

AMPAL-AMERICAN ISRAEL CORP
Form 10-Q
August 06, 2012

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, 2012

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
(State or Other Jurisdiction of
Incorporation of Organization)

13-0435685
(I.R.S. Employer)
Identification Number

555 Madison Avenue
New York, NY, USA
(Address of Principal Executive Offices)

10022
(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 has submitted electronically and posted on its corporate Web site, if

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any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes ☒ No ☐

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

Large accelerated filer ☐

Accelerated filer ☐

Non-accelerated filer ☐ (Do not check if a smaller reporting company)

Smaller reporting company ☒

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, par value \$1.00 per share, its only authorized common stock, is 2,806,688 (as of July 30, 2012).

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

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ITEM 1. FINANCIAL STATEMENTS

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET

	June 30, 2012 (Unaudited)	December 31, 2011
ASSETS AS OF (U.S. Dollars in thousands)		
Current assets:		
Cash and cash equivalents	\$ 30,713	\$ 54,333
Marketable securities	56	177
Accounts receivable (Net of allowance for doubtful amounts of \$2,872 and \$2,510)	113,294	111,172
Deposits and notes receivable	13,279	12,682
Inventories	37,143	37,757
Other assets	24,443	28,912
Total current assets	218,928	245,033
Non-current assets:		
Investments	10,487	269,871
Fixed assets, less accumulated depreciation of \$55,573 and \$49,556	186,315	190,524
Deposits and notes receivable	29,950	32,107
Deferred taxes	13,657	22,086
Other assets	8,567	9,701
Goodwill	65,518	67,094
Intangible assets	8,896	10,193
Total Non-current assets	323,390	601,576
TOTAL ASSETS	\$ 542,318	\$ 846,609

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

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET

LIABILITIES AND EQUITY (CAPITAL DEFICIENCY) AS OF (U.S. Dollars in thousands, except share amounts)	June 30, 2012 (Unaudited)	December 31, 2011
LIABILITIES		
Current liabilities:		
Notes and loans payable and current maturities of long term loans	\$ 217,786	\$ 211,047
Accounts payable, accrued expenses and others	91,363	91,900
Debentures	233,737	237,084
Total current liabilities	542,886	540,031
Long term liabilities:		
Notes and loans payable	111,201	130,327
Notes to non-related limited partners	93,428	95,922
Deferred taxes	11,992	13,702
Other long-term liabilities	15,778	16,661
Total long-term liabilities	232,399	256,612
Total liabilities	775,285	796,643
Redeemable noncontrolling interest	588	604
EQUITY (CAPITAL DEFICIENCY)		
Ampal's shareholders' equity:		
Class A Stock \$1 par value; June 30, 2012 and December 31, 2011, 100,000,000 shares authorized; issued 3,163,866 shares; outstanding 2,806,688 shares *	3,164	3,164
Additional paid-in capital	243,302	243,055
Accumulated deficiency	(345,854)	(127,637)
Accumulated other comprehensive loss	(12,676)	(11,781)
Treasury stock, at cost (June 30, 2012 and December 31, 2011, 357,181 shares)*	(28,763)	(28,763)
Total Ampal shareholders' equity (capital deficiency)	(140,827)	78,038
Noncontrolling interest	(92,728)	(28,676)
Total equity (capital deficiency)	(233,555)	49,362
TOTAL LIABILITIES AND EQUITY (NET OF CAPITAL DEFICIENCY)	\$ 542,318	\$ 846,609

(*) Retroactively adjusted to reflect a reverse stock split (see Note 17)

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

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

SIX MONTHS ENDED JUNE 30, (U.S. Dollars in thousands, except per share amounts)	2012 (Unaudited)	2011 (Unaudited)
REVENUES:		
Chemical income	\$254,864	\$274,171
Real estate income	160	174
Gain on sale of fixed assets	39	40
Realized and unrealized gains on marketable securities	--	21
Translation gain	5,585	--
Equity in earnings of affiliates	326	179
Interest income	1,550	1,336
Leisure-time income	1,512	1,549
Other income	436	1,770
Total revenues	264,472	279,240
EXPENSES:		
Chemical expense - cost of goods sold	229,744	249,214
Real estate expenses	534	300
Realized and unrealized losses on marketable securities	14	--
Loss from impairment of investments	260,400	16,923
Interest expense	20,548	22,659
Translation loss	--	7,256
Marketing expenses	5,130	5,354
General, administrative and other	23,419	30,855
Total expenses	539,789	332,561
Loss from continuing operations before income taxes	(275,317)	(53,321)
Income tax expenses	(6,923)	(14,298)
Net loss from continuing operations after tax benefits	(282,240)	(67,619)
Discontinued operations:		
Gain disposal, net of tax	--	28,891
Income from discontinued operations, net of tax	--	5,175
Net income from discontinued operations	--	34,066
Net loss	(282,240)	(33,553)
Less: Net loss attributable to noncontrolling interests	64,023	11,456
Net loss attributable to Ampal's shareholders	(218,217)	(22,097)
Basic and diluted EPS:		
Loss from continuing operations attributable to Ampal's shareholders *	(77.75)	(20.01)
Discontinued operations attributable to Ampal's shareholders *	--	12.14
	\$(77.75)	\$(7.87)
Shares used in EPS calculation (in thousands) *	2,807	2,807

(*) Retroactively adjusted to reflect a reverse stock split (see Note 17)

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

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

SIX MONTHS ENDED JUNE 30, (U.S. Dollars in thousands)	2012 (Unaudited)	2011 (Unaudited)
Net loss	\$(282,240)	\$(33,553)
Other comprehensive income (loss), net of tax:		
Unrealized (realized) gain on available for sale securities	(8)	--
Foreign currency translation adjustments	(1,519)	1,497
Share of other comprehensive income (loss) of affiliates	603	(485)
Other comprehensive income (loss), net of tax	(924)	1,012
Comprehensive loss	(283,164)	(32,541)
Less: comprehensive loss attributable to the noncontrolling interest	(64,052)	(11,386)
Comprehensive loss attributable to the company	\$(219,112)	\$(21,155)

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

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

THREE MONTHS ENDED JUNE 30, (U.S. Dollars in thousands, except per share amounts)	2012 (Unaudited)	2011 (Unaudited)
REVENUES:		
Chemical income	\$ 123,878	\$ 139,627
Real estate income	74	62
Realized and unrealized gains on marketable securities	--	8
Gain on sale of fixed assets	48	61
Translation gain	14,268	--
Equity in earnings (loss) of affiliates	177	(2)
Interest income	455	916
Leisure-time income	857	882
Other income	230	1,133
Total revenues	139,987	142,687