

AMPAL-AMERICAN ISRAEL CORP
Form 10-Q
August 10, 2005

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549
FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended June 30, 2005

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from _____ to _____

Commission file number 0-538

AMPAL-AMERICAN ISRAEL CORPORATION

(Exact Name of Registrant as Specified in Its Charter)

New York

13-0435685

(State or Other Jurisdiction of
Incorporation of Organization)

(I.R.S. Employer)
Identification Number

111 Arlozorov Street, Tel Aviv, Israel

62098

(Address of Principal Executive Offices)

(Zip code)

Registrant's Telephone Number, Including Area Code (866) 447-8636

Former Name, Former Address and Former Fiscal Year, If Changed Since Last Report.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

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Yes No

The number of shares outstanding of the issuer's Class A Stock, its only authorized common stock, is 19,958,161 (as of August 4, 2005).

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AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

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ITEM 1. FINANCIAL STATEMENTSAMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

SIX MONTHS ENDED JUNE 30,	2005	2004
(Dollars in thousands, except per share amounts)	(Unaudited)	(Unaudited)
REVENUES		
Equity in earnings of affiliates	\$ 6,179	\$ 1,399
Real estate income	4,649	4,433
Realized and unrealized gains on investments	5,082	4,742
Interest	695	279
Other	4,856	4,797
Total revenues	21,461	15,650
EXPENSES		
Interest	3,151	2,230
Real estate expenses	4,352	4,259
Loss from impairment of investments	600	1,463
Translation loss	1,585	1,559
Other (mainly general and administrative)	4,362	5,071
Total expenses	14,050	14,582
Gain before income taxes	7,411	1,068
Provision for income taxes	2,517	1,624
Gain (loss) after income tax	4,894	(556)
Minority interest	677	(29)
Net Gain (loss)	\$ 4,217	\$ (527)
Basic EPS:		
Gain (loss) per Class A share	\$ 0.20	\$ (0.03)
Shares used in calculation (in thousands)	19,937	19,814
Diluted EPS:		
Gain (loss) per Class A share	\$ 0.19	\$ (0.03)
Shares used in calculation (in thousands)	22,346	19,814

The accompanying notes are an integral part of the consolidated financial statements.

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

THREE MONTHS ENDED JUNE 30,	2005	2004
(Dollars in thousands, except per share amounts)	(Unaudited)	(Unaudited)
REVENUES		
Equity in earnings of affiliates	\$ (454)	\$ (517)
Real estate income	2,313	2,259
Realized and unrealized gains on investments	1,055	3,912
Interest	568	151
Other	2,345	2,376
Total revenues	5,827	8,181
EXPENSES		
Interest	2,007	1,387
Real estate expenses	2,193	2,128
Loss from impairment of investments	600	-
Translation loss	1,021	332
Other (mainly general and administrative)	2,174	2,553
Total expenses	7,995	6,400
(Loss) gain before income taxes	(2,168)	1,781
Provision for income taxes	11	1,151
(Loss) gain after income tax	(2,179)	630
Minority interest	332	346
Net (Loss) gain	\$ (2,511)	\$ 284
Basic EPS:		
(Loss) gain per Class A share	\$ (0.13)	\$ 0.01
Shares used in calculation (in thousands)	19,952	20,470
Diluted EPS:		
(Loss) gain per Class A share	\$ (0.13)	\$ 0.01
Shares used in calculation (in thousands)	19,952	22,115

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AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS AS OF	June 30, 2005	December 31, 2004
(Dollars in thousands)	(Unaudited)	(Audited)
Cash and cash equivalents	\$ 26,824	\$ 17,618
Deposits, notes and loans receivable	1,157	3,534
Marketable Securities	45,979	50,433
Other investments	116,446	127,023
Total Investments	162,425	177,456
Real estate property, less accumulated depreciation of \$13,034 and \$12,190	71,325	63,191
Other assets	47,106	43,148
Total Assets	\$ 308,837	\$ 304,947

The accompanying notes are an integral part of the consolidated financial statements.

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AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

LIABILITIES AND SHAREHOLDERS' EQUITY AS OF	June 30, 2005	December 31, 2004
(Dollars in thousands, except per share amounts)	(Unaudited)	(Audited)
LIABILITIES		
Notes and loans payable	\$ 124,371	\$ 118,760
Debentures	-	2,036
Deposits from tenants	51,492	52,152
Accounts payable, accrued expense and others	26,547	26,002
	<hr/>	<hr/>
Total Liabilities	202,410	198,950
	<hr/>	<hr/>
Minority interests	8,525	5,984
	<hr/>	<hr/>
SHAREHOLDERS EQUITY		
4% Cumulative Convertible Preferred Stock, \$5 par value; authorized 189,287 shares; issued 121,112 and 124,024 shares; outstanding 117,762 and 120,674 shares	606	620
6-1/2% Cumulative Convertible Preferred Stock, \$5 par value; authorized 988,055 shares; issued 642,925 and 662,219 shares; outstanding 520,389 and 539,683 shares	3,215	3,311
Class A Stock; \$1 par value; authorized 60,000,000 shares; issued 25,787,745 and 25,715,303 shares; outstanding 19,956,081 and 19,883,639 shares	25,788	25,715
Additional paid-in capital	58,249	58,211
Retained earnings	61,741	57,524
Accumulated other comprehensive loss	(20,601)	(14,272)
Treasury Stock, at cost	(31,096)	(31,096)
	<hr/>	<hr/>
Total shareholders' equity	97,902	100,013
	<hr/>	<hr/>
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 308,837	\$ 304,947
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The accompanying notes are an integral part of the consolidated financial statements.

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AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

SIX MONTHS ENDED JUNE 30,

	2005	2004
(Dollars in thousands)	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Net gain (loss)	\$ 4,217	\$ (527)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Equity in earnings of affiliates	(6,179)	(1,399)
Realized and unrealized gain on investments	(5,082)	(4,742)
Depreciation expense	988	1,051
Amortization of deposits from tenants	(948)	(939)
Impairment of investments and loans	600	1,463
Translation loss	1,585	1,559
Minority interests	677	(29)
Increase in other assets	(4,319)	(2,224)
Increase (decrease) in accounts payable, accrued expenses and others	5,802	(4,245)
Investments made in trading securities	(12,868)	(28,331)
Proceeds from sale of trading securities	25,081	38,181
Dividends received from affiliates	2,395	273
	<hr/>	<hr/>
Net cash provided by operating activities	11,949	