



الهيئة العربية

للاستثمار والإنماء الزراعي

ARAB AUTHORITY

FOR AGRICULTURAL INVESTMENT AND DEVELOPMENT



Annual Report

2019

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The statistics of the International Monetary Fund estimates show that the growth rates of the world's economy has fallen from 3.6% in the year 2018 to 3% in the year 2019, recording the slowest growth pace since the financial crisis in 2008. This slowdown in the economic activity is due to different reasons such as the escalation of commercial tensions between top economies, the uncertainty of economic policies and its reflection on the investment, and commercial and manufacturing activities in the developed countries. The forecasts also show an increase of the global economy by 3.4% in the year 2020 assured by the expected improvement in the developing countries and emerging markets.

The Arab area has been affected greatly by global developments which led to the decline in global demand of oil especially Asian countries which are the main importers of oil in the area due to the escalating commercial war between China and the United States and some other factors. The international Monetary Fund expects that the growth rate of Arab output will increase to about 3.3% in the year 2020, especially in Saudi Arabia, UAE, Kuwait and Iraq, with continuation of strong growth in Egypt, Mauritania and Djibouti.

During the decline of economic growth rates, there are still some fears among a number of international institutions about the inability of developing countries and emerging market economies to achieve the sustainable development goals till 2030. The United Nations estimates that despite achieving rates of growth in large areas of the world this growth does not reach the people most affected, whereby, more than 700 million people are still considered to be living below the extreme poverty line, which requires major changes that combine increasing growth pace and reducing levels of income inequality.

The sustainable agricultural development matter has the highest level of priority in the economic policies of Arab countries because of its political, economic and social dimensions. Arab countries also realize the importance of national projects in order to enhance Arab food security. Arab summits have approved a number of ambitious initiatives and programs to increase the ability of Arab countries to increase food production and promote the sustainable development goals as follows:

1. The strategy of Arab sustainable agricultural development for the two decades (2005-2025).
2. The emergency program for Arab food security.
3. Inviting Arab countries that have comparative advantages in agriculture to provide the appropriate atmosphere to attract investments in this field and to give distinct advantages to the Arab investor.
4. National activities and national initiatives of several Arab countries have contributed to the implementation of national programs such as the initiative of King Abdullah for Saudi Agricultural Investment abroad, the initiative of His Highness the Emir of Kuwait to establish a fund to support and finance private sector projects in the Arab region, and the initiative of the United Arab Emirates for developing innovative programs to support Arab countries, the agricultural and rural renewal program in the People's Democratic Republic of Algeria, the Green Morocco scheme in the Kingdom of Morocco, Sudan's initiative to achieve food security by agricultural investment in Sudan, and the Arab Republic of Egypt program to reclaim four million feddans.



In agreement with the regional and international goals to enhance the significant role of the Arab agricultural sector in sustainable development and reducing poverty, AAAID has developed a set of means and ways to empower and develop Arab agricultural production that have had an impact on agricultural production and productivity. The most important being:

1. Establishing a Revolving Loan Fund to finance small and medium farmers and producers, with the supervision of the Arab Authority on all production operations to ensure the implementation of integrated agricultural packages.
2. Creating partnerships and agreements with financing institutions to increase the finance portfolio of small and medium-sized farmers and producers.
3. Establishing a financial portfolio for the contract farming system with farmers, this contributes to providing production inputs for food processing companies.
4. Establishing a portfolio for operational financing of companies to purchase production inputs and finance expansion programs to take advantage of all design capacities.
5. Establishing investment funds dedicated to invest in the existing agricultural companies, in order to improve the performance of these companies and attract private sector investors, considering that the investment funds are less risky than direct investment and quick-impact investment.
6. Establishing a company for smart agricultural technologies, as it became a future option to deal with the issues of limited agricultural resources and climate changes. The company aims to transfer and localize advanced agricultural technologies and innovative solutions for artificial intelligence in the Arab region.
7. Making partnerships with agricultural holding companies in order to complete the series of productive agricultural operations and achieve added value for existing companies and develop their performance.

The year 2019 has also witnessed the updating of AAAID strategy for the period 2020-2024 with an ambitious vision accompanied by the latest regional and international updates and the rapid changes in agricultural investments. This strategy aims to apply international best practices to increase food production and maximize the impact on invested amounts, and also took into consideration the sectoral and geographical distribution of agricultural investments to achieve maximum benefit of the resources available in Arab countries. The number of agricultural companies in which the Arab Authority contributes in reached to 53 companies by the end of the year, distributed in four main sectors: the agricultural manufacturing sector by 50%, the animal production sector by 23%, the plant production sector by 23% and the agricultural services sector at 4%. These companies produce considerable quantities of the main commodities that contribute to reducing the size of the Arab food gap such as; all kinds of grains, sugar, vegetable oils, meat, fodder, and dairy products.



1

In 2019, AAAID approved contribution in a number of agricultural projects that focus on basic food commodities to fill the Arab food gap which are: Projects of ORBIS company in the Kingdom of Morocco, the project of Diary Milk factory (Riyada) in the Arab Republic of Egypt, the project of Partnership with Al Rajhi International for Investment (Trans-Agri Holding LTD) in the UAE, the project of production of veterinary vaccines in the Sultanate of Oman and the project of establishing a virtual company to provide agricultural smart solutions in the UAE.

2

The total value of the investments of AAAID in all its existing companies, as well as those under implementation and establishment is about USD 640 million as of 31/12/2019, representing about 89% of the paid up capital of AAAID, which is about USD 721 million.

3

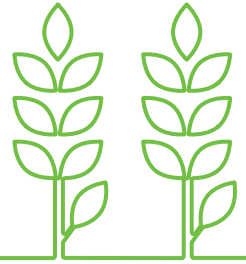
The total AAAID investments in all established, under implementation and establishment companies are divided among four main sectors. These sectors are as follows; 50% in the agricultural manufacturing sector, 23% in the animal production sector, 23% in the plant production sector and 4% in the agricultural services sector.

4

By the end of 2019, AAAID has invested in 53 companies and projects; out of which, 30 are existing companies, 23 under implementation and establishment companies. AAAID's investment is distributed as the following: Sudan hosts 66% of its total investments, followed by Egypt 6.2%, UAE 5.6%, Iraq 4.4%, KSA 4%, Oman 3.4% and 10.4% in the remaining member countries as per the available investment opportunities then.

5

In 2019, AAAID implemented a total of 17 development programs and activities aimed at serving small and medium-sized farmers and producers in a number of Arab countries, with the objective of upgrading production and productivity in the traditional sector of small producers. The program has about 10,725 families, representing about 58,557 beneficiaries.



6

The total value of the existing and granted loans from AAAID to affiliate companies and small producers reached about USD 138 million, corporate guarantees that were provided by AAAID to its companies amounted to USD 24 million.

7

The total value of the assets of AAAID reached to USD 1.3 billion as of 31/12/2019.

8

The total investments of the Arab Authority in the global and regional financial markets - as of 31/12/2019 reached to USD 483 million, compared to USD 444 million at the end of 2018.

9

Total shareholders' equity as of 31/12/2019 reached to USD 965.8 million compared to USD 938.8 million at the end of 2018.

10

AAAID achieved net profit of about USD 29 million for the fiscal year ended 31/12/2019 compared to USD 11.9 million in 2018.

11

In 2019, AAAID implemented (19) applied research programs in a number of Arab countries with the aim of localizing new varieties of field crops, introducing modern agricultural technologies and tissue culture.

12

The number of agricultural investment opportunities the Arab Authority studied and assessed reached to 127 agricultural projects by the end of 2019.

13

In 2019, AAAID organized a number of promotional activities and events in the agricultural field, in addition to its active participation in Arab and international conferences, symposiums, forums and exhibitions. AAAID signed two agreements and (7) memoranda of understanding during these activities, in order to increase agricultural investments.

1

Establishment

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

2

Shareholders

AAAID has shareholders of (21) Arab countries.

3

Capital

- Authorized Capital is KWD 336 million (USD 1.1 billion).
- Paid-up capital till 31/12/2019 is KWD 218.6 million (USD 721 million).

4

Fiscal Year

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

5

Headquarters and Regional Office

Headquarters:

Khartoum - Republic of Sudan

Regional Office:

Dubai - United Arab Emirates

Percentage of the contribution to the Capital of AAAID per country as in 31/12/2019:



*AAAIID's Members of the Board of Shareholder as of 2019/2020:

1	H.E. Mr. Mohammed bin Abdullah Al-Jadaan Minister of Finance	
2	H.E. Ms. Mariam Aqeel Al-Aqeel¹ Minister of Finance and Acting Minister of Economic Affairs	
3	H.E. Mr. Obaid Humaid Al Tayer Minister of State for Financial Affairs	
4	H.E. Dr. Ibrahim Ahmed Al Badawi² Minister of Finance and Economic Planning	
5	H.E. Dr. Fuad Mohammed Hussein Prime Minister and Minister of Finance	
6	H.E. Mr. Ali Shareef Al Emadi Minister of Finance, Chairman of the Board of Shareholders of Session (43)	
7	H.E. Mr. Alsayid Mohammed Marzooq Al Qaseer³ Minister of Agriculture and Land Reclamation	
8	H.E. Mr. Abderrahmane RAOUYA⁴ Minister of Finance	
9	H.E. Mr. Mohamed Benchaaboun Minister of Economy and Finance	
10	HH Sheikh Salman bin Khalifa Al Khalifa Minister of Finance and National Economy	
11	H.E Mr. Darwish Ismail Al Bulushi Minister of Finance	
12	H.E Mr. Ridha Chalghoum⁵ Minister Finance and Acting Minister of Development, Investment and International Cooperation	
13	H.E Mr. Aziz Ould Dahi⁶ Minister of Economy and Finance	
14	H.E Dr. Muhammad Al-Asas⁷ Minister of Finance	
15	H.E Dr. Mamoun Hamdan Minister of Finance	
16	H.E Mr. Abdirahman Duale Beyle Minister of Finance	
17	H.E Mr. Said Ali Said Chayhane Minister of Finance, Budget and Bank Sector	
18	H.E Mr. Salim Saleh Salim bin Breik⁸ Minister of Finance	
19	H.E Mr. Ghazi Wazni⁹ Minister of Finance	
20	H.E Mr. Mohamed Ahmed Awaleh Minister of Agriculture, Livestock and Fisheries	
21	H.E Mr. Riad Attari¹⁰ Minister of Agriculture	

1. Former Minister HE Dr. Nayef Falah Al-Hajraf.

2. Former Minister HE Dr. Mustafa Youssef Hawalli.

3. Former Minister HE Dr. Ezz El-Din Abu-Sateet

4. Former Minister HE Mr. Mohammed Loukal

5. Former Minister HE Dr. Zied Ladhari

6. Former Minister HE Dr. Al Shiekh Al Kabir Moulay Al-Tahar

7. Former Minister HE Dr. Ezz El-Din Kanakria

8. Former Minister HE Mr. Ahmed bin Obaid Al Fadhli

9. Former Minister HE Mr. Ali Huessin Khalil

10. Former Minister HE Dr. Sufian Sultan



His Excellency Mr. Mohammed bin Obaid Al Mazrooei
Chairman of Board of Directors President of AAAID



His Excellency Mr. Ibrahim Hassan Rashid Aljarwan
Head of GCC & Arab Countries Affairs
Ministry of Finance
United Arab Emirates



His Excellency Mr. Yousef Hussein Mohammed Al Roumi
Assistant Undersecretary at the
General Secretariat Council of Ministers
Kuwait



His Excellency Dr. Khalid bin Sulaiman Alkhudairy
Deputy Minister for International
Financial Affairs, Ministry of Finance
Kingdom of Saudi Arabia



His Excellency Dr. Hamad Saad Hamad Al Kawari
Qatar



His Excellency Mr. Elamin Sayed Ahmed
Finance Undersecretary, Ministry of
Finance and Economic Planning
Republic of Sudan



His Excellency Dr. Mahdi Sahar Al Gburi
Director-General of Planning & Following-up
Department of Ministry of Agriculture
Republic of Iraq



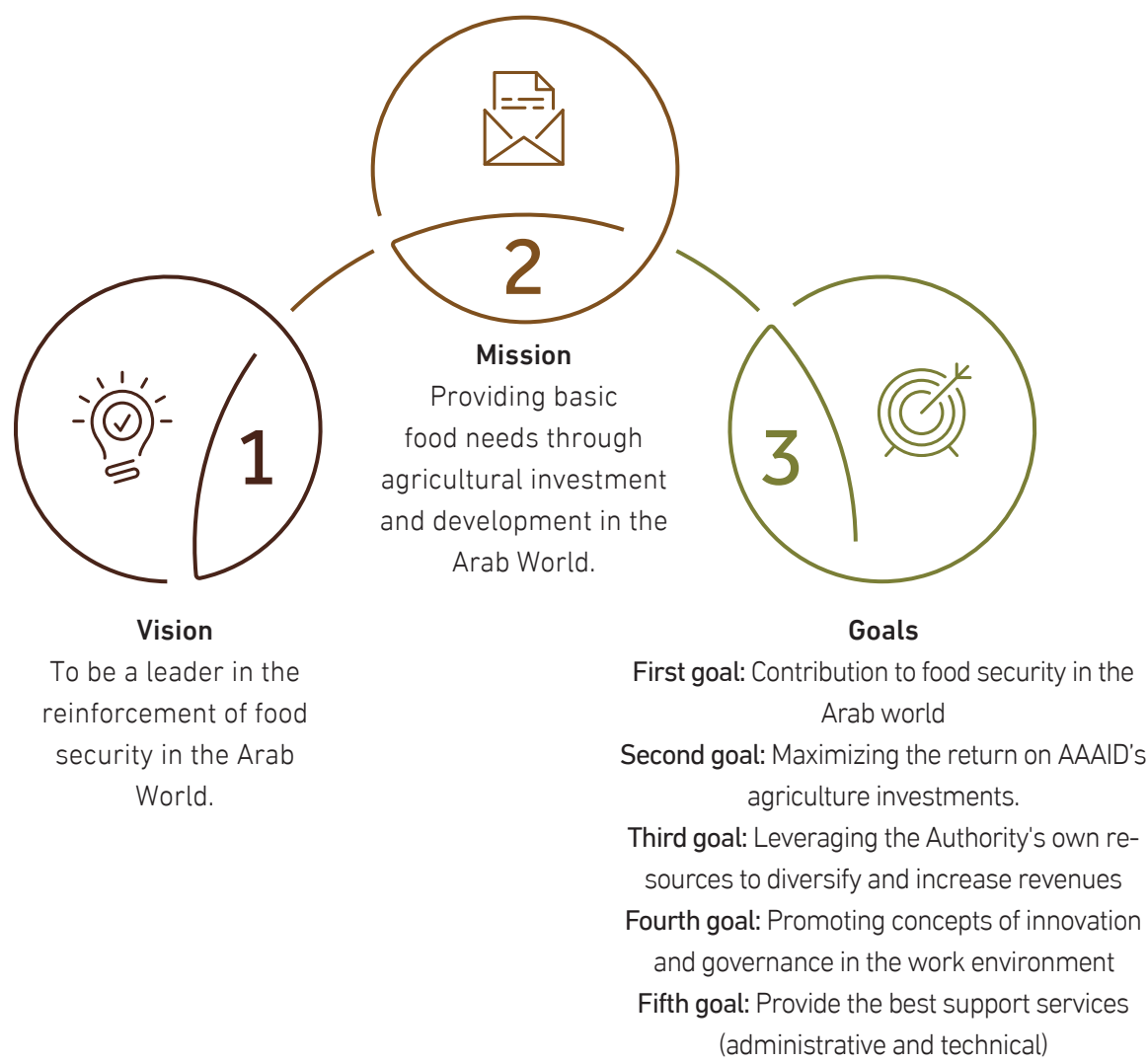
His Excellency Mr. Mubarak Bin Suleiman Al Mundhiri
Government Investment Adviser
Ministry of Finance
Sultanate of Oman



His Excellency Mr. Abdenour Hibouche
Republic of Algeria

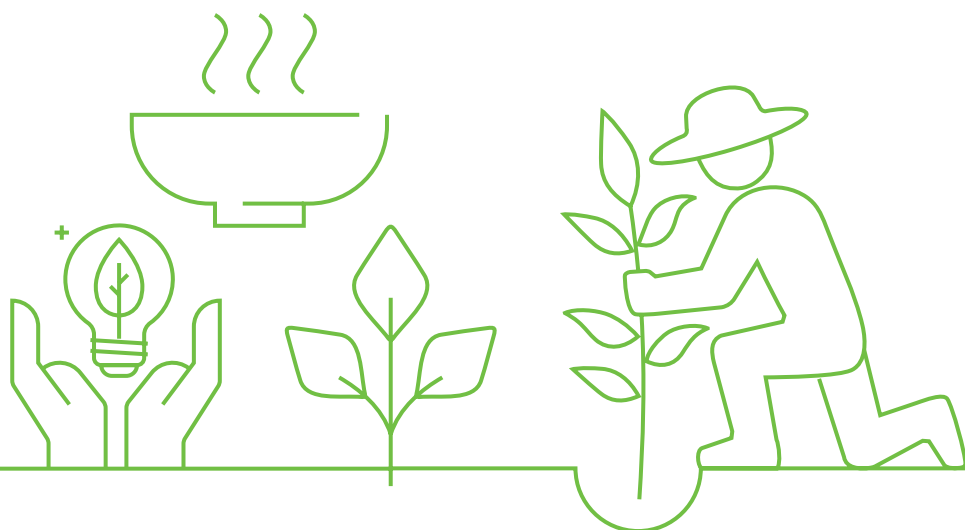


His Excellency Saad Zaki Mohamed Nassar
Adviser to HE The Minister Ministry of
Agriculture and Land Reclamation
Arab Republic of Egypt

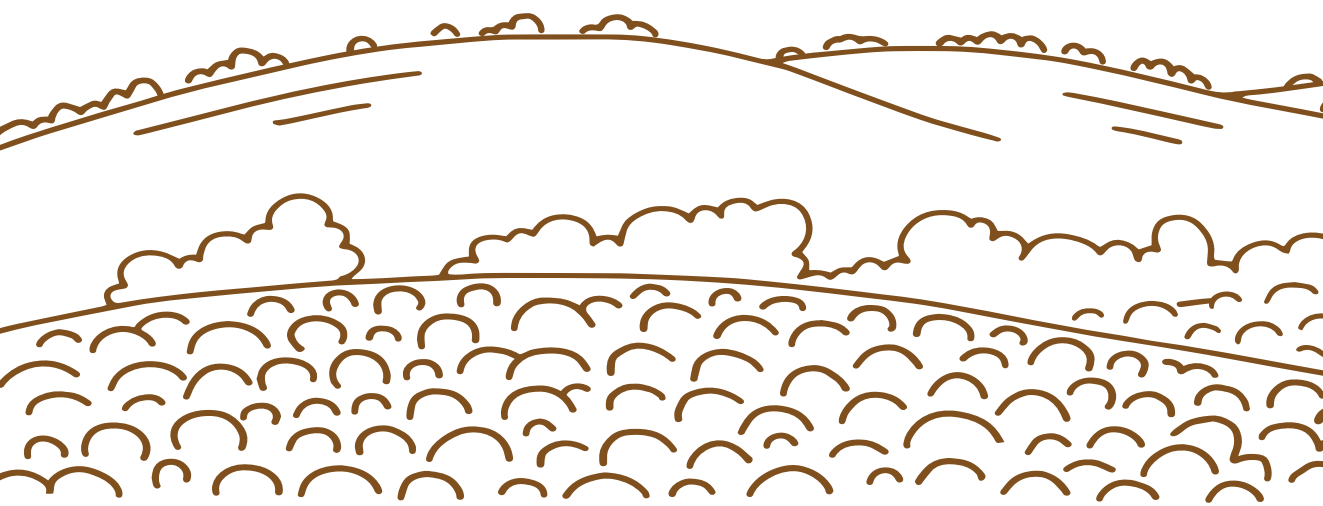


Strategic Guidance:

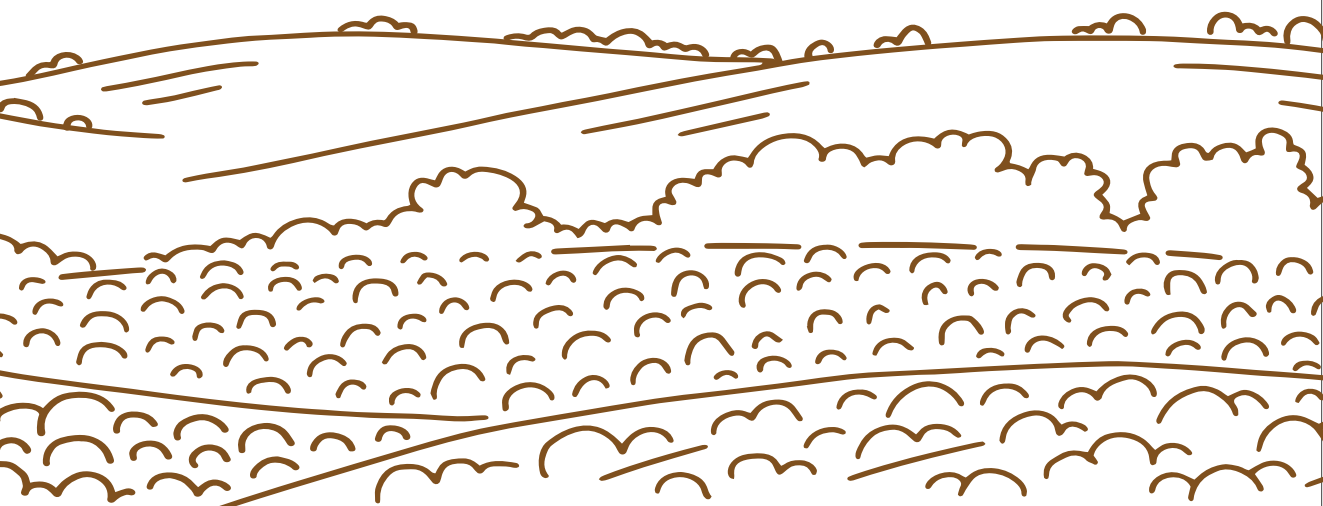
1. Benefit from AAAID's capabilities to establish agricultural projects.
2. Strengthen Arab cooperation in the agricultural and food sectors and activate integration between countries to bridge the food gap.
3. Promote knowledge and technical cooperation with international and regional agricultural institutions and organizations.
4. Developing strategic partnerships with the joint Arab institutions and private sector.
5. Strive to reach global credit rating for AAAID.
6. Financial repackaging through short-term and long-term investments, in the condition of providing time-proportionate returns.
7. Implement AAAID's investment policy in the affiliate companies.
8. Create supportive and stimulating environment for innovation.



