

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, 1995

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 X No

The number of shares outstanding of each of the issuer's classes of common stock is Common - 3,000,000; Class A - 20,566,569 (as of July 31, 1995).

AMPAL-AMERICAN ISRAEL CORPORATION

Index to Form 10-Q

Page

Part I Financial Information

Consolidated Statements of Income

Six Months Ended June 30..... 1

Three Months Ended June 30..... 2

Consolidated Balance Sheets..... 3

Consolidated Statements of Cash Flows..... 5

Consolidated Statements of Changes in Shareholders'
Equity..... 7

Notes to the Consolidated Financial Statements..... 9

Management's Discussion and Analysis of
Financial Condition and Results of Operations.....

11

Part II Other Information.....

15

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

SIX MONTHS ENDED JUNE 30, 1995 1994

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

(Note 2)

REVENUES

Equity in earnings of affiliates.....	\$ 5,620	\$
3,447		
Food processing and manufacturing.....	22,815	
20,987		
Interest:		
Related parties.....	4,636	
7,214		
Others.....	1,934	
821		
Gains on issuance of shares by subsidiary and affiliate (Note 5).....	-	
2,692		
Realized and unrealized gains on investments.	1,717	
-		
Rental income.....	1,787	
1,577		
Other.....	969	
808		

Total revenues.....	39,478	
37,546		

EXPENSES		
Food processing and manufacturing.....	22,093	
20,208		
Interest:		
Related parties.....	1,603	
1,820		
Others.....	6,137	
6,786		
Other.....	3,162	
3,550		

Total expenses.....	32,995	
32,364		

Income before income taxes.....	6,483	
5,182		
Income taxes.....	3,896	
2,007		

NET INCOME.....	\$ 2,587	\$
3,175		
	=====	
=====		
Earnings per Class A share.....	\$.09	\$
.12		
	=====	
=====		
Weighted average number of Class A and equivalent shares outstanding (in thousands)	25,184	
23,933		

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 JUNE 30, 1995 1994

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

(Note 2)

REVENUES

Equity in earnings of affiliates.....	\$ 2,897	\$
457		
Food processing and manufacturing.....	11,533	
11,053		
Interest:		
Related parties.....	2,425	
4,156		
Others.....	675	
474		
Realized and unrealized gains on investments.	995	
-		
Rental income.....	818	
810		
Other.....	526	
421		

Total revenues.....	19,869	
17,371		

EXPENSES		
Food processing and manufacturing.....	11,557	
9,970		
Interest:		
Related parties.....	817	
1,003		
Others.....	3,200	
3,846		
Other.....	1,418	
2,015		

Total expenses.....	16,992	
16,834		

Income before income taxes.....	2,877	
537		
Income taxes.....	1,876	
36		

NET INCOME.....	\$ 1,001	\$
501		
=====		
Earnings per Class A share.....	\$.03	\$
.02		
=====		
Weighted average number of Class A and equivalent shares outstanding (in thousands)	25,158	
25,218		

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

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS AS AT	JUNE 30, 1995	DECEMBER 31, 1994

(Dollars in thousands)	(Unaudited)	(Note 2)
Cash and cash equivalents.....	\$ 37,128	\$ 42,104

Deposits, notes and loans receivable:

Related parties.....	76,804	
90,462		
Others.....	1,797	
3,786		
Investments.....	130,689	
131,537		
Real estate rental property, less accumulated depreciation of \$4,774 and \$4,556 (Note 4)...	58,509	
13,600		
Property and equipment, less accumulated depreciation of \$8,013 and \$7,060.....	17,722	
17,314		
Other assets.....	46,942	
44,077		

TOTAL ASSETS.....	\$ 369,591	\$
342,880		
=====	=====	
=====		

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	JUNE 30, 1995	DECEMBER 1994
--	------------------	------------------

(Dollars in thousands)	(Unaudited)	(Note 2)
------------------------	-------------	----------

LIABILITIES

Notes and loans payable:

