASSETS

Intangible assets acquired for consideration are measured at acquisition and production cost in accordance with IAS 38 and are amortised systematically on a straight-line basis over their useful lives. Software is amortised over a period of between 3 and 5 years. Costs of debt raised for general working capital use are not capitalised.

Expected permanent loss of value which exceeds normal wear and tear is accounted for by recording impairment, affecting operating results. Where events indicate or there is evidence of a reduction in value, a recoverability test is carried out to compare the book value of an asset with the recoverable amount.

If the basis of an impairment loss recognised in previous years no longer applies, appropriate revaluation is recorded as other income.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment, excluding land and buildings, are recognised in accordance with IAS 16 at acquisition and production cost and are depreciated on a systematic basis over their useful lives.

The original acquisition and production costs include the purchase price as well as any directly attributable ancillary purchase costs and any costs attributable to bringing the asset to the condition necessary for it to be capable of being operated. A proportion of overhead costs are included in the production costs of self-constructed assets in addition to the direct costs.

Property, plant and equipment are depreciated over their estimated useful lives. To the extent permitted, movable assets are depreciated under the diminishing balance method. The depreciation period and method are reviewed annually at the end of the financial year. The remaining property, plant and equipment are depreciated on a straight-line basis.

The depreciation periods in years are as follows:

Property, plant and equipment	years
Buildings	10 – 40
Plant and machinery	3 – 20
Furniture and office equipment	2 – 10

Buildings are carried at their cost less any accumulated depreciation. Freehold land is not subject to depreciation.

Expected permanent loss of value which exceeds normal wear and tear is accounted for by recording impairment, affecting operating results. Where events indicate, or there is evidence of a reduction in value, a recoverability test is carried out to compare the book value of an asset with the recoverable amount. Material residual value estimates are updated as required, but at least annually.

If the basis of an impairment loss recognised in previous years no longer applies, appropriate revaluation is recorded as other income.

Leased property, plant and equipment, which are regarded economically as asset purchases with long-term financing, i.e. finance leases, are reported in the balance sheet at the time of acquisition at fair value in accordance with IAS 17. Depreciation is recognised over the economic life.

INVESTMENTS

Investments in associates and joint ventures are accounted for using the equity method in accordance with IAS 28 and IAS 31, whereby the acquisition cost is adjusted annually for post-acquisition changes in the proportionate share of equity of the associates/joint ventures, including profits and losses.

Other investments are recognised at acquisition cost and relate to simple investments where no significant influence or control can be exercised. If there are indications of a permanent impairment, an impairment loss is recognised on the investment. If the reasons for the impairment cease to exist, the impairment loss is reversed up to a maximum of the original acquisition cost.

NON-CURRENT RECEIVABLES

Non-current receivables include other loans and are valued and recognised at their recoverable amount.

Non-current receivables are discounted to a lower value on the balance sheet date, where impairment is expected to be permanent.

DERIVATIVE FINANCIAL INSTRUMENTS /CASH FLOW HEDGE ACCOUNTING

A specific accounting treatment is required for derivatives that are designated as hedging instruments for cash flow hedge relationships. To qualify for hedge accounting, the hedging relationship must meet several strict conditions with respect to documentation, probability of occurrence, hedge effectiveness and reliability of measurement. All other derivative financial instruments are accounted for at fair value through profit or loss.

For the year to 31 December 2008, the group has designated certain forward currency contracts and metal price forwards as hedging instruments in cash flow hedge relationships as in the previous year. These arrangements have been entered into to mitigate the fluctuations in future currency and metal prices respectively. This results in recognition of financial assets and liabilities which are presented on the balance sheet as "Derivatives" within current assets and current liabilities respectively.

To the extent that the hedge is effective, changes in the fair value of derivatives designated as hedging instruments in cash flow hedges are reported in equity and "recycled" when the hedging relationship ceases - normally, when the hedged transaction occurs. At the time the hedged item affects profit or loss, any gain or loss previously recognised in equity is released to the income statement. However, if a non-financial instrument is recognised as a result of the hedged transaction, the gains and losses previously recognised in equity are included in the initial measurement of the hedged item. If a forecast transaction is no longer expected to occur or if the hedging instrument becomes ineffective, any related gain or loss recognised in equity is immediately transferred to the income statement.

DEFERRED TAXES

Deferred taxes are determined under the liability method in accordance with IAS 12 and reflect the tax effect of temporary differences between the carrying amount of assets and liabilities recognised in the consolidated financial statements and in the separate tax balance sheets. Deferred tax assets and liabilities are determined using the expected tax rates applicable for the accounting periods in which these differences in assets and liabilities are expected to reverse.

Deferred tax assets are recognised where a tax benefit is expected to arise from future carry forward of tax losses and for temporary differences between the tax balance sheet and the consolidated balance sheet. No impairment on deferred taxes on temporary differences has been made. A deferred tax asset is not recognised where tax losses are not expected to be utilised in future periods.

Any tax consequences arising on profit distributions are first accounted for on the date the resolution regarding the appropriation of profits is passed.

Deferred tax assets and liabilities are not offset.

FINANCIAL LIABILITIES

The group's financial liabilities include borrowings, trade and other payables, which are measured at amortised cost using the effective interest rate method. A summary of the group's financial liabilities by category is given in note 1.

All of the group's derivative financial instruments that are not designated as hedging instruments in accordance with the strict conditions explained above under "Derivative Financial Instruments/ Cash Flow Hedge Accounting" are accounted for at fair value through profit or loss.

Financial liabilities are recognised when the group becomes a party to the contractual agreements in the instrument. All interest and interest-related charges and, if applicable, changes in an instrument's fair value in connection with financial liabilities are included in the income statement under the item "Interest and similar expenses".

CURRENT LIABILITIES

CURRENT FINANCIAL LIABILITIES

Financial liabilities include liabilities to banks, current leasing liabilities, deposits received, trade accounts payable, liabilities to affiliated companies, liabilities to associated companies, derivative financial instruments with negative fair values and other financial liabilities.

Current financial liabilities are recognised at the time they come into effect on principle after deduction of debt issuance cost at fair value less transaction costs. Liabilities which are not subject to interest at the market interest rate are initially measured at fair value and thereafter at amortised cost using the effective interest rate method.

Liabilities from finance leases are shown at the fair value of the leased item or the cash value of the minimum lease payment, where this is lower, at the time the contract is agreed. The finance lease liability is reduced by lease payments less finance charges, which are expensed as part of finance costs. The interest element of leasing payments represents a constant portion of the capital balance outstanding and is charged to profit and loss over the period of the lease.

PROVISION FOR TAXES ON INCOME

Taxes on income paid or owing by companies under applicable local tax legislation are disclosed under provision for taxes on income.

Tax provisions include the amounts owing for current income taxes and any additional tax assessments resulting from tax audits.

The income tax charge is calculated on the basis of the reported results taking into account any tax losses carried forward.

OTHER CURRENT PROVISIONS

Under IAS 37 a provision is only recognised if the company has a present obligation, it is probable that an outflow of resources will be required to settle the obligation, and that the amount can be determined reliably.

Provisions are reviewed at each balance sheet date and adjusted in line with the current best estimate. If the adjusted estimate results in a reduction in the size of the obligation, the provision is remeasured accordingly and the income is recorded as other operating income.

No discounting to cash value is made to current provisions.

Amounts owing for deliveries and services that have already been made or provided in full and therefore have a substantially higher degree of certainty with regard to the amount and the timing of the settlement of the obligation, so-called outstanding purchase invoices, are disclosed under trade payables.

NON-CURRENT LIABILITIES

NON-CURRENT FINANCIAL LIABILITIES

In the case of non-current financial liabilities to credit institutions, the discount deducted on payment is accounted for and recognised across the loan period. The remaining amount of the discount which is to be recognised across the remaining period of the loan in future is deducted from the loan liability carried as a liability on the balance sheet.

PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

The actuarial valuation of the pension liabilities is performed in accordance with the rules set out in IAS 19 for pension benefits (projected unit credit method), whereby expected future increases in salaries and pensions are also taken into account in addition to the known pensions and entitlements at the balance sheet date.

