

ADAMA LTD.

FIRST QUARTER REPORT 2019

ADAMA Ltd. is one of the world's leading crop protection companies. We strive to Create Simplicity in Agriculture - offering farmers effective products and services that simplify their lives and help them grow. With one of the most comprehensive and diversified portfolios of differentiated, quality products, our 7,000 strong team reaches farmers in over 100 countries, providing them with solutions to control weeds, insects and disease, and improve their yields.

Please see important additional information and further details included in the Annex.

April 2019

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Section I Important Statements

The Board of Directors, the Supervisory Committee as well as all directors, supervisors and senior management staff of ADAMA Ltd. (hereinafter referred to as "the Company") confirm that the content of the report is true, accurate and complete and contains no false statement, misleading presentation or material omissions, and assume joint and several legal liability arising therefrom.

All of the Company's directors attended the board meeting for the review of this report.

Chen Lichtenstein, the person leading the Company as well as its legal representative, and Aviram Lahav, the person leading the accounting function and Chief Financial Officer & Chief of the accounting organ, hereby confirm the ruefulness accuracy and completeness of the Financial Report enclosed in this report.

This Report and its abstract have been prepared in both Chinese and English. Should there be any discrepancy between the two versions, the Chinese version shall prevail.

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Section II Basic Information of the Company

I Highlights of accounting data and financial indicators

Whether the Company performs any retroactive adjustments to or restatements of its accounting data of last year

√ Yes ☐ No

The reason for the retroactive adjustments or restatements:

Business combination under common control.

Unit: RMB'000

	January-March 2019	January-March 2018		+/- (%)
		Before adjustment	After adjustment	After adjustment
Operating revenue	6,787,751	6,499,510	6,757,166	0.45%
Net profit attributable to shareholders of the Company	366,756	2,032,027	2,032,870	(81.96%)
Net profit attributable to shareholders of the Company excluding non-recurring profit and loss	285,087	466,066	466,066	(38.83%)
Net cash flows from operating activities	(1,289,484)	(215,819)	(246,200)	423.75%
Basic EPS (RMB/share)	0.150	0.831	0.831	(81.95%)
Diluted EPS (RMB/share)	N/A	N/A	N/A	N/A
Weighted average return on equity	1.61%	10.39%	10.14%	(8.53%)
	March 31 2019	December 31, 2018		+/- (%)
		Before adjustment	After adjustment	After adjustment
Total assets	45,503,823	42,812,505	44,157,758	3.05%
Net assets attributable to shareholders of the Company	22,243,351	22,280,126	22,759,274	(2.27%)

Please see key additional information and further details included in the Annex.

Non-Recurring gain/loss

√ Applicable ☐ Not applicable

Unit: RMB'000

Item	January-March 2019	Notes
Gains/losses on the disposal of non-current assets (including the write-off of asset impairment provisions accrued during the period)	40,479	
Government grants recognized in profit or loss (other than grants which are closely related to the Company's business and are either in fixed amounts or determined under quantitative methods in accordance with the national standard)	5,238	
Net profit or loss of subsidiaries from the beginning of the period up to the business combination date recognized as a result of business combination of enterprises under common control	38,027	
Reversal of provision for receivables and contract assets, that are subject to specific provision	11,917	
Other non-operating income and expenses other than the above	(6,208)	
Less: Income tax effects	7,784	
Total	81,669	--

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Explanation of why the Company classified an item as non-recurring gain/loss according to the definition in the Explanatory Announcement No. 1 on Information Disclosure for Companies Offering Their Securities to the Public— Non-recurring Gain and Loss, or reclassified any non-recurring gain/loss item given as an example in the said explanatory announcement to recurrent gain/loss

☐ Applicable √ Not applicable

In the reporting period, the Company had no such case that classified non-recurring profit (gain)/loss as defined and listed in the Explanatory Announcement No.1 on Information Disclosure for Companies Offering Their Securities to the Public --- Nonrecurring Profit/loss as recurring profit (gain)/loss.

II Total number of shareholders and shareholdings of top 10 shareholders at the period-end

1. Total number of ordinary shareholders and preference shareholders who had resumed their voting right & shareholdings of top 10 shareholders at the period-end

Unit: share

Total number of ordinary shareholders at the end of the Reporting Period		52,346 (the number of ordinary A share shareholders is 36,181; the number of B share shareholders is 16,165)		Total number of preference shareholders who had resumed their voting right at the end of the Reporting Period (if any)		0
Shareholdings of top 10 shareholders						
Name of shareholder	Nature of shareholder	Shareholding percentage	Number of shares held	Number of restricted shares held	Pledged or frozen shares	
					Status	Number
China National Agrochemical Co., Ltd.	State-owned legal person	74.02%	1,810,883,039	1,810,883,039	-	-
Jingzhou Sanonda Holding Co., Ltd.	State-owned legal person	4.89%	119,687,202	-	-	-
China Cinda Asset Management Co., Ltd.	State-owned legal person	1.37%	33,557,046	-	-	-
China Structural Reform Fund Co., Ltd.	State-owned legal person	1.37%	33,557,046	-	-	-
Portfolio No.503 of National Social Security Fund	Others	0.53%	12,999,893	-	-	-
CCB Principal-ICBC-Avic Trust, Trust Plan of Pooled Funds of CCB Principal Private Placement Investment, Tianqi (2016) No. 293 of Avic Trust	Others	0.53%	12,885,906	-	-	-
Industrial Bank Co., Ltd, Mixed Securities Investment Fund, Aegon-Industrial Trend Investment (LOF)	Others	0.33%	8,053,736	-	-	-
Jiang Yun	Domestic individual	0.27%	6,500,073	-	-	-
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	Foreign legal person	0.20%	4,989,844	-	-	-
Caitong Fund Fuchun Chuangyi Private Placement No.3 Asset Management Plan	Others	0.19%	4,697,986	-	-	-

