



DNick Holding plc
Annual Report 2009



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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 2009.

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 expressly advise that the German annual report is the unaudited translation of the audited English annual report.

PRINCIPAL ACTIVITY

The principal activity of the DNick group is the manufacture and sale of products made of metal 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 for the business year ending on 31 December 2009 are shown in the attached consolidated 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 2009 is as follows:

Iron-nickel

- Deutsche Nickel GmbH, Germany
- Auerhammer Metallwerk GmbH, Germany
- Deutsche Nickel America Inc., RI, 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 Coseples S.A. (CeCo), Spain (50 % joint venture)

Holding / Other

- DNick Holding plc, UK
- DN Service GmbH, Germany

The global recession caused a marked fall in the general demand for nickel alloy materials in 2009. Weak demand was aggravated by the fact that the placing of orders has proven restrictive at the consumer end because of the economic situation and several new projects were postponed. Calls on orders already booked were also subject to postponements. This difficult market environment was a heavy strain on business in the iron-nickel segment and led to a 16.5 % decline in the volume of products sold compared with the previous year.

The company responded promptly to the decline in sales in the iron-nickel segment that emerged at the beginning of 2009 and introduced measures to adjust costs short-term to the lower workload. Short-time work

was introduced at an early stage at the Schwerte and Aue sites. A 17 % reduction in the work force at the Schwerte site was also inevitable because, in particular, volumes anticipated for toll production to utilise free melt shop capacity in Schwerte, which was not being used for own processing, had to be reduced quite considerably.

Development in the coin blanks segment was positive and in line with expectations. Since clients are public authorities, project business with coin blanks is to a large extent not tied to the global recession. The sales volume of coin blanks was increased by 10.7 % compared with the previous year. Capacities increased in the previous year were well utilised.

OUTLOOK

Based on planning, the DNick group anticipates a slight increase in sales in 2010. In terms of operating result, it is assumed that the anticipated increase in sales and cost-cutting measures introduced will lead to a corresponding improvement in the result of the iron-nickel segment in 2010. Once commercial production starts, the joint venture in India is expected to break even in the second half of 2010. Increasing positive contributions to the group result are planned as of 2011. The coin blanks segment will not be in a position to repeat the previous year's very good result because fewer projects with technically sophisticated coin blanks are expected to be placed in 2010. As a whole, therefore, an operating result on the same level as the previous year is anticipated in 2010.

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 2009 consolidated financial statements.

PRINCIPAL RISKS AND UNCERTAINTIES

The group's business activities are subject to a number of risks.

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

The directors have set out in the attached management report on page 15 – 17 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 receivables and trade payables 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 its exposure to those risks, the group enters into a number of derivative transactions including forward foreign currency contracts, forward metal contracts and interest rate swaps.

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

The main risks are described in more detail in note 32 of the consolidated financial statements.

KEY PERFORMANCE INDICATORS

The directors monitor and control 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 monitoring and controlling:

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

The DNick group did not meet its targets in the 2009 business year. Key factors were the effects of the global recession, the scale of which could not have been foreseen.

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 average period allowed for payment at 31 December 2009 was 34.8 days (2008: 25.3 days).

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The company's 5 directors were covered by a D&O liability insurance during the business year.

DIRECTORS

The present membership of the Board is set out below.

Paul Felton-Smith (Chairman)

Edouard Altenhoven

Dr. Götz-Peter Blumbach

Dr. Hans-Joachim Krüger

Franz-Josef Seipelt

During the business year, the 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 the Notes under 21.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the parent company and the group as at the end of financial year and of the profit or loss of the group for each financial year. Under that law the directors are required to prepare group financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs). The directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK GAAP). In preparing these financial statements, the directors are required to:

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

- for the group financial statements, state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements
- for the parent company financial statements, state whether applicable UK 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 adequate 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 2006. 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.

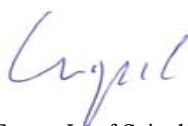
AUDITORS

Grant Thornton UK LLP have expressed their willingness to continue in office. In accordance with Section 489 (4) of the Companies Act 2006, a resolution to reappoint Grant Thornton UK LLP will be proposed at the next Annual General Meeting.

ON BEHALF OF THE BOARD



Dr. Götz-Peter Blumbach
Director



Franz-Josef Seipelt
Director

London, 11 May 2010

MANAGEMENT REPORT

DESCRIPTION OF BUSINESS ACTIVITIES

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 2009 is as follows:

Iron-nickel

- Deutsche Nickel GmbH, Schwerte, Germany
- Auerhammer Metallwerk GmbH, Aue, Germany
- Deutsche Nickel America Inc., Cumberland, RI, 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, UK
- DN Service GmbH, Schwerte, Germany

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 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 about 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, welding, optics, light, electro and electronics sectors. The wires programme comprises a number of alloyed round and flat 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 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 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, additional 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 26 % of the business volume of Deutsche Nickel GmbH and around 8 % of Auerhammer Metallwerk GmbH. Deutsche Nickel America Inc. does not carry out any sales activities for the business in coin blanks.

INNOVATIVE CLAD SOLUTIONS PRIVATE LIMITED

The joint venture Innovative Clad Solutions Private Limited ("ICS") was established together with two industrial partners in February 2008. The three partners hold equal shares in the joint venture. ICS has built a manufacturing facility in India, which was completed in November 2009, to manufacture metal cladding. Commercial production at this new facility started at the beginning of 2010.

COIN BLANKS

SAXONIA EUROCOIN GMBH

The manufacture of blanks comprises on the one hand the manufacture of 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 and 2009 to expand capacity, especially in the electroplating segment.

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 essential for the successful development of new materials and alloys in the iron-nickel segment, which are both customer and market-oriented, and of key importance in ensuring economic and qualitative competitiveness and long-term customer relationships.

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

ENVIRONMENTAL PROTECTION

Legal obligations are met for all segments. Measures will be taken at the Schwerte site in 2010 regarding dedusting of the smelting plant. No other significant investments in plants and machinery, for environmental protection purposes, are required. An environment audit at the Schwerte site was successfully completed in 2009.

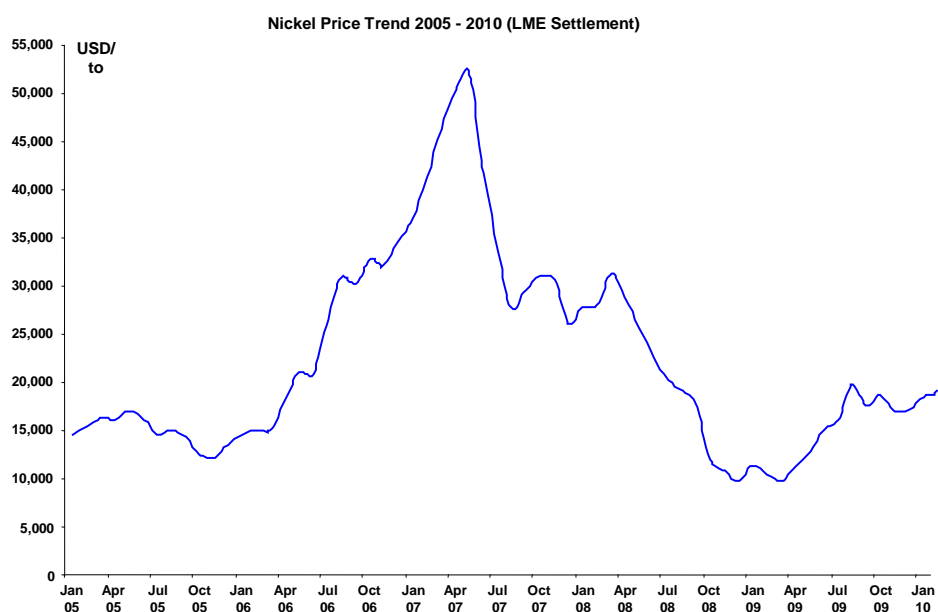
BUSINESS REVIEW

GENERAL BUSINESS ENVIRONMENT

In 2009, the global economy experienced its most severe recession since the Second World War. The worldwide financial crisis has caused a sharp downturn in economic activity in industrial countries. Even some of the until now growth-driven emerging countries have suffered significant economic set-backs. Economic development increasingly slowed down in the second half of the year. In the European area, above all, private consumers and public spending have curbed an even sharper decline in economic activity.

Prices of energy and raw materials, which fell dramatically towards the end of 2008 as a result of the global recession, stabilised in the first half of 2009, and to some extent increased markedly compared with the final low for 2008.

Nickel, the essential material for the DNick Group, fell sharply during the 4th quarter of 2008 to below 9,000 USD/t and therefore to a price level last listed in 2003, and a long way from the all-time high of May 2007 of about 54,000 USD/t. The price of nickel rose initially to about 20,000 USD/t until the middle of 2009 and then fluctuated between 17,000 – 19,000 USD/t in the second half of the year. The price of nickel at the end of the year was about 18,400 USD/t. These price fluctuations were essentially due to changes in the capacity utilisation of global steel producers with their 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 capital markets with their reawakened interest in investments in raw materials in 2009 impacted on the trend in prices. This is especially true of nickel which is traded in significantly lower volumes than other metals e.g. copper. The prices are 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.

Following the marked decrease, as in the case of nickel, in the price of other metals such as copper, cobalt and molybdenum at the end of 2008, the prices of some of these metals recovered significantly in 2009.

Since the company essentially quotes the metal prices for the main alloys in 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

The global recession caused a marked fall in the general demand for nickel alloy materials in 2009. Weak demand was aggravated by the fact that the placing of orders has proven restrictive at the consumer end because of the economic situation, and several new projects were postponed. Calls on orders already booked were also subject to postponements. This difficult market environment was a heavy strain on business in the iron-nickel segment and led to a 16.5 % decline in the volume of products sold compared with the previous year.

The company responded promptly to the decline in sales in the iron-nickel segment that emerged at the beginning of 2009 and introduced measures to adjust costs short-term to the lower workload. Short-time work was introduced at an early stage at the Schwerte and Aue sites. A 17 % reduction in the work force at the Schwerte site was also inevitable because in particular volumes anticipated for toll melting production to utilise free melt shop capacity in Schwerte had to be reduced quite considerably.

Development in the coin blanks segment was positive and in line with expectations. Since clients are public authorities, project business with coin blanks is to a large extent not tied to the global recession. The sales volume of coin blanks was increased by 10.7 % compared with the previous year. Capacity increased in the previous year was well utilised.

