

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, 1994

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 2-5061

AMPAL-AMERICAN ISRAEL CORPORATION

(Exact name of registrant as specified in its charter)

New York

13-0435685

(State or other jurisdiction of
incorporation or organization)

(I.R.S. Employer
Identification No.)

1177 Avenue of the Americas, New York, New York

10036

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code (212) 782-2100

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

The number of shares outstanding of each of the issuer's classes of common stock is Common - 3,000,000; Class A - 20,788,261 (as of October 31, 1994).

AMPAL-AMERICAN ISRAEL CORPORATION

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AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

NINE MONTHS ENDED SEPTEMBER 30, 1994 1993

(Dollars in thousands, except per share data) (Unaudited) (Unaudited)

REVENUES

Interest:		
Related parties.....	\$ 10,961	\$ 11,801
Others.....	1,556	1,091
Food processing.....	24,662	24,221
Manufacturing and distribution.....	7,158	2,314
Equity in earnings of affiliates and others..	6,381	7,599
Other income:		
Related parties.....	2,381	2,701
Others.....	1,414	1,792
Gains on issuance of shares by subsidiary and affiliate (Note 4).....	2,692	-
Gains on sale of investments (Note 5).....	1,825	1,626
Unrealized gains, net, on marketable securities (Note 2).....	2,699	-
	-----	-----
Total revenues.....	61,729	53,145
	-----	-----
 EXPENSES		
Interest:		
Related parties.....	2,732	3,476
Others.....	10,352	13,739
Food processing.....	20,114	20,049
Manufacturing and distribution.....	4,532	1,442
Other expenses.....	11,295	8,486
	-----	-----
Total expenses.....	49,025	47,192
	-----	-----
Income before income taxes.....	12,704	5,953
Income taxes.....	5,665	2,603
	-----	-----
Income before cumulative effect of change in accounting principle.....	7,039	3,350
Cumulative effect on prior years of change in accounting principle.....	-	
(4,982)		
	-----	-----
NET INCOME (LOSS).....	\$ 7,039	\$
(1,632)		
	=====	=====
 Earnings (loss) per Class A share:		
Earnings before cumulative effect of change in accounting principle.....	\$.26	\$.14
Cumulative effect on prior years of change in accounting principle.....	-	
(.21)		
	-----	-----
Earnings (loss) per Class A share.....	\$.26	
\$(.07)		
	=====	=====
 Weighted average number of Class A and equivalent shares outstanding (in thousands)	24,318	20,717

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

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

THREE MONTHS ENDED SEPTEMBER 30, 1994 1993

(Dollars in thousands, except per share data) (Unaudited) (Unaudited)

REVENUES


Interest:		
Related parties.....	\$ 3,747	\$
2,812		
Others.....	735	
273		
Food processing.....	8,486	
6,512		
Manufacturing and distribution.....	2,347	
2,314		
Equity in earnings of affiliates and others..	2,934	
3,081		
Other income:		
Related parties.....	807	
902		
Others.....	603	
561		
Gains on sale of investments (Note 5).....	1,825	
476		
Unrealized gains, net, on marketable		
securities (Note 2).....	2,699	
-		

Total revenues.....	24,183	
16,931		

EXPENSES		
Interest:		
Related parties.....	912	
935		
Others.....	3,566	
4,232		
Food processing.....	6,043	
4,601		
Manufacturing and distribution.....	1,555	
1,442		
Other expenses.....	4,585	
3,583		

Total expenses.....	16,661	
14,793		

Income before income taxes.....	7,522	
2,138		
Income taxes.....	3,658	
1,403		

NET INCOME.....	\$ 3,864	\$
735		
=====		
=====		
Earnings per Class A share.....	\$.14	
\$.03		
=====		
=====		
Weighted average number of Class A and		
equivalent shares of  Online, Inc	25,218	
20,717		

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

31, ASSETS AS AT	SEPTEMBER 30, 1994	DECEMBER 1993
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(Dollars in thousands) (Unaudited) (Note 2)

Cash and cash equivalents..... 3,178	\$	42,161	\$	
Deposits:				
Related parties..... 99,481		77,547		
Notes and loans receivable:				
Related parties..... 11,948		16,757		
Others..... 4,964		2,136		
Investments (Note 2):				
Related parties..... 103,319		106,580		
Others..... 8,322		25,079		
Property and equipment, less accumulated depreciation of \$11,065 and \$10,554..... 30,496		30,431		
Other assets..... 42,352		45,221		
-----		-----		