AAAID Activities



- First: Agricultural Investment Activity
- Second: Development, Applied Research and Studies Activities
- Third: Activity of Strategic Planning and Development
- Fourth: Corporate Communication and Media Activities
- Fifth: Administrative Activity



AAID Activities:

First: Agricultural Investment Activity

Agricultural investment is considered as one of the main activities of AAAID which includes establishing agricultural companies, contributing in them, following up on their performance and providing them with the necessary technical, financial and administrative support to accomplish their goals. By the end of 2019, the total number of companies in which AAAID is a shareholder has reached to 53 companies of which 30 existing companies, 12 companies under different stages of implementation and 11 projects under establishment.

1. Companies in which AAAID is a Shareholder

The following tables show the companies in which AAAID is a shareholder:

Table (1) Existing Companies in Which AAAID is a Shareholder

	Company's Name	Shareholders	Subs %age
Sudan			
1975	Kenana Sugar Company Subs Capital (million): SDG 0.561	AAAID Government of the Republic of Sudan Kuwait Investment Authority Government of the KSA Other Shareholders	05.59 % 35.33 % 30.64 % 10.97 % 17.47 %
1982	Arab Sudanese Vegetable Oil Company Subs Capital (million): SDG 340.00	AAAID Government of the Republic of Sudan	88.00 % 12.00 %
1982	Arab Sudanese Blue Nile Agriculture Company/Agadi Subs Capital (million): SDG 168.90	AAAID Government of the Republic of Sudan	85.30 % 14.70 %
1987	Arab Company for Agricultural Production and Processing Subs Capital (million): SDG 0.620	AAAID Government of the Republic of Sudan Government of the KSA Government of Kuwait Government of the Republic of Iraq	42.50 % 20.00 % 12.50 % 12.50 % 12.50 %
1997	Arab Sudanese Seeds Company Subs Capital (million): USD 12.00	AAAID Government of the Republic of Sudan Government institutions and banks	34.93 % 51.55 % 13.52 %

Egypt

2003	○	Arab Company for Crop Production	Subs Capital (million):	AAAID	52.75%
			USD 26.70	Emirates Rawabi Company	47.25%
2004	○	Arab Poultry Production and Processing Company	Subs Capital (million): SDG 226.80	AAAID	78.80%
				Government of the Republic of Sudan	7.40%
				Government of the KSA	4.60%
				Government of Kuwait	4.60%
				Government of the Republic of Iraq	4.60%
2007	○	Arab Company for Drugs Ltd	Subs Capital (million): USD 46.00	AAAID	29.92%
				Arab Co. for Drugs Industries & Medical Appliances (ACDIMA)	40.00%
				Arab Company for Industrial Investment (IEK)	17.58%
				Sudanese Banks and Government Institutions	12.50%
2008	○	Al Mutamayiza for Vegetables and Crops Production	Subs Capital (million): SDG 24.70	AAAID	42.50%
				Government of the Republic of Sudan	20.00%
				Government of the Kingdom of Saudi Arabia	12.50%
				Government of Kuwait	12.50%
				Government of the Republic of Iraq	12.50%
2010	○	Al Muzdana Zero-Tillage Agricultural Company	Subs Capital (million): USD 10.25	AAAID	12.46%
				The Agricultural Bank of Sudan	46.13%
				Sudanese Ministry of Agriculture	34.71%
				Central Commercial Company	06.70%
1997	○	Al Faiyum Sugar Works Company	Subs Capital (million): EGP 445.11	AAAID	26.93%
				Delta Sugar Company	26.83%
				Egyptian Banks	31.72%
				Private Sector	14.52%
1999	○	The Arabian company for Preserving and Manufacturing Agricultural Crops	Subs Capital (million): EGP 150.00	AAAID	39.70%
				Dr. Moahmed Ahmed Al Ramly and Son	44.52%
				Private Institutions and Shareholders	15.78%

Company's Name	Shareholders	Subs %age
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UAE

1989	○	Arab Trade Financing Program Subs Capital (million): USD 1,000.00	AAAID	00.73 %
			Arab Monetary Fund	55.60 %
			Arab Fund for Economic and Social Development	22.30 %
			Arab and International Financial and Banking Institutions	21.37 %
1992	○	Arab Poultry and Cattle Equipment Company (APCECO) Subs Capital (million): AED 50.00	AAAID	27.44 %
			Government of Fujairah	42.22 %
			Arab Co for Livestock Development	21.11 %
			Qatar Islamic Bank	05.00 %
			Arab Company for Poultry Production, Fujairah	04.23 %
2001	○	Emirates Rawabi Company Subs Capital (million): AED 217.35	AAAID	27.56 %
			Government of Dubai	14.59 %
			Gulf Investment Corporation	22.54 %
			Private sector	35.31 %

KSA

1979	○	Arab Fisheries Company Subs Capital (million): SAR 65.40	AAAID	39.00 %
			Government of the KSA	28.60 %
			Other Arab countries' Governments	32.40 %
2005	○	Arabian Shrimp Company Subs Capital (million): SAR 33.77	AAAID	45.00 %
			Aqua Farms Corporation	%29.33
			Aquad For Commerce Ltd.	%18.33
			Saudi Offset Ltd. Partnership	07.34 %
2009	○	Arabian Cooperative Company Subs Capital (million): SAR 200.00	AAAID	%20.00
			Poultry Producers Association of Aseer	%80.00

	Company's Name	Shareholders	Subs %age
Iraq			
1986	Arab Iraqi Diary Production Company Subs Capital (million): IQD 11.40	AAAID Government of the Republic of Iraq	50.00 % 50.00 %
Tunisia			
1982	Al Marga for Cattle and Agricultural Development Company Subs Capital (million): TND 10.46	AAAID Stusid Bank Group Other Shareholders	63.33 % %30.00 06.67 %
1995	Agro-Zitex Company Subs Capital (million): TND 7.00	AAAID CeU- Zitex Company	25.00 % 75.00 %
2016	Tunisia Aquaculture Fund Subs Capital (million): TND 50.00	AAAID Deposit and Guarantee Fund STB Bank Assurances Maghrebria Unsubscribed Shares	15.00 % 20.00 % 10.00 % 05.00 % 50.00 %
Mauritania			
2013	Arab Company For Agricultural Services Subs Capital (million): MRO 285.6	AAAID	100.00 %
Qatar			
1989	Arab Qatari Agricultural Production Company Subs Capital (million): QAR 47.00	AAAID Hassad Food Company	50.00 % 50.00 %

	Company's Name	Shareholders	Subs %age
Syria			
1987	Syrian Arab Company for the Development of Agricultural Products Subs Capital (million): SYP 176.00	AAAID Government of the Syrian Arab Republic Private sector	05.00 % 25.00 % 70.00 %
1996	Arab Company for the Manufacturing of Advanced Irrigation Equipment (MAIE) Subs Capital (million): SYP 90.00	AAAID Morgan Capital & Energy Corporation company Capital Trust and others	25.00 % 60.00 % 15.00 %
1996	Al Ahlia Vegetable Oil Company Subs Capital (million): SYP 1,500.00	AAAID Private and Government Sector	40.00 % 60.00 %
Kuwait			
1974	The Arab Investment & Export Credit Guarantee Corporation Subs Capital (million): USD 295.00	AAAID Arab countries governments Arab financial institutions	01.96 % 46.93 % 51.11 %

Company's Name	Shareholders	Subs %age
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Oman

Omani Euro Food Industries Company

1996

Subs Capital (million):
OMR 2.00

AAAID	17.19 %
Oman and Emirates Investment Holding Company	80.84 %
Other Shareholders	01.97 %

Morocco

Manafid Al Houboub Company

1999

Subs Capital (million):
MAD 121.00

AAAID	30.00 %
Union of Moroccan Agricultural Cooperatives	27.92 %
Crédit agricole du Maroc	24.00 %
Zine Capital Invest Group	10.00 %
Moroccan Farming Cooperatives	8.08 %



Table (2) Companies Under Implementation

	Company Name	Shareholders	Subscription Percentage
Sudan			
2003	White Nile Sugar Company		
	Subs Capital (million): USD 607.00	AAAID	14.38%
		Kenana Sugar Company	31.08%
		Government of the Republic of Sudan	09.14%
		Institutions and Banks	45.19%
		Unsubscribed Shares	00.21%
2015	El Bagair Red Meat		
	Subs Capital (million): USD 38.59	AAAID	30.00%
		Unsubscribed Shares	70.00%
Oman			
2016	Osool Poultry Company		
	Subs Capital (million): OMR 28.86	AAAID	17.76%
		Gulf Investment Corporation	26.68%
		Safa Foods Company	20.00%
		Alnmaa Poultry Company	20.00%
		Other Shareholders	15.56%
2016	Al Bashaer Meat Company		
	Subs Capital (million): OMR 25.00	AAAID	20.00%
		Oman Food Investment Holding Co.	40.00%
		Oman National Investments Development Company	20.00%
		Omani National Livestock Development	10.00%
		CoCivil Service Employees Pension Fund	10.00%
2016	Al Murouj Dairy Company		
	Subs Capital (million): OMR 10.00	AAAID	20.00%
		Oman Food Investment Holding Co.	30.00%
		Omani National Livestock Development Co	30.00%
2019	National Veterinary Vaccines Co. LLC		
	Subs Capital (million): USD 20.91	AAAID	30.00%
		Middle East Veterinary Vaccines (MEVAC)	30.00%
		Oman Food Investment Holding Co.	20.00%
		Unsubscribed Shares	20.00%

	Company Name	Shareholders	Subscription Percentage
Mauritania			
	Arab Mauritanian Fish Company (Samak)		
2016	Subs Capital (million): MRO 385.00	AAAID Imam Walad Ibno Group Mauritanian Company for Fish Marketing Private Shareholders	37.90 % 37.10 % 09.00 % 16.00 %
	Arab Company for Meat		
2018	Subs Capital (million): MRO 177	AAAID Aynina Ould Eyih Group Zine El Abidine Ould Cheikh Ahmed Group	30.00 % 40.00 % 30.00 %
Morocco			
	Domaine Yousif		
2017	Subs Capital (million): MAD 105.00	AAAID Belcora Group	49.00 % 51.00 %
	Orbis Berries		
2019	Subs Capital (million): MAD 107.1	AAAID Orbis Agroindustry	49.00 % 51.00 %
	Orbis Green Olive		
2019	Subs Capital (million): MAD 26.1	AAAID Orbis Agroindustry	49.00 % 51.00 %
Tunisia			
	Arabiska Fruits Company		
2019	Subs Capital (million): TND 7.912	AAAID Pepiniere Mabrouka Unsubscribed Shares	33.00 % 34.00 % 33.00 %

Table (3) Projects Under Implementation

Foundation Year	Project Name	Goal of Project
KSA		
2018	The Project of Producing, Processing and Promoting Vegetables (Hydroponic)	The project aims at producing 2.5 thousand ton of vegetables annually in an area of 10 hectare as first phase that will be increased to 200 hectare in the second phase in order to contribute in covering the vegetable gap in KSA.
UAE		
2018	Export Growth Fund	Establishing an investment fund to develop agricultural exports through entering existing companies and new projects specialized in exporting agricultural products, such as olive oil, dates, almonds and tuna fish.
2019	Integrated Smart Services	The project aims at establishing a company that gives smart agricultural service at its first phase.
2019	Trans-Agri company	The project aims at establishing an investment entity between AAAID and Al-Rajhi International Company for Investment in the Agricultural Field that includes investments or assets of a number of companies in which both AAAID and Al-Rajhi International contribute in Sudan and the Arab countries.
Egypt		
2018	Middle East for Veterinary Vaccines Company(MEVAC)	The company produces vaccines and serums with production capacity of 53.6 million dose annually.
2019	The Diary Factory Project (Riyada)	The project aims at increasing the designed production capacity from 41 thousand tons to 53 thousand tons of cheese annually.

Foundation Year	Project Name	Goal of Project
Kuwait	2017	Poultry Production Project
Mauritania	2017	Arab Mauritanian Poultry Company
Sudan	2018	Starch and Glucose Factory
Bahrain	2018	Poultry Production Project
Algeria	2018	Sanabil Project

Sectoral and geographical distribution of AAAID's contribution in Companies

AAAID's Total Contribution in Affiliate Companies' Capital:

The total value of AAAID shares in its existing, under implementation and under establishment companies' capital as of 31/12/2019 is about USD 502 million.



AAAID shares in the capital of its affiliate agricultural companies were distributed among four main sectors:

- 1. Agricultural manufacturing sector: 50% includes manufacturing sugar, oils and other food products.
- 2. Animal production sector: 23%, includes poultry, white and red meat, and dairy products.
- 3. Plant production sector: 23% includes production of cereals, fodder, vegetables and fruits.
- 4. Agricultural services sector: 4%, includes provision of different agricultural services.

Figure (1) below shows the sectoral distribution of AAAID investments.

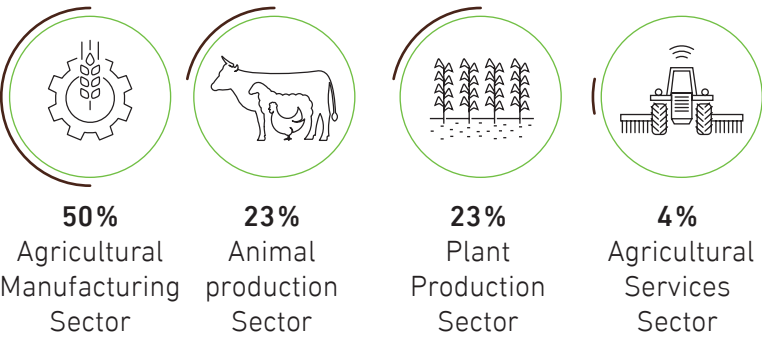


Figure (1): Sectoral Distribution of AAAID Investments

2

Geographical Distribution

AAAID shares in the capital of its affiliate agricultural companies are distributed among 12 member states as per the investment opportunities and comparative advantages that were available then in each country as shown in figure (2).



5.6%



6.2%



66.0%



3.4%



4%



4.4%



10.4%
Others *

* Others includes the following countries: Kuwait, Qatar, Morocco, Tunisia, Mauritania and Syria.

Figure (2): Geographical Distribution of AAAID Investments

AAID's Share from Distributed Profits by the Companies

AAID's shares of the distributed profits of companies in 2019 reached to USD 3.50 million. It is worth mentioning that the AAID share of the distributable profits reached to about USD 7.7 million, but many companies decided to reinvest those profits for finance, rehabilitation and expansion programs, and enhance their operating capital, however, some companies haven't reached a decision yet. It is noted that the distributed profits do not include the capital gains resulting from increasing the market value of companies.

Table (4) AAID share from Profits Distributed by the Companies for the year 2019

Company	Profits (USD)	
	2019	2018
Faiyum Sugar Works Company	2,123,554	2,356,508
Emirates Rawabi Company	491,015	805,872
Arab Iraqi Dairy Production Company	351,156	648,286
Al Ahlia Vegetable Oil Company	205,204	253,953
Arab Trade Financing Program	117,225	70,445
Al Marga for Cattle and Agricultural Development Company	101,960	0
Arab Sudanese Seeds Company	77,957	13,749
Arab Poultry Production and Processing Company	22,056	20,847
Agro-Zitex Company	9,932	0
Kenana Sugar Company	0	324,731
Arab Sudanese Vegetable Oil Company	0	37,108
Al Muzdana Zero Tillage Agricultural Services Company	0	7,026
	3,500,059	4,538,525

AAID's Contribution in New Projects:

In the framework of applying the investment operations program for the year 2019 and with the aim of contributing to resolving the food gap in commodities, AAID agreed to contribute in some new projects as the follows:

Orbis Green Olive - Kingdom of Morocco:

- The project aims to establish an integrated project to produce and pack olives through plantation of olives in an area of 285 hectare to produce about 10,000 tons of olive and about 2,000 tons of olive oil in the Kingdom of Morocco.
- The total investment cost of the project is MAR 111.4 million (equivalent to USD 11 million).
- AAID contributes MAR 12.8 million (USD 1.3 million) to the project, representing 49% of its equity shares.

Orbis Berries Project – Kingdom of Morocco:

- The project aims to establish an integrated project to produce and pack berries and selected citrus crops through plantation in an area of 900 hectare and establishing a packaging factory with capacity of 33.5 tons per year.
- The total investment cost of the project is MAR 576.6 million (equivalent to USD 57.6 million).
- AAID contributes MAR 52.5 million (USD 5.5 million) to the project, representing 49% of its equity shares.

The project of establishing a virtual company to provide smart agricultural integrated solutions- UAE:

- The project aims to establish a company that provides smart agricultural services in its first phase.
- AAID will conduct a feasibility study after the success of the experiment.

The Dairy Factory Project (Riyada)- Egypt:

- The project aims to expand Riyada Diaries company with investment cost of about EGP 120 million (USD 7 million).

Trans-Agri Company – UAE:

- The company aims to establish an investment entity in the agricultural sector to include investments and assets of a number of companies that AAID and Al Rajhi International for Investment contribute to in Sudan and other Arab countries.
- The total start-up capital cost of the new investment entity is SAR 2 million (equivalent to USD 534,000).
- AAID contributes in the start- up capital of the project with SAR 1 million (USD 267,000).

The National Veterinary Vaccines Company Project - Oman:

- The project aims to produce fetal, viral and bacterial vaccines for veterinary diseases in order to solve the issues of relying on importing these vaccines and to meet the demand of the market.
- The total investment cost of the project is USD 55.4 million.
- AAID contributes in the capital of the project with OMR2.42 million (USD 6.273 million), representing 30% of its equity shares.

Processing the remaining of AAAID's loans of some companies:

In order to manage the conditions of the companies that AAAID contributes in, the Board of Directors agreed to capitalize the remaining balance of AAAID's loan of the Arab Sudanese Vegetable Oil Company and Arab Poultry Production and Processing Company by subscribing to them to increase their capital.

AAAID's Exit Policy:

- According to the strategic directions of AAAID on the importance of exiting from companies and reinvesting the returns from selling them in establishing new projects and in addition to improve AAAID's role as an encouraging investor to establish projects then transfer them to the private sector, it has been contracted with an external expert to categorize, organize the companies and decide the exit strategy of those companies according to the best practices applied in this regard.
- In 2019, the Board of Directors agreed to sell AAAID shares in Bubiyan Fisheries Company and AAAID achieved some profits by selling its shares.



Follow-up of performance of Companies:

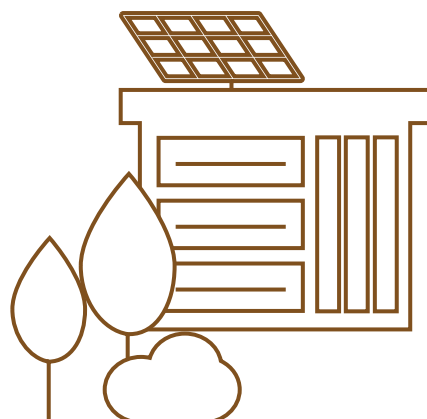
AAAID works in following-up and evaluating the performance of companies it contributes to continuously in order to ensure the accomplishments of their goals, and take the necessary steps to amend and promote them. This is through providing its representatives in the Board of Directors and management councils with AAAID's vision about topics in the agenda of meetings, and to provide recommendations that help in developing the performance of the companies, as well as take the suitable decisions. AAAID also works to create permanent communication channels with the companies which facilitate exchanging ideas and advice about all topics related to its work.