Sales of the DNick group fell from EUR 236.7 million to EUR 166.3 million compared with the previous year. Apart from the lower sales volume in the iron-nickel segment, reductions in the price of metals passed on in revenues were reflected in this decline in sales. Taking into account metal price hedge transactions, the average price of nickel passed on in revenues was about 40 % below that of the previous year.

Operating EBITDA (excluding redundancy costs and excluding revaluation of metal stock) was EUR 9.3 million in 2009 compared with EUR 15.8 million the previous year. Decline in performance is primarily due to the weakness in demand for iron-nickel products. The absence of toll production has also impacted on capacity utilisation of the smelting works in Schwerte. Cost adjustment measures introduced in spring only partly compensated for the negative effects on profits resulting from the decline in sales.

The profit before tax was EUR 5.3 million compared to EUR 5.1 million the previous year.

Cash flow from operating business activities improved from EUR 2.0 million in 2008 to EUR 21.8 million in 2009. The main reason for this is a substantial reduction in working capital due to reduced inventories and lower price of metals. This allowed net liabilities due to banks at 31.12.2008 to be reduced by EUR 18.4 million to EUR 3.4 million at 31.12.2009.

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)

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 the bars/wires and strips segments. The segments basically reflect the internal reporting structure. The joint venture in India was not considered in the segment presentation because the company has started operating activities in 2010.

IRON-NICKEL

BARS AND WIRES SEGMENT

Global demand for semi-finished products, both for bars and wires, was as a whole weak in the 2009 business year. This weak demand was reinforced by customers seeking to reduce their stocks to as low a level as possible. This also resulted in customers delaying calls for orders already entered. There was a cautious revival in customer inquiries after the summer in 2009, resulting in renewed increases in order intake in the 4th quarter. These orders will, however, only impact on sales in 2010. Sales volumes for bars and wires as a whole decreased by 23.1 % compared with the previous year.

Response to the falling order intake which set in at the beginning of 2009 was prompt, and measures were introduced to adjust costs short-term to lower capacity utilisation. Short-time work was introduced at the Schwerte site at an early stage. In addition to short-time work, a 17 % reduction in the work force at the Schwerte site was inevitable because in particular volumes of toll production to utilise free smelting capacities not used for own processing in Schwerte had to be reduced by about 80%. Further savings in operating expenditure were only able to compensate in part for the negative effect on the result due to the lower level of production and only with a time delay.

Sales in bars and wires were EUR 54.9 million in 2009 compared with EUR 93.7 million in 2008. Apart from the lower volume of sales, the change in sales compared with the previous year was also due to the lower price of metals compared with the previous year. Operating EBITDA (excluding redundancy costs and excluding revaluation of metal stock) was EUR -1.6 million compared with EUR 4.6 million the previous year.

STRIPS SEGMENT

Business in the strips segment comes 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 extensive product range provides the chance of diversification of risks as it allows to respond quickly to the demands of the market.

The global weakness for demand in the strips segment resulted in a marked decline in sales of thermostatic bimetals and metal strips. Sales in plated strips were maintained at the same level as the previous year by orders for coin strips. Capacities for the growing business in metallic foils were increased in 2009. As a result of the advantageous product mix, the decline in the volume of sales in the strips segment in 2009 was therefore only 12.8 % compared with the previous year. Adjustment measures in 2009 could therefore be limited essentially to the implementation of short-time work from time to time and the laying off of temporary personnel. The position attained as market leader in Europe for thermostatic bimetals remained unchanged.

Sales in the strips segment in 2009 were EUR 40.1 million (previous year: EUR 63.4 million). Operating EBITDA (excluding revaluation of metal stock) of EUR 4.1 million was achieved in a very serious economic environment, this being just EUR 2.0 million below the previous year's result.

COIN BLANKS SEGMENT

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 2009 business year was driven by the further development of the market position with the aim of achieving a sustained high level of capacity utilisation, in terms of project business as well by expanding the customer base. The further increase in capacity utilisation in 2009 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. Following the increase in the volume of sales in 2008 by about 21 %, there was a further increase in sales in 2009 of 10.7 %. The export percentage for the coin blanks business in 2009 was around 83 %.

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.

Fierce price competition exists in the non-ferrous metal blanks segment. The company profited here in 2009 from a backlog of orders, also for technically more sophisticated blanks, at a reasonable price level. On-going strong competitive pressure is expected in the non-ferrous metal blanks segment, above all for technically less sophisticated blanks.

The joint venture Compania Europea de Cospeles S.A., Spain, felt the competitive pressure more markedly in terms of workload in 2009. Sales at EUR 13.3 million were EUR 13.0 million below the previous year. The 50 % holding is valued under the equity method and in 2009 produced a result under the equity method of EUR 0.5 million.

Sales in the coin blanks segment were EUR 80.6 million in 2009 (excluding CeCo). The decline in sales of EUR 12.8 million is due to the reductions in the price of metals passed on in revenues and a change in the product mix through to a higher percentage of electroplated blanks. Due to sales volume increases in particular and the delivery of orders entered the previous year at a good price level as a whole, operating EBITDA realised (excluding revaluation of metal stock) of EUR 8.1 million was a very good result. The even higher result in 2008 of EUR 8.6 million was positively affected to a high degree by a temporary above-average price level.

BUSINESS RISKS

During the course of its operating 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 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 3 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.

The increase in the price of metals at unchanged sales volumes results in a corresponding increase in the value of working capital and therefore in a higher level of tied up funds or higher 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 low 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 if the prevailing basic interest rates (EURIBOR and LIBOR respectively) for these loans were to increase.

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. 30 % of group sales. Sales are also invoiced to a minor extent in British pounds.

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.

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 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 financing of working capital.

The existing borrowing-based loan arrangements for the iron-nickel segment are 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 borrowing base, i.e. collateral value to fall and therefore causes a reduction in the utilisable credit lines.

DEFAULT RISKS

The main default risk for 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 default by customers. 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.

At 31.12.2009, the borrowing-based credit lines of the domestic operating subsidiaries in the iron-nickel segment totalled EUR 17.0 million (maximum line). These credit lines were renegotiated at 1.4.2010. The new loan agreements with credit lines again of EUR 17.0 million are also borrowing-based with a term to 31.3.2012. Alongside these credit facilities is a borrowing-based credit line for Deutsche Nickel America Inc. of a maximum USD 15.0 million with a term to December 2010.

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. This financing instrument is therefore only available for financing current assets. Investments in fixed assets are financed from cash flow from operating activities and in specific 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 2009.

FINANCIAL POSITION AND PERFORMANCE

ASSET POSITION

Assets	31.12.2009		31.12.2008	
	EUR('000s)	%	EUR('000s)	%
Cash and cash equivalents	12,015	11.4%	5,477	4.6%
Derivative financial instruments	1,777	1.7%	404	0.3%
Receivables	9,352	8.9%	17,467	14.7%
Inventories	48,364	45.8%	61,519	51.7%
Other	5,823	5.4%	3,990	3.4%
Current assets	77,331	73.2%	88,857	74.7%
Property, plant and equipment	21,439	20.3%	20,079	16.9%
Financial assets	5,189	4.9%	4,547	3.8%
Deferred taxes	1,578	1.5%	4,422	3.7%
Other	16	0.1%	1,098	0.9%
Non-current assets	28,222	26.8%	30,146	25.3%
Total	105,553	100.0%	119,003	100.0%

Compared with the previous year, the balance sheet total decreased by EUR 13.5 million. This was mainly due to the lower working capital.

Inventories decreased by EUR 13.2 million in 2009. This decrease compared with the previous year was above all the result of the cut-back in the volume of work in progress and finished goods in the iron-nickel segment to adapt to the decline in sales and therefore lower level of production.

Short-term receivables from operations are reported at EUR 8.1 million lower than in the previous year. At the same time the outstanding balance of receivables sold in factoring decreased by EUR 2.4 million compared with the previous year.

The book value of property, plant and equipment increased by EUR 1.3 million compared with the previous year. Investments of EUR 3.8 million are balanced by scheduled depreciations of EUR 2.4 million and disposals of EUR 0.1 million. Investments relate mainly to rationalisation and associated capital expenditure.

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

FINANCIAL POSITION

	31.12.2009		31.12.2008	
	EUR('000s)	%	EUR('000s)	%
Equity and liabilities				
Bank debts	14,829	14.0%	26,470	22.2%
Derivative financial instruments	298	0.3%	3,805	3.2%
Trade and other payables	14,260	13.6%	16,181	13.6%
Provisions	5,613	5.3%	6,449	5.4%
Other	1,173	1.1%	1,276	1.1%
Current liabilities	36,173	34.3%	54,181	45.5%
Bank debts	628	0.6%	853	0.7%
Provisions	1,508	1.4%	1,665	1.4%
Other	568	0.5%	902	0.8%
Deferred taxes	613	0.6%	362	0.3%
Non-current liabilities	3,317	3.1%	3,782	3.2%
Equity	66,063	62.6%	61,040	51.3%
Total	105,553	100.0%	119,003	100.0%

Current and non-current liabilities due to banks amount to EUR 15.5 million, EUR 14.0 million thereof relating to loans to finance working capital and EUR 1.5 million investment financing.

Trade payables decreased by EUR 1.9 million.

The decrease of EUR 3.5 million in derivative financial instruments carried as liabilities is connected with the settlement of forward exchange operations and metal hedging transactions concluded the previous year.

The reduction in non-current provisions of EUR 0.2 million is mainly due to the transfer of the remaining pension obligations of DN Service GmbH to an insurance company in the business year. Following the sale of the operational business of DN PressTec in 2007, all pension obligations have therefore been settled either by means of a settlement offer or debt-discharging transfer.

Equity amounts to approx. EUR 66.1 million at 31 December 2009, and shows an increase of EUR 5.0 million compared with the previous year. This increase results from the 2009 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 increased equity without affecting the results per the income statement. The equity ratio is now 62.6 % and is therefore 11.3 % above the corresponding ratio of the previous year.

