



The Annual Report of the year 2023



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The Speech of H.E Chairman of Board of Directors

The global efforts that were made to achieve the sustainable development goals by 2030 are not sufficient with the increasing challenges and uncertainty that prevails the world, which imposes a challenge on the countries of the world in general and the Arab countries in particular to increasing their budgets allocated to agricultural investment and agricultural and food systems.

The progress of Arab agriculture and the increase in food production depends on more investments and financing directed to this important sector, as the distribution of Arab sectoral investments shows the weakness of investments directed to the agricultural sector compared to other sectors in most Arab countries, which made this sector the poorest in its resources and investment allocations and this reflects on the weakness of the investment projects related to agricultural development and agricultural services. This is despite the capabilities that Arab countries possess that help achieve food security and sustainable agricultural development, as Arab countries possess many natural, economic and human resources in addition to their huge financial surpluses that can be utilized to investment in agriculture, but they need more coordination and guidance in what works to achieve making optimal use of these resources and employing them in projects to develop the agricultural sector.

The possibility of cooperation in exploiting resources in order to enhance agricultural integration depends on taking advantage of the diversity of resources and capabilities in the Arab countries, the Arab Authority has contributed effectively during the course of its work to benefit from the relative distribution of natural resources in the Arab countries, as the number of agricultural companies in which the Arab Authority contributes to and is distributed in a number of Arab countries by the end of 2023 has reached to: 52 companies with a total value of investments of about: USD 666.3 million, representing 92.5% of the paid-up capital of the Arab Authority, of the total of USD 720.1 million. The activity of these companies is distributed among four main sectors, which are: food manufacturing sector, animal production sector, plant production sector, and Agricultural services, and the production of these companies contributes to covering part of the food gap

in basic commodities such as grains, sugar, vegetable oils, meat, dairy and their derivatives in varying proportions.

The experience of the Arab Authority has proven that the option of relying on the integration of the disparate and diverse resources among the Arab countries and exploiting them in the optimal manner is the effective solution to the problem of the Arab food deficit, and the fastest way to achieve the greatest degree of self-sufficiency in food amidst the recurring crises and unbalanced confrontation with foreign cartels. In order to achieve this noble objective, it is necessary to overcome all obstacles that limit the development of the agricultural sector, which are the weak capitalist formation of the agricultural sector, the lack of readiness of the basic infrastructure for agricultural production in rural areas, the lack of agricultural information systems and planning in agricultural investment, the limited use of modern technologies in agriculture, the absence of agricultural insurance systems and support services, especially for the small farmers sector, who represent the vast majority of the total workers in the Arab agricultural sector, but they lack appropriate capabilities to develop and modernize their production, and last but not least to create a suitable investment environment to make the investment climate in the agricultural sector more attractive to private sector investors and to expand the base of participation in agricultural development.

Finally, I can only confirm that the Arab Authority is moving forward to achieve its goals at a steady pace and according to innovative principles and mechanisms for optimal exploitation of its own resources and the natural resources of the Arab countries. On behalf of the Board of Directors, I am pleased to present to your esteemed Council the annual report on the performance of the Arab Authority for Agricultural Investment and Development for the year 2023 according to the third paragraph of Article (17) of AAAID's statute, the report includes a detailed and comprehensive presentation of the results of the work of the investment and development of AAAID during the past year.

Dr. Obaid Saif Hamad Al Zaabi
The Chairman of Board

Executive Summary:

- 1  The total value of the investments of AAAID in all its existing companies, as well projects under implementation and establishment as of 31/12/2023 is about USD 666.3 million, representing about 92.5% of the paid-up capital of AAAID, which is about USD 720.1 million.
- 2  AAAID's investments in all established companies and projects under implementation and establishment are divided among four main sectors. These sectors are as follows; 49.90% in the agricultural manufacturing sector, 23.92% in the animal production sector, 22.74% in the plant production sector and 3.44% in the agricultural services sector.
- 3  By the end of 2023, AAAID has invested in 52 companies and projects; out of which, 37 are existing companies and 15 companies under implementation and establishment. AAAID's investment is distributed according to the following: Republic of Sudan with 63.80% of its total investments, Egypt 7.11%, Sultanate of Oman 5.88%, United Arab Emirates 5.23%, Republic of Iraq 4.01%, Kingdom of Saudi Arabia 3.01%, Kingdom of Morocco 2.91%, Syrian Arab Republic 2.47%, Islamic Republic of Mauritania 1.90%, the Republic of Tunisia 1.63%, Qatar 1.39% and Kuwait 0.66%.
- 4  Due to the critical and exceptional security conditions occurred in Sudan on April 2023, it was not able to implement the annual finance of small farmers and producers.
- 5  The number of agricultural investment opportunities that were studied and evaluated by AAAID in 2023 were 129.
- 6  The number of beneficiaries of the development programs in Arab countries has reached to 97,000 in the year 2023.
- 7  In 2023, AAAID has conducted (11) applied research programs in a number of Arab countries at the aim of testing new varieties of field crops and introducing modern agricultural technologies.



8

▶ In 2023, AAAID implemented one development program of well drilling in North Kordofan in the Republic of Sudan.

9

▶ The total value of the existing and granted loans from AAAID by 31/12/2023 to the affiliate companies and small producers reached to USD 124.3 million, and corporate guarantees that were provided by AAAID to its companies amounted to USD 28.2 million.

10

▶ The total value of assets of AAAID reached to USD 1.34 billion as of 31/12/2023.

11

▶ The total investments of AAAID in the global and regional financial markets - as of 31/12/2023 reached to USD 584.7 million, compared to USD 537.4 million in 2022.

12

▶ Total shareholders' equity as of 31/12/2023 reached to USD 793.5 million compared to USD 922 million in 2022.

13

▶ AAAID's losses for the fiscal year ended on 31/12/2023 of about USD 127.4 million compared to the loss of USD 77.7 million in 2022 due to the result of calculating an increase in the allocations for AAAID's contributions to companies and loans to confront the risks of decline in the value of those investments and assets due to the recent events in the Republic of Sudan, in accordance with the requirements of international accounting standards, where the increase in those allocations amounted to about USD 169.6 million, equivalent to about (KWD 52.07 million).

14

▶ In 2023, AAAID has organized several promotional events and activities in the agricultural field. It also participated in several Arab and international conferences, seminars, forums and exhibitions.

15

▶ AAAID continued to work despite the current conditions of the state of headquarters. A circular was issued to work online then it was followed by an administrative order to transfer employees and carry out their work in the regional office in Dubai.

About AAAID:

01 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 1 November 1976. Its establishment agreement and articles of association were declared in March 1977.

02 Shareholders

AAAID has shareholders of (21) Arab countries, referring to the fact that Libya has started the procedures of joining AAAID.

03 Capital

- Authorized Capital is KWD 336 million (USD 1.1 billion).
- Paid-up capital till 31/12/2023 is KWD 221.1 million (USD 720.1 million).

04 Fiscal Year

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

05 Headquarters and Regional Office

Headquarters:

Khartoum - the Republic of Sudan.

Regional Office:

Dubai - the United Arab Emirates.

Contributing Countries:*

Percentage of the contribution to the Capital of AAAID per country as in 31/12/2023:

● Number of Shares

● Subscription Percentage

33,600

Total Shares

100%



Unsubscribed 10,777

Shares 32.08%

*Libya has started the procedures of joining AAAID and has paid some of its contribution.

Members of the Board of Shareholders

*AAID's Members of the Board of Shareholder as of 31/12/2023:

- | | | | | | |
|----|---|---|----|---|--|
| 1 |  | H.E. Mr. Mohammed bin Abdullah Al-Jadaan
Minister of Finance | 11 |  | H.E Mr. Sultan bin Salim Al Habsi
Minister of Finance (Deputy Chairman of the Board of Shareholders of Session (47)) |
| 2 |  | H.E. Mr. Fahad Abdulaziz Aljar Allah
Minister of Finance | 12 |  | H.E Mrs. Sihem Boughadiri Nemsia
Acting Minister of Finance and Development of Investment |
| 3 |  | H.E. Mr. Mohamed bin Hadi Al-Hussaini
Minister of State for Financial Affairs | 13 |  | H.E Mr. Abdelsalem Mohamed Salih
Minister of Economy and Sustainable Development |
| 4 |  | H.E. Dr. Gabriel Ibrahim
Minister of Finance and Economic Planning | 14 |  | H.E Dr. Mohamad Mahmud Al-Ississ
Minister of Finance |
| 5 |  | H.E Mrs. Taif Sami Mohammed
Minister of Finance | 15 |  | H.E Dr. Kinan Yagi
Minister of Finance (last entry was in 2013) |
| 6 |  | H.E Mr. Ali bin Ahmed Al Kuwari
Minister of Finance | 16 |  | H.E Mr. Biixi Imaan Cige
Minister of Finance |
| 7 |  | H.E Mr. Alsayid Mohammed Marzooq Al Qaseer
Minister of Agriculture and Land Reclamation | 17 |  | H.E Mr. Mze Abdou Mohamed Chanfiou
Minister of Finance, Budget and Banking Sector |
| 8 |  | H.E Mr. Laaziz Faid
Minister of Finance | 18 |  | H.E Mr. Salim Saleh Salim bin Breik
Minister of Finance |
| 9 |  | H.E Mrs. Nadia Fatteh Alaoui
Minister of Economy and Finance | 19 |  | H.E Dr. Youssef EL Khalil
Minister of Finance |
| 10 |  | H.H Sheikh. Salman bin Khalifa Al Khalifa
Minister of Finance and National Economy | 20 |  | H.E Mr. Mohamed Ahmed Awaleh
Minister of Agriculture, Livestock and Fisheries |
| | | | 21 |  | H.E Mr. Riad Mohamed Youssef Attari
Minister of Agriculture |

Board of Directors

Members of AAAID's board of directors as of 31/12/2023.



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



H.E. Eng.
Ibrahim Mohammad Abdullah Aboabat
Ministry of Finance
Kingdom of Saudi Arabia



H.E. Dr.
Abdullah Fahd Al Shami
Director General of the Arab
Planning Institute
State of Kuwait



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



H.E. Dr.
Mahdi Sahar Al Gburi
Administrative Undersecretary
of the Ministry of Agriculture
Republic of Iraq



H.E. Mr.
Mohamed Basher Mohamed Adam
Undersecretary of The Ministry of
Finance and Economic planning
Republic of Sudan



H.E. Mr.
Mohsen Saleh A. M. Albahili
International Cooperation
Department Ministry of Finance
State of Qatar



H.E. Dr.
Saad Moussa
Undersecretary – Secretary – General
of External Agricultural Relations and
Central Administration of Plant Quarantine
Arab Republic of Egypt



H.E. Mr.
Sid Ahmed Saidi
Ministry of Finance
Democratic People's Republic of Algeria



H.E. Mr.
Mohammed Ahmed Sulaiman Al Barashdi
Director General of Budget and
Contracts, Ministry of Finance
Sultanate of Oman

AAAID's Strategy (2021-2025)



Vision

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



Mission

Providing basic food needs to Arab countries through investment and development of their agricultural resources.



Goals

First goal:

Strengthening the role of AAAID in contributing to food security in the Arab World.

Second goal:

Maximizing the return on AAAID's agricultural investments.

Third goal:

Promoting concepts of innovation and governance in the work environment.

Fourth goal:

Leveraging AAAID's own resources to diversify and increase revenues.

Fifth goal:

Provide the best supportive services (administrative and technical).

Strategic Guidance:

1 Benefiting from AAAID's capabilities to establish integrated pioneering agricultural projects.

2 Maximizing the return from affiliated companies.

3 Strengthen trade exchange between Arab countries through establishing projects in the field of transport and other logistical services for agricultural and food commodities.

4 Developing strategic partnerships with the private sector and Arab and international financial institutions.

5 Packing additional global and regional financial resources and investing them in projects with suitable return.

6 Obtaining a global credit rating for AAAID.

7 Promote knowledge and technological cooperation with international and regional agricultural institutions and organizations.

8 Create supportive and stimulating environment for innovation and entrepreneurship in the field of agricultural investment.

AAAID

Activities:

First

Agricultural
Investment Activity

Second

Development,
Applied Research
and Studies
Activity.

Third

Strategic
Planning and
Development
Activity

Fourth

Corporate
Communication
and International
Relations Activity

Fifth

Administrative
Activity

AAAID Activities:

First: Agricultural Investment Activity

Agricultural investment is considered as one of the main activities of AAAID which includes establishing agricultural companies, contributing in them, following up on their performance and providing them with the necessary technical, financial and administrative support to accomplish its goals. By the end of 2023, the total number of companies and projects in which AAAID is a shareholder has reached to 52 companies of which 37 existing companies, 15 projects under establishment and implementation.

1. Companies in which AAAID is a Shareholder:

The following tables show the companies in which AAAID is a shareholder arranged according to the year of establishment:

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

Country	Year of Formation	Company's Name	Shareholders	Subs Percentage
Kuwait	1974	The Arab Investment & Export Credit Guarantee Corporation Subs Capital (million): 295.00 USD	AAAID	01.96 %
			Arab countries governments	46.93 %
			Arab financial institutions	51.11 %
Sudan	1975	Kenana Sugar Company Subs Capital (million): 0.561 SDG	AAAID	05.59 %
			Government of the Republic of Sudan	35.33 %
			Kuwait Investment Authority	30.64 %
			Government of the Kingdom of Saudi Arabia	10.97 %
Other Shareholders	17.47 %			
KSA	1979	Arab Fisheries Co Subs Capital (million): 65.40 SAR	AAAID	48.72 %
			Government of the Kingdom of Saudi Arabia	35.70 %
			Other Arab countries' Governments	15.58 %
Sudan	1982	Arab Sudanese Vegetable Oil Company Subs Capital (million): 2,396.5 SDG	AAAID	88.00 %
			Government of the Republic of Sudan	12.00 %
Sudan	1982	Arab Sudanese Blue Nile Agriculture Company/ Agadi Subs Capital (million): 168.90 SDG	AAAID	85.30 %
			Government of the Republic of Sudan	14.70 %

Country	Year of Formation	Company's Name	Shareholders	Subs Percentage
Tunisia	1982	Al Marga for Cattle and Agricultural Development Company Subs Capital (million): 18.84 TND	AAAID	63.33 %
			Stusid Bank Group	30.00 %
			Other Shareholders	06.67 %
Iraq	1986	Arab Iraqi Dairy Production Company Subs Capital (million): 11.40 IQD	AAAID	50.00 %
			Government of the Republic of Iraq	50.00 %
Syria	1986	Syrian Arab Company for the Development of Agricultural Products Subs Capital (million): 176.00 SYP	AAAID	05.00 %
			Government of the Syrian Arab Republic	25.00 %
			Private sector	70.00 %
Sudan	1987	Arab Company for Agricultural Production and Processing Subs Capital (million): 0.06 SDG	AAAID	42.50 %
			Government of the Republic of Sudan	20.00 %
			Government of the Kingdom of Saudi Arabia	12.50 %
			Government of Kuwait	12.50 %
UAE	1989	Arab Trade Financing Program Subs Capital (million): 1,000.00 USD	AAAID	00.73 %
			Arab Monetary Fund	54.80 %
			Arab Fund for Economic and Social Development	22.00 %
			Arab and International Financial and Banking Institutions	22.47 %
Qatar	1989	Arab Qatari Agricultural Production Company Subs Capital (million): 57.00 QAR	AAAID	50.00 %
			Hassad Food Company	50.00 %
UAE	1992	Arab Poultry and Cattle Equipment Company (APCECO) Subs Capital (million): 50.00 AED	AAAID	27.44 %
			Government of Fujairah	42.22 %
			Arab Co for Livestock Development	21.11 %
			Other Shareholders	09.23 %
Tunisia	1995	Agro-Zitex Company Subs Capital (million): 7.00 TND	AAAID Ceu- Zitex Company	25.00 % 75.00 %
Syria	1996	Al Ahlia Vegetable Oil Company Subs Capital (million): 1,500.00 SYP	AAAID Private and Government Sector	40.00 % 60.00 %

