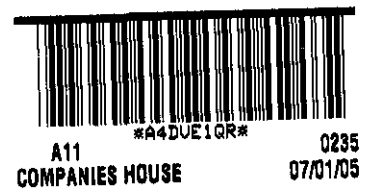


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**MALA SPECIAL WORKS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004**



Mala Special Works Limited

Directors

K Crane
M A Crane
P F Zumeris
M F Yates

Secretary and Registered Office

M A Crane
57 London Road
Enfield
Middlesex EN2 6SW

Auditors

Moore Stephens
Chartered Accountants
57 London Road
Enfield
Middlesex, EN2 6SW

Report of the Directors

The directors present their report and the audited financial statements for the year ended 31 March 2004.

Review of Activities

The principal activity of the company during the year continued to be the construction of air conditioning and refrigeration installations.

Directors

On 14 April 2003, D Crane resigned as a director of the company.

Directors' Interests

None of the directors had any interests in the share capital of the company during the year.

The directors' interests in the shares of the ultimate holding company are disclosed in the accounts of that company.

Auditors

The auditors, Moore Stephens, have expressed their willingness to continue in office. A resolution for their re-appointment and authorising the directors to fix their remuneration will be proposed at the forthcoming annual general meeting.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the Board



M A Crane
Secretary

29 NOV 2004

Mala Special Works Limited

Statement of Directors' Responsibilities

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 company and of the profit or loss of the company for that period. In preparing those financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Mala Special Works Limited

Independent Auditors' Report to the Shareholders of Mala Special Works Limited

We have audited the financial statements of Mala Special Works Limited for the year ended 31 March 2004 set out on pages 4 to 8 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (Effective June 2002), under the historical cost convention and the accounting policies set out on page 6.

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

Respective Responsibilities of Directors and Auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 with the company is not disclosed.

We read the Directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of Opinion

We conducted our audit in accordance with United Kingdom 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 as at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

57 London Road
Enfield
Middlesex, EN2 6SW

Moore Stephens
MOORE STEPHENS
Registered Auditors &
Chartered Accountants

29 NOV 2004

Mala Special Works Limited

Profit and Loss Account for the Year Ended 31 March 2004

	Note	2004 £	2003 £
Turnover		628,460	705,003
Cost of Sales		<u>(467,057)</u>	<u>(523,301)</u>
Gross Profit		161,403	181,702
Administrative Expenses		<u>(143,684)</u>	<u>(182,301)</u>
Profit/Loss on Ordinary Activities Before Taxation		17,719	(599)
Taxation	4	<u>(3,600)</u>	-
Profit/Loss on Ordinary Activities After Taxation		<u><u>14,119</u></u>	<u><u>(599)</u></u>

Mala Special Works Limited

Balance Sheet at 31 March 2004

	Note	£	2004	£	£	2003	£
Fixed Assets							
Tangible Assets	5			2,818			1,095
Current Assets							
Stocks			60,580			70,860	
Debtors	6		185,380			185,716	
Cash at Bank and in Hand			126,761			84,291	
			<u>372,721</u>			<u>340,867</u>	
Creditors: Amounts Falling Due Within One Year	7		284,009			264,551	
Net Current Assets				88,712			76,316
Total Assets Less Current Liabilities				<u>£91,530</u>			<u>£77,411</u>
Capital and Reserves							
Called Up Share Capital	8			100			100
Profit and Loss Account	9			91,430			77,311
				<u>£91,530</u>			<u>£77,411</u>

These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Approved by the Board on 29 NOV 2004

K. Crane
K Crane
Director

Mala Special Works Limited

Notes to the Financial Statements for the Year Ended 31 March 2004

1 Accounting Policies

Basis of Accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

Profit is recognised on long-term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided to write off the cost of tangible fixed assets as follows:

Plant & Machinery - 25% reducing balance

Stocks

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

Long Term Contract Work in Progress

Amounts recoverable on long term contract, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account. Excess progress payments are deducted from debtors.

Deferred Tax

Deferred taxation is provided for at anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods that differ from those in which they are included in the financial statements.

2 Operating Profit

	2004 £	2003 £
Operating profit is stated after charging:		
Depreciation of tangible assets	566	193

3 Directors' Emoluments

The directors did not receive any emoluments during the year.

Mala Special Works Limited

Notes to the Financial Statements for the Year Ended 31 March 2004

continued

4 Taxation

	2004 £	2003 £
UK Corporation Tax - Current Year	<u>3,600</u>	<u>-</u>

5 Tangible Fixed Assets

	Plant and Machinery £
Cost	
At 1 April 2003	1,288
Additions	<u>2,289</u>
At 31 March 2004	<u>3,577</u>
Depreciation	
At 1 April 2003	193
Depreciation for the year	<u>566</u>
At 31 March 2004	<u>759</u>
Net Book Value	
At 31 March 2004	<u>£2,818</u>
At 1 April 2003	<u>£1,095</u>

6 Debtors

	2004 £	2003 £
Trade Debtors	177,812	137,427
Group Balances	<u>7,568</u>	<u>48,289</u>
	<u>185,380</u>	<u>185,716</u>

7 Creditors: Amounts Falling Due Within One Year

	2004 £	2003 £
Trade Creditors	147,300	123,927
Amounts Owed to Group Undertakings	130,354	130,444
Other Creditors	<u>6,355</u>	<u>10,180</u>
	<u>284,009</u>	<u>264,551</u>

Mala Special Works Limited

Notes to the Financial Statements for the Year Ended 31 March 2004

continued

8 Share Capital

	2004 £	2003 £
Authorised		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
	2004 £	2003 £
Allotted, Called Up and Fully Paid		
100 Ordinary Shares of £1 each	<u>100</u>	<u>100</u>

9 Reserves

	Profit and Loss Account £
At 1 April 2003	77,311
Retained for the year	<u>14,119</u>
At 31 March 2004	<u>£91,430</u>

10 Contingent Liabilities

The company has given a cross guarantee and debenture securing the bank borrowings of Mala Investments Limited and its subsidiaries and Mala Engineering Limited, a company in which K Crane, M A Crane and P F Zumeris are directors and shareholders. At 31 March 2004 the borrowings amounted to £109,341 (2003: £218,981).

11 Related Parties

The company's parent company is Mala Investments Limited. The company's ultimate controlling party is K Crane and M A Crane jointly.

During the year the company undertook the following transactions with its fellow subsidiaries and Mala Engineering Limited, a company in which K Crane, M A Crane and P Zumeris are directors and shareholders:

Subcontract works provided: £549,181 (2003: £683,554)
 Subcontracted turnover: £202,301 (2003: £226,157)
 Group service charge paid: £131,883 (2003: £153,903)

At 31 March 2004 the net amount due to the company by its fellow subsidiaries and Mala Engineering Limited was £26,904 (2003: £52,040).