Related parties (Note 4).....	\$ 51,487	\$ 24,837
Others.....	17,671	19,226
Debentures.....	80,684	84,491
Accounts and income taxes payable, accrued expenses and minority interests.....	43,651	40,832
	-----	-----
Total liabilities.....	193,493	169,386
	-----	-----

SHAREHOLDERS' EQUITY

4% Cumulative, Participating, Convertible Preferred Stock, \$5 par value; authorized 650,000 shares; issued and outstanding 205,715 and 206,608 shares.....	1,029	1,033
6-1/2% Cumulative, Convertible Preferred Stock, \$5 par value; authorized 4,282,850 shares; issued and outstanding 1,102,965 and 1,114,927 shares.....	5,515	5,575
Class A Stock, \$1 par value; authorized 30,000,000 shares; issued 20,880,869 and 20,840,518 shares; outstanding 20,688,869 and 20,840,518 shares.....	20,881	20,841
Common Stock, \$1 par value; authorized, issued and outstanding 3,000,000 shares.....	3,000	3,000
Additional paid-in capital.....	57,209	57,185
Retained earnings.....	91,594	89,007
Treasury Stock, at cost (Note 3).....	(1,203)	-
Cumulative translation adjustments..... (2,636)	(1,717)	
Unrealized loss on marketable securities..... (511)	(210)	
	-----	-----
Total shareholders' equity.....	176,098	173,494
	-----	-----

TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY..... \$ 369,591 \$ 342,880

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

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

SIX MONTHS ENDED JUNE 30, 1995 1994

(Dollars in thousands) (Unaudited) (Unaudited)

Cash flows from operating activities:

Net income.....	\$ 2,587	\$ 3,175
Adjustments to reconcile net income to net cash provided by operating activities:		
Equity in earnings of affiliates.....	(5,620)	
(3,447)		
Gains on issuance of shares by subsidiary and affiliate.....	-	
(2,692)		
Realized and unrealized gains on investments.....	(1,717)	-
Translation loss.....	22	122
Depreciation expense.....	1,185	1,053
Amortization expense.....	2,382	2,399
Minority interests.....	(839)	
(275)		
(Increase) in other assets.....	(3,020)	
(2,690)		
Increase in accounts and income taxes payable, accrued expenses and minority interests.....	3,915	1,160
Investments made in trading securities.....	(3,444)	-
Proceeds from sale of trading securities...	7,659	-
Dividends received from affiliates.....	3,029	4,277
	-----	-----
Net cash provided by operating activities.	6,139	3,082
	-----	-----

Cash flows from investing activities:

Deposits, notes and loans receivable collected:		
Related parties.....	17,042	16,906
Others.....	2,125	2,665
Deposits, notes and loans receivable granted:		
Related parties.....	(581)	
(1,745)		
Others.....	(40)	-
Investments made in:		
Available-for-sale securities.....	(1,128)	-
Affiliates and others.....	(10,308)	
(26,801)		
Proceeds from sale of investments:		
Others.....	12,815	2,323
Purchase of property and equipment.....	(1,358)	
(1,367)		
Purchase of real estate rental property....	(44,920)	-
	-----	-----
Net cash (used in) investing activities...	(26,353)	
(8,019)	-----	-----

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

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

SIX MONTHS ENDED JUNE 30, 1995 1994

(Dollars in thousands) (Unaudited) (Unaudited)

Cash flows from financing activities:

