



ADAMA DELIVERS ANOTHER QUARTER OF RECORD SALES EXCEEDING \$1 BILLION

- **Q2 Sales grew 9.2% to a record \$1,023 million, exceeding \$1 billion mark for second consecutive quarter**
 - *Excluding the negative impact of hedge positions on European currencies created in 2017, Q2 sales grew 10.6% to \$1,036 million*
 - Robust 6.2% volume growth driven by continued demand for differentiated products and market share gains in all key regions
 - Solid demand conditions facilitate continued price increases, partially offsetting higher procurement costs
 - Half-year sales grew 10.0% to a record \$2,045 million, driven by 6.6% growth in volumes and stronger pricing environment
 - *Excluding the 2017 European hedge impact, H1 sales grew 12.1% to \$2,084 million*
- **Q2 Gross profit up to a record \$342 million**
 - Gross margin of 33.4% vs 35.6% in Q2 last year
 - *Excluding the 2017 European hedge impact, Q2 gross profit was \$354 million and gross margin 34.2%*
 - Continued improvement in portfolio mix from new and differentiated products alongside price increases offset by higher procurement costs
 - Half-year gross profit up 4.6% to a record \$694 million, with gross margin of 33.9% vs. 35.7% in H1 last year
 - *Excluding the 2017 European hedge impact, H1 gross profit was \$732 million and gross margin 35.1%*
- **Q2 EBITDA of \$188 million, in line with last year's record second quarter**
 - EBITDA margin of 18.4% vs 20.2% in Q2 last year
 - *Excluding the 2017 European hedge impact, Q2 EBITDA was \$201 million and EBITDA margin 19.4%*
 - Half-year EBITDA lower by 2.1% to \$379 million, with EBITDA margin of 18.5% vs. 20.8% in H1 last year
 - *Excluding the 2017 European hedge impact, H1 EBITDA was \$417 million and EBITDA margin 20.0%*
- **Q2 Net income of \$72 million compared to last year's second quarter record of \$81 million**
 - Net income margin of 7.1% vs 8.7% in Q2 last year
 - *Excluding the 2017 European hedge impact, Q2 net income was \$85 million and net income margin 8.2%*
 - Half-year net income of \$157 million (margin of 7.7%) compared to \$200 million (margin of 10.7%) in H1 last year
 - *Excluding the 2017 European hedge impact, H1 net income was \$195 million and net income margin 9.4%*
- **Continued strong cash flow generation**
 - Strong Operating Cash Flow of \$156 million in Q2, while accommodating higher working capital to support the significant business growth
 - Q2 Free Cash Flow generation of \$72 million



- **Significant \$283 million reduction in balance sheet net debt over the last 12 months to \$447 million**
 - Net debt / EBITDA ratio of 0.7x vs. 1.2x in Q2 last year

TEL AVIV, ISRAEL, August 27, 2018 – Adama Agricultural Solutions Ltd. (“Solutions”), together with Hubei Sanonda Co., Ltd. (the “Listed Entity”), to be named ADAMA (together, “ADAMA” or “the Combined Company”), today reported their combined consolidated financial results for the second quarter and six month period ended June 30, 2018.

<i>Adjusted, US\$m</i>	Q2 2018	Q2 2017	% Change	Q2 2018 (ex. '17 EU hedge)	H1 2018	H1 2017	% Change	H1 2018 (ex. '17 EU hedge)
Revenues	1,023	937	9.2%	1,036	2,045	1,859	10.0%	2,084
Gross profit	342	333	2.4%	354	694	663	4.6%	732
<i>Gross margin</i>	33.4%	35.6%		34.2%	33.9%	35.7%		35.1%
Operating income (EBIT)	136	139	-2.2%	149	273	283	-3.5%	311
<i>EBIT margin</i>	13.3%	14.8%		14.4%	13.3%	15.2%		14.9%
Net income	72	81	-11.2%	85	157	200	-21.3%	195
<i>Net income margin</i>	7.1%	8.7%		8.2%	7.7%	10.7%		9.4%
EBITDA	188	190	-0.8%	201	379	387	-2.1%	417
<i>EBITDA margin</i>	18.4%	20.2%		19.4%	18.5%	20.8%		20.0%
Earnings per share – USD	0.0295	0.0348			0.0642	0.0852		
– RMB	0.1884	0.2384			0.4086	0.5858		

The results of the Combined Company are presented after restatement of prior periods to include the financial position, results of operations and cash flow of Solutions. All income statement items contained in this release are presented on a combined, adjusted basis, reflecting the performance of the Combined Company. For a detailed description and analysis of the differences between the adjusted income statement items and the items as reported in the financial statements, see “Analysis of Gaps between Adjusted Income Statement and Income Statement in Financial Statements” in the appendix to this release.

Revenue growth in constant currencies in the second quarter was 9.4%, and 8.6% in the half-year.