Shareholdings of top 10 non-restricted shareholders			
Name of shareholder	Number of non-restricted shares held at the period-end	Type of shares	
		Type	Number
Jingzhou Sanonda Holding Co., Ltd.	119,687,202	RMB ordinary share	119,687,202
China Cinda Asset Management Co., Ltd.	33,557,046	RMB ordinary share	33,557,046
China Structural Reform Fund Co., Ltd.	33,557,046	RMB ordinary share	33,557,046
Portfolio No.503 of National Social Security Fund	12,999,893	RMB ordinary share	12,999,893

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CCB Principal-ICBC-Avic Trust, Trust Plan of Pooled Funds of CCB Principal Private Placement Investment, Tianqi (2016) No. 293 of Avic Trust	12,885,906	RMB ordinary share	12,885,906
Industrial Bank Co., Ltd, Mixed Securities Investment Fund, Aegon-Industrial Trend Investment (LOF)	8,053,736	RMB ordinary share	8,053,736
Jiang Yun	6,500,073	RMB ordinary share	6,500,073
GUOTAI JUNAN SECURITIES(HONGKONG) LIMITED	4,989,844	Domestically listed foreign share	4,989,844
Caitong Fund Fuchun Chuangyi Private Placement No.3 Asset Management Plan	4,697,986	RMB ordinary share	4,697,986
State-owned Assets Administration Bureau of Qichun County	4,169,266	RMB ordinary share	4,169,266
Related or act-in-concert parties among the shareholders above	Jingzhou Sanonda Holdings Co., Ltd. and CNAC are related parties, and are acting-in-concert parties as prescribed in the Administrative Methods for Acquisition of Listed Companies. Sanonda Holding is a wholly-controlled subsidiary of CNAC. It is unknown to the Company whether the other shareholders are related parties or acting-in-concert parties as prescribed in the Administrative Methods for Acquisition of Listed Companies.		
Top 10 ordinary shareholders conducting securities margin trading (if any)	No such issue.		

Did any of the top 10 ordinary shareholders or the top 10 non-restricted ordinary shareholders of the Company conduct any promissory buy-back transaction during the Reporting Period?

□ Yes √ No

No such cases in the Reporting Period.

2. Total number of preference shareholders and shareholdings of the top 10 of them

□ Applicable √ Not applicable

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Section III Important Events

I Changes in main accounting statement items and financial indicators in the Reporting Period, as well as reasons for the changes

√ Applicable □ Not applicable

Unit: RMB'000

Assets and liabilities	March 31, 2019	December 31, 2018	+/- (%)	Main reason for change
Other receivables	1,671,583	1,079,332	55%	Increase in Subordinated note in respect of securitization transaction.
Rights of use assets	534,410	-	100%	Adoption of ASBE21 - Leases.
Other non-current assets	312,686	217,282	44%	Mainly due to guarantees received from customers.
Short term loans	2,198,189	1,122,774	96%	Mainly due to increase of short-term credits from banks to finance the increase in the needs of working capital and the increased investments in the period.
Derivative financial liabilities	772,083	1,451,670	-47%	Realization and revaluation of derivatives.
Other payables	1,786,678	1,197,579	49%	Mainly due to increase of payables to CNAC for the acquisition of Anpon and interest payable for debentures.
Other current liabilities	317,242	578,184	-45%	Mainly due to reclassification of put options to holders of non-controlling interests to long term liability.
Long-term loans	471,796	235,819	100%	Mainly due to increase of long-term loans from banks in order to finance acquisitions and other investments and due to the increase in the working capital in the period.
Other non-current liabilities	387,275	222,625	74%	Mainly due to reclassification of put options to holders of non-controlling interests from short term liability.
Lease liability	401,911	-	100%	Adoption of ASBE 21 - Leases.
Other comprehensive income	700,784	1,090,827	-36%	Mainly due to translation effect of foreign operations.
Profit and losses	**January - March, 2019**	**January - March, 2018**	**+/- (%)**	**Main reason for change**
Selling and Distribution expenses	1,268,966	1,092,897	16%	Mainly written-up amortization of transferred assets from Syngenta and addition from Anpon and Bonide.
General and administrative expenses	317,514	266,991	19%	The increase is mainly idleness expenses of the Jingzhou old site of the Company.
Research and Development expenses	96,353	80,091	20%	Mainly reflecting higher spending on strategic research and development projects.
Impairment losses	8,777	20,942	-58%	Decrease in inventory impairment.
Gains from changes in fair value	794,180	(315,265)	352%	Mainly due to change in the fair value of derivatives.
Investment income	(550,462)	137,676	-500%	Mainly due to realization of derivatives
Financing Expense	479,381	53,066	803%	Mainly due to exchange rate differences
Gain (Loss) from disposal of non-current assets	40,479	1,997,866	-98%	Significant higher amount in Q1 2018 gain from disposal of divestiture assets in Europe.
Non-operating income	5,707	2,600	120%	Increase in non-operating income
Non-operating expenses	9,196	2,965	210%	Increase in non-operating expenses
Income tax expenses	48,355	542,804	-91%	Significant higher amount in Q1 2018 mainly due to increase of income before tax due to gain from

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				disposal of divesture assets in Europe.