Notes and loans payable received:		
Related parties.....	\$ 30,705	\$ 798
Others.....	5,497	1,304
Notes and loans payable repaid:		
Related parties.....	(4,487)	
(12,180)		
Others.....	(7,072)	
(3,239)		
Debentures issued by subsidiary.....	-	4,493
Debentures repaid.....	(8,155)	
(11,443)		
Proceeds from issuance of shares.....	-	57,572
Purchase of treasury shares.....	(1,203)	-
	-----	-----
Net cash provided by financing activities.	15,285	37,305
Effect of exchange rate changes on cash and cash equivalents.....	(47)	
(167)	-----	-----
Net (decrease) increase in cash and cash equivalents.....	(4,976)	32,201
Cash and cash equivalents at beginning of period.....	42,104	3,178
	-----	-----
Cash and cash equivalents at end of period.....	\$ 37,128	\$ 35,379
	=====	=====
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period:		
Interest:		
Related parties.....	\$ 927	\$ 865
Others.....	2,838	3,054
	-----	-----
Total interest paid.....	\$ 3,765	\$ 3,919
	=====	=====
Income taxes paid.....	\$ 1,751	\$ 1,375
	=====	=====

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

SIX MONTHS ENDED JUNE 30, 1995 1994

(Dollars in thousands) (Unaudited) (Unaudited)

4% PREFERRED STOCK

Balance, beginning of year.....	\$ 1,033	\$ 1,068
Conversion of 893 and 2,655 shares into Class A Stock.....	(4)	
(13)	-----	-----
Balance, end of period.....	\$ 1,029	\$ 1,055
	=====	=====

6-1/2% PREFERRED STOCK

Balance, beginning of year.....	\$ 5,575	\$ 6,011
Conversion of 11,962 and 61,606 shares into Class A Stock.....	(60)	
(308)	-----	-----
Balance, end of period.....	\$ 5,515	\$ 5,703
	=====	=====

CLASS A STOCK

Balance, beginning of year.....	\$ 20,841	\$
16,225		
Issuance of shares upon conversion of Preferred Stock.....	40	
198		
Issuance of shares in a public offering*.....	-	
4,318	-----	

Balance, end of period.....	\$ 20,881	\$
20,741	=====	
=====		

ADDITIONAL PAID-IN CAPITAL

Balance, beginning of year.....	\$ 57,185	\$
10,605		
Conversion of Preferred Stock.....	24	
122		
Proceeds from issuance of shares in a public offering.....	-	
46,519		

Balance, end of period.....	\$ 57,209	\$
57,246		
	=====	
=====		

RETAINED EARNINGS

Balance, beginning of year.....	\$ 89,007	\$
82,079		
Net income.....	2,587	
3,175		

Balance, end of period.....	\$ 91,594	\$
85,254		
	=====	
=====		

TREASURY STOCK (Note 3)

Balance, beginning of year.....	\$ -	\$
-		
Purchase of 192,000 shares Class A Stock at cost.....	(1,203)	
-		

Balance, end of period.....	\$ (1,203)	\$
-		
	=====	
=====		

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

SIX MONTHS ENDED JUNE 30, 1995 1994

(Dollars in thousands) (Unaudited) (Unaudited)

CUMULATIVE TRANSLATION ADJUSTMENTS

Balance, beginning of year.....	\$ (2,636)	\$
(2,171)		
Foreign currency translation adjustment.....	919	
(514)		
	-----	-----
Balance, end of period.....	\$ (1,717)	\$
(2,685)		
	=====	=====

UNREALIZED LOSS ON MARKETABLE SECURITIES

Balance, beginning of year.....	\$ (511)	\$
4,300**		
Unrealized gain (loss), net.....	301	(5,547)
	-----	-----
Balance, end of period.....	\$ (210)	\$ (1,247)
	=====	=====

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

** Represents cumulative effect of adoption of Statement of Financial Accounting Standards No. 115, "Accounting for Certain Investments in Debt and Equity Securities."

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

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, 1994 consolidated balance sheet presented herein was derived from the audited December 31, 1994 consolidated financial statements of the Company.

Reference should be made to the Company's consolidated financial statements for the year ended December 31, 1994 for a description of the accounting policies which have been continued without change. Also, reference should be made to the notes to the Company's December 31, 1994 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. Certain amounts in the 1994 statement of income and balance sheet have been reclassified to conform with the current period's presentation. 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 March 28, 1995 the Company's Board of Directors authorized the repurchase of up to 2 million shares of the Company's Class A Stock through open market purchases. At June 30, 1995 the Company had purchased 192,000 shares of its Class A Stock for approximately \$1.2 million.

