

DNICK HOLDING PLC

INTERIM REPORT 30 JUNE 2011

In this interim report, DNick Holding plc gives its report of business developments in the first half of 2011. DNick Holding plc was established in 2005 to act as holding company for the former business activities of Deutsche Nickel AG. The company operates as an investment holding company.

As of 30 June 2011, the companies of the DNick group were divided up as follows:

Iron-nickel

- Deutsche Nickel GmbH, Schwerte, Germany
- Auerhammer Metallwerk GmbH, Aue, Germany
- Deutsche Nickel America Inc., Cumberland, RI, USA
- Deutsche Nickel Asia (Shanghai) Trading Co., Ltd, Shanghai, China
- DN Real Estate GmbH, Schwerte, Germany
- Innovative Clad Solutions Private Limited, New Delhi, India (33.33 % interest)

Holding / Others

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

MANAGEMENT REPORT

The interim financial statements at 30 June 2011 no longer include the coin blanks segment sold in April 2011. For better comparability, the previous year's figures were adjusted accordingly and the coin blanks segment reported as discontinued operations according to standard IFRS 5 as in the 2010 annual financial statements.

KEY DATA

		01.01.-30.06.2011	01.01.-30.06.2010	Change
Sales	Mio. Euro	70.1	58.9	19.0%
operating EBITDA	Mio. Euro	4.0	2.1	90.5%
<i>in % of sales</i>		5.7%	3.6%	
Net Profit	Mio. Euro	10.5	3.5	200.0%
Cash used by operating activities	Mio. Euro	-7.7	-6.1	-26.2%
Earnings per Share (adjusted)	Euro/Share	0.28	0.36	-22.2%
Equity (30.6. resp. 31.12.)	Mio. Euro	80.7	71.0	13.7%
Equity ratio (30.6. resp. 31.12.)		66.4%	60.1%	10.5%

BUSINESS DEVELOPMENTS IN THE FIRST HALF OF 2011

Following the upturn in 2010, the global economy has continued to stabilise in the first half of 2011 as a whole, whereby development in individual countries varied greatly. Based on the good macroeconomic environment, the demand for nickel alloys worldwide remained at a high level. Strong impetus emerged especially from the markets in Asia where the group profits from the fact that sales activities in this region were gradually intensified in recent years and the previous sales office in China was transformed at the beginning of 2011 into the newly established Deutsche Nickel Asia (Shanghai) Trading Co., Ltd. The positive trend in orders received which began the previous year continued in the first half of 2011. Sales volumes of the DNick group therefore increased in the first half of 2011 by about 15 % compared with the first half of the previous year.

Sales of the DNick group rose by EUR 11.2 million to EUR 70.1 million compared with the first half of the previous year. This increase in sales was primarily due to the higher volume of sales and improvements in the product mix.

Operating EBITDA (excluding non-recurring items and revaluation effects of inventories) was EUR 4.0 million in the first half of 2011 compared with EUR 2.1 million in the same period the previous year (excluding coin blanks business). Above all the higher volume of sales and production and changes in the product mix have contributed to the improvement in performance.

The sale of the coin blanks business realised in April 2011 generated a capital gain of about EUR 9 million after deduction of transaction costs which is reported separately in the extraordinary result. This revenue accordingly had a positive impact on the net profit for the period which amounted to about EUR 10.5 million in the first half of 2011. In the first half of 2010, profit after taxes was EUR 3.5 million.

Cash flow from operating activities in the period under review was EUR -7.7 million compared with EUR -6.1 million the previous year. Due to the higher level of production, work in process increased compared with the position at 31 December 2010 and therefore resulted in an increase in the working capital.

The company accrued gross proceeds in the first half of 2011 from the sale of the coin blanks business of EUR 33.5 million. The company therefore reports net cash in banks of EUR 10.4 million at 30 June 2011.