Country	Year of Formation	Company's Name	Shareholders	Subs Percentage
Syria	1996	Arab Company for the Manufacturing of Advanced Irrigation Equipment (MAIE) Subs Capital (million): 90.00 SYP	AAAID	25.00 %
			Nicolas Diab Zelhawi	37.50 %
			Os. Subhi Abbas	37.50 %
Oman	1996	Omani Euro Food Industries Company Subs Capital (million): 2.00 OMR	AAAID	17.19 %
			Oman and Emirates Investment Holding Company	80.84 %
			Other Shareholders	01.97 %
Egypt	1997	Al Faiyum Sugar Works Company Subs Capital (million): 445.11 EGP	AAAID	26.93 %
			Delta Sugar Company	26.83 %
			Holding company for food industries	23.01 %
			Banks and other investment entities	23.23 %
Sudan	1997	Arab Sudanese Seeds Company Subs Capital (million): 12.00 USD	AAAID	34.93 %
			Government of the Republic of Sudan	51.55 %
			Government institutions and banks	13.52 %
Egypt	1999	The Arabian company for Preserving and Manufacturing Agricultural Crops Subs Capital (million): 84.65 EGP	AAAID	92.54 %
			Ministry of Agriculture	04.53 %
			Private Institutions and Shareholders	02.93 %
UAE	2001	Emirates Rawabi Company Subs Capital (million): 217.35 AED	AAAID	27.56 %
			Gulf Investment Corporation	22.54 %
			Government of Dubai	14.59 %
			Private sector	35.31 %
Sudan	2003	Arab Company for Crop Production Subs Capital (million): 165 SDG	AAAID	52.75 %
			Emirates Rawabi Company	47.25 %
Sudan	2003	White Nile Sugar Company Subs Capital (million): 607.00 USD	AAAID	14.38 %
			Kenana Sugar Company	31.08 %
			Government of the Republic of Sudan	09.14 %
			Other institutions and corporations	45.40 %
Sudan	2004	Arab Poultry Production and Processing Company Subs Capital (million): 399.8 SDG	AAAID	78.80 %
			Government of the Republic of Sudan	07.40 %
			Government of the Kingdom of Saudi Arabia	04.60 %
			Government of Kuwait	04.60 %
			Government of the Republic of Iraq	04.60 %

Country	Year of Formation	Company's Name	Shareholders	Subs Percentage
KSA	2005	Arabian Shrimp Company Subs Capital (million): 33.77 SAR	AAAID	45.00 %
			Aqua Farms Corporation	29.33 %
			Aquad For Commerce Ltd.	18.33 %
			Saudi Offset Ltd. Partnership	07.34 %
Sudan	2007	Arab Company for Drugs Ltd Subs Capital (million): 51.00 USD	AAAID	32.53 %
			Arab Co. for Drugs Industries & Medical Appliances (ACDIMA)	40.00 %
			Arab Company for Industrial Investment (IEK)	15.86 %
			Sudanese Banks and Government Institutions	11.61 %
Sudan	2008	Al Mutamayiza for Vegetables and Crops Production Subs Capital (million): 24.70 SDG	AAAID	42.50 %
			Government of the Republic of Sudan	20.00 %
			Government of the Kingdom of Saudi Arabia	12.50 %
			Government of Kuwait	12.50 %
KSA	2009	Arabian Cooperative Company Subs Capital (million): 200.00 SAR	AAAID	20.00 %
			Poultry Producers Association of Aseer	80.00 %
Sudan	2010	Al Muzdana Zero-Tillage Agricultural Company Subs Capital (million): 10.25 USD	AAAID	12.46 %
			The Agricultural Bank of Sudan	46.13 %
			Sudanese Ministry of Agriculture	34.71 %
			Central Commercial Company	06.70 %
Mauritania	2013	Arab Company For Agricultural Services Subs Capital (million): 285.6 MRO	AAAID	100 %
Sudan	2015	Alsarha for Animal Production Subs Capital (million): 50.00 USD	AAAID	99.90 %
			Other shareholders	00.10 %
Oman	2016	Osool Poultry Company Subs Capital (million): 28.86 OMR	AAAID	20.58 %
			Gulf Investment Corporation	26.68 %
			Safa Foods Company	23.46 %
			Alnmaa Poultry Company	14.35 %
			Atyab Investment	09.93 %
			Security Service Pension Fund	05.00 %

Country	Year of Formation	Company's Name	Shareholders	Subs Percentage
Oman	2016	Al Bashaer Meat Company Subs Capital (million): 25.00 OMR	AAAID	20.00 %
			Oman Food Investment Holding Co.	40.00 %
			Oman National Investments Development Company	20.00 %
			Omani National Livestock Development Co	10.00 %
			Civil Service Employees Pension Fund	10.00 %
Tunisia	2017	Tunisia Aquaculture Fund Subs Capital (million): 18.75 TND	AAAID	40.00 %
			Deposit and Guarantee Fund	20.00 %
			STB Bank	26.70 %
			Assurances Maghreb	13.30 %
Morocco	2017	Domaine Yousif Subs Capital (million): 59.3 MAD	AAAID	49.00 %
			Belcora Group	51.00 %
Egypt	2018	Middle east for veterinary vaccines (MEVAC) Subs Capital (million): 163 EGP	AAAID	04.23 %
			Kemin Industries Company	50.19 %
			Private sector	45.58 %
UAE	2020	Trans-Agri Holding Ltd Subs Capital (million): 2.00 AED	AAAID	50.00 %
			Al Rajhi International for Investment	50.00 %
Morocco	2019	Orbis Green Olive Subs Capital (million): 46.6 MAD	AAAID	49.00 %
			Orbis Agro Industry	51.00 %

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

Table (2) Projects under establishment and implementation

Project Name	Country	Goal of Project
Arab Mauritanian Fish Company (Samak)	Mauritania	The project aims to manufacture pelagic fish as main products in addition to fish oil and fishmeal as secondary products. This is to fill part of the gap in fish products, contribute to the development of the sector of small and medium fishermen, and develop inter-Arab trade in the field of fish products with an annual production capacity of about 70,000 tons at the year of stability.
Al Murouj Dairy Company	Sultanate of Oman	The project aims to establish points to collect, manufacture and market cow and camel milk from breeders, as well as manufacturing of fruit juices, and establish milk cooling centers for the production of raw milk and its derivatives to contribute to meeting local needs with the capacity of 53 thousand liters/day of cow milk, and a capacity of 12 thousand liters/day of camel milk. The factory's production capacity is 120 thousand liters/day (90 thousand liters pasteurized milk + 30 thousand liters sterilized milk or juices).
Orbis Berries	Morocco	The projects aims at establishing an integrated project for the production and packaging of all kinds of berries and some types of citrus through cultivating 800 hectares of berries and citrus as well as building a factory for packaging and processing with a capacity of 33,500 ton/year.
Arab Company for Meat	Mauritania	The project aims at producing healthy meat according to the latest methods that comply with the international health requirements to be able to export meat to foreign markets. It also aims at establishing a model slaughterhouse equipped with the appropriate quality and sanitary specifications. In addition to these, the project aims to modernize the traditional methods used in cutting, marketing meat and waste treatment in Mauritania. It aims to contribute to covering food gap (red meat) in the Maghreb countries.
National Veterinary Vaccines Co. LLC	Sultanate of Oman	The project aims to contribute to meeting of the needs of Arab countries for some important and most widely used vaccines, such as the redthrush fever in cattle, bird flu, Newcastle disease in poultry, and some other vaccines in two phases, the first is the mobilization of veterinary vaccines to produce 114.5 million doses of different vaccines and the production of the active substance to produce 144 million doses in the second phase.
ILAF for Starch and Glucose	Sudan	The project aims at rehabilitation of the starch and glucose factory to produce starch and glucose as main products with production capacity of 150 ton daily and producing fodder in addition to that.
Arabiska Fruits Company	Tunisia	The project aims to export fruits with an added value, whether from the farm of the Mabrouka Company or the farmers who deal with the company in purchasing seedlings for marketing in Tunisia and for export (the Gulf, African and European market).

Project Name	Country	Goal of Project
Poultry Production Project	Bahrain	The project aims at producing broiler chickens to contribute in covering part of the gap in poultry in Bahrain with production capacity of 6.4 thousand ton annually.
Integrated Smart Services	UAE	The project aims at establishing a company that gives smart agricultural service at its first phase.
Mabrouka Seeds Company	Tunisia	The project aims at producing 9 million of potato mini tuber (G0/S) in which 2 million are propagated in Tunisia and export 7 millions of tubers to be propagated in other Arab countries.
MAFISH PELAGIC Project	Mauritania	The project aims at catching 60,000 tons of pelagic fish annually through buying ships that are highly equipped with new cooling systems to gradually provide fish to the Arabian Mauritanian Company for fish (SAMAK) and other companies.
Central Production Market Project	Tunisia	The project aims at connecting agricultural production with marketing and processing in the middle states (Kairouan, Sidi Bouzid, Kasserine and Gafsa) and provide the suitable marketing frame of agricultural products in the internal markets and for export.
Broiler chicken project	UAE	The project aims at producing 30 million hatching eggs annually to cover the local need for broiler chicken in the UAE.
The production of high grades of potato seeds project	Egypt	The project aims at producing of high grades of potato seeds that are free of diseases with capacity of 10 million seeds to achieve self-sufficiency of potato seeds in Egypt and Arab countries.
Arabian Roshn Company for Poultry	KSA	The project aims at producing poultry with capacity of 5706 ton per year through taking advantage of the availability of boiler chicken breeders in the Bisha region for producing chilled, frozen and processed chicken.

Table (2) Projects under establishment and implementation

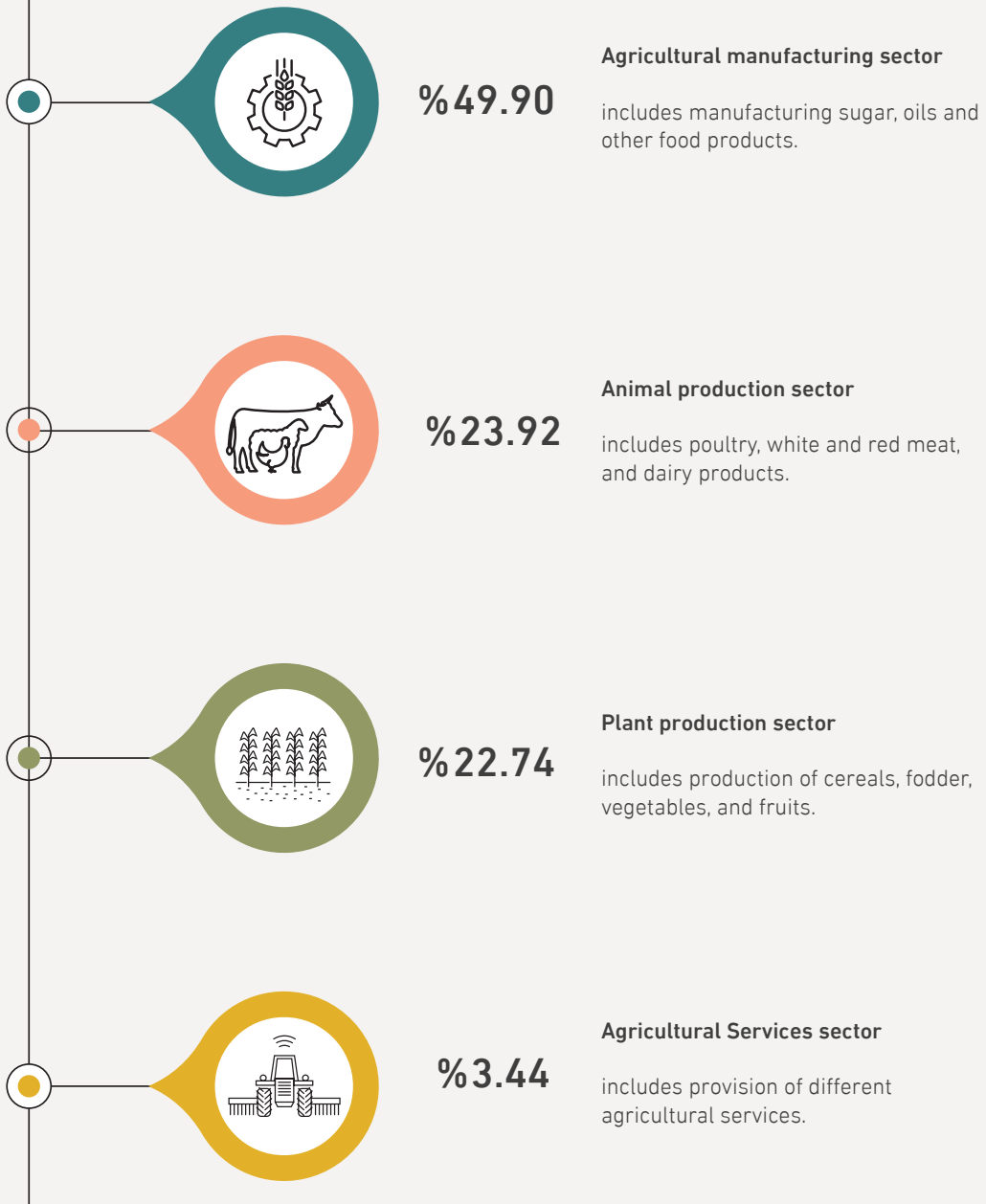
2. Sectoral and geographical distribution of AAAID's contribution in Companies:

2.1. AAAID's Total Contribution in Affiliate Companies' Capital:

The total value of AAAID shares in the paid capital of its existing companies, and projects under implementation and establishment as of 31/12/2023 is about USD 542 million.

2.2. Sectoral distribution of AAAID's contribution in companies' capital:

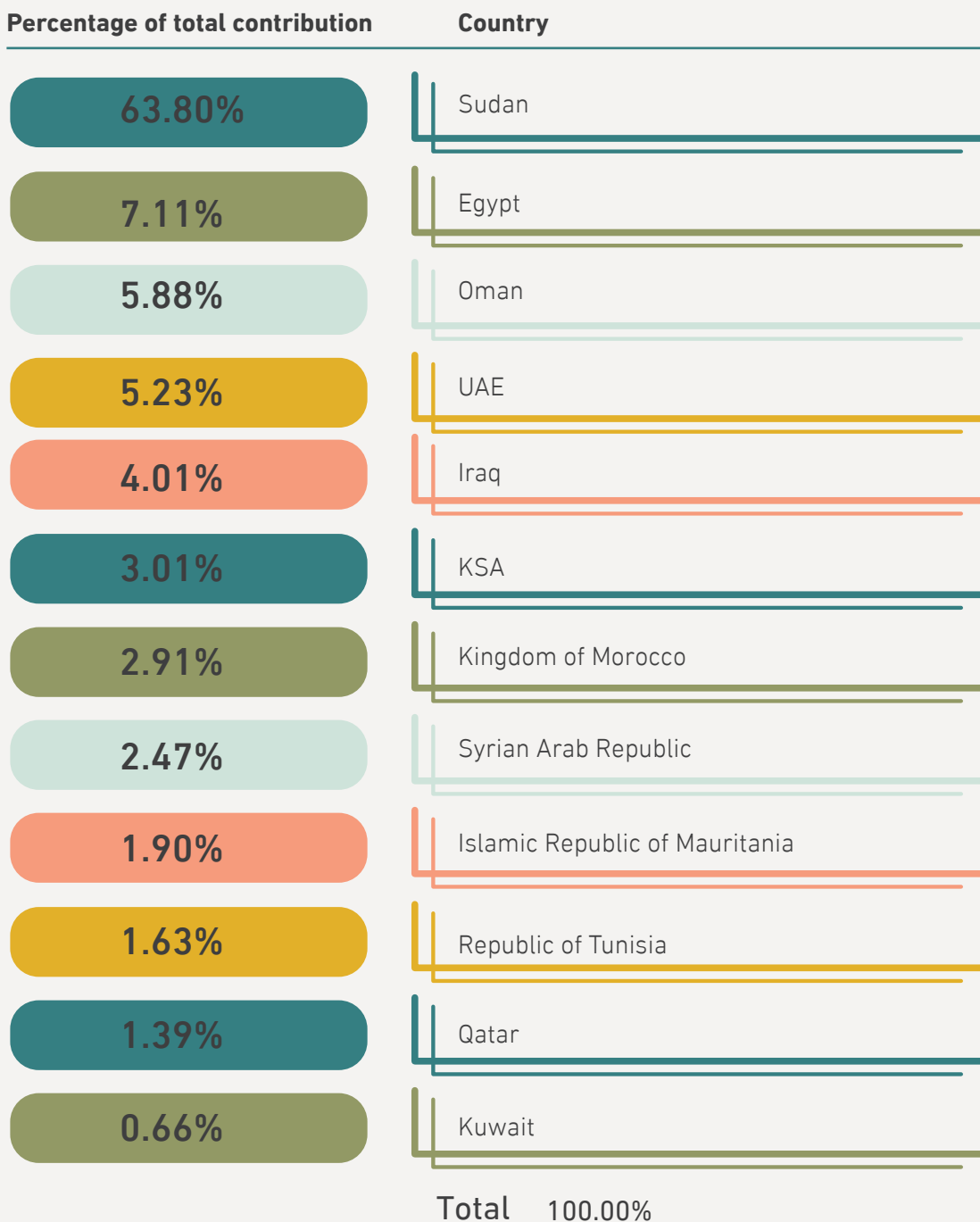
AAAID shares in the capital of its affiliate agricultural companies were distributed among four main sectors:



2.3 Geographical Distribution:

AAAID shares in the capital of its affiliate agricultural companies are distributed among 12 member states as per the investment opportunities and comparative advantages that were available then in each country as shown in figure (3).