All actuarial gains and actuarial losses are recognised within social security and other pension costs through the income statement.

OTHER NON-CURRENT PROVISIONS

Provisions for jubilee benefits and obligations under partial retirement agreements are included here. They represent long-term benefits and are stated at their discounted value using a discount rate of 5.5 % p.a. at the balance sheet date.

EQUITY CAPITAL AND RESERVES

During the group restructuring process in 2005, certain subsidiaries were transferred to DNick Holding plc via capital contribution. Where these subsidiaries are subsequently disposed, the respective component of the capital reserves is realised and a corresponding transfer is made to the profit and loss reserves. The capital reserves therefore include the respective current status of the values of contributions of the companies belonging to the DNick group.

Differences between the carrying amounts of shares in affiliated companies to be eliminated and the related carrying amounts of equity capital of the companies at the time of the first consolidation, resulting from capital consolidation, are reported in equity under the merger reserve. Where subsidiaries are subsequently disposed of, these respective differences were eliminated again in the course of deconsolidation and a corresponding transfer was also made to the profit and loss reserves. The merger reserve therefore includes the respective current status of the differences from the consolidation of the capital of the companies belonging to the DNick group.

The revaluation reserve results from the fair values of derivative cash flow hedges from commodity futures transactions and forward exchange deals to hedge against fluctuations in commodity prices and foreign currencies.

Land and buildings were not revalued in the financial year.

Exchange differences arising on the translation of foreign currency financial statements included in the consolidated financial statements are reported under the foreign exchange line item in equity capital. Any increase or decrease in exchange differences arising in future reporting periods is also directly recorded in this line item.

SHARE-BASED REMUNERATION

A share-based remuneration system was introduced for the first time in the business year 2006. A valuation was carried out in accordance with IFRS 2 for share-based obligations for a management bonus scheme. The obligation is carried as a component of equity on the basis of the fair values determined under the valuation, taking into account the period left to run on the scheme. Details on the assumptions used in the model and the structure of the bonus scheme are disclosed in the note 21.

LEASING ARRANGEMENTS

Under IAS 17, a lease is classified as a finance lease if it transfers substantially all of the risks and rewards incidental to ownership to the lessee. Classification depends on the economic substance of the individual lease agreement.

At the inception of a finance lease, the assets and liabilities under the lease are recognised in the balance sheet. The initial values correspond to the fair value of the leased item or the present value of the minimum lease payment, if this is lower. Lease payments are apportioned using the interest rate implicit in the lease between the finance charge, which is recognised in profit or loss, and the reduction of the outstanding liability. Furthermore the capitalised assets are subject to annual depreciation charges.

A lease is classified as an operating lease if substantially all the risks and rewards relating to the asset remain with the lessor. Lease payments under operating leases are recognised as expense over the lease term on a straight-line basis.

GRANTS FROM THE PUBLIC SECTOR

Public sector grants are only recognised in profit or loss if there is sufficient certainty that the company has met the associated terms and conditions and that the company has actually received the funds.

The company has received investment grants and statutory investment allowances. As a rule they are subject to conditions under which the subsidised assets are to be held and used for operating activities throughout the entire grant period, which is between 3 and 5 years.

The grants received are recorded under other liabilities and are credited annually to other operating income on a straight-line basis over the grant period.

REVENUE RECOGNITION

A sale is recorded if it is probable that the transaction will result in an inflow of economic benefits to the company and the amount can be determined reliably. This is normally the case if a delivery has been made or a service provided and the risks and rewards incidental to ownership have been transferred substantially to the purchaser.

Reported under the line item sales, in the income statement, are sales generated on the sale of finished goods and merchandise as well as any related ancillary services and services provided by the group, net of any applicable value added taxes and less any discounts, rebates and bonuses as well as credit notes issued in respect of complaints.

Operating costs associated with income arising on performance of services or as accrued are recognised as the services are performed. Interest earnings and costs are accrued.

Dividend receivables from non-group companies are recognised at the time they are distributed.

EXCEPTIONAL ITEMS

Exceptional items were disclosed separately in the income statement of the previous year as these were of significant importance with regard to the presentation of the financial performance of the group. There are no such amounts in the current year. The amounts reported in the exceptional result have no connection with the operating result of business activities.

NOTES TO THE FINANCIAL STATEMENTS

1. FINANCIAL ASSETS AND LIABILITIES AND ASSOCIATED INCOME AND EXPENSE

Financial assets included in the balance sheet relate to the following IAS 39 categories:

	31.12.2008 KEUR	31.12.2007 KEUR
Derivatives designated as cash flow hedging instruments (carried at fair value)	404	1,151
Loans and receivables	25,529	22,520
Total	25,933	23,671

Financial assets included in the balance sheet are classified within the following headings:

	31.12.2008 KEUR	31.12.2007 KEUR
Current assets		
Cash and cash equivalents	5,477	6,696
Trade receivables	16,463	12,043
Receivables from associates	1,003	19
Derivatives	404	1,151
Other assets	1,487	3,343
	24,834	23,252
Non-current assets		
Other assets	1,099	419
Total	25,933	23,671

Financial liabilities included in the balance sheet relate to the following IAS 39 categories:

	31.12.2008 KEUR	31.12.2007 KEUR
Derivatives designated as cash flow hedging instruments (carried at fair value)	3,805	782
Financial liabilities measured at amortised cost	47,278	47,989
Total	51,083	48,771

Financial liabilities included in the balance sheet are classified within the following headings:

	31.12.2008 KEUR	31.12.2007 KEUR
Current liabilities		
Current liabilities to banks	26,470	25,676
Trade payables	15,632	18,901
Liabilities to affiliates	458	0
Other provisions	2,776	2,020
Derivatives	3,805	782
Other current liabilities	805	1,038
	49,946	48,417
Non-current liabilities		
Non-current liabilities to banks	853	293
Other non-current liabilities	284	61
	1,137	354
Total	51,083	48,771

The directors consider the book values of financial assets and liabilities to approximate to fair value.

For the 2008 business year, total interest income amounted to KEUR 147 (previous year: KEUR 191), of which KEUR 126 (previous year: KEUR 156) was generated on bank balances and a further KEUR 21 (previous year: KEUR 35) interest income due on a receivable, both classified as loans and receivables as a category of financial assets.

For the 2008 business year, total interest expense amounted to KEUR 2,831 (previous year: KEUR 3,500), which includes KEUR 27 (previous year: KEUR 8) payable on finance leases and the remaining balance payable on credit facilities, both classified as financial liabilities at amortised cost as a category of financial liabilities.

For the previous year, a loss of KEUR 2,659 was recognised under "Loss/gains from derivatives" in respect of fair value losses on forward exchange contracts held for trading.

For the 2008 business year, an expense of KEUR 21 (previous year: KEUR 246) was recognised in respect of accounts receivable balances, which are classified as loans and receivables as a category of financial assets.

Financial income and financial expense is summarised by category as follows:

	31.12.2008 KEUR	31.12.2007 KEUR
Loans and receivables (income)	147	191
Loans and receivables (expense)	-21	-246
Financial liabilities measured at amortised cost	-2,831	-3,500
Financial instruments held for trading	0	-2,659
Total	-2,705	-6,214

2. CASH AND CASH EQUIVALENTS

	31.12.2008 KEUR	31.12.2007 KEUR
Cash in bank accounts	3,226	3,211
Cash at factoring banks	2,249	3,483
Cash in hand	2	2
Total	5,477	6,696

The factoring banks acquired receivables with a total value of KEUR 10,494 (previous year: KEUR 15,231) at the balance sheet date. Of this, funds of KEUR 2,249 (previous year: KEUR 3,483) had not been drawn down at the balance sheet date. This contains the contractually agreed security deposit amounting to 10 % of the volume of receivables sold, corresponding to KEUR 1,070 (previous year: KEUR 1,523), which will become free in the short-term following payment of invoices by customers.

