אדמה פתרונות לחקלאות בע"מ
ADAMA Agricultural Solutions Ltd.

Quarterly Report for June 30, 2017

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Chapter A – Board of Directors' Report on the state of the Company's Affairs

Chapter B – Financial statements (unaudited) for June 30, 2017

Chapter C – Report Regarding the Effectiveness of the Internal Auditing of Financial Reporting and Disclosure

The information contained herein constitutes an unofficial translation of the Quarterly Report for the Second quarter of 2017, as published by the Company in Hebrew.

The Hebrew version is the binding version. This translation has been prepared for convenience purposes only.

אדמה פתרונות לחקלאות בע"מ

ADAMA Agricultural Solutions Ltd.

Chapter A

Board of Directors' Report on the state of the Company's Affairs

Adama Agricultural Solutions Ltd.

Board of Directors' Report for the Quarter and the Half-Year Ended June 30, 2017

This Report is limited in scope and should be reviewed together with the Periodic Report for 2016, published on March 30, 2017 (Ref: 2017-01-028000).

Adama 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 5,000-strong team reaches farmers in over 100 countries, providing solutions to control weeds, insects and disease, and improve crop yields.

Adjusted financial highlights – second quarter and first half of 2017

Record second quarter for Adama, with net income up 20%, positioning Adama for another strong year. Robust volume growth leads to best ever profits and profitability in both the second quarter and half year, in face of a tough market

- **Q2 Sales up 2.8% to $830 million; volume up a robust 7.3%, with strong momentum of differentiated products**
  - Half year sales increase to $1,673 million, driven by 5.5% growth in volume

- **Q2 Gross profit up 10.9% to record high $300 million; gross margin up 2.7 percentage points to 36.2%**
  - Half year gross profit up 7.9% to record high $612 million, with an increase of 2.4 percentage points in gross margin to 36.5%
  - Driven by continuing improvement in portfolio mix and cost reduction

- **Q2 Operating Income up 16.6% to record high $115 million; operating margin up 1.7 percentage points to 13.9%**
  - Half year operating income up 10.4% to record high $252 million, with an increase of 1.3 percentage points in operating margin to 15.0%

- **Q2 Net Income up 19.8% to $68 million; net income margin up 1.1 percentage points to 8.2%**
  - Half year net income up 15.6% to record high $183 million, with an increase of 1.4 percentage points in net income margin to 10.9%

- **Q2 EBITDA up 11.8% to record high $159 million; EBITDA margin up 1.6 percentage points to 19.2%**
  - Half year EBITDA up 7.8% to record high $339 million, with an increase of 1.4 percentage points in EBITDA margin to 20.3%

- **66% increase in Q2 Free Cash Flow to record high $230 million**
  - 38% increase in Q2 Operating Cash Flow to $254 million
  - Balance sheet working capital improved by $150 million over the year

- **$310 million reduction in balance sheet net debt over the last 12 months to $768 million**
  - Net debt / EBITDA ratio of 1.4x vs. 2.2x in Q2 last year

- **Combination with Sanonda completed**
  - Returning to the public equity market
  - Combined group to be renamed ADAMA and operate under its global leadership

Summary of developments in the sector and the Company's activities

- **Continued subdued demand for crop protection products due to ongoing low commodity prices and farmer revenues** – while most agricultural commodities' prices are generally stable, grain inventories continue to remain high, keeping pressure on prices. This environment continues to negatively affect farmers' profitability for the third consecutive year, and while in some regions the inventory levels in the crop protection distribution channels are somewhat lower in comparison to 2016, lingering high crop protection inventory levels in other key regions such as the Europe and Brazil continue to result in subdued demand. Despite these overall challenging market conditions, the Company delivered robust volume growth in the second quarter and through the half-year, driven by the introduction of new and differentiated products, and increased market penetration in markets across the globe.

- **The average exchange rate of the US dollar had a relatively minor net positive effect on the Company's sales in comparison to the corresponding periods last year**, reflecting the weakening of the US dollar against some currencies, primarily the Brazilian Real, and concurrently the strengthening of the US dollar against other currencies, primarily the Euro.

- **Containment of manufacturing and reduction of procurement costs** – continued control of manufacturing costs, including transportation and energy, combined with reduced raw material costs in 2016, benefited the costs of goods sold over the half-year. However, in light of restricted availability of various raw materials, procurement costs are now stable or somewhat increasing, which is expected to impact production costs during the rest of 2017.

  In the 2016 Board of Directors report, the Company described its expectation that the higher raw material, energy and transportation costs, the continued strengthening of the US dollar, together with lingering high levels of inventory in distribution channels in Europe following a soft 2016 season, will impact performance especially in the first half of 2017. The Company nevertheless succeeded in weathering these challenges in the first half of 2017.

- **Adama–Sanonda combination and flotation** – within the framework of advancing the Company's build-up and integration in China, the combination of Adama and Hubei Sanonda Co. Ltd. ("**Sanonda**") was successfully completed, whereby on July 4, the entire share capital of the Company was transferred from CNAC to Sanonda, in return for the issuance of new shares in Sanonda to CNAC and their registration for trade on the Shenzhen Stock Exchange, which was completed on August 2.[1] It is the intention of the combined group to raise approximately $250 million by means of a private placement of new equity capital, to be used primarily for the financing of the Company's planned development.[2]

- **Corporate activity of companies in the sector –** in the last two years, the agrochemical industry has seen the signing of a number of significant transactions, including the merger of Dow Chemical Co. with E.I Du Pont De Nemours and Company, the acquisition of Monsanto Company by Bayer AG and the acquisition of Syngenta AG by ChemChina ("**Syngenta**" and the "**Transaction**", respectively). In addition, as a result of these

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[1] See the immediate reports of July 5, 2017, (Ref: 2017-01-057064, 2017-01-057070 and 2017-01-057073).
[2] See the immediate report of June 4, 2017, (Ref: 2017-01-056511).

transactions, and to secure their regulatory approvals, the industry has seen the subsequent announcement of related divestment processes and various other contractual arrangements that are still subject to the approval of regulatory authorities across the world.

On May 18, 2017 the Transaction was completed, and subsequently, the Company is working according to its agreement with the said parties to effect the divestment of a number of its products (the "**Divested Products**"), while receiving products of similar nature and economic value from Syngenta (the "**Transferred Products**"). The Company intends to divest several of its products in Europe, while maintaining its ability to continue to sell such products in other countries outside Europe, and in some cases within Europe as well, while in the U.S. the Company completed the sale of a few of its products, all against the receipt of the Transferred Products. Although the aggregate sales in 2016 terms of the products that the Company may divest in Europe is significant with respect to its sales in this region, in relation to the Company's aggregate global sales, it is not material, and moreover, the combined impact of entering into agreements for the sale of the Divested Products and the receipt of the Transferred Products is expected to be immaterial.[3]

The Company's assessments regarding the projected effects on costs of production during the course of 2017 as well as its assessments regarding the Divested and Transferred products in connection with the Transaction, and their characteristics, the timing of reaching agreements and their corporate approval by the Company and their combined impact on the Company's business, are forward-looking statements, as defined in the Securities Law, 1968. These assessments may not be realized, or be realized in a different manner than the Company estimates, inter alia, due to factors that are not within the Company's control, amongst which, are developments in the crop protection market, changes in demand for the Company's products, in currencies, commodity prices, raw material costs and other macroeconomic trends.

[3] See the immediate reports of May 21, 2017, April 5, 2017, and February 5, 2017 (reference numbers: 2017-01-051024, 2017-01-030721 and 2017-01-010690) and Note 28 of the 2016 financial statements.

Results of Operations – Adjusted Income Statement

Income Statement for the Quarter

	Q2 2017 $m	Q2 2016 $m	Change $m	% Change CER	% Change USD
Revenues	**830**	**808**	**22**	**+2.2%**	**+2.8%**
Gross profit	300	271	29		+10.9%
% of revenue	*36.2%*	*33.5%*			
Operating expenses	185	172	13		
Operating income (EBIT)	**115**	**99**	**16**		**+16.6%**
% of revenue	*13.9%*	*12.2%*			
Finance expenses, net	37	38	-1		
Income before taxes	80	62	18		
Net income	**68**	**57**	**11**		**+19.8%**
% of revenue	*8.2%*	*7.1%*			
EBITDA	**159**	**143**	**16**		**+11.8%**
% of revenue	*19.2%*	*17.6%*			

Income Statement for the Half-Year

	H1 2017 $m	H1 2016 $m	Change $m	% Change CER	% Change USD
Revenues	**1,673**	**1,661**	**+12**	**+0.8%**	**+0.7%**
Gross profit	612	567	+45		+7.9%
% of revenue	*36.5%*	*34.1%*			
Operating expenses	360	339	+21		
Operating income (EBIT)	**252**	**228**	**+24**		**+10.4%**
% of revenue	*15.0%*	*13.7%*			
Finance expenses, net	56	67	-11		
Income before taxes	198	161	+37		
Net income	**183**	**158**	**+25**		**+15.6%**
% of revenue	*10.9%*	*9.5%*			
EBITDA	**339**	**315**	**+24**		**+7.8%**
% of revenue	*20.3%*	*18.9%*			

Income Statement items adjusted in the above tables, as presented in the financial statements (in USD million): [4]
For the second quarter of 2017: Operating expenses 175 (21.1%), operating income (EBIT) 125 (15.1%), income before taxes 90 (10.8%), net income 75 (9.0%) and EBITDA 168 (20.2%).
The second quarter of 2016 report did not include adjustments.

For the first half of 2017: Operating expenses 350 (20.9%), operating income (EBIT) 261 (15.6%), income before taxes 207 (12.4%), net income 189 (11.3%) and EBITDA 347 (20.8%).

For the first half of 2016: Gross profit 567 (34.1%), operating expenses 336 (20.2%), operating income (EBIT) 231 (13.9%), income before taxes 164 (9.9%), net income 161 (9.7%) and EBITDA 318 (19.1%).

[4] The Income Statement items for the half-year presented in the table primarily include adjustment for a capital gain in the amount of approximately $9 million from the sale/transfer process related to certain products in connection with ChemChina's acquisition of Syngenta and tax expenses in the amount of approximately $3 million in respect of a tax event from 1985 against cancellation of a tax asset. The income statement items for the corresponding period last year presented in the tables include adjustment for the value redeployment in the first quarter of 2016 of employee options granted in 2014, which created an income in the amount of $3 million.
For an analysis of the differences between the adjusted income statement items and the income statement items reported in the financial statements, see Appendix A.

