

ARAB AUTHORITY FOR
AGRICULTURAL INVESTMENT & DEVELOPMENT



الهيئة العربية
للاستثمار والإنتاج الزراعي

2024 Annual Report

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Message from the Chairman of the Board

The Annual Report of the Arab Authority for Agricultural Investment and Development (AAAID) underscores the AAAID's most notable achievements in 2024 and reflects its continued commitment to advancing food security and sustainable agricultural development across the Arab region.

By the end of 2024, AAAID held equity stakes in approximately 45 agricultural companies. Investments in these companies totaled around USD 664 million, representing 92% of the Authority's paid-up capital of approximately USD 720.1 million. These companies operate across four key sectors: food processing, animal production, plant production, and agricultural services. Collectively, they play a critical role in bridging the food gap in essential commodities.

In financial terms, AAAID recorded total income of approximately KWD 20 million in 2024, with profits reaching around KWD 7.75 million before provisions for the decline in the value of direct investments impacted by the ongoing conflict in the Republic of the Sudan. The Authority also absorbed expenses related to financial restructuring, the implementation of IFRS standards, and enhancements to its technological infrastructure. Despite these challenges, AAAID successfully reduced its net losses to KWD 15 million—a significant improvement compared to KWD 39.1 million in 2023.

Key institutional milestones achieved during 2024 include:

- Adopting a new strategic plan aimed at strengthening food security in Arab countries, achieving sectoral and geographical diversification, and aligning with regional food security strategies. The plan also emphasizes enhancing cooperation with international and regional organizations, optimizing investment returns, and ensuring the sustainability of financial resources.
- Implementing a new organizational structure to enhance agility and efficiency, inspired by the 80/20 principle, to better deliver on strategic objectives.
- Reinforcing AAAID's developmental role by initiating new projects across several Arab countries and engaging in high-level meetings to advance its vision and strategic partnerships.
- Strengthening corporate governance by adopting international best practices in audit, risk management, and compliance.
- Deploying advanced information systems and upgrading network security to support operational excellence and resilience.
- Completing the transition to full IFRS standards implementation, aligning AAAID with international reporting frameworks.
- Updating investment policy frameworks and governance guidelines to guide AAAID's investment activities and ensure robust oversight of its portfolio companies.

On behalf of myself and the Board of Directors, I extend our deepest gratitude and appreciation to Their Excellencies, the members of the Board of Shareholders, for their steadfast support and trust in AAAID's mission. Together, we remain committed to driving sustainable growth and advancing food security across the Arab world.

Dr. Obaid Saif Hamad Al Zaabi
Chairman of the Board

Establishment and Objectives

The Arab Authority for Agricultural Investment and Development (AAAID) is an independent Arab financial institution, established under a multilateral agreement signed by 12 Arab countries on November 1, 1976. Over the years, nine additional Arab countries have joined as member states, reflecting the Authority's expanding regional footprint and strategic importance.

In line with its founding agreement, AAAID is mandated to develop agricultural resources across its member states and to enhance the exchange of agricultural products and production inputs among them. Its core activities include investments in all areas of agricultural production, as well as in related and ancillary industries that support agricultural value chains.

AAAID also undertakes the implementation of projects and complementary initiatives essential to its investment and development objectives. In addition, it conducts research and feasibility studies to support its projects and contributes to their financing and implementation either directly or through companies it establishes or in which it holds equity stakes.

AAAID's Board of Shareholders

In accordance with Article 6 of the Statute of the Arab Authority for Agricultural Investment and Development (AAAID), the Board of Shareholders comprises representatives from the following Member States:

- | | |
|--|------------------------------------|
| 1) Kingdom of Saudi Arabia | 12) Republic of Tunisia |
| 2) State of Kuwait | 13) Islamic Republic of Mauritania |
| 3) United Arab Emirates | 14) Hashemite Kingdom of Jordan |
| 4) Republic of Iraq | 15) Syrian Arab Republic |
| 5) Republic of The Sudan | 16) Federal Republic of Somalia |
| 6) State of Qatar | 17) Union of the Comoros |
| 7) Arab Republic of Egypt | 18) Republic of Yemen |
| 8) People's Democratic Republic of Algeria | 19) Lebanese Republic |
| 9) Kingdom of Morocco | 20) Republic of Djibouti |
| 10) Kingdom of Bahrain | 21) State of Palestine |
| 11) Sultanate of Oman | |

The Board of Shareholders serves as AAAID's highest governing body, overseeing its strategic direction and ensuring alignment with the collective vision and development priorities of its Member States.

AAAID's Strategic Plan

Vision:

Globally leading authority in sustainable food security.

Mission:

Contributing to achieving sustainable Arab food security in the fields of production, processing, logistics services and innovative technologies.

Strategic Objectives:

Under its approved strategy for the 2024–2026 period, AAAID aims to achieve the following strategic objectives:

- 1) Contribution to achieving Arab food security.
- 2) Maximizing return on investment.
- 3) Reinforcement regional and international cooperation.
- 4) Providing innovative support services according to the best international standards.



First: AAAID's Investment Activities

In 2024, AAAID concentrated its efforts on strengthening investment governance frameworks, enhancing decision making processes, and optimizing the performance of its portfolio of direct investments and financial assets. The Authority also advanced the implementation of its 2024 Annual Investment Program endorsed by the Board of Shareholders through the successful execution of several strategic projects.

1. Investment Governance and Investment Decision Support

In order to develop the governance of investments and support the investment decision during 2024, AAAID implemented the following procedures:

1) Forming an Investment Advisory Board

The formation of this Board aims to enhance the discovery of investment opportunities, outline investment directions, set priorities, apply the principles of prudent management and the governance policies in AAAID, and follow the best practices in financial and development institutions, especially those working in the field of direct investment and lending. This Board consists of six members appointed from among those with experience in AAAID's fields of work for a term of two years. They carry out several tasks related to supporting investment decisions in AAAID, such as studying investment and financing proposals, reviewing periodic follow-up reports on AAAID's investment and financing portfolio and performance indicators, and AAAID's policies in the field of investment, and submitting proposals to update them to keep pace with the latest developments and best practices. They also provide opinions on management of investment and financing risks in AAAID and propose investment opportunities consistent with AAAID's investment strategy.

2) Restructuring the Investment Sector in Accordance with Best Practices

The investment sector has been restructured into four specialized departments: Direct Investment Department, Investment Portfolio Department, Investment Funds Department and Technical Support Department. Policies and work procedures guides have also been developed for each department.

3) Approving the Guide on Direct Investment Policies in Agricultural Projects

This Guide defines investment tools and strategies, sets investment criteria and establishes the general framework for implementing new projects and monitoring the performance of the direct investment portfolio. It also includes the classification form of AAAID's companies, the exit policy and the lending policy. Additionally, the Guide clearly outlines the responsibilities and powers related to the investment activity in general through a clear matrix of authorities and responsibilities within this sector at its various levels.

4) Approving the Guide on Direct Investment Sector Procedures

A procedures guide has been approved that outlines the work of the direct investment sector and covers all operations within clear operating procedures and in accordance with the new direct investment policy guide.

5) Approving a Strategic Asset Allocation Policy for Financial Investments

The strategic asset allocation policy for Financial Investments covering the period 2025-2029 has been approved. This policy defines investment sectors, asset allocation weights, the acceptable level of risk, and the expected returns from these investments.

6) Approving the Investment Funds Policy and Procedures Guide

The Investment Funds Policy and procedures have been approved to enhance the effectiveness of monitoring and managing risks associated with financial investments in light of the economic and geopolitical changes affecting the financial markets.

2. Direct Investment Portfolio

2.1 Performance of the Direct Investment Portfolio

The total direct investment portfolio, comprising contributions and loans, amounted to approximately USD 664 million by the end of 2024. The number of companies participating in the portfolio reached 45 companies. AAAID’s total contributions to the portfolio are estimated at approximately USD 540.78 million.

In terms of sectors, the portfolio is divided into four main sectors, namely:

- **The agricultural manufacturing sector:** which represents 49.96%, and includes the manufacture of sugar, oils, and other food industries.
- **The animal production sector:** which represents 23.89%, and includes poultry, white and red meat, and dairy products.
- **The plant production sector:** which represents 22.71%, and includes the production of grains, fodder, vegetables, and fruits.
- **The services sector:** which represents 3.44%, and includes the provision of various agricultural services, as shown in the figure below:

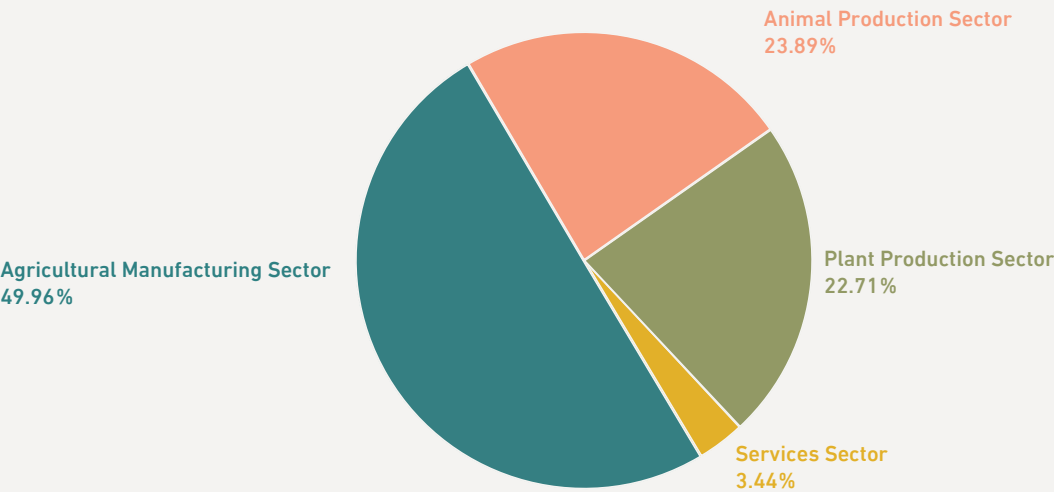


Figure No. (1) shows the sectoral distribution of the direct investment portfolio as of December 31, 2024

AAAID's investments in the portfolio are distributed over twelve member states according to the available investment opportunities and comparative advantages. The following figure shows the geographical distribution of the portfolio:

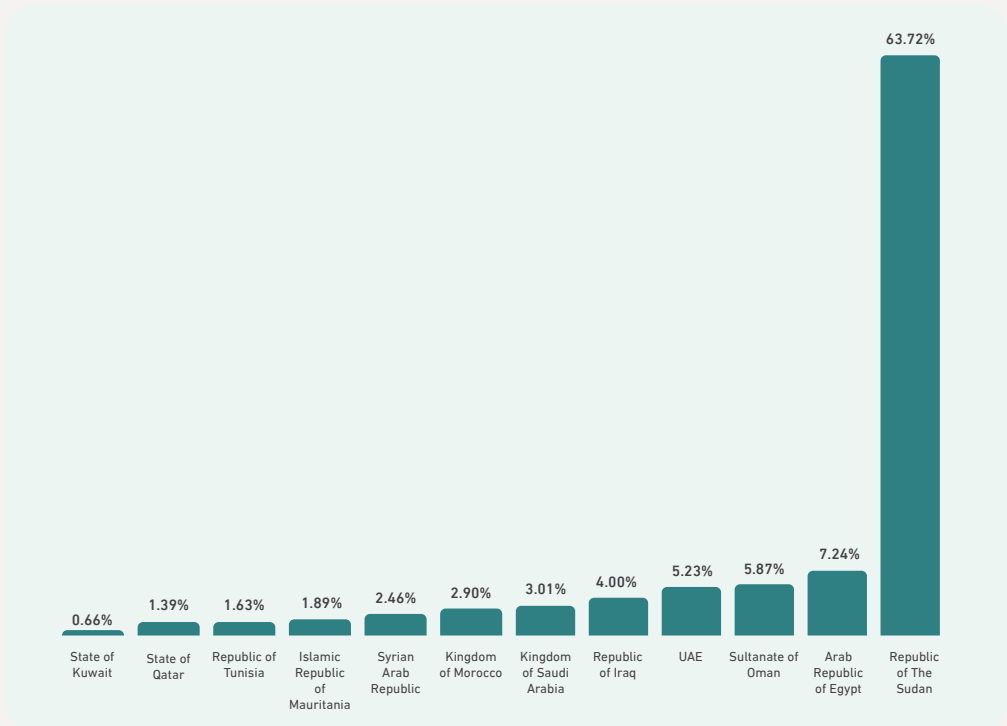


Figure No. (2) shows the geographical distribution of AAAID's contributions to companies in member states.

The new approved Direct Investment Policy Guide defines a methodology for analyzing the performance of direct investment portfolio by approving a growth and performance matrix that enables evaluating the performance of the portfolio companies, classifying them based on their performance and the future of their development, and identifying fields of improvement or investment.

This matrix consists of two main components: performance and growth.

- Performance: It represents 70% of the evaluation and is based on the following main criteria:
 - Financial Performance: This component focuses on the following criteria: revenue growth, profitability (gross, net, return on assets, return on equity), financial stability, dividends, and capital structure.
 - Governance: This component takes into consideration the following aspects: regularity of meetings held by the Board of Directors and General Assembly, external audit report, etc.
 - Production performance: It focuses on production capacity utilization rate and production growth.
- Growth: It represents 30% of the evaluation and depends on several factors that vary according to the company's level, market sector, and country, as follows:
 - At the company level: market share growth and scalability, expansion potential;
 - At the market level / sector: market and population growth;
 - At the country level: GDP growth, inflation, interest rate stability, infrastructure.

Companies are divided into four categories based on performance and growth:

- 1) High-Performing and High-Growth Companies: This category represents the most distinguished companies, as it combine strong financial performance, effective governance, and promising growth opportunities, positioning them as leaders within the market.
- 2) High-Performing and Low-Growth Companies: This category includes companies with strong performance and financial stability. However, companies classified within this category may face challenges in achieving sustainable growth, which requires reviewing their strategies to maintain strategies competitiveness.
- 3) Underperforming and High-Growth Companies: This category includes companies with significant growth potential but are underperforming, requiring operational and management improvements to ensure they reach their full potential.
- 4) Underperforming and Low-Growth Companies: This category includes companies that face dual difficulties in performance and growth, necessitating radical restructuring or strategic decisions such as exit or liquidation.

