

Annual Report



الهيئة العربية

للإستثمار والإنماء الزراعي

ARAB AUTHORITY

FOR AGRICULTURAL INVESTMENT AND DEVELOPMENT

The image features a white background with a pattern of diagonal, rounded rectangular bars in various shades of green and blue, creating a sense of movement and depth. In the center, a dark, semi-transparent circle contains the year '2016' in a clean, white, sans-serif font.

2016



And say, «Do [as you will], for Allah will see your deeds, and [so, will] His Messenger and the believers. And you will be returned to the Knower of the unseen and the witnessed, and He will inform you of what you used to do.»



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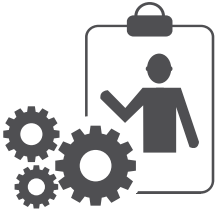
INTRODUCTION

During 2016, the world economy continued its slow recovery from the repercussions of the global financial crisis which occurred more than eight years ago, despite the motivational policies adopted by the decision makers to overcome the crisis. According to international estimates, the economic growth rates are lower than the rates recorded before the global financial crisis. There is an urgent need for structural repairs to stimulate the growth rates and increase the levels of global gross domestic product which has decreased as per some of the current indicators. The continued pressures on the international economy are reflected in the economic performance of the Arab countries. This is because of the decrease in the level of foreign demand. Foreign demand comprises about 51% of the total aggregate demand, while the oil prices are low, because of the hardships faced by many Asian countries. These countries are the main commercial partners for many Arab oil exporting countries, while Euro zone countries are the commercial partners for the Arab oil importing countries.

Thus, the Arab countries, in the past few years, have faced a number of challenges to restoring the internal and external economic stability, in the light of the unfavorable economic conditions. They have adopted policies aiming to rationalize levels of government support, as well as packages for structural repairs to increase competitiveness in the labor markets, diversify the production base and improve the investment environment, in order to encourage the private sector and create new jobs. The agricultural sector is one of the most important sectors in the Arab countries, since it employs 26 million Arab citizens. The agricultural inputs and products represent a central pillar, on which many economic, marketing, manufacturing, transforming, trade, and service activities rely, as they are closely linked to the agricultural sector. In recent years, the agricultural output has witnessed some growth, despite the challenges faced by the global economy. This was because of the positive developments in the agricultural activity in many Arab countries, in terms of the competitiveness and advantages of natural agricultural resources, and because their policies focus on improving food security and providing facilities for the private sector, in order to increase the investments in the agricultural sector.

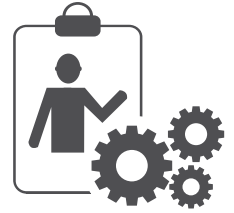
Despite the vital importance of the agricultural sector in the Arab countries and developments achieved in this field, this sector is still limited, due to the lack of cultivated areas, low efficiency of irrigation and crop production, poor livestock development in most of the Arab countries, and the gap in using modern agricultural technologies. Thus, AAAID is focusing all of its efforts, currently and in the future, on increasing its investments in the agricultural field and crystallizing and promoting many investment opportunities in partnership with the private sector. This is in addition to maintaining the continued efforts of the Arab governments to improve the investment environment and rural area infrastructure to encourage the private sector to effectively contribute to agricultural development, spreading and applying modern agricultural technologies to increase the efficiency of the land, increase production and reduce the losses in agricultural crops after harvesting. Furthermore, AAAID has developed a set of developmental plans and programmes to support medium and small farmers and producers. AAAID truly believes that investment in the available agricultural resources with specific economic standards will greatly help minimize the Arab food gap, saving tens of billions of dollars spent on importing foodstuffs annually, and increasing the contribution of the agricultural sector to the Arab gross domestic product.





Executive Summary

- **01** In 2016, AAAID adopted many new agricultural projects compatible with AAAID's standards and objectives. These projects focus on producing basic foodstuffs to bridge the Arab food gap, including a project for producing, sorting, grading and packaging fruits from Morocco; a project for storing, grading, manufacturing, and marketing horticultural crops from Tunisia; Al Bageir project for red meat from Sudan; a Tunisian fund for fish farming in Tunisia; and an integrated poultry project in the Islamic Republic of Mauritania.
- **02** AAAID has increased its shares in a number of its existing companies with the purpose of rehabilitating them and developing their performance or upgrading their production. These companies include Al-Mutamayiza for Vegetable and Production (Sudan), the Arab Sudanese Vegetable Oil Company (Sudan), the Arab Company for Veterinary Medicine Production (Sudan), the Arab Fisheries Company (Kingdom of Saudi Arabia), the Arab Trade Financing Programme (United Arab Emirates), Al Muzdana Zero-Tillage Agricultural Services Company (Sudan), the Arab Agricultural Services Company (Mauritania), and the White Nile Sugar Company (Sudan).
- **03** In 2016, AAAID dealt with 64 agricultural investment opportunities at different stages of feasibility studies: agricultural opportunities identification, preparation of Terms of Reference (TOR), preparation of a preliminary, detailed feasibility study and updating the feasibility study for Greenfield or Brownfield (existing) projects, beside feasibility study evaluation of studies received from promoters.
- **04** By the end of 2016, AAAID has contributed in 40 companies: 29 existing companies, 6 companies underway, and 5 companies under formation, in 12 Arab countries as per the investment opportunities available then. The AAAID investment percentage in Sudan represents 61% of its total investments, 8% in the Arab Republic of Egypt, 7% in the UAE, 6% in the KSA, 6% in the Iraq Republic and 12% in the remaining member countries.
- **05** AAAID's investments in existing, under execution and under formation companies are divided among four main sectors: 52% in the agricultural manufacturing sector, including manufacturing sugar, oils and other food industries. 24% in the plant production sector, including cereals, fodder, vegetables and fruits. 19% in the livestock production sector, including poultry, white meat, red meat and dairy products. Lastly, 5% in the services sector, including providing different agricultural services.
- **06** AAAID's total investments in all of its existing companies, currently under execution, including those under formation as of 31/12/2016, come to about USD 571 million, representing about 94% of AAAID's paid up capital of USD 606 million as of 31/12/2016.
- **07** AAAID's share in the profits of some of its companies in 2016 is about 5 million dollars.
- **08** AAAID is involved in many developmental programmes and activities dedicated to small and medium farmers and producers in many Arab countries, with 20 developmental programmes aiming to improve production and productivity in the traditional sector of small and medium farmers and producers. These developmental programmes and activities are financed to the tune of 6.6 million dollars with more than 3 thousand families or more than 18 thousand people as beneficiaries.



- **09** In 2016, AAAID supported and implemented several applied-research trial programs and activities, 28 applied agricultural research experiments, in a number of the Arab countries in order to contribute in the development of agriculture in such countries, as well as to participate in the achievement of food security for the Arab countries
- **10** The total value of the existing and granted loans from AAAID to the companies where AAAID is a shareholder reached USD 213 million, while the provision of finance to companies with the guarantee of AAAID amounted to USD 63 million.
- **11** On 31/12/2016, the total value of the assets of AAAID was about USD 849 million, while their value was about USD 788 million in 2015
- **12** The total value financial investments in the global markets was about USD 395 million, while their value in the previous year was about USD 358 million.
- **13** The shareholders' rights, representing paid-up capital and reserves, on 31/12/2016 were about USD 801 million, up from about USD 743 million in the previous year, representing an increase of 8%.
- **14** AAAID achieved net profits for the year ending on 31/12/2016 of about USD 17 million.
- **15** In 2016, AAAID held many events, programmes and activities consistent with its objectives along with its effective participation in conferences, seminars and forums held by other organizations.



An Overview of the Arab Authority for Agricultural Investment and Development

01

Establishment

The Arab Authority for Agricultural Investment and Development (AAAID) was established on 1st November 1976 as an Arab financial institution of an independent juristic and international character. Its Memorandum and Articles of Association were declared in March 1977.

03

Capital

Authorised Capital: KWD 336 million, equivalent to USD 1,098 million, in which the Member States have different shares.

Paid-up capital till 31/12/2016 is KWD 185 million, equivalent to USD 606 million.

02

Shareholders

AAAID's shareholders are 21 Arab countries

04

Fiscal Year

The fiscal year commences on 1st January of each year and ends at the end of December each year.

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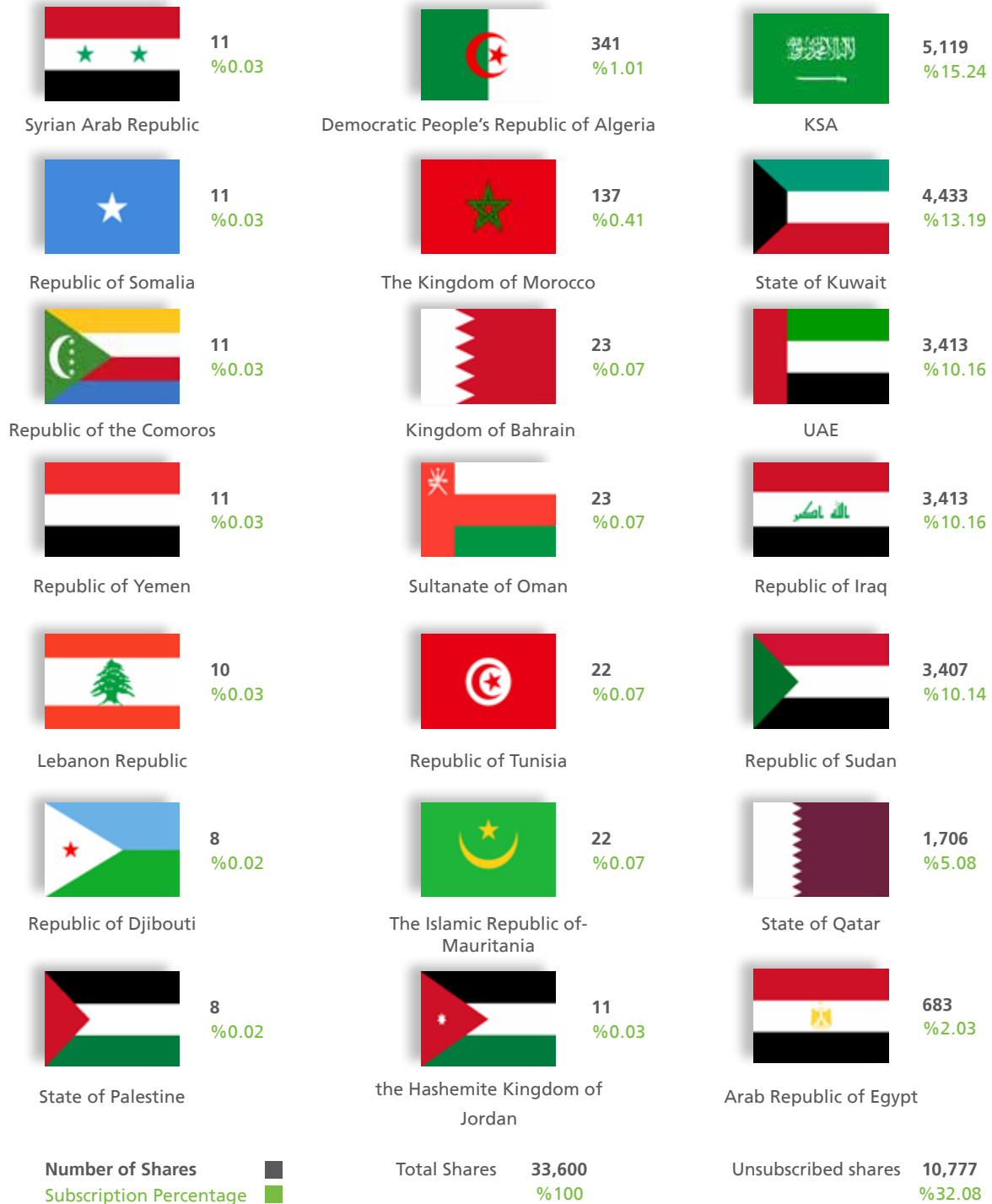
Headquarters and Regional Office

Headquarters:
Khartoum, the Republic of Sudan

Regional Office:
Dubai, the United .Arab Emirates

Subscribed States

- States subscribed in AAAID and the number of shares as of 31/12/2016




- The shareholders' board approved in its Resolution No. 3 of 2014 to increase the authorized capital of AAAID of 22,500 shares to 33,600 shares with a value of KWD 336 million.


Members of the Shareholder Board



AAID's Members of the Shareholder Board as of 31/12/2016:

01 **01** 

H.E. Dr
Mohammed bin Abdullah
Al-Jadaan
Minister of Finance

02 

H.E. Mr
Anas Khalid Al Saleh
Deputy Prime Minister
Minister of Finance

03 

H.E. Mr
Obaid Humaid Al Tayer
Ministry of Finance
Chairman of
Shareholders' Board

02 **04** 

H.E Dr
Haidar Abadi2
Minister of Finance

05 

H.E. Mr
Badr El-Din Mahmoud
Abbas
Minister of Finance and
Economic Planning

for Session No. 40

Deputy Chairman of the Shareholders'
Board for Session No. 40

06 

H.E Mr.
Ali Sherif Al Emadi
Minister of Economy and
Finance

07 

H.E Dr.
Essam Fayed Osman
Minister of Agriculture
and Land Reclamation

03 **08** 


H.E Mr.
Hadji Baba Ammi3
Minister of Finance
Democratic People's

09 

H.E Mr. Mohamed
Boussaid
Minister of Economy and
Finance

10 

HH Sheikh
Ahmed ibn Muhammad
Al Khalifa
Minister of Finance

11 


H.E Mr.
Darwish bin Ismail Al
Balushi
Minister of Finance

04 **12** 

H.E Mr.
Mohammed Al Fadhel
Abdul Kafi Minister for
Development, Investment
and International
Cooperation

13 


H.E Mr. Al Mukhtar Ould
Ajay
Minister of Economy and
Finance

14 

H.E Mr.
Omar Zuhair Abdul
Fattah Malhas
Minister of Finance

05 **15** 

H.E Dr. Mamoun
Hamdan5
Minister of Finance

16 

H.E Dr Mohamed Adam
Ibrahim
Minister of Finance and
Planning

07 **17** 


H.E Mr.
Sayed Ali Sayed Shihan7
Minister of Finance and
Budget

06 **18** 

H.E Mr.
Ahmed bin Obaid Al
Fadhli6
Minister of Finance

19 

H.E Mr. Ali Hassan Khalil
Minister of Finance

20 

Mohamed Ahmed
Awaleh
Minister of Agriculture,
Animal Husbandry and
Fisheries

1. Former Minister H.E. Dr. Ibrahim bin Abdul Aziz Al Assaf
2. Former Minister H.E. Dr. Hoshiyar Zebari
3. Former Minister H.E. Mr. Abdul Rahman bin Khalafah
4. Former Minister H.E. Mr. Yasin Ben Ibrahim
5. Former Minister H.E. Mr. Ismail Ismail
6. Former Minister H.E. Mr. Muntaser Saleh Al-Quaiti
7. Former Minister H.E. Mr. Mohammed Ali Saleh

