



DNick Holding plc
Annual Report 2010



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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 2010.

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 2010 are shown in the attached consolidated financial statements.

The company has not paid a dividend during the year under review.

BUSINESS REVIEW AND STRATEGY

The structure of the DNick group at 31 December 2010 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 Cospes S.A. (CeCo), Spain (50 % joint venture)

Holding / Other

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

The downturn in 2009 was followed by a global recovery in the demand for nickel alloy materials due to improved economic conditions. Together with the reduction in stocks completed by customers during 2009, this development resulted in an increase in order intake in the iron-nickel segment in 2010, whereby development differed according to product group and region. Order intake intensified from the 2nd quarter of 2010 onwards, with strong impetus coming in particular from the markets in Asia. Production at the Schwerte and Aue sites was stepped up to meet the increase in demand. Short-time work introduced in the previous year at both sites was discontinued at the beginning of 2010.

Sales could not yet keep pace fully with the increased order intake because of the longer processing times in the iron-nickel segment. Overall the sales volume in 2010 increased by 13 % compared with the previous year.

Development in the coin blanks segment was once again positive in 2010. Capacities were well utilised. The sales volume remained at the high level of the previous year.

In the 2010 business year, the Board of DNick Holding plc analysed the portfolio of the group intensively with its two business activities iron-nickel and coin blanks. This analysis resulted in the Board's decision at the end of 2010 to focus the business of the DNick group in the future on the core iron-nickel business with the two production companies Deutsche Nickel GmbH and Auerhammer Metallwerk GmbH. Together with the sales company Deutsche Nickel America Inc, which sells exclusively iron-nickel products on the American market, and the joint venture Innovative Clad Solutions Private Limited in India, further synergy effects and further market opportunities are seen in this core business of the group to expand business through organic growth but also through cooperation with third parties. Furthermore, the aim is to consolidate the financial resources of the group and to use them in a targeted manner to generate growth of the core business.

The coin blanks business of SAXONIA EuroCoin GmbH and its 50 % owned joint venture Compania Europea de Cosepales S.A. is characterised mainly by project business. SAXONIA EuroCoin GmbH has developed very successfully in this market in recent years as an independent provider of coin blanks. Given the fierce price competition in the business for blanks for circulation coins, however, the utilisation of production capacities at attractive margins can be expected to become markedly more difficult in the future. Furthermore, prompted by public budget deficits, a clear reduction can also be expected in the medium term in the number of state or semi-state controlled mints in Europe and therefore customers for coin blanks. Between the coin blanks segment and the iron-nickel segment, there are only marginal synergies that would improve the competitive position of SAXONIA EuroCoin GmbH compared with its competitors. In the absence of such advantages within the group and the anticipated changes in the competitive environment, the Board of DNick Holding plc therefore decided, with the involvement of external consultants, to evaluate potential strategic options for SAXONIA EuroCoin GmbH. Based on these analyses and concrete expressions of interest in the coin blanks business by third parties, the Board then decided to initiate specific sales activities.

As a result of the sales process with a comprehensive bidding process, the Board decided to accept the offer of Mint of Finland Ltd. which in terms of contractual conditions was the most attractive offer. The Mint of Finland is a leading provider of circulation and collector coins and operates to a high degree in international project business. The envisaged integration of SAXONIA EuroCoin GmbH in the Mint of Finland group and the potential synergies created as a result between the manufacture of coin blanks and minting of coins will provide the purchaser with strategic advantages which could not have been realised within the DNick group. The sale of 100 % of the shares in SAXONIA EuroCoin GmbH was concluded on 20 April 2011.

OUTLOOK

Based on planning, the DNick group anticipates an increase in sales in 2011. In terms of the operating result, it is assumed that the planned increases in sales will result in a corresponding improvement in the result in the iron-nickel business in 2011. Following the delay in start-up of the joint venture in India, it is expected to break even towards the end of 2011. As a whole, the operating result of the iron-nickel business is expected to markedly increase in 2011.

Following the sale of the coin blanks business completed in April 2011, a capital gain of about EUR 9 million net of transaction expenses will be realised by the group. The sale of property in Schwerte which is not required for business operations will additionally contribute to the result and liquidity. Both transactions will have a respective positive impact on profit after taxes.

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 2010 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 18 – 20 the principal risks facing the business.

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The group uses various financial instruments, these include loans, cash and various items, such as trade debtors and trade creditors that arise directly from its operations. The existence of these financial instruments exposes the group to a number of financial risks. In order to manage 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 31 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 has met or exceeded its profit targets in the 2010 business year.

CREDITORS' PAYMENT POLICY

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

The average period allowed for payment at 31 December 2010 was 25.8 days (2009: 34.8 days).

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The company's 6 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
Georg Kulenkampff (appointed 1 July 2010)
Franz-Josef Seipelt

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, 17 May 2011

MANAGEMENT REPORT

DESCRIPTION OF BUSINESS ACTIVITIES AND STRATEGY

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

The structure of the DNick group at 31 December 2010 is as follows:

Iron-nickel

- Deutsche Nickel GmbH, Schwerte, Germany
- Auerhammer Metallwerk GmbH, Aue, Germany
- Deutsche Nickel America Inc., Cumberland, USA
- DN Real Estate GmbH, Schwerte, Germany
- Innovative Clad Solutions Private Limited (ICS), 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

In the 2010 business year, the Board of DNick Holding plc analysed the portfolio of the group intensively with its two business activities iron-nickel and coin blanks. This analysis resulted in the Board's decision at the end of 2010 to focus the business of the DNick group in the future on the core iron-nickel business with the two production companies Deutsche Nickel GmbH and Auerhammer Metallwerk GmbH. Together with the sales company Deutsche Nickel America Inc, which sells exclusively iron-nickel products on the American market, and the joint venture Innovative Clad Solutions Private Limited in India, further synergy effects and further market opportunities are seen in this core business of the group to expand business through organic growth but also through cooperation with third parties. Furthermore, the aim is to consolidate the financial resources of the group and to use them in a targeted manner to generate growth of the core business.

The coin blanks business of SAXONIA EuroCoin GmbH and its 50 % owned joint venture Compania Europea de Cospeles S.A. is characterised mainly by project business. SAXONIA EuroCoin GmbH has developed very successfully in this market over recent years as an independent provider of coin blanks. Given the fierce price competition in the business for blanks for circulation coins, however, the utilisation of production capacities at attractive margins can be expected to become markedly more difficult in the future. Furthermore, prompted by public budget deficits, a clear reduction can also be expected in the medium term in the number of state or semi-state controlled mints in Europe and therefore customers for coin blanks. Between the coin blanks segment and the iron-nickel segment, there are only marginal synergies that would improve the competitive position of SAXONIA EuroCoin GmbH compared with its competitors. In the absence of such advantages within the group and the anticipated changes in the competitive environment, the Board of DNick Holding plc therefore decided, with the involvement of external consultants, to evaluate potential strategic options for SAXONIA EuroCoin GmbH. Based on these analyses and concrete expressions of interest in the coin blanks business by third parties, the Board then decided to initiate specific sales activities.

As a result of the sales process with a comprehensive bidding process, the Board decided to accept the offer of Mint of Finland Ltd. which in terms of contractual conditions was the most attractive offer. The Mint of Finland is

a leading provider of circulation and collector coins and operates to a high degree in international project business. The envisaged integration of SAXONIA EuroCoin GmbH in the Mint of Finland group and the potential synergies created as a result between the manufacture of coin blanks and minting of coins provide the purchaser with strategic advantages which could not have been realised within the DNick group. The sale of 100 % of the shares in SAXONIA EuroCoin GmbH was concluded on 20 April 2011.

According to standard IFRS 5, the operations of SAXONIA EuroCoin GmbH, intended for sale, are reported in the consolidated financial statements at 31 December 2010 as discontinued operations. According to standard IFRS 5, the operations of SAXONIA Eurocoin GmbH, intended for sale, are reported in the consolidated financial statements at 31 December 2010 as discontinued operations. In accordance with IFRS 5, the results of the discontinued operations are shown as a single line item in the Income Statement and assets are shown as a single line item in the balance sheet, as are liabilities. In order to aid comparability with the prior year, however, the information set out in this management report also shows proforma information which presents all operations as continuing for both 2010 and 2009. This should also allow comparability with the report for the 1st half of the 2010 financial year.

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 wires and bars, and for strips manufactured by Auerhammer Metallwerk GmbH, currently 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 product range 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 offered for toll production.

AUERHAMMER METALLWERK GMBH

The company has developed into a modern production facility for special metal products in the strips and foils segment, which are used as basic material in electronics, electrical engineering, the automotive industry, hunting and sports ammunition, chemical plants/welding technology and coin blanks.

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

DEUTSCHE NICKEL AMERICA INC.

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

These activities account for around 25 % of the business volume of Deutsche Nickel GmbH and around 9 % 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 to manufacture metal cladding. Production at this new facility started in 2010 and is still in the start-up phase.

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.

Considerable investments were made in the site at Halsbrücke in recent years to expand the company's capacities. This was a material precondition to increase sales markedly in the years 2006 to 2010.

SALES

The group's customer base is widely distributed. Regional sales channels are 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, above all in China but also in Malaysia, Thailand and Korea. In China, the sales office to date was transformed at the beginning of 2011 into the newly established Deutsche Nickel Asia (Shanghai) Trading Co., Ltd.

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 products and applications are constantly developed in the individual group companies,

sometimes with the cooperation of customers, and tested by customers. Having 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-orientated, 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 were taken at the Schwerte site in 2010 regarding dedusting of the smelting plant. This ensured, together with other organisational measures, that the maximum permissible values for nickel dust, which were exceeded temporarily, were met again. No other significant investments in plants and machinery for environmental protection purposes are required. An environment audit at the Schwerte site was successfully completed.

