



الهيئة العربية
للإستثمار والإتماء الزراعي
ARAB AUTHORITY
FOR AGRICULTURAL INVESTMENT AND DEVELOPMENT



Annual Report

2018





2018

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Introduction

The Global Economy continued to recover during the year 2018, which was due to the noticeable increase of international investment and trade, as well as the expectations of international authorities in increasing the growth rate to 3.9%, which was considered the highest growth rate after the last financial crisis of the world. The world also witnessed decent improvement in the performance of Arab economy during the year 2018, due to the increase of external demand levels, the recorded increase in global oil prices and the appearance of the positive effects of the programs of economy recovery in a number of Arab countries. It is expected that the economy of Arab countries is going to grow as a whole during the year 2018 to about 2.3%.

The Arab agricultural output in 2017 reached about USD141 billion which represents of 6.24% of total local outcome for Arab countries. The statistics reports indicate an increase in production of most of the basic food commodities in the Arab food gap such as grains, plant oils, sugar, meat and dairy products and the decrease of food gap value from USD38.7 billion in the period 2009-2016 to about USD33.6 billion in 2017. In the same context, Arab countries accomplished an extra export value in vegetables and fruits that reached USD2.4 billion.

AAAID believes in the importance of drawing more agricultural investments to support agricultural production and reduce the Arab food gap. The Arab Authority focused its efforts in advertising numerous investment opportunities in 2018 and the number of new projects the Arab Authority studied and evaluated during the year reached to 115 projects. In addition, the number of projects the Arab Authority contributed in by the end of the year 2018 reached 50 projects in which 39 are existing companies and 11 companies under implementation. These investments fall under four main sectors; where 47% of the investments is in the agricultural manufacturing sector, 25% is in plant production, 24% is in animal production, and 4% is in the services sector. The production capacities for these companies is about 232,000 tons of grains, more than a million ton of sugar, 41,000 tons of vegetable oils, 267,000 tons of meat, 180 million liter of dairies, 592,000 of fodder and 127 million table eggs. This is besides the positive social and economic effects of these companies and their role in providing more than 115 job opportunities in different rural areas.

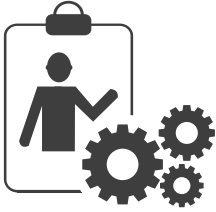
In order to diversify sources of funding and mechanisms, mobilize additional financial resources for investment in the agricultural sector, AAAID has established a number of funds specialized in financing agricultural projects. These funds will finance the capital and operational needs of existing firms to capitalize on the full range of available design capacities, increase their productivity and increase the number of new projects that promote the use of modern agricultural technologies and the production of commodities in the food gap.

The Arab Authority continued its efforts in the field of development during 2018, where it carried out a number of programs and applied researches. These programs have contributed to raising the productivity of a number of agricultural crops, raising the standard of living of small farmers and producers, and supporting the activities of rural women in the agricultural sector in order to highlight their role in agricultural development. These programs included applications of integrated agricultural packages, experimentation with new varieties of crops, seeds and improved seeds, projects to improve the nutritional value of agricultural wastes, use modern irrigation methods and smart farming applications. The number of development and research programs implemented by the Arab Authority in Arab countries by the end of 2018 amounted to 163 programs, and the number of beneficiaries reached about 93 thousand producers.

The year 2018 also witnessed significant developments in the programs of funding small farmers, through collaboration with a number of commercial banks to create partnerships with the Arab Authority in order to fund small farmers to increase the number of beneficiaries of these programs. This is in accordance with the glorious success that was achieved from the trial of the Revolving Loan Fund for small farmers producers. This is in addition to the outstanding way the Arab Authority performed in these programs via the complete funding of agricultural operations, providing inputs of production, supervising and supporting of farmers and observing crops cultivation time and linking farmers to markets.

By the end of the year 2018, the Arab Authority would have completed the specified five years of the strategic plan of the period 2014-2018 and a plan has been set for the coming five years 2019-2023. Its objectives will be to apply the best global methods in the agricultural investment field according to the encouraging indicators in order to provide food products and increase return on agricultural investments and the professional management of companies and to develop tools of governance. This is in addition to diversifying income sources and providing services that support agricultural activities of the Arab Authority and its affiliate companies with high efficiency.





Executive Summary

- 01 In 2018, the Arab Authority approved the funding of a number of agricultural projects that focused on producing basic food commodities to cover the Arab food gap. The projects include; the project of vegetable production, packaging and promoting using the hydroponics system, a slaughterhouse, cattle and fodder market project in the Kingdom of Saudi Arabia, poultry production project in the Kingdom of Bahrain, investment fund for agricultural exports of Arab Maghreb countries, the expansion of serums and veterinary vaccines project in Egypt, grain and fodder production project in Algeria, agricultural investments fund and the project of qualifying sugar and starch factory in Sudan.
- 02 The Arab Authority increased its contribution in a number of existing companies in order to rehabilitate them, improve their efficiency and renew their production components. Some of these companies include; Arab Company for Drugs, White Nile Sugar Company, Al Muzdana Zero Tillage Agricultural Company in Sudan and Arab Company for Agricultural Services in Mauritania.
- 03 The total value of the investment of the Arab Authority in its existing companies and those that are under establishment as at 31/12/2018 reached about USD607 million, in which 84% is the paid capital of the Arab Authority, which equals USD 720.7 million.
- 04 The Arab Authority's investments that are distributed in existing companies and companies under establishment are in four sectors which are: 47% in agricultural manufacturing sector, 25% in animal production, 24% in plant production and 4% in agricultural services.
- 05 The number of projects in which the Arab Authority contributes reached 50 projects by the end of 2018, of which 39 are existing companies and 11 are companies under establishment. The value of investments of the Arab Authority in Sudan reached 65.7% of the total investment, followed by Egypt with value of 6.7% then UAE with 6.0%, Iraq with 4.8% and KSA with 4.5%. The value of investment of the rest of the countries reached about 12.3% as per the investment opportunities available then.

- 06 In 2018, AAAID implemented a number of programs and developmental activities targeted at small farmers and producers in a number of Arab countries with a total of 14 promotional programs in order to promote production of small producers. The number of farmers who benefitted from these programs reached 7,000 families represented by 36,000 individuals.
- 07 AAAID implemented about 20 training and research programs in 2018 in a number of Arab countries aimed at disseminating new varieties of crops, introducing new technologies, utilization of agricultural waste and training agricultural staff.
- 08 The number of agricultural investments opportunities the Arab Authority studied and assessed reached to 115 agricultural projects in different stages of the project by the end of 2018.
- 09 AAAID also arranged a number of activities and promotional events in the agricultural sector beside its effective participation in conferences, symposiums, forums and international and Arab exhibitions. A number of agreements and Memoranda of Understanding were signed during these events in with the aim of stimulating agricultural investments.
- 10 The total value of existing and granted loans of AAAID to its affiliate companies and small producers reached about USD148 million and total value of corporate guarantees that AAAID provided to its companies reached USD24 million.
- 11 The total value of AAAID assets as at 31/12/2018 amounted to USD1.2 billion.
- 12 The total investments of the Arab Authority in the global and regional financial markets as at 31/12/2018 reached to USD 444 million, compared to USD 454 million in 2017.
- 13 The total value of shareholders' equity as at 31/12/2018 amounted to USD 938 million compared to USD 890 million in 2017.
- 14 AAAID achieved net profit of about USD 11.9 million for the fiscal year ended 31/12/2018.

About AAAID

Establishment

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

Shareholders

AAAID has shareholders of 21 Arab countries.

Capital

- Authorized Capital is KWD 336 million (USD1.1 billion).
- Paid-up capital as in 31/12/2018 is KWD 218.6 million (USD720.7 million).

Fiscal Year

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

Headquartears and Regional Office

Headquarters:
Khartoum, the Republic of Sudan

Regional Office:
Dubai, the United Arab Emirates

Contributing Countries

■ Percentage of the contribution of Member States to the Capital of AAAID as at 31/12/2018.



■ Number of Shares ■ Subscription Percentage

Members of the Board of Shareholders

AAAID's Members of the Board of Shareholder as of 31/12/2018

H.E. Mr Mohammed bin Abdullah Al-Jadaan Minister of Finance		1
H.E. Dr Nayef Falah Al-Hajraf Minister of Finance		2
H.E. Mr Obaid Humaid Al Tayer Minister of State for Financial Affairs		3
H.E. Dr Fuad Mohammed Hussein (1) Minister of Finance		4
Chairman of the Board of Shareholders of Session 42		
H.E Mutaz Moosa Abdullah Salim (2) Prime Minister and Minister of Finance and Economic Planning		5
H.E Mr. Ali Shareef Al Emadi Minister of Finance		6
Deputy Chairman of the Board of Shareholders of Session 42		
H.E Dr. EzzEldin Abostat (3) Minister of Agriculture and Land Reclamation		7
H.E Mr. Abderrahman RAOUYA Minister of Finance		8
H.E Mr. Mohamed Benchaaboun (4) Minister of Economy and Finance		9
HE Sheikh Salman bin Khalifa Al Khalifa (5) Minister of Finance and National Economy		10
H.E Mr. Darwish bin Ismail Al Balushi Minister Responsible for Financial Affairs		11
H.E Dr Zied Ladhari Minister of Development Investment and International Cooperation		12
H.E Mr Moctar Ould DIAY Minister of Economy and Finance		13
H.E Dr. Ezzedin Kanakriyah (6) Minister of Finance		14
H.E Dr. Mamoun Hamdan Minister of Finance		15
H.E Mr Abdirahman Duale Beyle Minister of Finance		16
H.E Mr. Said Ali Said Chayhane Minister of Finance and Budget		17
H.E Mr. Ahmed bin Obaid Al Fadhli Minister of Finance		18
H.E Mr. Ali Hassan Khalil Minister of Finance		19
H.E Mr. Mohamed Ahmed Awaleh Minister of Agriculture, Livestock and Fisheries		20
H.E Dr Sufian Sultan Minister of Agriculture		21

1. Former Minister HE Dr. Haidar Abadi
2. Former Minister HE Dr. Mohamed Osman Soliman Al-Rikabi
3. Former Minister HE Dr. Abdel-Moneim Abdel-Wadood Al-Banna
4. Former Minister HE Mr. Mohamed Boussaid
5. Former Minister HE Sheikh Ahmed ibn Muhammad Al Khalifa
6. Former Minister HE Dr. Zuhair Abdelfattah Malhas

Board of Directors



His Excellency
Mohammed Bin Obaid Al Mazrooei
President and Chairman of Board of Directors
Arab Authority for Agricultural Investment and Development



His Excellency
Ibrahim Hassan Rashid Al Jarwan
Head of GCC & Arab Countries Affairs
Ministry of Finance
United Arab Emirates



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



His Excellency
Khalid Bin Sulaiman Al-khudairy
Undersecretary of the Ministry of Finance for International Finance
Ministry of Finance
Kingdom of Saudi Arabia



His Excellency
Dr. Hamad Saad Hamad Al Kawari
Adviser to the Chair of the Board of Directors
Consultant and Agricultural Expert
State of Qatar



His Excellency
Mr. Omar Farj Allah
Finance Undersecretary
Ministry of Finance and Economic Planning
Republic of Sudan



His Excellency Dr
Mahdi Sahr Aljaburi
Administrative Undersecretary
Ministry of Agriculture
Republic of Iraq



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



His Excellency
Abdenour HIBOUCHE
Chairman
Financial Intelligence Processing Unit
Ministry of Finance
Republic of Algeria



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

AAAID's Strategy (2014-2018)

Vision

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

Mission

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

Goals

1. Providing basic food commodities.
2. Maximize the returns on AAAID's agricultural investments.
3. Raise the efficiency and effectiveness of agricultural production.
4. Increase trade exchange of agricultural products and production inputs among the member states.
5. Sustainable development of agricultural resources in the member states.
6. Investment in human capital and best utilizing of resources.

Strategic Guidance

1. Reconsidering the geographical distribution of AAAID's investments in order to benefit from the agricultural resources in all Arab countries.
2. Restructuring AAAID's affiliate companies to enhance their efficiency in providing food and increase their revenue.
3. Addressing existing loans by AAAID to its affiliate companies by restructuring them in order to amend their situations.
4. Investing part of the capital in existing companies that have potential of high growth, by focusing on value added activities in strategic food commodities.
5. Giving priority of investing to private sector investors of companies that have acquired experience in agricultural and administrative fields.
6. Setting an investment policy for companies to encourage the private sector and enable them to benefit from the resources through new projects.
7. Improving investment criteria of the projects that AAAID contributes in.
8. Strengthening of development and applied research programs to increase the productivity of small and medium farmers in Arab countries.

AAAID Activities



Agricultural Investment Activity

01



Activity of Developmental and Applied Programmes and Studies

02



Strategic Planning and Development Activities

03



Corporate Communication and Media Activities

04



Administrative Activity

05

First: Agricultural Investment Activity

Agricultural investment is considered as one of the main activities of AAAID. It includes establishing several agricultural companies in numerous member states, following up on their performance and providing them with the necessary technical, financial and administrative support to achieve their goals.

The total number of companies in which AAAID is a shareholder has reached to 50 companies by the end of 2018 of which 31 are existing companies, 8 companies under different stages of implementation and 11 companies under establishment.



Companies in which AAAID is a Shareholder

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

Republic of Sudan

	Company name	Shareholders	Share Portion
1975	<p>Kenana Sugar Company</p> <p>Subscribed Capital: SDG 0.561 Million</p>	<p>AAAID</p> <p>Government of the Republic of Sudan</p> <p>Kuwait Investment Authority</p> <p>Government of the Kingdom of Saudi Arabia</p> <p>Other Shareholders</p>	<p>05.59%</p> <p>35.33%</p> <p>30.64%</p> <p>10.97%</p> <p>17.47%</p>
1982	<p>Arab Sudanese Blue Nile Agriculture Company, Agadi</p> <p>Subscribed Capital: SDG 168.9 Million</p>	<p>AAAID</p> <p>Government of the Republic of Sudan</p>	<p>85.30%</p> <p>14.70%</p>
1982	<p>Arab Sudanese Vegetable Oil Company</p> <p>Subscribed Capital: SDG 168.00 Million</p>	<p>AAAID</p> <p>Government of the Republic of Sudan</p>	<p>88.00%</p> <p>12.00%</p>

	Company name	Shareholders	Share Portion
1987	<p>Arab Company for Agricultural Production and Processing</p> <p>Subscribed Capital: SDG 0.074 Million</p>	<p>AAAID</p> <p>Government of the Republic of Sudan</p> <p>Government of the Kingdom of Saudi Arabia</p> <p>Government of Kuwait</p> <p>Government of the Republic of Iraq</p>	<p>42.50%</p> <p>20.00%</p> <p>12.50%</p> <p>12.50%</p> <p>12.50%</p>
1997	<p>Arab Sudanese Seeds Company</p> <p>Subscribed Capital: USD 12.00 Million</p>	<p>AAAID</p> <p>Government of the Republic of Sudan</p> <p>Government institutions and banks</p>	<p>34.93%</p> <p>51.55%</p> <p>13.52%</p>
2003	<p>Arab Company for Crop Production</p> <p>Subscribed Capital: USD 26.7 Million</p>	<p>AAAID</p> <p>Emirates Rawabi Company</p>	<p>52.75%</p> <p>47.24%</p>
2004	<p>Arab Poultry Production and Processing Company</p> <p>Subscribed Capital: SDG 226.8 Million</p>	<p>AAAID</p> <p>Government of the Republic of Sudan</p> <p>Government of the Kingdom of Saudi Arabia</p> <p>Government of Kuwait</p> <p>Government of the Republic of Iraq</p>	<p>78.80%</p> <p>07.40%</p> <p>04.60%</p> <p>04.60%</p> <p>04.60%</p>
2007	<p>Arab Company for Drugs Ltd</p> <p>Subscribed Capital: USD 46.00 Million</p>	<p>AAAID</p> <p>Arab Company for Drugs (ACDIMA)</p> <p>Arab Company for Industrial Investment (AIIC)</p> <p>Sudanese banks and governmental institutions</p>	<p>29.92%</p> <p>40.00%</p> <p>17.58%</p> <p>12.50%</p>
2008	<p>Al Mutamayiza for Vegetables and Crops Production</p> <p>Subscribed Capital: SDG 24.70 Million</p>	<p>AAAID</p> <p>Government of the Republic of Sudan</p> <p>Government of the Kingdom of Saudi Arabia</p> <p>Government of Kuwait</p> <p>Government of the Republic of Iraq</p>	<p>42.50%</p> <p>20.00%</p> <p>12.50%</p> <p>12.50%</p> <p>12.50%</p>
2010	<p>EL Muzdana Zero-Tillage Agricultural Company</p> <p>Subscribed Capital: USD 9.00 Million</p>	<p>AAAID</p> <p>The Agricultural Bank of Sudan</p> <p>Sudanese Ministry of Agriculture</p> <p>Central Commercial Company</p> <p>Unsubscribed Shares</p>	<p>13.43%</p> <p>39.14%</p> <p>30.40%</p> <p>08.68%</p> <p>08.35%</p>