EARNINGS POSITION

	2009		2008	
	EUR('000s)	%	EUR('000s)	%
Sales	166,348		236,690	
Other operating income	2,355		4,400	
Change in inventories and own capitalized work	-13,842		-6,230	
Operating income	154,861	100.0%	234,860	100.0%
Cost of materials	-106,259	-68.6%	-181,416	-77.2%
Personnel expenses	-17,610	-11.4%	-18,129	-7.7%
Other operating expenses	-21,452	-13.9%	-26,336	-11.2%
Income from investments	550	0.4%	337	0.1%
EBITDA	10,090	6.5%	9,316	4.0%
Depreciation	-2,387	-1.5%	-2,331	-1.0%
Interest expenses (net)	-1,878	-1.2%	-2,683	-1.1%
Exchange losses / gains	-478	-0.3%	823	0.3%
Earnings before taxes	5,347	3.5%	5,125	2.2%
Taxes on income	-3,798	-2.5%	-1,237	-0.5%
Annual profit	1,549	1.0%	3,888	1.7%

Sales decreased in 2009 from EUR 236.7 million to EUR 166.3. Apart from the lower volume of sales in the iron-nickel segment, this decline in sales was mainly due to reductions in the price of metals reflected in revenue.

Reductions in finished goods and work in progress of EUR 13.9 million were primarily affected by the decrease in the volume of inventories in the iron-nickel segment resulting from the lower level of production. Materials costs fell substantially by EUR 75.2 million. This was due to lower volumes in the iron-nickel segment and the lower price of metals.

Personnel expenses are EUR 17.6 million compared with EUR 18.1 million the previous year. The decrease is due to measures implemented in the business year to adjust costs which, apart from staff cutbacks in the iron-nickel segment, also involved reductions in variable salary components.

The decrease in other operating expenses of EUR 4.9 million is mainly the result of lower sales expenses and lower expenses for external consultants. Other operating expenses comprise non-recurrent expenses of EUR 0.8 million including setting up reserves connected with the staff cutbacks carried out in 2009.

The groups shows EBITDA of EUR 10.1 million for the 2009 business year and EUR 9.3 million for the previous year. It should be remembered here that, according to the 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. This also affects the non-product-related current raw materials, the so-called metal stock.

While a revaluation of metal stock according to the lower of cost or recoverable amount principle totalling EUR 7.4 million was necessary in 2008 because of the drastic fall in the price of nickel and the fall in the price of other metals towards the end of the business year, the value increased by EUR 1.5 million in 2009 up to the higher market price at 31 December 2009. 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 practices 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.

For the transparency of operating EBITDA, material non-recurrent results are also eliminated if they are not permanent or relate to previous years. In 2009 these are expenses connected with staff cutbacks at the Schwerte site and in the previous year income from the partial reversal of a provision set up 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.

	2009 EUR('000s)	2008 EUR('000s)
EBITDA according to income statement	10,090	9,316
Less / add impact of revaluation of metal stock	-1,546	7,431
Add / less other non recurring items	795	-933
Operating EBITDA (excluding impact of revaluation of stocks and other non- recurring items)	9,339	15,814

Operating EBITDA (excluding expenses for personnel measures and excluding impact of revaluation of stocks) was EUR 9.3 million in 2009 compared with EUR 15.8 million the previous year. Decline in performance is primarily due to the weakness in demand for iron-nickel products. The absence of toll production has also impacted on capacity utilisation of the smelting works in Schwerte. Cost adjustment measures introduced in spring only partly compensated for the negative effects on profits resulting from the decline in sales.

Net interest expense at EUR 1.9 million is EUR 0.8 million below the previous year. This is mainly due to the lower level of borrowing because of the reduction in working capital. The advantage of the fall in the interest rate level could only be utilised to a limited degree because of existing interest rate swap agreements.

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 4.0 million in the 2009 business year.

Including changes in working capital, business operations resulted in an inflow of funds of EUR 21.8 million. The main reason for this substantial improvement in cash flow despite the lower result is the marked reduction in working capital because of lower stocks and the lower price of metals.

The cash flow statement shows an outflow of funds of EUR 3.0 million from investment activity. Payments for investments in property, plant and equipment of EUR 3.8 million and contributions to capital of EUR 0.4 million in the joint venture Innovative Clad Solutions Private Limited, India, are balanced by an inflow of funds of EUR 1.2 million from the sale of fixed asset items and a residual purchase price payment from disinvestments in previous years.

The outflow of funds from financing activities of EUR 12.1 million relates primarily to reducing credit facilities from financing working capital.

Liquid funds at 31 December 2009 increased to EUR 12.0 million compared with EUR 5.5 million the previous year at the balance sheet date.

Net liabilities due to banks (bank debts less cash and cash equivalents) is EUR 3.4 million at 31 December 2009 compared with EUR 21.8 million the previous year.

FORECASTS

According to economic experts, the global economy in the current business year 2010 is expected to experience slight growth. While growth prospects for the USA are still cautious, the outlook for China, India and other emerging countries is judged to be more positive. In the euro area, the macroeconomic situation is expected to stabilise at a low level. There is a risk in Germany that, when anti-cyclical programmes expire, a temporary period of weakness might occur.

Against the background of this global economic environment, the iron-nickel segment in 2010 expects the relevant markets to make a moderate recovery as a whole. Sales should also benefit from the strong sales activities on the Asian markets over the last few years. Furthermore, we assume that the reduction of stocks by many customers started in 2009 is completed and that customers will be placing more orders again, albeit in smaller lots. The increase in order intake since the 4th quarter of 2009 supports this view. For this reason, we anticipate an increase again in sales volumes of about 20 % compared with the previous year in the bars and wires segment which had especially suffered through weak demand in 2009. Budgeted sales of products as a whole are therefore still markedly below the good year of 2008. The potential of utilising additional smelting capacities in Schwerte for toll production is still assessed very cautiously. Accordingly, personnel capacities were reduced again at the end of 2009. In the strips segment, higher sales volumes are planned in 2009 for the core products thermostatic bimetals, metal strips and metallic foils. As the volumes of coin strips manufactured in 2009 are unlikely to be repeated in 2010, given the project-based nature of this business, sales in the product group plated strips will be markedly lower in 2010. As a whole, therefore, lower sales volumes are planned for 2010 in the strips segment.

The coin blanks segment started the 2010 business year with a high volume of orders with business still focused on electroplated coin blanks. However, intense price competition in non-ferrous metal blanks is making the business in this sub-segment increasingly difficult. This will have a marked negative effect, at least short-term, on capacity utilisation in the production of non-ferrous metal blanks. This trend has confirmed the decision taken over previous years to focus on expanding the business in electroplated coins.

Internal measures in the iron-nickel segment will focus on continuing the process-oriented improvements and the cost cuts implemented in 2009. In parallel, we continue to focus on measures to reduce production and delivery times because delivery times are increasingly an important competitive criterion. The focus in the coin blanks segment continues to be the optimization of in-house processes and systems after the comprehensive investment programmes were completed.

As far as the essential ingredient nickel is concerned, only a yearly average moderate price increase is budgeted in 2010 because of the continuing low level of demand from stainless steel producers. As in previous years, however, greater fluctuations cannot be excluded if speculative elements intervene in pricing. The physical supply of nickel requirements is assured through relevant master agreements with different suppliers.

Given the low level at the end of the 2009 business year, working capital will increase due to the higher level of production planned in 2010 and the higher price in metals and this will also require increased funding.

Capital expenditure in the group's property, plant and equipment in 2010 will again be above the level of the depreciation at approx. EUR 2.4 million. Investments in 2010 will focus on the strips segment. Furthermore, an amount of approx. EUR 0.4 million will be payable in connection with the financing of the new manufacturing facility for plated strips of the Indian joint venture Innovative Clad Solutions Private Limited. The new facility in India started production at the beginning of 2010.

According to our planning, we anticipate a slight increase in sales in 2010. In terms of the operating result, we assume that the expected increase in sales and cost cuts introduced will result in a corresponding improvement of the result in the iron-nickel segment in 2010. Following start-up of commercial production, the joint venture in India should break even in the second half of 2010. Increasing positive contributions to the group result are planned from 2011 onwards. The coin blanks segment will not be in a position to repeat the previous year's very good result as fewer projects with coin blanks of a high technical standard are expected to be awarded in 2010. As a whole, therefore, the operating result in 2010 is expected to remain at the level of the previous year.

We expect the macroeconomic environment to improve in 2011 and 2012, and also further positive effects from internal measures to increase efficiency. This will impact accordingly on sales and performance. 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

		2009	2008
Closing price in Frankfurt at year-end	in EUR	6.90	6.00
High	in EUR	8.00	9.26
Low	in EUR	5.04	4.60
Market capitalisation at year-end	in million EUR	39.1	35.6
Number of shares issued at year-end	in shares	5,671,318	5,604,749

The price of the DNick share developed irregularly in the 2009 business year. In the first half of 2009, the price fluctuated over a range of between EUR 5.00 - 6.00. The share then gained markedly in value in the second half of the year, after disclosure of key company data for the first half of 2009 and publication of an analyst study, with in some cases significantly higher daily transaction volumes, achieving an annual high of EUR 8.00. The share was then quoted with a closing price at year-end of EUR 6.90, an increase of some 15 % compared with the previous year. The average trading volume was slightly higher in 2009 than the previous year, and was about 6,600 shares per day, again with considerable fluctuations.

The company has not been notified of any changes in the shareholding structure compared with status at 31 December 2008.

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

	2009	2008
Group's result (in KEUR)	1,549	3,888
Weighted average number of shares	5,654,676	5,584,661
Undiluted result per share (in EUR)	0.27	0.70

Adjusted by the impact of the revaluation of the metal stock, and the expense from share based remuneration, all of these without any cash flow impact, and excluding non-recurring items as adjusted in operating EBITDA, earnings per share would be at EUR 0.24/share (previous year: EUR 1.54/share).

Confirmed by the Board and signed by:



Dr. Götz-Peter Blumbach
Director



Franz-Josef Seipelt
Director

London, 11 May 2010

Independent auditor's report to the members of DNick Holding Plc

We have audited the financial statements of DNick Holding Plc for the year ended 31 December 2009 which comprise the group income statement, the group statement of total comprehensive income, the group balance sheet, the group statement of changes in equity, the group cash flow statement, the principal accounting policies, related notes 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 parent company related notes. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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

As explained more fully in the Statement of Directors' Responsibilities set out on pages 6 and 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/UKNP.