Figure (3): Geographical Distribution of AAAID's contributions to companies in member countries



2.4. AAAID's Share from Distributed Profits by the Companies in 2023

Table (4) AAAID share from Profits Distributed by the Companies for the year 2023

Statement	USD million
Total net profit achieved by companies in 2023	121.97
AAAID's share of the net profit achieved by the companies	80.42
Total profits distributed by companies	41.55
The total amount of retained earnings in companies	26.66
AAAID's share of the companies' dividends	6.51

3. AAAID's contribution to increasing the companies' capital:

AAAID supports its companies by contributing to increasing their capital for the purpose of implementing rehabilitation, expansion programs, diversifying activity and providing operating capital, in order to diversify their products and benefit from the full production capacities available in these companies. In 2023, the AAAID's Board of Directors agreed to contribute to increasing the capital of the following companies:

- Arab poultry production and processing – Sudan, the company's capital was increased by USD 6.12 million, and AAAID subscribed to the capital increase according to its current contribution rate of 78.80% with USD 4.82 million that will be paid in five years.
- Arab Mauritanian Fish company – Mauritania, the company's capital was increased by USD 2 million and AAAID subscribed to the capital increase according to its current contribution rate of 37.9% and in the rest of the shares waived for subscription from other shareholders.

4. Increasing AAAID's share in companies:

In the framework of benefiting from the investment opportunities available in the companies in which AAAID contributes to and in which they are characterised by high financial viability, the board of directors of AAAID in 2023 has agreed in increasing its share in the Arabian Company for Preserving and Manufacturing Agricultural crops – Republic of Egypt to reach to about 92.54%.

5. Exit Policy of AAAID:

The exit policy has been conducted according to the strategic directions of AAAID in order to improve the return of the investment portfolio, reduce risks, reinvest the returns from selling them in establishing new projects. In 2023, AAAID's Board of Directors issued decisions to exit from the following companies: Arab Fisheries Company – Kingdom of Saudi Arabia, Agro-Zitex Company – Tunisia, Arabiska Fruits Company – Tunisia, Trans-Agri Company – UAE, and Snabil Arabic Company – Mauritania.

Follow-up of performance of Companies:

AAAID works in following-up and evaluating the performance of companies it contributes to continuously in order to assure the accomplishments of its goals through analyzing the technical, financial and administrative conditions of companies, addressing issues and obstacles and providing advice and recommendations through its representatives in the board of directors and management councils to help in developing the performance of the companies and taking the suitable decisions. AAAID also works to create permanent communication channels with the companies which facilitate exchanging ideas and advice about all topics related to its work.

6.1 Following up the appropriate channels to address challenges facing the companies:

The management of AAAID in coordination with the representatives of countries in the board of directors addressed the issues and obstacles that faced AAAID and its companies in some countries. These efforts included an interview with a number of ministers and officials in those countries, which led to overcoming many problems that hinder the performance of some companies in these countries.

6.2 Technical and financial support of companies:

6.2.1 Providing operating loans for companies:

AAAID has provided technical and financial support to its affiliated companies in order to help them improve their production and financial performance. This included providing of operating loans to a number of companies such as Orbis Berries Company- Morocco and Arab Company for Crop Production - Sudan, providing guarantees to Arab Company for Agricultural Services – Mauritania, in addition to providing advice and technical support to them. AAAID has also formed specialized technical and financial teams to visit some of the companies it contributes to in order to assess their production and financial conditions and submit integrated reports on their technical and financial performance in coordination with the executive management and boards of directors of those companies in order to address the challenges they face.

6.2.2 The current conditions in Sudan:

In the current conditions that the Republic of Sudan is going through since 15th April 2023, AAAID has remained in continuous communication with the managements of companies in the Republic of Sudan, in order to take the necessary steps to preserve the companies' assets and continue their work, and initial estimates indicate the stopping of the work of some companies located in Khartoum with limited damage to their assets. As for companies outside Khartoum State, the companies continued to carry out their activities normally. AAAID's management addressed the responsible authorities in Sudan and informed them of the damage to which AAAID's assets and investments in Sudan were exposed and asked them to take the necessary measures to protect them.

7. The economic impact of AAAID's affiliate companies: :

7.1 Contribution to Providing Basic Food Products:

AAAID's affiliate companies contribute in providing basic food commodities such as: (cereals, sugar, diaries, meat and oils). For example, the Arab Sudanese seeds company, produce about 67% of the total seeds produced in Sudan, the sugar companies, that AAAID contributes to, produce about 52% of the total production of sugar in Sudan and about 8% of total production of sugar in Egypt. AAAID companies in the UAE provide more than 30% of dairy and juices and more than 15% in poultry products. Moreover, the companies produce about 6% of poultry products in Saudi Arabia, about 8% poultry products in Sudan, 18% of vegetable oils and fats in Syria, 12% of vegetable oils in Sudan and about 15% of vita oils in Tunisia.

7.2 Engagement in Contracts with small farmers and producers:

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

1. Al Faiyum Sugar Works Company in Egypt, made contracts with farmers to cultivate about 80,000 feddans to provide the company with 1.5 million tons of sugar beet.
2. The Arabian Cooperative Company in KSA contracts with small poultry breeders to provide the company with about 60 million birds.
3. The Arab Sudanese Seeds Company in Sudan contracts with farmers and private companies to provide the company with about 10,000 tons of different assorted seeds.
4. The Arab Iraqi Dairy Production Company in Iraq contracts with farmers in its agricultural project of growing wheat in an area of about 4.4 thousand feddans.
5. Al Muzdana Zero-Tillage Agricultural Services Company in Sudan provides land preparation, planting, fertilizers, and pesticides application and harvesting services in an area of more than 81 thousand feddans in the irrigated and rain-fed sector.
6. The Arab Company for Agricultural Services in the Islamic Republic of Mauritania provides agricultural services to small farmers in an area of about 17.9 thousand feddans.
7. The Arabian Roshn Company for Poultry in the Kingdom of Saudi Arabia contracts with the members of the Cooperative Association of Poultry producers in Bisha region and the owners of (14) farms with annual production capacity of 28.5 million birds and is expected to finish contracting with extra 90 farms to provide the company with poultry.

7.3 Provide Employment Opportunities:

AAAID's affiliate companies provide permanent and seasonal employment opportunities. The employment opportunities provided by these companies reached to more than 127 thousand jobs, of which about 17 thousand of permanent positions in various disciplines, and about 110 thousand seasonal jobs.

7.4 Development of Intra-Arab Trade:

AAAID has contributed in establishing a number of agricultural companies at the aim of exporting their products to other Arab countries. The following are the most important established companies:

1. Al Bashaer Meat Company in Oman which was established to produce high quality meat for the local market and then export it to other gulf countries.
2. Al Sarha for Animal Production in Sudan, which aims to establish an integrated project for production, fattening, slaughtering, manufacturing, marketing and exporting of red meat (live animals, meat cuts and manufactured meat) with international quality and specifications; and exporting them to other Arab countries.
3. The Arab Company for Meat in Mauritania to produce, pack, market and export red meat to Arab countries, Europe and West Africa.
4. The Arab Mauritanian Fish Company that aims to catch, store, manufacture pelagic fish as main products and export them to Arab countries, in addition to producing fish oil and fishmeal as secondary products.
5. Agricultural Orbis Company (Orbis Berries and Orbis Green Olive) and Domaine Youssef company in Morocco that aims to establish innovative projects to produce fruits, berries and producing and processing green olive for the purpose of exporting to the Arab and European markets.

6. Osool Poultry Company - Sultanate of Oman: The company aims to produce fertilized eggs to meet the needs of the shareholders in the project mainly and to cover part of the deficit in the Gulf markets.
7. Mabrouka Seeds Company - Republic of Tunisia: The company aims to produce 9 million of potato mini tubers (G0/S) in which (2) million of it is propagated and marketed in Tunisia and (7) million are exported to Arab countries.
8. Middle east for veterinary vaccines (MEVAC): The company aims to contribute to meeting the needs of the Arab Republic of Egypt and some Arab countries for some important and most widely used vaccines, such as redthurs vaccines in livestock, bird flu, Newcastle in poultry and some other vaccines. MEVAC is the only company active in this field in the private sector in the Arab Republic of Egypt.
9. AAAID contributes in the Arab Trade Finance Program, which aims to contribute in developing Arab trade through providing the necessary financing for Arab trade activities. The program also keen on cooperation and coordination with local and regional financing and guarantee institutions. It also contributes to the Arab Investment and Credit Guarantee Corporation Exports "Daman", which aims to provide insurance services against commercial and non-commercial risks for inter-Arab investments in Arab countries, and to contribute to raising Arab awareness of investment, export and insurance issues through a set of complementary activities and support services that contribute to the development of the environment and climate for Arab investments.

7.5 The Social Responsibility of AAAID's companies:

AAAID's companies play special concern to the social responsibility for their importance in developing AAAID's projects areas. The following are examples of the services that are provided by the companies:

1. Provide support for basic services like roads and electricity in the project areas such as: Osool Poultry Company, Al Bashaer Meat Company in Oman, Kenana Sugar Company and White Nile Sugar Company in Sudan.
2. Support health and education, as well as providing support in places of worship, schools and health facilities in villages: Kenana Sugar Company in Sudan, which was awarded the National Social Responsibility Award.
3. Environment day campaign: White Nile Sugar Company in Sudan participated in the activities of preserving the environment in Al Douiem which included aerial spraying in the area in order to control mosquitos.
4. Some companies allocate some money from its profits for service and charitable work in the regions where they operate such as: Al Faiyum Sugar Works Company in Egypt, Al Ahlia Vegetable Oil Company in Syria.
5. Some companies organize activities and entertainment programs for children and the families of their staff, and provide support for people with special needs such as Kenana Sugar Company in Sudan, Emirates Rawabi Company, Agro-Zitex Company in Tunisia and Al Ahlia Vegetable Oil Company in Syria.
6. Internship/Training: several companies provided opportunities to train graduates in different technical and administrative fields such as Kenana Sugar Company in Sudan and White Nile Sugar Company in Sudan.
7. Technical support: some companies provided agricultural extension services, technical supervision and training of small farmers and producers such as Arab Qatari Agricultural Production Company and Al Faiyum Sugar Works Company in Egypt.

AAAID Activities:

Second: Development, Applied Research and Studies Activity

1. Developmental Programmes for the year 2023:

The development programs included direct and indirect financing activities for small farmers and producers, as well as non-refundable support such as support for the Palestinian people, in addition to the program of drilling wells in the Republic of Sudan and applied research programs in the Arab countries.

1.1 Republic of Sudan:

- Due to the critical and exceptional security conditions that the Republic of Sudan has been experiencing from mid-April 2023 until today, and since this period is considered the ideal time period to provide funding for the summer season, and due to the continuation of the situation until the beginning of the winter season, AAAID was not able to finance these two seasons directly, however, the payment was rescheduled so that farmers can finance themselves for the winter season while continuing to provide technical support to farmers by contracting with supervisors in areas that have not been affected by the security conditions and wish to continue farming.
- Digging wells: Due to the instability of the situation in Sudan, only one well was drilled this year in the city of Umm Ruwaba in the state of North Kordofan, and the number of beneficiaries from it reached to 6 thousand beneficiaries.

1.2 The project of supporting Palestinian People

1. AAAID – with cooperation of Arab funds- finances the developmental projects in the agricultural sector to help contribute in achieving economic and social development and to reduce the struggles of Palestinian people via Al Aqsa fund, which is managed by the Islamic Development Bank in Jeddah. The most important results of these projects are the following:

- (a) Drilling of wells, making ponds and building of water dams for farmers.
 - (b) Reclamation and rehabilitation areas of lands and agricultural roads.
 - (c) Rehabilitating and maintenance of some fishing boats for fishermen.
 - (d) Implementing training programs to raise the capabilities of youth farmers.
 - (e) Providing poor families with productive projects to help increasing their income.
 - (f) Establishing a plant genetic bank.
2. The total amount specified for the mentioned projects above reached to USD 13,85 million.
 3. The total number of beneficiaries of the programs of supporting Palestinian people in 2023 reached to 91,000 beneficiaries.
 4. A new project was approved in 2023 in order to develop water resources, rehabilitate agricultural lands and to enhance the resilience of small farmers with USD 2.8 million.

2. Applied researches:

The number of applied research programs carried out in Arab countries in the year 2023 reached to (11) programs, as follows:



2.1 Republic of Sudan:

- AAAID conducted (7) applied research trials in 2022 in the high salinity lands of the Arab Company for Agricultural Production and Processing - Al-Baqir – Republic of Sudan - in order of testing different varieties of field crops, fodder and vegetable crops.
- The critical security situation in Sudan affected the researches and were not completed the way it was desired to, therefore AAAID could not calculate the quantity of agricultural products in 2023.
- 2.1.1 The trials that were carried out in in the innovation and research station for field crops and fodder research at the Arab Company for Agricultural Production and Processing - Al-Baqir - winter season 2022-2023:

2.1.1 Cultivating varieties of tomato:

- The trial aimed to measure tomato crop's tolerance to soil salinity and its impact on productivity.
- The variety FMX1077 was cultivated in an area of 2 feddans, and the plants were treated periodically with fungicides and insecticides in precautionary doses.
- **The trial resulted in:** The cultivated variety showed good resistance to the degree of salinity in the soil, through the observation of good vegetative growth and fruit setting, which heralds good productivity.

2.1.2 Testing the effect of adding the organic fertilizer Root Max on tomato productivity:

- The trial aimed to test the effect of adding the organic fertilizer Root Max on the growth and productivity of tomato crops in lands with high salinity.
- The variety FMX 1077 was planted on an area of one feddan.
- **The trial resulted in:** Despite the good growth, the quantity and weakness of fruit was noted as result of the relative salinity of the soil.

2.1.3 Comparing cultivation of varieties of maize:

- The trial aimed to compare the productivity of maize under high- salinity soil conditions in Sudan.
- The variety Damazin was cultivated in (4) feddans.
- DAP fertilizer was added in the soil at the rate of two sacks per feddan.
- **The trial resulted in:** The good vegetative growth of the Damazin variety is noted, and its tolerance to high levels of ground salinity after adding DAP fertilizer.

2.1.4 Cultivating Sweet Corn in high salinity lands:

- The trial aimed to test the cultivation of sweet corn, under high-salinity soil conditions in Sudan.
- The variety Super King F1 was planted on an area of 4 feddans.
- **The trial resulted in:**
 - The crop's tolerance to the degrees of soil salinity after adding DAP fertilizer was obvious, due to the good growth of plants.
 - The cultivated variety was affected by the variation in temperature, and the good growth of the crop stabilized after temperatures dropped significantly beginning in February.

2.1.5: Cultivation of Zucchini in lands with high salinity (Viewing experience):

- The trial aimed to test the tolerance of the Zucchini crop to soil salinity and its effect on productivity.
- The crop was planted on an area of 0.5 feddan.
- **The trial resulted in:**
 - Preliminary results showed that the crop was severely affected by soil salinity, through the observation of the death of cultivated plants.
 - The ineffectiveness of growing the crop in lands with high salinity.

2.1.6 Cultivation of Panicum in high salinity lands:

- The trial aimed to cultivate the Panicum crop, for the third winter season, to confirm the results obtained in the previous two seasons, in addition to measuring the plant's tolerance to varying temperatures and high salinity.
- The crop was grown via seedlings on an area of one feddan.
- **The trial resulted in:** Preliminary results showed the crop's tolerance to high degrees of salinity in the winter season under Sudanese conditions, after seeing the good vegetative growth of the cultivated plants.

2.1.7 Cultivation Mung bean under the conditions of Sudan:

- The trial aimed at testing the cultivation of Mung bean for the second season in a row, under highly salinity soil in Sudan.
- **The trial resulted in:** Preliminary results showed the crop's tolerance to high degrees of salinity in the winter season under Sudanese conditions, through observing the good vegetative growth of the cultivated plants.



2.2 The United Republic of Comoros:

AAAIID conducted (4) research trials in the year 2023 at the Innovation and Research Station for Research on developing vegetables and field crops in Bandasmilini region in the United Republic of Comoros in the winter season 2022-2023 as follows:

2.2.1 Cassava cultivating:

- The trial aimed at comparing cultivating three varieties of Cassava plants (two local types and an imported one from Cameroon) to compare productivity and adaption to the local environment.
- The three types were cultivated in an area of 1.100 square meters.
- **The trial resulted in:** The results showed the superiority of local varieties over the imported variety in terms of fruit size and total production quantity.