The figure below shows the portfolio performance according to the analysis methodology stated in the Policy Guide on the Direct Investment Portfolio:

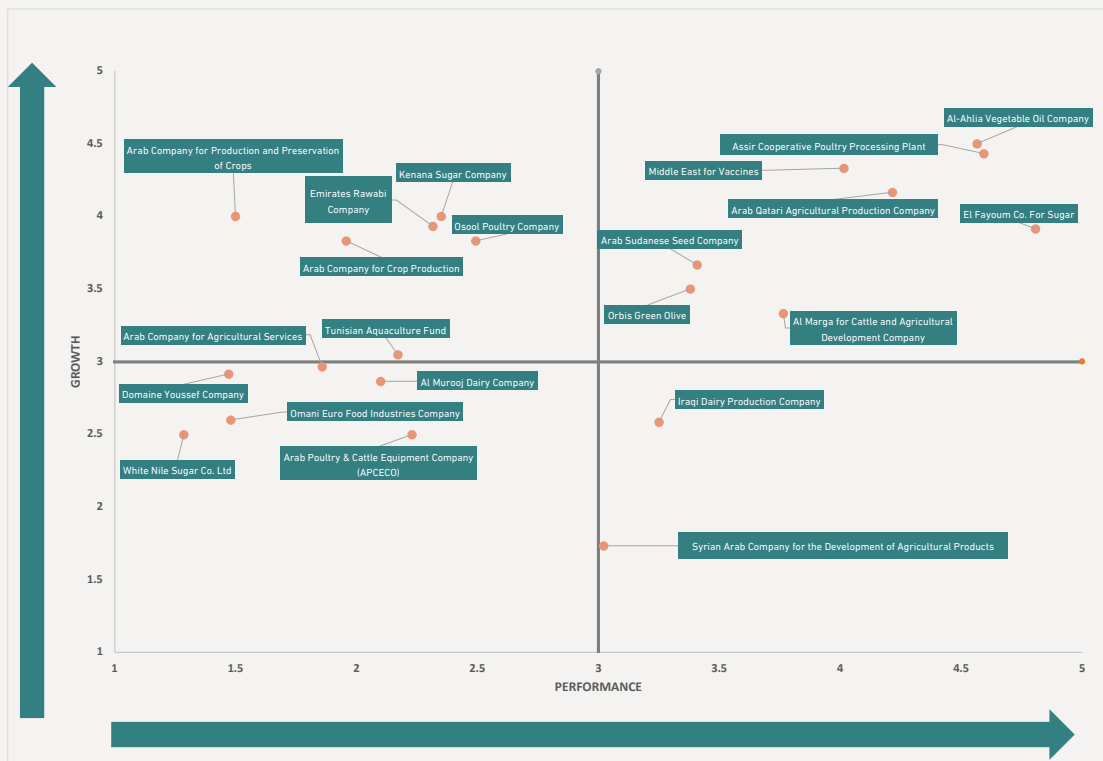


Figure No. (3) Shows the classification of the direct investment portfolio companies in terms of performance and growth.

AAAID's share of distributed profits from the direct investment portfolio in 2024 amounted to approximately USD 7 million, compared to approximately USD 6.51 million in 2023, representing an increase of approximately 7.5%. The following figure shows the percentage of profits returning on investments by sectors:

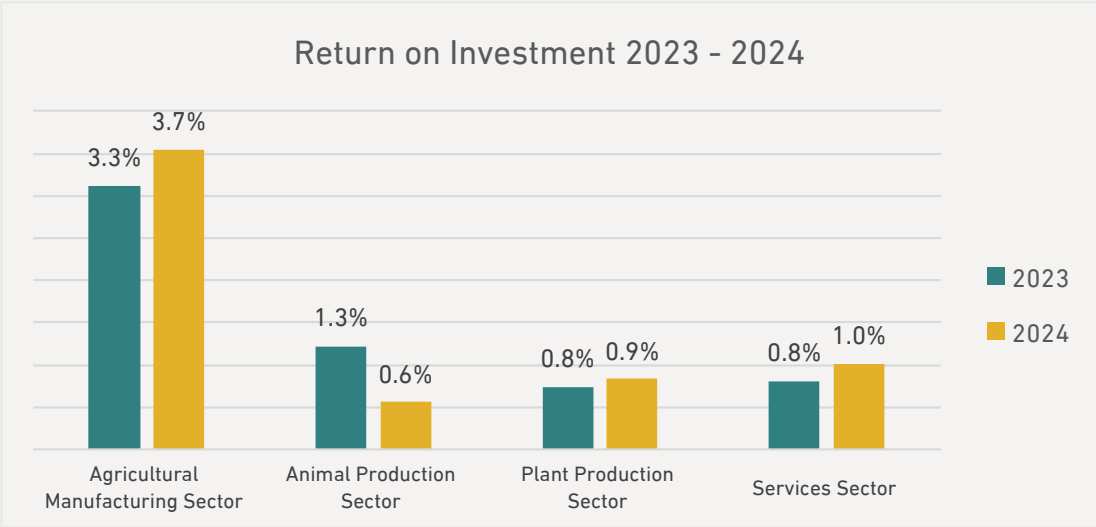


Figure No. (4) Shows the percentage of profits returning on investments by sectors.

AAAID, through its direct investment portfolio, seeks to contribute to achieving food security by providing essential food commodities. In this context, the sugar companies, in which AAAID has a stake¹, provide about 52% of the total sugar production in the Republic of Sudan, and about: 8% of the total sugar production in the Arab Republic of Egypt. Some other companies in which AAAID has a stake provide more than 30% of dairy products and juices, more than 15% of fresh poultry meat in the United Arab Emirates, about 6% of poultry meat in the Kingdom of Saudi Arabia, and about 15% of vegetable oils in the Republic of Tunisia. These companies also provide approximately 107,000 job opportunities, including approximately 17,000 permanent opportunities in various fields and approximately 90,000 seasonal job opportunities.

Given the importance of adhering to social responsibility in developing the areas where companies establish their projects, AAAID encourages these companies to fulfill to social responsibility by assisting residents of these areas in obtaining basic services such as electricity, roads, healthcare facilities, and education, providing the services of agricultural guidance and technical supervision, training small farmers, supporting charitable activities, sponsoring events, and organizing social activities and programs.

¹ Source: Reports received from companies in which AAAID has a stake

2.2 Portfolio Performance Improvement Procedures

AAAID's activities related to developing the performance of the direct investment portfolio during 2024 included the following areas:

Establishing a Department for the Investment Portfolio

A specialized department called the Direct Investment Portfolio Department has been established. It is responsible for comprehensively monitoring the performance of the investment portfolio by preparing periodic reports (monthly and quarterly reports) to analyze investment performance, while applying governance standards in investments to ensure compliance with best practices, maximize the returns on AAAID's investments, and minimize the associated risks.

Establishing an Electronic Platform, Dash Board, for the Direct Investment Portfolio

An electronic platform, Dash Board, has been established for the direct investment portfolio. This platform provides AAAID's decision-making levels with real-time reports on the direct investment portfolio and performance indicators at several levels: (total portfolio / investments at the country level / geographical and sectoral distribution of investments).

Classifying Companies and Processing Their Statuses:

In the context of improving the performance of the direct investment portfolio, companies have been classified, based on their performance, into active companies and financially distressed companies. The latter were separated into an independent portfolio for the purpose of processing their statuses and enhancing their performance or divesting from them. AAAID has also initiated exit procedures from a number of companies whose statuses no longer allow them to be processed or re-operated in accordance with the approved exit policy.

Governance of Companies in Which AAAID Has a Stake

Within the framework of corporate governance in which AAAID has a stake, the following procedures have been implemented:

- 1) A system has been approved to enhance the principles of corporate governance for AAAID's companies and to approve standards for evaluating the performance of AAAID's representatives in those companies.
- 2) The representatives of AAAID on the companies' boards of directors, companies' general assemblies and institutions, in which AAAID has a stake, were changed based on the evaluation results in accordance with the approved standards.
- 3) The list of AAAID's representation on the companies' boards of directors, companies' general assemblies and institutions, in which AAAID has a stake, has been updated.
- 4) The performance of AAAID's representatives on companies' boards of directors was evaluated by developing a corporate governance regulation.
- 5) The rules and regulations of prudent governance have been applied in the companies in which AAAID has a stake.
- 6) Company records have been updated and automated.

3. Annual Investment Operations Program

The Board of Shareholders approved, pursuant to its Resolution No. 5 of 2024, the investment operations program of 2024, amounting to KWD 9.1 million, and authorized AAAID's Board of Directors to implement it. In this context, AAAID implemented the following procedures:



- 1) Contributing to increasing the capital of Middle East for Vaccines Company - Arab Republic of Egypt

The company's activity involves the production of vaccines and sera. The company has approved an increase in its capital to complete four important projects that will contribute to increasing its production capacity and market share. AAAID's Board of Directors has approved AAAID's contribution to increasing the company's capital and subscribing to its current share (4.23%), amounting to approximately 33.8 million Egyptian pounds (equivalent to approximately USD 711,000).



- 2) Contributing to increasing the capital of Domaine Youssef Company - Kingdom of Morocco

The company's activities involve the production, collection, sorting, grading, processing, storage, and marketing of fruits, vegetables, and juices for the local market and export to Arab markets. The company has approved an increase in its capital of 1.258 million US dollars. AAAID's Board of Directors approved the subscription to the increase in accordance with AAAID's percentage of contribution to the company's capital.



- 3) Entering into a partnership with the EBDAA Microfinance Bank in the Republic of the Sudan

During 2024, AAAID signed a partnership agreement with the EBDAA Microfinance Bank, affiliated with AGFUND, in the Republic of the Sudan, for a financing portfolio in which AAAID has a stake of 80%, and the EBDAA Microfinance Bank has the remaining stake of 20%. AAAID paid its share in the first phase of this portfolio, amounting to approximately 340 million Sudanese pounds, by transferring its balances in Sudanese banks. This portfolio aims to support small-scale farmers in Sudan, enhance their endurance and ability to withstand the effects of the ongoing war in Sudan, and contribute to achieving food security for this segment. The portfolio focuses on financing projects in five sectors: crop production, animal production, solar energy, development of agricultural associations and cooperatives, as well as marketing and storage. By the end of 2024, the number of beneficiaries of the projects financed by this portfolio had reached 630 beneficiaries. Additionally, these projects have created 150 indirect job opportunities, and the total number of funded projects has reached 105, distributed as follows:

- 56 projects in the field of crop production, including fertilizer production, improved seeds, agricultural mechanization, and technologies.
- 15 projects in the field of animal production, including fattening and raising calves and poultry.
- 34 projects in the field of operating irrigation pumps for small-scale farmers and producing solar energy.



- 4) In 2024, AAAID paid USD1.5 million in Investcorp’s Pre-IPO Growth Fund, as part of a total contribution of USD10 million. The Fund targets high-potential companies ahead of their public listings, by focusing on key growth sectors such as transportation, logistics, commercial services, healthcare, and consumer services. As a result, AAAID’s total paid investment in the Fund reached USD6.5 million by the end of 2024.



- 5) Signing an agreement to establish Arab Roshan Company:

AAAID signed an agreement to establish Arab Roshan Company on August 19, 2024. The company is headquartered in Bisha, Kingdom of Saudi Arabia. This company aims to establish an automated slaughterhouse for producing poultry meat. The investment cost of the project is estimated at approximately 106 million Saudi riyals. AAAID’s stake amounts to approximately 27 million Saudi riyals, representing 25% of the capital. The signing of this agreement falls within the framework of the Arab AAAID’s strategy to expand and diversify its investments in order to enhance Arab food security.

- 6) Programs of Supporting the Palestinian People:

AAAID has funded several development projects aimed at supporting and developing the Palestinian agricultural sector and contributing to enhancing food security. This can be summarized in the following table:

#	Project Name	Amounts Disbursed (Thousand US Dollars)
1	Creating job opportunities and improving food security in the Gaza Strip	2,000
2	Integrated Development Project for the Marj Sanur Area	2,257
3	Rainwater Harvesting Project for the Hebron, Jenin, and Jericho Governorates	2,077
4	The Flagship Program Projects for Families in Need.	750
5	Land Reclamation in the West Bank	1,000
6	Palestine Gene Bank	1,000
7	Fish Farming in the West Bank and Gaza Strip	932
8	Agricultural Land Development in Hebron and Bethlehem	986
9	Economic Empowerment for Agricultural Engineers - Gaza	2,000
10	Aslan Basin for Rainwater Collection and Filtration in Beit Lahia	1,995
Total		14,997

4. AAAID's Efforts in Attracting Investment Opportunities Aligned with Its Strategic Vision

4.1. Screening and Identifying of Investment Opportunities

Number of Projects

74

- Total investment requests received during 2024–2025 Including 47 projects in 2024.

Number of Projects

21

- Projects for which documentation has been received and evaluated
- Total investment cost: USD 475 million

Number of Projects

11

- Projects shortlisted under the Investment Program for 2025
- Total investment cost: USD 249 million

4.2. Investment Opportunities Evaluated During 2024

Project	Country	Purpose	Investment Cost USD million	Type of Investment
Vegetable Oil Production	Bahrain	Pressing, refining, and packaging of edible oils	1.0	New project
Project for the Expansion of a Poultry Production & Processing Company	Tunisia	Production of compound animal feed and poultry slaughterhouses	21.23	Capital increase
Potato Production Project	Iraq	Production of potato chips	9.20	Capital increase
Olive Processing and Canning Project	Tunisia	Production of pickled olives	2.58	Capital increase

Project	Country	Purpose	Investment Cost USD million	Type of Investment
Goat Farming Project	Tunisia	Goat farming to increase red meat production	2.42	New project
Poultry Meat Production Project	Saudi Arabia	Production of chilled, frozen, and processed poultry meat	28.27	New project
Hatchery Project	Saudi Arabia	Establishment of a hatchery to meet the needs of poultry producers	19.28	New project
Livestock Testing and Diagnostic Project	UAE	Development of a rapid diagnostic system for livestock diseases	14.10	New project
Sugar Production Project	Tunisia	Factory expansion and addition of a new production line	9.68	Capital increase
Automated Slaughterhouse for Broiler Chickens Project	Saudi Arabia	Establishment of an automated slaughterhouse Preparation of broiler chickens for the local market	46.70	New project
Agricultural Project for Vegetable Production and Cattle Farming	Mauritania	Production of animal feed, vegetables, and dairy cattle farming	30.5	New project
Poultry Project	Libya	Production of poultry meat	81.0	New project
Broiler Breeder Project	Saudi Arabia	Production and marketing of broiler chickens for poultry companies	43.65	New project
Tuna, Sardine, and Vegetable Production Project	Egypt	Production and packaging of tuna, sardines, and frozen vegetables	7.50	Capital increase
Cherry Tomato Production Project	Tunisia	Establishment of greenhouses for the production of cherry tomatoes for export to Europe	17.66	New project
Broiler Breeder Project	Saudi Arabia	Establishment of farms for broiler chicken production	13.40	New project

Project	Country	Purpose	Investment Cost USD million	Type of Investment
Fish Farming Project	Saudi Arabia	Production of tilapia fish in ponds	2.50	New project
Logistics Services Project	Saudi Arabia	Establishment of an electronic platform for online fruit and vegetable auctions	13.52	Capital increase
Fish Farming Project	UAE	Fish farming in ponds with a capacity of 4,500 tons	10.0	New project
Logistics Services Zone Project	Egypt	Establishment of an integrated logistics services zone for livestock production	44.0	New project
Fish and Shrimp Aquaculture Project	Saudi Arabia	Fish and shrimp farming with a capacity of 6,000 tons	56.6	Capital increase

