אדמה פתרונות לחקלאות בע"מ
ADAMA Agricultural Solutions Ltd.

Quarterly Report for September 30, 2014

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

Chapter B – Financial Statements (Unaudited) for September 30, 2014

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 third quarter of 2014 published by the Company in Hebrew.
The Hebrew version is the binding version. This translation was 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 ended September 30, 2014

The Board of Directors of the Company is pleased to present the Directors' Report on the state of the Company's affairs as of September 30, 2014 and for the cumulative nine-month period ending on that date ("the Reporting Period"). The Directors' Report for the Reporting Period is limited in scope and should be read together with the Periodic Report for 2013 published on March 9, 2014 (Ref: 2014-01-008475) ("the Periodic Report for 2013").

A. Board of Directors' remarks on the state of the Company's affairs

1. Brief description of the corporation and its business environment

ADAMA Agricultural Solutions Ltd. and its subsidiaries ("the Company") specialize in the chemical industry and, as of the reporting date, focus primarily on the agriculture-related chemical industry (agrochemicals). In this context, the Company develops, manufactures and markets crop protection products. In addition, the Company has other operations which are based on its core capabilities (in the agricultural and chemical industries), the scope of which, as of the reporting date, is insignificant. As of the reporting date, the Company is the leading off-patent crop protection solutions company in the world by sales, and sells its products in approximately 120 countries worldwide. The Company's key success factors are primarily an integrated business model which spans world-wide end market access, local product development, registration expertise in over 100 countries and global research and development and manufacturing capabilities. As well as a broad portfolio of specialty products adapted to the farmer's needs, its goodwill, know-how, high level of experience and agronomic ability, excellent technological-chemical capabilities, first-rate research and development capacities, adherence to stringent environmental standards, strict quality control, global marketing and distribution system, comprehensive operating infrastructure from R&D through manufacture, cooperation with multinational companies for the manufacture and marketing of the products, financial robustness and available cash resources. Steady and consistent investment in development facilitates the launching of new generic products, mixtures and formulations at opportune times.

For a description of the corporation's affairs and material events during the Reporting Period, see Chapter A of the Periodic Report for 2013 and also the chapter "Material changes or new information in the quarter relating to matters described in Chapter A – Description of the Corporation's Business in the Periodic Report as of December 31, 2013" at the end of this report..

For a description of the Company's business strategy and goals, including its plans following completion of the merger transaction with a company from the China National Chemical Corporation group ("**CC**") and following the transaction to purchase certain companies from CC the agreement for which that was signed by the Company on October 1st. 2014, see section 31 of Chapter A of the Periodic Report for 2013 and also the chapter "Material changes or new information r relating to matters described in Chapter A – Description of the Corporation's Business in the Periodic Report as of December 31, 2013" at the end of this report.

Brief review of the changes in the industry and in the Company's operations

In the third quarter of 2014 and in the Reporting Period the Company presented an increase in sales and an increase in gross profit and gross margin, increase in adjusted EBITDA and an increase in net profit compared with the corresponding quarter and period last year. This increase stemmed mainly from an increase in quantities sold and in selling prices as well as from a better product mix.

In addition the Company has produced a substantial free cash flow in the third quarter of 2014which is a significant raise comparing to the parallel quarter.

In the third quarter of 2014 and in the Reporting Period, the plant protection market and the Company's operations were influenced by the following trends:

a. An expected increase in crop yields, accumulation of inventory and a decrease in demands led to lower agriculture commodities prices throughout the world. Despite the aforesaid the Company increased its sales.

b. Mergers and acquisitions that took place during the reported period in the agrochemical market such as the transaction in which the Company purchased companies from CC.

2. Results of Operations – Condensed Statement of Income

Accounting Statement of Income for Q3 2014 (in USD millions):

	%	7-9/2014	%	7-9/2013	Change	% of change
Revenue		761.5		732.0	29.5	4.0%
Gross profit	32.6%	247.9	32.0%	233.9	14.0	6.0%
Operating expenses	23.3%	177.5	21.9%	160.3	17.2	10.7%
Operating profit (EBIT)	9.2%	70.4	10.0%	73.5	(3.1)	(4.3%)
Finance expenses, net	4.5%	33.9	5.3%	38.9	(5.0)	(12.8%)
Pre-tax profit	5.0%	38.0	4.7%	34.3	3.7	10.9%
Net profit after non-controlling interest	3.2%	24.0	2.5%	18.0	(1.7)	33.3%
EBITDA	14.8%	112.8	15.5%	113.4	(0.6)	(0.5%)
**Adjusted EBITDA	15.0%	114.6	15.5%	113.4	1.2	1.0%

* The Company's revenue in the third quarter of 2014, eliminating currency effects, increased by 4.3% compared to the corresponding quarter last year.

**the EBITDA was adjusted due to a one-time expense that the Company incurred during the third quarter for provisions related to early retirement of employees in Israel.

Accounting statement of profit and loss for the Reporting Period (in USD millions)

	%	1-9/2014	%	1-9/2013	Change	% of change
Revenue		2,547.1		2,420.7	126.4	5.2%
Gross profit	33.0%	840.7	32.3%	782.1	58.6	7.5%
Operating expenses	21.2%	540.1	20.0%	484.2	55.9	11.5%
Operating profit (EBIT)	11.8%	300.6	12.3%	297.9	2.7	0.9%
Finance expenses, net	3.5%	88.2	4.2%	102.8	(14.6)	(14.2%)
Pre-tax profit	8.6%	218.6	8.3%	199.8	18.8	9.4%
Net profit after non-controlling interest	7.1%	182.1	6.5%	156.3	26.0	16.6%
EBITDA	16.7%	425.5	17.1%	414.5	11.0	2.7%
**Adjusted EBITDA	16.8%	427.3	17.1%	414.5	12.8	3.1%

* The Company's revenue in the Reporting Period, eliminating currency effects, increased by 6.1% compared to the corresponding period last year

**The EBITDA was adjusted due to a one-time expense that the Company incurred during the third quarter for provisions related to early retirement of employees in Israel.

3. Analysis of business results

A. Geographical split of revenues

The Company’s sales in the third quarter of 2014 amounted to USD 761.5 million, compared to USD 732.0 million in the corresponding quarter last year, an increase of USD 29.5 million.

The Company’s sales in the Reporting Period amounted to USD 2,547.1 million, compared to USD 2,420.7 million in the corresponding period last year, an increase of USD 126.4 million.

The increase in total sales stemmed mainly from an increase at a rate of 3.6% in quantities sold.

See below for a specific description of trends relating to the principal regions of operation.

Geographical split of quarterly sales (in USD millions):

	%	7-9/2014	%	7-9/2013	Change	% of Change*
Europe	31.9%	243.2	31.3%	227.5	15.7	6.9%
Latin America	33.1%	252.1	32.5%	237.6	14.5	6.1%
North America	12.7%	96.9	12.8%	93.6	3.3	3.5%
Asia Pacific and Africa	18.9%	144.1	20.0%	146.7	(2.6)	(1.8%)
Israel	3.3%	25.3	3.6%	26.6	(1.3)	(5.1%)
Total	**100%**	**761.5**	**100%**	**732.0**	**29.5**	**4.0%**

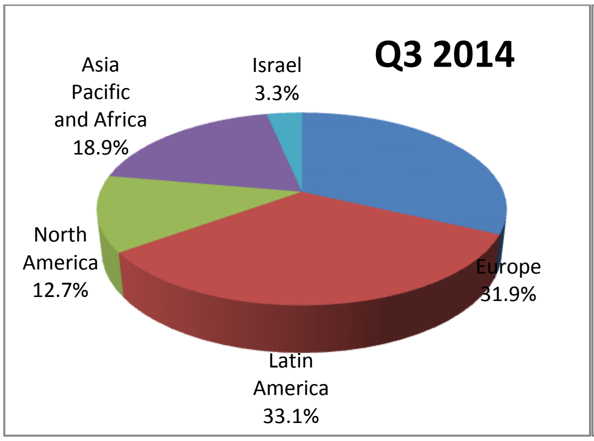
*The Company's revenues in the third quarter, split by geographical regions, eliminating currency effects, increased (decreased) compared to the corresponding period last year, by the following rates: Europe 7. 3%, Latin America 6.2%, North America 3.5%, Asia Pacific and Africa (including Israel) (1.9%).

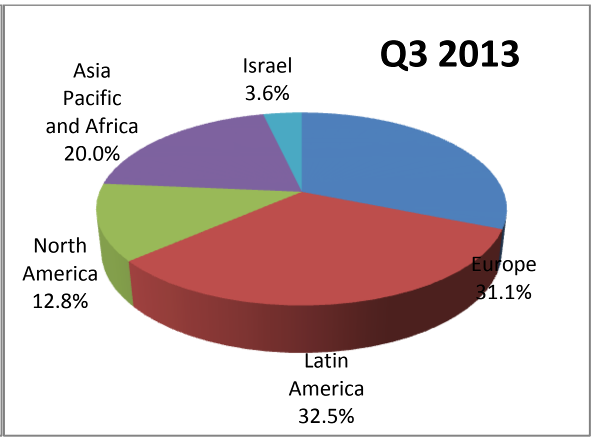
Geographical split of sales in the Reporting Period (in USD millions)

	%	1-9/2014	%	1-9/2013	Change	% of Change*
Europe	41.1%	1,046.6	41.5%	1,004.1	42.5	4.2%
Latin America	21.9%	557.9	20.9%	505.8	52.1	10.3%
North America	16.1%	410.8	16.1%	390.2	20.6	5.3%
Asia Pacific and Africa	17.7%	452.0	18.1%	439.0	13.0	3.0%
Israel	3.1%	79.9	3.4%	81.6	(1.7)	(2.0%)
Total	**100%**	**2,547.1**	**100%**	**2,420.7**	**126.4**	**5.2%**

*The Company's revenues in the Reporting Period, split by geographical regions, eliminating currency effects, increased (decreased) compared to the corresponding period last year, by the following rates: Europe 4.0%, Latin America 10.7%, North America 6.2%, Asia Pacific and Africa (including Israel) 5.9%.

Geographical split of quarterly sales by percentage:





Europe:

Sales in the third quarter of 2014 amounted to USD 243.2 million, compared to USD 227.5 million in the corresponding quarter last year, a decrease of USD 15.7 million.

The increase in sales in the quarter stemmed primarily from an increase of approx. USD 13 Million (5.5%) in quantities sold, and from raising selling prices in USD 4 Million (1.8%) partially offset by effects of currencies (0.5%).

In the Reporting Period, sales in Europe amounted to USD 1,046.6 million compared to USD 1,004.1 million in the corresponding period last year, an increase of USD 42.5 million.

The increase in sales in the Reporting Period stemmed mainly from an increase USD 27 Million (2.7%) in quantities sold and a raise of USD 13 Million (1.3%) in selling prices in the Reporting Period. The strengthening of the Euro was offset by the effect of currency hedging performed by the Company.

Latin America:

Sales in the third quarter of 2014 amounted to USD 252.1 million, compared to USD 237.6 million in the corresponding quarter last year, an increase of USD 14.5 million.

In the Reporting Period, sales in Latin America amounted to USD 557.9 million compared to USD 505.8 million in the corresponding period last year, an increase of USD 52.1 million.

The increase in sales in the third quarter and in the Reporting Period stemmed mainly from an increase of approx. USD 18 Million and USD 69 Million, respectively (7.4% and 13.5% respectively) in quantities sold, partially offset by lower selling prices.

North America:

Sales in the third quarter of 2014 amounted to USD 96.9 million, compared to USD 93.6 million in the corresponding quarter last year, an increase of USD 3.3 million.

In the Reporting Period, sales in North America amounted to USD 410.8 million compared to USD 390.2 million in the corresponding period, an increase of USD 20.6 million.

The increase in sales in the Reporting Period stemmed mainly from an increase of approx. USD 28 Million (7.1%) in quantities sold, partially offset mainly by lower selling prices.

Asia Pacific and Africa:

Sales in the third quarter of 2014 amounted to USD 144.1 million, compared to USD 146.7 million in the corresponding quarter last year, a decrease of USD 2.6 million.

The decrease in sales in the quarter stemmed primarily from a decrease of approx. USD 5 Million (3.4%) in quantities sold, partially offset by higher selling prices.

Sales in Asia Pacific and Africa in the Reporting Period amounted to 452.0 million compared to USD 439.0 million in the corresponding period last year, an increase of USD 13.0 million.

The increase in sales in the Reporting Period stemmed primarily from a raise of approx. USD 20 Million (4.4%) of selling prices and an increase of approx. USD 16 Million (3.6%) in quantities sold offset by currencies' effect (5.0%).

Israel:

Sales in the third quarter of 2014 amounted to USD 25.3 million, compared to USD 26.6 million in the corresponding quarter, a decrease of USD 1.3 million.