Analysis of the Company's Adjusted Results

Sales

Sales in the quarter increased by 2.2% and by 0.8% in the half year compared to the corresponding periods last year, in constant currency terms. This increase was driven by volume growth of 7.3% in the quarter and 5.5% over the half-year, with Adama's increasingly differentiated product portfolio driving strong business growth despite generally adverse agricultural market conditions. Especially strong performances were recorded in the India, Middle East and Africa region as well as in APAC. The strong volume growth was partially offset by the passing on to customers of a portion of the ongoing reduction in cost of sales.

In US dollar terms, sales grew by 2.8% in the quarter and by 0.7% in the half-year, reflecting the net impact of the strengthening of certain currencies against the dollar in a number of key regions such as Brazil and India, which was offset by the weakening of certain currencies against the US Dollar, most notably the Euro and the British Pound, compared to the corresponding periods last year, as well as the lower contribution of currency hedging over the period.

Revenue split by region

Second quarter sales:

	Q2 2017 $m	Q2 2016 $m	Estimated % change in CER	% change in $
Europe	286	279	+4.4%	+2.8%
North America	190	186	+2.1%	+2.1%
Latin America	147	159	-10.8%	-7.7%
Asia-Pacific	91	85	*+6.6%*	+7.2%
India, Middle East and Africa	116	99	+13.2%	+17.1%
of which, Israel	*26*	*28*	*-12.6%*	*-7.1%*
Total	**830**	**808**	**+2.2%**	**+2.8%**

Half-year sales:

	H1 2017 $m	H1 2016 $m	Estimated % change in CER	% change in $
Europe	684	704	+0.3%	-2.8%
North America	359	340	+5.7%	+5.7%
Latin America	262	272	-10.2%	-4.0%
Asia-Pacific	178	169	*+4.6%*	+5.8%
India, Middle East and Africa	190	176	+6.3%	+7.8%
of which, Israel	*49*	*51*	*-8.6%*	*-4.2%*
Total	**1,673**	**1,661**	**+0.8%**	**+0.7%**

Noteworthy trends and developments in the various geographical regions affecting the Company's activities

The information included in the shaded boxes provides additional information about developments and events that affected the Company's operations during the quarter and the half-year in a non-material manner.

Europe

Sales increased by 4.4% in the quarter and by 0.3% in the half-year in constant currency terms compared with the corresponding periods last year. This increase was driven by strong volume growth of an increasingly differentiated portfolio, despite low disease and insect pressure as a result of the cold and wet conditions in the first part of the quarter, as well as the lingering high levels of inventory in the distribution channels, which have led to slower demand and a decrease in the overall European crop protection market. The volume growth was partially offset by the passing on to customers of a portion of the reduction in cost of sales.

In US dollar terms, reflecting the weaker exchange rates in the quarter and half-year, and the lower contribution of currency hedging in the period compared with the corresponding periods last year, sales in Europe increased by 2.8% in the quarter and were 2.8% lower in the half year.

- We continue to benefit from the increased sugar beet acreage across the continent, with our strong sugar beet product portfolio driving increased market share.
- We grew markedly in Romania, where our multiple farmer-centric initiatives, such as SimpliCultura™ our field events showcasing our solutions, reach farmers directly. These efforts, complemented by a variety of digital and social media programs serving to raise our brand-awareness, are facilitating tangible business growth.
- In the Ukraine, strong demand for our differentiated portfolio, including CUSTODIA®, SUPREME® and RACER® for sunflower, as well as MAVRIK® in oilseed rape, saw us recording sharply increased sales. Our focus on digital services providing farmers with support and decision-making tools, such as the Adama Lab, Adama iMeteo and Adama Fin apps, also contributed to our sales growth.
- KANTIK®, our unique mixture of three active ingredients for disease control in wheat and barley, was registered in France, and is expected to be launched later this year. In addition, we obtained a number of new registrations in Germany, including MERCURY®, a differentiated mixture for fungal diseases in sugar beet, and CRAWLER, a unique oilseed rape herbicide for the control of a wide range of grasses.

North America

Sales increased by 2.1% in the quarter and by 5.7% in the half-year, both in constant currency and in US dollar terms, compared with the corresponding periods last year. This increase was driven by robust volume growth, mainly of higher margin products, which was partially offset by the passing on to customers of a portion of the reduction in cost of sales. The Company completed during the quarter the sale of the Divested Products and the transfer of the Transferred Products in the US within the framework of the Transaction, without material impact on its results.

- Our US crop protection business grew strongly in the quarter, with volume-led revenue expansion, as well as an improvement in portfolio mix and improved pricing driving markedly improved profitability.
- We continue to grow sales of key backward-integrated products sourced from Sanonda and ChemChina entities, building strategic positions in these key molecules.
- Leveraging our leading cotton portfolio and demand creation activities on increasing cotton acres in the US, we continue to grow our share in this crop.
- In Canada and in our Consumer and Professional Solutions business, our continued shift towards more differentiated and higher-margin products drove improved profitability.

Latin America

Sales were lower by 10.8% in the quarter and by 10.2% in the half-year in constant currency terms, compared with the corresponding periods last year. This is a reflection of the ongoing challenging industry conditions in the region, causing lower volumes in the quarter and the passing on to customers of a portion of the reduction in cost of sales, both in Argentina and Brazil, which was offset by volume growth in other countries. Volumes over the half-year were stable.

Despite the overall decline in the Brazilian agrochemical market, the Company saw stable sales in Brazil in the first half of the year, with volume growth complemented by an improved portfolio, a particularly noteworthy performance.

Tight credit conditions in Brazil as well as in additional countries in the region continue to affect the pace of collection, and the Company continues its policy of aligning sales with customers' demonstrated ability to meet their credit terms on an ongoing basis.

In US dollar terms, sales in Latin America were lower by 7.7% in the quarter and by 4.0% in the half-year compared with the corresponding periods last year, reflecting the impact of the appreciation of local currencies, primarily the Brazilian Real, against the US dollar.

- We work with our customers in Brazil to navigate through the tough market conditions. We have expanded our SOMAR program for distributors, which includes financial services as well as SOMAR PESSOAS, our unique human capital development program. In recognition of these and other initiatives, Adama Brazil was ranked, for the second year in a row, as one of the top five innovative agribusiness companies in the country.
- We delivered strong results in Colombia and Mexico, driven by an improved portfolio mix, as well as pricing initiatives. These performances were supported by generally positive weather conditions.
- Notwithstanding the challenging conditions in many countries across the region, we continue to invest in the development of our differentiated portfolio, with the launch in Chile of our proprietary product BREVIS® in apples as well as ACADIA BIO™, a unique anti-stress fungicide formulation, launched in Argentina.

Asia Pacific

Sales increased by 6.6% in the quarter and by 4.6% in the half-year in constant currency terms, compared with the corresponding periods last year. This increase was driven by significant volume growth, primarily in the Pacific and parts of south-east Asia, supported by new product launches, improvement of portfolio mix and positive weather conditions. This significant volume growth was partially offset by the passing on to customers of a portion of the reduction in cost of sales.

In US dollar terms, sales increased by 7.2% in the quarter and by 5.8% in the half-year compared to the corresponding periods last year, benefiting from the appreciation of the local currencies, primarily the Australian Dollar, against the US dollar.

- We continued the global rollout of our innovative nematicide NIMITZ®, with the registration of NEMASHOT in Japan, and obtained a registration for PALMERO® TX, a proprietary herbicide mixture for chickpea in Australia. CUSTODIA®, a differentiated mixture for fungus control, was launched successfully in Thailand.
- We delivered a particularly strong performance in South East Asia, with notable results in Thailand, Vietnam and Indonesia, driven in part by increased sales of our rice portfolio.
- In China, Adama continued to expand its product portfolio, with launches of a number of new products, including LONGCHUANG® and LIANGGONG®, both insecticides for rice, as well as APROPO®, a broad-spectrum systemic fungicide, and JICHU™, a differentiated herbicide for wheat.

India, Middle East and Africa

Sales in the region increased by 13.2% in the quarter and by 6.3% in the half-year in constant currency terms, compared with the corresponding periods last year. This increase resulted from a significant increase in volumes, primarily in India, which was aided by positive weather conditions and an early start to the monsoon season. The significant increase in volume was partially offset by the passing on to customers of a portion of the decrease in cost of sales.

In US dollar terms, the Company recorded a significant increase in sales of 17.1% in the quarter and 7.8% in the half-year compared to the corresponding periods last year, reflecting the strengthening of several currencies, including the South African Rand and the Indian Rupee.

- We are establishing leading positions in products based on molecules sourced from Sanonda, such as ACEMAIN® and TAPUZ®, a differentiated mixture for insect control.
- In Turkey, our leading sugar beet portfolio franchise continues to perform well.
- Sales in South Africa were negatively impacted by drought conditions.

Gross profit

Gross profit increased significantly by 10.9% to $300 million in the quarter and by 7.9% to $612 million in the half-year, with gross margin up by 2.7 percentage points to 36.2% in the quarter and by 2.4 percentage points to 36.5% in the half-year, compared to the corresponding periods last year.

This strong increase in profitability resulted from a combination of the robust volume growth, further improvements in portfolio mix towards a more differentiated offering, alongside continued reduction of costs, a portion of which were passed on to customers.

Operating expenses

Total operating expenses in the quarter and in the half-year were $185 million (22.3% of sales) and $360 million (21.5% of sales) respectively, compared to $172 million (21.3% of sales) and $339 million (20.4% of sales) in the corresponding periods last year.

Within the total operating expenses, Sales and Marketing expenses in the quarter and in the half-year were $145 million (17.5% of sales) and $281 million (16.8% of sales) respectively, compared to $135 million (16.7% of sales) and $271 million (16.3% of sales) in the corresponding periods last year. The increase in this component in the quarter and the half-year compared to the corresponding periods last year resulted primarily from an increase in employees' compensation reflecting compensation of additional sales employees and an increase in other variable expenses as a result of the increase in sales volumes. General and Administrative expenses in the quarter and in the half-year were $30 million (3.6% of sales) and $59 million (3.5% of sales) respectively, compared to $30 million (3.7% of sales) and $58 million (3.5% of sales) in the corresponding periods last year. Research and Development expenses in the quarter and in the half-year were $9 million (1.1% of sales) and $19 million (1.1% of sales) respectively, compared to $8 million (1.0% of sales) and $16 million (1.0% of sales) in the corresponding periods last year.

Financing expenses

Financing expenses remained stable in the quarter, compared to the corresponding quarter last year. This reflects the net impact of lower financing costs resulting from a decrease in the costs of receivables' currency hedging due to the lower currency volatility, together with the marked reduction of the Company's financial debt, which was offset by increased financial expenses related to the company's bonds as a result of an increase in the consumer price index over the quarter compared to the corresponding quarter last year.

