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REPORT OF THE DIRECTOR AND
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 JULY 2006
FOR
THE AGRICULTURAL INVESTMENT CO. LTD



THE AGRICULTURAL INVESTMENT CO. LTD

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FOR THE YEAR ENDED 31 JULY 2006

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THE AGRICULTURAL INVESTMENT CO. LTD

COMPANY INFORMATION
FOR THE YEAR ENDED 31 JULY 2006

DIRECTOR: E Ghadamsi

SECRETARY: Corporate Secretaries Limited

REGISTERED OFFICE: 4th Floor Lawford House
Albert Place
London
N3 1RL

REGISTERED NUMBER: 4253935 (England and Wales)

ACCOUNTANTS: Appiatse & Associates
Chartered Certified Accountants
191 Waltham Way
London
E4 8AG

BANKERS: HSBC Private Bank (UK) Ltd
78 St James's Street
London
SW1A 1JB

THE AGRICULTURAL INVESTMENT CO. LTD

REPORT OF THE DIRECTOR
FOR THE YEAR ENDED 31 JULY 2006

The director presents his report with the financial statements of the company for the year ended 31 July 2006.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of managing the funds for a land reclamation project in Egypt on behalf of the Government of Libya.

DIRECTOR

E Ghadamsi was the sole director during the year under review.

His beneficial interest in the issued share capital of the company was as follows:

	31.7.06	1.8.05
Ordinary shares £1 shares	2	2

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

ON BEHALF OF THE BOARD:



.....
E Ghadamsi - Director

Date:

30-10-2006

THE AGRICULTURAL INVESTMENT CO. LTD

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2006

	Notes	31.7.06 £	31.7.05 £
TURNOVER		283,893	274,816
Administrative expenses		<u>706,787</u>	<u>205,283</u>
		(422,894)	69,533
Other operating income		<u>623,488</u>	<u>104,174</u>
OPERATING PROFIT	2	200,594	173,707
Interest receivable and similar income		<u>814</u>	<u>14</u>
		201,408	173,721
Interest payable and similar charges		<u>296</u>	<u>87</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		201,112	173,634
Tax on profit on ordinary activities	3	<u>(120,714)</u>	<u>-</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		321,826	173,634
RETAINED PROFIT FOR THE YEAR		<u>321,826</u>	<u>173,634</u>

The notes form part of these financial statements

THE AGRICULTURAL INVESTMENT CO. LTD

BALANCE SHEET
31 JULY 2006

	Notes	31.7.06	31.7.05
		£	£
FIXED ASSETS			
Investments	4	5,424,759	5,486,968
CURRENT ASSETS			
Debtors	5	48,451,519	48,900,014
Cash at bank		1,229,435	1,255,953
		<u>49,680,954</u>	<u>50,155,967</u>
CREDITORS			
Amounts falling due within one year	6	409,045	399,990
NET CURRENT ASSETS		<u>49,271,909</u>	<u>49,755,977</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>54,696,668</u>	<u>55,242,945</u>
CREDITORS			
Amounts falling due after more than one year	7	54,735,595	55,603,698
NET LIABILITIES		<u>(38,927)</u>	<u>(360,753)</u>
CAPITAL AND RESERVES			
Called up share capital	8	2	2
Profit and loss account	9	(38,929)	(360,755)
SHAREHOLDERS' FUNDS		<u>(38,927)</u>	<u>(360,753)</u>

The notes form part of these financial statements

THE AGRICULTURAL INVESTMENT CO. LTD

BALANCE SHEET - continued

31 JULY 2006

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31 July 2006.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 July 2006 in accordance with Section 249B(2) of the Companies Act 1985.

The director acknowledges his responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective January 2005).

ON BEHALF OF THE BOARD:


.....

E Ghadamsi - Director

Approved by the Board on 30-10-2006

The notes form part of these financial statements

THE AGRICULTURAL INVESTMENT CO. LTD

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2006

1. ACCOUNTING POLICIES

Basis of preparing the financial statements

The financial statements have been prepared on the going concern basis on the strength of assurances from the director, and the chairman of the parent company, of continued financial support.

Accounting convention

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

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

2. OPERATING PROFIT

The operating profit is stated after charging:

	31.7.06	31.7.05
	£	£
Auditors' remuneration	3,750	2,500
Foreign exchange differences	6,621	11,206
	<u> </u>	<u> </u>
Director's emoluments and other benefits etc	48,000	45,333
	<u> </u>	<u> </u>

3. TAXATION

Analysis of the tax credit

The tax credit on the profit on ordinary activities for the year was as follows:

	31.7.06	31.7.05
	£	£
Current tax:		
Prior year tax receivable	(120,714)	-
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	(120,714)	-
	<u> </u>	<u> </u>

4. FIXED ASSET INVESTMENTS

Investments (neither listed nor unlisted) were as follows:

	31.7.06	31.7.05
	£	£
Long-term investment	5,424,759	5,486,968
	<u> </u>	<u> </u>

THE AGRICULTURAL INVESTMENT CO. LTD

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2006

4. FIXED ASSET INVESTMENTS - continued

Fixed asset investment of £5,424,759 (2005 - £5,486,968) is a Secured Capital Account into which \$10 million was invested as a guaranteed investment, on 27 February 2002, with an initial maturity period of 4 years.

