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Makhteshim Agan reports another Quarter of Record Revenue and Profit

- **Second quarter of 2007 sales up 20% at \$550 million**
- **Operating profit up 34% at \$88 million**
- **Net profit up 30% at \$52 million**
- **Cash flow from operating activities exceeds \$225 million**
- **Strong crop protection sales in all regions and product groups.**

Makhteshim Agan, the world's leader in branded off-patent crop protection products and ranked 7th in the world's agrochemical sector, has today reported its results for the second quarter of 2007.

Sales during the second quarter of 2007 were 20.0% higher at a record \$549.9 million, compared to \$458.3 million in 2006. First half sales were 16.5% higher at a record \$1,109.2 million, compared to \$952.1 million in 2006.

Net profit during the second quarter of 2007 was 29.9% higher at a record \$52.3 million, compared to \$40.2 million in 2006. First half net profit was 21.3% higher at a record \$118.8 million, compared to \$97.9 million in 2006.

EBITDA during the second quarter of 2007 was 25.4% higher at a record \$100.6 million, compared to \$80.2 million in 2006. First half EBITDA was 24.6% higher at a record \$219.8 million, compared to \$176.3 million in 2006.

The positive trends of the agricultural market which were manifested in the first quarter of the year broadened and continued into the year and resulted in strong demand for crop protection products in all regions and product groups. Key drivers were robust farm output prices (corn and soybean being notable examples) as well as favorable weather conditions in most regions. Sales were also positively impacted by the strengthening of the Euro and the Brazilian Real which increased the dollar value of sales.

In Europe, sales which amounted to \$221.1 million compared to \$180.4 million in 2006, an increase of 23.1%. First half sales rose 19.6% to \$490.6 million, compared to \$410.3 million in 2006. In North America, sales amounted to \$131.4 million, compared to \$105.8 million in 2006, an increase of 24.1%. First half sales rose 13.4% to \$233.7 million, compared to \$206.0 million in 2006. In South America, sales amounted to \$100.4 million, compared to \$79.7 million in 2006, an increase of 26.4%. First half sales rose 26.2% to \$205.5 million, compared to \$163.9 million in 2006. The increase stems mainly from strong demand in Brazil.

Avraham Bigger, Chairman and CEO of Makhteshim Agan, said that: "Makhteshim Agan has continued to demonstrate its engrained growth capabilities in all business areas, capitalizing on strong demand in the crop protection industry. Our broad and attractive product portfolio and worldwide reach allowed us to enhance our growth at the fastest pace in the industry this quarter."

Avraham Bigger referred to the company's change and efficiency improvement plan which was launched in March, saying that "by now its timetable in many areas has been accelerated and savings begin to accrue both in purchasing costs and overheads. The company's management structure is for the most part in place, with a notable domestic part – operational integration of Makhteshim and Agan – taking place several weeks ago, six months ahead of plan.

Assessing what has been achieved so far, and our people's dedication and enthusiasm, I am confident in our ability to deliver on our plans at a faster

pace and greater resolve, whilst continuing to relentlessly focus on market growth opportunities."

Ran Maidan, the Company's Chief Financial Officer, said that: "the company reported strong financial performance both in terms of profitability and cash flow. Our gross profit in the first quarter of this year amounted to \$188.7 million, representing growth of 18.2% compared with 2006. Operating profit amounted to \$88.4 million, representing growth of 33.5% compared to 2006. Operating profitability increased to 16.1% compared to 14.4% in 2006, due to continued containment of operating expenses lower than the increase in sales. Moreover, despite significant increase in sales and in working capital, our operating cash flow increased significantly from \$200.2 million to \$225.5 million as a result of strong collection."

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