Note: Given the global nature of its operational activities and the composition of its assets and liabilities, the Group uses foreign currency derivatives (forward transactions and currency options) to hedge the cash flow risk associated with existing monetary assets and liabilities that may be affected by exchange rate fluctuations.

Financial expenses mainly reflect interest payments on corporate bonds and loans as well as Foreign Exchange income/losses on the bonds and other monetary assets and liabilities, while net gains/losses from hedging of those positions are recorded in Gains/Losses from Changes in Fair Value, and further transferred to Investment Income upon realization. The aggregate of these three items for Q1 2019 amounts to 235.6 million RMB compared with 216.1 million RMB for Q1 2018.

In addition to the reported financial results that the Company prepares in accordance with PRC GAAP, the Company's management prepares non-GAAP, adjusted financial results, contained in the Business Update annexed to this Report, to present what the Company believes is a more useful view of the true economic performance of the business on an ongoing basis. These adjusted results exclude items that are of a one-time, or non-cash or non-operational nature that do not impact the ongoing performance of the business, and reflects the way the management and board of directors view the performance of the Company. The Company believes that excluding the effects of these items from its operating results allows an effective assessment and comparison of the underlying financial performance of its business from period to period and within the market.

The main one-time or non-cash or non-operational items affecting the Company's reported numbers are as follows:

- **Amortization of legacy PPA of 2011 acquisition of Adama Agricultural Solutions Ltd. ("Solutions") (non-cash):**
  Under PRC GAAP, the Company has inherited the historical "legacy" amortization charge from the first combined reporting for Q3 2017 that ChemChina previously was incurring in respect of its acquisition of Solutions in 2011. This amortization is done in a linear manner on a quarterly basis, most of which will be completed and removed in the second half of 2020.
- **Amortization of acquisition PPA (non-cash):**

  Related to the amortization of non-cash intangible assets created as part of acquisitions, in addition to the full reflection of the purchase price paid in the Company's net debt; has no impact on the ongoing performance of the companies acquired.

- **Amortization of transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash):**

  The proceeds from the Divestment of crop protection products in connection with the approval by the EU Commission of the acquisition of Syngenta by ChemChina, net of taxes and transaction expenses, were paid to Syngenta in return for the transfer of a portfolio of products in Europe of similar nature and economic value. Since the products acquired from Syngenta are of the same nature and with the same net economic value as those divested, and since the Company excludes the one-time gain that it made on the divested products, the additional amortization charge incurred due to the written-up of the acquired assets is also excluded to present a consistent view of Divestment and Transfer transactions, which had no net impact on the underlying economic performance of the Company.

II Progress on significant events, as well as the influence and solutions

√ Applicable □ Not applicable

- On March 19, 2019, the Company entered into an agreement with China National Agrochemical Co., Ltd. ("**CNAC**") and CNAC International Company Limited for the acquisition of Jiangsu Anpon Electrochemical Co., Ltd. ("**Anpon**"), a backward-integrated manufacturer of key active ingredients used in crop protection markets worldwide, most notably Ethephon, Pymetrozine and Buprofezin, as well as intermediates such as chlor-alkali, with advanced membrane production technology. The above transaction was closed on March 29, 2019.

- At the end of January 2019, preceding the Spring Festival, the Company voluntarily suspended operations at the old site in Jingzhou, which is in the process of being relocated to a nearby advanced site, due to recording of higher than permitted levels of wastewater compounds. The Company was subsequently instructed by the local government not to resume operations before rectification. The Company is deeply committed to environmentally sustainable production, has a strong track record worldwide of compliance with relevant regulations, and takes seriously any potential instance of exceeding of emissions thresholds. During the suspension of its production, the Company took specific measures to meet all rectification requirements of the relevant authorities. On March 29,

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2019, the local government issued a *Notice on Agreeing to the Production Resumption of ADAMA Ltd.* and allowed the resumption of production at the Company's old site in Jingzhou. The Jingzhou old site is gradually resuming operation, following its connection via pipeline to the state-of-the-art wastewater treatment facility installed at the new and already operational site. As a consequence of the disruption, the Company lacked sufficient product to fulfill first quarter demand, and incurred approximately $11 million of additional idleness cost, reflected in operating expenses. The impact of the suspension is expected to continue to some extent into the second quarter, and subside alongside the increase in output at the old site.