TOTAL ASSETS..... \$ 345,912 \$ 304,060

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

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

 CONSOLIDATED BALANCE SHEETS

LIABILITIES AND 31, SHAREHOLDERS' EQUITY AS AT	SEPTEMBER 30, 1994	DECEMBER 1993
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(Dollars in thousands) (Unaudited) (Note 2)

LIABILITIES

Deposits and notes and loans payable:		
Related parties.....	\$ 25,679	\$ 42,752
Others.....	16,601	18,091
Debentures outstanding.....	86,433	91,270
Accounts and income taxes payable and accrued expenses.....	40,759	34,790
	-----	-----
Total liabilities.....	169,472	186,903
	-----	-----

MINORITY INTERESTS.....	3,800	340
	-----	-----

SHAREHOLDERS' EQUITY (Note 3)

4% Cumulative, Participating, Convertible Preferred Stock, \$5 par value; authorized 650,000 shares; issued and outstanding 209,199 and 213,720 shares.....	1,046	1,068
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6-1/2% Cumulative, Convertible Preferred Stock, \$5 par value; authorized 4,282,850 shares; issued and outstanding 1,130,987 and 1,202,342 shares.....	5,655	6,011
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Class A Stock, \$1 par value; authorized 30,000,000 shares; issued 20,779,383 and 16,224,779 shares; outstanding 20,779,383 and 16,042,713 shares.....	20,779	16,225
--	--------	--------

Common Stock, \$1 par value; authorized, issued and outstanding 3,000,000 shares.....	3,000	3,000
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Additional paid-in capital.....	56,989	10,605
---------------------------------	--------	--------

Retained earnings.....	88,708	82,079
------------------------	--------	--------

Cumulative translation adjustments..... (2,171)	(3,143)	
--	---------	--

Unrealized loss on marketable securities (Note 2).....	(394)	-
	-----	-----

Total shareholders' equity.....	172,640	116,817
	-----	-----

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY..... \$ 345,912 \$ 304,060

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

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

NINE MONTHS ENDED SEPTEMBER 30, 1994 1993

(Dollars in thousands) (Unaudited) (Unaudited)

Increase (Decrease) in Cash and Cash Equivalents

Cash flows from operating activities:		
Net income (loss).....	\$ 7,039	\$
(1,632)		
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in earnings of affiliates and others.....	(6,381)	
(7,599)		
Gains on issuance of shares by subsidiary and affiliate.....	(2,692)	-
Gains on sale of investments.....	(1,825)	
(1,626)		
Unrealized gains, net, on marketable securities.....	(2,699)	-
Cumulative effect on prior years of change in accounting principle.....	-	4,982
Translation loss (gain).....	102	
(126)		
Depreciation expense.....	1,628	1,771
Amortization expense.....	3,748	3,710
Minority interests.....	(115)	
(300)		
(Increase) in other assets.....	(4,867)	
(7,784)		
Increase (decrease) in accounts and income taxes payable and accrued expenses.....	6,361	
(374)		
Dividend received from affiliate.....	4,277	1,409
	-----	-----
Net cash provided by (used in) operating activities.....	4,576	
(7,569)	-----	-----
Cash flows from investing activities:		
Deposits receivable collected:		
Related parties.....	25,664	19,614
Others.....	-	350
Notes and loans receivable granted:		
Related parties.....	(5,899)	
(728)		
Notes and loans receivable collected:		
Related parties.....	2,196	3,309
Others.....	2,845	1,155
Investments made:		
Related parties.....	(1,786)	
(51,817)		
Others.....	(17,894)	
(5,612)		
Proceeds from sale of investments.....	5,513	7,224
Purchase of property and equipment.....	(1,939)	
(4,286)		
	-----	-----
Net cash provided by (used in) investing activities.....	8,700	
(30,791)	-----	-----

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

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

NINE MONTHS ENDED SEPTEMBER 30, 1994 1993

(Dollars in thousands) (Unaudited) (Unaudited)

Cash flows from financing activities:

