Abridged Consolidated Financial Statements

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

Abridged Consolidated Income Statement for the First Quarter

Adjusted[1]	Q1 2020 USD(m)	Q1 2019 USD(m)	Q1 2020 RMB(m)	Q1 2019 RMB(m)
Revenues	**973**	**1,006**	**6,782**	**6,788**
Cost of Sales	681	659	4,750	4,442
Business taxes and surcharges	3	4	19	25
Gross profit	**289**	**344**	**2,013**	**2,321**
% of revenue	*29.7%*	*34.2%*	*29.7%*	*34.2%*
Selling & Distribution expenses	*159*	*164*	*1,106*	*1,103*
General & Administrative expenses	*28*	*32*	*194*	*217*
Research & Development expenses	*13*	*14*	*92*	*96*
Other	*7*	*8*	*48*	*52*
Total operating expenses	207	218	1,440	1,468
% of revenue	*21.2%*	*21.6%*	*21.2%*	*21.6%*
Operating income (EBIT)	**82**	**127**	**573**	**853**
% of revenue	*8.4%*	*12.6%*	*8.4%*	*12.6%*
Financial expenses and investment income	31	37	217	252
Income before taxes	**51**	**89**	**356**	**601**
Taxes on Income	24	9	169	61
Net income	**27**	**80**	**187**	**540**
% of revenue	*2.8%*	*8.0%*	*2.8%*	*8.0%*
EBITDA	**142**	**187**	**993**	**1,264**
% of revenue	*14.6%*	*18.6%*	*14.6%*	*18.6%*
Earnings per Share – Basic	*0.0110*	*0.0327*	*0.0766*	*0.2207*
– Diluted	*0.0110*	*0.0327*	*0.0766*	*0.2207*

The number of shares used to calculate both basic and diluted earnings per share is 2,446.6 million shares.

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

Abridged Consolidated Balance Sheet

	March 31 2020 USD (m)	March 31 2019 USD (m)	March 31 2020 RMB (m)	March 31 2019 RMB (m)
Assets				
Current assets:				
Cash at bank and on hand	602	713	4,264	4,801
Bills and accounts receivable	1,414	1,344	10,019	9,052
Inventories	1,424	1,482	10,091	9,979
Other current assets, receivables and prepaid expenses	461	290	3,264	1,949
Total current assets	**3,901**	**3,829**	**27,638**	**25,781**
Non-current assets:				
Fixed assets, net	1,099	1,134	7,786	7,637
Rights of use assets	75	79	534	534
Intangible assets, net	1,455	1,497	10,308	10,077
Deferred tax assets	118	119	833	801
Other non-current assets	96	100	681	674
Total non-current assets	**2,843**	**2,929**	**20,142**	**19,723**
Total assets	**6,744**	**6,758**	**47,780**	**45,504**
Liabilities				
Current liabilities:				
Loans and credit from banks and other lenders	507	390	3,595	2,627
Bills and accounts payable	680	767	4,814	5,163
Other current liabilities	813	796	5,760	5,358
Total current liabilities	**2,000**	**1,953**	**14,169**	**13,148**
Long-term liabilities:				
Long-term loans from banks and other lenders	167	70	1,181	472
Debentures	1,101	1,147	7,804	7,723
Deferred tax liabilities	63	56	448	380
Employee benefits	97	87	687	588
Other long-term liabilities	140	141	991	950
Total long-term liabilities	**1,568**	**1,501**	**11,111**	**10,113**
Total liabilities	**3,568**	**3,454**	**25,280**	**23,261**
Equity				
Total equity	3,176	3,304	22,500	22,243
Total equity	**3,176**	**3,304**	**22,500**	**22,243**
Total liabilities and equity	**6,744**	**6,758**	**47,780**	**45,504**