Sales in Israel in the Reporting Period amounted to USD 79.9 million compared to USD 81.6 million in the corresponding period, a decrease of USD 1.7 million.

B. Revenues split by operating segment

Split of quarterly sales by operating segment (in USD millions)

	%	7-9/2014	%	7-9/2013	Change	% of Change
Crop protection (Agro)	93.5%	711.9	93.4%	683.8	28.1	4.1%
Other (Non Agro)	6.5%	49.6	6.6%	48.2	1.4	2.9%

Split of sales in the Reporting Period by operating segment (in USD millions)

	%	1-9/2014	%	1-9/2013	Change	% of Change
Crop protection (Agro)	94.1%	2,397.4	93.7%	2,268.5	128.9	5.7%
Other (Non Agro)	5.9%	149.8	6.3%	152.2	(2.4)	(1.6%)

Sales of crop protection products in the third quarter of 2014 amounted to USD711.9 million, compared to USD 683.8 million in the corresponding quarter last year.

Sales from the Company's other operations in the third quarter amounted to USD 49.6 million, compared to USD 48.2 million in the corresponding quarter last year.

Sales of crop protection products in the Reporting Period amounted to USD 2,397.4 million, compared to USD 2,268.5 million in the corresponding period last year.

Sales from the Company's other operations in the Reporting Period amounted to USD 149.8 million, compared to USD 152.2 million in the corresponding period last year.

C. Gross profit

Gross profit in the third quarter of 2014 amounted to USD 247.9 million (32.6% of sales), compared to USD 233.9 million (32.0% of sales) in the corresponding quarter last year.

Gross profit in the Reporting Period amounted to USD 840.7 million (33.0% of sales) compared to USD 782.1 million (32.3% of sales) in the corresponding period last year.

The increase in gross profit and gross margin in the quarter and in the Reporting Period stemmed mainly from an increase in quantities sold, and from an improvement in the Company's product mix, which were partially offset by the effect of currency hedging.

D. Operating income*

Operating income in the third quarter of 2014 amounted to USD 70.4 million (9.2% of sales) compared to USD 73.5 million (10.0% of sales) in the corresponding quarter last year.

Operating income in the Reporting Period amounted to USD 300.6 million (11.8% of sales) compared to USD 297.9 million (12.3% of sales) in the corresponding period last year.

*The Operating income presented here is not adjusted.

Operating expenses* in the third quarter of 2014 amounted to USD 177.5 million (23.3% of sales), compared to USD 160.3 million (21.9% of sales) in the corresponding quarter last year.

Operating expenses in the Reporting Period amounted to USD 540.1 million (21.2% of sales) compared to USD 484.2 million (20.0% of sales) in the corresponding period last year.

R&D expenses: In the third quarter of 2014, R&D expenses amounted to USD 8.3 million (1.1% of sales), compared to USD 8.0 million (1.1% of sales) in the corresponding quarter last year.

R&D expenses in the Reporting Period amounted to USD 26.0 million (1.0% of sales) compared to USD 24.9 million (1.0% of sales) in the corresponding period last year.

Selling expenses: In the third quarter of 2014, selling expenses amounted to USD 139.3 million (18.3% of sales), compared to USD 128.7 million (17.6% of sales) in the corresponding quarter last year.

Selling expenses in the Reporting Period amounted to USD 430.5 million (16.9% of sales) compared to USD 386.1 million (15.9% of sales) in the corresponding period last year.

The increase in selling expenses stemmed, inter alia, from an increase in variable expenses resulting from an increase in quantities sold as well as from marketing expenses due to the launching of the global brand.

General and administrative expenses: In the third quarter of 2014, general and administrative expenses amounted to USD 29.5 million (3.9% of sales), compared to USD 28.0 million (3.8% of sales) in the corresponding quarter last year.

General and administrative expenses in the Reporting Period amounted to 83.6 million (3.3% of sales) compared to USD 83.1 million (3.4% of sales) in the corresponding period last year.

*The items of Operating expenses presented here are not adjusted.

E. Financing expenses

Financing expenses (net) in the third quarter of 2014 amounted to USD 33.9 million, compared to USD 38.9 million in the corresponding quarter last year.

Financing expenses (net) in the Reporting Period amounted to USD 88.2 million compared to USD 102.8 million in the corresponding period last year.

The financing expenses in the quarter and the Reporting Period decreased compared to the corresponding period last year due mainly to a decrease in the Consumer Price Index (“CPI”) compared to the corresponding period last year influencing a significant portion of the Company's debt which is linked to the CPI.

F. Income tax

Tax expenses in the third quarter of 2014 amounted to USD 14.0 million compared to USD 16.3 million in the corresponding quarter last year.

Tax expenses in the Reporting Period amounted to USD 36.6 million compared to USD 43.7 million in the corresponding period last year.

The decrease in the effective tax rate in the quarter and in the Reported period stemmed mainly from timing difference due to unrealized inventory surpluses in the selling entities that caused tax incomes which offset the tax expenses in the period.

G. Net profit*

Net profit in the third quarter of 2014 amounted to USD 24.0 million (3.2% of sales), compared to USD 18.0 million (2.5% of sales) in the corresponding quarter last year.

Net profit in the Reporting Period amounted to USD 182.1 million (7.1% of sales) compared to USD 156.3 million (6.5% of sales) in the corresponding period last year.

*The Net profit presented here is not adjusted

H. EBITDA

The adjusted EBITDA in the third quarter of 2014 amounted to USD 114.6 million (15.0% of sales), compared to USD 113.4 million (15.5% of sales) in the corresponding quarter last year.

EBITDA in the third quarter of 2014 amounted to USD 112.8 million (14.8% of sales), compared to USD 113.4 million (15.5% of sales) in the corresponding quarter last year.

The adjusted EBITDA in the Reporting Period amounted to USD 427.3 million (16.8% of sales) compared to USD 414.5 million (17.1% of sales) in the corresponding period last year.

EBITDA in the Reporting Period amounted to USD 425.5 million (16.7% of sales) compared to USD 414.5 million (17.1% of sales) in the corresponding period last year.

The EBITDA was adjusted due to a one-time expense that the Company incurred during the third quarter attributed to a provision for early retirement of employees in Israel.

4. Financial Condition and Liquidity

A. Cash flow

The Company's free cash flow (net of a USD 52.5 Million deposit the terms of which were amended and is now classified as cash) in the third quarter of 2014, amounted to USD 156.9 Million compared to a free cash flow (net of a USD 52.5 Million long term deposit) of USD 31.7 Million in the corresponding quarter last year.

The Company's free cash flow (net of a USD 52.5 Million deposit the terms of which were amended and is now classified as cash) in the Reporting Period, was negative and amounted to USD 24.3 Million compared to a negative free cash flow (net of a USD 52.5 Million long term deposit) of USD 9.2 Million in the corresponding period last year.

The Company's cash flow from operating activities in the third quarter of 2014 was positive at USD 193.8 million, compared to a positive cash flow of USD 99.6 million in the corresponding quarter last year.

The improvement in the cash flow in the quarter stemmed mainly from an improvement in the working capital and especially from the customers' balance.

Cash flow from operating activities in the Reporting Period was positive at USD 134.9 million compared to a positive cash flow of USD 166.6 million in the corresponding period last year.

The Company's investments (net of a USD 52.5 Million deposit the terms of which were amended and is now classified as cash) in the third quarter of 2014 amounted to USD 36.9 million, compared to investments (net of a USD 52.5 Million long term deposit) of USD 67.9 million in the corresponding quarter last year. These investments included primarily investments in product registrations, intangible assets and fixed assets. The investments in fixed assets, which included investment in plant and equipment, including facilities for the maintenance and protection of environmental standards, amounted to USD 28.9 million, compared to USD 19.7 million in the corresponding quarter last year.

Investments (net of a USD 52.5 Million deposit the terms of which were amended and is now classified as cash) in the Reporting Period amounted to USD 159.2 million compared to investments (net of a USD 52.5 Million long term deposit) of USD 175.6 million in the corresponding period last year. These investments included primarily investments in product registrations, intangible assets and fixed assets. The investments in fixed assets, which included investment in plant and equipment, including facilities for the maintenance and protection of environmental standards, amounted to USD 86.2 million, compared to USD 68.9 million in the corresponding period last year.

B. Current assets

Total current assets as of September 30, 2014 amounted to USD 3,179.87 million compared to USD 2,937.6 million on September 30, 2013 and USD 2,740.6 million on December 31, 2013.

C. Investments in fixed assets

See the section on cash flow above.

D. Cash, current liabilities and long-term loans

The Company's total financial credit (bank loans and debentures) as of September 30, 2014 amounted to USD 1,831.1 million (of which 29.8% was short term), compared to USD 1,882.6 million (of which 31.6% was short term) on September 30, 2013 and USD 1,738.0 million (of which 26.6% was short term) on December 31, 2013.

The Company's balances of cash and short-term investments as of September 30, 2014 amounted to USD 534.9 million, compared to USD 446.4 million on September 30, 2013 and USD 390.4 million on December 31, 2013.

The Company's net debt (short term bank loans excluding the receivables financing facility in the amount of USD 190.3 million, receivables financing facility in the amount of USD 248.7 million, long term bank loans in the amount of USD 226.9 million, short term debentures in the amount of USD 107.0 million, long term debentures in the amount of USD 1,058.1 million, the effects of hedging transactions attributed to debt in the amount of USD 65.4 million, net of cash in the amount of USD 530.2 million and short-term investments in the amount of USD 4.8 million) as of September 30, 2014 amounted to USD 1,361.4 million, compared to USD 1,341.7 million on September 30, 2013 and USD 1,271.7 million on December 31, 2013.

According to the bank finance documents for the long-term loans of the Company and its subsidiaries, the Company is required to comply with financial covenants towards certain banks ("the Finance Documents"), the principal of which at September 30, 2014 and at the date of publication of this report, are as follows:

(1) The ratio between the Company's interest-bearing financial liabilities (net debt) and its equity will not exceed 1.25. At September 30, 2014, the actual ratio was 0.7.
(2) The ratio between the Company's interest-bearing financial liabilities (net debt) and its earnings before finance expenses, taxes, depreciation and amortization (EBITDA) for 12 months will not exceed 4. As of September 30, 2014, the ratio between the Company's interest-bearing financial liabilities and EBITDA for 12 months was 2.3.
(3) The Company's equity will be no less than USD 1.22 billion. As of September 30, 2014, equity totaled USD 1.64 billion.
(4) The Finance Documents of one of the banks further provide that the balance of Company's surpluses or of its retained earnings according to the financial statements for every date shall not be less than USD 700 million. As of September 30, 2013, the Company's surplus balance is USD 1,144.4 million.

The receivables financing facility of the Company and its subsidiaries (as detailed in section 22.3 in Chapter A of the Periodic Report for 2013) ("the Receivables Financing Facility Agreement") includes undertakings by the Company to comply with financial covenants, of which the key covenants are:

(1) The ratio between the Company's interest-bearing financial liabilities (net debt) and its equity will not exceed 1.25. At September 30, 2014, the ratio was 0.7.
(2) The ratio between the Company's interest-bearing financial liabilities (net debt) and EBITDA for 12 months will not exceed 4. As of September 30, 2013, the ratio was 2.3.
(3) The Company's equity will be no less than USD 1 billion. As of September 30, 2013, the equity totaled USD 1.64 billion.

As of September 30, 2014 and during the third quarter of 2014 and as of the date of this report, the Company was in compliance with the financial covenants applicable to it under the Finance Documents and the Receivables Financing Facility Agreement.

For more information, see section 23.4 in Chapter A of the Periodic Report for 2013, and Note 20(c) and (d) to the financial statements as of December 31, 2013.

According to the arrangement with the bank with which the Company signed the Receivables Financing Facility Agreement and with the banks towards which the Company is required to fulfill financial covenants pursuant to the Finance Documents, the outstanding debt under the Receivables Financing Facility Agreement is not included as part of the financial liabilities for the purpose of reviewing the financial covenants, even though the Company changed its accounting treatment regarding the Receivables Financing Facility Agreement after having applied IFRS 10, and includes the outstanding debt under the Receivables Financing Facility Agreement within its balance sheet.

E. Equity

The Company's Equity as of September 30, 2014 amounted to USD 1,636.4 million, compared to USD 1,457.7 million on September 30, 2013 and USD 1,404.2 million on December 31, 2013. Equity as a proportion of the total assets was 33.6% as of September 30, 2014, 31.9% on September 30, 2013, and 31.5% on December 31, 2013.

The Company's issued and paid-up share capital as of September 30, 2014 is 430,531,550 ordinary shares of NIS 1 par value each.

