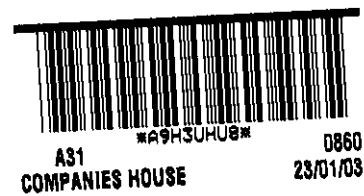


**REGISTRAR'S
COPY**

MALA INVESTMENTS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2002



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
Registered Auditor
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 2002.

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 2002	1 April 2001
K Crane	30	30
M A Crane	30	30
P F Zumeris	59	59

Preference Shares of £1 each

	31 March 2002	1 April 2001
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 2002**

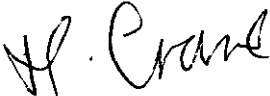
continued

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

05 JAN 2003

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 2002 set out on pages 5 to 11. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (Effective March 2000), under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page 7.

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 audit 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 judgments 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 2002 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 Auditor &
Chartered Accountants

03 JAN 2003

Mala Investments Limited

Profit and Loss Account for the Year Ended 31 March 2002

	Note	2002 £	2001 £
Turnover		65,437	40,476
Cost of Sales		<u>(25,000)</u>	<u>(25,000)</u>
Gross Profit		40,437	15,476
Administrative Expenses		<u>(759)</u>	<u>(1,514)</u>
Operating Profit		39,678	13,962
Interest Payable and Similar Charges		<u>(2,739)</u>	-
Profit on Ordinary Activities Before Taxation		36,939	13,962
Taxation	3	<u>(7,232)</u>	<u>(2,871)</u>
Profit on Ordinary Activities After Taxation		<u>29,707</u>	<u>11,091</u>

Mala Investments Limited

Balance Sheet at 31 March 2002

	Note	£	2002 £	£	2001 £
Fixed Assets					
Tangible Assets	4		150,000		150,000
Investments	5		150,597		150,597
			<u>300,597</u>		<u>300,597</u>
Current Assets					
Debtors	6	398,110		386,140	
Cash at Bank and in Hand		84,405		35,500	
			<u>482,515</u>	<u>421,640</u>	
Creditors: Amounts Falling Due Within One Year	7	22,431		4,599	
			<u>460,084</u>	<u>417,041</u>	
Net Current Assets					
			<u>760,681</u>	<u>717,638</u>	
Total Assets Less Current Liabilities					
Creditors: Amounts Falling Due After More Than One Year	8		(13,336)		-
			<u>£747,345</u>	<u>£717,638</u>	
Capital and Reserves					
Called Up Share Capital	9		118,541		118,541
Share Premium	10		28,436		28,436
Revaluation Reserve	10		109,398		109,398
Profit and Loss Account	10		490,970		461,263
			<u>£747,345</u>	<u>£717,638</u>	

These accounts have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985.

Approved by the Board on

K. Crane

03 JAN 2003

K Crane
Director

03 JAN 2003

Mala Investments Limited**Notes to the Financial Statements for the Year Ended 31 March 2002****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 March 2000).

Turnover

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

Tangible Fixed Assets

In the directors' opinion the residual value of the company's freehold property is equal to the valuation as stated. The company's policy is to fully maintain and improve such property. As a result no depreciation is charged. This is a departure from the requirements of the Companies Act 1985.

Deferred Taxation

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 large group. However, the company has taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts due to the fact that the group qualified as a medium sized group in the previous financial year. The financial statements therefore present information about the company as an individual undertaking and not about its group.

2 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 2002

continued

3 Taxation

	2002 £	2001 £
UK Corporation Tax - Current Year	7,400	2,900
UK Corporation Tax - Adjustment to Prior Years	(168)	(29)
	<u>£7,232</u>	<u>£2,871</u>

4 Tangible Fixed Assets

	Land and Buildings £
Cost (or valuation) At 1 April 2001 and 31 March 2002	<u>150,000</u>
Net Book Value At 1 April 2001 and 31 March 2002	<u>£150,000</u>

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 2002

continued

5 Fixed Asset Investments

	2002 £	2001 £
Shares in Group Undertakings	<u>150,597</u>	<u>150,597</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 Engineering Limited	England and Wales	Ordinary	100%
Mala Electrical Limited	England and Wales	Ordinary	100%
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 2002 were as follows:

	Capital and reserves £	Profit for the year £
Mala Engineering Limited	566,672	103,684
Mala Electrical Limited	324,041	40,001
Mala Mechanical Services Limited	189,493	40,000
Mala Special Works Limited	78,010	55,064
Mala Maintenance Limited	(3,141)	(31,479)
Mala Designs Limited	12,630	-
Mala Management Limited	100	-

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.

6 Debtors

	2002 £	2001 £
Group Balances	388,110	376,140
Other Debtors	<u>10,000</u>	<u>10,000</u>
	<u>£398,110</u>	<u>£386,140</u>

Mala Investments Limited

Notes to the Financial Statements for the Year Ended 31 March 2002

continued

7 Creditors: Amounts Falling Due Within One Year

	2002 £	2001 £
Amounts Owed to Group Undertakings	60	60
Other Creditors	22,371	4,539
	<u>£22,431</u>	<u>£4,599</u>

8 Creditors: Amounts Falling Due After More Than One Year

	2002 £	2001 £
Other Creditors	<u>13,336</u>	<u>-</u>

9 Share Capital

	2002 £	2001 £
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>
	2002 £	2001 £
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.

There are no restrictions on the distribution or other rights attached to the ordinary shares. Each ordinary share carries the right to one vote.

10 Reserves

	Revaluation Reserve £	Share Premium £	Profit and Loss Account £	Total £
At 1 April 2001	109,398	28,436	461,263	599,097
Retained for the year	-	-	29,707	29,707
At 31 March 2002	<u>£109,398</u>	<u>£28,436</u>	<u>£490,970</u>	<u>£628,804</u>

Mala Investments Limited**Notes to the Financial Statements for the Year Ended 31 March 2002**

continued

11 Contingent Liabilities

The company has given a cross guarantee and debenture securing the bank borrowings of all group companies. At the year end, these liabilities amounted to £208,898 (2001: £112,163).

12 Related Parties

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

During the year, the company charged Mala Engineering Limited, a subsidiary, rent of £65,000 (2001: £40,000).

The company was charged rent of £25,000 (2001: £25,000) by the Mala Directors' Pension Fund. During the year, the company was advanced £40,000 by the Mala Directors' Pension Fund, incurring interest of £2,739. At the year end £26,668 was outstanding (2001: £nil).