Financing expenses decreased in the half-year, compared to the corresponding period last year, primarily due to the decrease in costs of receivables' currency hedging, as well as due to the reduction of the Company's financial debt.

Taxation

The Company recorded tax expenses in the quarter and the half-year of $12 million and $15 million respectively, compared to tax expenses of $5 million and $1 million in the corresponding periods last year. The change in tax expenses was mainly a result of the strengthening of the Brazilian Real against the US dollar during the corresponding quarter and half-year period last year, which generated tax income due to a non-cash revaluation of tax assets.

Revenues by operating segment

Second quarter sales split

	Q2 2017 $m	%	Q2 2016 $m	%	Change $m	Change %
Crop protection (Agro)	784	94.4%	759	93.9%	+25	+3.3%
Other (Non-Agro)	46	5.6%	49	6.1%	-3	-5.2%
Total	**830**	**100%**	**808**	**100.0%**	**+22**	**+2.8%**

Half-year sales split

	H1 2017 $m	%	H1 2016 $m	%	Change $m	Change %
Crop protection (Agro)	1,576	94.2%	1,563	94.1%	+13	+0.8%
Other (Non-Agro)	97	5.8%	98	5.9%	-1	-0.3%
Total	**1,673**	**100%**	**1,661**	**100.0%**	**+12**	**+0.7%**

Financial Condition and Liquidity[5]

Cash flow and investment in fixed assets

The Company's operating cash flow in the second quarter, amounted to $254 million, compared with $184 million in the corresponding quarter.

In the half-year, operating cash flow amounted to $251 million, compared with $192 million in the corresponding period.

The improvement of operating cash flow in both the quarter and in the half-year stemmed from increased profits, improved collection and the maintaining of low inventory balances in the quarter and the half-year following the marked reduction in inventories in the corresponding periods last year. Notably, the reported change in cash flow over the period included the recording in the consolidated financial reports of the Company of the $18 million non-cash write-off executed at the end of 2016 in the non-consolidated reports of a joint venture not related to the Company’s core business.

Net cash flow from investing activities in the quarter and in the half-year amounted to $25 million and $63 million, respectively, compared to net cash flow from investing activities of $46 million and $79 million in the corresponding periods last year. The investments included primarily investments in product registrations and other intangible and fixed assets, net of one-time revenues resulting from the sale of assets. Investments in fixed assets, net of investment grants, amounted to $21 million and $38 million in the quarter and in the half-year, respectively, similar to those in the corresponding periods.

[5] The cash balance received within the framework of the Receivables Financing Facility (as well as the new Receivables Financing Facility added in 2016) was $311 million as of June 30, 2017 and $275 million as of June 30, 2016.

In the second quarter the Company thereby generated free cash flow of $230 million, compared to $138 million in the corresponding quarter last year.

Free cash flow in the half-year amounted to $188 million compared to $114 million in the corresponding period last year.

Current assets

Total current assets of June 30, 2017 amounted to $2,960 million compared to $2,785 million as of June 30, 2016, and $2,561 million as of December 31, 2016.

Cash, current liabilities and long-term loans

The Company's total financial liabilities, including bank credit and debentures, was $1,404 million as of June 30, 2017 (of which 12.0% was short term), compared to $1,594 million as of June 30, 2016 (of which 24.0% was short term), and $1,364 million (of which 13.1% was short term) as of December 31, 2016.

The Company's balances of cash and short-term investments were $586 million as of June 30, 2017, compared to $530 million as of June 30, 2016, and $480 million as of December 31, 2016.

The Company's net debt, including credit, the impact of hedging transactions attributed to debt, and net of cash and short-term investments, was $768 million as of June 30, 2017, compared to $1,078 million as of June 30, 2016, and to $899 million as of December 31, 2016.

Financial covenants

The financial covenants of the Company's bank financing documents and its Receivables Financing Facility Program are:

($m)	Net Debt/Equity	Net Debt/EBITDA	Minimum Equity	Retained Earnings
Financial Covenants – Bank Credit	1.25x	4.0x	1,220	700
Financial Covenants – Receivables Facility	1.25x	4.0x	-	-
Compliance of the Company with Financial Covenants as at June 30, 2017	**0.4x**	**1.4x**	**1,808**	**1,411**

As of June 30, 2017 and on the date of publication of this report, the Company complied with the financial covenants included in its financing documents and the Receivables Financing Facility Program.[6]

[6] The calculation of the covenant Net Debt/EBITDA is based on the twelve months ended on the date of the financial statements. For more information about the Financial Covenants and additional limitations that apply to the Company pursuant to the provisions of the financing agreements and the Receivables Financing Facility Program, see Section 26 in Chapter A of the Periodic Report for 2016, and Note 20 to the financial statements as at December 31, 2016.

Shareholders' equity

The Company's shareholders' equity was $1,808 million as of June 30, 2017, compared to $1,693 million as of June 30, 2016 and $1,654 million as of December 31, 2016, following a dividend declaration of approximately $40 million during 2016. Equity as a proportion of total assets was 39.2% as of June 30, 2017, 37.3% as of June 30, 2016, and 38.6% as of December 31, 2016.

The Company's issued and paid-up share capital as of June 30, 2017 was 137,990,881 ordinary shares of NIS 3.12 par value each.

Financial ratios

As at June 30:	2017	2016
Ratio of current assets to current liabilities (current ratio)	2.03	1.85
Ratio of current assets, excluding inventory, to current liabilities (quick ratio)	1.32	1.16
Ratio of financial liabilities to total assets, gross	30.4%	35.1%
Ratio of financial liabilities to total equity, gross	77.6%	94.1%

Financing sources

The Company finances its business operations from its own equity and external funding sources.[7]

Warning signs

In view of the consolidated financial structure of the Group, and based on the financial data recorded in the Company's consolidated financial statements as reviewed by the Company's management, the Board of Directors determined that the fact that the Company's separate reports indicate an ongoing negative cash flow from operating activities, despite occasional positive cash flow in past quarters, does not point to a liquidity issue, and accordingly, as at the report date, there are no Warning Signs in the Company in this regard.

The primary considerations supporting the resolution of the Board of Directors include, inter alia: the Company's consolidated financial statements reflect a positive level of working capital and continued positive cash flow from operating activities, with such positive working capital, which includes, at the reporting date, a cash balance of approximately $582 million, being the principal source for the repayment of the Company's liabilities; Based on the structure of the Group operations, Adama Makhteshim and Adama Agan are the principal manufacturers of the Group's products sold by the Group's marketing companies, such that a continuous liability of the marketing companies towards these manufacturing companies is created. These current liabilities form the primary source for repayment of the loans issued to Adama Makhteshim and Adama Again by the Company, which were issued on the basis of, and at identical terms to, those of the debentures, including the repayment date.

[7] For details, see Section 26, Credit Financing, and Section 25, under the titles “Receivables Credit” and “Payables Credit” of Chapter A to the Periodic Report for 2016.

Events occurring subsequent to the date of the financial statements

For information concerning events that occurred after the date of the report, see the introduction to this report. For information about the debentures held by the public at the reporting date, see Appendix B.

Yang Xingqiang	**Chen Lichtenstein**	**Aviram Lahav**
Chairman of the Board	President & CEO	CFO

August 15, 2017

Appendixes

Appendix A – Analysis of the Gaps between the Adjusted Income Statement Items and the Income Statement Items in the Financial Statements

$m	Adjusted		Adjustments		Reported	
	Q2 2017	Q2 2016	Q2 2017	Q2 2016	Q2 2017	Q2 2016
Revenues	830	808	-	-	830	808
Gross profit	300	271	-	-	300	271
Operating expenses	185	172	9.7	-	175	172
Operating income (EBIT)	115	99	-9.7	-	125	99
Finance expenses, net	37	38	-	-	37	38
Pretax income	80	62	-9.7	-	90	62
Net income	68	57	-6.8	-	75	57
EBITDA	159	143	-8.3	-	168	143

$m	Adjusted		Adjustments		Reported	
	H1 2017	H1 2016	H1 2017	H1 2016	H1 2017	H1 2016
Revenues	1,673	1,661	-	-	1,673	1,661
Gross profit	612	567	-	-0.2	612	567
Operating expenses	360	339	9.7	3.2	350	336
Operating income (EBIT)	252	228	-9.7	-3.3	261	231
Finance expenses, net	56	67	-	-	56	67
Pretax income	198	161	-9.7	-3.3	207	164
Net income	183	158	-6.8	-3.3	189	161
EBITDA	339	315	-8.3	-3.3	347	318

The Income Statement items for the half-year presented in the above table primarily include adjustment for capital gain in the amount of approximately $9 million resulting from the sale/transfer process related to certain products in connection with ChemChina's acquisition of Syngenta and registration of tax expenses in the amount of approximately $3 million in respect of a tax event from 1985 against cancellation of a tax asset.

The income statement items for the corresponding period presented in the above tables include adjustment for the value redeployment in the first quarter of 2016 of employee options granted in 2014, which created an income in the amount of $3 million.

Appendix B – Details of the Company's Debentures as at the end of the reported Quarter

Series	Date of issue	Rating	Total par value on date of issue (in NIS millions)	Type of interest	Nominal interest rate	Effective interest rate at reporting date	Market value on June 30, 2017 (in NIS millions)	Dates of interest payments	Dates of principal payments	Linkage basis	Nominal par value at June 30, 2017 (in NIS millions)	CPI-linked nominal par value at June 30, 2017 (in NIS millions)	Carrying value of debenture balances at June 30, 2017 (in USD millions)	Carrying value of interest payable on June 30, 2017 (in USD millions)	Fair value at June 30, 2017 (in USD millions)
Series B	Dec. 06	ilAA-(3)	1,650	CPI-linked annual interest	5.15%	3.4%	4,869.2 (2)	Twice a year on May 31 and on Nov, 30 in each of the years 2006-2036	Nov. 30 of each of the years 2020-2036	CPI for October 2006	3,483.1 (2)	4,178.9 (2)	1,184.8 (2)	5.1 (2)	1,392.8 (2)
	Jan. 12		514												
	Jan. 13		600												
	Feb. 15		533												
	Feb-May 15		267												

(1) At the date of the report, the Company was in compliance with all the terms and undertakings under the Deed of Trust, and no conditions existed giving rise to a cause of action for immediate repayment of the debentures.

(2) Net of debentures purchased by a wholly-owned subsidiary, which, as of June 30, 2017, holds 67,909,858 debentures (Series B), which accounts for 1.91% of total issued debentures (Series B).

(3) On July 5, 2017, S&P Maalot ratified the rating (ilAA-/Stable) (reference: 2017-01-057265).