4. On June 28, 1995 one of the Company's subsidiaries purchased a property on which an approximately 290,000 square-foot office building is located for approximately \$45 million. The building is located at 800 Second Avenue, New York, New York and houses the Consulate of the Government of Israel in New York and many other Israel government offices as well as other tenants. The purchase was partially financed by a loan of \$30 million from Bank Hapoalim B.M. at an interest rate based on a three-month London Interbank Offered Rate plus 1% which matures on the initial expiry date of June 28, 1996. At Ampal's request, the bank may, but is not required to, extend the repayment of the loan until June 28, 2000 with quarterly principal payments commencing March 28, 1997. The Company financed the balance of the acquisition from its own funds. For further details, see the Company's Form 8-K dated June 28, 1995.

5. In March 1994, Pri Ha'emek (Canned and Frozen Food) 88 Ltd. ("Pri Ha'emek"), the Company's then 66.7%-owned subsidiary, 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 net of taxes). The Company's interest in Pri Ha'emek was diluted initially to 51.25%. Subsequent to the public offering, the Company has purchased additional shares and convertible

- 9 -

debentures and at June 30, 1995 its interest was 56.9%. If all warrants and convertible debentures were to be exercised, the Company's interest would be diluted to 39.7%. If the Company's interest in Pri Ha'emek decreases below 50%, Pri Ha'emek's results will no longer be consolidated with the Company's but will be recorded by the equity method of accounting.

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 approximately \$.3 million (\$.2 million, net of taxes).

6. Ampal has agreed to sell its Ordinary Shares and 7% Preferred Shares of Bank Hapoalim (Cayman) Ltd., which constitute 49% and 50% of each series, respectively, to Bank Hapoalim B.M. The sales price is approximately \$20.2 million, which is slightly in excess of Ampal's carrying value for its investment. The Company obtained an opinion from an independent investment consultant that the consideration to be received in the proposed sale is fair to the Company. The sale is expected to take place on August 15, 1995.

- 10 -

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

Results of Operations

Six months ended June 30, 1995 compared to six months ended June 30, 1994:

Consolidated net income decreased from \$3.2 million for the six-month period ended June 30, 1994 to \$2.6 million for the same period in 1995. The decrease in net income in 1995 resulted primarily from the absence of gains on issuance of shares which were recorded in 1994, and higher net interest expense and effective income tax rates in 1995. These decreases were partially offset by increases in equity in earnings of affiliates and realized and unrealized gains on investments in 1995.

Equity in earnings of affiliates increased for the six months ended June 30, 1995 as compared to the same period in 1994. The earnings of the Company's 42.5%-owned affiliate, Ophir Holdings Ltd. increased in 1995 because of realized and unrealized gains recorded on its investments in DSP Group, Inc. and DSP Communications, Inc. as well as decreased interest expense on its CPI-linked bank borrowings in 1995 due to the lower rate of increase in the Consumer Price Index ("CPI") in Israel. Am-Hal Limited, the Company's 50%- owned affiliate, which operates a luxury senior citizens center in Rishon Lezion recorded higher earnings in 1995 resulting from a higher occupancy rate which reached 96% in 1995 and due to a decrease in finance expenses resulting from the repayment of loans. Granite Hacarmel Investments Ltd. ("Granite"), the Company's 21.2%-owned affiliate, which distributes refined petroleum products, reported increased earnings in 1995 as a result of a significant increase in sales volume. Carmel Container Systems Limited ("Carmel"), the Company's 20%-owned affiliate, which is a manufacturer of paper-based packaging, also reported higher earnings in 1995 because of increased sales volume and selling prices which were adjusted for the continuing increases in the price of paper on international markets during the first half of 1995. At the same time, Carmel's gross profit increased, due to greater efficiency and improvements originating from investments in equipment as well as the renovation of production lines at its plants. Bank Hapoalim (Cayman)Ltd., the Company's 49%-owned affiliate, reported increased earnings in 1995 because of increased interest income, due to the increase in interest rates as well as unrealized gains on marketable securities. These increases were partially offset by losses recorded by Teledata Communication Ltd., which resulted from the decreased demand for its products and increased competition, and losses recorded by the Company's start-up affiliates.

