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Have Israeli firms lost AIM for good?

From The Jewish Chronicle

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A growing number are being forced out of London's Alternative Investment Market. Should we be worried?



Stung by the market turmoil, Israel-associated companies have been left with little choice but to delist from London's Alternative Investment Market (AIM).

Eleven such companies have delisted over the past year. The 12th is expected to do so in the next few weeks, and many more of the 34 companies still listed are tottering on the brink of delisting. The situation is a far cry from late 2007 when there were an estimated 55 Israeli companies listed on the London Stock Exchange — 45 of them on AIM.

Graham Dallas, who is responsible for the London Stock Exchange's international business development activities in Europe, Middle East, Africa and the Americas, says: "The markets are difficult for everybody at the moment.

"Israeli business people seem to pick up trends quicker than in a lot of other places. From 2004-6 we had a huge wave of Israeli companies listing in London. At one time Israel was our third biggest international market — they spotted and took advantage of the opportunity very early. Now the markets are less favourable, we are seeing a similar responsiveness."

The first Israeli company to trade on AIM was technology firm Dmatek, which listed shortly after the market opened in 1995. Dmatek has subsequently delisted and listed on the main London Stock Exchange. More than 40 companies have since floated on AIM, which has proved attractive to Israeli companies as the process for listing is quicker and easier than with other markets.

Visual Defence, which develops security software, is expected to delist later this month. The company says the costs and requirements of maintaining the listing outweigh the benefits.

Gold Frost, a subsidiary of G Willi-Food International, Israel's largest food importer, delisted from AIM last May. According to Gil Hochboim, vice president of G Willi-Food, the delisting was implemented because trading in Gold Frost's shares was so thin. He says: "In 47 out of the 55 business days before we delisted, no trading took place in our shares. And on the other eight days trading was very small. It no longer justified the significant costs and expenses we were incurring."

But it is not all doom and gloom. Many Israeli companies listed on AIM have been prospering in recent months. In October, online gambling firm Playtech set up a subsidiary with William Hill called William Hill Online. Playtech owns 29 per cent of the new company and Playtech's owner, Teddy Saguy, pocketed more than £144 million from the deal. Last week, QLI, another Israeli company in the gambling sector listed on AIM, acquired a casino in Belgrade for €42 million. And experts are confident Israeli companies will return once the markets improve.

Guy Ravid, CEO of Cukierman Investment House in Tel Aviv, which has advised three Israeli companies that went public on AIM, believes London remains an important avenue for smaller Israeli companies needing to raise capital. He says: "One of the flexibilities of AIM is that it is easier to delist, needing only 75 per cent of shareholders to agree, compared to 95 per cent on the main market. We still have many Israeli companies asking about AIM.

"I expect that when the economic situation improves we will have more listings, although Israeli companies now have other options if they want a low-regulatory environment such as Euronext, the Paris-based pan-European market."

Jonathan Morris, a partner at law firm Berwin Leighton Paisner LLP, which has advised several companies on joining the London market, says: "This isn't necessarily a negative trend. I don't think it means this is the end of the story for Israel in terms of AIM. When the market conditions improve; we will see Israeli companies looking to raise capital here.

"I don't see it as a setback but a natural way markets operate. At the moment, people recognise that it is not the right time to do an IPO. I wouldn't be out promoting it at this point but as the market turns, hopefully later this year, then I think you will see companies asking about listing again."

According to Simon Jaffa, a partner at Israeli law firm Barnea & Co, responsible for various Israeli AIM IPOs: "There is no money in the market at the moment and difficult times mean companies have to look for alternative solutions." Nonetheless, Mr Jaffa says he receives regular enquiries from companies considering AIM. "Although AIM may be closed for business right now, my view is that, as and when the markets open up again, there will be a queue of Israeli companies wanting to come to London. There are a lot of companies and investors that became very accustomed to viewing AIM as a natural progression."

Shmuel Ben Tovim, minister for economic affairs at the Israeli Embassy in London, says delisting offers a natural selection process: "Not every one should be met with regret. Some of the Israeli companies should not have been on AIM in the first place.

"They were too hasty to list when they might have been better off trying to attract private investors and other funds.

"I would rather have fewer, more solid companies, than large numbers. The recent crisis has done some natural selection. I hope that once we are out of this crisis, more Israeli companies will come to the London market."

The Israel-associated companies on AIM

- 1) Amiad Filtration Systems
- 2) Atlas Assets
- 3) Bateman Engineering
- 4) Bateman Litwin NV
- 5) Delek Global Real Estate
- 6) Dori Media Group
- 7) Empire Online
- 8) Engel East Europe
- 9) FTS
- 10) Global Brands SA
- 11) iPoint Media
- 12) Ki-Bi
- 13) Leadcom
- 14) Livermore Investments
- 15) Medgenics

- 16) Messaging International
- 17) Metal Tech
- 18) MirLand Development
- 19) Mondial English Holdings
- 20) MTI Wireless
- 21) Nanette Real Estate
- 22) Orpak Industries
- 23) Park Plaza Hotels
- 24) Playtech
- 25) PolymerLogistics
- 26) Queenco Leisure International (QLI)
- 27) Regenesis
- 28) Selector
- 29) Servision
- 30) Summit GER
- 31) Telit Communications
- 32) Titanium Asset Management
- 33) Visual Defence (planning to delist)
- 34) ZONE IP

...And ones that have delisted

- 1) Adamind
- 2) Gilat Satcom
- 3) Gold Frost
- 4) Orad Hi-Tech Systems
- 5) Pilat Technologies
- 6) Tescom Software

Five companies delisted because they were acquired:

- 7) Axis Mobile
- 8) Nikanor
- 9) Vigilant Technologies
- 10) Nipson Digital Printing Systems
- 11) Orca Interactive