BUSINESS REVIEW

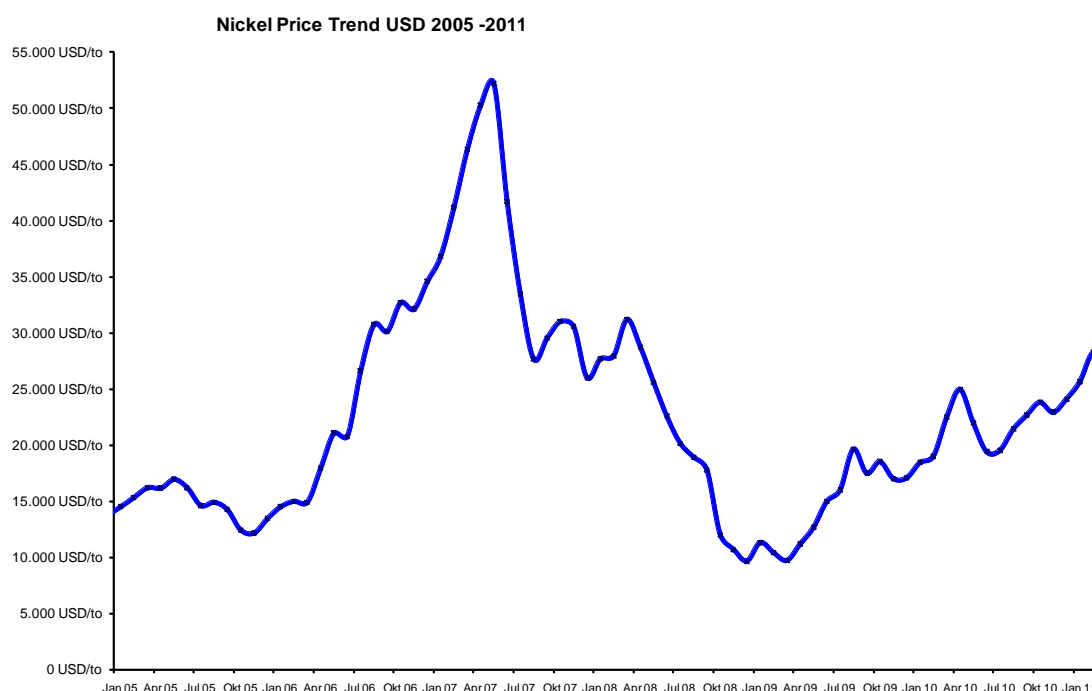
GENERAL BUSINESS ENVIRONMENT

Following the deep recession of the previous year, the global economy recovered in 2010 considerably quicker than anticipated. Important impetus came from anti-cyclical public programmes and the, in some cases expansive, monetary policy of certain countries. The German economy in particular profited from the strong growth in world trade.

The greatest growth momentum in 2010 came from emerging countries. The Chinese economy saw rapid growth, primarily as a result of high state investments and an increase in private consumption. Other large emerging countries such as India and Brazil saw a high level of economic growth as well. Most industrialised countries experienced markedly more moderate economic development. Expansion of the US economy was only moderately restrained because of the low level of growth stimulated by private consumers. Economic recovery in the European Area was split and as a whole modest. Countries with very high national deficits reported only low or even negative growth rates. The above-average positive development of the German economy was due to the high level of exports and increase in investments.

Economic recovery resulted in an increased demand for energy and raw materials in 2010. The development of prices during 2010 was volatile with an upward trend and prices markedly above the final results of 2009.

The price of nickel, the essential raw material for the DNick group, rose sharply starting from approx. 18,400 USD/t at year-end 2009 initially to about 27,600 USD/t by mid-April 2010. The price then fell again to about the base level at the beginning of the year and then fluctuated in the second half of the year between 20,000 – 24,500 USD/t. The price of nickel at the end of 2010 was about 24,100 USD/t and therefore some 31 % higher than at the end of the previous year.



This high level of volatility in the price of nickel was essentially due, apart from changes in the capacity utilisation of global steel producers with their demand for steel and steel alloy components, to speculative market players. The capital markets with their reawakened interest in investments in raw materials in 2010 impacted significantly on the trend in prices. Above all the so-called Exchange Traded Funds are physically

withdrawing metal from the market. This led for example, among other things, to the price of nickel in spring 2010 rising on the London Metal Exchange (LME) within one month by almost 6,000 USD/t although nickel stocks were at a high. This also affects nickel which is traded in significantly lower volumes than other metals e.g. copper.

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. Due to the stronger USD in 2010, cost prices based on year-end prices in the euro were about 44 % higher than the previous year.

Like nickel, the price of other metals such as copper, cobalt and molybdenum increased significantly in 2010. The price of copper in particular rose in the second half of the year considerably by about 3,500 USD/t or a good 50 % to about 9,700 USD/t at the end of 2010. Prices are determined at the London Metal Exchange (LME) where material non-ferrous metals such as copper or nickel are traded.

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 and hedges nickel raw material purchases in parallel, invoiced sales, but not the profit 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 downturn in 2009 was followed by a global recovery in the demand for nickel alloy materials due to improved economic conditions. Together with the reduction in stocks completed by customers during the downturn this development resulted in an increase in order intake in the iron-nickel segment in 2010, whereby development differed according to product group and region. Order intake intensified from the 2nd quarter of 2010 onwards, with strong impetus coming in particular from the markets in Asia. Production at the Schwerte and Aue sites was stepped up to meet the increase in demand. Short-time work introduced in the previous year at both sites was discontinued at the beginning of 2010.

Sales could not yet keep pace fully with the increased order intake because of the longer processing times in the iron-nickel segment. Overall the sales volume in 2010 increased by 13 % compared with the previous year.

Development in the coin blanks segment was once again positive in 2010. Capacities were well utilised. The sales volume remained at the high level of the previous year.

Sales of the DNick group including SAXONIA EuroCoin GmbH rose by EUR 33.9 million to EUR 200.2 million compared with the previous year. Excluding SAXONIA EuroCoin GmbH, sales amounted to EUR 119.9 million, an increase of EUR 30.9 million compared with 2009. Apart from the increased sales volume in the iron-nickel segment, this sales upturn was also affected by the increases in the price of metals reflected in revenue.

Operating EBITDA (excluding revaluation of metal stock) including SAXONIA EuroCoin GmbH was EUR 10.0 million in 2010 compared with EUR 9.3 million the previous year. Excluding SAXONIA EuroCoin GmbH, operating EBITDA was EUR 4.1 million, an increase of EUR 2.9 million compared with the previous year.

Net income was EUR 5.1 million, the previous year EUR 1.5 million.

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. Innovative Clad Solutions Private Limited (33.33 % holding)
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.

IRON-NICKEL

BARS AND WIRES SEGMENT

Global demand for semi-finished products, both for bars and wires, made a marked recovery in 2010 due to the economic upturn, whereby development differed according to product group and region. While order intake for wires products already indicated an initial revival in demand in the last quarter of 2009, there was only a noticeable increase in orders for bars in the spring of 2010. The sales volume of bars and wires products as a whole was 22 % higher than the previous year. Sales are, however, still significantly below the volumes of 2007 and 2008.

Due to higher demand and the necessity to build up stocks of semi-finished goods which had been substantially reduced in the previous year, production capacities in Schwerte were markedly better utilised in 2010 than in the previous year. Short-time work introduced in 2009 was therefore discontinued already at the beginning of 2010. The work force, which had been reduced in 2009, was largely maintained in 2010. Smelting operations in Schwerte in particular are still not fully utilised because there were no volumes available in the market for toll production orders in 2010 to utilise smelting capacities not used for own processing.

Sales in the bars and wires segment were EUR 71.5 million in 2010 compared with EUR 54.9 million in 2009. The growth in sales of EUR 16.6 million compared with the previous year was due not only to the increased sales volume but also the higher price of metals compared with the previous year. Operating EBITDA (excluding revaluation of metal stock and non-recurring expenses) was EUR 0.1 million compared with EUR - 1.6 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 to diversify risk as it allows a quick response to the demands of the market.

The global growth in demand in the strips segment resulted in a marked increase in sales for almost all product groups. Only sales of coin strips were below the level of the previous year as the previous year benefited from several larger projects. Overall the sales volume in the strips segment rose by 9 %. Capacities were well utilised, especially during the 2nd half of 2010. Higher production as a whole and above all the expansion of capacities for metallic foils made it necessary to increase the work force. Acquisition of know-how for the manufacture of snap disc strips strengthened the position attained as European market leader for thermostatic bimetals. The migration of the snap disc strips business acquired in the summer of 2010 will be completed in the 1st quarter of 2011.

The joint venture Innovative Clad Solutions Private Limited started production in India in 2010. The company is still in its start-up phase and reports a net loss for 2010 of about EUR 1.7 million, about EUR 0.6 million being reflected in the consolidated financial statements of the DNick group via equity accounting reflecting to the holding of 33.3 %.

Sales in the strips segment (excluding the joint venture Innovative Clad Solutions) in 2010 were EUR 55.9 million (previous year: EUR 40.1 million). Operating EBITDA (excluding revaluation of metal stock) amounted to EUR 6.1 million, an increase of EUR 2.0 million compared with the previous year.

COIN BLANKS SEGMENT

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

Due to the good market position, above all in the growth-driven and high-volume South American and Asian markets, good utilisation of capacities was again achieved in the 2010 business year. The sales volume was slightly above the level of the previous year. The export percentage for the coin blanks business in 2010 was around 87 %.

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 2010 from a backlog of orders 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 competitive pressure markedly in terms of workload in 2010. Sales at EUR 13.1 million remained at the level of the previous year. The 50 % holding is valued at equity, and in 2010 produced a loss in the equity valuation of EUR 0.2 million.

Sales in the coin blanks segment were approx. EUR 80.7 million in 2010 (excluding CeCo) and were therefore at about the same level as in the previous year. In particular, due to the delivery of orders entered into the previous year at a good price level as a whole and that income being recognised in 2010, operating EBITDA (excluding revaluation of metal stock) of EUR 5.9 million was realised. The extremely good result of EUR 8.1 million in 2009 was not repeated.

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.

METALS MARKET

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

Since metal prices for the main alloys, such as nickel, are generally quoted to customers in their orders on the basis of the market values on the LME (London Metal Exchange) and the price of metals are hedged through appropriate exchange contracts at the date when an order is received, order earnings are basically unaffected by fluctuations in the price of metals. Only sales revenues and corresponding cost of materials 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 at present relate mainly to the price of nickel which has been subject to substantial price fluctuations over the last 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 complex production processes and longer processing times result in a comparatively low inventory turnover. Business in non-ferrous metal blanks is also affected.

INTEREST

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. 35 % 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 or 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, essentially 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 December 2010, the borrowing-based credit lines of the domestic operating subsidiaries in the iron-nickel segment totalled EUR 25.0 million (maximum line). The loan agreements have a term to 31 March 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 31 December 2013.

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 project-based 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 2010.

All bank financing within the DNick group is arranged separately at the level of the respective subsidiaries with different banks. There is therefore no “cash pooling” within the group. Accordingly, liquid funds of one group company cannot be offset against credit exposure of another company.

FINANCIAL POSITION AND PERFORMANCE

According to standard IFRS 5, the operations of SAXONIA Eurocoin GmbH, intended for sale, are reported in the consolidated financial statements at 31 December 2010 as discontinued operations. In accordance with IFRS 5, the results of the discontinued operations are shown as a single line item in the Income Statement and assets are shown as a single line item in the balance sheet, as are liabilities. In order to aid comparability with the prior year, however, the information set out in this management report also shows proforma information which presents all operations as continuing for both 2010 and 2009. This should also allow comparability with the report for the 1st half of the 2010 financial year.