2.2.2 Comparing the productivity of sweet potato varieties:

- The trial aimed to compare varieties of potato seeds, in order to achieve the variety that suitable for the Comorian environment and desirable to the local consumer.
- Three varieties of potatoes were cultivated: (Sudaf), (Fandi Omara) and an Egyptian type (Iskendarani) in 2.450 square meters.
- **The trial resulted in:** The results showed the superiority of the Fendi Umara variety in terms of fruit size and lack of sugar, and it was noted that it is popular with the local consumer.

2.2.3 Comparing the productivity of Potato varieties:

- The trial aimed to cultivate different varieties of potatoes and reach the variety with high productivity and desirable to the local consumer.
- Two varieties were cultivated; Desiree and Rozana in an area of 1,100 square meters.
- **The trial resulted in:** the results showed that there were no big differences in the productivity of the two varieties, as the productivity of type Desiree was 2.9 tons per feddan and the productivity of Rozana was 3 tons per feddan.

2.2.4 Carrot cultivation test:

- The trial aimed to cultivate varieties of imported carrots and comparing its productivity to the local types cultivated in the nearby farmers.
- The variety (Amazonia) was cultivated in an area of 800 square meters.
- **The trial resulted in:** the results showed weak productivity (2.5 tons per feddan), due to the exhaustion of the soil through continuous annual cultivation in the same location, which requires preparing new areas for agriculture and leaving these areas for a period of one year until the land regains its vitality.

3. Studies:

The studies activity is considered one of the important activities of AAAID while reaching investment decisions to contribute in the projects. This activity includes developing the investment opportunities, preparing and evaluating feasibility studies, providing consultancy services and technical support to the companies. The number of projects in the year 2023 reached to (129) projects classified as follows:

3.1 Projects at the stage of indentification:

In this stage, the project ideas are received from investors and the opportunities are fine-tuned and elaborated. The investment opportunities identified during 2023 reached (74) distributed into the main sectors as shown in the table (5).

Table (5): Projects at the stage of investment opportunities elaboration

No.	Sector	Number of projects
1	Agriculture Processing	21
2	Plant Production	21
3	Animal Production	19
4	Agricultural Services	13
Total Number of Projects		74

3.2 Projects under feasibility of studies preparation stage:

AAAID prepared preliminary and detailed studies for several investment opportunities and assigned consultancy firms to conduct feasibility studies, Due Diligence and Business Valuation of existing companies before investing. The number of projects for the year 2023 in this stage reached (8) projects as shown in table (6).

Table (6): Projects under feasibility of studies preparation stage

No	Project	Country	Project Objectives
1	Project of processing vegetable oils– market study.	Mauritania	Establishing vegetable oil pressing and refining unit.
2	Project of producing palm seedlings– Market Study	Morocco	Producing palm seedlings via tissue culture with capacity of 25 thousand seedlings.
3	The integrated project for producing broiler chicken - Valuation and due diligence study.	Oman	Establishing an integrated project of producing poultry meat with a capacity of 60,000 tons/year.
4	Agricultural project of producing vegetables and cow breeding – detailed feasibility study	Mauritania	Producing fodder in an area of 1500 hectare and cow breeding in Aftot Sahli.

No	Project	Country	Project Objectives
5	Project of expanding a poultry production company - Valuation and Due Diligence study.	Libya	Breeding chicken with a capacity of 58 million chicks per year and producing eggs with a capacity of 176 million egg per year in Benghazi.
6	The project of a revolving loan fund for small farmers in the Arab countries – detailed feasibility study.	Arab Countries	Establishing a fund for revolving loans to finance small and medium farmers in the Arab countries with investment cost of around USD 150 to 200 million.
7	Potato processing project –Valuation and Due Diligence study.	Iraq	Adding a new line for producing half fried potatoes with a capacity of 18 thousand tons annually.
8	AAAID income diversification project – detailed feasibility study.	UAE	Investing in non-agricultural projects in order to diversify and increase sources of income of AAAID.

3.3 Projects under feasibility studies evaluation stage:

In order to decide its contribution to the projects, AAAID evaluated the feasibility studies of the projects submitted by promoters or by existing companies. In 2023, AAAID evaluated about (37) projects and studies as shown in Table (7).

Table (7): Projects under feasibility studies evaluation stage

No	Project	Country	Project Objectives
1	Producing vegetables and fruits Project	Morocco	Producing cherry, cherry tomatoes in Oued Ed-Dahab-Lagouria in an area of 315 hectares.
2	Hydroponic Vegetables production project	UAE	Producing vegetables in via hydroponic system in an area of 20 feddans in Sharjah.
3	Smart Services Company project	UAE	Providing smart solutions to agricultural companies.
4	Table-egg production project	Egypt	Producing table-eggs with a capacity of 35,000 bird.
5	Hydroponic Fruits and vegetables production project	KSA	Establishing a farm with new agricultural system in an area of 11,000 square meter in Riyadh
6	Hydroponic fruits and vegetables production project	KSA	Production of tomato, lettuce and strawberry with a capacity of 1000 ton/year via hydroponic system in Al Qaseem.
7	Expansion project of laboratory of tissue culture of potato and date palms	Egypt	Increasing production capacity to 4 million minitubers and the capacity of producing palm tissue seedlings to 250,000 per year.

No	Project	Country	Project Objectives
8	Fish farming project via floating cages in Dalma Island	UAE	Establishing an integrated complex to produce finger-sized fish and fish farming in floating cages with capacity of 20,000 tons, producing 60,000 tons of fodder and establishing a factory for processing and exporting fish with capacity of 20,000 tons in Dalma Island.
9	Broiler poultry project	KSA	Establishing an automatic slaughterhouse with capacity of 57.6 thousand ton per year to produce poultry in Bisha.
10	Poultry Production and Dairy Manufacturing Project	Kuwait	Expanding an existing company's activity through establishing lines of cheese production such as cheder cheese and mozzarella as well as expanding producing organic eggs in the Gulf.
11	Tuna and sardine canning project	Oman	Establishing a factory for canning tuna, sardine and mackerel with a capacity of 27,000 tons and producing 387,000 cans of fish.
12	India Growth Equity Fund III	India	Establishing a fund of about 10 to 12 investments in India in pioneer fast-growing companies in four sectors (Medical care, commercial services, software, financial services, and consumer sector)
13	Tomato paste project	Syria	Rehabilitation of tomato paste factory with an expected production capacity of 40 tons of tomato paste per day in Daraa Governorate.
14	Fish Farming Project	Algeria	Farming Sea Bass and Sea Bream fish with a capacity of 10,000 tons/year in Tlemcen.
15	Marketing fish project	KSA	Providing logistic services connected to fish marketing and developing tourism activities.
16	Salmon farming project	UAE	Salmon farming in pools via RAS system with a capacity of 10,000 tons/year in Abu Dhabi.
17	Poultry meat production and processing project	Libya	Producing poultry with a capacity of 72 thousand ton per day.
18	Processing tomato paste project	Libya	Processing tomato paste with a capacity of 7800 tons per year.
19	Agricultural products marketing platform project	Tunisia	Establishing an integrated platform for marketing and processing of agricultural products in the Central Provinces.
20	Food storage platform project	UAE	Establishing a project of storing and marketing food stuff with a capacity of 70 thousand tons.
21	Gift marketing project	UAE	Increasing the capacity of a startup company specialized in marketing gifts via e-platform.
22	Integrated agricultural project in Kirkuk	Iraq	Producing grains in an area of 60,000 dunam in Kirkuk.
23	Broiler poultry project	KSA	Establishing an automatic slaughterhouse with capacity of 37.2 thousand tons per year to produce chicken in Eastern Province.

No	Project	Country	Project Objectives
24	Integrated Poultry project	Iraq	Establishing an integrated project that contain a slaughterhouse with a capacity of 13 thousand tons per year and a hatchery with a capacity of 10 million bird per year.
25	Calves-fattening project in Sharjah	UAE	Establishing a calves-fattening farm with a capacity of 40,000 head per year in order to cover the local market needs.
26	Table eggs production project in Al Qassim	KSA	Producing table eggs with a capacity of 200 million egg per year.
27	Fruits and fish production project	Algeria	Producing fruits (apple, peach, nectarine, almonds and cherry) in an area of 1000 hectare and establishing a unit to produce red tilapia in Sidi Slimane.
28	Animal production and Dairy Project.	Algeria	Breeding milking cows with a capacity of 1000 head of cow and 2650 head of sheep and goats in Sidi Ahmed.
29	Grain storage project	Tunisia	Building of metal silos to store grain with capacity of 25,000 ton in Sousse Governorate.
30	Shrimp farming project	Oman	Establishing an integrated project to produce shrimp with a capacity of 18,000 ton per year in 1650 hectares.
31	Canned tuna production, metal cans and canned beans production project.	Egypt	Producing tuna, sardine and mackerel with a capacity of 6 million carton/year and production of metal cans and packing of tomato paste and frozen vegetables.
32	Factory for producing veterinary and human vaccines Project	Egypt	Establishing a factory for producing human vaccines with a capacity of 140 million dose and a factory for producing veterinary vaccine with a capacity of 5.2 billion dose.
33	Breeder poultry project	UAE	Raising of breeder poultry to produce 30 million hatching egg per year
34	Integrated Fish farming project	KSA	Fish farming in floating cages with a capacity of 10,000 ton/year of Seabass, Sparidentex hasta, Seabream and Mangrove Red snapper.
35	Factories for producing food oils and ghee Project	Egypt	Reconstructing and developing factories for refining food oils and ghee.
36	Production of Irrigation systems project	Egypt	Producing innovated irrigation systems to reduce water consumption
37	International school Project	Egypt	Establishing an international school with of an area of 7940 square meters.

3.4 Consulting and technical support

Consulting and technical support was given to AAAID affiliated companies. The consultancy services consisted of follow up on projects implementation, preparation and evaluation of studies in addition to companies' valuation. The number of consultations of AAAID's affiliated companies reached (10) in 2023 as shown in table (8).

No	Project	Beneficiary	Country	Nature of Support
1	Rehabilitation of El Muzdana Company project	El Muzdana Zero-Tillage Agricultural Company	Sudan	Preparing strategic business plan for the company.
2	Re-operation Arabian Shrimp Company project	Arab Shrimp Company	KSA	Updating feasibility study of the project of Re-operating the company
3	Red Meat project in Mauritania	Arab Company for Meat – Mauritania	Mauritania	Evaluation of feasibility study of the project of fattening cows, goats and camels – First phase
4	Valuation project of the Middle East Veterinary Vaccines Company, MEVAC.	AAAID	Egypt	Determining the value of the company's shares to negotiate an increase in AAAID's share in the company's Equity.
5	Project of rehabilitation and development of the Arab Company for Preserving and Processing Crops.	AAAID	Egypt	Evaluating the feasibility study and determining the value of the company's shares.
6	Wheat cultivation project in Sudan	Kenana Sugar Company	Sudan	Preparing the terms of references for preparing the feasibility study
7	Project of rehabilitation of the Arab Company for Manufacturing Advanced Irrigation Equipment (MAIE)	Arab Company for Manufacturing Advanced Irrigation Equipment (MAIE)	Syria	Evaluation of feasibility study
8	Project of Valuing Al Marga for Cattle and Agricultural Development Company	AAAID	Tunisia	Determining the value of the company's shares to negotiate selling AAAID's share.
9	Agro-Zitex Company valuation project	AAAID	Tunisia	Determining the value of the company's shares to negotiate selling the AAAID's share.
10	Al Murooj Dairy company expansion project	Al Murooj Dairy Company	Oman	Evaluation of the business plan for the expansion project.

Table (8): Consulting and technical support

AAAID Activities:

Third: Activity of Strategic Planning and Development

01 Strategic Planning activity:

AAAID applies the latest strategic management systems in terms of continuous development of the principle and methodology of governance in effective planning and performance measurement, and the development of administrative and technical tools to ensure proper and sustainable implementation through the following:

- Reviewing and updating AAAID strategic plan 2021-2025, the operational plans of organizational units and performance indicators measurement, including updating documents related to the strategic plan.
- Periodic review and performance measurement of the strategic plan for agricultural investment with the development of an automated system to measure performance and support decision-making in optimal use of resources.
- Developing the institutional performance management methodology and evaluating job performance based on job objectives and behavioral competencies, With the development of a dashboard to measure institutional performance in detail (corporate performance measurement dashboard).

02 Institutional Development Activity:

The institutional development activity in AAAID includes the creation and development of institutional administrative systems according to the best global practices and the supervision of their application and its continuity, in addition to the management of the processes and the guarantee of its uniformity and the measurement of its performance and the continuous development of it with the adoption of the standards of excellence in performance. Within this framework and to consolidate the concept of comprehensive quality management, AAAID implemented the following during the year 2023:

- a. Implementing quality management system that is compatible with the requirements of ISO 9001 specifications for the year 2015. A number of new documents were issued and a periodic review and re-issuing of a number of system documents was implemented. Preparations have also been made for the subsequent audit process to maintain the ISO 9001 certificate and verify that all requirements are met.
- b. Ensuring the accuracy of the inventory and classification of all AAAID's operations and the appropriateness of the total record of operations, which is conducted on an annual basis.
- c. Completing the work on the project "Developing Operations Performance" and measuring their performance in a way that is consistent with measuring institutional performance, where the operations of some organizational units were reviewed and included within the electronic operations system, and work on the operations of the rest of the organizational units is being completed. It is also planned to implement a re-engineering process for all operations in the year 2024 in preparation for linking them to measuring employee performance.
- d. Operations performance indicators were measured for all organizational units for the year 2023.

- e. Completing the work on a project to develop the governance system in line with the requirements of international standards ISO 37000, where a draft guide for managing institutional governance in AAAID has been developed and work is underway to implement all requirements.
- f. Following up on developing and updating lists of relevant categories in AAAID, including partners, customers, suppliers, and employees, and implement a project to measure their satisfaction as an important input into the process of developing AAAID's services, operations, and systems.
- g. AAAID's policy for combating money laundering, terrorist financing, and drug trafficking was issued.
- h. Analyzing the impact of the situation in Sudan on operations and on AAAID's quality management system.

03 Information Technology Activity

IT in AAAID continued the ongoing efforts for enhancing its operations and services, the following has been accomplished:

1. Designing and monitoring the implementation of smart building services at the new regional headquarters, incorporating the latest technologies in energy management, security, surveillance, and access control, along with establishing a modern data center to host all AAAID's systems and data to control data loss risks.
2. Developing an integrated performance management system to measure performance for projects, processes, and behavioral skills.
3. Developing a system for measuring companies' market value, utilizing artificial intelligence to accelerate the evaluation process and improve accuracy and reliability by linking market value indicators with market trends.
4. Adding features and services to the existing systems, including reports related to AAAID's general budget and expenditure linked to the Enterprise Resource Planning (SAP ERP) system, and incorporating services into the AAAID's chatbot system.
5. Developing a unified access system to allow system usage with a single sign on.
6. Developing a unified mobile application to provide AAAID's services on mobile phones.
7. Upgrading and replacing the antivirus system to provide updated technologies to counter data breach risks.

Developing a financial investment reporting system to provide updated financial reports on the financial investment progress of AAAID

AAAID Activities:

Fourth: Corporate Communication and International Relations activity

For the activity of institutional communication and international relations in AAAID, an annual plan has been drawn up in which it aims at effective achievements that support the vision of AAAID and adopts the continuous development to exchange knowledge, achieve modern electronic concepts, and enhancing cooperation with all parties as follows:

01

Internal Communication:

Domestically, AAAID has strengthened the internal communication authority through knowledge sharing programs, provided information and news about the activities and achievements of AAAID through the electronic knowledge portal website that shows the following:

- a. Weekly electronic publications about agricultural investment and development news.
- b. Monthly E-library releases.

02

International Communication and relations:

Internationally, AAAID has strengthened and expanded its communication with the governmental entities, financial Arab and international organizations and institutes, private sectors, media agencies and others that have connection with agricultural sector as follows:

- a. The management of AAAID has conducted its media plans through cooperation with audio-visual media institutions and Arab and international news agencies with the aim of introducing AAAID and highlighting its annual activities and programs.
- b. The management of AAAID has promoted and introduced its annual projects and activities through the following:
 - Modern means of communication represented in the official website of AAAID, social media programs, and electronic promotional messages.
 - Electronic publications in both Arabic and English for the annual report, investment opportunities brochures, and Studies and Research and Development Activities brochures.
- c. AAAID participated in the event of the second edition of Abu Dhabi International Food Exhibition 2023 ADIFE during the period 27 to 29 November 2023 in the Emirate of Abu Dhabi - in the United Arab Emirates as an investment partner.