Opinion on financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2009 and of the group's profit and the parent company's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRS as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been properly prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

SM

Stephen Maslin
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
11 MAY 2010



DNick Holding plc
Group Accounts 2009



DNick Holding plc - Group Income Statement for the Year 2009


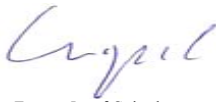
	Notes	2009		2008	
		EUR	EUR	EUR	EUR
1. Sales	(22)		166,347,502		236,689,739
2. Other operating income	(23)		2,355,331		4,400,742
3. Changes in inventories of finished goods and work in process			-13,860,508		-6,230,214
4. Own capitalised work			18,642		0
Operating income			154,860,967		234,860,267
5. Cost of materials			-106,258,746		-181,415,735
a) Cost of raw materials, consumables and supplies					
and of purchased merchandise		-91,409,430		-163,457,162	
b) Cost of purchased services		-14,849,316		-17,958,573	
6. Personnel expenses			-17,610,261		-18,129,448
a) Wages and salaries		-14,484,177		-15,389,187	
b) Social security and other pension costs		-3,126,084		-2,740,261	
7. Other operating expenses	(24)		-21,378,116		-26,268,132
8. Other taxes			-74,538		-67,773
Sub-total (5.-8.)			-145,321,661		-225,881,088
9. Share in profit and loss of joint ventures accounted for at equity			550,322		337,089
Earnings before interest, taxes and depreciation / amortisation (EBITDA)			10,089,628		9,316,268
10. Amortisation / depreciation of intangible assets and property, plant and equipment	(25)		-2,387,395		-2,331,285
11. Interest and similar income	(26)		85,404		147,210
12. Interest and similar expenses	(26)		-1,963,181		-2,830,669
13. Exchange losses/ gains	(27)		-478,174		823,357
Earnings before taxes			5,346,282		5,124,881
14. Taxes on income	(28)		-3,797,686		-1,236,473
a) Current taxes		-2,414,772		-2,171,120	
b) Deferred taxes		-1,382,914		934,647	
Net profit for the year			1,548,596		3,888,408
Basic Earnings per Share	(29)		0.27		0.70
Dilluted Earnings per Share	(29)		0.27		0.69

Statement of Other Comprehensive Income for the Year 2009

	Notes	2009		2008	
		EUR	EUR	EUR	EUR
Net profit for the year			1,548,596		3,888,408
Other comprehensive Income of the year, net of tax			3,373,650		-2,490,545
15. Exchange differences on translating foreign operations	(20)		-79,147		184,326
16. Cash flow hedging	(20)				
Reclassification to profit and loss			3,400,959		-257,500
Current year gains / losses			1,531,608		-3,400,959
17. Deferred taxes on hedge instruments	(20)		-1,479,770		983,588
Total comprehensive Income			4,922,246		1,397,863

DNick Holding plc - Group
Balance Sheet as at 31 December 2009

	Notes	31.12.2009		31.12.2008	
		EUR	EUR	EUR	EUR
A. Current assets					
I. Cash and cash equivalents	(2)		12,015,358		5,477,489
II. Trade receivables / other assets					
1. Trade receivables	(3)	9,300,682		16,463,249	
2. Receivables from associates	(4)	51,121		1,003,469	
3. Derivatives	(5)	1,777,417		403,567	
4. Other assets	(6)	5,404,574		3,599,549	
Total receivables / other assets			16,533,794		21,469,834
III. Inventories					
1. Raw materials, consumables and supplies		11,968,204		11,824,672	
2. Work in process		23,711,049		29,876,751	
3. Finished goods and merchandise		12,684,684		19,817,634	
Total inventories	(7)		48,363,937		61,519,057
IV. Prepaid expenses					
1. Other prepaid expenses		417,931		390,677	
Total prepaid expenses			417,931		390,677
Total current assets			77,331,020		88,857,057
B. Non-current assets					
I. Intangible assets					
1. Concessions, industrial rights, licences, etc.		211,210		88,422	
2. Prepayments		55,370		31,200	
Total intangible assets	(8.1)		266,580		119,622
II. Property, plant and equipment					
1. Land, land rights		3,139,476		3,139,476	
2. Buildings, buildings on third-party land		8,326,089		7,749,256	
3. Technical equipment and machinery		6,583,651		6,517,984	
4. Other equipment, furniture, fixtures and office equipment		1,745,786		2,041,405	
5. Prepayments and assets under construction		1,377,523		510,951	
Total property, plant and equipment	(8.2)		21,172,525		19,959,072
III. Investments					
1. Investment in joint venture		4,566,111		3,931,303	
Total investments	(8.3)		4,566,111		3,931,303
IV. Non-current receivables					
1. Other loans		622,555		616,018	
Total non-current receivables	(8.3)		622,555		616,018
V. Deferred tax assets	(9)		1,578,378		4,421,523
VI. Other assets	(6)		16,195		1,098,584
Total non-current assets			28,222,344		30,146,122
Total assets			105,553,364		119,003,179

	Notes	31.12.2009 EUR	EUR	31.12.2008 EUR	EUR
A. Current liabilities					
1. Current liabilities to banks	(10)	14,828,581		26,470,038	
2. Current finance lease liabilities		253,486		257,673	
3. Prepayments received		364,502		91,155	
4. Trade payables	(11)	13,849,229		15,632,237	
5. Provisions					
a) Current tax provision	(12)	1,730,269		2,691,204	
b) Other provisions	(13)	3,882,673		3,758,258	
6. Liabilities to affiliates	(14)	47,168		458,470	
7. Derivatives	(5)	297,851		3,804,831	
8. Deferred income	(15)	134,564		212,403	
9. Other current liabilities	(16)	785,181		804,695	
Total current liabilities			36,173,504		54,180,964
B. Non-current liabilities					
1. Non-current liabilities to banks	(17)	627,494		853,438	
2. Non-current finance lease liabilities		375,807		617,240	
3. Deferred tax liabilities	(9)	613,250		362,387	
4. Non-current provisions					
a) Provisions for pensions	(18)	757,979		830,845	
b) Other provisions	(19)	749,864		834,403	
5. Other non current liabilities	(16)	192,240		284,240	
Total non-current liabilities			3,316,634		3,782,553
C. Equity					
1. Issued capital		82,179		81,439	
2. Capital reserve		51,762,757		52,407,260	
3. a) Merger reserve		-10,827,314		-10,827,314	
b) Revaluation reserve		1,035,696		-2,417,101	
c) Foreign exchange translation reserve		-607,064		-528,417	
4. Retained profits		23,068,376		18,435,387	
5. Net profit		1,548,596		3,888,408	
Total equity	(20) / (21)		66,063,226		61,039,662
Total equity and liabilities			105,553,364		119,003,179
Approved by the Board and signed on its behalf by:					
					
		Dr. Götz-Peter Blumbach			Franz-Josef Seipelt
		Director			Director
London, 11 May 2010					

DNick Holding plc - Group Statement of Changes in Equity for the Year 2009

EUR (' 000s)	Notes	Share Capital	Capital Reserve	Merger Reserve	Revaluation Reserve	Translation Reserve	Profit Reserve	Total
Balance as at 01/01/2008		81	52,671	-10,827	258	-713	17,739	59,209
1. Net profit for the year							3,888	3,888
2. Cash flow hedges -reclassification to profit and loss					-258			-258
3. Revaluation of cash flow hedges	(20)				-3,401			-3,401
4. Deferred taxes on hedge instruments	(20)				984			984
5. Currency translation differences	(20)					185		185
Total Comprehensive Income for the period		0	0	0	-2,675	185	3,888	1,398
Subtotal		81	52,671	-10,827	-2,417	-528	21,627	60,607
Transactions with owners								
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

EUR (' 000s)	Notes	Share Capital	Capital Reserve	Merger Reserve	Revaluation Reserve	Translation Reserve	Profit Reserve	Total
Balance as at 01/01/2009		82	52,407	-10,827	-2,417	-528	22,323	61,040
1. Net profit for the year							1,549	1,549
2. Cash flow hedges -reclassification to profit and loss	(20)				3,401			3,401
3. Revaluation of cash flow hedges	(20)				1,532			1,532
4. Deferred taxes on hedge instruments	(20)				-1,480			-1,480
5. Currency translation differences	(20)					-79	0	-79
Total Comprehensive Income for the period		0	0	0	3,453	-79	1,549	4,923
Subtotal		82	52,407	-10,827	1,036	-607	23,872	65,963
Transactions with owners								
6. Issued Capital	(20)							
7. Share award costs	(21)		100					100
8. Share award costs realised on share issue	(20)		-745				745	0
Total equity as at 31/12/09		82	51,762	-10,827	1,036	-607	24,617	66,063

DNick Holding plc - Group
Cash Flow Statement for the Year 2009

	2009 EUR ('000s)	2008 EUR ('000s)
EBITDA	10,090	9,316
+/- Increase/decrease in non-current accruals	-158	-723
-/+ Other non-cash income/expenses	-1,661	5,722
- Payments for taxes on income	-4,274	-1,575
Gross-Cash-Flow	3,997	12,740
-/+ Increase/decrease in inventories	14,702	-395
-/+ Increase/decrease in trade receivables	7,175	-4,093
+/- Increase/decrease in trade payables	-1,783	-3,221
+/- Increase/decrease in short term accruals	125	-30
-/+ Increase/decrease in other working capital	-122	-1,114
+/- Currency gains / losses	-478	823
- Interest payments	-1,878	-2,707
Cash provided by operating activities	21,738	2,003
Cash-Flow from investing activities		
- Capital expenditure	-3,841	-5,087
- Acquisition of interest in joint venture	-386	-787
+ Proceeds from disposal of non-current assets	875	221
+ Cash received from the divestment of discontinued operations	350	350
Cash used by investing activities	-3,002	-5,303
Cash-Flow from financing activities		
+ Capital issued	1	1
-/+ Cash used / received for the redemption of other loans	-7	-19
+/- Borrowing / repayment payables of bank loans	-11,868	1,355
+/- Borrowing / repayment payables of finance lease	-245	616
Cash used / provided by financing activities	-12,119	1,953
Net change in cash and cash equivalents	6,617	-1,347
+/- Effect of foreign exchange rate changes	-79	128
+ Cash at beginning of the year	5,477	6,696
Cash and cash equivalents at year end	12,015	5,477

NOTES TO THE 2009 GROUP ACCOUNTS

PRINCIPAL ACCOUNTING POLICIES

GENERAL

DNick Holding plc is a public limited company under English Law which is registered in London, United Kingdom (UK). 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 (UK) 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 are 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 euros. 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.

At 31 December 2009, the US subsidiary has a credit line amounting to USD 15.0 million with a term to 31 December 2010 which was drawn on at 31 December 2009 to an amount of USD 8.4 million. While it is too early for the group to negotiate extension of this credit line, the directors are confident, based upon current discussions with the bank involved, that the credit line will be renewed or replaced.