Earnings per share are the same for basic and diluted. The number of shares used to calculate earnings per share in Q2 2017 is 2,341.9 million shares, reflecting the issuance of shares as part of the combination transaction in 2017. The number of shares used to calculate earnings per share in Q2 2018 is 2,446.6 million shares, including also the issuance of shares in the subsequent private placement equity offering.

Commenting on the results, **Yang Xingqiang, Chairman of Adama’s Board of Directors**, said, “Even in a period when the industry is showing signs of recovery, ADAMA continues to outperform and deliver strong, double-digit growth, reaching record sales and expanding in all key markets. Supporting this growth, we are pleased with the commercial and operational benefits of our unique China-Global infrastructure.”

Chen Lichtenstein, President and CEO of Adama, added, “ADAMA continues to launch new high-value added products, most notably CRONNOS® and NIMITZ® in Brazil this year. This, combined with strong, differentiated growth worldwide and price increases, is driving our sales to record levels, and as the impact of the 2017 European hedges subside, also allows us to progressively approach last year’s record profit levels.”



Performance in Context of Market Environment

The past two quarters have seen the beginnings of a recovery in demand for crop protection products in many markets, despite ongoing low soft commodity prices and farmer income.

While most agricultural commodities' prices remain subdued, in most regions inventory levels in the crop protection distribution channels are now lower in comparison to a year ago, allowing customary market activity levels to resume.

The second quarter saw a partial recovery in the European crop protection sector following a slow start to the season in the first quarter after an extended winter. ADAMA's strong performance in the region in the second quarter nevertheless allowed it to deliver half-year results in Europe in line with last year.

As previously communicated, the negative impact of 2017 European hedge positions seen in the first quarter continued to a lesser extent into the second quarter, and is not expected to continue to impact results going forward.

ADAMA continues to deliver robust volume growth, driven by the introduction of new and differentiated products, and increased penetration in markets across the globe.

The launch of ADAMA's innovative, triple mode-of-action soybean fungicide CRONNOS® in Brazil has started well, and is expected to make a meaningful contribution to growth starting in the second half of the year.

The Combined Company continues to maintain manufacturing cost discipline. However, higher procurement costs due to shortages in certain raw materials and intermediates, mostly owing to increased environmental focus in China, have raised product costs compared to last year. Robust demand conditions facilitate increased prices of approximately 3% across the portfolio to partially offset the higher procurement costs.

Financial Highlights

Revenues grew by 9.2% in the quarter and by 10.0% in the half-year period compared to the corresponding periods last year. Excluding the 2017 European hedge impact, revenues increased by 10.6% to \$1,036 million in the quarter and by 12.1% to \$2,084 million in the half-year, compared to the corresponding periods last year.

This increase was driven by volume growth of 6.2% in the quarter and 6.6% in the half-year. Especially strong performance was recorded in the Americas, China and the India, Middle East and Africa region, alongside a recovery in Europe after a delayed start to the season in the first quarter. In addition to the volume growth, improved demand conditions facilitated a stronger pricing environment, allowing the passing on of some of the impact of the constrained supply and higher procurement costs.

Gross profit in the quarter increased by 2.4% to \$342 million (gross margin of 33.4%), while gross profit in the half-year increased by 4.6% to \$694 million (gross margin of 33.9%), compared to the corresponding periods last year. Excluding the 2017 European hedge impact, gross profit increased by 6.3% to \$354 million (gross margin of 34.2%) in the quarter and by 10.4% to \$732 million (gross margin of 35.1%) in the half-year, compared to the corresponding periods last year.

The increases in gross profit in both the quarter and the half-year reflect the strong volume growth of a better product mix, as well as higher prices, which were partially offset by the increased procurement costs of raw materials and intermediates.

Operating expenses. Total operating expenses were \$205 million (20.1% of sales; 19.8% excluding the 2017 European hedge impact) in the quarter and \$421 million (20.6% of sales; 20.2% excluding the 2017 European hedge impact) in the half-year, compared to \$194 million (20.7% of sales) and \$381 million (20.5% of sales) in the corresponding periods last year, respectively.



Within operating expenses, Sales and Marketing expenses in the quarter were \$158 million (15.4% of sales; 15.2% excluding the 2017 European hedge impact), compared to \$149 million (15.9% of sales) in the corresponding period last year. Sales and Marketing expenses in the half-year were \$319 million (15.6% of sales; 15.3% excluding the 2017 European hedge impact), compared to \$289 million (15.5% of sales) in the corresponding period last year. The increase in this component resulted primarily from an increase in sales, marketing and product development teams in growing geographies and an increase in other variable expenses as a result of the increase in sales volumes.

Within operating expenses, R&D, General and Administrative expenses in the quarter were \$49 million (4.8% of sales; 4.7% excluding the 2017 European hedge impact) compared to \$43 million (4.6% of sales) in the corresponding period last year. R&D, General and Administrative expenses in the half-year were \$101 million (4.9% of sales; 4.8% excluding the 2017 European hedge impact) compared to \$85 million (4.6% of sales) in the corresponding period last year. The increase in this component resulted primarily from increased spend on strategic research and development projects.

