

MIRA INFORM REPORT

Report No. :	536915
Report Date :	26.10.2018

IDENTIFICATION DETAILS

Name :	MOHAMED ALI ZAINAL ABDULLAH BSC (C) (MAZA)
Registered Office :	Manama Centre, Maza Building, Al Mutanabi Street No. 58, Block 304, PO Box-593, Manama 304,
Country :	Bahrain
Financials (as on) :	31.12.2017 (Summarized)
Date of Incorporation :	1930
Com. Reg. No.:	83-1, Manama
Legal Form :	Bahraini Shareholding Company Closed BSC (C)
Line of Business :	Subject Engaged in the import and distribution of fast moving consumable goods and general foodstuffs
No. of Employees :	150

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 :	Satisfactory
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.

ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
Bahrain	A2	A2

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

BAHRAIN - ECONOMIC OVERVIEW

Oil and natural gas play a dominant role in Bahrain's economy. Despite the Government's past efforts to diversify the economy, oil still comprises 85% of Bahraini budget revenues. In the last few years lower world energy prices have generated sizable budget deficits - about 10% of GDP in 2017 alone. Bahrain has few options for covering these deficits, with low foreign assets and fewer oil resources compared to its GCC neighbors. The three major US credit agencies downgraded Bahrain's sovereign debt rating to "junk" status in 2016, citing persistently low oil prices and the government's high debt levels. Nevertheless, Bahrain was able to raise about \$4 billion by issuing foreign currency denominated debt in 2017.

Other major economic activities are production of aluminum - Bahrain's second biggest export after oil and gas - finance, and construction. Bahrain continues to seek new natural gas supplies as feedstock to support its expanding petrochemical and aluminum industries. In April 2018 Bahrain announced it had found a significant oil field off the country's west coast, but is still assessing how much of the oil can be extracted profitably.

In addition to addressing its current fiscal woes, Bahraini authorities face the long-term challenge of boosting Bahrain's regional competitiveness - especially regarding industry, finance, and tourism - and reconciling revenue constraints with popular pressure to maintain generous state subsidies and a large public sector. Since 2015, the government lifted subsidies on meat, diesel, kerosene, and gasoline and has begun to phase in higher prices for electricity and water. As part of its diversification plans, Bahrain implemented a Free Trade Agreement (FTA) with the US in August 2006, the first FTA between the US and a Gulf state. It plans to introduce a Value Added Tax (VAT) by the end of 2018.

Source : CIA

SUMMARY

Company Name	: MOHAMED ALI ZAINAL ABDULLAH BSC (C) (MAZA)
Country of Origin	: Bahrain
Legal Form	: Bahraini Shareholding Company Closed BSC (C)
Start Date	: 1930
Registration Date	: 19th January 1980
Commercial Registration Number	: 83-1, Manama
Issued Capital	: BD 2,000,000
Paid up Capital	: BD 2,000,000
Total Workforce	: 150
Activities	: Distributors of fast moving consumable goods and general foodstuffs
Financial Condition	: Fair
Payments	: No Complaints

COMPANY NAME

MOHAMED ALI ZAINAL ABDULLAH BSC (C) (MAZA)

ADDRESS

REGISTERED & PHYSICAL ADDRESS

Building : Manama Centre, Maza Building
Street : Al Mutanabi Street No. 58, Block 304
PO Box : 593
Town : Manama 304
Country : Bahrain
Telephone : (973-17) 226616
Facsimile : (973-17) 226636 / 217317
Mobile : (973-39) 440095 / 693233
Email : zinal@batelco.com.bh / zinal@maza.com / sami@maza.com

Premises

Subject operates from a large suite of offices and a warehouse that are owned and located in the Central Business Area of Manama.

KEY PRINCIPALS

<u>Name</u>	<u>Position</u>
• Ebrahim Mohamed Ali Zainal Karmastaji	Chairman
• Mohamed Sharif Abdulrahman Zainal Karmastaji	Vice Chairman
• Mohamed Ebrahim Mohamed Ali Zainal Karmastaji	Director
• Nabeel Sayed Moosa Abdulla Ali	Director
• Rashad Ebrahim Mohamed Ali Zainal Karmastaji	Director
• Sami Mohamed Sharif Zainal Karmastaji	Director

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LEGAL FORM & OWNERS

Date of Establishment : 1930, however subject was registered on 19th January 1980.

History : Subject was registered in 1980 as a With Liability Company. However during 2012 it changed legal form and became a Bahraini Shareholding Company Closed BSC (C).