Credit lines for two domestic subsidiaries totalling EUR 17.0 million which expire on 31 March 2010 have been replaced by new loan agreements. The new credit lines totalling EUR 17.0 million have a term to 31 March 2012.

The directors have prepared forecasts based upon their current expectations of the group's trading for the next 12 months from the date of authorisation of the consolidated financial statements and are confident that the

group will be able to operate within the existing credit lines throughout that period. If existing credit lines for the US subsidiary are not renewed or extended, contrary to expectations, development of the business and business activities could be adversely affected.

ACCOUNTING PRINCIPLES

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

APPLICATION OF AMENDED AND NEW STANDARDS AND INTERPRETATIONS

Compared to the consolidated financial statements at 31 December 2008, 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:

- IAS 1 Presentation of Financial Statements (Revised 2007) (effective from 1 January 2009)
IAS 1 Presentation of Financial Statements (Revised 2007) requires presentation of a comparative balance sheet at the beginning or the first comparative period in some circumstances. Management considers that this is not necessary because the 2007 balance sheet is the same as that previously published.

The Group has applied the amendment of IAS 1 (Revised) for the first time in 2009. This is a disclosure Standard only and the principal effect has been the additional information presented in the Statement of comprehensive income for the first time in 2009. The Group has historically presented the Statement of changes in equity as a primary statement.
- IFRS 8 Operating Segments (effective from 1 January 2009)
The standard replaces IAS 14 Segment Reporting and requires implementation of the Management Approach to reporting on operating segments and has been adopted by the Group for the first time in 2009. Segment reporting by DNick group complies with the requirements of the standard as set out in Note 31.
- IAS 23 Borrowing Costs (Revised 2007) (effective from 1 January 2009)
This Revision requires that interest on borrowings is included in the acquisition and production cost of qualifying assets. The Standard's entry into force does not entail any change in accounting policy for the DNick group. In the business year, assets financed by borrowed funds do not come within the definition of qualifying assets so the IAS 23 regulations do not apply to the financial statements of the DNick group.

The first implementation of these regulations has had no material impact on the asset, financial and earnings position of the DNick group.

NOT YET APPLICABLE STANDARDS, AMENDMENTS AND INTERPRETATIONS

New standards, amendments and interpretations relating to existing standards, which are published but whose implementation is not yet mandatory, are not yet applied to the 2009 consolidated financial statements.

- IFRS 9 Financial Instruments (effective from 1 January 2013)
IFRS 9 addresses the classification and measurement of financial assets and will replace IAS 39. The Standard is mandatory for accounting periods commencing on or after 1 January 2013, subject to adoption by the European Union.
- Amendment to IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items (effective from 1 July 2009)
- IFRS 3 Business Combinations (effective from 1 July 2009)
- Amendment to IAS 32 Classification of Rights Issued (effective from 1 February 2010)

The company is ready to adopt the new regulations for the first time in the accounting principles for the business years commencing after the respective date on which they become effective. It is assumed that other new standards, amendments and interpretations will not have any material impact on the consolidated financial statements of the DNick group.

The scheduled standards and interpretations, which apply to the 2009 business year, are applied for the first time to the 2009 consolidated financial statements, the scheduled standards and interpretations which become effective from 1 July 2009 will be applied to the 2010 consolidated financial statements. The group does not plan to apply scheduled standards and interpretations early.

The layout of the balance sheet by maturity corresponds to that specified in 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. Trade accounts receivable and payable as well as inventories are reported 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.

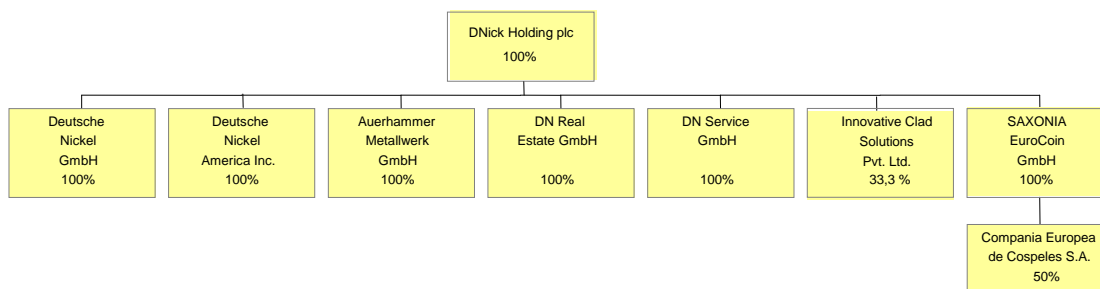
The following companies apart from DNick Holding plc are included in the consolidated financial statements:

- 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
- 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 Cospeles 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 subsidiaries, 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 accordingly in subsequent consolidation.

In the case of a divestment, the respective assets and liabilities of the sold subsidiary, including any related goodwill or difference from the initial consolidation, will be compared with the proceeds received. Any difference 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 in the investment stated between the acquisition costs of the investment and the proportionate equity of the company under the equity method. There is no market price for the investments valued using equity accounting.

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

Intra-group receivables and payables are set off against each other and eliminated. Intra-group sales, profits and losses as well as all other income and expenses 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 are prepared applying uniform accounting and valuation principles.

Investments in joint ventures, which normally involve a share of between 20 % and 50 % in the equity capital, are reported 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 functional currency is the currency of the country in which they are located. The balance sheets of the foreign subsidiaries are converted 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 directly in accumulated currency differences within equity and included in the presentation of other comprehensive income. 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 was realised.

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, monetary assets and liabilities with 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 EUR on the balance sheet date		Middle price in EUR as annual average	
		31.12.2009	31.12.2008	2009	2008
USA	1 USD	0.69594	0.70946	0.71704	0.67990
Great Britain	1 GBP	1.12233	1.02720	1.12145	1.25968

ESTIMATION UNCERTAINTY AND MANAGEMENT JUDGEMENT

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

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 actual results may differ from the estimates and assumptions. Information about significant judgements, estimates and assumptions that have a significant effect on recognition and measurement of assets, liabilities, income and expenses are discussed below.

Useful lives of depreciable assets:

Management reviews the expected useful lives of depreciable assets at each reporting date. At 31 December 2009, the expected useful lives represent the expected utility of the assets by the group. The carrying values are analysed in note 8. Actual results, however, may vary due to technical obsolescence.

Defined benefit pension liability:

Management estimates the defined benefit pension liability annually with the assistance of independent actuaries; however, the actual outcome may vary due to estimation uncertainties. The estimate of the defined benefit pension 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 redetermined each year 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.

Material estimates and assumptions are further made in relation to the recognition and measurement of deferred taxes on tax losses carried forward and risks from current tax audits. Assessment of the likelihood of utilising tax losses carried forward through future tax profits is based on the latest corporate planning, whereby adjustments are made both for tax-free income and non-deductible operating expenses and for restrictions for set-offs. When assessing risks arising from current tax audits for the years 2004 - 2006, management bases its assessment on the expert opinion of independent tax consultants and considers the opinion of the tax offices to be inappropriate with respect to tax compliance requirements which are still at issue. Accordingly no provision has been set up for additional taxes for these tax compliance requirements which are still at issue at 31 December 2009.

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 asset, financial and earnings position in the context of the requirements of the IASB and unaffected by tax regulations.

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 is in 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 corresponding 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 at banks 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 in foreign currencies are converted at the exchange rate on 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 or 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 is accounted for by recording an impairment change, which is included within 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 reducing 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 an impairment change, which is included within 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

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

Other investments are recognised at acquisition cost of the investments in question and relate to investments where no significant influence or control is 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.

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.

For the year to 31 December 2009, 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. According to amendments to the IAS 1 regulations, changes in the fair value of derivative financial instruments that do not impact on the profit and loss and any deferred taxes thereon are reported as part of other comprehensive income.

DEFERRED TAXES

Deferred taxes are determined under the balance sheet 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 (including liabilities from financial leasing) which are measured at fair value plus transaction costs, with subsequent measurement at amortisation cost. 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

Current financial liabilities include liabilities to banks, current leasing liabilities, deposits received, trade accounts payable, liabilities to affiliated companies, liabilities to joint ventures, 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 the finance charges included therein, 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 for the period 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 on a straight-line basis. 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.

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 were subsequently disposed of, the respective component of the capital reserves was realised and a corresponding transfer 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 companies are subsequently disposed of, these respective differences are eliminated again in the course of deconsolidation and a corresponding transfer 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 business year.

Exchange differences arising on the conversion of foreign currency financial statements included in the consolidated financial statements are reported under the foreign exchange line item in equity capital as part of other comprehensive income. Any increase or decrease in exchange differences arising in future reporting periods will also be directly recorded in this line item.

SHARE-BASED REMUNERATION

A share-based remuneration system was introduced for the first time in the 2006 business year. A valuation was carried out in accordance with IFRS 2 based on fair values 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 explained in 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 as operating assets and used for operating activities throughout the entire grant period, which is between three and five 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 relevant 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 material risks and rewards incidental to ownership have been transferred 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 customer returns.

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 reported as accrued.

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

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:

	31.12.2009	31.12.2008
	KEUR	KEUR
Derivatives designated as cash flow hedging instruments (carried at fair value)	1,777	404
Loans and receivables	23,919	26,145
Total	25,696	26,549

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

	31.12.2009	31.12.2008
	KEUR	KEUR
Current assets		
Cash and cash equivalents	12,015	5,477
Trade receivables	9,301	16,463
Receivables from associates	51	1,003
Derivatives	1,777	404
Other assets	1,913	1,487
	25,057	24,834
Non-current assets		
other loans	623	616
other assets	16	1,099
Total	25,696	26,549

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

	31.12.2009	31.12.2008
	KEUR	KEUR
Derivatives designated as cash flow hedging instruments (carried at fair value)	298	3,805
Financial liabilities measured at amortised costs	32,441	47,278
Total	32,739	51,083

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

	31.12.2009	31.12.2008
	KEUR	KEUR
Current liabilities		
Current liabilities to banks	14,829	26,470
Trade payables	13,849	15,632
Liabilities to affiliates	47	458
Other provisions	2,112	2,776
Derivatives	298	3,805
Other current liabilities	785	805
	31,920	49,946
Non-current liabilities		
Non-current liabilities to banks	627	853
Other non-current liabilities	192	284
	819	1,137
Total	32,739	51,083

The book values of the financial assets and financial liabilities correspond on principle to the fair value.