- d. AAAID organized its annual companies meeting during the second edition of the Abu Dhabi International Food Exhibition 2023 on November 27, 2023 in the Emirate of Abu Dhabi - in the United Arab Emirates, with the participation of an elite group of senior figures, decision makers, and a group of businessmen, investors, and specialists The agricultural field from various Arab countries.
- e. AAAID actively participated in a number of forums and official meetings of regional and international organizations and financing institutions, and presented many working papers and recommendations in several events organized by: the Islamic Development Bank Group, the International Food and Agriculture Organization (FAO), and the General Secretariat of Arab League, the General Union of Arab Chambers, the Council of Arab Economic Unity, the Arab Union of Agricultural Economists, the United Nations Economic and Social Commission for Western Asia (ESCWA), the United Nations bodies working in the Arab region, the Supreme Coordination Committee for Joint Arab Action, and the Arab Center for Studies of Dry Zones and Lands barrenness (ACSAD) and the Economic and Social Council.
- f. AAAID signed a number of memoranda of understanding for joint cooperation and information confidentiality agreements with investment agencies and others concerned with the agricultural sector.

AAAID Activities:

Fifth: Administrative Activity

01 Boards and Committee Meetings



1.1 The meeting of Board of Shareholders for the year 2023 (47th session):

The AAAID's Board of Shareholders held its forty-seventh annual meeting on Saturday, April 29, 2023 in Rabat - in the Kingdom of Morocco, as part of the annual joint meetings of Arab financial institutions - within the joint annual meetings of the Arab financial, The meeting was chaired by His Excellency Mr. Sultan bin Salem Al Habsi - Minister of Finance of the Sultanate of Oman. Notable resolutions from this meeting included:

- The appointment of His Excellency Dr. Obeid Saif Hamad Al Zaabi as the President / Chairman of Board.
- The completion of the Board of Directors membership for 2023-2026 with the appointment of:
 - Dr. Saad Mohammed Moussa,
 - Mr. Mohsen Saleh Al Bahili,
 - Mr. Sid Ahmed Saidi,
 - Mr. Mohammed Ahmed Suleiman Al Barashdi.

The Shareholders Board adopted the annual programme of investment operations for 2023 with the amount of KWD (6.14) million and ratified the annual final accounts for 2022. Additionally, the representative of the Republic of Tunisia was named as the Chairman of the Shareholders Board for the 48th session, and the representative of the Islamic Republic of Mauritania as his deputy.

At the conclusion of the meeting, the Shareholders Board expressed its profound gratitude and sincere thanks to His Majesty King Mohammed VI, King of the Kingdom of Morocco, the Ministry of Economy and Finance, and the people of the Kingdom of Morocco for their warm reception, organization, and hospitality extended to the Arab delegations participating in the annual joint meetings of the Arab financial institutions. The Board also thanked the President of the AAAID, the member of Board of Directors, and the employees for their fruitful efforts during the year 2022.



1.2 The meetings of Board of Directors for the year 2023:

The Board of Directors Meetings for 2023

The AAAID's Board of Directors held four meetings in 2023 under the chairmanship of His Excellency Mr. Mohammed bin Obaid Al Mazroei, Chairman of Board. During these meetings, a number of important topics related to investments and agricultural projects were discussed, and several decisions were made, including:

- decisions to participate in new projects such as the decision to approve the establishment of a company to implement an agricultural project in partnership with Solar Company in the Republic of Egypt, and the decision to establish a company in Algeria in partnership with the Food Agricultural Activity Company, a subsidiary of Sonatrach, Algeria.
- decisions to approve capital increases for some of AAAID's companies, such as the Arab Poultry Production and Processing Company in the Republic of Sudan and the Arab Mauritanian Fish Company.
- decisions to approve financial investments with new portfolio managers.
- a decision to approve a mechanism for financing small farmers in the member Arab countries.
- decisions related to the agenda of the Shareholders' Council meeting held on April 29, 2023.

1.3 The meetings of Committees derived from the Board of Directors (Executive Committee, Financial Investments Committee, Audit and Risk Committee) for the year 2023:

The executive committee, financial investment committee, and audit and risks committee held four meetings in 2023 in which it discussed several reports about the performance of AAAID's and submitted their recommendations to the Board of Directors to take the necessary decisions.

2. Internal Audit Activity:

The Internal Audit Department reports technically to the Audit and Risk Committee a subcommittee of the Board of Directors and administratively to His Excellency the Chairman of the AAAID. Four meetings were held during the year 2023 in which internal audit reports were presented during the period and the progress on the annual internal audit plan as well as follow-up on the implementation of the Audit and Risk Committee recommendations.

01

2.1 Most significant activities done during the period:

- a. In the first and fourth quarter of the year, operational audits were carried out, to provide assurance to management that the latest approved policies, procedures and forms are complied with.
- b. The Enterprise Risk Management framework and guidelines has been approved, in addition to the Risk Universe, Risk Tolerance, Risk Appetite, Impact Matrix and Probability Matrix, which will be the foundation on which risk based audit activity will be enabled.

02

2.2 The participation of the Internal Audit Department in events and conferences during the year 2023:

- a. The Director of the Internal Audit participated in the "First Annual Forum on Governance, Risk and Sustainability," which was held in Istanbul, Turkey, on September 25 to 28, 2023.
- b. Based on the instruction of the Audit and Risk Committee, the Director of the Internal Audit, accompanied by number of members of the Department, visited the Internal Audit Office of the Ministry of Finance - in the United Arab Emirates, to get exposed to the best practices in the field of internal audit, make the necessary comparisons, and exchange knowledge in all areas related to Internal Control, Governance and Risk Management.

3. Administrative and organizational works:

3.1 The Continuity of work despite the current conditions in the headquarters country:

The recent events in the Republic of Sudan imposed an impact on the administrative and organizational actions of AAAID, due to the fiercest events in the area where the buildings of the headquarters are located, which made it impossible for employees to reach the main building to perform the tasks of their duty, so AAAID was forced to find a way to continue to perform its tasks despite the situation and to protect its employees. Therefore, the AAAID's management took the following measures:

- a. A decision was made to stop the working hours system in offices, starting from April 16, 2023.

- b. Issuing a circular to employees to carry out their duties online from their places of residence in accordance with the online work regulations approved by AAAID.
- c. An administrative decision was made to transfer several employees to the regional office in Dubai to carry out their work duties.

3.2 Developing the organizational structure of AAAID:

In an effort by AAAID's management to continuously develop and update the organizational structure in accordance with developments and what is required by the benefit of the work, some amendments were made to the organizational structure of AAAID, whereby the Department of Cooperation and Institutional Communication, the Department of Human Resources, and the Department of Services were merged into one organizational unit called the "Support Services Department." It includes the following organizational units:

- Department of Human Resources .
- Department of Institutional Services.
- Technical Services Department.
- Department of Institutional Communication.

Two new departments were also established in the department of Strategic Planning and development:

- Strategic planning department
- Excellence and quality department

4. Other Activities:

The construction of the AAAID's regional office building in Dubai, in Al Rowaiyah 2 area was completed at a total cost of approximately AED 80 million, which consists of a basement used as parking, a ground floor, in addition to 4 floors on a land area of 5,574 thousand square meters. The building was completed and received in the fourth quarter of 2023. For the purpose of increasing AAAID's revenues by exploiting part of the building's areas for rent, AAAID's senior management succeeded in obtaining the necessary approval for this, and the procedures are being completed.

The construction of the regional office building of AAAID in Dubai, located in the Al Ruwayyah Second area, has been completed. The total cost amounted to approximately 80 million AED. The building comprises a basement used for parking, a ground floor, and four additional floors on a plot of land measuring 5,574 square meters. The building was completed and handed over in the fourth quarter of 2023. To increase the AAAID's revenue by leasing part of the building's spaces, the senior management of AAAID successfully obtained the necessary approval for this purpose, and the procedures are currently being finalized.

Meetings, Visits, Participations and Events

The year 2023 witnessed a series of visits, meetings and events to enhance cooperation with member states, government institutions and international organizations of common interests. These meetings have contributed to supporting AAAID's projects and programs in the Arab countries and introducing AAAID at the regional and international levels. AAAID has also participated in a number of events. The following is a summary of the most important participations that happened in 2023:

Meetings:



Meeting with Mrs. Rola Dashti - Under-Secretary-General of the United Nations and Executive Director of ESCWA in Beirut, during 14-16 March 2023, in Beirut - the Lebanese Republic.



Meeting with His Excellency Riad Attari - Minister of Agriculture of the State of Palestine, during 14-16 March 2023, in Beirut - the Lebanese Republic.



Meeting with His Excellency Mrs. Kulthum bin Rajab - Minister of Trade, during 14-15 May 2023, in Tunisia - the Republic of Tunisia.



Meeting with a Moroccan economic and scientific delegation chaired by Mr. Amin Laghadi - an international expert in the field of economic diplomacy, on July 13, 2023 in Dubai - the United Arab Emirates.



Meeting with Mr. Najah Jawad - Chairman of the Board of Directors of Detroit International Company and Chairman of the Iraqi-Moroccan Economic Council, on July 13, 2023 in Dubai - the United Arab Emirates.



Meeting with Mr. Tarik Marraha - Executive Director of the Economic Council and Director of Partnerships at Detroit International Company, on July 13, 2023 in Dubai - the United Arab Emirates.



Meeting with Mr. Mohammad Oumekki, Vice Chairman and General Manager of Detroit International Company and member of the Board of Directors of the Iraqi-Moroccan Economic Council, on July 13, 2023 in Dubai - the United Arab Emirates.



Meeting with Mr. Kamal Rahal - President of Rahal Group, on July 13, 2023 in Dubai - the United Arab Emirates.



Meeting with Mr. Sharif Moulay Mustapha El Aaoui - President and General Manager of 2MA Holding Company, on July 13, 2023 in Dubai - the United Arab Emirates.



Meeting with Dr. Majdi Al-Sayyed, Chairman of the Board of Directors of the Middle East Veterinary Vaccines Company (MEVAC) and Dr. Ali Al-Sahmi - Director General of the National Veterinary Vaccines Company in the Sultanate of Oman, on September 24, 2023 in Dubai - the United Arab Emirates.



Meeting with His Excellency Mr. Abdullah Al-Ghamdi - Chairman of the Board of Directors of the Livestock and Marketing Association in Hafar Al-Batin, on October 19, 2023 at the regional office in Dubai - the United Arab Emirates.



Meeting with His Excellency Younis Haji Khoury - Undersecretary of the Ministry of Finance of the United Arab Emirates, on November 1, 2023 at the Regional Office in Dubai - the United Arab Emirates.



Meeting with Dr. Mohammed Al Zarouni - CEO of Dubai Integrated Economic Zones, on Wednesday - December 27, 2023 at the Regional Office in Dubai - the United Arab Emirates.

Visits:



The visit of His Excellency Dr. Mustafa Salim - Chairman of the Board of Directors of the Golden Poultry Company on January 11, 2023 in Tripoli - the State of Libya.



A field visit to the Orbis Berries company site, and meeting with Dr. Nabil Rashidi - Project Manager, on January 6, 2023, in Rabat - the Kingdom of Morocco.



The visit of His Excellency Mr. Mohammed Al-Hawaij - Minister of Economy and Trade on January 12, 2023 in Tripoli - the State of Libya.



The visit of His Excellency Dr. Jamal Al-Nuwaisri - Chairman of the Board of Directors of the General Authority for Investment Promotion and Privatization Affairs, on January 12, 2023 in Tripoli - the State of Libya.



The visit of His Excellency Mr. Mohamed Elias Hamza - Minister of Agriculture, Water Resources and Fisheries on January 17, 2023 in Tunisia - the Republic of Tunisia.



The visit of His Excellency Dr. Gebreil Ibrahim - Minister of Finance and Economic Planning, on January 22, 2023, in Khartoum - the Republic of Sudan.



A field visit to the site of the Arab Crop Production Company, during 22-23 January 2023, in Atbara - the Republic of Sudan.



The visit of Her Excellency Mrs. Nadia Fattah Al-Alawi - Minister of Economy and Finance on February 6, 2023 in Rabat - the Kingdom of Morocco.



The visit of His Excellency Khaled bin Al-Sheikh - Consul General of the Kingdom of Morocco on February 8, 2023 in Rabat - the Kingdom of Morocco.



The visit of Engineer Adel Saqr Al-Saqr - Director General of the Arab Organization for Industrial Development, Standardization and Mining, on March 6, 2023 in Rabat - the Kingdom of Morocco



The visit of His Excellency Dr. Youssef Al-Khalil - Minister of Finance in the caretaker government of the Lebanese Republic on March 13, 2023 in Beirut - the Lebanese Republic.



The visit of His Excellency Dr. Nasr Al-Din Al-Obaid - Director of the Arab Center for Studies of Dry Zones and Dry Lands "ACSAD" during 17-18 March 2023 in Damascus - the Syrian Arab Republic.



The visit of His Excellency Engineer Houssein Arnous - Prime Minister, on March 22, 2023, in Damascus - the Syrian Arab Republic.



The visit of His Excellency Dr. Faisal Al-Mekdad - Minister of Foreign Affairs, on March 19, 2023, in Damascus - the Syrian Arab Republic.



The visit of Her Excellency Professor Rania Khader Ahmed - Assistant Minister of Economic and Foreign Trade for Economic Development and International Relations, on March 19, 2023, in Damascus - the Syrian Arab Republic.



The visit of His Excellency Ziyad Sabbagh - Minister of Industry, on March 20, 2023, in Damascus - the Syrian Arab Republic.



Meeting with His Excellency Engineer Mohammed Hassan Qatana - Minister of Agriculture and Agrarian Reform, on March 20, 2023, in Damascus - the Syrian Arab Republic.



The visit of His Excellency Muhammad Abu Al-Huda Al-Lahham - President of the Damascus Chamber of Commerce, on March 20, 2023, in Damascus - the Syrian Arab Republic.



The visit of His Excellency Gazwan Masri - President of the Damascus and Rural Chamber of Industry and members of the Chamber's Board of Directors, on March 20, 2023, in Damascus - the Syrian Arab Republic.



Visit of His Excellency Dr. Mahmoud Zanboua - Governor of Hama, on March 21, 2023, in Hama - the Syrian Arab Republic.



A visit to Al-Ahliyah Vegetable Oil Company, on March 21, 2023 in Damascus - the Syrian Arab Republic.



The visit of His Excellency Dr. Amr Salem - Minister of Internal Trade and Consumer Protection, on March 22, 2023, in Damascus - the Syrian Arab Republic.



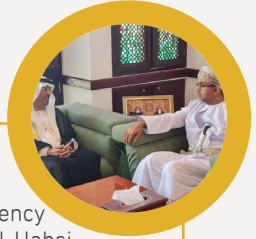
The visit of His Excellency Dr. Kenan Yaghi - Minister of Finance, on March 22, 2023, in Damascus - the Syrian Arab Republic.



The visit of His Excellency Mr. Mohammed Keshto - President of the Federation of Syrian Agricultural Chambers, on March 22, 2023, in Damascus - the Syrian Arab Republic.



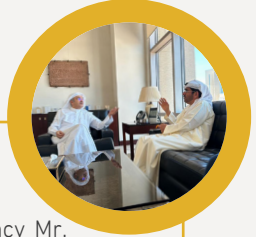
The visit of His Excellency Sultan bin Salem Al Habsi - Minister of Finance, on April 12, 2023, in Muscat - the Sultanate of Oman.



The visit of His Excellency Dr. Saud bin Hamood Al Habsi - Minister of Agricultural Wealth, Fisheries and Water Resources, on April 13, 2023, in Muscat - the Sultanate of Oman



The visit of His Excellency Dr. Matar Hamed Al Neyadi - Ambassador of the United Arab Emirates to the State of Kuwait, and Captain Ammar Al Shaiba - CEO of the Maritime Sector, Safin Group and Abu Dhabi Ports Group, on 16-19 April 2023, in Kuwait - the State of Kuwait.



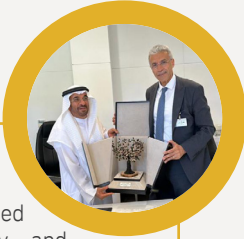
The visit of His Excellency Mr. Ibrahim Al-Qadhi - CEO of the Gulf Investment Corporation, on 16-19 April 2023, in Kuwait - the State of Kuwait.



The visit of Engineer Mishal Al-Quraifa/Director General of the Public Authority for Agricultural Affairs and Fish Resources, on April 16-19, 2023, in Kuwait - the State of Kuwait.



A field visit to Kuwait Agro Company, on April 16-19, 2023, in Kuwait - the State of Kuwait.



The visit of His Excellency Professor Samir Saied - Minister of Economy and Planning of the Republic of Tunisia. This is on the sidelines of the joint annual meetings of Arab financial bodies and funds, on April 29, 2023, in Rabat - the Kingdom of Morocco.



A field visit by the members of AAAID's Board of Directors to a group of AAAID's projects in the Kingdom of Morocco, which included the Orbis Berries Company project, the Orbis Green Olive Company project, and the Domaine Youssef Company on April 30, 2023, in Rabat - the Kingdom of Morocco.



