

AMPAL-AMERICAN ISRAEL CORP
Form 10-Q
May 11, 2006

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 March 31, 2006

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

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

The number of shares outstanding of the issuer's Class A Stock, its only authorized common stock, is 20,178,712 (as of May 3, 2006).

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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

THREE MONTHS ENDED MARCH 31,	2006	2005
(U.S. Dollars in thousands, except per share amounts)	(Unaudited)	(Unaudited)
REVENUES		
Equity in earnings of affiliates	\$ 897	\$ 6,633
Real estate income	2,315	2,336
Realized gains on investments	987	3,326
Realized and unrealized gains on marketable securities	539	701
Interest income	234	127
Other income	576	2,511
Total revenues	5,548	15,634
EXPENSES		
Interest expense	1,015	1,144
Real estate expenses	2,173	2,159
Translation loss	284	564
Other (mainly general and administrative)	2,253	2,188
Total expenses	5,725	6,055
(Loss) income before income taxes	(177)	9,579
Provision for income taxes	393	2,506
(Loss) income after income tax	(570)	7,073
Minority interest	(5)	(345)
Net (Loss) income	\$ (575)	\$ 6,728
Basic EPS:		
(Loss) gain per Class A Share	\$ (0.03)	\$ 0.33
Shares used in calculation (in thousands)	20,124	19,925
Diluted EPS:		
(Loss) gain per Class A Share	(0.03)	0.30
Shares used in calculation (in thousands)	20,124	22,342

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

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS AS OF	March 31, 2006	December 31, 2005
(U.S. Dollars in thousands)	(Unaudited)	(Audited)
Cash and cash equivalents	\$ 22,407	\$ 24,314
Deposits, notes and loans receivable	342	343
Marketable Securities	31,459	38,575
Other investments	50,684	54,903
Total Investments	82,143	93,478
Real estate property, less accumulated depreciation of \$14,354 and \$13,907	70,727	70,989
Other assets	24,964	21,780
Total Assets	\$ 200,583	\$ 210,904

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	March 31, 2006	December 31, 2005
(U.S. Dollars in thousands, except per share amounts)	(Unaudited)	(Audited)
LIABILITIES		
Notes and loans payable	\$ 45,752	\$ 50,366
Deposits from tenants	52,721	52,880
Accounts payable, accrued expense and others	13,561	18,669
Total Liabilities	112,034	121,915
Minority interests	198	120
SHAREHOLDERS EQUITY		
4% Cumulative Convertible Preferred Stock, \$5 par value; authorized 189,287 shares; issued 113,558 and 114,198 shares; outstanding 110,208 and 110,848 shares	568	571
6-1/2% Cumulative Convertible Preferred Stock, \$5 par value; authorized 988,055 shares; issued 617,963 and 641,423 shares; outstanding 495,427 and 518,887 shares	3,090	3,207
Class A Stock; \$1 par value; authorized 60,000,000 shares; issued 25,900,401 and 25,826,821 shares; outstanding 20,175,612 and 20,075,782 shares	25,900	25,827
Additional paid-in capital	58,515	58,252
Retained earnings	50,599	51,223
Accumulated other comprehensive loss	(19,759)	(19,518)
Treasury Stock, at cost	(30,562)	(30,693)
Total shareholders' equity	88,351	88,869
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 200,583	\$ 210,904

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

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

THREE MONTHS ENDED MARCH 31,	2006	2005
(U.S. Dollars in thousands)	(Unaudited)	(Unaudited)
Cash flows from operating activities:		
Net (loss) income	\$ (575)	\$ 6,728
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Equity in earnings of affiliates	(897)	(6,633)
Realized and unrealized gains on investments	(1,526)	(4,027)
Depreciation expense	503	521
Amortization income from tenants deposits	(406)	(494)
Compensation expenses recognized under SFAS 123R	216	-
Translation loss	284	564
Minority interests	5	345
Increase in other assets	(714)	(2,831)
Increase in accounts payable, accrued expenses and others	19	3,504
Investments made in trading securities	(12,188)	(12,052)
Proceeds from sale of trading securities	17,209	16,996
Dividends received from affiliates	127	2,351
	<hr/>	<hr/>
Net cash provided by operating activities	2,057	4,972
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Cash flows from investing activities:		
Deposits, notes and loans receivable collected	-	2,066
Investments made in affiliates and others	(359)	(314)
Proceeds from sale of investments	622	1,066
Capital improvements	(212)	(649)
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Net cash provided by investing activities	51	2,169
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The accompanying notes are an integral part of the consolidated financial statements.

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

THREE MONTHS ENDED MARCH 31	2006	2005
(U.S. Dollars in thousands)	(Unaudited)	(Unaudited)
Cash flows from financing activities:		
Notes and loans payable received	\$ 1,175	\$ -
Notes and loans payable repaid	(5,110)	(1,586)
Debentures repaid	-	(2,023)
Proceeds from exercise of stock options	82	-
Net cash used in financing activities	(3,853)	(3,609)
Effect of exchange rate changes on cash and Cash equivalents	(162)	(125)
Net increase (decrease) in cash and cash equivalents	(1,907)	3,407
Cash and cash equivalents at beginning of Period	24,314	17,618
Cash and cash equivalents at end of period	\$ 22,407	\$ 21,025
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period:		
Interest	\$ 1,239	\$ 1,162
Income taxes paid	\$ 31	\$ 23
Supplemental Disclosure of Non-cash Investing Activities:		
Marketable securities received as consideration for sale of an investment	-	3,316
Supplemental Disclosure of Non-Cash		