

**REGISTRAR'S
COPY**

MALA INVESTMENTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2006



Mala Investments Limited

Directors

K Crane
M A Crane
P F Zumeris

Secretary and Registered Office

M A Crane
57 London Road
Enfield
Middlesex, EN2 6SW

Auditors

Moore Stephens LLP
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 2006.

Review of Activities

The principal activity of the company during the year continued to be that of a holding and property investment company.

Directors' Interests

The interests as defined by the Companies Act 1985 of the directors in the share capital of the company at the beginning of the year and end of the year were:

Ordinary Shares of £1 each

	31 March 2006	1 April 2005
K Crane	30	30
M A Crane	30	30
P F Zumeris	59	59

Preference Shares of £1 each

	31 March 2006	1 April 2005
K Crane	88,224	88,224
M A Crane	30,198	30,198
P F Zumeris	-	-

Mala Investments Limited**Report of the Directors for the Year Ended 31 March 2006**

continued

Disclosure of Information

Each of the persons who are directors at the time when this report is approved confirms that:

(a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) each director has taken all the steps that ought to have been taken as a director, including making appropriate enquiries of fellow directors and of the company's auditors for that purpose, in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Moore Stephens LLP, 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

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15 DEC 2006

Mala Investments 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 Investments Limited

Independent Auditors' Report to the Shareholders of Mala Investments Limited

We have audited the financial statements of Mala Investments Limited for the year ended 31 March 2006 set out on pages 6 to 12. These financial statements have been prepared in accordance with the accounting policies set out therein and the requirements of the Financial Reporting Standard for Smaller Entities (effective January 2005).

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 auditors' 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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 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 other transactions is not disclosed.

We report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Mala Investments Limited**Independent Auditors' Report to the Shareholders of Mala Investments Limited**


continued

Opinion

In our opinion:

- i. the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice applicable to Smaller Entities of the state of the company's affairs as at 31 March 2006 and of its profit for the year then ended;
- ii. the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- iii. the information given in the directors' report is consistent with the financial statements.

57 London Road
Enfield
Middlesex, EN2 6SW



MOORE STEPHENS LLP
Registered Auditors &
Chartered Accountants

19 December 2006

Mala Investments Limited

Profit and Loss Account for the Year Ended 31 March 2006

	Note	2006 £	2005 £
Turnover		40,053	40,535
Cost of Sales		(25,000)	(25,288)
Gross Profit		15,053	15,247
Administrative Expenses		(3,244)	(4,214)
Other Operating Income		9,286	13,746
Operating Profit	2	21,095	24,779
Investment Income		-	2
Interest Payable and Similar Charges		(829)	(5,176)
Profit on Ordinary Activities Before Taxation		20,266	19,605
Taxation	4	-	(168)
Profit on Ordinary Activities After Taxation		20,266	19,437

Mala Investments Limited

Balance Sheet at 31 March 2006

	Note	2006 £	2005 £
Fixed Assets			
Tangible Assets	5	146,000	147,000
Investments	6	29,040	7,040
		<u>175,040</u>	<u>154,040</u>
Current Assets			
Debtors	7	310,652	355,271
Cash at Bank and in Hand		216,550	230,545
		<u>527,202</u>	<u>585,816</u>
Creditors: Amounts Falling Due Within One Year	8	11,174	74,787
Net Current Assets		<u>516,028</u>	<u>511,029</u>
Total Assets Less Current Liabilities		<u>691,068</u>	<u>665,069</u>
Creditors: Amounts Falling Due After More Than One Year	9	(15,744)	(10,011)
		<u>£675,324</u>	<u>£655,058</u>
Capital and Reserves			
Called Up Share Capital	10	118,541	118,541
Share Premium	11	28,436	28,436
Revaluation Reserve	11	109,398	109,398
Profit and Loss Account	11	418,949	398,683
		<u>£675,324</u>	<u>£655,058</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 January 2005).

Approved by the Board on 15 DEC 2006

K Crane
Director

Mala Investments Limited

Notes to the Financial Statements for the Year Ended 31 March 2006

1 Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Turnover

Turnover represents amounts receivable in respect of work undertaken or goods delivered during the year net of value added tax in accordance with applicable accounting standards.

Tangible Fixed Assets

Tangible fixed assets are stated at cost (or valuation) less accumulated depreciation.

Depreciation is provided to write off the cost (or valuation) of tangible fixed assets as follows:

Freehold Properties - 50 years

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.

Investments

Fixed asset investments are stated at cost, less any provisions required where there has been a permanent diminution in their value.

Group Accounts

The company forms part of a medium sized group. The company has taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts. The financial statements therefore present information about the company as an individual undertaking and not about its group.

2 Operating Profit

	2006 £	2005 £
Operating profit is stated after charging:		
Depreciation of tangible assets	1,000	1,000

3 Directors' Emoluments

The directors did not receive any emoluments during the year.