Deposits and notes and loans payable received:		
Related parties.....	\$ 1,077	\$ 22,656
Others.....	2,225	49,290
Deposits and notes and loans payable repaid:		
Related parties.....	(18,789)	
(26,355)		
Others.....	(3,824)	
(5,163)		
Debentures outstanding issued.....	4,622	-
Debentures outstanding repaid.....	(15,927)	
(9,377)		
Proceeds from issuance of shares.....	57,296	-
Investment in subsidiary by minority		
shareholder.....	-	686
	-----	-----
Net cash provided by financing activities.....	26,680	31,737
Effect of exchange rate changes on cash		
and cash equivalents.....	(973)	
(1,039)		
	-----	-----
Net increase (decrease) in cash and cash		
equivalents.....	38,983	
(7,662)		
Cash and cash equivalents at beginning		
of period.....	3,178	9,698
	-----	-----
Cash and cash equivalents at end of		
period.....	\$ 42,161	\$ 2,036
	=====	=====
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period:		
Interest:		
Related parties.....	\$ 1,310	\$ 2,060
Others.....	5,062	6,487
	-----	-----
Total interest paid.....	\$ 6,372	\$ 8,547
	=====	=====
Income taxes paid.....	\$ 1,528	\$ 2,928
	=====	=====

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

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

NINE MONTHS ENDED SEPTEMBER 30, 1994 1993

(Dollars in thousands) (Unaudited) (Unaudited)

4% PREFERRED STOCK

Balance, beginning of year.....	\$ 1,068	\$ 1,202
Conversion of 4,521 and 16,659 shares into Class A Stock..... (83)	(22)	
	-----	-----
Balance, end of period.....	\$ 1,046	\$ 1,119
	=====	=====
6-1/2% PREFERRED STOCK		
Balance, beginning of year.....	\$ 6,011	\$ 7,554
Conversion of 71,355 and 239,964 shares into Class A Stock..... (1,199)	(356)	
	-----	-----
Balance, end of period.....	\$ 5,655	\$ 6,355
	=====	=====
CLASS A STOCK		
Balance, beginning of year.....	\$ 16,225	\$ 15,164
Issuance of shares upon conversion of Preferred Stock.....	236	803
Issuance of shares in a public offering*.....	4,318	-
	-----	-----
Balance, end of period.....	\$ 20,779	\$ 15,967
	=====	=====
ADDITIONAL PAID-IN CAPITAL		
Balance, beginning of year.....	\$ 10,605	\$ 9,989
Conversion of Preferred Stock.....	142	479
Proceeds from issuance of shares in a public offering.....	46,242	-
	-----	-----
Balance, end of period.....	\$ 56,989	\$ 10,468
	=====	=====
RETAINED EARNINGS		
Balance, beginning of year.....	\$ 82,079	\$ 82,293
Net income (loss)..... (1,632)	7,039	
Dividends declared:		
4% Preferred Stock - \$.20 per share..... (45)	(42)	
6-1/2% Preferred Stock - \$.325 per share... (435)	(368)	
	-----	-----
Balance, end of period.....	\$ 88,708	\$ 80,181
	=====	=====
CUMULATIVE TRANSLATION ADJUSTMENTS		
Balance, beginning of year.....	\$ (2,171)	\$ -
Foreign currency translation adjustment..... (1,764)	(972)	
	-----	-----
Balance, end of period..... (1,764)	\$ (3,143)	\$
	=====	=====
UNREALIZED LOSS ON MARKETABLE SECURITIES		
Balance, beginning of year.....	\$ -	\$ -
Unrealized loss, net.....	(394)	-
	-----	-----
Balance, end of period.....	\$ (394)	\$ -
	=====	=====

* Issuance of 4,500,000 shares, including 182,066 shares held in treasury.

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

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AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(Unaudited)

1. As used in these financial statements, the term the "Company" refers to Ampal-American Israel Corporation ("Ampal") and its consolidated subsidiaries.

2. The December 31, 1993 consolidated balance sheet presented herein was derived from the audited December 31, 1993 consolidated financial statements of the Company.

Reference should be made to the Company's consolidated financial statements for the year ended December 31, 1993 for a description of the accounting policies which have been continued except for the following:

Effective January 1, 1994, the Company adopted Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities" which requires that marketable equity securities, other than equity securities accounted for by the equity method, be reported at fair value. For those securities which are classified as trading securities, unrealized gains and losses are reported in the statement of income. Unrealized gains and losses from those securities which are classified as available-for-sale are reported as a separate component of shareholders' equity. The cumulative effect of adopting this accounting principle as of January 1, 1994 was an increase in investments of \$7.4 million, an increase in deferred income taxes payable of \$3.1 million and an increase in shareholders' equity of \$4.3 million. From January 1 to September 30, 1994, the net effect of market fluctuations resulted in a decrease of \$.4 million in shareholders' equity. At September 30, 1994 the aggregate fair value of available-for-sale securities was \$2.4 million, (\$8.1 million at June 30, 1994) and gross unrealized losses were \$.6 million (\$.4 million, after taxes).

