

MIRA INFORM REPORT

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| Report No. : | 544304 |
| Report Date : | 17.12.2018 |

IDENTIFICATION DETAILS

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|--------------------------------|---|
| Name : | PRONAT INDUSTRIES LTD. |
| Registered Office : | P.O. Box 12145 (3877701), 18 Tzavei Hanachal Street, Emek Hefer Industrial Park, Emekhefer 3880000 |
| Country : | Israel |
| Date of Incorporation : | 19.09.1986 |
| Legal Form : | Private Limited Company |
| Line of Business : | <ul style="list-style-type: none"> Importers, processors and marketers of wide range of flexible materials and adhesive solutions to major companies in the electronics, aerospace, hi-tech, telecom, medical and electrical markets. Offering precision die-cut components, assembly solutions, material sourcing and developing, consultative engineering, and precision converting solutions. Sales are to the medical, aerospace, electronics, defense, automotive, oil & gas, telecommunication, industries. |
| No. of Employees : | 125 |

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 : | Slow but Correct |
| Litigation : | Clear |

NOTES:

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

ECGC Country Risk Classification List

| Country Name | Previous Rating (30.06.2018) | Current Rating (30.09.2018) |
|--------------|---------------------------------|--------------------------------|
| Israel | B1 | B1 |

| 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 |

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ISRAEL - ECONOMIC OVERVIEW

Israel has a technologically advanced free market economy. Cut diamonds, high-technology equipment, and pharmaceuticals are among its leading exports. Its major imports include crude oil, grains, raw materials, and military equipment. Israel usually posts sizable trade deficits, which are offset by tourism and other service exports, as well as significant foreign investment inflows.

Between 2004 and 2013, growth averaged nearly 5% per year, led by exports. The global financial crisis of 2008-09 spurred a brief recession in Israel, but the country entered the crisis with solid fundamentals, following years of prudent fiscal policy and a resilient banking sector. Israel's economy also weathered the 2011 Arab Spring because strong trade ties outside the Middle East insulated the economy from spillover effects.

Slowing domestic and international demand and decreased investment resulting from Israel's uncertain security situation reduced GDP growth to an average of roughly 2.8% per year during the period 2014-17. Natural gas fields discovered off Israel's coast since 2009 have brightened Israel's energy security outlook. The Tamar and Leviathan fields were some of the world's largest offshore natural gas finds in the last decade. Political and regulatory issues have delayed the development of the massive Leviathan field, but production from Tamar provided a 0.8% boost to Israel's GDP in 2013 and a 0.3% boost in 2014. One of the most carbon intense OECD countries, Israel generates about 57% of its power from coal and only 2.6% from renewable sources.

Income inequality and high housing and commodity prices continue to be a concern for many Israelis. Israel's income inequality and poverty rates are among the highest of OECD countries, and there is a broad perception among the public that a small number of "tycoons" have a cartel-like grip over the major parts of the economy. Government officials have called for reforms to boost the housing supply and to increase competition in the banking sector to address these public grievances. Despite calls for reforms, the restricted housing supply continues to impact younger Israelis seeking to purchase homes. Tariffs and non-tariff barriers, coupled with guaranteed prices and customs tariffs for farmers kept food prices high in 2016. Private consumption is expected to drive growth through 2018, with consumers benefitting from low inflation and a strong currency.

In the long term, Israel faces structural issues including low labor participation rates for its fastest growing social segments - the ultraorthodox and Arab-Israeli communities. Also, Israel's progressive, globally competitive, knowledge-based technology sector employs only about 8% of the workforce, with the rest mostly employed in manufacturing and services - sectors which face downward wage pressures from global competition. Expenditures on educational institutions remain low compared to most other OECD countries with similar GDP per capita.

Source : CIA

COMPANY NAME AND ADDRESS

PRONAT INDUSTRIES LTD.

Telephone 972 4 628 68 88
Mobile 972 52 428 74 01 (Jeremy Rosenstein)
Fax 972 4 628 68 90; 628 68 83
Email: jeremyr@pronat.co.il
P.O. Box 12145 (3877701)
18 Tzavei Hanachal Street
Emek Hefer Industrial Park
EMEK HEFER 3880000 ISRAEL

HISTORY & LEGAL FORMATION

A private limited company, incorporated as per file No. 51-114359-6 on the 19.09.1986.

SHARE CAPITAL

Authorized share capital NIS 50,002.00, divided into -
50,000 ordinary shares (46,200 shares issued), 2 senior shares (issued), all of NIS 1.00 each, of which shares amounting to NIS 46,202.00 were issued.