Significant Events	Date of Disclosure	Index of the Disclosed Announcements
Anpon Acquisition	March 21, 2019	Announcement on the Acquisition of 100% of the Equity Interests in Jiangsu Anpon Electrochemical Co., Ltd., in a Related-Party Transaction (Announcement No: 2019-16) disclosed at www.cninfo.com.cn.
	March 30, 2019	Announcement on the Progress of the Acquisition of 100% of the Equity Interests in Jiangsu Anpon Electrochemical Co., Ltd. (Announcement No: 2019-24) disclosed at www.cninfo.com.cn.
Resumption of the Production at the Old Site in Jingzhou	February 13, 2019	Announcement on Receiving a Notice Prior to Administrative Punishment (Hearing) and Decision Notice of Production Suspension and Rectification (Announcement No: 2019-9) disclosed at www.cninfo.com.cn.
	April 2, 2019	Announcement on the Resumption of Production at the Old Site in Jingzhou (Announcement No: 2019-25) disclosed at www.cninfo.com.cn.

In January 2019, the Company, through a subsidiary of Solutions, acquired Bonide Products Inc., a US provider of pest-control solutions for the consumer Home & Garden use, allowing the Company to bring its advanced technologies and differentiated portfolio of pest-control directly to the consumers.

Please see key additional information and further details included in the Annex.

Progress of repurchasing the shares (share buy-back)

☐ Applicable √ Not applicable

Progress of selling the buy-back shares through call auction

☐ Applicable √ Not applicable

III None completion of Commitments that should have been completed in the reporting period by the Company, actual controller, shareholders, related parties, acquirer, and other committed parties.

☐ Applicable √ Not applicable

IV Performance forecast for months 1-6 2019

Warning of possible loss or considerable YoY change in the accumulative net profit made during the year-beginning to the end of the next reporting period, as well as the reasons.

☐ Applicable √ Not applicable

V Securities investment

☐ Applicable √ Not applicable

No such cases in the Reporting Period.

VI Investment in derivative financial instruments

√ Applicable □ Not applicable

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Unit: RMB'000

The party that operates the investment	Relation with the Company	Related party transaction or not?	Type	Initial investment amount	Starting date	Expiring date	Investment amount at beginning of the period	Amount purchased during the reporting period	Amount sold during the reporting period	Impairment accrued (if any)	Investment amount at end of the period	Percentage of investment amount divided by net asset at end of the period	Gain/loss during the reporting period
Banks	No	No	Option	3,362,968	17.9.2018	25.8.2019	3,362,968	2,363,459	-2,016,268	No	3,710,159	16.51%	94,112
Banks	No	No	Forward	11,634,236	11.12.2018	12.7.2019	11,634,236	17,611,172	-15,747,202	No	13,498,206	60.07%	219,593
Total				14,997,204	--	--	14,997,204	19,974,631	-17,763,470		17,208,365	76.58%	313,705
Source of fund for the investment				Internal									
litigation-related situations (if applicable)				N/A									
Date of disclosure of Board approval (if any)				December 30, 2017									
Date of disclosure of Shareholders' approval (if any)				N/A									
Risk and control analysis for the reporting period (including but not limited to market risk, liquidity risk, credit risk, operational risk, legal risk, etc.)				The aforesaid refers to short term hedging currency transactions made with banks. The Group's transactions are not traded in the market. The Transactions are between the applicable company in the Group and the applicable bank until the expiration date of the transaction, therefore no market risk is involved. Regarding credit and liquidity risk, the Group is working with large and substantial banks only and with some of them the Group has ISDA agreements. As to operational risk, the Group is working with relevant software, which is its back office for all transactions. No legal risk is involved. The actions taken in order to further reduce risks are: • The relevant subsidiaries have specific guidelines, under the Group's policy, which were approved by the subsidiaries' financial statements committee of the board, which specifies, inter alia, the hedging policy, the persons that have the authorization to deal with hedging, the tools, ranges etc. The only subsidiary that has hedging positions in the Group in the period was Solutions and its subsidiaries. • The relevant subsidiaries apply management designed procedures and controls, which among other things, monitor the working process and the controls of the hedging transactions and are quarterly reviewed and annually audited. • The controllers of the relevant subsidiaries are involved in the process and are monitoring the hedging accounting treatment. • Every 2-3 years the internal audit of the relevant subsidiaries' department is auditing the entire procedure.								
Market price or fair value change of investments during the reporting period. Specific methodology and assumptions should be disclosed in the analysis of fair value of the investments				The aforesaid refers to short time hedging currency transactions made by the relevant subsidiary with banks. Segregation of duties as follows: For the fair value evaluation, the relevant subsidiary is usually using external experts. The relevant subsidiary hedges currencies only; the relevant transactions are simple (Options and forwards) for short terms. For fair value methodology see section XI of this report, note IX. Fair Value. The exchange rates are provided by the accounting department of the relevant subsidiary and all other parameters are provided by the experts.								
Explanation for any significant changes in accounting policies and principles, compared with last reporting period				N/A									
Independent Directors' opinion on the investment in derivative financial instruments and related risk controls				The derivative investments carried by the Company are for hedging and narrowing down the risk of market fluctuations. The investments respond to the Company's routine business demands and are in accordance with the relevant laws and regulations. Additionally, the Company has adopted Currency Risk Hedging Policy to strengthen the risk management and control which benefit the Company's ability to protect against market risk. The derivative investments do not harm the interests of the Company and its shareholders.								