Arab Republic of Egypt

	Company name	Shareholders	Share Portion
1997	Faiyum Sugar Works Company Subscribed Capital: EGP 445.11 Million	AAAID Delta Sugar Company Egyptian Banks Private Sector	26.93% 26.83% 31.72% 14.52%
1999	The Arabian company for Preserving and Manufacturing Agricultural Crops Subscribed Capital: EGP 150.00 Million	AAAID Dr. Moahmed Ahmed Al Ramly and Son Private Institutions and Shareholders	39.70% 44.52% 15.78%

United Arab Emirates

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

Kingdom of Saudi Arabia

	Company name	Shareholders	Share Portion
1979	Arab Fisheries Company Subscribed Capital: SAR 65.40 Million	AAAID Government of the Kingdom of Saudi Arabia Other Arab Countries' Governments	39.00% 28.60% 32.40%
2005	Arabian Shrimp Company Subscribed Capital: SAR 33.77 Million	AAAID Aqua Farms Corporation Aquad for Commerce Ltd. Saudi Offset Ltd. Partnership	45.00% 29.33% 18.33% 07.34%

	Company name	Shareholders	Share Portion
2007	Arabian Cooperative Company Subscribed Capital: SAR 200.00 Million	AAAID Poultry Producers Association of Aseer	20.00% 80.00%

Republic of Iraq

	Company name	Shareholders	Share Portion
1986	Arab Iraqi Diary Production Company Subscribed Capital: IQD 11.40 Million	AAAID Government of the Republic of Iraq	50.00% 50.00%

Republic of Tunisia

	Company name	Shareholders	Share Portion
1982	Al Marga for Cattle and Agricultural Development Company Subscribed Capital: TND 10.46 Million	AAAID Stusid Bank Group Other Shareholders	63.33% 30.00% 06.67%
1995	Agro-Zitex Company Subscribed Capital: TND 7.00 Million	AAAID Ceu- Zitex Company	25.00% 75.00%
2016	Tunisia Aquaculture Fund Subscribed Capital: TND 50.00 Million	AAAID Tunisian Bank Corporation Deposits and Guarantee Fund Assurances Maghreb Group Unsubscribed Shares	15.00% 10.00% 20.00% 05.00% 50.00%

Islamic Republic of Mauritania

	Company name	Shareholders	Share Portion
2013	Arab Company For Agricultural Services Subscribed Capital: MRO 170.9 Million	AAAID	100%

State of Qatar

	Company name	Shareholders	Share Portion
1989	Arab Qatari Agricultural Production Company Subscribed Capital: QAR 47.00 Million	AAAID Hassad Food Company	50.00% 50.00%

Syrian Arab Republic

	Company name	Shareholders	Share Portion
1987	<p>Syrian Arab Company for the Development of Agricultural Products Subscribed Capital: SYP 176.00 Million</p>	<p>AAAID Government of the Syrian Arab Republic Private sector</p>	<p>5.00% 25.00% 70.00%</p>
1996	<p>Arab Company for the Manufacturing of Advanced Irrigation Equipment Subscribed Capital: SYP 90.00 Million</p>	<p>AAAID Morgan Capital & Energy Corporation company Capital Trust and others</p>	<p>25.00% 60.00% 15.00%</p>
1996	<p>Al Ahlia Vegetable Oil Company Subscribed Capital: SYP 1,500.00 Million</p>	<p>AAAID Private and Government Sector</p>	<p>40.00% 60.00%</p>

State of Kuwait

	Company name	Shareholders	Share Portion
1974	<p>The Arab Investment & Export Credit Guarantee Corporation Subscribed Capital: USD 295.00 Million</p>	<p>AAAID Arab countries governments Arab financial institutions</p>	<p>01.96% 46.93% 51.11%</p>
1985	<p>Bubiyan Fisheries Company Subscribed Capital: KWD 00.50 Million</p>	<p>AAAID Al Soor Finance Consultancy Company Other Shareholders</p>	<p>22.17% 17.88% 59.95%</p>

Sultanate of Oman

	Company name	Shareholders	Share Portion
1996	<p>Omani Euro Food Industries Company Subscribed Capital: OMR 2.00 Million</p>	<p>AAAID Oman and Emirates Investment Holding Company Other Shareholders</p>	<p>17.19% 80.84% 01.97%</p>

Kingdom of Morocco

	Company name	Shareholders	Share Portion
1999	<p>Manafid Al Houboub Company Subscribed Capital: MAD 91.00 Million</p>	<p>AAAID Union of Moroccan Agricultural Cooperatives Moroccan agricultural cooperatives Zain Group Capital Invest</p>	<p>30.00% 32.08% 27.92% 10.00%</p>

Syrian Arab Republic

	Company name	Shareholders	Share Portion
2003	<p>White Nile Sugar Company</p> <p>Subscribed Capital: USD 471.00 Million</p>	<p>AAAID</p> <p>Kenana Sugar Company Government of the Republic of Sudan Institutions and Banks Unsubscribed Shares</p>	<p>14.38%</p> <p>31.08%</p> <p>09.14%</p> <p>45.19%</p> <p>00.21%</p>
2006	<p>Arab Company for Drugs Ltd</p> <p>Subscribed Capital: USD 42.00 Million</p>	<p>AAAID</p> <p>Arab Co. for Drugs Industries & Medical Appliances (ACDIMA) Arab Industrial Investment Company Sudanese Banks and Government Institutions</p>	<p>28.73%</p> <p>40.00%</p> <p>17.58%</p> <p>13.69%</p>
2015	<p>El Bagair Red Meat</p> <p>Subscribed Capital: USD 38.59 Million</p>	<p>AAAID</p> <p>Unsubscribed Shares</p>	<p>30.00%</p> <p>70.00%</p>

Sultanate of Oman

	Company name	Shareholders	Share Portion
2016	<p>Osool Poultry Company</p> <p>Subscribed Capital: OMR 28.86 Million</p>	<p>AAAID</p> <p>Gulf Investment Corporation Asaffa Foods Company Al Namaa Poultry Company Other Shareholders</p>	<p>17.76%</p> <p>26.68%</p> <p>20.00%</p> <p>20.00%</p> <p>15.56%</p>
2016	<p>Al Bashaer Meat Company</p> <p>Subscribed Capital: OMR 25.00 Million</p>	<p>AAAID</p> <p>Oman Food Investment Holding Co. Oman National Investments Development Company Omani National Livestock Development Co. Civil Service Employees Pension Fund</p>	<p>20.00%</p> <p>40.00%</p> <p>20.00%</p> <p>10.00%</p> <p>10.00%</p>
2015	<p>Al Muroj Dairy Company</p> <p>Subscribed Capital: OMR 1.00 Million</p>	<p>AAAID</p> <p>Oman Food Investment Holding Co. Omani National Livestock Development Co. Dhofar Cattle Feed Co (SAOG)</p>	<p>20.00%</p> <p>30.00%</p> <p>30.00%</p> <p>20.00%</p>



Companies under Implementation

Republic of Sudan

	Company name	Shareholders	Share Portion
2003	<p>White Nile Sugar</p> <p>Subscribed Capital: USD 607.00 Million</p>	<p>AAAID</p> <p>Kenana Sugar Company</p> <p>Government of the Republic of Sudan</p> <p>Institutions and Banks</p> <p>Unsubscribed Shares</p>	<p>14.38%</p> <p>31.08%</p> <p>09.14%</p> <p>45.19%</p> <p>00.21%</p>
2015	<p>El Bagair Red Meat</p> <p>Subscribed Capital: USD 38.59 Million</p>	<p>AAAID</p> <p>Unsubscribed Shares</p>	<p>30.00%</p> <p>70.00%</p>

Sultanate of Oman

	Company name	Shareholders	Share Portion
2016	<p>Osool Poultry Company</p> <p>Subscribed Capital: OMR 28.86 Million</p>	<p>AAAID</p> <p>Gulf Investment Corporation</p> <p>Asaffa Foods Company</p> <p>Al Namaa Poultry Company</p> <p>Other Shareholders</p>	<p>17.76%</p> <p>26.68%</p> <p>20.00%</p> <p>20.00%</p> <p>15.56%</p>
2016	<p>Al Bashair Meat Company</p> <p>Subscribed Capital: OMR 25.00 Million</p>	<p>AAAID</p> <p>Oman Food Investment Holding Co.</p> <p>Oman National Investments Development Company</p> <p>Omani National Livestock Development Co</p> <p>Civil Service Employees Pension Fund</p>	<p>20.00%</p> <p>40.00%</p> <p>20.00%</p> <p>10.00%</p> <p>10.00%</p>
2016	<p>Al Murouj Dairy Company</p> <p>Subscribed Capital: OMR 10.00 Million</p>	<p>AAAID</p> <p>Oman Food Investment Holding Co</p> <p>Omani National Livestock Development Co</p> <p>Dhofar Cattle Feed Co (SAOG)</p>	<p>20.00%</p> <p>30.00%</p> <p>30.00%</p> <p>20.00%</p>
2017	<p>Knowledge for Aquaculture LLC</p> <p>Subscribed Capital: OMR 2.25 Million</p>	<p>AAAID</p> <p>Al Madina For Investment AMII</p> <p>Shumookh Investment and Services</p> <p>Althabat Holding Company</p>	<p>30.00%</p> <p>30.00%</p> <p>30.00%</p> <p>10.00%</p>

Islamic Republic of Mauritania

	Company name	Shareholders	Share Portion
2016	<p>Arab Mauritanian Fish Company (Samak)</p> <p>Subscribed Capital: MRO 385.00 Million</p>	<p>AAAID</p> <p>Private Sector</p> <p>Mauritanian Company for Fish Marketing</p>	<p>45.90%</p> <p>44.10%</p> <p>10.00%</p>

Kingdom of Morocco

	Company name	Shareholders	Share Portion
2017	<p>Domaine Youssef Company</p> <p>Subscribed Capital: MAD 105.00 Million</p>	<p>AAAID</p> <p>Belkora Family</p>	<p>49.00%</p> <p>51.00%</p>



Companies under Establishment



Republic of Tunisia

	Company name	Shareholders	Share Portion
2016	<p>Arabiska Fruits Company</p> <p>Subscribed Capital: TND 7.912 Million</p>	<p>AAAID</p> <p>Pepiniere Mabrouka</p> <p>SIM SICAR</p>	<p>33.00%</p> <p>34.00%</p> <p>33.00%</p>

State of Kuwait

	Company name	Shareholders	Share Portion
2017	<p>Poultry Production Project</p> <p>Subscribed Capital: KWD 8.636 Million</p>	<p>AAAID</p> <p>Azaiz Company for General Trade</p> <p>Others</p>	<p>30.00%</p> <p>31.60%</p> <p>38.40%</p>

Islamic Republic of Mauritania

	Company name	Shareholders	Share Portion
2017	<p>Red Meat Project</p> <p>Subscribed Capital: MRO 177 Million</p>	<p>AAAID</p> <p>Ainina Ould Eyih Group</p> <p>Zein El Abdin Ould Chiekh Ahmed Group</p>	<p>30.00%</p> <p>40.00%</p> <p>30.00%</p>
2017	<p>Arab Mauritanian Company for Poultry Production</p> <p>Subscribed Capital: MRO 6.16 Million</p>	<p>AAAID</p> <p>Alemam Wld Ebno Group</p> <p>Wahfazo Wld Ibrahim Group</p> <p>Dulta Bash company</p>	<p>30.00%</p> <p>40.00%</p> <p>15.00%</p> <p>15.00%</p>

United Arab Emirates

	Company name	Shareholders	Share Portion
2018	<p>Export Growth Fund</p> <p>Subscribed Capital: USD 300 Million</p>	<p>AAAID</p> <p>Financial Institutions and others</p>	<p>13.33%</p> <p>86.67%</p>

Republic of Sudan

	Company name	Shareholders	Share Portion
2018	Globe Agriculture Development Fund Subscribed Capital: USD 40 Million	AAAID Financial Institutions and others	20.00% 80.00%
2018	Starch and Glucose Factory Subscribed Capital: USD 12.7 Million	AAAID	100.00%

Kingdom of Saudi Arabia

	Company name	Shareholders	Share Portion
2018	Project of Producing, Processing and Promoting Vegetables (Hydroponic) Subscribed Capital: SAR 45.25 Million	AAAID Al Shihanah for Agricultural Investment	45.00% 55.00%

Kingdom of Bahrain

	Company name	Shareholders	Share Portion
2018	Poultry Production Project Subscribed Capital: BHD 2.1 Million	AAAID Delmon Poultry Company and others	30.00% 70.00%

Republic of Egypt

	Company name	Shareholders	Share Portion
2018	Middle East for Vaccines (ME VAC) Subscribed Capital: EGP 82.96 Million	AAAID Private shareholders	10.25% 89.75%

The Democratic and Popular Republic of Algeria

	Company name	Shareholders	Share Portion
2018	SANABIL Project Subscribed Capital: DZD 50.00 Million	AAAID Other investors	40.00% 60.00%

AAAID Contribution in Agricultural Companies' Capital



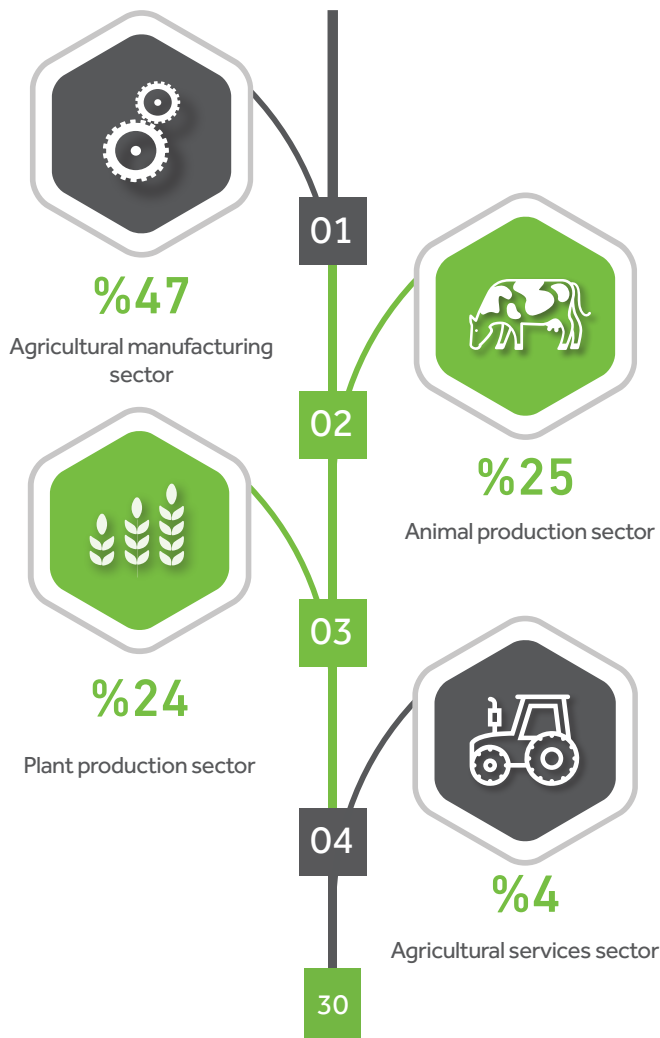
AAID's Total Contribution in Affiliate Companies' Capital

The total value of AAID shares in its existing, under implementation and under establishment companies' capital as of 31/12/2018 is about USD 459 million.