The visit of Mr. El-Khattat Yanja - Chairman of the Council of the Oued Ed-Dahab-Lagouira region, on 03-04 May 2023, in Rabat - the Kingdom of Morocco.



Visiting the headquarters of the Institute of Technicians Specialized in Agriculture in Dakhla Governorate, on 03-04 May 2023, in Rabat - the Kingdom of Morocco.



The visit of His Excellency Mohammed Badr - Senior Advisor of the World Food Programme, on 1-7 July 2023, in Rome - in Italy.



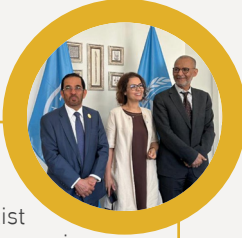
Visit of Dr. Qu Dongyu - Director-General of the Food and Agriculture Organization of the World (FAO), on 1-7 July 2023, in Rome - Italy.



Visit of Professor Catherine Megan – the Associate Vice-President and General Counsel of the International Fund for Rural Development (IFAD) on 1-7 July 2023, in Rome - Italy.



The visit of Professor Dina Saleh - Regional Director of the Near East, North Africa, Central Asia and Europe at the International Fund for Agricultural Development (IFAD), on 1-7 July 2023, in Rome - Italy.



The visit of Dr. Ismahane Elouafi - Chief Scientist and Dr. Mohamed Manssouri - Director of the Investment Center at the Food and Agriculture Organization of the World Food and Agriculture Organization (FAO), on 1-7 July 2023, in Rome - Italy



The visit of His Excellency Engineer/Mohamed Hassan Qatana - Minister of Agriculture and Agrarian Reform of the Syrian Arab Republic, on 1-7 July 2023, Rome - Italy.



The visit of His Excellency Dr. Alaa El-Din Farouk - Chairman of the Board of Directors of the Agricultural Bank of Egypt, on August 27-31, 2023, in Cairo - the Arab Republic of Egypt.



A visit by His Excellency Mr. Amr Nour El-Din, His Excellency Mr. Yasser Ahmed Abbas, both of whom are vice presidents of the General Authority for Investment and Free Zones, on 27-31 August 2023, in Cairo - the Arab Republic of Egypt.



The visit of His Excellency Laaziz Faid - Minister of Finance, on 7 - 12 September 2023, in Algeria - the People's Democratic Republic of Algeria.



The visit of Mr. Bahloul Al-Arabi / Governor of Adrar Province, on 7 - 12 September 2023, in Algeria - the People's Democratic Republic of Algeria.



The visit of Mr. Arar Abdullah - General Manager of the Agre-Food Activity Unit of Sonatrach Company, on 7 - 12 September 2023, in Algeria - the People's Democratic Republic of Algeria.



The visit of Mr. Naazi Mohamed - President of Saida Province Office. on 7 - 12 September 2023, in Algeria - the People's Democratic Republic of Algeria.



The visit of His Excellency Dr. Riyad Attari - Palestinian Minister of Agriculture on 15-19 September 2023, in Palestine - the State of Palestine.



A visit to the Arab Construction Project Association, on 15-19 September 2023, in Palestine - the State of Palestine.



A visit to the "Rift Valley" Development Company, on 15-19 September 2023, in Palestine - the State of Palestine.



The visit of Her Excellency Mariam Khalifa Al Kaabi, Ambassador of the United Arab Emirates to the Arab Republic of Egypt, on November 23, 2023, in Cairo - the Arab Republic of Egypt.



The visit of His Excellency Sultan Butti bin Mejren/ Director General of the Dubai Land Department, on December 27, 2023, in Dubai - the United Arab Emirates.

Participations:



The participation in the meetings of the Joint Supreme Coordination Committee of Joint Arab Action Organizations, on 24-26 January 2023, in Abu Dhabi - the United Arab Emirates.



Participation in the 10th International Conference for the Sugar Industry and Integrated Industries, on 12-14 February in Cairo - the Arab Republic of Egypt.



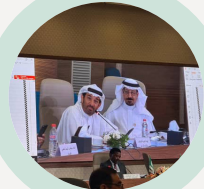
The participation in the Gulfood 2023 exhibition event on February 22, 2023, in Dubai - the United Arab Emirates.



The participation in the activities of the Arab Forum for Sustainable Development, on 14-16 March 2023 in Beirut - the Lebanese Republic.



The participation in the activities of the 11th edition of the Private Sector Forum of the Islamic Development Bank Group, on May 11-13, 2023 in Jeddah - the Kingdom of Saudi Arabia.



The participation in the work of the regular session (55) of the meetings of the Supreme Coordination Committee for Joint Arab Action on June 14, 2023, in Tunisia - the Republic of Tunisia.



The participation in the meetings of the Economic and Social Council at the level of senior officials and at the level of ministers, on May 14-15, 2023 in Tunisia - the Republic of Tunisia.



The participation in the activities of the 43rd session of the World Food and Agriculture Organization (FAO) conference on 1-7 July 2023 in Rome - Italy.



The participation in the meetings of the 112th regular session of the Economic and Social Council of the League of Arab States on 27 - 31 August 2023.



Participating in a presentation titled "The Arab Authority's Initiative to Bridge the Deficit in Basic Food Commodities in the Arab Countries" during the opening session of the 4th edition of the World Vertical Agriculture Exhibition 2023, on September 13, 2023, in Dubai - the United Arab Emirates.



The participation in the activities of the 30th Conference of Agricultural Economists, which was held with the title "Agricultural Integration and Arab Food Security in Light of Global Crises" on 20-21 September 2023, in Dokki - the Arab Republic of Egypt.



Participating with a presentation titled "The Arab Authority's Initiative to Cover the Deficit of Basic Food Commodities in the Arab Countries" in the work of the Arab Food Security Conference and Exhibition, which was held with the title "Food Industries and their Role in Achieving Food Security" on 2-3, 2023, in Rabat - the Kingdom of Morocco.



Participation in the event of honoring the strategic partners of the Abu Dhabi Chamber on November 16, 2023, in Abu Dhabi - the United Arab Emirates.



The participation in the event of the Egyptian Gulf Business Forum on November 22, 2023, in Cairo - the Arab Republic of Egypt.



Participating in the COP 28 conference event by giving a presentation during the Arab Food Security and Sustainability workshop, on December 10, 2023, in Dubai - the United Arab Emirates.

Events:



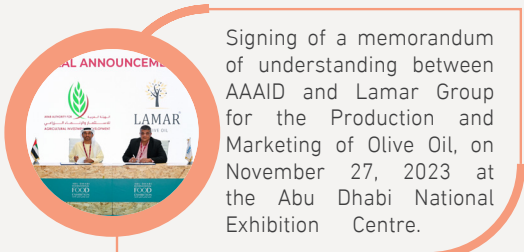
The opening of the new regional headquarters of the AAAID in the Emirate of Dubai on November 14, 2023.



Organizing a ceremony honoring strategic partners in the Emirate of Dubai on December 14, 2023.

Agreements and Memoranda of Understanding:

AAAID has signed a number of agreements and memoranda of understanding between it and a number of international organizations, companies and institutions with the aim of cooperation, integration and coordination among them to establish investments and cooperation in various fields serving the agricultural field, and during the following agreements in 2023:



The financial Situation of AAAID for the year Ended on 31/12/2023

Total Income:

The total income for the year ended on 31/12/2023 reached to KWD 21.3 million (USD 69,4 million) compared to KWD (-10.1) million USD (-33) million for the fiscal year 2022

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



Figure (2): Comparison of income components from 2022 - 2023 (million KWD)

Details of total income are as follows:

1. Income from financial investments:

Net profits achieved from financial investments as on 31/12/2023 reached to KWD 18.1 million (USD 59 million), compared to KWD (-18.6) million USD (-60.7) million as on 31/12/2022.

2. Income from corporate dividends:

Income from corporate dividends for the fiscal year ended on 31/12/2023 reached KWD 2 million (USD 6.5 million) compared to KWD 2 million (USD 6.5 million) as on 31/12/2022.

3. Income from loans:

Income from loans for the year ended on 31/12/2023 reached KWD 0.5 million (USD 1.6 million) compared to KWD 0.5 million (USD 1.6 million) as on 31/12/2022.

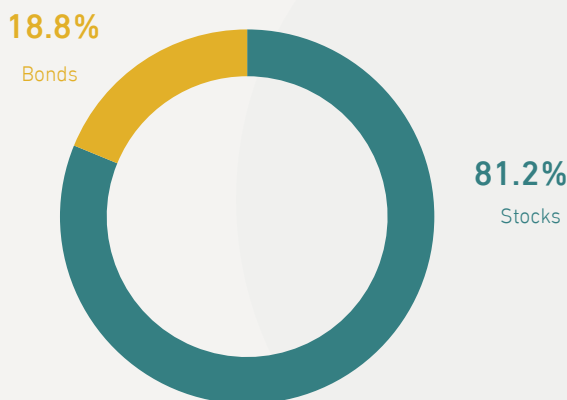
4. Income from other sources:

Income from other sources as on 31/12/2023 reached to KWD 0.7 million (USD 2.3 million) compared to KWD 6 million (USD 19.6 million) as on 31/12/2022.

The value and distribution of the consolidated investment portfolio for the year 2023

On 31/12/2023, the total investment portfolio of AAAID reached to KWD 179.5 million (USD 584.7 million), compared to KWD 164.6 million (USD 537.4 million) on 31/12/2022.

Distribution of portfolio october 2023



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

1. Equity Investments:

- The value of AAAID's investments in equities as on 31/12/2023 reached to KWD 145.8 million (USD 474.9 million) representing 81.2 % of the total consolidated portfolio compared to KWD 111.2 million (USD 362.9 million) representing 68% of the consolidated portfolio, as at the end of 2022.
- On 31/12/2023, AAAID's investments in equity achieved a profit of KWD 14.2 million (USD 46.3 million) compared to losses of about KWD (13.2) million USD (43.1) million at the end of 2022.

2. Bond Investments:

- AAAID's investments in bonds value as on 31/12/2023 reached to KWD 33.7 million (USD 109.8 million) representing 18.8% of the total consolidated portfolio compared to KWD 53.4 million (USD 174.3 million) representing 32% of total consolidated portfolio, as at the end of 2022.
- Income from AAAID's investments in bonds, as of 12/31/2023, reached to KWD 2 million (USD 6.5 million), compared to losses of about KWD 5.3 million (USD 17.3 million), at the end of 2022.
- Income from AAAID's investments in other portfolios as of 12/31/2023 reached to KWD 1.7 million (USD 5.5 million).
- Income from AAAID's investments in alternative investments as of 31/12/2023 reached to KWD 0.2 million (USD 0.7 million).

Total expenditure:

- AAAID's total expenditure as on 31/12/2023 was KWD 60.4 million (USD 196.7 million) compared to KWD 13.7 million (USD 44.7 million) as on 31/12/2022.

Financial Performance results:

- By the end of 31/12/2023 AAAID's achieved losses of KWD 39.1 million (USD 127.4 million) compared to Losses of KWD 23.8 million (USD 77.7 million) as on 31/12/2022.

Financial Center:

1. Assets:

- AAAID's net assets as of 31/12/2023 reached to KWD 276.8 million (USD 901.6 million), compared to KWD 306.4 million (USD 1.07 billion) as of 31/12/2022.

2. Liabilities:

- AAAID's total liabilities as of 31/12/2023 reached to KWD 33,2 million (USD 108.2 million) compared to KWD 24 million (USD 78.4 million) as of 31/12/2022.

Shareholders' Equity:

- AAAID's total shareholders' equity, representing paid-up capital and reserves as of 31/12/2023, reached to KWD 243.6 million (USD 793,5 million) compared to KWD 282.4 million (USD 922 million) as of 31/12/2022.

AAID financial statements and the external auditor's report

Arab Authority for Agricultural Investment and Development
Financial Statements
For the year ended 31 December 2023

**Arab Authority for Agricultural
Investment and Development**

**FINANCIAL STATEMENTS
For the year ended 31 December 2023**

Arab Authority for Agricultural Investment and Development

FINANCIAL STATEMENTS

For the year ended 31 December 2023

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Ernst & Young Professional Services (Professional LLC)
Paid-up capital (SR 5,500,000 - Five million five hundred thousand Saudi Riyal)
King's Road Tower, 13th Floor
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Independent Auditor's Report on the Financial Statements TO THE SHAREHOLDERS OF ARAB AUTHORITY FOR AGRICULTURAL INVESTMENT AND DEVELOPMENT

Opinion

We have audited the financial statements of Arab Authority for Agricultural Investment and Development (the "Authority"), which comprise the statement of financial position as at 31 December 2023, and the statement of comprehensive income and expenditure, statement of changes in member countries' equity and statement of cash flows for the year then ended, and notes to the financial statements, including material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with the basis of preparation explained in (Note 2.1) to the accompanying financial statements.

Basis for Opinion

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

Responsibilities of Board of Directors and those charged with governance for the financial statements

Board of Directors is responsible for the preparation and fair presentation of the financial statements in accordance with the basis of preparation explained in (Note 2.1) in the accompanying financial statements and the Authority's establishment agreement and bylaws, 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, the Board of Directors is responsible for assessing the Company'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 the Board of Directors 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.



**Independent Auditor's Report on the Financial Statements
To the Shareholders of
Arab Authority for Agricultural Investment and Development (continued)**

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 it is not a guarantee that an audit conducted in accordance with International Standards on Auditing endorsed in the Kingdom of Saudi Arabia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs that are endorsed in the Kingdom of Saudi Arabia, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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



**Independent Auditor's Report on the Financial Statements
To the Shareholders of
Arab Authority for Agricultural Investment and Development (continued)**

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

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.

for Ernst & Young Professional Services

Ahmed Ibrahim Reda
Certified Public Accountant
License No. (356)




Jeddah: 11 Ramadhan 1445H
21 March 2024G

Arab Authority for Agricultural Investment and Development

STATEMENT OF FINANCIAL POSITION

For the year ended 31 December 2023

	Notes	2023 KD	2022 KD
ASSETS			
Cash and cash equivalents	4	6,535,069	1,559,960
Investments held for trading	5	179,513,922	164,575,378
Loans granted to others, net	6	1,982,916	3,670,506
Contributions and direct investments, net	7	75,936,424	121,459,602
Property and equipment, net	8	8,961,981	8,081,329
Other assets	10	3,853,513	4,683,080
Investment property, net	9	1	2,409,965
TOTAL ASSETS		276,783,826	306,439,820
Liabilities and equity			
Liabilities			
Loans from financial institutions	11	9,387,085	329,830
Other liabilities	12	21,700,010	21,299,642
Employees' terminal benefits	13	2,133,667	2,380,025
Total liabilities		33,220,762	24,009,497
Member countries' equity			
Paid up share capital	14	221,076,072	221,076,072
Share premium		208,570	208,570
Statutory reserve	15	26,714,695	26,714,695
General reserve	16	(20,961,905)	18,169,714
Voluntary reserve	17	16,041,340	16,041,340
Foreign currency translation reserve	18	484,292	219,932
Total member countries' equity		243,563,064	282,430,323
TOTAL MEMBER COUNTRIES' EQUITY AND LIABILITIES		276,783,826	306,439,820



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



Ali Rashid Qassoum Al-Naqbi
(Executive Director of Support Services Activities)



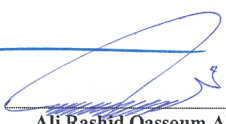
Sameh Mansour Gamal
(Finance Director)


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

Arab Authority for Agricultural Investment and Development
 STATEMENT OF COMPREHENSIVE INCOME AND EXPENDITURE
 For the year ended 31 December 2023

	Notes	2023 KD	2022 KD
(Losses) income			
Net gains (losses) on investments held for trading	19	18,060,165	(18,553,713)
Dividend from contributions and direct investments	20	1,996,236	2,000,853
Reversal of impairment losses	22	605,028	5,727,341
Income from loans	6	487,455	475,251
Other Revenues	21	121,674	270,168
Total income		21,270,558	(10,080,100)
Expenses			
Salaries and indemnities		(3,551,983)	(3,422,973)
Depreciation	8,9	(524,885)	(431,415)
Travelling and accommodation		(675,969)	(826,684)
Impairment losses	23	(52,677,652)	(6,906,446)
Portfolio investment fees		(1,498,529)	(1,181,057)
Other		(1,473,159)	(936,600)
Total expenditure		(60,402,177)	(13,705,175)
Loss for the year		(39,131,619)	(23,785,275)
Other comprehensive losses			
Net movement in foreign currency exchange translation reserve		264,360	1,627,700
Total comprehensive loss for the year		(38,867,259)	(22,157,575)


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


 Ali Rashid Qassoum Al-Naqbi
 (Executive Director of Support
 Services Activities)


 Sameh Mansour Gamal
 (Finance Director)