21 

H.E Dr. Sufian Sultan
Minister of Agricultural

Members of Board of Directors

اعضاء مجلس الإدارة - الهيئة العربية للاستثمار والانماء الزراعي



H.E. Mr.
Mohammed bin Obaid Al Mazrouei
President of AAAID
Chairman of AAAID's Board



H.E. Dr.
Suliman Bin Mohamed Al Turki
Undersecretary for
International Financial
Affairs Ministry of Finance
KSA



H.E. Mr.
Yousef Hussein Mohammed
Al Roumi Director of the
GCC and Arab Economic
Cooperation Ministry of
Finance State of
Kuwait



H.E. Mr.
Ibrahim Hassan Rashid Al
Jarwan Head of GCC & Arab Countries
Affairs
Dept. of Regional and International
Financial Relationships Ministry of Finance
UAE



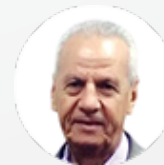
H.E. Dr.
Kutaiba Mohamed Hassan
Director-General of Planning
and Following-up Department
Ministry of Agriculture
Republic of Iraq



H.E. Prof
Ibrahim A. A. Al-Dukheri
Minister of Agriculture and Forestry
Republic of Sudan



H.E. Dr.
Hamad Saad Hamad Al Kawari
Adviser to the Chair of the Board of
Directors
Hassad Food Co.
State of Qatar



H.E. Dr.
Saad Zaki Mohamed Nassar
Adviser to HE The Minister of Agriculture
and Land Reclamation
Arab Republic of Egypt



H.E. Mr.
Abdul-Majid Amghar
Chairman of the Financial Information
Processing Unit
Ministry of Finance
Algeria



H.E. Mr.
Mubarak Bin Suleiman Al Mundhiri
Government Investment Adviser
Ministry of Finance
Sultanate of Oman

AAAID Strategy (2016 – 2018)

01

Vision

To be a leader in the reinforcement of food security in the Arab world.

02

Message

Providing the basic food needs through agricultural investment and development in the Arab world.

Objectives

- Provision of basic food products;
- Increasing the return on AAAID's investment in the agricultural sector;
- Increasing the efficiency and effectiveness of agricultural production;
- Increasing the exchange of agricultural products and agricultural production requirements amongst the member states;
- Sustainable development for agricultural resources in the member states;
- Investment in human capital and the best possible utilization of resources.

03

Strategic Guidance



- 1 - Reconsidering the distribution of AAAID's geographic investments to utilize the available agricultural resources in all the Arab states.
- 2 - Restructuring the companies in which AAAID is a shareholder to enhance its effectiveness in securing food and maximize its benefits.
- 3 - Processing the existing loans provided by AAAID to its companies through the restructuring of these companies to improve the way they operate.
- 4 - Investing a part of the profits available in existing companies with high growth rates through focusing on added value activities in strategic food commodities.
- 5 - Giving priority of subscription to companies to private sector investors who have experience in the agricultural field and special experience in management.
- 6 - Developing investment policies for the companies to encourage the private sector and enable the utilization of resources in new projects.
- 7 - Developing the investment standards in the projects in which AAAID is a shareholder.
- 8 - Intensifying the applied research programmes, transfer technologies and developmental programmes, with the aim of increasing the production of small and medium farmers in the member states.

AAAID'S Activity





Agricultural Investment Activity

01

Activity of Developmental Programmes and Studies



02



Financial Statements and External Auditor Report

03

Administrative Activity



04

Agricultural Investment Activity

Agricultural investment activity is considered to be the main activity of AAA-ID. AAAID has contributed to establishing many of the agricultural companies in many member states, following up on their performance and providing them with the necessary technical, financial and administrative support. The number of companies in which AAAID is a shareholder by the end of 2016 reached 40 companies, including 29 existing companies, 6 companies under execution and 5 companies under implementation.

Companies in which AAAID is a Shareholder

Sudan

Company's Name	Shareholders	Subscription Percentage
1975 Kenana Sugar Company (KSC) Subscribed Capital 0.561 \ million SDG	Arab Authority Arab countries governments Kuwait Investment Authority Government of the Kingdom of Saudi Arabia Other Shareholders	05.59 % 35.33 % 30.64 % 10.97 % 17.47 %
1982 Arab Sudanese Company for Agriculture in the Blue Nile state Subscribed Capital 39.99 \ million SDG	Arab Authority Government of the Republic of Sudan	51.00% 49.00%
1982 Arab Sudanese Vegetable Oil Company Subscribed Capital 0.09 \ million SDG	Arab Authority Government of the Republic of Sudan	51.00% 49.00%

Sudan

	Company's Name	Shareholders	Subscription Percentage
1987	<p>Arab Agricultural Production and Processing Company Subscribed Capital 0.074 \ million SDG</p>	<p>Arab Authority Government of the Republic of Sudan Government of the Kingdom of Saudi Arabia Government of the State of Kuwait Government of the Republic of Iraq</p>	<p>42.50 % 20.00% 12.50 % 12.50 % 12.50 %</p>
1997	<p>Arab Sudanese Seeds Company Subscribed Capital 12.00 \ million USD</p>	<p>Arab Authority Government of the Republic of Sudan Government institutions and banks</p>	<p>34.93 % 51.55 % 13.52 %</p>
2003	<p>Arab Company for Crop Production - Atbara Subscribed Capital 20.00 \ million USD</p>	<p>Arab Authority Emirates Rawabi Company</p>	<p>52.76% 47.24%</p>
2004	<p>Arab Poultry Production and Processing Company Subscribed Capital 19.84 \ million SDG</p>	<p>Arab Authority Government of the Republic of Sudan Government of the Kingdom of Saudi Arabia Government of the State of Kuwait Government of the Republic of Iraq</p>	<p>42.50 % 20.00% 12.50 % 12.50 % 12.50 %</p>
2008	<p>Al Mutamayiza for Vegetables and Crops Limited Subscribed Capital 0.012 \ million SDG</p>	<p>Arab Authority Government of the Republic of Sudan Government of the Kingdom of Saudi Arabia Government of the State of Kuwait Government of the Republic of Iraq</p>	<p>42.50 % 20.00% 12.50 % 12.50 % 12.50 %</p>
2010	<p>Al Muzdana Zero-Tillage Agricultural Services Company Subscribed Capital 8.00 \ million USD</p>	<p>Arab Authority Agricultural Bank Sudanese Ministry of Agriculture Central Commercial Company</p>	<p>15.10 % 38.00 % 34.30 % 12.60 %</p>

Egypt

	Company's Name	Shareholders	Subscription Percentage
1997	Al Fayoum Sugar Works Subscribed Capital 445.11 \ million EGP	Arab Authority Delta Sugar Company Egyptian banks Private sector	26.93 % 26.83 % 31.72 % 14.52 %
1999	Arabian Company for Preserving and Manufacturing Agricultural Crops Subscribed Capital 150.00 \ million EGP	Arab Authority Dr. Moahmed Ahmed Al Ramly and His Son Private Institutions and Shareholders	25.84 % 48.78 % 25.38 %

UAE

	Company's Name	Shareholders	Subscription Percentage
1989	Arab Trade Financing Programme Subscribed Capital 1,000.00 \ million USD	Arab Authority Arab Monetary Fund Arab Fund for Economic and Social Development Arab and international financial and banking institutions	00.73 % 54.80 % 22.00 % 22.47 %
1992	Arab Poultry and Cattle Equipment Company (APCECO) Subscribed Capital 50.00 \ million UAE	Arab Authority Government of Fujairah Arab Co for Livestock Development Qatar Islamic Bank Arab Company for Poultry Production, Fujairah	27.44 % 42.22 % 21.11 % 05.00 % 04.23 %
2001	Emirates Rawabi Company Subscribed Capital 217.35 \ million UAE	Arab Authority Government of Dubai Gulf Investment Corporation Private sector	27.56 % 14.59 % 22.54 % 35.31 %

Iraqi

	Company's Name	Shareholders	Subscription Percentage
1986	Arab Iraqi Milk Production Company Subscribed Capital 11.40 \ million IQD	Arab Authority Government of the Republic of Iraq	50.00 % 50.00 %

KSA

	Company's Name	Shareholders	Subscription Percentage
1979	Arab Fisheries Co Subscribed Capital 59.50 \ million SAR	Arab Authority Government of the Kingdom of Saudi Arabia Other Arab States' Governments	39.00 % 28.60% 32.40 %
2005	Arabian Shrimp Company Subscribed Capital 33.77 \ million SAR	Arab Authority Aqua Farms Corporation Aquad for Commerce Ltd. Saudi Offset Ltd. Partnership	45.00 % 29.33 % 18.33 % 07.34 %
2007	Arabian Cooperative Company/ Aseer Poultry Subscribed Capital 300.00 \ million Saudi Riyal	Arab Authority Poultry Producers Association of Aseer	20.00 % 80.00 %

Tunisia

	Company's Name	Shareholders	Subscription Percentage
1982	Al Marga for Cattle and Agricultural Development Company Subscribed Capital 10.46 \ million TND	Arab Authority Government of the Republic of Iraq Other Shareholders	63.33% 30.00% 06.67%
1995	Agro-Zetix Company Subscribed Capital 7.00 \ million TND	Arab Authority Seior Zetix Company	25.00% 75.00% 06.67%

Mauritania

	Company's Name	Shareholders	Subscription Percentage
2013	Arabian Agricultural Services Company Subscribed Capital 4.24 \ million USD	Arab Authority	100%

Qatar

	Company's Name	Shareholders	Subscription Percentage
1989	Arab Qatari Agricultural Production Company Subscribed Capital 47.00\ million QAR	Arab Authority Hassad Food Company	50% 50%

Syria

	Company's Name	Shareholders	Subscription Percentage
1987	Arab Syrian Company for the Development of Agricultural Products Subscribed Capital 176.00\ million Syrian Pound	Arab Authority Government of the Syrian Arab Republic Private sector	05.00% 25.00% 70.00%
1996	Arab Company Manufacturing Advanced Irrigation Equipment Subscribed Capital 90.00\ million Syrian Pound	Arab Authority Morgan Capital & Energy Corporation company Capital Trust and others	25.00% 60.00% 15.00%
1996	Al Ahlia Vegetable Oil Company Subscribed Capital 1,500.00 million Syrian Pound	Arab Authority Private or government sector	40.00% 60.00%

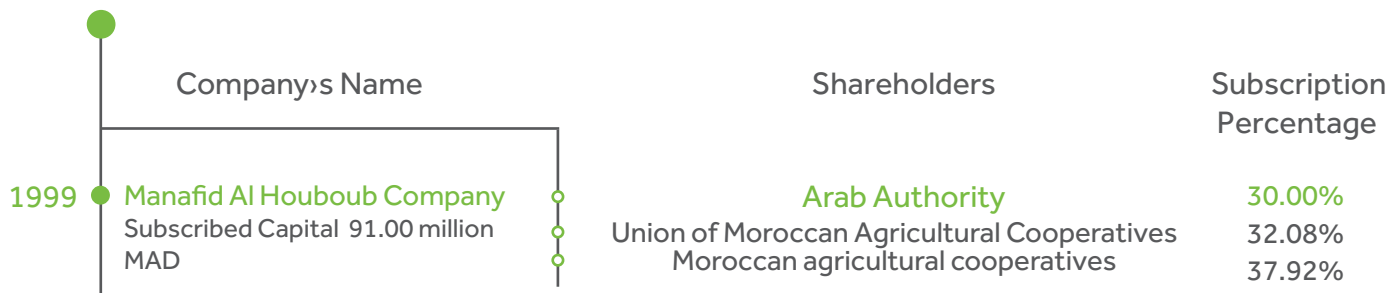
Kuwait

	Company's Name	Shareholders	Subscription Percentage
1974	The Arab Investment & Export Credit Guarantee Subscribed Capital 295.00\ million USD	Arab Authority Arab countries governments Arab financial institutions	01.96% 46.93% 51.11%
1985	Bubiyah Fisheries Company Subscribed Capital 00.50\ million KWD	Arab Authority Al Soor Consulting Capital Trust and others	22.17% 17.88% 59.95%

Oman

	Company's Name	Shareholders	Subscription Percentage
1996	omani Euro Food Industries Company Subscribed Capital 2.00 million Omani Riyal	Arab Authority Oman and Emirates Investment Holding Company Other Shareholders	17.19% 80.84% 01.97%

Morocco



Companies Under Implementation

Sudan

	Company's Name	Shareholders	Subscription Percentage
2003	White Nile Sugar Company Subscribed Capital 471.00 \ million USD	Arab Authority Kenana Sugar Company Government of the Republic of Sudan Institutions and Banks Unsubscribed Shares	14.38 % 30.00 % 08.82 % 44.32 % 02.48 %
2006	Arab Company for Veterinary Medicines Production Subscribed Capital 37.00 \ million USD	Arab Authority Arab Co. for Drugs Industries & Medical Appliances (ACDIMA) Arab Industrial Investment Company Sudanese Government Institutions	26.88% 40.00% 17.58% 15.54%
2015	Al-Bageir Red Meat Project Subscribed Capital 38.59 \ million USD	Arab Authority Unsubscribed Capital	30.00% 70.00%

OMAN

	Company's Name	Shareholders	Subscription Percentage
2016	Osool Broiler Chicken Subscribed Capital 28.86 \ million OMR	Arab Authority Gulf Investment Corporation Asaffa Foods Company Namaa for Poultry Other Shareholders	17.76 % 26.68 % 20.00 % 20.00 % 15.56 %
2016	Al Bashaer Meats Company Subscribed Capital 25.00 \ million Riyal	Arab Authority Oman Food Investment Holding Co. Oman Investment Corporation Oman National Investments Development Company Omani National Livestock Development Co Civil Service Employees Pension Fund	20.00% 20.00% 20.00% 20.00% 10.00% 10.00%

Companies Under Incorporation



Tunisia

	Company's Name	Shareholders	Subscription Percentage
2015	International Company for Seeds Subscribed Capital 12.50\ million TND	Arab Authority Agriculture Promotion Company (Mabrouka) Other Shareholders	49.00 % 50.00 % 01.00 %
2016	Project for Storing, Grading and Marketing Horticultural Crops Subscribed Capital 12.14\ million TND	Arab Authority Mabrouka Group Alturki Group	33.33% 33.33% 33.34%
2016	Tunisia Fish Farming Fund Subscribed Capital 50.00\ million TND	Arab Authority The Tunisian Company for Banks Deposit and trust funds Unsubscribed shares	15.00% 10.00% 20.00% 55.00%