In the quarter ended September 30, 1994, \$2.7 million of unrealized gains on marketable securities in the statement of income includes gross gains of \$1.7 million, which resulted from the transfer of securities from the available-for-sale category to the trading securities category, and also includes gross losses of \$2.4 million on available-for-sale securities which have been determined to be permanently impaired in value.

Also, reference should be made to the notes to the Company's December 31, 1993 consolidated financial statements for additional details of the Company's consolidated financial condition, results of operations and cash flows. The details in those notes have not changed except as a result of normal transactions in the interim. All adjustments (of a normal recurring nature) which are, in the opinion of management, necessary to a fair presentation of the results of the interim period have been included.

3. On January 25, 1994, Ampal sold 4.5 million units, each consisting of one share of Class A stock and one redeemable warrant to purchase one share of Ampal's Class A stock, for \$12.125 per unit in a public offering. The warrants are exercisable at \$16 per share at any time until January 31, 1999, and are callable by Ampal, in whole or in part, from and after February 1, 1996, without payment to the holder. The net proceeds which Ampal received from this offering amounted to approximately \$51 million.

On November 5, 1993, Ampal's Board of Directors approved a stock option plan which provides for grants of options to purchase up to 200,000 shares of Class A stock in the aggregate to employees,

officers and directors of Ampal and certain subsidiaries of Ampal. On January 25, 1994, the Stock Option Committee of the Board of Directors approved the issuance of 134,900 options in the aggregate at an exercise price of \$10.91 per share (a 10% discount from market price on the date of grant). The Stock Option Plan was approved by Ampal's shareholders on September 22, 1994.

4. In February 1994, the other shareholder of Pri Ha'emek (Canned and Frozen Food) 88 Ltd. ("Pri Ha'emek"), the Company's then 74.9%-owned subsidiary, purchased additional shares in Pri Ha'emek at the same price the Company paid for its shares in 1991, diluting the Company's ownership to 66.7%. In March 1994, Pri Ha'emek conducted an initial public offering in Israel on the Tel Aviv Stock Exchange. In connection with this offering, the Company realized a gain on issuance of shares of \$2.3 million (\$1.5 million, after taxes). The Company's interest in Pri Ha'emek was initially diluted to 51.25%. Subsequent to the public offering, the Company has purchased additional shares and convertible debentures and at September 30, 1994 its interest was 54.4%. If all warrants and convertible debentures are exercised, the Company's interest would be diluted to 37.6%.

During the first quarter of 1994, Granite Hacarmel Investments Ltd. ("Granite") issued additional shares upon conversions of its debentures. The Company's interest in Granite was diluted from 21.6% to 21.2% and the Company recorded a gain on issuance of shares of \$.3 million (\$.2 million, after taxes).

5. In the third quarter of 1994, the Company received gross proceeds in the amount of \$2.6 million from sales of 120,000 shares of DSP Group, Inc. ("DSP Group") and realized gains of \$2 million (\$1.3 million, after taxes). The Company continues to hold approximately 172,000 shares (approximately 2% of DSP Group's outstanding shares), including its share of Ophir Holdings Ltd.'s holdings of DSP Group.

In the nine months ended September 30, 1993, the Company sold shares of Teledata Communication Ltd. and realized gains of \$1.5 million (\$.9 million, after taxes).

**MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS**

Liquidity and Capital Resources

As of September 30, 1994, cash and cash equivalents were \$42.2 million; an increase of \$39 million from December 31, 1993. This increase is mainly attributable to the proceeds received by Ampal in a public offering (see below), of which \$30.1 million was invested in cash and cash equivalents at September 30, 1994. The Company's food processing subsidiary, Pri Ha'emek (Canned and Frozen Food) 88 Ltd. ("Pri Ha'emek") raised \$11.4 million (\$7 million of equity and \$4.4 of convertible debentures) in a public offering in Israel (see Results of Operations). The Company received a dividend from Granite Hacarmel Investments Ltd. ("Granite") of \$4.3 million in March 1994.