Mala Investments Limited

Notes to the Financial Statements for the Year Ended 31 March 2006

continued

4 Taxation

	2006 £	2005 £
UK Corporation Tax - Adjustment to Prior Years	-	168

5 Tangible Fixed Assets

	Land and Buildings £
Cost (or valuation)	
At 1 April 2005 and 31 March 2006	150,000
Depreciation	
At 1 April 2005	3,000
Depreciation for the year	1,000
At 31 March 2006	4,000
Net Book Value	
At 31 March 2006	£146,000
At 1 April 2005	£147,000

In 1996, the properties were revalued to increase the historic cost of £40,602 by £109,398 to £150,000.

Mala Investments Limited

Notes to the Financial Statements for the Year Ended 31 March 2006

continued

6 Fixed Asset Investments

	2006 £	2005 £
Shares in Group Undertakings	<u>29,040</u>	<u>7,040</u>

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Mala Electrical Limited	England and Wales	Ordinary	90%
Mala Mechanical Services Limited	England and Wales	Ordinary	100%
Mala Special Works Limited	England and Wales	Ordinary	100%
Mala Maintenance Limited	England and Wales	Ordinary	90%
Mala Designs Limited	England and Wales	Ordinary	100%
Mala Management Limited	England and Wales	Ordinary	80%

The aggregate amount of capital and reserves and the results of these undertakings for the year ended 31 March 2006 were as follows:

	Capital and reserves £	Profit for the year £
Mala Electrical Limited	434,586	4,720
Mala Mechanical Services Limited	134,217	42,733
Mala Special Works Limited	87,852	(53,291)
Mala Maintenance Limited	34,438	15,269
Mala Designs Limited	12,630	nil
Mala Management Limited	100	nil

Mala Management Limited and Mala Designs Limited do not trade. All of the other companies trade in the installation, sale or maintenance of commercial air conditioning, refrigeration and heating equipment or provide services complementary to these trades.

7 Debtors

	2006 £	2005 £
Group Balances	285,345	318,302
Other Debtors	<u>25,307</u>	<u>36,969</u>
	<u>310,652</u>	<u>355,271</u>

Mala Investments Limited

Notes to the Financial Statements for the Year Ended 31 March 2006

continued

8 Creditors: Amounts Falling Due Within One Year

	2006 £	2005 £
Amounts Owed to Group Undertakings	60	60
Other Creditors	11,114	74,727
	<u>£11,174</u>	<u>£74,787</u>

9 Creditors: Amounts Falling Due After More Than One Year

	2006 £	2005 £
Other Creditors	<u>15,744</u>	<u>10,011</u>

10 Share Capital

	2006 £	2005 £
Authorised		
119 Ordinary Shares of £1 each	119	119
118,422 Preference Shares of £1 each	118,422	118,422
	<u>£118,541</u>	<u>£118,541</u>
	2006 £	2005 £
Allotted, Called Up and Fully Paid		
119 Ordinary Shares of £1 each	119	119
118,422 Preference Shares of £1 each	118,422	118,422
	<u>£118,541</u>	<u>£118,541</u>

The preference shares are irredeemable and carry a dividend at a rate of 2% below the base rate of National Westminster Bank plc. The shares carry no voting rights and rank prior to the ordinary shares on winding up for the amounts paid up on preference shares together with any arrears of the fixed dividend calculated to the date of such repayment. As at 31 March 2006 the shareholders have waived their entitlement to the accumulated dividends.

11 Reserves

	Revaluation Reserve £	Share Premium £	Profit and Loss Account £	Total £
At 1 April 2005	109,398	28,436	398,683	536,517
Retained for the year	-	-	20,266	20,266
At 31 March 2006	<u>109,398</u>	<u>28,436</u>	<u>418,949</u>	<u>556,783</u>

Mala Investments Limited**Notes to the Financial Statements for the Year Ended 31 March 2006**

continued

12 Contingent Liabilities

The company has given a cross guarantee and debenture securing the bank borrowings of its subsidiary undertakings and Mala Engineering Limited, a company in which K Crane, M A Crane and P F Zumeris are directors and shareholders. At 31 March 2006 the borrowings amounted to £183,450 (2005: £182,619).

13 Related Parties

The company's controlling party is K Crane and M A Crane jointly.

During the year, the company charged Mala Engineering Limited rent of £40,000 (2005: £40,000).

During the year the company was charged rent of £25,000 (2005: £25,288) by the Mala Directors' Pension Fund. The company has loans due to the Pension Fund of £26,858 (2005: £58,007), which are included within Other Creditors. During the year interest of £829 (2005: £5,176) has been charged on these loans.

At 31 March 2006, the net amount due to the company by its subsidiaries and Mala Engineering Limited was £312,592 (2005: £345,211).