Meeting the appropriate channels to address the challenges facing the companies:

- In the framework of the continuous efforts in developing and promoting the performance of the agricultural investment activities of AAAID within the member states, AAAID carried out continuous efforts to reduce obstacles and challenges that faces agricultural and nutritional investment in Arab countries through coordinating with Arab governments in order to develop legislations, laws and policies which help in improving the agricultural investment environment in the Arab countries.
- The management of AAAID made a number of visits to some members state, which included meeting ministers, experts and administrators in the ministries and responsible authorities in which it reviewed the most important obstacles and challenges that face AAAID's companies. In addition to working on supporting them and improve their performances to accomplish the Arab Authorities desired goals. Those visits were successful in resolving most of the challenges that faced AAAID's investments and the efforts are still going on to solve the rest of the challenges.

Field Visits to the companies:

- AAAID made numerous field visits to its affiliate companies for the purpose of evaluating their production, marketing and administrative conditions and to consult with the executive departments on developing their performance and overcoming the problems and challenges they face. Those visits have achieved positive results in reality and were presented as recommendations to related departments and helped in developing and upgrading the companies' performance.



The economic impact of AAAID's affiliate companies:

Contribution to Providing Basic Food Products:

AAAID's affiliate companies contribute in providing basic food commodities such as: (cereals, sugar, diaries, meat and oils). For example, the Arab Sudanese Seeds Company, produces about 75% of the total seeds produced in Sudan, and the sugar companies, that AAAID contributes to, produce about 52% of the total production of sugar in Sudan and about 8% of total production of sugar in Egypt. AAAID companies in the UAE produce more than 33% of dairy and juices and more than 23% in poultry products. Moreover, the companies produce about 9% of poultry products in Saudi Arabia, about 7% of poultry products in Sudan, 20% of vegetable oils and fats in Syria, 13% of vegetable oils in Sudan and about 15% of vita oils in Tunisia.

Engagement in Contracts with producers:

Many of the AAAID affiliate companies engage in contracts with farmers and producers in order to complete the production chain. These companies provide many services to small farmers by providing production inputs, and technical supervision and guidance services to enhance their production and competitive abilities. For example;

1. Faiyum Sugar Works Company in Egypt, made contracts with farmers to cultivate about 72,000 feddans to provide the company with 1.5 million tons of sugar beet.
2. Agro-zitex Company in Tunisia has contracts with about 95 olive mills to export about 34,000 tons of vitas which is the basic raw material.
3. The Arabian Cooperative Company in KSA contracts with small poultry breeders to provide the company with about 30 million birds.
4. The Arab Sudanese Seeds Company in Sudan contracts with farmers and private companies to provide the company with about 10,000 tons of different assorted seeds.
5. The Arab Iraqi Dairy Production Company in Iraq contracts with farmers in its agricultural project of growing wheat in an area of about 4.4 thousand feddans.
6. Al Muzdana Zero-Tillage Agricultural Services Company in Sudan provides land preparation, planting, fertilizers, and pesticides application and harvesting services in an area of more than 81 thousand feddans in the irrigated and rain-fed sector.
7. The Arab Company for Agricultural Services in the Islamic Republic of Mauritania provides agricultural services to small farmers in an area of about 17.9 thousand feddans

Provide Employment Opportunities:

AAAID's affiliate companies provide direct and indirect employment opportunities. The employment opportunities provided by these companies reached to more than 115 thousand jobs, of which about 18 thousand of direct positions in various disciplines, and about 97 thousand indirect jobs.

Development of Intra-Arab Trade:

1. AAAID contributed to Domaine Youssef Company in the kingdom of Morocco to work in producing, sorting, storing, packaging, processing and exporting of fruits and vegetables to Arab countries. This is to benefit from the surplus of fruits and vegetables available in Morocco thus to enhance intra-Arab trade in agricultural products (one of the main objectives of AAAID). AAAID has also approved contribution in a similar project in Tunisia.
2. AAAID established the Arab Mauritanian Fish Company in the Islamic Republic of Mauritania that aims to fish, store, process and export fish with a capacity of 65 thousand tons per

year, for the purpose of exporting to Arab countries.

3. AAAID established several projects that aim to cover the food gap of red meat in some Arab countries such as: El Bagair Red Meat Project in the Republic of Sudan, Al Bashaer Meat Company in Oman and the red meat project in the Islamic Republic of Mauritania through establishing integrated projects to produce, pack, market and export red meat with a capacity of 67.6 thousand tons meat per year.
4. AAAID decided to contribute in the Global Agricultural Development Fund in Sudan in order to establish an investment portfolio to produce grains, cereals, legumes and oil seeds for exporting its products outside Sudan as a main goal.
5. AAAID decided to contribute in the Export Growth Fund which aims to invest in new and existing projects, with the aim of exporting agricultural products such as olive, dates, almonds and Tuna fish, in the MENA region and some African countries with comparative advantages and favorable investment climate to reach food security in the Arab Region,
6. AAAID contributed in the financing of a trade program that aims to provide development in the Intra-Arab trade through providing the necessary finance to the activities of Arab trading. The program aims to cooperate and coordinate with the local and regional financing and guarantee institutes to give the necessary insurance cover of trade exchange between Arab countries.
7. AAAID contributed in the Arab Investment and Export Credit Guarantee Corporation, "Dhaman", which aims to encourage the transfer of Arab and foreign funds into Arab countries. AAAID also signed a Memorandum of Understanding with the Corporation, which works to enhance Arab exports, support them and encourage the flow of direct Arab and foreign investments to Arab countries.

The Social Responsibility of AAAID's companies:

AAAID's companies play an important role in social responsibility in the areas where they operate and the surrounding region providing services as follows:

- Provide support for basic services like roads and electricity in the project areas, such as: Osool Poultry Company, Al Bashaer Meat Company in Oman, Kenana Sugar Company in Sudan and White Nile Sugar Company in Sudan.
- Support health and education, as well as providing support in places of worship, schools and health facilities in villages like: Kenana Sugar Company in Sudan, which was awarded the National Social Responsibility Award and Faiyum Sugar Works Company in Egypt which volunteered with half a feddan of land to establish a school to serve the kids of the employees of the company and the area around it.
- Environment Day Campaign: White Nile Sugar Company in Sudan participated in the activities of preserving the environment in Al Douiem which included aerial spraying in the area in order to control mosquitoes.
- Some companies allocate some of its profits for service and charitable work in the regions where they operates such as: Faiyum Sugar Works Company in Egypt, Al Ahlia Vegetable Oil Company in Syria and the Omani Euro Food Industries Company.
- Some companies organize activities and entertainment programs for children and the families of their staff, and provide support for people with special needs such as Kenana Sugar Company in Sudan, Emirates Rawabi Company, Agro-Zitex Company in Tunisia and Al Ahlia Vegetable Oil Company in Syria.
- Internship/Training Opportunities: several companies provided opportunities to train graduates in different technical and administrative fields such as Kenana Sugar Company in Sudan and White Nile Sugar Company in Sudan.

AAID Activities:

Second: Development, Applied Research and Studies Activities

AAID's efforts continued during the year 2019 to meet the sustainable development goals through the implementation of development programs, applied research programs and the transfer of modern agricultural technologies to farmers aiming to improve productivity and production in order to contribute in reinforcing Arab food security.

Developmental Programmes for the year 2019:

- The number of developmental programs in the Arab countries in 2019 reached to (17) program compared to (14) programs in the year 2018 with an increase of (21.43%).
- The number of families who benefited from the developmental programs reached (10,725) family representing of (58,557) individual, compared to (7,243) families in 2018 representing (35,885) individuals, which indicates an increase of (48.07%) and (63.18%) for families and individuals respectively. Below is a review of the developmental programs according to the countries:

Republic of Sudan

- In 2019, AAID implemented a number of development programs aimed at supporting small farmers, producers, women farmers in rural areas and water supply provision for humans and livestock.
- The number of beneficiaries of the programs for the year 2019 reached about (3,574) families, representing (21,444) individuals, in addition to 5,000 families representing (30,000) individuals who benefitted from water supply programs (well drilling unit).
- Listed below are details of the programs implemented in Sudan for the year 2019:

Support for Small and Medium-Scale Farmers:

Program plan:

The program aims to support and develop both the plant and animal agricultural sector, in order to get the benefit of the available resources in the area, which cannot be achieved without providing special support and service in the field.

Objectives of the program:

- Contribute in providing specialized credit services to small scale producers, extending continuous financing that are adequate with their potential.
- Achieving notable profit for small scale producers.
- Enhance the ability of small scale farmers to improve their standard of living and contribute to food security in their areas.
- Contribute in reinforcing food security.
- Contribute in increasing and activating the work of community institutions and agricultural associations and federations.

The support given by AAID to the program:

AAID provided all inputs of production of the targeted program (seeds, fertilizers and insecticides) and implement all agricultural operations (from preparation of land till harvesting) including technical supervising.

Target areas for the program:

The program aimed to provide some farmers of groundnuts and wheat in (6) regions in Al Jazirah, which were Gabojja, Matouri, Al-Shawal, Sarahan, Matooq and Almusalimiya. The total

area of the planted land reached to (8000) feddan of groundnuts and (10500) feddan of wheat, totaling (18500) feddan. The areas were provided with the production inputs and implementing agricultural operations and the technical supervision, and the total agricultural associations in the program was (145) union, and the number of farmers who benefited from the program were (2896) farmer.

Follows a review of the program implemented in each region in Al Jazirah in Sudan:

(A) Gabojja:

- The program in Gabojja targeted farmers of groundnuts in the summer season in an area of 2,924 feddans. About (21) agricultural associations, with about (480) farmers benefitted from the program.
- The program also targeted farmers of wheat in the winter season in an area of 3,315 feddans. About (24) agricultural associations, with about (610) farmers benefitted from the program.

(B) Matouri:

- The program in Matouri targeted farmers of groundnuts in the summer season in an area of (1,698) feddans. About (12) agricultural associations, with about (236) farmers benefitted from the program.
- The program also targeted farmers of wheat in the winter season in an area of 1,863 feddans. About (13) agricultural associations, with about (334) farmers benefitted from the program.

(C) Al-Shawal:

- The program in Al-Shawal targeted farmers of groundnuts in the summer season in an area of (1,878) feddans. About (14) agricultural associations, with about (300) farmers benefitted from the program.
- The program also targeted farmers of wheat in the winter season in an area of (2,142) feddans. About (11) agricultural associations, with about (287) farmers benefitted from the program.

(D) Sarhan:

- The program in Sarhan targeted farmers of groundnuts in the summer season in an area of (1,500) feddans. About (25) agricultural associations, with about (250) farmers benefitted from the program.
- The program also targeted farmers of wheat in the winter season in an area of (2,800) feddans. About (20) agricultural associations, with about (338) farmers benefitted from the program.

(E) Matooq:

- The program in Matooq targeted farmers of wheat only in the winter season in an area of (180) feddans. About (3) agricultural associations, with about (28) farmers benefitted from the program.

(F) Almusalimiya:

- The program in Almusalimiya targeted farmers of wheat in the winter season in an area of (200) feddans. About (2) agricultural associations, with about (33) farmers benefitted from the program.

The following figures (3) and (4) show the distribution of cultivation area of groundnuts and wheat crops and the number of agricultural associations and farmers who benefited from the program in Al Jazirah, Sudan, in the year 2019:

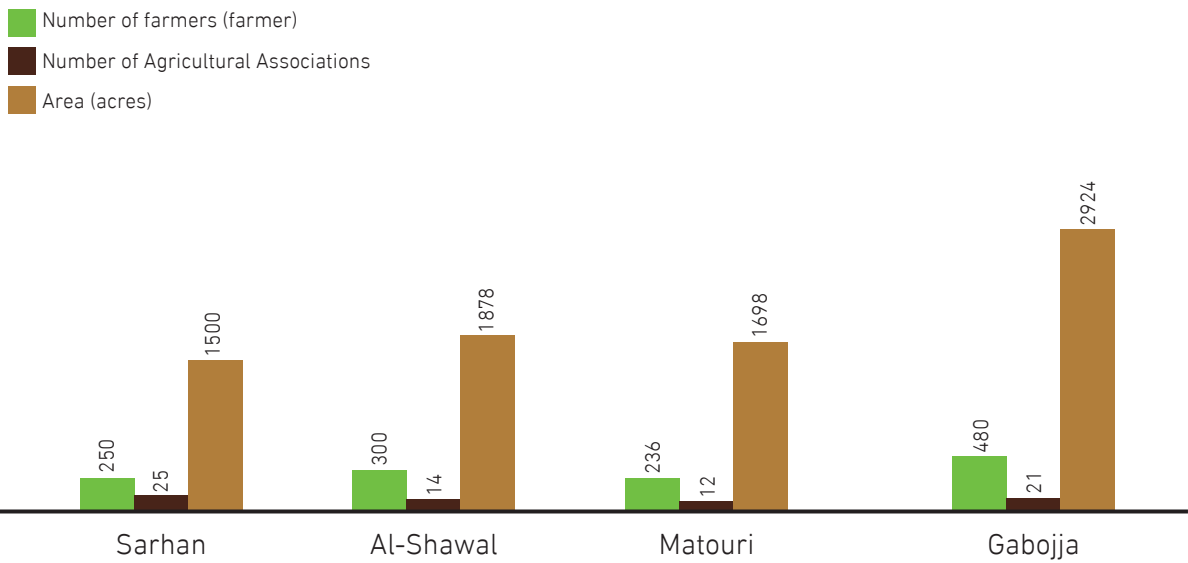


Figure (3) the distribution of cultivation area of groundnuts and the number of agricultural associations and farmers who benefited from the program in Al Jazirah State in the year 2019

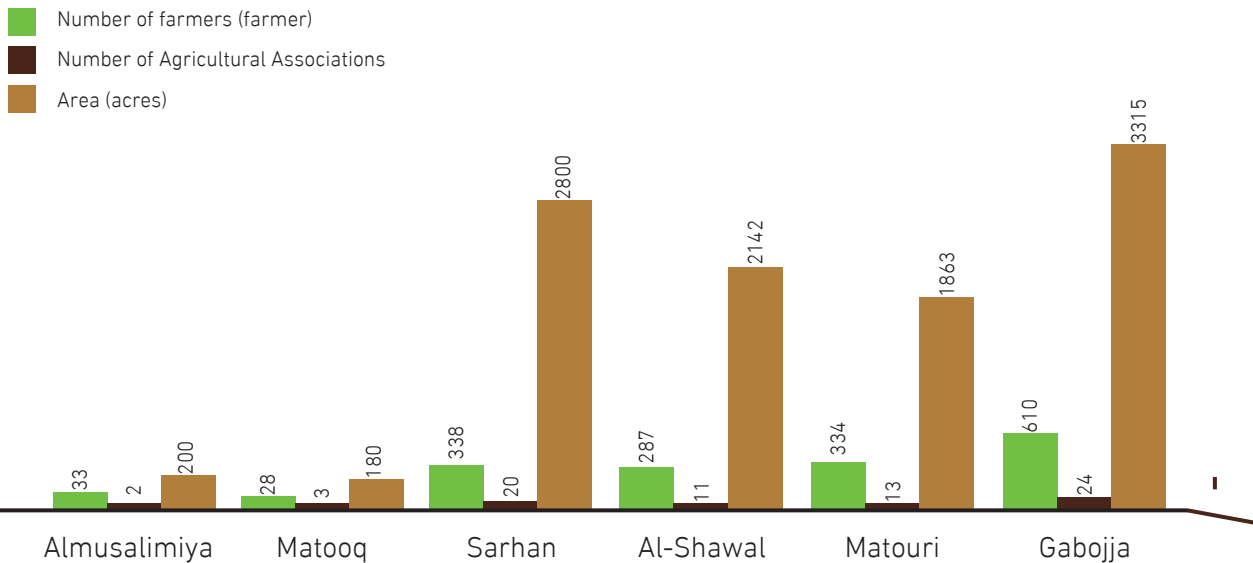
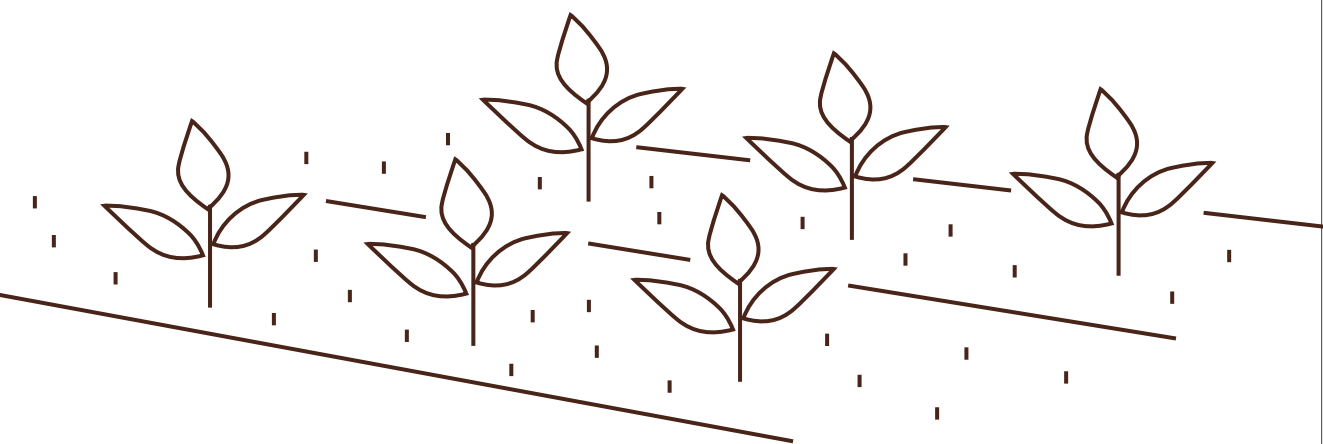


Figure (4) the distribution of cultivation area of wheat and the number of agricultural associations and farmers who benefited from the program in Al Jazirah State in the year 2019

- **Water supply (Rainwater harvest, well drilling) program:**
 - In the framework of AAAID to create effective partnerships with the organizations that work in developing the rural communities, the Arab Authority signed an agreement with Al Suqya Charity Organization in which the organization manages drilling wells in the rural areas with reasonable prices, this helps to mobilize resources for the Trust Fund so that it can provide financing for its activities.
 - About (9) wells were drilled in 2019, with a total depth of 5,210 feet in a number of rural villages in the various states of Sudan which suffer from scarcity in drinking water compared to (6) wells that were drilled in 2018 with an increase of (50%). This has had an effective impact on the stability of farmers' congregations in those areas. The number of beneficiaries in the program is about 30 thousand farmer compared to 16 thousand farmers in 2018 with an increase of (87.5%) in addition to providing drinking water to animals.
- **Sheep raising program- Al Jazirah - Sudan:**
 - The program targeted (78) herders in Gabojja region in order to support and develop the animal production sector through the maximum use of natural resources available in which a sustainable program was designed to facilitate the farmers ownership of sheep.
 - The herd started with (600) sheep in June 2018 and reached to (1269) by the end of September with an increase of (95.2%).
- **Women farmers support program- South and North Kordufan - Sudan:**
 - The program targeted (600) women farmers in south of Kordufan - Al Gozz - and north Kordufan - Shiekan- to produce seeds of groundnuts, sorghum, millet and sesame in an area of 2,400 feddans, compared to (450) women in 2018 with an increase of (33%). This is in the framework of the efforts of the Sudanese government to implement the initiative to increase productivity and production aimed at planting 1 million feddans.



The Islamic Republic of Mauritania:

- AAAID granted a loan of USD 2 million to loan and trust funds in Mauritania in 2017 for 5 years with a one year relief period, to implement development programs for small farmers. The program includes providing farmers with revolving loans where the implemented activities are considered continuous projects.
- In 2017, AAAID also granted a loan to finance the cultivation of fodder in an area of 15 hectares with a cost of about USD 69.5 million and a vegetables project in an area of 10 hectare that costs about USD 38.5 thousand.
- The number of beneficiaries of the above program reached to (1821) family representing (5463) individuals.

Hashemite Kingdom of Jordan:

- A finance line of USD 2 million was granted to the Agricultural Credit Corporation to implement developmental programs to small farmers and producers for 6 years with a relief year. The project targeted a number of 330 family representing (1650) individual distributed in 12 locations in the Hashemite Kingdom of Jordan and the implemented activities are considered continuous activities.

Projects of supporting Palestinian people:

- Projects supporting the Palestinian people are divided into two parts:
 - (A) Continuous projects 2016-2018 at a cost of USD 8.1 million. The project was funded by 51% and includes integrated development projects for the Marj Sanor area and the water harvesting project in the Hebron-Jenin and Jericho area and the West Bank aquaculture project.
 - (B) Projects submitted during 2019 at a cost of USD 2 million and disbursed by 100%. These include the Economic Empowerment Project for Agricultural Engineers and the Land Development Project (C) in the State of Palestine
- The total number of beneficiaries in the period 2016-2019 is 8571 farmer representing about 42855 individuals.

Applied Research:

Republic of Sudan:

- AAAID implemented about (8) applied research trials to test a number of modern agricultural technologies in addition to test varieties of farm and fodder crops compared to (7) trials implemented in 2018 as follows:

- Applied research project to take advantage of solar energy in agriculture in the rural areas:

To continue its effort to transfer and localize modern agricultural technologies in Sudan, AAAID implemented a unique developmental research trial that focused on a number of farmers in the north of Kordufan in an area of 30 feddans, in which their lands were equipped with a number of solar power irrigation pumps and the system was connected with a drip irrigation system, which covered all the targeted areas that were cultivated with different vegetable crops.