Appendix C - Exchange Rate Data for the Company's Principal Functional Currencies

	June 30			Q2 Average			H1 Average		
	2017	2016	Change	2017	2016	Change	2017	2016	Change
EUR/USD	1.140	1.114	2.4%	1.099	1.130	(2.8%)	1.082	1.116	(3.1%)
USD/BRL	3.308	3.210	(3.1%)	3.213	3.510	8.4%	3.178	3.710	14.3%
USD/PLN	3.706	3.980	6.9%	3.838	3.873	0.9%	3.949	3.913	(0.9%)
USD/ZAR	13.033	14.792	11.9%	13.181	14.993	74.4%	13.214	15.402	14.2%
AUD/USD	0.768	0.745	3.0%	0.751	0.746	0.7%	0.754	0.733	2.9%
GBP/USD	1.299	1.345	(3.4%)	1.278	1.435	(11.0%)	1.258	1.434	(12.3%)
USD/ILS	3.496	3.846	9.1%	3.589	3.811	5.8%	3.661	3.857	5.1%
USD L 3M	1.29%	0.62%	107.6%	1.20%	0.64%	75.6%	1.13%	0.63%	78.2%

אדמה פתרונות לחקלאות בע"מ
ADAMA Agricultural Solutions Ltd.

Chapter B

Financial statements (unaudited)

for June 30, 2017

Adama Agricultural Solutions Ltd.

Condensed Consolidated Interim Financial Statements (Unaudited)

As at June 30, 2017

In U.S. Dollars

Condensed Consolidated Interim Financial Statements as at June 30, 2017 (Unaudited)

Contents

Somekh Chaikin
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Review Report to the Shareholders of Adama Agricultural Solutions Ltd.

Introduction

We have reviewed the accompanying financial information of Adama Agricultural Solutions Ltd. and its subsidiaries (hereinafter – "the Group") comprising of the condensed consolidated interim statement of financial position as of June 30, 2017 and the related condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the six and the three-month periods then ended. The Board of Directors and Management are responsible for the preparation and presentation of this interim financial information in accordance with IAS 34 "*Interim Financial Reporting*", and are also responsible for the preparation of financial information for this interim period in accordance with Section D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on this interim financial information based on our review.

We did not review the condensed interim financial information of certain consolidated subsidiaries whose assets constitute 5% of the total consolidated assets as of June 30, 2017, and whose revenues constitute 7.6% and 9% of the total consolidated revenues for the six and the three month periods then ended, respectively. Furthermore, we did not review the condensed interim financial information of equity-accounted investees, the investment in which amounted to $7,776 thousand as at June 30, 2017, and the Group's share in their profits amounted to $887 thousand and $885 thousand for the six and the three-month periods then ended, respectively. The condensed interim financial information of those companies was reviewed by other auditors whose review reports thereon were furnished to us, and our conclusion, insofar as it relates to amounts emanating from the financial information of such companies, is based solely on the said review reports of the other auditors.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements 1, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Institute of Certified Public Accountants in Israel. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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Conclusion

Based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying financial information was not prepared, in all material respects, in accordance with IAS 34.

In addition to that mentioned in the previous paragraph, based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying interim financial information does not comply, in all material respects, with the disclosure requirements of Section D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Sincerely,

Somekh Chaikin
Certified Public Accountants (Isr.)

August 15, 2017

Condensed Consolidated Interim Statement of Financial Position as at

	June 30 2017	June 30 2016	December 31 2016
	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands
Current assets			
Cash and cash equivalents	**582,186**	524,957	474,885
Short-term investments	**3,316**	4,717	5,131
Trade receivables	**915,525**	990,475	764,157
Trade receivables as part of securitization transaction not yet eliminated	**30,737**	29,218	30,156
Subordinated note in respect of sale of trade receivables	**37,831**	30,811	51,618
Prepaid expenses	**21,125**	15,157	20,578
Financial and other assets, including derivatives	**205,245**	132,800	163,739
Tax deposits less provision for taxes	**19,162**	14,211	15,949
Inventories	**1,029,937**	1,042,471	1,035,071
Assets held for sale	**114,810**	-	-
Total current assets	**2,959,874**	2,784,817	2,561,284
Long-term investments, loans and receivables			
Investments in equity-accounted investee companies	**15,042**	69,427	70,776
Other financial investments and receivables	**51,823**	61,692	52,871
Non-financial assets, including non-current inventory	**29,505**	21,349	18,426
	96,370	152,468	142,073
Fixed assets			
Cost	**1,751,326**	1,689,061	1,711,212
Less – accumulated depreciation	**935,615**	896,559	907,662
	815,711	792,502	803,550
Deferred tax assets	**100,040**	105,377	87,226
Intangible assets			
Cost	**1,671,198**	1,720,583	1,755,199
Less – accumulated amortization	**1,031,358**	1,013,543	1,062,771
	639,840	707,040	692,428
Total non-current assets	**1,651,961**	1,757,387	1,725,277
Total assets	**4,611,835**	4,542,204	4,286,561

Condensed Consolidated Interim Statement of Financial Position as at

	June 30 2017	June 30 2016	December 31 2016
	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands
Current liabilities			
Loans and credit from banks and other lenders	**168,427**	280,571	178,161
Current maturities of debentures	**-**	101,593	-
Trade payables	**554,311**	483,383	520,739
Other payables	**659,501**	578,916	570,773
Current tax liabilities	**38,989**	30,910	21,160
Put options to holders of non-controlling interests	**36,664**	29,417	37,253
Total current liabilities	**1,457,892**	1,504,790	1,328,086
Long-term liabilities			
Long-term loans from banks	**50,284**	143,964	116,129
Debentures	**1,184,836**	1,067,676	1,069,253
Other long-term liabilities	**26,450**	29,707	27,237
Deferred tax liabilities	**8,128**	16,999	11,218
Employee benefits	**69,438**	78,486	73,672
Put options to holders of non-controlling interests	**7,104**	7,480	6,686
Total long-term liabilities	**1,346,240**	1,344,312	1,304,195
Total liabilities	**2,804,132**	2,849,102	2,632,281
Equity			
Share capital	**125,595**	125,595	125,595
Share premium	**623,829**	623,829	623,829
Capital reserves	**(352,865)**	(335,478)	(322,454)
Retained earnings	**1,411,144**	1,279,156	1,227,310
Total equity attributable to the owners of the Company	**1,807,703**	1,693,102	1,654,280
Total liabilities and equity	**4,611,835**	4,542,204	4,286,561

Yang Xingqiang	Chen Lichtenstein	Aviram Lahav
Chairman of the Board of Directors	President & Chief Executive Officer	Chief Financial Officer

Date the financial statements were approved: August 15, 2017

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statement of Income for the

	Six-month period ended June 30		Three-month period ended June 30		Year ended December 31
	2017	2016	2017	2016	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands
Revenues	**1,673,299**	1,660,922	**830,239**	807,766	3,070,165
Cost of sales	**1,061,797**	1,094,059	**530,070**	537,041	2,036,858
Gross profit	**611,502**	566,863	**300,169**	270,725	1,033,307
Other income	**(11,837)**	(7,714)	**(11,216)**	(1,441)	(9,738)
Selling and marketing expenses	**279,519**	270,058	**143,573**	135,038	549,731
General and administrative expenses	**59,578**	56,698	**29,932**	29,811	111,665
Research and development expenses	**18,577**	16,043	**9,086**	8,300	32,684
Other expenses	**4,392**	700	**3,744**	82	4,803
	350,229	335,785	**175,119**	171,790	689,145
Operating income	**261,273**	231,078	**125,050**	98,935	344,162
Financing expenses	**153,072**	137,795	**75,511**	87,127	260,962
Financing income	**(96,615)**	(70,727)	**(38,308)**	(49,287)	(120,612)
Financing expenses, net	**56,457**	67,068	**37,203**	37,840	140,350
Share of income (loss) of equity-accounted investee companies	**2,533**	338	**2,226**	771	(16,622)
Profit before taxes on income	**207,349**	164,348	**90,073**	61,866	187,190
Income taxes	**18,023**	855	**14,994**	4,905	22,520
Profit for the period	**189,326**	163,493	**75,079**	56,961	164,670
Attributable to:					
The owners of the Company	**189,326**	161,151	**75,079**	56,961	162,328
Non-controlling interests	**-**	2,342	**-**	-	2,342
Profit for the period	**189,326**	163,493	**75,079**	56,961	164,670

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statement of Comprehensive Income for the

	Six-month period ended June 30		Three-month period ended June 30		Year ended December 31
	2017	2016	2017	2016	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands
Profit for the period	**189,326**	163,493	**75,079**	56,961	164,670
Other comprehensive income items that after initial recognition in comprehensive income were or will be transferred to the statement of income					
Foreign currency translation differences for foreign operations	**16,771**	(509)	**3,892**	(7,461)	(13,865)
Foreign currency translation differences for foreign operations transferred to the statement of income	**4,427**	(82)	**4,427**	(82)	(82)
Effective portion of changes in fair value of cash flow hedges	**(39,580)**	(14,142)	**(35,307)**	8,684	14,310
Net change in fair value of cash flow hedges transferred to the statement of income	**(14,486)**	(14,654)	**(2,948)**	1,120	(14,237)
Taxes in respect of other comprehensive income items that were or will be transferred to the statement of income in succeeding periods	**2,457**	3,028	**980**	(28)	539
Total other comprehensive income (loss) that after initial recognition in comprehensive income were or will be transferred to the statement of income, net of tax	**(30,411)**	(26,359)	**(28,956)**	2,233	(13,335)
Other comprehensive income that will not be transferred to the statement of income					
Re-measurement of defined benefit plan	**(885)**	(4,307)	**(881)**	(1,579)	84
Taxes in respect of other comprehensive income items that will not be transferred to the statement of income	**125**	540	**122**	223	52
Total other comprehensive income (loss) for the period that will not be transferred to the statement of income, net of tax	**(760)**	(3,767)	**(759)**	(1,356)	136
Total comprehensive income for the period	**158,155**	133,367	**45,364**	57,838	151,471
Total comprehensive income attributable to:					
The owners of the Company	**158,155**	130,936	**45,364**	57,838	149,040
Non-controlling interests	**-**	2,431	**-**	-	2,431
Total comprehensive income for the period	**158,155**	133,367	**45,364**	57,838	151,471

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statement of Changes in Equity

	Share capital	Share premium	Capital reserves (1)	Retained earnings	Total equity
	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands
For the six-month period ended June 30, 2017 (unaudited)					
Balance as at January 1, 2017	125,595	623,829	(322,454)	1,227,310	1,654,280
Total comprehensive income for the period					
Profit for the period	-	-	-	189,326	189,326
Other comprehensive income					
Foreign currency translation differences for foreign operations	-	-	16,771	-	16,771
Foreign currency translation differences in respect of foreign operations transferred to the statement of income	-	-	4,427	-	4,427
Effective portion of changes in fair value of cash flow hedges	-	-	(39,580)	-	(39,580)
Net change in fair value of cash flows hedges transferred to the statement of income	-	-	(14,486)	-	(14,486)
Re measurement of defined benefit plan	-	-	-	(885)	(885)
Taxes on other comprehensive income	-	-	2,457	125	2,582
Other comprehensive loss for the period, net of tax	-	-	(30,411)	(760)	(31,171)
Total comprehensive income (loss) for the period	-	-	(30,411)	188,566	158,155
Dividends to holders of non-controlling interests holding a put option	-	-	-	(4,732)	(4,732)
Balance as at June 30, 2017	125,595	623,829	(352,865)	1,411,144	1,807,703

(1) Including treasury shares that were cancelled in the amount of $245,548 thousand.

