



Abridged Consolidated Financial Statements

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

Abridged Consolidated Income Statement for the Fourth Quarter

<i>Adjusted¹</i>	Q4 2018 USD(m)	Q4 2017 USD(m)	Q4 2018 RMB(m)	Q4 2017 RMB(m)
Revenues	963	821	6,660	5,425
Cost of Sales	647	553	4,476	3,657
Business taxes and surcharges	4	2	27	13
Gross profit	312	265	2,157	1,755
<i>% of revenue</i>	<i>32.4%</i>	<i>32.3%</i>	<i>32.4%</i>	<i>32.3%</i>
Operating expenses	231	220	1,596	1,456
Operating income (EBIT)	81	45	561	299
<i>% of revenue</i>	<i>8.4%</i>	<i>5.5%</i>	<i>8.4%</i>	<i>5.5%</i>
Financial expenses and investment income	34	33	233	216
Income before taxes	47	12	328	83
Taxes on Income	2	-13	13	-86
Net income	46	26	316	169
<i>% of revenue</i>	<i>4.7%</i>	<i>3.1%</i>	<i>4.7%</i>	<i>3.1%</i>
EBITDA	134	100	928	656
<i>% of revenue</i>	<i>13.9%</i>	<i>12.2%</i>	<i>13.9%</i>	<i>12.2%</i>
Earnings per Share – Basic	<i>0.0186</i>	<i>0.0109</i>	<i>0.1290</i>	<i>0.0720</i>
– Diluted	<i>0.0186</i>	<i>0.0109</i>	<i>0.1290</i>	<i>0.0720</i>

The number of shares used to calculate earnings per share in Q4 2017 is 2,341.9 million shares. The number of shares used to calculate earnings per share in Q4 2018 is 2,446.6 million shares, reflecting the issuance of shares in the private placement equity offering in December 2017.

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



Abridged Consolidated Income Statement for the Full Year

<i>Adjusted²</i>	FY 2018 USD(m)	FY 2017 USD(m)	FY 2018 RMB(m)	FY 2017 RMB(m)
Revenues	3,881	3,523	25,615	23,820
Cost of Sales	2,577	2,277	17,018	15,393
Business taxes and surcharges	12	9	81	62
Gross profit	1,291	1,237	8,516	8,364
<i>% of revenue</i>	<i>33.3%</i>	<i>35.1%</i>	<i>33.2%</i>	<i>35.1%</i>
Operating expenses	850	800	5,629	5,399
Operating income (EBIT)	441	436	2,887	2,965
<i>% of revenue</i>	<i>11.4%</i>	<i>12.4%</i>	<i>11.3%</i>	<i>12.4%</i>
Financial expenses and investment income	131	128	862	862
Income before taxes	310	308	2,025	2,103
Taxes on Income	61	28	396	193
Net income	249	280	1,629	1,909
<i>% of revenue</i>	<i>6.4%</i>	<i>8.0%</i>	<i>6.4%</i>	<i>8.0%</i>
EBITDA	653	646	4,288	4,374
<i>% of revenue</i>	<i>16.8%</i>	<i>18.3%</i>	<i>16.7%</i>	<i>18.3%</i>
Earnings per Share – Basic	<i>0.1017</i>	<i>0.1196</i>	<i>0.6657</i>	<i>0.8153</i>
– Diluted	<i>0.1017</i>	<i>0.1196</i>	<i>0.6657</i>	<i>0.8153</i>

² For an analysis of the differences between the adjusted income statement items and the income statement items as reported in the financial statements, see below “Analysis of Gaps between Adjusted Income Statement and Income Statement in Financial Statements”.