VII Visits paid to the Company for purposes of research, communication, interview, etc. during the Reporting Period

√ Applicable □ Not applicable

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Date	Activity	Visitor Type	Main Topics and Provided Materials
January 10, 2019	Online Roadshow	Institutional & Retail	Introduction of the company, future development plan and recent M&A project
January 14, 2019	Roadshow	Institutional	Introduction of the company's recent M&A project and future development plan
January 15, 2019	Investment Strategy Meeting of Security Companies	Institutional	Introduction of the company's recent M&A project and future development plan，
January 16, 2019	Investment Strategy Meeting of Security Companies	Institutional	Introduction of the company, core advantage, future development plan and recent M&A project, answering the questions from investors
January 17, 2019	Roadshow	Institutional	Introduction of the company, core advantage, future development plan and recent M&A project, answering the questions from investors
January 28-31, 2019	Roadshow	Institutional	Introduction of the company, core advantage, future development plan and recent M&A project, answering the questions from investors
February 2, 2019	Roadshow	Institutional	Introduction of the company, future development plan and recent M&A project, as well as the trend of global agrochemical industry
February 13, 2019	Roadshow	Institutional	Introduction of the company's recent M&A project and future development plan， as well as the global market outlook in 2019
February 13, 2019	Phone Call	Retail	The impact of halting production of Sanonda old factories and time of resuming production
March 19, 2019	Phone Call	Retail	Answer the question of how the company will deal with B share
March 20, 2019	Call Conference	Institutional	Introduction of Q4 and full year result in 2018
March 20, 2019	Phone Call	Retail	Answer the question related to the 2018 Q4 and full year result
March 26, 2019	Roadshow	Institutional	Introduction of Q4 and full year result in 2018
March 27, 2019	Roadshow	Institutional	Introduction of Q4 and full year result in 2018

VIII Illegal provision of guarantees for external parties

□ Applicable √ Not applicable

No such cases in the Reporting Period.

IX Occupation of the Company's funds by the controlling shareholder or its related parties for non-operating purposes

□ Applicable √ Not applicable

No such cases in the Reporting Period.

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Section IV Financial Statements

I Financial statements

1. Consolidated balance sheet

Prepared by ADAMA Ltd.

31 March 2019

Unit: RMB'000

Item	March 31, 2019	December 31, 2018 (Restated)
Current assets:		
Cash at bank and on hand	4,801,192	6,400,190
Financial assets held for trading	38,934	46,095
Derivative financial assets	589,909	517,726
Bills and accounts receivable	7,667,955	6,683,450
Including: Bills receivable	129,388	113,785
Accounts receivable	7,538,567	6,569,665
Prepayments	371,470	413,941
Other receivables	1,671,583	1,079,332
Including: Dividends receivable	-	5,240
Inventories	9,979,162	9,433,876
Non-current assets due within one year	54	48
Other current assets	661,159	660,806
Total current assets	25,781,418	25,235,464
Non-current assets:		
Long-term accounts receivable	148,150	157,600
Long-term equity investments	111,103	108,350
Other equity investments	97,285	91,559
Investment properties	4,013	4,094
Fixed assets	7,174,200	7,280,584
Construction in progress	462,691	493,181
Right-of-use assets	534,410	-
Intangible assets	5,879,971	5,741,962
Goodwill	4,197,052	4,085,945
Deferred tax assets	800,844	741,737
Other non-current assets	312,686	217,282
Total non-current assets	19,722,405	18,922,294
Total assets	45,503,823	44,157,758

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Item	March 31, 2019	December 31, 2018 (Restated)
Current liabilities:		
Short-term loans	2,198,189	1,122,774
Derivative financial liabilities	772,083	1,451,670
Bills and accounts payable	5,162,562	5,073,469
Contract liabilities	891,245	799,509
Employee benefits payable	999,382	944,175
Taxes payable	591,510	616,780
Other payables	1,786,678	1,197,579
Including: Interest payable	152,952	46,258
Dividends payable	57,062	750
Non-current liabilities due within one year	428,996	350,707
Other current liabilities	317,242	578,184
Total current liabilities	13,147,887	12,134,847
Non-current liabilities:		
Long-term loans	471,796	235,819
Debentures payable	7,723,041	7,649,098
Lease liabilities	401,911	-
Long-term payables	25,049	25,106
Long-term employee benefits payable	588,371	606,234
Provisions	135,036	132,351
Deferred tax liabilities	380,106	392,404
Other non-current liabilities	387,275	222,625
Total non-current liabilities	10,112,585	9,263,637
Total liabilities	23,260,472	21,398,484
Shareholders' equity		
Share capital	2,446,554	2,446,554
Capital reserve	12,917,359	13,332,359
Other comprehensive income	700,784	1,090,827
Special reserves	16,042	13,536
Surplus reserve	240,162	240,162
Retained earnings	5,922,450	5,635,836
Total shareholders' equity	22,243,351	22,759,274
Total liabilities and shareholders' equity	45,503,823	44,157,758

Legal representative: Chen Lichtenstein;

Chief of the accounting work: Aviram Lahav;

Chief of the accounting organ: Aviram Lahav.