5. Strategic Plan Projects of AAAID for 2025 (Investment Operations Program)

Project	Country	Investment Cost	Total Contributions	Expected Contributions by AAAID
		USD million	USD million	USD million
Fish farming project	Saudi Arabia	29.55	29.55	6.50
Broiler chicken production project	Saudi Arabia	49.44	16.00	4.00
Date processing project	Saudi Arabia	6.70	3.47	1.70
Table eggs project	Saudi Arabia	11.64	5.82	1.46
Organic fertilizer project	UAE	8.28	4.14	2.03
Tissue culture agriculture project	Egypt	49.70	49.70	13.20
Aquaculture project	UAE	34.60	20.76	5.19

Project	Country	Investment Cost	Total Contributions	Expected Contributions by AAAID
		USD million	USD million	USD million
Olive production project	Morocco / Tunisia	28.00	14.00	6.86
Broiler Breeder project	UAE	6.28	3.77	1.85
Table eggs project	Morocco	24.44	9.78	4.79

6. Key Achievements in 2024

- Adoption of a new strategic plan aimed at contributing to food security in Arab countries and achieving sectoral and geographical balance and diversification in alignment with Arab food security strategies. The plan also seeks to strengthen cooperation with international and regional organizations and institutions in the field of investment, maximize return on investment, and enhance the sustainability of AAAID's financial resources.
- Establishment of a new organizational structure for AAAID, aimed at achieving functional agility based on the 2080/ model to realize strategic objectives.
- Formation of an Investment Advisory Council to support the identification of investment opportunities, set investment directives, define priorities, apply the principles of sound governance and corporate governance policy within AAAID, and adopt best practices used in financial and development institutions.
- Strengthening AAAID's developmental role through the study of new projects in several Arab countries and the holding of high-level meetings to achieve its vision and strategic alignment.
- Advancement of corporate governance departments through the implementation of best standards and practices in auditing, risk management, and compliance. This includes contracting with a specialized internal audit firm and establishing a Risk and Compliance Business Unit in collaboration with CROWE.
- Implementation of a system upgrade for SAP across all AAAID activities and the development of the MIS reporting system. This also included upgrades to information systems, network security, network management, and the systems for archiving and crisis management.
- Completion of the full transition to IFRS standards in collaboration with Talal Abu-Ghazaleh & Co.
- Updating and finalizing investment policy manuals for AAAID's investment activities, as well as manuals and standards for corporate governance applicable to companies in which AAAID holds shares.
- Approval of the strategic asset allocation in partnership with leading global custodian.

Second: Institutional Performance Development

In 2024, AAAID undertook a comprehensive process to enhance institutional performance at multiple levels, as outlined below:

1) Organizational Framework for AAAID's Administrative Activities

In 2024, the organizational framework of AAAID's operations was developed. The Board of Directors approved operational regulations for the committees stemming from the Board, the procurement and petty cash regulation, and the policy on representation of AAAID in companies. Moreover, numerous policies, manuals, and methodologies were revised and updated, significantly contributing to performance control and administrative governance within AAAID.

Additionally, a matrix was established to define the powers and responsibilities of each organizational unit, with the objective of segregating authorities and clearly assigning responsibilities.

2) Organizational Framework for AAAID's Financial Activities

AAAID activated Resolution No. (2) of the year 2000 issued by the esteemed Shareholders' Council regarding the adoption of International Financial Reporting Standards (IFRS) for AAAID's financial reporting. AAAID's management succeeded in aligning the organizational structure of its financial operations to ensure a smooth transition to these standards.

During the year, AAAID was able to analyze all existing gaps and address every observation raised by the consulting firm supervising the readiness process. AAAID shall prepare its financial statements in accordance with IFRS beginning in fiscal year 2025.

In 2024, AAAID demonstrated effective control over expenditures and costs, revenue generation, notable enhancements in internal control, and comprehensive reviews of reserve policies and investment evaluations.

3) Work Environment

AAAID worked during 2024 to improve the work environment in the following areas:

1) Organizational Structure of AAAID

In 2024, AAAID developed its organizational structure to become more agile and flexible, meeting AAAID's operational needs and aligning with its 2024–2026 strategic direction. The revised structure ensures the effective and efficient achievement of strategic and operational objectives, supports the execution of plans, facilitates decision-making, and clarifies roles and responsibilities.

Through this structure, AAAID achieved greater alignment among organizational units, enhanced communication channels, eliminated overlap and duplication, and fostered a more dynamic and efficient work environment. The structure also emphasized the establishment of risk and compliance measurement units and the enhancement of internal audit independence through the adoption of best practice standards.

Under the new organizational structure, an Investment Sector was established, comprising four departments:

A. Direct Investment Department: It is responsible for formulating and implementing the approved project financing program, achieving objectives and initiatives in accordance with the approved strategic objectives and operational plan, identifying, analyzing, and evaluating investment opportunities, monitoring the financial, marketing, and administrative performance of companies in which AAAID holds equity, assessing such performance, and submitting recommendations and proposals regarding exit strategies.

B. Investment Portfolio Department: Among the key responsibilities of this department are the preparation of performance reports and risk analysis for AAAID's investment portfolio; the development and implementation of principles, controls, and governance frameworks for companies in which AAAID invests; the preparation and submission of related reports; the follow-up on AAAID's representation on the boards of directors of investee companies; and the advance preparation for general assembly and board meetings of the portfolio companies.

C. Investment Funds Department: This organizational unit is responsible for overseeing AAAID's financial investments, engaging with fund managers, custodians, preparing periodic performance and risk reports relative to AAAID's approved benchmarks, as well as evaluating investment proposals.

D. Technical Support Department: The core responsibilities of this department include providing technical support to the investment activities sector, including technical analysis of new and existing investment projects, offering consultancy services, implementing development programs to finance small-scale farmers, and facilitating the transfer and localization of modern agricultural technologies. The department is also tasked with identifying appropriate solutions to challenges faced by companies in which AAAID holds equity, and participating in the preparation of technical, financial, marketing, and administrative restructuring studies for AAAID's affiliated companies.

In addition to the restructuring of the Investment Sector, five offices were established: the Office of Financial Oversight, Risk Management, and Compliance; the Internal Audit Office; the Research and International Relations Office; the Legal Affairs Office; and the Strategy and Quality Office. Furthermore, the Institutional Support Department and the Financial and Administrative Affairs Department were also established.

2) Human Resources System

The personnel affairs system was developed with the aim of improving the work environment and enhancing employee productivity. This included the Human Resources Policy Manual, Human Resources Management Procedures, the grading structure, salary scale, and benefits scheme, in addition to the review of the functions of organizational units in line with the new organizational structure, the preparation of job description cards, and the design of career paths.

3) Training and Skills Development

In 2024, AAAID made significant investments in training and development programs. Specialized training courses were designed to meet the needs of various organizational units, and both internal and external training programs were implemented with the objective of enhancing the technical and professional skills of employees. These programs were delivered in partnership with a group of leading experts specialized in fields such as project management, corporate governance, risk management, and others. The training activities aimed to foster a culture of learning, promote knowledge sharing, and facilitate institutional change processes.

4) Professional Competency Framework

A dictionary and framework of professional and technical competencies was adopted, encompassing all of AAAID's areas of specialization, including investment, research, technology, risk management, legal, administrative, and financial skills, among other fields of knowledge. The newly adopted professional competencies framework provides flexibility and efficiency in human resource planning and management, capacity building, talent acquisition and development, succession planning, and leadership preparation.

5) Professional Certification Program

A professional certification program was approved, enabling AAAID's employees to obtain internationally recognized and specialized professional certifications in the fields of investment, information technology, and administrative sciences. This initiative aims to enhance employee competencies, boost productivity, and align performance with the best principles and standards applicable to the nature of work.

6) Information Technology Infrastructure

In 2024, AAAID implemented a series of projects to enhance its information technology infrastructure. These projects included the following:

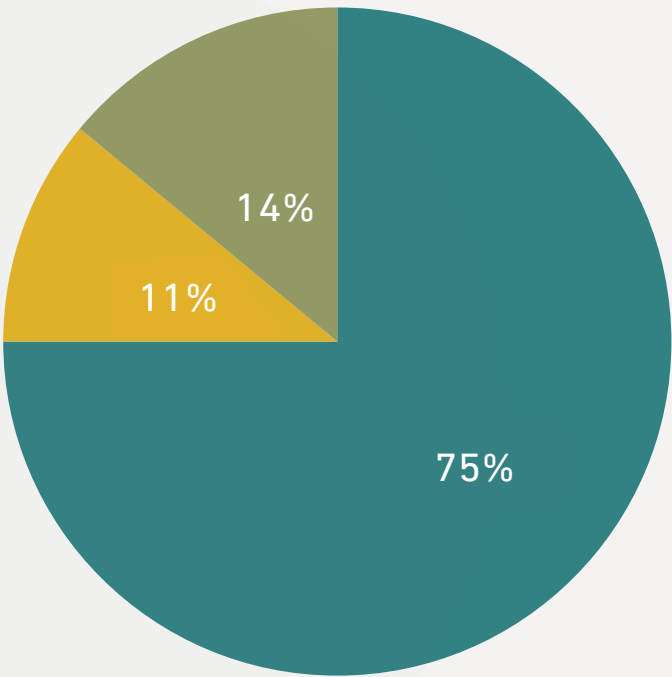
- A. Upgrading the technical infrastructure to improve performance and accommodate modern systems, with a focus on enhancing information security through the upgrading of firewalls and the implementation of advanced protection technologies.
- B. Upgrading the SAP system to SAP S/4HANA for enterprise resource planning, in addition to implementing SAP SuccessFactors for efficient human capital management.
- C. Developing an integrated electronic archiving system that enables the digitization of paper documents, their secure and flexible management, and system integration across departments to facilitate the exchange of information.
- D. Establishing a backup data center for disaster recovery, as part of AAAID's efforts to strengthen business continuity.

Third: Summary of AAAID’s Financial Performance

Total Income

The total income for the period ending on 31 December 2024 amounted to approximately 20 million Kuwaiti Dinars (USD 65 million), while profits reached approximately 7.75 million Kuwaiti Dinars before deducting impairment provisions for direct investments. This performance was impacted by the state of war in the Republic of Sudan—where 64% of AAAID’s direct investments are concentrated—and by financial restructuring settlements coinciding with AAAID’s adoption of IFRS standards and the development of its technological environment. This outcome reflects a significant recovery compared to the previous two years, 2022 and 2023.

Income primarily comprised returns from investment portfolios, dividend distributions from companies, loan proceeds, and other sources.



■ Investment Portfolios ■ Company Profits ■ Other Sources

Figure No. (5): Income Components

The following presents an analysis of income sources and the strategic efforts undertaken in 2024:

1. Income from Financial Investments:

- Income from financial investments in 2024 amounted to approximately 14.9 million Kuwaiti Dinars (USD 48.7 million). During this year, AAAID reallocated assets from low-yield investments to fixed deposits offering higher returns from liquidated portfolios. The year 2024 marked continued recovery from the losses recorded in 2022, which totaled 18.5 million Kuwaiti Dinars (USD 60.6 million), affirming the success of AAAID's strategy to enhance the performance of its investment portfolio.
- The total value of the consolidated investment portfolio amounted to USD 464.34 million, achieving an annual return rate of 9.2%. In 2024, a positive impact was observed from the strategic liquidation of two underperforming funds—one valued at USD 15.6 million in April 2024, and the other at USD 36.5 million in June 2024. These funds had been generating returns of only 1%. A substantial portion of these assets was reallocated to fixed deposit accounts at an annual interest rate of 4.4%, reflecting a favorable and flexible investment environment for deploying assets into higher-yielding opportunities, in accordance with the strategic asset allocation plan approved by the Board of Directors in 2024.

2. Income from Dividend Distributions:

- Income from dividend distributions increased to 2.1 million Kuwaiti Dinars (USD 7 million) in 2024, compared to 2 million Kuwaiti Dinars (USD 6.5 million) in 2023, maintaining the same level as in 2022. This growth reflects the administration's diligent oversight and consistent engagement with companies included in the portfolio to ensure the realization of potential dividend flows.

Despite regional economic and geopolitical challenges, through active review and ongoing evaluation of investment performance, AAAID succeeded in maintaining a stable and growing income stream, reinforcing its commitment to maximizing the value of returns on contributions.

3. Income from Loans:

- Income from loans amounted to 0.4 million Kuwaiti Dinars (USD 1.2 million) in 2024, compared to 0.5 million Kuwaiti Dinars (USD 1.6 million) in 2023, due to AAAID's efforts to capitalize certain non-performing loans and recover others.

4. Income from Other Sources:

- Income from other sources rose to 2.5 million Kuwaiti Dinars (USD 8.1 million) in 2024, compared to 0.7 million Kuwaiti Dinars (USD 2.3 million) in 2023.

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

1. Equity Investments

- As of 31 December 2024, the value of equity investments amounted to approximately 106.2 million Kuwaiti Dinars (USD 344.7 million), representing 74.1% of the total investment portfolio.
- Income from equity investments as of 31 December 2024 reached approximately 11.3 million Kuwaiti Dinars (USD 36.7 million).

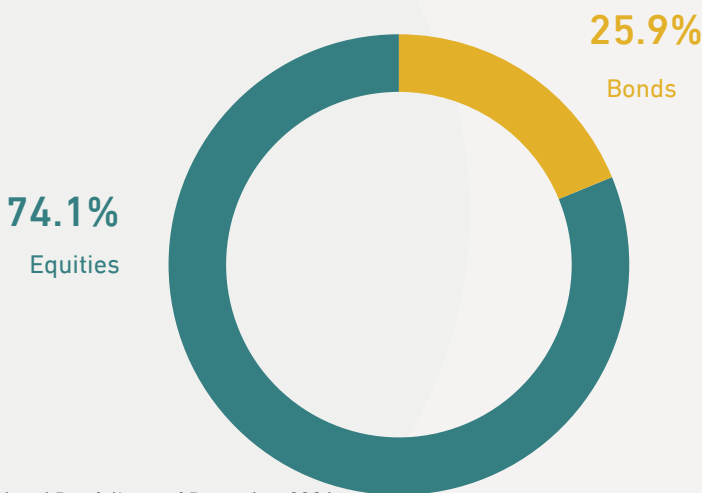


Figure No. (6): Distribution of the Consolidated Portfolio as of December 2024.

2. Bond Investments

- As of 31 December 2024, the value of bond investments amounted to approximately 37.1 million Kuwaiti Dinars (USD 120.4 million), representing approximately 25.9% of the total consolidated portfolio.
- Income from AAAID's bond investments as of 31 December 2024 amounted to approximately 1.4 million Kuwaiti Dinars (USD 4.5 million).
- Income from AAAID's investments in other portfolios as of 31 December 2024 amounted to approximately 1.6 million Kuwaiti Dinars (USD 5.1 million).
- Income from AAAID's alternative investments as of 31 December 2024 amounted to approximately 0.6 million Kuwaiti Dinars (USD 1.9 million).

