

**Translation from the Hebrew. The binding version is the original Hebrew version.**

# **Israel Chemicals Ltd.**

**Separate Information  
in accordance with Regulation 38D  
of the Securities Regulations  
(Periodic and Immediate Reports), 1970**

**Financial Data Related to the Company  
from the Consolidated  
Financial Statements  
As at March 31, 2010  
(Unaudited)**

**Separate Information in Accordance with Regulation 38D of the Securities Regulations  
(Periodic and Immediate Reports), 1970  
Financial Data Related to the Company from the Consolidated Financial Statements as at  
March 31, 2010**

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To: The shareholders of Israel Chemicals Ltd.

**Subject: Special auditors' report on separate financial data 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 Israel Chemicals Ltd. (hereinafter - the Company), as at March 31, 2010 and for the three month period 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.

*Scope of Review*

We conducted our review in accordance with the 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, 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.)

May 24, 2010

**Financial Data Related to the Company from the Consolidated Financial Statements as at****Details of Financial Position**

	<b>March 31 2010</b>	<b>March 31 2009</b>	<b>December 31 2009</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>US\$ thousands</b>	<b>US\$ thousands</b>	<b>US\$ thousands</b>
<b>Current assets</b>			
Cash and cash equivalents	<b>146,576</b>	14,537	52,728
Short-term investments, deposits and loans	<b>21,353</b>	20,031	22,733
Investee companies - current account	<b>494,058</b>	88,035	238,842
Other receivables, including derivative instruments	<b>1,385</b>	3,665	2,563
Income taxes refundable	<b>-</b>	65,584	44,786
<b>Total current assets</b>	<b>663,372</b>	191,852	361,652
<b>Non-current assets</b>			
Investments in investee companies	<b>3,124,401</b>	3,090,138	3,314,799
Long-term deposits and receivables	<b>8,213</b>	2,653	8,270
Loans to subsidiaries	<b>440,000</b>	574,161	570,000
Long-term derivative instruments	<b>20,183</b>	7,909	16,739
Deferred taxes, net	<b>4,512</b>	6,393	7,746
Property, plant and equipment	<b>965</b>	1,347	1,052
<b>Total non-current assets</b>	<b>3,598,274</b>	3,682,601	3,918,606
<b>Total assets</b>	<b>4,261,646</b>	3,874,453	4,280,258

**Financial Data Related to the Company from the Consolidated Financial Statements as at**

	March 31 2010 <u>(Unaudited)</u> <u>US\$ thousands</u>	March 31 2009 <u>(Unaudited)</u> <u>US\$ thousands</u>	December 31 2009 <u>(Audited)</u> <u>US\$ thousands</u>
<b>Current liabilities</b>			
Credit from banks and others	532,004	687,751	810,067
Credit from investee companies	47,797	25,287	* 84,658
Other payables, including derivative instruments	35,727	89,611	* 24,680
Dividends payable	154,729	174,692	-
Income payable	3,939	-	-
<b>Total current liabilities</b>	<b>774,196</b>	977,341	919,405
<b>Non-current liabilities</b>			
Loans from banks and others	150,000	30,000	30,000
Loans from investee companies	73,522	443,718	111,522
Debentures	421,161	-	416,794
Long-term derivative instruments	13,812	16,844	14,228
Employee benefits	14,305	11,907	14,549
<b>Total non-current liabilities</b>	<b>672,800</b>	502,469	587,093
<b>Total liabilities</b>	<b>1,446,996</b>	1,479,810	1,506,498
<b>Equity</b>			
Share capital	541,175	540,784	541,028
Share premium	85,402	81,546	84,059
Capital reserves	1,509	(34,931)	33,903
Retained earnings	2,446,677	2,067,357	2,374,883
Treasury shares	(260,113)	(260,113)	(260,113)
<b>Total equity attributable to the holders of the Company</b>	<b>2,814,650</b>	2,394,643	2,773,760
<b>Total liabilities and equity</b>	<b>4,261,646</b>	3,874,453	4,280,258

\* Reclassified

Nir Gilad  
Chairman of the Board of  
Directors

Akiva Mozes  
Chief Executive  
Officer

Avi Doitchman  
CFO

Approval date of the financial statements: May 24, 2010.

**Financial Data Related to the Company from the Consolidated Financial Statements**


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**Details of income**

	<b>For the three-month period ended</b>		<b>For the</b>
	<b>March 31</b>	<b>March 31</b>	<b>year ended</b>
	<b>2010</b>	<b>2009</b>	<b>December 31</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>US\$ thousands</b>	<b>US\$ thousands</b>	<b>US\$ thousands</b>
Financing income	<b>164</b>	8,998	15,950
<b>Expenses</b>			
General and administrative	<b>16,434</b>	8,031	27,022
Financing	<b>6,839</b>	1,387	33,716
	<b>23,273</b>	9,418	60,738
<b>Income from investee companies, net</b>	<b>266,278</b>	146,151	756,723
<b>Income before taxes on income</b>	<b>243,169</b>	145,731	711,935
Taxes on income	<b>2,637</b>	(13,022)	(58,485)
<b>Income for the period attributed to owners of the Company</b>	<b>240,532</b>	158,753	770,420

