

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, 1996

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
(State or other jurisdiction of
incorporation or organization)
No.)

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

1177 Avenue of the Americas, New York, New York
(Address of principal executive offices)

10036
(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 - 20,521,539 (as of April 30, 1996).

AMPAL-AMERICAN ISRAEL CORPORATION

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AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

 CONSOLIDATED STATEMENTS OF INCOME

THREE MONTHS ENDED MARCH 31,	1996	1995

(Dollars in thousands, except per share data)	(Unaudited)	(Unaudited) (Note 2)
REVENUES		
Equity in (losses) earnings of affiliates (Note 3).....	\$ (1,080)	\$ 2,723
Food processing and manufacturing.....	9,715	11,282
Interest:		
Related parties.....	2,938	2,211
Others.....	555	1,259
Rental income.....	3,053	969
Realized and unrealized (losses) gains on investments.....	(314)	722
Other.....	477	443
	-----	-----
Total revenues.....	15,344	19,609
	-----	-----
EXPENSES		
Food processing and manufacturing.....	11,517	10,536
Interest:		
Related parties.....	1,330	786
Others.....	3,278	2,937
Rental property operating expenses.....	1,527	110
Minority interests.....	(1,165)	(167)
Other.....	1,900	1,801
	-----	-----
Total expenses.....	18,387	16,003
	-----	-----
(Loss) income before income taxes.....	(3,043)	3,606
Income tax (benefit) provision.....	(141)	2,020
	-----	-----
NET (LOSS) INCOME.....	\$ (2,902)	\$ 1,586
	=====	=====
(Loss) earnings per Class A share.....	\$ (.11)	\$.06
	=====	=====
Weighted average number of Class A and equivalent shares outstanding (in thousands).....	24,613	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	MARCH 31, 1996	DECEMBER 31, 1995

(Dollars in thousands)	(Unaudited)	(Note 2)
Cash and cash equivalents.....	\$ 12,869	\$ 16,694
Deposits, notes and loans receivable:		
Related parties.....	65,487	71,484
Others.....	1,265	1,489
Investments (Note 3).....	143,152	142,291
Real estate rental property, less accumulated depreciation of \$5,313 and \$4,994.....	57,147	57,289
Property and equipment, less accumulated depreciation of \$9,377 and \$8,876.....	18,892	17,920
Other assets.....	38,394	42,158
	-----	-----
TOTAL ASSETS.....	\$337,206 =====	\$349,325 =====

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

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

 CONSOLIDATED BALANCE SHEETS

LIABILITIES AND SHAREHOLDERS' EQUITY AS AT	MARCH 31, 1996	DECEMBER 31, 1995

(Dollars in thousands)	(Unaudited)	(Note 2)
LIABILITIES		
Notes and loans payable:		
Related parties.....	\$ 49,488	\$ 51,041
Others.....	18,274	17,086
Debentures.....	73,467	78,889
Accounts and income taxes payable, accrued expenses and minority interests.....	33,741	37,894
	-----	-----
Total liabilities.....	174,970	184,910
	-----	-----
SHAREHOLDERS' EQUITY (Note 4)		
4% Cumulative, Participating, Convertible Preferred Stock, \$5 par value; authorized 650,000 shares; issued and outstanding 197,438 and 199,030 shares	987	995
6-1/2% Cumulative, Convertible Preferred Stock, \$5 par value; authorized 4,282,850 shares; issued and outstanding 1,041,935 and 1,052,599 shares	5,210	5,263
Class A Stock, \$1 par value; authorized 60,000,000 shares; issued 21,104,885 and 21,065,392 shares; outstanding 20,499,485 and 20,459,992 shares	21,105	21,066
Common Stock, \$1 par value; authorized, issued and outstanding 3,000,000 shares	3,000	3,000
Additional paid-in capital	57,332	57,310
Retained earnings	82,657	85,559
Treasury Stock, 605,400 shares of Class A Stock, at cost	(3,829)	(3,829)
Cumulative translation adjustments	(4,061)	(4,354)
Unrealized loss on marketable securities	(165)	(595)
	-----	-----
Total shareholders' equity	162,236	164,415
	-----	-----
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$337,206	\$349,325
	=====	=====

