

AMPAL-AMERICAN ISRAEL CORP
Form 10-Q
November 13, 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 September 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 November 6, 2012).

AMPAL-AMERICAN ISRAEL CORPORATION (DEBTOR-IN-POSSESSION) AND SUBSIDIARIES

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ITEM 1. FINANCIAL STATEMENTS

AMPAL-AMERICAN ISRAEL CORPORATION (DEBTOR-IN-POSSESSION) AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET

ASSETS AS OF (U.S. Dollars in thousands)	September 30, 2012 (Unaudited)	December 31, 2011
Current assets:		
Cash and cash equivalents	\$10,128	\$54,333
Marketable securities	56	177
Accounts receivable (Net of allowance for doubtful amounts of \$2,837 and \$2,510)	96,873	111,172
Deposits and notes receivable	4,765	12,682
Inventories	28,614	37,757
Other assets	16,826	28,912
Held for sale assets	24,313	--
Total current assets	181,575	245,033
Non-current assets:		
Investments	10,758	269,871
Fixed assets, less accumulated depreciation of \$58,260 and \$49,556	184,945	190,524
Deposits and notes receivable	37,771	32,107
Deferred taxes	13,506	22,086
Other assets	8,647	9,701
Goodwill	65,768	67,094
Intangible assets	8,467	10,193
Total Non-current assets	329,862	601,576
TOTAL ASSETS	\$511,437	\$846,609

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

AMPAL-AMERICAN ISRAEL CORPORATION (DEBTOR-IN-POSSESSION) AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEET

LIABILITIES AND EQUITY (CAPITAL DEFICIENCY) AS OF (U.S. Dollars in thousands, except share amounts)	September 30, 2012 (Unaudited)	December 31, 2011
LIABILITIES		
Current liabilities:		
Notes and loans payable and current maturities of long term loans	\$ 186,038	\$ 211,047
Accounts payable, accrued expenses and others	75,745	91,900
Debentures	--	237,084
Held for sale liabilities	21,576	--
Total current liabilities	283,359	540,031
Long term liabilities:		
Notes and loans payable	104,471	130,327
Notes to non-related limited partners	93,691	95,922
Deferred taxes	12,123	13,702
Other long-term liabilities	15,654	16,661
Total long-term liabilities	225,939	256,612
Liabilities subject to compromise	237,758	--
Total liabilities	747,056	796,643
Redeemable noncontrolling interest	605	604
EQUITY (CAPITAL DEFICIENCY)		
Ampal's shareholders' equity:		
Class A Stock \$1 par value; September 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 *	243,414	243,055
Accumulated deficiency	(348,755)	(127,637)
Accumulated other comprehensive loss	(12,194)	(11,781)
Treasury stock, at cost (September 30, 2012 and December 31, 2011, 357,181 shares)*	(28,763)	(28,763)
Total Ampal shareholders' equity (capital deficiency)	(143,134)	78,038
Noncontrolling interest	(93,090)	(28,676)
Total equity (capital deficiency)	(236,224)	49,362
TOTAL LIABILITIES AND EQUITY (NET OF CAPITAL DEFICIENCY)	\$ 511,437	\$ 846,609

(*) Retroactively adjusted to reflect a reverse stock split (see Note 18)

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

AMPAL-AMERICAN ISRAEL CORPORATION (DEBTOR-IN-POSSESSION) AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

NINE MONTHS ENDED SEPTEMBER 30, (U.S. Dollars in thousands, except per share amounts)	2012 (Unaudited)	2011(**) (Unaudited)
REVENUES:		
Chemical income	\$ 311,104	\$ 318,697
Gain on sale of fixed assets	--	59
Realized and unrealized gains on marketable securities	23	297
Translation gain	11,398	12,620
Equity in earnings of affiliates	658	268
Interest income	2,493	2,239
Leisure-time income	2,040	2,265
Gain from redemption of debt and other income	661	6,356
Total revenues	328,377	342,801
EXPENSES:		
Chemical expense - cost of goods sold	275,062	283,677
Loss on sale of fixed assets	1,681	--
Loss from impairment of investments	260,400	50,523
Interest expense	28,153	31,442
Marketing expenses	6,606	6,671
General, administrative and other	32,099	45,323
Total expenses	604,001	417,636
Loss from continuing operations before reorganization items and income taxes	(275,624)	(74,835)
Reorganization items	2,145	--
Income tax expenses	7,424	13,006
Net loss from continuing operations after tax expenses	(285,193)	(87,841)
Discontinued operations:		
Gain disposal, net of tax	--	28,891
Income (loss) from discontinued operations, net of tax	(341)	5,025
Net income from discontinued operations	(341)	33,916
Net loss	(285,534)	(53,925)
Less: Net loss attributable to noncontrolling interests	64,416	11,594
Net loss attributable to Ampal's shareholders	(221,118)	(42,331)
Basic and diluted EPS:		
Loss from continuing operations attributable to Ampal's shareholders *	(78.66)	(27.16)
Discontinued operations attributable to Ampal's shareholders *	(0.12)	12.08
	\$(78.78)	\$(15.08)
Shares used in EPS calculation (in thousands) *	2,807	2,807

(*) Retroactively adjusted to reflect a reverse stock split (see Note 18)