Legal Form : Bahraini Shareholding Company Closed BSC (C)

Commercial Reg. No. : 83-1, Manama

Chamber Member No. : 638

Authorised Capital : BD 5,000,000

Issued Capital : BD 2,000,000

Paid up Capital : BD 2,000,000

<i>Name of Shareholder (s)</i>	<i>Percentage</i>
• Ebrahim Mohamed Ali Zainal Karmastaji	20.00%
• Asma Mohamed Ali Zainal Karmastaji	13.00%
• Nabeel Sayed Moosa Abdulla Ali	6.25%
• Nader Sayed Moosa Abdulla Ali	6.25%
• Nahed Sayed Moosa Abdulla Ali	6.25%
• Sayed Najeeb Moosa Abdulla Ali	6.25%
• Hesham Ebrahim Mohamed Zainal Karmastaji	6.00%
• Lana Ebrahim Mohamed Ali Zainal Karmastaji	6.00%
• Mohamed Ebrahim Mohamed Ali Zainal Karmastaji	6.00%
• Rashad Ebrahim Mohamed Ali Zainal Karmastaji	6.00%
• Tareq Ebrahim Mohamed Zainal Karmastaji	6.00%
• Sami Mohamed Sharif Zainal Karmastaji	4.00%
• Sana Mohamed Sharif Zainal Karmastaji	2.00%

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- Seema Mohamed Sharif Abdulrahman Zainal Karmastaji 2.00%
- Suha Mohamed Sharif Abdulrahman Zainal Karmastaji 2.00%
- Suhair Mohamed Sharif Abdulrahman Zainal Karmastaji 2.00%

Notes to the legal Form A BSC (Closed), commonly known as a closed joint stock company, consists of a minimum of two shareholders who subscribe to it by way of negotiable shares that are not offered to the public for subscription. Shareholders are liable for the company's debts and obligations only to the extent of the value of their shares. The minimum share capital required is BD 250,000. There must be a minimum of three directors. A closed joint stock company can be 100% foreign owned. There is no requirement of local sponsorship. However, depending on the business activity, there may be a requirement of minimum Bahraini ownership.

AFFILIATED COMPANIES

- Zainal Enterprises WLL
Manama
- Maza Packaging
Manama
- Life Marketing
Manama
- Al Asmak BSC (C)
Manama
- MAZA PROMOS
- EZ Packaging Products B.S.C. Closed
- Maza Real Estate and Development Company

OPERATIONS

Activities: Engaged in the import and distribution of fast moving consumable goods and general foodstuffs.

Import Countries: Netherlands, United Kingdom, Brazil and Australia

International Suppliers:

- Bandait Brazil
- Freezland Campina Netherlands
- Akzo Nobel Netherlands

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PO Box: 29
Manama
Tel: (973-17) 223636

PAYMENT HISTORY

No complaints regarding subject's payments have been reported.

SANCTION LIST CHECKS

The subject and its shareholders have been checked in the following sanctions list databases:

<u>Sanctions list</u>	<u>Results</u>
United Nations Sanctions	No matches
Australian Sanctions	No matches
Bureau of Industry and Security (US)	No matches
EU Financial Sanctions	No matches
Office of the Superintendent of Financial Institutions (Canada)	No matches
OFAC - Specially Designated Nationals (SDN)	No matches
UK Financial Sanctions (HMT)	No matches
US Consolidated Sanctions	No matches

GENERAL COMMENTS

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

- Internal database
- Journals, directories, media & web searches
- Local Registry office

Please note that the correct name of the subject is "Mohamed Ali Zainal Abdullah BSC (C) (MAZA)" and not "Mohammed Ali Abdallah".

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

Recent Developments

Cheap oil continues to test Bahrain's economic resilience. Bahrain maintained an expansionary fiscal stance since 2009 resulting in general government deficits. The situation worsened in 2015 with a decline in oil revenues by about 10 percent of GDP and a general fiscal deficit estimated at 12.8 percent of GDP (from 3.4 percent in 2014). The deficit spending helped maintain economic growth at 2.9 percent, but brought reserves down to a low level at 2.6 months of imports and increased public debt to 62 percent of GDP. Bahrain has introduced some initiatives for fiscal consolidation. Revenue enhancing measures such as higher tobacco and alcohol taxes and government services

fees were introduced over the past year. A cost-cutting program entailed the raising of petrol prices by up to 60 percent in January 2016 (likely to create savings worth US\$148.4 million), the gradual phasing-in of price increases for electricity, water, diesel, and kerosene by 2019, an increase and unification of natural gas prices for industrial users, and the removal of meat subsidies. Inflation has gradually picked up in 2016 mainly as a result of the subsidy reform: the headline CPI rose by 3 percent, but it will remain subdued in 2017 as one-off measures affect the current year

only. 2016 outcomes demonstrate, however, that the authorities' emphasis on growth comes at the expense of fiscal deterioration.