Earnings per share in the first half of 2011 adjusted for extraordinary results and non-recurring items were EUR 0.28 / share. Corresponding earnings in the same period the previous year of EUR 0.36 / share comprised EUR 0.29 / share for the discontinued coin blanks segment and EUR 0.07 / share for the iron-nickel segment.

Equity rose by EUR 9.7 million to EUR 80.7 million compared with the position at 31.12.2010. The equity ratio therefore increased to 66.4 %.

BUSINESS RISKS

During the course of its operating activities, the group is exposed to diverse risks, in particular fluctuations in the price of metals and currencies. The group still requires adequate working capital financing. We draw attention to the relevant reporting in the 2010 annual report. There were no material changes in the risk situation in the first half of 2011.

FORECAST 2011

After the good start to business in 2011, global economic expectations for the second half of 2011 are increasingly worsening. Risks to the trend of business activity comprise primarily the debt crisis in the euro area, the debt crisis in the USA and expectation of a sharper slowdown in the US economy, a possible value adjustment requirement for banks and further development in the price of raw materials. This is currently reflected in the sharp downturn on the stock markets. Against this background, forecasts for further economic development in the second half of 2011 must be regarded as uncertain.

An increase in volumes of sales of about 16 % compared with the previous year is planned for the bars and wires segment for 2011 as a whole. Overall planned sales in this segment are therefore again close to the sales of 2008, a year in which operations were very successful. The potential of additionally utilising the smelting plant in Schwerte for toll smelting is still viewed with great caution for 2011. In the strips segment, sales volumes are planned to meet the level of the previous year for the core product groups thermostatic bimetals, metal strips and metallic foils, which each realised very positive sales increases in 2010. Since the volumes of coin strips manufactured in 2010 cannot be repeated in 2011 given the project character of this business, sales in the clad strips product group will be lower in 2011. As a whole therefore, a somewhat lower sales volume is expected for an improved product mix in the strips segment.

Working capital in the second half of the year is expected to be at about the level at 30.06.2011. This is based on the assumption that the price of metals will remain largely stable in the second half of the year. However, if prices increase, especially the price of nickel, this will result in higher working capital financing. Conversely, a lower price of metals will reduce the value of the working capital.

Based on planning, we anticipate an increase in sales of about 15 % for 2011. In terms of operating performance, we assume that the planned increases in sales will lead to a corresponding improvement in the performance of the iron-nickel business in 2011. After the delayed start, the joint venture in India is expected to see a steady rise in incoming orders. As a whole, a marked increase in the operating performance of the iron-nickel business compared with the previous year is anticipated for the DNick group in 2011. This forecast does not include - as cannot be planned - the possible effects of a revaluation of the non order related metal stocks if there is a fall in the price of essential metals, especially nickel.

The sale of the coin blanks segment completed in April 2011 realised a capital gain for the group of approx. EUR 9 million (provisionally) after the deduction of transaction costs. An additional contribution to profits and liquidity is provided by the sale of property in Schwerte which is not required for operations. Both effects will have a positive impact on the result for the year after taxes.

INTERIM FINANCIAL STATEMENTS 30 JUNE 2011

PRINCIPLES

The interim financial statements at 30 June 2011 have been prepared applying basically the same accounting principles, in line with the "International Financial Reporting Standards" (IFRS), as those applied at 31 December 2010.

After the sale of the coin blanks business, SAXONIA EuroCoin GmbH and Compania Europea de Cospeles S.A. (CeCo), Madrid, Spain (50 % interest) were deconsolidated. For better comparability, the previous year's figures were adjusted accordingly and the coin blanks segment reported according to standard IFRS 5 as discontinued operations as in the 2010 annual financial statements.

The interim report is not audited.