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statement of Changes in Equity

	Share capital	Share premium	Capital reserves (1)	Retained earnings	Total equity attributable to the owners of the Company	Non-controlling interests	Total equity
	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands
For the six-month period ended June 30, 2016 (unaudited)							
Balance as at January 1, 2016	125,595	623,829	(309,030)	1,126,239	1,566,633	207	1,566,840
Comprehensive income for the period							
Profit for the period	-	-	-	161,151	161,151	2,342	163,493
Other comprehensive income							
Foreign currency translation differences for foreign operations	-	-	(598)	-	(598)	89	(509)
Foreign currency translation differences in respect of foreign operations transferred to the statement of income	-	-	(82)	-	(82)	-	(82)
Effective portion of change in fair value of cash flow hedges	-	-	(14,142)	-	(14,142)	-	(14,142)
Net change in fair value of hedged cash flows transferred to the statement of income	-	-	(14,654)	-	(14,654)	-	(14,654)
Re-measurement of defined benefit plan	-	-	-	(4,307)	(4,307)	-	(4,307)
Taxes on components of other comprehensive income	-	-	3,028	540	3,568	-	3,568
Other comprehensive income (loss) for the period, net of tax	-	-	(26,448)	(3,767)	(30,215)	89	(30,126)
Total comprehensive income (loss) for the period	-	-	(26,448)	157,384	130,936	2,431	133,367
Dividends to holders of non-controlling interests holding a put option	-	-	-	(4,149)	(4,149)	-	(4,149)
Derecognition of non-controlling interest due to loss of control in subsidiaries	-	-	-	-	-	(2,638)	(2,638)
Share-based payments	-	-	-	(318)	(318)	-	(318)
Balance as at June 30, 2016	125,595	623,829	(335,478)	1,279,156	1,693,102	-	1,693,102

(1) Including treasury shares that were cancelled in the amount of $245,548 thousand.

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statement of Changes in Equity

	Share capital	Share premium	Capital reserves (1)	Retained earnings	Total equity
	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands
For the three-month period ended June 30, 2017 (unaudited)					
Balance as at April 1, 2017	**125,595**	**623,829**	**(323,909)**	**1,337,309**	**1,762,824**
Total comprehensive income for the period					
Profit for the period	**-**	**-**	**-**	**75,079**	**75,079**
Other comprehensive income					
Foreign currency translation differences for foreign operations	**-**	**-**	**3,892**	**-**	**3,892**
Foreign currency translation differences in respect of foreign operations transferred to the statement of income	**-**	**-**	**4,427**	**-**	**4,427**
Effective portion of changes in fair value of cash flow hedges	**-**	**-**	**(35,307)**		**(35,307)**
Net change in fair value of cash flows hedges transferred to the statement of income	**-**	**-**	**(2,948)**	**-**	**(2,948)**
Re measurement of defined benefit plan	**-**	**-**	**-**	**(881)**	**(881)**
Taxes on other comprehensive income	**-**	**-**	**980**	**122**	**1,102**
Other comprehensive loss for the period, net of tax	**-**	**-**	**(28,956)**	**(759)**	**(29,715)**
Total comprehensive income (loss) for the period			**(28,956)**	**74,320**	**45,364**
Dividends to holders of non-controlling interests holding a put option	**-**	**-**	**-**	**(485)**	**(485)**
Balance as at June 30, 2017	**125,595**	**623,829**	**(352,865)**	**1,411,144**	**1,807,703**

(1) Including treasury shares that were cancelled in the amount of $245,548 thousand.

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statement of Changes in Equity

	Share capital	Share premium	Capital reserves (1)	Retained earnings	Total equity attributable to the owners of the Company	Non-controlling interests	Total equity
	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands
For the three-month period ended June 30, 2016 (unaudited)							
Balance as at April 1, 2016	125,595	623,829	(337,711)	1,222,687	1,634,400	2,638	1,637,038
Comprehensive income for the period							
Profit for the period	-	-	-	56,961	56,961	-	56,961
Other comprehensive income							
Foreign currency translation differences for foreign operations	-	-	(7,461)	-	(7,461)	-	(7,461)
Foreign currency translation differences in respect of foreign operations transferred to the statement of income	-	-	(82)	-	(82)	-	(82)
Effective portion of change in fair value of cash flow hedges	-	-	8,684	-	8,684	-	8,684
Net change in fair value of hedged cash flows transferred to the statement of income	-	-	1,120	-	1,120	-	1,120
Re-measurement of defined benefit plan	-	-	-	(1,579)	(1,579)	-	(1,579)
Taxes on components of other comprehensive income	-	-	(28)	223	195	-	195
Other comprehensive income (loss) for the period, net of tax	-	-	2,233	(1,356)	877	-	877
Total comprehensive income for the period	-	-	2,233	55,605	57,838	-	57,838
Dividends to holders of non-controlling interests holding a put option	-	-	-	(441)	(441)	-	(441)
Derecognition of non-controlling interests due to loss of control in subsidiaries	-	-	-	-	-	(2,638)	(2,638)
Share-based payments	-	-	-	1,305	1,305	-	1,305
Balance as at June 30, 2016	125,595	623,829	(335,478)	1,279,156	1,693,102	-	1,693,102

(1) Including treasury shares that were cancelled at the amount of $245,548 thousand.

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statement of Changes in Equity

	Share capital	Share premium	Capital reserves (1)	Retained earnings	Total equity attributable to the owners of the Company	Non-controlling interests	Total equity
	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands
For the year ended December 31, 2016 (Audited)							
Balance as of January 1, 2016	125,595	623,829	(309,030)	1,126,239	1,566,633	207	1,566,840
Comprehensive income for the year							
Profit for the year	-	-	-	162,328	162,328	2,342	164,670
Other comprehensive income							
Foreign currency translation differences for foreign operations	-	-	(13,954)	-	(13,954)	89	(13,865)
Foreign currency translation differences for foreign operation recognized in the statement of income	-	-	(82)	-	(82)	-	(82)
Effective portion of changes in fair value of cash flow hedges	-	-	14,310	-	14,310	-	14,310
Net change in fair value of cash flow hedges transferred to the statement of income	-	-	(14,237)	-	(14,237)	-	(14,237)
Re-measurement of defined benefit plan	-	-	-	84	84	-	84
Taxes on other comprehensive income	-	-	539	52	591	-	591
Other comprehensive income (loss) for the year, net of tax	-	-	(13,424)	136	(13,288)	89	(13,199)
Total comprehensive income (loss) for the year	-	-	(13,424)	162,464	149,040	2,431	151,471
Dividends to holders of non-controlling interests holding a put option	-	-	-	(4,149)	(4,149)	-	(4,149)
Derecognition of non-controlling interests due to loss of control in subsidiaries	-	-	-	-	-	(2,638)	(2,638)
Share-based payments	-	-	-	(16,981)	(16,981)	-	(16,981)
Dividends to owners of the company	-	-	-	(40,263)	(40,263)	-	(40,263)
Balance as of December 31, 2016	125,595	623,829	(322,454)	1,227,310	1,654,280	-	1,654,280

(1) Including treasury shares that were cancelled in the amount of $245,548 thousand.

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statement of Cash Flows for the

	Six-month period ended June 30		Three-month period ended June 30		Year ended December 31
	2017	2016	2017	2016	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands
Cash flows from operating activities					
Profit for the period	**189,326**	163,493	**75,079**	56,961	164,670
Adjustments					
Depreciation and amortization	**86,099**	86,775	**42,618**	43,540	175,294
Gain on realization of fixed and intangible assets, net	**(6,817)**	(6,745)	**(6,958)**	(1,599)	(6,883)
Amortization of discount/premium and debt issuance costs	**241**	(469)	**125**	(226)	(824)
Impairment of assets	**-**	-	**-**	-	8,703
Share of losses (income) of equity-accounted investee companies	**(2,533)**	(338)	**(2,226)**	(771)	16,622
Share-based payments transactions	**-**	(318)	**-**	1,305	(16,981)
Revaluation of put and call options to holders of non-controlling interests	**(124)**	(1,722)	**523**	(520)	(811)
Adjustment of long-term liabilities	**114,363**	16,794	**54,261**	(17,083)	15,939
SWAP transactions	**(240)**	(240)	**(120)**	(120)	(481)
Change in provision for income tax and tax advances, net	**12,809**	3,043	**(1,383)**	(4,082)	(364)
Decrease (increase) in deferred taxes, net	**(12,522)**	(32,161)	**2,832**	(7,688)	(22,884)
Changes in assets and liabilities					
Decrease (increase) in trade and other receivables	**(208,177)**	(176,881)	**85,533**	86,154	6,786
Decrease in inventories	**4,427**	124,159	**13,393**	82,339	135,348
Increase (decrease) in trade and other Payables	**64,520**	10,843	**(14,284)**	(56,847)	24,381
Change in employee benefits	**10,003**	6,053	**4,990**	2,894	3,663
Net cash from operating activities	**251,375**	192,286	**254,383**	184,257	502,178
Cash flows for investing activities					
Acquisition of fixed assets	**(41,981)**	(39,087)	**(23,756)**	(21,516)	(94,061)
Additions to intangible assets	**(55,942)**	(45,407)	**(30,171)**	(23,110)	(93,854)
Short-term investments, net	**1,929**	-	**(1,056)**	-	(431)
Long-term investments, net	**7**	(636)	**7**	(636)	(9,147)
Proceeds from sale of fixed and intangible assets	**13,637**	6,963	**13,339**	837	6,223
Investment grant received	**4,179**	1,350	**2,283**	622	1,436
Dividend from equity-accounted investee company	**219**	301	**-**	-	1,112
Disposal of subsidiaries	**14,603**	(1,430)	**14,603**	(1,430)	(1,430)
Deferred payment for business combination	**-**	(600)	**-**	(600)	(600)
Net cash used in investing activities	**(63,349)**	78,546	**(24,751)**	(45,833)	(190,752)