3. TRADE ACCOUNTS RECEIVABLE

Trade accounts receivable are shown on the balance sheet as KEUR 16,463 (previous year: KEUR 12,043). This includes allowances for doubtful accounts amounting to KEUR 568 (previous year: KEUR 840).

The receivables quoted on the balance sheet amounting to KEUR 16,463 (previous year: KEUR 12,043) are receivables of the group against customers over and above the receivables acquired by the factoring banks. The volume of receivables sold at the balance sheet date is KEUR 10,494 (previous year: KEUR 15,231).

Some of the unimpaired trade receivables are past due at the reporting date. The age of the trade receivables past due but not impaired is as follows:

	31.12.2008 KEUR	31.12.2007 KEUR
Not more than 3 months	4,467	2,573
More than 3 months but not more than 6 months	253	82
More than 6 months but not more than 1 year	95	21
More than 1 year	0	0
Total	4,815	2,676

4. RECEIVABLES FROM ASSOCIATES

Accounts receivable from associated companies mainly concern trade accounts receivable from the joint ventures Innovative Clad Solutions Pvt. Ltd. for KEUR 1,000 and Compania Europea de Cospeles S.A. for KEUR 3.

5. DERIVATIVES

Derivative financial instruments include the following positive and negative market values from the hedging of metal price risks and from the hedging of currency exchange rate risks on receivables and order volumes:

Positive market values	31.12.2008 KEUR	31.12.2007 KEUR
- from metal hedging transactions – cash flow hedge	34	150
- from forward exchange contracts – cash flow hedge	370	1,001
Total	404	1,151
Negative market values	31.12.2008 KEUR	31.12.2007 KEUR
- from metal hedging transactions – cash flow hedge	1,498	766
- from forward exchange contracts – cash flow hedge	2,307	16
Total	3,805	782

All derivatives are due within one year.

At 31 December 2008, a cumulative loss of KEUR 3,401 (previous year: gain KEUR 369) was recorded within equity in relation to these instruments.

In addition to the above, the group has entered into interest rate swaps to fix a component of the group's variable rate credit facilities. The fair value of these swaps corresponds to the carrying value of the instruments.

6. OTHER ASSETS

Other short-term assets are categorised as follows:

	31.12.2008 KEUR	31.12.2007 KEUR
Tax refunds	2,113	1,435
Balances from metal hedges	368	539
Deferred consideration receivable on sale of DN PressTec	385	320
Loans	318	0
Reinsurance claims for partial retirement obligations	120	225
Insurance claim	0	717
Other	296	107
Total	3,600	3,343

Balances from metal hedges relate to deposits paid on contracts entered into for future metal purchases, in particular nickel and copper.

Claims arising from tax refunds were mainly the result of value added tax refunds for the month of December 2008 respectively 2007, and from withholding taxes taken into account for 2008.

Other long-term assets are broken down as follows:

	31.12.2008 KEUR	31.12.2007 KEUR
Loans	867	0
Claims due from leasing company	139	0
Reinsurance claims for partial retirement obligations	69	30
Deferred consideration receivable on sale of DN PressTec	0	367
Other	24	22
Total	1,099	419

7. INVENTORIES

Inventories are categorised as follows:

31.12.2007	Gross carrying KEUR	Impairment KEUR	Net carrying KEUR
Raw materials and supplies	14,185	3,019	11,166
Work in progress	42,978	2,829	40,149
Finished goods and goods for resale	16,929	38	16,891
Prepaid inventories	67	0	67
Total	74,159	5,886	68,273
31.12.2008	Gross carrying KEUR	Impairment KEUR	Net carrying KEUR
Raw materials and supplies	14,968	3,143	11,825
Work in progress	32,675	2,798	29,877
Finished goods and goods for resale	21,025	1,208	19,817
Prepaid inventories	0	0	0
Total	68,668	7,149	61,519

Impairments of KEUR 214 (previous year: KEUR 1,082) were recorded in the inventories in the business year for slow-moving items in order to report the corresponding assets at the lower net-realizable value. Furthermore, value adjustments were made of KEUR 6,935 (previous year: KEUR 4,804) to devalue the average value to the lower market value at the balance sheet date. Inventories of KEUR 53,757 (previous year: KEUR 63,696) were assigned as security for bank debts to finance working capital within asset-based borrowing lines.

8. NON-CURRENT ASSETS

The development of the individual items of the non-current assets is shown below.

8.1 INTANGIBLE ASSETS

KEUR	Concessions, property rights, licences, etc.	Advance payments	Total
Acquisition costs			
Position at 01.01.2007	344	0	344
Reclassification from held for sale	674	0	674
Additions	65	0	65
Disposals	431	0	431
Transfers	12	0	12
Position at 31.12.2007	664	0	664
Amortization			
Position at 01.01.2007	314	0	314
Reclassification from held for sale	672	0	672
Additions	43	0	43
Disposals	431	0	431
Position at 31.12.2007	598	0	598
Book values as at 01.01.2007	30	0	30
Book values as at 31.12.2007	66	0	66

KEUR	Concessions, property rights, licences, etc.	Advance payments	Total
Acquisition and costs			
Position at 01.01.2008	664	0	664
Additions	54	31	85
Disposals	0	0	0
Transfers	0	0	0
Position at 31.12.2008	718	31	749
Amortization			
Position at 01.01.2008	598	0	598
Additions	31	0	31
Disposals	0	0	0
Position at 31.12.2008	629	0	629
Book values as at 01.01.2008	66	0	66
Book values as at 31.12.2008	89	31	120

Concessions, property rights and licences relate exclusively to software.

8.2 PROPERTY, PLANT AND EQUIPMENT

KEUR	Land	Buildings	Machinery	Other equipment	Advance payments / Assets under construction	Total
Acquisition and production costs						
Position at 01.01.2007	3,379	11,559	13,722	3,280	9	31,949
Reclassification from held for sale	101	2,102	12,461	354	613	15,631
Additions	0	1,006	1,554	815	45	3,420
Disposals	51	1,453	1,559	237	8	3,308
Currency differences	0	-1	-5	-13	0	-19
Transfers	0	19	574	5	-610	-12
Position at 31.12.2007	3,429	13,232	26,747	4,204	49	47,661
Depreciation						
Position at 01.01.2007	20	6,872	10,873	2,251	0	20,016
Reclassification from held for sale	34	65	10,471	131	0	10,701
Additions	236	583	1,305	440	0	2,564
Disposals	0	1,453	1,542	237	0	3,232
Currency differences	0	-1	-5	-7	0	-13
Position at 31.12.2007	290	6,066	21,102	2,578	0	30,036
Book values as at 01.01.2007	3,359	4,687	2,849	1,029	9	11,933
Book values as at 31.12.2007	3,139	7,166	5,645	1,626	49	17,625
KEUR						
	Land	Building	Machinery	Other equipment	Advance payments / Assets under construction	Total
Acquisition and production costs						
Position at 01.01.2008	3,429	13,232	26,747	4,204	49	47,661
Additions	0	1,086	2,285	799	812	4,982
Disposals	0	11	3,347	618	0	3,976
Currency differences	0	1	2	9	0	12
Transfers	0	9	226	115	-350	0
Position at 31.12.2008	3,429	14,317	25,913	4,509	511	48,679
Depreciation						
Position at 01.01.2008	290	6,066	21,102	2,578	0	30,036
Additions	0	509	1,291	500	0	2,300
Disposals	0	7	3,000	618	0	3,625
Currency differences	0	0	2	7	0	9
Transfers	0	0	0	0	0	0
Position at 31.12.2008	290	6,568	19,395	2,467	0	28,720
Book values as at 01.01.2008	3,139	7,166	5,645	1,626	49	17,625
Book values as at 31.12.2008	3,139	7,749	6,518	2,042	511	19,959

The book values of land and buildings are KEUR 10,888 (previous year: KEUR 10,305). Land and buildings are unencumbered.

As far as technical equipment, plant and machinery is financed by investment loans totalling KEUR 1,003 (previous year: KEUR 293), the respective assets are used as security for these loans

Assets from finance leasing agreements capitalised in fixed assets amount to KEUR 658 net (previous year: KEUR 275).