Sectoral Distribution

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

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



Geographical Distribution

Geographical Distribution

AAAID shares in the capital of its affiliate agricultural companies are distributed among 12 member states as per the investment opportunities and comparative advantages that were available in each country at that time.



5.99%



6.74%



65.68%



12.29%

Other Countries



4.51%



4.79%

The Geographical Distribution of AAAID Shares in the Affiliate Agricultural Companies of the member states

Other Countries means: Kuwait, Qatar, Kingdom of Morocco, Republic of Tunisia, Sultanate of Oman, Islamic Republic of Mauritania and Syrian Arab Republic.

AAIDS` share from Distributed Profits by the Companies



AAAID's Share from Distributed Profits by the Companies

AAAID's shares of the distributed profits of companies in 2018 reached to USD 4.5 million of the profits achieved by the companies from the total profits of USD15.3 million. Thus, a number of companies decided to re-invest some of their profits for finance, rehabilitation and expansion programs, and enhance their operating capital, this is in addition to their capital gains from the increased market value of the companies' assets.

	(Profits (USD	
	2017	2018
Faiyum Sugar Works Company	2,338,293	2,356,508
Emirates Rawabi Company	1,315,821	805,872
Arab Iraqi Dairy Production Company	798,940	648,286
Kenana Sugar Company	0	324,731
Al Ahlia Vegetable Oil Company	266,254	253,953
Arab Trade Financing Program	43,483	70,445
Arab Sudanese Vegetable Oil Company	0	37,108
Arab Poultry Production and Processing Company	111,105	20,847
Arab Sudanese Seeds Company	36,958	13,749
Elmuzdana Zero Tillage Agricultural Company	0	7,026
Al Marga for Cattle and Agricultural Development Company	94,038	0
Total	5,004,892	4,538,525

AAAID participation in Increasing Affiliate Companies' Capital

AAAID supports its companies by contributing in increasing their capital, in order to implement rehabilitation programs, expand and diversify activities, and provide operating capital to benefit from the full productive capacities available in these companies. In 2018, the Board of Directors of AAAID has agreed to contribute to increasing the capital of the following companies

The Arab Company for Drugs Ltd-Sudan

The capital of the Arab Company for Drugs was increased by USD4 million and AAAID subscribed to the shares of the increase in capital by about USD 1.7 million so its share reached 29.92% instead of 28.73% so the company could complete the project and start its commercial production.

White Nile Sugar Company – The Republic of Sudan

The White Nile Sugar Company had its capital increased by USD136 million to meet the requirements of the company's agreed plan by the company's board of directors. AAAID subscribed to its current share of 14.38% by USD19.56million.

Arab Company for Agriculture Services-Mauritania

The capital of the Arab Company for Agriculture Services was increased by 144 million Mauritanian Ouguiya, which equals USD4 million to fund part of the needed costs to complete the first stage of the agricultural project in Dar Al Baraka.

Increasing the capital of Elmuzdana Zero Tillage Agricultural Company-Sudan

AAAID agreed to increase the capital of Elmuzdana Zero Tillage Company with an in-kind contribution

Contribution in new projects

In the framework of applying the investment operations program for the year 2018 and with the aim of contributing to the resolving of food gap in commodities, AAAID's Board of Directors agreed to contribute in some new projects as the following:

Poultry Production Project - Bahrain

- The project aims to produce poultry to cover part of the gap of chicken needed in Bahrain with a production capacity of 6.4 thousand tons of chicken every year.
- The investment cost of the project is about BHD 3.5 million (USD9.3 million).
- AAAID contributes in the project with BHD 693.3 million (USD1.84 million), which represents 30% of the project's capital.

Project of producing and processing vegetables (Hydroponic System) – Saudi Arabia

- The project aims at annually producing 2.5 thousand tons of vegetables in an area of 10 hectares as first stage, with increasing this to 200 hectares in the second stage to help cover the vegetable gap in Saudi Arabia.
- The investment cost of the project is about SAR 79.31 million (USD21.15 million).
- AAAID contributes in the project with SAR 20.36 million (USD5.43 million), which represents 45% of the project's capital.

Globe Agriculture Development Fund – Sudan

- The fund aims to establish an investment portfolio to produce cereals and legumes in an area of 100,000 feddan in the Arab Sudanese Blue Nile Agriculture Company (Agadi) and export its products mainly to achieve expected profits.
- The capital of the fund is USD40 million, in which AAAID contributes USD8 million that represents 20% of the capital.

Export Growth Fund (MENA)

- The fund aims to invest in existing companies and new projects in order to export agricultural products like olive oil, dates, almond and Tuna fish. It is also targeted towards countries of the Middle East and North Africa (MENA) that have competitive advantages that are expected to contribute their exports to enhance the Arab food security.
- The capital of the fund is USD 300 million, in which AAAID contributes USD40 million that represents 13.33% of the capital.

The project of Expanding the Middle-East for Vaccines Company (ME VAC) – Egypt

- The company produces serums and vaccines with a production capacity of 53.6 million vaccines annually.
- AAAID contributes 10.25% of the capital of the company to expand it.

SANABIL Project – Algeria

- The project aims to produce cereals and fodder in an area of 7,000 hectare in Tiaret Province in Algeria.
- AAAID contributes with DZD 20 million (USD168,000) that represents 40% of the initial capital of the project in addition to specifying an amount of money to a Feasibility Study for the company and to determine the final capital needed after this study.

Starch and Glucose Factory - Sudan

- AAAID agreed to isolate Starch and Glucose factory from the Arab Company for Agricultural Production and Processing and consider it as a project owned completely by AAAID with reducing the Arab Authority's loan value in the company by USD12.7million.
- The factory aims to produce starch and glucose as main products with a capacity of milling 150 tons per day in addition to producing fodder as a secondary product and building farms for cereal and fodder to cover the local market's needs and exporting the surplus.

Processing the remaining of AAAID's loans in some companies

In order to manage the conditions of the companies in which AAAID contributes, the Board of Directors of the Arab Authority approved the transfer of AAAID's remaining loans and the profits due of the following companies in exchange for the issuance of these companies to shares participating in the profits and convertible into ordinary shares. The companies are;

- The Arab Sudanese Company for Vegetable Oils
- Arab Sudanese Blue Nile Agriculture Company
- Arab Poultry Production and Processing Company.

Follow-up on the performance of the companies

AAAID works to continually monitor and assess the performance of companies it contributes in to make sure they achieve the assigned goals and take the necessary steps to reform and develop their situation, by providing their representatives in the boards of companies and their general assemblies with detailed reports covering data, analysis and suggestions. This is besides giving remarks and solutions about the discussed topics, to help them choose the right decisions and to create permanent communication channels that companies could exchange ideas and thoughts through.

Meeting with stakeholders to deal with the obstacles that companies face:

- Within the framework of the continued efforts to improve and enhance the performance of the agricultural investment of AAAID in the member countries, the Arab Authority has worked hard to resolve difficulties and challenges that face the agricultural investment in the Arab world. This is through coordinating with the governments of Arab countries for developing the legislations, laws and policies, which help in preparing their agricultural investment environment.
- The management of AAAID made some field visits to some member states that included meeting ministers, senior officials and specialists in ministries and stakeholders, to review the problems and obstacles that face the Arab Authority's affiliate companies and work in overcoming them, which helps to support these companies and improve their performance to achieve the desired goals. These visits have helped in resolving most of the challenges that used to face the Arab Authority's investments and the efforts are still in progress with the remaining challenges.

Field Visits to the companies

The management of the Arab Authority sent teams to field visits of the companies that it contributes in. These teams consist of in-house or external professionals who aim to assess the production, promotion and administration companies. In addition to consultation with the executive departments on the development of their performance and the solution of the problems and challenges they face. These teams presented their recommendations to the departments of the companies concerned and helped to develop their performance.

Economic impacts of AAAID's Affiliate Companies

- 1 - Contribution in providing basic food commodities
- 2 - Engagement in Contract Farming with producers
- 3 - Development of Intra-Arab Trade
- 4 - Social Responsibility of the Companies of AAAID
- 5 - Provide Employment Opportunities

Economic Impact of AAAID's Affiliate Companies

Contribution in providing basic food commodities:

AAAID's affiliate companies contribute in providing basic food commodities: (cereals, sugar, dairy products, meat and oils). For example, the Arab Sudanese Company for Seeds produces 60% of improved seeds in Sudan and the sugar companies in which AAAID is a shareholder, produce about 50% of the total sugar in Sudan, and about 8% in Egypt. AAAID companies in the UAE produce more than 33% of dairy products and juices, more than 28% in poultry products in Oman, more than 33% of fresh poultry in the UAE, more than 9% of poultry in Saudi Arabia, 5% of poultry and 13% of oils in Sudan.

Engagement in Contract Farming with producers

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

- 01 Faiyum Sugar Works Company in Egypt has contracts with about 72 thousand farmers to produce 1.3 million tons of sugar beet annually.
- 02 The Arabian Cooperative Company in KSA has contracts with about 36 poultry breeders to provide the company with about 30 million bird in 2018. In this regard, AAAID signed a MOU to apply The Arabian Cooperative Company model by other poultry associations in KSA.
- 03 The Arab Sudanese Seeds Company in Sudan: is engaged in contract with about 92 farmers and 5 private companies that works in seeds production field to provide the company with 6.6 thousand tons of assorted seeds.
- 04 The Arab Iraqi Dairy Production Company in Iraq: has contracts with 40 farmers to utilize its agricultural project in an area of about 4.4 thousand feddan for growing wheat.
- 05 The Arab Sudanese Blue Nile for Agriculture Company in Sudan: has partnerships contracts with a number of companies to increase and diversify its production.
- 06 Elmuzdana Zero Tillage Agricultural Company in Sudan: provides land preparation, planting, fertilizers, and pesticides application and harvesting services to about more than 81 thousand feddan in the irrigated and rain-fed sector. The number of farmers who benefitted from the companies' services reached to 150 farmers.
- 07 Manafid Al Houboub Company in Morocco: deals with 100 farmers to supply the company with local wheat grains.
- 08 The Arab Company for Agricultural Services in the Islamic Republic of Mauritania: provides agricultural services to about 212 farmers with about 17.9 thousand feddan.
- 09 Domaine Youssef Company in the Kingdom of Morocco: has contracts with about 45 fruit producers and the number is planned to reach 1,200 farmers.

Development of Intra-Arab Trade

1. AAAID has contributed in Domaine Youssef Company in the Kingdom of Morocco to work in producing, storing, packaging, processing and exporting of fruits and vegetables to Arab countries. This is to benefit from the surplus of fruits and vegetables available in Morocco thus enhancing intra-Arab trade in agricultural products. AAAID has also approved contribution in a similar project in Tunisia.
2. AAAID has established a project for the fishing, storing, processing and exporting of fish in the Islamic Republic of Mauritania with a capacity of 65 thousand tons annually, for the purpose of exporting to Arab countries.
3. AAAID established numerous projects that aim to contribute in reducing the food gap in red meat in some Arab countries such as: El Bagair Red Meat Project in the Republic of Sudan, Al Bashair Meat Company in Oman, the project of red meat in the Islamic Republic of Mauritania through establishing integrated projects to producing, processing, and marketing of red meat with a total capacity of 67.7 thousand tons annually.
4. AAAID has decided to contribute in the Globe Agriculture Development Fund in Sudan, which aims to establish an investment portfolio to produce cereal, legumes and oilseeds, and export its products outside Sudan as a main goal.
5. AAAID has decided to contribute in the Export Growth Fund that aims to contribute to existing companies and new projects in order to export agricultural products such as olive oil, dates, almond and Tuna fish. The fund is aimed at the Middle East and North Africa (MENA) and some other African countries that have competitive features to reinforce Arab food security.
6. AAAID has contributed in the Trade funding program that aims to develop the intra-Arab trade through providing the needed funds to Arab trade activities. The program ensures the cooperation and arrangement of funding institutions, local and regional guarantees to provide the needed insurance cover to the trade exchange between Arab countries.
7. AAAID contributed in the Arab Investment and Export Credit Guarantee "DHAMAN" which aims to encourage transfer Arab and foreign money to inside the Arab countries. The institute works to enhance the Arab exports, support and encourage to make the flow of investments to enter the Arab countries.

Social Responsibility of the Companies of AAAID

AAAID's affiliate companies play an important role when it comes to social responsibility in the areas where they operate and the surrounding areas providing services as the following:

1. Provide support for basic services like roads and electricity in the project areas: Osool Poultry Company and Al Bashair Meat Company in Oman.
2. Support health and education, as well as providing support in places of worship, schools and health facilities in villages like Kenana Sugar Company in Sudan, which was awarded the National Social Responsibility Award. The Faiyum sugar work Company in Egypt donated an area of half fed-dan to build a school serving the children of the employees of the company and the surrounding area.
3. Some companies allocate part of their net profits achieved for charitable work in the areas in which they operate: Faiyum Sugar Works Company in Egypt, Al Ahlia Vegetable Oil Company in Syria and Omani Euro Food Industries Company in Oman.
4. Organization of activities and entertainment programs for children and their families, and provide support for people with special needs: Emirates Rawabi Company, which become a partner with the Emirates Food Bank. It also coordinated an Umrah trip for about 21 workers with Dar Alber Society.

Provide Employment Opportunities

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



The image features two small green plants with three leaves each, growing out of stacks of gold coins. The stacks are placed on a bed of dark brown soil. The background is a soft, out-of-focus green. The text 'Second: Development, applied research and studies activities' is centered in white. A small green square with the number '42' is located at the bottom center.

**Second: Development, applied research
and studies activities**

As part of its strategy to integrate development and investment activities in the area of food security, as well as to support its focus on the social responsibility component of its investment projects, AAAID implemented a number of development activities and programs in member countries. This is with emphasis on the poor strata in order to develop their productive capacities and support them with means of production, helping them to meet their basic development needs, reducing poverty and improving their standard of living.

AAAID continued its efforts in 2018 to meet the requirements of sustainable agricultural development through the implementation of applied research programs and the transfer of modern agricultural technologies to farmers, aiming at improving productivity in terms of enhancing Arab food security on a sound scientific basis.

Development Programmes

- The number of developmental programs implemented in Arab countries reached 14 programs.
- The number of beneficiaries of these programs for the year 2018 reached to (7,243) families, representing (35,885) individuals.
- The total cultivated area in the development programs of for the year 2018 were more than 16,000 feddan.

Republic of Sudan

- In 2018, AAAID implemented 10 development programs aimed at supporting small farmers, producers, rural women and water supply provision activities.
- The number of beneficiaries of these programs reached up to 5,082 families (about 25,410 individuals). A total of 1,804 families (about 9,020 individuals) benefited from the plant activity, while, 78 families (about 390 individuals) benefited from the in the animal production activity (about 390 individuals) and 3,200 families (about 16,000 individuals) benefited from the social activity.
- The idea of these programs is developing the agricultural sector (animal and plant), and to make the most of the natural resources available in promising areas through directing specialized and accessible lines of credit to serve this sector. The positive results achieved from the program were able to attract a number of commercial banks to enter with in partnerships to finance small farmers; to achieve the following objectives:

- 1- Contributing to the enhancement of Arab food security.
- 2- Enhancing the ability of small farmers and producers to improve their standard of living.
- 3- Achieving good profit margins for small producers.
- 4- Contributing to increasing and revitalization of the work of community institutions (associations, associations and federations).

The development programs implemented in Sudan included the following activities:

Agricultural Activity

The activity in Sudan included the cultivation of maize crops, peanut, wheat, millet and sesame.