In addition to these factors, part of the increase in total operating expenses stemmed from the impact of the strengthening of most currencies against the US dollar, mainly in the first quarter.

Operating income in the quarter was \$136 million and \$273 million in the half-year, lower by 2.2% and 3.5% compared to the corresponding periods last year, respectively. Excluding the 2017 European hedge impact, operating income increased by 7.0% to \$149 million in the quarter and by 10.1% to \$311 million in the half-year, compared to the corresponding periods last year.

EBITDA in the quarter was \$188 million and \$379 million in the half-year, lower by 0.8% and 2.1% compared to the corresponding periods last year, respectively. Excluding the 2017 European hedge impact, EBITDA would have increased by 5.9% to \$201 million in the quarter and by 7.9% to \$417 million in the half-year, compared to the corresponding periods last year.

Financial expenses and investment income. Total net financial expenses and investment income in the quarter were \$33 million compared to \$41 million in the corresponding period last year. This decrease was primarily due to foreign exchange income related to balance sheet positions, partially offset by the adoption of a new accounting standard which classifies part of interest income on sales as revenue. Total net financial expenses and investment income in the half-year were \$67 million compared to \$61 million in the corresponding period last year, reflecting the adoption of the new accounting standard.

Tax expenses. Net tax expenses were \$31 million in the quarter, compared to \$17 million in the corresponding period last year. The higher expenses stem from increased profits accrued at the Combined Company's selling entities worldwide, as well as the \$11m non-cash impact of the devaluation of the Brazilian Real during the quarter, which resulted in a lower value of local currency-denominated tax assets. For the same reasons, total net tax expenses in the half-year were \$49 million compared to \$22 million in the corresponding period last year. Notably, the comparatively low tax expenses recorded in the first half of last year reflected a benefit from the utilization of tax loss carryforwards in the first quarter of 2017.

Net income in the quarter was \$72 million and \$157 million in the half-year, compared to \$81 million and \$200 million in the corresponding periods last year, respectively. Excluding the 2017 European hedge impact, net income increased by 4.5% to \$85 million in the quarter and was lower by 2.1% to \$195 million in the half-year, compared to the corresponding periods last year.

Working capital was higher by \$123 million compared to the corresponding point last year, accommodating the higher sales growth momentum. Inventories were higher due to significant product preparation in advance of the season in the southern hemisphere, as well as the higher procurement



costs. Receivables were higher due to the strong sales growth, partially offset by an increase in payables.

Cash Flow. Operating cash flow of \$156 million was generated in the quarter and \$122 million in the half-year, compared to \$323 million and \$328 million generated in the corresponding periods last year, respectively, mainly reflecting the build-up of working capital. Notwithstanding the stronger growth momentum requiring increased inventories in advance of the season, due to the continued implementation of advanced supply chain alignment, the Combined Company maintains its inventory days at their historically low levels. Additionally, continued tight control of credit allowed the receivable days of the Combined Company to be at record best mid-year levels. This working capital discipline facilitated the generation of strong operating cash flow, while accommodating the significant sales growth.

Net cash used in investing activities amounted to \$49 million in the quarter and \$41 million in the half-year, compared to \$29 million and \$70 million invested in the corresponding periods last year, respectively. Additions to assets includes investments in product registrations and other intangible and fixed assets, including the transfer of products in Europe from Syngenta in the first quarter of 2018. Proceeds from disposal of assets includes the divestment of certain products in Europe in the first quarter of 2018 in connection with the approval of the European Commission for ChemChina's acquisition of Syngenta, while in 2017 similarly includes one-time proceeds resulting from the sale of non-core assets. Investments in fixed assets, net of investment grants, amounted to \$29 million in the quarter, and \$56 million in the half-year, compared to \$26 million and \$45 million invested in the corresponding periods last year, respectively.

Free cash flow of \$72 million was generated in the quarter and \$42 million in the half-year, compared to \$257 million and \$213 million generated in the corresponding periods last year, respectively.

Leverage: Balance sheet net debt at the end of the quarter was \$447 million, down by \$283 million compared to the \$730 million in net debt as of June 30, 2017. This puts the Combined Company's net debt/EBITDA ratio at 0.7x, compared to 1.2x at the same time last year.

Regional Sales Performance

	Q2 2018 \$m	Q2 2017 \$m	Change USD	Change CER	H1 2018 \$m	H1 2017 \$m	Change USD	Change CER
Europe	309	287	+7.5%	+5.4%	702	686	+2.3%	-0.7%
North America	213	192	+11.1%	+10.4%	407	361	+12.5%	+11.8%
Latin America	172	150	+14.7%	+22.5%	311	266	+16.8%	+21.8%
Asia Pacific	168	171	-1.8%	-5.7%	356	319	+11.6%	+6.2%
<i>Of which China</i>	88	74	+19.6%	+12.0%	173	127	+36.6%	+27.4%
India, Middle East & Africa	162	138	+17.7%	+20.8%	270	226	+19.4%	+19.4%
Total	1,023	937	+9.2%	+9.4%	2,045	1,859	+10.0%	+8.6%

CER: Constant Exchange Rates

Europe: Sales increased by 5.4% in the quarter and were lower by 0.7% in the half-year period in constant currency terms, compared with the corresponding periods last year. Excluding the 2017 European hedge impact, sales in the region increased by 9.8% to \$316 million in the quarter and by 4.9% to \$720 million in the half-year.



