

Domnick Hunter Nihon Limited
Annual report
for the year ended 31 December 2003

Registered Number 2590185



Domnick Hunter Nihon Limited

Annual report

for the year ended 31 December 2003

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Domnick Hunter Nihon Limited

Directors' report for the year ended 31 December 2003

The Directors present their report and the audited financial statements of the Company for the year ended 31 December 2003.

Review of business

The Company continued to operate a branch in Japan to provide technical advisory services to the users of filtration and purification products in Japan plus after sales service. During the year, the Company commenced sales of such products to third parties.

Results and dividends

The profit on ordinary activities after taxation for the year was £51,000 (2002 - £13,000 loss). The Directors do not propose payment of a dividend (2002 - £Nil).

Future development of the business

The business is continuing to develop its strategy of increasing sales to third parties in the medium term.

Directors and their interests

The directors who served during the year were:

CT Billiet
CJ Gill
SP Vaughan

No director had any interest in the share capital of the Company throughout the year.

CT Billiet and CJ Gill are directors of domnick hunter group plc, the Company's ultimate parent undertaking, and their interests in the shares of that company are disclosed in the accounts of domnick hunter group plc.

Details of the interests of SP Vaughan in the shares of the ultimate holding company, domnick hunter group plc, requiring disclosure in these accounts are as follows:

	Ordinary shares of 5p	Share options over Ordinary shares of 5p
At 1 January 2003	95,625	34,000
Granted during the period	-	20,000
At 31 December 2003	95,625	54,000

The options outstanding at 31 December 2003 were granted under the domnick hunter group plc 1994 Executive Share Option Scheme. Details of this scheme are disclosed in the accounts of domnick hunter group plc.

Domnick Hunter Nihon Limited

Statement of Directors' responsibilities

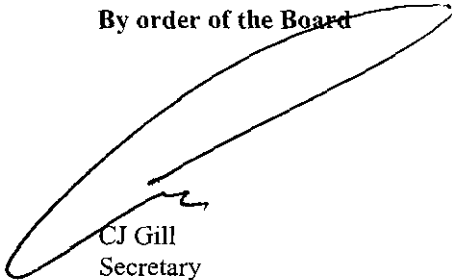
Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

The Directors confirm that appropriate accounting policies have been used and applied and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 December 2003. The Directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis. The Directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the Company and for taking reasonable steps to prevent and detect fraud and other irregularities.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board

A large, stylized handwritten signature in black ink, appearing to be 'CJ Gill', is written over the text 'By order of the Board' and extends downwards towards the printed name.

CJ Gill
Secretary

19 October 2004

Domnick Hunter Nihon Limited

Independent auditors' report to the members of Domnick Hunter Nihon Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the statement of accounting policies and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

19 October 2004

Domnick Hunter Nihon Limited

Profit and loss account for the year ended 31 December 2003

	Note	2003 £'000	2002 £'000
Turnover	1	728	486
Cost of sales		(614)	(440)
Gross profit		114	46
Administrative expenses		(27)	(59)
Operating profit/(loss)	2	87	(13)
Interest receivable		-	1
Profit/(loss) on ordinary activities before taxation		87	(12)
Taxation on profit/(loss) on ordinary activities	4	(36)	(1)
Profit transferred to/(loss withdrawn from) reserves	11	51	(13)

All results refer entirely to continuing operations.

There is no material difference between reported losses and historical cost losses.

The Company has no recognised gains or losses other than the result for the year, hence a statement of recognised gains and losses has not been prepared.

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Balance sheet as at 31 December 2003

	Note	2003 £'000	2002 £'000
Fixed assets			
Tangible assets	5	45	36
Current assets			
Stock	6	45	-
Debtors	7	610	447
Cash at bank and in hand		101	17
		756	464
Creditors: amounts falling due within one year	8	(785)	(535)
Net current liabilities		(29)	(71)
Net assets/(liabilities)		16	(35)
Capital and reserves			
Called up equity share capital	10	-	-
Profit and loss account	11	16	(35)
Equity shareholders' funds/(deficit)	12	16	(35)

The financial statements on pages 4 to 13 were approved by the Board of Directors on 19 October 2004 and were signed on its behalf by:


CJ Gill
Director

Domnick Hunter Nihon Limited

Statement of accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

Turnover

Turnover represents the invoiced value of goods and services supplied in the year and is stated net of value added tax.

Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Depreciation is provided over the expected useful lives of the assets as follows:

Short leasehold deposits	60 months straight line on non-refundable amounts
Office equipment	32% reducing balance

Stocks

Stocks are stated at the lower of cost and net realisable value.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date.

A net deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits in the foreseeable future from which the reversal of the underlying timing differences can be deducted. Deferred tax balances are not discounted.

Foreign currencies

The profits and losses of the overseas branch office are translated into sterling at weighted average rates of exchange prevailing during the year. Assets and liabilities denominated in foreign currencies are translated into sterling at rates ruling at the year end and translation differences are dealt with in the profit and loss account.

Operating lease rentals

Rentals are charged to the profit and loss account on a straight line basis over the term of the lease.