OMAN

	Company's Name	Shareholders	Subscription Percentage
2016	Al Murouj Dairy Company Subscribed Capital 1.00\ million OMR	Arab Authority Oman Food Investment Holding Co. Omani National Livestock Development Co. Dhofar Cattle Feed Co	20.00 % 30.00 % 30.00 % 20.00%

Morocco

	Company's Name	Shareholders	Subscription Percentage
2016	The project for Sorting, Grading and Packaging Fruits Subscribed Capital 105.00 \ million MAD	Arab Authority Balcora Group	49.00% 51.00%

AAAID's Shares in agricultural company's Capital



AAAID's total shares in companies' capital

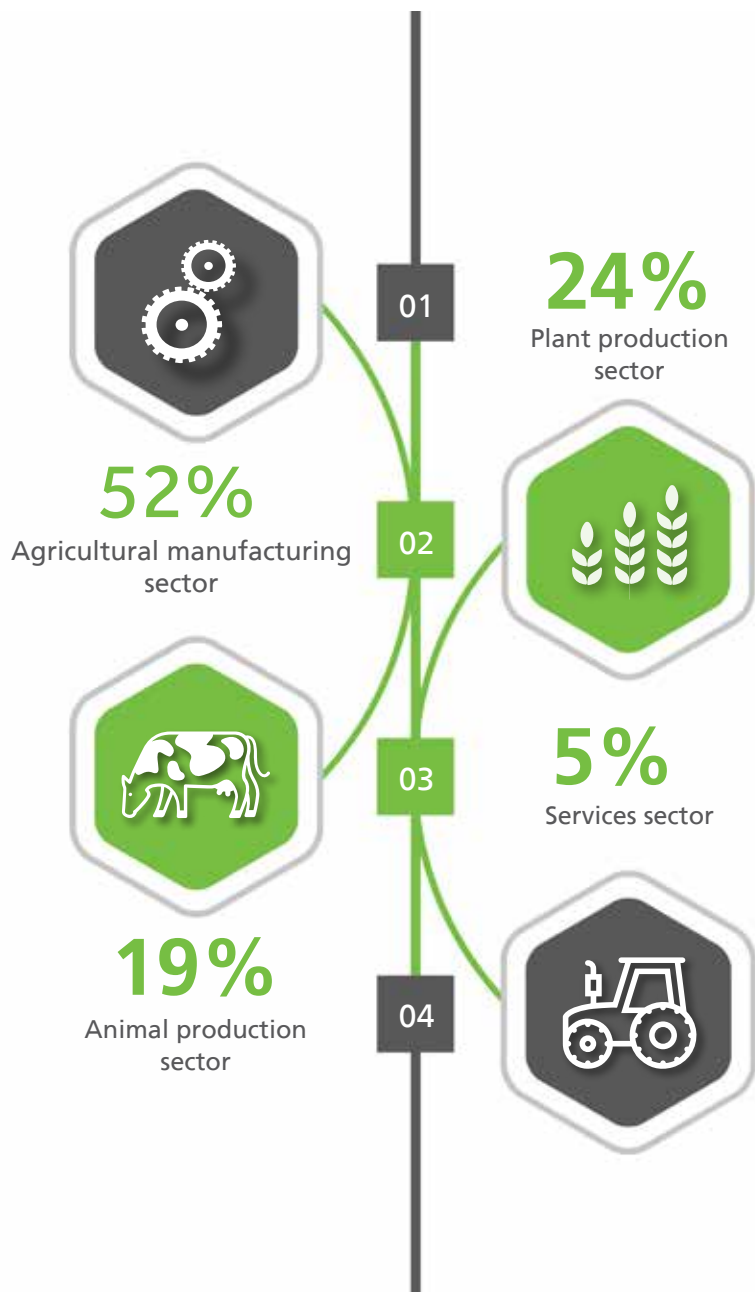
The total value of AAAID shares in existing, under execution and under implementation companies' capital as of 31/12/2016 was about USD 358.3 million.

AAAID's Share Distribution in Companies' Capital

Geographical Distribution

AAAID shares in the capital of its agricultural companies are distributed among 12 member states as per the investment opportunities and proportional benefits that were available then. Figure below shows the distribution of AAAID shares in the companies of member states as of 31/12/2016.

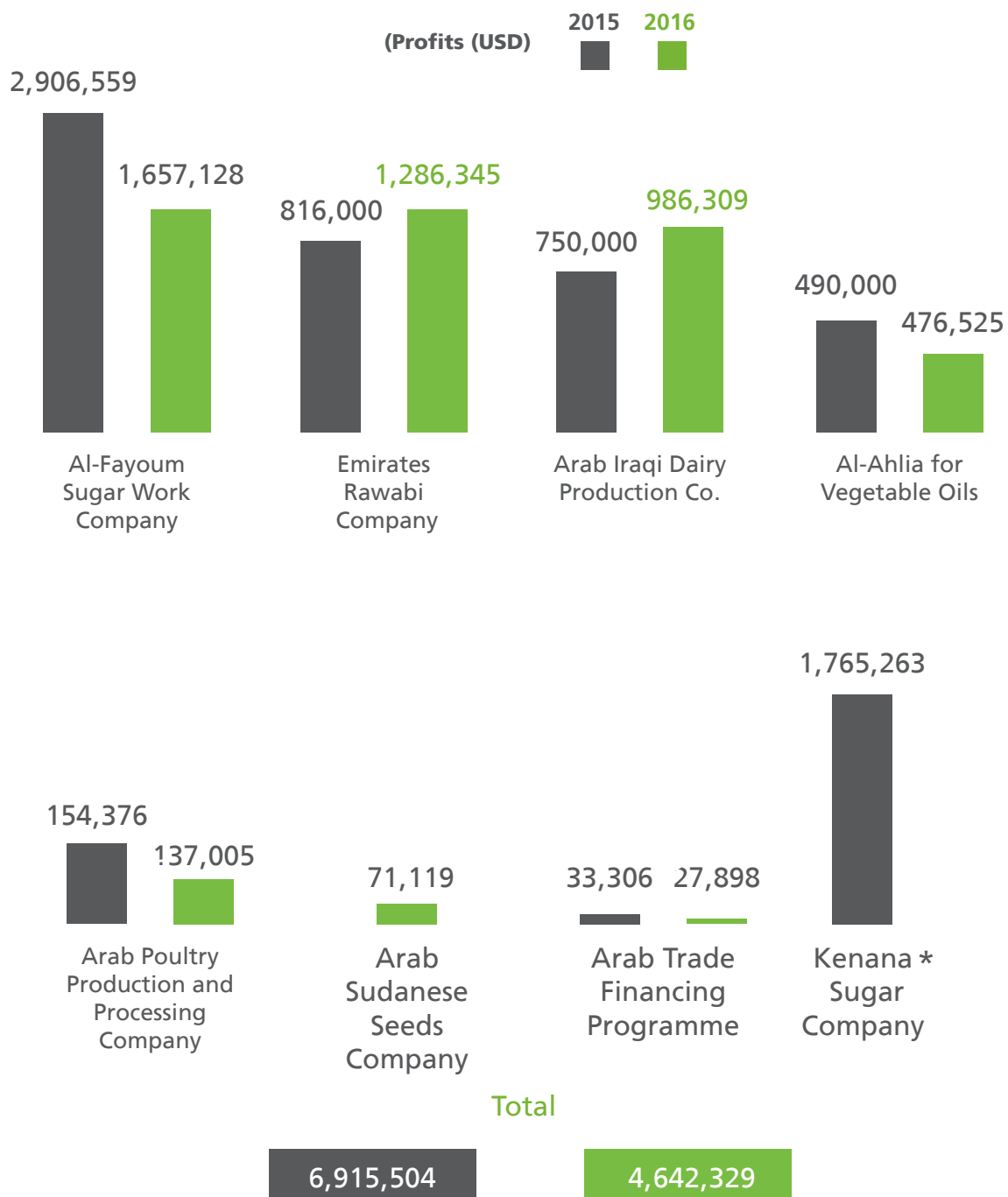




AAID Shares in Agricultural Companies' Capital

The AAID share in the distributed share by the companies in 2016 was about USD 4.6 million as shown

It should be mentioned that the AAID share in the distributable profits was about USD 13.7 million. However, the general meetings of many companies have decided to reinvest such profits to finance qualification programmes, expansion in the companies and enhancing their operational capital. Further, the profit distribution does not include the capital profits resulting from the increase in the market value of the companies' assets.



Economic Effects of the AAAID Companies

The AAAID companies, in the member states, contribute directly or indirectly to increasing production, securing food, creating new jobs, transferring technologies, and developing administrative and technical abilities in many agricultural sectors



The AAAID companies contribute to providing basic food commodities such as cereals, oils, dairy products, meat and sugar. For example, sugar companies, in which AAAID is a shareholder in Sudan, produce about 50% of the total sugar in Sudan. Further, the AAAID companies in the UAE produce more than 50% of dairy and more than 25% in poultry products



Companies, in which AAAID is a shareholder, contribute to creating direct and indirect jobs. These companies have created more than 95 thousand direct and indirect jobs, including about 12 thousand direct jobs in different specializations and about 83 thousand indirect jobs.

Executing Contracts with Small Producers

Many of the AAAID companies execute contracts with small farmers to complete the production chain. Further, these companies provide many services for small farmers by providing production inputs and mechanisms, and technical supervision and guidance services to enhance their production and competitive abilities.

Al Fayuom Sugar Works Company in the Arab Republic of Egypt executes contracts with about 72 thousand farmers to plant sugar beet.

The Arabian Cooperative Company of Aseer in KSA has a partnership with AAAID and the Arabian Cooperative Company for Poultry Producers of Aseer. Further, the company has contracts with about 54 small poultry breeders to provide the company with live poultry.

The Arab Sudanese Seeds Company of Republic of Sudan has contracts with about 126 farmers.

AAAID has established a project for collecting dairy products in Dhofar Governorate, Sultanate of Oman, and it is expected that the project will involve contracts with more than 5000 of cows/camels breeders.

Companies' Social Responsibility

AAAID is concerned with social responsibility towards the local communities where it works, and supports many different services, including the provision of clean drinking water, electricity services, education, health, and places of worship, particularly in rural areas such as Kenana Sugar Company, and Sudanese Arab Company for Agriculture in the Blue Nile State. Further, some companies allocate a part of their net profits annually to support social services funds, such as the Al Ahlia Vegetable Oil Company.

Transfer of Technologies

Many of the AAAID companies have introduced advanced agricultural techniques, and transferred and localized agricultural practices that contribute to increasing crops and rationalizing water consumption, such as adopting a system for cultivation without ploughing and introducing this system to small farmers in Sudan, Syria, Tunisia, Morocco, and Mauritania.

Attracting the Private Sector to Invest

For the purpose of executing AAAID's strategies, approved by the board of directors, aiming to attract the private sector with the necessary administrative experience and sufficient solvency, AAAID has crystallized the investment opportunities available for some of its existing companies and new projects, preparing files for each of them, promoting them, and receiving many offers for acquiring shares in these companies

AAAID Contribution to Increasing Companies' Capital

AAAID supports its companies by contributing to increasing their capital for implementing the qualification and expansion programmes, diversifying activities, and providing operational capital to fully benefit from the potential available in these companies. The following companies have had their capital increased:

AAAID Contribution to Increasing Companies' Capital

The AAAID board of directors has approved the acquiring of shares with the amount of SDG 10.5 million (USD 1.637 million) from the increased value in the company's capital of 24.7 million pounds (USD 3.85 million) to qualify and operate a grading and packaging unit, and the refrigerated warehouses of the company.

Arab Company for Veterinary Medicine Production (Sudan)

The AAAID board of directors has approved the acquiring of the unsubscribed shares in the company to increase AAAID's shares from 25% to 26.88%, to cover the financing gap faced by the company. It is expected that the project will be completed and commercial production will commence by the end of 2017

Arab Fisheries Co (KSA)

The AAAID board of directors approved an increase in the capital of the Arab Fisheries Co to 39% (SAR 12.75 million), in order to rehabilitate the factory. A five-year plan has been developed by a specialized company that will be implemented in two phases in 2017

Arab Sudanese Vegetable Oil Company (Sudan):

The AAAID board of directors has approved the performing of the financial restructuring of the company by increasing its capital and rescheduling its obligations of AAAID loans, so that the company can maximize its production.

Al Muzdana Zero-Tillage Agricultural Services Company (Sudan):

The AAAID board of directors has approved contributing to increasing the company's capital to the tune of SDG 2.654 million (USD 413.78 thousand), with the AAAID owning 15.1% of the company's shares.

Arabian Agricultural Services Company (Mauritania)

AAAID has increased the company's capital by about USD 3.34 million, so that its capital has reached around USD 4.24 million, to provide the necessary finance to execute an agricultural project for which the Mauritanian government has granted the company a plot of land of 3200 Ha

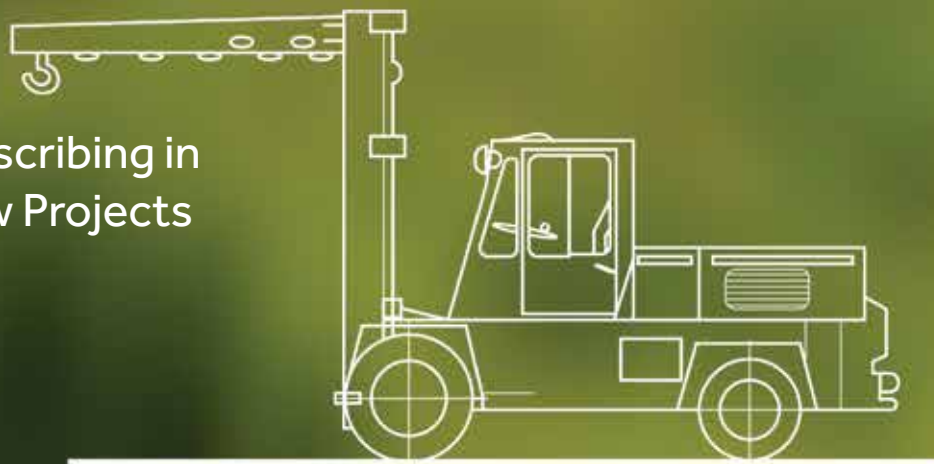
Arab Trade Financing Programme (UAE)

The AAAID board of directors has approved the acquiring of 438 shares allocated to AAAID worth about USD 2.47 million, in the capital of the Arab Trade Financing Programme.