Additions to depreciation in the 2008 business year do not include impairment (previous year: KEUR 236).

8.3 INVESTMENTS AND NON-CURRENT RECEIVABLES

KEUR	Investments	Non-current receivables	Total
Acquisition costs			
Position at 01.01.2007	0	78	78
Reclassification from held for sale	6,618	500	7,118
Additions	674	18	692
Disposals	4,058	0	4,058
Position at 31.12.2007	3,234	596	3,830
Amortization			
Position at 01.01.2007	0	0	0
Reclassification from held for sale	435	0	435
Disposals	435	0	435
Position at 31.12.2007	0	0	0
Book values as at 01.01.2007	0	78	78
Book values as at 31.12.2007	3,234	596	3,830

KEUR	Investments	Non-current receivables	Total
Acquisition and costs			
Position at 01.01.2008	3,234	596	3,830
Equity valuations	337	0	337
Additions	787	20	807
Dividends	134	0	134
Position at 31.12.2008	4,224	616	4,840
Amortization			
Position at 01.01.2008	0	0	0
Equity valuations	293	0	293
Additions	0	0	0
Disposals	0	0	0
Position at 31.12.2008	293	0	293
Book values as at 01.01.2008	3,234	596	3,830
Book values as at 31.12.2008	3,931	616	4,547

Investments at the balance sheet date show the shares in the joint venture companies Innovative Clad Solutions Pvt. Ltd., India, and Compania Europea de Cosepales S.A., Spain, included using the equity method. The additions

relate to the contribution of capital to Innovative Clad Solutions Pvt. Ltd. The book value was reduced by KEUR 293 due to the pro-rata elimination of intra-group profits and currency differences.

9. DEFERRED TAX ASSETS AND LIABILITIES

Deferred taxes result from temporary balance sheet variations due to valuation differences between carrying amounts according to IFRS and the tax balance sheets of the individual group companies and from tax losses carried forward where they can be used by the individual companies for tax purposes.

Deferred taxes are allocated to the following assets and liabilities:

	31.12.2008 KEUR	31.12.2008 KEUR	31.12.2007 KEUR	31.12.2007 KEUR
	Assets	Liabilities	Assets	Liabilities
Loss carry forward	1,290	0	882	0
Property, plant and equipment	283	0	358	0
Derivative financial instruments	1,141	121	234	345
Inventories	370	61	98	628
Accounts receivable and other assets	556	162	882	9
Provisions	131	18	171	0
Accounts payable and other liabilities	651	0	61	4
Total	4,422	362	2,686	986

Deferred tax on derivative financial instruments is recognized directly in the balance sheet. All other deferred tax assets and liabilities are recognized in the income statement.

Deferred taxes were carried forward for the German group companies at 30.0 % (previous year: 30.0 %). This corresponds to the average tax rate expected for future periods. Deferred taxes of the American group company were assessed at a tax rate of 34.0 % (previous year: 38.5 %).

Tax losses carried forward of EUR 16.0 million (previous year: EUR 17.0 million) existed at the balance sheet date. The deferred tax asset thereon amounts to EUR 4.8 million (previous year: EUR 5.1 million). This value was adjusted by EUR 3.5 million (previous year: EUR 4.2 million) on the basis of estimated usability.

10. CURRENT BANK DEBTS

	31.12.2008 KEUR	31.12.2007 KEUR
Asset based borrowing	26,320	25,599
Short-term element of long-term loans	150	77
Total	26,470	25,676

Financing in the form of asset based borrowing lines exist on the balance sheet date for variable financing of the inventories of Deutsche Nickel GmbH amounting to EUR 14.0 million (previous year: EUR 12.0 million), which were utilised by an amount of KEUR 10,247 (previous year: EUR 10,058) and lines for variable financing of the inventories of Auerhammer Metallwerk GmbH amounting to EUR 10.0 million (previous year: EUR 9.0 million), which were utilised by an amount of KEUR 6,461 (previous year: KEUR 7,254). For this purpose, the relevant financed inventories are assigned as security and the accounts receivable assigned. The interest rate is 2.25 % p.a. above the EONIA base rate.

The asset-based borrowing lines include a variable USD credit line of KEUR 9,612 (previous year: KEUR 8,286) for financing trade accounts receivable and inventories of Deutsche Nickel America Inc. For this purpose, the accounts receivable and inventories of this company are assigned as security. The interest rate is the LIBOR rate plus 2.125 % p.a.

11. TRADE PAYABLES

All trade accounts payable are due within one year, and there is standard business reservation of ownership. The book values stated for the monetary liabilities entered under this item correspond to their market values.

12. CURRENT TAX PROVISIONS

Tax provisions were made for anticipated income taxes for the business year and for anticipated payment of taxes for previous years.

13. OTHER CURRENT PROVISIONS AND ACCRUALS

Other current provisions and accruals have been made as follows:

KEUR	1.1.2008	Utilisation	Reversal	Addition	31.12.2008
Warranty	471	39	119	141	454
Interest	49	49	0	25	25
Discounts	105	98	0	97	104
Annual audit and annual general meeting	306	286	21	311	310
Onerous contracts	244	82	28	283	417
Public obligations	1,010	354	545	0	111
In relation to employees	1,560	1,377	10	1,487	1,660
Other	683	615	1	610	677
Total	4,428	2,900	724	2,954	3,758

14. LIABILITIES TO ASSOCIATES

The liabilities due to Compania Europea de Cospes S.A. existing at the balance sheet date are trade accounts payable.

15. DEFERRED INCOME

Accrued expense items include only public grants and allowances already received for acquiring property, plant and equipment. As a result of the conditions attached to these benefits to retain the economic goods acquired in the company for a period of between 3 and 5 years, the benefits are allocated proportionately to future periods.

16. OTHER CURRENT LIABILITIES

Other current liabilities include:

	31.12.2008 KEUR	31.12.2007 KEUR
Wages and salaries December 2008/2007	477	364
Tax on wages and salaries December 2008/2007	125	178
Social security contributions December 2008/2007	40	30
Value added taxes December 2008/2007	6	26
Other	157	440
Total	805	1,038

The book values stated for the monetary liabilities entered under these items correspond to their fair values.

17. NON-CURRENT BANK DEBTS

Non-current bank debts at the balance sheet date amounted to KEUR 853 for the long-term portion of financing loans (previous year: KEUR 292).

18. PROVISIONS FOR PENSIONS AND SIMILAR OBLIGATIONS

Some of the group companies provide defined benefit pension plans for their employees. Provisions for pension obligations are made for payments due in the form of old-age and survivors' pensions. The level and extent of payments depends on the number of years' service and the salary received. Employees can achieve a pension level of up to 25 % of their last monthly income. Payment commences when an employee reaches the pensionable age of 65.

The obligations arising from defined benefit pension plans are calculated using the projected unit credit method. The plan is unfunded. Here, future obligations are valued on the basis of proportionate performance entitlements at the balance sheet date.

Pension costs are essentially included in personnel costs and composed as follows:

	2008 KEUR	2007 KEUR
Current service costs	103	89
Interest	18	-46
Expected income from plan assets	0	0
Actuarial losses (net)	0	0
Past service cost to be included	0	0
Personnel expenses	121	43

The amount shown on the balance sheet for obligations from defined benefit pension plans is derived as follows:

	31.12.2008 KEUR	31.12.2007 KEUR
Cash value of pension commitments financed by provisions	831	1,420
Actuarial losses not yet entered	0	0
Service costs not yet entered	0	0
Cash value of plan assets	0	0
Total	831	1,420

Movements in net liability in the business year were as follows:

	2008 KEUR	2007 KEUR
Position at the beginning of the business year	1,420	1,648
Reclassification from held for sale	0	21
Disposal by sale	0	-153
Pension expenses (net)	-121	43
Settlement payments	-411	0
Pension payments	-57	-139
Total	831	1,420

Pension obligations arising from pension commitments are determined using the projected unit credit method, taking into account future remuneration and pension adjustments.

The development of the net pension liabilities since the Group was established is EUR 2.1 million 2005, EUR 1.6 million 2006, EUR 1.4 million 2007 and EUR 0.8 million 2008.

