

MIRA INFORM REPORT

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| Report No. : | 539103 |
| Report Date : | 17.11.2018 |

IDENTIFICATION DETAILS

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|--------------------------------|---|
| Name : | DOLAV PLASTIC PRODUCTS COOPERATIVE SOCIETY LTD. |
| Formerly Known As : | DOLAV DVIR-LAHAV PLASTIC PRODUCTS |
| Registered Office : | Dvir 8533000 Israel |
| Country : | Israel |
| Date of Incorporation : | 11.05.1975 |
| Legal Form : | Agricultural Cooperative Society |
| Line of Business : | Manufacturers, exporters and marketers of plastic material handling products and environmental products, notably containers and box pallets for wide variety of applications, including agriculture, industry, food processing, material handling and transportation, as well as waste containers |
| No. of Employees : | 110 (2014) |

RATING & COMMENTS

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

MIRA's Rating :

B

| Credit Rating | Explanation | Rating Comments |
|---------------|-------------|---|
| B | Medium Risk | Business dealings permissible on a regular monitoring basis |

| | |
|----------------------------|------------------|
| Status : | Moderate |
| Payment Behaviour : | Slow but Correct |
| 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) |
|--------------|---------------------------------|--------------------------------|
| 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 |

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

DOLAV PLASTIC PRODUCTS COOPERATIVE SOCIETY LTD.

(Also known as: DOLAV PLASTIC PRODUCTS*)

Telephone 972 8 911 17 00

Fax 972 8 991 87 10

Email: dolav@dolav.co.il

Mobile Post Negev (or D.N. Negev)

DVIR 8533000 ISRAEL

HISTORY & LEGAL FORMATION

Originally established as a limited partnership, registered as per file No. 55-000290-1 on the 11.05.1975, under the style "DOLAV DVIR-LAHAV PLASTIC PRODUCTS".

As of 01.01.2010 *all* activities, including all liabilities and assets have been transferred from the limited partnership to the agricultural cooperative society (ACS), registered as per file No. 57-005223-3, established on the 29.06.2009.

Note: The direct translation of subject's Hebrew registered name is DOLAV PLASTIC PRODUCTS AGRICULTURAL COOPERATIVE SOCIETY LTD.

OWNERSHIP

1. Kibbutz Dvir, 50%,
2. Kibbutz Lahav, 50%, both cooperative societies, operating communal agricultural settlements.

GENERAL MANAGER

Celso Hamer.

BUSINESS

Manufacturers, exporters and marketers of plastic material handling products and environmental products, notably containers and box pallets for wide variety of applications, including agriculture, industry, food processing, material handling and transportation, as well as waste containers, etc.

According to our records some 50% of sales are for export.

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Among clients: ISRAEL ELECTRIC CORP., CARMEL AGREXCO, Ministry of Defense and Israel Defense Force, MOR HASHARON FRUITS, Tel Aviv Municipality, HAGOLAN FRUIT, Israel Police Force, etc.

Among local suppliers: TOSAF COMPOUNDS, CARMEL OLEFINS, GALGUM, HANEDEV AND HAARAVA TRANSPORTATION CO., etc.

Operating from owned offices in Kibbutz Dvir, and from an owned plant, on a built area of 6,000 sq. meters, on a plot of 30,000 sq. meters, on the area of the Bnei Shimon Regional Council, adjacent Kibbutz Dvir, locality north of Beer Sheva.

Note: "Kibbutz" is a typical local cooperative agricultural settlement/ village.

Website: www.dolav.co.il

Had 110 employees in 2014 (same as in 2012 and 2011). Current number of employees not forthcoming.

MEANS

In 2014, we were informed that subject's equity is 36% of total B/S (figures not forthcoming). Current ratio not forthcoming.

Stock was valued at US\$ 4,000,000 (similar to 2012 and 2011). Current stock value not forthcoming.

Subject is an "Approved Enterprise" and as such entitled for State support, grants and tax relief.

In 2016 the Israeli Investment Centre (IIC) approved a NIS 25 million investment plan for the expansion of subject's plant. Subject is to hire further 10 employees in the plan's framework.

We were informed that during 2007, subject invested in erecting an additional facility for production and purchased new machinery for the manufacturing line.

In 2008, machinery and equipment (net) were valued at US\$ 25,000,000.

REVENUES

2009 sales claimed to be US\$ 27,000,000, 50% were for export.

2010 sales claimed to be US\$ 30,000,000, 50% were for export.

2011 sales claimed to be US\$ 37,000,000, 50% were for export.

2012 sales claimed to be US\$ 40,000,000, 53% were for export.

2013 sales claimed to be US\$ 40,000,000, 53% were for export.

Subject's accountant informed us that subject ended 2012 and 2013 with a 'nice' profit.

Later sales data not forthcoming.