Total Expenditure

- As of 31 December 2024, total expenditure amounted to approximately 35.2 million Kuwaiti Dinars (USD 116.1 million), compared to 60.4 million Kuwaiti Dinars (USD 196.7 million) as of 31 December 2023, reflecting a decrease of 42%.

Financial Performance Results

- AAAID concluded the year 2024 under the impact of the war in the Republic of Sudan and the application of IFRS standards concerning the recognition of impairment provisions for investments in companies. Nevertheless, AAAID succeeded in reducing losses to approximately 15.3 million Kuwaiti Dinars (USD 51.3 million), compared to the losses recorded in 2023, which amounted to 39.1 million Kuwaiti Dinars (USD 127.4 million), and those of 2022, which amounted to 23.7 million Kuwaiti Dinars (USD 77.2 million), reflecting a significant improvement in performance.
- The performance in 2024 demonstrates the effectiveness of the strategic initiatives adopted by the management, which focused on financial improvement, operational efficiency, and enhanced resource utilization. Through strict cost control, improved recordkeeping, and rationalization of general expenses, AAAID was able to significantly strengthen financial governance.

Key Administrative Measures Contributing to this Progress Include:

1. **Enhancement of Cost Control Procedures and Human Resource Efficiency:**
AAAID conducted a comprehensive review of the size and efficiency of its human resources, aligning operational capacity with workload, enhancing productivity, and reducing overhead costs.
2. **Settlement of Outstanding Accounts:**
These efforts contributed to greater accuracy and transparency in financial reporting. The administration also enhanced the recordkeeping system, resulting in improved financial oversight and compliance.
3. **Reduction of General Expenditures:**
Strict cost-monitoring measures were implemented, resulting in decreased administrative expenses and increased operational efficiency.
4. **Asset Impairment Treatment:**
AAAID continues to carry significant provisions resulting from the impairment of asset value in conflict-affected areas, namely in Sudan and Syria, as well as in certain financially distressed companies. Despite these challenges, the proactive approach adopted by the management has contributed to mitigating future risks and ensuring financial stability.

Financial Position

1) Assets

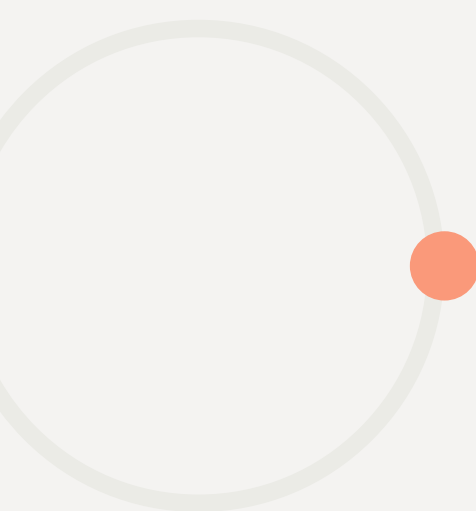
- As of 31 December 2024, AAAID's net assets amounted to approximately 253 million Kuwaiti Dinars (USD 821.2 million), compared to approximately 276.8 million Kuwaiti Dinars (USD 901.6 million) as of 31 December 2023.
- The decrease in asset value is attributable to loan repayments, end-of-service employee benefits, and an increase in provisions for impairment in the value of equity participations and direct investments, totaling 18.7 million Kuwaiti Dinars.

2) Liabilities

- As of 31 December 2024, the total liabilities amounted to approximately 15.4 million Kuwaiti Dinars (USD 50 million), compared to 33.2 million Kuwaiti Dinars (USD 108.2 million) as of 31 December 2023.
- Liabilities decreased by 54%, resulting from the repayment of external loans, settlement of employee entitlements, and adjustments to other obligations. Notably, a loan of USD 30 million from Emirates NBD was repaid, reducing loan liabilities by 6.81 million Kuwaiti Dinars. Final employee entitlements decreased by 647 thousand Kuwaiti Dinars, and other liabilities declined by 10.32 million Kuwaiti Dinars.

Shareholders' Equity

- The total shareholders' equity—representing paid-in capital and reserves—as of 31 December 2024 amounted to approximately 237.6 million Kuwaiti Dinars (USD 771.2 million), compared to 243.6 million Kuwaiti Dinars (USD 793.5 million) as of 31 December 2023. This decrease is attributable to movements in reserves and the general reserve in the amount of 9.61 million Kuwaiti Dinars, the reversal of provisions totaling 5.65 million Kuwaiti Dinars, in addition to an increase in the foreign currency translation reserve by 3.61 million Kuwaiti Dinars due to currency revaluation resulting from the application of IFRS standards.



Fourth: Development of Corporate Governance, Risk Management, and Compliance

Corporate Governance

In 2024, a corporate governance management methodology based on ISO 37000 for corporate governance has been adopted, with the intention of ensuring the effectiveness of the governance system, enhancing accountability and transparency, and ensuring the efficiency and effectiveness of AAAID's operations and the optimal use of its resources with a view to achieve its defined strategic objectives. The governance framework at AAAID is embodied as follows:

A. Board of Shareholders:

The Board of Shareholders is the highest AAAID in AAAID; as it consists of 21 Arab countries, with each country represented by a member and a deputy member. The Board of Shareholders holds its meetings annually. The Board of Shareholders' powers are defined according to AAAID Articles of Association, and how it operates is outlined according to its procedural rules.

B. Board of Directors:

The Board of Directors consists of nine members appointed by the Board of Shareholders, with their compensation determined for a three-year term. The board holds quarterly meetings and may convene additional meetings as needed. The board's powers are also defined according to AAAID Articles of Association, and how it operates is outlined according to its procedural rules.

C. Executive Committee:

This committee is a subsidiary of the Board of Directors and consists of five members in addition to the Head of the Board, who serves as the head of the committee. The committee carries out its duties according to its Updated Charter (2024). Key responsibilities of the committee include discussing strategic matters referred by the Head of the Board before presenting them to the Board, including financial and administrative policies and regulations, the strategic plan and its amendments, performance outcomes, and reviewing nominations for representing AAAID on boards of companies and institutions in which it holds stakes.

D. Audit and Risk Management Committee:

This is another committee formed by the Board of Directors, composed of three members selected by the Board. It operates according to its Updated Charter (2024). Key responsibilities of the committee include reviewing and discussing audit results with the management of AAAID and the external auditor, addressing any challenges faced during the audit, verifying the accuracy of financial statements and year-end accounts based on the external auditor's report, reviewing annual evaluations of risk management and internal control policy implementation, recommending the appointment or dismissal of the external auditor and setting their fees, reviewing the internal audit office's annual plan and issuing appropriate recommendations, and monitoring key developments in laws and regulations affecting the financial aspects of AAAID.

E. Investment Committee:

This committee is also formed by the Board of Directors, it consists of three members plus the Head of the Board, who also chairs it. It operates under an Updated Charter (2024). Key responsibilities of the committee include proposing investment policies for both direct and financial investments, recommending asset allocation strategies aligned with AAAID operations and risk profile, overseeing the implementation of approved investment policies, approving the annual direct investment plan based on the adopted policy and investment program, reviewing investment opportunities and recommending them to the Board after ensuring their feasibility and alignment with strategic plans, monitoring the investment portfolio, recommending restructuring, expansion, financing (in all forms), acquisitions, divestments, and liquidations, reviewing the proposed administrative budget, and discussing significant matters related to AAAID's investments as determined by the Head of the Board.

F. AAAID Chairman:

The Chairman of AAAID is appointed by the Board of Shareholders from among experienced and competent nationals of the member states, and the Board also determines the Chairman's compensation. According to AAAID Articles of Association, the Chairman chairs the Board of Directors but does not vote except in the case of a tie, in which case the Chairman has the casting vote. The Chairman is also responsible, within the scope of the powers granted under AAAID Articles of Association, for all executive functions, the implementation of administrative, financial, and operational systems, and overseeing their execution. The Chairman allocates duties and powers among staff, holds AAAID to appoint, dismiss, and discipline employees according to AAAID 's regulations, and has the right to represent AAAID before third parties.

G. Internal Audit

In 2024, AAAID contracted with Crowe Mac Strategic Consulting to provide internal audit services. This firm has well-established expertise and a solid reputation in internal auditing in accordance with international standards and gap analysis. Internal auditing is considered a key component of AAAID's internal control and oversight system. Its tasks include evaluating the effectiveness of internal control systems in alignment with governance standards and risk management activities under approved procedures. The firm submits its periodic reports to the Audit and Risk Management Committee.

H. External Audit

External auditing represents a significant element in the governance system. The Board of Shareholders is responsible for appointing external auditors and determining their fees, based on the recommendation of the Board of Directors and in accordance with AAAID Articles of Association.

I. Other Organizational Units

Responsibilities and duties are distributed among the various organizational units according to a matrix of powers and responsibilities approved in 2024. This matrix defines the limits of each unit's authority, ensures non-overlapping responsibilities, and maintains clear accountability. The matrix is subject to periodic review to ensure its alignment with the governance framework, procedures, and policies of AAAID.

Risk Management

In 2024, a new organizational unit called the Office of Financial Oversight, Risk Management, and Compliance was established. In addition to financial oversight, the office is responsible for conducting regular risk assessments based on an approved methodology. It identifies and evaluates risks, implements controls to manage them, and prepares contingency and business continuity plans. During the same year, a comprehensive Risk Management Strategy and Risk Management Manual was also adopted.

The Audit and Risk Management Committee, a subsidiary of the Board of Directors, is responsible for ensuring the effective implementation and oversight of the risk management framework. AAAID adopts the Three Lines of Defense model in its approach to risk management: The first line of defense is represented by the main operational departments; while the second line of defense consists of the supporting organizational units such as the Office of Financial Oversight, Risk Management and Compliance, and the Legal Affairs Department; and the third line of defense is the Internal Audit function.

AAAID is committed to fostering a risk awareness culture with a view to ensure all business activities are carried out ethically and to developing a robust and comprehensive risk management structure. This includes establishing clear policies for managing strategic, operational, and compliance risks, as well as other risks arising from various business activities. AAAID also regularly monitors its risk appetite and tolerance levels for all key risks through a system of oversight, controls, and reporting. This allows for risk level assessment and the implementation of appropriate corrective actions to maintain risk exposure within acceptable limits. However, these policies are subject to periodic review to ensure alignment with regulatory guidance and best practices.

Combating Money Laundering and Terrorism Financing

AAAID's policies and procedures with regard to combating money laundering and terrorism financing are aligned with international standards issued by the Financial Action Task Force (FATF). In line with its commitment to compliance therewith, AAAID has implemented the appropriate systems and procedures to ensure effective risk assessment, policy enforcement, customer due diligence, and established protocols for identifying and reporting suspicious transactions. AAAID also ensures the delivery of comprehensive training programs for personnel involved in compliance and oversight functions.

Fifth: Meetings of the Board of Shareholders and the Board of Directors

Board of Shareholders



The 48th Meeting of the Board of Shareholders

Cairo, Arab Republic of Egypt – May 22, 2024

AAAID's Board of Shareholders held its regular annual meeting on May 22, 2024, in Cairo, as part of the annual meetings of Arab Financial Institutions. The meeting was chaired by Her Excellency Minister Feryel Ouerghi, Minister of Economy and Planning, Tunisia.

AAAID's Board of Shareholders approved several resolutions, including the following:

- 1) Approval of the final accounts for the year 2023.
- 2) Appointment of the external auditor for the year 2024 and determination of their fees.
- 3) Approval of the investment operations program for 2024 and authorization of the Board of Directors to implement it.
- 4) Appointment of the representative of the Islamic Republic of Mauritania as Chairperson of AAAID's Board of Shareholders for the 49th session.
- 5) Amendment of Articles (2) and (4) of AAAID's Articles of Association.

Board of Directors



Meetings of the Board of Directors in 2024

AAAID's Board of Directors held four meetings in 2024 at AAAID's headquarters in Dubai, during which a wide range of topics related to the administrative operations and investment activities of AAAID was discussed. The Board made several key decisions, including:

- 1) Approval of AAAID's Strategic Plan for 2024–2026.
- 2) Approval of the following regulations and policies:
 - Operational regulations for the Board committees: the Executive Committee, Investment Committee, and Audit and Risk Management Committee.
 - Procurement and Petty Cash Regulations.
 - Regulations for AAAID's representation on boards of directors and general assemblies of companies in which it holds shares.
 - Manual of General Policies for Financial Investments.
 - Manual of Policies for Direct Investment.
 - Policy for the Strategic Allocation of Investment Assets
- 3) Adoption of the U.S. Dollar as the base currency in AAAID's accounting system and financial reports, with financial statements to be presented in Kuwaiti Dinar equivalents for submission to the Board of Shareholders and Board of Directors.
- 4) Entry into a dedicated investment portfolio for small-scale farmers in the Republic of Sudan in collaboration with Ibdaa Microfinance Bank.
- 5) Increased equity participation in the capital of certain companies.
- 6) Exit from certain distressed projects, including: Al-Bashaer Red Meat Company (Oman), Arab Red Meat Company (Mauritania); and Al-Sarha Animal Production Company (Sudan).
- 7) Addressing the impact of the loss of AAAID's financial transaction document archive due to unstable conditions in Khartoum.
- 8) Monitoring the performance of AAAID's investment portfolio and its investment funds.
- 9) Discussing the status of AAAID's affiliated companies, particularly those registered in the Republic of Sudan.

Sixth: Visits, Participation, and Memorandums of Understanding

In 2024, AAAID conducted a number of visits and participations aimed at strengthening cooperation with member states, government institutions, and international organizations in areas of mutual interest. These efforts also aimed to promote AAAID's activities, explore new investment opportunities, monitor the progress of its projects, reinforce its presence on the international stage, and foster additional partnerships with global organizations and institutions. Below is a summary of the most prominent of these activities:

Visits

Among the most significant visits carried out by AAAID in 2024 are:



Meeting with His Excellency Mr. Ali bin Ahmed Al Kuwari, Minister of Finance of the State of Qatar, Held on February 26, 2024, in Doha, State of Qatar.



Meeting with Her Excellency Ms. Feryel Ouerghi, Minister of Economy and Planning, Held on April 30, 2024, in Riyadh, Kingdom of Saudi Arabia.



Meeting with His Excellency Mr. Mohamed Marzouk El-Quseir, Minister of Agriculture and Land Reclamation of the Arab Republic of Egypt, Held on April 30, 2024, in Riyadh, Kingdom of Saudi Arabia.



Meeting with Her Excellency Dr. Amna Al Dahak, Minister of Climate Change and Environment of the United Arab Emirates, Held on April 30, 2024, in Riyadh, Kingdom of Saudi Arabia.



