

MIRA INFORM REPORT

Report No. :	528316
Report Date :	05.09.2018

IDENTIFICATION DETAILS

Name :	ADVANCED GLOBAL INDUSTRIES (AGI)
Registered Office :	1 st Industrial Zone, Plot No. 43, Giza, 6 th of October
Country :	Egypt
Financials (as on) :	31.12.2017
Date of Incorporation :	2004
Com. Reg. No.:	6044
Legal Form :	Egyptian Joint Stock Company
Line of Business :	Subject is engaged in the import, production and distribution of skimmed milk, full cream powdered milk, dry milk products, malted milk, condensed milk, pasteurized milk, canned dairy food and fruit juice
No. of Employees :	60

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :

A

Credit Rating	Explanation	Rating Comments
A	Acceptable Risk	Business dealings permissible with moderate risk of default

Status :	Good
Payment Behaviour :	No Complaints
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

SUMMARY

Company Name	: ADVANCED GLOBAL INDUSTRIES (AGI)
Country of Origin	: Egypt
Legal Form	: Egyptian Joint Stock Company
Registration Date	: 2004
Commercial Registration Number	: 6044, 6th of October
Tax Card Number	: 592-227-014
Issued Capital	: £E 10,000,000
Paid up Capital	: £E 10,000,000
Total Workforce	: 60
Activities	: Production and distribution of skimmed milk and full cream powdered milk
Financial Condition	: Good
Payments	: No complaints
Operating Trend	: Steady
Person Interviewed	: Emad Fahmy, Accounting Manager

COMPANY NAME

ADVANCED GLOBAL INDUSTRIES (AGI)

ADDRESS

REGISTERED & PHYSICAL ADDRESS

Location : 1st Industrial Zone, Plot No. 43
Area : Giza
Town : 6th of October
Country : Egypt
Telephone : (20-2) 38340777 / 38340776 / 38340775 / 38200675
Facsimile : (20-2) 38340778
Mobile : (20-12) 11105051 / (20-10) 13713153
Email : emad@agiegupt.com

Premises

Subject operates from a medium sized suite of offices and a factory that are rented and located in the Industrial Area of the 6th of October.

KEY PRINCIPALS

<u>Name</u>	<u>Position</u>
• Khaled Essam Azzam	Chairman
• Mohamed Essam Azzam	Director
• Somaya Abd El Hamid Tawfik	Director
• Mohamed El Sheikh	Export Manager
• Karim Baramawy	Purchasing Manager
• Mohamed Tayseer	Import Manager
• Emad Fahmy	Accounting Manager
• Ahmed Saeed	Sales Manager

LEGAL FORM & OWNERS

Date of Establishment : 2004

Legal Form : Egyptian Joint Stock Company

Commercial Reg. No. : 6044, 6th of October

Tax Card No. : 592-227-014

Issued Capital : £E 10,000,000

Paid up Capital : £E 10,000,000

<i>Name of Shareholder (s)</i>	<i>Percentage</i>
• Khaled Essam Azzam	99.50%
• Essam Azzam	0.25%
• Somaya Abd El Hmaid Tawfik	0.25%

Notes to the legal Form

A Joint Stock Company (SAE) can be both a public or private company the capital of which is divided into shares of equal value; the liability of the shareholder is confined to the value of the shares to which he subscribes, and he is not liable for the debts of the company except within the limit of those shares. A JSC may be 100% owned by foreign investors and there should be at least three shareholders. The minimum capital of JSC companies is EGP 250,000 or EGP 500,000 if it is a public company.

OPERATIONS

Activities: Engaged in the import, production and distribution of skimmed milk, full cream powdered milk, dry milk products, malted milk, condensed milk, pasteurized milk, canned dairy food and fruit juice.

Production Capacity: 60,840 tonnes per annum

Import Countries: China, India, Singapore, Australia, Turkey, France, Belgium, Netherlands and the United States of America

International Suppliers:

- BBI Singapore
- Meloni China
- Hakan Turkey
- Hakan Belgium

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Export Countries: Syria, Libya, United Arab Emirates, Qatar and Sudan

Brand Names: AGI and MILKY GOLD

Operating Trend: Steady

Subject has a workforce of 60 employees.

FINANCIAL DATA

Financial highlights provided by local sources are given below:

Currency: Egyptian Pounds (EGP)

Year	Sales
Year Ending 31/12/16:	EGP 251,000,000
Year Ending 31/12/17:	EGP 255,000,000

Local sources consider subject's financial condition to be Good.