Interest income from related parties decreased in 1995 due to the scheduled repayments of deposits, notes and loans receivable to related parties. Net interest expense increased for the six months in 1995 as compared to the same period in 1994 mainly because of increased interest expense recorded on a CPI-linked loan which was refinanced in 1995 by one of the Company's subsidiaries.

- 11 -

Prior to the refinancing, the loan was linked to the U.S. dollar.

In the six months ended June 30, 1995, the Company recorded \$.9 million of unrealized gains on marketable securities and \$.8 million of gains on sale of investments. At June 30, 1995, the aggregate fair value of trading securities amounted to approximately \$5.1 million.

In the quarter ended March 31, 1994, the Company recorded gains on issuance of shares of \$2.3 million by Pri Ha'emek (Canned and Frozen Food) 88 Ltd. ("Pri Ha'emek") and \$.3 million by Granite.

The increase in the effective income tax rate from 39% in 1994 to 60% in 1995 is attributable to changes in the components in taxable income, the lesser availability of tax loss carryforwards of certain Israeli subsidiaries in 1995 as compared to 1994 and a reported loss of another Israeli subsidiary from which no tax benefit was available.

Three months ended June 30, 1995 compared to three months ended June 30, 1994:

Consolidated net income increased to \$1 million for the three-month period ended June 30, 1995 from \$.5 million for the same period in 1994. The increase in net income in 1995 resulted primarily from increases in equity in earnings of affiliates and realized and unrealized gains on investments in 1995 which were partially offset by higher net interest expense and greater losses incurred by the Company's food processing subsidiary and a higher effective income tax rate.

Equity in earnings of affiliates increased in the three months ended June 30, 1995 as compared to the same period in 1994 for the reasons discussed in Results of Operations - Six months ended June 30, 1995 compared to six months ended June 30, 1994. In addition, the Moriah Hotel group's earnings increased during the second quarter of 1995 as compared to the same period in 1994 due to higher occupancy and higher room rates.

The Company's food processing subsidiary, Pri Ha'emek, recorded higher losses in the second quarter of 1995 as compared to the same period in 1994 because of lower sales prices on products sold in the domestic market due to competition and increased cost of goods sold due to increases in the CPI in Israel.

Interest income from related parties decreased and net interest expense increased in the three months ended June 30, 1995 as compared to the same period in 1994 for the same reasons discussed in Results of Operations - Six months ended June 30, 1995 compared to six months ended June 30, 1994.

In the quarter ended June 30, 1995, the Company recorded \$.6 million of gains on sale of investments and \$.4 million of unrealized gains on investments which are classified as trading securities.

Other expenses decreased in the three months ended June 30, 1995 as compared to the same period in 1994 because of the decrease in the amount attributed to the minority interest in 1995 which is included in this category.

- 12 -

The increase in the effective tax rate from 7% in 1994 to 65% in 1995 is attributable to the same reasons as discussed in Results of Operations - Six months ended June 30, 1995 compared to six months ended June 30, 1994.

Liquidity and Capital Resources

At June 30, 1995, cash and cash equivalents were \$37.1 million and short-term, interest-bearing securities included in the investments caption were \$1.8 million as compared with \$42.1 million and \$11.6 million, respectively, at December 31, 1994. The overall \$15 million decrease is primarily a result of the use of funds for the acquisition of the property located at 800 Second Avenue, New York, New York (see below).

Deposits, notes and loans receivable and debentures decreased as a result of scheduled repayments.