F. Financial ratios

	December 31	September 30	
	2013	2013	2014
Ratio of current assets to current liabilities (current ratio)	1.69	1.74	1.75
Ratio of current assets, excluding inventory, to current liabilities (quick ratio)	0.94	1.07	1.08
Ratio of financial liabilities to total assets	39.0%	41.2%	37.6%
Ratio of financial liabilities to total equity, gross	123.8%	129.2%	111.9%

G. Financing sources

The Company finances its business operations from its equity and from non-bank credit (mainly debentures), bank loans (short- and long-term), customer debt securitization, and supplier credit.

H. Warning Signs

The Board of Directors of the Company reviewed the existence of Warning Signs in the Company, as these are defined in Article 10B(4) of the Securities regulations (Periodic and Immediate Reports), 1970. In view of the consolidated financial structure of the Company and its subsidiaries and based on the financial data appearing 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 does not point to a liquidity problem, and accordingly, as of the date of the report, there are no Warning Signs in the Company.

The main considerations behind the resolution of the Board of Directors include, inter alia, the following:

1. The Company's consolidated financial statements reflect a positive level of working capital. Furthermore, the consolidated annual financial statements reflect consistent positive cash flow from operating activities. This positive working capital, which includes, at the reporting date, a cash balance of USD 530.2 million, is the principal source for the repayment of the Company's liabilities.
2. Based on the structure of the operations of the Group, the manufacturing subsidiaries in Israel, ADAMA Makhteshim and ADAMA Agan ("the Manufacturing Companies") are the principal manufacturers of the Group's products that are sold by the Group's marketing companies all over the world, so that there is a current liability of the marketing companies towards the Manufacturing Companies.
3. The proceeds from the debentures issued by the Company were granted as loans to the manufacturing Companies on the same terms as the terms of the debentures, including the dates of payment.

B. Summary of Key Developments

See the chapter below on Material Changes and New Information in the Company's business.

C. Market Risks – Exposure and Risk Management

1. General

The Company conducts its business in environments that operate in various currencies. Due to its activities, the Company is exposed to market risks, primarily exchange rate fluctuations, partial adjustment of the prices of products to reflect the prices of raw materials, change in the level of the CPI, and changes in the LIBOR interest rate. The Company's Board of Directors has approved the use of accepted financial instruments (such as options, forward contracts and swaps) for hedging against exposure to exchange rate fluctuations and a rise in the CPI stemming from the Company's operations. The Company effects these transactions only through banks and stock exchanges which must comply with capital adequacy requirements or maintain a level of collateral based on various scenarios.

For details relating to credit risk and liquidity risk, see Note 29 to the consolidated financial statements of the Company as of December 31, 2013.

Exchange rate data for the Company's principal functional currencies vis-à-vis the US dollar and LIBOR:

	30 September			**7-9 average**			**1-9 average**		
	2014	**2013**	**Change**	**2014**	**2013**	**Change**	**2014**	**2013**	**Change**
EUR/USD	1.258	1.350	(6.8%)	1.326	1.325	0.1%	1.356	1.317	2.9%
USD/BRL	2.451	2.230	9.9%	2.275	2.288	(0.6%)	2.290	2.118	8.1%
USD/PLN	3.297	3.133	5.3%	3.152	3.201	(1.5%)	3.081	3.188	(3.3%)
USD/ZAR	11.276	10.086	11.8%	10.753	9.981	7.7%	10.710	9.461	13.2%
AUD/USD	0.871	0.933	(6.6%)	0.926	0.916	1.1%	0.918	0.979	(6.2%)
GBP/USD	1.618	1.613	0.3%	1.670	1.550	7.8%	1.669	1.546	8.0%
USD/ILS	3.695	3.537	4.5%	3.512	3.579	(1.9%)	3.487	3.635	(4.1%)
USD L 3M	0.23%	0.26%	(11.4%)	0.23%	0.27%	(12.3%)	0.23%	0.28%	(17.0%)

The exchange rate fluctuations of these currencies during the Reporting Period impact various sections in the Company's financial statements. The net impact of the changes in currency exchange rates in the period after the date of the financial statements on the balance sheet exposure is not material, due to the high rate of balance sheet hedging carried out by the Company as noted above.

2. Risk Management Officer

The Company’s Chief Financial Officer (“CFO”), Mr. Aviram Lahav, is responsible for the Company's market risk management. For information about his education, qualifications and business experience, see section 26A in Chapter D of the Periodic Report for 2013.

3. Description of Market Risks

For details of the Company's exposure to market risks and how they are managed, see the Directors' report of the Company as of December 31, 2013 and Note 29 to the Company's financial statements as of December 31, 2013.

D. Corporate Governance

1. Approval process of the financial statements

Since February 27, 2012, the Company has a Financial Statements Review Committee (the “Committee”) whose members are members of the Audit Committee – Messrs. Yehezkel Ofir (an independent external director with accounting and financial expertise) who acts as Chairman of the Committee, Shoshan Haran (independent external director who is able to read and understand financial statements), and Zhang Gong (independent director with accounting and financial expertise) ("the Committee Members"). All the Committee Members gave a declaration prior to their appointment, concerning their education and experience, as noted in section 26 of Chapter D of the Periodic Report for 2013, based on which the

Company regards them as having accounting and financial expertise or as having the ability to read and understand financial statements, as the case may be. As part of the process for approval of the financial statements as of September 30, 2014, the CFO presented to the Committee a detailed presentation of the financial results, and the committee discussed them as reflected in the financial statements, as well as the assessments and estimates made in connection with them, the internal controls relating to the financial statements, the integrity and appropriateness of the disclosure in them, and the accounting policy adopted and the accounting treatment applied in matters that are material to the Company. The committee also discussed other material issues. The committee met on November 3, 2014 to review the financial statements for the period ended September 30, 2014. Other than the Committee Members, the meeting was attended by interested parties and senior officers Aviram Lahav (CFO), Michal Arlosoroff – SVP and General Counsel, and Keren Yonayov (Controller).

The Committee Members and the members of the Board of Directors received a draft of the financial statements several days prior to the meeting.

Representatives of the Company's auditors, who are invited to the meetings of the Committee and of the Board of Directors at which the financial statements are discussed and approved, provided their comments and responded to questions from the Committee Members and members of the Board of Directors on material issues arising from the data presented in the financial statements under discussion,. The Company's Internal Auditor was notified of the Committee's and of the Board of Directors meetings and invited to attend. After discussing the financial statements, the Committee drafted its recommendations concerning their approval of the financial statements and submitted them in writing to the Board of Directors three business days prior to the date of the Board's discussions.

On November 6, 2014, when presenting the financial statements to the Board of Directors, the Company's Chief Executive Officer ("CEO"), Mr. Chen Lichtenstein, presented the main results of the Company's operations during the period under review and referred to key initiatives and material events that occurred during the period. In addition, the CFO, Mr. Aviram Lahav, gave a detailed presentation of the Company's financial results in the period under review, while comparing them with prior periods and highlighting material issues arising from them. During the reviews, the Company's management responded to questions from the members of the Board of Directors on all areas of the Company's operations.

The Board of Directors of the Company discussed the Company's financial statements as of September 30, 2014 and resolved to approve them.

E. Disclosure in financial reporting

1. Critical accounting estimates

As of the reporting date, no material changes occurred during the third quarter of 2014 in the critical accounting estimates used by the Company for its financial statements.

2. Events after the date of the report on the state of the Company's affairs

For events after the reporting date, see the chapter Material Changes and New Information in the Company's Business and Note 6 to the condensed interim consolidated financial statements as of September 30, 2014 concerning the issuance of options to senior employees of the Company and its subsidiaries.

F. Information pertaining to the Company's Debentures

See the table attached hereto as an appendix.

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

November 6, 2014

Appendix – Details of the Company's Debentures

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 September 30, 2014 (NIS)	Dates of interest payments	Dates of principal payments	Linkage basis	Nominal par value at September 30, 2014 (in NIS millions)	CPI-linked nominal par value at September 30, 2014 (in NIS millions)	Carrying value of debenture balances at September 30, 2014 (in USD millions)	Carrying value of interest payable on September 30, 2014 (in USD millions)	Fair value at September 30, 2014 (in USD millions)
Series B (1)(3)(4)(5)	Dec. 06	ilAA- (8)	1,650	CPI-linked annual interest	5.15%	3.4%	3,916.0 (9)	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	2,683.1(9)	3,241.8(9)	844.0 (9)	15.1	1,059.8(9)
	Jan. 12		514												
	Jan. 13		600												
Series D (2)(3)(5)(6)(7)	Dec. 06	-ilAA (8)	235	Annual interest	6.50%	1.1%	1,263.7	Twice a year on May 31 and Nov. 30 of each of the years 2006-2016	Nov. 30 of each of the years 2011-2016	Unlinked	1,165.6	1,165.6	321.1	6.9	342.0
	Mar. 09		472												
	Jan.12		541												
	Feb.14		488												

(1) The trustee for Debentures (Series B) is Aurora Fidelity Trust Company Ltd., 12 Menachem Begin Road, Ramat Gan (Tel: 03-6005946; Fax: 03-6120675). Contact person: Adv. Iris Shlevin, CEO. E-mail: ishlevin@aurorafidelity.com. **Series B is considered a material liability of the Company.**

(2) The trustee for Debentures (Series D) is Hermetic Trust (1975) Ltd., 113 Hayarkon Street, Tel Aviv, Israel; (Tel: 03-5274867, Fax: 03-5271736). Contact person: Dan Avnon or Meirav Ofer. Email: hermetic@hermetic.co.il. **Series D is considered a material liability of the Company.**

(3) 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.

(4) On January 9, 2013 the Company issued, in a private placement by way of series expansion, NIS 600,000,000 par value of Debentures (Series B). For details, see the Company's immediate reports dated January 6 and 8, 2013 (Refs. 2013-01-004971 and 2013-01-008559).

(5) On January 16, 2012 the Company issued, by way of series expansion under a shelf prospectus published by the Company in May 2010, NIS 513,527,000 par value debentures (Series B) and NIS 540,570,000 par value of debentures (Series D). For more details, see the Company's immediate report dated January 17, 2012 (Ref: 2012-01-017373) and the amending report of the same date (Ref: 2012-01-018225).

(6) On March 25, 2009 the Company issued, by way of series expansion under a shelf prospectus published by the Company in May 2008, NIS 472,000,000 par value of debentures (Series D). For more details, see the Company's immediate report dated March 26, 2009 (Ref: 2009-01-067944).

(7) On February 11, 2014 the Company issued, in a private placement by way of series expansion, NIS 487,795,000 par value of debentures (Series D). For more details, see the Company's immediate report dated February 12, 2014 (Ref: 2014-01-038191).

(8) On September 15, 2013 Maalot confirmed a rating of ilA+ for the Company's Debentures (Ref. 2013-01-146784). On February 3, 2014, Maalot confirmed a rating of ilA+ for the Company's Debentures (series D) issued upon a private placement of up to NIS 550 million (Ref. 2014-01-030130). On July 1, 2014, Maalot announced that it has raised the rating for the Company's Debentures (B and D series) from ilA+ to a rating of ilAA- with stable outlook (ref. 2014-01-104136).

(9) Net of debentures purchased by a wholly-owned subsidiary, which at the date of this report holds 67,909,858 debentures (Series B), accounting for 2.47% of total issued debentures (Series B).

Material changes or new information relating to matters described in Chapter A – Description of the Corporation's Business in the Periodic Report as of December 31, 2013

The information detailed hereunder includes changes or material new information relating to the chapter describing the corporation's business in the Company's Periodic Report as of December 31, 2013 (the "Annual Report"), taking into consideration also information included and/or expected to be included in the drafts Registration Statement filed and/or to be filed by the Company during and/or immediately after the Reported period that the company intends to file with the U.S. Securities and Exchange Commission within the next few days, due to different disclosure requirements under U.S regulations and practice (see section 11 below) that excesses information disclosed in the Company's previous reports.

1. Organizational structure changes

On May 12, 2014 the Board of Directors approved an organizational structure change which will assist the Company in best implementing its strategy. The changes will become effective gradually over the course of the second half of 2014 and will be completed by January 2015.

The organizational change will include, inter alia, division of the commercial regions into seven commercial clusters: North America, Brazil, Latin America, Asia Pacific, North Europe, South Europe and India, Middle East and Africa. The Company also predicts that as its operations in China will grow (including by means of the Acquisition Transaction as defined below), then China will be defined as the eighth cluster.

According to the decision of the Company's Board of Directors from November 6 2014, as from 2015 the Company shall adjust the way it presents its split of sales in its filing according to the following Geographical split: (1) North America; (2) Latin America; (3) Europe, Middle east and Africa; and (4) Asia –Pacific (including China), instead of the current split as presented in this report.

In addition, the organizational change will include the expansion of the Company's management to include, inter alia, additional managers from within the organization who will manage the clusters and the establishment of a committee of management members which will oversee the company's performance.