ASSET POSITION

	31.12.2010		31.12.2009
Assets		pro forma	
	Mio. EUR	Mio. EUR	Mio. EUR
Cash	4.6	11.7	12.0
Derivative Financial Instruments	1.0	1.1	1.8
Receivables	9.5	10.7	9.3
Inventories	50.0	59.7	48.4
Assets of discontinued operations	30.6	0.0	0.0
Others	2.6	3.9	5.8
Current Assets	98.3	87.1	77.3
Property, Plant and Equipment	17.1	24.3	21.4
Financial assets	1.6	5.1	5.2
Deferred taxes	1.0	1.2	1.6
Other	0.0	0.3	0.1
Non-current Assets	19.7	30.9	28.3
Total	118.0	118.0	105.6

Compared with the previous year, the balance sheet total increased by EUR 12.4 million. This was mainly due to the increase in working capital.

Inventories increased by EUR 11.3 million in 2010, thereof EUR 10.4 million in the iron-nickel segment. This increase compared with the previous year results primarily from the build-up in the volume of work in progress in the iron-nickel segment to adapt to the increase in sales and therefore higher level of production, as well as the increase in the price of metals. Inventories have therefore returned to about their level at the end of 2008.

Receivables are EUR 1.4 million higher than in the previous year due to the increase in sales and the higher price of metals. At the same time the outstanding balance of receivables sold in factoring increased by EUR 4.9 million compared with the previous year.

The assets of SAXONIA EuroCoin GmbH are consolidated under the item "assets of discontinued operations" which are reported according to the regulations of IFRS 5 in a separate summary item.

The book value of property, plant and equipment increased by EUR 2.9 million compared with the previous year, EUR 2.7 million thereof in the iron-nickel segment. Investments of EUR 5.7 million are balanced by scheduled depreciations of EUR 2.8 million. Investments relate mainly to rationalisation and associated capital expenditure.

FINANCIAL POSITION

Equity and Liabilities	31.12.2010	pro forma	31.12.2009
	Mio. EUR	Mio. EUR	Mio. EUR
Bank debts	19.0	19.0	14.8
Derivative financial instruments	0.3	0.5	0.3
Trade accounts payable	8.6	13.5	13.8
Provisions	3.2	6.0	5.6
Liabilities of discontinued operations	8.1	0.0	0.0
Other liabilities	3.6	3.8	1.7
Current liabilities	42.8	42.8	36.2
Bank debts	1.5	1.5	0.6
Provisions	1.6	1.6	1.5
Other liabilities	0.5	0.5	0.6
Deferred taxes	0.6	0.6	0.6
Non-current liabilities	4.2	4.2	3.3
Equity	71.0	71.0	66.1
Total	118.0	118.0	105.6

Current and non-current liabilities due to banks amount to EUR 20.5 million, EUR 18.6 million thereof relating to loans to finance working capital and EUR 1.9 million investment financing.

Trade payables in the iron-nickel segment rose by EUR 2.3 million, primarily due to the increase in business volume and higher price of metals.

Provisions as a whole are at the same level as the previous year.

Liabilities and provisions of SAXONIA EuroCoin GmbH are consolidated according to the regulations of IFRS 5 under the item "liabilities of discontinued operations".

Equity amounts to approx. EUR 71.0 million at 31 December 2010, an increase of EUR 4.9 million compared with the previous year. This increase results primarily from the 2010 net income. The equity ratio is 60.1 % and, due to the increase in the balance sheet total, therefore 2.5 percentage points below the corresponding ratio of the previous year.

EARNINGS POSITION

	2010		2009	
	Mio. EUR	pro forma Mio. EUR	Mio. EUR	pro forma Mio. EUR
Sales	119.9	200.2	89.0	166.3
Other operating income	1.7	2.5	1.9	2.4
Change in inventories and own capitalised work	7.2	8.3	-12.9	-13.8
Operating income	128.8	211.0	78.0	154.9
Cost of Materials	-91.7	-155.8	-49.0	-106.3
Personnel expenses	-15.8	-18.9	-14.6	-17.6
Other operating expenses	-14.5	-23.5	-12.5	-21.5
Income from investments	-0.5	-0.7	0.0	0.6
EBITDA	6.3	12.1	1.9	10.1
Depreciation	-1.9	-2.8	-1.7	-2.4
Financial results	-1.3	-1.3	-1.9	-1.9
Exchange gains / losses	-0.2	-0.2	-0.4	-0.5
Earnings before taxes	2.9	7.8	-2.1	5.3
Taxes on income	-1.1	-2.7	-1.8	-3.8
Results of continued operations	1.8	5.1	-3.9	1.5
Results of discontinued operations	3.3	0.0	5.4	0.0
Net profit of the year	5.1	5.1	1.5	1.5

Sales increased in 2010 from EUR 166.3 million in 2009 to EUR 200.2 million, of which EUR 119.9 million relate to the iron-nickel segment. Apart from increases in the price of metals reflected in revenue, this increase in sales is mainly due to the increase in sales volume in the iron-nickel segment.

The build-up in the volume of work in progress in the iron-nickel segment resulting from the marked increase in the level of production impacted on the increases in inventories of EUR 8.3 million. In the iron-nickel segment these inventories were cut back the previous year to adapt to the lower level of production.

Cost of materials is markedly higher at EUR 49.5 million than in the previous year. EUR 42.7 million thereof applies to the iron-nickel segment which was affected by higher volumes and increases in the price of metals.

Personnel expenses are EUR 18.9 million compared with EUR 17.6 million the previous year. The increase of EUR 1.3 million is due to the discontinuation of short-time work introduced in 2009, increases in agreed pay rates and recruitment of staff. It must also be considered that variable salary components had been reduced in the iron-nickel segment in the previous year.

The increase in other operating expenses of EUR 2.0 million is mainly the result of higher sales expenses and higher expenses for external consultants. Other operating expenses comprise non-recurrent expenses for restructuring of EUR 0.3 million. Non-recurrent expenses of EUR 0.8 million were reported in this item in the previous year in connection with staff cutbacks carried out in 2009.

The group shows EBITDA of EUR 12.1 million for the 2010 business year and EUR 10.1 million for the previous year, in each case including the operations of SAXONIA EuroCoin GmbH intended for sale i.e. based on the pro-forma presentation. It should be remembered here that, according to IFRS accounting policies, all inventories are valued according to the average value method in compliance with the applicable obligatory standards of IAS 2. This also affects the non-product-related raw materials, the so-called metal stock which is required for the production process but does not relate to specific customer orders.

While a devaluation 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. When the price of nickel rose further in 2010, a further increase of EUR 2.4 million occurred at 31 December 2010. 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.

For the sake of transparency, we have as in previous years 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, specific material non-recurrent results are also eliminated if they are not permanent or relate to previous years. In 2010, these are a provision set up for restructuring costs, and in 2009 expenses connected with staff cutbacks at the Schwerte site.

	2010	2009
	pro-forma	pro-forma
	EUR('000s)	EUR('000s)
EBITDA according to income statement	12,141	10,090
Less impact of revaluation of metal stock	-2,435	-1,546
Add other non recurring items	300	795
Operating EBITDA (excluding impact of revaluation of stocks and other non-recurring items)	10,006	9,339

Operating EBITDA (excluding revaluation of metal stock and excluding other non-recurring expenses) was EUR 10.0 million in 2010 compared with EUR 9.3 million the previous year. The increase in performance is primarily due to the markedly improved order situation for iron-nickel products and the measures introduced in this segment in the previous year to reduce costs.

Net interest expense at EUR 1.3 million is EUR 0.6 million below the previous year. This further fall in the interest charge is mainly due to the lower interest rate level. The advantage of the fall in the interest rate level, however, could only be partly utilised because of existing interest rate swap agreements.

Please refer to the notes in the group accounts concerning the content of individual items in the income statement.

CASH FLOW

The DNick group generated a gross cash flow of EUR 8.4 million in the 2010 business year (including SAXONIA EuroCoin GmbH).

Including changes in working capital, business operations resulted in an inflow of funds of EUR 0.5 million compared with EUR 21.8 million the previous year. The main reason for this substantial reduction in cash flow is the marked increase in working capital because of an increase in inventory, due to a higher level of production, and the increase in the price of metals. Inventories were substantially reduced in the previous year because of weak sales in iron-nickel business, and had led to a high cash flow in 2009.

The cash flow statement shows an outflow of funds of EUR 6.1 million from investment activity. Payments for investments in property, plant and equipment of EUR 5.7 million and other contributions to capital of EUR 0.5 million in the joint venture Innovative Clad Solutions Private Limited, India, are balanced by an inflow of funds of EUR 0.1 million from the sale of fixed asset items.

The inflow of funds from financing activities of EUR 4.9 million relates to borrowings due to working capital financing.

Liquid funds at 31 December 2010 amount to EUR 11.7 million at the balance sheet date compared with EUR 12.0 million the previous year.

Net liabilities due to banks (bank debts less cash and cash equivalents) amount to EUR 8.8 million at 31 December 2010 compared with EUR 3.4 million the previous year.

FORECASTS

According to economic experts, the global economic upturn will continue in the current 2011 business year. However, a lower level of growth than in 2010 is anticipated because of the expiry of many anti-cyclical programmes and the forced consolidation of public finances in many countries. Risks involved in the cyclical development are a more severe slowdown in the US economy, development in the exchange rate, debt crisis in a number of countries, the potential bad loan charge by banks and the price trend for raw materials. Other risks that are hard to assess follow from the serious earthquake in Japan and its consequences for the development of the global economy.

Against the background of the macroeconomic developments forecast to date, we expect further growth in demand in the iron-nickel segment in 2011. This should benefit sales on the Asian markets in particular as sales activities have been successively intensified in this region over the last years and the former sales office has been transformed into the newly established Deutsche Nickel Asia (Shanghai) Trading Co., Ltd. We plan to increase sales volumes in the bars and wires segment by about 16 % compared with the previous year. As a whole, planned product sales in this segment therefore once again approach the level of sales in the very successful year 2008. We are still very cautious in assessing the potential of utilising additional smelting capacities in Schwerte for toll production in 2011. Accordingly, no staff recruitment is envisaged at the Schwerte site. Sales volumes of almost the same level as the previous year are planned in the strips segment for the core product groups thermostatic bimetals, metal strips and metallic foils, where very positive sales increases were realised in 2010. As the volumes of coin strip manufactured in 2010 are unlikely to be repeated in 2011, given the project-based nature of this business, sales in the product group plated strips will be lower in 2011. As a whole, therefore, lower sales volumes are planned for 2011 in the strips segment.

Internal measures in the iron-nickel segment will focus on continuing process-orientated improvements. In parallel, we continue to focus on measures to reduce production and delivery times because delivery times are increasingly an important competitive criterion.

As far as the essential ingredient nickel is concerned, a yearly average price level above the figure at year-end 2010 is expected in 2011. As in previous years, 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.

Working capital will increase in 2011 due to the higher level of production planned and the on average higher price of metals, and this will also require increased financing.