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statement of Cash Flows for the (cont'd)

	Six-month period ended June 30		Three-month period ended June 30		Year ended December 31
	2017	**2016**	**2017**	**2016**	**2016**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Audited)**
	$ thousands	**$ thousands**	**$ thousands**	**$ thousands**	**$ thousands**
Cash flows from financing activities					
Receipt of long-term loans from banks	**-**	10,000	**-**	-	12,700
Repayment of long-term loans and liabilities from banks and others	**(40,250)**	(46,715)	**(29,532)**	(33,928)	(104,165)
Repayment of debentures	**-**	-	**-**	-	(101,210)
Increase (decrease) in short-term liabilities to banks, net	**(35,743)**	64,249	**(3,989)**	14,778	(9,028)
Dividend paid to owners of the Company	**-**	-	**-**	-	(18,521)
Dividend paid to holders of non-controlling interests	**(4,732)**	(4,149)	**(485)**	(2,167)	(4,149)
Payment of contingent consideration in respect of business combination	**-**	(7,520)	**-**	(2,520)	(7,520)
Net cash from (used in) financing activities	**(80,725)**	15,865	**(34,006)**	(23,837)	(231,893)
Increase in cash and cash equivalents	**107,301**	129,605	**195,626**	114,587	79,533
Cash and cash equivalents at the beginning of the period	**474,885**	395,352	**386,560**	410,370	395,352
Cash and cash equivalents at the end of the period	**582,186**	524,957	**582,186**	524,957	474,885
Additional information:					
Interest paid in cash	**(44,332)**	(47,437)	**(36,976)**	(39,207)	(93,605)
Interest received in cash	**22,553**	16,448	**18,493**	12,263	35,009
Taxes paid in cash, net	**(19,392)**	(23,148)	**(13,558)**	(13,408)	(43,836)

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Note 1 - Reporting Principles and Accounting Policies

A. The reporting entity

(1) Adama Agricultural Solutions Ltd. (hereinafter – "the Company") is an Israel-resident company that was incorporated in Israel, and its official address is at Golan Street in Airport City Park. The condensed consolidated financial statements of the Company as at June 30, 2017 include those of the Company and its subsidiaries (hereinafter together – "the Group") as well as the Company's rights in an associated company and in joint ventures. The Group operates in Israel and abroad and is engaged in the development, manufacture and marketing of agrochemicals, intermediate materials for other industries, food additives and synthetic aromatic products, mainly for export.

As of June 30, 2017, 100% of the Company's shares are held by China National Agrochemical Corporation (hereinafter - "CNAC"). regarding the change in the holding in the Company's share capital, see Note 6(2). The Company is a reporting entity.

(2) Sales of agrochemical products are directly impacted by the agricultural seasons (in each of the different markets), the weather in each region and the cycles of the growing seasons. Therefore, the Company's income is not uniform or the same during the quarters of the year. The agricultural seasons in countries located in the northern hemisphere (mainly the United States and Europe) take place in the first two quarters of the year, and therefore in these countries the highest sales are usually in the first half of the year. On the other hand, in the southern hemisphere, the seasonal trends are the opposite and most of the local sales are made in the second half of the year, except for Australia where most of the sales are made in April through July.
In the Company's estimation, the Company's worldwide operations along with the dispersement of the markets in which it operates, moderates part of the seasonal impacts, even though the Company's sales are higher in the northern hemisphere.

Note 2 - Basis for Financial Statement Preparation

A. Declaration of compliance with International Financial Reporting Standards (IFRS)

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 – *Interim Financial Reporting* and do not include all the information required for full annual financial statements. They should be read in conjunction with the financial statements as at and for the year ended December 31, 2016 (hereinafter – "the Annual Financial Statements"). Furthermore, these financial statements have been prepared in accordance with the Section D of the Securities Regulations (Periodic and Immediate Reports), 1970.
The condensed consolidated interim financial statements were authorized for issue by the Group's Board of Directors on August 15, 2017.

Note 2 - Basis for Financial Statement Preparation (cont'd)

B. Use of estimates and judgment

When preparing the condensed consolidated interim financial statements in conformance with IFRS, Company management is required to use judgment when making assessments, estimates and assumptions that affect the implementation of the policies and amounts of assets and liabilities, revenues and expenses. It is clarified that the actual results are likely to be different than these estimates.

Management's judgment when applying the Group's accounting policies and the key assumptions used in estimates that involve uncertainty are consistent with those used in the Annual Financial Statements.

Note 3 - Significant Accounting Policies

The accounting policies applied by the Group in these condensed consolidated interim financial statements are the same as those applied by the Group in its annual financial statements.

Note 4 - Information on Business Segments

A. Products and services:

The Company presents its segment reporting according to a format that is based on a breakdown by business segments:

- <u>Crop Protection (Agro)</u>
  This is the main area of the Company's operations and includes the manufacture and marketing of conventional agrochemical products and activities in the seeds' sector.

- <u>Other (Non Agro)</u>
  This field of activity includes a large number of sub-fields, including: Lycopan (an oxidization retardant), aromatic products, and other chemicals. It combines all the Company's activities not included in the agro-products segment.

Segment results reported to the chief operating decision maker include items directly attributable to a segment as well at those that can be allocated on a reasonable basis. Unallocated items comprise mainly financing expenses, net.

Note 4 - Information on Business Segments (cont'd)

A. Products and services: (cont'd)

	For the six-month period ended June 30, 2017 (Unaudited)			
	Crop protection	Other	Reconciliation	Consolidated
	$ thousands	$ thousands	$ thousands	$ thousands
Statement of income information:				
Revenues				
Sales outside the Group	**1,575,908**	**97,391**	**-**	**1,673,299**
Inter-segment sales	**-**	**638**	**(638)**	**-**
Total revenues	**1,575,908**	**98,029**	**(638)**	**1,673,299**
Results				
Segment's results	**257,873**	**3,400**	**-**	**261,273**
Financing expenses, net				**(56,457)**
Share of gain of equity accounted in investees, net				**2,533**
Income taxes				**(18,023)**
Net income for the period attributable to the owners of the Company				**189,326**

	For the six-month period ended June 30, 2016 (Unaudited)			
	Crop protection	Other	Reconciliation	Consolidated
	$ thousands	$ thousands	$ thousands	$ thousands
Statement of income information:				
Revenues				
Sales outside the Group	1,563,257	97,665	-	1,660,922
Inter-segment sales	-	614	(614)	-
Total revenues	1,563,257	98,279	(614)	1,660,922
Results				
Segment's results	227,400	3,678	-	231,078
Financing expenses, net				(67,068)
Share of income of equity accounted in investees, net				338
Income taxes				(855)
Non-controlling interests				(2,342)
Net income for the period attributable to the owners of the Company				161,151

Note 4 - Information on Business Segments (cont'd)

A. Products and services: (cont'd)

	For the three-month period ended June 30, 2017 (Unaudited)			
	Crop protection	Other	Reconciliation	Consolidated
	$ thousands	$ thousands	$ thousands	$ thousands
Statement of income information:				
Revenues				
Sales outside the Group	**783,624**	**46,615**	**-**	**830,239**
Inter-segment sales	**-**	**342**	**(342)**	**-**
Total revenues	**783,624**	**46,957**	**(342)**	**830,239**
Results				
Segment's results	**124,907**	**143**	**-**	**125,050**
Financing expenses, net				**(37,203)**
Share of gain of equity accounted in investees, net				**2,226**
Income taxes				**(14,994)**
Net income for the period attributable to the owners of the Company				**75,079**

	For the three-month period ended June 30, 2016 (Unaudited)			
	Crop protection	Other	Reconciliation	Consolidated
	$ thousands	$ thousands	$ thousands	$ thousands
Statement of income information:				
Revenues				
Sales outside the Group	758,572	49,194	-	807,766
Inter-segment sales	-	307	(307)	-
Total revenues	758,572	49,501	(307)	807,766
Results				
Segment's results	96,600	2,335	-	98,935
Financing expenses, net				(37,840)
Share of income of equity accounted in investees, net				771
Income taxes				(4,905)
Non-controlling interests				-
Net income for the period attributable to the owners of the Company				56,961

Note 4 - Information on Business Segments (cont'd)

A. Products and services: (cont'd)

	For the year ended December 31, 2016 (Audited)			
	Crop protection	Other	Reconciliation	Consolidated
	$ thousands	$ thousands	$ thousands	$ thousands
Statement of income information:				
Revenues				
Sales outside the Group	2,877,360	192,805	-	3,070,165
Inter-segment sales	-	1,236	(1,236)	-
Total revenues	2,877,360	194,041	(1,236)	3,070,165
Results				
Segment's results	337,489	6,673	-	344,162
Financing expenses, net				(140,350)
Share of loss of equity accounted investees, net				(16,622)
Income taxes				(22,520)
Non-controlling interests				(2,342)
Net income for the year attributable to the owners of the Company				162,328

B. Sales distribution by geographic regions

Below is a breakdown of sales by geographical segments based on location of customers (sales target).

	Six-month period ended June 30		Three-month period ended June 30		Year ended December 31
	2017	2016	2017	2016	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands
Europe	**684,441**	703,947	**286,398**	278,589	1,041,508
North America	**359,041**	339,747	**190,210**	186,326	604,316
Latin America	**261,519**	272,516	**146,593**	158,889	739,327
Asia Pacific	**178,371**	168,549	**90,807**	84,727	291,952
India, the Middle East and Africa	**141,031**	125,149	**90,238**	71,257	295,373
Israel	**48,896**	51,014	**25,993**	27,978	97,689
	1,673,299	1,660,922	**830,239**	807,766	3,070,165

Note 5 - Financial Instruments

Fair value

The fair value of forward contracts on foreign currency is based on their listed market price, if available. In the absence of market prices, the fair value is estimated based on the discounted difference between the stated forward price in the contract and the current forward price for the residual period until redemption, using an appropriate interest rate.

The fair value of foreign currency options is based on bank quotes. The reasonableness of the quotes is evaluated through discounting future cash flow estimates, based on the conditions and duration to maturity of each contract, using the market interest rates of a similar instrument at the measurement date and in accordance with the Black & Scholes model.