The Group adopted the amendments to IFRS 7 improving disclosures about financial instruments effective from 1 January 2009. These amendments require presentation of certain information about financial instruments measure at fair value in the statement of balance sheet. In the first year of application comparative information need not to be presented. Accordingly, the disclosure for the fair value hierarchy is only presented for the 31 December 2009 year end. The fair value hierarchy has the following levels:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either as prices or derived from prices; and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable basis)

All derivatives entered into by the Group are included in level 2 and consists of foreign currency and metal contracts.

For the 2009 business year, total interest income amounted to KEUR 85 (previous year: KEUR 147), of which KEUR 78 (previous year: KEUR 126) was generated on bank balances and a further KEUR 7 (previous year: KEUR 21) interest income due on receivables, both classified as loans and receivables as a category of financial assets.

In the 2009 business year, total interest expenses were KEUR 1,963 (previous year: KEUR 2,831), KEUR 36 (previous year: KEUR 27) thereof are interest relating to finance leasing liabilities and the remaining amount resulting from credit facilities. Both are classified as financial liabilities at net book values as a category of financial liabilities.

For the 2009 business year an expense of KEUR 1 (2008 KEUR 21) 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 are summarised by category as follows:

	31.12.2009	31.12.2008
	KEUR	KEUR
Loans and receivables (income)	85	147
Loans and receivables (expense)	-1	-21
Financial instruments measured at amortised cost	-1,963	-2,831
Total	-1,879	-2,705

2. CASH AND CASH EQUIVALENTS

	31.12.2009	31.12.2008
	KEUR	KEUR
Cash in bank accounts	10,645	3,226
Cash at factoring banks	1,367	2,249
Cash in hand	3	2
Total	12,015	5,477

The factoring banks acquired receivables with a total value of KEUR 7,960 (previous year: KEUR 10,494) at the balance sheet date. Of this, funds of KEUR 1,367 (previous year: KEUR 2,249) were available at the balance sheet date. This contains the contractually agreed security deposit amounting to 10 % of the volume of

receivables sold, corresponding to KEUR 809 (previous year: KEUR 1,070), 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 9,301 (previous year: KEUR 16,463). This includes allowances for doubtful accounts amounting to KEUR 496 (previous year: KEUR 568).

The receivables quoted on the balance sheet amounting to KEUR 9,301 (previous year: KEUR 16,463) 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 7,960 (previous year: KEUR 10,494).

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:

	31.12.2009	31.12.2008
	KEUR	KEUR
Not more than 3 months	2,417	4,467
More than 3 months but not more than 6 months	110	253
More than 6 months but not more than 1 year	0	95
Total	2,527	4,815

4. RECEIVABLES FROM JOINT VENTURES

Accounts receivable from joint ventures mainly concern trade accounts receivable from the joint ventures Innovative Clad Solutions Pvt. Ltd. for KEUR 50 (2008: KEUR 1,000) and Compania Europea de Cospes S.A. for KEUR 1 (2008: 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:

	31.12.2009	31.12.2008
	KEUR	KEUR
Positive market values		
- from metal hedging transactions - cash flow hedge	1,067	34
- from forward exchange contracts -cash flow hedge	710	370
Total	1,777	404
Negative market values		
- from metal hedging transactions - cash flow hedge	3	1,498
- from forward exchange contracts -cash flow hedge	295	2,307
Total	298	3,805

All derivatives are due within one year. At 31 December 2009, a gain of KEUR 4,933 (previous year: loss KEUR 3,401) 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 nominal value of the instruments.

6. OTHER ASSETS

Other short-term assets are categorised as follows:

	31.12.2009	31.12.2008
	KEUR	KEUR
Tax refunds	3,379	2,113
Balances for metal hedges	965	368
Loans	301	318
Deposits	221	0
Reinsurance claims for partial retirement obligations	112	120
Deferred consideration receivable on sale of DN PressTec	0	385
Other	426	296
Total	5,404	3,600

Balances from metal hedges relate to deposits from completed metal hedges, in particular nickel and copper.

Claims arising from tax refunds were mainly the result of value added tax refunds for the month of December 2009 respectively 2008, and from withholding taxes taken into account for 2008 and 2009.

Other long-term assets at the 2009 balance sheet date result solely from reinsurance claims for obligations under partial retirement agreements.

	31.12.2009	31.12.2008
	KEUR	KEUR
Reinsurance claims for partial retirement obligations	16	69
Loans	0	867
Claims due from leasing company	0	139
Other	0	24
Total	16	1,099

7. INVENTORIES

Inventories are categorised as follows:

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
Total	68,668	7,149	61,519
31.12.2009	Gross carrying KEUR	Impairment KEUR	Net carrying KEUR
Raw materials and supplies	12,957	989	11,968
Work in progress	23,769	58	23,711
Finished goods and goods for resale	13,363	678	12,685
Total	50,089	1,725	48,364

Impairments of KEUR 1,725 (previous year: KEUR 7,149) were recorded in the inventories in the business year in order to report the corresponding assets at the lower net-realizable value. Inventories of KEUR 39,632 (previous year: KEUR 53,757) 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. 2008	664	0	664
Additions	54	31	85
Disposals	0	0	0
Transfers	0	0	0
Position at 31.12.2008	718	31	749
Amortisation			
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

KEUR	Concessions, property rights, licences, etc.	Advance payments	Total
Acquisition costs			
Position at 01.01. 2009	718	31	749
Additions	164	55	219
Disposals	0	0	0
Transfers	31	-31	0
Position at 31.12.2009	913	55	968
Amortisation			
Position at 01.01.2009	629	0	629
Additions	72	0	72
Disposals	0	0	0
Position at 31.12.2009	701	0	701
Book values as at 01.01.2009	89	31	120
Book values as at 31.12.2009	212	55	267

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 01.01.2008	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

KEUR	Land	Buildings	Machinery	Other equipment	Advance payments / Assets under construction	Total
Acquisition and production costs						
Position at 01.01.2009	3,429	14,317	25,913	4,509	511	48,679
Additions	0	642	1,211	239	1,530	3,622
Disposals	0	0	177	102	0	279
Currency differences	0	0	0	-5	0	-5
Transfers	0	270	442	-49	-663	0
Position at 31.12.2009	3,429	15,229	27,389	4,592	1,378	52,017
Depreciation						
Position at 01.01.2009	290	6,568	19,395	2,467	0	28,720
Additions	0	336	1,501	477	0	2,314
Disposals	0	2	91	94	0	187
Currency differences	0	0	0	-3	0	-3
Transfers	0	0	0	0	0	0
Position at 31.12.2009	290	6,902	20,805	2,847	0	30,844
Book values as at 01.01.2009	3,139	7,749	6,518	2,042	511	19,959
Book values as at 31.12.2009	3,139	8,327	6,584	1,745	1,378	21,173

The book value of land and buildings is KEUR 11,466 (previous year: KEUR 10,888). Land and buildings are unencumbered.

Machinery and technical equipment financed here are used as security for existing bank debts of KEUR 1,482 (previous year: KEUR 1,003).

Net book assets from finance leasing agreements capitalised amount to KEUR 776 (previous year: KEUR 658).

Additions to depreciation in the 2009 business year and 2008 do not include impairments.

8.3 INVESTMENTS AND NON-CURRENT RECEIVABLES

KEUR	Investments	Non-current receivables	Total
Acquisition 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
Amortisation			
Position at 01.01.2008	0	0	0
Equity valuations	293	0	293
Additions	0	0	0
Dividends	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
Acquisition costs			
Position at 01.01.2009	4,224	616	4,840
Equity valuations	551	0	551
Additions	386	7	393
Dividends	303	0	303
Position at 31.12.2009	4,858	623	5,481
Amortisation			
Position at 01.01.2009	293	0	293
Equity valuations	-1	0	-1
Additions	0	0	0
Dividends	0	0	0
Position at 31.12.2009	292	0	292
Book values as at 01.01.2009	3,931	616	4,547
Book values as at 31.12.2009	4,566	623	5,189

Investments at the balance sheet date show the shares in the Joint Venture companies Innovative Clad Solutions Pvt. Ltd., India, and Compania Europea de Cospeles S.A., Spain, included using the equity method. Amortisation provision relates to elimination of unrealised profits on transactions with Joint Ventures. The additions relate to the contribution of capital to Innovative Clad Solutions Pvt. Ltd., the value adjustment of KEUR 1 resulting from the conversion of equity paid in at the currency rate at the balance sheet date.

The aggregate amounts of Joint Ventures can be summarised as follows:

KEUR	2009	2008
Assets	17,277	13,771
Liabilities	6,561	5,040
Revenues	13,587	26,290
Profit	1,101	674
Profit attributable to DNick Group	550	337

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:

	31.12.2009	31.12.2009	31.12.2008	31.12.2008
	KEUR	KEUR	KEUR	KEUR
	Assets	Liabilities	Assets	Liabilities
Loss carry forward	121	0	1,290	0
Property, plant and equipment	160	0	283	0
Derivative financial instruments	89	533	1,141	121
Inventories	356	0	370	61
Accounts receivables and other assets	292	16	556	162
Provisions	171	64	131	18
Accounts payable and other liabilities	389	0	651	0
Total	1,578	613	4,422	362

Deferred taxes on derivative financial instruments are accounted for directly in the balance sheet and in other comprehensive income. All other deferred taxes are shown 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: 34.0 %).

Tax losses carried forward on the balance sheet date were EUR 19.3 million (previous year: EUR 16.0 million). The deferred tax assets thereon amount to EUR 5.8 million (previous year: EUR 4.8 million). These values are adjusted by EUR 5.7 million (previous year: EUR 3.5 million) on the basis of estimated usability.

10. CURRENT BANK DEBTS

	31.12.2009	31.12.2008
	KEUR	KEUR
Current bank debt	14,603	26,320
Short-term element of long-term loans	226	150
Total	14,829	26,470

Financing in the form of borrowing base lines of credit exist on the balance sheet date for variable financing of the inventories of Deutsche Nickel GmbH amounting to EUR 10.0 million (previous year: EUR 14.0 million), which were utilised in an amount of KEUR 6,044 (previous year: KEUR 10,247) and lines for variable financing of the inventories of Auerhammer Metallwerk GmbH amounting to EUR 7.0 million (previous year: EUR 10.0 million), which were utilised in an amount of KEUR 1,219 (previous year: KEUR 6,461). For this purpose, the relevant financed inventories are assigned as security and the accounts receivable assigned. The interest rate was 2.25 % - 2.75 % p.a. above the EURIBOR base rate.