Capital expenditure in the group's property, plant and equipment in 2011 will again be above the level of the depreciation of approx. EUR 1.9 million. Investments in 2011 will focus on the strips segment and involve primarily the expansion of capacities. Furthermore, a further capital contribution of EUR 0.5 million is planned in connection with the financing of the Indian joint venture Innovative Clad Solutions Private Limited.

According to our planning, we anticipate an increase in sales in our core business iron-nickel of about 15 % in 2011. In terms of the operating result, we assume that the planned increases in sales will result in a corresponding improvement of the result in the iron-nickel business in 2011. Following the delay in start-up of the joint venture in India, it is expected to break even towards the end of 2011. As a whole, the operating result of the iron-nickel business is expected to markedly increase in 2011.

Following the sale of the coin blanks business completed in April 2011, a capital gain of about EUR 9 million net of transaction expenses will be realized. The sale of property in Schwerte which is not required for business operations will additionally contribute to the result and liquidity. Both transactions will have a respective positive impact on profit after taxes.

We expect a continuing stable macroeconomic environment in 2012 and 2013 and further positive effects from internal measures to increase efficiency and reduce processing times. This will impact accordingly on sales and performance. The DNick group will continue the growth path pursued over the past years. Following the sale of the coin blanks business, expansion of the iron-nickel business now can be expedited through organic growth as well as cooperation with third parties.

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

		2010	2009
Closing price in Frankfurt at year-end	in EUR	7.04	6.90
High	in EUR	7.40	8.00
Low	in EUR	6.11	5.04
Market capitalisation at year-end	in million EUR	39.9	39.1
Number of shares issued at year-end	in Shares	5,671,318	5,671,318

The stock market price of the DNick share developed irregularly in the 2010 business year. While the price reached its annual high of EUR 7.40 right at the beginning of the year, it weakened over the course of 2010 and achieved prices of about EUR 7.00 again at the end of the year. The share was quoted with a closing price at year-end of EUR 7.04, an increase of about 2 % compared with the previous year. The average trading volume was slightly lower in 2010 than the previous year at approx. 6,200 shares per day, once again with significant fluctuations.

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

	2010	2009
Group's result (in KEUR)	5,099	1,549
Weighted average number of shares	5,671,318	5,654,676
Undiluted result per share (in EUR)	0,90	0,27
Thereof related to continuing operations (in EUR)	0,31	-0,69
Thereof related to discontinued operations (in EUR)	0,59	0,96

Adjusted by the impact of the revaluation of the metal stock, without any cash flow impact, and excluding non-recurring items as adjusted in determining operating EBITDA, earnings per share including the discontinued operations would be EUR 0.66/share (previous year: EUR 0.24/share).

Confirmed by the Board and signed by:



Dr. Götz-Peter Blumbach
Director



Franz-Josef Seipelt
Director

London, 17 May 2011

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

We have audited the group financial statements of DNick Holding Plc for the year ended 31 December 2010 which comprise the group income statement, the group statement of comprehensive income, the group balance sheet, the group statement of changes in equity, the group cash flow statement, the principal accounting policies, the related notes and other information presented after the notes regarding the company's legal status. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group 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/private.cfm.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2010 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been 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 group financial statements are prepared is consistent with the group financial statements.

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

Matters on which we are required to report by exception

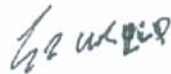
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- 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.

Other matter

We have reported separately on the parent company financial statements of DNick Holding Plc for the year ended 31 December 2010.



Stephen Maslin
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
London
17 May 2011



DNick Holding plc
Group Accounts 2010



DNick Holding plc - Group Income Statement for the Year 2010

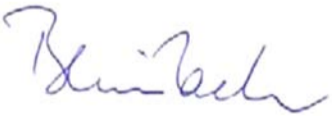
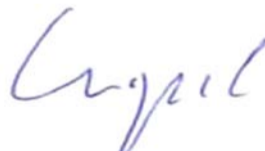
	Notes	2010		2009	
		EUR	EUR	EUR	EUR
1. Sales	(20)	119,941,944			88,995,811
2. Other operating income	(21)	1,691,204			1,858,613
3. Changes in inventories of finished goods and work in process		7,188,803			-12,912,256
4. Own capitalised work		25,900			18,642
Operating income			128,847,851		77,960,810
5. Cost of materials			-91,706,545		-49,047,645
a) Cost of raw materials, consumables and supplies and of purchased merchandise			-82,950,623		-41,787,209
b) Cost of purchased services			-8,755,922		-7,260,436
6. Personnel expenses			-15,849,435		-14,556,526
a) Wages and salaries			-13,262,697		-11,864,495
b) Social security and other pension costs			-2,586,738		-2,692,031
7. Other operating expenses	(22)		-14,465,604		-12,333,882
8. Other taxes			-26,211		-71,150
Sub-total (5.-8.)			-122,047,795		-76,009,203
9. Share in profit and loss of joint ventures accounted for at equity			-521,769		0
Earnings before interest, taxes and depreciation / amortisation (EBITDA)			6,278,287		1,951,607
10. Amortisation / depreciation of intangible assets and property, plant and equipment	(23)		-1,941,726		-1,736,029
11. Interest and similar income	(24)		167,452		89,925
12. Interest and similar expenses	(24)		-1,454,165		-1,993,037
13. Exchange losses	(25)		-151,043		-434,033
Earnings before taxes			2,898,805		-2,121,567
14. Taxes on income	(26)		-1,125,245		-1,780,233
a) Current taxes			-759,966		-520,513
b) Deferred taxes			-365,279		-1,259,720
Net profit for the year before result of discontinued operations			1,773,560		-3,901,800
Net profit for the year from discontinued operations	(27)		3,325,113		5,450,395
Net profit for the year			5,098,673		1,548,595
Basic Earnings per Share continuing operations	(28)		0.31		-0.69
Basic Earnings per Share discontinued operations	(28)		0.59		0.96
Diluted Earnings per Share continuing operations	(28)		0.31		-0.69
Diluted Earnings per Share discontinued operations	(28)		0.59		0.96
Total Basic Earnings per Share	(28)		0.90		0.27
Total Diluted Earnings per Share	(28)		0.90		0.27

Statement of Comprehensive Income for the Year 2010

	Notes	2010		2009	
		EUR	EUR	EUR	EUR
Net profit for the year			5,098,673		1,548,595
Other comprehensive Income of the year, net of tax			-197,839		3,373,650
15. Exchange differences on translating foreign operations	(19)		389,336		-79,147
16. Cash flow hedging	(19)				
Reclassification to profit and loss			-1,531,608		3,400,959
Current year gains / losses			692,786		1,531,608
17. Deferred taxes on hedge instruments	(19)		251,647		-1,479,770
Total comprehensive Income			4,900,834		4,922,245

DNick Holding plc - Group
Balance Sheet as at 31 December 2010

	Notes	31.12.2010		31.12.2009	
		EUR	EUR	EUR	EUR
A. Current assets					
I. Cash and cash equivalents	(2)		4,588,443		12,015,358
II. Trade receivables / other assets					
1. Trade receivables	(3)	9,524,573		9,300,682	
2. Receivables from associates		0		51,121	
3. Derivatives	(4)	1,033,606		1,777,417	
4. Other assets	(5)	2,237,081		5,404,574	
Total receivables / other assets			12,795,260		16,533,794
III. Inventories					
1. Raw materials, consumables and supplies		7,659,902		11,968,204	
2. Work in process		29,959,511		23,711,049	
3. Finished goods and merchandise		12,371,713		12,684,684	
Total inventories	(6)		49,991,126		48,363,937
IV. Prepaid expenses					
1. Other prepaid expenses		301,656		417,931	
Total prepaid expenses			301,656		417,931
Total current assets			67,676,485		77,331,020
B. Assets from discontinued operations	(7)		30,597,711		0
C. Non-current assets					
I. Intangible assets					
1. Concessions, industrial rights, licences, etc.		268,651		211,210	
2. Prepayments		200,464		55,370	
Total intangible assets	(8.1)		469,115		266,580
II. Property, plant and equipment					
1. Land, land rights		3,072,718		3,139,476	
2. Buildings, buildings on third-party land		4,426,175		8,326,089	
3. Technical equipment and machinery		6,150,284		6,583,651	
4. Other equipment, furniture, fixtures and office equipment		1,736,543		1,745,786	
5. Prepayments and assets under construction		1,248,750		1,377,523	
Total property, plant and equipment	(8.2)		16,634,470		21,172,525
III. Investments					
1. Investment in joint venture		930,648		4,566,111	
Total investments	(8.3)		930,648		4,566,111
IV. Non-current receivables					
1. Other loans		628,309		622,555	
Total non-current receivables	(8.3)		628,309		622,555
V. Deferred tax assets	(9)		1,030,166		1,578,378
VI. Other assets			28,223		16,195
Total non-current assets			19,720,931		28,222,344
Total assets			117,995,127		105,553,364

		31.12.2010		31.12.2009	
	Notes	EUR	EUR	EUR	EUR
A. Current liabilities					
1. Current liabilities to banks	(10)	19,008,727		14,828,581	
2. Current finance lease liabilities		130,025		253,486	
3. Prepayments received		1,692,634		364,502	
4. Trade payables	(11)	8,640,986		13,849,229	
5. Provisions					
a) Current tax provision	(12)	342,257		1,730,269	
b) Other provisions	(13)	2,901,459		3,882,673	
6. Liabilities to Affiliates		0		47,168	
7. Derivatives	(4)	318,235		297,851	
8. Deferred income	(14)	1,120,990		134,564	
9. Other current liabilities	(15)	584,022		785,181	
Total current liabilities			34,739,335		36,173,504
B. Liabilities from discontinued operations	(7)		8,115,790		0
C. Non-current liabilities					
1. Non-current liabilities to banks	(16)	1,510,375		627,494	
2. Non-current finance lease liabilities		292,999		375,807	
3. Deferred tax liabilities	(9)	633,252		613,250	
4. Non-current provisions					
a) Provisions for pensions	(17)	814,853		757,979	
b) Other provisions	(18)	729,094		749,864	
5. Other non current liabilities	(15)	195,368		192,240	
Total non-current liabilities			4,175,941		3,316,634
C. Equity					
1. Issued capital		82,179		82,179	
2. Capital reserve		51,762,757		51,762,757	
3. a) Merger reserve		-10,827,314		-10,827,314	
b) Revaluation reserve		448,521		1,035,696	
c) Foreign exchange translation reserve		-217,728		-607,064	
4. Retained profits		24,616,972		23,068,376	
5. Net profit		5,098,674		1,548,596	
Total equity			70,964,061		66,063,226
Total equity and liabilities			117,995,127		105,553,364
Approved by the Board and signed on its behalf by:					
					
		Dr. Götz-Peter Blumbach			Franz-Josef Seipelt
		Director			Director
London, 17 May 2011					