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2. Balance sheet of the Company

Unit: RMB'000

Item	March 31, 2019	December 31, 2018
Current Assets:		
Cash at bank and on hand	2,266,633	2,058,253
Bills and accounts receivable	402,350	712,116
Including: Bills receivable	39,076	19,917
Accounts receivable	363,274	692,199
Prepayments	61,627	10,500
Other receivables	31,288	31,748
Including: Dividends receivable	-	1,808
Inventories	96,050	147,975
Other current assets	192	1,343
Total current assets	2,858,140	2,961,935
Non-current assets:		
Long-term equity investments	16,403,642	15,939,826
Other equity investments	86,059	80,119
Investment properties	4,013	4,094
Fixed assets	981,647	1,012,674
Construction in progress	194,530	188,020
Right-of-use assets	714	-
Intangible assets	173,824	174,997
Deferred tax assets	50,041	48,103
Other non-current assets	74,334	54,060
Total non-current assets	17,968,804	17,501,893
Total assets	20,826,944	20,463,828
Current liabilities:		
Short-term loans	20,000	20,000
Bills and accounts payable	321,284	391,810
Contract liabilities	5,814	9,983
Employee benefits payable	16,351	25,758
Taxes payable	56,471	55,198
Other payables	585,750	187,762
Including: Dividends payable	250	250
Non-current liabilities due within one year	72,000	72,000
Total current liabilities	1,077,670	762,511
Non-current liabilities:		
Lease liabilities	824	-
Long-term employee benefits payable	98,815	100,144
Provisions	16,660	16,454
Other non-current liabilities	171,770	171,770
Total non-current liabilities	288,069	288,368
Total liabilities	1,365,739	1,050,879
Shareholders' equity		
Share capital	2,446,554	2,446,554
Capital reserve	15,463,245	15,414,429
Other comprehensive income	48,217	43,167
Special reserves	13,684	11,564
Surplus reserve	240,162	240,162
Retained earnings	1,249,343	1,257,073
Total shareholders' equity	19,461,205	19,412,949
Total liabilities and shareholders' equity	20,826,944	20,463,828

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3. Consolidated income statement

Unit: RMB'000

Item	January-March 2019	January-March 2018 (Restated)
I. Operating income	6,787,751	6,757,166
Less: Cost of sales	4,449,236	4,445,300
Taxes and surcharges	24,541	34,579
Selling and Distribution expenses	1,268,966	1,092,897
General and administrative expenses	317,514	266,991
Research and Development expenses	96,353	80,091
Financial expenses	479,381	53,066
Including: Interest expense	163,299	152,842
Interest income	20,227	20,203
Asset impairment loss	8,777	20,942
Credit impairment loss	8,580	7,538
Add: Investment income, net	(550,462)	137,676
Including: Income from investment associates and joint ventures	5,773	5,646
Gain (loss) from changes in fair value	794,180	(315,265)
Gain from disposal of assets	40,479	1,997,866
II. Operating profit	418,600	2,576,039
Add: Non-operating income	5,707	2,600
Less: Non-operating expenses	9,196	2,965
III. Total profit	415,111	2,575,674
Less: Income tax expense	48,355	542,804
IV. Net profit	366,756	2,032,870
(1) Classified by nature of operations		
(1.1) Continuing operations	366,756	2,032,870
(2) Classified by ownership		
(2.1) Shareholders of the Company	366,756	2,032,870
V. Other comprehensive income, net of tax		
Other comprehensive income (net of tax) attributable to shareholders of the Company	(390,043)	(488,115)
(1) Items that will not be reclassified to profit or loss:		
(1.1) Re-measurement of defined benefit plan liability	(9,202)	2,205
(1.2) Fair value change in other equity investment	5,050	-
(2) Items that were or will be reclassified to profit or loss		
(2.1) Effective portion of gains or loss of cash flow hedge	(40,304)	81,077
(2.2) Translation differences of foreign financial statements	(345,587)	(571,397)
VI. Total comprehensive income for the period attributable to Shareholders of the Company	(23,287)	1,544,755
VII. Earnings per share		
(1) Basic earnings per share (Yuan/share)	0.150	0.831
(2) Diluted earnings per share (Yuan/share)	N/A	N/A

For the business combination under common control in the reporting period, net profit attributable to the owners of the Company from the merged party before the closing date (January-March) was RMB'000 37,830, with the corresponding amount for the same period (January-March) of last year being RMB'000 4,073.

Legal representative: Chen Lichtenstein;

Chief of the accounting work: Aviram Lahav;

Chief of the accounting organ: Aviram Lahav.

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4. Income statement of the Company

Unit: RMB'000

Item	January-March 2019	January-March 2018
I. Operating income	416,354	837,781
Less: Cost of sales	292,548	614,109
Taxes and surcharges	6,241	14,642
Selling and Distribution expenses	19,482	30,261
General and administrative expenses	96,492	34,816
Research and Development expenses	1,470	1,325
Financial expenses	8,886	6,092
Including: Interest expense	1,077	2,755
Interest income	6,901	6,199
Asset impairment loss	69	780
Credit impairment loss	577	2,177
Add: Investment income (loss), net	-	-
Gain (loss) from changes in fair value	-	-
II. Operating Profit	(9,411)	133,579
Add: Non-operating income	710	238
Less: Non-operating expenses	1,857	4
III. Total profit	(10,558)	133,813
Less: Income tax expense	(2,828)	20,667
IV. Net profit	(7,730)	113,146
Continuing operations	(7,730)	113,146
V. Other comprehensive income, net of tax	5,050	-
(1) Items that will not be reclassified to profit or loss	5,050	-
(1.1) Fair value change in other equity investment	5,050	-
(2) Items that may be reclassified to profit or loss	-	-
VI. Total comprehensive income for the period	(2,680)	113,146