(1) Financial instruments measured at fair value for disclosure purposes only

The carrying value of certain financial assets and financial liabilities, including cash and cash equivalents, trade receivables, other receivables, other short-term investments, derivatives, bank overdrafts, short-term loans and credit, trade payables and other payables, are the same as or proximate to their fair value.

The following table details the carrying amount in the books and fair value of groups of non-current financial instruments presented in the financial statements not in accordance with their fair value:

	June 30, 2017		June 30, 2016		December 31, 2016	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
	Unaudited	Unaudited	Unaudited	Unaudited	Audited	Audited
	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands
Financial assets						
Long-term loans and other receivables (a)	**10,366**	**7,321**	17,657	13,321	10,490	6,697
Financial liabilities						
Long-term loans (b)	**150,355**	**151,816**	245,465	244,620	189,759	190,025
Debentures (c)	**1,184,836**	**1,392,846**	1,169,269	1,252,274	1,069,253	1,173,659

(a) The fair value of the long-term loans granted is based on a calculation of the present value of cash flows, using the acceptable interest rate for similar loans having similar characteristics (Level 2).

(b) The fair value of the long-term loans received is based on a calculation of the present value of cash flows, using the acceptable interest rate for similar loans having similar characteristics (Level 2).

(c) The fair value of the debentures is based on stock exchange quotes (Level 1).

Note 5 - Financial Instruments (cont'd)

(2) Fair value hierarchy of financial instruments measured at fair value

The table below presents an analysis of the financial instruments measured at fair value, in accordance with the valuation method. The different levels have been defined as follows:

- Level 1: Quoted prices (unadjusted) in an active market for identical instruments.
- Level 2: Inputs other than quoted prices included within Level 1 that are observable, either directly or indirectly.
- Level 3: Inputs that is not based on observable market data (unobservable inputs).

The Company's financial instruments carried at fair value are evaluated by observable inputs and therefore are concurrent with the definition of Level 2.

	June 30 2017	June 30 2016	December 31 2016
	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands
Derivatives used for hedging the cash flow:			
Forward contracts and options	**(29,669)**	(99,161)	24,106
Derivatives not used for economic hedging:			
Forward contracts and options	**(13,489)**	(5,492)	(45,578)
	(43,158)	(104,653)	(21,472)

Note 6 - Additional Information

1. On May 18, 2017 the acquisition Transaction of Syngenta AG (hereinafter: "Syngenta") by China National Chemical Corporation, the Company's indirect controlling shareholder (hereinafter: "the Transaction") was completed. Subsequently, the Company is working according to its agreement with the said parties to effect the divestment of a number of its products (hereinafter: the "Divested Products"), while receiving products of similar nature and economic value from Syngenta (hereinafter: the "Transferred Products"). The Company intends to divest several of its products in Europe, while maintaining its ability to continue to sell such products in other countries outside Europe, and in some cases within Europe as well, while in the U.S. the Company completed the sale of a few of its products, all against the receipt of the Transferred Products. The Company's entering into most of the abovementioned agreements was approved by the Company's competent organs as an extraordinary transaction in which the controlling shareholder of the Company has a personal interest (within the meaning of these terms in the Companies Law).
   In view of the above the relevant Divested Products were classified as current assets held for sale.

Note 6 - Additional Information

2. Within the framework of advancing the Company’s build-up and integration in China, the combination of Adama and Hubei Sanonda Co. Ltd. (“Sanonda”) was successfully completed, whereby on July 4, 2017 the entire share capital of the Company was transferred from CNAC to Sanonda, in return for the issuance of new shares in Sanonda to CNAC and their registration for trade on the Shenzhen Stock Exchange, which was completed on August 2, 2017.

   On February 4, 2016, the Company's Audit committee, Board of Directors and shareholders approved the Company entering into an agreement for the sale of the Class B shares of Sanonda held by the Company (hereinafter - the "B Shares") for HKD 7.70 per share and in total HKD 485 million (approximately US $ 62 million) for all B shares, subject to the approval of the general meeting of Sanonda and the completion of the Sanonda Combination Transaction.
   In view of the approval of the General Meeting of Sanonda and the completion of the Sanonda Combination Transaction the investment in the share of Sanonda was classified as current assets held for sale.

Adama Agricultural Solutions Ltd.

Condensed Separate Interim
Financial Data
(Unaudited)
As of June 30, 2017
In U.S. Dollars

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To the Shareholders of Adama Agricultural Solutions Ltd.

Subject: Special Auditors' report on separate interim financial information according to Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) – 1970

Introduction

We have reviewed the separate interim financial information presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) – 1970 of Adama Agricultural Solutions Ltd. (hereinafter – "the Company") as of June 30, 2017 and for the six and three-month periods then ended. The separate interim financial information is the responsibility of the Company's Board of Directors and of its Management. Our responsibility is to express a conclusion on the separate interim financial information based on our review.

We did not review the separate interim financial information of investee companies the investment in which amounted to $126,687 thousand as of June 30, 2017, and the profit from these investee companies amounted to $3,183 thousand and to $1,072 thousand for the six and three-month periods then ended, respectively. The financial statements of those companies were reviewed by other auditors whose review reports thereon were furnished to us, and our conclusion, insofar as it relates to amounts emanating from the financial statements of such companies, is based solely on the said review reports of the other auditors.

Scope of Review

We conducted our review in accordance with Standard on Review Engagements 1, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" of the Institute of Certified Public Accountants in Israel. A review of separate interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with generally accepted auditing standards in Israel and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review and the review reports of other auditors, nothing has come to our attention that causes us to believe that the accompanying separate interim financial information was not prepared, in all material respects, in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) – 1970.

Somekh Chaikin
Certified Public Accountants (Isr.)

August 15, 2017

Condensed Interim Information on Financial Position

	June 30 2017	June 30 2016	December 31 2016
	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands
Current assets			
Cash and cash equivalents	**6,511**	2,123	740
Prepaid expenses	**352**	640	332
Other receivables	**161,271**	123,288	45,781
Receivables from investee companies	**120,277**	145,229	200,115
Derivatives	**55,069**	5,882	919
Total current assets	**343,480**	277,162	247,887
Long-term investments, loans and receivables			
Investments in investee companies	**1,772,320**	1,685,465	1,598,014
Loans to investee companies	**961,309**	961,309	961,309
	2,733,629	2,646,774	2,559,323
Fixed assets, net	**2,463**	2,763	2,575
Intangible assets, net	**5,500**	5,437	5,356
Total non-current assets	**2,741,592**	2,654,974	2,567,254
Total assets	**3,085,072**	2,932,136	2,815,141

Condensed Interim Information on Financial Position

	June 30 2017	June 30 2016	December 31 2016
	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands
Current liabilities			
Current maturities of debentures	**-**	101,593	-
Other payables	**61,027**	24,862	49,101
Derivatives	**5,193**	20,026	16,090
Total current liabilities	**66,220**	146,481	65,191
Long-term liabilities			
Debentures	**1,208,084**	1,088,653	1,090,257
Employee benefits	**3,065**	3,900	5,413
Total non-current liabilities	**1,211,149**	1,092,553	1,095,670
Total liabilities	**1,277,369**	1,239,034	1,160,861
Equity			
Share capital	**125,595**	125,595	125,595
Share premium	**623,829**	623,829	623,829
Capital reserves	**(352,865)**	(335,478)	(322,454)
Retained earnings	**1,411,144**	1,279,156	1,227,310
Total equity attributable to the owners of the Company	**1,807,703**	1,693,102	1,654,280
Total liabilities and equity	**3,085,072**	2,932,136	2,815,141

Yang Xingqiang	Chen Lichtenstein	Aviram Lahav
Chairman of the Board of Directors	President & Chief Executive Officer	Chief Financial Officer

Date the financial statements were approved: August 15, 2017

The attached additional information to the separate interim information is an integral part thereof.

Condensed Interim Information on Income

	Six-month period ended June 30		Three-month period ended June 30		Year ended December 31
	2017	2016	2017	2016	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands
Revenues					
Income from services to investees companies	**25,663**	21,020	**11,752**	10,049	39,777
Expenses					
General and administrative expenses	**23,163**	19,073	**10,579**	9,204	36,307
Operating profit	**2,500**	1,947	**1,173**	845	3,470
Financing expenses	**145,762**	103,809	**66,571**	45,332	200,558
Financing income	**(145,762)**	(103,809)	**(66,571)**	(45,332)	(200,558)
Financing income (expenses), net	**-**	-	**-**	-	-
Profit after financing expenses, net	**2,500**	1,947	**1,173**	845	3,470
Income from investee companies	**187,573**	160,475	**73,824**	56,241	160,435
Profit before tax on income	**190,073**	162,422	**74,997**	57,086	163,905
Taxes on income	**747**	1,271	**(82)**	125	1,577
Profit for the period attributable to the owners of the Company	**189,326**	161,151	**75,079**	56,961	162,328

The attached additional information to the separate interim information is an integral part thereof.

Condensed Interim Information on Comprehensive Income

	Six-month period ended June 30		Three-month period ended June 30		Year ended December 31
	2017	2016	2017	2016	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands
Income for the period attributable to the owners of the Company	**189,326**	161,151	**75,079**	56,961	162,328
Components of other comprehensive income where after the initial recognition as part of the comprehensive income were transferred or will be transferred to the statement of income					
Net change in fair value of cash flow hedges transferred to the statement of income	**(240)**	(240)	**(120)**	(120)	(480)
Other comprehensive income (loss) in respect of investee companies, net of tax	**(30,193)**	(26,230)	**(28,847)**	2,342	(12,986)
Taxes on the components of other comprehensive income that were transferred or will be transferred to the statement of income	**22**	22	**11**	11	42
Total other comprehensive income (loss) for the period where after the initial recognition as part of the comprehensive income were transferred or will be transferred to the statement of income, net of tax	**(30,411)**	(26,448)	**(28,956)**	2,233	(13,424)
Components of other comprehensive income that will not be transferred to the statement of income					
Re-measurement of defined benefit plan	**38**	426	**38**	564	659
Other comprehensive loss in respect of investee companies, net of tax	**(798)**	(4,193)	**(797)**	(1,920)	(523)
Total components of other comprehensive income (loss) for the period that will not be transferred to the statement of income, net of tax	**(760)**	(3,767)	**(759)**	(1,356)	136
Total comprehensive income for the period attributable to the owners of the Company	**158,155**	130,936	**45,364**	57,838	149,040

The attached additional information to the separate interim information is an integral part thereof.