The increase in the quarter was driven by solid volume growth, somewhat offset by softer pricing in local currencies. The recovery in the second quarter almost completely made up for the late start to the season as a result of the extended winter in the first quarter, bringing revenues in the half year in line with last year.

Northern Europe saw a fast development of the season in the beginning of the second quarter, followed by severe drought in the entire north-east region towards the end of the quarter, reducing consumption of fungicides and insecticides. In Southern Europe, warm and wet weather in the south-west caused an increase in insect and disease pressure, driving up consumption and reducing channel inventories.

A number of new products were registered in the quarter, including CAMARO[®], a dual-action cereal herbicide in Russia, SEGURIS[®] ERA, an innovative combination fungicide for cereals in Germany, COMPLETTO[®], a plant growth regulator for winter cereals in the UK, TAVAS[®], a potato herbicide in the Czech Republic and Portugal, and ARKTIS[®], a cereal herbicide in France.

In US dollar terms, sales in Europe increased by 7.5% in the quarter and by 2.3% in the half-year period compared with the corresponding periods last year, reflecting the appreciation of European currencies against the US dollar. Excluding the 2017 European hedge impact, sales in the region increased by 12.0% to \$322 million in the quarter and by 7.9% to \$740 million in the half-year.

North America: Sales increased by 10.4% in the quarter, and by 11.8% in the half-year period in constant currency terms, compared with the corresponding periods last year, driven by strong demand supporting volume growth of an improving portfolio mix, as well as higher selling prices.

In the US, strong demand for ADAMA's differentiated products drove volume growth and supported a generally stronger pricing environment, exacerbated by industry-wide supply shortages, compensating for the higher procurement costs. The Combined Company continues to benefit from key backward-integrated products which serve to entrench strong market positioning and facilitate market share gains.

Canada delivered a strong performance, with growth across the portfolio despite high channel inventories and dry weather conditions, which impacted sales of fungicides.

In US dollar terms, sales in North America increased by 11.1% in the quarter and 12.5% in the half-year period, compared to the corresponding periods last year.

Latin America: Sales increased by 22.5% in the quarter and by 21.8% in the half-year period in constant currency terms, compared with the corresponding periods last year. This strong performance was driven by significant volume growth and new product launches, alongside stronger pricing across most countries in the region.

The second quarter saw significant growth in Brazil, led by a robust increase in volumes and higher prices.

In one of the most important product launches to-date, ADAMA launched CRONNOS TOV[®] in Brazil in the second quarter. This unique three-way mixture fungicide provides growers with a highly effective and simple-to-use solution for Asian soybean rust, which is showing increasing resistance to currently available treatments. The product is expected to make a meaningful contribution to growth starting in the second half of the year.

Adama registered and launched a number of new products across the region including GALIL[®], CORMORAN[®] and ALBATROSS[®], new insecticides launched in Mexico, growth regulator TRITON[®] and vegetables insecticide KADABRA[®] launched in Colombia, Peru and Ecuador, and the innovative nematocide NIMITZ[®], launched in Chile, Central America and the Caribbean.

In US dollar terms, sales in Latin America increased by 14.7% in the quarter and by 16.8% in the half-year period compared with the corresponding periods last year, with the depreciation of local currencies against the US dollar somewhat moderating the strong growth in constant currency terms.



Asia-Pacific: Sales were lower by 5.7% in the quarter yet grew by 6.2% in the half-year period in constant currency terms, compared with the corresponding periods last year. The decline in the quarter was primarily due to the severe drought conditions in Australia and Indonesia, which was partially offset by the strong growth in China and other countries, as well as price increases across the region.

In China, sales of branded and formulated products are growing strongly, as ADAMA continues to expand its product portfolio and geographic reach, with launches of new products including LIANGKUI[®], a fungicide for fruit and vegetables, rice fungicide NONGFUAN[®], rice herbicides LIFAN[®] and DINGXING[®], and citrus insecticides FEISAIDI[®] and HONGJING[®].

Thailand, Vietnam, Korea, and the Philippines delivered strong sales growth, supported by favorable weather conditions. In spite of the drought in Australia, the Combined Company succeeded in growing its share in the country.

ADAMA registered a number of new and differentiated products, including SORCERER[®], an insecticide for fruit and vegetables, ALPHASCUD[®], an insecticide in field crops, pastures and fruit and vegetables, BOBCAT i-MAXX[®], a herbicide for a wide range of grasses and broadleaf weeds in sugarcane, all in Australia, as well as SEBI-O[®], a fungicide for fruit and vegetables in Thailand, and BELVEDERE FORTE[®] a herbicide for fodder beet in New Zealand.