Abridged Consolidated Balance Sheet

	December 31 2018 USD (m)	December 31 2017 USD (m)	December 31 2018 RMB (m)	December 31 2017 RMB (m)
Assets				
Current assets:				
Cash at bank and on hand	908	1,204	6,233	7,869
Bills and accounts receivable	1,068	801	7,330	5,237
Inventories	1,347	1,146	9,247	7,488
Assets held for sale	-	62	-	403
Other current assets, receivables and prepaid expenses	274	357	1,879	2,333
Total current assets	3,597	3,570	24,689	23,330
Non-current assets:				
Fixed assets, net	1,029	1,063	7,063	6,945
Intangible assets, net	1,423	1,213	9,763	7,927
Deferred tax assets	107	136	733	891
Other non-current assets	82	80	564	521
Total non-current assets	2,641	2,492	18,123	16,284
Total assets	6,238	6,063	42,813	39,614
Liabilities				
Current liabilities:				
Loans and credit from banks and other lenders	127	418	875	2,729
Bills and accounts payable	731	646	5,019	4,218
Other current liabilities	793	665	5,446	4,348
Total current liabilities	1,652	1,729	11,339	11,295
Long-term liabilities:				
Long-term loans from banks and other lenders	34	79	236	514
Debentures	1,115	1,190	7,649	7,777
Deferred tax liabilities	57	34	392	225
Employee benefits	85	93	580	611
Other long-term liabilities	49	63	336	413
Total long-term liabilities	1,339	1,460	9,193	9,540
Total liabilities	2,992	3,189	20,533	20,836
Equity				
Total equity	3,246	2,874	22,280	18,778
Total equity	3,246	2,874	22,280	18,778
Total liabilities and equity	6,238	6,063	42,813	39,614



Abridged Consolidated Cash Flow Statement for the Fourth Quarter

	Q4 2018 USD (m)	Q4 2017 USD (m)	Q4 2018 RMB (m)	Q4 2017 RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	79	217	548	1,437
Cash flow from operating activities	79	217	548	1,437
Investing activities:				
Acquisitions of fixed and intangible assets	-59	-67	-410	-442
Proceeds from disposal of fixed and intangible assets	1	-	8	2
Other investing activities	1	-	10	-
Cash flow used for investing activities	-57	-67	-392	-440
Financing activities:				
Receipt of loans from banks and other lenders	16	307	111	2,031
Repayment of loans from banks and other lenders	-29	-86	-198	-571
Other financing activities	-37	175	-247	1,159
Cash flow from (used for) financing activities	-49	396	-334	2,619
Effects of exchange rate movement on cash and cash equivalents	1	3	-13	-88
Net change in cash and cash equivalents	-26	550	-191	3,528
Cash and cash equivalents at the beginning of the period	926	653	6,371	4,337
Cash and cash equivalents at the end of the period	900	1,204	6,180	7,864
Free Cash Flow	-14	115	-99	763



Abridged Consolidated Cash Flow Statement for the Full Year

	FY 2018 USD (m)	FY 2017 USD (m)	FY 2018 RMB (m)	FY 2017 RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	301	586	2,002	3,958
Cash flow from operating activities	301	586	2,002	3,958
Investing activities:				
Acquisitions of fixed and intangible assets	-523	-223	-3,376	-1,503
Proceeds from disposal of fixed and intangible assets	381	14	2,421	97
Other investing activities	-	17	-	118
Cash flow used for investing activities	-142	-192	-954	-1,288
Financing activities:				
Receipt of loans from banks and other lenders	29	334	196	2,212
Repayment of loans from banks and other lenders	-361	-185	-2,314	-1,247
Other financing activities	-118	104	-773	671
Cash flow from (used for) financing activities	-450	253	-2,892	1,636
Effects of exchange rate movement on cash and cash equivalents	-12	3	159	-276
Net change in cash and cash equivalents	-303	651	-1,684	4,031
Cash and cash equivalents at the beginning of the period	1,204	553	7,864	3,834
Cash and cash equivalents at the end of the period	900	1,204	6,180	7,864
Free Cash Flow	79	310	528	2,097



Notes to Abridged Consolidated Financial Statements

Note 1: Basis of preparation

Basis of presentation and accounting policies: The abridged consolidated financial statements for the years ended December 31, 2018 and 2017 incorporate the financial statements of ADAMA Ltd. and of all of its subsidiaries (the "Company"), including Adama Agricultural Solutions Ltd. ("Solutions") and its subsidiaries.

