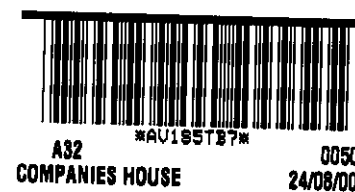


COMPANY NUMBER : 02854347

M D HOLDINGS LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST DECEMBER 1999



M D HOLDINGS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST DECEMBER 1999

CONTENTS	PAGE
Company information	1
Directors' Report	2-3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes	7-10

The following pages do not form part of the statutory accounts.

Trading & Profit and loss account	11
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COMPANY INFORMATION

COMPANY NAME : M D HOLDINGS LIMITED

COMPANY NUMBER : 02854347

DIRECTORS : MR G A MERALI
MR A G A MERALI
MR S G A MERALI

SECRETARY : MR A G A MERALI

REGISTERED OFFICE : UNIT 1A
SHAKESPEARE INDUSTRIAL ESTATE
SHAKESPEARE STREET
WATFORD
WD2 5HF

BANKERS : NATIONAL WESTMINSTER BANK PLC
16 FENCHURCH STREET
LONDON
EC3M 5AN

AUDITORS : MERALI'S CHARTERED ACCOUNTANTS
& REGISTERED AUDITORS

SCOTTISH PROVIDENT HOUSE
76-80 COLLEGE ROAD
HARROW
MIDDLESEX
HA1 1BQ

M D HOLDINGS LIMITED

REPORT OF THE DIRECTORS

FINANCIAL STATEMENTS

The directors present their annual Report and Financial Statements for the year ended 31st December 1999.

STATEMENT OF DIRECTOR'S 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 the 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.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the holding company is to render "Management Services".

A summary of the results is given in the profit and loss account on pages 5 of these financial statements.

DIRECTORS' AND THEIR INTERESTS

The Directors' interests in the share capital of the company at the beginning and end of the year were as follows:-

	<u>Ordinary shares of £1,000 each</u>	
	<u>31/12/99</u>	<u>1/1/99</u>
G A Merali	90	90
A G A Merali	155	155
S G A Merali	155	155

The Directors do not have any beneficial interests in the share-capital of the subsidiary undertakings.

M D HOLDINGS LIMITED**REPORT OF THE DIRECTORS (CONTINUED)****DIVIDENDS**

The directors recommend the payment of a dividend of £100,000 (1998: £100,000)

TAX STATUS

In the opinion of the directors, the company is a Close Company within the provisions of S.414 Income and Corporation Taxes Act 1988.

THE YEAR 2000 ISSUE

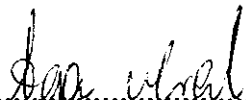
The directors consider that the business and operations of the company has not been adversely affected by the anticipated impact of the year 2000 problem.

They will however monitor the position and will take any corrective action, as far as possible, to rectify the position if and when required.

AUDITORS

The auditors, Merali's, are deemed to be re-appointed in accordance with S.386 of the Companies Act 1985.

BY ORDER OF THE BOARD

.....

A G A MERALI
SECRETARY

Date: **11 AUG 2000**

M D HOLDINGS LIMITED**AUDITORS' REPORT TO THE SHAREHOLDERS****YEAR ENDED 31ST DECEMBER 1999**

We have audited the financial statements on pages 5 to 10 which have been prepared under the *historical cost convention and the accounting policies set out on page 7.*

Respective responsibilities of the directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

Basis of 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, 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 misstatements, 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 31st December 1999 and of its profit of the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MIRAL'S CHARTERED ACCOUNTANTS
& REGISTERED AUDITORS