In US dollar terms, sales were lower by 1.8% in the quarter yet increased by 11.6% in the half-year compared to the corresponding periods last year, reflecting the positive impact of the appreciation of local currencies, primarily the Australian Dollar in the half-year, against the US dollar.

India, Middle East & Africa: Sales grew by 20.8% in the quarter and by 19.4% in the half-year period in constant currency terms, compared with the corresponding periods last year, driven by significant volume growth as well as substantial price increases, as a result of strong demand for the Combined Company's portfolio and generally favorable weather conditions.

An outstanding performance in India was driven by significant growth of a differentiated portfolio, while benefiting from a good monsoon season. ADAMA has established leading positions in key backward-integrated products such as ACEMAIN[®], as well as TAPUZ[®], a new mixture for insect control benefiting from end-to-end process integration on both its constituent active ingredients. BARAZIDE[®], a tailor-made mixture insecticide developed specifically for the Indian market, was registered and is being launched.

ADAMA continues to grow strongly in Turkey, supported by increased brand awareness and strong positioning of its sugar beet portfolio. Strong portfolio demand facilitated higher prices, compensating for the depreciation of the local currency over the period.

Sales in Israel increased driven in part by the strong performance of the recently launched innovative nematicide NIMITZ[®].

In US dollar terms, sales increased by 17.7% in the quarter and 19.4% in the half-year period, compared to the corresponding periods last year, with the depreciation of local currencies, most notably the Indian Rupee and Turkish Lira, against the US dollar somewhat moderating the strong growth in constant currency terms.

Further Information

All filings of the Combined Company, together with a presentation of the key financial highlights of the period, can be accessed through the websites of the Combined Company at www.adama.com and www.sanonda.cn.

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About the Combined Company

The Combined Company, which will be named ADAMA subject to required approvals, is comprised of Adama Agricultural Solutions Ltd. and Hubei Sanonda Ltd., and is one of the world's leading crop protection companies. We strive to Create Simplicity in Agriculture – offering farmers effective products and services that simplify their lives and help them grow. With one of the most comprehensive and diversified portfolios of differentiated, quality products, our 6,600 strong team reaches farmers in over 100 countries, providing them with solutions to control weeds, insects and disease, and improve their yields. For more information, visit us at www.adama.com and follow us on Twitter® at [@AdamaAgri](https://twitter.com/AdamaAgri).

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Abridged Consolidated Financial Statements

The following abridged consolidated financial statements and notes have been prepared as described in Note 1. While prepared based on the principles of PRC GAAP, they do not contain all of the information which either PRC GAAP or IFRS would require for a complete set of financial statements and should be read in conjunction with the consolidated financial statements of both Hubei Sanonda Co., Ltd and Adama Agricultural Solutions Ltd. as filed with the Shenzhen and Tel Aviv Stock Exchanges, respectively.

Abridged Consolidated Income Statement for the Second Quarter

<i>Adjusted¹</i>	Q2 2018 USD(m)	Q2 2017 USD(m)	Q2 2018 ex. EU hedge USD(m)	Q2 2018 RMB(m)	Q2 2017 RMB(m)	Q2 2018 ex. EU hedge RMB(m)
Revenues	1,023	937	1,036	6,527	6,426	6,608
Cost of Sales	679	601	679	4,330	4,124	4,330
Business taxes and surcharges	3	2	3	18	16	18
Gross profit	342	333	354	2,179	2,286	2,260
<i>% of revenue</i>	<i>33.4%</i>	<i>35.6%</i>	<i>34.2%</i>	<i>33.4%</i>	<i>35.6%</i>	<i>34.2%</i>
Operating expenses	205	194	205	1,310	1,332	1,310
Operating income (EBIT)	136	139	149	868	954	950
<i>% of revenue</i>	<i>13.3%</i>	<i>14.8%</i>	<i>14.4%</i>	<i>13.3%</i>	<i>14.8%</i>	<i>14.4%</i>
Financial expenses and investment income	33	41	33	210	279	210
Income before taxes	103	98	116	658	675	740
Taxes on Income	31	17	31	197	117	197
Net income	72	81	85	461	558	543
<i>% of revenue</i>	<i>7.1%</i>	<i>8.7%</i>	<i>8.2%</i>	<i>7.1%</i>	<i>8.7%</i>	<i>8.2%</i>
Attributable to:						
Owners of the Company	72	81		461	558	
Non-controlling Interests	-	-		-	-	
EBITDA	188	190	201	1,200	1,301	1,281
<i>% of revenue</i>	<i>18.4%</i>	<i>20.2%</i>	<i>19.4%</i>	<i>18.4%</i>	<i>20.2%</i>	<i>19.4%</i>
Earnings per Share – Basic	<i>0.0295</i>	<i>0.0348</i>		<i>0.1884</i>	<i>0.2384</i>	
– Diluted	<i>0.0295</i>	<i>0.0348</i>		<i>0.1884</i>	<i>0.2384</i>	

The number of shares used to calculate earnings per share in Q2 2017 is 2,341.9 million shares, reflecting the issuance of shares as part of the combination transaction in 2017. The number of shares used to calculate earnings per share in Q2 2018 is 2,446.6 million shares, including also the issuance of shares in the subsequent private placement equity offering.