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,	1996	1995
(Dollars in thousands)	(Unaudited)	(Unaudited)

Cash flows from operating activities:		
Net (loss) income.....	\$ (2,902)	\$ 1,586
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Equity in losses (earnings) of affiliates.....	1,080	(2,723)
Realized and unrealized losses (gains) on investments.....	314	(722)
Translation loss.....	42	62
Depreciation expense.....	797	587
Amortization expense.....	1,049	1,184
Minority interests.....	(1,165)	(167)
Decrease (increase) in other assets.....	2,034	(2,172)
(Decrease) increase in accounts and income taxes payable, accrued expenses and minority interests.....	(2,571)	140
Investments made in trading securities.....	(446)	(1,419)
Proceeds from sale of trading securities.....	221	3,787
Dividends received from affiliates.....	-	3,029
	-----	-----
Net cash (used in) provided by operating activities.....	(1,547)	3,172
	-----	-----
Cash flows from investing activities:		
Deposits, notes and loans receivable collected:		
Related parties.....	8,663	13,702
Others.....	285	192
Deposits, notes and loans receivable granted:		
Related parties.....	(657)	(505)
Others.....	(16)	(20)
Investments made in:		
Available-for-sale securities.....	(265)	(1,128)
Affiliates and others.....	(2,052)	(4,012)
Proceeds from sale of investments:		
Others.....	710	5,678
Purchase of property and equipment.....	(287)	(484)
Purchase of real estate rental property.....	(47)	-
	-----	-----
Net cash provided by investing activities.....	6,334	13,423
	-----	-----

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,	1996	1995

(Dollars in thousands)	(Unaudited)	
(Unaudited)		
Cash flows from financing activities:		
Notes and loans payable received:		
Related parties.....	\$ 200	\$ -
Others.....	2,888	4,041
Notes and loans payable repaid:		
Related parties.....	(1,891)	(3,258)
Others.....	(1,736)	(3,725)
Debentures repaid.....	(7,854)	(6,449)
	-----	-----
Net cash (used in) financing activities.....	(8,393)	(9,391)
Effect of exchange rate changes on cash and cash equivalents.....	(219)	321
	-----	-----
Net (decrease) increase in cash and cash equivalents.....	(3,825)	7,525
Cash and cash equivalents at beginning of period.	16,694	42,104
	-----	-----
Cash and cash equivalents at end of period.....	\$ 12,869	\$ 49,629
	=====	=====
Supplemental Disclosure of Cash Flow Information		
Cash paid during the period:		
Interest:		
Related parties.....	\$ 968	\$ 425
Others.....	2,096	2,227
	-----	-----
Total interest paid.....	\$ 3,064	\$ 2,652
	=====	=====
Income taxes paid.....	\$ 872	\$ 1,055
	=====	=====

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

THREE MONTHS ENDED MARCH 31, 1996 1995

(Dollars in thousands) (Unaudited) (Unaudited)

4% PREFERRED STOCK

Balance, beginning of year.....	\$ 995	\$ 1,033
Conversion of 1,592 and 823 shares into Class A Stock.....	(8)	
(4)		
	-----	-----
Balance, end of period.....	\$ 987	\$ 1,029
	=====	=====

6-1/2% PREFERRED STOCK

Balance, beginning of year.....	\$ 5,263	\$ 5,575
Conversion of 10,511 and 5,685 shares into Class A Stock.....	(53)	
(29)		
	-----	-----
Balance, end of period.....	\$ 5,210	\$ 5,546
	=====	=====

CLASS A STOCK

Balance, beginning of year.....	\$ 21,066	\$ 20,841
Issuance of shares upon conversion of Preferred Stock.....	39	21
	-----	-----
Balance, end of period.....	\$ 21,105	\$ 20,862
	=====	=====