The organizational change, include changes to the number of senior officers or the responsibilities or roles of certain of the Company's senior officers, as the Company has reported or shall report, the most notable of which are as follows:

1. Mr. Shaul Friedland, current head of the Americas region, will act as CCO and will be responsible for several clusters.
2. Mr. Ignacio Dominguez, currently CCO and head of the Global Product and Marketing Division, will continue to hold his position and will be responsible for several clusters.
3. Mr. Dani Harari, currently Senior Vice President ("SVP") Strategy, Innovation and Business Intelligence, will act as SVP Strategy and Resources and will be responsible for strategic planning, human resources, information and digital technologies.
4. Mr. Anders Harfstrand, current Head of Europe, will remain with the company until the end of the year.

5. Ms. Shiri Ailon, currently Head of Corporate Development, will be appointed as Vice President ("VP") Corporate Development and Head of China Integration as of July 1, 2014.
6. Ms. Rony Patishi-Chillim will be appointed as CEO of Lycored, leaving her position as SVP Business Development and Corporate Communications as of September 30, 2014.
7. Mr. Amos Rabin will be appointed as Head of Organizational Processes in China, leaving his position as SVP Human Resources as of July 1, 2014.
8. Mr. Uri Shani and Mr. David Hebel will continue to operate within the Company but will cease to act as officers as of July 1, 2014 and December 31, 2014, respectively.

2. Section 1.4.2 – Structural Changes in the Group's Development, Material Mergers and Acquisitions + Section 2.1.3 – Shareholders Agreement – Asset Injection

On September 30, 2014 after previously having received the recommendation of a special independent Board Committee, the Company's Audit Committee and Board of Directors approved the Company's contractual engagement with China National Agrochemical Corporation ("CNAC") according to which, on the completion date of the Transaction and subject to fulfillment of the contingent terms stipulated in the agreement, the Company through a wholly owned subsidiary will acquire from the CNAC through a wholly owned subsidiary, in a single lot, 100% of the issued and paid up share capital of four companies: Jiangsu Anpon Electrochemical Co.,("Anpon") Ltd., Jiangsu Maidao Agrochemical Co. Ltd.,("Maidao"), Jiangsu Huaihe Chemical Co. Ltd.("HH") And Jingzhou Sanonda Holding Co., Ltd., a holding company whose main holdings are Class A shares of Hubei Sanonda Co. Ltd. ("Sanonda") ("the Purchased Companies"),which represents 20.15% of the issued share capital of Sanonda, Which is a company the securities of which are listed for trade on the Shenzhen stock exchange in China.

For further details regarding the transaction please see the company's public filing dated October 1, 2014 (ref. number 2014-01-168309) ("the Assets Purchase Report") as well as a public filing dated October 26, 2014 (ref. number 2014-01-180657).

Following section 10 to the Assets Purchase Report with regard to the company's plans concerning the Purchased Companies and their purposes the Company estimates that, subject to the completion of the transaction, the Company is expected to incur one-time operating costs relating to integration of the Chinese Businesses of up to USD 40 Million over the next 2 up to3 years, some of it are non-cash capital expenditures and due to operational adjustments.

The Companies' estimations as to the expenses to be incurred with regard to the integration of the Chinese Businesses and the time line for incurring such expenses are Forward Looking Statements as such term is defined in the Securities Law-1968. And may not be realized or may be realized in different manner, volume or time from what the Company expects. This is due to, inter alia, factors not under the Company's control including the paste of integration, obtaining certain regulatory approvals in China and different or other expenses that the Company may incur with this regard.

In addition and following section 4.2 of Assets Purchase Report regarding main financial information from the Purchased Companies' consolidated financial reports, herein is condensed financial information of the Purchased Companies according to IFRS rules[1]:

[1] As mentioned in the Assets Purchase Report, the figures are shown consolidated net of intercompany transactions, as detailed in note 26 to the Assets Purchase Report.

	%	For the period of nine months ended on 30.9.2014	%	For the period of 12 months ended on 31.12.2013
Condensed Income Statement Information **(USD Million[2])**				
Revenue		667.2		863.5
Gross profit	25.1%	167.8	19.3%	166.4
Operating profit	16.6%	110.7	9.5%	82.4
Finance expenses, net and Taxes on income	6.0%	40.3	5.2%	44.8
Net profit before non-controlling Interests	10.6%	70.6	4.4%	38.4
Net profit after non-controlling Interests	3.2%	21.7	0.3%	2.5
EBITDA	22.5%	149.8	16.4%	141.6
Condensed Balance Sheet Information(USD Million[3])		**30.9.2014**		**31.12.2013**
Cash and cash equivalents		114.9		92.6
Net working capital		113.0		106.1
Shareholders' equity before non-controlling Interests		400.5		337.5
Shareholders' equity after non-controlling Interests		179.5		160.6

* The total cumulative net financial debt of all the Purchased Companies as at December 31, 2013 and September 30, 2014 is USD 272.5 Million and USD 228.5 Million, respectively.

** The amounts detailed above do not include the effect of the difference between the purchase price and the net equity of the Purchased Companies at the date of the closing, which will be affected based on the accounting treatment applied following the completion of the Acquisition.

Based on assessments of the Company following the Company's understanding of the performance of the China Business gained during the course of its extensive due diligence process, the combined Adama and China Business grew revenues and operating profit in the nine months to September 2014 by 5.1% and 15.7%, respectively, over the corresponding period of last year[4].

Based on assesments of the Company In 2013, based on PRC GAAP information, within the combined revenue of the Purchased Companies, Anpon, Maidao and HH are accounted for approximately 40% of the total revenues, 60% of the domestic China revenues, and approx. 20% of the domestic China agrochemical revenues, with the balance in each category being accounted for by Sanonda.

3. Section 6.3 – Trends and changes in the scope of activities in the field and Profitability

Further to section 6.3 of Chapter A of the Company's Annual Report, the annual rate of increase in the Company's revenues in the past 20 years is an average annual rate of approximately 12% which is

[2] All profit and loss items were translated from RMB into USD according to the average exchange rate in the reported period.

[3] All balance sheet items were translated from RMB into USD according to the exchange rate recorded at the end of the reported period.

[4] Based on the financial information of the Purchased Companies according to PRC GAAP which is not reviewed for the periods of the first nine months of 2013 and 2014.

three times the general growing rate in the sector. Also see a public filing of the Company dated October 26, 2014 (ref. number 2014-01-180657).

4. Section 7.3 – the Company's products

Further to section 7.3 of Chapter A of the Company's Annual Report, with regard to the fact that, in recent years, the Company has been striving to transform its product portfolio to a more diversified one (hybrid), the Company offers to the farmers a product offering which is distinct and customized according to the specific demand of the region and the crop.

The Company is striving to offer a hybrid product mix, comprised of, on one hand, relatively high-volume off-patent branded crop protection products, and on the other hand,- an increasing number of more innovative products based on unique mixtures and formulations. In this regard, the Company is striving to change its sales mix so that it will include a higher proportion of more innovative, unique products with relatively higher margins. In the year 2013 there was no single active ingredient accounted for more than 7% of our total revenues.

5. Section 7.4 – Production Process; Section 15.1 – Development

Further to section 7.4 and 15.1 of Chapter A of the Company's Annual Report, as of the reporting date, the Company has begun the construction of a new R&D facility and of a new formulation facility in China. The Company produces and markets, inter alia, a total of over 300 active ingredients company-wide (some of which, contributing most of the Company's revenues, are centrally managed).

6. Section 8- New Products

Further to section 8 of Chapter A of the Company's Annual Report with regard to NIMITZ which is a nematicide and seed treatment developed by the Company, during the third quarter the Company launched the NIMITZ in the USA and started sales of NIMITZ in that region.

7. Section 11 – Distribution and Marketing

Further to section 11 of Chapter A of the Company's Annual Report, with regard to countries where the Company has no direct presence, it operates networks of external distributors, the Company estimates that should external distributors choose to sell products that compete with the Company's products instead of distributing the Company's products, this may have an adverse effect on its business results in those countries in which most of the Company's marketing activities are performed by external distributors.

8. Section 15.2-registration

Further to section 15.2 of Chapter A of the Company's Annual Report we have portfolio of a total of 4,600 registrations globally.

9. Section 21 – Human capital

- On January 29, 2014, the Company issued 9,322,227 options exercisable to 9,322,227 ordinary NIS 1 par value shares of the Company, to officers and employees of the Company and its subsidiaries. The issuance was performed according to an outline dated December 25, 2013. For additional details regarding the outline and the conditions of the options grant, see the report dated December 25, 2013 (ref. 2013-01-107494).
- On April 24, 2014 and May 11, 2014, the Company's Remuneration Committee, Board of Directors and Shareholders approved the employment terms of Mr. Lichtenstein as the Company's President and CEO, effective as from the date of his employment (February 7, 2014), including the grant of additional options, all in accordance to the Company's Remuneration Policy. For additional details see the Company's immediate report and private placement report dated May 12, 2014 (ref. 2014-01-061290 and 2014-01-061308) and also for the grant of options, see Note 6 to the condensed interim consolidated financial statements as of June 30, 2014.
- In addition, on August 7, 2014, the Company issued 1,798,887 options exercisable to 1,798,887 ordinary NIS 1 par value shares of the Company, to an officer, senior management members and additional employees of the Company and its subsidiaries. For additional details, see a non-material private placement report dated August 10, 2014 (ref. 2014-01-130125) and also note 6 to the condensed interim consolidated financial statements as of June 30, 2014.
- In addition, on November 6, 2014, the Company issued 361,808 options exercisable to 361,808 ordinary NIS 1 par value shares of the Company, to senior employees of the Company and its subsidiaries. For additional details, see a non-material private placement report dated November 9, 2014 reported along with this report (ref. 2014-01-190332).

  At the report date, there are 11,903,904 options exercisable to 11,903,904 ordinary NIS 1 par value shares of the Company held by the Company's officers and employees.

10. Section 29 – Corporate governance

- Following the appointment of Mr. Chen Lichtenstein as President and CEO of the Company, on March 7, 2014 Mr. Lichtenstein suspended himself from his position as President and CEO of CNAC and it was also agreed that Mr. Lichtenstein will not be entitled to any remuneration for his services to CNAC as from January 1, 2014. Accordingly, the Audit Committee and the Board of Directors approved on April 27, 2014 and on May 11, 2014, respectively, an amendment to the Arrangement for Prevention of Conflict of Interest that was executed with regard to Mr. Lichtenstein's appointment as President and CEO of CNAC. For additional details see the Company's immediate report dated May 12, 2014 (ref. 2014-01-061290).
- Further to section 29.6 of Chapter A of the Company's Annual Report, with regard to the Law for the Advancement of Competition and the Reduction of Concentration - 2013 ("Concentration Law"), the Company updates that it has previously received a legal opinion from its external legal counsels, according to which the Company is not a "Third Layer Company" as this term is defined in the Concentration Law.

In addition to the aforesaid, in June 2014, came into effect, the Regulations for the Advancement of Competition and the Reduction of Concentration (the classification of a company as a layer company)-2014 (the "Relief Regulations"), that relieves certain corporations that are considered to be "Third Layer Companies" from updating the composition of their Board of Directors in order to adjust it to the demands of the Concentration Law. On October 23rd. and October 30th 2014, Koor has received clarification letters from the Israeli Securities Authority, accepted also on the Israeli Ministry of Justice, according to which, the Israeli Securities Authority shall have no standing regarding the position according to which the Relief Regulations apply to the Company's Board of Director's composition.

11. <u>Section 31.3 – Business Objectives and Strategy – Company's plans following closing of the Merger Transaction + Section 2.3 – Shareholders Agreement</u>

Further to section 2.3 of Chapter A of the Company's Annual Report regarding the commitment of the parties of the shareholders agreement to act in order to complete an IPO of the Company within three years from closing date of the merger between the Company and its controlling shareholder,-CNAC, on August 7, 2014 the Board of Directors of the Company approved the filing with the U.S. Securities and Exchange Commission of a draft Registration Statement that includes a Preliminary Prospectus with regard to a possible offering of the Company's shares to the public and the listing for trade of such shares on the New York Stock Exchange. On August 11 2014 the Company has filed the first Registration Statement and until the date of this report the Company has filed two more updated drafts of the Registration Statement and the Company is in the process of filing another draft before the final pricing phase. For details regarding the filing of the first Registration Statement see the Company's report dated August 12, 2014 (ref. number 2014-01-132024). As of the date of the report, there is no certainty as to the execution of the offering, its timing, the amount to be raised, the price per share, and the valuation according to which the offering shall take place or any of the other offering terms.

12. <u>Section 33.3 – Specific Risk Factors</u>

<u>Working Capital Requirements and Cash Flow of the Company</u>

Like other companies operating in the crop protection products industry, the Company has significant cash flow and working capital requirements in the ordinary course of its business. The Company's business requires significant financial resources and investments in light of its growth and considering its strategic geographic growth areas; broad product portfolio and investments in manufacturing infrastructure. The Company works consistently to improve its working capital management, and for the last three years, has recorded positive cash flow from operating activities. However, in 2012, the Company's cash flow from operating activities less cash used in investing activities was negative.