The assumptions on which the calculation is based are as follows:

	2008 %	2007 %
Interest rate for accounting purposes	6.00	5.50
Expected interest on plan assets	0.00	0.00
Future wage and salary increases	2.00	2.00
Future pension increases	1.50	1.50

19. OTHER NON-CURRENT PROVISIONS

KEUR	1.1.2008	Interest rate	Utilisation	Reversal	Addition	31.12.2008
Partial retirement	465	5,5 %	136	0	0	329
Employee jubilee	464	5,5 %	3	0	5	466
Other	39	5,5 %	0	0	0	39
Total	968		139	0	5	834

Provisions correspond to the discounted cash values.

20. EQUITY

Changes in the individual items of equity during the business year are shown in 'Statements of Changes in Equity'.

On 31 December 2008, the issued capital of DNick Holding plc was GBP 56,047.49 (EUR 81,439). This is divided into 5,604,749 shares with a nominal value of GBP 0.01 per share. Authorized capital amounts to a total of 10,000,000 shares.

At 28 March 2008, the company had allocated and issued 60,265 ordinary shares at the nominal value. The new shares rank pari passu with the existing ordinary shares of the company. The capital was increased in line with the management incentive plan concluded in 2006 after the relevant conditions for allocation were fulfilled.

During the group restructuring process in 2005, certain subsidiaries were transferred to DNick Holding plc via capital contribution. Where these subsidiaries were subsequently disposed of, the respective component of the capital reserves was realised and a corresponding transfer was made to the profit and loss reserves. The capital reserves therefore include the respective current status of the values of contributions of the companies belonging to the DNick group.

The capital reserve also contains obligations from share-based remuneration agreements valued at fair value of KEUR 645 (previous year KEUR 909). The total amount of the addition in the business year of KEUR 432 was reported under other operating expenses. The amount of KEUR 696 valued at fair value for the shares issued in the 2008 business year was reclassified to the profit and loss reserves. The portion of the share-based remuneration offset as expense, which has not yet resulted in the issue of shares, is maintained in the capital reserves.

The merger reserve includes the net differences between the book value of shares in affiliated companies and the relevant equity valuation of the subsidiaries incorporated in the consolidation at the time of the first consolidation. The respective differences of companies disposed of are eliminated again in the course of deconsolidation and a corresponding transfer was also made to the profit and loss reserves. The merger reserve therefore includes the respective current status of the differences from the consolidation of capital of the companies belonging to the DNick group.

The revaluation reserve includes the positive and negative market values of derivative financial instruments, so-called cash flow hedges. Deferred taxes relating to the derivatives are offset within the revaluation reserve.

The differences between the equity values of foreign subsidiaries incorporated in the consolidation resulting from exchange rate fluctuations in the period between the time of the first consolidation and the balance sheet date are included in the foreign exchange translation reserve.

21. SHARE-BASED REMUNERATION SCHEMES

DNick Holding plc granted a share bonus in 2006 and 2007 to a total of five directors and a managing director of a former subsidiary as part of a management incentive plan concluded in 2006. This management incentive plan represented the implementation of consent given to DNick Ltd. in the creditor agreement of 29 June 2005 to create a performance incentive scheme for the management, which over a period of two years granted the management of DNick Holding plc a right to a share package of approximately 5 % in DNick Holding plc.

As part of this management incentive plan, a share bonus of a total of 265,318 shares was committed for the beneficiaries. The prerequisite for exercising the share bonus and the provision of the shares is that certain performance milestones are reached. These performance milestones were the conclusion of the Company Voluntary Arrangement of DNick Ltd. (tranche 1), the repayment of the financial liabilities of DNick Holding plc (tranche 2) and the achieving of certain performance targets of the DNick group for the 2006 and 2007 business years (tranches 3 and 4). There is on principle also an additional vesting period of one year in each case after the performance milestone is reached before the beneficiaries can access the shares, subject to special regulations in case of leaving the company or in case of a change of control. Where one of the above-mentioned conditions is not met, the share bonus for that particular tranche will be forfeited.

A total of 60,265 shares were issued to the respective beneficiaries in 2008 after the respective prerequisites were fulfilled (tranche 3). After the conditions for the last tranche 4 were met, a total of 66,569 shares were issued to the beneficiaries in April 2009 at the end of the one-year waiting period. The beneficiaries are obliged to pay the nominal value of the allocated shares when issued. Including the issue in 2009, a total 242,075 of the original 265,318 shares have been allocated. A share bonus for 23,243 shares has lapsed.

The market value of the share bonus committed is valued in accordance with IFRS 2 using the stock exchange price of the DNick share at the reference date of each commitment which was on average about EUR 11.40/share. According to this, the market value of the share bonus at 31 December 2008 for the 4 tranches was a total of KEUR 2,766. Based on the share price at 31.12.2008, this would result in a market value of KEUR 1,452. The 2008 consolidated results contain share bonus expenses of KEUR 432 (previous year 1,572) which are shown within other operating expenses.

22. SALES

Sales revenues are divided by region as follows:

Region	2008 KEUR	2007 KEUR
Germany	65,865	61,187
European Union excluding Germany	66,479	70,363
Rest of Europe	20,096	14,015
North America	31,604	36,372
Central and South America	25,741	21,923
Rest of the World	26,905	16,764
Total	236,690	220,624

Sales by segment are shown in Segment Reporting, note 32.

23. OTHER OPERATING INCOME

Other operating income includes:

	2008 KEUR	2007 KEUR
Profits from the sale of property, plant and equipment	985	517
Reversal of provisions	724	152
Rental income	599	578
Recharges of expenses	551	454
Reversal of trade receivable allowances	246	49
Grants receivable	154	159
Insurance claims	567	5
Grants for research and development	9	0
Other	566	717
Total	4,401	2,631

Profit from the sale of property, plant and equipment is balanced by expenses of KEUR 245 for disassembly work and other services which are included in "Other operating expenses".

24. OTHER OPERATING EXPENSES

Other operating expenses include:

	2008 KEUR	2007 KEUR
Freight / Packaging / Commissions	9,822	6,721
Repair and maintenance	2,988	2,555
Legal and consulting fees / Annual audit / AGM	4,140	2,003
Share-based remuneration	432	1,572
Waste disposal	897	1,156
Insurance	1,057	983
Operating lease and rent expenses	883	850
Travel / Advertising / Trade fairs	880	786
Contributions and fees	769	692
Bank charges	656	648
Temporary workers	757	455
Telephone / Postage / Office supplies	297	282
Trade receivable allowances	21	246
Other third-party services	782	245
Additions to provisions	138	232
IT expenses	201	227
Security services	196	191
Losses from the sale of fixed assets	1	53
Other	1,351	1,549
Total	26,268	21,446

25. DEPRECIATION

No impairments (previous year: KEUR 236) are included in the depreciation of intangible assets and property, plant and equipment of KEUR 2,331 (previous year: KEUR 2,607).

26. EXCEPTIONAL INCOME AND EXPENSES

Exceptional results include on the one hand capital gains from divestments and on the other hand the expenses of restructuring the group and a provision for obligations to safeguard against property related hazards. The item comprises essentially the following:

	2008 KEUR	2007 KEUR
Restructuring	0	381
Obligation to safeguard against hazards for old property	0	500
Other	0	177
Total expenses	0	1,058
Capital gains from divestments	0	1,819
Other	0	0
Total income	0	1,819
Total income / expenses (net)	0	761

27. INTERESTS AND SIMILAR INCOME / INTERESTS AND SIMILAR EXPENSES

The interest income results mainly from bank balances and amounts to KEUR 147 (previous year: KEUR 191).

The interest expenses of KEUR 2,831 (previous year: KEUR 3,500) relate to short-term and long-term bank debts, finance lease obligations and factoring.

28. EXCHANGE DIFFERENCES / LOSSES FROM DERIVATIVE FINANCIAL INSTRUMENTS

There were gains from exchange differences during the business year amounting to KEUR 823 (previous year: exchange losses KEUR 320).