DNick Holding plc - Group
Statement of Changes in Equity for the year 2010

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	(19)				3,401			3,401
3. Revaluation of cash flow hedges	(19)				1,532			1,532
4. Deferred taxes on hedge instruments	(19)				-1,480			-1,480
5. Currency translation differences	(19)					-79		-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	(19)							
7. Share award costs			100					100
8. Share award costs realised on share issue			-745				745	0
Total equity as at 31/12/09		82	51,762	-10,827	1,036	-607	24,617	66,063

EUR (' 000s)	Notes	Share Capital	Capital Reserve	Merger Reserve	Revaluation Reserve	Translation Reserve	Profit Reserve	Total
Balance as at 01/01/2010		82	51,762	-10,827	1,036	-607	24,617	66,063
1. Net profit for the year							5,099	5,099
2. Cash flow hedges -reclassification to profit and loss	(19)				-1,532			-1,532
3. Revaluation of cash flow hedges	(19)				693			693
4. Deferred taxes on hedge instruments	(19)				251			251
5. Currency translation differences	(19)					389		389
Total Comprehensive Income for the period		0	0	0	-588	389	5,099	4,900
Total equity as at 31/12/10		82	51,762	-10,827	448	-218	29,716	70,963

DNick Holding plc - Group
Cash Flow Statement for the Year 2010

	2010 EUR ('000s)	2009 EUR ('000s)
EBITDA from continuing operations	6,279	1,952
EBITDA from discontinued operations	5,862	8,138
+/- Increase/decrease in non-current accruals	343	-158
-/+ Other non-cash income/expenses	-1,748	-1,661
- Payments for taxes on income	-2,301	-4,274
Gross-Cash-Flow	8,435	3,997
-/+ Increase/decrease in inventories	-8,919	14,702
-/+ Increase/decrease in trade receivables	-1,367	7,175
+/- Increase/decrease in trade payables	-342	-1,783
+/- Increase/decrease in short term accruals	941	125
-/+ Increase/decrease in other working capital	3,321	-122
+/- Currency gains / losses	-212	-478
- Interest payments	-1,352	-1,878
Total Cash provided by operating activities	505	21,738
thereof continuing operations	-2,860	12,632
thereof discontinued operations	3,365	9,106
Cash-Flow from investing activities		
- Capital expenditure	-5,649	-3,841
- Acquisition of interest in joint venture	-496	-386
+ Proceeds from disposal of non-current assets	53	875
+ Cash received from the divestment of discontinued operations	0	350
Cash used by investing activities	-6,092	-3,002
thereof continuing operations	-5,055	-1,790
thereof discontinued operations	-1,037	-1,212
Cash-Flow from financing activities		
+ Capital issued	0	1
-/+ Cash used / received for the redemption of other loans	0	-7
+/- Borrowing / repayment payables of bank loans	5,063	-11,868
+/- Borrowing / repayment payables of finance lease	-137	-245
Cash provided / used by financing activities	4,926	-12,119
thereof continuing operations	6,531	-7,521
thereof discontinued operations	-1,605	-4,598
Net change in cash and cash equivalents	-661	6,617
+/- Effect of foreign exchange rate changes	389	-79
+ Cash at beginning of the year	12,015	5,477
Cash and cash equivalents at year end	11,743	12,015
Cash and cash equivalents from continuing operations	4,588	5,583
Cash and cash equivalents from discontinued operations	7,155	6,432

NOTES TO THE 2010 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 basis of a going concern. After all restructuring loans were paid back in 2007, the only credit lines exist to finance working capital of the operating group companies.

At 31 December 2010, two German subsidiaries have credit lines of EUR 25.0 million with a term to 31 March 2012 which were drawn on at 31 December 2010 to an amount of EUR 14.2 million. While it is too early to negotiate the extension of this credit line, the directors are confident, based upon current discussions with the banks involved, that the credit lines will be renewed or replaced.

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 two German subsidiaries 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 2009, the following standards and interpretations have been amended or applied for the first time with mandatory effect by adoption in EU law or by the specific regulation coming into force:

- Amendment to IAS 39 Financial Instruments: Recognition and Measurement - Eligible Hedged Items (effective from 1 January 2010)
- IFRS 3 Business Combinations (effective from 1 July 2009)

The first time 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, were not applied to the 2010 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. This standard is mandatory for accounting periods commencing on or after 1 January 2013, subject to adoption by the European Union.
- IAS 24 (Revised 2009) Related Party Disclosures (effective 1 January 2011)
The Revision to IAS 24 covers various items, including a revised definition of related parties. The Revision is mandatory for accounting periods commencing on or after 1 July 2011.
- Amendment to IAS 32 Classification of Rights Issued (effective 1 February 2010)
- IFRIC19 Extinguishing Financial Liabilities with Equity Instruments (effective 1 July 2010)
IFRIC 19 addresses the accounting by an entity when the terms of a financial liability are renegotiated and result in the entity issuing equity instruments to a creditor to extinguish all or part of a financial liability.
- Improvements to IFRS issued May 2010 (effective 1 July 2010 / 1 January 2011)

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 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 to be realised or settled within one year after the reporting date.

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 in accordance with IAS 1.

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.

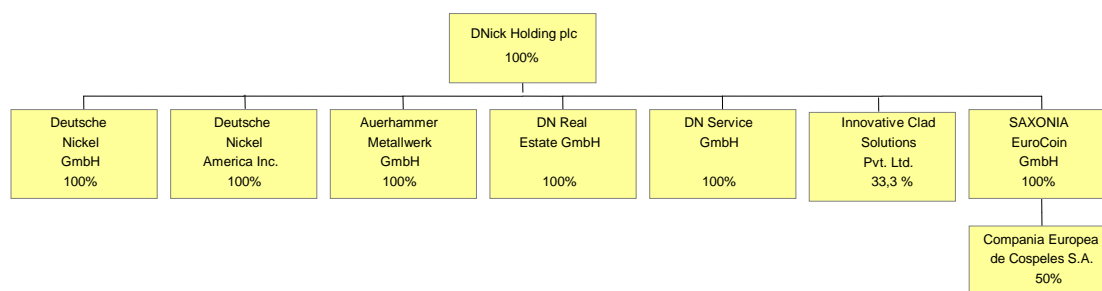
The following companies apart from DNick Holding plc are included in the consolidated financial statements:

- 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	
		31.12.2010	31.12.2009	2010	2009
USA	1 USD	0.74954	0.69594	0.75464	0.71704
Great Britain	1 GBP	1.16175	1.12233	1.16524	1.12145

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.

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 2010, 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.

Inventories:

Inventories are measured at the lower of cost and net realisable value. In estimating net realisable values, management takes into account the most reliable evidence available at the times the estimates are made.

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.

Deferred tax assets:

Material estimates and assumptions are further made in relation to the recognition and measurement of deferred taxes on tax losses carried forward. 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.

Warranty provision:

The group makes provision for the level of anticipated product returns by customers. This provision is based on past experience, sales volumes and the period of time during which customers are entitled to make such claims subsequent to the balance sheet date.

Outcome of legal dispute:

Further material assumptions and assessments relate to the risk of a possible legal dispute. This concerns claims asserted in October 2010 against a subsidiary for the repayment of investment grants of EUR 2.9 million and interest to date. These investment grants were accorded to Deutsche Nickel AG already in 1999. The company changed its legal form in 2005 and relocated its registered office to Great Britain. Insolvency proceedings were then instituted against its assets. The grant donor is of the opinion that the subsidiary is liable as joint and several debtor in addition to Deutsche Nickel AG. The company is of the opinion that the claim is unfounded and bases its assessment on the expert opinion of its legal advisors. No action has been brought to date by the grant donor. Accordingly, there is no provision for this in the annual financial statements at 31 December 2010 but only provision for the potential costs of litigation.

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) as adopted by the European Union. 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 are 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 expenses, 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.

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

Investments 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. All other derivative financial instruments are recognised at fair value in profit or loss.

At 31 December 2010, 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 anniversary 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 5.15 % p.a. at the balance sheet date.

CASH SETTLED AWARD SCHEMES

Cash-settled share-based payments are measured at fair value at each balance sheet date and recognised as an expense within profit and loss for the year, with a corresponding increase in liabilities. The expense is recognised over the period from the date of grant to the date on which the award participants are unconditionally entitled to payment and forecast to take up their entitlement. Fair value is measured by use of a modified Black-Scholes model and changes in fair value are recognised within profit and loss.

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 initial 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.

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 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 deferred income 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 significant risks and rewards of 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 income and expenses are reported as accrued.

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

DISCONTINUED OPERATIONS

Disposal groups are classified as assets and liabilities held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable.

In the balance sheet, the assets and liabilities of the disposal group are aggregated within a single line item in current assets and current liabilities respectively. In the income statement, the net result of the disposal group is shown as a single line item under the heading "Net profit for the year from discontinued operations."

The prior year Income statement and Cash flow statement are restated to show the net result from discontinued and continuing operations from the earliest period presented. Where assets and liabilities are designated as a disposal group during the year under review, comparative information in the balance sheet is not restated.

Where a component of the business is classified as discontinued during the reporting period, elimination of intra-group transactions between discontinued and continuing operations is determined depending on whether the group expects to continue to transact with the discontinued operations subsequent to its disposal. Where the group expects to continue to transact with the discontinued operations subsequent to its sale, intra-group transactions are eliminated within the results of the discontinued operations. Where transactions are not expected to continue subsequent to the sale of the discontinued operations, transactions are eliminated in the results of continuing operations.

NOTES TO THE FINANCIAL STATEMENTS

The informative value of comparing the balance sheet with the previous year is limited because at 31 December 2010 the assets held for sale and the liabilities in connection with assets held for sale according to IFRS 5 are each consolidated under one item in the balance sheet respectively while they were reported the previous year within the individual items of the balance sheet. Further details are provided in Note 7.

1. FINANCIAL ASSETS AND LIABILITIES AND ASSOCIATED INCOME AND EXPENSE

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

	31.12.2010 KEUR	31.12.2009 KEUR
Derivatives designated as cash flow hedging instruments (carried at fair value)	1,033	1,777
Loans and receivables	15,484	23,919
Total	16,517	25,696

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

	31.12.2010 KEUR	31.12.2009 KEUR
Current assets		
Cash and cash equivalents	4,588	12,015
Trade receivables	9,525	9,301
Receivables from associates	0	51
Derivatives	1,033	1,777
Other assets	715	1,913
	15,861	25,057
Non-current assets		
Other loans	628	623
Other assets	28	16
Total	16,517	25,696

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

	31.12.2010 KEUR	31.12.2009 KEUR
Derivatives designated as cash flow hedging instruments (carried at fair value)	318	298
Financial liabilities measured at amortised costs	32,283	32,441
Total	32,601	32,739

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

	31.12.2010	31.12.2009
	KEUR	KEUR
Current liabilities		
Current liabilities to banks	19,009	14,829
Trade payables	8,641	13,849
Liabilities to affiliates	0	47
Other provisions	2,344	2,112
Derivatives	318	298
Other current liabilities	584	785
	30,896	31,920
Non-current liabilities		
Non-current liabilities to banks	1,510	627
Other non-current liabilities	195	192
	1,705	819
Total	32,601	32,739

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

The DNick group adopted the amendments to IFRS 7 prescribing disclosures about financial instruments effective from 1 January 2009. These amendments require presentation of certain information about financial instruments measured at fair value in the balance sheet. 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 in the balance sheet by the group are included in level 2 and consist of foreign currency and metal contracts.