Region	Area	Season	Harvest type	Area (Feddan)	Beneficiaries (Family)	Beneficiaries (Individuals)
Al Jazeera	Gabojja	Summer	Peanut	2900	322	1610
	Gabojja	Winter	Wheat	2650	294	1470
	Matouri	Summer	Peanut	1450	161	805
	Matouri	Winter	Wheat	1400	155	775
	Al-Shawal	Summer	Peanut	605	87	435
	Al-Shawal	Winter	Wheat	770	85	425
	Sarhan	Winter	Wheat	1000	250	1250
South and North Kordofan	Shiekan Al-Gozz	Summer	Sorghum,Sesame, Millet, Peanut	4500	450	2250
Total				15,275	1,804	9,020



Process of application of the pesticide on the wheat crop in Sarhan area/ Al Gezira/Sudan



Peanuts Production Project- Al Matouri Region Al Gezira/Sudan



Sorghum Production –South Kordofan/Sudan



The process of preparing the ground for the cultivation of wheat in Sarhan area/ Al Gezira/Sudan

Animal Production Activity

- The program targeted (78) families, about (390) individuals who are pastoralists in Gabojja region to support the animal production sector and improve it through the best use of available natural resources, where a pilot program was designed aimed at the ownership of herds of sheep by pastoralists.
- The herd began with (650) heads of sheep starting from June 2018. The herd size increased by 51% (about 337 heads) by the end of November 2018.



Social Activity

- Within the framework of the AAAID's efforts to create effective partnerships with organizations working in the field of rural community development, AAAID signed a framework agreement with Al-Suqya Charitable Organization. In the agreement, Al-Suqya manages the drilling unit of AAAID for the drilling of wells in rural areas at reasonable prices to provide service to these areas, in addition to mobilizing resources to finance this activity.
- In 2018, six wells were drilled in the Sudan states that suffer from a shortage of drinking water, including (5) wells in the state of North Kordofan, and one well in the state of White Nile, which has had an effective effect in stabilizing farmers' communities in these areas. It is estimated that (3,200) families benefited from this program, representing about (16,000) individuals, in addition to providing drinking water to the animals.



Federal Republic of Comoros

- The fishing boat project funded by AAAID was completed to support small fishermen in the republic of the Comoros in November 2018.
- There was about (10) beneficiaries of small fishermen representing 50 individuals from the program. The project achieved its goals in raising the standard of living for small fishermen and contributed towards the overall goal of achieving food security.



Islamic Republic of Mauritania:

- AAAID granted a loan of USD 2 million (revolving) to the Public Funds Network in Mauritania to implement development programs for small farmers.
- The activities carried out are continuous. The project extends for a period of 4 years 2017-2020, including a grace period of one year.
- (1,571) families, representing (5,314) individuals benefited from the grant.
- In addition, AAAID provided funding for the cultivation of horticultural crops (vegetables and fruits), animal husbandry projects, the irrigated plantation project in an area of 15 hectares and the 10 hectare green vegetables project benefiting 250 families representing 750 individuals.

Hashemite Kingdom of Jordan

- A credit line of USD 2 million was granted to the Agricultural Credit Corporation. The duration of the project is 6 years, including a grace period of one year.
- The project is considered to be a continuous activity for the period 2016-2021.
- The project targeted 330 families representing 1650 individuals distributed in 12 locations in the Hashemite Kingdom of Jordan.
- The percentage of repayment on the amounts due until December 2018 was 100%.



Projects supporting the Palestinian people

1. Projects supporting the Palestinian people are divided into two parts:
A Continuous projects 2016-2018 at a cost of USD 8.1 million. The project was funded by 51% and includes integrated development projects for the Marj Sanor area and the water harvesting project in the Hebron-Jenin and Jericho area and the West Bank aquaculture project.
2. Projects submitted during 2018 at a cost of USD 3 million and disbursed by 30%. These include the Economic Empowerment Project for Agricultural Engineers and the Land Development Project (C) in the State of Palestine.

In October 2018, AAAID approved the financing of the Aslan Basin Water Collection Project and the USD 2 million drilling of drinking water wells in Jabaliya

Agricultural Applied Research

The Republic of Sudan:

AAAID carried out (19) applied research experiments during 2018 to test varieties of field crops in addition to the activity of training agricultural staff as follows:

Sudan

AAAID carried out (7) applied research experiments during the year 2018 to test varieties of field crops as follows:

The trial of cultivation of maize in high salinity lands-Sudan

- In continuation of the three years of continuous efforts, AAAID embarked on implementing an applied research experiment to test varieties of maize crop in the Arab Company for Agricultural Production and Processing-Dairy Unit in El-Bagair,
- The experiment targeted the cultivation of maize crop in saline lands in the winter season of 2017-2018, in an area of 200 feddans.
- The soil was treated with the addition of some additives such as gypsum, dap fertilizer and poultry residues, which has been positively reflected on plant growth and productivity
- Results showed superiority in vegetative growth and productivity, whereby 1.5 ton/feddan was achieved which indicates the possibility of growing maize in the high salinity lands after proper soil treatment.



The positive effect of restoration of high salinity soil on vegetative growth on maize crop

Trials on cultivating varieties of fodder crops

In continuation of its efforts in the localization of fodder crops in the Republic of Sudan, AAAID carried out (3) field experiments in the winter season 2017-2018 on an area of 3 feddan at the site of the Arab Company for Agricultural Production and Processing (ACAPP), in which number of new types of fodder/feed were tested such as: Laredo, bunkum and Alfa Alfa in high salinity lands.

- The trials targeted the assessment of crops performance in the high salinity soils after reclamation.

The results

results showed the following:

- High productivity of Alfa Alfa (Gold type) with a productivity of about 2.5 tons/fed, with an increase of about twice the productivity of other local varieties.
- The preliminary indications of the Laredo have shown promising results, indicating that the Laredo feed is tolerant to the conditions of agriculture in the saline lands of Sudan.
- Bunkum feed did not achieve the expected results, which requires re-experimenting again in the winter loop to confirm the conditions under which the crop was grown, as well as the experience of growing in the summer hook for comparison.

Results:

Results show the possibility of cultivating Alfalfa-gold and Laredo in high salinity areas in winter under the conditions of Sudan.



Trials of cultivating varieties of leguminous crops

AAAID implemented (3) applied research trials in the winter season of 2017-2018 on an area of 24 feddan on the land of the Arab Company for Agricultural Production and Processing (ACAPP)–El-Bagair- in which varieties of Mung beans, improved lentil and Brazilian beans were cultivated.

Goal

localization of cultivars of some leguminous crops in high salinity areas in Sudan through the cultivation of different varieties of leguminous crops and their performance and productivity under highly saline soils.

Results:

The possibility of growing lentils and Brazilian beans in high salinity areas under climatic conditions in Sudan.



Brazilian beans



Mung Bean



Training Program for Agricultural Graduates For the Production and manufacture of maize silage

- In continuation of AAAID's approach in qualifying and increasing the capacity of Arab agricultural cadres through the Agricultural Graduates Training Program, a specialized training program was carried out in the field of corn silage cultivation and processing.
- The program targeted a number of graduates of agricultural colleges and institutes in Sudan in a number of agricultural specialties in the area of field crops, agricultural engineering and soil. The training program included details of maize cultivation, silage production, and identification of the operation of the equipment and machines used and the method of calibrating and maintaining them.

Results:

Trainees gained skills of manufacturing silage fodder from corn.



Corn cutting machine



Corn packaging machine

Federal Republic of Comoros

In 2018 AAAID implemented (12) applied research trials to test farm crops, vegetables and tissue culture development, as well as programs to qualify agricultural staff as follows:

Research station Bandismillini

- A 25 hectare guidance and developmental research station established in 2006 and aims to:
 1. Develop the agricultural sector and enhance the abilities of farmers in Comoros.
 2. Implement applied research programs for growing field crops, vegetable crops and using experimental results to guide and train farmers.
 3. Implementation of programs to test modern irrigation systems on open fields, in preparation for transfer to farmers.
 4. Implementation of training programs to combat endemic diseases in Comoros and building national capacities for pest control.

Programs implemented

1. (10) trial researches were implemented during the summer and winter seasons in open fields. It covered different types of potato crops, sweet potatoes and carrot.
 2. Producing potatoes seeds (Desiree) inside the station after being imported to the Republic of Comoros.
 3. Cultivating half feddan of potatoes seeds in the summer season 2018 to increase the amount of potatoes seeds produced locally, then expanding the area of cultivating.
 4. Implementing training program for small farmers to cultivate in protected houses.
- Implementing training program for small farmers to cultivate in protected houses.

Results

- The potato cultivar (Desiree) continued its high productivity, with a productivity of around 6 tons / fedadan, which is considered to be good for this season's low rainfall.
- The station could produce seeds of this variety of potato locally with less cost than the imported type.

Future plan

Expanding the production of (Desiree) seeds locally through direct cultivation in the station or tissue culture development within the laboratory of the Arab Authority in the Federal Republic of Comoros thus increasing the revenues of the station and achieving the principle of self-financing of the station's activities.



Potatoes cultivation and production

Tissue Culture Laboratory

- AAAID has innovated a laboratory in 2007 to increase tissue cultivating and it is considered one of the important projects of the Arab Authority in the Federal Republic of Comoros. It aims to:
 - Contributes in achieving the food security in the Federal Republic of Comoros.
 - Increase the cultivation of plantain (the main crop in the Federal Republic of Comoros) in its first stages of development, with the aim of providing new crops such as: (potatoes, colocasia and aromatic plants) in the future.
 - Build abilities for the local cadres in tissue culture.

Programs implemented

The laboratory implemented two research programs for tissue cultivating in 2018 as follows:

- Experiment with breeding of high-yielding banana varieties with the aim of propagating them and producing them commercially for distribution to farmers at favourable prices.
- Breeding a number of local "banana" seedlings with good quality previously tested, as a basic step to rely on local varieties and not to focus on imported items in the future.

Results

Breeding and production of a number of banana seedlings.

Future plan

1. Introduce the potato crop within the crop system, which is culturally propagated by the laboratory.
2. Expanding the propagation of local banana seedlings to reduce imported varieties



Preparing saplings for tissue cultivating



Extracts of saplings in the nursery

Tissuing saplings inside tissuing bottles

Studies

The studies activity is considered as one of the main activities of AAAID that aims to support AAAID in decision making. This activity includes the identification of investment opportunities and preparation of feasibility studies and providing consultancy services and technical assistance for companies. AAAID prepared a number of preliminary and detailed feasibility studies of agricultural projects. AAAID also evaluated a number of feasibility studies submitted by promoters in addition to the valuation and due diligence studies of existing companies. Furthermore, AAAID provided consultancy services and technical assistance to the AAAID affiliated companies, as well as other companies.

The number of projects that were studied and evaluated during 2018 is (115) projects including consultancy services as follows:

- 1- Projects at the stage of investment opportunities identification, Term of References and proposal evaluation
- 2- Projects under feasibility studies preparation stage
- 3- Projects under feasibility studies evaluation stage
- 4- Consulting and technical support

Projects at the stage of investment opportunities identification, Term of References and proposal evaluation

Number	Sector	Sub-Sectors	Number of Projects
1	Agricultural processing	Dates, sugar, fertilizers, oils,	7
2	Plant Production	Fruits and Vegetables	7
		Fodder and cereals	13
3	Animal Production	Poultry	5
		Red meat	5
		Fish	3
		Dairy	5
4	Agriculture Services	Miscellaneous	5
Total		Total	50

In this stage, the project ideas are received from the investors and the opportunities are fine-tuned and elaborated. After the project's idea identification is completed, terms of references for the projects' feasibility are prepared and a request for proposals is launched for consultancy firms to get technical and financial offers or are prepared internally by AAAID's expert. The investment opportunities identified during 2018 reached (50)

Projects under feasibility studies preparation stage

AAAID prepares preliminary or detailed studies either via AAAID's experts or by assigning consultancy firms. The number of projects in this stage reached (10) projects

No	Project	Country	Project Objectives
1	Slaughterhouse, cattle market and fodder project in Makkah.	KSA	Establishment of a company for cattle housing, slaughtering and fodder market for the holy Makkah municipality.
2	Hydroponic project in Riyadh.	KSA	Production of 4,000 tons of vegetables on 10 Ha greenhouses using hydroponic system.
3	Powder milk Project.	KSA	The project aims at drying the extra milk in Saudi Arabia.
4	Poultry Production project	Kuwait	Production of broiler chicken (6.4 million birds per year) and producing poultry feed (10 tons per hour) in Al Shaqaya.
5	Veterinary quarantine project.	Sudan	Establishment of a veterinary quarantine with capacity of 1 million lambs and sheep and 56,000 cows for export.
6	Grain storage silos project.	Sudan	Establishment of silos in Sennar, Al Qadarif and the White Nile in order to raise the storing capacity of crops to 400,000 tons.
7	Contract farming for field crops production project	Sudan	Development of the micro-finance activity through contracting small farmers to produce field crops needed by AAAID affiliated companies.
8	Broiler production project.	Bahrain	Establishment of broiler chicken farms with 5.4 million bird / year capacity to complete the circle of production of an existing company specialized in poultry production.
9	Veterinary Vaccines and Serums Project.	Oman	Production of viral and bacterial vaccines for common veterinary diseases in the region, to reduce reliance on imported vaccines.
10	Horticulture products marketing company project	Jordan	The project aims at marketing of horticultural products in Jordan.

Projects under feasibility studies evaluation stage

In order to decide its contribution to the projects, AAAID evaluates the feasibility studies of the greenfield projects submitted by promoters or by existing companies. In 2018, AAAID evaluated (45) projects

No	Project	Country	Project Objectives
1	Shrimps farming project in Gizan	KSA	Production of shrimps with capacity of 3200 tons annually. (Existing project on an area of 800 hectares)
2	Hydroponic project in Al Birah	KSA	Production of vegetables on an area of 20 hectares in greenhouses using hydroponic system in Al Barah in Huraymila state.
3	Dates manufacturing in Makkah	KSA	Manufacturing dates using modern technologies (packaged dates, molasses and dates' products)
4	Broiler breeders project in Al Flaj	KSA	Production of broiler chicks with capacity of 23 million per year and hatching in Al Flaj state.
5	Dates manufacturing project in Riyadh	KSA	Manufacturing dates in Riyadh with capacity of 20,000 tons per year.
6	Broiler chicken Project in Al Bahah	KSA	Building poultry farm with capacity of 3 million bird per year and an auto slaughterhouse with capacity of 1000 bird per hour.
7	Fish farming Project	KSA	Aquaculture of Hamour, Sibaiti and seabasss in the Arabian Shrimp Company land.
8	Integrated project of poultry production in Najad	KSA	Establishment of poultry farm with capacity of 20 million bird per year in an area of 2000 hectares and fodder factory with capacity of 20 tons/hour and a slaughterhouse with capacity of 1000 bird per hour.
9	Agricultural products Export Fund project	UAE	Establishment of an investment fund to develop exports by entering existing companies and new projects in order to export agricultural products such as: olive oil, dates, almond and Tuna fish
10	Dates manufacturing project in Ash-Shinafiyah	Iraq	Production of molasses and dates products with capacity of 64,000 tons.
11	Date palms farm project in Ash-Shinafiyah	Iraq	Planting 50,000 date palms on 1250 dunums Ash-Shinafiyah side in Al-Qadisiyyah.
12	Milk production and dairy products manufacturing project in Erbil	Iraq	Production of 36,000 tons of milk and manufacturing juices in Erbil.
13	Project of producing table eggs in Al Anbar	Iraq	Production of table eggs in Al Anbar, with a capacity of about 100,000 bird.
14	Al Suki sugar production project in Sennar state	Sudan	Planting of sugar cane in an area of 42 thousand feddan, and setup a sugar plant for processing 1.2 million tons of cane to raw sugar.
15	Bananas production and export project	Sudan	The project aims to produce 312,000 tons of bananas per year for the local and exported markets.
16	Peanuts from the field to the consumer project	Sudan	Establishment of 4 warehouses in different states for collecting and exporting peanuts.
17	Soybean oil and meal production project	Sudan	Production of 10,800 tons per year of soybean oil and 61,500 tons of soybean meal per year.
18	Wheat production Project in Dabba - Al Shimaliya State	Sudan	Production of wheat in an area of 50 thousand feddan, in Al Dabba in the Northern State.
19	Sugar cane production project in Wadi Kaya – South Darfur	Sudan	Establishing two factories to produce 15,000 tons of sugar per year via the farmers in the area of 3000 feddan.
20	Rice project and mixed agricultural production in River Nile state	Sudan	Production of rice, oily cereal, vegetables and poultry.