The losses from derivatives were the realisation of market values from derivative financial instruments concluded prior to 31 December 2006 to hedge against exchange rate and metal price risks. As the prerequisites only existed for instruments from 1 January 2007 for reporting according to hedge accounting and therefore for recording differences in market values from hedging transactions in equity without affecting the result, the 2006 market values had to be shown in the 2007 business year as expenses in the exchange results.

29. TAXES ON INCOME

	2008 KEUR	2007 KEUR
Current taxes	-2,171	-2,029
Deferred taxes	935	690
Total	-1,236	-1,339

Deferred taxes are the result of valuation differences between balance sheet item valuation in accordance with IFRS and the tax balance sheet and the result of tax losses carried forward, provided that they are usable in future periods through offset against anticipated taxable profits.

The transition from expected to actual tax expenditure is shown below. In order to calculate expected tax expenditure, results before income taxes are multiplied by a flat income tax rate of 30.0 %. The expected tax expenditure is compared with the actual tax expenditure.

	2008 KEUR	2007 KEUR
Pre-tax profit	5,125	4,686
Group tax rate	30.0 %	38.5 %
Expected tax expenses	-1,537	-1,804
Reversal of timing differences	-10	259
Tax reductions resulting from tax-free other income	85	253
Tax increases resulting from non-tax-deductible expenses	-289	-122
Write down of deferred tax assets	126	-376
Effects of tax differences	-32	-52
Capitalisation of additional temporary differences	0	1,296
Tax decrease to 30.0 %	0	-513
Losses brought forward	189	0
Other tax effects	232	-280
Actual tax expenditure	-1,236	-1,339

30. EARNINGS PER SHARE

Basic earnings per share are calculated in accordance with IAS 33 as a ratio of the group annual profit due to the shareholders of DNick Holding plc and the weighted average number of shares in circulation during the business year.

	2008 KEUR	2007 KEUR
Group's result	3,888	3,348
Weighted average number of shares	5,584,661	5,485,696
Basic earnings per share in EUR	0.70	0.61

Options for issuing up to 66,569 shares as part of a management incentive plan existed at the balance sheet date 31 December 2008. If these options are exercised in full, the number of shares issued would increase to 5,671,318. Accordingly, this would produce a diluted result per share of EUR 0.69/share for 2008.

31. CASH FLOW STATEMENT

A cash flow statement was prepared in accordance with IAS 7. It shows the changes in the group's cash and cash equivalents during the business year through the inflow and outflow of funds. This eliminates the effects within the scope of the consolidated financial statements. A distinction is made between payment flows from operating and investment activities as well as from financial activities. The liquidity shown in the cash flow statement covers only liquid cash and cash equivalents.

The effects of exchange rate fluctuations on cash and cash equivalents in foreign currencies is shown separately.

The principal non-cash expenses/income of EUR 5.7 million included in the line "other non cash expense/income" relate to the write-down of inventory.

32. SEGMENT REPORTING

According to the rules of IAS 14, the items in the annual report are to be shown divided by segment and this division of segments and the selected key data is to be oriented towards internal reporting, which enables reliable estimates to be made of the risks and income of the group.

The segments are defined according to existing independent decision-making and management units (management approach).

Each company in the group essentially represents a separate segment. The definition of the segments is given in the management report.

Trading within the group is invoiced at market prices, as if with third parties. This ensures that each segment and each group company displays its own economic earning power, irrespective of whether goods and services are provided within the group or for third parties.

All income and expenses within the group are consistently recorded at and allocated to the group companies. Income and expenses and their eliminations are shown separately for the individual segments in the segment report.

Sales with third parties by geographic regions are disclosed in note 22. The segmental assets of the DNick-group are located in the regions Germany amounting to KEUR 94,768 (previous year: KEUR 97,376), USA amounting to KEUR 21,771 (previous year: KEUR 17,983) and England amounting to KEUR 1,995 (previous year: KEUR 1,279). Additions to intangible assets and property, plant and equipment in the 2008 business year were made in Germany amounting to KEUR 5,037 (previous year: KEUR 3,681) and in the USA amounting to KEUR 30 (previous year: KEUR 27).

DNick Holding plc - Group
Segment Reporting for the year 2008

EUR ('000s)	WIRES / BARS		STRIPS		OTHER		CONSOLIDATION	
	2008	2007	2008	2007	2008	2007	2008	2007
Sales								
1. Sales to third parties	84.052	90.728	59.226	64.141	0	0	0	0
2. Sales to group companies	9.618	19.956	4.211	2.766	0	0	-9.797	-19.942
Total Sales	93.670	110.684	63.437	66.907	0	0	-9.797	-19.942
Operating EBITDA	4.586	7.149	6.123	5.770	-3.506	-2.812	0	-19
3. Effect of stock revaluation	-4.292	-558	-3.139	-144	0	0	0	0
4. Other non-recurring items	0	0	545	0	0	0	0	0
EBITDA as per Income Statement	294	6.591	3.529	5.626	-3.506	-2.812	0	-19
5. Amortisation / Depreciation	-877	-848	-881	-1.019	0	0	0	0
6. Exceptional income and expenses	0	-100	0	-500	0	997	0	0
7. Interest expense (net)	-1.880	-1.784	-1.051	-972	298	-205	0	0
8. Gain / Loss on currency differences	442	-58	283	-140	12	3	0	0
9. Gain / Loss from derivatives	0	-2.183	0	-68	0	0	0	0
EBT as per Income Statement	-2.021	1.618	1.880	2.927	-3.196	-2.017	0	-19
10. Current taxes	58	-732	-82	-1.187	0	0	0	0
11. Deferred taxes	-52	1.015	495	150	641	-107	0	0
Profit / loss for the year	-2.015	1.901	2.293	1.890	-2.555	-2.124	0	-19
Other disclosures								
12. Segmental assets	58.876	66.794	26.300	26.565	10.543	7.499	-8.793	-7.274
13. Other financial assets / loans	116	97	0	0	60.340	59.554	-49.121	-47.251
14. Segmental liabilities	14.811	20.405	6.170	4.484	1.710	1.868	-5.200	-5.424
15. Current tax provision	214	519	109	1.357	0	0	0	0
16. Short-term bank debts	17.764	16.902	8.706	8.774	0	0	0	0
17. Long-term bank debts	0	0	853	293	0	0	0	0
18. Investment in property, plant and equipment	1.232	1.104	2.225	1.201	0	0	-150	0
19. Employees (average)	204	211	159	146	0	0		

EUR ('000s)	TOTAL FENI GROUP		COIN BLANKS		CONSOLIDATION		DNICK GROUP	
	2008	2007	2008	2007	2008	2007	2008	2007
Sales								
1. Sales to third parties	143.278	154.869	93.412	65.755	0	0	236.690	220.624
2. Sales to group companies	4.032	2.780	0	0	-4.032	-2.780	0	0
Total Sales	147.310	157.649	93.412	65.755	-4.032	-2.780	236.690	220.624
Operating EBITDA	7.203	10.088	8.611	3.435	0	0	15.814	13.523
3. Effect of stock revaluation	-7.431	-702	0	0	0	0	-7.431	-702
4. Other non-recurring items	545	0	388	0	0	0	933	0
EBITDA as per Income Statement	317	9.386	8.999	3.435	0	0	9.316	12.821
5. Amortisation / Depreciation	-1.758	-1.867	-573	-740	0	0	-2.331	-2.607
6. Exceptional income and expenses	0	397	0	364	0	0	0	761
7. Interest expense (net)	-2.633	-2.961	-50	-348	0	0	-2.683	-3.309
8. Gain / Loss on currency differences	737	-195	86	-125	0	0	823	-320
9. Gain / Loss from derivatives	0	-2.251	0	-408	0	0	0	-2.659
EBT as per Income Statement	-3.337	2.509	8.462	2.178	0	0	5.125	4.687
10. Current taxes	-24	-1.919	-2.147	-110	0	0	-2.171	-2.029
11. Deferred taxes	1.084	1.058	-112	-262	-38	-106	934	690
Profit / loss for the year	-2.277	1.648	6.203	1.806	-38	-106	3.888	3.348
Other disclosures								
12. Segmental assets	86.926	93.584	28.097	20.309	-567	-1.086	114.456	112.807
13. Other financial assets / loans	11.335	12.400	3.937	2.156	-10.725	-10.725	4.547	3.831
14. Segmental liabilities	17.491	21.333	10.458	8.279	0	-248	27.949	29.364
15. Current tax provision	323	1.876	2.368	219	0	0	2.691	2.095
16. Short-term bank debts	26.470	25.676	0	0	0	0	26.470	25.676
17. Long-term bank debts	853	293	0	0	0	0	853	293
18. Investment in property, plant and equipment	3.307	2.305	1.760	1.403	0	0	5.067	3.708
19. Employees (average)	363	357	65	58			428	415

33. RISK MANAGEMENT OBJECTIVES AND POLICIES

The group is exposed to certain market risks, specifically to currency risk, interest rate risk and other price risks, from its operating activities and uses different financial instruments to hedge against these risks. Details of hedging instruments is set out in note 5.