Note:

According to Egyptian Commercial Law, only Joint Stock Companies SAE (Listed on the Stock Market) are required to publish their financial information. Financial information on other legal forms can only be obtained from the companies / businesses directly

BANKERS

- Commercial International Bank (CIB)
Nile Tower Building
21-23 Giza Street
PO Box: 2430
Cairo
Tel: (20-2) 25703043
Fax: (20-2) 25703172 / 25072691
- National Bank of Egypt
24 Sherif Street
Cairo
Tel: (20-2) 33924175
Fax: (20-2) 33924143

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PAYMENT HISTORY

No complaints regarding subject's payments have been reported.

GENERAL COMMENTS

During the course of this investigation the following sources were consulted:

- Internal database
- Journals, directories, media & web searches
- Local Registry office
- Interview with Mr Emad Fahmy, Accounting Manager

The subject and its shareholders/owners have been searched in the following databases; Office of Foreign Assets Control (OFAC), United Nations Security Council Sanctions, Australian Sanctions List, US Consolidated Sanctions List, EU Financial Sanctions List and UK Financial Sanctions List and nothing adverse could be found on the exact names listed within the report.

During the course of this investigation nothing detrimental was uncovered regarding subject's operating history or the manner in which payments are fulfilled. As such the company is considered to be a fair trade risk.

COUNTRY OUTLOOK

Economic growth doubled (to 4.2 %) in FY15, after four years of slow growth. Yet challenges remain, and were aggravated by the recent foreign exchange crunch. Growth in FY15 (July 2014/June 2015) was attributed to the restoration of stability and improved confidence, resilient private consumption, and the government's public investments that started to crowd in private investments. The first quarter of FY16 witnessed subdued growth (of 3 %, from 5.6 % a year earlier), mainly due to foreign exchange shortages that stifled production. The inadequacy of foreign exchange along with an overvalued Pound hampered Egypt's competitiveness; lowering the volume of exports by 26 % in Q1-FY16. Unemployment inched downwards (to 12.8 % in the H1-FY15 versus 13.3 % a year earlier), albeit partially reflecting dropouts from the labour force. The labour force participation rate dropped to 46 % of the adult population (those above 15 years old) versus 50 % at end-2010. Headline inflation eased slowly in early-2016, reaching 9 % in February 2016, from an average of 11 % in the previous three months. The Central Bank of Egypt (CBE) has recently started tightening monetary policy to curb inflation, especially in light of the recent exchange rate depreciation.

The CBE allowed the official exchange rate to weaken in mid-March as pressures on external accounts intensified. Net international reserves (NIR) dropped in FY16, due to large debt repayments, the unfavourable external environment, the recent crash of the Russian airplane over Sinai, as well as the CBE's ongoing injection of foreign exchange to meet import needs and to clear forex backlogs. Thus, NIR declined to just below \$16.5 billion in October 2015, and has stabilized at this level through end-February 2016. The CBE left the official exchange rate to weaken by 14.3 % on March 14, 2016, after the parallel market premium had surged to 18 %

above the official rate. The CBE held a later auction at a slightly stronger exchange rate, but still signalled a move towards more flexibility.

The fiscal stance improved in FY15 due to key consolidation measures, but the reform momentum has faded in FY16. The budget deficit reached 11.5 % of GDP in FY15 (compared to 12.2 % of GDP in FY14, and 13 % of GDP in FY13), thanks to the partial streamlining of energy subsidies, revenue-enhancement measures, and the drop in international oil prices. This was achieved whilst the government raised allocations to health, education, and infrastructure, in line with the constitutional mandate. Yet, the reform pace has slowed down in FY16, as the energy subsidy reform program was only partially implemented, and the ratification of the VAT and the mining laws have been delayed.

The outlook is for GDP growth to slow down to 3.3 % in FY16, before rebounding thereafter. A combination of unfavourable domestic and external factors is undermining growth in FY16. Important sectors have been underperforming, notably, the extractives which continue to suffer from liquidity issues (accumulated arrears were recorded at \$3 billion in end-2015); and tourism, affected by the Russian plane crash last October. Externally, the sluggish recovery of the Euro zone is expected to weigh on Egypt's growth, while the lower oil prices and slowdown in Gulf countries might negatively impact Egyptians' remittances; hence private consumption. The deficit is expected to decline to 11.3 % of GDP in FY16, and decline further in the medium term, with continued fiscal consolidation effort. Egypt's external accounts are likely to worsen in FY16 before recovering afterwards, provided that monetary authorities continue to ease restrictions on foreign exchange and re-align the exchange rate.

Key Economic Indicators	2014	2015	2016*	2017*
Real GDP Growth (%)	2.2	4.2	3.3	4.2
Inflation Rate (%)	10.1	10.9	9.8	9.5
Fiscal Balance (% of GDP)	-12.2	-11.5	-11.3	-9.8
Current Account Balance (% of GDP)	-0.9	-3.7	-4.6	-4.6

* forecast

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 71.19
UK Pound	1	INR 91.46
Euro	1	INR 82.49
EGP	1	INR 3.99

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	SYL

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)