Abridged Consolidated Cash Flow Statement for the First Quarter

	Q1 2020 USD (m)	Q1 2019 USD (m)	Q1 2020 RMB (m)	Q1 2019 RMB (m)
Cash flow from operating activities:				
Cash flow from operating activities	-55	-191	-385	-1,232
Cash flow from operating activities	**-55**	**-191**	**-385**	**-1,232**
Investing activities:				
Acquisitions of fixed and intangible assets	-51	-43	-357	-321
Proceeds from disposal of fixed and intangible assets	1	5	9	31
Acquisition of subsidiaries	-	-122	-	-825
Other investing activities	-3	1	-25	10
Cash flow used for investing activities	**-53**	**-159**	**-373**	**-1,105**
Financing activities:				
Receipt of loans from banks and other lenders	171	228	1,194	1,358
Repayment of loans from banks and other lenders	-61	-38	-429	-110
Other financing activities	-20	-66	-136	-426
Cash flow from (used for) financing activities	**90**	**124**	**629**	**823**
Effects of exchange rate movement on cash and cash equivalents	**-3**	**5**	**47**	**-78**
Net change in cash and cash equivalents	**-21**	**-221**	**-82**	**-1,593**
Cash and cash equivalents at the beginning of the period	619	925	4,320	6,043
Cash and cash equivalents at the end of the period	**598**	**704**	**4,238**	**4,450**
Free Cash Flow	**-116**	**-355**	**-805**	**-2,394**
Free Cash Flow excl. acquisitions	**-116**	**-232**	**-805**	**-1,569**

Notes to Abridged Consolidated Financial Statements

Note 1: Basis of preparation

Basis of presentation and accounting policies: The abridged consolidated financial statements for the quarters ended March 31, 2020 and 2019 incorporate the financial statements of ADAMA Ltd. and of all of its subsidiaries (the "Company"), including Adama Agricultural Solutions Ltd. ("Solutions") and its subsidiaries.

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

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

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

Note 2: Abridged Financial Statements
For ease of use, the Financial Statements shown in this release have been abridged as follows:

Abridged Consolidated Income Statement:

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

Abridged Consolidated Balance Sheet:

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

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

Q1	Adjusted		Adjustments		Reported	
USD(m)	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Revenues	973	1,006	-	-	973	1,006
Gross profit	289	344	1	1	288	343
Operating expenses	207	218	-30	-29	237	247
Operating income (EBIT)	82	127	31	30	51	97
Income before taxes	51	89	31	28	20	61
Net income	27	80	29	26	-2	54
EBITDA	142	187	9	5	133	183
Earnings per share	0.0110	0.0327			-0.0010	0.0222

Q1	Adjusted		Adjustments		Reported	
RMB(m)	Q1 2020	Q1 2019	Q1 2020	Q1 2019	Q1 2020	Q1 2019
Revenues	6,782	6,788	-	-	6,782	6,788
Gross profit	2,013	2,321	7	7	2,006	2,314
Operating expenses	1,440	1,468	-212	-195	1,652	1,663
Operating income (EBIT)	573	853	219	202	354	651
Income before taxes	356	601	219	186	137	415
Net income	187	540	204	173	-17	367
EBITDA	993	1,264	65	32	928	1,232
Earnings per share	0.0766	0.2207			-0.0068	0.1499

Income Statement Adjustments

	Q1 2020 USD (m)	Q1 2019 USD (m)	Q1 2020 RMB (m)	Q1 2019 RMB (m)
Net Income (Reported)	**-2.4**	**54.4**	**-16.7**	**366.8**
Adjustments to COGS & Operating Expenses:				
1. Amortization of Legacy PPA of 2011 acquisition of Solutions (non-cash)	11.5	11.5	79.9	77.2
2. Amortization of Transfer assets received and written-up due to 2017 ChemChina-Syngenta transaction (non-cash)	7.9	10.6	54.9	71.7
3. China Relocation & Upgrade related costs	0.9	2.3	6.3	15.5
4. Long-term incentive (non-cash)	0.7	4.7	5.1	31.9
5. Amortization of acquisition-related PPA (non-cash)	1.8	0.9	12.9	6.1
6. Employee early retirement expenses	8.6	-	59.8	-
Total Adjustments to Operating Income (EBIT)	**31.4**	**30.0**	**218.9**	**202.4**
Total Adjustments to EBITDA	**9.3**	**4.7**	**64.9**	**31.9**
Adjustments to Financing Expenses:				
7. Revaluation of non-cash adjustment related to non-controlling interest	-	-2.4	-	-16.1
Total Adjustments to Income before Taxes	**31.4**	**27.6**	**218.9**	**186.3**
Adjustments to Taxes				
1. Tax shield on Legacy PPA of 2011 acquisition of Solutions	-1.9	-1.9	-13.6	-13.1
5. Deferred tax due to PPA	-0.2	-	1.1	-
Total adjustments to Net Income	**29.3**	**25.7**	**204.1**	**173.2**
Net Income (Adjusted)	**26.9**	**80.1**	**187.5**	**540.0**