Meeting with His Excellency Mr. Abdulmohsen bin Saad Al-Khalaf, Assistant Minister of Finance for Macro-Fiscal Policies and International Relations, Held on May 2, 2024, in Riyadh, Kingdom of Saudi Arabia.



Meeting with His Excellency Dr. Mohamed Marzouk El-Quseir, Minister of Agriculture and Land Reclamation, Held on May 23, 2024, in Cairo, Arab Republic of Egypt.



Meeting with Mr. Abdelmonem Belati, Minister of Agriculture, Water Resources, and Fisheries of the Republic of Tunisia, Held on June 12, 2024, in Tunis, Republic of Tunisia.



Meeting with His Excellency Mr. Abdellatif Jouahri, Governor of Bank Al-Maghrib, Held on July 3, 2024, in Rabat, Kingdom of Morocco.



Meeting with His Excellency Eng. Abdulmohsen AlFadley, Minister of Environment, Water and Agriculture of the Kingdom of Saudi Arabia, Held on August 19, 2024, in Riyadh, Kingdom of Saudi Arabia.



Meeting with Sheikh Salman bin Khalifa Al Khalifa, Minister of Finance and National Economy, Held on September 17, 2024, in Manama, Kingdom of Bahrain.



Meeting with His Excellency Mr. Sultan bin Salem Al Habsi, Minister of Finance of the Sultanate of Oman, Held on December 30, 2024, in Muscat, Sultanate of Oman.



Meeting with Mr. Al-Asri Saeed Ahmed Al-Dhaferi, Ambassador of the United Arab Emirates to the Kingdom of Morocco, Held on July 1, 2024, in Rabat, Kingdom of Morocco.



Meeting with Mr. Salaheddine Kamali, Chief Executive Officer of Caisse de Dépôt et de Gestion (CDG) "Deposit and Management Fund", Held on July 1, 2024, in Rabat, Kingdom of Morocco.



Meeting with His Excellency Mr. Mohamed Fikrat, CEO of Agricultural Credit Group of Morocco, Held on July 2, 2024, in Rabat, Kingdom of Morocco.



Meeting with His Excellency Mr. Redouane Arrach, Secretary General of the Ministry of Agriculture, Maritime Fisheries, Rural Development, and Water and Forests, Held on July 2, 2024, in Rabat, Kingdom of Morocco.



Meeting with Mr. El Hadi Chamaou, Director General of Orbis Holding, Held on July 1, 2024, in Rabat, Kingdom of Morocco.



Meeting with Ms. Salma Bellamine, Executive Director of the Mohammed VI Investment Fund, Held on July 4, 2024, in Rabat, Kingdom of Morocco.



Meeting with His Excellency Mr. Youssef Bencheqroun, Director General of Al Amana Microfinance, Held on July 5, 2024, in Rabat, Kingdom of Morocco.



Meeting with His Excellency Mr. Badr Salim Sultan Al Olama, Director General of the Abu Dhabi Investment Office, Held on July 16, 2024, in Dubai, United Arab Emirates.



Meeting with His Excellency Mr. Ahmed Mukhtar, Head of Strategy and Policy at the Food and Agriculture Organization of the United Nations (FAO), Held on July 22, 2024, in Dubai, United Arab Emirates.



Meeting with His Excellency Mr. Munir bin Fahad Al-Sahli, Chief Executive Officer of the Agricultural Development Fund, Held on August 19, 2024, in Riyadh, Kingdom of Saudi Arabia.



Meeting with Mr. Oliver Jäger, Executive Vice President – Head of Emerging Growth Markets for the Middle East and North Africa at State Street Co., Held on August 22, 2024, in Dubai, United Arab Emirates.



Meeting with Mr. Rashid Ahmed Al-Haroun, Director General of the Arab Investment and Export Credit Guarantee Corporation, Held on August 28, 2024, in Dubai, United Arab Emirates.



Meeting with His Excellency Mr. Basim Mohammed Al-Saie, Chairman of the Board of Bahrain Food Holding Company (Ghidha), Held on September 17, 2024, in Manama, Kingdom of Bahrain.



Meeting with His Excellency Dr. Masoud Jarallah Al-Marri, Chairman of the Executive Board of the Islamic Organization for Food Security, Held on October 15, 2024, in Seoul, Republic of Korea.

Participations

On the top of AAAID's most significant participations in conferences, seminars, and workshops during 2024 are the following:



Participation in the opening ceremony of the Halal Industry and Services Forum and Exhibition " Halal Expo", Held on February 6, 2024, in Manama, Kingdom of Bahrain.



Participation in the events of the Gulfood Conference, Held on February 20, 2024, in Dubai, United Arab Emirates.



Participation in the events of the Qatar International Agricultural Exhibition, Held on February 25, 2024, in Doha, State of Qatar.



Participation in the 3rd edition of the Communication and Partnership Forum, Held on April 29, 2024, in Sharjah, United Arab Emirates.



Participation in the events of the Private Sector Forum of the Islamic Development Bank Group, Held on April 30, 2024, in Riyadh, Kingdom of Saudi Arabia.



Participation in the 37th General Assembly meetings of the Arab Center for the Studies of Arid Zones and Dry Lands (ACSAD), Held on May 1, 2024, in Riyadh, Kingdom of Saudi Arabia.



Participation in the Workshop on Addressing the Challenges of Small-Scale Farmers and Food Security, Held from 3 to 4 June 2024, in Riyadh – Kingdom of Saudi Arabia.



Participation in the 7th Edition of the International Conference on Financing Investment and Trade in Africa (FITA 2024), Held from 11 to 12 June 2024, in Tunis – Republic of Tunisia.



Participation in the 21st Edition of the Tunisia Investment Forum (TIF), Held from 12 to 13 June 2024, in Tunis – Republic of Tunisia.



Participation in the 5th Edition of the Global Vertical Farming Expo 2024, Held on September 10, 2024, in Dubai – United Arab Emirates.



Participation in the 114th Session of the Economic and Social Council of the League of Arab States, Held from 2 to 3 September 2024, in Cairo – Arab Republic of Egypt.



Participation in the panel discussion on "Fostering a Climate-Smart Agriculture System – Forging Towards A Resilient and Sustainable Agri-Food Ecosystem" at the Food For Future Summit – GULFOOD GREEN 2024, Held on September 24, 2024, in Dubai – United Arab Emirates.



Participation in the session titled "Green Growth in Times of Uncertainty" as part of the Global Green Growth Week, Held on October 15, 2024, in Seoul – Republic of Korea.



Participation in the panel discussion on Women in Agricultural Technology at the AgriNext Conference, Held on November 13, 2024, in Dubai – United Arab Emirates.



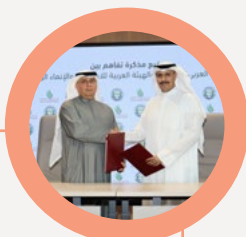
Participation in the Global Food Security Summit 2024, presenting a paper titled: "Enhancing Food Security through the Application of AAAID's Models in Microfinance", Held on November 26, 2024, in Abu Dhabi – United Arab Emirates.



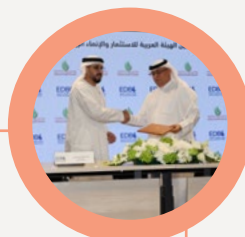
Participation in the Sixteenth Conference of the Parties (COP16) to the United Nations Convention to Combat Desertification, Held on December 5, 2024, in Riyadh – Kingdom of Saudi Arabia.

Memorandums of Understanding (MoUs)

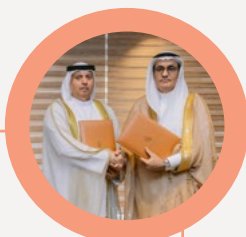
In 2024, as part of its ongoing efforts to expand AAAID's network of strategic partners and foster new collaborations, AAAID signed the following Memorandums of Understanding (MoUs):



Signing of a Memorandum of Understanding between AAAID and the Arab Planning Institute in the State of Kuwait, in Dubai, on February 13, 2024.



Signing of a Cooperation Agreement with the Emirates Development Bank in the United Arab Emirates, in Dubai, on April 1, 2024.



Signing of a Memorandum of Understanding with the Arab Gulf Programme for Development (AGFUND) in the Kingdom of Saudi Arabia, in Cairo, Arab Republic of Egypt, on May 22, 2024.



Signing of a Memorandum of Understanding with AL SHALL Morocco for Consulting and Investment, in Rabat, Kingdom of Morocco, on August 19, 2024.



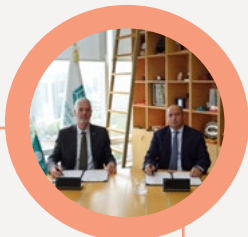
Signing of a Memorandum of Understanding with the Arab Bank for Economic Development in Africa, in Riyadh, Kingdom of Saudi Arabia, on August 19, 2024.



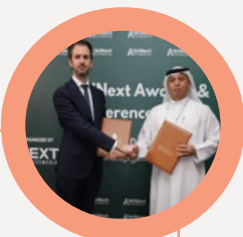
Signing of a Memorandum of Understanding with the General Union of Arab Farmers and Agricultural Cooperatives, on August 20, 2024.



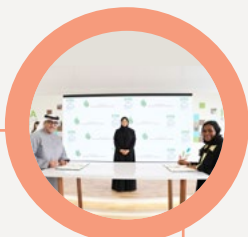
Signing of a Memorandum of Understanding with the Food and Agriculture Organization of the United Nations (FAO), in Dubai, on September 25, 2024.



Signing of a Memorandum of Understanding with the Global Green Growth Institute (GGGI), in Seoul, South Korea, on October 15, 2024.



Signing of a Memorandum of Understanding with B-FARM (Robotic Vertical Farm), in Dubai, on November 13, 2024.



Signing of a Memorandum of Understanding with the International Center for Biosaline Agriculture (ICBA), in Dubai, on December 17, 2024.

Seventh: Financial Data and External Auditor Report

Arab Authority for Agricultural Investment and Development
Financial Statements
For the Year Ended December 31, 2024

**Arab Authority for Agricultural
Investment and Development**

Financial Statements

For the year ended 31 December 2024

Arab Authority for Agricultural Investment and Development

FINANCIAL STATEMENTS

For the year ended 31 December 2024

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INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE SHAREHOLDER MEMBERS OF ARAB AUTHORITY FOR AGRICULTURAL INVESTMENT AND DEVELOPMENT

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 2024, 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 material accounting policy information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 December 2024, and its financial performance and its cash flows for the year then ended in accordance with the basis of preparation explained in Note 2 of 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 *International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards)* (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Corporate Governance officers for the financial statements

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

In preparing the financial statements, the 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 it either intends to liquidate the Authority or to cease operations or has no realistic alternative but to do so.

Corporate Governance officers are responsible for overseeing the Authority's financial reporting process.

INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE SHAREHOLDER MEMBERS OF ARAB AUTHORITY FOR AGRICULTURAL INVESTMENT AND DEVELOPMENT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objective is 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism 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 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.



INDEPENDENT AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS TO THE SHAREHOLDER MEMBERS OF ARAB AUTHORITY FOR AGRICULTURAL INVESTMENT AND DEVELOPMENT (continued)

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

We communicate with the Corporate Governance officers 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.

For Ernst & Young,

Ashraf Abu-Sharkh
Registration No: 690

6 March 2025
Dubai, United Arab Emirates

A branch of a member firm of Ernst & Young Global Limited

Arab Authority for Agricultural Investment and Development

STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2024

	Notes	2024 KD	2023 KD
ASSETS			
Property and equipment, net	8	6,090,616	8,961,981
Investment property, net	9	1	1
Contributions and direct investments, net	7	57,481,565	75,936,424
Loans granted to others, net	6	-	1,982,916
Investments held for trading	5	143,311,924	179,513,922
Other assets, net	10	2,652,648	3,853,513
Cash and cash equivalents	4	43,454,668	6,535,069
TOTAL ASSETS		252,991,422	276,783,826
Liabilities and equity			
Liabilities			
Loans from financial institutions	11	2,573,051	9,387,085
Employees' terminal benefits	13	1,485,852	2,133,667
Other liabilities	12	11,372,371	21,700,010
Total liabilities		15,431,274	33,220,762
Member countries' equity			
Paid up share capital	14	221,076,072	221,076,072
Share premium		208,570	208,570
Statutory reserve	15	26,714,695	26,714,695
General reserve	16	(30,572,905)	(20,961,905)
Voluntary reserve	17	16,041,340	16,041,340
Foreign currency translation reserve	18	4,092,376	484,292
Total member countries' equity		237,560,148	243,563,064
TOTAL MEMBER COUNTRIES' EQUITY AND LIABILITIES		252,991,422	276,783,826



Obaid Saif Hamad Ali Al Zaabi
(Chairman of the Authority / Chairman
of the Board of Directors)



Abdul Majeed Palekkodan
(Director of Financial &
Management Affairs)

The accompanying notes 1 to 28 form an integral part of these financial statements.

Arab Authority for Agricultural Investment and Development
STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
For the year ended 31 December 2024

		2024 KD	2023 KD
	<i>Notes</i>		
Income			
Net gains on investments held for trading	19	14,894,901	18,060,165
Dividend from contributions and direct investments	20	2,151,470	1,996,236
Reversal of impairment losses	22	-	605,028
Income from loans	6	362,581	487,455
Other income	21	2,495,219	522,665
Total income		<u>19,904,171</u>	<u>21,671,549</u>
Expenses			
Salaries and indemnities		(3,634,398)	(3,551,983)
Depreciation	8,9	(1,153,857)	(524,886)
Travelling and accommodation		(344,007)	(675,969)
Impairment losses	23	(25,466,650)	(52,677,652)
Foreign currency exchange loss		(2,518,667)	(400,991)
Portfolio investment fees		(961,473)	(1,498,529)
Other expenses		(1,083,017)	(1,473,158)
Total expenditure		<u>(35,162,069)</u>	<u>(60,803,168)</u>
Loss for the year		<u>(15,257,898)</u>	<u>(39,131,619)</u>
Other comprehensive loss			
Net movement in foreign currency translation reserve		3,608,084	264,360
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		<u>(11,649,814)</u>	<u>(38,867,259)</u>


Obaid Saif Hamad Ali Al Zaabi
(Chairman of the Authority / Chairman of
the Board of Directors)


Abdul Majeed Palekkodan
(Director of Financial &
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The accompanying notes 1 to 28 form an integral part of these financial statements.