ADDITIONAL PAID-IN CAPITAL

Balance, beginning of year.....	\$ 57,310	\$ 57,185
Conversion of Preferred Stock.....	22	12
	-----	-----
Balance, end of period.....	\$ 57,332	\$ 57,197
	=====	=====

RETAINED EARNINGS

Balance, beginning of year.....	\$ 85,559	\$ 89,007
Net (loss) income.....	(2,902)	1,586
	-----	-----
Balance, end of period.....	\$ 82,657	\$ 90,593
	=====	=====

CUMULATIVE TRANSLATION ADJUSTMENTS

Balance, beginning of year.....	\$ (4,354)	\$
(2,636)		
Foreign currency translation adjustment.....	293	637
	-----	-----
Balance, end of period.....	\$ (4,061)	\$
(1,999)		
	=====	=====

UNREALIZED (LOSS) ON MARKETABLE SECURITIES

Balance, beginning of year.....	\$ (595)	\$
(511)		
Unrealized gain (loss), net.....	430	
(39)		
	-----	-----
Balance, end of period.....	\$ (165)	\$
(550)		
	=====	=====

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, 1995 consolidated balance sheet presented herein was derived from the audited December 31, 1995 consolidated financial statements of the Company.

Reference should be made to the Company's consolidated financial statements for the year ended December 31, 1995 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, 1995 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 1995 statement of income 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. In May 1996, a wholly-owned subsidiary of Coral World International Limited ("CWI"), the Company's 50%-owned affiliate, entered into a contract to sell its marine park in Nassau (Bahamas) to an unrelated party for \$3.75 million and recorded a loss on sale of approximately \$4 million (the Company's share is \$2 million, \$1.3 million net of taxes). In addition, in May 1996, CWI's management made a decision to sell its marine park in St. Thomas (U.S. Virgin Islands), and CWI recorded a loss of approximately \$2 million (the Company's share is \$1 million, \$.7 million net of taxes) to adjust the carrying value of its investment to net realizable value. In recognition of these events the Company reflected these losses in the March 31, 1996 financial statements.

4. Bank Hapoalim B.M. ("Hapoalim") advised Ampal that an agreement between Hapoalim and the Steinmetz family had been signed on May 12, 1996.

According to the announcement which Hapoalim published in Israel, within the framework of the transaction the Steinmetz family agreed to purchase 29.6% of the capital of Ampal, for which Hapoalim will receive proceeds of approximately \$57 million at a price of \$7.84 per share. Hapoalim's announcement also stated that the sale of the shares was made within the framework of the reduction of the non-banking holdings of Hapoalim according to the Banking (Licensing) Law in effect in Israel, which requires Hapoalim to sell non-banking holdings in excess of 25% by the end of 1996. Upon completion of the sale, Hapoalim will hold the percentage required by Israel law.

In a separate report filed with the Israel Securities Authority, the Tel Aviv Stock Exchange and the Israeli Registrar of Companies, Hapoalim advised that it has reserved the right to act to change the rights of the voting shares of Ampal or to sell Common Stock, which has superior voting rights, to the purchasers. Hapoalim also advised that the agreement is subject to receipt of regulatory approvals in Israel. Ampal previously announced that Hapoalim has advised Ampal of its desire to enter into a transaction with Ampal to equalize the rights of Ampal's Common Stock (100% owned by Hapoalim) to those of its publicly owned Class A Stock.

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES
MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION
AND RESULTS OF OPERATIONS

Results of Operations

Consolidated net income decreased from \$1.6 million for the three-month period ended March 31, 1995 to a loss of \$2.9 million for the same period in 1996. The decrease in net income in 1996 resulted primarily from equity in losses of affiliates recorded in 1996, losses incurred by the Company's 58.4%-owned food processing subsidiary, Pri Ha'emek (Canned and Frozen Food) 88 Ltd. ("Pri Ha'emek"), unrealized losses on investments recorded in 1996 as compared to gains in 1995, and higher net interest expense. These decreases were partially offset by an increase in net rental income.