In January 1995, the Company invested \$1.5 million and acquired a 20% interest in Epsilon Investment House Ltd. ("Epsilon") and its affiliate Renaissance Investment Company Ltd. Epsilon is an investment bank which provides portfolio management and its affiliate provides underwriting services in Israel through its subsidiaries.

In January 1995, the Company acquired 260,416 common shares, equal to a 4.1% interest in M-Systems Flash Disk Pioneers Ltd. ("M-Systems"), for \$1 million and received warrants to purchase an additional 130,206 common shares at \$4.61 per share until June 30, 1998. M-Systems is an Israeli company engaged in the development, manufacturing and marketing of data storage media based on "flash memory," a new silicon memory chip.

On June 6, 1995 the Company invested \$1 million to acquire a 13.64% equity interest in Lannair, Ltd., an Israeli company which is a developer, manufacturer and marketer of wireless local area networks (LANs) for computers, using license-free, spread spectrum radio technology.

On June 28, 1995 one of the Company's subsidiaries purchased a property on which an approximately 290,000 square-foot office building is located for approximately \$45 million. The building is located at 800 Second Avenue, New York, New York and houses the Consulate of the Government of Israel in New York and many other Israel government offices as well as other tenants. The purchase was partially financed by a loan of \$30 million from Bank Hapoalim B.M. at an interest rate based on the three-month London Interbank Offered Rate plus 1% which matures on the initial expiry date of June 28, 1996. At Ampal's request, the bank may, but is not required to extend the repayment of the loan until June 28, 2000 with quarterly principal payments commencing March 28, 1997. Notes and loans payable increased primarily as a result of the aforementioned loan. The Company financed the balance of the acquisition from its own funds.

On March 28, 1995 the Company's Board of Directors authorized the repurchase of up to 2 million shares of the Company's Class A Stock through open market purchases. At June 30, 1995 the Company had purchased 192,000 shares of its Class A Stock for approximately \$1.2 million.

Ampal has agreed to sell its Ordinary Shares and 7% Preferred Shares of Bank Hapoalim (Cayman) Ltd., which constitute 49% and 50% of each series, respectively, to Bank Hapoalim B.M. The sales price is approximately \$20.2 million, which is slightly in excess of Ampal's carrying value for its investment. The Company obtained an opinion from an independent investment consultant that the consideration to be received in the proposed sale is fair to the Company. The sale is expected to take place on August 15, 1995.

- 14 -

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

On July 6, 1995, at the Annual Meeting of Shareholders of Registrant, the following persons were elected as directors by the following vote:

(i)	CLASS A	FOR	AUTHORITY
WITHHELD			
-----		---	
	H.B. Henshel	17,417,575	25,094
	H. Kronish	17,417,825	24,844
	E. Sommer	17,417,475	25,194
(ii)	COMMON/CLASS A	FOR	AUTHORITY
WITHHELD			
-----		---	
	A. Abend	34,859,118	26,220
	M. Arnon	34,860,544	24,794
	S.I. Batkin	34,860,244	25,094
	Y. Elinav	34,860,544	24,794
	I. Hochberg	34,860,544	24,794
	L. Lefkowitz	34,860,544	24,794
	S. Ravid	34,860,544	24,794
	S. Recht	34,860,417	24,921

Item 5. Other Information - None.

Item 6. Exhibits and Reports on Form 8-K

(a) Index to Exhibits:

Exhibit 10 - Material Contracts

10(i) Agreement (the "Agreement") of Sale and Purchase, dated April 12, 1995, between Massachusetts Mutual Life Insurance Company ("Mass Mutual") and Ampal Realty Corporation, a subsidiary of Registrant ("Ampal Realty"), regarding the premises located at 800 Second Avenue, New York, New York (the "Property") (filed as Exhibit (1) to Form 8-K, dated June 28, 1995, and incorporated herein by reference. File No. 0-538.)

10(ii) Amendment, dated June 12, 1995 to the Agreement (filed as Exhibit (2) to Form 8-K, dated June 28, 1995, and incorporated herein by reference. File No. 0-538.)

