



## Quarterly Compliance Report based on AAOIFI Shariah Mandate (Q3-2011)

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### H.J. Heinz Company (HNZ US)

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#### Description

H. J. Heinz Company, together with its subsidiaries, is engaged in manufacturing and marketing a range of food products globally. The Company's principal products include ketchup, condiments and sauces, frozen food, soups, beans and pasta meals, infant nutrition and other food products. The Company's principal products include ketchup, condiments and sauces, frozen food, soups, beans and pasta meals, infant nutrition and other food products.

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#### Company Status

IdealRatings analysts have issued a new report regarding the company:

<b>Name:</b>	H.J. Heinz Company
<b>Ticker:</b>	HNZ US
<b>Country:</b>	United States
<b>Core Business Activity:</b>	Food Processing
<b>Exchange:</b>	New York Stock Exchange
<b>Compliance Status:</b>	Shariah-compliant

#### Overview

IdealRatings reviewed the most recent financial statements (Annual-2010) for H.J. Heinz Company. The report has been prepared to determine the Shariah-compliance status of the company based on the AAOIFI Shariah mandate.

Additionally, the compliance status according to different methodologies is analyzed.

#### Business Screening

Based on the business of the company the core business is compliant since it is mainly in the food processing business focusing on Ketchup and Sauces. But one of the main business activities of the company is in the ready meal business which contains meals including pork as well as alcohol.

One of the brands of the company is for instance Bagel Bites which has products containing pork

toppings. Another brand of the company is for instance Boston Market Frozen Food which has also products including pork but also alcohol using white wine sauce.

But, still these non-compliant revenue sources represent a minimal amount and based on the published figures as well as our internal research the non-permissible income from products related to pork and alcohol as well as interest income does not exceed the 5% threshold level as defined by AAOIFI.

Therefore the status of the company from a business activity is as follows:

	Threshold	Company	Compliance
Non-permissible Income	5%	Less than 5%	PASS

### Financial Screening

According to the most recent available financial statement with adequate information (2011-Q1) the financial ratios with respect to the AAOIFI Shariah mandate for the company are as follows:

	Threshold	Industries	Compliance
Interest-bearing Investments	30%	6.76%	PASS
Interest-bearing Debts	30%	29.88%	PASS
Liquidity	67%	18.55%	PASS
Share Type (Preference or Common)	Common	Common	PASS

### Compliance Status

Based on the available information and the above figures according to the AAOIFI Shariah mandate **LVMH Moet Hennessy Louis Vuitton SA** is to be considered **Shariah-compliant**.

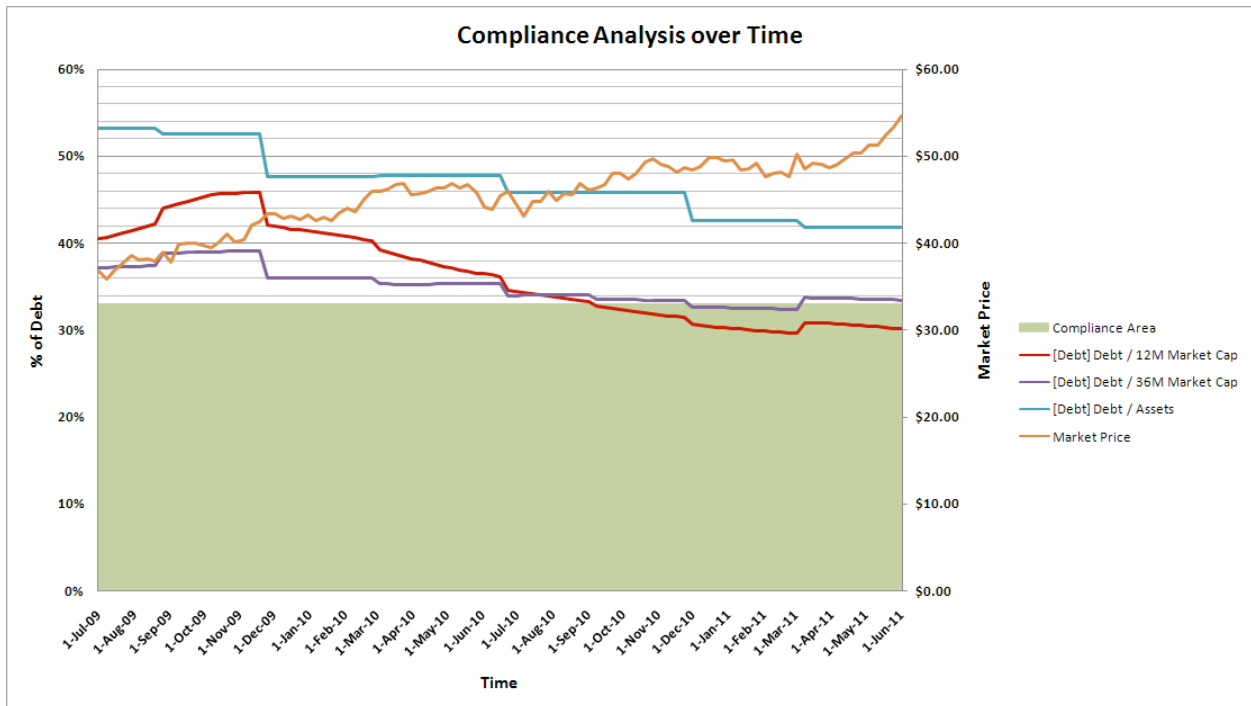


## Compliance Trend


The AAOIFI Shariah mandate is based on the debt ratio of debt to 12-month average market capitalization. As can be noted in the below figure due to rising prices in the market within the last year the company changed from being non-compliant and turned compliant with a downturn trend in terms of the debt ratio.

Other Shariah mandates use different debt ratios such as Debt to assets (used by FTSE, MSCI) and Debt to 36-month average market capitalization (used by S&P). Debt to assets for this company has during the last two years always being above the acceptable threshold, whereas a quarterly downturn trend can be witnessed. But using total assets if the company does not change its capital structure significantly, it is not expected to turn Shariah-compliant within the next two quarters.

With respect to debt to 36-month average market capitalization, the company is very close to compliance and if the market price of the company's equity continues to increase it is expected to turn Shariah-compliant within the next weeks.



Thus, according to the AAOIFI Shariah mandate the company is compliant and actually the trend is toward higher compliance level whereas using different Shariah mandates compliance risk on different levels exists.



## Disclosures

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