SHAREHOLDERS

1. PRONAT INTERNATIONAL, a foreign company registered in Gibraltar,
2. Jeremy Rosenstein, holding 1 single senior share,
3. Jonathan Weil, holding 1 single senior share,
4. Ms. Benita Rosenstein, holding 1 single ordinary share,
5. Judith Weil, holding 1 single ordinary share.

DIRECTORS

1. Jeremy Rosenstein, General Manager,
2. Ms. Benita Rosenstein.

BUSINESS

Importers, processors and marketers of wide range of flexible materials and adhesive solutions to major companies in the electronics, aerospace, hi-tech, telecom, medical and electrical markets. Offering precision die-cut components, assembly solutions, material sourcing and developing, consultative engineering, and precision converting solutions.

Sales are to the medical, aerospace, electronics, defense, automotive, oil & gas, telecommunication, industries, etc.

Among clients: SANMINA SCI, ELBIT SYSTEMS, ISRAEL AEROSPACE INDUSTRIES, ELTA SYSTEMS, BIONESS, PHILLIPS MEDICAL ISRAEL, FLEX.

Sole local representatives and distributors of (among others):

DUPONT (in the insulation area),

H-OLD, of Italy,

ST. GOBAIN PREFORMANCE PLASTIC (SGPP), of USA, Ireland, Belgium, Germany and more.

PPI, of Ireland,

ITW FORMEX, ROGERS CORP., JA-BAR, LUMINIT, all of the USA,

SUNNY BOOM, GROW RICH, both of Taiwan,

3M (adhesives field), via 3M's official Israeli repress and directly with 3M GCS Div. of the USA.

Operating from premises (offices, plant and warehouses), on an area of 2,500 sq. meters owned by the shareholders, plus an adjacent rented facilities on an area of 1,000 sq. meters, in 18 Tzavei Hanachal Street, Emek Hefer Industrial Park, south of Hadera.

Website: <http://pronatindustries.com>

Having 125 employees (had some 110 employees in 2017).

MEANS

Financial data not forthcoming.

There are 22 charges for unlimited amounts registered on the company's assets, in favor of Bank Hapoalim Ltd., Israel Discount Bank Ltd. and companies.

REVENUES

Sales figures not forthcoming.

BANKERS

Israel Discount Bank Ltd., Poleg Branch (No. 526), Netanya.
Mercantile Discount Bank Ltd., Netanya Branch (No. 647), Netanya.
Bank Hapoalim Ltd., Netanya Business Branch (No. 167), Netanya.

CHARACTER AND REPUTATION

Nothing unfavorable learned.

Subject's General Manager refused to disclose financial data.

Subject is a veteran business and is ISO 9001:2008, ISO 13485/2003, AS19001C and ISO CLASS 7 clean rooms certified.

According to the Central Bureau of Statistics (CBS) data on import of investment goods, import of machinery, equipment, implements & other accessories in 2017 reached US\$ 8,411 million, compared to US\$ 7,491 million in 2016, US\$ 5,658 million in 2015 and US\$ 5,891 million in 2014. In the first 6 months of 2018, import of such summed up to US\$ 4,625 million, representing 15% increase from the parallel period in 2017.

Breakdown of the above import includes import of motors, turbines, pumps and compressors in total of US\$ 679 million in 2017 (US\$ 652 million in 2016, US\$ 506 million in 2015, US\$ 751 million in 2014), and in the segment of import of tools, implements & accessories in 2017 import totaled US\$ 1,571 million (US\$ 1,331 million in 2016, US\$ 1,275.5 million in 2015, US\$ 1,280 million in 2014).

Import of motors, turbines, pumps and compressors in the first 6 months of 2018 fell by 25% from the parallel period in 2017 (to US\$ 270 million), and in the segment of import of tools, implements & accessories import marked a 16.5% rise (to US\$ 832.3 million) from 2017.

SUMMARY

Notwithstanding the refusal to disclose financial data, considered good for trade engagements.

FOREIGN EXCHANGE RATES

| Currency | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1 | INR 71.74 |
| UK Pound | 1 | INR 90.58 |
| Euro | 1 | INR 81.46 |
| ILS | 1 | INR 18.95 |

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

INFORMATION DETAILS

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|-----------------------------|------|
| Analysis Done by : | VIVR |
| Report Prepared by : | NIT |

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)