Arab Authority for Agricultural Investment and Development

STATEMENT OF CHANGES IN MEMBER COUNTRIES' EQUITY

For the year ended 31 December 2024

	<i>Paid-up share 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 2023	221,076,072	208,570	26,714,695	18,169,714	16,041,340	219,932	282,430,323
Loss for the year	-	-	-	(39,131,619)	-	-	(39,131,619)
Foreign currency translation reserve	-	-	-	-	-	264,360	264,360
Total comprehensive loss for the year	-	-	-	(39,131,619)	-	264,360	(38,867,259)
At 31 December 2023	221,076,072	208,570	26,714,695	(20,961,905)	16,041,340	484,292	243,563,064
Balance at 1 January 2024	221,076,072	208,570	26,714,695	(20,961,905)	16,041,340	484,292	243,563,064
Loss for the year	-	-	-	(15,257,898)	-	-	(15,257,898)
Net movement in foreign currency translation reserve	-	-	-	-	-	3,608,084	3,608,084
Total comprehensive loss for the year	-	-	-	(15,257,898)	-	3,608,084	(11,649,814)
Reversal of unutilized fund (Note 16)	-	-	-	5,646,898	-	-	5,646,898
At 31 December 2024	221,076,072	208,570	26,714,695	(30,572,905)	16,041,340	4,092,376	237,560,148

The accompanying notes 1 to 28 form an integral part of these financial statements.

Arab Authority for Agricultural Investment and Development

STATEMENT OF CASH FLOWS

For the year ended 31 December 2024

	Notes	2024 KD	2023 KD
OPERATING ACTIVITIES			
Loss for the year		(15,257,898)	(39,131,619)
Adjustments to reconcile profit for the year to net cash from operating activities:			
Reversal of impairment losses	22	-	(605,028)
Impairment losses	23	24,324,090	50,345,090
Impairment of assets	8, 23	1,142,558	2,332,563
Depreciation on property and equipment and investment property	8, 23	1,153,857	524,886
Provision for employees' end of service benefits	13	237,313	212,132
Gain on disposal of property and equipment	8	(18,776)	-
Property and equipment written off		579,309	-
Operating cash flows before working capital changes		12,160,453	13,678,024
Working capital changes:			
Net movement in investments held for trading		36,201,998	(14,938,545)
Net movement in loans granted to others, net		294,141	179,963
Net movement in other assets, net		(2,763,150)	393,309
Net movement in other liabilities		(2,439,458)	400,367
Employees' end of service benefits paid	13	43,453,984 (885,128)	(286,882) (458,490)
Net cash flows generated from / (used in) operating activities		42,568,856	(745,372)
INVESTING ACTIVITIES			
Contribution and direct investments	7	(216,441)	(2,272,999)
Purchase of property and equipment and investment property	8,9	(6,296)	(1,328,135)
Proceeds from disposal of property and equipment		20,712	-
Net cash flows used in investing activities		(202,025)	(3,601,134)
FINANCING ACTIVITY			
Net movement in loans from financial institutions		(9,055,316)	9,057,255
Cash flows (used in) / generated from financing activity		(9,055,316)	9,057,255
Net increase in cash and cash equivalents		33,311,515	4,710,749
Cash and cash equivalents at the beginning of the year		6,535,069	1,559,960
Net movement in foreign currency translation reserve		3,608,084	264,360
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	4	43,454,668	6,535,069

The accompanying notes 1 to 28 form an integral part of these financial statements.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2024

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 statute of the Authority signed by thirteen (13) Arab countries on 1 November 1976, with authorized share capital of KD 150 million. Subsequently, the Board of Shareholders resolved to increase the authorized share capital to KD 336 million and the amount paid was KD 213.9 million. Accordingly, the number of contributing countries reached (21) countries (Note 14).

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

The temporary head office of the Authority is located at P.O. Box 51250, Dubai, United Arab Emirates as per the resolution no. 9 for the year 2024.

The issuance of these financial statements and the material accounting policies used in preparing the financial statements have been approved by the Authority's Board of Directors on 27 February 2025.

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 17 of the bylaws and in accordance with the accounting policies approved by the Board of Shareholders of the Authority in accordance with the requirements and nature of the Authority as shown in (Note 3).

3 MATERIAL ACCOUNTING POLICY INFORMATION

Basis of measurement

These financial statements have been prepared on the historical cost convention, with the exception of investments held for trading purposes and derivatives measured at fair value using the accrual basis of accounting and the going concern principle.

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 Bylaws and Establishment Agreement of the Authority. The Board of Directors has decided to adopt the US dollar as the presentation currency, and the management is in the process of deciding on the adoption of the US dollar as the presentation currency for the financial statements for the year ending 31 December 2025.

Presentation and disclosure

Items of dividends from contributions and direct investments and reversal of impairment are presented within income in the statement of comprehensive income and expenditure while impairment losses are presented within expenses.

Revenue recognition

Revenue is recognized 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

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

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2023

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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.

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

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 recognized in the statement of comprehensive income and expenditure.

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

◀Buildings	20 years
◀Furniture	5 years
◀Equipment	3 years
◀Motor vehicles	5 years
◀Computers	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 capitalized and the carrying amount of the component that is replaced is written off. Other subsequent expenditure is capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized 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 capitalized only when it increases future economic benefits of the related item of property and equipment. All other expenditure is recognized in the statements of comprehensive income and expenditure as the expense is incurred.

The Authority capitalizes 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 (continued)

As at 31 December 2023

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Impairment of non-financial assets

The Authority assesses at each reporting date, whether there is an indication that non-financial 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.

Reversal of impairment losses recorded in previous years is recorded when there is an indication that the impairment loss for the financial asset has decreased or has decreased, and the decrease can be linked objectively to an event occurring after the impairment was recognized. A reversal of impairment losses is recognized in the statement of comprehensive income and expenditure to the extent that the carrying amount of the asset does not exceed its amortized cost at the date of the reversal.

Leases

All agreements for lease entered into by the Authority are considered as operating leases. Payments made under operating leases are charged to the statement 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' terminal 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 and Authority's employee charter.

Financial instruments

Financial assets

Initial recognition and measurement

Financial assets are classified as "cash and cash equivalents", "investments held for trading", "loans", "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 recognized 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 recognized on the trade date, i.e., the date that the Authority commits to purchase or sell the asset.

The Authority's financial assets include cash and cash equivalents, investments held for trading, loans, contributions and direct investments and other assets.

Subsequent measurement

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

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2023

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

Cash and cash equivalents

Cash and cash equivalents in the statement of financial position consist of cash with banks and short-term highly liquid deposits with a maturity of three months or less, which can be readily converted into a known amount of cash and are subject to an insignificant risk of changes in value.

For the purpose of the Authority's statement of cash flows, cash and cash equivalents consist of cash at and banks, short term deposits as defined above, net after deducting bank overdraft balances (if any), as they are an integral part of the Authority's cash management.

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 recognized 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 recognized in the statement of income and expenditure.

The Authority presents the cash held by the portfolio managers and the custodian under the balances of investments held for the purpose of trading.

Loans and borrowings

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 amortized cost less impairment losses, which are calculated based on a provision calculation and using certain assumptions that are disclosed annually. Amortized 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 made in companies of similar nature consistent with the objectives of the Authority. They are stated 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 derecognized when:

- The rights to receive cash flows from the asset have expired, or
- Disposals
- 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.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2023

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

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 recognized to the extent of the Authority's continuing involvement in the asset. In that case, the Authority also recognizes 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.

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 reorganization 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.

At each reporting date, the Authority performs an assessment on provisions for impairment of loans, contributions to companies, and other receivables, and considers internal and external indicators to determine whether there is objective evidence of a impairment of a specific financial asset or group of financial assets. The Authority considers each financial asset, including loans, contributions, direct investments, and other assets, separately to determine the impairment values. Appropriate assumptions and estimates are used for each asset separately to reach the impairment values. The assumptions used in the expected time to repay an asset represent the discount rate used in calculating the present value of future cash flows, and are guided by consultants' reports regarding the evaluation of the assets of some companies or any assumptions or considerations it deems appropriate or brought to the attention of the Authority. The Authority discloses those assumptions that were used to reach the impairment during the year in the notes related to those financial assets.

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. The Authority also recommends reversing the value of the previously recorded provision if the performance of financial assets improves.

The Authority recognizes the provision for impairment losses for all financial assets through the statement of comprehensive income and expenditure.

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

The Authority's financial liabilities include loans 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 subsequent measurement of financial liabilities depends on their classification as follows:

Accounts payable

Accounts payable are recognized for amounts to be paid in the future.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2023

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition

A financial liability is derecognized 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 recognized in the statement of comprehensive income and expenditure.

Offsetting 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 recognized amounts and the Authority has an intention to settle on a net basis, or to realize 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.

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 25.

Foreign currency

Transactions in foreign currencies are converted into the operating currency according to the spot exchange rates prevailing on the dates of transactions. Year-end cash assets and liabilities denominated in foreign currencies are reconverted into the base currency at the prevailing exchange rates at the reporting date. Foreign currency translation gains or losses are realized for cash assets and liabilities denominated in foreign currencies in the statement of comprehensive income and expenditure. Non-cash assets measured at fair value in a foreign currency are converted at the prevailing exchange rates at the date of determination of fair value.

For the purposes of presenting the financial statements, the financial results of the Authority have been translated into Kuwaiti Dinars (the currency of presentation) as follows:

- Assets and liabilities have been transferred at the closing price at the date of the statement of financial position except for the following:
 - Property and equipment
 - Contributions and direct investments
 - Investment property
 - Provisions
 - Unpaid dividends
- 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.

The Authority's investments in subsidiaries are recorded at historical cost in their local currencies and are not subject to revaluation, except in the case of sale or disposal. In such cases, management calculates gains or losses based on the historical cost as of the sale or disposal date. As of December 31, there were no sales or disposals.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2023

3 MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Provisions

Provisions are recognized 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. When the Authority expects some or all of a provision to be reimbursed, for example, provisions under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in statement of comprehensive income and expenditure, net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a discount rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recorded as a finance cost.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

Dividends

The Authority records an obligation to pay cash dividends when the distribution is approved and the distribution is no longer at the discretion of the Authority.

The reversal of any interest on dividends will only be made after approval by the Authority's Board of Directors, with reference to the shareholders' recommendation, and these interests will be returned directly to the general reserve.

Contingencies

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

Statutory reserve

According to the text of Article (19/2) of the Authority's bylaws, the Authority must transfer 10% of the income for the year to the statutory reserve until the reserve reaches 20% of the Authority's capital unless the shareholders decide to exceed this percentage. No amounts were transferred to the statutory reserve balance this year as a result of the losses for the year.

General reserve

In accordance with the text of Article (19/2) of the Authority's bylaws, shareholders have the right to create any other reserves, as required. In accordance with the decisions and recommendations of the Shareholders' Council, an amount is allocated for the general reserve by transferring net profits as per the approved decisions and recommendations of the Shareholders' Council.

Voluntary reserve

This reserve was established based on Board of Directors' Resolution No. 13 of 1990, which requires that this reserve be deducted from the net profit as necessary and is used to protect the Authority's interests against impairment of the investment in investee companies. This reserve may not be used for any purpose other than the purpose specified therefor.

Foreign currency translation reserve

The foreign currency translation reserve includes the results of converting all balances recorded in US dollars (the operating currency) in the financial statements at the yearend into the Kuwaiti dinar (the presentation currency).

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2023

4 CASH AND CASH EQUIVALENTS

	2024 KD	2023 KD
Bank balances	39,121,000	1,995,279
Term deposits (matured within three months from the acquisition date)	4,333,668	4,539,790
	<u>43,454,668</u>	<u>6,535,069</u>

Cash equivalents (term deposits) yields interest at variable rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months, depending on the immediate cash requirements of the Authority, and earn interest at the respective short-term deposit rates.

The Authority does not have any pledges or securities on bank balances and term deposits as on 31 December 2024 and 31 December 2023.

Cash and cash equivalents at the currency level:

	2024 KD	2023 KD
USD	40,637,238	1,189,706
AED	2,651,635	5,181,783
EUR	164,095	15,901
Other currencies	1,700	147,679
	<u>43,454,668</u>	<u>6,535,069</u>

5 INVESTMENTS HELD FOR TRADING

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

	2024 KD	2023 KD
Equity held securities	104,707,324	112,207,139
Fixed income held securities	36,268,451	32,673,626
Cash in portfolios	2,166,844	35,051,868
Fair value of derivatives	169,305	(418,711)
	<u>143,311,924</u>	<u>179,513,922</u>

The movement in investments held for trading is as follows:

	2024 KD	2023 KD
As at 1 January	179,513,922	164,575,378
Net disposals during the year	(51,096,899)	(3,121,621)
Net gains on investments held for trading (note 19)	14,894,901	18,060,165
As at 31 December	<u>143,311,924</u>	<u>179,513,922</u>

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2023

5 INVESTMENTS HELD FOR TRADING (continued)

The balance of investments held for the purpose of trading (stocks and securities with fixed income) was distributed to the investment portfolio managers, as follows:

Portfolio	2024			2023		
	<i>KD Equity securities</i>	<i>KD Fixed Income</i>	<i>KD Cash in portfolios</i>	<i>KD Equity securities</i>	<i>KD Fixed Income</i>	<i>KD Cash in portfolios</i>
Portfolio 1	23,444,211	-	537,081	21,132,662	30,452	727,298
Portfolio 2	24,531,376	18,726,236	1,622,178	22,310,823	17,670,883	1,805,561
Portfolio 3	-	-	-	14,320	-	32,147,466
Portfolio 4	22,344,067	-	7,585	17,907,586	-	110
Portfolio 5	-	-	-	11,082,360	-	-
Portfolio 6	19,104,288	-	-	18,583,929	-	-
Portfolio 7	7,976,822	-	-	7,063,963	-	-
Portfolio 8	4,510,473	-	-	4,541,389	-	-
Portfolio 9	-	-	-	4,652,754	-	-
Portfolio 10	-	8,114,963	-	-	8,283,532	-
Portfolio 11	-	6,198,784	-	-	6,270,048	-
Portfolio 12	-	3,397,773	-	3,213,329	-	-
Portfolio 13	-	-	-	-	-	371,433
Portfolio 14	2,796,087	-	-	1,704,024	-	-
	104,707,324	36,437,756	2,166,844	112,207,139	32,254,915	35,051,868

The balance of investments held for trading, broken down by currency, is as follows:

	2024 KD	2023 KD
United States Dollars (USD)	117,405,571	152,003,201
Japanese Yen	4,162,423	4,146,017
Euro	8,556,486	7,743,598
Pound Sterling	3,311,691	1,935,744
Swiss Franc	1,752,081	3,252,036
Others	8,123,672	10,433,326
	143,311,924	179,513,922

The balance of investments held for trading includes cash balances with the custodian and portfolio managers as an integral part of the portfolio managers' duties in managing the investment portfolio with the Authority as at 31 December 2024, at an amount of KD 2,166,844 (31 December 2023: KD 35,051,868).