The borrowing base lines include a variable USD credit line of KEUR 5,837 (previous year: KEUR 9,612) 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.

In 2009 Auerhammer Metallwerk GmbH raised an unsecured credit line of EUR 1.0 million for working capital financing and a long-term, secured credit line of EUR 2.0 million for investment financing which were drawn on in an amount of KEUR 853 and KEUR 628 respectively at 31 December 2009.

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 fair 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

Other current provisions have been made as follows:

KEUR	01.01.2009	Utilisation	Reversal	Addition	31.12.2009
Warranty	454	108	39	22	329
Interest	25	25	0	25	25
Discounts	104	98	7	356	355
Annual audit and Annual general meeting	310	310	0	320	320
Onerous contracts	417	0	0	9	426
Public obligations	111	6	0	82	187
In relation to employees	1,660	1,444	34	1,563	1745
Other	677	8	173	0	496
Total	3,758	1,999	253	2,377	3,883

Onerous contracts relate to contracted sales where loss is expected. Public obligation relate to statutory requirement to repair water treatment facilities.

14. LIABILITIES TO JOINT VENTURES

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

15. DEFERRED INCOME

Deferred income includes 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 AND NON- CURRENT LIABILITIES

Other current and non-current liabilities include:

	31.12.2009	31.12.2008
	KEUR	KEUR
Wages and Salaries December 2009/2008	421	477
Taxes on wages and salaries Decembter2009/2008	133	125
Social security contributions December 2009/2008	3	40
Value added taxes December 2009/2008	14	6
Other	214	157
Total		
Current	785	805
Non-Current - other	192	284

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 627 for the long-term portion of financing loans (previous year: KEUR 853).

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. Pension plans are wholly unfunded. Future obligations are valued on the basis of proportionate performance entitlements at the balance sheet date.

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

	2009	2008
	KEUR	KEUR
Current service costs	109	103
Interest	40	18
Expected income for plan assets	0	0
Actuarial losses (net)	0	0
Past service cost to be included	0	0
Personnel expenses	149	121

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

	2009	2008
	KEUR	KEUR
Cash value of pension commitments financed by provisions	758	831
Actuarial losses not yet entered	0	0
Service costs not yet entered	0	0
Cash value of plan assets	0	0
Total	758	831

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

	2009	2008
	KEUR	KEUR
Position at the beginning of the year	831	1,420
Pension expenses (net)	149	-121
Settlement payments	-212	-411
Pension payments	-10	-57
Total	758	831

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

Pension obligations since the group was established have developed as follows:

EUR 2.1 million in 2005; EUR 1.6 million in 2006; EUR 1.4 million in 2007; EUR 0.8 million in 2008 and EUR 0.8 million in 2009.

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

	2009	2008
	%	%
Interest rate for accounting purposes	5.25	6.00
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	01.01.2009	Interest Rate	Utilisation	Reversal	Addition	31.12.2009
Partial retirement	329	5.5%	28	0	9	310
Employee jubilee	466	5.5%	72	0	7	401
Other	39	5.5%	0	0	0	39
Total	834		100	0	16	750

Provisions correspond to the discounted cash values.

20. EQUITY

Changes in the individual items of equity during the business year are shown in the separate "Statement of Changes in Equity".

At 31 December 2009, the issued capital of DNick Holding plc was GBP 56,713.18 (EUR 82,179). This is divided into 5,671,318 shares with a nominal value of GBP 0.01 per share. "Authorised capital" amounts to a total of 10,000,000 shares.

On 2 April 2009, the company allocated and issued 66,569 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 of the share bonus 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 reserve 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.

A total of KEUR 100 was allocated in 2009 to the capital reserve because of obligations valued at fair value from share-based remuneration agreements. The amount of KEUR 745 valued at fair value for the shares issued in the 2009 business year was reclassified to the profit and loss reserves. After the share-based remuneration programme ended, no portion of the share-based remuneration set off as expense remains in the capital reserve at 31 December 2009.

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 initial consolidation. The respective differences of companies disposed of are eliminated 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. Changes in the revaluation reserve are shown for the first time in other comprehensive income according to the amended regulations of IAS 1. The statement of changes in equity was accordingly reduced by the items of the comprehensive income.

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

21. SHARE-BASED REMUNERATION SCHEMES

DNick Holding plc granted a share bonus in 2006 and 2007 to 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.

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 a one-year waiting period. The beneficiaries are obliged to pay the nominal value of the allocated shares when issued.

A total 242,075 of the original 265,318 shares have therefore been allocated. This corresponds to 4.3 % of the shares issued by the company. A share bonus for 23,243 shares has lapsed. The management incentive plan was terminated after the last issue of shares in April 2009.

The 2009 group result includes expenses from the share bonus of KEUR 100 (previous year: 432) which are reported in other operating expenses.

22. SALES

Sales revenues are divided by region as follows:

Region	2009 KEUR	2008 KEUR
Germany	37,849	65,865
European Union excluding Germany	46,529	66,479
Rest of Europe	24,031	20,096
North America	23,264	31,604
Central and South America	3,525	25,741
Rest of the World	31,150	26,905
Total	166,348	236,690

Sales by segment are shown in Segment Reporting in note 31.

23. OTHER OPERATING INCOME

Other operating income includes:

	2009 KEUR	2008 KEUR
Rental income	582	599
Recharges of expenses	364	551
Electricity Tax Refunds	335	410
Reversal of provisions	301	724
Grants receivable	209	154
Insurance claims	105	567
Reversal of trade receivables allowances	72	246
Grants of research and developments	35	9
Profits from the sale of property, plant and equipment	24	985
Other	328	156
Total	2,355	4,401

24. OTHER OPERATING EXPENSES

Other operating expenses include:

	2009 KEUR	2008 KEUR
Freight / Packaging/ Commissions	5,723	9,822
Repair and maintenance	3,430	2,988
Legal and consulting fees/ Annual audit/ AGM	1,975	4,140
Waste disposal	1,602	897
Travel / Advertising / Trade fairs	922	880
Insurance	911	1,057
Operating lease and rent expenses	824	883
Employee Settlements	795	0
Other third-party services	760	782
Temporary workers	751	757
Bank charges	649	656
Contributions and fees	645	769
Losses on currency differences	627	0
IT expenses	204	201
Security services	242	196
Telephone / Postage / Office supplies	272	297
Share based remuneration	100	432
Losses from the sale of property, plant and equipment	94	1
Trade receivable allowances	1	21
Addition to provisions	0	138
Other	851	1,351
Total	21,378	26,268

25. DEPRECIATION

No impairments (previous year: KEUR 0) are included in the depreciation of intangible assets and property, plant and equipment of KEUR 2,386 (previous year: KEUR 2,331).

26. INTEREST AND SIMILAR INCOME / INTEREST AND SIMILAR EXPENSES

The interest income results mainly from bank balances and amounts to KEUR 85 (previous year: KEUR 147). The interest expenses of KEUR 1,963 (previous year: KEUR 2,831) relate to short-term and long-term bank debts, finance lease obligations and factoring.

27. EXCHANGE DIFFERENCES

There were losses from exchange differences during the business year amounting to KEUR 478 (previous year: gains from exchange differences: KEUR 823).

28. TAXES ON INCOME

	2009 KEUR	2008 KEUR
Current Taxes	-2,415	-2,171
Deferred Taxes	-1,383	935
Total	-3,798	-1,236

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 %. Expected tax expenditure is compared with actual tax expenditure.

	2009 KEUR	2008 KEUR
Pre-tax profit	5,346	5,125
Group tax rate	30%	30%
Expected tax expenses	-1,604	-1,537
Tax reductions resulting from tax-free other income	212	85
Tax increases resulting from non-tax-deductible expenses	-184	-289
Write down of deferred tax assets	-2,767	126
Effects of tax rate differences	-24	-32
Losses brought forward	600	189
Other tax effects	-31	222
Actual tax expenses	-3,798	-1,236

In 2009 routine audits by the tax authorities were started at DNick Holding plc and all its German subsidiaries for the 2004 – 2006 business years and are not yet completed. While there is agreement on principle regarding various audit findings, certain issues are still being discussed with the tax authorities. These issues relate to certain expenses in connection with the financial restructuring in 2005 which the companies have treated as deductible operating expenses in their respective tax returns. The tax authorities are of the opinion in their preliminary audit findings that these expenses have to be considered as non-deductible expenses and have to be added to taxable profit.

The directors, supported by expert opinions from tax advisors, consider this preliminary opinion of the tax authorities regarding these issues to be inappropriate and have therefore made no provision for additional taxes at 31 December 2009. Potential additional taxes including interest for these issues could amount to up to EUR 3.3 million, based on the current preliminary opinion of the tax authorities, should the tax authorities ultimately not share the opinion of DNick Holding plc and the subsidiaries in question.

29. EARNINGS PER SHARE

The undiluted result per share is 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.

	2009 KEUR	2008 KEUR
Group's result	1,549	3,888
Weighted Average number of shares	5,654,676	5,584,661
Basic earnings per share in EUR	0.27	0.70

30. 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 effect of exchange rate fluctuations on cash and cash equivalents in foreign currencies is shown separately.

31. SEGMENT REPORTING

The Group adopted IFRS 8 Operating Segments, which replaces IAS 14 Segment Reporting. The accounting policy for identifying segments is based on internal management reporting, regularly reviewed by the chief operating decision maker. The company operates distinct business segments on which internal management reporting is based and which is the basis of operating segments classified under IAS 14 - the identification of segments remained unchanged by adopting IFRS 8. 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.

In identifying its operating segments, management follows the Group's product lines: Wires/bars, strips and coin blank products. The exception to this is the segment identified as other business in which two companies

are combined and administrative services of the Group are allocated. Neither sales to third parties nor to group companies occur in this segment.

The measurement policies the Group uses for segment reporting under IFRS 8 are the same as those used for internal management reporting.

Each company in the group essentially represents a separate segment. Corporate assets as well as income and expenses of companies which are not fully attributable to one segment are proportionally allocated to the product segment the company operated for during 2009.

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 revenue with third parties by geographic regions is disclosed in note 22. The segmental assets of the DNick group are located in the regions of Germany amounting to KEUR 85,097 (previous year: KEUR 94,768), the USA amounting to KEUR 13,920 (previous year: KEUR 21,771) and England amounting to KEUR 6,536 (previous year: KEUR 1,995). Additions to intangible assets and property, plant and equipment in the 2009 business year were made in Germany amounting to KEUR 3,824 (previous year: KEUR 5,037) and in the USA amounting to KEUR 17 (previous year: KEUR 30). The share of profit in joint ventures accounted for at equity is KEUR 550 (previous year: KEUR 337).