GROUP BALANCE SHEET

Assets	30.06.2011		31.12.2010		Change
	Mio. EUR	%	Mio. EUR	%	Mio. EUR
Cash and cash equivalents	31.5	25.9%	4.6	3.9%	26.9
Derivative financial instruments	1.2	1.0%	1.0	0.8%	0.2
Receivables	10.1	8.3%	9.5	8.1%	0.6
Inventories	58.1	47.8%	50.0	42.4%	8.1
Assets from discontinued operations	0.0		30.6	25.9%	-30.6
Others	2.8	2.3%	2.6	2.2%	0.2
Current Assets	103.7	85.3%	98.3	83.3%	5.4
Property, plant and equipment	15.3	12.6%	17.1	14.5%	-1.8
Financial Assets	1.9	1.5%	1.6	1.4%	0.3
Deferred taxes	0.7	0.6%	1.0	0.8%	-0.3
Non-current assets	17.9	14.7%	19.7	16.7%	-1.8
Total	121.6	100.0%	118.0	100.0%	3.6

Equity and liabilities	30.06.2011		31.12.2010		Change
	Mio. EUR	%	Mio. EUR	%	Mio. EUR
Bank debt	18.6	15.3%	19.0	16.1%	-0.4
Derivative financial instruments	0.6	0.5%	0.3	0.2%	0.3
Trade payables	9.5	7.8%	8.6	7.3%	0.9
Provisions	5.1	4.2%	3.2	2.7%	1.9
Liabilities from discontinued operations	0.0	0.0%	8.1	6.9%	-8.1
Others	1.6	1.3%	3.6	3.0%	-2.0
Current Liabilities	35.4	29.1%	42.8	36.3%	-7.4
Bank debt	2.5	2.1%	1.5	1.3%	1.0
Provisions	1.4	1.2%	1.6	1.4%	-0.2
Other	1.0	0.8%	0.5	0.4%	0.5
Deferred taxes	0.6	0.5%	0.6	0.5%	0.0
Non-current liabilities	5.5	4.5%	4.2	3.6%	1.3
Equity	80.7	66.4%	71.0	60.1%	9.7
Total	121.6	100.0%	118.0	100.0%	3.6

Compared with the balance at 31.12.2010, the balance sheet total has increased by EUR 3.6 million.

Inventories increased in the first half of 2011 by EUR 8.1 million. This was in particular due to the increase in inventories of work in process resulting from the increase in production.

Current trade accounts receivable are EUR 0.6 million higher than at the beginning of the year. In addition, receivables of EUR 9.4 million (31.12.2010: EUR 5.3 million) were sold through factoring as of 30 June 2011.

The book value of the tangible assets has decreased by EUR 1.8 million since the beginning of the year. The decrease is primarily due to the reduction in the carrying amount of the property sold which is not required for operations. Capital expenditures of EUR 1.4 million are balanced out by regular depreciation and amortisation of EUR 1.3 million. One focus of investment activity is the capacity extension of production machinery in the strips segment.

Trade accounts payable increased by EUR 0.9 million to EUR 9.5 million compared to 31.12.2010.

Derivative financial instruments reported are connected with closed forward exchange transactions and metal hedging transactions.

Cash exceeded bank debt at 30.06.2011 by EUR 10.4 million. Compared with a net financial bank debt position of EUR 15.9 million at 31 December 2010, liquidity has therefore improved by EUR 26.3 million, primarily due to the inflow of funds from the sale of the coin blanks business.

Equity has increased by EUR 9.7 million compared to the position at 31.12.2010. This is due in particular to the result of the first half of 2011. Details on changes in equity are given in the section "Statement of Changes in Equity". The equity ratio is 66.4 %.