Objectives:

- Utilizing and reclaiming unused lands for crop production in winter season.
- Introducing new technologies and crops and working on disseminating them among small farmers.
- Supporting small farmers in the region and training them to use modern farming and irrigation systems.
- Increasing production and productivity.

Results:

- Contribution in increasing the productivity of crops annually and thus providing farmers stability.
- Introducing modern technologies to the region (solar energy and dripping irrigation).
- Reducing the cost of pumping water.



- The program of cultivating fruits and citrus trees in the rural regions using drip irrigation system:

AAAID implemented a developmental research program to cultivate horticultural crops using drip irrigation system in the El Rahad agricultural project in Khor Abu Hahl, North Kordofan. About 1,300 seedlings of mango, lemon, and orange were planted and distributed to a number of farmers in an area of 30 feddans.

Objectives:

- Managing the irrigation systems and fertilization programs of fruits and citrus trees in order to produce high quality crops.
- Improving production economics to increase the income of farmers and improving their living standards .

Results:

- The contribution in increasing the productivity of crops annually and thus providing farmers stability.
- Introducing modern agricultural technologies to the region (drip irrigation).
- Reducing water consumption.

- Panicum cultivation trial in the high salinity lands in Sudan:

Justification:

- Panicum contains a higher percentage of protein than barley as the percentage of protein of fresh green panicum reaches 13% when it is dry. Therefore it helps greatly in increasing the animal's weight and milk production. Panicum needs less water and can tolerate drought and soil salinity. Panicum is considered as a perennial plant.

Objectives:

- Evaluating the performance of the crop in the high salinity soil after land reclamation.
- Providing an alternative fodder crop that gives the same or better results in terms of nutritional value with less costs (remaining on the soil for over 5 years).



Panicum

- Buffel Grass (Laredo variety) cultivation experiment in high salinity lands in Sudan:

Justification:

- Laredo has a high nutritional value its ability to withstand high salinity levels, as it consumes 25% less water compared to Rhodes feed. It is a quick growing plant, lives for years and has high productivity.

Objectives:

- To measure the tolerance of the crop to salinity in highly saline soils after reclamation.



**Laredo
fodder**



Soybean

- Soybean crop cultivation experiment in high salinity lands in Sudan:

Justification:

- Soybean is distinguished from other legumes by containing the essential amino acids necessary for the human body to make protein, which makes it an excellent source of protein for feeding humans and livestock.
- Soybean is a source of vegetable oil for human consumption and the production of various foods.

Objectives:

- Testing of cultivating soybean in the high salinity soil after land proclaiming.
- Testing of cultivating soybean in the winter season instead of the summer season (as previously been followed).
- The contribution in the sustainability and increase of production.



Quinoa
crop

- Quinoa crop cultivation experiment in high salinity lands in Sudan:

Justification:

- Quinoa has a high nutritional value as its grains has a high percentage of protein (16-18%) compared to wheat which has not more than (13%) of protein.
- Take full advantage of the plant, besides using its grains as flour mixed with bread, its leaves can be used as green food for humans and as a green fodder crop and feed concentrates for livestock, sheep and poultry.

Objectives:

- Measuring the yield tolerance of salinity in high salinity soils after reclamation.
- Studying the adapting of crops in the Republic of Sudan.
- Providing a new crop (cereals) to enhance food security.

- The experiment of maize cultivation in the high salinity lands in Sudan:

Objectives:

- Testing of cultivating maize in the high salinity soil in Sudan.
- Comparing the productivity achieved of the cultivated type of maize with the previous cultivated types.
- Realizing the best type that suites the climate in Sudan and that has high productivity in order to localize the new strain in the projects of AAAID in Sudan.
- The experiment of testing the effect of the organic product (Fertil Verde) on the growth of agricultural crops

Justification:

- The dissemination and guidance of using environmentally safe products is one of the most important agricultural behaviors to increase productivity and production, improve crops and provide food.
- Using of organic growth stimulants and other products in growing plants helps farmers to increase the production of crops and preserve the environment.

Objectives:

- Using the organic Fertil Verde as a growing stimulant to a number of crops (maize, soybean, Laredo, panicum and quinoa).
- Testing of effects of the organic product in the growing of crops and its result on productivity.
- Creating a future cooperation with companies, authorities and research centres in different parts of the world through adapting and exchanging unique experiments with all participants.

Fertil
Verde



The United Republic of Comoros:

- AAAID implemented about (19) research programs in the year 2019 in the United Republic of Comoros that aimed at testing of cultivating a number of different field crops, vegetables and tissue culture research, as well as two training programs to qualify and train agricultural cadres as follows:
- **Bandsmilini Research Station:**
The station has conducted about 8 applied research programs in the year 2019 as follows:

Green Houses Experiment:

The experiment of adapting banana seedlings of new variety in the green house of the station::

- Three varieties of starch bananas were tested, namely FHIA (local variety) in addition to FHIA17 and FHIA23 cultivars, which are new varieties imported from Cameroon by the Comorian government. The station first adapted it at the station to coexist with the lunar environment, and then it was distributed to farmers.

Results

- The results showed the superiority of the FHIA17 variety in terms of size and quantity produced by bananas, followed by the local variety FHIA where its productivity was average, while the FHIA23 variety ranked last in terms of fruit size and productivity.

Future plan

Continuing in experiments of adapting new types of banana with the cooperation of the government.

The experiment of testing two types of sweet potatoes:

- In continuation of the cooperation of the Arab Authority with the Comorian government, the station has tested varieties of Sodaf and Larino potatoes in order to reach the highest productivity and disease-resistant variety.

Results

- The obtained results indicated the superiority of the Sodaf variety in terms of fruit size and productivity (6 kg / sq.m), compared to the Larino cultivar (3 kg / sq.m). The Sodaf variety was also distinguished by its high sugar content.
- The Larino variety was superior in shape and color compared to the Sodaf variety.
- The results showed that each of these two classes has an advantage that does not exist at the other, which leads to adherence to the two classes because they are required in the local market.

The experiment of testing varieties of potatoes::

- The cultivation of three varieties of the potato crop, Florice, Monalisa, and Sponta, was tested in order to test their productivity and their adaptation to the Comoros environment, in addition to make a comparison with the potato variety (Diziri) that has tested two years ago.

Results

The Diziri variety continues to outperform in terms of acclimatization and productivity.

Applied Research experiments in the open fields:

Trials of maize, potato, sweet potato, carrot and lettuce varieties (5 trials) were conducted:

- During the year 2019, the station carried out (5) applied experiments in open fields, which included varieties and dates of cultivation of sorghum crops (Bonaza F1 cultivar) potatoes, sweet potatoes, carrots and lettuce during the two tracks (winter 2018/2019 and autumn 2019).

Results

- The cultivated crops showed good progress in growth and production as the outcomes were great thus increasing the revenues of the station and achieving the principle of self-financing of the station's activities
- The importance of adhering to the dates of planting to ensure good growth of the crop and achieving the desired productivity.
- The Amazonia type of carrot and lettuce have achieved good productivity and profitable earnings, and will be replanted again during the 2019/2020 winter season.



**Carrot
production**



**Sweet
potato
production**

Banana seedlings in the nursery



Banana seedlings-increasing and rooting stages

Tissue culture propagation Laboratory:

Description

A laboratory to use tissue culture that AAAID found in 2007 in the capital Moroni in Comoros and is considered one of the significant projects of AAAID.

Objectives

- To contribute in achieving food security in the Comoros.
- Propagation of the food starch banana (the main crop in Comoros) in the first stage, provided that new crops (potatoes, taro, and aromatic plants) are introduced in the future.
- Capacity building for local cadres in the field of histopathology.

Implemented programs: The laboratory has conducted the following activities in the year 2019:

- Multiplication, rooting, and localization of 8,000 starch bananas.
- Implementation of a training course for laboratory staff in the area of multiplication of food crops such as potatoes.
- Implementing a training course for new technicians in the tissue culture of starchy bananas.

Results

- Contribute to providing food in the Comoros by increasing the amount of bananas produced in the country.
- Maintaining good imported bananas such as FHIA 17, 23 in addition to good local varieties.
- Implementing potato seed multiplication experiments (for the first time) in the histological laboratory.
- Documenting the process of producing banana seedlings in the histological laboratory in all its stages, and displaying it as a program on national television as an induction and documentation program of the Arab Authority's activities in Comoros, which increased the great demand by farmers in Comoros to purchase banana seedlings produced in the laboratory

Future plan:

- Introducing the potato crop into the crop system that the laboratory propagates histologically.
- Expanding the breeding of local banana seedlings with the aim of reducing imported varieties.

Studies:

The studies activity is considered one of the most important activities of AAAID while reaching investment decisions to contribute in the projects. This activity includes developing the investment opportunities, preparing feasibility studies, evaluating, providing counseling services and technical support to the companies. AAAID evaluated feasibility studies and detailed feasibility studies for several projects suggested from promoters. As well as evaluating existing companies and providing counseling services and technical support AAAID's affiliate companies. The projects that have been identified during 2019 reached to (127) projects classified as follows:

Projects at the stage of investment opportunities identification, Term of references & proposal evaluation:

- In this stage, the project ideas are received from the investors and the opportunities are fine-tuned and elaborated. After the project's idea identification is completed, terms of references for the projects' feasibility are prepared and a request for proposals is launched for consultancy firms to get technical and financial offers or are prepared internally by AAAID's expert. The investment opportunities identified during 2019 reached (64) distributed into the main sectors as shown in the table (5).

No.	Sectors	Sub-Sectors	Number of Projects
1	Agricultural Processing	Sugar	4
		Packing	6
		Others	3
2	Plant Production	Fruits and Vegetables	14
		Cereals and fodders	11
3	Animal Production	Fish	8
		Red Meat and Poultry	13
		Dairy	3
4	Agricultural Services	Finance	2
Total		64	

Table (5): Projects at the stage of investment opportunities identification, Term of references and proposal evaluation

Projects under feasibility studies preparation stage:

- AAAID prepares preliminary or detailed studies, either via AAAID's experts or by assigning consultancy Firms. Also AAAID assign consultancy firm to conduct Due Diligence and Business Valuation of targeted companies before investing. The number of projects in this stage reached (15) projects as shown in table (6)

No	Project	Country	Project Objectives
1	Slaughterhouse and livestock market project in Mecca.	KSA	Establishment of a company to provide housing, slaughtering and fodder market in Mecca.
2	Powder milk production project.	KSA	Drying the surplus of cow milk produced in KSA
3	Hydroponic Project in Riyadh	KSA	Production of 4 thousand tons of vegetables and fruits in an area of 10 hectares in Riyadh using hydroponic system.

No	Project	Country	Project Objectives
4	Greenhouse and fish farming project – Business Valuation and due diligence study	KSA	Expansion of an existing company for vegetables production in green houses system and fish farming with 2,400 tons of fish per year in Al Kharj
5	Broiler chicken production– Business Valuation and due diligence study	Kuwait	Establishment of an integrated poultry project to produce Broiler chickenwith capacity of 6.4 million bird per year.
6	Vegetables and fruits Marketing project in Dubai	UAE	Establishment of a platform in Dubai to distribute AAAID affiliated companies' products in Tunisia, Morocco and Sudan.
7	Table eggs production project in Abu Dhabi	UAE	Establishment of pilot projects in acooperation with Abu Dhabi Farmers' Services Centre
8	Broiler project in Abu Dhabi	UAE	Production and marketing of broiler chicken in Abu Dhabi in a cooperation with Abu Dhabi Farmers' Services Centre.
9	Silos Project	Sudan	Building of silos in Sennar, Gaddarif and the White Nile.
10	Agricultural project in West Minya region	Egypt	Rehabilitation of 20 thousand feddans in West Minya for the production of beet sugar, crops and fodders and fruits.
11	Expansion of Veterinary Vaccine project–Due diligence and valuation study	Egypt	Increasing production capacity of company specialized in the production of Veterinary Vaccine.
12	Expansion project of Poultry production company in Bahrain–Due diligence and Valuation study	Bahrain	Establishment of poultry farms with capacity of 5.4 million bird per year to complete production cycle of a Bahraini company for broiler chicken production.
13	Agricultural project- Sanabi lAlarabia	Algeria	Production ofcereals and fodders in 5 thousand hectare in Tiaret.
14	Dairy Project	Morocco	Production and processing of milk with capacity of 5 thousand heads milking cow.
15	Veterinary Vaccine and Serum Production Project	Oman	Production of vaccines for common animal diseases in the region in order to reduce imports.

Table (6): Projects under feasibility studies preparation stage

Projects under feasibility studies evaluation stage:

In order to decide its contribution to the projects, AAAID evaluates the feasibility studies of the greenfield projects submitted by promoters or by existing companies. In 2019, AAAID evaluated (41) projects as shown in Table (7).

No.	Project	Country	Project Objectives
1	Broiler Chicken Production project	KSA	Establishment of poultry production project in Hailel.
2	Slaughterhouse and cattle fattening project	KSA	Establishment of slaughterhouse and cattle breeding for fattening and with capacity of 18 thousand heads per year
3	Table eggs production project in Al Qassim	KSA	Production of table egg with capacity of 200 million egg per year.
4	Aquaculture project	KSA	Establishment of aquaculture project for the production of grouper, sea bream and sea bass in the land of Arabian Shrimp Company.
5	Integrated poultry project	KSA	Establishment of poultry farm for producing broiler chicken with capacity of 20 million bird per year in an area of 2000 hectares and fodder factory with capacity of 20 tons/hour and slaughterhouse with capacity of 10,000 bird/hour.
6	Bloodstock Hatchery Project	KSA	Breeding of Bloodstock for the production of day old chicks.
7	Hydroponic Project in Al Bara	KSA	Production of vegetables in an area of 20 hectares covered by polycarbonate with hydroponic system in Al Bara -Huraimla
8	Packing dates project	KSA	Production and Packaging of dates using new technology (packed dates, black honey and dates)
9	Dates processing and packing project in Mecca	KSA	Establishment of Dates processing and packing in Mecca with capacity of 20 thousand tons.
10	Hydroponic project in Dubai	UAE	Production of vegetables by hydroponic system and online marketing.
11	Hydroponic and greenhouses project in Sharjah	UAE	Production of vegetables by hydroponic system with capacity of 6 tons per day and mushroom with capacity of 7 tons per day.
12	Food packing company Expansion project in Ajman	UAE	Expansion of an existing company's capacity and producing high quality and natural and healthy juices with capacity of 10 thousand bottle a day.

No.	Project	Country	Project Objectives
13	Export Growth Fund	UAE	Establishment of an investment fund to develop agricultural exports through investing in existing companies and new projects specialized in exporting agricultural products such as olive oil, dates, almonds and tuna fish.
14	Milk production and dairy and juices processing project in Erbil.	Iraq	Production of milk, dairy and juice processing in Erbil, with a capacity of 36 thousand tons per year.
15	Milking cows farm, fattening and fodders Expansion project.	Iraq	Breeding of 300 cows and production of 10000 cows per year.
16	Production of table eggs in Al Anbar.	Iraq	Producing table eggs in Al Anbar, with a capacity of 100 thousand bird.
17	Investment fund in the agricultural sectors project	Sudan	The investment in the different agricultural sectors in Sudan
18	Farmers contracting for Crops production project	Sudan	Expansion of Micro finance activity through contracting with small farmers to produce AAAID needs of crops
19	Sugar Cane Production Project in Wadi Keya	Sudan	Planting of 3000 feddans with sugar canes to produce 135 thousand tons and establishment of 2 sugar factories in South Darfur.
20	Veterinary quarantine project in Umbadda.	Sudan	Establishment of a veterinary quarantine unit with a capacity of 1 million sheep and goats and 56 thousand beef cattle for export.
21	Groundnuts Production project from the field to the consumer	Sudan	Establishment of 4 Silos in different states for collecting and exporting groundnuts.
22	Dairy production company expansion project.	مصر	Expansion of production capacity of a leading dairies packing company in Egypt.
23	Cheese production company expansion project	مصر	Expansion of capacity of a leading cheese packing company in Egypt with 53 thousand tons per year.
24	Dairy Farm Project	مصر	Production and packing of Dairies in Egypt.
25	Rehabilitation and expansion of Aquaculture company	Bahrain	Expansion of an existing company production capacity for aquaculture of Sea Bass, Sea Bream and barramundi with capacity of 200 tons per year with RAS system in Bahrain.
26	Salmon production project	Bahrain	Production of salmon with capacity of 10 thousand tons in ponds.
27	Table eggs production company expansion project	Bahrain	Table eggs Production capacity expansion of a leading company in Bahrain to 142 million egg per year.

No.	Project	Country	Project Objectives
28	Olive production project in Ouargla	Algeria	Olive Production in an area of 1000 hectares.
29	Cereals and fodders production project in the Republic of Algeria	Algeria	Production of cereals (wheat, maize) and fodders in an area of 7000 hectares in Timimoun.
30	Olive oil production project of in Morocco	Morocco	Production of super intensive olive oil in an area of 200 hectares in SidiKacem and Fquih Ben Salah
31	Red Fruits production and marketing project in Morocco	Morocco	Production of red fruits and avocado in an area of 900 hectares in Kenitra region.
32	Aquaculture project in Jordan Valley	Jordan	Aquaculture of tilapia with a capacity of 30 thousand tons per year.
33	Sea fish Aquaculture project	Jordan	Establishment of aquaculture farm for grouper and Sea bream
34	horticultural products marketing project	Jordan	Distribution of the horticultural products in Jordan
35	Milk powder production company expansion project.	Tunisia	Establishment of milk production unit in the company in order to provide 30% of inputs for producing of milk powder
36	Red meat production project in Mahdia	Tunisia	Production, and processing of red meat with capacity of 456 heads/day in Mahdia
37	Agricultural products platform marketing project	Tunisia	Establishment of an integrated platform in Sidi Bouzid to marketing and processing of agricultural products in order to connect marketing with production.
38	Dairies, vegetables and dates production and packing development project	Palestine	Expansionof the existing company by adding a factory for dairies, a factory for producing vegetables, a factory for packing and packaging dates and a factory for olive oil packing.
39	Food Integrated logistics services Project	Oman	Establishment of a company of Food Integrated logistics services to merge logistic activates of all OFICholding company and logistic services to Omani companies
40	Vegetables and fruits Marketing Project	Oman	Production, packing and marketing of fruits and vegetables with capacity of 265 thousand tons per year.
41	Food Techno Park project	Oman	Establishment of incubators to develop food innovative ideas and to enhance the cooperation of entrepreneurs in food manufacturing.

Table (7): Projects under feasibility studies evaluation stage

Consulting and technical support

- Consulting and technical support is given to AAAID affiliate companies and external parties. The consultancy services consist of follow up on projects implementation, preparation and evaluation of studies in addition to companies' valuation. The number of consultations of AAAID's affiliate companies reached (7) as shown in table (8).

No.	Project	Country	Beneficiary	Objective
1	Aquaculture company Expansion Project in Monastir	Tunisia	Tunisia Aquaculture Fund	Evaluation the feasibility study of Aquaculture company Expansion Project in order to decide the contribution of the fund in the project.
2	Seafood packaging company expansion project in Sousse	Tunisia	Tunisia Aquaculture Fund	Evaluation of the feasibility study of Aquaculture company Expansion Project in order to decide the contribution of the fund in the project.
3	Supervision and rehabilitation of starch and glucose factory (rehabilitation study)	Sudan	Arab Company for Agricultural Production and Processing	Rehabilitation and re operation study of the starch and glucose unit (Arab Company for Agricultural Production) to attract investors.
4	Study of rehabilitation and Re-operation of the dairy unit. (rehabilitation study)	Sudan	Arab Company for Agricultural Production and Processing	Rehabilitation and re operation study of the Dairy unit (Arab Company for Agricultural Production) to attract investors and reoperation of the unit.
5	The integrated poultry project in Mauritania-First phase	Mauritania	Arab Mauritanian Company for Poultry	Feasibility study of the first phase of the project in producing poultry through buying hatching eggs and fodders.
6	Red meat project in Mauritania	Mauritania	Arab Company for Meat	Evaluation of the business planprepared by the company management.
7	The agricultural project in Dar El-Barka	Mauritania	Arab Company for Agricultural Services	Supervising of the feasibility study of the company expansion project to use an area of 3200 hectares to produce vegetables, fruits and cereals.

Table (8): Consulting and technical support

Third: Activity of Strategic Planning and Development

The activity of the administration of strategic planning and development can be summed up as follows:

Strategic Planning and follow-up performance:

1. AAID made a contract with PWC to put an investment agricultural strategy for AAID 2020-2024 in order to contribute in achieving the strategic goals of the Arab Authority and to increase the return profit of investment. As such:

- Approval of AAID agricultural investment strategy by the Board of Directors.
- Initiate implementing the strategy through evaluating projects under implementation in accordance with the new agricultural investment standards.
- Evaluating the condition of AAID affiliate companies and the possibility of liquidating inactive companies.
- Developing the exit policy from companies.
- Implementing the transformation plan of suspended companies.