Scottish Provident House
76-80 College Road
Harrow
Middlesex
HA1 1BQ

Date: 11 AUG 2000

M D HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 31ST DECEMBER 1999**

	Note	1999	1998
TURNOVER	2	80,000	80,000
Administrative expenses		(733)	(708)
OPERATING PROFIT	4	<u>79,267</u>	<u>79,292</u>
Investment income	5	40,000	50,000
Other interest receivable and similar income		-	3,070
		<u>119,267</u>	<u>132,362</u>
Interest payable & similar charges	6	(2,385)	(5,936)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>116,882</u>	<u>126,426</u>
Tax on profit on ordinary activities	7	(15,633)	(26,151)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>101,249</u>	<u>100,275</u>
Dividends	8	(100,000)	(100,000)
		<u>1,249</u>	<u>275</u>
RETAINED PROFITS BROUGHT FORWARD		<u>64,999</u>	<u>64,724</u>
RETAINED PROFITS CARRIED FORWARD		<u><u>66,248</u></u>	<u><u>64,999</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the above two financial years.

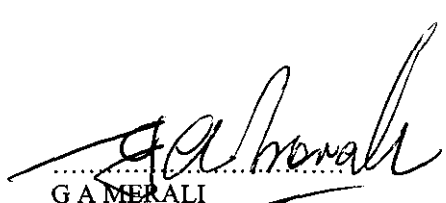
STATEMENT OF RECOGNISED GAINS & LOSSES


The company has no recognised gains or losses other than the profit or loss for the above financial period.

The notes on pages 7 to 10 form part of these financial statements.

M D HOLDINGS LIMITED
BALANCE SHEET
AS AT 31ST DECEMBER 1999

	Note	1999 £	£	1998 £	£
FIXED ASSETS					
Investments	9		771,330		766,330
CURRENT ASSETS					
Debtors	10	-		15,000	
Cash at bank in hand		398		6,169	
		<u>398</u>		<u>21,169</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	11	155,480		157,500	
NET CURRENT LIABILITIES			<u>(155,082)</u>		<u>(136,331)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>616,248</u>		<u>629,999</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	12		-		(15,000)
			<u>616,248</u>		<u>614,999</u>
CAPITAL AND RESERVES					
Called up share capital			550,000		550,000
Profit and loss account			66,248		64,999
Shareholders' funds - All Equity			<u>616,248</u>		<u>614,999</u>


 G A MERALI
 DIRECTOR


 A G A MERALI
 DIRECTOR

11 AUG 2000

Approved by the Board on

The notes on pages 7 to 10 form party of these financial statements.

M D HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST DECEMBER 1999****1. Accounting policies**

The financial statements have been prepared in accordance with applicable accounting standards.

The particular policies adopted are described below:

a) Accounting convention

The financial statements have been prepared under the historical cost convention.

b) Consolidation

The company and its subsidiary undertakings comprise a medium sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group financial statements.

c) Investments

Fixed assets investments are stated at cost less provision for permanent diminution in value. Those held as current assets are stated at lower of cost and net realisable value.

d) Cash flow statement (FRS 1)

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 (revised 1996) from providing a cash flow statement on the grounds that it is a small company.

2. TURNOVER

Turnover represents the management charges, net of VAT, rendered to the subsidiary undertaking in the United Kingdom.

3. STAFF COSTS

The employees comprise only the directors who did not receive any remuneration or benefits in kind for the year.

4. OPERATING PROFIT

The operating profit is stated after charging:	1999	1998
	£	£
Auditors' remuneration	500	500
	<u> </u>	<u> </u>

M D HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****YEAR ENDED 31ST DECEMBER 1999**

	1999 £	1998 £
5. INVESTMENT INCOME		
Dividends from subsidiary undertaking	40,000	50,000
	<u>40,000</u>	<u>50,000</u>
6. INTEREST PAYABLE AND SIMILAR CHARGES		
On bank loan	1,950	5,357
Others	435	579
	<u>2,385</u>	<u>5,936</u>
7. TAX ON PROFIT ON ORDINARY ACTIVITIES		
Corporation tax on adjusted results at basic rate	15,633	16,151
Tax credit on dividends received	-	10,000
	<u>15,633</u>	<u>26,151</u>
8. DIVIDENDS		
Proposed and paid	100,000	100,000
	<u>100,000</u>	<u>100,000</u>
9. INVESTMENTS		
COST		<u>Subsidiary</u>
		<u>Undertakings</u>
		£
At 1 st January 1999		766,330
Additions		5,000
At 31 st December 1999		<u>771,330</u>