On January 25, 1994, Ampal sold 4.5 million units, each consisting of one share of Class A stock and one redeemable warrant to purchase one share of Ampal's Class A stock in a public offering. This offering resulted in net proceeds to Ampal of approximately \$51 million which Ampal has used and intends to use for the financing of acquisitions, additions to existing holdings and other working capital and general corporate purposes, including early redemption of Ampal's outstanding debentures. In 1994, the Company's investments increased by approximately \$20 million. This increase is primarily related to the investment of the proceeds of the public offering in short-term interest-bearing securities, new investments and the recording of the Company's equity in earnings of affiliates.

Deposits receivable, and deposits and notes and loans payable declined as a result of scheduled repayments. Outstanding debentures declined primarily as a result of the early redemption of \$10.9 million of high interest-bearing debentures and the scheduled repayment of approximately \$5 million of other debentures. On November 1, 1994, Ampal called the remaining \$4.6 million of its 8%-10% interest-bearing debentures which were scheduled to mature in 2000. All remaining outstanding Ampal debentures are not subject to call provisions and are expected to remain outstanding until they mature in accordance with their terms. In addition, Pri Ha'emek issued convertible debentures in the amount of \$4.4 million.

Results of Operations

Nine months ended September 30, 1994 compared to nine months ended September 30, 1993:

Consolidated net income increased to \$7 million for the nine months ended September 30, 1994, as compared with a net loss of \$1.6 million for the nine months ended September 30, 1993. In 1993, the Company was required to record a nonrecurring charge to net income of approximately \$5 million with respect to its adoption of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes." Net income in 1994 increased as a result of increased gains on sales of investments, unrealized gains on marketable securities, gains on issuances of shares and a reduction in net interest expense. These increases were partially offset by reductions in equity in earnings of affiliates and other income.

The decreases in interest revenue, interest expense and net interest expense for

the nine months ended September 30, 1994 as compared to the same period in 1993 resulted from the repayment of deposits, notes and loans receivable as well as deposits, notes and loans payable and outstanding debentures. Also, Ophir Holdings Ltd.'s ("Ophir") results, which were consolidated in the first nine months of 1993, are reflected by the equity method in 1994 because the Company's interest in Ophir was diluted to 42.5% in November 1993. In the second and third quarters of 1993, Ophir incurred significant interest expense on bank borrowings used to finance its March 1993 investment in Industrial Buildings Corporation Ltd. ("Industrial Buildings") and as a result recorded a loss in the first nine months.

Equity in earnings of affiliates decreased for the nine months ended September 30, 1994 as compared to the same period in 1993 because Ophir's 1993 loss was not reported by the equity method in 1993 because its financial statements were consolidated with the Company's (see above). In 1994, Ophir reported further losses due to significant financing expense associated with its acquisition of Industrial Buildings. Were it not for the change in accounting for Ophir's losses, equity in earnings of affiliates would have shown an increase, primarily because the Moriah Hotel group reported increased earnings.

In February 1994, the other shareholder of Pri Ha'emek, the Company's then 74.9%-owned subsidiary, purchased additional shares in Pri Ha'emek at the same price the Company paid for its shares in 1991, diluting the Company's ownership to 66.7%. In March 1994, Pri Ha'emek conducted an initial public offering in Israel on the Tel Aviv Stock Exchange. In connection with this offering, the Company realized a gain on issuance of shares of \$2.3 million (\$1.5 million, after taxes). The Company's interest in Pri Ha'emek was initially diluted to 51.25%. Subsequent to the public offering, the Company has purchased additional shares and convertible debentures and at September 30, 1994 its interest was 54.4%. If all warrants and convertible debentures are exercised, the Company's interest would be diluted to 37.6%. The increase in minority interests in the balance sheet is attributable to the minority interests' share of proceeds from this offering.

In February and June 1993, the Company invested an aggregate of approximately \$4.3 million in Paradise Mattresses (1992) Ltd. ("Paradise") for approximately 85.1% of the shares of Paradise. Paradise's assets and liabilities were consolidated commencing June 30, 1993; its manufacturing and distribution operations were included in equity in earnings of affiliates for the six months ended June 30, 1993 and consolidated thereafter. Paradise is a company which manufactures and markets mattresses and fold-out beds in Israel and is a licensee of the Sealy Posturepedic Mattress name and manufacturing process.