No	Project	Country	Project Objectives
21	Globe Fund project	Sudan	Investments in rain-fed agriculture sector in Sudan.
22	Livestock and agriculture production project in Wadi Soba Sharq	Sudan	Production of clover in an area of 2880 feddans in Wadi Soba Sharq.
23	Production of millet and prebiotics	Sudan	Production of Arabic Gum depending on zero manufacturing through establishment of grinding mills with capacity of 15,000 tons per year.
24	Veterinary vaccines and serums company expansion project	Egypt	Increasing the production capacity of the company in producing Veterinary vaccines and serums.
25	Dairy production Project in Borg El Arab	Egypt	Re-operation of the dairy factory in Borg El Arab with a capacity of 21,000 liters per hour.
26	Hatchery project in Al Qutta	Egypt	Establishment of a hatchery in Al Qutta with a capacity of 107 million eggs per year.
27	Fertilizers and chemicals production Project	Egypt	Production of 1.28 million tons of chemical fertilizers per year.
28	Production and processing of dairy project in Ash Sharqia	Egypt	Expansion of production capacity of a leading company in dairy processing in Egypt.
29	Agricultural project in El Menia	Algeria	Production of grain and livestock, and milk processing in an area of 5 thousand hectares.
30	Cereals and fodders production project in Timimoun state	Algeria	Production of cereals (wheat and corn) and fodders in an area of 7096 hectares.
31	Olives production and processing in Errachidia	Morocco	Cultivating 1000 hectares of olive trees and establishment of a factory for olive oil production and packaging.
32	Moroccan agricultural investment fund	Morocco	Investment in agricultural production and processing projects for export purposes.
33	Olive oil production and marketing project	Morocco	The project aims at producing olive oil and marketing it in 2,000 hectares in Jerada.
34	Berries and fruits project	Morocco	Producing berries, avocado and citrus on 905 hectares.
35	Citrus packaging unit project	Morocco	Establishing of a unit for citrus packaging with capacity of 100 tons per day.
36	Olive oil production project	Morocco	Cultivating olives in an area of 314 hectares and building a unit to produce and package virgin olive oil.
37	Date palms project	Morocco	Cultivating date palms on 665 hectares for producing and processing Medjoul and Bofox dates.
38	Fish canning project in Oman	Oman	Processing and canning tuna and sardines at a capacity of 51,000 tons per year.
39	Red meat production in Mahdia	Tunisia	Production and processing of red meat with a capacity of 5.8 thousand tons in Ouled Chamekh in Mahdia.
40	Olive and milk production project in Bir-Mashargqah	Tunisia	Building a farm for producing olives, stonefruits, and milk and meat production in Bir Mashariqah
41	Powder milk project	Tunisia	Building a unit for milk production aiming at the provision of 30% raw material for the existing processed powder milk.
42	Sheep farm project in Madaba	Jordan	Production of sheep milk to provide cheese factories in Madaba state.
43	Fish Farming project in Jordan Valley	Jordan	Production of tilapia at a capacity of 30,000 tons per year.
44	Dates canning and packaging in Jordan Valley	Jordan	Gathering, storing and marketing dates with capacity of 3,000 tons per year.
45	Expanding fish farming company project	Bahrain	Expanding the fish farming company for Seabass, Seabream and Baramundi production with a capacity of 200 tons a year.

Consulting and technical support

AAAID provides consultancy and technical assistance to its established companies, as well as for external parties. These consultancy services consist of follow up on projects implementation, preparation and evaluation of studies in addition to companies' valuation. (10) Consultancy and technical assistance services were provided to AAAID affiliate companies and other companies in 2018

No	Consultation	Country	Beneficiary	Objective
1	Supervision of Rehabilitation	Sudan	Arab Company for Agricultural Production and Processing	Evaluation of technical and financial offers to rehabilitate and operate the Starch and Glucose plant in order to choose the best partner for the rehabilitation.
2	Supervision of Rehabilitation	Sudan	Arab Company for Agricultural Production and Processing	Preparation of study to rehabilitate and re-operate the dairy unit.
3	Implementation supervision	Sudan	Arab Factory for Drugs Ltd	Follow up of the project implementation. The project was inaugurated on 08/11/2018.
4	Exit strategy	Sudan	Arab Authority for Agricultural Investment and Development	Preparing an exit and reinvestment strategy.
5	Study evaluation	KSA	Arabian Cooperative Company	Evaluation of feasibility study in order to assist the Arabian Cooperative Company (Aseer Poultry) to make the appropriate investment decision.
6	Share valuation study	Morocco	Arab Authority for Agricultural Investment and Development	Evaluation of the valuation study of Manafid Al Huboob company in order to decide about the value of AAAID share.
7	Feasibility study evaluation	Tunisia	Arabiska Fruits Company	Evaluation of feasibility study received from Arabiska in order to help the company to make the appropriate investment decision
8	Supervision of the preparation of an expansion study	Mauritania	Arab Company for Agricultural Services	Supervising the company's expansion feasibility study preparation in an area of 3200 Ha to produce vegetables, fruits and cereals.
9	Feasibility study evaluation	Tunisia	Tunisia Aquaculture Fund	Feasibility study evaluation of sea bass and sea bream fish farming in order to make the appropriate investment decision of the fund's contribution.
10	Shares valuation	Egypt	Arab Authority for Agricultural Investment and Development	Preparation of a valuation study of Faiyoum Sugar Company in order to buy a shares in the company

The background features a complex network of interconnected nodes and lines in shades of blue and orange. Overlaid on this are various data visualization elements, including a bar chart on the left, a circular gauge, and a grid with numerical values like '150039'.

Third: Strategic Planning and Development Activity

Fourth: Corporate Communication and Media Activity

Third: Strategic Planning and Development Activity

The strategic planning and development activity summary during the year 2018 is as follow:

First:

Evaluating the performance of the departments of the Arab Authority as per the set performance indicators in accordance with the strategic and operative plan via the following:

1. Developing the definitions of planning and evaluating performance to measure the results and AAAID's goals.
2. Continuation of activating the Project Management Methodology to effectively managing projects (cost, time, quality and outputs).
3. Continuation of evaluating work performance in an institutional way through application of an integrated information system "Enjaz system" to measure specific performance of each management.
4. Evaluating performance according to the Balance scorecard with emphasis on the financial core especially returns on investment.

Second:

The 2019-2023 strategic plan for AAAID was prepared according to three cores:

1. Applying the best global practices by making standard comparisons with financial and agricultural institutions working in the same field as AAAID.
2. Raise the cap of current performance by setting ambitious financial performance and institutional indicators.
3. Dependence on information technology, as it is the cornerstone of development and the main engine of business solutions. Followed by achieving the vision and decision-making support from the senior management of the Arab Authority.

The strategic goals were set as follow:

1. The contribution in Arab food security.
2. Maximizing returns on agricultural investment.
3. The professional management of companies with focus on the principles of strategic management and application of governance standards.
4. Best use of AAAID's available resources to diversify and increase productivity.
5. Provide the best management and technical support services in AAAID and its affiliate companies with efficiency and effectiveness.

Fourth: Corporate Communication and Media Activity:

Through the Corporate Communication and Media Department, AAAID implemented a series of programs and activities which aim to strengthen its relations with government agencies, Arab and international organizations, investors, businesspersons and those concerned with work and investment in the agricultural sector. This comes as a result of the increasing number of activities of AAAID and the expansion of its network of Arab, regional and international organizations and establishments. As well as a significant presence in various international exhibitions, conferences and forums dealing with food security in order to enhance the reputation of AAAID on the Arab, regional and international levels. AAAID also adopted the use of the best means of information technology and modern media, represented by the official website of the Arab Authority, social media and networking platforms, and electronic promotional messages.

AAAID organized a number of activities in 2018 as follows:

Effective partnership of AAAID in a number of activities to promote and identify its work, and to establish strategic collaborations with proficient establishments in the field of investment and agricultural innovation. AAAID joined in the following events during the year 2018:

1- Agra Middle East Exhibition 2018 in Dubai, UAE, which was held in 6-8 March 2018. During the event, AAAID participated as a main strategic partner and organized the Affiliate Companies' Meeting. The meetings included presenting companies' projects and exchange of information and experiences in addition to several direct meetings.

2- The National Agriculture Week in Khartoum, Sudan, was held on 23-29 March 2018 by the Ministry of Agriculture and Forestry under the patronage of the President of Sudan Field Marshal Omar Hassan Ahmed Al-Bashir under the slogan "Agriculture is the engine of economic development and poverty elimination". AAAID was chosen to be part of the high committee during the event for its experience in organizing events in which all economic, agricultural, Arab and international organizations related to the agricultural sector participate. The Minister of Agriculture and Forestry honored AAAID for its leading role in the agricultural investment and development of Sudan and Arab Region.

3- The 37th International Agriculture, Water and Agro-Industry Show in Riyadh, KSA which was held on 7-10 October 2018 under the support of the Ministry of Environment, Water and Agriculture in Saudi Arabia. AAAID participated with a number of its affiliate companies.

4- SIAL Middle East 2018 was held on 10-12 December 2018 in Abu Dhabi, UAE. AAAID joined as an Exclusive Agricultural Investment Partner and organized, during the exhibition, an agricultural investment meeting, which included a big number of VIPs, investors, and specialists in Agricultural sector from Arab countries.

5- AAAID organized the 3rd Annual Career Excellence Award Ceremony in which it honored distinctive members in the Arab Authority on 27th September 2018 in Khartoum, Sudan.

6- AAAID organized the 2nd Strategic Partners Award Ceremony on 25 September 2018 in Khartoum, Sudan. It honored a number of ministers, ambassadors, heads of organizations and managers of companies and banks.

7- Promoting the projects of AAAID and its activities through preparation of the Annual Report and distribution of publications of the investment opportunities, news and introduction brochures, both in English and Arabic.

8- Develop the official website of the Arab Authority, to become more interactive and provide easy access to information. The website includes all information about AAAID's investments and activities. The number of visitors of the website for 2018 reached 421,000 visitors.

9- AAAID recycles paper every year to help preserve the environment, whereby, in 2018, AAAID recycled about 1.73 tons of paper waste.

Fifth: Administrative Activity

Fifth: Administrative Activity

Meetings Board of Shareholders



The 42nd meeting of the Board of Shareholders of AAAID took place in Jordan, on the 10th and 11th of April 2018. The most prominent resolution made during the meeting was the adoption of the Investment Operations Program of AAAID for the year 2018 with an amount of KWD 9.1million, to be disbursed according to the guidelines of the strategy of the AAAID.

Board of Directors

The Board of Directors of the Arab Authority for Agricultural Investment and Development held five meetings, from March to December 2018, in which they discussed a number of important topics related to investments, agricultural projects and administrative aspects. About 77 resolutions were issued, including resolutions to approve the contribution of AAAID in a number of significant projects, including the slaughterhouse and cattle market, production of vegetables packaging and marketing project in Saudi Arabia, in which hydroponics system is used, the project of poultry production in Bahrain, and the contribution in the capital of SANABIL Company in Algeria. AAAID also decided to subscribe in the capital of the Agricultural Investment Fund in Sudan and Export Growth Fund. This is in addition to the resolution to increase the capital of the following companies; Arab Company for Drugs Ltd - Sudan, Arab Company for Agricultural Services in Mauritania, El Muzdana Zero-Tillage Agricultural company in Sudan and the White Nile Sugar Company in Sudan and Middle East Company for Veterinary Vaccines (ME VAC) in Egypt. The board also took other resolutions related to the follow-up of the conditions of the affiliate companies in which AAAID contributes and a special resolution in developing and updating the Personnel Affairs Policy in the Arab Authority.

Committees emanating from the Board of Directors

The committees of Board of Directors which are; the executive committee, financial investment committee, and audit and risks committee, held number of meetings during the year 2018 in which they discussed several subjects and reported their recommendations to the Board to take the necessary decisions.

Updating the Personnel Affairs Policy of AAAID



AAAID revised the human resources system and developed it as per a number of suggestions and additions that were given to achieve the desired goals. On 13th September 2018, the Board of Directors approved the system to cope with the changes, new developments that has changed since the approval of this system in 2001. This is in addition to revising the legal context of the system to cope with the current developments in AAAID's work, and manage the relationship between the organization and its staff and all that should be done to improve the administrative performance of AAAID. As well as to ensure the correct implementation of the human resources system in a way that preserves the employees' rights in AAAID.

Information Systems



AAAID continues in adopting and utilizing the new technologies and information systems to add value by enhancing performance and increasing efficiency, during 2018 AAAID accomplished the following:

1. Update the IP telephony system (CISCO - Voice Over IP):

The system has been updated to improve the service provided to the employees, these updates included the operating system, end user's terminals, adding more features that help the employees to do their jobs in a better way, in addition to the ability of video calls and participating video conference using end user terminal.

2. Introducing the feasibility study system (COMFAR III Expert):

AAAID introduces using COMFARIII Expert to support project pre-investment studies. It facilitates data organization, computation and the production of pro-forma reports on financial and economic performance in short and long terms for all AAAID project studies (new and existing investments, rehabilitation of projects and plans of expansion or joint projects).

3. Developing the current documents system in the services Department:

A system was developed to manage the current documents in the General services Department , The objective of the system is to facilitate and ease the way of data acquiring, documents' categorizing and saving efforts and time. The system's main features are: ease of document and information searching, connecting to one centralize database for accessing and retrieving information, categorizing, sorting and saving document.

4. IT strategy 2018-2020

An IT strategy plan was set in order to align the IT department objectives with AAAID strategic objectives by maintaining technology environment that fulfill AAAID current and future business requirements, furthermore exploring the development and enhancement areas and opportunities.

Services activity



AAAID continued its efforts to increase the return of its real estate investments through the modernization and maintenance of existing assets and buildings and the improvement of the level of and the standard of services. Thus, the management decided to establish new buildings as follows:

1. The establishment of a building for the Regional Office in Dubai consisting of (4) floors with an area of 2200 square meters per floor.
2. Expansion of AAAID's headquarters building in Khartoum to accommodate the offices of the departments of the Arab Authority consisting of (6) floors with an area of 540 square meters per floor.
3. Upgrading of the central air conditioning system in the headquarters building of the Arab Authority. The project is expected to be completed in the first quarter of 2019.
4. AAAID continues to provide technical and engineering support to its affiliate companies. In addition, AAAID plans, creates, designs and monitors the implementation of many projects and provides services needed in technical maintenance on request of the affiliate companies such as:

1. El Bagair for Red Meat project.
2. Arab Company for Poultry Production and Processing.
3. Arab Company for Agricultural Production and Processing.
4. Arab Sudanese Vegetable Oil Company Ltd.

Visits, Meetings and Events

Visits

The Arab Authority for Agricultural Investment and Development (AAAID) has worked to strengthen cooperation with Member States, government institutions and similar international organizations through meetings, visits and participation in activities related to agriculture. In 2018, AAAID held a series of meetings with a number of officials in official institutions to coordinate with them to establish new investment projects, develop programs that serve agricultural development, and discuss ways to overcome the obstacles facing the companies and projects of AAAID, as well as many field visits to existing companies. This is in order to identify the development of its companies' productive, financial and marketing performance, to reflect on the methods of technical support necessary to improve their performance, and to participate in many activities, such as scientific forums, seminars and agricultural technical exhibitions as follows:



The visit of H.H Sheikh Khalid Al Kahlifa, Deputy Prime Minister in Bahrain on 10th October 2018, Al Manama/Bahrain.



The visit of H.E Dr. Saad Eddin El Othmani, the Prime Minister of Morocco during the period 24-29 April 2018, Rabat/Morocco.



The visit of H.E. Prof. Abdullah Sulaiman Abdullah, Minister of Agriculture and Forestry in Sudan on 18th July 2018 in Khartoum/Sudan.