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

Arab Authority for Agricultural Investment and Development

STATEMENT OF CHANGES IN MEMBER COUNTRIES' EQUITY

For the year ended 31 December 2023

	<i>Paid-up share capital</i> KD	<i>Share premium</i> KD	<i>Statutory reserve</i> KD	<i>General reserve</i> KD	<i>Voluntary reserve</i> KD	<i>Foreign currency translation reserve</i> KD	<i>Total</i> KD
Balance at 1 January 2022	221,076,072	208,570	26,714,695	44,748,103	14,041,340	(1,407,768)	305,381,012
Loss for the year	-	-	-	(23,785,275)	-	-	(23,785,275)
Transferred to investment impairment reserve (note 17)	-	-	-	(2,000,000)	2,000,000	-	-
Funds appropriations for donations	-	-	-	(793,114)	-	-	(793,114)
Foreign currency translation reserve	-	-	-	-	-	1,627,700	1,627,700
At 31 December 2022	<u>221,076,072</u>	<u>208,570</u>	<u>26,714,695</u>	<u>18,169,714</u>	<u>16,041,340</u>	<u>219,932</u>	<u>282,430,323</u>
Balance at 1 January 2023	221,076,072	208,570	26,714,695	18,169,714	16,041,340	219,932	282,430,323
Loss for the year	-	-	-	(39,131,619)	-	-	(39,131,619)
Foreign currency translation reserve	-	-	-	-	-	264,360	264,360
At 31 December 2023	<u>221,076,072</u>	<u>208,570</u>	<u>26,714,695</u>	<u>(20,961,905)</u>	<u>16,041,340</u>	<u>484,292</u>	<u>243,563,064</u>

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

Arab Authority for Agricultural Investment and Development

STATEMENT OF CASH FLOWS

For the year ended 31 December 2023

	<i>Notes</i>	2023 KD	2022 KD
OPERATING ACTIVITIES			
Loss for the year		(39,131,619)	(23,785,275)
Adjustments to reconcile profit for the year to net cash from operating activities:			
Reversal of impairment losses	22	(605,028)	(5,727,341)
Impairment losses	23	50,345,090	6,906,446
Impairment of assets	8,9	2,332,562	-
Depreciation of properties and equipment and investment properties	8,9	524,886	453,436
Provision for employees' end of service benefits	13	212,131	389,753
Loss on disposal of property and equipment	8	-	58,928
		<u>13,678,022</u>	<u>(21,704,053)</u>
Operating cash flows before working capital changes:			
Net movement in investments held for trading		(14,938,544)	18,528,824
Net movement in loans granted to others, net		179,963	(456,670)
Net movement in other assets		393,309	(1,390,725)
Net movement in other liabilities		400,368	4,437,289
		<u>(286,882)</u>	<u>(585,335)</u>
Employees' end of service benefits paid	13	(458,490)	(610,581)
Net cash flows used in operating activities		<u>(745,372)</u>	<u>(1,195,916)</u>
INVESTING ACTIVITIES			
Additions to direct investment	7	(2,272,999)	(2,445,680)
Additions to property and equipment and investment property	9,8	(1,328,135)	(616,711)
Net cash flows used in investing activities		<u>(3,601,134)</u>	<u>(3,062,391)</u>
FINANCING ACTIVITIES			
Proceeds of loans		9,057,255	-
Net cash flows generated from financing activities		<u>9,057,255</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalents		4,710,749	(4,258,307)
Cash and cash equivalents at the beginning of the year		1,559,960	4,190,567
Net movement in foreign currency exchange translation reserve		264,360	1,627,700
Cash and cash equivalents at the end of the year	4	<u><u>6,535,069</u></u>	<u><u>1,559,960</u></u>

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

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS

As at 31 December 2023

1 ACTIVITIES

The Arab Authority for Agricultural Investment and Development (the "Authority") was established as an Independent Arab Financial Authority having administrative and financial independence as per the statute of the Authority signed by thirteen (13) Arab countries on 1 November 1976, with authorized share capital of KD 150 million. Subsequently, the Board of Shareholders resolved to increase the authorized share capital to KD 336 million amount of KD 221.076 million. Accordingly, the number of contributing countries reached (21) countries (Note 14).

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

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

The issuance of these financial statements and the material accounting policies used in preparing the financial statements have been approved by the Authority's Board of Directors on 7 March 2024.

2 BASIS OF PREPARATION

2.1 Statement of compliance

The accompanying financial statements of the Authority have been prepared in accordance with the requirements of Article 17 of the bylaws and in accordance with the accounting policies approved by the Board of Shareholders of the Authority in accordance with the requirements and nature of the Authority as shown in (Note 3).

3 SUMMARY OF MATERIAL ACCOUNTING POLICIES

Basis of measurement

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

Functional and presentation currency

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

Presentation and disclosure

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

Revenue recognition

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

Interest income

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

Dividend income

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

Investment income

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

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

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

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 recognized in the statement of comprehensive income and expenditure.

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

◀Buildings	20 years
◀Furniture	5 years
◀Equipment	3 years
◀Motor vehicles	5 years
◀Computers	3 years

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

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

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

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

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

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

3 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.

Repair and maintenance expenses are charged to the statement of comprehensive income and expenditure when incurred, and improvements that would increase the value of the related assets or substantially extend their life are capitalized.

Impairment of non financial assets

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

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

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

Leases

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

Authority as a lessor

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

Employees' terminal benefits

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

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 recognized initially at fair value plus, in the case of investments not held from trading, directly attributable transaction costs.

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

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Initial recognition and measurement (continued)

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

Subsequent measurement

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

Cash and cash equivalents

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

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

Investments held for trading

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

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

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

Loans and borrowings

Loans are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are originated by the Authority with no intention of trading the receivables; and comprise of borrowings to investee companies. Loans are measured at amortized cost less impairment losses, which are calculated based on a provision calculation and using certain assumptions that are disclosed annually. Amortized cost is calculated on the effective interest rate method.

Contributions and direct investments

In accordance with the Establishment Agreement, and the objectives of the Authority, investments are made in companies of similar nature consistent with the objectives of the Authority. They are stated at cost less impairment losses, if any.

Other assets

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

Derecognition

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

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

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

Impairment of financial assets

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

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

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

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

Financial liabilities

Initial recognition and measurement

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

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

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

Subsequent measurement

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

Accounts payable

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

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial assets (continued)

Derecognition

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognized in the statement of comprehensive income and expenditure.

Offsetting financial instruments

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

Fair value of financial instruments

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

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

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

An analysis of fair values of financial instruments and further details as to how they are measured are provided in Note 25.

Foreign currency

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 statement of comprehensive income and expenditure. Non-monetary assets measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is 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
 - Provisions
 - Unpaid dividends
- Income and expenses are translated at the transaction date exchange rates; and
- All resulting exchange differences are recognized as a separate component of equity as foreign currency translation reserve.

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Provisions

Provisions are recognized when the Authority has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the Authority expects some or all of a provision to be reimbursed, for example, provisions under an insurance contract, the reimbursement is recognized as a separate asset, but only when the reimbursement is virtually certain. The expense relating to a provision is presented in statement of comprehensive income and expenditure, net of any reimbursement.

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

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

Dividends

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

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

Contingencies

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

Statutory reserve

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

General reserve

In accordance with the text of Article (19/2) of the Authority's bylaws, shareholders have the right to create any other reserves, as required. The general reserve provision is created by transferring the net profits/(losses) for each year after deducting the existing reserves. This reserve is available for distribution, and the general reserve represents the retained profits or losses for the Authority after deducting all other reserves.

Voluntary reserve

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

Foreign currency translation reserve

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

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

4 CASH AND CASH EQUIVALENTS

	2023 <i>KD</i>	2022 <i>KD</i>
Bank balances	1,995,279	698,372
Term deposits (matured within three months from the acquisition date)	4,539,790	861,588
	<u>6,535,069</u>	<u>1,559,960</u>

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

The Authority does not have any pledges or securities on bank balances and term deposits as on 31 December 2023 and 31 December 2022.

Cash and cash equivalents at the currency level:

	2023 <i>KD</i>	2022 <i>KD</i>
AED	5,181,783	1,349,548
U.S. Dollars	1,189,706	174,021
EUR	15,901	34,919
Other currencies	147,679	1,472
	<u>6,535,069</u>	<u>1,559,960</u>

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:

	2023 <i>KD</i>	2022 <i>KD</i>
Equity securities	112,207,139	104,846,341
Fixed income securities	32,673,626	56,332,656
Cash in portfolios	35,051,868	4,221,355
Less: Fair Value of derivatives	(418,711)	(824,974)
	<u>179,513,922</u>	<u>164,575,378</u>

The movement in investments held for trading is as follows:

	2023 <i>KD</i>	2022 <i>KD</i>
As at 1 January	164,575,378	183,104,202
(disposals) / Additions (net)	(3,121,621)	24,889
Gains (losses) on investments held for trading (note 19)	18,060,165	(18,553,713)
	<u>179,513,922</u>	<u>164,575,378</u>

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

5 INVESTMENTS HELD FOR TRADING (continued)

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

Portfolio	2023			2022		
	<i>KD</i> <i>Equity</i> <i>securities</i>	<i>KD</i> <i>Fixed</i> <i>Income</i>	<i>KD</i> <i>Cash in</i> <i>portfolios</i>	<i>KD</i> <i>Equity</i> <i>securities</i>	<i>KD</i> <i>Fixed</i> <i>Income</i>	<i>KD</i> <i>Cash in</i> <i>portfolios</i>
Portfolio 1	21,132,662	30,452	727,298	20,261,573	19,497,426	881,093
Portfolio 2	22,310,823	17,670,883	1,805,561	15,115,278	16,400,233	2,797,270
Portfolio 3	14,320	-	32,147,466	16,072,805	-	75,270
Portfolio 4	17,907,586	-	110	15,957,290	-	1,359
Portfolio 5	11,082,360	-	-	10,989,217	-	-
Portfolio 6	18,583,929	-	-	9,939,709	-	-
Portfolio 7	7,063,963	-	-	7,863,108	-	-
Portfolio 8	4,541,389	-	-	3,943,779	-	-
Portfolio 9	4,652,754	-	-	4,703,582	-	-
Portfolio 10	-	8,283,532	-	-	9,309,561	-
Portfolio 11	-	6,270,048	-	-	7,149,397	-
Portfolio 12	3,213,329	-	-	-	3,135,722	-
Portfolio 13	-	-	371,433	-	15,343	466,363
Portfolio 14	1,704,024	-	-	-	-	-
	<u>112,207,139</u>	<u>32,254,915</u>	<u>35,051,868</u>	<u>104,846,341</u>	<u>55,507,682</u>	<u>4,221,355</u>

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

	2023 <i>KD</i>	2022 <i>KD</i>
United States Dollar (USD)	152,003,201	127,734,096
Japanese Yen	4,146,017	2,323,974
Euro	7,743,598	2,151,134
Pound Sterling	1,935,744	1,617,324
Swiss Franc	3,252,036	702,698
Bahraini Dinar	-	16,177,967
Others	10,433,326	13,868,185
	<u>179,513,922</u>	<u>164,575,378</u>

The balance of investments held for trading includes cash balances with the custodian and portfolio managers as an integral part of the portfolio managers' duties in managing the investment portfolio with the Authority as at 31 December 2023, at an amount of KD 35,051,873 (31 December 2022: KD 4,221,355).

Emirates NBD's portfolio was mortgaged as at 31 December 2023 against a financing loan from the bank (Note 11).

6 LOANS GRANTED TO OTHERS, NET

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

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

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

6 LOANS GRANTED TO OTHERS, NET (continued)

The movement in the loans balance was as follows:

	2023 KD	2022 KD
Balance at beginning of year	38,329,209	37,868,444
Additions during the year	388,442	929,108
Collections during the year	(249,569)	(741,721)
Exchange differences	(318,835)	273,378
	<u>38,149,247</u>	<u>38,329,209</u>
Balance at the end of the year	38,149,247	38,329,209
Less: Provision for impairment losses	(36,166,331)	(34,658,703)
	<u>1,982,916</u>	<u>3,670,506</u>

- Income from loans granted to others as at 31 December 2023 amounted to KD 487,455 (2022: KD 475,251).

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

	2023 KD	2022 KD
Balance at beginning of year	34,658,703	33,808,358
Charged during the year (Note 23)	1,507,628	850,345
	<u>36,166,331</u>	<u>34,658,703</u>
Balance at the end of the year	36,166,331	34,658,703

As of 31 December 2023, the total provision for loan impairment granted to others amounted to KD 36,166,331 (2022: KD 34,658,703) related to some loans granted to companies in which the Authority invests. This is as a result of the failure of these companies to fulfil their obligations to the Authority on their due dates, in addition to the Authority's lack of certainty about the possibility of recovering these loans. During the year ended 31 December 2023, the Authority recorded impairment losses in the value of loans amounting to KD 1,507,628 (2022: KD 850,345) in the statement of comprehensive income and expenditure. The management considers that the provision recorded is sufficient in accordance with the methodology for calculating loan provisions in accordance with the accounting policies of the Authority, taking into account the following:

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

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

	2023 KD	2022 KD
Total balance		
Arab Company for Agricultural Production and Processing		
Sudan		
Loan for refinancing and production inputs	26,067,994	26,008,555
Loan for financing feed production	780,215	778,436
Loan for payment of employees' accruals	537,250	536,025
Loan for financing production inputs for year 2001-2002	113,621	113,362
	<u>27,499,080</u>	<u>27,436,378</u>

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

6 LOANS GRANTED TO OTHERS, NET (continued)

	Country	2023 KD	2022 KD
Arabian Shrimp Company	Kingdom of Saudi Arabia		
Unified loan		2,056,900	2,052,210
Tayseer loan		1,704,286	1,497,531
Agriculture Development Fund		548,039	1,225,099
Bridge loan		1,197,300	1,194,570
Short-term loan		566,663	-
		<u>6,073,188</u>	<u>5,969,410</u>
Arab Sudanese Blue Nile Agricultural Company (AGADI)	Sudan		
Operational loan 2011-2012		1,971,091	1,966,596
Arab Company for Crops Production	Sudan		
Irrigation Axels		812,130	810,278
Short terms operating loan		24,810	-
		<u>836,940</u>	<u>810,278</u>
Pioneer (Al-Ruwad)	Sudan		
Operational loan (2008-2009)		160,990	160,623
Capital loan 2006		77,683	77,506
Operating loan (2007-2008)		19,625	19,580
		<u>258,298</u>	<u>257,709</u>
Dhayat Yousef Company	Morocco	307,000	306,300
Al Sarha Animal Production Company	Sudan	279,091	278,455
Masaed al asmak Company	Kingdom of Saudi Arabia	-	134,327
Kabuja Association for Agricultural Production	Sudan	45,557	64,687
Wad Aabid Association	Sudan	43,866	63,816
Al-Mutamayaza for Vegetables and Crops	Sudan	63,169	63,025
Raedat Agadi Association	Sudan	18,352	39,170
Others		753,615	939,058
		<u>1,510,650</u>	<u>1,888,838</u>
Total loans granted to others		38,149,247	38,329,209
Less: Provision for impairment losses		(36,166,331)	(34,658,703)
		<u><u>1,982,916</u></u>	<u><u>3,670,506</u></u>

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

7 CONTRIBUTIONS AND DIRECT INVESTMENTS, NET

In accordance with the Authority's objectives, the Authority participated in establishing certain companies, which are specialized in agriculture field and foodstuff, as well as investment in companies with similar objectives. Although the Authority owns varying shares as shown below, these investments are classified under "contributions and direct investments". Based on the accounting policy approved by the Authority, these investments were recorded in the financial statements at cost less accumulated impairment losses, which were accounted for in accordance with the methodology for calculating contributions provisions. The following table represents the cost of the outstanding investments as at 31 December:

	Country	Ownership	2023 KD	2022 KD
White Nile Sugar Company	Sudan	14.38%	21,447,084	21,429,303
Arab Sudanese Vegetable Oil Company	Sudan	88%	17,631,760	17,588,930
Arab Company for Processing and Production of Poultry - ordinary shares	Sudan	78.80%	16,386,322	16,386,322
Arab Sudanese Blue Nile Agricultural Company (AGADI)	Sudan	85.30%	13,061,714	13,061,714
Kenana Sugar Company	Sudan	5.59%	10,703,800	10,703,800
Arab Company for Agricultural Production and Processing	Sudan	42.50%	8,778,375	8,778,375
El Faiyum Sugar Works Company	Egypt	26.93%	8,215,308	8,215,308
The Arab Iraqi Dairy Company	Iraq	50%	6,671,003	6,671,003
Emirates Rawabi Company Limited	UAE	27.56%	4,813,829	4,813,829
Osool for Poultry	Oman	20.58%	4,698,244	4,698,244
Arab Company for Crops Production - Atbara	Sudan	52.75%	4,113,883	4,113,883
Veterinary Medicines Company Limited	Sudan	32.53%	4,905,758	4,612,721
Al bashayer Meat Company	Oman	20%	4,040,020	4,040,020
Elaf for Starch and Glucose	Sudan	100%	3,831,264	3,831,264
Al-Ahliyah Company for Vegetable Oils, Hama, Syria	Syria	40%	3,641,476	3,641,476
Arabian Cooperative Company - Aseer	Kingdom of Saudi Arabia	20%	2,879,325	2,879,325
Others*			30,578,133	28,658,783
Total costs of investments			166,397,298	164,124,300
Provision for impairment			(90,460,874)	(42,664,698)
			75,936,424	121,459,602

* Other investments item includes the Authority's investments in various countries, with a value between KD 2.3 thousand and KD 2.7 million.