Cash flow statement

The Company is exempt from the requirement of Financial Reporting Standard No. 1 to prepare a cash flow statement as it is a wholly owned subsidiary of domnick hunter group plc and its cash flows are included within the consolidated cash flow statement of that company.

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Notes to the financial statements for the year ended 31 December 2003

1 Turnover

	2003	2002
	£'000	£'000
Goods supplied to Japan	170	-
Income under a service agreement between Domnick Hunter Nihon Branch Office and Domnick Hunter Limited.	558	486
	728	486

2 Operating profit/(loss)

Operating profit/(loss) is stated after charging:

	2003	2002
	£'000	£'000
Depreciation on tangible fixed assets	9	3
Auditors' remuneration – non-audit	10	7
Operating lease rentals	43	65
Exchange losses	5	11

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3 Staff numbers and costs

The average number of persons employed by the Company (excluding directors) during the year was as follows:

	2003	2002
	No.	No.
	5	6

The aggregate payroll costs of these persons were as follows:

	2003	2002
	£'000	£'000
Wages and salaries	191	185
Social security costs	26	37
Other pension costs	22	51
	239	273

None of the directors received any emoluments during the year (2002: £ Nil).

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4 Taxation on profit/(loss) on ordinary activities

	2003 £'000	2002 £'000
Overseas tax suffered	47	17
Current taxation	47	17
Origination and reversal of timing differences	(11)	(16)
Deferred taxation	(11)	(16)
Taxation on profit/(loss) on ordinary activities	36	1

Factors affecting the charge for the year

The difference between the current tax charge disclosed above and the amount calculated by applying the standard rate of UK corporation tax to the reported profit before taxation is as follows:

	2003 £'000	2002 £'000
Profit/(loss) on ordinary activities before taxation	87	(12)
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002 – 30%)	26	(4)
Expenses not deductible for tax (permanent differences)	(15)	5
Overseas tax suffered	25	1
Capital allowances for period in excess of depreciation	4	1
Short-term timing differences	7	14
Current tax charge for year	47	17

Factors that may affect future tax charges

There are no known factors which are expected to have a material effect on future tax charges.

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5 Tangible fixed assets

	Short leasehold deposits	Office equipment	Total
	£'000	£'000	£'000
Cost			
At 1 January 2003	31	28	59
Additions	-	18	18
At 31 December 2003	31	46	77
Depreciation			
At 1 January 2003	7	16	23
Charge for the year	1	8	9
At 31 December 2003	8	24	32
Net book amount			
At 31 December 2003	23	22	45
At 31 December 2002	24	12	36

6 Stocks

	2003	2002
	£'000	£'000
Finished goods and goods for resale	45	-

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7 Debtors

	2003	2002
	£'000	£'000
Trade debtors	50	-
Amounts owed by group undertakings	511	409
Deferred tax (note 9)	27	16
Other debtors	11	11
Prepayments	11	11
	610	447

8 Creditors: amounts falling due within one year

	2003	2002
	£'000	£'000
Bank overdraft	659	455
Trade creditors	1	-
Accruals	88	68
Corporation tax	37	12
	785	535

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9 Deferred taxation

The full potential asset for deferred taxation and the amount recognised are as follows:

	2003	2002
	£'000	£'000
Accelerated capital allowances	6	2
Short-term timing differences	21	14
	27	16

Movement of deferred tax is as follows:

	2003	2002
	£'000	£'000
At 1 January	16	1
Amount credited to profit and loss account	11	15
At 31 December	27	16

10 Called up equity share capital

	2003	2002
	£	£
Authorised		
Ordinary shares of £1 each	100	100
Allotted and fully paid		
Ordinary shares of £1 each	2	2

11 Profit and loss account

	£'000
At 1 January 2003	(35)
Profit for the financial year	51
Balance at 31 December 2003	16

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12 Reconciliation of movements in equity shareholders' funds/(deficit)

	2003 £'000	2002 £'000
Profit/(loss) transferred for the financial year	51	(13)
Opening equity shareholders' deficit	(35)	(22)
Closing equity shareholders' funds/(deficit)	16	(35)

13 Lease commitments

The Company has the following annual commitments in respect of non-cancellable operating leases expiring in the following years for which provision has not been made.

	Land and buildings	
	2003 £'000	2002 £'000
Less than 1 year	47	5
1 - 2 years	-	43
	47	48

14 Contingent liabilities

The Company has given a cross guarantee on the obligations by a fellow subsidiary under a facilities agreement with the Group's bankers. At 31 December 2003 the liability was £890,000 (2002 - £2,140,000).

15 Ultimate holding company

The Company's parent undertaking and ultimate holding company is domnick hunter group plc, a company incorporated in Great Britain. Copies of the accounts of that company can be obtained from domnick hunter group plc, Durham Road, Birtley, DH3 2SF.

Transactions with other companies within the Group are not disclosed as the Company has taken advantage of the exemption available under Financial Reporting Standard No. 8 "Related Party Disclosures". The consolidated accounts of domnick hunter group plc, in which the Company is included, are publicly available at the address noted above.

The directors of the ultimate parent undertaking have indicated that they will provide sufficient finance to enable the Company to meet its liabilities as they fall due.