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

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

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

Note 2: Abridged Financial Statements

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

Abridged Consolidated Income Statement:

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

Abridged Consolidated Balance Sheet:

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



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

Q4 USD(m)	Adjusted		Adjustments		Reported	
	Q4 2018	Q4 2017	Q4 2018	Q4 2017	Q4 2018	Q4 2017
Revenues	963	821	-	-	963	821
Gross profit	312	265	3	-9	309	275
Operating expenses	231	220	-52	-51	283	271
Operating income (EBIT)	81	45	55	41	26	4
Income before taxes	47	12	61	41	-14	-29
Net income	46	26	66	34	-20	-8
EBITDA	134	100	4	27	130	72
Earnings per share	0.0186	0.0109	0.0269	0.0144	-0.0083	-0.0035

Q4 RMB(m)	Adjusted		Adjustments		Reported	
	Q4 2018	Q4 2017	Q4 2018	Q4 2017	Q4 2018	Q4 2017
Revenues	6,660	5,425	-	-	6,660	5,425
Gross profit	2,157	1,755	18	-61	2,139	1,815
Operating expenses	1,596	1,456	-363	-334	1,959	1,790
Operating income (EBIT)	561	299	381	273	180	25
Income before taxes	328	83	422	273	-94	-191
Net income	316	169	455	222	-140	-54
EBITDA	928	656	27	181	901	475
Earnings per share	0.1290	0.0720	0.1862	0.0949	-0.0572	-0.0229

FY USD(m)	Adjusted		Adjustments		Reported	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Revenues	3,881	3,523	-	-	3,881	3,523
Gross profit	1,291	1,237	11	2	1,280	1,235
Operating expenses	850	800	215	-63	636	864
Operating income (EBIT)	441	436	-203	65	644	371
Income before taxes	310	308	-197	65	507	243
Net income	249	280	-129	54	378	226
EBITDA	653	646	-307	20	959	625
Earnings per share	0.1017	0.1196	-0.0527	0.0232	0.1543	0.0964

FY RMB(m)	Adjusted		Adjustments		Reported	
	FY 2018	FY 2017	FY 2018	FY 2017	FY 2018	FY 2017
Revenues	25,615	23,820	-	-	25,615	23,820
Gross profit	8,516	8,364	77	10	8,440	8,354
Operating expenses	5,629	5,399	1,329	-424	4,300	5,824
Operating income (EBIT)	2,887	2,965	-1,252	435	4,139	2,530
Income before taxes	2,025	2,103	-1,211	435	3,236	1,668
Net income	1,629	1,909	-774	363	2,402	1,546
EBITDA	4,288	4,374	-1,949	131	6,237	4,243
Earnings per share	0.6657	0.8153	-0.3163	0.1552	0.9820	0.6601



Income Statement Adjustments

	Q4 2018 USD (m)	Q4 2017 USD (m)	Q4 2018 RMB (m)	Q4 2017 RMB (m)
Net Income (Reported)	-20.3	-8.1	-140.0	-53.6
Non-cash legacy amortization of 2011 PPA for acquisition of Solutions, net of tax	9.5	9.5	65.7	62.8
Non-cash amortization of Transfer assets received from Syngenta related to 2017 ChemChina-Syngenta acquisition	10.6	-	73.0	-
Combination Transaction – one-time professional fee; employee bonuses	-	3.7	-	24.7
One-time capital gain from sale of EU and US registrations, related to 2017 ChemChina-Syngenta acquisition, net of taxes	3.1	-	21.7	-
Jingzhou old facility fixed asset impairment, net of tax effect	28.3	9.1	195.6	58.6
Historical tax expenses resulting from the finalization of tax assessments	8.4	25.4	58.2	167.9
Reinstatement of depreciation expense due to classification of to-be-divested European registrations as “Held-for-Sale”, related to 2017 ChemChina acquisition of Syngenta	-	-3.5	-	-22.8
Creation of deferred tax asset on losses carried forward in anticipation of their expected utilization, due to expected capital gain on ChemChina-Syngenta related divestments	-	-28.7	-	-190.0
One-time non-cash provision for post-employment & early retirement of Sanonda employees	-	11.7	-	79.4
Adjustment of 2017 LTI provision made in Q4 to accrual over full year	-	6.3	-	41.9
Revaluation of non-cash adjustment related to non-controlling interest	6.0	-	41.3	-
Total adjustments	65.9	33.6	455.5	222.5
Net Income (Adjusted)	45.5	25.5	315.5	168.7