In 2013, the said cash flow amounted to $41 million. Although the Company currently satisfies all of its financial covenants, a significant deterioration in its results of operations could cause the Company to fail to comply with its financial covenants in the future, and be unable to satisfy its financing needs. As a result of this, the Company's ability to achieve its objectives and growth plans and to meet its financing obligations could be adversely affected.

אדמה פתרונות לחקלאות בע"מ

ADAMA Agricultural Solutions Ltd.

Chapter B

Financial Statements (Unaudited)
for September 30, 2014

Adama Agricultural Solutions Ltd.

Condensed Consolidated Interim Financial Statements (Unaudited) As of September 30, 2014 In US Dollars

Condensed Consolidated Interim Financial Statements as of September 30, 2014 (Unaudited)

Contents

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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. (formerly, Makhteshim–Agan Industries Ltd.) and its subsidiaries (hereinafter – "the Group") comprising of the condensed consolidated interim statement of financial position as of September 30, 2014 and the related condensed consolidated interim statements of income, comprehensive income, changes in equity and cash flows for the nine and 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 these interim periods 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 about 5.6% of the total consolidated assets as of September 30, 2014 and whose revenues constitute about 9.1% and about 9.6% of the total consolidated revenues for the nine and 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 about $7,839 thousand, as of September 30, 2014, and the Group's share in their profits (losses) amounted to about $2,179 thousand and about $(8) thousand, for the nine and 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.

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.

Somekh Chaikin
Certified Public Accountants (Isr.)

November 6, 2014

Condensed Consolidated Interim Statement of Financial Position as of

	September 30 2014	September 30 2013	December 31 2013
	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands
Current assets			
Cash and cash equivalents	**530,173**	415,506	379,386
Short-term investments	**4,763**	30,932	11,063
Trade receivables	**1,244,577**	1,187,889	979,497
Prepaid expenses	**20,135**	17,537	16,991
Financial and other assets, including derivatives	**143,264**	138,609	122,986
Tax deposits less provision for taxes	**16,247**	10,247	12,481
Inventories	**1,220,503**	1,136,900	1,218,200
Total current assets	**3,179,662**	2,937,620	2,740,604
Long-term investments, loans and receivables			
Investments in equity-accounted investee companies	**84,698**	16,431	73,307
Other financial investments and receivables	**33,708**	95,581	87,451
Non-financial investments and other receivables, including non-current inventory	**22,133**	25,294	26,546
	140,539	137,306	187,304
Fixed assets			
Cost	**1,561,800**	1,462,900	1,485,631
Less – accumulated depreciation	**802,026**	750,096	762,437
	759,774	712,804	723,194
Deferred tax assets	**84,652**	72,855	82,101
Intangible assets			
Cost	**1,582,543**	1,513,233	1,546,382
Less – accumulated amortization	**878,998**	801,960	822,684
	703,545	711,273	723,698
Total non-current assets	**1,688,510**	1,634,238	1,716,297
Total assets	**4,868,172**	4,571,858	4,456,901

	September 30 2014	September 30 2013	December 31 2013
	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands
Current liabilities			
Loans and credit from banks and other lenders	**439,014**	434,127	397,143
Current maturities of debentures	**107,024**	160,439	65,378
Trade payables	**626,945**	525,419	641,525
Other payables	**562,979**	467,029	415,742
Current tax liabilities	**45,894**	43,039	39,458
Put options to holders of non-controlling interests	**31,768**	54,950	63,703
Total current liabilities	**1,813,624**	1,685,003	1,622,949
Long-term liabilities			
Long-term loans from banks	**226,929**	215,531	248,187
Debentures	**1,058,098**	1,072,533	1,027,340
Other long-term liabilities	**23,836**	31,669	40,990
Deferred tax liabilities	**20,155**	21,189	19,450
Employee benefits	**80,910**	83,006	86,038
Put options to holders of non-controlling interests	**8,204**	5,245	7,795
Total long-term liabilities	**1,418,132**	1,429,173	1,429,800
Total liabilities	**3,231,756**	3,114,176	3,052,749
Equity			
Share capital	**125,595**	125,595	125,595
Share premium	**623,829**	623,829	623,829
Capital reserves	**(257,685)**	(286,823)	(307,096)
Retained earnings	**1,144,388**	992,148	960,823
Equity attributable to owners of the Company	**1,636,127**	1,454,749	1,403,151
Non-controlling interests	**289**	2,933	1,001
Total equity	**1,636,416**	1,457,682	1,404,152
Total liabilities and equity	**4,868,172**	4,571,858	4,456,901

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

Date of approval financial statements: November 6, 2014

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Income for the

	Nine-month period ended September 30		Three-month period ended September 30		Year ended December 31
	2014	2013	2014	2013	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands
Revenues	**2,547,140**	2,420,669	**761,489**	732,029	3,076,355
Cost of sales	**1,706,446**	1,638,570	**513,543**	498,143	2,108,282
Gross profit	**840,694**	782,099	**247,946**	233,886	968,073
Other income	**(2,332)**	(10,296)	**(1,319)**	(4,564)	(12,815)
Selling and marketing expenses	**430,477**	386,071	**139,291**	128,697	522,050
General and administrative expenses	**83,603**	83,056	**29,448**	28,032	114,485
Research and development expenses	**26,049**	24,860	**8,318**	7,990	33,667
Other expenses	**2,267**	504	**1,749**	194	1,697
	540,064	484,195	**177,487**	160,349	659,084
Operating income	**300,630**	297,904	**70,459**	73,537	308,989
Financing expenses	**181,994**	203,629	**82,431**	62,381	273,176
Financing income	**(93,835)**	(100,785)	**(48,488)**	(23,514)	(132,611)
Financing expenses, net	**88,159**	102,844	**33,943**	38,867	140,565
Share of income (losses) of equity-accounted investee companies, net	**6,151**	4,773	**1,512**	(418)	3,197
Profit before taxes on income	**218,622**	199,833	**38,028**	34,252	171,621
Income taxes	**36,553**	43,691	**14,011**	16,329	44,550
Profit for the period	**182,069**	156,142	**24,017**	17,923	127,071
Attributable to:					
The owners of the Company	**182,364**	156,340	**24,100**	17,958	127,248
Holders of non-controlling interests	**(295)**	(198)	**(83)**	(35)	(177)
Profit for the period	**182,069**	156,142	**24,017**	17,923	127,071

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Comprehensive Income for the

	Nine-month period ended September 30		Three-month period ended September 30		Year ended December 31
	2014	2013	2014	2013	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands
Profit for the period	**182,069**	156,142	**24,017**	17,923	127,071
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 in respect of foreign operations	**(8,591)**	(16,724)	**(13,689)**	1,900	(16,691)
Effective portion of change in fair value of cash flow hedges	**43,271**	110	**39,320**	(24,882)	(19,145)
Net change in fair value of cash flow hedges transferred to the statement of income	**16,842**	(12,279)	**281**	(5,065)	(13,174)
Income taxes transferred to the statement of income in subsequent periods	**(1,786)**	41	**(1,809)**	1,451	118
Total other comprehensive income (loss) for the period that after initial recognition in comprehensive income were or will be transferred to the statement of income, net of tax	**49,736**	(28,852)	**24,103**	(26,596)	(48,892)
Other comprehensive income items that will not be transferred to the statement of income					
Re-measurement of defined benefit plan	**(3,865)**	2,675	**(2,062)**	2,156	170
Income taxes that will not be transferred to the statement of income	**431**	(319)	**224**	(219)	(47)
Total other comprehensive income (loss) for the period that will not be transferred to the statement of income, net of tax	**(3,434)**	2,356	**(1,838)**	1,937	123
Total comprehensive income (loss) for the period	**228,371**	129,646	**46,282**	(6,736)	78,302
Total comprehensive income (loss) attributable to:					
The owners of the Company	**228,684**	129,949	**46,375**	(6,596)	78,351
Holders of non-controlling interests	**(313)**	(303)	**(93)**	(140)	(49)
Total comprehensive income (loss) for the period	**228,371**	129,646	**46,282**	(6,736)	78,302

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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 nine-month period ended September 30, 2014 (unaudited)							
Balance as of January 1, 2014	**125,595**	**623,829**	**(307,096)**	**960,823**	**1,403,151**	**1,001**	**1,404,152**
Total comprehensive income for the period							
Profit for the period	**–**	**–**	**–**	**182,364**	**182,364**	**(295)**	**182,069**
Items of other comprehensive income							
Foreign currency translation differences in respect of foreign operations	**–**	**–**	**(8,573)**	**–**	**(8,573)**	**(18)**	**(8,591)**
Effective portion of change in fair value of cash flow hedges	**–**	**–**	**43,271**	**–**	**43,271**	**–**	**43,271**
Net change in fair value of cash flow hedges transferred to the statement of income	**–**	**–**	**16,842**	**–**	**16,842**	**–**	**16,842**
Re-measurement of defined benefit plan	**–**	**–**	**–**	**(3,865)**	**(3,865)**	**–**	**(3,865)**
Taxes on items of other comprehensive income	**–**	**–**	**(1,786)**	**431**	**(1,355)**	**–**	**(1,355)**
Other comprehensive income (loss) for the period, net of tax	**–**	**–**	**49,754**	**(3,434)**	**46,320**	**(18)**	**46,302**
Total comprehensive income for the period	**–**	**–**	**49,754**	**178,930**	**228,684**	**(313)**	**228,371**
Share-based payments	**–**	**–**	**–**	**6,737**	**6,737**	**–**	**6,737**
Dividends to holders of non-controlling interests holding a put option	**–**	**–**	**–**	**(1,994)**	**(1,994)**	**–**	**(1,994)**
Elimination of non-controlling interests due to loss of control of subsidiary	**–**	**–**	**–**	**–**	**–**	**(659)**	**(659)**
Transaction with holders of non-controlling interests	**–**	**–**	**(260)**	**–**	**(260)**	**260**	**–**
Exercise of options granted to employees of a subsidiary	**–**	**–**	**(83)**	**(108)**	**(191)**	**–**	**(191)**
Balance as of September 30, 2014	**125,595**	**623,829**	**(257,685)**	**1,144,388**	**1,636,127**	**289**	**1,636,416**

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

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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 nine-month period ended September 30, 2013 (unaudited)							
Balance as of January 1, 2013	125,595	623,829	(257,662)	836,378	1,328,140	636	1,328,776
Total comprehensive income (loss) for the period							
Profit for the period	–	–	–	156,340	156,340	(198)	156,142
Items of other comprehensive loss							
Foreign currency translation differences in respect of foreign operations	–	–	(16,619)	–	(16,619)	(105)	(16,724)
Effective portion of change in fair value of cash flow hedges	–	–	110	–	110	–	110
Net change in fair value of cash flow hedges transferred to the statement of income	–	–	(12,279)	–	(12,279)	–	(12,279)
Re-measurement of defined benefit plan	–	–	–	2,675	2,675	–	2,675
Taxes on items of other comprehensive income	–	–	41	(319)	(278)	–	(278)
Other comprehensive loss for the period, net of tax	–	–	(28,747)	2,356	(26,391)	(105)	(26,496)
Total comprehensive income (loss) for the period	–	–	(28,747)	158,696	129,949	(303)	129,646
Dividends to holders of non-controlling interests holding a put option	–	–	–	(2,926)	(2,926)	–	(2,926)
Non-controlling rights in respect of business combinations	–	–	–	–	–	2,186	2,186
Transactions with holders of non-controlling interests	–	–	(414)	–	(414)	414	–
Balance as at September 30, 2013	125,595	623,829	(286,823)	992,148	1,454,749	2,933	1,457,682

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

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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 September 30, 2014 (unaudited)							
Balance as of July 1, 2014	**125,595**	**623,829**	**(281,798)**	**1,119,633**	**1,587,259**	**382**	**1,587,641**
Total comprehensive income for the period							
Profit for the period	**–**	**–**	**–**	**24,100**	**24,100**	**(83)**	**24,017**
Items of other comprehensive income							
Foreign currency translation differences in respect of foreign operations	**–**	**–**	**(13,679)**	**–**	**(13,679)**	**(10)**	**(13,689)**
Effective portion of change in fair value of cash flow hedges	**–**	**–**	**39,320**	**–**	**39,320**	**–**	**39,320**
Net change in fair value of cash flow hedges transferred to the statement of income	**–**	**–**	**281**	**–**	**281**	**–**	**281**
Re-measurement of defined benefit plan	**–**	**–**	**–**	**(2,062)**	**(2,062)**	**–**	**(2,062)**
Income taxes on other comprehensive income	**–**	**–**	**(1,809)**	**224**	**(1,585)**	**–**	**(1,585)**
Other comprehensive income (loss) for the period, net of tax	**–**	**–**	**24,113**	**(1,838)**	**22,275**	**(10)**	**22,265**
Total comprehensive income for the period	**–**	**–**	**24,113**	**22,262**	**46,375**	**(93)**	**46,282**
Share-based payments	**–**	**–**	**–**	**2,493**	**2,493**	**–**	**2,493**
Balance as of September 30, 2014	**125,595**	**623,829**	**(257,685)**	**1,144,388**	**1,636,127**	**289**	**1,636,416**