Movements in the provision for impairment of contributions and direct investments

	2023 KD	2022 KD
Balance at beginning of year	42,664,698	42,717,022
Charged during the year (Note 23)	48,396,176	4,895,929
Reversed during the year (Note 22)	(600,000)	(4,348,253)
Written off during the year	-	(600,000)
Balance at the end of the year	90,460,874	42,664,698

7 CONTRIBUTIONS AND DIRECT INVESTMENTS, NET (continued)

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

As at the reporting date, the Authority has made total provision for impairment on its direct investments of KD 90,460,874 (2022L KD 42,664,698) related to certain entities where there is objective evidence of impairment. During the year ended 31 December 2023, the Authority recorded impairment losses on investments of KD 48,396,176 (2022: KD 4,895,929) recognized in the statement of comprehensive income and expenditure. The management believes that the provision that was recorded based on the results of the study of calculating the allocations and the approval of the Chairman of the Authority is appropriate in accordance with the Authority's accounting policy, which is as follows:

- In some investments, a provision for impairment was calculated to study the future business plan of companies that showed that there are indicators, whether internal or external, that indicate an impairment of contributions, and the calculation of a provision for impairment depends on calculating the value of the Authority's contribution to those companies using the model of discounting the present value of future cash flows.
- Forming a provision for impairment of certain contributions and investments equivalent to the full value of the Authority's contributions in fully defaulted companies that do not have approved plans to improve performance in the near future.
- Based on the results of the study of calculating provisions for certain contributions and investments, several assumptions were used, namely discount rates ranging from 6% to 8%, using a marketing discount rate as appropriate, and using a growth rate according to the expectations of the International Monetary Fund and based on the cash flows of the future plan of the investee company.
- Based on the results of the study of calculating provisions for certain contributions and investments, several assumptions were used, represented by war risk rates ranging from 20% to 50%, which were estimated according to the judgmental estimate of the Cost Committee for Calculating Provisions.

Arab Authority for Agricultural Investments and Development

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

8 PROPERTY AND EQUIPMENT, NET

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

	<i>Buildings</i> KD	<i>Furniture and equipment</i> KD	<i>Motor vehicles</i> KD	<i>Computer accessories</i> KD	<i>Capital work in progress</i> KD	<i>Total</i> KD
Cost						
At 1 January 2023	3,052,930	1,213,807	357,476	532,390	7,710,303	12,866,906
Additions during the year	697,135	36,592	-	-	515,726	1,249,453
Transfers	4,656,484	942,476	-	195,769	(5,794,729)	-
At 31 December 2023	8,406,549	2,192,875	357,476	728,159	2,431,300	14,116,359
Accumulated depreciation						
At 1 January 2023	2,981,751	1,180,689	292,506	330,631	-	4,785,577
Change for the year	53,739	69,205	28,858	119,748	-	271,550
Impairment of assets	61,249	14,663	8,005	13,334	-	97,251
At 31 December 2023	3,096,739	1,264,557	329,369	463,713	-	5,154,378
Net book value						
At 31 December 2023	5,309,810	928,318	28,107	264,446	2,431,300	8,961,981

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (Continued)

As at 31 December 2023

8 PROPERTY AND EQUIPMENT, NET (continued)

The movement in property and equipment for the year ended 31 December 2022 is as follows:

	Buildings KD	Furniture and equipment KD	Vehicles KD	Computer accessories KD	Capital work in progress KD	Total KD
Cost						
At 1 January 2022	3,052,616	1,206,505	348,758	586,528	7,139,039	12,333,446
Additions during the year	314	7,302	8,718	1,351	596,910	614,595
Disposals during the year	-	-	-	(81,135)	-	(81,135)
Transfers	-	-	-	25,646	(25,646)	-
At 31 December 2022	<u>3,052,930</u>	<u>1,213,807</u>	<u>357,476</u>	<u>532,390</u>	<u>7,710,303</u>	<u>12,866,906</u>
Accumulated Depreciation						
At 1 January 2023	2,971,840	1,160,154	254,477	220,238	-	4,606,709
Change for the year	9,911	20,535	38,029	132,600	-	201,075
Total depreciation of disposals	-	-	-	(22,207)	-	(22,207)
At 31 December 2022	<u>2,981,751</u>	<u>1,180,689</u>	<u>292,506</u>	<u>330,631</u>	<u>-</u>	<u>4,785,577</u>
Net book value						
At 31 December 2022	<u>71,179</u>	<u>33,118</u>	<u>64,970</u>	<u>201,759</u>	<u>7,710,303</u>	<u>8,081,329</u>

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (Continued)

At 31 December 2023

9 INVESTMENT PROPERTY, NET

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

	2023 KD	2022 KD
Costs		
At the beginning of the year	5,109,714	5,107,598
Additions during the year	78,682	2,116
	<u>5,188,396</u>	<u>5,109,714</u>
Accumulated depreciation		
At 1 January	2,699,749	2,447,202
Charged for the year	253,336	252,547
Impairment of investment property	2,235,310	-
	<u>5,188,395</u>	<u>2,699,749</u>
At 31 December	<u>5,188,395</u>	<u>2,699,749</u>
Net book value as at 31 December	<u>1</u>	<u>2,409,965</u>

10 OTHER ASSETS

	2023 KD	2022 KD
Accrued interests on loans	4,840,634	4,687,448
Due from related parties	4,448,988	5,248,704
Employees' advances	38,305	99,816
Deposits for other companies	-	1,070,292
Others	836,865	845,782
	<u>(6,311,279)</u>	<u>(7,268,962)</u>
Less: Provision for impairment losses	<u>3,853,513</u>	<u>4,683,080</u>

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

	2023 KD	2022 KD
Balance at beginning of year	7,268,962	7,487,878
Charged during the year (Note 23)	441,285	1,160,172
Reversed during the year (Note 22)	(5,028)	(1,379,088)
Written off during the year	(1,393,940)	-
	<u>6,311,279</u>	<u>7,268,962</u>

11 LOANS FROM FINANCIAL INSTITUTIONS

	Country	2023 KD	2022 KD
Loan from local banks (note a)	United Arab Emirates	9,056,501	-
Saudi Fund for Development (note b)	Kingdom of Saudi Arabia	330,584	329,830
		<u>9,387,085</u>	<u>329,830</u>

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (Continued)

At 31 December 2023

11. LOANS FROM FINANCIAL INSTITUTIONS (continued)

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

The fixed-term loans mature as follows:

	2023 KD	2022 KD
Within one year	9,056,501	-
Within five years	330,584	329,830
	<u>9,387,085</u>	<u>329,830</u>

12. OTHER LIABILITIES

	2023 KD	2022 KD
Suppliers and payables	5,649,171	6,277,556
Accrued expenses	4,571,956	5,263,696
Payments received from Libya under capital increase	3,997,690	3,938,441
Rents in advance	40,338	143,490
Others	7,440,855	5,676,459
	<u>21,700,010</u>	<u>21,299,642</u>

13 EMPLOYEES’ END OF SERVICE BENEFITS

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

	2023 KD	2022 KD
Balance at beginning of year	2,380,025	2,600,852
Charged for the year	209,735	357,174
Exchange differences	2,397	32,580
Payments made during the year	(458,490)	(610,581)
	<u>2,133,667</u>	<u>2,380,025</u>

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (Continued)

At 31 December 2023

14 PAID-UP SHARE CAPITAL

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

	2023		2022	
	<i>Share capital Authorized KD</i>	<i>Share capital Paid up KD</i>	<i>Share capital Authorized KD</i>	<i>Share capital Paid up KD</i>
Member countries				
Kingdom of Saudi Arabia	51,190,000	51,187,169	51,190,000	51,187,169
The State of Kuwait	44,330,000	44,329,885	44,330,000	44,329,885
United Arab Emirates	34,130,000	34,128,133	34,130,000	34,128,133
The Republic of Iraq	34,130,000	34,128,133	34,130,000	34,128,133
The Republic of Sudan	34,070,000	27,030,233	34,070,000	27,030,233
The State of Qatar	17,060,000	17,059,036	17,060,000	17,059,036
The Arab Republic of Egypt	6,830,000	6,829,651	6,830,000	6,829,651
The People's Democratic Republic of Algeria	3,410,000	3,409,795	3,410,000	3,409,795
The Kingdom of Morocco	1,370,000	1,369,954	1,370,000	1,369,954
Sultanate of Oman	230,000	233,356	230,000	233,356
The Kingdom of Bahrain	230,000	233,356	230,000	233,356
The Republic of Tunisia	220,000	222,870	220,000	222,870
The Islamic Republic of Mauritania	220,000	223,134	220,000	223,134
The Hashemite Kingdom of Jordan	110,000	111,648	110,000	111,648
The Democratic Republic of Somalia	110,000	103,559	110,000	103,559
Republic of Lebanon	100,000	100,743	100,000	100,743
The Republic of United Comoros	110,000	83,866	110,000	83,866
The Republic of Yemen	110,000	82,758	110,000	82,758
The State of Palestine	80,000	81,608	80,000	81,608
The Syrian Arab Republic	110,000	75,670	110,000	75,670
Republic of Djibouti	80,000	51,515	80,000	51,515
Unsubscribed shares	107,770,000	-	107,770,000	-
	<u>336,000,000</u>	<u>221,076,072</u>	<u>336,000,000</u>	<u>221,076,072</u>

15 STATUTORY RESERVE

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

16 GENERAL RESERVE

In accordance with the text of Article (19/2) of the Authority's bylaws, shareholders have the right to create any other reserves, as required. The general reserve provision is created by transferring the net profits/(losses) for each year after deducting the existing reserves. This reserve is available for distribution.

17 VOLUNTARY RESERVE

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

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

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (Continued)

At 31 December 2023

18 FOREIGN CURRENCY TRANSLATION RESERVE

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

19 NET GAINS / (LOSSES) ON INVESTMENTS HELD FOR TRADING

	2023	2022
	<i>KD</i>	<i>KD</i>
Interest from bonds and dividends	3,683,717	3,247,585
Gain (loss) on sale of investments held for trading	9,409,208	(185,681)
Change in fair value of held-for-trading investments	5,056,596	(20,878,551)
dividend income;	736,068	623,148
Unrealized futures contract valuation differences	(825,424)	(1,360,214)
	<u>18,060,165</u>	<u>(18,553,713)</u>

20 DIVIDENDS FROM CONTRIBUTIONS AND DIRECT INVESTMENTS

	2023	2022
	<i>KD</i>	<i>KD</i>
El Faiyum Sugar Company	951,053	783,605
Arabian Cooperative Company - Aseer	328,293	327,509
Al-Ahliyah Company for Vegetable Oils	193,800	130,768
Emirates Rawabi Company Limited	149,849	150,031
The Arab Iraqi Dairy Company	131,692	47,224
Al Margi for Livestock	110,573	68,516
Kenana Sugar Company	85,763	-
Arab Trade Finance Program	44,821	22,401
Arab Company for Processing and Production of Poultry	392	199,103
Arab Sudanese Vegetable Oil Company	-	158,160
Arab Sudanese Seed Company	-	113,536
	<u>1,996,236</u>	<u>2,000,853</u>

21 OTHER INCOME

	2023	2022
	<i>KD</i>	<i>KD</i>
Gains / (losses) of currency valuation differences	(400,991)	(512,465)
Rental income	192,551	657,637
Other income	330,114	124,996
	<u>121,674</u>	<u>270,168</u>

22 REVERSAL OF IMPAIRMENT LOSSES

	2023	2022
	<i>KD</i>	<i>KD</i>
Contributions and direct investments (note 7)	600,000	4,348,253
Other assets (note 10)	5,028	1,379,088
	<u>605,028</u>	<u>5,727,341</u>

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (Continued)

At 31 December 2023

23 IMPAIRMENT LOSSES

	2023	2022
	<i>KD</i>	<i>KD</i>
Provision for impairment of contributions and direct investments (note 7)	48,396,176	4,895,929
Property and equipment and investment property (notes 8 & 9)	2,332,563	-
Other assets (note 10)	441,285	1,160,172
Loans granted to others (note 6)	1,507,628	850,345
	<u>52,677,652</u>	<u>6,906,446</u>

24 RISK MANAGEMENT

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

1.24 Market risk

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

1.1.24 Interest rate risk

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

2.1.24 Currency risk

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

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

	2023		2022	
	<i>Financial assets</i>	<i>Financial Liabilities</i>	<i>Financial assets</i>	<i>Financial liabilities</i>
	<i>KD</i>	<i>KD</i>	<i>KD</i>	<i>KD</i>
US Dollar	193,383,659	276,783,830	167,620,487	305,899,103
BHD	-	-	16,177,967	-
JPY	4,146,017	-	2,323,974	-
EUR	7,759,500	-	2,186,052	-
Swiss Franc	3,252,036	-	702,698	-
GBP	1,935,744	-	1,617,324	-
UAE Dirham	5,703,605	-	2,516,226	-
Sudanese Pound	1,083,350	-	1,306,746	539,203
Other	10,787,841	-	14,696,187	-
	<u>228,051,752</u>	<u>276,783,830</u>	<u>209,147,661</u>	<u>306,438,306</u>

Arab Authority for Agricultural Investment and Development

NOTES TO THE FINANCIAL STATEMENTS (Continued)

At 31 December 2023

24. RISK MANAGEMENT (continued)

24.1.3 Stock and bond price risks

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

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

Markets	2023		2022	
	KD	Percentage	KD	Percentage
North America	109,503,491	61%	77,350,428	47%
Western Europe	57,444,455	32%	54,309,875	33%
East Asia & Pacific	10,770,835	6%	13,166,030	8%
Middle East & North Africa	-	0%	16,457,538	10%
Others	1,795,141	1%	3,291,508	2%
	<u>179,513,922</u>	<u>100%</u>	<u>164,575,379</u>	<u>100%</u>

2.24 Credit risk

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

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

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

a) Maximum exposure to credit risk is as follows:

	2023 KD	2022 KD
Fixed income securities	33,357,521	53,407,946
Loans granted to others, net	1,982,916	3,670,506
Other assets	3,853,513	4,683,080
Bank balances	1,995,279	698,372
Term deposits (matured within three months from the acquisition date)	4,539,790	861,588
	<u>45,729,019</u>	<u>63,321,492</u>

3.24 Liquidity risk

Liquidity risk is the risk that the Authority will not be able to meet its commitments associated with financial instruments as they become due. Liquidity risk is managed by the treasury department of the Authority. To manage this risk, the Authority periodically assesses the financial viability of borrowing companies and invests in bank deposits or other investments that are readily realizable. The maturity profile is monitored by management to ensure adequate liquidity is maintained.

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

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At 31 December 2023

25. FAIR VALUE MEASUREMENTS

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

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

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

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

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

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

As at 31 December 2023 and 31 December 2022, the fair values of the Company's financial instruments are estimated to approximate their carrying values.

As at 31 December 2023 and 31 December 2022, the fair value of held-for-trading investments was estimated based on the first level of fair value valuation basis.

During the year ended 31 December 2023 and 31 December 2022, there was no movement between levels.

26. CAPITAL MANAGEMENT

The Authority manages its capital to ensure its ability to continue as a going concern and maximizing the shareholders returns through the optimization benefit of the debt and equity balances. The Authority's 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.

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

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

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

	2023 KD	2022 KD
Remuneration paid to directors		
Meeting attendance fees	278,925	261,628
Remuneration	107,066	100,619
	<u>385,991</u>	<u>362,247</u>
Key management compensation		
End-of-services benefits	199,401	485,297
Short term benefits	458,223	396,954
	<u>657,624</u>	<u>882,251</u>

28 COMMITMENTS AND CONTINGENT LIABILITIES

Capital commitments

As at 31 December 2023, the Authority has capital commitments amounting to KD 515,726 (2022: KD 596,910).

Contingent liabilities

As at 31 December 2023, the Authority has granted corporate guarantees to commercial banks amounting to KD 8.7 million equivalent to USD 28 million (2022: KD 7 million equivalent to USD 23 million). These guarantees were provided to certain financial institutions to support the entities, which the Authority has invested in, in order to obtain facilities.