In the third quarter of 1994, the Company received gross proceeds in the amount of \$2.6 million from sales of 120,000 shares of DSP Group, Inc. ("DSP Group") and realized gains of \$2 million (\$1.3 million, after taxes). The Company continues to hold approximately 2% of DSP Group's outstanding shares (including its share of Ophir's holdings of DSP Group).

In the nine months ended September 30, 1993, the Company sold shares of Teledata Communication Ltd. and realized gains of \$1.5 million (\$.9 million, after taxes).

In the quarter ended September 30, 1994, \$2.7 million of unrealized gains on marketable securities in the statement of income includes gross gains of \$1.7 million, which resulted from the transfer of securities from the available-for-sale category to the trading securities category, and also includes gross losses of \$2.4 million on available-for-sale securities which have been determined to be permanently impaired in value.

Other income, and specifically rental income which is included in this category, decreased because Ophir's financial statements, which were consolidated with the Company's financial statements in the first nine months of 1993, are reflected by the equity method thereafter.

During the first quarter of 1994, Granite issued additional shares upon conversions of its debentures. The Company's interest in Granite was diluted from 21.6% to 21.2% and the Company recorded a gain on issuance of shares of \$.3 million (\$.2 million, after taxes).

The increase in other expenses of approximately \$2.8 million is attributable to the consolidation of Paradise's financial statements commencing July 1, 1993, additional expenses associated with Pri Ha'emek's operations and increases in administrative expenses.

Three months ended September 30, 1994 compared to three months ended September 30, 1993:

Consolidated net income increased to \$3.9 million for the three months ended September 30, 1994 as compared with \$.7 million for the three months ended September 30, 1993. Net income increased as a result of gains on sales of investments in excess of 1993 gains, unrealized gains on marketable securities, a reduction of net interest expense, improved earnings of the Company's food processing subsidiary and a reduction in the effective income tax rate.

Net interest expense declined in the three months ended September 30, 1994 as compared to the same period in 1993 for the reasons discussed in Results of Operations - Nine months ended September 30, 1994 compared to nine months ended September 30, 1993.

In the third quarter of 1994, the Company received gross proceeds in the amount of \$2.6 million from sales of 120,000 shares of DSP Group and realized gains of \$2 million (\$1.3 million, after taxes). The Company continues to hold approximately 2% of DSP Group's outstanding shares (including its share of Ophir's holdings of DSP Group).

In the third quarter of 1993, the Company sold shares in Teledata Communication Ltd. and realized a gain of \$.4 million (\$.3 million, after taxes).

In the quarter ended September 30, 1994, \$2.7 million of unrealized gains on marketable securities in the statement of income includes gross gains of \$1.7 million, which resulted from the transfer of securities from the available-for-sale category to the trading securities category, and also includes gross losses of \$2.4 million on available-for-sale securities which have been determined to be permanently impaired in value.

The decline in the effective income tax rate in the three months ended September 30, 1994 as compared to the same period in 1993 is attributable to changes in the components of taxable income.

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

PART II - OTHER INFORMATION

- Item 1. Legal Proceedings - None.

- Item 2. Changes in Securities - None.

- Item 3. Defaults upon Senior Securities - None.

- Item 4. Submission of Matters to a Vote of Security Holders

Shareholders On September 22, 1994, at the Annual Meeting of
of Ampal-American Israel Corporation,

(a) the following persons were elected as directors by the following vote:

i) CLASS A -----	FOR ---	AUTHORITY WITHHELD -----
H. Henshel	19,258,658	24,667
H. Kronish	19,258,958	24,367
L. Riebman	19,188,458	94,867
E. Sommer	19,189,358	93,967

ii) COMMON/CLASS A -----	FOR ---	AUTHORITY WITHHELD -----
A. Abend	49,258,758	24,567
M. Arnon	49,258,958	24,367
S. Batkin	49,257,858	25,467
Y. Elinav	49,258,758	24,567
I. Hochberg	49,258,958	24,367
L. Lefkowitz	49,258,658	24,667
E. Raff	49,189,058	94,267
S. Ravid	49,188,758	94,567
S. Recht	49,258,958	24,367

(b) the 1993 Stock Option Plan was approved by the following vote:

FOR ABSTAIN ---	AGAINST -----	
49,074,052	170,984	38,289

Item 5. Other Information

The Company's Proxy Statement dated August 11, 1994 stated that Shareholders' Proposals for the next Annual Meeting of Shareholders must be received by the Company no later than April 11, 1995. The next Annual Meeting of Shareholders is now proposed to take place on June 28, 1995. Accordingly, any holder of Class A Stock or Common Stock who wishes to submit a proposal to be presented at the next Annual Meeting

of Shareholders must forward such proposal to the Secretary of the Company so that it is received by the Company no later than January 17, 1995, and comply with such rules as may be prescribed from time to time by the Securities and Exchange Commission regarding proposals of security holders.