2. Developing corporate governance frames to implement and monitor the strategic plan by establishing the following offices:

First: Strategy Management Office (SMO)

The Strategy Management Office is entrusted with critically observing the implementation of the strategic plan and ensuring that the Authority invests in the programs and projects included therein, in addition to the governance of agricultural investment procedures.

Second: Project Management Office (PMO)

The Project Management Office supervises the progress of projects under establishment, and monitors the performance of existing companies as well as those suspended from operation, in addition to issuing the necessary reports.

Third: Exit Taskforce

The Exit Taskforce is responsible for reviewing the distressed companies recommended for selling, suspending or exit and for implementing final recommendations according to the policy of the authorized investment authority.

Institutional Development

1. AAID initiated the establishment of a system of quality management according to the required international standards ISO9001 of the year 2015. Where a gap analysis was carried out and the procedures to be implemented to cover the requirements of the standard were implemented. In addition, the Arab Authority's operations and procedures related to each process were listed in accordance with the approved organizational structure, and a work plan was developed to prepare the necessary policies, procedures, manuals and forms and start implementation in preparation for the Arab Authority's effort to obtain ISO 9001 certification from an accredited certification body within the year 2020.

2. In the field of institutional excellence and to achieve excellence standards and the dissemination of this culture in AAAID, an institutional excellence team has been formed, which includes several sub-teams to work to meet the requirements of institutional excellence standards and work plans have been developed for those teams and start implementation. The preparation of introductory reports for the Arab Government Excellence Award launched by the Arab Administrative Development Organization in cooperation with the Council of Ministers in the Government of the United Arab Emirates has also been completed. AAAID intends to apply for the Best Arab Project for Community Development through a project of supporting small farmers and producers that was launched by the Arab Authority at the beginning of 2006 is still continuing until now. This is in addition to applying for the award of the best General Manager of an Arab Authority or institution and the best Arab government employee in the category of individual awards.
3. The main axes of institutional development that have been implemented in 2019 and will be completed in 2020 are:
 - First:
Improving and developing AAAID's governance framework.
 - Second:
Developing a risk management system through which practices implemented in AAAID are organized to assess risks in all areas either financial or operational.
 - Third:
Improving and enhancing mechanisms for handling complaints and suggestions and developing an improved framework to organize these operations.
 - Fourth:
Developing a knowledge management system in AAAID and introducing new mechanisms to strengthen AAAID's system.
 - Fifth:
Setting a framework to regulate innovation and creativity in AAAID.
 - Sixth:
Develop a plan for standardized comparisons with best practices for implementation in the period 2019-2020.
 - Seventh:
Work to launch AAAID's roadmap for the next fifty years as part of the tasks of the future foresight team that was formed in AAAID in February 2019.



Fourth: Corporate Communication and Media Activities

The corporate communication and media at AAID is built on a strategic plan that is based on building effective and efficient institutional communication programs that support AAID's vision and embrace the continuous development and innovation in concepts, methods and applications, while providing full support to AAID's strategic priorities and directions. AAID has worked on the activities of corporate communication and media through innovative and effective administration on the various communication platforms of AAID by implementing a set of programs and activities that are related to strengthening its relations with government agencies, Arab and international organizations, investors, businessmen and parties concerned with work and investment in the agricultural sector. This is with the aim to expand AAID's connections network and register a prominent presence in International exhibitions, conferences and forums specialized in food security and investment in the agricultural sector. This comes in pursuit of developing its Arab, regional and global role, and to promote its agricultural projects and development activities, as well as build a balanced system for managing regional and international media relations by implementing a media plan and cooperation with the visual, audio and print organizations and Arab and international news agencies. As such, AAID approved the use of the best information technology and modern communication media services, represented by AAID's official website, social media accounts, and electronic promotional messages.

AAID organized a number of activities in the year 2019 represented in the following:

1. The efficient participation in a number of global specialized activities in the agricultural sector in order to introduce and market AAID's projects, forming strategic partnerships with specialized parties in agricultural investment and innovation. The participation in 2019 is as follows:

A. The Agriculture, Fisheries and Food Investment Forum in Muscat, Sultanate of Oman on January 23-24, 2019. AAID's participation was represented by a working paper entitled "The Efforts of the Arab Authority for Agricultural Investment and Development in Promoting Agricultural and Fisheries Investment in the Arab World "Reality and Future Visions" and it was presented by His Excellency the President of AAID.

B. Launch of Harvest Day celebrations to support and improve production for women farmers in South and North Kordofan states, Republic of Sudan on February 12, 2019.

C. The Agra Middle East exhibition 2019, in Dubai, the United Arab Emirates on 05-07 March 2019, where AAID participated as an Exclusive Investment Partner, and also organized a dialogue session "Agricultural Investment Meeting" aiming to inform the participants about the investment climate in the Arab countries and the projects and activities of AAID, as well as investment opportunities available at companies that it contributes to. Memorandums of mutual understanding and cooperation were signed between the Arab Authority and investment parties during the exhibition, in the context of coordinating the joint efforts made by AAID in promoting food security in the Arab world.

D. Celebration of the launching the harvest of 1000 feddans of wheat in the Sarhan region of Al Gazirah on March 25, 2019.

E. AAID, in cooperation with the National Fisheries Development Program, and the Saudi Aquaculture Society in the Kingdom of Saudi Arabia, organized the Saudi Investment Forum for Aquaculture, which was held within the initiative "Invest in Saudi Arabia" on April 8, 2019 in the Emirate of Dubai, in the United Arab Emirates.

F. Aghena Middle East Exhibition 2019 in Cairo, Arab Republic of Egypt from 17-19 October 2019, in which the participation of AAID was characterized by effective investment meetings with major companies, investors and specialists in the field of poultry.

G. SIALME Forum and Exhibition 2019 in Abu Dhabi, United Arab Emirates on December 9-11, 2019, in which AAID participated as an Exclusive Investment Partner. AAID also organized during the exhibition a round table meeting and the AAID's Affiliate

Companies' Meeting, with the participation of a influential persons and decision makers and a group of businessmen, investors and specialists in the field Agricultural from various Arab and foreign countries.

2. AAAID organized the first version of the ceremony of its Strategic Partners Award Ceremony supporting AAAID's work with presence from distinguished ministers of the United Arab Emirates, excellencies, ambassadors of Arab countries, heads of Arab and international organizations, and a number of managers of companies and banks, news agencies and media institutions. The event was held on March 4, 2019 Dubai, United Arab Emirates.

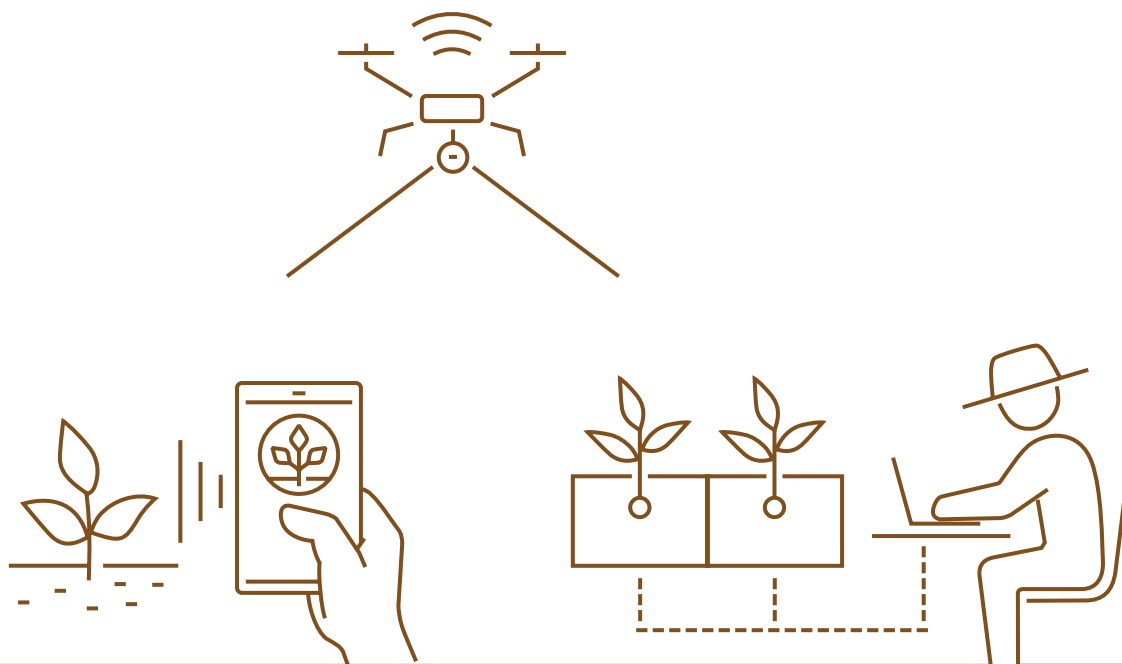
3. AAAID organized the Fourth Career Excellence Award Ceremony 2019, which included honoring distinguished employees of the Arab Authority on October 24, 2019 in Khartoum, Republic of Sudan.

4. Promoting AAAID's projects and activities through preparing and issuing the annual report and publishing publications on investment opportunities, newsletters and introductory brochures in both Arabic and English languages electronically.

5. Promoting AAAID affiliated companies and activities in the headquarters country through a promotional campaign that includes print, visual and audio media.

6. Continuing in developing the official website of AAAID, to become more interactive and allow easy access to the information. The website contains all the necessary information on AAAID's investments and activities. The number of visitors to the website for 2019 was about 177 thousand visitors.

7. Continuing in conducting AAAID's Preserving the Environment Campaign and achieving its desired goals by spreading the culture of reducing the use of paper.



AAAID Activities:

Fifth: Administrative Activity

Meetings:

Board of Shareholders:

The 43rd meeting of the Board of Shareholders of AAAID took place in Kuwait, Kuwait, on the 25th April of 2019. The most prominent of the decisions made during the meeting was the approval of the Investment Operations Programs of AAAID for the year 2019 with an amount of KWD (9.10) million, to be carried out according to the guidelines of the strategy of the AAAID.

Board of Directors:

The Board of Directors of the Arab Authority for Agricultural Investment and Development held five meetings, from March to December 2019, in which a number of important topics related to investments, agricultural projects and administrative aspects were discussed. About (79) decisions were issued, including decisions to approve the contribution of AAAID in a number of important projects such as: Orbis company projects to produce and market fruits and olive oil in the Kingdom of Morocco, the Veterinary vaccines project in Oman, increasing the capital of Dairy Milk factory (Riyada) in the Arab Republic of Egypt, the partnership with Al Rajhi International for Investment Company, the contribution in the Globe Agricultural Development Fund, the agreement on obtaining a license to establish a virtual company to provide agricultural smart integrated solutions, as well as redoing the strategic distribution of financial investments in the coming five years (2020-2024). This is in addition to the praising of the achieved results in the developmental programs, the demand of providing a study on expanding and developing the program of financing of small farmers and producers and the agreement on issuing companies' guarantee to banks to offer operational loans for AAAID affiliated companies. AAAID also issued decisions concerning following up its affiliate companies' conditions.

Committees emanating from the Board of Directors

The committees of Board of Directors which are; the executive committee, financial investment committee, and audit and risks committee, held number of meetings from January to December 2019. The committee discussed several subjects and reported their recommendations to the Board to take the necessary decisions.

Information Systems:

In continuation of the efforts made by the Arab Authority for Agricultural Investment and Development (AAAID) in adopting information systems applications that contribute to the stimulation and development of its performance, a number of accomplishments were presented during the second half of 2019, including the following:

The Investment Map of AAAID's Activities System (Agri22):

Programming of a system that provides a mechanism to facilitate knowledge of the Arab Authority's investments in Arab countries, and the geographical distribution, status and outputs of the Authority's investments in Arab countries. In addition to assisting the specialists in marketing AAAID' activities and helping the decision-maker know the status and geographical locations of the different investments in Arab countries. Additionally, work is underway on the second issue of adding the notes of a consultant from PWC to link the Arab Authority's agricultural investment strategy for 2020-2024 and follow up on its implementation.

The Correspondence, Meetings and Tasks Management System:

Development of a system for managing incoming and outgoing correspondence electronically and provide mechanisms for archiving, preservation, search, review, follow-up and circulation of correspondence in complete confidentiality and according to specific authorizations, in addition to increasing the speed of information recovery and facilitate its sharing among users.

A AAAID's Corporate Chat System (Chatbot):

Programming of a system to take advantage of short text messages and chat windows (WhatsApp) to receive and respond to messages and include queries from all AAAID's

databases (Bank balances, corporate earnings, portfolio income, leave balances, salary details, etc.), as well as querying and searching for files according to the authority granted to each user

A program for measuring and monitoring strategic indicators and project performance (INJAZ):

Develop and update the recent program that is specialized in managing the strategy of the Arab Authority, checking the application of standards that were planned for, measuring and following up the strategic goals and strategic indicators and projects' performance.

Updating and replacing Firewall of networks for added security:

Firewall systems were replaced with a new system that copes with the new technological developments in information security, the firewall is considered as a fort that protects the networks from hacking, viruses, worms, and unwanted emails, as well as helps in the stability of the virtual network between headquarters office and the regional office.

Program for engineering operations:

Programing a system to draw the operations structure of the work process, steps and stages of the work, and to determine inputs and outputs of each operation. As well as linking the operation with performance indicators and specifying the persons and managements interconnected in the operation and their assigned task.

Messaging, meetings and assignments management system (TARASUL):

Developing a system to manage electronic received and sent messages, providing archiving mechanisms, saving, searching, previewing, tracking and dealing with messages confidently according to the authorized access as well as the quick retrieval of information and the ease of sharing it with users.

AAAID also updated the email servers and purchased the certification for domain servers, in addition to the enhancing electronic attendance tracking devices with the human resources system (SAP ERP).

Services activities:

The efforts of AAAID continued in increasing the profit of investments in property through implementing services plans and programs, updating assets, existing buildings, developing the level of services and constructing new buildings as follows:

- Following up preparing designs, and bid documents of the regional office of AAAID in Dubai which consists of a ground floor and 4 floors of an area of 2200 m² per floor.
- Implementing of central air conditioning system in the main office of AAAID.
- Preparing an integrated plan for safety, emergency and evacuation procedures in states of emergency in the buildings of AAAID according to the authorized standards approved in the headquarters country, strengthening security and safety procedures by installing surveillance camera system in the vicinity of AAAID's headquarters tower and residential headquarters.
- In the framework of preserving environment, energy saving and heat emission the type of lightening was replaced with LED in the headquarters building, and it was considered one of the smart solutions in saving energy with an environment friendly device with high efficiency. As well as replacing the central air conditioning to work with Freon gas A134 instead of the global prohibited gases.
- The continuing on providing technical and engineering support to AAAID affiliated companies in addition to participating in the preparing plans and designs, and supervising implementation of several projects and giving services related to technical service as requested by the companies under AAAID's management such as:

Arab Poultry
Production Com-
pany

El Bagair Red
Meat Project

Arab Blue Nile
Agriculture
Company (Agadi)

Arab Company
for oils

Starch and
Glucose unit

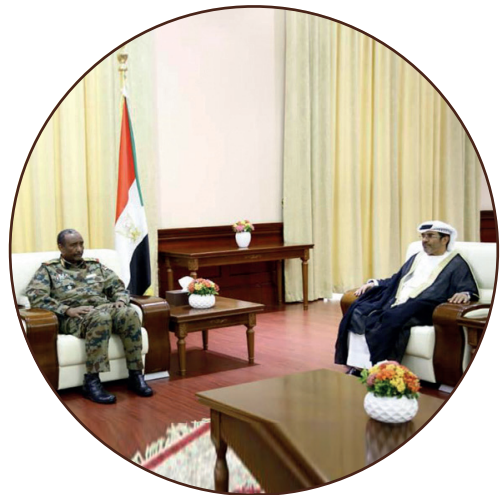
Visits:

AAAID has been keen to strengthen cooperation with Member States, government institutions and similar international organizations through meetings, visits and participation in activities related to agriculture. In 2019, AAAID held a series of meetings with a number of officials in institutions to coordinate with them to establish new investment projects, develop programs that serve agricultural development, and discuss ways to overcome the obstacles facing the companies and projects of AAAID, as well as conduct many field visits to existing companies. This is in order to identify the development of its companies' productive, financial and marketing performance, to reflect on the methods of technical support necessary to improve their performance, and to participate in many activities, such as scientific forums, seminars and agricultural technical exhibitions as follows:

H.E Sheikh Hamdan bin Rashid Al Maktoum, Deputy Ruler of Dubai and Minister of Finance received H.E and members of the Board of Directors of AAAID at His Highness's Palace in Zabeel, Sunday, December 15, 2019
Dubai - United Arab Emirates



The visit of H.H Dr. Abdulla Hamdok/
Prime Minister of Sudan on 29 August
2019 in Al Khartoum/Republic of
Sudan



The visit of Lieutenant General
Abdel Fattah Al-Burhan - President
of the Transitional Cabinet Council
on September 3, 2019, Khartoum,
Republic of Sudan.

The visit of H.H Dr. Ibrahim Ahmed Al Badawi –Minister of Finance and Economic Planning on 25th November 2019 Al Khartoum, Republic of Sudan



The visit of H.H the ambassador Omar Basher Manees, Minister of Council of Ministers' affairs on 3rd October 2019 in Al Khartoum, Republic of Sudan.



The visit to the farmers of Umm Al Jimal, Mafraq in the Hashemite Kingdom of Jordan on 7th January 2019.



The visit of H.H Ambassador Asma Mohamed Abdulla, Minister of Foreign Affairs on 25th November 2019 Al Khartoum/Republic of Sudan.



The visit to the Packing and Agricultural Production Company in Agadir in the Kingdom of Morocco at the sidelines of the 10th special symposium of Trouville Awards in January 2019 in the Kingdom of Morocco.

The visit to Al Marga for Cattle and Agricultural Development Company, one of AAAID affiliated companies in Bu Salim region on 16th January 2019 in the Republic of Tunisia.



The visit of Agro-Zitex, one of AAAID affiliated companies in Sfax on 17th January 2019 the Republic of Tunisia.



The visit of Aluetis exhibition for Fishing which was organized under the patronage of H.M King Mohammed the 6th on 20th February 2019 in the Kingdom of Morocco.



The visit of H.E Samir Majol/ The president of the Tunisian Confederation of Industry, Trade and Handicrafts (Al-Aaraf) on January 18th 2019 in the Republic of Tunisia.

Visit of Mr. Ahmed Ouyach / President of the Moroccan Confederation of Agriculture and Rural Development on February 25th 2019 in the Kingdom of Morocco.



Visit of Mr. Salah Eddine Mezouar / President of the National Federation of Contractors in Morocco (chambers of commerce and entrepreneurs) on February 25th 2019 in the Kingdom of Morocco.

An inspection tour to the projects and AAAID affiliated companies in Sudan, the projects of production and packing of Arab poultry. Al Khartoum Republic of Sudan on 31st August 2019.



An inspection tour to the projects and AAAID affiliated companies in Sudan, Arab Company for Drugs Ltd. Al Khartoum in the Republic of Sudan on 31st August 2019.



An inspection tour to the projects and AAAID affiliated companies in Sudan, El Bagir for red meat Al Khartoum Republic of Sudan on 1st September 2019.



The visit of H.H Mr/ Madani Abbas Madani/The minister of Industry and Trade on 3rd September Al Khartoum, the Republic of Sudan.



An inspection tour to projects and AAAID affiliated company in Sudan, Al Mutamayiza for vegetables and crops production. Al Khartoum the Republic of Sudan 1st September 2019.



The visit of H.H Issa Othman Sharief/The minister of agriculture and natural resources on 3rd October 2019 in Al Khartoum / the Republic of Sudan.



The visit of H.E Lina Al-Sheikh Mahjoub / Minister of Labor and Human Development on October 3rd 2019 in Al Khartoum / the Republic of Sudan.

The visit of H.E Dr Al Dardiri Mohamed Ahmed / Minister of Foreign Affairs on 27th March in Al Khartoum/ Republic of Sudan.



The visit of H.E Yousef Holi /Minister of state in the Ministry of Finance on 27th March 2019 in Al Khartoum / Republic of Sudan.

The visit of Mr. Abdulmajid Khulji Mohamed Ahmed the General Manager of the Sudanese Agricultural Bank on 23rd December 2019 Al Khartoum / Republic of Sudan.



Field visit to the project of agricultural services in West Omdurman on 28th November 2019 in Al Khartoum/ Republic of Sudan.



The visit of H.E Dr. Alam Al-Din Abdullah Absher Abdullah / Minister of Animal Resources on October 24th, 2019 in Al Khartoum / Republic of Sudan.

Field visit to the farms of AAAID affiliated companies Orbis Green Olive and Orbis Berries on 9th October 2019 in Sidi Kacem – Kingdom of Morocco.



Meetings:

Since its establishment in 1976, AAAID has endeavored to maintain cooperation with diplomatic, Arab and international research organizations and centers, in order to serve its investment and development goals and objectives in enhancing Arab food security through continuous communication and meetings. In 2019, the following meetings took place



The meeting of H.E Samir Taieb / Minister of Framing, Water resources and Fishing on 16th Januray 2019 in the Republic of Tunisia.