The subsidiary undertakings all incorporated in the United Kingdom were as follows:-

<u>Company</u>	<u>Activity</u>	<u>Class of</u> <u>Shares held</u>	<u>%</u>	<u>Cost</u> £
M D Commodities Ltd	Import & Export of commodities & commission agents	Ordinary	100	552,750
The Nairobi Coffee & Tea Co. Ltd	Coffee & Tea Wholesalers	Ordinary	100	218,580
				<u>771,330</u>

M D HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****YEAR ENDED 31ST DECEMBER 1999**

The capital and reserves and results of all the subsidiary undertakings as at 31st December 1999 are as follows:-

	<u>Capital & Reserves</u>	<u>Profit/(Loss) for the year</u>
	£	£
M D Commodities Ltd	625,521	65,224
The Nairobi Coffee & Tea Co. Ltd	517,115	37,485
	1999	1998
	£	£
10. DEBTORS		
ACT recoverable	-	15,000
	=====	=====
11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Amounts owed to subsidiary undertakings	109,606	90,671
Other taxation and social security	14,000	14,000
Corporation tax	15,633	16,151
ACT payable	-	15,000
Accruals	500	500
Bank loan (Note 12)	15,000	20,000
Directors' current account	741	1,178
	155,480	157,500
	=====	=====
12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Bank loan - Repayable by instalments (Between 2-5 years)	-	15,000
	=====	=====
The bank loan is secured by:		
(i) mortgage debenture incorporating a fixed and floating charge over all assets of the company; and		
(ii) directors' guarantees and life cover on the life of the director, A G A Merali; and		
(iii) guarantee given by the subsidiary undertaking, M D Commodities Limited; and		
(iv) equitable charge over investment of 101,000 ordinary, 'A' shares of £1 each in the subsidiary undertaking, The Nairobi Coffee and Tea Co. Limited.		

The loan bears interest of the rate of 2.5% over base, to a maximum of 7.5% per annum and capped at 10% per annum.

M D HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)****YEAR ENDED 31ST DECEMBER 1999**

	1999 £	1998 £
13. SHARE CAPITAL		
Authorised:		
1400 Ordinary shares of £1,000 each	<u>1,400,000</u>	<u>1,400,000</u>
Issued and fully paid		
550 Ordinary shares of £1,000 each	<u>550,000</u>	<u>550,000</u>
14. CONTINGENT LIABILITY		
The company has provided an unlimited guarantee in favour of the subsidiary undertaking, M D Commodities Limited.		
15. CAPITAL COMMITMENTS		
At the balance sheet date, none had been contracted for nor approved by the director.		
16. MOVEMENT IN SHAREHOLDERS' FUNDS	1999 £	1998 £
Profit for the year	101,249	100,275
Dividends	(100,000)	(100,000)
Net additions to shareholders' funds	<u>1,249</u>	<u>275</u>
Opening shareholders funds	614,999	614,724
Closing shareholders funds	<u>616,248</u>	<u>614,999</u>

17. RELATED PARTY TRANSACTIONS

The company, received management charges of £80,000 (1998: £80,000) from M D Commodities Limited, the subsidiary undertaking.

Unlimited guarantee provided in favour of M D Commodities Limited, the subsidiary undertaking (note 14).

The company was controlled throughout the year by the directors, Mr G A Merali, Mr A G A Merali and Mr S G A Merali by virtue of their holding the 72.73% share capital of the company. The remaining 22.27% is held by Mrs Z G A Merali, the wife of Mr G A Merali.

Other related party transactions are disclosed in note 12.