Condensed Interim Information on Cash Flows

	Six-month period ended June 30		Three-month period ended June 30		Year ended December 31
	2017	2016	2017	2016	2016
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands
Cash flows from operating activities					
Profit for the period attributable to the owners of the Company	**189,326**	161,151	**75,079**	56,961	162,328
Adjustments					
Profit in respect of investee companies	**(187,573)**	(160,475)	**(73,824)**	(56,241)	(160,435)
Depreciation and amortization	**1,494**	1,335	**752**	672	2,716
Amortization of discount/premium and issuance costs	**241**	(469)	**125**	(226)	(824)
Expenses (income) in respect of share-based payment	**-**	(133)	**-**	537	(7,435)
Adjustment of long-term liabilities	**115,323**	12,569	**54,696**	(19,398)	14,117
SWAP transactions	**(240)**	(240)	**(120)**	(120)	(480)
Change in deferred taxes, net	**22**	22	**11**	11	42
Changes in assets and liabilities					
Decrease (increase) in accounts receivable and current assets	**(54,856)**	(9,094)	**(7,987)**	20,055	3,940
Decrease in accounts payable and other liabilities	**(4,346)**	(4,805)	**(20,063)**	(4,811)	(9,535)
Change in employee benefits	**716**	337	**(322)**	(103)	2,038
Net cash provided by (used in) operating activities in respect of transactions with investee companies	**61,994**	(4,071)	**44,974**	9,666	(76,077)
Net cash provided by (used in) operating activities	**122,101**	(3,873)	**73,321**	7,003	(69,605)
Cash flows from investing activities					
Acquisition of fixed assets	**(162)**	(229)	**(34)**	(90)	(313)
Additions to intangible assets	**(1,364)**	(1,154)	**(567)**	(447)	(2,182)
Dividend received	**-**	-	**-**	-	100,000
Net cash provided by (used in) operating activities in respect of transactions with investee companies	**(114,804)**	5,904	**(73,495)**	(8,246)	91,096
Net cash provided by (used in) investing activities	**(116,330)**	4,521	**(74,096)**	(8,783)	188,601
Cash flows from financing activities					
Dividend paid to owners of the company	**-**	-	**-**	-	(18,521)
Repayment of debentures	**-**	-	**-**	-	(101,210)
Net cash used in financing activities	**-**	-	**-**	-	(119,731)
Increase (decrease) in cash and cash equivalents	**5,771**	648	**(775)**	(1,780)	(735)
Cash and cash equivalents at beginning of the period	**740**	1,475	**7,286**	3,903	1,475
Cash and cash equivalents at end of the period	**6,511**	2,123	**6,511**	2,123	740
Supplementary information:					
Interest paid in cash	**(30,589)**	(31,505)	**(30,588)**	(31,505)	(63,285)
Interest received in cash	**1,237**	979	**932**	701	2,228
Taxes paid in cash, net	**(181)**	(686)	**(33)**	(32)	(1,118)

The attached additional information to the separate interim information is an integral part thereof.

Additional Information

1. General

Presented herein is condensed financial data from the Group's condensed consolidated interim financial statements as at June 30, 2017 (hereinafter – "the Consolidated Financial Statements"), which are published as part of the Periodic Reports, relating to the Company itself hereinafter – "the Condensed Interim Separate Financial Data"), presented in accordance with the provisions of Regulation 38D ("the Regulation") and Addendum 10 to the Securities Regulations (Periodic and Immediate Reports) – 1970 ("Addendum 10") regarding Condensed Interim Separate Financial Data of the Corporation.

The Condensed Interim Separate Financial Data should be read in conjunction with the separate financial information as at and for the period ended December 31, 2016 and in conjunction with the interim condensed consolidated financial statements.

In this interim financial information:

(1) The Company	–	Adama Agricultural Solutions Ltd.
(2) Subsidiaries	–	Companies, including partnerships, whose financial statements are fully consolidated, directly or indirectly, with the financial statements of the Company.
(3) Investee companies	–	Subsidiaries and companies, including partnerships or joint ventures, the Company's investment in which is included in the financial statements, directly or indirectly, based on the equity method of accounting.

2. Significant Accounting Policies Applied in the Condensed Separate Financial Data

The accounting policies in these condensed interim financial data conform to the accounting principles detailed in the separate financial information as of December 31, 2016.

אדמה פתרונות לחקלאות בע"מ
ADAMA Agricultural Solutions Ltd.

Chapter C

Report Regarding the Effectiveness of the Internal Auditing of Financial Reporting and Disclosure

Periodic report regarding the effectiveness of the internal auditing of financial reporting and disclosure according to Regulation 38C(a):

The Management, under the supervisions of the Board of Directors of ADAMA Agricultural Solutions Ltd. (hereafter: the corporation) is responsible for determining and maintaining appropriate internal auditing of financial reporting and of disclosure in the corporation.

In this matter, the members of the Management are as follows:

- Chen Lichtenstein, President and CEO
- Aviram Lahav, CFO
- Ignacio Dominguez, CCO
- Shaul Friedland, CCO
- Elhanan Abramov, EVP, Global Operations
- Michal Arlosoroff, SVP, General Legal Counsel
- Dani Harari, SVP, Strategy and Resources

The internal auditing of financial reporting and disclosure includes the existing controls and procedures in the corporation, which were designed by the Chief Executive Officer and the senior corporate financial officer or under their supervision, or by someone who in practice carries out these functions, under the supervision of the corporation's Board of Directors and which are intended to provide a reasonable degree of confidence regarding the reliability of financial reporting and the preparation of the reports according to the instructions of the law and to ensure that the information which the corporation is required to disclose in the reports that it publishes according to the instructions of the law is gathered, processed, summarized and reported on the dates and in the format dictated by law.

The internal auditing includes, among other things, audits and procedures that were designed to ensure that the information which the corporation is required to disclose was accumulated and submitted to the corporation's Management, including the Chief Executive Officer and the senior corporate financial officer or someone who in practice fulfills these functions, in order to facilitate decision making at the appropriate time, with regard to the disclosure requirements.

Due to its structural constraints, internal auditing of financial reporting and disclosure is not intended to fully guarantee that a biased presentation or the omission of information in the reports will be avoided or discovered.

In the quarterly report on the effectiveness of the internal auditing of the financial reports and disclosure which was attached to the quarterly report for the period ended on March 31, 2017 (hereinafter: the last quarterly report on internal auditing), the internal auditing was found to be effective.

Up to the date of the report, the Board of Directors and the Management were not made aware of any event or matter that would have changed their assessment of the effectiveness of internal auditing, as it was presented in the last quarterly report on internal auditing.

As of the date of the report and based on the assessment of the effectiveness of the internal auditing in the last quarterly report on internal auditing and on the information brought to the attention of the Management and the Board of Directors as mentioned above, the internal auditing is effective.

Officers' Certification

Certification of CEO

I, Chen Lichtenstein, certify that:

1. I have reviewed the quarterly report of ADAMA Agricultural Solutions Ltd. (hereinafter – "the Company") for the second quarter of 2017 (hereinafter – "the reports").

2. Based on my knowledge, the reports do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the reports.

3. Based on my knowledge, the financial statements and other financial information included in the reports, fairly present in all material respects, the financial condition, results of operations and cash flows of the Company as of the dates and for the periods presented in the reports.

4. I have disclosed, based on my most recent evaluation regarding internal control over financial reporting and disclosure, to the Company's Auditors, Board of Directors and the Company's Audit Committee and Financial Statements Committee:
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and disclosure, which could reasonably adversely affect the Company's ability to record, process, summarize and report financial data so as to cast doubt on the reliability of financial reporting and the preparation of financial statements in accordance with law; and –
   b. Any fraud, whether or not material, that involves the CEO or anyone directly subordinated to the CEO or that involves other employees who have a significant role in internal control over financial reporting and disclosure.

5. I, alone or together with others in the Company, state that:
   a. I have designed such controls and procedures, or caused such controls and procedures to be designed under my supervision, to ensure that material information relating to the Company, including its consolidated corporations within their meaning in the Securities Law (Annual Financial Statements) – 2010, is made known to me by others in the Company and within those corporations, particularly during the period in which the reports are being prepared; and –
   b. I have designed such controls and procedures, or caused such controls and procedures to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with law, including in accordance with generally accepted accounting principles;
   c. No event or matter during the course of the period between the date of the last periodic report and the date of this report has been brought to my attention that would change the conclusion of the Board of Directors and the Management with respect to the effectiveness of the internal auditing of the Company's financial reporting and disclosure.

Nothing in the aforesaid derogates from my responsibility or from the responsibility of any other person under the law.

15 August 2017

Chen Lichtenstein
CEO

Officers' Certification

Certification of Chief Financial Officer

I, Aviram Lahav, certify that:

1. I have reviewed the interim financial statements and other financial information included in the interim period reports of ADAMA Agricultural Solutions Ltd. (hereinafter – "the Company") for the second quarter of 2017 (hereinafter – "the reports" or "the interim period reports").

2. Based on my knowledge, the interim financial statements and other financial information included in the interim period reports do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by the reports.

3. Based on my knowledge, the interim financial statements and other financial information included in the interim period reports, fairly present in all material respects, the financial condition, results of operations and cash flows of the Company as of the dates and for the periods presented in the reports.

4. I have disclosed, based on my most recent evaluation regarding internal control over financial reporting and disclosure, to the Company's Auditors, Board of Directors and the Company's Audit committee and Financial Statements Committee:
   a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting and disclosure to the extent it relates to the interim financial statements and other financial information included in the interim period reports, which could reasonably adversely affect the Company's ability to record, process, summarize and report financial data so as to cast doubt on the reliability of financial reporting and the preparation of financial statements in accordance with law; and –
   b. Any fraud, whether or not material, that involves the CEO or anyone directly subordinated to the CEO or that involves other employees who have a significant role in internal control over financial reporting and disclosure.

5. I, alone or together with others in the Company, state that:
   a. I have designed such controls and procedures, or caused such controls and procedures to be designed under my supervision, to ensure that material information relating to the Company, including its consolidated corporations within their meaning in the Securities Law (Annual Financial Statements) – 2010, is made known to me by others in the Company and within those corporations, particularly during the period in which the reports are being prepared; and –
   b. I have designed such controls and procedures, or caused such controls and procedures to be designed under my supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with law, including in accordance with generally accepted accounting principles;
   c. No event or matter has been brought to my attention which occurred during the course of the period between the date of the last report (quarterly or periodic, as the case may be) and the date of this report that relates to the interim financial statements and any other financial information that is included in the interim period reports, that would change the conclusion of the Board of Directors and the Management with respect to the effectiveness of the internal auditing of the Company's financial reporting and disclosure.

Nothing in the aforesaid derogates from my responsibility or from the responsibility of any other person under the law.

15 August 2017

Aviram Lahav
CFO