	FY 2018 USD (m)	FY 2017 USD (m)	FY 2018 RMB (m)	FY 2017 RMB (m)
Net Income (Reported)	377.6	225.8	2,402.5	1,545.9
Non-cash legacy amortization of 2011 PPA for acquisition of Solutions, net of tax	38.0	38.0	251.4	256.8
Non-cash amortization of Transfer assets received from Syngenta related to 2017 ChemChina-Syngenta acquisition	30.9	-	207.0	-
Jingzhou old facility fixed asset impairment, net of tax effect	28.3	9.1	195.6	58.6
Combination Transaction – one-time professional fee; taxes; employee bonuses	1.5	9.5	9.4	63.2
One-time capital gain from sale of EU & US registrations, related to 2017 ChemChina-Syngenta acquisition, net of taxes	-241.7	-8.6	-1,535.0	-59.0
Reinstatement of depreciation expense due to classification of to-be-divested European registrations as “Held-for-Sale”, related to ChemChina-Syngenta acquisition; and other	-2.6	-4.9	-16.5	-32.8
Creation of deferred tax asset on losses carried forward in anticipation of their expected utilization, due to expected capital gain on ChemChina-Syngenta related divestments	-	-28.7	-	-190.0
Historical tax expenses from finalization of tax assessments, conclusion of tax claims	8.4	28.2	58.2	187.2
One-time non-cash provision for post-employment & early retirement of Sanonda employees	-	11.7	-	79.4
Revaluation of non-cash adjustments related to non-controlling interest	6.0	-	41.3	-
Non-core asset disposal	2.3	-	14.8	-
Total adjustments	-128.9	54.3	-773.8	363.3
Net Income (Adjusted)	248.7	280.1	1,628.7	1,909.3



Exchange Rate Data for the Company's Principal Functional Currencies

	December 31			Q4 Average			FY Average		
	2018	2017	Change	2018	2017	Change	2018	2017	Change
EUR/USD	1.145	1.198	(4.4%)	1.141	1.178	(3.1%)	1.180	1.127	4.7%
USD/BRL	3.875	3.308	(17.1%)	3.810	3.248	(17.3%)	3.655	3.192	(14.5%)
USD/PLN	3.760	3.481	(8.0%)	3.768	3.594	(4.9%)	3.612	3.779	4.4%
USD/ZAR	14.428	12.380	(16.5%)	14.284	13.580	(5.2%)	13.239	13.264	0.2%
AUD/USD	0.706	0.781	(9.6%)	0.717	0.769	(6.7%)	0.747	0.766	(2.5%)
GBP/USD	1.279	1.350	(5.3%)	1.287	1.328	(3.1%)	1.334	1.287	3.6%
USD/ILS	3.748	3.467	(8.1%)	3.705	3.507	(5.6%)	3.591	3.596	0.1%
USD LIBOR 3M	2.81%	1.69%	65.7%	2.62%	1.46%	79.7%	2.30%	1.26%	82.1%

	December 31			Q4 Average			FY Average		
	2018	2017	Change	2018	2017	Change	2018	2017	Change
USD/RMB	6.863	6.534	5.0%	6.916	6.611	4.6%	6.612	6.755	(2.1%)
EUR/RMB	7.859	7.826	0.4%	7.892	7.785	1.4%	7.806	7.612	2.5%
RMB/BRL	0.565	0.506	(11.5%)	0.551	0.491	(12.2%)	0.553	0.473	(16.9%)
RMB/PLN	0.533	0.533	0.0%	0.544	0.544	0.0%	0.559	0.559	0.0%
RMB/ZAR	2.102	1.885	(11.5%)	2.065	1.885	(9.6%)	2.002	1.878	(6.6%)
AUD/RMB	4.844	5.103	(5.1%)	4.960	5.083	(2.4%)	4.940	5.176	(4.6%)
GBP/RMB	8.777	8.906	(1.4%)	8.897	8.726	2.0%	8.821	8.670	1.8%
RMB/ILS	0.546	0.531	(2.9%)	0.536	0.531	(1.0%)	0.543	0.532	(2.0%)
RMB SHIBOR 3M	3.35%	4.91%	(31.9%)	3.04%	4.61%	(33.9%)	3.75%	4.37%	(14.3%)