The meeting of H.E Ziad Lahdri / Minister of Development and International Cooperation in the Republic of Tunisia on 16th January 2019 in the Republic of Tunisia.



The meeting of Ms. Naiala Alqunji/The president of the Industrial Area in AlFajah in Manouba on 18th January in 2019 in the Republic of Tunisia.



The meeting of H.E. Dr. Sidi Wald Altah / General Manager of the Arab Bank of Economic Development in Africa on 11th February 2019 in AAAID headquarters in Al Khartoum / Republic of Sudan.





The meeting of Shiekh Dr. Majed Sultan Al Qasimi the acting Assistant Minister Undersecretary of Food sector in AgraMe exhibition on 7th March 2019 in Dubai/UAE.



The meeting of H.E Lieutenant General Yahya Mohamed Khir /Wali of Blue Nile on 28th March 2019 in the headquarters of AAAID in Al Khartoum / Republic of Sudn.



The meeting of H.E Dr. Abu Bakr Al Mabrook Al Mansori / The representative Minister of Agriculture Sea and Animal resources in Libya on 28th April 2019, in the regional office of AAAID Dubai/ UAE.



The meeting of H.E. Dr. Ezz Eldin Abustait /Minister of Agriculture and Land Proclaiming on 8-11 September 2019 in Cairo/Arab Republic of Egypt.



The meeting of delegation of MOH for animal on 29th October 2019 Dubai/UAE.



The visit of H.E Dr. Thani Al Zyudi /the minister of Climat change and environment to AAAID's wing on 6th March 2019 in AgrMe Exhibition in Dubai/UAE.



The meeting of H.E Dr. Muna Mahriz / Deputy Minister of Agriculture for Livestock and Fisheries Affairs on 8-11 September 2019 Cairo/Arab Republic of Egypt.



The meeting of H.E. Sheikh Salman bin Khalifa Al Khalifa/Minister of National Finance and Economy/ Kingdom of Bahrain on 15th October 2019 in Al Manama/ Kingdom of Bahrain.



The meeting of H.E Mr. Alhashmi AlAjeli / the ambassador of Tunisia and Mr.Maher Zagwan/Consul of Embassy on 24th November 2019 in Al Khartoum/ Republic of Sudan.



The meeting of H.E Mr. Al Hussein Sidi Abdulla Dia/ Ambassador of the Islamic Republic of Mauritania on 27th November 2019 in Al Khartoum/ Republic of Sudan.



The meeting of H.E Ms. Salma Qaduri Jaber the office-in-charge the embassy of Iraq on 24th December 2019 in Al Khartoum / Republic of Sudan.



The meeting of H.E Mr.Issa Ithman Sharief/Minister of Agriculture and Natural Resources on 25th December 2019 in Al Khartoum/ Republic of Sudan.

Events and partnerships:

The participation of AAAID in seminars, forums and conferences is one of the important activities that it undertakes annually. AAAID promotes its work through these activities, to attract all interested parties in the field of agriculture, from the public and private sectors. In 2019, AAAID participated in the following activities:

The participation of AAAID in the event of the agriculture fisheries and food investment Forum on 23rd January 2019 the Sultanate of Oman.



The participation of AAAID in founding Cows and Sheep farm in Khur AlObeid in the north of Kordufan/Republic of Sudan 12th February 2019.



AAAID participation in opening the project of installing solar energy cells and a well in the farm of Rural women developmental fund in Shikan in the North of Kordufan/ Republic of Sudan on February 12th 2019.





AAAID participation in Launching of festivities of harvest days in Shikan in El Obeid in the South of Kordufan - Republic of Sudan on February 12th, 2019.

Participation of the opening ceremony of the exhibition accompanying the celebrations of the harvest days in Sheikan - North Kordofan State / Republic of Sudan on 12th February 2019.



The participation of AAAID in a workshop of discussing the results of feasibility study the link of water, energy and food in Sudan in the headquarters of the Arab Organization for Agricultural Development on 13th February 2019 in Al Khartoum/ Republic of Sudan.

Honoring H.E Mariam Al Muhairi / Minister of State responsible for the future food security file for the state / United Arab Emirates, in the honoring ceremony of AAAID's honoring of the strategic partners supporting its work on March 4th, 2019 Dubai / United Arab Emirates.



AAAID participation in the Arab Food Industries Forum for Food Safety and Trade Facilitation on 4-5 March 2019 Amman - The Hashemite Kingdom of Jordan.



Organizing the Agricultural Investment Meeting during the activities of AgraMe Forum and Exhibition on March 6th, 2019 Dubai - United Arab Emirates.

Honoring AAAID in the wheat and silage harvesting event on March 25th, 2019, in Sarhan- Al-Gazirah Project / Republic of Sudan.



AAAID participation in the Wheat festivities of harvest in Al Firdos project in Abu Shibika village on 26th March 2019- in the White Nile Republic of Sudan.

AAAID participation in the Saudi investment forum for aquaculture on 8th April 2019 in the intercontinental Dubai Festival city hotel - Dubai - UAE.



The participation of AAAIS in the Agrena Middle east 2019 exhibition on 17-19 October 2019 in Cairo/ Arab Republic of Egypt.



The career excellence ceremony for employees of AAAID 2019 on 24th October in Al Khartoum - Republic of Sudan.

The participation of AAAID in the investment symposium meeting under the honor of H.E the Minister of Agriculture, Livestock and Brazilian Food Supplies / on September 22nd, 2019 in Dubai - United Arab Emirates.



The participation of AAAID in the meetings of the sub Committee of Hunger Eradication in the Arab region on 27th November 2019 in Cairo/ Arab republic of Egypt.

AAAID participation as an exclusive investment partner in the SIALME on 9-11 December 2019 in Abu Dhabi/ UAE.



The roundtable meeting for investment in the aquaculture sector in the Middle East-The participation of AAAID in the events of SIALME exhibition 2019 on 9th December 2019 in Abu Dhabi/UAE.

AAAID's Affiliate Companies Meeting during the participation of on 9th December 2019 in the events of SIALME exhibition in Abu Dhabi / UAE.



Agreements and Memorandums of Understanding:

AAAID signed a number of agreements and memorandums with some international authorities, companies and institutions in order to cooperate, integrate and coordinate together to achieve sustainable developmental and reduce food gap and achieve Arab food security. In 2019, the following agreements and memorandums of understanding were signed:



Signing of a memorandum between AAAID and the council of the Arab League on 3rd November 2019 in Cairo/Arab Republic of Egypt.



Signing of a memorandum between Spatial Business Integration and AAAID during AgraMe exhibition on 6th March 2019 in Dubai/UAE.



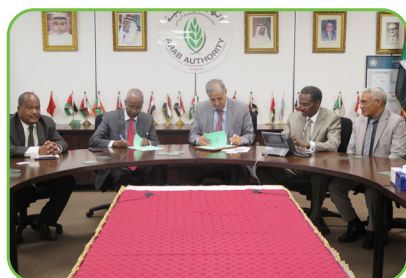
Signing of a memorandum between AAAID and Emirates food industries under the patronage of HE Dr. Thani ALZaudi the minister of environment and climate change during AgraMe exhibition on 6th March 2019 in Dubai/ UAE.



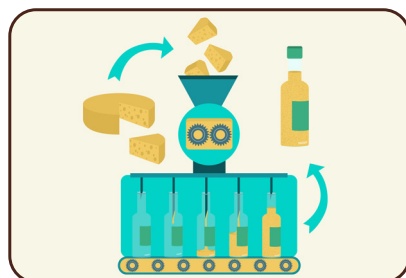
Signing of a memorandum between AAAID and Orbis group on 11th July 2019 in Rabat/ the Kingdom of Morocco.



Signing of a memorandum between AAAID and Alrajhi international for investment on 1st June 2019 in Dubai /UAE.



Signing of a memorandum and cooperation between AAAID and the Sudanese Barka Bank on 29th July 2019 in Al Khartoum/ Republic of Sudan.



Signing of a memorandum between AAAID and Port Said company for food industry on 4th March 2019.

The Financial Situation of AAAID for the Year Ended 31/12/2019

Total Income:

The total income for the year ended 31/12/2019 reached to KWD **30.2** million (USD **99.7** million) compared to KWD 11.1 million (USD 36.6 million) for fiscal year 2018.

The income mainly consists of investment portfolios, the profits of the companies, loans, and other sources.

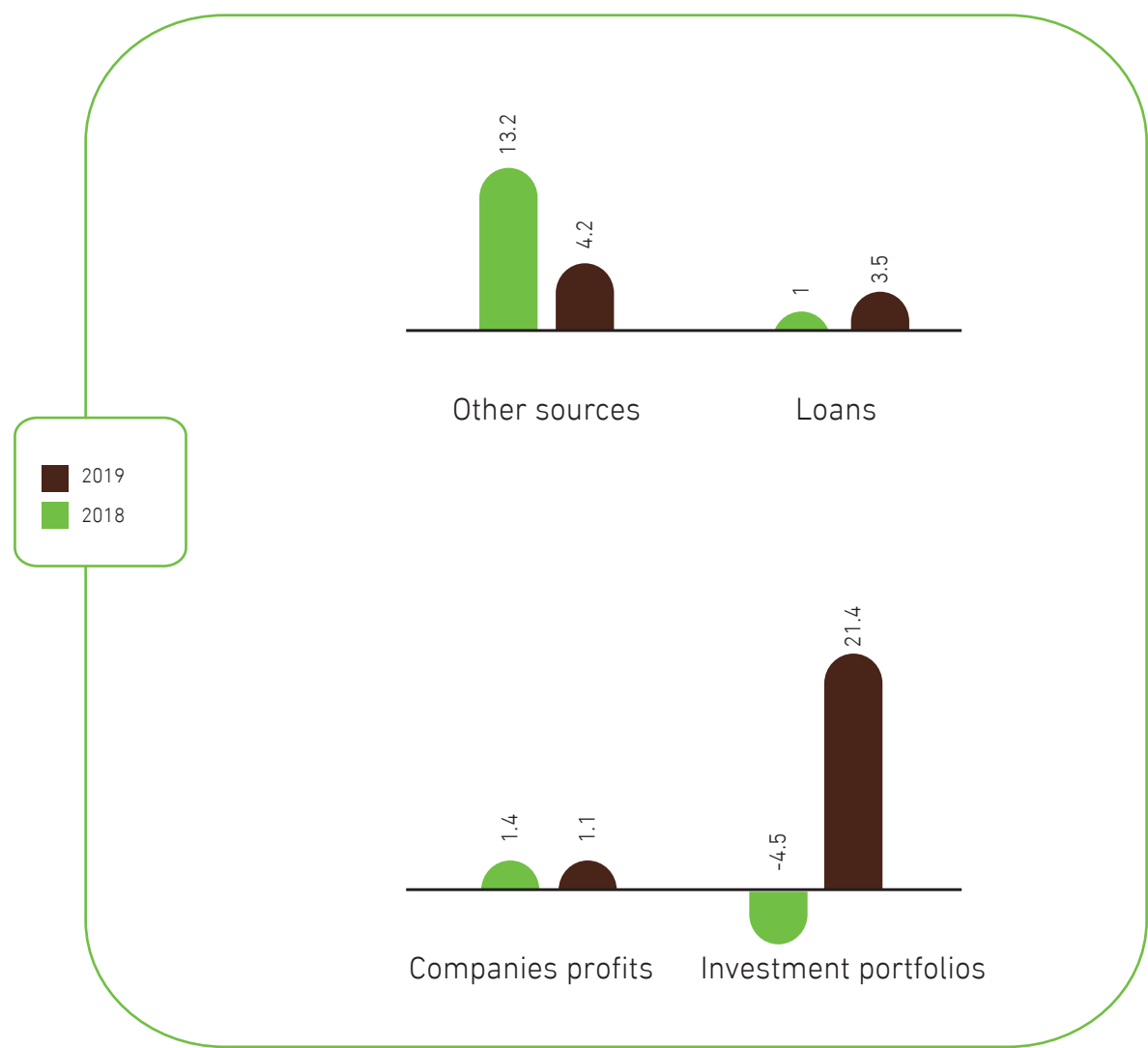


Figure (5): Comparison of income components from 2018- 2019 (million KWD)

Details of total income are as follows:

1. Income from financial investments:

Net profits achieved from financial investments as in 31/12/2019 reached to KWD 21.4 million (USD 70.6 million), compared to KWD 4.5 million (USD 14.8 million) as on 31/12/2018.

2. Income from corporate dividends

Income from corporate dividends for the fiscal year ended 31/12/2019 reached KWD 1.1 million (USD 3.5 million) compared to KD 1.4 million (USD 4.6 million) as on 31/12/2018.

3. Income from loans

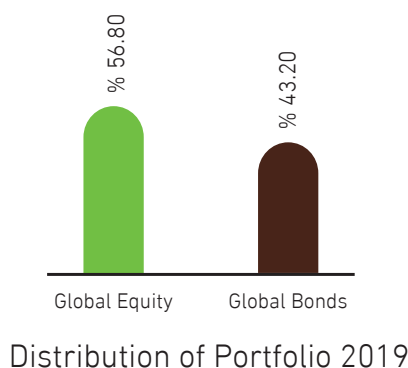
Income from loans for the year ended 31/12/2019 reached KWD 3.5 million (USD 11.5 million) compared to KWD 1 million (USD 3.3 million) as on 31/12/2018.

4. Income from other sources

Income from other sources as in 31/12/2019 reached to KWD 4.2 million (USD 13.9 million) compared to KWD 13.2 million (USD 43.5 million) as on 31/12/2018

The value and distribution of the consolidated investment portfolio for the year 2019

On 31/12/2019, the total investment portfolio of AAAID reached to KWD 146.4 million (USD 483 million), compared to KWD 134.7 million (USD 444 million).



The distribution of AAAID's consolidated portfolio is as follows:

1. Equity Investments:

- The value of AAAID's investments in equities at the end of 2019 reached to KWD 83.2 million (USD 274.5 million) representing 56.8% of the total consolidated portfolio compared to KWD 76.6 million (USD 252.8 million) representing 57% of the consolidated portfolio, as at the end of 2018.
- On 31/12/2019, AAAID's investments in equity achieved a profit of KWD 12.2 million (USD 40.2 million) compared to KWD (9) million (USD 29.7 million) at the end of 2018.

2. Bond Investments:

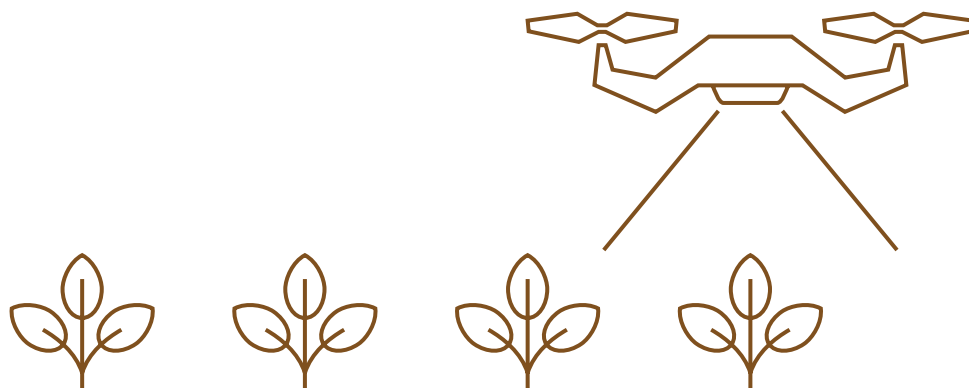
- AAAID's investments in bonds values on 31/12/2019 reached to KWD 63.2 million (USD 208 million) representing 43.2% of the total consolidated portfolio compared to KWD 58.1 million (USD 191.6 million) representing 43% of total consolidated portfolio, as at the end of 2018.
- On 31/12/2019, AAAID investments in bonds achieved a profit of KWD 9.2 million (USD 30 million) compared to KWD 4.5 million (USD 14.8 million) at the end of 2018.

Total expenditure

AAAID's total expenditure as on 31/12/2019 was KWD 21.4 million (USD 70.6 million) compared to KWD 7.6 million (USD 25.1 million) as in 31/12/2019.

Financial Performance

AAAID's net profit for the year ended 31/12/2019 was KWD 8.8 million (USD 29 million) compared to KWD 3.6 million (USD 11.9 million) as on 31/12/2018.



Financial Center

1. Assets:

AAAID's net assets as of 31/12/2019 reached to KWD 308.1 million (USD 1.02 billion), compared to KWD 298.5 million (USD 985 million) as of 31/12/2018.

2. Liabilities:

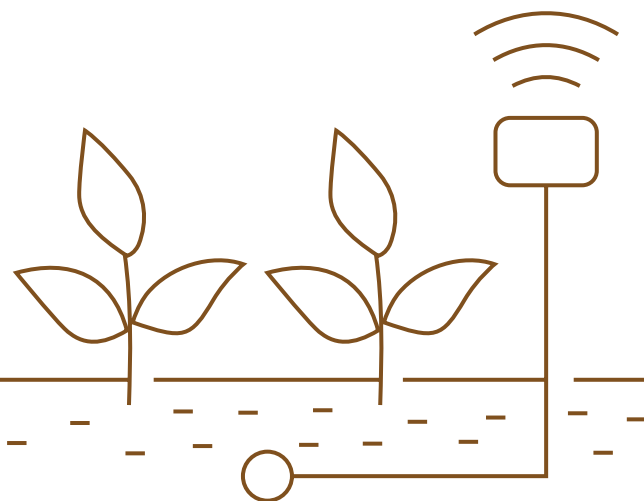
AAAID's total liabilities as of 31/12/2019 reached to KWD 15.4 million (USD 50.8 million) compared to KWD 14 million (USD 46.2 million) as of 31/12/2018.

Shareholders' Equity:

AAAID's total shareholders' equity, representing paid-up capital and reserves as of 31/12/2019, reached to KWD 292.7 million (USD 965.8 million) compared to KWD 284.5 million (USD 938.8 million) as of 31/12/2018.

Profit Distributions to Member States

AAAID paid a total of KWD 152.4 million (USD 502.9 million) to Member States representing 70% of the paid-up capital as of 31/12/2019.



Financial Statements and External Auditor Report

**Arab Authority for Agricultural Investment
and Development**

FINANCIAL STATEMENTS

31 DECEMBER 2019



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

Report on the Audit of the 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 2019, 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 2019, 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 for 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)

Report on the Audit of the Financial Statements (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


5 March 2020
Kuwait

Arab Authority for Agricultural Investment and Development

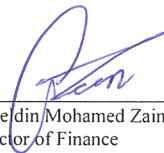
STATEMENT OF FINANCIAL POSITION

As at 31 December 2019

	Notes	2019 KD	2018 KD
ASSETS			
Cash and cash equivalents	4	3,477,581	11,619,183
Deposits and wakala with financial institutions	5	22,107,939	13,651,250
Investments held for trading	6	146,359,359	134,675,809
Loans, net	7	8,539,610	14,429,671
Contributions and direct investments, net	8	115,152,567	110,459,466
Property and equipment, net	9	3,107,780	2,122,505
Investment property, net	10	3,165,454	3,412,970
Other assets	11	6,207,409	8,158,083
TOTAL ASSETS		308,117,699	298,528,937
LIABILITIES AND EQUITY			
Liabilities			
Borrowings from financial institutions	12	489,831	817,507
Other liabilities	13	12,362,543	10,615,858
Employees' end of service benefits	14	2,540,926	2,575,130
Total liabilities		15,393,300	14,008,495
Member Countries' Equity			
Paid up capital	15	218,588,222	218,588,222
Share premium		208,570	208,570
Statutory reserve	16	25,170,314	24,294,322
General reserve	17	34,475,931	28,947,346
Voluntary reserve	18	12,041,340	10,041,340
Foreign currency translation reserve	19	2,240,022	2,440,642
Total member countries' equity		292,724,399	284,520,442
TOTAL LIABILITIES AND EQUITY		308,117,699	298,528,937



Mohamed Bin Obaid Al-Mazrouei
Chairman



Jalaleddin Mohamed Zain
Director of Finance

The attached notes 1 to 30 form part of these financial statements.