GROUP INCOME STATEMENT

	01.01.-30.06.2011		01.01.-30.06.2010		Change
	Mio. EUR	%	Mio. EUR	%	Mio. EUR
Sales	70.1		58.9		11.2
Other operating income	2.0		0.7		1.3
Change in inventories	6.4		6.1		0.3
Operating income	78,5	100.0%	65.7	100.0%	12.8
Cost of materials	-57.2	-72.9%	-47.2	-71.8%	-10.0
Personnel expenses	-8.0	-10.2%	-7.5	-11.4%	-0.5
Other operating expenses	-8.9	-11.3%	-6.7	-10.2%	-2.2
Income from investments	-0.3	-0.4%	-0.2	-0.3%	-0.1
EBITDA	4.1	5.2%	4.1	6.2%	0.0
Depreciation/Amortization	-1.3	-1.7%	-0.7	-1.1%	-0.6
Interest expenses (net)	-0.5	-0.6%	-0.9	-1.4%	0.4
Losses/Gains from currency exchange	-0.1	-0.1%	0.6	0.9%	-0.7
Profit before taxes, before extraordinary income	2.2	2.8%	3.1	4.7%	-0.9
Taxes on income	-0.8	-1.0%	-1.3	-2.0%	0.5
Extraordinary income	9.1	11.6%	0.0	0.0%	9.1
Net profit from continuing operations	10.5	13.4%	1.8	2.7%	8.7
Net profit from discontinued operations	0.0	0.0%	1.7	2.6%	-1.7
Net profit	10.5	13.4%	3.5	5.3%	7.0

Sales increased in the first half of 2011, compared with the same period in the first half of 2010, from EUR 58.9 million to EUR 70.1 million resp. by 19 %. This was due above all to the higher volume of sales and improvements in the product mix.

Other operating income includes profits of approx. EUR 1.3 million from the sale of property which is not required for operations at the Schwerte site realised in the first half of 2011.

The increase in the cost of materials to EUR 57.2 million resp. by 21 % is largely the result of increased production including the build-up of work in process.

Personnel expenses are EUR 0.5 million above the previous year.

Other operating expenses increased by EUR 2.2 million compared with the previous year. This item includes an expense for bonus payments of about EUR 1.0 million from an "Award Agreement" concluded the previous year for the benefit of four directors of DNick Holding plc. The claims became due after the change of control occurred.

The DNick group reports EBITDA of EUR 4.1 million for the first half of 2011. EBITDA of EUR 4.1 million was also reported for the corresponding period the previous year (excluding coin blanks business). It must be taken into account here that all inventories are valued in line with IFRS reporting using the average value method as a result of the mandatory regulations of IAS 2. This also relates to the non-product-related materials, the so-called metal stocks. While a devaluation of the metal stocks totalling EUR 7.4 million according to the principle of lower of cost or market was necessary in the 2008 business year because of the drastic fall in the price of nickel and the fall in the price of other metals towards the end of the year, the value was partly increased in the 2009 business year up to the higher market price at 31 December 2009, and in the first half of 2010 there was a further revaluation of EUR 2.0 million because of the further rise in the price of nickel. In contrast to this, a devaluation of EUR 0.2 million was necessary at 30 June 2011 due to the weakening price of nickel in order to adapt to the lower market price. These metal price fluctuations lead to the reporting of fluctuations in book values for inventories for largely constant volumes and therefore to fictitious results in the group, both positive and negative, which clearly limit the comparability of operating results.

In terms of transparent reporting, the influences on the results below stem from the revaluation of the metal stocks which have been separated – as in the financial statements – in order to provide comparable sustained operating EBITDA for the period. In order to manage and assess the earnings position, management also uses information and key data determined using constant metal stocks as the basis.

In reconciling operating EBITDA, income realised in the first half of 2011 from the sale of property which is not required for operations on the one hand and expenses from claims due in connection with an "Award Agreement" on the other hand are also eliminated as non-recurring results.

	01.01.-30.06.2011	01.01.-30.06.2010	Change
	Mio. EUR	Mio. EUR	Mio. EUR
EBITDA according to income statement	4.1	4.1	0.0
Add/ less impact of revaluation of metal stock	+0.2	-2.0	+2.2
Add/ less non-recurring items	-0.3	0.0	-0.3
Operating EBITDA	4.0	2.1	1.9

Operating EBITDA (excluding revaluation effects of inventories and excluding non-recurring items) were EUR 4.0 million in the first half of 2011, an improvement of EUR 1.9 million compared with the corresponding period the previous year (excluding coin blanks business). The improvement in performance is primarily due to the increases in sales and higher level of production in the bars and wires segment and to an improved product mix in the strips segment.