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Item 6. Exhibits and Reports on Form 8-K

(a) Index to Exhibits:

Exhibit 11 - Schedule Setting Forth Computation of Earnings Per Class A Share.

Exhibit 27 - Financial Data Schedule.

(b) No Reports on Form 8-K were filed during the quarter covered by this Report.

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AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

AMPAL-AMERICAN ISRAEL CORPORATION

By:/s/ Lawrence Lefkowitz

*Lawrence Lefkowitz
President
(Principal Executive Officer)*

By:/s/ Alan L. Schaffer

*Alan L. Schaffer
Vice President - Finance
and Treasurer
(Principal Financial Officer)*

By:/s/ Alla Kanter

*Alla Kanter
Controller
(Principal Accounting
Officer)*

Dated: November 14, 1994

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Exhibit 11

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

SCHEDULE SETTING FORTH COMPUTATION OF EARNINGS PER CLASS A SHARE

NINE MONTHS ENDED SEPTEMBER 30,	1994		1993	

(Amounts in thousands, except per share data)	(Unaudited)		(Unaudited)	
Weighted average number of shares outstanding:				
4% Preferred.....	212		227	
6-1/2% Preferred.....	1,150		1,410	
Class A.....	19,808		15,352	
Common.....	3,000		3,000	
	=====		=====	
Weighted average number of shares outstanding assuming conversion of preferred stock into Class A shares:				
Class A.....	24,318	89.02%	20,717	87.35%
Common.....	3,000	10.98	3,000	12.65
	-----	-----	-----	-----
	27,318	100.00%	23,717	100.00%
	=====	=====	=====	=====
Income before cumulative effect of change in accounting principle.....	\$ 7,039		\$ 3,350	
Cumulative effect on prior years of change in accounting principle.....	-		(4,982)	
	-----		-----	
NET INCOME (LOSS).....	\$ 7,039		\$ (1,632)	
	=====		=====	
Allocation of net income (loss) on the basis of the respective dividend rights of the above classes of stock, pro rata:				
Class A.....	\$ 6,266	89.02%	\$ (1,426)	87.35%
Common.....	773	10.98	(206)	12.65
	-----	-----	-----	-----
	\$ 7,039	100.00%	\$ (1,632)	100.00%
	=====	=====	=====	=====
Earnings (loss) per Class A share:				
Earnings before cumulative effect of change in accounting principle...	\$.26		\$.14	
Cumulative effect on prior years of change in accounting principle.....	-		(.21)	
	-----		-----	
Earnings (loss) per Class A share....	\$.26		\$ (.07)	
	=====		=====	

ARTICLE 5

This Schedule contains summary financial information extracted from Registrant's Form 10-Q for the Quarterly Period Ended September 30, 1994 and is qualified in its entirety by reference to such financial statements.

MULTIPLIER: 1,000

PERIOD TYPE	9 MOS
FISCAL YEAR END	DEC 31 1994
PERIOD END	SEP 30 1994
CASH	42,161
SECURITIES	131,659
RECEIVABLES	96,440
ALLOWANCES	0
INVENTORY	0
CURRENT ASSETS	45,221
PP&E	41,496
DEPRECIATION	11,065
TOTAL ASSETS	345,912
CURRENT LIABILITIES	44,559
BONDS	128,713
COMMON	23,779
PREFERRED MANDATORY	0
PREFERRED	6,701
OTHER SE	142,160
TOTAL LIABILITY ANDEQUITY	345,912
SALES	31,820
TOTAL REVENUES	61,729
CGS	0
TOTAL COSTS	24,646
OTHER EXPENSES	11,295
LOSS PROVISION	0
INTEREST EXPENSE	13,084
INCOME PRETAX	12,704
INCOME TAX	5,665
INCOME CONTINUING	7,039
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	7,039
EPS PRIMARY	\$0.26
EPS DILUTED	\$0.26

End of Filing