The group's risk management is coordinated at its head office in Schwerte, Germany, in close co-operation with the board of directors, and focuses on actively securing the group's short to medium term cash flow by minimising the exposure to financial markets.

The group does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the group is exposed are described below. See also note 1 for a summary of the group's financial assets and financial liabilities by category.

FOREIGN CURRENCY SENSITIVITY

Most of the group's transactions are carried out in euros. Exposure to currency fluctuations arises primarily from group companies holding accounts payable and accounts receivable balances which are denominated in foreign currencies, principally the US dollar.

Whilst the group enters into other transactions denominated in foreign currencies - principally pound sterling - the value of transactions is small, both individually and in aggregate, and no significant exposure existed during either the current or previous year.

Assets and liabilities denominated in foreign currencies are principally short-term in nature.

To mitigate the group's exposure to foreign currency risk, non-euro cash flows are monitored and forward exchange contracts are entered into in accordance with the group's risk management policies. Where amounts to be paid and received in a specific currency are expected to largely offset one another, no further hedging activity is undertaken.

US dollar denominated financial assets and liabilities translated into euros at the closing rate are as follows:

	2008 KUSD	2008 KEUR	2007 KUSD	2007 KEUR
Trade receivables	3.883	2.755	732	498
Trade liabilities	-34	-24	-2,184	-1,484
Net amount	3.849	2.731	-1,452	-986

There are no long-term financial assets or liabilities denominated in US dollars.

The following illustrates the sensitivity of the net result for the year and equity with respect to the group's financial assets and financial liabilities and the US dollar/euro exchange rate. This percentage has been determined by comparing the year-end rate to the highest and lowest rates during the year.

If the euro had strengthened against the US dollar by 12.1 % (2007: 1.7 %), this would have resulted in a decrease in the pre-tax net result for the year of KEUR 331 (2007: increase of KEUR 17), and equity would have decreased / increased respectively by the same amount.

If the euro had weakened against the US dollar by 14.3 % (2007: 14.4 %), this would have resulted in a increase in the pre-tax result for the year of KEUR 391 (2007: decrease of KEUR 142) and equity would have increased / decreased respectively by the same amount.

Exposure to foreign exchange rates varies during the year depending on the volume of overseas transactions. Nonetheless, the analysis above is considered to be representative of the group's exposure to currency risk.

INTEREST RATE SENSITIVITY

The group has credit facilities primarily to finance working capital requirements, the amount of working capital being principally dependent on the market price of raw materials, mostly nickel and copper. Both the debt and credit facilities are on variable interest rates.

The following table illustrates the sensitivity of the pre-tax net result for the year and equity to a reasonably possible change in interest rates with effect from the beginning of the year. These changes are expected to be realistic based on observation of current market conditions. The calculations are based on the group's financial instruments held at each balance sheet date.

	2008 KEUR +0.25 %	2008 KEUR -0.25 %	2007 KEUR +0.25 %	2007 KEUR -0.25 %
Pre-tax net result for the year / equity	-100	100	-115	115

The group has entered into interest rate swaps to fix a component of the group's variable rate credit facilities, which will reduce the group's exposure to market interest rate fluctuations during the next 12 months.

CREDIT RISK ANALYSIS

The group's exposure to credit risk is limited to the carrying amount of financial assets recognised at the balance sheet date, as summarised below:

	2008 KEUR	2007 KEUR
Cash and cash equivalents	5,477	6,696
Trade and other receivables	22,165	15,824
Total	27,642	22,520

The group continuously monitors defaults of customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and / or reports on customers and other counterparties are obtained and used, as are letters of credit. The group's policy is to deal only with creditworthy counterparties.

It is assumed that all of the above financial assets that are not impaired at the balance sheet date are of good credit quality, including financial assets that are past due. See note 3 for further information on impairment of trade receivables that are past due.

In respect of trade and other receivables, the group is not exposed to any significant credit risk with respect to any single counterparty or any group of counterparties having similar characteristics. The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

LIQUIDITY RISK ANALYSIS

The group manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long-term financial liabilities, repayment of credit line obligations as well as cash flows due in day-to-day business.

Liquidity needs are monitored in various time bands, short-term requirements being monitored on a day-to-day and week-to-week basis on a rolling 3 month projection.

The Group maintains cash balances and credit facilities to meet short-term financing requirements. Funding for long-term liquidity needs is additionally secured by allocation of liquid resources to meet liabilities as they fall due and securing additional financing, where necessary. Long-term liquidity requirements relate to credit facilities required to finance ongoing working capital requirements.

At 31 December 2008, the group's liabilities have contractual maturities which are summarised below:

	up to 1 year KEUR	1 up to 5 years KEUR
Bank loans	26,470	853
Finance lease obligations	290	709
Trade payables	15,632	0
Other financial liabilities	5,595	284
Total	47,987	1,846

This compares to the maturity of the group's financial liabilities in the previous year, as follows:

	up to 1 year KEUR	1 up to 5 years KEUR
Bank loans	25,676	293
Finance lease obligations	74	234
Trade payables	18,901	0
Other financial liabilities	5,069	61
Total	49,720	588

The above contractual maturities reflect the payment obligations, which may differ from the carrying values of the liabilities at the balance sheet date.

34. OTHER INFORMATION

CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities at the balance sheet date.

OTHER FINANCIAL OBLIGATIONS

Orders for metal requirements were placed to hedge purchase risks as customary in the trade.

Rental and operating leasing obligations and capacity binding contracts amount to KEUR 2,121 (previous year KEUR 608) for up to one year, to KEUR 4,614 (previous year KEUR 1,161) for between one and five years, and to KEUR 1,032 (previous year KEUR 314) for over five years.

The expense for the year was KEUR 1,160 (previous year KEUR 850).

HEDGING POLICY AND FINANCIAL DERIVATIVES

The business operations and financial transactions of the DNick group are exposed to financial risks. These risks arise in particular from price fluctuations.

According to the DNick group's risk management system, not only are these risks identified, analysed and assessed, they are also limited by the use of derivative financial instruments. These instruments are not permitted to be held for speculative purposes.

The business partners of the DNick group for contracts concerning derivative financial instruments are exclusively domestic and foreign banks with excellent credit standing. This minimises the risks of default of contractual parties in meeting their payment obligations.

One source of risk is the fluctuation in the prices of raw materials, in particular of nickel and copper. These metals are traded on the London Metal Exchange (LME) at their daily quotations. The companies mainly manufacture to order. Orders received are confirmed at the applicable daily quoted price and at the same time futures contracts are made for the acquisition of raw materials in order to hedge against future price movements. Here the order and purchase hedge form one unit, so that the effects on the company's earnings position are covered.

The rising trend in the price of metals impacts on the amount of working capital which increases although current capital remains unchanged. Conversely, working capital decreases when the price of metals falls. The group companies have made financing available in the form of asset-based borrowing lines for variable financing of working capital.

Exchange risks arise for foreign currency receivables. Open items exposed to exchange risk are hedged as required using derivative financial instruments. Only exchange futures are used for this.

