

MIRA INFORM REPORT

Report No. :	538445
Report Date :	10.11.2018

IDENTIFICATION DETAILS

Name :	KIDMAH HANDLING EQUIPMENT (1971) LTD.
Registered Office :	P.O. Box 3488, HOLON (5813302) 7 Eliyahu Eitan Street Ganei Sapir, New Industrial Zone Rishon Le-Zion 7570309
Country :	Israel
Date of Incorporation :	1938
Legal Form :	Private limited company
Line of Business :	Importers, agents, marketers and leasers of forklifts trucks and transmission equipment, for which they also render allied services.
No. of Employees :	95

RATING & COMMENTS

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

MIRA's Rating :	A
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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 : infodept@mirainform.com while quoting report number, name and date.

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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

KIDMAH HANDLING EQUIPMENT (1971) LTD.

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Fax 972 3 961 10 78

Email: ayelet@kidmah.co.il

P.O. Box 3488, HOLON (5813302)

7 Eliyahu Eitan Street

Ganei Sapir, New Industrial Zone

RISHON LE-ZION 7570309 ISRAEL

HISTORY & LEGAL FORMATION

A private limited company, incorporated as such per file No. 51-056234-1 on the 11.02.1971, continuing business activities which originally started in 1938.

SHARE CAPITAL

Authorized share capital NIS 2,355.00, divided into -
23,549,990 ordinary shares (17,337,990 shares issued),
10 management shares (issued), all of NIS 0.0001 each,
of which shares amounting to NIS 1,733.80 were issued.

(Note: The currency in share capital was originally in *Old Israeli Shekel* whose nominal value was 1 thousandth of the current *New Israeli Shekel* (NIS), converted in 1986).

SHAREHOLDERS

Company is fully owned by KIDMAH FORKLIFTS HOLDINGS CO. (2001) LTD. owned by Dan Levy and Mrs. Hayuta Levy.

SOLE DIRECTOR

Dan Levy, Chairman and General Manager, born 1931, mechanical engineer.

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BUSINESS

Importers, agents, marketers and leasers of forklifts trucks and transmission equipment, for which they also render allied services.

All of subject suppliers are foreign.

Among subject client are leading industrial companies and government agencies including: SODASTREAM, STRAUSS GROUP, IKEA ISRAEL, OFF TOV, SANO, GALAM, MEY EDEN, DAVID LUBINSKY, ISRAEL AEROSPACE INDUSTRIES, THE CENTRAL BOTTLING CO., MAMAN, ISRAEL ELECTRIC CORP., Ministry of Defense, SHUFERSAL, BEZEQ THE ISRAELI TELECOMMUNICATION CO., ISRAEL RAILWAY, PRI HAGALIL INDUSTRIES, TNUVA, KETER PLASTIC, YAFORA-TABORI, TEMPO BEVERAGES, TARA DAIRIES, PLASSON, INTEL ISRAEL, TADIRAN GROUP, CHAMPION MOTORS, UNILEVER ISRAEL, SONS OF MOSHE CARASSO, IMI SYSTEMS, CASTRO MODEL, TEVET LOGISTIC SERVICES, UMI ISRAEL, MILOUOFF, ALLIANCE TIRE CO., ISRAEL SALT CO., etc.

Sole local representatives of:

HYUNDAI, of Korea (main company)

CHLORIDE, of the U.K.

STILL (main company), HOPPEKE, both of Germany

CROWN, BIG-JOE, both of U.S.A.

MIDAC, of Italy

COMBILIFT, of Ireland.

Operating from owned premises, on total area of 6,000 sq. meters, in Eliahu Eitan Street (4,000 sq. meters in 7 Eliahu Eitan Street, plus 2,000 sq. meters in 5 Eliahu Eitan Street), Ganei Sapir, New Industrial Zone, Rishon Le-Zion.

Website: www.kidmah.co.il

Having 95 employees (had 100 employees in end of 2016, 105 employees in the end of 2015, 120 employees in 2014, similar to the previous years).

MEANS

Stock valued at NIS 15,000,000 in the 1st quarter 2017 (similar to 2016 and 2015, was valued at NIS 25,000,000 as of mid-2014 similar to the end of 2013 and end of 2012). Current value not forthcoming.

In the beginning of 2017 subject's accountant informed us that subject decreased stock level.

Subject is known to be financially solid.