5. Consolidated cash flow statement

Unit: RMB'000

Item	January-March 2019	January-March 2018 (Restated)
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	5,006,120	5,239,661
Refund of taxes and surcharges	30,497	5,475
Cash received relating to other operating activities	109,616	134,505
Sub-total of cash inflows from operating activities	5,146,233	5,379,641
Cash paid for goods and services	4,604,831	3,998,904
Cash paid to and on behalf of employees	829,857	840,323
Payments of taxes and surcharges	264,648	108,862
Cash paid relating to other operating activities	736,381	677,752
Sub-total of cash outflows from operating activities	6,435,717	5,625,841
Net cash flows used in operating activities	(1,289,484)	(246,200)
II. Cash flows from investing activities:		
Cash received from disposal of investments	8,148	7,470
Cash received from returns of investments	3,372	-
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	30,843	2,411,752
Sub-total of cash inflows from investing activities	42,363	2,419,222
Cash paid to acquire fixed assets, intangible assets and other long-term assets	287,509	2,373,718
Net cash paid to acquire subsidiaries or other business units	824,583	-

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Item	January-March 2019	January-March 2018 (Restated)
Sub-total of cash outflows from investing activities	1,112,092	2,373,718
Net cash flows from (used in) investing activities	(1,069,729)	45,504
III. Cash flows from financing activities:		
Cash received from borrowings	1,537,197	227,500
Sub-total of cash inflows from financing activities	1,537,197	227,500
Cash repayments of borrowings	258,676	2,106,526
Cash payment for dividends, profit distributions and interest	64,551	51,261
Including: Dividends paid to non-controlling interest	23,830	16,028
Cash paid relating to other financing activities	380,425	8,885
Sub-total of cash outflows from financing activities	703,652	2,166,672
Net cash from (used in) financing activities	833,545	(1,939,172)
IV. Effects from foreign exchange rate changes on cash and cash equivalents	(81,844)	(210,948)
V. Net decrease in cash and cash equivalents	(1,607,512)	(2,350,816)
Add: Cash and cash equivalents at the beginning of the period	6,346,196	7,979,502
VI. Cash and cash equivalents at the end of the period	4,738,684	5,628,686

6. Cash flow statement of the Company

Unit: RMB'000

Item	January-March 2019	January-March 2018
I. Cash flows from operating activities:		
Cash received from sale of goods and rendering of services	633,069	636,451
Refund of taxes and surcharges	15,759	-
Cash received relating to other operating activities	7,737	6,835
Sub-total of cash inflows from operating activities	656,565	643,286
Cash paid for goods and services	290,452	267,037
Cash paid to and on behalf of employees	55,606	49,453
Payments of taxes and surcharges	20,779	15,462
Cash paid relating to other operating activities	51,452	27,075
Sub-total of cash outflows from operating activities	418,289	359,027
Net cash flows from operating activities	238,276	284,259
II. Cash flows from investing activities:		
Net cash received from disposal of fixed assets, intangible assets and other long-term assets	-	-
Cash received relating to other investing activities	1,808	-
Sub-total of cash inflows from investing activities	1,808	-
Cash paid to acquire fixed assets, intangible assets and other long-term assets	25,850	12,582
Sub-total of cash outflows from investing activities	25,850	12,582
Net cash flows from investing activities	(24,042)	(12,582)
III. Cash flows from financing activities:		
Cash received from borrowings	-	-
Cash received relating to other financing activities	-	-
Sub-total of cash inflows from financing activities	-	-
Cash repayments of borrowings	-	76,590
Cash payment for dividends, profit distributions or interest	1,077	2,680
Cash paid relating to other financing activities	8,610	7,555
Sub-total of cash outflows from financing activities	9,687	86,825
Net cash used in financing activities	(9,687)	(86,825)
IV. Effects of foreign exchange rate changes on cash and cash equivalents	(4,777)	(13,876)
V. Net increase in cash and cash equivalents	199,770	170,976
Add: Cash and cash equivalents at the beginning of the period	2,005,313	1,864,003
VI. Cash and cash equivalents at the end of the period	2,205,083	2,034,979

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II Adjustments of the financial statements

1. Opening balance adjustments due to adoption of new accounting standards for financial instruments, revenue and leases

√ Applicable □ Not applicable

Consolidated Balance Sheet

Unit: RMB'000

Item	December 31, 2018	Adjustments from adoption of new lease standard	January 1, 2019
Current assets			
Cash at bank and on hand	6,400,190	-	6,400,190
Financial assets held for trading	46,095	-	46,095
Derivative financial assets	517,726	-	517,726
Bills and accounts receivable	6,683,450	-	6,683,450
Including: Bills receivable	113,785	-	113,785
Accounts receivable	6,569,665	-	6,569,665
Prepayments	413,941	-	413,941
Other receivables	1,079,332	-	1,079,332
Inventories	9,433,876	-	9,433,876
Non-current assets due within one year	48	-	48
Other current assets	660,806	-	660,806
Total current assets	25,235,464	-	25,235,464
Non-current assets		-	
Long-term accounts receivable	157,600	-	157,600
Long-term equity investments	108,350	-	108,350
Other equity investments	91,559	-	91,559
Investment properties	4,094	-	4,094
Fixed assets	7,280,584	-	7,280,584
Construction in progress	493,181	-	493,181
Right-of-use assets	N/A	506,862	506,862
Intangible assets	5,741,962	-	5,741,962
Goodwill	4,085,945	-	4,085,945
Deferred tax assets	741,737	-	741,737
Other non-current assets	217,282	-	217,282
Total non-current assets	18,922,294	506,862	19,429,156
Total assets	44,157,758	506,862	44,664,620