EMPLOYEES

Employees in the business year averaged 428 (previous year: 415), thereof 132 administrative staff (previous year :133), 271 industrial workers (previous: year 262) and 25 trainees (previous: year 20).

AUDITOR REMUNERATION

Fees payable to the company's auditor for auditing the annual financial statements amount to EUR 57,899 (previous year: EUR 79,809).

The audit fees of the company's subsidiaries pursuant to legislation are EUR 133,500 (previous year: 128,500).

Other services relating to taxation compliance and advice amount to EUR 52,231 (previous year: EUR 100,045).

RELATIONSHIPS AND TRANSACTIONS BETWEEN RELATED PERSONS AND COMPANIES

DNick Ltd., London, was a related party of the group of DNick Holding plc until April 2006 as DNick Ltd. held all shares in DNick Holding plc until the exchange of shares occurred.

A Company Voluntary Arrangement (CVA) was concluded concerning the assets of DNick Ltd. and EU Coin Ltd. which was part of the restructuring of the DNick group. Costs were borne in the course of the restructuring process essentially by DNick Holding plc. After termination of the CVA, DNick Ltd. has meanwhile been liquidated.

EU Coin Ltd. is still a related party of the group as a director of the company is also a director of EU Coin Ltd. Accounts due from EU Coin Ltd. exist amounting to KEUR 500 (previous year KEUR 500). EU Coin Ltd. still holds certain assets and has claims that should be realised. DNick Holding plc agreed with EU Coin Ltd. in 2008 that it would settle the expenses involved with the claims. Reserves of KEUR 70 were set up for this in 2008, KEUR 30 thereof relate to fees of the mutual director. In return, DNick Holding plc will be entitled to any proceeds arising from any future liquidation of EU Coin Ltd.

During the year, used machinery and equipment were sold to the Joint Venture Innovative Clad Solutions Private Limited. The sale was for EUR 1.0 million, which is outstanding at the balance sheet date.

DIRECTORS OF THE PARENT COMPANY AND THEIR REMUNERATION

The directors during the business year were:

- | | |
|----------------------------|------------------------------------|
| - Paul Felton Smith | (Chairman, Non-Executive Director) |
| - Dr. Goetz-Peter Blumbach | (Executive Director) |
| - Franz-Josef Seipelt | (Executive Director) |
| - Edouard Altenhoven | (Non-Executive Director) |
| - Dr. Hans-Joachim Krüger | (Non-Executive Director) |

The directors received remuneration totalling KEUR 1,471 (previous year KEUR 2,085) for their work including pro rata share based remuneration amounting to KEUR 432 (previous year EUR 1,014). No director accrued pension benefits during the current or previous business year.

The directors are entitled to a share bonus under a management incentive scheme. Details are explained in note 21 under 'Share-Based Remuneration Schemes'. The 2008 group result includes expenses from the share bonus of KEUR 432.

LEGAL STATUS

REGISTERED OFFICE, INCORPORATION, CAPITAL, REGISTER, PURPOSE

DNick Holding plc is a public limited company under English Law with its registered office at No, 1 Poultry, London, EC2R 8JR, United Kingdom (UK). The business place and administrative centre of the company is Rosenweg 15, 58239 Schwerte, Germany.

The business is registered at Companies House in the United Kingdom under number 5398216.

The company's business year runs from 1 January of each year to 31 December of the same calendar year.

DNick Holding plc was formed to act as a holding company for the former business activities and to be used as the vehicle for the financial, balance sheet and legal restructuring of Deutsche Nickel AG. For this reason, DNick Holding plc was established by a declaration on 17 March 2005 made by DNick Ltd., London, United Kingdom (hereinafter referred to as "DNick Ltd") and Mr Edouard Altenhoven, with an authorised share capital of GBP 100,000, divided into 100,000 ordinary shares with a nominal value of GBP 1.00 per share.

50,000 shares with a total nominal value of GBP 50,000.00 were initially issued, of which 49,999 shares were issued to DNick Ltd. and one share to Mr Edouard Altenhoven in trust for DNick Ltd.

At 31 May 2005, the authorised capital was redistributed into 10 million shares with a nominal value of GBP 0.01 per share. The 50,000 shares already issued were converted accordingly into 5.0 million shares.

In March 2006, the subscribed capital was increased through cash contribution, initially by issuing 12,714 shares with a total nominal value of GBP 127.14. This increase related to the implementation of a debt/equity swap in April 2006, in which a total of 5,012,713 shares were transferred to the creditors of DNick Ltd. and EU Coin Ltd. One share remained with DNick Ltd. Of the shares made available in the course of the debt/equity swap, 853 shares were initially withdrawn again because of a technical correction to the amount of the accepted creditor claims.

During the restructuring process, DNick Holding plc issued certified options in an option contract of 22 March 2005, which entitled the option holders to hold a total of around 7.7 % of the share capital of DNick Holding plc. These options were provided in respect of a bridging loan, which was used to finance the acquisition of shares in Deutsche Nickel AG by DNick Ltd. on 24 December 2004 as well as the initial liquidity requirements of DNick Ltd. The options, which were issued in relation to the loan, entitled the lenders to a holding of the share capital of DNick Holding plc in addition to the repayment of the loan. In April 2006 the option holders exercised their option rights. In fulfilment of this option, DNick Holding plc issued a total of 390,242 new shares with a nominal value of GBP 3,902.42 and transferred them to the option holders. This option is thereby fulfilled.

On 31 December 2006, the issued share capital of DNick Holding plc subsequently amounted to GBP 54,021.03, divided into 5,402,103 shares with a nominal value of GBP 0.01 per share.

On 9 March 2007, the issued share capital was increased through cash contribution by issuing 26,287 shares with a total nominal value of GBP 262.87. At the same time, the 853 shares withdrawn in the course of the debt/equity swap were issued. The increase in share capital was achieved through the partial exercising of an option granted to DNick Ltd. (option contract of 8 March 2006), whereby DNick Ltd. or the administrators of the Company Voluntary Arrangement were granted the right to up to 160,000 shares for servicing additional claims of creditors of DNick Ltd.

On 3 May 2007, 68,755 shares, on 5 September 2007, 46,486 shares, and on 28 March 2008 60,265 shares were issued as a share bonus as part of the Management Incentive Plan agreed in 2006, after the relevant conditions were fulfilled.

On 31 December 2008, the issued share capital of DNick Holding plc subsequently amounted to GBP 56,047.49, divided into 5,604,749 shares with a nominal value of GBP 0.01 per share. The authorized capital was unchanged at 10.0 million shares.

SHARE OPTIONS

DNick Holding plc has granted the following options on the issue of shares:

In the 2006 and 2007 business years, DNick Holding plc granted a share bonus to five directors and a managing director of a subsidiary as part of a management incentive plan. This management incentive plan represented the implementation of consent given to DNick Ltd. in the creditor agreement of 29 June 2005 to create a performance incentive scheme for the management, which over a period of two years granted the management of DNick Holding plc a right to a share package of approximately 5 % in DNick Holding plc.

Under this management incentive plan, a further 66,569 shares were issued to the beneficiaries as share bonus in April 2009. This management incentive scheme is accordingly terminated.

SHAREHOLDERS WITH A HOLDING OF MORE THAN 5 %

DNick Holding plc has received the following reports of shareholders who held more than 5 % of the shares issued, a total of 5,604,749 shares as of 31 December 2008:

Shareholder	Percentage holding
Goldman Sachs Group, Inc.	23.13 %
Bear Stearns International Limited	10.34 %

FORM AND EVIDENCING OF SHARES

The shares are evidenced in a global certificate. The shareholders have a claim to individual evidencing of the shares. This claim only applies to the shareholder entered in the share register, at the Bank of New York, London. The Bank of New York holds the shares for the actual shareholders in its capacity as nominee. The actual shareholders, who have beneficial ownership under English Law, have no claim for the evidencing of the shares.

Confirmed by the Board and signed by:



Dr. Götz-Peter Blumbach
Director



Franz-Josef Seipelt
Director

London, 22 May 2009