For the 2010 business year, total interest income amounted to KEUR 187 (previous year: KEUR 85), of which KEUR 187 (previous year: KEUR 78) was generated on bank balances. Total interest income includes KEUR 20 (2009: KEUR 73) included within “net profit for the year from discontinued operations” – see Note 27.

In the 2010 business year, total interest expenses were KEUR 1,531 (previous year: KEUR 1,963), KEUR 31 (previous year: KEUR 36) 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.

Financial income and financial expense from continuing operations are summarised by category as follows:

	31.12.2010	31.12.2009
	KEUR	KEUR
Loans and receivables (income)	167	89
Loans and receivables (expense)	0	0
Financial instruments measured at amortised cost	-1,454	-1,993
Total	-1,287	-1,904

2. CASH AND CASH EQUIVALENTS

	31.12.2010 KEUR	31.12.2009 KEUR
Cash in bank accounts	3,399	10,645
Cash at factoring banks	1,187	1,367
Cash in hand	2	3
Total	4,588	12,015

The factoring banks acquired receivables with a total value of KEUR 12,811 (previous year: KEUR 7,960), including KEUR 5,345 from continuing operations at the balance sheet date. Of this, funds of KEUR 1,187 (previous year: KEUR 1,367) 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 542 (previous year: KEUR 809), 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 9,525 (previous year: KEUR 9,301). This includes allowances for doubtful accounts amounting to KEUR 141 (previous year: KEUR 496).

The receivables quoted on the balance sheet amounting to KEUR 9,525 (previous year: KEUR 9,301) 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 5,345 (previous year: KEUR 7,960).

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:

	31.12.2010 KEUR	31.12.2009 KEUR
Not more than 3 months	2,984	2,417
More than 3 months but not more than 6 months	460	110
More than 6 months but not more than 1 year	0	0
Total	3,444	2,527

4. 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:

	31.12.2010 KEUR	31.12.2009 KEUR
Positive market values		
- from metal hedging transactions - cash flow hedge	423	1,067
- from forward exchange contracts -cash flow hedge	610	710
Total	1,033	1,777

	31.12.2010	31.12.2009
	KEUR	KEUR
Negative market values		
- from metal hedging transactions - cash flow hedge	284	3
- from forward exchange contracts -cash flow hedge	34	295
Total	318	298

All derivatives are due within one year. At 31 December 2010, a loss of KEUR 839 (previous year: gain KEUR 4,933) 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.

5. OTHER ASSETS

Other current assets are categorised as follows:

	31.12.2010	31.12.2009
	KEUR	KEUR
Tax refunds	1,522	3,379
Investment grant claims	476	0
Deposits	139	221
Balances for metal hedges	0	965
Reinsurance claims for partial retirement obligations	0	112
Loans	0	301
Other	100	426
Total	2,237	5,404

Claims arising from tax refunds were mainly the result of value added tax refunds for the month of December 2010 respectively 2009, and from withholding taxes taken into account for 2010 and 2009.

Other non-current assets at the 2010 balance sheet date result principally from reinsurance claims for obligations under partial retirement agreements.

6. INVENTORIES

Inventories are categorised as follows:

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

31.12.2010	Gross carrying KEUR	Impairment KEUR	Net carrying KEUR
Raw materials and supplies	7,818	158	7,660
Work in progress	29,959	0	29,959
Finished goods and goods for resale	12,820	448	12,372
Total	50,597	606	49,991

Impairments of KEUR 606 (previous year: KEUR 1,725) 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 49,991 (previous year: KEUR 39,632) were assigned as security for bank debts to finance working capital within asset-based borrowing lines.

7. ASSETS OF DISCONTINUED OPERATIONS

The assets and liabilities related to the group company SAXONIA EuroCoin GmbH are presented as held for sale following the decision by management in 2010 to sell this company, which is not part of the group's core business.

SAXONIA EuroCoin GmbH holds a 50% joint venture interest in Componia Europea de Cospeles S.A. The sale of SAXONIA EuroCoin GmbH was successfully completed in April 2011.

The assets and liabilities connected with discontinued operations at 31 December 2010 are composed as follows:

	KEUR 2010	KEUR 2009
Cash and Cash Equivalents	7,155	6,431
Trade Receivables	1,143	2,214
Derivatives	58	1,127
Other Assets	1,499	3,044
Inventories	9,727	8,732
Other Prepaid Expenses	72	124
Intangible Assets	67	69
Property, Plant and Equipment	7,150	6,937
Financial Assets	3,518	4,184
Deferred Tax Assets	209	128
Assets	30,598	32,990
Current Finance Lease Liabilities	69	105
Trade Payables	4,866	7,584
Liabilities to Associates	2	47
Tax Provision	874	1,435
Other Non-Current Provisions	1,914	1,128
Derivatives	133	0
Other Short-Term Liabilities	183	172
Provisions for Pensions	42	26
Other Non-Current Provisions	13	14
Non-Current Finance Lease Liabilities	0	70
Deferred Tax Liabilities	20	411
Liabilities	8,116	10,992
Balance	22,482	21,998

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. 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

KEUR	Concessions, property rights, licences, etc.	Advance payments	Total
Acquisition costs			
Position at 01.01.2010	913	55	968
Additions	191	188	379
Disposals	3	0	3
Transfers	42	-43	-1
Reclass discontinued operations	-415	0	-415
Position at 31.12.2010	728	200	928
Amortisation			
Position at 01.01.2010	701	0	701
Additions	109	0	109
Disposals	3	0	3
Reclass discontinued operations	-348	0	-348
Position at 31.12.2010	459	0	459
Book values as at 01.01.2010	212	55	267
Book values as at 31.12.2010	269	200	469

Concessions, property rights and licences relate substantially 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 01.01.2009	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

KEUR	Land	Buildings	Machinery	Other equipment	Advance payments / Assets under construction	Total
Acquisition and production costs						
Position at 01.01.2010	3,429	15,229	27,389	4,592	1,378	52,017
Additions	0	65	3,219	756	1,229	5,269
Disposals	0	632	201	93	0	926
Currency differences	0	0	0	0	0	0
Transfers	0	0	1,125	72	-1,195	2
Reclass discontinued operations	-101	-4,080	-13,062	-604	-163	-18,010
Position at 31.12.2010	3,328	10,582	18,470	4,723	1,249	38,352
Depreciation						
Position at 01.01.2010	290	6,902	20,805	2,847	0	30,844
Additions	0	426	1,687	557	0	2,670
Disposals	0	629	201	107	0	937
Currency differences	0	0	0	0	0	0
Transfers	0	0	0	0	0	0
Reclass discontinued operations	-35	-543	-9,971	-311	0	-10,860
Position at 31.12.2010	255	6,156	12,320	2,986	0	21,717
Book values as at 01.01.2010	3,139	8,327	6,584	1,745	1,378	21,173
Book values as at 31.12.2010	3,073	4,426	6,150	1,737	1,249	16,635

The book values of land and buildings is KEUR 7,499 (previous year: KEUR 11.466). Land and buildings are unencumbered.

Machinery and technical equipment financed herewith are used as security for existing bank debts of KEUR 1,892 (previous year: KEUR 1,482).

Net book assets from finance leasing agreements capitalised amount to KEUR 742 (previous year: KEUR 776).

Additions to depreciation in the 2010 and 2009 business years do not include impairments.

8.3 INVESTMENTS AND NON-CURRENT RECEIVABLES

KEUR	Investments	Non-current receivables	Total
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

KEUR	Investments	Non-current receivables	Total
Acquisition costs			
Position at 01.01.2010	4,858	623	5,481
Equity valuations	-736	0	-736
Additions	496	5	501
Dividends	0	0	0
Reclass discontinued operations	-3,517	0	-3,517
Position at 31.12.2010	1,101	628	1,729
Amortisation			
Position at 01.01.2010	292	0	292
Equity valuations	-121	0	-121
Additions	0	0	0
Dividends	0	0	0
Reclass discontinued operations	0	0	0
Position at 31.12.2010	171	0	171
Book values as at 01.01.2010	4,566	623	5,189
Book values as at 31.12.2010	930	628	1,558

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

The additions relate to the contribution of capital to Innovative Clad Solutions Pvt. Ltd., the value adjustment of KEUR 121 resulting from the conversion of equity paid in at the currency rate at the balance sheet date (previous year KEUR 1).

The aggregate amounts of joint ventures can be summarised as follows:

KEUR	2010	2009
Assets	19,736	17,277
Liabilities	9,218	6,561
Revenues	13,208	13,587
Loss/Profit	-2,042	1,101
Loss/ Profit attributable to DNick Group	-736	550

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:

	31.12.2010	31.12.2010	31.12.2009	31.12.2009
	KEUR	KEUR	KEUR	KEUR
	Assets	Liabilities	Assets	Liabilities
Loss carry forward	225	0	121	0
Property, plant and equipment	24	22	160	0
Derivative financial instruments	96	310	89	533
Inventories	186	301	356	0
Accounts receivables and other assets	33	0	292	16
Provisions	139	0	171	64
Accounts payable and other liabilities	327	0	389	0
Total	1,030	633	1,578	613

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 12.8 million (previous year: EUR 19.3 million). The deferred tax assets thereon amount to EUR 3.8 million (previous year: EUR 5.8 million). These values are adjusted by EUR 3.6 million (previous year: EUR 5.7 million) on the basis of estimated usability.

10. CURRENT BANK DEBTS

	31.12.2010	31.12.2009
	KEUR	KEUR
Current bank debt	18,628	14,603
Short-term element of long-term loans	381	226
Total	19,009	14,829

Financing exists in the form of borrowing base credit lines on the balance sheet date for variable financing of the inventories of Deutsche Nickel GmbH amounting to EUR 15.0 million (previous year: EUR 10.0 million), which were utilised in an amount of KEUR 12,056 (previous year: KEUR 6,044) and lines for variable financing of the inventories of Auerhammer Metallwerk GmbH amounting to EUR 10.0 million (previous year: EUR 7.0 million), which were utilised in an amount of KEUR 2,095 (previous year: KEUR 1,219). For this purpose, the relevant financed inventories are assigned as security and the accounts receivable assigned. The interest rate was 2.75 % - 3.00 % p.a. above the EURIBOR base rate.

The current credit lines include a variable USD credit line of the equivalent of KEUR 3,691 (previous year: KEUR 5,837) 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 2.0 %, at least 4.75 %.