White Nile Sugar Company (Sudan)

The AAAID board of directors has approved the acquiring of AAAID's unsubscribed shares in the capital of White Nile Sugar Company worth about USD 2.354 million. The shares held by AAAID in the company's capital have increased to 14.38%.

Subscribing in New Projects



For the purpose of executing the AAAID investment transactions programme for 2016 and contributing in bridging the food gap in basic commodities, the AAAID board of directors has approved subscribing in the following new investment projects: —>

Producing, Sorting, Grading and Packaging Fruits/Morocco:

- The project is on 394 Ha and located in Meknes, Kingdom of Morocco.
- The project aims to market vegetables and fruits in Morocco for exporting purposes and benefit from the exportation of these crops to establish a factory for concentrated fruit juices and jams in order to cover the local demand for juice.
- The investment cost of the project is about MAD 209 million (USD 21.5 million),
- AAAID has subscribed about MAD 51.2 (about USD 5.3 million) to the project, representing 49% of the project's capital.

Storing, Grading, Manufacturing, Marketing Horticultural Crops Project / Tunisia:

- The project is located in the Industrial Area, Nafidah, Sousse Governorate, 100 km from Tunis.
- The project aims to export fruits with an added value from Mabrooka Farm Company or the farmers dealing with the company.
- The investment cost of the project is about TND 24.29 million (USD 11.05 million).
- AAAID has subscribed about TND 4.042 million (USD 1.838 million), representing 33.3% of the project's capital.

Al Bageir Project for Red Meat/Sudan:

- The project is located in Al Bageir, south of Khartoum and south of Omdurman. It is expected to inaugurate collection centres in other areas of the Republic of Sudan.
- The project is for producing, fattening, slaughtering, marketing and exporting red meats to international quality standards. The project is to be executed in three phases. First phase: collection and fattening; second phase: manufacturing by establishing modern slaughterhouses; and third phase: establishment of an agricultural project on an area of 15 thousand feddans to cultivate fodder.
- The pilot project is currently under execution for the first phase which aims to collect, fatten and export about 6 thousand cattle with an investment cost of about SDG 50 million.
- AAAID is fully financing the pilot project for the first phase.

Integrated Poultry Project/Mauritania

- The project is located at Ouad Naga, nearby Adini, 56 km from Nouakchott.
- The project involves contributing to developing the poultry sector, increasing the local production levels via traditional farms, and covering a part of the gap in poultry meats and eggs in Mauritania.
- The total investment cost of the project is about MRO 12.06 billion (about USD 33.51 million).
- AAAID has subscribed USD 5.1 million, representing 30% of the project's capital.

Tunisia Fisheries Fund/Tunisia

- The fund is targeting to operate mainly in Tunisia and secondarily in Maghreb countries and MENA.
- The fund aims to provide the finance (full contributions and partial contributions) to small and medium institutions involved in fish farming (fish fodder and larvae production, and breeding and marketing fish).
- The expected total costs for the projects invested by the fund is about TND 98.5 million (USD 49.25 million) and the shares expected to be subscribed by the fund reach TND 43.45 million (USD 21.7).
- AAAID has subscribed TND 7.5 million, representing 15% of the fund's capital

Companies Performance Follow-up

AAAID has followed up and boosted its companies' performances by supporting them technically, managerially and financially, promoting their products and future projects, helping them to obtain finance through its direct communication with investors and financiers, and consulting with the companies' officials on developing their performance.

Visits to Countries

The AAAID board of directors has visited most of the member states, including visits to ministers, senior officials and specialists in the concerned ministries and the private sector. These visits have been made to discover new opportunities, explore problems and obstacles facing AAAID companies and work on eliminating them, and provide whatsoever is necessary to support and develop these companies so they can achieve their sought-after goals. These visits have resolved many of the obstacles faced by AAAID investments and there are still more efforts needed to tackle the remaining challenges.

Visits to Countries

AAAID has made many field visits to its companies to determine their productive, financial and marketing performance, deliberating with executive departments about developing the companies' performance and dealing with the problems and challenges.



Activity of Developmental Programmes and Studies

Activity of Developmental Programmes and Studies

AAAID continued its efforts to meet the requirements of sustainable development through the implementation of development programs and applied agricultural research, focusing on agricultural activity in both, plants and animals, through the planning and implementation of projects and programs that aimed to enhance food security. Below are the implemented activities in this regard;

Applied Research Programmes Implemented during 2016 in Sudan

Experiment for testing maize seeds varieties

Objectives:

- Adoption of a number of important crops that enhance Arab food security. An applied research experiment was carried out to test varieties of maize seeds at the site of the Arab Company for Crop Production (Atbara) on an area of 130 feddans.
- Expanding the maize crop as a major food crop in Sudan.
- Implementation of a project for the manufacture of silage (fodder) through the utilization of maize crop as a great nutritional value fodder.

Results:

- The obtained results showed the superiority of some varieties, where their productivity amounted to 4.4 tons / feddans (10.5 Ton / ha) which is similar to the global productivity.
- It was considered a successful experiment and brought a quality of a very important shift in maize cultivation in Sudan, where the results achieved are considered the highest in Sudan, and will have an impact on the dissemination and adoption of maize crop cultivation in Sudan on a larger scale; thus contributing in the promotion of Arab food security.
- As a promising result of good crop establishment, the land of the experiment got the attention of officials and those who are interested in agriculture in general and maize crop in particular; many of ministers, researchers and farmers visited the experiment to identify the success achieved.

Future Plans:

- Expanding maize crop cultivation in Sudan by increasing the cultivated area during the summer season 2017 in Agadi, Al Bageir and Meat project in the West Omdurman. In addition, there is a study (in progress) for the cultivation of 4 thousand feddans of maize crop in the White Nile Sugar Project



**Beginning of harvest - 6 Rows
Avero 240 combine harvester-Class**



**Category pl71 reduces 4 cobs of
corn**



**Preparing the production of maize for
final packaging in bags.**

Applied Research Programmes Implemented during 2016 in Sudan

Experiment for testing varieties of soybean seeds in the winter season

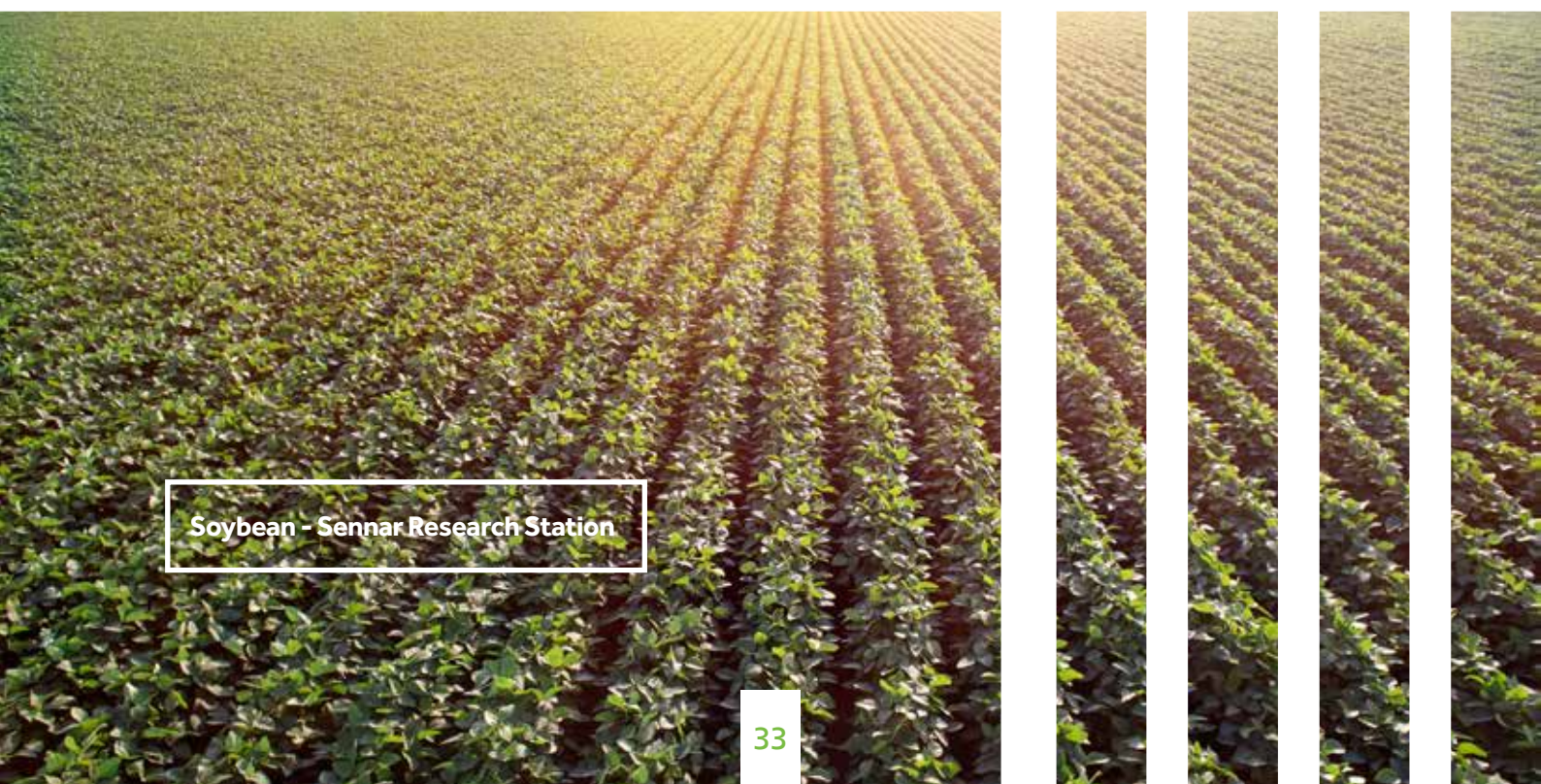
For the first time, AAAID carried out an applied research experiment to test varieties of soybean seeds in the winter season, contrary to the summer cultivation

Objectives:

The experiment aimed to compare the productivity of the crop in the winter season with the results achieved in the summer season, thus contributing to the sustainability and increase of production.

Results:

The obtained results approved the possibility of growing the soybean crop in Sudan in the summer and winter seasons, with the possibility to introduce new varieties.



Programme for agricultural waste utilization and processing

In the context of the AAAID directives for cooperating with similar research institutions and centres in the Arab world to benefit from their accumulative experience and useful experiments in the field of applied agricultural research, that aimed to enhance Arab food security, AAAID has executed a contract with Arab Centre for the Studies of Arid Zones and Dry Lands (ACSAD). The goal is to manufacture a machine for agricultural waste processing, in order to implement an applied research programme to benefit from the agricultural waste in Sudan. The waste will be processed as a highly nutritional animal fodder, while employees will be trained to operate the machine.

Objectives:

Provide fodder containing all the nutritional elements, thereby improving the quality of the milk and meat of the ruminants, which will benefit from the agricultural waste and receive more nutrition.

Conclusions:

It is expected that the programme will achieve many positive results, most importantly the provision of a protein-rich animal diet, leading to better quality milk and meat.



Programme for silage cultivation and production

Under the project of the adoption of fodder cultivation and processing in Sudan, and based on the results obtained from the experiment of testing varieties of maize seeds that was carried out by AAAID during the winter season 2015-2016, in which obtained results showed the superiority of some maize varieties compared to local varieties

AAAID carried out an applied research program at the Arab Company for Agricultural Production and Processing - Dairy Unit in Al-Baqeir , which targeted the cultivation of maize crop on an area of 220 feddans to take utilization of it in silage processing.

AAAID has provided a number of modern machines for the silage manufacturing (Chopper & Bailer) from Turkey, according to the international specifications.

Objectives:

Production and manufacture of maize crop as silage, because of its high nutritional value for all kinds of ruminants.

Expected Results:

It is expected to produce about 20 tons of fodder per feddan, along with generating sufficient revenue to cover the costs of the program and generate profit.

Future Plans

Expansion of maize cultivation, including the areas of the Arab Sudanese Blue Nile Agriculture Company (Agadi) to produce silage in large-scale, in regards to the fattening of domestic calves.



Developmental programmes implemented in 2016 in Sudan

In 2016, AAAID implemented many programmes to support small farmers, producers and pensioners, as well as implementing drinking water projects for both humans and animals

Small Farmers Support Programme - Sudan (5 Programmes)

- This programme is designed to provide smallholder production needs, in terms of agricultural inputs including seeds, fertilizers, pesticides, agricultural machinery, supervision and technical support.
- The program aims to increase the productivity of small farmers, transfer technology, and apply appropriate agricultural practices, for the maximum utilization of resources available in rural areas. As well as increase the ability of small farmers to improve their livelihoods and achieve food security in their regions.
- The number of families that benefited from the development programmes during the year 2016, amount to 2,653 (representing about 15,918 beneficiaries) as follows

Cultivating peanuts in Fadasi, Al Jazirah

1000 feddans of peanut crop were cultivated in the summer season to provide raw materials for the Arab Sudanese Vegetable Oil Company. A total of 293 families have benefited from the programme

Cultivating peanuts in Qali'a, Al Jazirah

400 feddans were cultivated with peanut crop in the summer season as a production input to support the Arab Sudanese Vegetable Oil Company with raw materials. About (157) families benefited from the programme.

Cultivating peanuts in Qabojah, Al Jazirah

Summer season: 1000 feddans of peanut crop were cultivated during the summer season; about 142 family households benefited from this programme. Winter season: an area of about 500 feddans were cultivated by wheat crop; about 83 families benefited from this programme.

Breeding and fattening lambs - White Nile State

The program implemented with 45 families of pastoralists in the (Al Alaqa) area in order to support and develop the livestock production sector for the maximum utilization of the available natural resources. The program started with 479 heads of sheep with an average of 10 heads per family. By the end of 2016, the herd had increased by 65%.

Wheat cultivation in Fadasi, Al Jazirah

About 500 feddans were planted during the winter season with wheat crop to be used as improved seed; about (67) families profited from this program It is worth mentioning that, AAAID has used different financing systems suitable for the programme objectives, such as the Salam System used in cultivating peanuts, in order to boost the peanut production of the Arab Sudanese Vegetable Oil Company, while the Murabaha System has been practised in some areas.

Retirement Fund (Pensioners) Programmes - Sudan

- The Fund for Pensioners Portfolio was boosted in 2016, with its capital increased to about SDG 1.5 million.
- About 500 pensioners' families in 6 states in Sudan benefited from this programme

Drinking Water Supply Programme (Water Harvesting, Wells) - Sudan

As part of its efforts to establish effective partnerships with the organizations that are involved in the development of rural communities, AAAID has signed a framework agreement with the Al-Suqya organization, under which the organization manages the drilling unit that is owned by the AAAID, which had been allocated to mobilize resources for the Trust Fund

Water Harvesting Project in West Kordofan State - Sudan:

In accordance with the directions of AAAID to support the rural infrastructure, AAAID established a water reservoir to save water in a scientific and healthy way, in terms of:

- Providing pure and clean water to the citizens and their animals.
- Strengthening the resilience of the residents to face environmental difficulties in their area.
- Store water in the autumn season and use it the summer season.