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

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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 September 30, 2013 (unaudited)							
Balance as of July 1, 2013	125,595	623,829	(260,127)	972,253	1,461,550	2,868	1,464,418
Total comprehensive loss for the period							
Profit for the period	–	–	–	17,958	17,958	(35)	17,923
Items of other comprehensive loss							
Foreign currency translation differences in respect of foreign operations	–	–	2,005	–	2,005	(105)	1,900
Effective portion of change in fair value of cash flow hedges	–	–	(24,882)	–	(24,882)	–	(24,882)
Net change in fair value of cash flow hedges transferred to the statement of income	–	–	(5,065)	–	(5,065)	–	(5,065)
Re-measurement of defined benefit plan	–	–	–	2,156	2,156	–	2,156
Taxes on items of other comprehensive income	–	–	1,451	(219)	1,232	–	1,232
Other comprehensive income (loss) for the period, net of tax	–	–	(26,491)	1,937	(24,554)	(105)	(24,659)
Total comprehensive income (loss) for the period	–	–	(26,491)	19,895	(6,596)	(140)	(6,736)
Transactions with holders of non-controlling interests	–	–	(205)	–	(205)	205	–
Balance as at September 30, 2013	125,595	623,829	(286,823)	992,148	1,454,749	2,933	1,457,682

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

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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, 2013 (audited)							
Balance as of January 1, 2013	125,595	623,829	(257,662)	836,378	1,328,140	636	1,328,776
Total comprehensive income for the year							
Profit for the year	–	–	–	127,248	127,248	(177)	127,071
Other comprehensive income							
Foreign currency translation differences in respect of foreign operations	–	–	(16,819)	–	(16,819)	128	(16,691)
Effective portion of change in fair value of cash flow hedges	–	–	(19,145)	–	(19,145)	–	(19,145)
Net change in fair value of cash flow hedges transferred to the statement of income	–	–	(13,174)	–	(13,174)	–	(13,174)
Re-measurement of defined benefit plan	–	–	–	170	170	–	170
Income taxes on other comprehensive income	–	–	118	(47)	71	–	71
Other comprehensive income (loss) for the year, net of tax	–	–	(49,020)	123	(48,897)	128	(48,769)
Total comprehensive income (loss) for the year	–	–	(49,020)	127,371	78,351	(49)	78,302
Dividends to holders of non-controlling interests holding a put option	–	–	–	(2,926)	(2,926)	–	(2,926)
Transactions with holders of non-controlling interests	–	–	(414)	–	(414)	414	–
Balance as of December 31, 2013	125,595	623,829	(307,096)	960,823	1,403,151	1,001	1,404,152

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

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

Condensed Consolidated Interim Statement of Changes in Cash Flows for the

	Nine-month period ended September 30		Three-month period ended September 30		Year ended December 31
	2014	**2013**	**2014**	**2013**	**2013**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Audited)**
	$ thousands	**$ thousands**	**$ thousands**	**$ thousands**	**$ thousands**
Cash flows from operating activities					
Profit for the period	**182,069**	156,142	**24,017**	17,923	127,071
Adjustments					
Depreciation and amortization	**124,879**	116,563	**42,371**	39,879	157,001
Gain on sale of investment	**–**	(3,619)	**–**	(3,619)	(3,619)
Share-based payment expenses	**6,737**	–	**2,493**	–	–
Capital gain on realization of fixed and other assets, net	**(181)**	(251)	**(132)**	(179)	(442)
Amortization of discount/premium and debt issuance costs	**(2,288)**	503	**(849)**	199	667
Share of losses (income) of equity-accounted investee companies	**(6,151)**	(4,773)	**(1,512)**	418	(3,197)
Changes due to put options to holders of non-controlling interests	**(238)**	4,974	**(308)**	1,470	10,878
Adjustment of long-term liabilities	**(71,464)**	86,090	**(85,190)**	39,680	106,599
SWAP transaction	**(360)**	(7,036)	**(120)**	(3,274)	(7,882)
Change in provision for income tax and tax deposits, net	**3,031**	17,325	**(5,202)**	(515)	11,461
Decrease (increase) in deferred taxes, net	**(3,181)**	2,728	**6,430**	1,326	(8,060)
Changes in assets and liabilities					
Decrease (increase) in trade and other receivables	**(269,053)**	(359,176)	**105,413**	(73,075)	(139,548)
Decrease (increase) in inventories	**699**	92,390	**(16,884)**	(31,891)	10,648
Increase in trade and other payables	**180,218**	64,569	**131,982**	111,046	98,787
Change in employee benefits	**(9,771)**	179	**(8,733)**	186	2,161
Net cash from operating activities	**134,946**	166,608	**193,776**	99,574	362,525
Cash flows from investing activities					
Acquisition of fixed assets	**(86,216)**	(68,871)	**(28,872)**	(19,739)	(84,867)
Additions to intangible assets	**(72,887)**	(80,562)	**(21,397)**	(23,068)	(113,554)
Short-term investments, net	**5,141**	(29,325)	**12,083**	(28,663)	(9,456)
Long-term investment, net	**52,193**	(52,423)	**52,543**	(52,423)	(52,429)
Proceeds from sale of fixed and intangible assets	**1,245**	1,036	**996**	152	1,616
Investment in equity-accounted investee companies	**(6,169)**	–	**–**	–	(58,294)
Dividend from equity-accounted investee company	**236**	2,098	**236**	2,098	2,097
Transition from consolidation / proportionate consolidation to equity method	**(261)**	(1,603)	**–**	–	(1,603)
Proceeds from sale of investment	**–**	4,508	**–**	4,508	4,508
Acquisition of subsidiaries net of cash acquired	**–**	(3,155)	**–**	(3,220)	(9,568)
Net cash from (used in) investing activities	**(106,718)**	(228,297)	**15,589**	(120,355)	(321,550)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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

	Nine-month period ended September 30		Three-month period ended September 30		Year ended December 31
	2014	2013	2014	2013	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands
Cash flows from financing activities					
Receipt of long-term loans from banks	**32,311**	54,311	**2,572**	50,908	118,304
Repayment of long-term loans and liabilities from banks and others	**(71,777)**	(115,164)	**(20,335)**	(62,702)	(130,649)
Repayment of debentures	**–**	–	**–**	–	(160,959)
Increase (decrease) in short-term liabilities to banks and others, net	**54,990**	62,833	**(25,158)**	24,622	15,191
SWAP settlement	**–**	–	**–**	–	21,309
Dividend to holders of non-controlling interests	**(2,185)**	(2,412)	**–**	–	(2,412)
Issuance of debentures, net of issuance costs	**146,806**	177,215	**–**	–	177,215
Exercise of put option of non-controlling interests	**(30,000)**	–	**–**	–	–
Payment of contingent in respect of business combination	**(5,000)**	–	**–**	–	–
Fundraising costs	**(2,586)**	–	**(2,586)**	–	–
Net cash from (used in) financing activities	**122,559**	176,783	**(45,507)**	12,828	37,999
Increase (decrease) in cash and cash equivalents	**150,787**	115,094	**163,858**	(7,953)	78,974
Cash and cash equivalents at the beginning of the period	**379,386**	300,412	**366,315**	423,459	300,412
Cash and cash equivalents at the end of the period	**530,173**	415,506	**530,173**	415,506	379,386
Additional information:					
Interest paid in cash	**(53,073)**	(57,664)	**(9,140)**	(9,257)	(95,215)
Interest received in cash	**24,277**	21,380	**7,977**	8,029	21,878
Taxes paid in cash, net	**(33,849)**	(14,715)	**(8,922)**	(5,067)	(29,257)

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

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 the Arava Building in Airport City Park. The Group's condensed consolidated interim financial statements as of September 30, 2014, include those of the Company and its investee companies (hereinafter together – "the Group") as well as the Company's interest in associated companies and in jointly-controlled entities. The Group operates in and outside of Israel and is engaged in development, manufacturing and marketing of agrochemicals, intermediate materials for other industries, food additives and synthetic aromatic products, mainly for export.

(2) Sales of agrochemical products are directly impacted by the timing of the agricultural seasons (in each of the various markets), the weather in every region and the cyclical pattern of the harvests. Therefore, the Group's income is not uniform and is not spread evenly throughout 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, accordingly, in these countries the sales are usually highest 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 Group's balanced regional exposure mitigates the inherent seasonality in the business to some extent, even though the Group'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 of and for the year ended December 31, 2013 (hereinafter – "the Annual Financial Statements"). Furthermore, these financial statements have been prepared in accordance with Section D of the Israeli 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 November 6, 2014.

B. Use of estimates and judgment

The preparation of financial statements in accordance with IFRS requires management to use judgments, estimates and assumptions that affect the implementation of the accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from 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.

New standards not yet adopted

A. IFRS 9 (2014), Financial Instruments

A final version of the Standard, which includes revised guidance on the classification and measurement of financial instruments, and a new model for measuring impairment of financial assets. This guidance has been added to the chapter dealing with general hedge accounting requirements issued in 2013.

Classification and measurement
In accordance with IFRS 9 (2014), there are three principal categories for measuring financial assets: amortized cost, fair value through profit and loss and fair value through other comprehensive income. The basis of classification for debt instruments is the entity's business model for managing financial assets and the contractual cash flow characteristics of the financial asset. Investments in equity instruments will be measured at fair value through profit and loss (unless the entity elected at initial recognition to present fair value changes in other comprehensive income).

IFRS 9 (2014) requires that changes in fair value of financial liabilities designated at fair value through profit or loss that are attributable to changes in its credit risk, should usually be recognized in other comprehensive income.

Hedge accounting – general
Under IFRS 9 (2014), additional hedging strategies that are used for risk management will qualify for hedge accounting. IFRS 9 (2014) replaces the present 80%-125% test for determining hedge effectiveness, with the requirement that there be an economic relationship between the hedged item and the hedging instrument, with no quantitative threshold. In addition, IFRS 9 (2014) introduces new models that are alternatives to hedge accounting as regards credit exposures and certain contracts outside the scope of IFRS 9 (2014) and sets new principles for accounting for hedging instruments. In addition, IFRS 9 (2014) provides new disclosure requirements.

Impairment of financial assets
IFRS 9 (2014) presents a new 'expected credit loss' model for calculating impairment. For most assets, the new model presents a dual measurement approach for impairment: if the credit risk of a financial asset has not increased significantly since its initial recognition, an impairment provision will be recorded in the amount of the expected credit losses that result from default events that are possible within the twelve months after the reporting date.

If the credit risk has increased significantly, in most cases the impairment provision will increase and be recorded at the level of lifetime expected credit losses of the financial asset.

IFRS 9 (2014) is effective for annual periods beginning on or after January 1, 2018 with early adoption being permitted. It will be applied retrospectively with some exemptions.

The Group has not yet commenced examining the effects of adopting IFRS 9 (2014) on the financial statements.

Note 3 - Significant Accounting Policies (cont'd)

New standards not yet adopted (cont'd)

B. IFRS 15, Revenue from Contracts with Customers

IFRS 15 replaces the current guidance regarding recognition of revenues and presents a new model for recognizing revenue from contracts with customers. IFRS 15 provides two approaches for recognizing revenue: at a point in time or over time. The model includes five steps for analyzing transactions so as to determine when to recognize revenue and at what amount. Furthermore, IFRS 15 provides new and more extensive disclosure requirements than those that exist under current guidance.

IFRS 15 is applicable for annual periods beginning on or after January 1, 2017 and earlier application is permitted. IFRS 15 includes various alternative transitional provisions, so that companies can choose between one of the following alternatives at initial application: full retrospective application, full retrospective application with practical expedients, or application as from the mandatory effective date, with an adjustment to the balance of retained earnings at that date in respect of transactions that are not yet complete.

The Group has not yet commenced examining the effects of adopting IFRS 15 on the financial statements.

Note 4 - Operating Segments

A. Products and services:

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

- Crop protection (Agro)
  This is the main area of the Company's operation and includes the manufacture and marketing of conventional agrochemical products and activities in the seeds' sector.

- Other (Non-agro)
  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 crop protection segment.

The basis of segmentation and the measurement basis for the segment profit or loss are the same as that presented in Note 30 "Operating Segments" in the Annual Financial Statements for 2013.

