

May 13, 2007

Makhteshim Agan reports Record Revenue and Profits in the First Quarter of 2007

- Quarterly sales grew by more than 13% amounting to \$559 million**
- Increase in net profit of more than 15% amounting to \$67 million**
- Increased agrochemical sales in all regions**

Makhteshim Agan, the world's leading generic provider of crop protection products and ranked 7th in the world's agrochemical sector, has today reported its results for the first quarter of 2007.

The Company reported record sales during the first quarter of 2007, which amounted to \$559.3 million, compared to \$493.9 million in 2006, an increase of 13.3%. The Company also reported record net profit, which amounted to \$66.6 million, compared to \$57.7 million in 2006, an increase of 15.4%. EBITDA amounted to \$119.2 million, compared to \$96.3 million in 2006, an increase of 23.8%.

The growth in sales compared with the corresponding quarter in 2006 stemmed mainly from mild climate conditions in Europe, which brought about early, high level demand for crop protection products, as well as strengthening of the Euro which increased the dollar value of sales. An increase in demand for agricultural produce such as corn, sugar cane and soy also caused an increase in derivative demand for the Company's products.

In Europe, sales amounted to \$268.5 million compared to \$229.9 million in 2006, an increase of 16.8%.

In South America, sales amounted to \$105.2 million, compared to \$83.2 million in 2006, an increase of 26.4%. The increase stems mainly from Brazil.

Avraham Bigger, Chairman and CEO of Makhteshim Agan, said that: "The improvement in the agrochemical sector over recent months provides support for relentless implementation of the change and efficiency improvement plan we launched two months ago. Makhteshim Agan has continued growing at a faster pace than most of its peers, as happened in the difficult year of 2006 as well as in earlier and better years for the sector. Notwithstanding this performance, we operate in a sector that is both cyclical and seasonal, which is affected by factors that are external to the Company such as climate, currencies and the prices of agricultural produce."

Avraham Bigger added that the change and efficiency improvement plan, which the Company launched in March, is progressing according to its timetable. The Global Leadership Group has been launched and started operating. Responsibilities for Product Development and Marketing, Finance and IT at the head office of the Company and subsidiaries Makhteshim and Agan have been integrated. Preparation for integration of responsibilities in the areas of sales and production is ongoing, such integration being planned to take place in the coming months. In the area of purchasing, a combined team comprising both Makhteshim and Agan personnel has been working for several weeks and is progressing toward centralizing purchasing and making use of the group's size advantages, and the process of planning the group-wide supply chain continues.

Ran Maidan, the Company's CFO, said that: "Gross profit in the first quarter of this year amounted to \$198 million, representing growth of 11% compared with 2006. Operating profit amounted to \$100 million, representing growth of 19.6% compared to 2006. The slight decline of gross profitability to 35.4% rather than 36.1% in 2006 stems from erosion of prices during 2006, which stabilized during the first quarter, and which was offset by improvements in the cost of raw materials. Operating profitability increased to 17.9%

compared to 16.9% in 2006, due to containment of operating expenses lower than the increase in sales.”

The delay in releasing the Company's financial results was due an issue that was raised the day prior to their planned release, as explained in note 3(4) of the financials statements, which is summarized in the following:

On March 13, 2005, the Company's Board of Directors approved an employee share option plan, an immediate report and related description in respect of which was published on March 14, 2005. Relying on the transitional rules of Accounting Standard 24, "Share-Based Payments", the Company did not apply that Standard to the grants made under the option plan, and did not record an expense in respect thereof, pursuant to the Standard's transitional rules which provide that the Standard applies to grants after March 15, 2005, and which had not vested prior to January 1, 2006.

In connection with review of the draft prospectus submitted by the Company for listing of bonds it issued, and following a meeting with the staff of the Israeli Securities Authority on May 8, 2007, questions arose regarding the factual circumstances leading to removal of the grants from application of the aforesaid Standard.

Had Standard 24 been applied to all of the grants made under the 2005 option plan, the Company estimates the maximum additional expense that would have been recorded in respect thereof at the sum of approximately \$6 million in 2005, approximately \$8 million in 2006 (approximately \$2 million per quarter) and approximately \$2 million in the first quarter of 2007.

The Company's Board of Directors has decided to re-examine the facts on the basis of which the grants were treated for accounting purposes, under the supervision of the Company's Audit Committee. If the outcome of the examination indicates that the Company should have applied the Standard to the aforesaid grants, or part thereof, and taking into account the materiality of this matter, the Company may restate its financial statements for the years

2005 and 2006 and for the first quarter of 2007, by the maximum amounts stated above.

For further information:

Ron Zakai

Investor Relations Manager and Corporate Secretary

Tel: 972-3-6947965; Mobile: 972-52-7310002

email: ron.z@main.co.il