¹ For an analysis of the differences between the adjusted income statement items and the income statement items as reported in the financial statements, see below “Analysis of Gaps between Adjusted Income Statement and Income Statement in Financial Statements”.



Abridged Consolidated Balance Sheet

	June 30 2018 USD (m)	June 30 2017 USD (m)	June 30 2018 RMB (m)	June 30 2017 RMB (m)
Assets				
Current assets:				
Cash at bank and on hand	914	671	6,050	4,544
Bills and accounts receivable	1,013	966	6,703	6,546
Inventories	1,251	1,084	8,275	7,345
Assets held for sale	-	55	-	376
Other current assets, receivables and prepaid expenses	380	322	2,517	2,182
Total current assets	3,558	3,099	23,544	20,993
Non-current assets:				
Fixed assets, net	1,061	1,043	7,021	7,068
Intangible assets, net	1,486	1,231	9,835	8,336
Deferred tax assets	94	105	624	708
Other non-current assets	84	73	554	492
Total non-current assets	2,726	2,451	18,034	16,605
Total assets	6,284	5,550	41,578	37,597
Liabilities				
Current liabilities:				
Loans and credit from banks and other lenders	125	196	825	1,330
Bills and accounts payable	660	570	4,366	3,859
Other current liabilities	832	759	5,507	5,140
Total current liabilities	1,617	1,525	10,699	10,329
Long-term liabilities:				
Long-term loans from banks and other lenders	48	73	320	493
Debentures	1,141	1,185	7,549	8,027
Deferred tax liabilities	71	36	472	242
Employee benefits	95	69	631	470
Other long-term liabilities	55	62	363	420
Total long-term liabilities	1,411	1,425	9,336	9,651
Total liabilities	3,028	2,950	20,034	19,980
Equity				
Total equity	3,256	2,601	21,543	17,617
Total equity	3,256	2,601	21,543	17,617
Total liabilities and equity	6,284	5,550	41,578	37,597



Abridged Consolidated Cash Flow Statement for the Second Quarter

	Q2 2018 USD (m)	Q2 2017 USD (m)	Q2 2018 RMB (m)	Q2 2017 RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	156	323	995	2,212
Cash flow from operating activities	156	323	995	2,212
Investing activities:				
Additions to fixed and intangible assets	-48	-58	-304	-399
Proceeds from disposal of fixed and intangible assets	-	13	1	91
Other investing activities	-1	16	-7	109
Cash flow used for investing activities	-49	-29	-310	-199
Financing activities:				
Receipt of loans from banks and other lenders	-	1	-	5
Repayment of loans from banks and other lenders	-33	-44	-212	-300
Other financing activities	-40	-39	-258	-269
Cash flow from (used for) financing activities	-74	-82	-470	-563
Effects of exchange rate movement on cash and cash equivalents	-14	0	209	-75
Net change in cash and cash equivalents	20	211	424	1,375
Cash and cash equivalents at the beginning of the period	890	458	5,597	3,163
Cash and cash equivalents at the end of the period	910	670	6,021	4,538
Free Cash Flow	72	257	453	1,759



Abridged Consolidated Cash Flow Statement for the Half-Year

	H1 2018 USD (m)	H1 2017 USD (m)	H1 2018 RMB (m)	H1 2017 RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	122	328	780	2,249
Cash flow from operating activities	122	328	780	2,249
Investing activities:				
Additions to fixed and intangible assets	-421	-105	-2,678	-723
Proceeds from disposal of fixed and intangible assets	380	14	2,413	94
Other investing activities	0	21	1	145
Cash flow used for investing activities	-41	-70	-265	-484
Financing activities:				
Receipt of loans from banks and other lenders	-	15	-	105
Repayment of loans from banks and other lenders	-322	-91	-2,048	-625
Other financing activities	-48	-65	-308	-446
Cash flow from (used for) financing activities	-370	-141	-2,356	-966
Effects of exchange rate movement on cash and cash equivalents	-4	0	-2	-95
Net change in cash and cash equivalents	-294	117	-1,843	704
Cash and cash equivalents at the beginning of the period	1,204	553	7,864	3,834
Cash and cash equivalents at the end of the period	910	670	6,021	4,538
Free Cash Flow	42	213	254	1,452



Notes to Abridged Consolidated Financial Statements

Note 1: Basis of preparation

Basis of presentation and accounting policies: The abridged consolidated financial statements for the quarters and half-years ended June 30, 2018 and 2017 incorporate the financial statements of Hubei Sanonda Ltd. (so called prior to its expected name change) and of all of its subsidiaries ("The Combined Company"), including Adama Agricultural Solutions Ltd. ("Solutions") and its subsidiaries.