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

Note 4 - Operating Segments (cont'd)

A. Products and services: (cont'd)

Information regarding the results of each reportable segment is included below:

	For the nine-month period ended September 30, 2014 (Unaudited)			
	Crop protection	Other	Reconciliations	Consolidated
	$ thousands	$ thousands	$ thousands	$ thousands
Revenues				
External revenues	**2,397,376**	**149,764**	**–**	**2,547,140**
Inter-segment revenues	**–**	**1,047**	**(1,047)**	**–**
Total revenues	**2,397,376**	**150,811**	**(1,047)**	**2,547,140**
Results				
Segment's results	**290,692**	**10,085**	**(147)**	**300,630**
Financing expenses, net				**(88,159)**
Share of income of equity accounted in investees, net				**6,151**
Income taxes				**(36,553)**
Non-controlling interests				**295**
Profit for the period				**182,364**

	For the nine-month period ended September 30, 2013 (Unaudited)			
	Crop protection	Other	Reconciliations	Consolidated
	$ thousands	$ thousands	$ thousands	$ thousands
Revenues				
External revenues	2,268,487	152,182	–	2,420,669
Inter-segment revenues	–	885	(885)	–
Total revenues	2,268,487	153,067	(885)	2,420,669
Results				
Segment's results	283,281	14,464	159	297,904
Financing expenses, net				(102,844)
Share of income of equity accounted in investees, net				4,773
Income taxes				(43,691)
Non-controlling interests				198
Profit for the period				156,340

Note 4 - Operating Segments (cont'd)

A. Products and services: (cont'd)

Information regarding the results of each reportable segment is included below: (cont'd)

	For the three-month period ended September 30, 2014 (Unaudited)			
	Crop protection	Other	Reconciliations	Consolidated
	$ thousands	$ thousands	$ thousands	$ thousands
Revenues				
External revenues	**711,936**	**49,553**	**–**	**761,489**
Inter-segment revenues	**–**	**146**	**(146)**	**–**
Total revenues	**711,936**	**49,699**	**(146)**	**761,489**
Results				
Segment's results	**67,409**	**3,119**	**(69)**	**70,459**
Financing expenses, net				**(33,943)**
Share of income of equity accounted in investees, net				**1,512**
Income taxes				**(14,011)**
Non-controlling interests				**83**
Profit for the period				**24,100**

	For the three-month period ended September 30, 2013 (Unaudited)			
	Crop protection	Other	Reconciliations	Consolidated
	$ thousands	$ thousands	$ thousands	$ thousands
Revenues				
External revenues	683,835	48,194	–	732,029
Inter-segment revenues	–	214	(214)	–
Total revenues	683,835	48,408	(214)	732,029
Results				
Segment's results	72,908	584	45	73,537
Financing expenses, net				(38,867)
Share of losses of equity accounted in investees, net				(418)
Income taxes				(16,329)
Non-controlling interests				35
Profit for the period				17,958

	For the year ended December 31, 2013 (Audited)			
	Crop protection	Other	Reconciliations	Consolidated
	$ thousands	$ thousands	$ thousands	$ thousands
Revenues	2,876,198	200,157	–	3,076,355
External revenues				
Inter-segment revenues	–	1,165	(1,165)	–
Total revenues	2,876,198	201,322	(1,165)	3,076,355
Results				
Segment's results	292,884	15,905	200	308,989
Financing expenses, net				(140,565)
Share of income of equity accounted investees, net				3,197
Income taxes				(44,550)
Non-controlling interests				177
Profit for the year				127,248

Note 4 - Operating Segments (cont'd)

B. Information on geographical segments:

Presented below are sales revenues according to geographic segments based on the location of the customers (sales targets):

	Nine month period ended		Three month period ended		Year ended
	September 30 2014	**September 30 2013**	**September 30 2014**	**September 30 2013**	**December 31 2013**
	(Unaudited)	**(Unaudited)**	**(Unaudited)**	**(Unaudited)**	**(Audited)**
	$ thousands	**$ thousands**	**$ thousands**	**$ thousands**	**$ thousands**
Europe	**1,046,573**	1,004,112	**243,207**	227,511	1,140,346
North America	**410,813**	390,182	**96,897**	93,593	516,153
Latin America	**557,897**	505,755	**252,063**	237,596	757,518
Asia Pacific and Africa	**451,987**	438,973	**144,060**	146,681	553,157
Israel	**79,870**	81,647	**25,262**	26,648	109,181
	2,547,140	2,420,669	**761,489**	732,029	3,076,355

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 and cross currency swaps 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 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, conform to or approximate their fair value.

The table below provides the carrying value and fair value of categories of long-term financial instruments, which are stated in the financial statements at other than their fair value:

Note 5 - Financial Instruments (cont'd)

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

	September 30, 2014		September 30, 2013		December 31, 2013	
	Carrying value	Fair value	Carrying value	Fair value	Carrying value	Fair value
	(Unaudited)		(Unaudited)		(Audited)	
	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands
Financial assets						
Long-term loans and other receivables	**17,712**	**15,556**	92,332	81,191	83,425	76,328
Financial liabilities						
Long-term loans including current liabilities	**310,060**	**317,716**	317,683	318,753	354,429	365,099
Debentures	**1,165,122**	**1,401,807**	1,232,972	1,327,128	1,092,718	1,188,219

(2) Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

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

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

	September 30, 2014	September 30, 2013	December 31, 2013
	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands
Derivatives used for hedging:			
Forward contracts and options	**23,779**	20,475	(36,123)
Interest rate swaps	**–**	(16,196)	–
Derivatives not used for hedging:			
Forward contracts and options	**(72,968)**	40,858	44,994
	(49,189)	45,137	8,871

Note 6 - Additional Information

(1) In the ordinary course of business, legal claims were filed against subsidiaries, including lawsuits regarding claims for patent infringement. Inter alia, from time to time, the Company is exposed to class actions for large amounts, which it must defend against while incurring considerable costs, even if these claims, from the start, have no basis. A trend has become evident recently, of an increase in the filing of claims against companies engaged in activities similar to those of the Company, with motions for class action approval, due to various causes of action. In the estimation of the Company's management, based, inter alia, on opinions of its legal counsel regarding the prospects of the proceedings, the financial statements include appropriate provisions, where necessary to cover the exposure resulting from the claims.

A detailed description of the existing contingent liabilities against the Company appears in Note 19 to the annual financial statements for 2013. Set forth below is detail of the material changes that occurred in the material legal proceedings to which the subsidiaries are a party:

During 2008, third-party notices were filed against a subsidiary of Adama and an additional thirty-five companies and persons, by the Industrial Council of Ramat Hovav and the State of Israel, in the framework of three claims for damages filed by three groups of plaintiffs and with respect to which the plaintiffs stipulated amounts of about NIS 242 million ($65.5 million) (not including general damage categories that were not quantified). On January 9, 2013, a court decision was handed down that rejected the claims in their entirety. An appeal filed by the plaintiffs with the Supreme Court was rejected in full on September 29, 2014.

(2) **Share-based payments**

During December 2013, and on January 1, 2014, the Company's Remuneration Committee and Board of Directors approved an issuance of 9,322,227 options to Group officers and employees, in accordance with the Company's options' plan (hereinafter – "the Plan"). The issuance date of the options is January 29, 2014.

Every option may be exercised for one share of NIS 1 par value.

The options will vest in three equal portions, where each third may be exercised after two years, three years and four years, respectively, commencing from January 1, 2014. The options may be exercised, in whole or in part, pursuant to the conditions of the Plan, subject to the Company's shares being listed for trading on the Tel-Aviv Stock Exchange Ltd. or any other stock exchange outside of Israel (in whole or in part) on the exercise date, and subject to reaching the Group's net sales' targets and EBITDA targets, as provided in the Plan.

The fair value of the options granted was estimated through application of a binominal model for pricing options. The assumptions used in application of the model are:

– The volatility was based on historical data of similar companies.

– The risk free interest rate was determined based on US government bonds yield with similar maturities.

Note 6 - Additional Information (cont'd)

(2) Share-based payments (cont'd)

– The share price was determined by the Company's management in reliance in part upon the discounted cash flow analysis (the "DCF Analysis") of an external expert. In particular, management determined the assumptions and estimates required to perform the DCF Analysis.

Those assumptions were derived from data including the Company's past financial performance, management's future plans and projections and industry data relating to the agrochemical market. Management provided these assumptions and estimates to the external expert who prepared the DCF model based on those assumptions and estimates. The DCF model provided a basis for determining the Company's share price.

The contractual term of the option is 7 years from the grant date.

Expected dividends have no effect on the options' fair value as the exercise price is fully adjusted to dividends.

The parameters used to determine the fair value of existing awards will not change once the underlying shares begin trading as fair value is calculated once on the relevant grant date. However, in respect of further issuances certain parameters will be based upon market information once the underlying shares begin trading.

The cost of the benefit embedded in the options issued, as stated, based on the fair value on the date of their issuance, amounted to a total of $21 million. This amount is recognized in the statement of income over the vesting period of each portion.

The parameters used in application of the binominal model to determine the fair value of the options are:

Share price (dollars)	6.11
Original exercise price (dollars)	6.09
Expected volatility	37.59%
Risk free interest rate	2.47%
Economic value on the grant date (thousands of dollars)	21,013

During April and May 2014, the Company's Remuneration Committee, Board of Directors and shareholders approved the issuance of an additional 988,799 options to the Company's CEO based on the conditions set forth above.

The cost of the benefit embedded in the options issued, as stated, based on the fair value on the date of their issuance, amounted to a total of $2.7 million. This amount is recognized in the statement of income over the vesting period of each portion.

Note 6 - Additional Information (cont'd)

(2) Share-based payments (cont'd)

The parameters used in application of the binominal model to determine the fair value of the options are:

Share price (dollars)	6.37
Original exercise price (dollars)	6.09
Expected volatility	38%
Risk free interest rate	2.07%
Economic value on the grant date (thousands of dollars)	2,729

During August 2014, the Company's Remuneration Committee and Board of Directors approved the issuance of an additional 1,798,887 options to an officer, senior managers, and additional employees of the Company and of Company subsidiaries, in accordance with the conditions set forth above.

The cost of the benefit embedded in the options issued, as stated, based on the fair value on the date of their issuance, amounted to a total of approximately $4.5 million. This amount is recognized in the statement of income over the vesting period of each portion.

The parameters used in application of the binominal model to determine the fair value of the options are:

Share price (dollars)	6.83
Original exercise price (dollars)	6.09
Expected volatility	36.93%
Risk free interest rate	1.93%
Economic value on the grant date (thousands of dollars)	4,477

During November 2014, the Company's Board of Directors approved the issuance of an additional 361,808 options to senior employees of the Company and of Company subsidiaries, in accordance with the conditions set forth above.

The cost of the benefit embedded in the options issued, as stated, based on the fair value on the date of their issuance, amounted to a total of approximately $1 million. This amount is recognized in the statement of income over the vesting period of each portion.

(3) On February 9, 2014, the Company issued debentures through an expansion of Series D in the aggregate amount of NIS 487.8 million ($138.1 million) par value of debentures, in exchange for a consideration of 106.74 of their par value. The total net proceeds from the issuance amounted to $146.8 million.

The Series D debentures bear base annual interest of 6.5% and are unlinked. The principal is to be repaid in 3 equal payments in the years 2014 to 2016. The issuance costs for this series totaled $563 thousand.

Note 7 - Subsequent Events

On October 1, 2014, an agreement was signed pursuant to which the Company entered into an undertaking with China National Agricultural Corporation (hereinafter – “CNAC”) whereby on the completion date of the transaction and subject to fulfillment of its contingent terms, the Company will acquire, through a wholly-owned subsidiary (hereinafter – “the Purchaser”) from CNAC through a wholly-owned subsidiary (hereinafter – “the Seller”), in a single lot, 100% of the issued and paid-up share capital of Jingzhou Sanonda Holding Co., Ltd. (hereinafter – “Sanonda Holding”), a private holding company that was incorporated in China, the primary holding of which is Class A shares, which constitute about 20.15% of the issued share capital of Hubei Sanonda Co., Ltd. (hereinafter – “Sanonda Ltd.”), a public company the shares of which are traded on the stock exchange in Shanzan, China, of which the Company holds Class B shares constituting 10.6% of the issued and paid-up share capital of Sanonda, Ltd. prior to the transaction, along with 100% of the issued and paid-up share capital of three private companies: Jiangsu Anpon Electro-Chemical Co., Ltd.; Jiangsu Maidao Agrochemical Co., Ltd. and Jiangsu Huaihe Chemical Co., Ltd. (hereinafter together with Sanonda Holding – “the Purchased Companies”)

The undertaking in the agreement was approved on September 30, 2014 by the Company’s Audit Committee and its Board of Directors, after receipt of a recommendation of a special committee of the Board of Directors and by the General Meeting of the Company’s shareholders.