Exhibit 11 - Schedule Setting Forth Computation of Earnings Per Class A Share..... Page 17

Exhibit 27 - Financial Data Schedule.

(b) Reports on Form 8-K

(i) A Report on Form 8-K, dated April 12, 1995, was filed, reporting that on April 12, 1995, Ampal Realty acquired an option to purchase the Property from Mass Mutual (the "Option").

(ii) A Report on Form 8-K, dated June 13, 1995, was filed, reporting that on June 13, 1995, Ampal Realty had exercised the Option.

(iii) A Report on Form 8-K, dated June 28, 1995, was filed, reporting that on June 28, 1995, Ampal Realty had purchased the Property. This Report included the following financial statements:

(1) Statement of Revenues and Certain Expenses of the Property for the Period of Nine Months Ended March 31, 1995.

(2) Pro Forma Estimate of Taxable Income and Funds Generated from the Property for the Period of Nine Months Ended March 31, 1995.

(3) Pro Forma Consolidated Balance Sheet as of March 31, 1995.

(4) Pro Forma Consolidated Statement of Income for the Year Ended December 31, 1994.

(5) Pro Forma Consolidated Statement of Income for the Three Months Ended March 31, 1995.

Exhibit 11

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

SCHEDULE SETTING FORTH COMPUTATION OF EARNINGS PER CLASS A SHARE

SIX MONTHS ENDED JUNE 30,	1995		1994	
(Amounts in thousands, except per share data)	(Unaudited)		(Unaudited)	
Weighted average number of shares outstanding:				
4% Preferred.....	206		212	
6-1/2% Preferred.....	1,108		1,159	
Class A.....	20,830		19,396	
Common.....	3,000		3,000	
	=====		=====	
 Weighted average number of shares outstanding assuming conversion of preferred stock into Class A shares:				
Class A.....	25,184	89.36%	23,933	88.86%
Common.....	3,000	10.64	3,000	11.14
	-----	-----	-----	-----
	28,184	100.00%	26,933	100.00%
	=====	=====	=====	=====
 NET INCOME.....	\$ 2,587		\$ 3,175	
	=====		=====	
 Allocation of net income on the basis of the respective dividend rights of the above classes of stock, pro rata:				
Class A.....	\$ 2,312	89.36%	\$ 2,821	88.86%
Common.....	275	10.64	354	11.14
	-----	-----	-----	-----
	\$ 2,587	100.00%	\$ 3,175	100.00%
	=====	=====	=====	=====
 Earnings per Class A share.....	\$.09		\$.12	
	=====		=====	

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: August 14, 1995

ARTICLE 5

This schedule contains summary financial information extracted from Registrant's Form 10-Q for the Quarterly Period Ended June 30, 1995 and is qualified in its entirety by reference to such financial statements.

MULTIPLIER: 1,000

PERIOD TYPE	6 MOS
FISCAL YEAR END	DEC 31 1995
PERIOD END	JUN 30 1995
CASH	37,128
SECURITIES	130,689
RECEIVABLES	78,601
ALLOWANCES	0
INVENTORY	0
CURRENT ASSETS	46,942
PP&E	76,231
DEPRECIATION	12,787
TOTAL ASSETS	369,591
CURRENT LIABILITIES	43,651
BONDS	149,842
COMMON	23,881
PREFERRED MANDATORY	0
PREFERRED	6,544
OTHER SE	145,673
TOTAL LIABILITY ANDEQUITY	369,591
SALES	22,815
TOTAL REVENUES	39,478
CGS	0
TOTAL COSTS	22,093
OTHER EXPENSES	3,162
LOSS PROVISION	0
INTEREST EXPENSE	7,740
INCOME PRETAX	6,483
INCOME TAX	3,896
INCOME CONTINUING	2,587
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	2,587
EPS PRIMARY	.09
EPS DILUTED	.09

End of Filing