5. DEBTORS

	31.7.06 £	31.7.05 £
Amounts falling due within one year:		
Other debtors	-	52,242
	<u> </u>	<u> </u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	48,451,519	48,847,772
	<u> </u>	<u> </u>
Aggregate amounts	48,451,519	48,900,014
	<u> </u>	<u> </u>

The amount owed by group undertakings is made up of £7,647,377 (2005 - £7,577,966) which is the total of payments made to, or on behalf of, SLM Agricultural & Industrial Investment Company in Egypt and £40,685,689 (\$75 million) (2005 - £41,152,263) which were transfers to AIC Overseas Ltd, an offshore account. Payments in respect of the company's commercial credit card used by the chairman of AIC (Libya) amounted to £910 (2005 - £39,437) during the year. The balance on the commercial credit card account was £118,453 (2005 - £117,543).

6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31.7.06 £	31.7.05 £
Bank loans and overdrafts	-	1,230
Taxation and social security	5,719	9,079
Other creditors	403,326	389,681
	<u> </u>	<u> </u>
	409,045	399,990
	<u> </u>	<u> </u>

7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31.7.06 £	31.7.05 £
Amounts owed to group undertakings	54,735,595	55,603,698
	<u> </u>	<u> </u>

This is made up of transfers from AIC (Libya), totalling \$100 million meant for the project in Egypt together with interest earned by investing some of the funds on the Money Market.

THE AGRICULTURAL INVESTMENT CO. LTD

NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE YEAR ENDED 31 JULY 2006

8. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.7.06	31.7.05
			£	£
10,000	Ordinary shares	£1	<u>10,000</u>	<u>10,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.7.06	31.7.05
			£	£
2	Ordinary shares	£1	<u>2</u>	<u>2</u>

9. RESERVES

	Profit and loss account
	£
At 1 August 2005	(360,755)
Retained profit for the year	<u>321,826</u>
At 31 July 2006	<u>(38,929)</u>

10. ULTIMATE PARENT COMPANY

The director considers Agricultural Investment Co. (Libya) as the ultimate parent company. The issued share capital of the company are held by the director, Mr E Ghadamsi, on trust for AIC (Libya). The chairman of AIC (Libya), Mr Ahmed Mohammed El Kazim, is considered to have overall control over the company.

11. RELATED PARTY DISCLOSURES

The land reclamation project is being undertaken in Egypt by SLM Agricultural & Agro Industrial Investment Company, a company which is registered in Egypt, and which like The Agricultural Investment Co. Ltd, is a wholly owned subsidiary of AIC (Libya).

Funds for the project are administered by The Agricultural Investment Co. Ltd and are remitted to SLM Agricultural & Agro Industrial Investment Company as and when funds are needed for the project. During the year under review the total remitted was £167,973 (\$300,000).

The company has an offshore investment account under the name AIC Overseas Ltd. The total of amounts transferred into this account as at 31 July 2006 was \$75 million or £40,685,689 . This amount is included in amounts owed by group undertakings.

Payments were made in respect of the company's commercial credit card used by the chairman of AIC (Libya). This amounted to £910 (2005 - £39,437) during the year.

THE AGRICULTURAL INVESTMENT CO. LTD

REPORT OF THE ACCOUNTANTS TO THE DIRECTOR OF
THE AGRICULTURAL INVESTMENT CO. LTD

As described on the balance sheet you are responsible for the preparation of the financial statements for the year ended 31 July 2006 set out on pages three to eight and you consider that the company is exempt from an audit.

In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.



Appiatse & Associates
Chartered Certified Accountants
191 Waltham Way
London
E4 8AG

Date: 30/10/2006

This page does not form part of the statutory financial statements

THE AGRICULTURAL INVESTMENT CO. LTD

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2006

	31.7.06		31.7.05	
	£	£	£	£
Fees receivable		283,893		274,816
Other income				
Exchange gains	623,488		104,174	
Deposit account interest	814		14	
	<u> </u>	624,302	<u> </u>	104,188
		908,195		379,004
Expenditure				
Rent	20,817		18,720	
Directors' salaries	48,000		45,333	
Directors' social security	2,762		4,771	
Administration expenses	250		353	
Accountancy	300		250	
Interest on tax paid late	-		17,508	
Auditors' remuneration	3,750		2,500	
Foreign exchange losses	630,109		115,380	
	<u> </u>	705,988	<u> </u>	204,815
		202,207		174,189
Finance costs				
Bank charges	799		468	
Bank interest	296		87	
	<u> </u>	1,095	<u> </u>	555
NET PROFIT		<u><u>201,112</u></u>		<u><u>173,634</u></u>

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