Pursuant to the agreement, the Purchaser is to pay the Seller, in cash, on the completion date, the amount of 1,987 million yuans (hereinafter – “the Consideration”). As at the date of the report, the aforesaid amount constitutes about $323 million. The final dollar amount of the Consideration will be determined based on the currency rate of exchange that will be in effect on the closing date.

As part of the agreement, various indemnification arrangements between the parties were provided, including a limitation on indemnification in certain cases as detailed in the agreement.

Completion of the transaction is subject to fulfillment of contingent terms, the main ones of which are set forth below:

– Correctness of the Purchaser's and the Seller's representations and compliance with their undertakings, in all material aspects, at the completion date.

– Receipt of the required government approvals: (1) receipt of an exemption from the Securities Authority in China (CSRC) whereby acquisition of shares of Sanonda Ltd. as part of the transaction (indirectly through acquisition of shares of Sanonda Holding) does not oblige it to carry out a tender offer; (2) approval from the Chinese Ministry of Commerce (MOFCOM), or one of its local authorized branches, for the Transaction and issue of the applicable certificates to the Target Companies, (3) issue of new business licenses to the Target Companies by the Chinese Industry and Trade Administration, (jointly: "the Government Approvals").

– Receipt of authorization from the Anti-Trust Commissioner in Israel to carry out the Transaction, as shall be required in law ("Approval of the Anti-Trust Commissioner").

– Receipt of approvals from certain banks which granted loans to the Purchased Companies.

– Compliance by Sanonda Ltd. with its undertakings in the interim period and not carrying out actions prohibited under the agreement, however, non-compliance with the undertakings or carrying out the said actions shall only be grounds for non-completion of the merger if they caused Material Adverse Effects to Sanonda Ltd, as this term is defined in the agreement.

Note 7 - Subsequent Events (cont'd)

- The absence of Material Adverse Effect on the condition of the Purchased Companies, in the meaning of this term in the agreement.

- If the Company does not complete the initial public offering of its shares on the New York Stock Exchange ("Public Offering") by March 31, 2015, the Purchaser's undertaking to complete the transaction will be subject to: (1) approval by the Company's Audit Committee and Board of Directors that the consummation of the transaction shall not reasonably likely impair the Company's ability to meet its existing and anticipated obligations in its ordinary course of business and its anticipated cash flow requirements, taking into account the interests of bondholders, lenders, and maximizing value for the Company's shareholders; (2) Koor Industries Ltd. (hereinafter – "Koor") having approved in writing that the financing of the transaction contemplated under the Agreement shall not be reasonably expected to negatively affect the value of the Company or its financial condition; provided that Koor shall exercise its approval right in a reasonably commercial manner and in good faith and Koor's approval shall not be withheld for reasons related solely to the injected assets (assuming that the value of such assets at the time the transactions are proposed to be closed is not materially different from their value on the signing date of the said agreement).

Subject to the fulfillment of all the contingent terms to the completion of the Transaction (or the waiving of a contingent term by a party authorized to do so according to this agreement), the completion date of the transaction will occur on the later of: the fourth business day after issuance of a new business license to each of the target companies; or the fifteenth business day after the earlier of the following: (a) the completion date of the Public Offering; or (b) the date on which the Purchaser notifies the Seller of completion of the last condition described in the contingent terms, as described above – all provided that in any event the completion date will not be before January 1, 2015

The parties will make their best efforts to complete the transaction as early as possible, after completion of the Public Offering and receipt of the rest of the permits and approvals required for completion of the transaction. If the transaction will not be complete by March 31, 2015, the parties will make their best efforts to hold a discussion in good faith concerning to alternatives to completion of the transaction. It is the Company's intention to fully finance the Consideration through a registered initial public offering of its shares in the United States. In connection with its proposed initial public offering in the United States, the Company filed with the United States Securities and Exchange Commission a Registration Statement, including a Preliminary Prospectus.

Adama Agricultural Solutions Ltd.

Condensed Separate Interim
Financial Data
(Unaudited)
As of September 30, 2014
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 September 30, 2014 and for the nine 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 investments in which amounted to about $120,012 thousand as of September 30, 2014, and the profit from these investee companies amounted to about $10,808 thousand and about $2,384 thousand for the nine 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.)
November 6, 2014

Condensed Interim Information on Financial Position as of

	September 30 2014	September 30 2013	December 31 2013
	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands
Current assets			
Cash and cash equivalents	**2,392**	843	4,242
Prepaid expenses	**535**	640	752
Other receivables and investee companies	**340,874**	336,103	320,595
Derivatives	**–**	53,736	28,709
Total current assets	**343,801**	391,322	354,298
Long-term investments, loans and receivables			
Investment in investee companies	**1,711,803**	1,530,576	1,483,697
Loans to investee companies	**870,843**	843,501	713,577
Derivatives	**–**	3,135	–
	2,582,646	2,377,212	2,197,274
Fixed assets, net	**3,041**	2,693	2,740
Intangible assets, net	**3,762**	1,595	2,108
Deferred tax assets	**–**	22	–
Total non-current assets	**2,589,449**	2,381,522	2,202,122
Total assets	**2,933,250**	2,772,844	2,556,420

Condensed Interim Information on Financial Position as of

	September 30 2014	September 30 2013	December 31 2013
	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands
Current liabilities			
Credit from banks	**1,095**	–	–
Current maturities of debentures	**107,024**	160,439	65,378
Other payables	**38,321**	58,436	32,478
Derivatives	**65,434**	–	–
Total current liabilities	**211,874**	218,875	97,856
Long-term liabilities			
Debentures	**1,080,264**	1,095,691	1,050,916
Employee benefits	**4,985**	3,529	4,497
Total non-current liabilities	**1,085,249**	1,099,220	1,055,413
Total liabilities	**1,297,123**	1,318,095	1,153,269
Equity			
Share capital	**125,595**	125,595	125,595
Share premium	**623,829**	623,829	623,829
Capital reserves	**(257,685)**	(286,823)	(307,096)
Retained earnings	**1,144,388**	992,148	960,823
Total equity attributable to the owners of the Company	**1,636,127**	1,454,749	1,403,151
Total liabilities and equity	**2,933,250**	2,772,844	2,556,420

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: November 6, 2014

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

Condensed Interim Information on Income for the

	Nine month period ended September 30		Three month period ended September 30		Year ended December 31
	2014	2013	2014	2013	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands
Revenues					
Management fees from investee companies	**34,695**	28,078	**10,599**	8,453	34,223
Expenses					
General and administrative	**32,393**	34,878	**9,957**	12,322	45,564
Operating income (loss)	**2,302**	(6,800)	**642**	(3,869)	(11,341)
Financing expenses	**157,502**	135,910	**100,074**	57,688	171,466
Financing income	**(157,502)**	(135,910)	**(100,074)**	(57,688)	(171,578)
Financing income, net	**–**	–	**–**	–	112
Income (loss) after financing expenses, net	**2,302**	(6,800)	**642**	(3,869)	(11,229)
Income from investee companies	**180,365**	163,699	**23,486**	22,168	139,184
Profit before tax on income	**182,667**	156,899	**24,128**	18,299	127,955
Taxes on income	**303**	559	**28**	341	707
Profit for the period attributable to the owners of the Company	**182,364**	156,340	**24,100**	17,958	127,248

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

Condensed Interim Information on Comprehensive Income for the

	Nine month period ended September 30		Three month period ended September 30		Year ended December 31
	2014	2013	2014	2013	2013
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	$ thousands	$ thousands	$ thousands	$ thousands	$ thousands
Profit for the period attributable to the owners of the Company	**182,364**	156,340	**24,100**	17,958	127,248
Other comprehensive income items that after initial recognition in comprehensive income were or will be transferred to the statement of income					
Effective portion of changes in fair value of cash flow hedges	–	6,460	–	2,506	7,294
Net change in fair value of cash flow hedges transferred to the statement of income	**(360)**	(7,036)	**(120)**	(3,274)	(7,881)
Other comprehensive income (loss) in respect of investee companies, net of tax	**50,082**	(28,172)	**24,222**	(25,743)	(48,509)
Income taxes transferred to the statement of income in subsequent periods	**32**	1	**11**	20	76
Total other comprehensive income (loss) for the period that after initial recognition in comprehensive income were or will be transferred to the statement of income, net of tax	**49,754**	(28,747)	**24,113**	(26,491)	(49,020)
Other comprehensive income items that will not be transferred to the to the statement of income					
Re-measurement of defined benefit plan	**(269)**	197	**(147)**	167	(11)
Other comprehensive income (loss) in respect of investee companies, net from tax	**(3,165)**	2,159	**(1,691)**	1,770	134
Total other comprehensive income (loss) for the period that will not be transferred to the statement of income, net of tax	**(3,434)**	2,356	**(1,838)**	1,937	123
Total comprehensive income (loss) for the period attributable to the owners of the Company	**228,684**	129,949	**46,375**	(6,596)	78,351

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

Condensed Interim Information on Cash Flows for the

	Nine month period ended September 30		Three month period ended September 30		Year ended December 31
	2014	2013	2014	2013	2013
	(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	**182,364**	156,340	**24,100**	17,958	127,248
Adjustments					
Income in respect of investee companies	**(180,365)**	(163,699)	**(23,486)**	(22,168)	(139,184)
Depreciation and amortization	**1,170**	1,180	**400**	379	1,572
Amortization of discount/premium and issuance costs	**(2,288)**	503	**(849)**	199	667
Expenses in respect of options to employees	**3,467**	–	**1,203**	–	–
Adjustment of long-term liabilities	**(72,117)**	86,011	**(84,936)**	39,852	105,752
SWAP transaction	**(360)**	(7,036)	**(120)**	(3,274)	(7,882)
Change in deferred taxes, net	**32**	390	**11**	360	486
Changes in assets and liabilities					
Decrease (increase) in trade and other receivables	**4,207**	(26,252)	**(5,218)**	(27,234)	(16,830)
Increase in trade and other payables	**71,403**	38,435	**77,023**	37,696	12,836
Change in provisions and employee benefits	**93**	581	**(15)**	268	982
Net cash used in operating activities in respect of transactions with investee companies	**(83,925)**	(91,409)	**(25,299)**	(32,704)	(119,740)
Net cash from (used in) operating activities	**(76,319)**	(4,956)	**(37,186)**	11,332	(34,093)
Cash flows from investing activities					
Acquisition of fixed assets	**(718)**	(185)	**(94)**	(34)	(365)
Additions to intangible assets	**(2,407)**	(909)	**(723)**	(466)	(1,681)
Net cash provided by (used in) operating activities in respect of transactions with investee companies	**(68,711)**	(171,417)	**39,914**	(11,021)	1,721
Net cash from (used in) investing activities	**(71,836)**	(172,511)	**39,097**	(11,521)	(325)
Cash flows from financing activities					
Issuance of debentures net of issuance costs	**146,806**	177,215	**–**	–	177,215
Repayment of debentures	**–**	–	**–**	–	(160,959)
Settlement of SWAP transaction	**–**	–	**–**	–	21,309
Increase in short-term liabilities to banks	**1,095**	–	**1,095**	–	–
Fundraising costs	**(1,596)**	–	**(1,596)**	–	–
Net cash from (used in) financing activities	**146,305**	177,215	**(501)**	–	37,565
Increase (decrease) in cash and cash equivalents	**(1,850)**	(252)	**1,410**	(189)	3,147
Cash and cash equivalents at beginning of the period	**4,242**	1,095	**982**	1,032	1,095
Cash and cash equivalents at end of the period	**2,392**	843	**2,392**	843	4,242
Supplementary information:					
Interest paid in cash	**(28,393)**	(33,395)	**(2)**	–	(62,848)
Interest received in cash	**1,279**	1,402	**454**	405	1,854
Taxes paid in cash, net	**(272)**	(204)	**(18)**	(16)	(216)

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 of September 30, 2014 (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 of and for the period ended December 31, 2013 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, 2013.

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:
1. Chen Lichtenstein, President and CEO
2. Aviram Lahav, CFO
3. Ignacio Dominguez, CCO
4. Shaul Friedland, CCO
5. Elhanan Abramov, EVP, Global Operations
6. Michal Arlosoroff, SVP, General Legal Counsel
7. 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 June 30, 2014 (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 annual 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 third quarter of 2014 (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 Audit Committee and Financial Statements Committee of the Board of Directors:

(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.

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Chen Lichtenstein
CEO 6 November 2014

Officers' Certification
Certification of Chief Financial Officer

I, Aviram Lahav, certify that:

(1) I have reviewed the quarterly report of ADAMA Agricultural Solutions Ltd. (hereinafter – "the Company") for the third quarter of 2014 (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 Audit committee and Financial Statements Committee of the Board of Directors:

(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, to the extent it relates to the financial statements and other financial information included in the reports, 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.

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Aviram Lahav
CFO

6 November 2014