Arab Authority for Agricultural Investment and Development
STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
For the year ended 31 December 2019

	Notes	2019 KD	2018 KD
Income			
Net gain (loss) from investments held for trading	21	21,395,253	(4,443,160)
Dividend from contributions and direct investments	22	1,060,693	1,376,535
Income from loans		3,461,892	971,111
Other income	23	2,135,687	744,645
Reversal of impairment losses	24	2,139,471	12,455,951
Total income		30,192,996	11,105,082
Expenditure			
Salaries and indemnities		(3,671,991)	(3,108,529)
Travelling and accommodation		(661,210)	(591,086)
Depreciation	9,10	(402,996)	(396,836)
Impairment losses	25	(15,094,873)	(2,118,949)
Others		(1,602,002)	(1,336,208)
Total expenditure		(21,433,072)	(7,551,608)
PROFIT FOR THE YEAR		8,759,924	3,553,474
Other comprehensive loss			
Net movement in foreign currency translation reserve		(200,620)	(673,576)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		8,559,304	2,879,898



Mohamed Bin Obaid Al-Mazrouei
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 2019

	<i>Paid up capital KD</i>	<i>Share premium KD</i>	<i>Statutory reserve KD</i>	<i>General reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Total KD</i>
Balance at 1 January 2019	218,588,222	208,570	24,294,322	28,947,346	10,041,340	2,440,642	284,520,442
Profit for the year	-	-	-	8,759,924	-	-	8,759,924
Transfer to statutory reserve	-	-	875,992	(875,992)	-	-	-
Transfer to voluntary reserve	-	-	-	(2,000,000)	2,000,000	-	-
Funds appropriations for donations	-	-	-	(355,347)	-	-	(355,347)
Foreign currency translation reserve	-	-	-	-	-	(200,620)	(200,620)
At 31 December 2019	218,588,222	208,570	25,170,314	34,475,931	12,041,340	2,240,022	292,724,399
Balance at 1 January 2018	204,038,279	208,570	23,938,975	30,434,696	8,041,340	3,114,218	269,776,078
Capital increase (Note 15)	14,549,943	-	-	-	-	-	14,549,943
Cash dividend	-	-	-	(2,040,383)	-	-	(2,040,383)
Profit for the year	-	-	-	3,553,474	-	-	3,553,474
Transfer to statutory reserve	-	-	355,347	(355,347)	-	-	-
Transfer to voluntary reserve	-	-	-	(2,000,000)	2,000,000	-	-
Funds appropriations for donations	-	-	-	(645,094)	-	-	(645,094)
Foreign currency translation reserve	-	-	-	-	-	(673,576)	(673,576)
At 31 December 2018	218,588,222	208,570	24,294,322	28,947,346	10,041,340	2,440,642	284,520,442

The attached notes 1 to 30 form part of these financial statements.

Arab Authority for Agricultural Investment and Development

STATEMENT OF CASH FLOWS

For the year ended 31 December 2019

	Notes	2019 KD	2018 KD
OPERATING ACTIVITIES			
Profit for the year		8,759,924	3,553,474
Adjustments to reconcile profit for the year to net cash flows from (used in) operating activities:			
Dividend income	21	(1,506,530)	(3,794,739)
Unrealized (gain) loss on investments held for trading	21	(18,680,655)	8,259,021
Reversal of impairment losses	24	(2,139,471)	(12,455,951)
Impairment losses	25	15,094,873	2,118,949
Depreciation	9,10	402,996	396,836
Gain on sale of property and equipment		(15,559)	(47,357)
Provision for employees' end of service benefits	14	304,295	379,681
		<u>2,219,873</u>	<u>(1,590,086)</u>
Operating cash flows before changes in working capital:			
Net movement in investments held for trading		6,997,105	(5,245,243)
Net movement in loans, net		(560,763)	(1,274,078)
Net movement in other assets		(463,394)	(1,338,451)
Net movement in other liabilities		1,391,338	(556,677)
		<u>9,584,159</u>	<u>(10,004,535)</u>
Employees' end of service benefits paid	14	(332,903)	(127,932)
Net cash flows from (used in) operating activities		<u>9,251,256</u>	<u>(10,132,467)</u>
INVESTING ACTIVITIES			
Additions to contributions and direct investments		(9,147,853)	(2,772,004)
Additions to property and equipment	9	(1,136,526)	(274,213)
Additions to investment property	10	(4,891)	(23,929)
Proceeds from sale of property and equipment		16,221	50,502
Time deposits, net		(8,456,689)	3,329,877
Dividend income received		1,506,530	3,794,739
Net cash flows (used in) from investing activities		<u>(17,223,208)</u>	<u>4,104,972</u>
FINANCING ACTIVITIES			
Proceeds from issuance of share capital		-	14,306,949
Dividend paid		-	(2,040,383)
Net cash flows from financing activities		<u>-</u>	<u>12,266,566</u>
Net (decrease) increase in cash and cash equivalents		<u>(7,971,952)</u>	<u>6,239,071</u>
Cash and cash equivalents at the beginning for the year		11,619,183	5,733,530
Net movement in foreign currency translation reserve		(169,650)	(353,418)
Cash and cash equivalents at the end for the year	4	<u><u>3,477,581</u></u>	<u><u>11,619,183</u></u>

The attached notes 1 to 30 form part of these financial statements.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2019

1 ACTIVITIES

The Arab Authority for Agricultural Investment and Development (the "Authority") was established as an Independent Arab Financial Authority having administrative and financial independence as per the Establishment Agreement signed by thirteen (13) Arab countries on 1 November 1976, with authorised share capital of KD 150 million. Subsequently, the Board of Shareholders resolved to increase the authorised share capital to KD 336 million (Note 15).

The objective of the Authority includes the development of agricultural resources with a particular emphasis on maximising the availability of agricultural products within its member states.

The head office of the Authority is located at P.O. Box 2102, Khartoum, Republic of Sudan.

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The accompanying financial statements of the Authority have been prepared in accordance with the requirements of Article No. 17 of the Establishment Agreement, and in accordance with the accounting policies as adopted by the Authority's Board of Directors taking into consideration the International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") as appropriate to the requirements and nature of the Authority as set out in Note 3.

2.2 BASIS OF MEASUREMENT

These financial statements have been prepared based on the historical cost convention, modified to include the measurement at fair value of investments held for trading and derivatives using the accrual accounting method and going concern assumption.

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

The functional currency of the Authority is US Dollar as majority of the transactions undertaken by the Authority are denominated in US Dollar. The financial statements are presented in Kuwaiti Dinar ("KD") which represents the presentation currency according to the Statute and Establishment Agreement of the Authority.

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Authority and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment. The Authority assesses its revenue arrangements against specific criteria in order to determine if it is acting as principal or agent. The Authority has concluded that it is acting as a principal in all of its revenue arrangements.

Interest income

Interest on loans, bank deposits, and fixed income securities are accounted for on accrual basis, except for the overdue interest for six months, which are recognized on receipt basis.

Dividend income

Dividend from contributions and direct investments are recorded when the right to receive the dividend income is established.

Investment income

Gains and losses on sale of investments are included in the statements of comprehensive income and expenditure and are recognized when the transaction takes place.

Unrealised gains and losses arising on revaluation of securities classified as held for trading are included in the statements of comprehensive income and expenditure.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2019

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income from derivatives

Derivative financial instruments include forward contracts, which are initially measured at cost and are subsequently re-measured at fair value. Fair values are generally obtained by reference to quoted market prices. Any changes in the fair values of derivatives that are held for trading purposes are directly included in the profit for the year. The fair values of derivatives are included in Investments held for trading.

Rental income

Rental income from renting of the investment property and the building is recognized as other income on a straight-line basis over the lease term.

Taxes

In accordance with Article No. 12, Clause No. 3, of the Establishment Agreement, the Authority, its assets, income, dividend and operations in the contracting countries, as well as the subscriptions of member countries, issued bonds, loans granted by the Authority, deposits, and donations received shall be exempted from all taxes and fees including customs duties and local taxes.

The Authority is further exempted from the obligation of collecting or paying any fees or taxes.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation and impairment losses. When property and equipment are sold or retired, their cost and accumulated depreciation are eliminated from the accounts and any gain or loss resulting on their disposal is recognised in the statement of comprehensive income and expenditure.

Depreciation is calculated on a straight-line basis over the estimated useful lives of the assets as follows:

• Building	20 years
• Furniture	5 years
• Equipment	3 years
• Vehicles	5 years
• Computer accessories	3 years

The residual values, useful lives and methods of depreciation are reviewed, and adjusted if appropriate, at each financial year end.

Expenditure incurred to replace a component of an item of property and equipment that is accounted for separately is capitalised and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statements of comprehensive income and expenditure as the expense is incurred.

The carrying values of property and equipment are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount, being the higher of their fair value less costs to sell and their value in use.

Other subsequent expenditure is capitalised only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognised in the statements of comprehensive income and expenditure as the expense is incurred.

The Authority capitalises all costs relating to assets as capital work-in-progress until the date of completion and commissioning of these assets. These costs are transferred from capital work-in-progress to the appropriate asset category upon completion, commissioning and depreciated over their useful economic lives from the date of such completion and commissioning.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2019

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment property

Investment property is the property held either to earn rental income or for capital appreciation or for both, but not for the sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. The investment property held by the Authority is measured at cost less accumulated depreciation.

The investment property is depreciated using the straight-line method over the estimated useful life of 20 years.

Impairment of non-financial assets

The Authority assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Authority estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using a discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used.

Impairment losses recognised in previous years is reversed when there is an indication that such impairment losses are no longer exist or have decreased; and such decrease can be objectively related to an event that occurred after the impairment is recognized.

Reversal of the impairment losses is recorded in the statement of comprehensive income and expenditure to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date.

Leases

All agreements for lease entered into by the Authority are considered as operating leases. Payments made under operating leases are charged to the statements of comprehensive income and expenditure on a straight line basis over the lease term.

Authority as a lessor

All lease contracts entered into between the Authority and the lessee are considered as operating leases and are recognized in the statements of comprehensive income and expenditure on an accrual basis.

Employees' end of service benefits

Provision for employees' end of service benefits is calculated for the accumulated periods of service at the end of the reporting date in accordance with employees' regulation of the Authority.

Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are classified as "cash and cash equivalents", "investments held for trading", "loans", "contributions and direct investments", "other assets", or as "derivatives designated as hedging instruments in an effective hedge" as appropriate. The Authority determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus, in the case of investments not held from trading, directly attributable transaction costs.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognised on the trade date, i.e., the date that the Authority commits to purchase or sell the asset.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2019

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

The Authority's financial assets include cash and cash equivalents, investments held for trading, loans, contributions and direct investments and other assets. At 31 December, the Authority did not have any financial assets held-to-maturity or as derivatives designated as hedging instruments.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash on hand and bank balances.

Investments held for trading

Investments are classified as held for trading if they are acquired for the purpose of selling in the near term. Gains or losses on investments held for trading are recognised in the statement of comprehensive income and expenditure.

After initial recognition, investments held for trading are carried in the statement of financial position at fair value with changes in fair value recognised in the statement of income and expenditure.

Loans

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are originated by the Authority with no intention of trading the receivables; and comprise of borrowings to investee companies. Loans are measured at amortised cost less impairment losses. Amortised cost is calculated on the effective interest rate method.

Contributions and direct investments

In accordance with the Establishment Agreement, and the objectives of the Authority, investments are directed to companies of similar nature consistent with the overall objectives of the Authority's. Since the Authority doesn't exercise or intent to exercise control or significant influence over these companies; it is carried at cost less impairment losses, if any.

Other assets

Other assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Other assets include dividend receivable which are stated at original invoice amount less a provision for any uncollectible amount. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

Derecognition

A financial asset (or, where applicable a part of financial asset or part of a group of similar financial assets) is derecognised when:

- the right to receive the cash flows from the asset have expired.
- the Authority has transferred its right to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Authority has transferred substantially all the risks and rewards of the asset, or (b) the Authority has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Authority has transferred its rights to receive cash flows from an asset or has entered into pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the Authority's continuing involvement in the asset. In that case, the Authority also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Authority has retained.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2019

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Impairment of financial assets

The Authority assesses at each reporting date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and also where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

The Authority performs a detailed assessment on its direct investment, contributions and related loans at each reporting date to determine whether there are any indications for impairment or there is uncertainty on the recoverability of these amounts. As part of the assessment process, the Authority considers certain factors such as the investees' operations, restructuring plans and expected future profitability.

In case there is an objective evidence of impairment of investment and recoverability of any related loans and if the investee has a restructuring plan, the Authority usually provides the investee a period of time to assess the final outcome and impact. Based on that a decision will be taken to either provide an impairment or consider an alternative plan such as debt to equity conversion and /or injection of additional capital.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified as "borrowings from financial institutions", "other liabilities" or as "derivatives designated as hedging instruments in an effective hedge" as appropriate. The Authority determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value and in case of borrowings from financial institutions, plus directly attributable transactions costs.

The Authority's financial liabilities include borrowings from financial institutions and other liabilities. At 31 December, the Authority did not have any financial liabilities at fair value through the statement of comprehensive income and expenditures or derivative financial instruments (if any).

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Payables

Liabilities are recognised for amounts to be paid in the future.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the statement of income and expenditure.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if and only if, the Authority has currently enforceable legal right to offset the recognised amounts and the Authority has an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Fair value of financial instruments

The fair value of financial instruments that are traded in active markets at each reporting date is determined by reference to quoted market prices or dealer price quotations (bid price for long positions and ask price for short positions), without any deduction for transaction costs.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2019

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Fair value of financial instruments (continued)

For financial instruments not traded in an active market, the fair value is determined using appropriate valuation techniques. Such techniques may include:

- Using recent arm's length market transactions;
- Reference to the current fair value of another instrument that is substantially the same; or
- A discounted cash flow analysis or other valuation models.

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 27.

Foreign currencies

Foreign currency transactions are translated into functional currency at the spot exchange rates prevailing at transaction dates. Monetary assets and liabilities at the year end, denominated in foreign currencies, are retranslated into functional currency at the exchange rates prevailing at the reporting date. Foreign exchange gains or losses on translation of monetary assets and liabilities denominated in foreign currencies are recognized in the statements of comprehensive income and expenditure. Non-monetary assets measured at fair value in a foreign currency are translated using the exchange rates prevailing at the date when the fair value was determined.

For purpose of presentation of the financial statements, results of business and financial position of the Authority are translated into Kuwaiti Dinar (presentation currency) as follows:

- Assets and liabilities are translated at the closing rate at the statement of financial position date, except for the following:
 - Contributions and direct investments;
 - Property and equipment;
 - Investment property;
 - Provision for impairment losses on loans;
 - Unpaid dividend
- Income and expenses are translated at the transaction date exchange rates; and
- All resulting exchange differences are recognized as a separate component of equity as foreign currency translation reserve.

Provisions

Provisions are recognised when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Dividend

Dividend are recognised as liabilities in the period in which they are declared.

Based on board resolution and with reference to the shareholder recommendation, interest on unpaid dividend shall be reversed directly to the general reserve.

Contingencies

Contingent liabilities are not recognised in the financial statements, but are disclosed unless the possibility of an outflow of resources embodying economic benefits of the Authority is remote.

4 CASH AND CASH EQUIVALENTS

	2019 KD	2018 KD
Cash on hand	-	2,133
Bank balances	2,074,606	11,617,050
Time deposits (maturing within 3 months from contract date)	1,402,975	-
	<u>3,477,581</u>	<u>11,619,183</u>

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2019

5 DEPOSITS AND WAKALA WITH FINANCIAL INSTITUTIONS

These represent deposits and wakala with financial institutions with maturity of more than 3 months. The average effective interest rate on these deposits ranges between 2.6% to 2.9% as at 31 December 2019 (2018: 2.5% to 2.8%).

6 INVESTMENTS HELD FOR TRADING

Investments held for trading are managed by the portfolio managers appointed by the Authority. Investments held for trading as at 31 December comprise of the following:

	2019 KD	2018 KD
Equity securities	83,192,842	76,598,390
Fixed income securities	58,938,512	58,061,483
Fair value of derivatives (Note 20)	4,228,005	15,936
Total	<u>146,359,359</u>	<u>134,675,809</u>

7 LOANS - NET

In accordance with the Authority's objectives, the Authority grants majority of loans to its investee companies to finance their operations (Note 8). Loans agreements signed between the Authority and these companies contain certain covenants, such as:

- Ensuring commitment of investees to fulfil their obligations as stipulated in the signed loan agreement by creating a floating lien on all their assets to the Authority;
- Obligation of investee companies not to dispose of their assets either by sale, grant, by any other means or assignment of any rights to other companies without obtaining prior written approval from the Authority; and
- Obligation of investee companies to give the priority to the loans borrowed from the Authority in settlement over any other debts.

	2019 KD	2018 KD
Movements in loans:		
Balance at the beginning of the year	45,048,599	58,678,260
Transfer to direct investments	(3,826,400)	(14,583,600)
Disbursements during the year	1,763,010	2,089,157
Repayments during the year	(1,202,247)	(815,079)
Foreign exchange differences	(37,132)	(320,139)
Balance at the end of the year	<u>41,745,830</u>	<u>45,048,599</u>
Less: Provision for impairment losses	<u>(33,206,220)</u>	<u>(30,618,928)</u>
	<u>8,539,610</u>	<u>14,429,671</u>

	2019 KD	2018 KD
Movements in impaired loans:		
Balance at the beginning of the year	30,618,928	41,061,042
Charged during the year	3,521,679	635,918
Reversed during the year	(934,387)	(11,078,032)
Balance at the end of the year	<u>33,206,220</u>	<u>30,618,928</u>

During the year ended 31 December 2019, the Authority agreed on a debt to equity surplus with an amount of USD 12.6 Million (2018: USD 48 Million). The agreement has been approved in the General Assembly Meeting of those companies as at 31 December 2019. The legal procedures to increase the share capital and issuing new shares are still not completed.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2019

7 LOANS - NET (continued)

Loans as at 31 December is granted to the following:

	<i>Country</i>	<i>2019 KD</i>	<i>2018 KD</i>
<i>Arab Company for Agricultural Production and Processing</i>	Sudan		
Loan for refinancing and production inputs		28,211,616	28,234,889
Emergency loan		682,893	683,456
Loan for financing folder production		770,176	770,812
Loan for re-operation of glucose and starch unit		56,822	56,869
Loan for rehabilitation of glucose and starch unit		227,288	227,475
Loan for financing rehabilitation and modernization program for dairy unit		390,935	391,257
Loan for financing production inputs for year 2001-2002		112,159	112,251
Loan for payment of staff dues		530,338	530,775
		<u>30,982,227</u>	<u>31,007,784</u>
<i>Arab Poultry Production and Processing Company</i>	Sudan		
Loan transferred from Arab Company for Agricultural Production and Processing		-	605,068
		<u>-</u>	<u>605,068</u>
<i>Arab Sudanese Blue Nile Agricultural Company – (AGADI)</i>	Sudan		
Operational loan 2011-2012		1,945,730	1,947,335
		<u>1,945,730</u>	<u>1,947,335</u>
<i>Arab Sudanese Vegetable Oil Company</i>	Sudan		
Restructured loans and interest		-	3,224,186
Operational loan		51,465	283,070
		<u>51,465</u>	<u>3,507,256</u>
<i>Arab Company for Crops Production</i>	Sudan		
Irrigation Axels		801,681	817,507
		<u>801,681</u>	<u>817,507</u>
<i>Arabian Shrimps Company</i>	Saudi Arabia		
Unified loan		2,030,435	2,032,110
Bridging loan		1,181,895	1,182,870
Steering loan		1,116,016	1,019,568
Agriculture Development Fund		1,212,100	1,213,100
		<u>5,540,446</u>	<u>5,447,648</u>

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2019

7 LOANS - NET (continued)

	Country	2019 KD	2018 KD
<i>Pioneer (Al-Ruwad)</i>	Sudan		
Capital loan 2006		76,683	76,747
Operating loan (2007-2008)		19,372	19,388
Operating loan (2008-2009)		158,919	159,050
		<u>254,974</u>	<u>255,185</u>
<i>Arab Sudanese Seed Company</i>	Sudan		
Emergency loan 2008		46,376	46,414
		<u>46,376</u>	<u>46,414</u>
Al-Mutamayaza for Vegetables and Crops	Sudan	62,356	62,407
<i>Dhayat Yousef Company</i>	Morocco	303,050	-
<i>Kabuja Project for Agricultural Production</i>	Sudan	191,008	138,818
<i>Agricultural Credit Corporation</i>	Jordan	242,440	363,960
<i>Popular Fund Network</i>	Mauritania	404,067	606,600
<i>Others</i>		920,010	242,617
		<u>41,745,830</u>	<u>45,048,599</u>
Total loans		41,745,830	45,048,599
Less: Provision for impairment losses		(33,206,220)	(30,618,928)
		<u>8,539,610</u>	<u>14,429,671</u>

As at 31 December 2019, the Authority has total provision for impairment of KD 33,206,220 (2018: KD 30,618,928) related to certain loans granted to companies where the Authority invested in. These Companies defaulted in fulfilling its obligations in due dates and there is uncertainty on the recoverability of the outstanding balances. During the year ended 31 December 2019, the Authority recorded an impairment loss on loans of KD 3,521,679 (2018: KD 635,918) recognised in the statement of comprehensive income and expenditure. The management believes that the provision recorded is sufficient and there is no doubt about the recoverability of the outstanding balances in accordance with the Authority's accounting policies.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2019

8 CONTRIBUTIONS AND DIRECT INVESTMENTS – NET

In accordance with the Authority's objectives, the Authority participated in establishing certain companies, which are specialized in agriculture field and foodstuff; as well as investment in companies with similar objectives. The equity share of the Authority in most of these investee companies ranges between 20% to 50% in majority of investments; however, these investments are classified under "contributions and direct investments" as the Authority does not exercise any significant influence or has a control over the operations and financial policies of these companies. Therefore, these investments are carried in the financial statements at cost less provision for impairment losses, if any. The following table represents the cost of the outstanding investments as at 31 December:

	<i>Location</i>	<i>Ownership percentage</i>	<i>2019 KD</i>	<i>2018 KD</i>
Arab Sudanese Vegetable Oil Company	Sudan	88.00%	17,482,528	12,157,728
Arab Sudanese Blue Nile Agricultural Company (AGADI)	Sudan	85.30%	13,061,714	13,061,714
Arab Company for Crops Production	Sudan	52.75%	4,113,883	4,113,883
The Arab Iraqi Dairy Company	Iraq	50.00%	6,671,003	6,671,003
The Arab Qatari Agricultural Production Company	Qatar	50.00%	1,893,927	1,893,927
Arab Company for Agricultural Production and Processing Ltd. Sudan	Sudan	42.50%	8,778,375	8,778,375
Arab Company for Processing and Production of Poultry	Sudan	78.80%	16,386,322	13,033,333
Al-Ahliyah Company for Vegetable Oils (Hama)	Syria	40.00%	3,641,475	3,641,475
El Mergi for Livestock and Agricultural Development	Tunisia	63.33%	1,160,709	1,160,709
Omani European Company for Food Manufacturing	Oman	17.19%	259,022	259,022
Manafid Al Hobob Company	Morocco	30.00%	856,898	856,898
Emirates Rawabi Company Limited	UAE	27.56%	4,813,829	4,813,829
Arab Company for Manufacturing of Poultry & Cattle Equipment	UAE	27.44%	1,093,952	1,093,952
Arab Sudanese Seed Company	Sudan	34.93%	1,215,376	1,215,376
Arab Company for Manufacturing Advanced Irrigation Equipment	Syria	25.00%	299,210	299,210
Agro-Zitex Company	Tunisia	25.00%	513,665	513,665
The Arabian Company for Preserving & Manufacturing Agricultural Crops	Egypt	39.70%	1,167,509	1,167,509
El Faiyum Sugar Works Company	Egypt	26.93%	8,215,308	8,215,308
The Arab Fisheries Company	KSA	39.07%	905,926	905,926
Bubiyah Fisheries Company	Kuwait	0.00%	-	110,842
Arabian Shrimps Company	KSA	45.00%	1,183,347	1,183,347
Moroccan Arab Company for Agricultural Development (Samada)	Morocco	50.00%	851,387	851,387
Jordanian Kuwaiti for Agricultural & Food Products	Jordan	45.35%	417,336	417,336
Mid-West Milk Processing Project (Sidy Abu Zeid)	Tunisia	25.00%	36,216	36,216
Kenana Sugar Company	Sudan	5.59%	10,703,800	10,703,800
The Arab Syrian Company for Development of Agricultural Products (Gadahg)	Syria	5.00%	164,464	164,464
White Nile Sugar Company	Sudan	14.38%	20,441,755	20,441,755
Veterinary Medicines Company under formation	Sudan	29.92%	4,040,759	3,777,483
Distinguished Arab Company for Poultry Breeding and Processing	Jordan	33.33%	25,440	25,440
Asser Poultry Company	KSA	20.00%	3,855,307	4,179,726
Al-Mutamayaza for Vegetables & Agricultural Crops Production Company (Um-Dome)	Sudan	42.50%	17,147	14,258
Agricultural Services (Al Muzdana)	Sudan	13.43%	346,064	346,064
Others			17,397,124	13,037,564
Total cost of investments			152,010,777	139,142,524
Provision for impairment losses			(36,858,210)	(28,683,058)
			<u>115,152,567</u>	<u>110,459,466</u>

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2019

8 CONTRIBUTIONS AND DIRECT INVESTMENTS – NET (continued)

The Authority, based on the instructions of the Board of Directors, created a voluntary reserve of KD 10.041 million until 2018 to safeguard its investments from any impairment losses (Note 18). Subsequently, an Impairment Assessment Committee ("the Committee") was formed to review and assess the financial performance of each investee company on the date of the statement of financial position; to determine whether there is a need for further impairment losses. The Committee reviews the historical financial performance and projected future cash flows of each investee company and provides further impairment losses, if any.

As at the reporting date, the Authority has total provision for impairment on its direct investments of KD 36,858,210 (2018: KD 28,683,058) related to certain entities where there is objective evidence of impairment. During the year ended 31 December 2019, the Authority recorded impairment loss on investments of KD 9,231,152 (2018: KD 1,351,194) recognised in the statement of comprehensive income and expenditure. The management believes that the provision recorded is sufficient in accordance with the Authority's accounting policy.

	<i>2019</i> <i>KD</i>	<i>2018</i> <i>KD</i>
Movements in impaired contributions and direct investments		
Balance at the beginning of the year	28,683,058	28,709,783
Charged during the year (Note 25)	9,231,152	1,351,194
Reversed during the year (Note 24)	(950,000)	(1,377,919)
Write off during the year	(106,000)	-
	<u>36,858,210</u>	<u>28,683,058</u>
Balance at the end of the year		

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2019

9 PROPERTY AND EQUIPMENT- NET

The movement in property and equipment for the year ended 31 December 2019 is as follows:

	<i>Building KD</i>	<i>Furniture and equipment KD</i>	<i>Vehicles KD</i>	<i>Computer accessories KD</i>	<i>Capital work-in- progress KD</i>	<i>Total KD</i>
Cost						
At 1 January 2019	3,052,616	1,161,351	334,927	232,682	1,710,690	6,492,266
Additions during the year	-	4,500	41,068	2,908	1,088,050	1,136,526
Disposals during the year	-	(20,779)	(7,170)	(62,705)	-	(90,654)
Transfers	-	19,774	-	-	(19,774)	-
At 31 December 2019	<u>3,052,616</u>	<u>1,164,846</u>	<u>368,825</u>	<u>172,885</u>	<u>2,778,966</u>	<u>7,538,138</u>
Accumulated depreciation						
At 1 January 2019	2,942,111	1,018,490	221,185	187,975	-	4,369,761
Charged during the year	9,910	89,970	32,872	17,837	-	150,589
Relating to disposals	-	(20,357)	(6,930)	(62,705)	-	(89,992)
At 31 December 2019	<u>2,952,021</u>	<u>1,088,103</u>	<u>247,127</u>	<u>143,107</u>	<u>-</u>	<u>4,430,358</u>
Net carrying amount						
At 31 December 2019	<u>100,595</u>	<u>76,743</u>	<u>121,698</u>	<u>29,778</u>	<u>2,778,966</u>	<u>3,107,780</u>

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2019

9 PROPERTY AND EQUIPMENT- NET (continued)

The movement in property and equipment for the year ended 31 December 2018 is as follows:

	Building KD	Furniture and equipment KD	Vehicles KD	Computer accessories KD	Capital work-in- progress KD	Total KD
Cost						
At 1 January 2018	3,052,616	1,144,225	325,299	181,016	1,626,719	6,329,875
Additions during the year	-	12,547	46,777	2,264	212,625	274,213
Disposals during the year	-	(59,884)	(51,938)	-	-	(111,822)
Transfers	-	64,463	14,789	49,402	(128,654)	-
At 31 December 2018	3,052,616	1,161,351	334,927	232,682	1,710,690	6,492,266
Accumulated depreciation						
At 1 January 2018	2,932,201	972,256	247,999	180,435	-	4,332,891
Charged during the year	9,910	104,713	23,384	7,540	-	145,547
Relating to disposals	-	(58,479)	(50,198)	-	-	(108,677)
At 31 December 2018	2,942,111	1,018,490	221,185	187,975	-	4,369,761
Net carrying amount						
At 31 December 2018	110,505	142,861	113,742	44,707	1,710,690	2,122,505

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2019

10 INVESTMENT PROPERTY – NET

The movement in investment property for the year ended 31 December 2019 is analyzed as follows:

	<i>Investment Property KD</i>	<i>Total KD</i>
Cost		
At 1 January 2019	5,102,707	5,102,707
Additions during the year	4,891	4,891
At 31 December 2019	5,107,598	5,107,598
Accumulated depreciation		
At 1 January 2019	1,689,737	1,689,737
Charged during the year	252,407	252,407
At 31 December 2019	1,942,144	1,942,144
Net carrying amount at 31 December 2019	3,165,454	3,165,454

The movement in investment property for the year ended 31 December 2018 is analyzed as follows:

	<i>Investment Property KD</i>	<i>Total KD</i>
Cost		
At 1 January 2018	5,078,778	5,078,778
Additions during the year	23,929	23,929
At 31 December 2018	5,102,707	5,102,707
Accumulated depreciation		
At 1 January 2018	1,438,448	1,438,448
Charged during the year	251,289	251,289
At 31 December 2018	1,689,737	1,689,737
Net carrying amount at 31 December 2018	3,412,970	3,412,970

11 OTHER ASSETS

	<i>2019 KD</i>	<i>2018 KD</i>
Current accounts	2,124,813	3,695,328
Accrued interest on loans, net	1,402,032	3,400,111
Advances to employees	119,756	142,154
Others	2,560,808	920,490
	6,207,409	8,158,083

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2019

12 BORROWINGS FROM FINANCIAL INSTITUTIONS

	2019 KD	2018 KD
Saudi Fund for Development	489,831	817,507

The term loan from the Saudi Fund for Development is not guaranteed and has Libor weighted interest rate + 0.4%.

The term loan is repayable as follows:

	2019 KD	2018 KD
Within one year	489,831	817,507

13 OTHER LIABILITIES

	2019 KD	2018 KD
Accrued expenses	2,822,009	1,853,890
Rents received in advance	89,472	187,863
Others	9,451,062	8,574,105
	12,362,543	10,615,858

14 EMPLOYEES' END OF SERVICE BENEFITS

Movements in the employees' end of service benefits is as follows:

	2019 KD	2018 KD
Balance at beginning of the year	2,575,130	2,327,539
Charged during the year	304,295	379,681
Paid during the year	(332,903)	(127,932)
Foreign exchange differences	(5,596)	(4,158)
Balance at end of the year	2,540,926	2,575,130

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As at 31 December 2019

15 PAID UP CAPITAL

Analysis of the authorised and paid up capital as at 31 December is as follows:

	2019		2018	
	Authorised capital KD	Paid-up capital KD	Authorised capital KD	Paid-up capital KD
<i>Member countries</i>				
The People's Democratic Republic of Algeria	3,410,000	3,409,795	3,410,000	3,409,795
The Republic of Sudan	34,070,000	24,542,383	34,070,000	24,542,383
The Republic of Iraq	34,130,000	34,128,133	34,130,000	34,128,133
Kingdom of Saudi Arabia	51,190,000	51,187,169	51,190,000	51,187,169
The Syrian Arab Republic	110,000	75,670	110,000	75,670
The Arab Republic of Egypt	6,830,000	6,829,651	6,830,000	6,829,651
The State of Kuwait	44,330,000	44,329,885	44,330,000	44,329,885
The Kingdom of Morocco	1,370,000	1,369,954	1,370,000	1,369,954
United Arab Emirates	34,130,000	34,128,133	34,130,000	34,128,133
The State of Qatar – Hassad Company	17,060,000	17,059,036	17,060,000	17,059,036
The Democratic Republic of Somalia	110,000	103,559	110,000	103,559
The Islamic Republic of Mauritania	220,000	223,134	220,000	223,134
The Republic of Tunisia	220,000	222,870	220,000	222,870
The Hashemite Kingdom of Jordan	110,000	111,648	110,000	111,648
Sultanate of Oman	230,000	233,356	230,000	233,356
The Republic of Lebanon	100,000	100,743	100,000	100,743
The Republic of Yemen	110,000	82,758	110,000	82,758
The Republic of United Comoros	110,000	83,866	110,000	83,866
The State of Palestine	80,000	81,608	80,000	81,608
The Kingdom of Bahrain	230,000	233,356	230,000	233,356
Republic of Djibouti	80,000	51,515	80,000	51,515
Unsubscribed capital	107,770,000	-	107,770,000	-
	<u>336,000,000</u>	<u>218,588,222</u>	<u>336,000,000</u>	<u>218,588,222</u>

On May 2013, The Board of Directors passed a resolution to increase the share capital by KD 84.49 million to be paid by the shareholders in five equal instalments starting from 1 January 2014. During the year ended 31 December 2019, the shareholders did not pay any instalments (2018: KD 14.550 million).

16 STATUTORY RESERVE

In accordance with Article No. 19/2 of the Statute of the Authority, the Authority is required to transfer 10% of the profit for the year to the statutory reserve until such reserve equals 20% of the share capital of the Authority, unless the Board of Shareholders resolves to exceed such limit. An amount of KD 875,992 representing 10% of the profit for the year has been transferred to the statutory reserve.

17 GENERAL RESERVE

In accordance with Article No. 19/2 of the Statute of the Authority, the Board of Shareholders are authorised to form any other suitable reserves. The general reserve is formed from transfer of net profit/ (loss) for each year after deduction of outstanding reserves and is available for distribution.

18 VOLUNTARY RESERVE

This reserve has been formed based on the Board of Directors' Resolution No. 13 of 1990, which requires that such reserve shall be set aside from the net profit as appropriate and will be utilised to safeguard the Authority's interests against any impairment losses of the investee companies. This reserve shall not be used for any purpose other than the one it has been formed for.

On 5 March 2020, the Board of Directors of the Authority has approved the transfer of KD 2,000,000 from the general reserve to the voluntary reserve.

19 FOREIGN CURRENCY TRANSLATION RESERVE

Foreign currency translation reserve includes the result of translating all balances of the financial statements as at the year end denominated in US Dollar (functional currency) to KD (presentation currency).

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NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2019

20 DERIVATIVES

Unrealised gain (loss) on forward foreign exchange contracts:

Forward contracts are contractual agreements to either buy or sell a specified currency at a specified price at a specified date in the future. Accordingly, forward contracts are customised transactions which are executed at over the counter.

The nominal amounts, which provide an indication of the volumes of the outstanding transactions at the year-end, do not necessarily reflect the amounts of future cash flows which resulted from these transactions. Therefore, these nominal amounts are neither indicative of the Authority's exposure to the credit risk, which is generally limited to the positive fair value of the derivatives, nor to the market risk.

All forward contracts are maturing within three months from the statement of financial position date.

21 NET GAIN (LOSS) FROM INVESTMENTS HELD FOR TRADING

	2019 KD	2018 KD
Dividend income	1,506,530	3,794,739
Realized gain on sale of investments held for trading	1,214,105	30,573
Unrealised gain (loss) from investments held for trading	18,680,655	(8,259,021)
Change in fair value of forward contracts	(6,037)	(9,451)
	<u>21,395,253</u>	<u>(4,443,160)</u>

22 DIVIDEND FROM CONTRIBUTIONS AND DIRECT INVESTMENTS

	2019 KD	2018 KD
El Faiyum Sugar Works Company	643,543	714,729
Emirates Rawabi Company Limited	148,802	244,421
Arab Iraqi Dairy Company	106,418	196,625
Kenana Sugar Company	-	98,491
Al-Ahliyah Company for Vegetable Oils	62,187	77,024
Arab Company for Processing and Production of Poultry	6,684	6,323
Al Margi for Livestock	30,899	-
Arab Trade Finance Program	35,525	21,366
Arab Sudanese Seed Company	23,625	4,170
Arab Sudanese Vegetable Oil Company	-	11,255
Agricultural Services (Al Muzdana)	-	2,131
Agro-Zitex Company	3,010	-
	<u>1,060,693</u>	<u>1,376,535</u>

23 OTHER INCOME

	2019 KD	2018 KD
Rental income	476,764	524,049
Miscellaneous income	1,658,923	220,596
	<u>2,135,687</u>	<u>744,645</u>

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NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2019

24 REVERSAL OF IMPAIRMENT LOSSES

	2019 KD	2018 KD
Loans (Note 7)	934,387	11,078,032
Contributions and direct investments (Note 8)	950,000	1,377,919
Accrued interest on loans	209,923	-
Dividends receivable	45,161	-
	<u>2,139,471</u>	<u>12,455,951</u>

25 IMPAIRMENT LOSSES

	2019 KD	2018 KD
Loans (Note 7)	3,521,679	635,918
Impairment losses on contributions and direct investments (Note 8)	9,231,152	1,351,194
Accrued interest on loans	700,000	-
Dividends receivable	1,642,042	131,837
	<u>15,094,873</u>	<u>2,118,949</u>

26 RISK MANAGEMENT

26.1 Market Risk

26.1.1 Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of financial instrument will fluctuate because of changes in market interest rates. The Authority is exposed to interest rate risk on its granted loans.

26.1.2 Currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Authority's exposure to the risk of changes in foreign exchange rates primarily relates to the Authority's operating activities (when income or expenditure is denominated in a currency different from the Authority's presentation currency).

The following analysis details the financial assets and liabilities in foreign currencies:

	2019		2018	
	Financial assets KD	Financial liabilities KD	Financial assets KD	Financial liabilities KD
US dollars	125,341,448	15,302,280	124,693,651	5,434,391
Japanese Yen	13,000,709	-	14,496,319	-
Euro	7,541,019	-	6,727,291	-
Great Britain Pound	15,053,453	-	15,218,704	-
Bahraini Dinar	2,736,991	-	8,426,046	-
Swiss Franc	6,842,478	-	7,186,610	-
United Arab Emirates Dirham	25,265,596	-	15,267,364	-
Sudanese Pound	1,315,465	-	591,142	-
Others	22,800,959	89,472	20,677,636	8,570,404
	<u>219,898,118</u>	<u>15,391,752</u>	<u>213,284,763</u>	<u>14,004,795</u>

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2019

26 RISK MANAGEMENT (continued)

26.1 Market Risk (continued)

26.1.3 Price risk

Equity price risk is the risk that the fair values of equity securities decrease as a result of changes in the levels of equity indices and the individual value of the securities. The Authority is exposed to equity price risk on its investments held for trading. The Authority manages this risk through diversification of investments in terms of industry diversification.

Concentration of equity securities based on geographical areas are as follows:

Markets	2019		2018	
	KD	Percentage	KD	Percentage
East Asia & Pacific	84,723,995	58%	80,699,004	60%
Europe & Central Asia	33,584,040	23%	30,464,704	23%
Latin America & Caribbean	16,296,266	11%	14,434,470	11%
Middle East & North Africa	9,764,246	7%	7,628,084	5%
Others	1,990,812	1%	1,449,547	1%
	<u>146,359,359</u>	<u>100%</u>	<u>134,675,809</u>	<u>100%</u>

26.2 Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Management of the Authority attempts to control credit risk by monitoring credit exposures, limiting transactions with specific counterparties, and continually assessing the credit worthiness of counterparties. The maximum credit risk is limited to the carrying values of financial assets appearing on the statement of financial position.

The Authority seeks to limit its credit risk with respect to borrowers by monitoring outstanding loans. The Authority limits credit risk with regard to its cash and cash equivalents by only dealing with reputable banks.

With respect to credit risk arising from the other assets, the Authority's exposure to credit risk arises from default of the counterparty, with a maximum exposure equal to the carrying amount of these instruments.

a) Maximum exposure to credit risk is as follows:

	2019 KD	2018 KD
Bank balances	2,074,606	11,617,050
Time deposits and deposits and wakala with financial institutions	23,510,914	13,651,250
Fixed income securities	58,938,512	58,061,483
Loans, net	8,539,610	14,429,671
Other assets	6,207,409	8,158,083
	<u>99,271,051</u>	<u>105,917,537</u>

26.3 Liquidity risk

Liquidity risk is the risk that the Authority will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk is managed by the treasury department of the Authority. To manage this risk, the Authority periodically assesses the financial viability of borrowing companies and invests in bank deposits or other investments that are readily realisable. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

27 FAIR VALUE MEASUREMENT

Financial instruments comprise of financial assets and financial liabilities as disclosed in Note 3.

The fair values of financial instruments except for contributions and direct investments which carried at cost (Note 8) are not materially different from their carrying values. For liquid financial assets and financial liabilities or having a short term maturity (less than twelve months), it is assumed that their carrying amounts are approximately equal to their fair value.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2019

28 CAPITAL RISK MANAGEMENT

The Authority manages its capital to ensure its ability to continue as a going concern and maximising the shareholders returns¹ through the optimisation benefit of the debt and equity balances. The Authority's overall policy remains unchanged since 2009.

The capital of the Authority comprises contribution from member countries comprising the issued capital as disclosed in Note 15.

29 RELATED PARTIES

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and monitoring the activities of the Authority, either directly or indirectly, including the Board of Directors.

The remuneration of directors and other members of key management during the year were as follows:

	2019 KD	2018 KD
Remuneration paid to directors		
Remuneration	108,074	108,051
Meeting fees	150,281	220,690
	<u>258,355</u>	<u>328,741</u>
Key management compensation		
Short-term benefits	410,674	332,088
Post-employment benefits	493,555	407,873
	<u>904,229</u>	<u>739,961</u>

30 COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

As at 31 December 2019, the Authority has capital commitments amounting to KD 1,042,932 (2018: Nil)

Contingent liabilities

As at 31 December 2019, the Authority has granted corporate guarantees to commercial banks amounting to KD 2.9 million equivalent to USD 9.6 million (2018: KD 7.4 million equivalent to USD 24 million). These guarantees were provided to certain financial institutions to support the entities, which the Authority has invested in, in order to obtain facilities from these financial institutions.



الهيئة العربية

للاستثمار والإنماء الزراعي

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