Notes:

1. **Amortization of Legacy PPA of 2011 acquisition of 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.
2. **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 in 2018 the Company excluded 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.
3. **China Relocation & Upgrade related costs:** These are non-cash accelerated depreciation charges related to the three-year Relocation & Upgrade program in China. Production assets located in the old production sites in Jingzhou and Huai'An will be relocated to the new sites in the coming years. Since some of the older production assets may not be able to be relocated, their economic life has been shortened and therefore will be depreciated over a shorter period. Since these are older assets that were built many years ago and will be replaced by newer production facilities at the new sites, and since the ongoing operations of the business will not be impacted thereby, the Company adjusts for the impact of the accelerated depreciation of these assets.
4. **Long-term Incentive (non-cash):** The Company granted its employees, who are mainly non-Chinese residents, a long-term incentive (LTI) in the form of 'phantom' options, due to the complexity of granting Chinese-listed, equity-settled options to non-Chinese employees. As such, the Company records an expense, or recognizes income, depending on the fluctuation in the Company's share price, even though the Company will not incur any cash impact prior to exercise of the phantom options. To neutralize the impact of such share price movements on the measurement of the Company's performance and expected employee compensation and to reflect the existing phantom options, in the Company's adjusted financial performance, the LTI is presented on an equity-settled basis in accordance with the value of the existing plan at the grant date.

5. **Amortization of acquisition-related PPA (non-cash)**: Related to the amortization of non-cash intangible assets created as part of the allocation of the purchase price (PPA) on acquisitions; has no impact on the ongoing performance of the companies acquired.
6. **Employee early retirement expenses:** Provision for early retirement plan of employees at one of the Israeli manufacturing sites
7. **Revaluation of non-cash adjustment related to non-controlling interest:** Relates to put options issued to non-controlling interests as part of historical business combinations which took place before January 1, 2010. The put options are presented as a liability at the present value of the future exercise price. The revaluation of these put options in Solutions is recognized under IFRS to Goodwill, but due to the acquisition of Solutions by the Company in 2017, which is treated from an accounting perspective as a "Business Combination Under Common Control", such revaluation is recorded as a profit or loss item in the financial reports of the Company. The revaluations of such put options have no bearing on the ongoing performance of the Company and are therefore adjusted for.

Exchange Rate Data for the Company's Principal Functional Currencies

	March 31			Q1 Average		
	2020	2019	Change	2020	2019	Change
EUR/USD	1.094	1.123	(2.6%)	1.102	1.136	(3.0%)
USD/BRL	5.199	3.897	(33.4%)	4.458	3.771	(18.2%)
USD/PLN	4.147	3.837	(8.1%)	3.920	3.790	(3.4%)
USD/ZAR	17.89	14.64	(22.2%)	15.351	14.018	(9.5%)
AUD/USD	0.609	0.708	(14.0%)	0.658	0.713	(7.7%)
GBP/USD	1.234	1.303	(5.3%)	1.234	1.302	(5.3%)
USD/ILS	3.565	3.632	1.8%	3.565	3.644	2.2%
USD LIBOR 3M	1.45%	2.60%	(44.2%)	1.53%	2.69%	(43.1%)

	March 31			Q1 Average		
	2020	2019	Change	2020	2019	Change
USD/RMB	7.085	6.734	5.2%	6.974	6.744	3.4%
EUR/RMB	7.751	7.561	2.5%	7.687	7.660	0.3%
RMB/BRL	0.734	0.579	(26.8%)	0.639	0.559	(14.3%)
RMB/PLN	0.585	0.570	(2.7%)	0.562	0.562	(0.0%)
RMB/ZAR	2.525	2.174	(16.1%)	2.201	2.079	(5.9%)
AUD/RMB	4.317	4.770	(9.5%)	4.586	4.806	(4.6%)
GBP/RMB	8.742	8.774	(0.4%)	8.926	8.784	1.6%
RMB/ILS	0.503	0.539	6.7%	0.501	0.540	7.2%