About 200 families have profited from this program, along with many livestock herds around the area

Research Programmes Implemented in 2016 in the Republic of the Comoros

Bandismilini Research Station

Description: Extension of a developmental research station established in 2006

Area: 25 Ha

Objectives:

- Developing the agricultural sector and farmers capacities in Comoros.
- Implement a research program for crops and vegetables cultivation, and use the results to guide farmers
- Implementation of a research program to test drip irrigation systems in the open fields to transfer to farmers.
- Build up national capacity in the field of the Endemic Disease Control Program

Implemented Programmes

- During 2016 (autumn and winter seasons), the station carried out 20 research experiments on an area of 5 feddans, including: trials of sweet potatoes, tomatoes, carrots, cabbage lettuce and potatoes.
- Experiments of vegetable crops are also carried out inside the greenhouses during the winter season.

Conclusions

- The obtained results showed the superiority of a number of planted crops during the summer and autumn season in the open field (potatoes and sweet potatoes), achieving good productivity that amounted to 4 tons per acre, while the productivity of the other crops decreased as a result of rainfall scarcity.

Tissue Culture Laboratory

- Carryover of the propagation of banana seedlings outside the laboratory, as well as the continued propagation of starchy bananas (main food in the Comoros) alongside other crops such as; Ttaro and Cassava that are resistant to the Mosaic virus.
- Continuation of the cooperation with the Ministry of Agriculture and the Comoros University to obtain and adapt additional banana plants in the protected house of the laboratory, and facilitate their provision to farmers.
- The lab obtained 1000 banana plants from the Comoros University in order to propagate and sell them to the farmers and for the work of the laboratory and the University.
- Fortified the laboratory with a number of devices and necessary chemicals to facilitate the work of the laboratory during the coming period, and achieve the desired objectives through the production of 50 thousand banana sprouts.



Potatoes and Sweet Potatoes
Bandasmalini Research Station

Developmental programmes implemented in 2016 in the Republic of the Comoros

Fishing Boat Project

AAAID provided fishing boats for small fishermen on Anjazica Island, United Republic of Comoros, at a cost of USD 82 thousand, deducted from the revolving loans of AAAID (for guarantees provided by the fishermen). 10 boats were purchased for 10 small fishermen and equipped with motors and fishing equipment: nets, fuel and refrigerators.

Anjouan Agricultural Development Centre

Business continued as planned according to the executive plan for 2016 and the following were accomplished

- Implementation of a developmental research programme (training) for organic farming on half a feddan and comparing it with the traditional systems applicable in the area.
- Cassava and sweet potatoes were cultivated on about 2000 meters squared and about 150 banana seedlings were cultivated near the cropland area.
- 34 farmers in the neighbouring villages were trained in the agricultural processes for vegetable and fruit cultivation.

Research programmes implemented in 2016 in Mauritania:

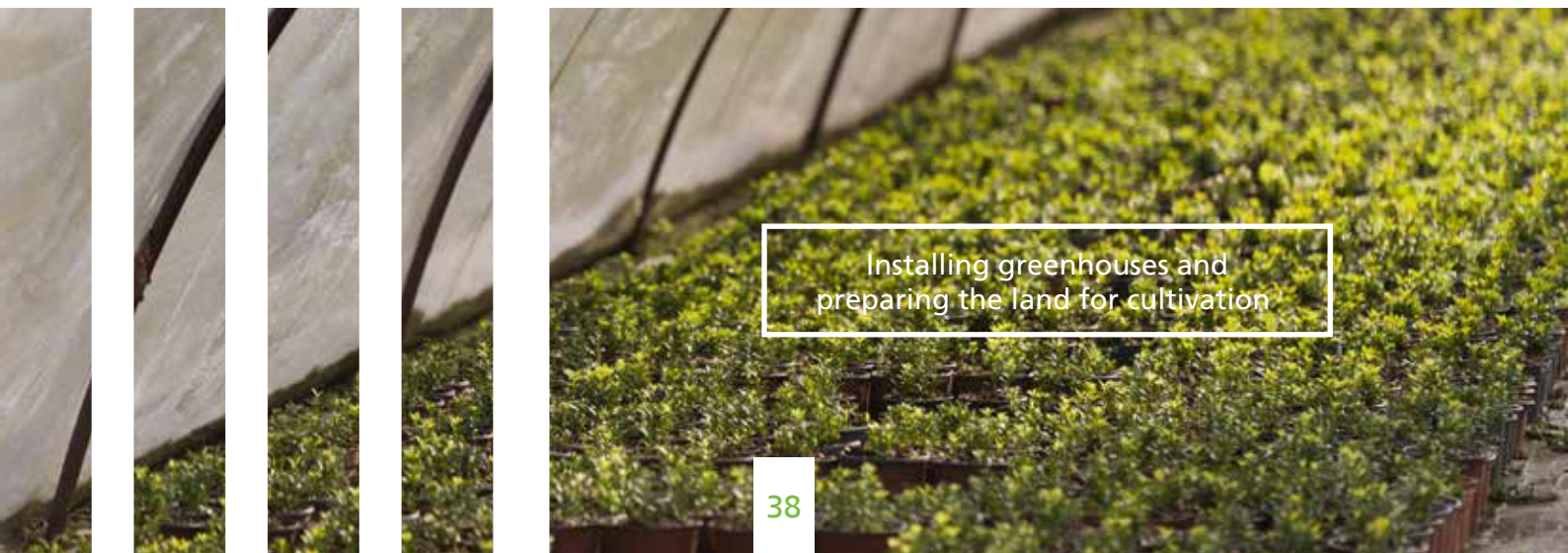
Dar El Baraka Research Station

In continuation of its efforts to enhance Arab food security, AAAID has implemented a number of applied research experiments at Dar Al Baraka Research Station - Arab Agricultural Services Company in Mauritania – including the following:

Description: Developmental guiding research station: **Area:** 10Ha

Objectives:

- The station coordinates with the Arab Company for Agricultural Services in order to find solutions to the problems facing agricultural production through the followings:
 - Implementation of basic and applied research programmes.
 - Implementation of production activities for self-finance.
 - Application of modern techniques in the cultivation of all field crops and vegetables, in order to improve quality and productivity.
 - Training of local staff on the advanced bases of vegetables and field crops cultivation.
- **Targeted research plan for 2016 (4 experiments)**
 - Cultivate different varieties of field crops (wheat, barley, maize and sorghum) under a central pivot irrigation system.
 - Cultivation of different types of vegetables under drip irrigation system.
 - Cultivation of fodder crops (alfalfa).
 - Off season cultivation in greenhouses.



Research Programmes Implemented in 2016 in the Republic of the Comoros

It was agreed to finance 4 developmental projects in the Republic of Mauritania in coordination with Popular Funds Network for Saving and Loans as follows

- The project for cultivating irrigated fodder in 3 states with a total area of 10 Ha, with 180 families benefiting from the project.
- The project for cultivating irrigated vegetables in 4 states with a total area of 3 Ha.
- The project for fattening and selling sheep.
- The project for trading in fish

Granting a Financing Line to the Agricultural Credit Corporation - Jordan:

- A financing line of 2 million dollars was given to the Agricultural Credit Corporation in Jordan, covering 22 areas in the Hashemite Kingdom of Jordan.
The total number of loans granted was 330, benefiting 330 families. The loan varied between JOD 5,000 maximum and JOD 1,000 minimum, to be repaid over 5 years with interest of 1%.
- In 2016, many activities were executed, including the projects for breeding sheep, cows, camels, bees, and poultry, as well as food product laboratories, plant production requirements and dairy factories.

Holders of Small Possessions Study - UAE

- AAAID is working on executing the second phase of the holders of small possessions study, financed by the International Fund for Agricultural Development (IFAD). The second phase is for studying small fishermen in the UAE, in coordination with Fisheries Department, Ministry of Climate Change and Environment.
- The project in the phase of study preparation and it is expected to be completed in the first half of 2017.

Developmental Projects for Supporting Palestinians

AAAID has approved the financing of 5 developmental projects for supporting Palestinians at a cost of USD 8.1 million, through Al Aqsa and Jerusalem Fund of Islamic Development Bank, Jeddah as follows:

- Comprehensive development project in Marj Sanour: USD 3 million.
- Water harvesting project in Hebron Governorate - Jenin, Jericho: USD 2 million.
- Plants gene bank project: USD 1.1 million.
- Fish farming project in the West Bank and Gaza Strip: USD 1 million.
- Reclamation and rehabilitation of agricultural land project - Hebron, Bethlehem: USD 1 million

Granting a Finance Line to Zaytouna Tamkeen Organization - Tunisia

AAAID has continued its efforts to expand support for small farmers and producers in Arab countries by providing finance lines. In 2016, an agreement was signed with Zaytouna Tamkeen Organization in Tunisia to provide a finance line for small farmers in Tunisia worth USD 2 million, as per the terms and conditions specified by AAAID.

Studies

AAID has studied many investment opportunities available in different phases as follows:

1. Project identification and formulation
2. Request for proposals (RFP) submission and assessment.
3. Preliminary and detailed feasibility studies and updates on Greenfield and Brownfield projects.
4. Feasibility study evaluation
5. Technical support and consultancies. .

Projects in the investment opportunities development phase

The identification of investment opportunity phase is the first step for the preparation of the feasibility studies and evaluation. The investment opportunity could be an idea, preliminary study submitted to AAAID by investors or opportunities identified during field visits. The total number of investment opportunities are 26

No.	Project	Country	Project Objective
1	Al Qema Agricultural Project	Sudan	This project aims to produce and process vegetables and fruits (Studies for Agricultural Manufacturing Complex, 4 studies).
2	Bandy Agricultural Project	Sudan	This project aims to produce fodder and maize in 30 thousand Feddan in Atbara River.
3	Seeds Production Project with Private Sector	Sudan	This project aims at production of different seeds crops.
4	North Omdurman Agricultural Project	Sudan	This project aims to produce fodder.
5	Livestock fattening and red meat processing Project	Morocco	This project aims at livestock fattening, red meat production and processing and marketing in Morocco.
6	Olive Oil production and processing Project	Morocco	This project aims at planting 1000 Ha of olives, establishing olive oil processing, and a packaging plant in Morocco.
7	Food industries Fund -Project	Tunisia	This fund aims to invest in food industries, shares in dairy processing and drying fruits projects..etc.
8	Golden Oasis Project	Algeria	This project aims to produce fruits, cereals, dairy products and red meat on 1000 Ha.
9	Dairy Processing Plant Project in Neama	Algeria	This project aims at breeding of dairy cows, dairy production processing, cereals and fodder production in Neama.
10	Broiler Production Project	Algeria	This project aims at producing 12.6 thousand tons of white meat annually.
11	Dairy Project	Algeria	This project aims at breeding of 1200 dairy cows and milk production.
12	Bougtob Slaughterhouse Project	Algeria	The project aims to establish a slaughterhouse in Bougtob, El Bayadh State.
13	Red Meat, Poultry and Fodder production Project	Algeria	This project aims to produce red meat, Poultry and fodder.
14	Maize and Soybean Project	Mauritania	This Project aims to produce maize and soybean.
15	Broiler Parent production Project	Egypt	This project aims to produce Broiler Parent.
16	Veterinary Vaccines Project	Egypt	This project aims to expand a veterinary vaccines Egyptian company to increase production capacity.
17	Nouran Sugar Project	Egypt	This project aims at producing and refining sugar beet.
18	Maize and Soybean Production Agricultural Project.	Egypt	This project aims at producing maize and soybean as main crops to supply the needs of poultry projects.
19	The Agricultural Project in East Owainat	Egypt	This project aims at producing maize and soybean and different crops in East Owainat.
20	Aquaculture project	Saudi Arabia	This project deals with fish farming in floating cages.
21	Broiler Production Project	Saudi Arabia	This project is targeting the production of 9.4 million broiler/Year and 13 million chicks.
22	Potato Seeds Project with a Dutch Company	Jordan	This project targets the production of 11000 tons potato seeds per year by using aeroponic mini tuber production technology.
23	Integrated Agricultural City Project	Qatar	This project aims at producing fruits, vegetables and fodder, livestock production and seeds production.
24	Dairy Processing Plant Project	Kuwait	This project aims at producing and processing dairy products and juices.
25	Oman Aquaculture Project	Sultanate of Oman	This project targets the production of 1500 tons of grouper fish and 75 tons of sea cucumber in Duqm City in Sultanate of Oman.
26	Bahraini Poultry Company Expansion project	Bahrain	This project aims at rehabilitating existing production cycle and establishing Broiler farms with a capacity of 6 million units.

Request for Proposals submission and assessment

AAAID generally prepares Terms of Reference to be used as guidance for feasibility studies preparation either by AAAID experts or by consultancy firms as per the RFP. AAAID has dealt with four projects in this stage

No	Project	Country	Project Objective
1	Veterinary vaccines Project	Sultanate of Oman	The project aims to produce veterinary vaccines for the local market or export in Arab countries.
2	Agricultural Services Company Expansion project	Mauritania	The project aims to utilize 3200 Ha to produce crops.
3	Cereals Silo - Ministry of Agriculture	Sudan	The project aims to increase the capacity of cereal silos storage.
4	Feasibility study for Kenana Sugar Company for integrated solutions	Sudan	This project aims to provide integrated services for agricultural processes in rain fed and irrigated sectors.