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Item	December 31, 2018	Adjustments from adoption of new lease standard	January 1, 2019
Current liabilities			
Short-term loans	1,122,774	-	1,122,774
Derivative financial liabilities	1,451,670	-	1,451,670
Bills and accounts payable	5,073,469	-	5,073,469
Advances from customers	-	-	-
Contract liabilities	799,509	-	799,509
Employee benefits payable	944,175	-	944,175
Taxes payable	616,780	-	616,780
Other payables	1,197,579	-	1,197,579
Including: Interest payable	46,258	-	46,258
Dividends payable	750	-	750
Non-current liabilities due within one year	350,707	120,584	471,291
Other current liabilities	578,184	-	578,184
Total current liabilities	12,134,847	120,584	12,255,431
Non-current liabilities		-	
Long-term loans	235,819	-	235,819
Debentures payable	7,649,098	-	7,649,098
Lease liabilities	N/A	386,278	386,278
Long-term payables	25,106	-	25,106
Long-term employee benefits payable	606,234	-	606,234
Provisions	132,351	-	132,351
Deferred tax liabilities	392,404	-	392,404
Other non-current liabilities	222,625	-	222,625
Total non-current liabilities	9,263,637	386,278	9,649,915
Total liabilities	21,398,484	506,862	21,905,346
Shareholders' equity			
Share capital	2,446,554	-	2,446,554
Capital reserve	13,332,359	-	13,332,359
Other comprehensive income	1,090,827	-	1,090,827
Special reserves	13,536	-	13,536
Surplus reserve	240,162	-	240,162
Retained earnings	5,635,836	-	5,635,836
Total shareholders' equity	22,759,274	-	22,759,274
Total liabilities and shareholders' equity	44,157,758	506,862	44,664,620

Notes to the adjustments:

As from January 1, 2019, the Group initially applies revised Accounting Standards for Business Enterprises 21, Leases (hereinafter: "the new lease standard"). According to the new lease standard, the Group recognized right-of-use asset and lease liabilities as of January 1, 2019.

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Balance Sheet

Unit: RMB'000

Item	December 31, 2018	Adjustments from adoption of new lease standard	January 1, 2019
Current assets			
Cash at bank and on hand	2,058,253	-	2,058,253
Bills and accounts receivable	712,116	-	712,116
Including: Bills receivable	19,917	-	19,917
Accounts receivable	692,199	-	692,199
Prepayments	10,500	-	10,500
Other receivables	31,748	-	31,748
Inventories	147,975	-	147,975
Other current assets	1,343	-	1,343
Total current assets	2,961,935	-	2,961,935
Non-current assets		-	
Long-term equity investments	15,939,826	-	15,939,826
Other equity investments	80,119	-	80,119
Investment properties	4,094	-	4,094
Fixed assets	1,012,674	-	1,012,674
Construction in progress	188,020	-	188,020
Right-of-use assets	N/A	818	818
Intangible assets	174,997	-	174,997
Deferred tax assets	48,103	-	48,103
Other non-current assets	54,060	-	54,060
Total non-current assets	17,501,893	818	17,502,711
Total assets	20,463,828	818	20,464,646
Current liabilities			
Short-term loans	20,000	-	20,000
Bills and accounts payable	391,810	-	391,810
Contract liabilities	9,983	-	9,983
Employee benefits payable	25,758	-	25,758
Taxes payable	55,198	-	55,198
Other payables	187,762	-	187,762
Including: Interest payable		-	
Dividends payable	250	-	250
Non-current liabilities due within one year	72,000	-	72,000
Total current liabilities	762,511	-	762,511
Non-current liabilities		-	
Lease liabilities	N/A	818	818
Long-term employee benefits payable	100,144	-	100,144
Provisions	16,454	-	16,454
Other non-current liabilities	171,770	-	171,770
Total non-current liabilities	288,368	818	289,186
Total liabilities	1,050,879	818	1,051,697
Shareholders' equity			
Share capital	2,446,554	-	2,446,554
Capital reserve	15,414,429	-	15,414,429
Other comprehensive income	43,167	-	43,167
Special reserves	11,564	-	11,564
Surplus reserve	240,162	-	240,162
Retained earnings	1,257,073	-	1,257,073
Total shareholders' equity	19,412,949	-	19,412,949
Total liabilities and shareholders' equity	20,463,828	818	20,464,646

2. Retrospective adjustments due to adoption of new accounting standards for financial instruments and leases

□ Applicable √ Not applicable

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III Auditor's report

Is this Report audited?

□ Yes √ No

This Report is unaudited.

ADAMA Ltd.

April 28, 2019

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