Interest expenses (net) saw a further reduction compared with the first half of the previous year.

Depreciation is above the level of the previous year because of capital expenditure projects completed.

Profit before taxes and before extraordinary result in the first half of 2011 is EUR 2.2 million.

Income taxes of EUR 0.8 million comprise EUR 0.7 million actual taxes and EUR 0.1 million deferred taxes.

The profit of EUR 9.1 million from the sale of the coin blanks business, after deduction of transaction costs (provisionally), is reported separately in the extraordinary result.

Profit after taxes in the first half of the previous year of EUR 1.7 million from the coin blanks business sold is reported separately according to IFRS 5 as the result of discontinued operations.

Net profit for the period in the first half of 2011 is therefore EUR 10.5 million compared with EUR 3.5 million in the corresponding period the previous year.

Key figures of the business segments:

	Iron Nickel		Coin blanks		Other		Group	
	01.01.-30.06 2011		01.01.-30.06 2010		01.01.-30.06 2011		01.01.-30.06 2010	
	Mio. EUR		Mio. EUR		Mio. EUR		Mio. EUR	
Sales	70.1	58.9	0.0	0.0	0.0	0.0	70.1	58.9
Operating EBITDA	5.2	2.9	0.0	0.0	-1.2	-0.8	4.0	2.1
Effect of stock revaluation	-0.2	2.0	0.0	0.0	0.0	0.0	-0.2	2.0
Other non-recurring items	1.3	0.0	0.0	0.0	-1.0	0.0	0.3	0.0
EBITDA as per income statement	6.3	4.9	0.0	0.0	-2.2	-0.8	4.1	4.1
Depreciation / Amortization	-1.3	-0.9	0.0	0.0	0.0	0.0	-1.3	-0.9
EBIT as per income statement	5.0	4.0	0.0	0.0	-2.2	-0.8	2.8	3.2
interest expenses (net)	-0.8	-0.8	0.0	0.0	0.3	0.0	-0.5	-0.8
Gain / Loss on currency differences	-0.1	0.7	0.0	0.0	0.0	0.0	-0.1	0.7
EBT as per Income Statement	4.1	3.9	0.0	0.0	-1.9	-0.8	2.2	3.1
Taxes on income	-0.4	-1.3	0.0	0.0	-0.4	0.0	-0.8	-1.3
Extraordinary income	0.0	0.0	0.0	0.0	9.1	0.0	9.1	0.0
Profit from continuing operations	3.7	2.6	0.0	0.0	6.8	-0.8	10.5	1.8
Profit from discontinued operations	0.0	0.0	0.0	1.7	0.0	0.0	0.0	1.7
Profit / Loss for the period	3.7	2.6	0.0	1.7	6.8	-0.8	10.5	3.5

GROUP CASH FLOW STATEMENT

	01.01.-30.06.2011 Mio. EUR	01.01.-30.06.2010 Mio. EUR
EBITDA according to income statement from continuing operations	4.1	4.1
EBITDA according to income statement from discontinued operations	0	2.6
- Gains from disposal of fixed assets	-1.4	0
-/+ non cash income/ expenses	-1.5	-2.2
- Payment for taxes on income	-0.4	-1.8
Gross Cash Flow	0.8	2.7
-/+ Increase/ Decrease in inventories	-8.1	-8.3
-/+ Increase/ Decrease in trade receivables	-0.6	-7.5
+/- Increase/ Decrease in trade payables	+0.9	+5.3
+/- Increase/ Decrease in provisions	+1.9	+0.7
-/+ Increase/ Decrease other net working capital	-2.0	+1.9
- Interest payment	-0.5	-0.9
Cash used by operating activities	-7.7	-6.1
- Capital expenditure tangible fixed assets	-1.4	-2.2
+ Cash received from disposal of fixed assets	+3.0	0
- Acquisition of interest in joint ventures	-0.5	-0.2
+ Cash received from divestment of discontinued operations	+33.5	0
Cash provided / used by investing activities	34.6	-2.4
Cash provided by financing activities	0.6	6.8
Net change in cash and cash equivalents	27.6	-1.7
Effect on foreign exchange rate changes	-0.7	-1.2
Cash and cash equivalents at beginning of the period	4.6	12.0
Cash and cash equivalents at end of the period	31.5	11.5