Preliminary and detailed feasibility studies and updates on Greenfield and Brownfield projects

This includes preparation of preliminary feasibility studies for Greenfield projects, detailed feasibility studies or updating feasibility studies for Brownfield project (Rehabilitation, Expansion and restructuring). The total number of projects as this stage is 14 projects

No	Project	Country	Project Objective
1	Arab Sudanese Blue Agricultural Company restructuring project	Sudan	This project aims to diagnose and find suitable solutions for challenges facing the company.
2	Dairy Unit Al Bageir Rehabilitation project	Sudan	This project aims to rehabilitate and re operate the dairy products processing unit of Arab Agricultural Production and Processing Company to attract Investors.
3	Starch and glucose plant Rehabilitation project	Sudan	This project aims to rehabilitate Starch and glucose unit of Arab Agricultural Production and Processing Company to attract Investors.
4	White Nile Sugar Company	Sudan	This project aims to Follow up the agriculture activities reforms at field level based on the prepared study.
5	Crop Production Project in the White Nile Sugar Company	Sudan	This project aims at production of cash crops in an area of 4000 Feddan for Export.
6	Al Mutamayza for Vegetable Production	Sudan	This project aims to setup a company using Company's cold stores for fruits and vegetables export.
7	Al Muzdana Company's Project	Sudan	This project aims to prepare an operational Business plan for the company.
8	Horticultural Products Marketing project	Morocco	This project aims at producing, grading, storing, and marketing of vegetables and fruits.
9	Horticultural Products Marketing project	Tunisia	This project aims at grading, storing, Manufacturing and marketing of vegetables and fruits.
10	Red Meat project	Mauritania	This project aims at establishment of a slaughterhouse and red meat processing factory and marketing red meat for the local market and export.
11	Integrated Poultry Project	Mauritania	This project aims at Broilers and eggs production.
12	Arab Fisheries Company Rehabilitation project	Saudi Arabia	This project aims at rehabilitation of the Arab Fisheries Co to enhance production activity.
13	Dhofar Dairy Project	Sultanate of Oman	This project aims at Milk collection and dairy processing in Dhofar state.
14	Exit strategy	Member States	This study aims to determine AAAID's strategy and policy concerning the exit from the affiliate companies.

Projects in the investment opportunities development phase

This includes Projects that have been received from promoters for financing through participation in equity shares.
The total number of projects in this stage are 20

No	Project	Country	Project Objective
1	Mills and silos project in Port Sudan	Sudan	This project aims at storing, importing and exporting cereals.
2	Suki sugar project	Sudan	This project aims at sugar producing and refining.
3	Sugarcane Production and manufacturing project	Mauritania	This project aims at sugarcane production and sugar refining and packaging.
4	Al Nema Dairy Project	Mauritania	This project aims at collection and dairy products processing with a daily capacity of 30 thousand litres.
5	Boguy Dairy Project	Mauritania	This project aims at establishing a dairy plant with a capacity of 15 thousand tons/year in Boguy state in addition to collection centers.
6	Dairy processing and crop production project in Wadi Degla.	Egypt	This project aims at dairy products processing, meats and field crops production.
7	Hydroponic Project	Sultanate of Oman	This project aims at producing vegetables using hydroponic technology in greenhouses.
8	Knowledge advanced technologies aquaculture project Sultanate of Oman	Sultanate of Oman	This project aims at production of 1200 Tons/ year of grouper, European sea bream and barramundi.
9	Al Hosn Investment company Company aquaculture Project	Sultanate of Oman	This project aims at production of grouper and European bream with a capacity of 1500 tons annually.
10	Soybean oil integrated project	Sultanate of Oman	This project aims at establishment of soybean oil processing and fodder plant with a total capacity of 3000 tons per day,
11	Shrimp Production project	Kuwait	This project aims at shrimp production in aquariums.
12	Algae production project	United Arab Emirates	This project aims at producing high nutritional value natural products using advanced technologies for Algae production.
13	Erbil Dairy Processing plant Project	Iraq	This project aims at dairy processing.
14	Tunisia Aquaculture Fund Project	Tunisia	This fund aims to finance aquaculture projects through Equity/Quasi-equity in Tunisia.
15	Star fish Project	Tunisia	This project aims to produce Fish in Aquaculture system
16	Taiba Poultry Project	Tunisia	This project aims to increase poultry complex capacity of Taiba Group.
17	Al Shaal Olive Oil Project	Tunisia	This project aims at olives production and olive oil processing in Sfax with a capacity 45 thousand tons.
18	Breeding and red meat production and processing project.	Morocco	This project aims at breeding, fattening, slaughtering, and red meat processing and marketing in Morocco.
19	Free zone livestock Market	Jordan	This project aims at establishing 292 healthy protected barns (quarantine) for livestock to receive, examine and distribute in the Middle East.
20	Parent broiler and breeders Project in Hail	Saudi Arabia	This project aims at establishing an integrated project comprise broiler parents, broilers and fodder production and slaughterhouse.

Technical support and consultancies

Technical support and consultancies are provided to AAAID affiliate companies, and/or other companies. AAAID is currently providing technical support and consultancies to two of its affiliate companies

No.	Project	Country	Project Objective
1	Supervise the execution of veterinary medicine project	Sudan	The provision of supervisory services for executing and attracting technical offers to designate a contractor for executing the project.
2	Al Bageir red meat project	Sudan	Prepare the engineering designs, attract and assess offers, and provide technical support to execute the work.



Communication and Media Unit



AAAID's activity has increased in recent years and recorded a significant presence in different international conferences, exhibits and forums related to AAAID's field of business. Furthermore, AAAID has held many successful conferences in addition to increasing the partnerships in agricultural and food projects which have resulted in forming a specialized unit concerned with all of these tasks and following up their works.

Administrative and Regulatory Aspects



Several recent developments and changes have occurred since the employees' affairs regulations were adopted in 2001 for the purpose of increasing the efficiency of the administrative and regulatory performance in AAAID. This is with the aim of applying the provision of regulations to maintain the rights of AAAID and employees' rights, the AAAID Board of Directors reviewed, amended and updated the employees' affairs regulations (19 clauses). Moreover, the name of the employees' affairs regulations was amended to the employees' affairs law, which was enforced on the date on which the Board of Directors' resolutions were approved during 2016.

Information Systems



AAAID has continued its efforts regarding adopting and applying information systems that contribute to achieving AAAID's objectives. Mechanisms have commenced to implement Enterprise Resources Planning (ERP) works, followed by the continued efforts to complete the procedures for implementing the system, in order to unify all of AAAID's processes, and coordinate all resources, information and necessary activities to complete these practical procedures. Further, this system contributes to accelerating the communications in AAAID, which increases operational efficiency and effectiveness, assists in linking all departments via a central database, which contributes to taking decisions at the appropriate time. The project is for providing timely delivery of the appropriate information to all users from all administrative levels in AAAID. It is expected that the system will be completed and go live by February 2017. Further, AAAID has developed some internally specialized programmes to contribute to accelerating the completion of works and improving the work mechanism. These include a unified automatic system for the Studies and Development Department, a programme to follow up tasks and assignments, a computer system for technical support for the Information Technology Department, and a library assets recording system. In addition to replacing and updating all infrastructure devices for information network, information protection systems, and central printing systems via the network.

Administrative Activity

Meetings



Board of Shareholders

The fortieth meeting of the AAAID shareholders' board was held in the Kingdom of Bahrain in April 2016. One of its most prominent decisions was approving the investment transactions programme of AAAID in 2016 of KWD 22.8 million to be used as per AAAID's strategy directions.

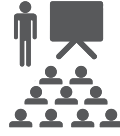
Board of Directors

The AAAID board of directors held four meetings during the period from January until December 2016. During this period, the board of directors discussed many important subjects related to agricultural investments and administration. The AAAID board of directors approved 84 resolutions, including a resolution approving AAAID's acquisition of shares in many important projects, such as the integrated project for producing, sorting, grading and packaging fruits and juice concentrates in the Kingdom of Morocco. One resolution for the execution of the first phase of the red meats project by forming a company for collecting, fattening, and exporting livestock in Sudan. One resolution on rehabilitation and operation of a grading and packaging unit, and the refrigerated warehouses of Al Mutamayiza for Vegetables and Crops in Sudan. One resolution on acquiring shares in the integrated poultry project of the Republic of Mauritania; a resolution on providing a financing line to Zaytouna Tamkeen to implement developmental programmes for small farmers and producers in the Republic of Tunisia. One resolution on subscribing to the capital of the fish farming fund in the Republic of Tunisia. One resolution on subscribing to the Arab Trade Financing Programme, UAE to increase its capital. One resolution on subscribing to the Arab Company for Veterinary Medicine Production in Sudan to increase its capital. One resolution on subscribing to Al-Muzdana Zero-Tillage Agricultural Services Company in Sudan to increase its capital. One resolution on subscribing to the White Nile Sugar Company in Sudan to increase its capital and grant the White Nile Sugar Company the corporate guarantee. In addition to one resolution on acquiring shares in the capital of the Arab Sudanese Vegetable Oil Company in Sudan. Further, the board of directors approved many resolutions on following up AAAID's company conditions.

Committees emanating from the Board of Directors

Several divisions emerged from the Board of Directors, namely "the executive committee, financial investment committee, and audit and risks committee", held many meetings during the above-mentioned period. They discussed many subjects and reported their recommendations to the Board to take the necessary decisions.

Training



For the purpose of achieving the strategic objectives sought by the Human Resources Department, the department has prepared a comprehensive training plan, giving opportunities to a greater number of employees to obtain training in 2016. An external training plan has been approved and includes 43 employees in different AAAID's departments. Further, an external workshop was held titled 'Job Description and AAAID's Organizational Structure Review'. Training outside AAAID: This means training graduates in the fields related to AAAID's activities. There are 21 trainees from outside AAAID who have done training courses in all the different departments of AAAID.

Administrative Services Activity:



AAAID's management has benefited from AAAID's buildings and properties by leasing them to third parties to benefit from their returns. In 2016, AAAID increased the leased 83% of vacant spaces. For maintaining buildings and properties, AAAID has upgraded and developed these constructions to keep up with the recent requirements and compete in the real estate investment market. These upgrades have included renewing the central air conditioning systems for the buildings and installing new electronic generators. In 2016, AAAID renovated the main entrances to the buildings, and ceilings and water insulators in the roofs. Further, AAAID has redesigned the administrative offices, adopted an open office system providing an appropriate environment for the employees to enhance their productivity. AAAID also prepared a comprehensive plan for safety and evacuation in emergencies as per the approved standards in the host country. In 2016, AAAID provided the technical and engineering support for many agricultural projects, participated in preparing the illustrations for the projects, and supervised infrastructure works to qualify the barns of Al Bageir project for red meats, the Arab Poultry Production Company and the Starch and Glucose Project

Other Activities



Social Initiatives:

The idea of launching social initiatives by AAAID has come as a practical step to achieve higher social unity amongst its employees. As well as to urge them to positively react to the cases and problems of the community. Many initiatives of varied form and content were launched in 2016 and witnessed an effective participation by all of AAAID's employees.

Visits, Meetings and Events in 2016

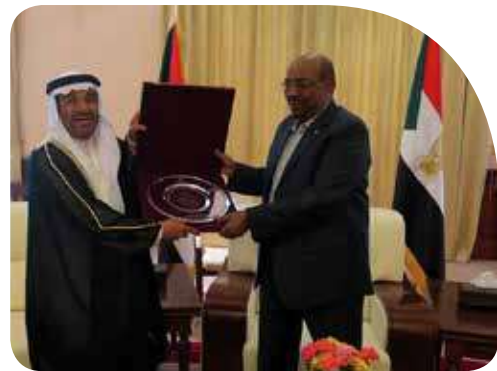
Visits



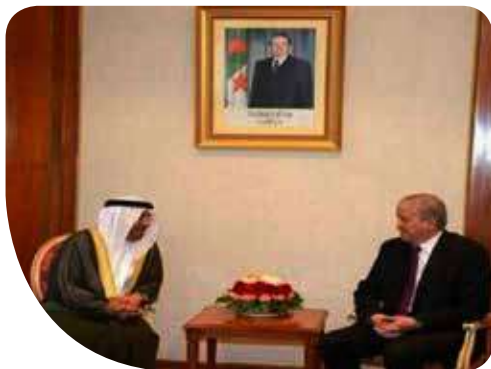
The AAAID Board of Directors is working on enhancing alliances with the member states, governmental organizations and similar international organizations via meetings, visits and participation in events related to the agricultural sector. In 2016, AAAID held many meetings with officials from different authorities to coordinate with them the establishment of new investment projects, develop programmes serving agricultural development, and investigate the methods for eliminating obstacles facing AAAID's companies. Further, AAAID made some civil visits to the existing companies to check on the development of its productive, financial and marketing performance, and to think about the necessary technical support to improve their performance. Moreover, AAAID participated in many events, such as scientific conferences, seminars and agricultural technical exhibits. The following are some of these events:



The visit made to H.E Abdul Elah Ben Kiran, Prime Minister of Morocco, on 24/3/2016.



The visit made to Field H.E Marshal Omar Hassan Ahmed Al Bashir Sudan's President, on 13/6/2016 at the Republican Palace.



The visit made to H.E Abdumalek Salal, Prime Minister of Algeria, on 9/6/2016.



The visit made to H.E Youssef Al Shahed, Prime Minister of Tunisia, on 23/10/2016.



The visit made to Dr. Awad Ahmed Al Jazz, the Assistant to the President of the Republic, on 24/8/2016 at his office in Khartoum.



The visit made to Engineer Ibrahim Mahmoud Hamed, Assistant of the President of the Republic on 23/8/2016 at his office in the Republican Palace.



The visit made to Mr. Haji Baba Ammi Minister of Finance of Algeria, on 6/10/2016.



The visit made to Dr. Badr Al Din Mahmoud - Minister of Finance and Economic Planning of Sudan, on 17/7/2016 at the ministry headquarters.



The visit made to Professor Doctor Ibrahim Adam Ahmed Al Dekheiry, Minister of Agriculture and Forestry of Sudan on 10/7/2016 at his office in the ministry headquarters



The visit made to Professor Mousa Tibn Mousa Adam, Minister of Animal Resources, Sudan at the ministry headquarters on 14/7/2016



The visit made to Professor Ahmed Ghandour, Minister of Foreign Affairs of Sudan, on 24/8/2016 at the ministry headquarters.



The visit made to Mr. Mohamed El Fadil, Minister of Investment and International Cooperation of the Republic of Tunisia, on 23/10/2016.



The visit made to Mr. Modather Abdulghani - Minister of Investment of Sudan, on 12/7/2016 at his office in the ministry headquarters.



The visit made to Mr. Samir El Tayeb, Minister of Agriculture and Water Resources, Tunisia, on 23/10/2016.



The visit made by AAAID's Chairman to Mr. Abdulsalam Shalghoum, the minister of Agriculture and Fisheries of the Democratic Republic of Algeria, on 6/9/2016.



The visit made to Doctor Fouad Jafar Al-Sagwani, Minister of Agriculture and Fisheries, Sultanate of Oman, on 23/6/2016.



The visit made to Dr. Mohammed Yousuf Ahmed Ali, Minister of Industry of the Republic of Sudan in the meeting hall at Kenana Sugar Company headquarters.



The visit made to Engineer Moataz Moussa, Minister of Water Resources, Electricity and Dams of the Republic of Sudan, on 15/8/2016 at his office in the Ministry headquarters.



The visit made to H.E Ms. Fatima Bint Sweina, Minister of Veterinary of Mauritania, on 23/7/2016



The visit made to Lieutenant General Taha Osman Al Hussein, Director of the Office of the President of the Republic, on 24/8/2016 at the Presidential Palace in Khartoum.