The Combined Company has adopted the Accounting Standards for Business Enterprises issued by the Ministry of Finance (the "MoF") and the implementation guidance, interpretations and other relevant provisions issued or revised subsequently by the MoF (collectively referred to as "CASBE").

Solutions' consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (IASB).

The abridged consolidated financial statements contained in this release are presented in both Chinese Renminbi (RMB) as the Combined Company's shares are traded on the Shenzhen Stock Exchange as well as in United States dollars (\$) as this is the major currency in which the Combined Company's business is conducted. For the purposes of this release, a customary convenience translation has been used for the translation from RMB to US dollars, with Income Statement and Cash Flow items being translated using the quarterly average exchange rate, and Balance Sheet items being translated using the exchange rate at the end of the period.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

Note 2: Abridged Financial Statements

For ease of use, the Financial Statements shown in this release have been abridged as follows:

Abridged Consolidated Income Statement:

- "Operating expenses" includes selling and distribution expenses; general and administrative (including research and development); impairment losses; gain (loss) from disposal of assets and non-operating income and expenses
- "Financial expenses and investment income" includes net financing expenses; gains from changes in fair value; and investment income (including share of income of equity accounted investees)

Abridged Consolidated Balance Sheet:

- "Other current assets, receivables and prepaid expenses" includes financial assets at fair value through profit or loss; financial assets in respect of derivatives; prepayments; other receivables; and other current assets
- "Fixed assets, net" includes fixed assets and construction in progress
- "Intangible assets, net" includes intangible assets and goodwill
- "Other non-current assets" includes assets available for sale; long-term equity investments; long-term receivables; investment property; and other non-current assets
- "Loans and credit from banks and other lenders" includes short-term loans and non-current liabilities due within one year
- "Other current liabilities" includes financial liabilities in respect of derivatives; payables for employee benefits, taxes, interest, dividends and others; advances from customers and other current liabilities
- "Other long-term liabilities" includes long-term payables, provisions, deferred income and other non-current liabilities



Analysis of Gaps between Adjusted Income Statement and Reported Income Statement in Financial Statements

Q2 USD(m)	Adjusted		Adjustments		Reported	
	Q2 2018	Q2 2017	Q2 2018	Q2 2017	Q2 2018	Q2 2017
Revenues	1,023	937	-	-	1,023	937
Gross profit	342	333	-	-	342	333
Operating expenses	205	194	-22	-	228	194
Operating income (EBIT)	136	139	22	-	114	139
Income before taxes	103	98	22	-	81	99
Net income	72	81	20	1	52	81
EBITDA	188	190	1	-10	187	200
Earnings per share	0.0295	0.0348	0.0083	0.0002	0.0212	0.0345

Q2 RMB(m)	Adjusted		Adjustments		Reported	
	Q2 2018	Q2 2017	Q2 2018	Q2 2017	Q2 2018	Q2 2017
Revenues	6,527	6,426	-	-	6,527	6,426
Gross profit	2,179	2,286	-	-1	2,179	2,287
Operating expenses	1,310	1,332	-143	2	1,453	1,331
Operating income (EBIT)	868	954	143	-2	726	956
Income before taxes	658	675	143	-2	515	677
Net income	461	558	130	4	331	554
EBITDA	1,200	1,301	6	-71	1,194	1,372
Earnings per share	0.1884	0.2384	0.0532	0.0017	0.1352	0.2367

H1 USD(m)	Adjusted		Adjustments		Reported	
	H1 2018	H1 2017	H1 2018	H1 2017	H1 2018	H1 2017
Revenues	2,045	1,859	-	-	2,045	1,859
Gross profit	694	663	1	-	692	663
Operating expenses	421	381	282	-9	140	390
Operating income (EBIT)	273	283	-280	9	553	274
Income before taxes	206	221	-280	9	486	212
Net income	157	200	-214	8	372	192
EBITDA	379	387	-311	-12	689	399
Earnings per share	0.0642	0.0852	-0.0877	0.0034	0.1518	0.0818

H1 RMB(m)	Adjusted		Adjustments		Reported	
	H1 2018	H1 2017	H1 2018	H1 2017	H1 2018	H1 2017
Revenues	13,026	12,770	-	-	13,026	12,770
Gross profit	4,418	4,557	9	-1	4,408	4,558
Operating expenses	2,681	2,615	1,790	-63	892	2,678
Operating income (EBIT)	1,736	1,942	-1,780	62	3,516	1,879
Income before taxes	1,310	1,521	-1,780	62	3,090	1,459
Net income	1,000	1,372	-1,363	55	2,363	1,317
EBITDA	2,412	2,645	-1,976	-86	4,387	2,731
Earnings per share	0.4086	0.5858	-0.5571	0.0235	0.9658	0.5624