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 784 (previous year: KEUR 853) and KEUR 1,264 (previous year: KEUR 628) respectively at 31 December 2010.

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	01.01.2010	Utilisation	Reversal	Addition	Discontinued operations	31.12.2010
Warranty	329	0	22	302	-312	297
Interest	25	25	0	17	0	17
Discounts	355	89	0	131	-267	130
Annual audit and Annual general meeting	320	320	0	320	-50	270
Onerous contracts	426	150	122	18	0	172
Public obligations	187	120	0	131	0	198
In relation to employees	1,745	1,600	145	2,519	-790	1,729
Other	496	490	0	577	-495	88
Total	3,883	2,794	289	4,015	-1,914	2,901

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

14. DEFERRED INCOME

Deferred income includes only public grants and allowances already received or confirmed for acquiring property, plant and equipment. As a result of the conditions attached to these grants 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.

15. OTHER CURRENT AND NON-CURRENT LIABILITIES

Other current and non-current liabilities include:

	31.12.2010	31.12.2009
	KEUR	KEUR
Wages and Salaries December 2010/2009	333	421
Taxes on wages and salaries December 2010/2009	162	133
Social security contributions December 2010/2009	40	3
Value added taxes December 2010/2009	0	14
Other	49	214
Total		
Current	584	785
Non-Current - other	196	192

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

16. NON-CURRENT BANK DEBTS

Non-current bank debts at the balance sheet date amounted to KEUR 1,510 for the long-term portion of financing loans (previous year: KEUR 627).

17. 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 of 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:

	2010 KEUR	2009 KEUR
Current service costs	56	109
Interest	42	40
Expected income for plan assets	0	0
Actuarial losses (net)	0	0
Past service cost to be included	0	0
Personnel expenses	98	149

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

	2010 KEUR	2009 KEUR
Cash value of pension commitments financed by provisions	814	758
Actuarial losses not yet entered	0	0
Service costs not yet entered	0	0
Cash value of plan assets	0	0
Total	814	758

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

	2010 KEUR	2009 KEUR
Position at the beginning of the year	758	831
Pension expenses (net)	98	149
Settlement payments	0	-212
Pension payments	0	-10
Allocation to discontinued operations	-42	0
Total	814	758

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 EUR 0.8 million; in 2009 and EUR 0.8 million in 2010.

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

	2010	2009
	%	%
Interest rate for accounting purposes	5.15	5.25
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

18. OTHER NON-CURRENT PROVISIONS

KEUR	01.01.2010	Interest Rate	Utilisation	Reversal	Addition	Discontinued operations	31.12.2010
Partial retirement	310	4.31	0	40	0	0	270
Employee jubilee	401	5.15	2	8	43	-13	421
Other	39	5.5	1	0	0	0	38
Total	750		3	48	43	-13	729

Provisions correspond to the discounted cash values.

19. 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 2010, the issued capital of DNick Holding plc was GBP 56,713.18 GBP (EUR 82,179). This is divided into 5,671,318 shares with a nominal value of GBP 0.01 per share. The subscribed capital has not changed compared with 31 December 2009.

During the restructuring process in 2005, the shares of the subsidiaries were brought into DNick Holding plc via capital contribution. The capital reserves therefore include the values of contributions of the subsidiaries.

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 in other comprehensive income according to the amended regulations of IAS 1.

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.

20. SALES

Sales revenues are divided by region as follows:

Region	2010 KEUR	2009 KEUR
Germany	42,798	24,408
European Union excluding Germany	18,356	15,869
Rest of Europe	7,463	7,403
North America	26,850	22,260
Central and South America	1,739	1,557
Rest of the World	22,251	14,257
Sales to Discontinued Operations	485	3,242
Total	119,942	88,996

Sales by segment are shown in Segment Reporting in note 30.

Sales additionally include the sales generated with the discontinued operations amounting to KEUR 485 (previous year: KEUR 3,242). The sales between the continuing and discontinued operations were not consolidated but reflect the sales generated by continuation of the supply and service relationships with the companies as if they were generated with third parties.

21. OTHER OPERATING INCOME

Other operating income includes:

	2010 KEUR	2009 KEUR
Rental income	613	582
Electricity Tax Refunds	311	257
Reversal of provisions	199	290
Grants receivable	96	88
Gains from currency exchange	80	0
Profits from the sale of property, plant and equipment	46	24
Insurance claims	41	10
Reversal of trade receivables allowances	2	72
Recharges of expenses	0	224
Grants for research and development	0	35
Other	63	0
Other services provided to discontinued operations	240	276
Total	1,691	1,858

Income additionally includes the income generated with the discontinued operations amounting to KEUR 240 (previous year: KEUR 276). Income between the continuing and discontinued operations was not consolidated but reflects the income generated by continuation of the supply and service relationships with the companies as if it was generated with third parties.

22. OTHER OPERATING EXPENSES

Other operating expenses include:

	2010 KEUR	2009 KEUR
Freight / Packaging/ Commissions	3,507	2,461
Repair and maintenance	2,881	2,245
Legal and consulting fees/ Annual audit/ AGM	2,383	1,690
Insurance	721	639
Contributions and fees	678	620
Travel / Advertising / Trade fairs	648	595
Operating lease and rent expenses	522	580
Other third-party services	511	516
Bank charges	419	310
Temporary workers	364	30
IT expenses	314	228
Security services	226	243
Losses on currency differences	177	129
Telephone / Postage / Office supplies	175	157
Waste disposal	103	133
Losses from the sale of property, plant and equipment	0	94
Employee Settlements	0	795
Share based remuneration	0	100
Other	837	768
Total	14,466	12,333

23. DEPRECIATION

No impairments (previous year: KEUR 0) are included in the depreciation of intangible assets and property, plant and equipment of KEUR 1,942 (previous year: KEUR 1,736).

24. INTEREST AND SIMILAR INCOME / INTEREST AND SIMILAR EXPENSES

Interest income from continuing operations results mainly from bank balances and amounts to KEUR 167 (previous year: KEUR 90).

Interest expenses of KEUR 1,454 (previous year: KEUR 1,993) relate to short-term and long-term bank debts, finance lease obligations and factoring.

25. EXCHANGE DIFFERENCES

There were losses from exchange differences during the business year amounting to KEUR 151 (previous year: losses from exchange differences: KEUR 434).

26. TAXES ON INCOME

	2010 KEUR	2009 KEUR
Current Taxes	-760	-520
Deferred Taxes	-365	-1,260
Total	-1,125	-1,780

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 reported 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.

	2010 KEUR	2009 KEUR
Pre-tax profit	2,899	-2,121
Group tax rate	30%	30%
Expected tax expense	-870	636
Tax reductions resulting from tax-free other income	33	47
Tax increases resulting from non-tax-deductible expenses	-115	-144
Movement in deferred tax	-859	-2,767
Effects of tax rate differences	-47	-24
Losses brought forward	584	600
Other tax effects	149	-128
Actual tax expense	-1,125	-1,780

Routine audits by the tax authorities, started at DNick Holding plc and all German subsidiaries in the previous year for the 2004 – 2006 business years, were largely completed. They resulted in additional taxes including interest of about EUR 0.3 million which is included in the 2010 financial statements. Agreement was also reached in the tax audit regarding the tax deductibility of specific items in connection with the financial restructuring in 2005. The additional taxes indicated also reflect the result of the tax audit from these items. The potential maximum risk stated the previous year of up to EUR 3.3 million therefore no longer exists. Nevertheless, as certain restructuring expenses in 2005 and 2006 were not recognised by the tax audit as being deductible, the tax loss carry forward of DNick Holding plc was significantly reduced. This has no impact on the 2010 financial statements because corresponding valuation reserves were set up as a precautionary measure for deferred taxes on the assets side from tax losses carried forward.

27. RESULT FROM DISCONTINUED OPERATIONS

Due to the specific disposal activities started in 2010, profit after taxes of the coin blanks segment is summarised and disclosed separately in the income statement as net profit for the year from discontinued operations in accordance with the standard IFRS 5. The previous year income statement is also restated in accordance with the 2010 presentation.

Income and expenses of the coin blanks segment are structured as follows:

	KEUR	KEUR
	2010	2009
Sales	80,698	80,594
Other operating income	1,062	773
Changes in inventories of semi-finished	1,139	-948
Operating income	82,899	80,419
Cost of Materials	-64,579	-60,453
Personnel expenses	-3,099	-3,054
Amortisation/depreciation	-826	-652
Other operating expenses	-9,183	-9,320
Other taxes	-9	-3
Profit from Operations	5,203	6,937
Share in loss/gain of joint ventures	-167	550
Interest expenses (net)	-57	25
Exchange losses	-60	-44
Profit before Tax	4,919	7,468
Taxes on income	-1,594	-2,018
Net profit of the year	3,325	5,450

28. 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.

	2010	2009
Group's result in KEUR	5,099	1,548
./ . Net Profit of discontinued operations	3,325	5,450
Net Profit/ Loss of continuing operations	1,774	-3,902
Weighted average number of Shares	5,671,318	5,654,676
Basic earnings per Share of continued operations	0.31	-0.69
Basic earnings per Share of discontinued operations	0.59	0.96
Total Basic earnings per Share	0.90	0.27

Undiluted and diluted earnings per share are the same as there are no potentially convertible instruments in issue at either reporting date.

29. 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.

30. SEGMENT REPORTING

The accounting policy for identifying segments is based on internal segment reporting, regularly reviewed by management. The group operates distinct business segments on which internal management reporting is based and which conform with the definition of the operating segments classified under IFRS 8.

The items in the financial statements are shown by segment and this division of segments and the selected key data is orientated 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 blanks. The exception to this is the segment identified as "other business" in which solely the corporate services of the group are allocated. Neither sales to third parties nor to group companies occur in this segment.

The valuation principles 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. The segments are defined in the management report. Certain assets as well as income and expenses which are not fully attributable to one segment are proportionally allocated to the respective product segment.

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 20. The segment assets of the DNick group are located in the regions of Germany amounting to KEUR 93,965 (previous year: KEUR 85,097), USA amounting to KEUR 13,395 (previous year: KEUR 13,920) and England amounting to KEUR 10,635 (previous year: KEUR 6,536). Additions to intangible assets and property, plant and equipment in the 2010 business year were made in Germany amounting to KEUR 5,647 (previous year: KEUR 3,824) and in the USA amounting to KEUR 1 (previous year: KEUR 17). The share of profit/loss in joint ventures accounted for at equity is KEUR -736 KEUR (previous year 550 KEUR).

To improve transparency and comparability with the previous year, the key data is disclosed in segment reporting both for continuing operations and for discontinued operations.