Equity in earnings of affiliates decreased from \$2.7 million for the three months ended March 31, 1995 to an equity in losses of \$1.1 million for the same period in 1996. The decrease is primarily attributable to losses recorded by the Company's 50%-owned affiliate, Coral World International Limited ("CWI"), which operates marine parks in Eilat (Israel), Perth and Manly (Australia), St. Thomas (U.S. Virgin Islands) and Nassau (Bahamas). In May 1996, CWI's wholly-owned subsidiary in Nassau (Bahamas) entered into a contract to sell its marine park to an unrelated party for \$3.75 million and recorded a loss on sale of approximately \$4 million (the Company's share is \$2 million, \$1.3 million net of taxes). CWI's management also made a decision to sell its marine park in St. Thomas, and CWI recorded a loss of approximately \$2 million (the Company's share is \$1 million, \$.7 million net of taxes) to adjust the carrying value of its investment to net realizable value. In recognition of these events the Company reflected these losses in the March 31, 1996 financial statements. Moriah Hotels Ltd., the Company's 46%-owned affiliate, which is one of the largest hotel chains in Israel, recorded higher losses in 1996 primarily because its Tel Aviv hotel has been closed for renovations since November 1995. The Tel Aviv hotel, which is undergoing a \$13 million renovation, partially reopened in May 1996. The earnings of the Company's 42.5%-owned affiliate, Ophir Holdings Ltd., decreased in 1996 because of the decrease in realized and unrealized gains recorded on its investments as well as increased interest expense on its CPI-linked bank borrowings in 1996 due to the higher rate of increase in the Consumer Price Index ("CPI") in Israel. These decreases were partially offset by the increased earnings recorded by the Company's 50%-owned affiliate, Trinet Venture Capital Ltd. ("Trinet"), a venture capital fund, which recorded an unrealized gain on its investment in Logal Software and Educational Systems Ltd. ("Logal"). Logal, which markets computerized educational systems for learning sciences in high schools and colleges, completed a public offering in March 1996 in the U.S. In addition, the earnings of the Company's affiliate, Teledata Communication Ltd., greatly improved as a result of increased sales which almost doubled for the three months ended March 31, 1996 as compared to the same period in 1995, mainly because of its more successful marketing efforts.

Pri Ha'emek, which initiated a recovery plan at the end of 1995, recorded further losses for the three months ended March 31, 1996. Its food processing revenues decreased in 1996 as a result of decreased sales volume in the domestic market. Food processing expenses increased in 1996 due to the increases in labor costs and costs of raw materials, which are linked to the increases in the CPI, decreased labor productivity and a reduction of discounts from suppliers.

Net interest expense increased in 1996 mainly because of the interest expense incurred in connection with the purchase of an office building ("800 Second Avenue") located at 800 Second Avenue, New York, New York, in June 1995.

The Company recorded \$.3 million of unrealized losses for the three-month period ended March 31, 1996 as compared to \$.7 million of unrealized gains in the same

period in 1995 mainly due to the changes in the fair market value of its investment in Mercury Interactive Corporation. At March 31, 1996 the aggregate fair value of trading securities amounted to approximately \$3.2 million.

The increases in rental income and rental property operating expenses are attributable to the operations of 800 Second Avenue.

The increase in the credit for minority interests in 1996 is mainly attributable to the minority interests' share of losses of Pri Ha'emek.

The low effective income tax benefit rate in 1996 is mainly attributable to losses reported by Pri Ha'emek from which no tax benefits are available.

Liquidity and Capital Resources

At March 31, 1996, cash and cash equivalents were \$12.9 million as compared with \$16.7 million at December 31, 1995. In addition, Ampal had approximately \$35 million of highly liquid interest-bearing securities included in the investments caption at March 31, 1996 as compared with approximately \$34 million at December 31, 1995.

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

Other Events

Bank Hapoalim B.M. ("Hapoalim") advised Ampal that an agreement between Hapoalim and the Steinmetz family had been signed on May 12, 1996.