OTHER COMPANIES

DOLAV UK LIMITED (formerly KITBIN INTERNATIONAL LTD), 100%, UK, a marketing subsidiary.

DOLAV GERMANY GmbH, Germany, a marketing subsidiary.

DOLAV BENELUX BV, Netherlands, a marketing subsidiary.

DECADE PRODUCTS LLC, USA, , a marketing subsidiary.

DOLAVIT MANUFACTURE LTD., non-active.

DOLAV DVIR-LAHAV PLASTIC PRODUCTS LP, non-active.

DOLAV PLASTIC PRODUCTS (HOLDINGS) LTD.

ISRAEL NEGEV SPICES ACS LTD., manufacturers, exporters and marketers of paprika products and leaf spices. Both Kibbutz Dvir and Kibbutz Lahav are partners in this agricultural cooperative society. In 2008 Turkish company KÚTAŞ TARIM bought 51% for NIS 24 million.

Kibbutz Dvir also owns (among others):

SHOKET MEAT DELICACIES LTD., manufacturer of meat packing plants,

DVIR SOFTWARE PRODUCTS, software house,

Kibbutz Lahav also owns (among others):

GADESH SHEKOL LAHAV, agricultural services.

BANKERS

According to our records (since we could not speak to subject's accountant, we are unable to verify the u/m bank details)

Bank Leumi Le'Israel Ltd., Hahashmonaim Business Branch (No. 817), Tel Aviv, account No. 436000/69 – subject's main account.

A check with the Central Banks' database did not reveal anything detrimental on subject's a/m account.

Mizrahi Tefahot Bank Ltd., Main Business Center Branch (No. 461), Tel Aviv – marginal activity.

CHARACTER AND REPUTATION

Nothing unfavorable learned.

Despite our efforts, we were unable to speak with subject's accountant as she was always unavailable. We left messages which so far remain unanswered.

In past interviews she refused to any disclose business data without receiving the name of the supplier on behalf the inquiry was made.

Subject is ISO 9001:2015, ISO 18001:2007, ISO 14001:2015, as well as meeting FDA and EU quality requirements.

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Kibbutz Dvir was established 1951 and has over 100 members.

Kibbutz Lahav was established 1952 and has some 170 members. The two Kibbutz communities are also involved in animal husbandry and farming, cultivating approximately 8,000 hectares. The Animal husbandry includes dairy cows and turkeys, while agriculture produce includes fruit orchards, wheat, paprika, potatoes and more. Kibbutz Lahav owns and operates meat processing plant, a restaurant, petrol station and have tourism attractions as well.

In 2006, it was reported that subject will provide storage containers to CATERPILAR, for a sum of NIS 4 million.

In 2006, it was reported that subject signed an agreement to supply containers to the Australian Concern ARNOT, in value of NIS 2 million.

According to the Central Bureau of Statistics (CBS), import of Plastic and Rubber raw material for the local industry totaled US\$ 2,544 million in 2017, 10.7% rise from 2016 (that in US\$ terms, marked 3.6% rise in NIS terms). In 2016 import rose by 4% from 2015, after 12% decrease from 2014. Import of such in the first 5 months of 2018 showed 16% increase (10% in NIS terms) compared with the parallel period in 2017, totaling US\$ 1,199.3 million.

Plastic & rubber raw materials consumption by the local industry is of around 1 million tons, 70% of which derives from import, the rest from local production (which is comprised mainly of simple raw materials).

According to the CBS, sales for export from the manufacturing of Plastic and Rubber products in 2017 rose by 7.6% from 2016, summing up to US\$ 2,214.4 million, which comes after 6.3% increase in 2016 and 7% decrease in export in 2015, each from the previous year. Export of such in the first 5 months of 2018 climbed by 12% compared with the parallel period in 2017.

From the CBS data, investment in imported machinery and equipment by the Plastic & Rubber industries in 2017 totaled at NIS 556.7 million, marking 9.8% increase from 2016 (change in quantity), after 15.2% increase in 2016, 13.2% increase in 2015 and 5.2% increase in 2014, each from the previous year.

SUMMARY

Notwithstanding the lack of updated data from subject's officials, considered good for trade engagements.

Maximum unsecured credit recommended US\$ 200,000 (subject may be well-worthy for higher credit sums but at this stage, due to lack of cooperation, we prefer to remain cautious).

FOREIGN EXCHANGE RATES

| Currency | Unit | Indian Rupees |
|-----------|------|---------------|
| US Dollar | 1 | INR 71.80 |
| UK Pound | 1 | INR 91.92 |
| Euro | 1 | INR 81.46 |
| ILS | 1 | INR 19.43 |

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

INFORMATION DETAILS

| | |
|-----------------------------|-----|
| Analysis Done by : | PRI |
| 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)