DNick Holding plc - Group Segment Reporting for the year 2010

EUR ('000s)	WIRES / BARS		STRIPS		OTHER		CONSOLIDATION	
	2010	2009	2010	2009	2010	2009	2010	2009
Sales								
1. Sales to third parties	64,001	48,905	55,456	36,849	0	0	0	0
2. Sales to group companies	7,524	5,972	486	3,250	0	0	-7,525	-5,980
Total Sales	71,525	54,877	55,942	40,099	0	0	-7,525	-5,980
Operating EBITDA	81	-1,598	6,136	4,101	-2,074	-1,303	0	0
3. Effect of stock revaluation	1,157	1,024	1,278	522	0	0	0	0
4. Other non-recurring items	-300	-795	0	0	0	0	0	0
EBITDA as per Income Statement	938	-1,369	7,414	4,623	-2,074	-1,303	0	0
5. Amortisation / Depreciation	-923	-911	-1,019	-825	0	0	0	0
EBIT as per Income Statement	15	-2,280	6,395	3,798	-2,074	-1,303	0	0
6. Interest income	124	4	34	2	310	6	-301	0
7. Interest expense	-1,212	-1,188	-543	-727	0	0	301	0
8. Gain / Loss on currency differences	-26	-292	-120	-143	-4	1	0	0
EBT as per Income Statement	-1,099	-3,756	5,766	2,930	-1,768	-1,296	0	0
9. Current taxes	-376	-198	-63	-103	-321	-219	0	0
10. Deferred taxes	-99	-811	-370	112	104	-553	0	-8
Profit / loss for the year	-1,574	-4,765	5,333	2,939	-1,985	-2,068	0	-8
Other disclosures								
11. Segmental assets	52,265	44,176	29,058	21,698	15,971	14,247	-11,484	-8,560
12. Other financial assets / loans	128	122	930	0	50,586	53,071	-39,115	-40,049
13. Segmental liabilities	19,585	14,472	8,988	3,019	937	554	-11,484	-5,200
14. Current tax provision	64	0	36	77	242	219	0	0
15. Short-term bank debts	14,921	10,770	4,087	4,058	0	0	0	0
16. Long-term bank debts	0	0	1,510	627	0	0	0	0
17. Capital expenditures	939	869	3,673	1,759	0	0	0	0
18. Employees (average)	178	190	164	159	0	0		

EUR ('000s)	TOTAL FENI GROUP		COIN BLANKS		CONSOLIDATION		DNICK GROUP	
	continuing operations		discontinued operations				including discontinued operations	
	2010	2009	2010	2009	2010	2009	2010	2009
Sales								
1. Sales to third parties	119,457	85,754	80,698	80,594	0	0	200,155	166,348
2. Sales to group companies	485	3,242	0	0	-485	-3,242	0	0
Total Sales	119,942	88,996	80,698	80,594	-485	-3,242	200,155	166,348
Operating EBITDA	4,143	1,200	5,862	8,139	0	0	10,005	9,339
3. Effect of stock revaluation	2,435	1,546	0	0	0	0	2,435	1,546
4. Other non-recurring items	-300	-795	0	0	0	0	-300	-795
EBITDA as per Income Statement	6,278	1,951	5,862	8,139	0	0	12,140	10,090
5. Amortisation / Depreciation	-1,942	-1,736	-826	-652	0	0	-2,768	-2,388
EBIT as per Income Statement	4,336	215	5,036	7,487	0	0	9,372	7,702
6. Interest income	167	12	20	73	0	0	187	85
7. Interest expense	-1,454	-1,915	-77	-48	0	0	-1,531	-1,963
8. Gain / Loss on currency differences	-150	-434	-60	-44	0	0	-210	-478
EBT as per Income Statement	2,899	-2,122	4,919	7,468	0	0	7,818	5,346
9. Current taxes	-760	-520	-1,707	-1,894	0	0	-2,467	-2,414
10. Deferred taxes	-365	-1,260	113	-124	0	0	-252	-1,384
Profit / loss for the year	1,774	-3,902	3,325	5,450	0	0	5,099	1,548
Other disclosures								
11. Segmental assets	85,810	71,561	27,080	29,103	0	-299	112,890	100,365
12. Other financial assets / loans	12,529	13,144	3,518	4,489	-10,970	-12,140	5,077	5,493
13. Segmental liabilities	18,026	12,845	7,242	9,459	0	0	25,268	22,304
14. Current tax provision	342	296	874	1,435	0	0	1,216	1,731
15. Short-term bank debts	19,008	14,828	0	0	0	0	19,008	14,828
16. Long-term bank debts	1,510	627	0	0	0	0	1,510	627
17. Capital expenditures	4,612	2,628	1,037	1,213	0	0	5,649	3,841
18. Employees (average)	342	349	73	65			415	414

31. 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 4.

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 from both continuing and discontinued operations translated into euros at the closing rate are as follows:

	2010 KUSD	2010 KEUR	2009 KUSD	2009 KEUR
Trade receivables	3,150	2,393	4,331	3,015
Trade payables	-58	-44	-27	-20
Net amount	3,092	2,349	4,304	2,995

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 and 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 and lowest rate during the year.

If the euro had strengthened against the US dollar by 11.7 % (2009: 15.4 %), this would have resulted in a reduction in the pre-tax result for the year of KEUR 274 (2009: reduction of KEUR 462), and equity would have decreased/increased respectively by the same amount.

If the euro had weakened against the US dollar by 8.1 % (2009: 5.1 %), this would have resulted in an increase in the pre-tax result for the year of KEUR 190 (2009: increase of KEUR 152), 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.

	2010 KEUR +0.25 %	2010 KEUR -0.25 %	2009 KEUR +0.25 %	2009 KEUR -0.25 %
Effect on Pre-tax result for the year/ Equity	-72	72	-82	82

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 15 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 for both continuing and discontinued operations:

	2010 KEUR	2009 KEUR
Cash and cash equivalents	11,743	12,015
Trade and other receivables	18,126	11,904
Total	29,869	23,919

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 2010, the group's liabilities have contractual maturities which are summarised below:

	up to 1 year KEUR	1 up to 5 years KEUR
Bank loans	19,009	1,510
Finance lease obligations	212	167
Trade payables	13,507	0
Other financial liabilities	767	195
Total	33,495	1,872

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	14,829	627
Finance lease obligations	284	432
Trade payables	13,849	0
Other financial liabilities	1,197	192
Total	30,159	1,251

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

32. POST BALANCE SHEET EVENTS

On 20 April 2011, the company sold 100 % of the shares in SAXONIA EuroCoin GmbH to Mint of Finland Ltd. The purchase price for the disposed shares of EUR 33.5 million was paid in cash on 20 April 2011. The capital gain net of transaction costs amounts to approx. EUR 9.0 million (preliminary) in the group accounts. This capital gain is to large extent tax free.

33. OTHER INFORMATION

CONTINGENT ASSETS AND LIABILITIES

Claims were asserted in October 2010 for the first time against a subsidiary for the repayment of investment grants of EUR 2.9 million and interest to date because of supposed obligations of the former Deutsche Nickel AG. These investment grants were accorded to Deutsche Nickel AG already in 1999. This company changed its legal form in 2005 and relocated its registered office to Great Britain. Insolvency proceedings were then instituted against its assets. The grant donor is of the opinion that the subsidiary is liable as joint and several debtor in addition to Deutsche Nickel AG. The company is of the opinion that the claim is unfounded. No action has been brought to date by the grant donor. Accordingly, there is no provision for this in the financial statements at 31.12.2010 but only provision for the potential costs of litigation.

OTHER FINANCIAL OBLIGATIONS

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

Furthermore, rental and leasing obligations and capacity binding contracts of KEUR 2,022 (previous year: KEUR 2,099) for up to one year, of KEUR 6,002 (previous year: KEUR 6,854) for between one and five years, and of KEUR 397 (previous year: KEUR 308) for over five years.

Operating leases:

Included therein are operating leases of KEUR 631 (previous year: KEUR 624) for up to one year, of KEUR 976 (previous year: KEUR 1,366) for between one and five years, and of KEUR 397 (previous year: KEUR 0) for over five years.

These include rental and leasing obligations from discontinued operations of KEUR 1,552 (operating leasing KEUR 87) for up to one year, of KEUR 5,466 (operating leasing KEUR 70) for between one and five years, and of KEUR 397 for over five years.

Finance leases:

Finance lease obligations exist of KEUR 130 (previous year: KEUR 253) for up to one year, of KEUR 293 (previous year: KEUR 376) for between one and five years, and of KEUR 0 (previous year: KEUR 10) for over five years.

Finance lease obligations exist of KEUR 69 for up to one year for discontinued operations.

Capital commitments:

At 31.12.2010 the group had capital commitments amounting to KEUR 320 (previous year: KEUR: 438) all relating to discontinued operations.

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 415 (previous year: 419), thereof 137 administrative staff (previous year: 134), 256 industrial workers (previous year: 263) and 22 trainees (previous year: 22). Included within the total is 73 staff (previous year: 65) employed by SAXONIA EuroCoin GmbH which is classified as a discontinued operation – see Note 7.

AUDITOR REMUNERATION

Fees payable to the company's auditor for auditing the annual financial statements amount to EUR 58,350 (previous year: EUR 54,056).

Fees for statutory audits of the subsidiaries amount to EUR 180,530 (previous year: EUR 172,800)

Other services relating to taxation compliance and advice amount to EUR 116,155 (previous year: EUR 51,066).

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. Amounts due from EU Coin Ltd. exist amounting to KEUR 500 (previous year: KEUR 500). EU Coin Ltd. still holds certain assets and has claims that should be realised. DNick Holding plc agreed with EU Coin Ltd. in 2008 that it would settle the expenses involved with the claims. Reserves of KEUR 50 were set up for this in 2010 (2009: KEUR 50), KEUR 37 (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)
- Georg Kulenkampff (Non-Executive Director appointed 1.7.2010)

The directors received remuneration totalling KEUR 1,376 (previous year: KEUR 1,001) for their work. No director accrued pension benefits during the current or previous business year.

Within the scope of an "Award Agreement" concluded in 2010, 4 directors are entitled to future bonus payments depending on the performance of the DNick Holding plc share price. This is based on a reference price of EUR 7.00 per share (entry price). The bonus the directors receive is the difference between the actual share price on the reference date and the entry price of EUR 7.00 per share. The bonus award for each EUR 1.00 difference between the actual share price and the entry price for all directors totals EUR 240,000. The right to the first tranche (50%) of the bonus award shall accrue for the first time in 2011, and this right can be exercised for the first time after a waiting period of 4 years. The right to the second tranche (50%) of the bonus award shall accrue subject to certain conditions in 2012, and this right can also be exercised only after a waiting period of 4 years. A further condition for exercising this right is that the 4 directors are still board members of DNick Holding plc. If there is a change of control over the shares of DNick Holding plc or all assets or material assets of DNick Holding plc are sold, rights not yet exercised shall fall due immediately. The company did not book a charge during 2010 as the charge was immaterial to the financial statement.

The directors of the group are the same as the key management personnel as defined 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 Local 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 2010, 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.

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 2010:

Shareholder	Percentage holding %
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, 17 May 2011