DNick Holding plc - Group Segment Reporting for the year 2009

EUR ('000s)	WIRES / BARS		STRIPS		OTHER		CONSOLIDATION	
	2009	2008	2009	2008	2009	2008	2009	2008
Sales								
1. Sales to third parties	48,905	84,052	36,849	59,226	0	0	0	0
2. Sales to group companies	5,972	9,618	3,250	4,211	0	0	-5,980	-9,797
Total Sales	54,877	93,670	40,099	63,437	0	0	-5,980	-9,797
Operating EBITDA	-1,598	4,586	4,101	6,123	-1,303	-3,506	0	0
3. Effect of stock revaluation	1,024	-4,292	522	-3,139	0	0	0	0
4. Other non-recurring items	-795	0	0	545	0	0	0	0
EBITDA as per Income Statement	-1,369	294	4,623	3,529	-1,303	-3,506	0	0
5. Amortisation / Depreciation	-911	-877	-825	-881	0	0	0	0
EBIT as per Income Statement	-2,280	-583	3,798	2,648	-1,303	-3,506	0	0
6. Interest income	4	26	2	16	6	393	0	-364
7. Interest expense	-1,188	-1,906	-727	-1,067	0	-95	0	364
8. Gain / Loss on currency differences	-292	442	-143	283	1	12	0	0
EBT as per Income Statement	-3,756	-2,021	2,930	1,880	-1,296	-3,196	0	0
9. Current taxes	-198	58	-103	-82	-219	0	0	0
10. Deferred taxes	-811	-52	112	495	-553	641	-8	0
Profit / loss for the year	-4,765	-2,015	2,939	2,293	-2,068	-2,555	-8	0
Other disclosures								
11. Segmental assets	44,176	58,876	21,698	26,300	14,247	10,543	-8,560	-8,793
12. Other financial assets / loans	122	116	0	0	53,071	60,340	-40,049	-49,121
13. Segmental liabilities	14,472	14,811	3,019	6,170	554	1,710	-5,200	-5,200
14. Current tax provision	0	214	77	109	219	0	0	0
15. Short-term bank debts	10,770	17,764	4,058	8,706	0	0	0	0
16. Long-term bank debts	0	0	627	853	0	0	0	0
17. Capital expenditures	869	1,232	1,759	2,225	0	0	0	-150
18. Employees (average)	190	204	159	159	0	0		

EUR ('000s)	TOTAL FENI GROUP		COIN BLANKS		CONSOLIDATION		DNICK GROUP	
	2009	2008	2009	2008	2009	2008	2009	2008
Sales								
1. Sales to third parties	85,754	143,278	80,594	93,412	0	0	166,348	236,690
2. Sales to group companies	3,242	4,032	0	0	-3,242	-4,032	0	0
Total Sales	88,996	147,310	80,594	93,412	-3,242	-4,032	166,348	236,690
Operating EBITDA	1,200	7,203	8,139	8,611	0	0	9,339	15,814
3. Effect of stock revaluation	1,546	-7,431	0	0	0	0	1,546	-7,431
4. Other non-recurring items	-795	545	0	388	0	0	-795	933
EBITDA as per Income Statement	1,951	317	8,139	8,999	0	0	10,090	9,316
5. Amortisation / Depreciation	-1,736	-1,758	-652	-573	0	0	-2,388	-2,331
EBIT as per Income Statement	215	-1,441	7,487	8,426	0	0	7,702	6,985
6. Interest income	12	71	73	76	0	0	85	147
7. Interest expense	-1,915	-2,704	-48	-126	0	0	-1,963	-2,830
8. Gain / Loss on currency differences	-434	737	-44	86	0	0	-478	823
EBT as per Income Statement	-2,122	-3,337	7,468	8,462	0	0	5,346	5,125
9. Current taxes	-520	-24	-1,894	-2,147	0	0	-2,414	-2,171
10. Deferred taxes	-1,260	1,084	-8	-112	-115	-38	-1,383	934
Profit / loss for the year	-3,902	-2,277	5,566	6,203	-115	-38	1,549	3,888
Other disclosures								
11. Segmental assets	71,561	86,926	29,103	28,097	-299	-567	100,365	114,456
12. Other financial assets / loans	13,144	11,335	4,489	3,937	-12,140	-10,725	5,493	4,547
13. Segmental liabilities	12,845	17,491	9,459	10,458	0	0	22,304	27,949
14. Current tax provision	296	323	1,435	2,368	0	0	1,731	2,691
15. Short-term bank debts	14,828	26,470	0	0	0	0	14,828	26,470
16. Long-term bank debts	627	853	0	0	0	0	627	853
17. Capital expenditures	2,628	3,307	1,213	1,760	0	0	3,841	5,067
18. Employees (average)	349	363	70	65			419	428

32. 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 are given 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 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 business 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:

	2009 KUSD	2009 KEUR	2008 KUSD	2008 KEUR
Trade receivables	4,331	3,015	3,883	2,755
Trade payables	-27	-20	-34	-24
Nett amount	4,304	2,995	3,849	2,731

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. The highest or lowest exchange rates quoted during the business year are applied to calculate foreign currency sensitivity. The specific percentage by which the foreign currency items are shown to differ corresponds to the difference between the rate on the reporting date and the highest or lowest rate during the year.

If the euro had strengthened against the US dollar by 15.4 % (2008: 12.1 %), this would have resulted in a reduction in the pre-tax net result for the year of KEUR 462 (2008: reduction of KEUR 331), and equity would have decreased/increased respectively by the same amount.

If the euro had weakened against the US dollar by 5.1 % (2008: 14.3 %), this would have resulted in an increase in the pre-tax result for the year of KEUR 152 (2008: increase of KEUR 391), and equity would have increased/decreased respectively by the same amount.

Exposure to foreign exchange rates vary 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 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.

	2009 KEUR +0.25 %	2009 KEUR -0.25 %	2008 KEUR +0.25 %	2008 KEUR -0.25 %
Pre-tax net result for the year / equity	-82	82	-100	100

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 9 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:

	2009 KEUR	2008 KEUR
Cash and cash equivalents	12,015	5,477
Trade and other receivables	11,904	22,165
Total	23,919	27,642

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 also 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 2009, the group's liabilities have contractual maturities which are summarised below:

	up to 1 year KEUR	1 up to 5 years KEUR
Bank loans	14,829	627
Finance lease obligations	284	432
Trade payables	13,849	0
Other financial liabilities	1,197	192
Total	30,159	1,251

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	26,470	853
Finance lease obligations	290	709
Trade payables	15,632	0
Other financial liabilities	5,595	284
Total	47,987	1,846

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

33. OTHER INFORMATION

CONTINGENT ASSETS AND LIABILITIES

At 31 December 2009 the Group was subject to routine tax audits which are currently still in progress. These audits may result in tax charge plus interest – see note 28.

OTHER FINANCIAL OBLIGATIONS

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

Total Rental and leasing obligations and capacity binding contracts amounted to KEUR 2,099 (previous year: KEUR 2,121) for up to one year, to KEUR 6,854 (previous year: KEUR 4,614) for between one and five years, and to KEUR 308 (previous year: KEUR 1,032) for over five years. Included therein are operating leases up to one year amounting to KEUR 634 (previous year: KEUR 544) between one and five years KEUR 1,366 (previous year: KEUR 708), and to KEUR 0 (previous year: KEUR 5) for over five years.

Finance lease obligations up to one year amount to KEUR 253 (previous year: KEUR 290), between one and five years KEUR 376 (previous year: KEUR 709), and to KEUR 10 (previous year: KEUR 24) for over five years.

At 31 December 2009 the Group had capital commitments amounting to KEUR 438 (previous year: KEUR 274).

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 counterparties in meeting their payment obligations.

One source of risk is the fluctuation in the price 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 419 (previous year: 428), thereof 134 administrative staff (previous year: 132), 263 industrial workers (previous year: 271) and 22 trainees (previous year: 25).

AUDITOR REMUNERATION

Fees payable to the company's auditor for auditing the annual financial statements amount to EUR 54,056 (previous year: EU 57.899).

Fees for statutory audits of the subsidiaries amount to EUR 172,800 (previous year: EUR 133,500)

Other services relating to taxation compliance and advice amount to EUR 51,066 (previous year: EUR 52.231).

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 advance the expenses involved with the claims. Reserves of KEUR 50 were set up for this in 2009, KEUR 33 thereof relate to the mutual director. In return, DNick Holding plc will be entitled to any proceeds arising from any future liquidation of EU Coin Ltd.

DIRECTORS OF THE PARENT COMPANY AND THEIR REMUNERATION

The directors during the business year were:

- Paul Felton Smith (Chairman, Non-Executive Director)
- Dr. Götz-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 1,001 (previous year KEUR 1,471) for their work including pro rata share-based remuneration amounting to KEUR 100 (previous year EUR 432). No director accrued pension benefits during the current or previous business year.

The directors are entitled to a share bonus under a management incentive plan. The management incentive plan was terminated after the last issue of shares in April 2009.

Details are provided in note 21 under "Share-Based Remuneration Schemes". The 2009 group result includes expenses from the share bonus of KEUR 100.

The directors of the group are the same as the key management personnel as declined by IAS 24 Related Party disclosures.

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. There is a branch office in Germany, entered in the Commercial Register of Hagen District Court under HRB 7769.

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 particular 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 9 March 2007, the subscribed 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, on 28 March 2008, 60,265 shares, and on 2 April 2009, 66,569 shares were issued as a share bonus as part of the management incentive plan agreed in 2006, after the relevant conditions were fulfilled. This management incentive plan is therefore fulfilled and terminated.

On 31 December 2009, the subscribed capital of DNick Holding plc subsequently amounted to GBP 56,713.18, divided into 5,671,318 shares with a nominal value of GBP 0.01 per share. The authorised capital was unchanged at 10.0 million shares.

SHAREHOLDERS WITH A HOLDING OF MORE THAN 5 %

DNick Holding plc has received the following reports of shareholders who directly or indirectly held more than 5 % of the shares issued, a total of 5,671,318 shares as of 31 December 2009:

Shareholder	Percentage Holding in %
Goldman Sachs Group, Inc.	22.85 %
Bear Stearns International Limited	10.22 %

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, the Bank of New York, London. The Bank of New York holds the shares for the actual shareholders in its capacity as so-called 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, 11 May 2010