

MALA INVESTMENTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2004



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
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 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 2004 | 1 April 2003 |
|-------------|----------------------|---------------------|
| K Crane | 30 | 30 |
| M A Crane | 30 | 30 |
| P F Zumeris | 59 | 59 |

Preference Shares of £1 each

| | 31 March 2004 | 1 April 2003 |
|-------------|----------------------|---------------------|
| 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 2004**

continued

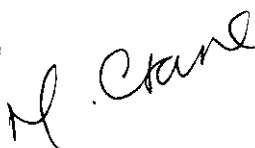
Auditors

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 November 2004

29 NOV 2004

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 2004 set out on pages 5 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (Effective June 2002), under the historical cost convention (or valuation) and the accounting policies set out on page 7.

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 November 2004
29 NOV 2004

Mala Investments Limited

Profit and Loss Account for the Year Ended 31 March 2004

| | Note | 2004 £ | 2003 £ |
|--|------|-----------|-----------|
| Turnover | | 40,200 | 40,569 |
| Cost of Sales | | (25,000) | (25,000) |
| Gross Profit | | 15,200 | 15,569 |
| Administrative Expenses | | (10,962) | (8,695) |
| Other Operating Income | | 18,434 | 12,729 |
| Operating Profit | 2 | 22,672 | 19,603 |
| Interest Payable and Similar Charges | | (7,000) | (4,251) |
| Profit on Ordinary Activities Before Taxation | | 15,672 | 15,352 |
| Taxation | 4 | 871 | (3,682) |
| Profit on Ordinary Activities After Taxation | | 16,543 | 11,670 |
| Dividends | | - | (139,937) |
| Retained for the year | | 16,543 | (128,267) |

Mala Investments Limited

Balance Sheet at 31 March 2004

| | Note | £ | 2004 | £ | £ | 2003 | £ |
|---|------|---------|------|-----------------|---------|------|-----------------|
| Fixed Assets | | | | | | | |
| Tangible Assets | 5 | | | 148,000 | | | 149,000 |
| Investments | 6 | | | 7,040 | | | 7,040 |
| | | | | <u>155,040</u> | | | <u>156,040</u> |
| Current Assets | | | | | | | |
| Debtors | 7 | 400,785 | | | 461,866 | | |
| Cash at Bank and in Hand | | 164,624 | | | 145,264 | | |
| | | | | <u>565,409</u> | | | <u>607,130</u> |
| Creditors: Amounts Falling Due Within One Year | 8 | 57,904 | | | 65,948 | | |
| Net Current Assets | | | | <u>507,505</u> | | | <u>541,182</u> |
| Total Assets Less Current Liabilities | | | | <u>662,545</u> | | | <u>697,222</u> |
| Creditors: Amounts Falling Due After More Than One Year | 9 | | | (26,924) | | | (78,144) |
| | | | | <u>£635,621</u> | | | <u>£619,078</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 | | | 379,246 | | | 362,703 |
| | | | | <u>£635,621</u> | | | <u>£619,078</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 November 2004

K. Crane

K Crane
Director

Mala Investments 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 (as modified by the revaluation of certain fixed assets) and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover represents amounts receivable from rentals.

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

| | 2004 £ | 2003 £ |
|--|--------------|--------------|
| Operating profit is stated after charging: | | |
| Depreciation of tangible assets | <u>1,000</u> | <u>1,000</u> |

3 Directors' Emoluments

The directors did not receive any emoluments during the year.

4 Taxation

| | 2004 £ | 2003 £ |
|---|----------------|-----------------|
| UK Corporation Tax - Current Year | 3,000 | 3,757 |
| UK Corporation Tax - Adjustment to Prior Years | <u>(3,871)</u> | <u>(75)</u> |
| | <u>£871</u> | <u>(£3,682)</u> |

Mala Investments Limited

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

continued

5 Tangible Fixed Assets

| | Land and Buildings £ |
|--------------------------------------|----------------------------|
| Cost (or valuation) | |
| At 1 April 2003 and 31 March 2004 | 150,000 |
| Depreciation | |
| At 1 April 2003 | 1,000 |
| Depreciation for the year | 1,000 |
| At 31 March 2002 | 1,000 |
| | 2,000 |
| Net Book Value | |
| At 31 March 2004 | £148,000 |
| At 1 April 2003 | £149,000 |

6 Fixed Asset Investments

| | 2004 £ | 2003 £ |
|------------------------------|-----------|-----------|
| Shares in Group Undertakings | 7,040 | 7,040 |
| | £7,040 | £7,040 |

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 | 80% |
| 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% |

Mala Investments Limited

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

continued

The aggregate amount of capital and reserves and the results of these undertakings for the year ended 31 March 2004 were as follows:

| | Capital and reserves £ | Profit for the year £ |
|----------------------------------|------------------------------|-----------------------------|
| Mala Electrical Limited | 417,757 | 79,100 |
| Mala Mechanical Services Limited | 182,175 | 12,286 |
| Mala Special Works Limited | 91,530 | 14,119 |
| Mala Maintenance Limited | 6,524 | 50,874 |
| 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

| | 2004 £ | 2003 £ |
|----------------|----------------|----------------|
| Group Balances | 341,667 | 378,398 |
| Other Debtors | 59,118 | 83,468 |
| | <u>400,785</u> | <u>461,866</u> |

Included within debtors are amounts of £13,609 (2003 £nil) due after more than one year.

8 Creditors: Amounts Falling Due Within One Year

| | 2004 £ | 2003 £ |
|------------------------------------|----------------|----------------|
| Amounts Owed to Group Undertakings | 60 | 60 |
| Other Creditors | 57,844 | 65,888 |
| | <u>£57,904</u> | <u>£65,948</u> |

9 Creditors: Amounts Falling Due After More Than One Year

| | 2004 £ | 2003 £ |
|-----------------|---------------|---------------|
| Other Creditors | <u>26,924</u> | <u>78,144</u> |

Mala Investments Limited

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

continued

10 Share Capital

| | 2004 £ | 2003 £ |
|--------------------------------------|-----------------|-----------------|
| 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> |
| | | |
| | 2004 £ | 2003 £ |
| 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 2004 the shareholders have waived their entitlement to the accumulated dividends.

11 Reserves

| | Revaluation Reserve £ | Share Premium £ | Profit and Loss Account £ | Total £ |
|-----------------------|-----------------------------|-----------------------|---------------------------------|----------------|
| At 1 April 2003 | 109,398 | 28,436 | 362,703 | 500,537 |
| Retained for the year | - | - | 16,543 | 16,543 |
| At 31 March 2004 | <u>109,398</u> | <u>28,436</u> | <u>379,246</u> | <u>517,080</u> |

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 2004 the borrowings amounted to £109,341 (2003: £218,981).

Mala Investments Limited**Notes to the Financial Statements for the Year Ended 31 March 2004**

continued

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 (2003: £40,000).

During the year the company was charged rent of £25,000 (2003: £25,000) by the Mala Directors' Pension Fund. The company has loans due to the Pension Fund of £80,325 (2003: £138,536), which are included within Other Creditors. During the year interest of £7,000 (2003: £4,251) has been charged on these loans.

At 31 March 2004, the net amount due to the company by its subsidiaries and Mala Engineering Limited was £390,585 (2003: 451,866).