(**) Retroactively adjusted to exclude the discontinued operations

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

AMPAL-AMERICAN ISRAEL CORPORATION (DEBTOR-IN-POSSESSION) AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

NINE MONTHS ENDED SEPTEMBER 30, (U.S. Dollars in thousands)	2012 (Unaudited)	2011 (Unaudited)
Net loss	\$(285,534)	\$(53,925)
Other comprehensive income (loss), net of tax:		
Unrealized (realized) gain on available for sale securities	(8)	(5)
Foreign currency translation adjustments	(908)	(9,306)
Share of other comprehensive income (loss) of affiliates	505	(481)
Other comprehensive loss, net of tax	(411)	(9,792)
Comprehensive loss	(285,945)	(63,717)
Less: comprehensive loss attributable to the noncontrolling interest	(64,414)	(11,613)
Comprehensive loss attributable to the Company	\$(221,531)	\$(52,104)

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AMPAL-AMERICAN ISRAEL CORPORATION (DEBTOR-IN-POSSESSION) AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS

THREE MONTHS ENDED SEPTEMBER 30, (U.S. Dollars in thousands, except per share amounts)	2012 (Unaudited)	2011(**) (Unaudited)
REVENUES:		
Chemical income	\$ 100,149	\$ 114,167
Realized and unrealized gains on marketable securities	37	276
Gain on sale of fixed assets	--	19
Equity in earnings of affiliates	332	89
Interest income	943	903
Translation gain	5,813	19,876
Leisure-time income	528	716
Other income	65	4,412
Total revenues	107,867	140,458
EXPENSES:		
Chemical expense - cost of goods sold	88,073	101,579
Loss on sale of fixed assets	1,720	--
Loss from impairment of investments	--	33,600
Interest expense	7,844	9,702
Marketing expenses	2,105	2,104
General, administrative and other	8,552	14,826
Total expenses	108,294	161,811
Loss from continuing operations before reorganization items and income taxes	(427)	(21,353)
Reorganization items	2,145	--
Income tax expenses (benefits)	501	(1,292)
Net loss from continuing operations	(3,073)	(20,061)
Net loss from discontinued operations	(221)	(311)
Net loss	(3,294)	(20,372)
Less: Net loss attributable to noncontrolling interests	393	138
Net loss attributable to Ampal's shareholders	(2,901)	(20,234)
Basic and diluted EPS:		
Loss from continuing operations attributable to Ampal's shareholders *	(0.95)	(7.10)
Discontinued operations attributable to Ampal's shareholders *	(0.08)	(0.11)
	\$(1.03)	\$(7.21)
Shares used in EPS calculation (in thousands) *	2,807	2,807

(*) Retroactively adjusted to reflect a reverse stock split (see Note 18)

(**) Retroactively adjusted to exclude the discontinued operations

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

AMPAL-AMERICAN ISRAEL CORPORATION (DEBTOR-IN-POSSESSION) AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF COMPREHENSIVE LOSS

THREE MONTHS ENDED SEPTEMBER 30, (U.S. Dollars in thousands)	2012 (Unaudited)	2011 (Unaudited)
Net loss	\$(3,294)	\$(20,372)
Other comprehensive income (loss), net of tax:		
Unrealized (realized) gain on available for sale securities	--	(4)
Foreign currency translation adjustments	611	(10,803)
Share of other comprehensive income (loss) of affiliates	(98)	4
Other comprehensive income (loss), net of tax	513	(10,803)
Comprehensive loss	(2,781)	(31,175)
Less: comprehensive loss attributable to the noncontrolling interest	(362)	(227)
Comprehensive loss attributable to the Company	\$(2,419)	\$(30,948)

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AMPAL-AMERICAN ISRAEL CORPORATION (DEBTOR-IN-POSSESSION) AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30, (U.S. Dollars in thousands)	2012 (Unaudited)	2011(*) (Unaudited)
Cash flows from operating activities:		
Net loss for the period	\$(285,534)	\$(53,925)
Net loss (income) from discontinued operations	341	(33,916)
Loss from continuing operations	(285,193)	(87,841)
Adjustments to reconcile net loss for the period to net cash provided by (used in) operating activities:		
Equity in earnings of affiliates	(658)	(268)
Realized and unrealized gain on investments, net	(23)	(297)
Depreciation and amortization expense	13,511	15,152
Loss (gain) from sale of fixed assets	1,681	(59)
Impairment of investment	260,400	50,523
Non cash stock based compensation	343	479
Translation gain	(11,398)	(12,620)
Increase in other assets	6,559	11,114
Decrease (increase) in inventories	3,683	(2,986)
Increase in accounts receivable	4,154	(2,878)
Increase (decrease) in accounts payable, accrued expenses and other	8,316	(11,194)
Increase in accounts payable due to reorganization costs	470	--
Gain from repurchase of debentures	--	(4,677)
Proceeds from sale of trading securities	--	318
Investments made in trading securities	(493)	(12,687)
Net cash provided by (used in) operating activities of continuing operations	1,352	(57,921)
Cash flows from investing activities:		
Deposits, notes and loans receivable collected (received)	(143)	18,618
Purchase and improvements of fixed assets	(5,699)	(6,639)
Proceeds from sale of available-for-sale shares	503	2,198
Decrease (increase) in severance fund	977	(434)
Proceeds from sale of fixed assets	160	401
Net cash provided from (used in) investing activities of continuing operations	(4,202)	14,144

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AMPAL-AMERICAN ISRAEL CORPORATION (DEBTOR-IN-POSSESSION) AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

NINE MONTHS ENDED SEPTEMBER 30, (U.S. Dollars in thousands)	2012 (Unaudited)	2011 (Unaudited)
Cash flows from financing activities:		
Proceeds from notes issued and loans received	\$--	\$7,179
Notes and loans payable repaid	(35,174)	(66,473)