Total assets as of 31.12.2015 were NIS 138,105,000 (NIS 153,966,000 as of 31.12.2014); Equity NIS 42,859,000 (around NIS 40,000,000 as of 31.12.2014).

Owned property in New Industrial Zone, Rishon Le-Zion (where subject is operating from) was valued at NIS 20 million several years ago.

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There are several tens of charges for unlimited and limited amounts registered on the company's assets (financial assets, machinery and vehicles), in favor of Bank Leumi Le'Israel Ltd., Union Bank of Israel Ltd., Bank Massad Ltd., The First International Bank of Israel Ltd., Mizrahi Tefahot Bank Ltd., Bank Hapoalim Ltd. and a company. Most charges are on vehicles and machinery.

REVENUES

2012 sales claimed to be NIS 105,000,000.

2013 sales claimed to be NIS 108,000,000.

2014 sales claimed to be NIS 108,000,000. We are informed by subject's accountant that subject ended 2014 with a profit.

2015 sales claimed to be NIS 110,000,000.

Subject's accountant informs us that subject ended 2015 with a net profit of NIS 3,000,000.

2016 sales claimed to be NIS 100,000,000.

Later sales data not forthcoming.

OTHER COMPANIES

KIDMAH FORKLIFTS Group, headed by Dan Levy, also includes:

KIDMAH FORKLIFTS (2000) LTD., leasing machinery and equipment,

KIDMAH FORKLIFTS FOR TO RENT LTD., leasers of forklifts, acquired from subject (both latter are main subsidiaries).

DAN LEVY HOLDINGS LTD., holding company.

KIDMAH FORKLIFTS HOLDING CO. (2001) LTD., holding company.

BANKERS

Union Bank of Israel Ltd., Rishon Le-Zion Branch (No. 74), Rishon Le-Zion, account No. 424500/15 – a main account

The First International Bank of Israel Ltd., Holon Business Branch (No. 78), Holon, account No. 322148.

Mizrahi Tefahot Bank Ltd., Gan Ha'ir Branch (No. 421), Tel Aviv, account No. 391809 – main account

A check with the Central Banks' database did not reveal any negative information regarding subject's a/m accounts.

Bank Hapoalim Ltd., Herzliya Business Branch (No. 174), Herzliya – a main account.

Bank Massad Ltd., Ashdod Branch (No. 516), Ashdod.

CHARACTER AND REPUTATION

Nothing unfavorable learned (subject has been involved in several legal proceedings, both as defendant and plaintiff), though none appears significant.

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

Subject is veteran and well-known, a leading supplier of forklifts in Israel.

Several years ago, we received a highly positive opinion about subject from its local customers and Banks.

The Central Bureau of Statistics (CBS) data reveals that investments by the local manufacturing industries in machinery & equipment (M&E) in 2016 rose by 19.9% from 2015, following rise by 3.1% in 2015 and 1.4% in 2014 and decrease by 9% and 4.8% in 2013 and 2012, respectively from the previous year. The investments whose source was from import, which comprised 37% of total investment by the industries in M&E, rose by 30.8% in 2016 (from the previous year (after +3% in 2015, +3.5% in 2014 and -15.8% in 2013), while investments whose source was from domestic production decreased by 2.6% in 2016 (+3.3% in 2015, -2.4% in 2014 and +8.8% in 2013).

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 in the segment of machinery and equipment in total of US\$ 5,267 million in 2017 (US\$ 4,701 million in 2016, US\$ 3,075.5 million in 2015, US\$ 2,913 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 machinery and equipment in the first 6 months of 2018 rose by 44% from the parallel period in 2017 (to US\$ 3,086.5 million), and in the segment of import of tools, implements & accessories import marked a 16.5% rise (to US\$ 832.3 million) from 2017.

According to the CBS data on import of production inputs (raw materials), import in 2017 of equipment & machinery parts, spare parts, components and their accessories, small tools and implements totaled US\$ 9,306 million, compared to US\$ 9,923 million in 2016. In the first 6 months of 2018, import of such summed up to US\$ 5,256 million, representing 16% increase from the parallel period in 2017.

SUMMARY

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

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 72.73
UK Pound	1	INR 94.87
Euro	1	INR 82.52
ILS	1	INR 19.72

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

INFORMATION DETAILS

Analysis Done by :	PRI
Report Prepared by :	TRU

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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)