The visit made by AAAID's President to Al Marga for Cattle and Agricultural Development Company, Republic of Tunisia, on 25/10/2016



The visit made to Mr. Abdulsalam Ould Ahmed, Assistant Director-General of (FAO) and FAO Regional Director for the Near East and North Africa, at FAO headquarters in Cairo, Egypt, on 30/3/2016



The visit made to H.E Ms. Lumaina Bent Al Qotb, Minister of Agriculture of Mauritania, on 22/7/2016.



The visit made to Lieutenant General Eng. Abdul Rahim Mohammed Hussein, Governor of Khartoum State on 6/5/2016 at his office in the State.



The visit made to Mr. Salahuddin Hassan Ahmed Director General of the Agricultural Bank on 23/8/2018 at the Bank's headquarters in Khartoum.



The visit made to Fidasi Farmer's Association in the Gezira Project, Republic of Sudan on 21/8/2016.



The visit made to the Arab Poultry Production and Processing Company headquarters, Taiba al-Hasnab area south of Khartoum, on 19/4/2016.

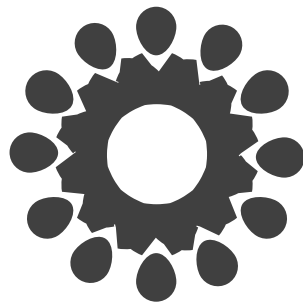


The visit made to Dr Abdoul Kamara, Director General of the African Development Bank on 23/8/2016 at the bank's headquarters in Khartoum.



The visit made by AAAID's Chairman to Manafid Al Houboub Company, Kingdom of Morocco, on 3/4/2016.

Meetings



Since its establishment in 1976, AAAID has been seeking to achieve its objectives via cooperating with embassies, organizations and similar entities, whether inside or outside the headquarters state, in order to expand the agricultural investment base and enhance Arab food security, along with strengthening bonds of cooperation between AAAID and these entities. To express the gratitude between both sides, the AAAID President met the following entities in 2016:



The meeting of Mr. Mohammed Al-Amin Al-Karib, Ambassador of the Republic of Sudan in the uae, with AAAID's President at AAAID's regional office in In the Dubai, UAE on 7/1/2016.



The meeting of Mr. Faisal Hamed Maala Ambassador of the Kingdom of Saudi Arabia, in Khartoum with AAAID's President at AAAID's



The meeting of Mr. Manouar Rabie, Ambassador of the Republic of Algeria, with AAAID's



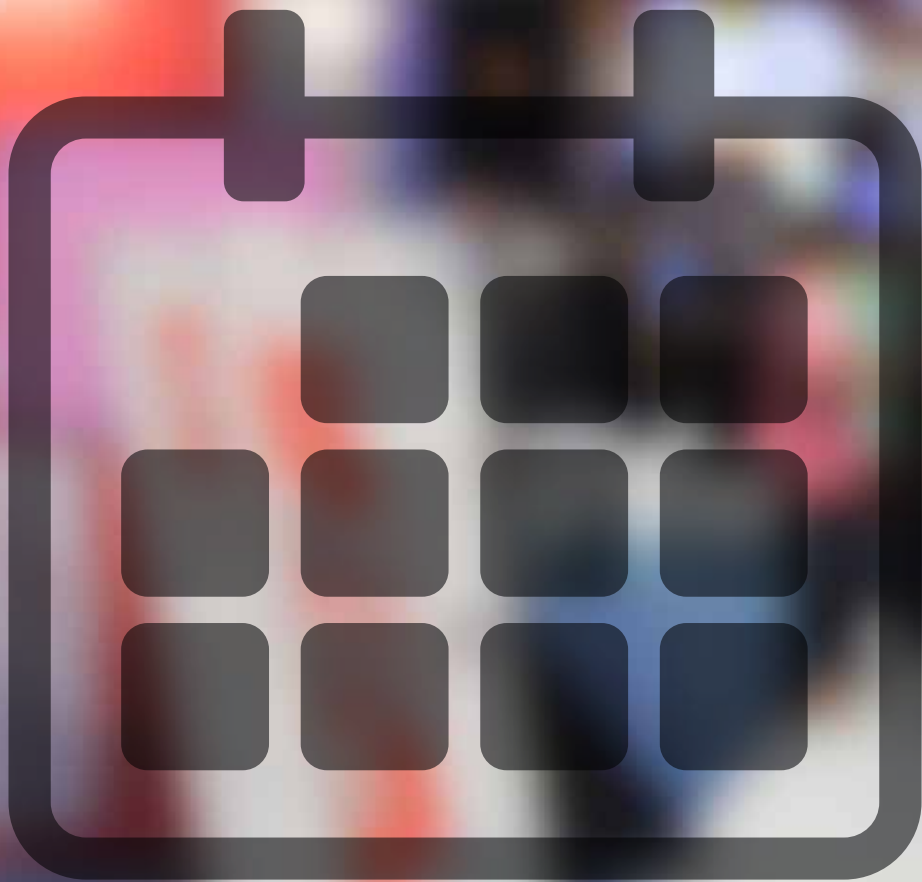
The meeting of Mr. Imad Rahmouni, Ambassador of the Republic of Tunisia, in Khartoum with Mr. Mohammed Obaid Al Mazrooei, AAAID's President at AAAID's headquarters in Khartoum, on 25/10/2016.



The visit of a team representing farmers associations in Gabouja area in Al Jamous office with AAAID's President at AAAID's headquarters in Khartoum, on 18/4/2016.



The meeting of Dr. Mohammed Mohamed Ali Al-Mazjoub Secretary General of the Federation of Arab Scientific Research Councils, with Mr. Mohamed bin Obaid Al Mazrooei, AAAID's President at AAAID's headquarters in Khartoum on 25/10/2016.





Events and Participations

AAAID's participation in or organization of events, seminars, forums and conferences, is one of the appropriate methods to meet up with the individuals concerned with the agricultural sector, and identify the general concepts of investment mechanisms in this sector. Further, events are a means for discussing the solutions to obstacles facing agricultural and agriculture-based industries. AAAID aims to promote its business field via these events, and attract all individuals interested and involved in this field from public and private sectors. In 2016, AAAID participated in the following events



AAAID organized a dinner party to recognize the strategic partners supporting it on 20/4/2016 at Al Salam Rotana Hotel in Khartoum, Republic of Sudan.



AAAID participated in the national meeting on reducing food waste in the Arab region with a paper entitled 'The AAAID Vision on Reducing Food Waste in the Arab Region' during the period from 27-28/9/2016, at the headquarters of the Arab Organization for Agricultural Development, Khartoum, Republic of Sudan.



AAAID participated in the Second Turkish Gulf Business and Investment Forum on 1-2 November 2016 in the Bahraini capital of Manama.



The AAAID President participated in the opening of the 27th Arab Summit of the Islamic Republic of Mauritania, Nouakchott on 25/7/2016.



AAAID participated in the Sudan Investment Forum with a paper titled 'Investment Experiences in the Agriculture and Livestock Sector' on 17-18 February 2016 in Khartoum.



AAAID organized the annual ceremony for the Second Career Excellence Award for 2016 on 19/6/2016 in Khartoum, Republic of Sudan



AAAID participated in organizing the Mauritanian Gulf Business Forum on 25/1/2016 in Sharjah, UAE.



AAAID participated in the Forum on Investment Opportunities in Aquaculture and its exhibition on 27/1/2016, Yanbu, KSA.



The AAAID President participated in the celebrations marking the 50th anniversary of the founding of UNIDO in Vienna, Austria, on 23 November 2016.



AAAID participated in the events of the exhibition and conference AgraME from 13-15 March 2016, Dubai, UAE to encourage the regional and Arab cooperation in sharing fields of knowledge, modern technologies, and international and Arab pioneer experience in the sector.



AAAID participated in a workshop for future prospects for agricultural investment opportunities in Africa, with a paper titled 'Requirements for the Development of Agricultural Investment in the Republic of Sudan' on 19/2/2016, at the headquarters of the Arab Bank in Khartoum.



The AAAID President participated in the Third German-Sudanese Businessmen Forum in Berlin on 1st December 2016, Arab Chamber of Commerce, Berlin



AAAID participated in the Fifth Arab Conference for Investment in Arab Food Security on 3-4/5/2016 in Fujairah, UAE with a paper titled 'The Role of the Arab Authority for Agricultural Investment and Development and its Contribution to the Enhancement of Arab Food Security'.



AAAID participated in the Third International Conference on Water, Energy, Food and Agricultural Technology with a paper titled 'No-till farming in Sudan: An agricultural technology for semi-dry land' in the period from 15-18/11/2016 in Istanbul, Turkey.



Mr. Mohammed Obaid Al Mazrouei, AAAID President, participated in launching AAAID's social initiative for April named 'Good Planting... Ongoing Charity', on 18/3/2016 in the presence of all AAAID members.

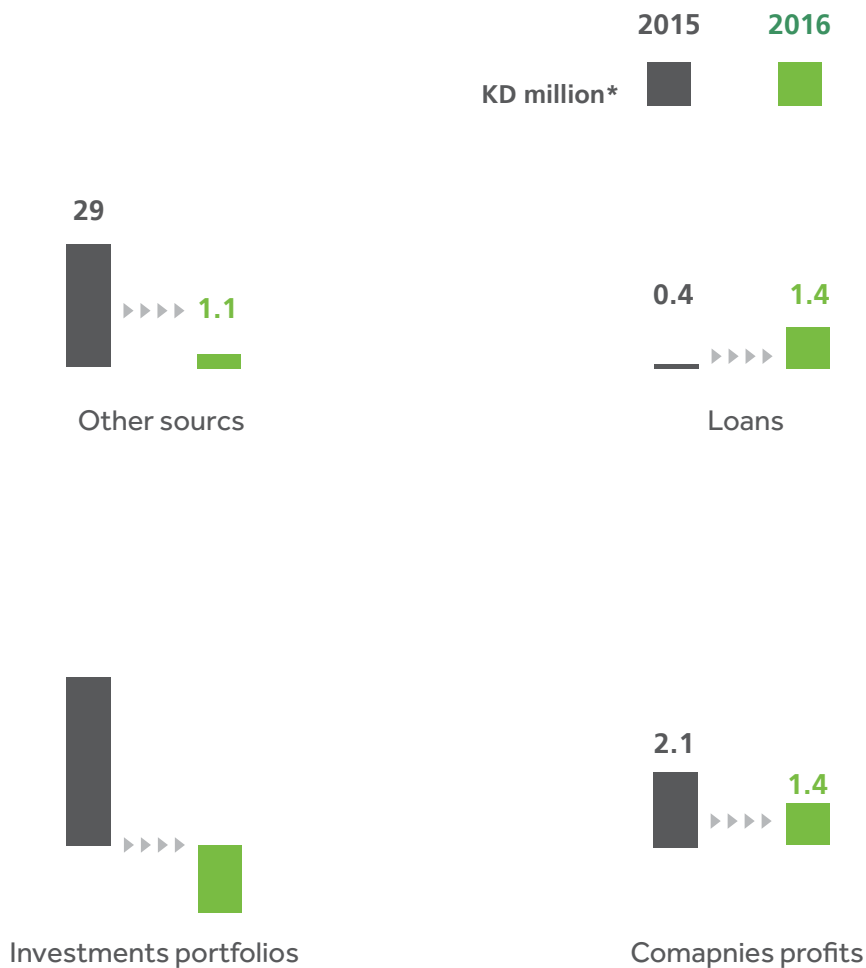


AAAID's Financial Position

AAID's Financial Position for the Period Ending 31/12/2016

Total Income

The total income of the year ending 31/12/2016 was KWD 10.5 million (USD 34.2), while the total income for the same period in the previous year was KWD 28.4 million (USD 92.8 million). The income basically consists of the investment portfolios, the profits of the companies, loans, and other sources



Total income is detailed as follows

Companies' Profit Income:

Companies' profit income for the year ending 31/12/2016 was about KWD 1.4 million (USD 4.6 million,) while the same period of the previous year it was KWD 2.1 million (USD 6.8 million).

Loan Returns Income

Loan returns income for the year ending 31/12/2016 was about KWD 1.4 million (USD 4.5 million), while the same period of the previous year recorded KWD 0.4 million (USD 1.5 million).

Liquid Assets Investments Income

In 2016, the financial markets witnessed fluctuation due to many geopolitical changes, including low oil prices, slow growth of the world economy, low interest rates and the negative effect of the US ban on the headquarters state. The international financial organizations and banks dealing with AAAID are required to obtain a licence from the Office of Foreign Assets Control (OFAC), which affects the implementation of AAAID's investment policy when searching for an alternative chance or changing the existing managers of portfolios. Under these changes, AAAID has ensured it achieves the maximum possible security by investing via international and regional investment institutions with a high credit ranking

Unified Portfolio Distribution 2016

AAAID unified portfolio value at the end of 2016 was about USD 394.8 million and the net profits achieved by the AAAID financial portfolio about USD 21.6 million.

AAAID's financial investment distributions are as follows:

Shares Investments

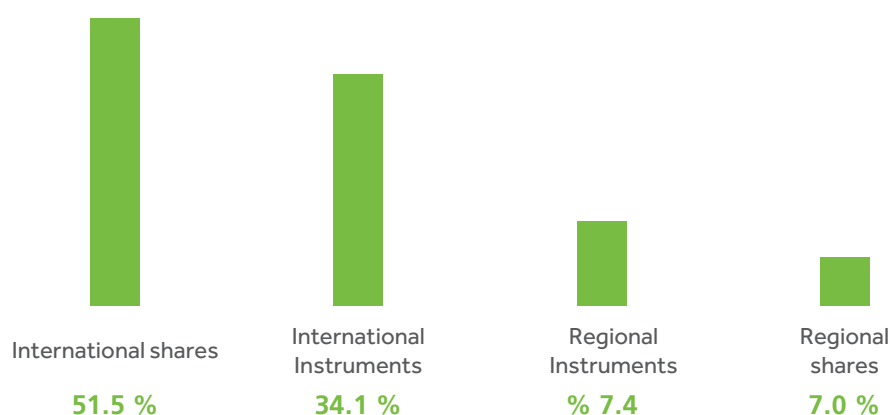
- The investments percentage in the shares portfolios from the total financial investments by the end of 2016 was KWD 70.7 million, with a percentage of 58.5% (USD 230.8 million) for KWD 65 million, compared with 59.6% for 2015 (USD 213 million). The shares investments were distributed as follows: Investment in international shares with a percentage of 51.5% and investment in regional shares with a percentage of 7.0%.
- AAAID investments in shares portfolio achieved profits of KWD 5.1 million (USD 16.7 million) in comparison with losses of KWD 2.6 million (USD 8.5 million) at the end of 2015.