6 LOANS GRANTED TO OTHERS, NET

In accordance with the Authority's objectives, the Authority grants majority of loans to its investee companies to finance their operations (Note 7). Loans agreements signed between the Authority and these companies contain certain covenants, such as:

- 1) 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;
- 2) 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
- 3) Obligation of investee companies to give the priority to the loans borrowed from the Authority in settlement over any other debts.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2023

6 LOANS GRANTED TO OTHERS, NET (continued)

The movement in the loans balance was as follows:

	2024 KD	2023 KD
Balance at beginning of year	38,149,247	38,329,209
Additions during the year	90,273	388,442
Collections during the year	(120,542)	(249,569)
Exchange differences	(263,872)	(318,835)
Balance at the end of the year	37,855,106	38,149,247
Less: Provision for impairment losses	(37,855,106)	(36,166,331)
	-	1,982,916

Income from loans granted to others as at 31 December 2024 amounted to KD 362,581 (2023: KD 487,455).

The movement in the allowance for impairment losses is as follows:

	2024 KD	2023 KD
Balance at beginning of year	36,166,331	34,658,703
Charged during the year (Note 23)	1,688,775	1,507,628
Balance at the end of the year	37,855,106	36,166,331

As of 31 December 2024, the total provision for loan impairment granted to others amounted to KD 37,855,106 (2023: KD 36,166,331) related to some loans granted to companies in which the Authority invests. This is as a result of the failure of these companies to fulfil their obligations to the Authority on their due dates, in addition to the Authority's lack of certainty about the possibility of recovering these loans. During the year ended 31 December 2024, the Authority recorded impairment losses in the value of loans amounting to KD 1,688,775 (2023: KD 1,507,628) in the statement of comprehensive income and expenditure. The management considers that the provision recorded is sufficient in accordance with the methodology for calculating loan provisions in accordance with the accounting policies of the Authority, taking into account the following:

- Recording a provision for impairment in the full value of loans granted to companies that have defaulted in repayment for extended periods of time and that suffer from financial difficulties that make the possibility of collecting the value of the loans slim.
- Recording a provision for the certain loans granted to others that equals to the present value of the future cash flows of some loans that are expected to be rescheduled within two years after the passage of three years, a grace period starting from 2023, with a discount rate ranging between 5% and 6%.

The balance of loans granted to others, distributed according to the grantees, as at 31 December 31, is the following:

	Country	2024 KD	2023 KD
Total balance			
Arab Company for Agricultural Production and Processing	Sudan		
Loan for refinancing and production inputs		26,161,397	26,067,994
Loan for financing feed production		783,011	780,215
Loan for payment of employees' accruals		539,175	537,250
Loan for financing production inputs for year 2001-2002		114,028	113,621
		27,597,611	27,499,080

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2023

6 LOANS GRANTED TO OTHERS, NET (continued)

	Country	2024 KD	2023 KD
Arabian Shrimp Company	KSA		
Unified loan		2,064,270	2,056,900
Tayseer loan		1,800,665	1,704,286
Agriculture Development Fund		550,003	548,039
Bridge loan		1,201,590	1,197,300
Short-term loan		539,904	566,663
		<u>6,156,432</u>	<u>6,073,188</u>
Arab Sudanese Blue Nile Agricultural Company (AGADI)	Sudan		
Operational loan 2011-2012		1,978,153	1,971,091
Arab Company for Crops Production	Sudan		
Irrigation Axels		815,040	812,130
Short terms operating loan		1,536	24,810
		<u>816,576</u>	<u>836,940</u>
Pioneer (Al-Ruwad)	Sudan		
Operational loan (2008-2009)		161,567	160,990
Capital loan 2006		77,961	77,683
Operating loan (2007-2008)		19,695	19,625
		<u>259,223</u>	<u>258,298</u>
Orbis Perez Company	Morocco	92,430	92,100
Dhayat Yousef Company	Morocco	308,100	307,000
Al Sarha Animal Production Company	Sudan	280,091	279,091
Kabuja Association for Agricultural Production	Sudan	19,172	45,557
Wad Aabid Association	Sudan	13,062	43,866
Al-Mutamayaza for Vegetables and Crops	Sudan	63,395	63,169
Raodat Agadi Association	Sudan	7,723	18,352
Others		263,138	661,515
		<u>1,047,111</u>	<u>1,510,650</u>
Total loans granted to others		37,855,106	38,149,247
Less: Provision for impairment losses		(37,855,106)	(36,166,331)
		<u>-</u>	<u>1,982,916</u>

7 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. Although the Authority owns varying shares as shown below, these investments are classified under "contributions and direct investments". Based on the accounting policy approved by the Authority, these investments were recorded in the financial statements at cost less accumulated impairment losses, which were accounted for in accordance with the methodology for calculating contributions provisions.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2023

7 CONTRIBUTIONS AND DIRECT INVESTMENTS, NET (continued)

The following table represents the cost of the outstanding investments as at 31 December:

	<i>Country</i>	<i>Ownership</i>	<i>2024 KD</i>	<i>2023 KD</i>
White Nile Sugar Company	Sudan	14.38%	21,447,084	21,447,084
Arab Company for Processing and Production of Poultry - ordinary shares	Sudan	78.80%	18,664,312	18,664,312
Arab Sudanese Vegetable Oil Company	Sudan	88%	17,631,760	17,631,760
Arab Sudanese Blue Nile Agricultural Company (AGADI)	Sudan	85.30%	13,061,714	13,061,714
Kenana Sugar Company	Sudan	5.59%	10,703,800	10,703,800
Arab Company for Agricultural Production and Processing	Sudan	42.50%	8,778,375	8,778,375
El Faiyum Sugar Works Company	Egypt	26.93%	8,215,308	8,215,308
The Arab Iraqi Dairy Company	Iraq	50%	6,671,003	6,671,003
Emirates Rawabi Company Limited	UAE	27.56%	4,905,758	4,905,758
Osool for Poultry	Oman	20.58%	4,813,829	4,813,829
Arab Company for Crops Production - Atbara	Sudan	52.75%	4,698,244	4,698,244
Veterinary Medicines Company Limited	Sudan	32.53%	4,113,883	4,113,883
Al bashayer Meat Company	Oman	20%	4,040,020	4,040,020
Elaf for Starch and Glucose	Sudan	100%	3,831,261	3,831,264
Al-Ahliyah Company for Vegetable Oils, Hama, Syria	Syria	40%	3,641,476	3,641,476
Arabian Cooperative Company - Aseer	Saudi Arabia	20%	2,879,325	2,879,325
Arab Trade Financing Program	UAE	0.73%	2,719,240	2,719,240
Arab Qatari Agricultural Production Company	Qatar	50%	2,314,839	2,314,839
The Arabian company for Preserving and Manufacturing Agricultural Crops	Egypt	39.7%	2,289,644	2,289,644
Orbies Berries	Morocco	49.0%	1,711,398	1,711,398
Arab Company for Agricultural Services	Mauritania	100%	1,575,260	1,575,260
Arab Muritanian Fish Company (Samak)	Mauritania	37.9%	1,555,807	1,555,807
Youseff Farm	Morocco	49.0%	1,531,431	1,531,431
Alsarha for Animal Production	Sudan	30.0%	1,452,109	1,452,109
Middle east for veterinary vaccines (MEVAC)	Egypt	4.4%	1,554,192	1,337,751
Arab Sudanese Seeds Company	Sudan	34.9%	1,215,376	1,215,376
Arabian Shrimp Company	Saudi Arabia	45.0%	1,183,347	1,183,347
Al Marga for Cattle and Agricultural Development Company	Tunisia	63.3%	1,160,709	1,160,709
Arab Poultry and Cattle Equipment Company (APCECO)	UAE	27.4%	1,093,952	1,093,952
The Arab Investment & Export Credit Guarantee Corporation	Kuwait	1.96%	1,092,240	1,092,240
Arab Fisheries Co	Saudi Arabia	48.7%	952,843	952,843
Arab Moroccan for Agricultural Development (SAMADA)	Morocco	50.0%	851,387	851,387
Orbis Green Olive	Morocco	49.0%	740,875	740,875
Tunisia Aquaculture Fund	Tunisia	15%	636,323	636,323
National Veterinary Vaccines Co. LLC	Oman	50.0%	534,791	534,791
Agro-Zitex Company	Tunisia	25.0%	513,665	513,665
Mabrouka Seeds Company	Tunisia	49.0%	358,539	358,539
Al Muzdana Zero-Tillage Agricultural Company	Sudan	12.4%	346,064	346,064
Arab Company for the Manufacturing of Advanced Irrigation Equipment (MAIE)	Syria	25.0%	299,210	299,210
Omani Euro Food Industries Company	Oman	17.1%	259,022	259,022

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (continued)

As at 31 December 2023

7 CONTRIBUTIONS AND DIRECT INVESTMENTS, NET (continued)

	<i>Country</i>	<i>Ownership</i>	<i>2024 KD</i>	<i>2023 KD</i>
Al Murouj Dairy Company	Oman	20.0%	245,054	245,054
Syrian Arab Company for Agricultural Products Development (GADAK)	Syria	5.00%	164,464	164,464
Trans-Agri Company	UAE	50.0%	83,652	83,652
Mid-West Milk Company (Sidi Bouzid)	Tunisia	25.0%	36,216	36,216
Arab Company for Meat	Mauritania	27.2%	25,534	25,534
Al Mutamayza for Vegetables and Crops Production	Sudan	42.5%	17,147	17,147
Arabiska Fruits Company	Tunisia	50.0%	2,257	2,254
Total costs of investments			166,613,739	166,397,298
Provision for impairment			(109,132,174)	(90,460,874)
			<u>57,481,565</u>	<u>75,936,424</u>

Movement in the provision for impairment of contributions and direct investments:

	<i>2024 KD</i>	<i>2023 KD</i>
Balance at beginning of year	90,460,874	42,664,698
Charged during the year (Note 23)	18,671,300	48,396,176
Reversed during the year (Note 22)	-	(600,000)
Balance at the end of the year	<u>109,132,174</u>	<u>90,460,874</u>

The Authority studies and evaluates the impairment to review the financial performance and the operational conditions of each investee company at the date of the statement of financial position, to determine the need for an additional provision for impairment. The Authority reviews the historical financial performance as well as the future cash flows of all investee companies and creates an additional allowance for impairment losses, if any.

As at the reporting date, the Authority has made total provision for impairment on its direct investments of KD 109,132,174 (2023: KD 90,460,874) related to certain entities where there is objective evidence of impairment. During the year ended 31 December 2024, the Authority recorded impairment losses on investments of KD 18,671,300 (2023: KD 48,396,176) recognized in the statement of comprehensive income and expenditure. The management believes that the provision that was recorded based on the results of the study of calculating the allocations and the approval of the Chairman of the Authority is appropriate in accordance with the Authority's accounting policy, which is as follows:

- In some investments, a provision for impairment was calculated to study the future business plan of companies that showed that there are indicators, whether internal or external, that indicate an impairment of contributions, and the calculation of a provision for impairment depends on calculating the value of the Authority's contribution to those companies using the model of discounting the present value of future cash flows.
- Forming a provision for impairment of certain contributions and investments equivalent to the full value of the Authority's contributions in fully defaulted companies that do not have approved plans to improve performance in the near future.
- Based on the results of the study of calculating provisions for certain contributions and investments, several assumptions were used, using a marketing discount rate as appropriate, and using a growth rate to build the cash flows of the future plan of the investee company.
- Based on the results of the study of calculating provisions for certain contributions and investments, several assumptions were used, represented by conflict risk rates ranging from 20% to 50%, which were estimated according to the judgmental estimate of the Cost Committee for Calculating Provisions.

Arab Authority for Agricultural Investment and Development
NOTES TO THE FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

8 PROPERTY AND EQUIPMENT, NET

The movement in property and equipment for the year ended 31 December 2024 is as follows:

	<i>Buildings KD</i>	<i>Furniture and equipment KD</i>	<i>Motor vehicles KD</i>	<i>Computer accessories KD</i>	<i>Capital work in progress KD</i>	<i>Total KD</i>
Cost						
At 1 January 2024	5,353,624	2,159,784	345,209	713,858	2,431,301	11,003,776
Additions during the year	2,050	4,246	-	-	-	6,296
Transfers during the year	-	1,652	-	419,370	(421,022)	-
Disposals / write off during the year	-	(14,389)	(60,144)	-	(579,309)	(653,842)
Impairment provision (Note 23)	-	-	-	-	(1,142,558)	(1,142,558)
At 31 December 2024	5,355,674	2,151,293	285,065	1,133,228	288,412	9,213,672
Accumulated depreciation						
At 1 January 2024	43,814	1,231,464	317,104	449,413	-	2,041,795
Charge for the year	267,722	324,948	16,598	544,589	-	1,153,857
Disposals / write off during the year	-	(13,355)	(59,241)	-	-	(72,596)
At 31 December 2024	311,536	1,543,057	274,461	994,002	-	3,123,056
Net book value						
At 31 December 2024	5,044,138	608,236	10,604	139,226	288,412	6,090,616

Arab Authority for Agricultural Investment and Development
NOTES TO THE FINANCIAL STATEMENTS (Continued)
As at 31 December 2023

8 PROPERTY AND EQUIPMENT, NET (continued)

The movement in property and equipment for the year ended 31 December 2023 is as follows:

	<i>Buildings KD</i>	<i>Furniture and equipment KD</i>	<i>Motor vehicles KD</i>	<i>Computer accessories KD</i>	<i>Capital work in progress KD</i>	<i>Total KD</i>
Cost						
At 1 January 2023	3,052,930	1,213,807	357,476	532,390	7,710,303	12,866,906
Additions during the year	697,135	36,592	-	-	515,726	1,249,453
Transfers during the year	4,656,484	942,476	-	195,769	(5,794,729)	-
Disposals / write off during the year	(3,052,925)	(33,091)	(12,267)	(14,301)	1	(3,112,583)
At 31 December 2023	5,353,624	2,159,784	345,209	713,858	2,431,301	11,003,776
Accumulated depreciation						
At 1 January 2023	2,981,751	1,180,689	292,506	330,631	-	4,785,577
Charge for the year	53,739	69,205	28,858	119,748	-	271,550
Disposals / write off during the year	(2,991,676)	(18,430)	(4,260)	(966)	-	(3,015,332)
At 31 December 2023	43,814	1,231,464	317,104	449,413	-	2,041,795
Net book value						
At 31 December 2023	5,309,810	928,320	28,105	264,445	2,431,301	8,961,981

Government Grant

The Authority owns a plot of land listed under properties & equipment in the United Arab Emirates, Dubai received under Government Grant with no conditions and is recorded at a nominal value.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2023

9 INVESTMENT PROPERTY, NET

The Authority has an investment property represented in a building for the Authority in Khartoum. The following is an analysis of the movement in the investment property for the year ended 31 December:

	2024 KD	2023 KD
Costs		
At the beginning of the year	5,188,396	5,109,714
Additions during the year	-	78,682
At the end of the year	5,188,396	5,188,396
Accumulated depreciation		
At 1 January	5,188,395	2,699,749
Charged for the year	-	253,336
Impairment of investment property	-	2,235,310
At 31 December	5,188,395	5,188,395
Net book value as at 31 December	1	1

10 OTHER ASSETS

	2024 KD	2023 KD
Accrued interests on loans	4,976,085	4,840,634
Due from related parties	6,636,511	4,448,988
Employees' advances	7,556	38,305
Others	1,307,792	836,865
Less: Provision for impairment losses	(10,275,296)	(6,311,279)
	2,652,648	3,853,513

Movement in the provision for impairment of other assets was as follows:

	2024 KD	2023 KD
Balance at beginning of year	6,311,279	7,268,962
Charged during the year (Note 23)	3,964,017	441,285
Reversed during the year (Note 22)	-	(5,028)
Written off during the year	-	(1,393,940)
Balance at the end of the year	10,275,296	6,311,279

11 LOANS FROM FINANCIAL INSTITUTIONS

	Country	2024 KD	2023 KD
Loan from local banks (note a)	United Arab Emirates	-	9,056,501
Saudi Fund for Development (note b)	Kingdom of Saudi Arabia	331,769	330,584
Agricultural Development Fund (note c)	United Arab Emirates	2,241,282	-
		2,573,051	9,387,085

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2023

11 LOANS FROM FINANCIAL INSTITUTIONS (continued)

- a. The Authority obtained a loan of \$30 million from Emirates NBD Bank "the Bank" for a period of one year and is renewed annually for a period of 5 years for the purposes of financing the Authority's operations by guaranteeing the Authority's securities portfolio with the bank at an interest rate of 1.40% + SOFR, in addition to annual administrative expenses of \$90,000, and the value of disbursements during the year ended 31 December 2023 amounted to \$29.5 million. The Authority decided not to renew it after the Financial Investments Committee meeting, and it was paid in full in March 2024- 9 million Kuwaiti Dinars.
- b. The fixed term loan from the Saudi Fund for Development is unsecured and carries the weighted average interest rate (LIBOR) plus an agreed upon commission.
- c. The fixed term loan from the Agricultural Development Fund is secured with some financial portfolios in ENBD and carries the weighted average interest rate (LIBOR) plus an agreed upon commission.