The Bahraini economy grew by an estimated 3.4 percent in 2016. While the hydrocarbon sector grew by an estimated 2 percent, the non-hydrocarbon sectors grew by an average estimated rate of 3.7 percent, a figure that reflects the continued emphasis on public investments, some of which were funded by the GCC. The downside of this approach, however, has been manifested in persistently high fiscal deficits, estimated at 12.6 percent of GDP in 2016. A large portion of the 2016 deficit was covered by debt issuances, despite the sovereign downgrade reflecting increasing pressures on government finances. Bahrain issued a US\$600 million bond just before the downgrade and the authorities raised the public debt ceiling to BD 10 billion (around 80 percent of GDP) to enable additional borrowing. Bahrain's external position faces growing vulnerabilities. The current account surplus of the past 12 years turned into a deficit in 2015, following the drop in oil prices and further deteriorated in 2016 to 4.6 percent of GDP. Reserve adjustments reflect the growing external imbalances. The exchange rate peg has come under significant pressure: external imbalances were reflected in a decline in reserves to 2.6 months of imports in the same time

frame. The real effective exchange rate has also appreciated by 17 percent since mid-2014, complicating adjustments to the adverse terms of trade shock that Bahrain is facing.

Little comprehensive welfare analysis is available due to restricted access to household survey data, limited capacity, and the sensitivities involved. Among Bahraini nationals', labour force participation is low, and people work predominantly in the public sector, where wages are high and productivity low. Immigrant workers constitute about a half of the resident population and command much lower incomes. Key elements of the social contract - public employment and subsidies - are becoming less affordable in the context of subdued oil prices. Bahrain aims to gain from upgrading its capacity for welfare measurement that would support the design of policies aimed at mitigating the impact of the necessary adjustment. Results from a new household survey in 2015 have not yet been published.

Outlook

Economic growth is expected to decline in the forecast period. Real GDP growth projections have been revised downwards to 1.9 percent in 2017 and 2018, as continuing low oil prices depress private and government consumption. Some infrastructure investments are also likely to be put on hold. In the absence of significant upfront

fiscal adjustments, Bahrain will remain vulnerable to fiscal risks. Average inflation is expected to decrease to 2.1 percent in 2017 reflecting the cooling off in economic activity and phasing out of temporary price-boosting effects of subsidy reforms. The current account deficit will partially narrow to 3.8 percent of GDP in 2017 and remain about there for the years to come, with the exception of small adjustments. International reserves are expected to follow a declining trend, and reach 1.5 months of imports in 2018. Public debt is projected to exceed 90 percent of GDP in 2017, and reach about 100 percent in 2018.

Risks and Challenges

Ensuring fiscal sustainability while preserving a healthy growth rate has become an important challenge in Bahrain. Real GDP growth is expected to slow and fiscal and external balances are expected to remain under pressure in 2017 due to oil prices remaining well below fiscal break-even levels. Despite efforts to diversify and boost non-oil fiscal revenues, hydrocarbons account for about 80 percent of government revenues in Bahrain. In addition, subsidies still absorb more than 20 percent of the fiscal budget. The fiscal break-even price for Bahrain was estimated at US\$110 per barrel in 2016, the highest amongst the GCC. Thus, Bahrain is expected to continue to run significant general fiscal deficits in the forecast period - 9.8 percent of GDP in 2017. Delays in implementing fiscal consolidation or a

further decline in oil prices could trigger additional sovereign rating downgrades making access to external financing harder, and intensifying pressure on reserves and the peg. Fiscal solvency and liquidity risks are high, and outcomes remain vulnerable to shocks to growth, commodity prices, and interest rates.

Key Economic Indicators	2014	2015	2016*	2017*	2018*	2019*
Real GDP Growth (%)	4.4	2.9	3.4	1.9	1.9	2.3
Inflation Rate (%)	2.7	1.8	3.0	2.1	2.0	2.0
Current Account Balance (% of GDP)	4.6	-2.4	-4.6	-3.8	-3.5	3.5
Fiscal Balance (% of GDP)	-3.4	-12.8	-12.6	-9.8	-8.9	-7.6

* forecast

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 73.27
UK Pound	1	INR 94.62
Euro	1	INR 83.65
BHD	1	INR 194.61

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

INFORMATION DETAILS

Analysis Done by :	DIV
Report Prepared by :	KET

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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)