Instruments Investment

- The percentage of investments in instruments portfolios by the end of 2016 was KWD 50.2 million with a percentage of 41.5% (USD 163.9 million), while 2015 witnessed a figure of KWD 44 million, with a percentage of 40.4% (USD 144 million). The instruments investments were **distributed as follows:** Investments in international instruments with a percentage of 34.1% and investments in regional instruments with a percentage of 7.4%.
- AAAID investments in the instruments portfolios achieved profits of KWD 1.5 million (USD 4.9 million) at the end of 2016, compared with the losses of USD 1.6 million at the end of 2015.

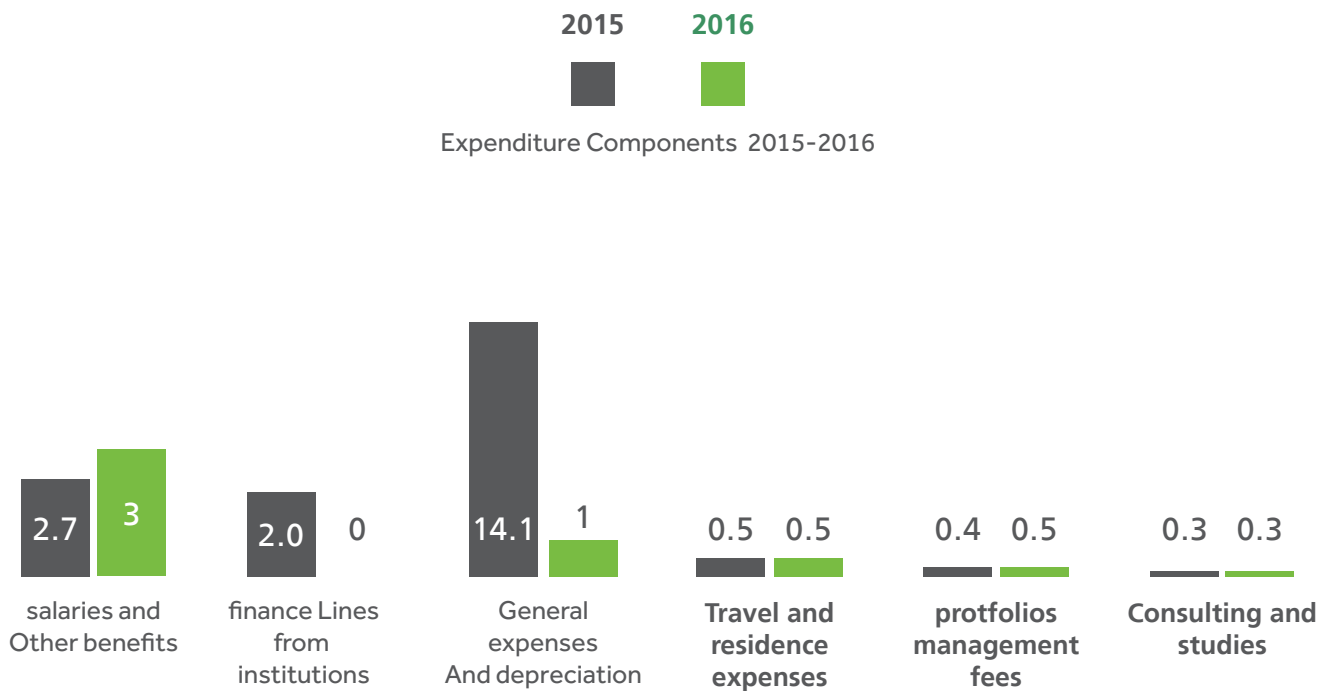
Income from other sources

- The income of other resources for the year ending 31/12/2016 was about KWD 1.1 million (USD 3.5 million), compared with KWD 29 million (USD 94.7 million) for the same period in the previous year. The value of the revenues of the previous year included KWD 26.2 million generated from selling some AAAID's shares in some companies.



Total Expenditure

The total expenditure for the year ending 31/12/2016 was KWD 6 million (USD 19.6 million), compared to KWD18.5 million (USD 60.4 million) for the same period in the previous year.



01 Financial Performance Results:

The net profits of the year ending on 31/12/2016 were KWD 5.1 million (USD 16.7 million) compared to profits of KWD 9.9 million (USD 32.4 million) for the same period in the previous year.

02 Financial Position:

1. Assets:

The total assets of AAAID on 31/12/2016 were about KWD 259.9 million (USD 849.2 million), compared with about KWD 241.2 million (USD 788.1 million) on 31/12/2015.

Description	2016	2015	
Cash or balances with banks	18.6	14.5	
Investments in securities	120.8	109.4	
Loans to companies where AAAID owns shares	25.7	26.5	
Subscriptions and direct investments, net	83.1	80.6	
Other assets	11.7	10.2	
Total	259.9	241.2	

Liabilities:

Total Liabilities on 31/12/2016 were KWD 14.7 million (USD 48 million) for KWD 13.8 million (USD 45.1 million) on 31/12/2015.

Description	2016	2015	Increase and Decrease
Financing lines from financial institutions	0.8	0.8	0
Unpaid Profits Distribution	0.2	0.2	0
End of Service Benefits	2.1	1.9	0.2
Other Liabilities	11.6	10.9	0.7
Total	14.7	13.8	0.9

Shareholders Rights:

The total rights of the shareholders, representing the paid up capital and the reserves as of 31/12/2016 were KWD 245.2 million (USD 801.2), compared with about KWD 227.4 million (USD 743 million) on 31/12/2015, representing an increase of 8%.

Further, AAAID paid shareholder profits of about KWD 148.5 million (USD 485.2 million) as of 31/12/2015, or about 86% of capital.

Financial Statements and External Auditor Report

**Arab Authority for Agricultural Investment
and Development**

FINANCIAL STATEMENTS

31 DECEMBER 2016

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARAB AUTHORITY FOR AGRICULTURAL INVESTMENT AND DEVELOPMENT

Report on the Audit of Financial Statements

Opinion

We have audited the financial statements of Arab Authority for Agricultural Investment and Development (the "Authority"), which comprise the statement of financial position as at 31 December 2016, and the statement of comprehensive income and expenditure, statement of changes in member countries' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with the basis of preparation explained in Note 2 in the accompanying financial statements.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of preparation explained in Note 2 in the accompanying financial statements, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Authority or to cease operations, or has no realistic alternative but to do so.

Those Charged with governance are responsible for overseeing the Authority's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ARAB AUTHORITY FOR AGRICULTURAL INVESTMENT AND DEVELOPMENT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Authority's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Authority to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



WALEED A. AL OSAIMI
LICENCE NO. 68 A
EY
(AL-AIBAN, AL-OSAIMI & PARTNERS)

2 March 2017
Kuwait

Arab Authority for Agricultural Investment and Development

STATEMENT OF FINANCIAL POSITION

As at 31 December 2016

	<i>Notes</i>	<i>2016</i> <i>KD</i>	<i>2015</i> <i>KD</i>
ASSETS			
Cash and cash equivalents	4	18,596,473	14,464,654
Investments held for trading	5	120,839,597	109,657,729
Loans, net	6	25,703,531	26,544,459
Contributions and direct investments, net	7	83,105,016	80,550,584
Property and equipment, net	8	1,949,136	461,567
Investment property, net	9	3,828,312	4,078,100
Other assets	10	5,925,878	5,450,598
TOTAL ASSETS		259,947,943	241,207,691
LIABILITIES AND EQUITY			
Liabilities			
Borrowings from financial institutions	11	824,920	801,734
Other liabilities	12	11,786,381	11,099,597
Employees' end of service benefits	13	2,137,458	1,870,986
Total liabilities		14,748,759	13,772,317
Member Countries' Equity			
Paid up capital	14	185,328,714	171,759,263
Share premium		208,570	169,365
Statutory reserve	15	23,293,881	22,783,254
General reserve	16	23,476,055	21,588,418
Voluntary reserve	17	8,041,340	8,041,340
Foreign currency translation reserve	18	4,850,624	3,093,734
Total member countries' equity		245,199,184	227,435,374
TOTAL LIABILITIES AND EQUITY		259,947,943	241,207,691



Mohamed Bin Obaid Al-Mazrouei
Chairman




Jalaleldin Mohamed Zain
Director of Finance

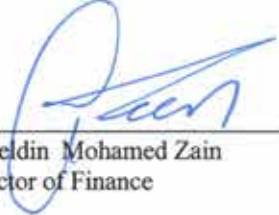
Arab Authority for Agricultural Investment and Development

STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE

For the year ended 31 December 2016

	<i>Notes</i>	<i>2016 KD</i>	<i>2015 KD</i>
Income			
Net gain (loss) from investments held for trading	20	6,588,275	(3,092,108)
Dividend from contributions and direct investments	21	1,420,785	2,077,874
Income from loans		1,392,363	456,483
Other income	22	1,063,874	28,968,522
Reversal of impairment losses on financial assets	23	2,711,932	-
Total income		<u>13,177,229</u>	<u>28,410,771</u>
Expenditure			
Salaries and indemnities		(2,965,121)	(2,732,352)
Travelling and accommodation		(583,282)	(513,529)
Impairment of financial assets	24	(2,809,441)	(13,443,978)
Depreciation	8,9	(381,010)	(357,893)
Finance costs		(224)	(206,464)
Others		(1,331,883)	(1,252,450)
Total expenditure		<u>(8,070,961)</u>	<u>(18,506,666)</u>
Profit for the year		5,106,268	9,904,105
Other comprehensive income			
Net movement in foreign currency translation reserve		1,756,890	6,874,657
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		<u><u>6,863,158</u></u>	<u><u>16,778,762</u></u>


 Mohamed Bin Obaid Al-Mazrouci
 Chairman


 Jalaleddin Mohamed Zain
 Director of Finance

Arab Authority for Agricultural Investment and Development
STATEMENT OF CHANGES IN MEMBER COUNTRIES' EQUITY
For the year ended 31 December 2016

	<i>Paid-up capital</i> <i>KD</i>	<i>Share premium</i> <i>KD</i>	<i>Statutory reserve</i> <i>KD</i>	<i>General reserve</i> <i>KD</i>	<i>Voluntary reserve</i> <i>KD</i>	<i>Foreign currency translation reserve</i> <i>KD</i>	<i>Total</i> <i>KD</i>
Balance as at 1 January 2016	171,759,263	169,365	22,783,254	21,588,418	8,041,340	3,093,734	227,435,374
Capital increase (Note 14)	11,851,858	-	-	-	-	-	11,851,858
Increase in share premium	-	39,205	-	-	-	-	39,205
Bonus shares (Note 14)	1,717,593	-	-	(1,717,593)	-	-	-
Profit for the year	-	-	-	5,106,268	-	-	5,106,268
Transfer to statutory reserve	-	-	510,627	(510,627)	-	-	-
Funds appropriations for donations	-	-	-	(990,411)	-	-	(990,411)
Foreign currency translation reserve	-	-	-	-	-	1,756,890	1,756,890
At 31 December 2016	185,328,714	208,570	23,293,881	23,476,055	8,041,340	4,850,624	245,199,184
Balance as at 1 January 2015	152,687,894	169,365	21,792,843	18,035,321	8,041,340	(3,780,923)	196,945,840
Capital increase (Note 14)	17,544,490	-	-	-	-	-	17,544,490
Bonus shares (Note 14)	1,526,879	-	-	(1,526,879)	-	-	-
Cash dividend (Note 14)	-	-	-	(3,053,759)	-	-	(3,053,759)
Profit for the year	-	-	-	9,904,105	-	-	9,904,105
Transfer to statutory reserve	-	-	990,411	(990,411)	-	-	-
Funds appropriations for donations	-	-	-	(779,959)	-	-	(779,959)
Foreign currency translation reserve	-	-	-	-	-	6,874,657	6,874,657
At 31 December 2015	171,759,263	169,365	22,783,254	21,588,418	8,041,340	3,093,734	227,435,374

The attached notes 1 to 29 form part of these financial statements.

Arab Authority for Agricultural Investment and Development

STATEMENT OF CASH FLOWS

For the year ended 31 December 2016

	<i>Notes</i>	<i>2016</i> <i>KD</i>	<i>2015</i> <i>KD</i>
OPERATING ACTIVITIES			
Profit for the year		5,106,268	9,904,105
Adjustments to reconcile profit to net cash flows used in operating activities:			
Realized gain on sale of a direct investment	22	-	(26,198,730)
Dividend income	20	(1,999,112)	(1,386,536)
Unrealized (loss) gain on investments held for trading	20	(1,673,133)	10,298,973
Reversal of provision for impairment losses	23	(2,711,932)	-
Impairment losses on financial assets	24	2,809,441	13,443,978
Depreciation	8,9	381,010	357,893
Finance costs		224	206,464
Gain on sale of property and equipment		(3,931)	(49,532)
Provision for employees' end of service benefits	13	365,221	253,955
		<u>2,274,056</u>	<u>6,830,570</u>
Operating cash flows before changes in working capital:			
Net movement in investments held for trading		(9,508,735)	(11,211,550)
Net movement in loans, net		598,465	(2,684,638)
Net movement in other assets		(561,775)	(1,101,515)
Net movement in other liabilities		(288,312)	1,169,047
		<u>(7,486,301)</u>	<u>(6,998,086)</u>
Employees' end of service benefits paid	13	(114,468)	(95,167)
Net cash flows used in operating activities		<u>(7,600,769)</u>	<u>(7,093,253)</u>
INVESTING ACTIVITIES			
Additions to contributions and direct investments		(2,339,433)	(2,951,341)
Proceeds from sale of a direct investment	7	-	28,943,525
Additions to property and equipment	8	(1,599,893)	(274,280)
Additions to investment property	9	(19,396)	-
Proceeds from sale of property and equipment		4,429	51,693
Dividend income received	20	1,999,112	1,386,536
Net cash flows (used in) from investing activities		<u>(1,955,181)</u>	<u>27,156,133</u>
FINANCING ACTIVITIES			
Proceeds from issuance of share capital		11,836,543	17,205,550
Proceeds from share premium		39,205	-
Dividend paid		-	(3,676,500)
Finance costs paid		(224)	(206,464)
Net movement in borrowings from financial institutions		39,636	(32,118,915)
Net cash flows from (used in) financing activities		<u>11,915,160</u>	<u>(18,796,329)</u>
Net increase in cash and cash equivalents		2,359,210	1,266,551
Cash and cash equivalents at the beginning for the year		14,464,654	6,263,941
Net movement in foreign currency translation reserve		1,772,609	6,934,162
Cash and cash equivalents at the end for the year	4	<u>18,596,473</u>	<u>14,464,654</u>

The attached notes 1 to 29 form part of these financial statements.