The fixed-term loans mature as follows:

	2024 KD	2023 KD
Within one year	-	9,056,501
Within five years	331,769	330,584
Within five years	2,241,282	-
	<u>2,573,051</u>	<u>9,387,085</u>

12 OTHER LIABILITIES

	2024 KD	2023 KD
Suppliers and payables	4,264,846	5,649,171
Accrued expenses	2,689,550	4,571,956
Payments received from Libya under capital increase	3,938,441	3,997,690
Rents in advance	101,179	40,338
Others	378,355	7,440,855
	<u>11,372,371</u>	<u>21,700,010</u>

During the fourth Board of Directors meeting of 2024, held in Dubai on December 12, 2024, Resolution No. (50) for the year 2024 was issued, approving the financing standards for projects supporting the Palestinian nation. These projects must be agricultural in nature, directly contribute to food security, and align with the development project standards approved by the organization to ensure investment sustainability and its direct impact on beneficiaries. Projects will be selected based on the availability of financial liquidity and operational plans, with periodic reviews conducted by the Investment Committee and semi-annual reports submitted to the Board. Furthermore, profits generated from these projects will be excluded from the calculation of distributable profits to shareholders and will not be carried forward to the following year. The Director of Financial and Management Affairs has been assigned to implement this decision. Accordingly, the balance of the Palestinian Nation's Fund account, amounting to 5.6 million Kuwaiti dinars as of 31 December 2024, was liquidated and reallocated to reserves and retained earnings under the equity of member states.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2023

13 EMPLOYEES' END OF SERVICE BENEFITS

Movement of employees' end of service benefits is as follows:

	2024 KD	2023 KD
Balance at beginning of year	2,133,667	2,380,025
Charged for the year	237,313	212,132
Payments made during the year	(885,128)	(458,490)
Balance at the end of the year	<u>1,485,852</u>	<u>2,133,667</u>

14 PAID-UP SHARE CAPITAL

The breakdown of the subscribed and paid-up share capital as at 31 December is given below:

	2024		2023	
	Share capital Authorized KD	Share capital Paid up KD	Share capital Authorized KD	Share capital Paid up KD
Member countries				
Kingdom of Saudi Arabia	51,190,000	51,187,169	51,190,000	51,187,169
The State of Kuwait	44,330,000	44,329,885	44,330,000	44,329,885
United Arab Emirates	34,130,000	34,128,133	34,130,000	34,128,133
The Republic of Iraq	34,130,000	34,128,133	34,130,000	34,128,133
The Republic of Sudan	34,070,000	27,030,233	34,070,000	27,030,233
The State of Qatar	17,060,000	17,059,036	17,060,000	17,059,036
The Arab Republic of Egypt	6,830,000	6,829,651	6,830,000	6,829,651
The People's Democratic Republic of Algeria	3,410,000	3,409,795	3,410,000	3,409,795
The Kingdom of Morocco	1,370,000	1,369,954	1,370,000	1,369,954
Sultanate of Oman	230,000	233,356	230,000	233,356
The Kingdom of Bahrain	230,000	233,356	230,000	233,356
The Republic of Tunisia	220,000	222,870	220,000	222,870
The Islamic Republic of Mauritania	220,000	223,134	220,000	223,134
The Hashemite Kingdom of Jordan	110,000	111,648	110,000	111,648
The Democratic Republic of Somalia	110,000	103,559	110,000	103,559
Republic of Lebanon	100,000	100,743	100,000	100,743
The Republic of United Comoros	110,000	83,866	110,000	83,866
The Republic of Yemen	110,000	82,758	110,000	82,758
The State of Palestine	80,000	81,608	80,000	81,608
The Syrian Arab Republic	110,000	75,670	110,000	75,670
Republic of Djibouti	80,000	51,515	80,000	51,515
Unsubscribed shares	107,770,000	-	107,770,000	-
	<u>336,000,000</u>	<u>221,076,072</u>	<u>336,000,000</u>	<u>221,076,072</u>

15 STATUTORY RESERVE

According to the text of Article (19/2) of the Authority's bylaws, the Authority must transfer 10% of the income for the year to the statutory reserve until the reserve reaches 20% of the Authority's capital unless the shareholders decide to exceed this percentage. No amounts were transferred to the statutory reserve balance this year as a result of the losses for the year.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2023

16 GENERAL RESERVE

In accordance with the text of Article (19/2) of the Authority's bylaws, shareholders have the right to create any other reserves, as required. The general reserve provision is created by transferring net profits/(losses) in accordance with the approved decisions and recommendations of the Shareholders' Council.

As at 31 December 2024, in accordance with Board Resolution No. 50 issued by the fourth meeting of the Board of Directors held on 12 December 2024, a settlement of KD 5,646,898 has been refunded to the General Reserve Account, representing the value of unused provisions for Palestinian support projects for previous years and the Board of Directors has decided to refund this reserve as at 31 December 2024 and discuss it during the Board of Shareholders for the year ended 31 December 2024(note 12).

17 VOLUNTARY RESERVE

This reserve was established based on Board of Directors' Resolution No. 13 of 1990, which requires that this reserve be deducted from the net profit as necessary and is used to protect the Authority's interests against impairment of the investment in investee companies. This reserve may not be used for any purpose other than the purpose specified therefor.

On 7 April 2022, the Board of Directors of the Authority has approved the transfer of KD 2,000,000 from the general reserve to the voluntary reserve.

18 FOREIGN CURRENCY TRANSLATION RESERVE

The foreign currency translation reserve includes the results of converting all monetary assets and liabilities in US dollars (the operating currency) in the financial statements at the year end into the Kuwaiti dinar (the presentation currency).

19 NET GAINS ON INVESTMENTS HELD FOR TRADING

	2024 KD	2023 KD
Dividends from securities and interest from bonds	4,846,982	4,419,785
Net gain on sale of investments held for trading	1,618,579	9,409,208
Change in fair value of held-for-trading investments	8,260,035	5,056,596
Unrealized forward contract valuation differences	169,305	(825,424)
	<u>14,894,901</u>	<u>18,060,165</u>

20 DIVIDENDS FROM CONTRIBUTIONS AND DIRECT INVESTMENTS

	2024 KD	2023 KD
Al Faiyum Sugar Company	1,089,535	951,053
Arabian Cooperative Company - Aseer	431,211	328,293
Al-Ahlia Company for Vegetable Oils	309,169	193,800
Emirates Rawabi Company Limited	-	149,849
The Arab Iraqi Dairy Company	151,178	131,692
Al Margi for Livestock	29,889	110,573
Kenana Sugar Company	-	85,763
Arab Trade Finance Program	56,194	44,821
Arab Company for Processing and Production of Poultry	-	392
Arab Qatari Agricultural Production Company	84,294	-
	<u>2,151,470</u>	<u>1,996,236</u>

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2023

21 OTHER INCOME

	2024 KD	2023 KD
Reversal of provisions (note 21a)	2,415,675	-
Rental income	20,101	192,551
Others	59,443	330,114
	<u>2,495,219</u>	<u>522,665</u>

a) As at 31 December 2024, prior year provisions were reversed to other income.

22 REVERSAL OF IMPAIRMENT LOSSES

	2024 KD	2023 KD
Contributions and direct investments (note 7)	-	600,000
Other assets (note 10)	-	5,028
	<u>-</u>	<u>605,028</u>

23 IMPAIRMENT LOSSES

	2024 KD	2023 KD
Contributions and direct investments (note 7)	18,671,300	48,396,176
Property and equipment and investment property (notes 8 & 9)	1,142,558	2,332,563
Other assets (note 10)	3,964,017	441,285
Loans granted to others (note 6)	1,688,775	1,507,628
	<u>25,466,650</u>	<u>52,677,652</u>

24 RISK MANAGEMENT

The Authority's activities may expose it to a variety of financial risks: Market risk (including interest rate risk and currency risk and price risk), credit risk and liquidity risk. The Authority's overall risk management program focuses on robust liquidity management as well as monitoring of various relevant market variables, thereby consistently seeking to minimize potential adverse effects on the Authority's financial performance. It includes investments held for the purpose of trading, contributions, direct investments, loans granted to others, amounts due from related parties, cash, and bank balances.

24.1 Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk.

24.1.1 Interest rate risk

Interest rate risks is the risk that the fair value or future cash flows of a financial instrument would fluctuate as a result of the changes in interest rate in market. The Authority is exposed to interest rate risk on loans granted to others.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2023

24 RISK MANAGEMENT (continued)

24.1.2 Currency risk

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 currencies different from the Authority's presentation currency).

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

	2024		2023	
	Financial assets KD	Financial Liabilities KD	Financial assets KD	Financial liabilities KD
US Dollar	158,042,809	252,991,422	193,383,659	276,783,830
JPY	4,162,423	-	4,146,017	-
EUR	8,720,581	-	7,759,500	-
Swiss Franc	1,752,081	-	3,252,036	-
GBP	3,311,691	-	1,935,744	-
UAE Dirham	2,651,635	-	5,703,605	-
Sudanese Pound	1,396	-	1,083,350	-
Other	8,124,643	-	10,787,841	-
	<u>186,767,259</u>	<u>252,991,422</u>	<u>228,051,752</u>	<u>276,783,830</u>

24.1.3 Stock and bond price risks

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.

The following table presents concentration of equity stocks and bonds based on geographical areas:

Markets	2024		2023	
	KD	Percentage	KD	Percentage
North America	97,452,109	68%	109,503,491	61%
Western Europe	35,827,981	25%	57,444,455	32%
East Asia & Pacific	8,598,715	6%	10,770,835	6%
Others	1,433,119	1%	1,795,141	1%
	<u>143,311,924</u>	<u>100%</u>	<u>179,513,922</u>	<u>100%</u>

24.2 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 seeks 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.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2023

24 RISK MANAGEMENT (continued)

24.2 Credit risk (continued)

a) Maximum exposure to credit risk is as follows:

	2024 KD	2023 KD
Fixed income securities	36,437,756	32,254,915
Loans granted to others, net	-	1,982,916
Other assets	2,652,648	3,853,513
Bank balances	39,121,000	1,995,279
Term deposits (matured within three months from the acquisition date)	4,333,668	4,539,790
	<u>82,545,072</u>	<u>44,626,413</u>

24.3 Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its commitments associated with financial instruments as they become due. 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 realizable. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

The management has developed policies and practices to manage liquidity risk in accordance with the risk tolerance and to ensure that the Authority maintains sufficient liquidity. Senior management continuously reviews information on the Authority's liquidity developments.

25 FAIR VALUE MEASUREMENTS

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Authority has access at that date. The fair value of a liability reflects its non-performance risk.

A number of the Authority's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Authority uses observable market data as far as possible. The book values are categorized into levels of the fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Other Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

If the inputs used to measure the fair value of an asset or liability falls into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest input level that is significant to the entire measurement.

The Authority recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

As at 31 December 2024 and 31 December 2023, the fair values of the Company's financial instruments are estimated to approximate their carrying values.

As at 31 December 2024 and 31 December 2023, the fair value of held-for-trading investments was estimated based on the first level of fair value valuation basis.

During the year ended 31 December 2024 and 31 December 2023, there was no movement between levels.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (continued)

At 31 December 2023

26 CAPITAL MANAGEMENT

The Authority manages its capital to ensure its ability to continue as a going concern and maximizing the shareholders returns through the optimization benefit of the debt and equity balances. The Authority's general investment policy was updated, amended, and approved during the Board of Directors meeting held on December 12, 2024.

The capital of the Authority comprises contribution from member countries comprising the issued capital as disclosed in Note 14.

27 REMUNERATION OF KEY MANAGEMENT PERSONNEL AND MEMBERS OF THE BOARD OF DIRECTORS

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 following table shows remuneration of directors and other members of key management during the year:

	2024 KD	2023 KD
Remuneration paid to directors		
Meeting attendance fees	162,600	278,925
Remuneration	108,884	107,066
	<u>271,484</u>	<u>385,991</u>
Key management compensation		
End-of-services benefits	71,628	199,401
Short term benefits	374,354	458,223
	<u>445,982</u>	<u>657,624</u>

28 COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

As at 31 December 2024, the Authority has no capital obligations (2023: KD 515,726). The Authority has an investment commitment of KD 1.1 million in a private investment fund.

Contingent liabilities

As at 31 December 2024, the Authority has solidarity guarantees in favor of commercial banks amounting to KD 6.3 million (equivalent to USD 20.5 million) (2023 - KD 8.7 million (equivalent to USD 28 million)). These guarantees have been provided to some financial institutions to support companies in which the Authority invests to obtain financial facilities. Some of Emirates NBD's portfolios are mortgaged to the Agricultural Development Fund's guarantee for a loan granted to one of the Authority's companies.

Legal Claims

As with financial institutions, the Authority is subject to legal action during the normal course of business. Based on independent legal advice, the Authority does not believe that these issues will have material effects on its income or financial position. There are 3 lawsuits against the Authority, a lawsuit from the Zakat Bureau - Sudan for an amount of 7 million Sudanese pounds, a lawsuit from a former employee of the Authority for \$ 23,000 and a lawsuit from the Ministry of Lands - Gezira State - Sudan.