The visit Dr. Mohammed Khair El Zubair, Governor of the Central Bank of Sudan, on 27th September 2018 in his office Khartoum/Sudan.



The visit of H.E. Dr. Ezzaldin Omar Abusteit, Minister of Agriculture and Land Reclamation of Egypt during the period 30th September -1st October 2018 Cairo/Egypt.



The visit of H.E. Dr. Mohamed Ahmed Salim, Minister of Justice on 13th December 2018 in his office Khartoum/Sudan.



The visit of H.E. Dr. Sidi Ould Attah General Director of Arab Bank for Economic Development in Africa on 3rd September 2018 in his office in the bank location in Khartoum/Sudan.



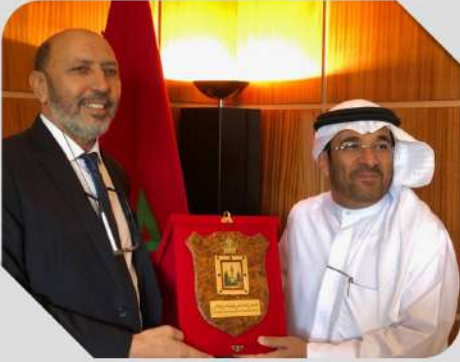
The visit of H.E. Eng. Falah Hassan Zaidan Al Lahibi, Minister of Agriculture of Iraq on 14th March 2018 Baghdad/Iraq.



The visit of H.E Mrs. Wedad Yaqoob Ibrahim Othman the Minister of Security and Social Development in Sudan on 13th December 2018 in her office in Khartoum/Sudan.



The visit of H.E Advisor Abdullah bin Aqil Al Ibrahim the assigned Deputy Governor of Dhofar on 12th September 2018 in Salalah/ Oman.



The visit of H.E Mohamed Larbi Belcaid, Mayor of Marrakesh on 16th October 2018 Marrakesh/Morocco.



The visit of H.E Hamed Mohammed Humaid Al Junaibi, Ambassador of UAE in Sudan on 19th July 2018Khartoum/Sudan.



The visit of H.E Ahmed Akhchichine, President of the Marrakech-Safi Region on 16th October 2018 Marrakesh/Morocco.



The visit of H.E Karim Kassi-Lahlou Governor of Marrakech on 16th October 2018 Marrakesh/Morocco.



The visit of Domaine Youssef in the period 24-28 April 2018 in Meknes/Morocco.



The visit of Al Bashair Project for meat on 12th September 2018 in Salalah/Oman.



Visiting Al-Gozz in South Kordofan state on 8th January 2018 to participate in the harvest festival celebration to support women farmers through the Fund for the Development of Rural Women in Sudan.



Visiting Al-Gozz in South Kordofan state on 8th January 2018 to put the cornerstone of transfer technology farm in Sudan.

Meetings

Meetings

Since its establishment in 1976, AAAID has endeavored to maintain cooperation with diplomatic, Arab and international research organizations and centers, in order to serve its investment and development goals and objectives in enhancing Arab food security through continuous communication and meetings. In 2018, the following meetings took place:



The meeting of H.E Blairo Maggi, the Minister of Agriculture, Livestock and Supply in Brazil with H.E the President of AAAID on 30th October 2018 in Abu Dhabi/UAE.



The meeting of H.E Ambassador Kamal Hassan Ali, the Assistant Secretary General of Economic Affairs of Arab League with H.E the President of AAAID on 30th September 2018 in Cairo/Egypt.



The meeting of H.E President of AAAID with H.E Mr. Jamal Saif Al Jarwan, Secretary General of the UAE International Investors Council on 26th December 2018 in the Regional Office of AAAID in Dubai/UAE.



The meeting of H.E Ali Bin Salim Al Kaabi, Ambassador of UAE in Morocco with the H.E President of AAAID on 18th October 2018 Rabat/Morocco.



The meeting of H.E President of AAAID with H.E. Dr. Adama Coulibaly, Resident Representative of the World Bank in Sudan on 18th July 2018 in Khartoum AAAID office.



The meeting of H.E President of AAAID with H.E Babagana Ahmadu the FAO Representative in Sudan on 6th May 2018 in AAAID office in Khartoum/Sudan



The meeting of H.E President of AAAID with Herrn Martin Hansen the CEO of German Cooperation for International Cooperation (GIZ) on 26th June 2018 Berlin/Germany.



The meeting of H.E President of AAAID with Dr. Fadia Kiwan, Director General of the Arab Women Organization on 1st October 2018 Cairo/Egypt.



The meeting of H.E President of AAAID with Mr. Nawai Ismael, Head of Board of Directors of Fund for the Development of Rural Women in South Kordofan on 6th May 2018 in Khartoum/Sudan.



The meeting of H.E President of AAAID with H.E. Dr. Karin Boven, Ambassador to the Kingdom of Netherlands, Eritrea, Chad and Central African Republic in Sudan on 6th May 2018 in AAAID office in Khartoum.



The meeting of H.E president of AAAID with delegate representative of farmers of West Al Manaqil on 25th September 2018 in Khartoum/Sudan.



Activities and Participations

Activities and Participations

The participation of AAAID in seminars, forums and conferences is one of the important activities that it undertakes annually. AAAID promotes its field of work through these activities, to attract all interested parties in the field of agriculture, from the public and private sectors. In 2018, AAAID participated in the following activities:



AAAID participation in the First Media Conference for the Promotion of the Achievements and Programs of Joint Arab Labor Institutions organized by the League of Arab States on 22nd January 2018 in Cairo/Egypt.



The opening of the Arab Factory for Drugs of the Arab Company for Drugs Ltd on 8th November 2018 in Khartoum sudan - 2018.



AAAID participation in National Conference for Animal Wealth on 17th February 2018 in Khartoum/ Sudan.



AAAID participation in a workshop for Sudan's initiative to achieve Arab Food security on 10th January 2018 in Khartoum/Sudan.



AAAID participation in the National Agriculture Week, which was organized by the Ministry of Agriculture in Iraq on 14th March 2018 in Baghdad/Iraq.



AAAID participation as a strategic partner in AgraME Exhibition on 6-8 March 2018 in Dubai World Trade Centre/UAE.



AAAID participation in the National Week for Agriculture on 23-29 March 2018 in Khartoum/Sudan



AAAID participation in opening the Sixth International Date Palm Conference and the Khalifa International Award for Date Palm and Agricultural Innovation 2018 on 19th March 2018 in Abu Dhabi/ UAE.



AAAID participation in the second workshop organized by the Unit of Counsellors in cooperation with the Economic Affairs and Development Sector in the General Secretariat of the Gulf Cooperation Council on 28th March 2018 in Riyadh/KSA.



AAAID participation in the Cooperative Societies Council Forum on 26th March 2018 in KSA.



Honoring of AAAID for its adoption of Award for Outstanding Scientific Research in Agriculture on 30th April 2018 in Khartoum/Sudan.



AAAID participation in Future Vision Workshop for Arab Food Security at the Arab Organization for Agricultural Development on 30th April 2018 in Khartoum/Sudan.



AAAID participation during the Arab German Business Forum on 26th June 2018 Berlin/Germany.



AAAID participation in the opening of the 4th Session for the World Organization for Animal Health on 20th May 2018 Paris/France.



AAAID participation in the opening of the First Interregional Smart Agriculture Forum (ISAF) on 24th September 2018 in Khartoum/Sudan.



AAAID participation in the 47th regular meeting session of the High Committee for Arab joint work on 2nd July 2018 Jeddah/KSA.



AAAID's organization of the Fourth Career Excellence Award Ceremony for its staff and their families on 27th September 2018 in Khartoum/Sudan.



AAAID's Organization of the Strategic Partners Award Ceremony on 25th September 2018 Khartoum/Sudan.



AAAID participation in the celebration of the World Food Day, which was organized by the Ministry of Agriculture and Forestry in cooperation with FAO on 16th October 2018 in Khartoum/Sudan.



AAAID participation in the 37th International Agriculture, Water and Agro-Industry Show in Riyadh/KSA.



AAAID participation as the Exclusive Agricultural Investment Partner at SIAL Middle East exhibition on 10-12 December 2018 in Abu Dhabi/UAE.



The participation of AAAID's experts in the training course specialised for water, energy and food in the Mena region, which was organized by AOAD, IFPRI and Humboldt University, during the period 31 October – 1 November 2018 at the Arab Organization for Agricultural Development headquarters in Khartoum/Sudan.



AAAID organized an Agricultural Investment Seminar held during SIAL Middle East on 11th December 2018 in Abu Dhabi/UAE.

Agreements and Memorandums of Understanding

Agreements and Memorandums of Understanding

AAAID signed a number of Agreements and Memoranda of Understanding with a number of international organizations, companies and institutions in order to cooperate, integrate and organize with each other to achieve sustainable development and reduce the food gap and achieve Arab food security. In 2018, AAAID signed the following Agreements and Memoranda:



The signing of a Memorandum of Cooperation between AAAID and the Arab Information and Communication Technologies Organization during the First Interregional Smart Agriculture Forum (ISAF) on 24th September 2018 in Khartoum/Sudan.



The signing of a Memorandum of Understanding between AAAID and Arab Organization for Agricultural Development during the First Interregional Smart Agriculture Forum (ISAF) on 24th September 2018 in Khartoum/Sudan.



The signing of a Shareholder Agreement for the Red Meat Project in Mauritania between AAAID, Ainina Ould Eyih Group and Zein El Abdin Ould Chiekh Ahmed Group during AgraME on 7th March 2018 in Dubai/UAE.



The signing of a joint Memorandum of Understanding of in the field of aquaculture between AAAID and Tabuk Agriculture Development Company (TADCO) during the 37th International Agriculture, Water and Agro-Industry Show on 8th October 2018 Riyadh/KSA.



AAID's affiliate companies' MoU signing between the Arab Company for Drugs Ltd and Emirates Modern Poultry Co during AgraME on 7th March 2018 in Dubai/UAE.



The signing of a Shareholder Agreement in the field of aquaculture in Oman between AAAID and Global City Investment (GCI), Shumookh Investment and Services SAOC (SIS), and Al- Thabat Holding during AgraME on 7th March 2018 in Dubai/UAE.



The signing of a Memorandum of Understanding between AAAID and Orbis Holding Company during SIAL Middle East 10-12 December 2018 in Abu Dhabi /UAE.



AAID's affiliate companies' MoU signing between the Arab Company for Drugs Ltd and Al Rawabi Dairy Company during AgraME on 7th March 2018 in Dubai/UAE.



The signing of a Memorandum of Understanding between AAAID and Dalael Al Amal Real Estate during SIAL Middle East 10-12 December 2018 in Abu Dhabi /UAE



The signing of a Memorandum of Understanding between AAAID and Shihanat El-Khair during SIAL Middle East 10-12 December 2018 in Abu Dhabi /UAE



The signing of a Memorandum of Understanding between AAAID and Greenfield Company during SIAL Middle East 10-12 December 2018 in Abu Dhabi /UAE



The signing of a Memorandum of Understanding between AAAID and NGS-Oasis Company during SIAL Middle East 10-12 December 2018 in Abu Dhabi /UAE



The financial statements
of AAAID

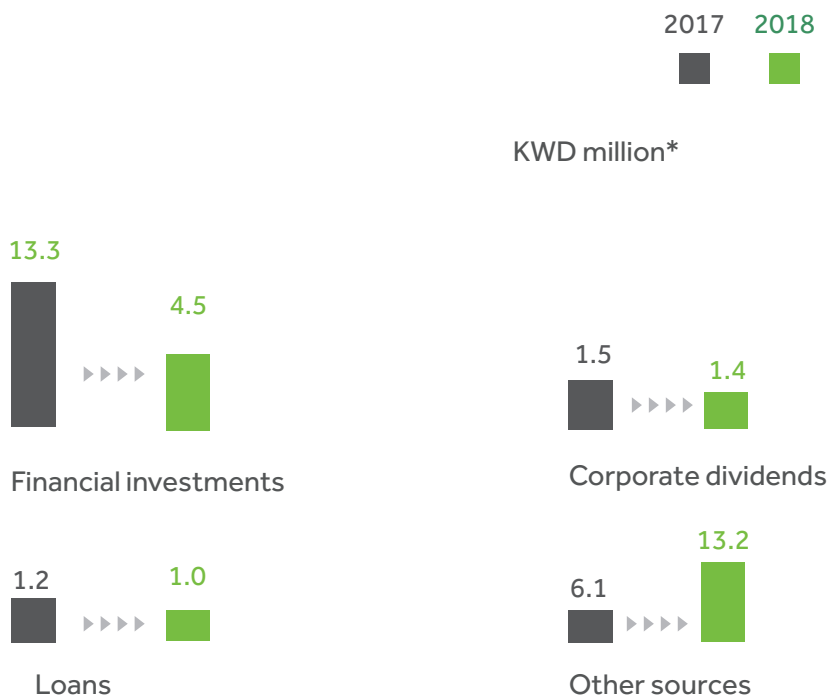
The financial statements of AAAID for the Year Ended 31/12/2018

Total Income

Total Income

The total income for the year ended 31/12/2018 amounted to KWD 11.1 million (USD36.6 million) compared to KWD 22.1 million (USD72.9 million) for the same period last year of 2017.

The income mainly consists of investment portfolios, the dividends of the affiliate companies, loans, and other income



Comparison of income components from 2017 - 2018 (million KWD)

Details of total income are as follows:

1. Income from financial investments:

Net profits achieved from AAAID's affiliate companies' financial investments for the year ended 31/12/2018 amounted to KWD 4.5 million (USD 14.8 million), compared to KWD 13.3 million (USD43.9 million) as in 31/12/2017.

2. Income from corporate dividends:

Income from corporate dividends for the fiscal year ended 31/12/2018 amounted to KWD 1.4 million (USD4.6 million) compared to KD 1.5 million (USD 4.9 million) as in 31/12/2017.

3. Income from loans:

Income from loans for the year ended 31/12/2018 amounted KWD 1million (USD 3.3 million) compared to KWD 1.2 million (USD 4 million) as in 31/12/2017.

4. Income from other sources:

Income from other sources for the fiscal year ended 31/12/2018 amounted to KWD 13.2 million (USD 43.5 million) compared to KWD 6.1 million (USD 20.1 million) as in 31/12/2017.

The value and distribution of the consolidated investment portfolio for the year 2018

At the end of 2018, the total investment portfolio of AAAID stood at KWD 134.7 million (USD444million), compared to KWD 137.7 million (USD454 million).



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

1. Equity Investments:

- The value of AAAID's investments in equities at the end of 2018 amounted to KWD 76.6 million (USD252.5million) representing 57% of the total consolidated portfolio compared to KWD 68 million (USD224 million) representing 49% of the consolidated portfolio, as at the end of 2017.
- At the end of 2018, AAAID's investments in equity achieved a profit of KWD 9 million (USD29.7million) compared to KWD 11 million (USD36 million) at the end of 2017.

2. Bond Investments:

- AAAID's investments in bonds at the end of 2018 amounted to KWD 58.1 million (USD191.6million) representing 43% of the total consolidated portfolio compared to KWD 57 million (USD188 million) representing 41% of total consolidated portfolio, as at the end of 2017.
- At the end of 2018, the Arab Authority's investments in bonds achieved a profit of KWD 4.5 million (USD 14.8 million) compared to KWD 2.3 million (USD 7.6 million) at the end of 2017.

Total expenditure

AAAID's total expenditure for the fiscal year ended 31/12/2018 was KWD 7.6 million (USD 25.1 million) compared to KWD 15.7 million (USD 51.8 million) as in 2017.

Financial Performance:

AAAID's net profit for the year ended 31/12/2018 was KWD 3.6 million (USD 11.9 million) compared to KWD 6.5 million (USD 21.4 million) as in 31/12/2017.

Financial Center:

1. Assets:

AAAID's net assets as of 31/12/2018 amounted to KWD 298.5 million (USD984.2 million), compared to KWD 283.7 million (USD 935.4 million) in 31/12/2017.