Income Statement Adjustments

	Q2 2018 USD (m)	Q2 2017 USD (m)	Q2 2018 RMB (m)	Q2 2017 RMB (m)
Net Income (as Reported)	51.9	80.8	330.8	554.3
Non-cash legacy amortization of 2011 PPA for acquisition of Solutions, net of tax	9.5	9.5	60.6	65.2
Non-cash Amortization of Transfer assets from Syngenta related to 2017 ChemChina acquisition of Syngenta	10.2	-	64.8	-
One-time capital gain from sale of EU and US registrations, related to 2017 ChemChina acquisition of Syngenta, net of taxes	-	-8.6	-	-59.0
Reinstatement of depreciation expenses due to classification of to-be-divested European registrations as "Held-for-Sale", related to 2017 ChemChina acquisition of Syngenta	-	-1.4	-	-9.6
Adjustment of 2017 LTI provision made in Q4 to accrual over the full year	-	-1.8	-	-12.2
Non-core asset disposal	0.8	-	4.9	-
Net expense related to conclusion of 1985 tax claim in Brazil	-	2.9	-	19.6
Total adjustments	20.4	0.6	130.3	3.9
Net Income (as Adjusted)	72.3	81.4	461.0	558.2

	H1 2018 USD (m)	H1 2017 USD (m)	H1 2018 RMB (m)	H1 2017 RMB (m)
Net Income (as Reported)	371.5	191.6	2,362.8	1,317.0
Non-cash legacy amortization of 2011 PPA for acquisition of Solutions, net of tax	19.0	19.0	121.1	130.6
Non-cash Amortization of Transfer assets from Syngenta related to 2017 ChemChina acquisition of Syngenta	10.2	-	64.8	-
One-time capital gain from sale of EU and US registrations, related to 2017 ChemChina acquisition of Syngenta, net of taxes	-244.8	-8.6	-1,556.6	-59.0
Reinstatement of depreciation expenses due to classification of to-be-divested European registrations as "Held-for-Sale", related to 2017 ChemChina acquisition of Syngenta	-2.6	-1.4	-16.5	-9.6
Adjustment of 2017 LTI provision made in Q4 to accrual over the full year	-	-3.9	-	-26.6
Non-core asset disposal	2.3	-	14.8	-
Combination Transaction – one time taxes	1.5	-	9.4	-
Net expense related to conclusion of 1985 tax claim in Brazil	-	2.9	-	19.6
Total adjustments	-214.5	8.0	-1,363.1	54.9
Net Income (as Adjusted)	157.0	199.6	999.7	1,371.9



Exchange Rate Data for the Combined Company's Principal Functional Currencies

	June 30			Q2 Average			H1 Average		
	2018	2017	Change	2018	2017	Change	2018	2017	Change
EUR/USD	1.166	1.140	2.2%	1.193	1.099	8.6%	1.211	1.082	11.9%
USD/BRL	3.856	3.308	(16.6%)	3.606	3.214	(12.2%)	3.425	3.178	(7.8%)
USD/PLN	3.744	3.706	(1.0%)	3.575	3.838	6.9%	3.487	3.949	11.7%
USD/ZAR	13.701	13.033	(5.1%)	12.623	13.033	3.1%	12.284	13.214	7.0%
AUD/USD	0.739	0.768	(3.7%)	0.757	0.751	0.8%	0.771	0.754	2.3%
GBP/USD	1.317	1.299	1.4%	1.361	1.278	6.5%	1.376	1.258	9.4%
USD/ILS	3.650	3.496	(4.4%)	3.570	3.589	0.5%	3.514	3.661	4.0%
USD LIBOR 3M	2.34%	1.29%	80.9%	2.30%	1.20%	92.0%	2.11%	1.13%	86.7%

	June 30			Q2 Average			H1 Average		
	2018	2017	Change	2018	2017	Change	2018	2017	Change
USD/RMB	6.617	6.774	(2.3%)	6.376	6.857	(7.0%)	6.367	6.870	(7.3%)
EUR/RMB	7.714	7.724	(0.1%)	7.605	7.533	1.0%	7.708	7.432	3.7%
RMB/BRL	0.583	0.488	(19.3%)	0.565	0.469	(20.7%)	0.538	0.575	6.4%
RMB/PLN	0.566	0.547	(3.4%)	0.561	0.560	(0.2%)	0.548	0.575	4.7%
RMB/ZAR	0.483	0.520	7.1%	0.505	0.520	2.9%	0.518	0.520	0.3%
AUD/RMB	4.892	5.199	(5.9%)	4.828	5.149	(6.2%)	4.912	5.181	(5.2%)
GBP/RMB	8.715	8.801	(1.0%)	8.679	8.764	(1.0%)	8.761	8.642	1.4%
RMB/ILS	0.552	0.516	(6.9%)	0.560	0.523	(7.0%)	0.552	0.533	(3.6%)
RMB SHIBOR 3M	4.155%	4.50%	(7.7%)	4.190%	4.474%	(6.3%)	4.441%	4.277%	3.8%