According to the announcement which Hapoalim published in Israel, within the framework of the transaction the Steinmetz family agreed to purchase 29.6% of the capital of Ampal, for which Hapoalim will receive proceeds of approximately \$57 million at a price of \$7.84 per share. Hapoalim's announcement also stated that the sale of the shares was made within the framework of the reduction of the non-banking holdings of Hapoalim according to the Banking (Licensing) Law in effect in Israel, which requires Hapoalim to sell non-banking holdings in excess of 25% by the end of 1996. Upon completion of the sale, Hapoalim will hold the percentage required by Israel law.

In a separate report filed with the Israel Securities Authority, the Tel Aviv Stock Exchange and the Israeli Registrar of Companies, Hapoalim advised that it has reserved the right to act to change the rights of the voting shares of Ampal or to sell Common Stock, which has superior voting rights, to the purchasers. Hapoalim also advised that the agreement is subject to receipt of regulatory approvals in Israel. Ampal previously announced that Hapoalim has advised Ampal of its desire to enter into a transaction with Ampal to equalize the rights of Ampal's Common Stock (100% owned by Hapoalim) to those of its publicly owned Class A Stock.

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 - None.

Item 5. Other Information - None.

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.....	Page
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Exhibit 27 - Financial Data Schedule.

(b) Reports on Form 8-K - None.

Exhibit 11

AMPAL-AMERICAN ISRAEL CORPORATION AND SUBSIDIARIES

SCHEDULE SETTING FORTH COMPUTATION OF EARNINGS PER CLASS A SHARE

THREE MONTHS ENDED MARCH 31,	1996		1995	

(Amounts in thousands, except per share data)	(Unaudited)		(Unaudited)	
Weighted average number of shares outstanding:				
4% Preferred.....	198		206	
6-1/2% Preferred.....	1,047		1,112	
Class A.....	20,482		20,852	
Common.....	3,000		3,000	
	=====		=====	
Weighted average number of shares outstanding assuming conversion of preferred stock into Class A shares:				
Class A.....	24,613	89.14%	25,218	
89.37%				
Common.....	3,000	10.86	3,000	10.63
	-----	-----	-----	-----
	27,613	100.00%	28,218	
100.00%				
	=====	=====	=====	
	=====		=====	
NET (LOSS) INCOME.....	\$(2,902)		\$ 1,586	
	=====		=====	
Allocation of net (loss) income on the basis of the respective dividend rights of the above classes of stock, pro rata:				
Class A.....	\$(2,587)	89.14%	\$ 1,417	
89.37%				
Common.....	(315)	10.86	169	10.63
	-----	-----	-----	-----
	\$(2,902)	100.00%	\$ 1,586	
100.00%				
	=====	=====	=====	
	=====		=====	
(Loss) earnings per Class A share.....	\$(.11)		\$.06	
	=====		=====	

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
Vice President - Accounting
and Controller
(Principal Accounting
Officer)*

Dated: May 15, 1996

ARTICLE 5

MULTIPLIER: 1,000

PERIOD TYPE	3 MOS
FISCAL YEAR END	DEC 31 1996
PERIOD END	MAR 31 1996
CASH	12,869
SECURITIES	143,152
RECEIVABLES	66,752
ALLOWANCES	0
INVENTORY	0
CURRENT ASSETS	38,394
PP&E	90,729
DEPRECIATION	14,690
TOTAL ASSETS	337,206
CURRENT LIABILITIES	33,741
BONDS	141,229
PREFERRED MANDATORY	0
PREFERRED	6,197
COMMON	24,105
OTHER SE	131,934
TOTAL LIABILITY ANDEQUITY	337,206
SALES	9,715
TOTAL REVENUES	15,344
CGS	0
TOTAL COSTS	11,517
OTHER EXPENSES	2,262
LOSS PROVISION	0
INTEREST EXPENSE	4,608
INCOME PRETAX	(3,043)
INCOME TAX	(141)
INCOME CONTINUING	(2,902)
DISCONTINUED	0
EXTRAORDINARY	0
CHANGES	0
NET INCOME	(2,902)
EPS PRIMARY	(.11)
EPS DILUTED	(.11)

End of Filing