2. Liabilities:

AAAID's total liabilities as of 31/12/2018 amounted to KWD 14 million (USD 46.2 million) compared to KWD 13.9 million (USD 45.8 million) as in 31/12/2017.

Shareholders' Equity:

AAAID's total shareholders' equity, representing paid-up capital and reserves as of 31/12/2018, amounted to KWD 284.5 million (USD 938 million) compared to KWD 269.8 million (USD 889.6 million) as in 31/12/2017.

Profit Distributions to Member States:

AAAID paid a total of KWD 152.4 million (USD 502.5 million) to Member States representing 75% of the paid-up capital as of 31/12/2017.

**Arab Authority for Agricultural Investment
and Development**

FINANCIAL STATEMENTS

31 DECEMBER 2018



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

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Arab Authority for Agricultural Investment and Development (the "Authority"), which comprise the statement of financial position as at 31 December 2018, and the statement of comprehensive income and expenditure, statement of changes in member countries' equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 December 2018, and its financial performance and its cash flows for the year then ended in accordance with the basis of preparation explained in Note 2 in the accompanying financial statements.

Basis for Opinion

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

Responsibilities of Management and Those Charged with Governance for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

Report on the Audit of the Financial Statements (continued)

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

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

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

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



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

27 March 2019
Kuwait

Arab Authority for Agricultural Investment and Development

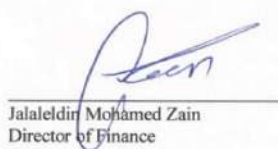
STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	<i>Notes</i>	2018 KD	2017 KD
ASSETS			
Cash and cash equivalents	4	25,270,433	22,714,657
Investments held for trading	5	134,675,809	137,689,587
Loans, net	6	14,429,671	17,617,218
Contributions and direct investments, net	7	110,459,466	93,077,137
Property and equipment, net	8	2,122,505	1,996,984
Investment property, net	9	3,412,970	3,640,330
Other assets	10	8,158,083	6,951,469
TOTAL ASSETS		298,528,937	283,687,382
LIABILITIES AND EQUITY			
Liabilities			
Borrowings from financial institutions	11	817,507	813,330
Other liabilities	12	10,615,858	10,770,435
Employees' end of service benefits	13	2,575,130	2,327,539
Total liabilities		14,008,495	13,911,304
Member Countries' Equity			
Paid up capital	14	218,588,222	204,038,279
Share premium		208,570	208,570
Statutory reserve	15	24,294,322	23,938,975
General reserve	16	28,947,346	30,434,696
Voluntary reserve	17	10,041,340	8,041,340
Foreign currency translation reserve	18	2,440,642	3,114,218
Total member countries' equity		284,520,442	269,776,078
TOTAL LIABILITIES AND EQUITY		298,528,937	283,687,382



Mohamed Bin Obaid Al-Mazrouei
Chairman



Jalaleddin Mohamed Zain
Director of Finance

Arab Authority for Agricultural Investment and Development
 STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
 For the year ended 31 December 2018

	Notes	2018 KD	2017 KD
Income			
Net (loss) gain from investments held for trading	20	(4,443,160)	13,320,462
Dividend from contributions and direct investments	21	1,376,535	1,510,226
Income from loans		971,111	1,175,056
Other income	22	744,645	1,907,947
Reversal of impairment losses	23	12,455,951	4,196,559
Total income		11,105,082	22,110,250
Expenditure			
Salaries and indemnities		(3,108,529)	(3,251,443)
Travelling and accommodation		(591,086)	(598,933)
Depreciation	8,9	(396,836)	(385,875)
Impairment losses	24	(2,118,949)	(10,196,633)
Others		(1,336,208)	(1,226,423)
Total expenditure		(7,551,608)	(15,659,307)
Profit for the year		3,553,474	6,450,943
Other comprehensive loss			
Net movement in foreign currency translation reserve		(673,576)	(1,736,406)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		2,879,898	4,714,537



Mohamed Bin Obaid Al-Mazrouei
 Chairman



Jalaleddin Mohamed Zain
 Director of Finance

Arab Authority for Agricultural Investment and Development

STATEMENT OF CHANGES IN MEMBER COUNTRIES' EQUITY

For the year ended 31 December 2018

	<i>Paid-up capital KD</i>	<i>Share premium KD</i>	<i>Statutory reserve KD</i>	<i>General reserve KD</i>	<i>Voluntary reserve KD</i>	<i>Foreign currency translation reserve KD</i>	<i>Total KD</i>
Balance as at 1 January 2018	204,038,279	208,570	23,938,975	30,434,696	8,041,340	3,114,218	269,776,078
Capital increase (Note 14)	14,549,943	-	-	(2,040,383)	-	-	14,549,943
Cash dividend (Note 14)	-	-	-	3,553,474	-	-	(2,040,383)
Profit for the year	-	-	355,347	(355,347)	-	-	3,553,474
Transfer to statutory reserve	-	-	-	(2,000,000)	2,000,000	-	-
Transfer to voluntary reserve	-	-	-	(645,094)	-	-	(645,094)
Funds appropriations for donations	-	-	-	-	-	(673,576)	(673,576)
Foreign currency translation reserve	-	-	-	-	-	-	-
At 31 December 2018	218,588,222	208,570	24,294,322	28,947,346	10,041,340	2,440,642	284,520,442
Balance as at 1 January 2017	185,328,714	208,570	23,293,881	23,476,055	8,041,340	4,850,624	245,199,184
Capital increase (Note 14)	18,709,565	-	-	(1,853,287)	-	-	18,709,565
Cash dividend (Note 14)	-	-	-	6,450,943	-	-	(1,853,287)
Profit for the year	-	-	-	(645,094)	-	-	6,450,943
Transfer to statutory reserve	-	-	645,094	(645,094)	-	-	-
Reversal of interest on unpaid dividend	-	-	-	3,516,706	-	-	3,516,706
Funds appropriations for donations	-	-	-	(510,627)	-	-	(510,627)
Foreign currency translation reserve	-	-	-	-	-	(1,736,406)	(1,736,406)
At 31 December 2017	204,038,279	208,570	23,938,975	30,434,696	8,041,340	3,114,218	269,776,078

Arab Authority for Agricultural Investment and Development

STATEMENT OF CASH FLOWS

For the year ended 31 December 2018

	<i>Notes</i>	2018 KD	2017 KD
OPERATING ACTIVITIES			
Profit for the year		3,553,474	6,450,943
Adjustments to reconcile profit to net cash flows used in operating activities:			
Dividend income	20	(3,794,739)	(2,077,406)
Unrealized loss (gain) on investments held for trading	20	8,259,021	(5,720,699)
Reversal of provision for impairment losses	23	(12,455,951)	(4,196,559)
Impairment losses on financial assets	24	2,118,949	10,196,633
Depreciation	8,9	396,836	385,875
Gain on sale of property and equipment		(47,357)	(39,246)
Provision for employees' end of service benefits	13	379,681	326,152
		<u>(1,590,086)</u>	<u>5,325,693</u>
Operating cash flows before changes in working capital:			
Net movement in investments held for trading		(5,245,243)	(11,129,291)
Net movement in loans, net		(1,274,078)	(1,107,570)
Net movement in other assets		(1,338,451)	(6,782,186)
Net movement in other liabilities		(556,677)	5,192,095
		<u>(10,004,535)</u>	<u>(8,501,259)</u>
Employees' end of service benefits paid	13	(127,932)	(107,544)
Net cash flows used in operating activities		<u>(10,132,467)</u>	<u>(8,608,803)</u>
INVESTING ACTIVITIES			
Additions to contributions and direct investments		(2,772,004)	(5,171,011)
Additions to property and equipment	8	(274,213)	(243,095)
Additions to investment property	9	(23,929)	(3,038)
Proceeds from sale of property and equipment		50,502	39,638
Dividend income received		3,794,739	2,077,406
Net cash flows from (used in) investing activities		<u>775,095</u>	<u>(3,300,100)</u>
FINANCING ACTIVITIES			
Proceeds from issuance of share capital		14,306,949	18,709,565
Dividend paid		(2,040,383)	(1,853,287)
Net cash flows from financing activities		<u>12,266,566</u>	<u>16,856,278</u>
Net increase in cash and cash equivalents		2,909,194	4,947,375
Cash and cash equivalents at the beginning for the year		22,714,657	18,596,473
Net movement in foreign currency translation reserve		(353,418)	(829,191)
Cash and cash equivalents at the end for the year	4	<u>25,270,433</u>	<u>22,714,657</u>

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

1 ACTIVITIES

The Arab Authority for Agricultural Investment and Development (the “Authority”) was established as an Independent Arab Financial Authority having administrative and financial independence as per the Establishment Agreement signed by thirteen (13) Arab countries on 1 November 1976, with authorised share capital of KD 150 million. Subsequently, the Board of Shareholders resolved to increase the Authorised share capital to KD 336 million (Note 14).

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

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

2 BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

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

2.2 BASIS OF MEASUREMENT

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

2.3 FUNCTIONAL AND PRESENTATION CURRENCY

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

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

Interest income

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

Dividend income

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

Investment income

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Income from derivatives

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

Rental income

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

Taxes

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

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

Property and equipment

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

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

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

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

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

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Investment property

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

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

Impairment of non-financial assets

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

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

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

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

Leases

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

Authority as a lessor

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

Employees' end of service benefits

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

Financial instruments

Financial assets

Initial recognition and measurement

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

Subsequent measurement

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

Cash and cash equivalents

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

Investments held for trading

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

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

Loans

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

Contributions and direct investments

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

Other assets

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

Derecognition

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

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment of financial assets

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Payables

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

Derecognition

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

Offsetting of financial instruments

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

Fair value of financial instruments

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

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Fair value of financial instruments (continued)

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

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 26.

Foreign currencies

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

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

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

Provisions

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

Dividend

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

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

Contingencies

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

4 CASH AND CASH EQUIVALENTS

	2018	2017
	KD	KD
Cash on hand	2,133	15,963
Bank balances	25,268,300	22,698,694
	25,270,433	22,714,657

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

5 INVESTMENTS HELD FOR TRADING

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

	<i>2018</i> <i>KD</i>	<i>2017</i> <i>KD</i>
Equity securities	76,598,390	80,632,346
Fixed income securities	58,061,483	56,908,542
Fair value of derivatives (Note 19)	15,936	148,699
Total	134,675,809	137,689,587

6 LOANS - 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:

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

	<i>2018</i> <i>KD</i>	<i>2017</i> <i>KD</i>
Movements in loans:		
Balance at the beginning of the year	58,678,260	65,176,608
Transfer to direct investments	(14,583,600)	(6,658,586)
Disbursements during the year	2,089,157	1,538,390
Repayments during the year	(815,079)	(430,821)
Foreign exchange differences	(320,139)	(947,331)
Balance at the end of the year	45,048,599	58,678,260
Less: Provision for impairment losses	(30,618,928)	(41,061,042)
	14,429,671	17,617,218
	<i>2018</i> <i>KD</i>	<i>2017</i> <i>KD</i>
Movements in impaired loans:		
Balance at the beginning of the year	41,061,042	39,473,077
Reversed during the year	(11,078,032)	(1,218,157)
Charged during the year	635,918	2,806,122
Balance at the end of the year	30,618,928	41,061,042

During the year, the Authority agreed on a debt to equity surplus with an amount of KD 48 Million. The agreement has been approved in the General Assembly Meeting of those companies as at 31 December 2018. Legal formalities of increasing share capital and issuance of new shares has not been finalized.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

6 LOANS - NET (continued)

Loans as at 31 December is granted to the following:

	<i>2018</i>	<i>2017</i>
<i>Country</i>	<i>KD</i>	<i>KD</i>
<i>Arab Company for Agricultural Production and Processing</i>	Sudan	
Loan for refinancing and production inputs	28,234,889	28,090,596
Emergency loan	683,456	679,963
Loan for financing folder production	770,812	766,873
Loan for re-operation of glucose and starch unit	56,869	56,578
Loan for rehabilitation of glucose and starch unit	227,475	226,313
Loan for financing rehabilitation and modernization program for dairy unit	391,257	389,258
Loan for financing production inputs for year 2001-2002	112,251	111,678
Loan for payment of staff dues	530,775	528,063
	31,007,784	30,849,322
<i>Arab Poultry Production and Processing Company</i>	Sudan	
Loan transferred from Arab Company for Agricultural Production and Processing	605,068	7,084,143
Loan for expansion and rehabilitation of Arab Poultry Company	-	1,714,135
Loan for expansion and rehabilitation /additional	-	856,199
	605,068	9,654,477
<i>Arab Sudanese Blue Nile Agricultural Company – (AGADI)</i>	Sudan	
Capital loan to purchase machinery and equipment for the year 2006	-	918,718
Operational loan for the year 2006	-	1,424,260
Capital loan 2007	-	1,508,750
Operational loan 2007	-	365,046
Loan for purchasing AGADI road machinery	-	109,365
Operational loan 2011-2012	1,947,335	3,042,744
	1,947,335	7,368,883
<i>Arab Sudanese Vegetable Oil Company</i>	Sudan	
Restructured loans and interest	3,224,186	3,207,709
Operational loan	283,070	-
	3,507,256	3,207,709
<i>Arab Company for Crops Production</i>	Sudan	
Irrigation Axels	817,507	813,329
<i>Arabian Shrimps Company</i>	Saudi Arabia	
Unified loan	2,032,110	2,021,725
Bridging loan	1,182,870	1,176,825
Steering loan	1,019,568	993,752
The Saudi Fund for Development	1,213,100	804,842
	5,447,648	4,997,144

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

6 LOANS - NET (continued)

	<i>Country</i>	<i>2018 KD</i>	<i>2017 KD</i>
<i>Pioneer (Al-Ruwad)</i>	Sudan		
Capital loan 2006		76,747	76,355
Operating loan (2007-2008)		19,388	19,289
Operating loan (2008-2009)		159,050	158,237
		<u>255,185</u>	<u>253,881</u>
<i>Arab Sudanese Seed Company</i>	Sudan		
Emergency loan 2008		46,414	46,177
<i>Al-Mutamayaza for Vegetables and Crops Production (Um-Dome)</i>	Sudan	62,407	62,088
<i>Kabuja Project for Agricultural Production</i>	Sudan	138,818	138,596
<i>Agricultural Credit Corporation</i>	Jordan	363,960	482,800
<i>Popular Fund Network</i>	Maruitania	606,600	603,500
<i>Others</i>		242,617	200,354
Total loans		45,048,599	58,678,260
Less: Provision for impairment losses		(30,618,928)	(41,061,042)
		<u>14,429,671</u>	<u>17,617,218</u>

As at the reporting date, the Authority has total provision for impairment of KD 30,618,928 (2017: KD 41,061,042) related to certain loans granted to companies where the Authority invested in. These Companies defaulted in fulfilling its obligations in due dates and there is uncertainty on the recoverability of the outstanding balances. During the year ended 31 December 2018, the Authority recorded an impairment loss on loans of KD 635,918 (2017: KD 2,806,122) recognised in the statement of comprehensive income and expenditure. The management believes that the provision recorded is sufficient and there is no doubt about the recoverability of the outstanding balances in accordance with the Authority's accounting policies.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

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. The equity share of the Authority in most of these investee companies ranges between 20% to 50% in majority of investments; however, these investments are classified under "contributions and direct investments" as the Authority does not exercise any significant influence or has a control over the operations and financial policies of these companies. Therefore, these investments are carried in the financial statements at cost less provision for impairment losses, if any. The following table represents the cost of the outstanding investments as at 31 December:

	<i>Location</i>	<i>Ownership percentage</i>	<i>2018 KD</i>	<i>2017 KD</i>
Arab Sudanese Vegetable Oil Company	Sudan	88.00%	12,157,728	12,157,728
Arab Sudanese Blue Nile Agricultural Company (AGADI)	Sudan	85.30%	13,061,714	7,590,614
Arab Company for Crops Production	Sudan	52.75%	4,113,883	4,102,121
The Arab Iraqi Dairy Company	Iraq	50.00%	6,671,003	6,671,003
The Arab Qatari Agricultural Production Company	Qatar	50.00%	1,893,927	1,893,927
Arab Company for Agricultural Production and Processing Ltd. Sudan	Sudan	42.50%	8,778,375	8,778,375
Arab Company for Processing and Production of Poultry	Sudan	78.80%	13,033,333	3,920,833
Al-Ahliyah Company for Vegetable Oils (Hama)	Syria	40.00%	3,641,475	3,641,475
El Mergi for Livestock and Agricultural Development	Tunisia	63.33%	1,160,709	1,160,709
Omani European Company for Food Manufacturing	Oman	17.19%	259,022	259,022
Manafid Al Hobob Company	Morocco	30.00%	856,898	856,898
Emirates Rawabi Company Limited	UAE	27.56%	4,813,829	4,813,829
Arab Company for Manufacturing of Poultry & Cattle Equipment	UAE	27.44%	1,093,952	1,093,952
Arab Sudanese Seed Company	Sudan	34.93%	1,215,376	1,215,376
Arab Company for Manufacturing Advanced Irrigation Equipment	Syria	25.00%	299,210	299,210
Agro-Zitex Company	Tunisia	25.00%	513,665	513,665
The Arabian Company for Preserving & Manufacturing Agricultural Crops	Egypt	39.70%	1,167,509	1,167,509
El Faiyum Sugar Works Company	Egypt	26.93%	8,215,308	8,215,308
The Arab Fisheries Company	KSA	39.00%	905,926	620,632
Bubiyah Fisheries Company	Kuwait	22.17%	110,843	110,843
Arabian Shrimps Company	KSA	45.00%	1,183,347	1,183,347
Moroccan Arab Company for Agricultural Development (Samada)	Morocco	50.00%	851,387	851,387
Jordanian Kuwaiti for Agricultural & Food Products	Jordan	45.35%	417,336	417,336
Mid-West Milk Processing Project (Sidy Abu Zeid)	Tunisia	25.00%	36,216	36,216
Kenana Sugar Company	Sudan	5.59%	10,703,800	10,703,800
The Arab Syrian Company for Development of Agricultural Products (Gadahg)	Syria	5.00%	164,464	164,464
White Nile Sugar Company	Sudan	14.38%	20,441,755	20,441,755
Veterinary Medicines Company under formation	Sudan	29.92%	3,777,483	3,525,642
Distinguished Arab Company for Poultry Breeding and Processing	Jordan	33.33%	25,440	25,440
Asser Poultry Company	KSA	20.00%	4,179,726	4,500,692
Al-Mutamayaza for Vegetables & Agricultural Crops Production Company (Um-Dome)	Sudan	42.50%	14,258	14,258
Agricultural Services (Al Muzdana)	Sudan	13.43%	346,064	346,064
Others			13,037,563	10,493,490
Total cost of investments			139,142,524	121,786,920
Provision for impairment losses			(28,683,058)	(28,709,783)
			110,459,466	93,077,137

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

7 CONTRIBUTIONS AND DIRECT INVESTMENTS – NET (continued)

The Authority, based on the instructions of the Board of Directors, created a voluntary reserve of KD 8,041 million during 1990 to safeguard its investments from any impairment losses (Note 17). Subsequently, an Impairment Assessment Committee (“the Committee”) was formed to review and assess the financial performance of each investee company on the date of the statement of financial position; to determine whether there is a need for further impairment losses. The Committee reviews the historical financial performance and projected future cash flows of each investee company and provides further impairment losses, if any.

As at the reporting date, the Authority has total provision for impairment on its direct investments of KD 28,683,058 (2017: KD 28,709,783) related to certain entities where there is objective evidence of impairment. During the year ended 31 December 2018, the Authority recorded impairment loss on investments of KD 1,351,194 (2017: KD 4,918,153) recognised in the statement of comprehensive income and expenditure. The management believes that the provision recorded is sufficient in accordance with the Authority's accounting policy.

	<i>2018</i>	<i>2017</i>
	<i>KD</i>	<i>KD</i>
Movements in impaired contributions and direct investments		
Balance at the beginning of the year	28,709,783	26,554,919
Written off during the year	-	(96,729)
Reversed during the year (Note 23)	(1,377,919)	(2,666,560)
Charged during the year (Note 24)	1,351,194	4,918,153
	<hr/>	<hr/>
Balance at the end of the year	28,683,058	28,709,783
	<hr/>	<hr/>

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

8 PROPERTY AND EQUIPMENT- NET

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

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

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at and for the year ended 31 December 2018

8 PROPERTY AND EQUIPMENT- NET (continued)

The movement in property and equipment for the year ended 31 December 2017 is as follows:

	Building KD	Furniture and equipment KD	Vehicles KD	Computer accessories KD	Capital work-in- progress KD	Total KD
Cost						
At 1 January 2017	3,052,616	1,086,210	295,368	180,382	1,515,561	6,130,137
Additions during the year	-	54,422	39,611	634	148,428	243,095
Disposals during the year	-	(33,677)	(9,680)	-	-	(43,357)
Transfers	-	37,270	-	-	(37,270)	-
At 31 December 2017	3,052,616	1,144,225	325,299	181,016	1,626,719	6,329,875
Accumulated depreciation						
At 1 January 2017	2,922,292	912,052	225,082	180,381	-	4,239,807
Charged during the year	9,909	93,813	32,273	54	-	136,049
Relating to disposals	-	(33,609)	(9,356)	-	-	(42,965)
At 31 December 2017	2,932,201	972,256	247,999	180,435	-	4,332,891
Net carrying amount	120,415	171,969	77,300	581	1,626,719	1,996,984
At 31 December 2017						

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

9 INVESTMENT PROPERTY – NET

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

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

The movement in investment property for the year ended 31 December 2017 is analyzed as follows:

	<i>Investment Property KD</i>	<i>Capital work- in-progress KD</i>	<i>Total KD</i>
Cost			
At 1 January 2017	5,016,934	58,806	5,075,740
Additions during the year	3,038	-	3,038
Transfers	58,806	(58,806)	-
At 31 December 2017	5,078,778	-	5,078,778
Accumulated depreciation			
At 1 January 2017	1,188,622	-	1,188,622
Charged during the year	249,826	-	249,826
At 31 December 2017	1,438,448	-	1,438,448
Net carrying amount as at 31 December 2017	3,640,330	-	3,640,330

10 OTHER ASSETS

	<i>2018 KD</i>	<i>2017 KD</i>
Current accounts	3,813,017	3,175,677
Accrued interest on loans, net	3,400,111	2,893,146
Advances to employees	142,154	136,017
Others	802,801	746,629
	8,158,083	6,951,469

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

11 BORROWINGS FROM FINANCIAL INSTITUTIONS

	<i>2018</i> <i>KD</i>	<i>2017</i> <i>KD</i>
Saudi Fund for Development	<u>817,507</u>	<u>813,330</u>

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

The term loan is repayable as follows:

	<i>2018</i> <i>KD</i>	<i>2017</i> <i>KD</i>
Within one year	<u>817,507</u>	<u>813,330</u>

12 OTHER LIABILITIES

	<i>2018</i> <i>KD</i>	<i>2017</i> <i>KD</i>
Accrued expenses	1,853,890	1,250,877
Rents received in advance	187,863	209,734
Others	8,574,105	9,309,824
	<u>10,615,858</u>	<u>10,770,435</u>

13 EMPLOYEES' END OF SERVICE BENEFITS

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

	<i>2018</i> <i>KD</i>	<i>2017</i> <i>KD</i>
Balance at beginning of the year	2,327,539	2,137,458
Charged during the year	379,681	326,152
Paid during the year	(127,932)	(107,544)
Foreign exchange differences	(4,158)	(28,527)
Balance at end of the year	<u>2,575,130</u>	<u>2,327,539</u>

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

14 PAID UP CAPITAL

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

	2018		2017	
	Authorised capital KD	Paid-up capital KD	Authorised capital KD	Paid-up capital KD
<i>Member countries</i>				
The People's Democratic Republic of Algeria	3,410,000	3,409,795	3,410,000	3,157,795
The Republic of Sudan	34,070,000	24,542,383	34,070,000	24,299,388
The Republic of Iraq	34,130,000	34,128,133	34,130,000	31,602,133
Kingdom of Saudi Arabia	51,190,000	51,187,169	51,190,000	47,399,169
The Syrian Arab Republic	110,000	75,670	110,000	74,920
The Arab Republic of Egypt	6,830,000	6,829,651	6,830,000	6,323,651
The State of Kuwait	44,330,000	44,329,885	44,330,000	41,047,885
The Kingdom of Morocco	1,370,000	1,369,954	1,370,000	1,267,954
United Arab Emirates	34,130,000	34,128,133	34,130,000	31,611,546
The State of Qatar – Hassad Company	17,060,000	17,059,036	17,060,000	15,812,973
The Democratic Republic of Somalia	110,000	103,559	110,000	102,536
The Islamic Republic of Mauritania	220,000	223,134	220,000	206,768
The Republic of Tunisia	220,000	222,870	220,000	206,870
The Hashemite Kingdom of Jordan	110,000	111,648	110,000	103,648
Sultanate of Oman	230,000	233,356	230,000	215,356
The Republic of Lebanon	100,000	100,743	100,000	92,743
The Republic of Yemen	110,000	82,758	110,000	81,939
The Republic of United Comoros	110,000	83,866	110,000	83,036
The State of Palestine	80,000	81,608	80,000	81,608
The Kingdom of Bahrain	230,000	233,356	230,000	215,356
Republic of Djibouti	80,000	51,515	80,000	51,005
Unsubscribed capital	107,770,000	-	107,770,000	-
Total	336,000,000	218,588,222	336,000,000	204,038,279

On May 2013, The Board of Directors passed a resolution to increase the share capital by KD 84.49 million to be paid by the shareholders in five equal instalments starting from 1 January 2014. During the year ended 31 December 2018, the shareholders paid KD 14,550 million (2017: KD 18,710 million) from the instalments.

The Board of shareholders of the Authority in their meeting held in 11 April 2018, approved a distribution of cash dividends equivalent to 1% of the paid up capital as of 31 December 2017 with total of KD 2,040,383.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2018

15 STATUTORY RESERVE

In accordance with Article No. 19/2 of the Statute of the Authority, the Authority is required to transfer 10% of the profit for the year to the statutory reserve until such reserve equals 20% of the share capital of the Authority, unless the Board of Shareholders resolves to exceed such limit. An amount of KD 355,347 representing 10% of the profit for the year has been transferred to the statutory reserve.

16 GENERAL RESERVE

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

17 VOLUNTARY RESERVE

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

On 14 March 2019, 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

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

19 DERIVATIVES

Unrealised loss on forward foreign exchange contracts:

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

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

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

20 NET (LOSS) GAIN FROM INVESTMENTS HELD FOR TRADING

	<i>2018</i>	<i>2017</i>
	<i>KD</i>	<i>KD</i>
Dividend income	3,794,739	2,077,406
Realized gain on sale of investments held for trading	30,573	6,793,811
Unrealised (loss) gain from investments held for trading	(8,259,021)	5,720,699
Change in fair value of forward contracts	(9,451)	(1,271,454)
	<u>(4,443,160)</u>	<u>13,320,462</u>

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21 DIVIDEND FROM CONTRIBUTIONS AND DIRECT INVESTMENTS

	<i>2018</i>	<i>2017</i>
	<i>KD</i>	<i>KD</i>
El Faiyum Sugar Works Company	714,729	705,580
Emirates Rawabi Company Limited	244,421	397,049
Arab Iraqi Dairy Company	196,625	241,080
Kenana Sugar Company	98,491	-
Al-Ahliyah Company for Vegetable Oils	77,024	80,342
Arab Company for Processing and Production of Poultry	6,323	33,526
Al Margi for Livestock	-	28,376
Arab Trade Finance Program	21,366	13,121
Arab Sudanese Seed Company	4,170	11,152
Arab Sudanese Vegetable Oil Company	11,255	-
Agricultural Services (Al Muzdana)	2,131	-
	<u>1,376,535</u>	<u>1,510,226</u>

22 OTHER INCOME

	<i>2018</i>	<i>2017</i>
	<i>KD</i>	<i>KD</i>
Rental income	524,049	486,039
Miscellaneous income	220,596	1,421,908
	<u>744,645</u>	<u>1,907,947</u>

23 REVERSAL OF IMPAIRMENT LOSSES

	<i>2018</i>	<i>2017</i>
	<i>KD</i>	<i>KD</i>
Loans (Note 6)	11,078,032	1,218,157
Contributions and direct investments (Note 7)	1,377,919	2,666,560
Accrued interest on loans	-	96,533
Dividend receivable	-	215,309
	<u>12,455,951</u>	<u>4,196,559</u>

24 IMPAIRMENT LOSSES

	<i>2018</i>	<i>2017</i>
	<i>KD</i>	<i>KD</i>
Loans (Note 6)	635,918	2,806,122
Impairment losses on contributions and direct investments (Note 7)	1,351,194	4,918,153
Accrued interest on loans	-	239,458
Dividend receivable	131,837	2,232,900
	<u>2,118,949</u>	<u>10,196,633</u>

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As at 31 December 2018

25 RISK MANAGEMENT

25.1 Market Risk

25.1.1 Interest rate risk

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

25.1.2 Currency risk

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

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

	2018		2017	
	Financial assets KD	Financial liabilities KD	Financial assets KD	Financial liabilities KD
US dollars	124,693,651	5,434,391	131,807,768	13,459,798
Japanese Yen	14,496,319	-	15,893,614	-
Euro	6,727,291	-	6,785,671	-
Great Britain Pound	15,218,704	-	15,404,579	-
Bahraini Dinar	8,426,046	-	8,578,690	-
Swiss Franc	7,186,610	-	7,274,385	-
United Arab Emirates Dirham	15,267,364	-	19,599,558	-
Sudanese Pound	591,142	-	2,822,539	-
Iraqi Dinar	-	-	1,421,637	-
Others	20,677,636	8,570,404	16,445,531	-
	213,284,763	14,004,795	226,033,972	13,459,798

25.1.3 Price risk

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

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

Markets	2018		2017	
	KD	Percentage	KD	Percentage
USA and Canada	46,725,018	61%	40,316,173	50%
Europe	16,085,662	21%	12,094,852	15%
Japan	8,425,823	11%	8,869,558	11%
South East Asia	765,984	1%	4,031,617	5%
Emerging markets	3,829,920	5%	14,513,822	18%
Other	765,983	1%	806,324	1%
	76,598,390	100%	80,632,346	100%

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25 RISK MANAGEMENT (continued)

25.2 Credit risk

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

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

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

a) Maximum exposure to credit risk is as follows:

	<i>2018</i> <i>KD</i>	<i>2017</i> <i>KD</i>
Bank balances	25,268,300	22,698,694
Fixed income securities	58,061,483	56,908,542
Loans, net	14,429,671	17,617,218
Other assets	8,158,083	6,951,469
	<u>105,917,537</u>	<u>104,175,923</u>

25.3 Liquidity risk

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

26 FAIR VALUE MEASUREMENT

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

The fair values of financial instruments except for contributions and direct investments which carried at cost (Note 7) are not materially different from their carrying values. For liquid financial assets and financial liabilities or having a short term maturity (less than twelve months), it is assumed that their carrying amounts are approximately equal to their fair value.

27 CAPITAL RISK MANAGEMENT

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

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

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28 RELATED PARTIES

Compensation of key management personnel

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

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

	<i>2018</i>	<i>2017</i>
	<i>KD</i>	<i>KD</i>
Remuneration paid to directors		
Remuneration	108,051	108,053
Meeting fees	220,690	223,722
	328,741	331,775
Key management compensation		
Short-term benefits	332,088	321,779
Post-employment benefits	407,873	378,788
	739,961	700,567

29 COMMITMENTS AND CONTINGENT LIABILITIES

As at 31 December 2018, the Authority has granted corporate guarantees to commercial banks amounting to KD 7.4 million equivalent to USD 24 million (2017: KD 4.5 million equivalent to USD 15 million). These guarantees were provided to certain financial institutions to support the entities, which the Authority has invested in, in order to obtain facilities from these financial institutions.



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