The outflow of funds from operating activities in the first half of 2011 was EUR 7.7 million compared with an outflow of funds of EUR 6.1 million in the corresponding period the previous year. Due to the higher level of production, work in process increased compared with the position at 31 December 2010 and led to an increase in working capital and therefore an outflow of funds.

The inflow of funds from investment activities of EUR 34.6 million results from the payment of the purchase price for the sale of SAXONIA EuroCoin GmbH and from the proceeds received from the sale of the real estate which is not required for operations of EUR 3.0 million. This inflow of funds is offset by investments in property, plant and equipment of EUR 1.4 million and a further capital contribution to the joint venture in India of EUR 0.5 million.

The inflow of funds from financing activities in the first half of 2011 is largely due to the borrowing of long-term loans to finance investments.

STATEMENT OF CHANGES IN EQUITY

Mio. EUR	Share Capital	Capital Reserve	Merger Reserve	Reval. Reserve	Transl. Reserve	Profit Reserve	Total
31.12.2010	0.1	51.7	-10.8	0.5	-0.2	29.7	71.0
Currency translation					-0.7		-0.7
Other			-0,1				-0,1
Other						10,5	10,5
30.06.2011	0.1	51.7	-10.9	0.5	-0.9	40.2	80.7

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: AOD9R7
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

		2011 1. Half resp. 30. 6.	2010 Total year resp. 31.12.
Closing price in Frankfurt	in Euro	10.00	7.04
High	in Euro	11.70	7.40
Low	in Euro	6.90	6.11
Market capitalisation at end of period	in million Euro	56.7	39.9
Number of shares issued at end of period	in Shares	5,671,318	5,671,318

When the sale of the coin blanks business was announced in April 2011, the share price showed a marked increase with in some cases significant trading volumes. After the report of the sale of the share block hitherto held by Bear Stearns International Ltd. of approx. 10.22 %, the share price was increasingly driven up, also by speculative buyers, to its annual high on 28 June 2011 of EUR 11.70 / share. The average trading volume at the stock exchange (excluding the Bear Stearns' share block sold outside the stock exchange) was higher in the first half of 2011 than the previous year at approx. 8,300 shares per day, once again with very significant fluctuations.

On 28 June 2011, Wickeder Westfalenstahl GmbH, Wickede, notified the company that it holds an equity stake of 24.89 % in DNick Holding plc. At the same time, Lustre Beteiligungs UG, Rommerskirchen, notified the company that it holds an equity stake of 25.88 % in DNick Holding plc. Shareholder of Lustre Beteiligungs UG is Dr. Jürgen E. Platt, Chief Executive Officer of Wickeder Westfalenstahl GmbH.

Apart from these shareholders, the Goldman Sachs Group continues to hold a substantial equity stake of 22.85 % in DNick Holding plc.

London, 31 August 2011

DNick Holding plc

Board

Disclaimer:

This report contains statements that address the future and are based on current assumptions and forecasts by the management. Risks, both known and unknown, uncertainties and factors may cause actual results, the financial position or development to differ from the assessment given here. DNick Holding plc neither intends nor assumes any obligation to update forward-looking statements. Forward-looking statements are not to be interpreted as an assurance of future developments or events expressed therein.

This report is available in English and German. Both versions can also be downloaded at www.dnickholding.com.