**Financial Data Related to the Company from the Consolidated Financial Statements**


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**Details of comprehensive income**

	<b>For the three-month period ended</b>		<b>For the</b>
	<b>March 31</b>	<b>March 31</b>	<b>year ended</b>
	<b>2010</b>	<b>2009</b>	<b>December 31</b>
	<b>(Unaudited)</b>	<b>(Unaudited)</b>	<b>(Audited)</b>
	<b>US\$ thousands</b>	<b>US\$ thousands</b>	<b>US\$ thousands</b>
<b>Income for the period</b>	<b>240,532</b>	158,753	770,420
<b>Other comprehensive income components</b>			
Change in fair value of financial assets available for sale	<b>(1,385)</b>	4,313	6,816
Net actuarial gains (losses) from defined benefit plans	<b>756</b>	-	(555)
Change in fair value of cash flow	<b>(1,241)</b>	-	(1,230)
Income taxes in respect of revenues and expenses recorded directly to equity	<b>(185)</b>	(1,751)	(1,209)
Other comprehensive income in respect of investee companies, net	<b>(50,127)</b>	(29,388)	30,712
Other comprehensive income (loss) for the period, net of tax	<b>(52,182)</b>	(26,826)	34,534
<b>Total comprehensive income for the period attributed to the owners of the Company</b>	<b>188,350</b>	131,927	804,954

**Financial Data Related to the Company from the Consolidated Financial Statements****Details of cash flows**

	<b>For the three-month period ended</b>		<b>For the</b>
	<b>March 31</b>	<b>March 31</b>	<b>year ended</b>
	<b>2010</b>	<b>2009</b>	<b>December 31</b>
	<b>US\$ thousands</b>	<b>US\$ thousands</b>	<b>US\$ thousands</b>
<b>Cash flows from operating activities</b>			
Income for the period	240,532	158,753	770,420
Adjustments for:			
Depreciation and amortization	108	128	479
Interest expenses, net	5,949	767	6,748
Gain on securities classified as available-for-sale	-	(150)	(150)
Less gain from consolidated companies	(266,278)	(146,151)	(756,723)
Share based payment transactions	7,784	965	2,462
Revaluation of assets and liabilities denominated in foreign currency	(682)	4,761	5,763
Income tax expense	2,637	(13,022)	(58,485)
	<b>(9,950)</b>	<b>6,051</b>	<b>(29,486)</b>
Change in trade and other receivables	1,174	(1,449)	(326)
Change in trade and other payables	3,469	(14,968)	*(11,167)
Change in provisions and employee benefits	512	(1,317)	770
	<b>(4,795)</b>	<b>(11,683)</b>	<b>(40,209)</b>
Income tax paid	(49,984)	(20,824)	*(6,178)
Interest received	47	187	1,058
Interest paid	(1,009)	(924)	(6,524)
<b>Net cash used by operating activities related to the Company</b>	<b>(55,741)</b>	<b>(33,244)</b>	<b>(51,853)</b>
Net cash provided by operating activities related to investee companies	510,110	88,101	675,537
<b>Net cash provided by operating activities</b>	<b>454,369</b>	<b>54,857</b>	<b>623,684</b>
<b>Cash flows from investing activities</b>			
Investments in long-term deposits	-	-	(5,387)
Receipt from sale of investment securities available-for-sale	-	2,261	2,261
Acquisition of property, plant and equipment	(21)	(80)	(136)
<b>Net cash provided by (used in) investing activities related to the Company</b>	<b>(21)</b>	<b>2,181</b>	<b>(3,262)</b>
Net cash used in investing activities related to investee companies	(125,216)	(22,071)	(250,558)
<b>Net cash used in investing activities</b>	<b>(125,237)</b>	<b>(19,890)</b>	<b>(253,820)</b>
<b>Cash flows from financing activities</b>			
Issue of debentures	-	-	402,840
Dividend paid	-	-	(549,037)
Long-term loan received	120,000	-	-
Repayment of long-term loans	-	-	(30,000)
Acquisition by the Company of its own shares	-	(6,544)	(6,544)
Short-term credit from banks and others	(278,063)	(9,152)	143,164
<b>Net cash used in financing activities related to the Company</b>	<b>(158,063)</b>	<b>(15,696)</b>	<b>(39,577)</b>
Net cash used in financing activities related to investee companies	(77,221)	(4,929)	*(277,754)
<b>Net cash used in financing activities</b>	<b>(235,284)</b>	<b>(20,625)</b>	<b>(317,331)</b>
<b>Net increase in cash and cash equivalents</b>	<b>93,848</b>	<b>14,342</b>	<b>52,533</b>
Cash and cash equivalents as at the beginning of the year	52,728	195	195
<b>Cash and cash equivalents as at the end of the period</b>	<b>146,576</b>	<b>14,537</b>	<b>52,728</b>

\* Reclassified



## **Additional information**

### **Note 1 - General**

The separate interim financial information is presented in accordance with Regulation 38D of the Securities Regulations (Periodic and Immediate Reports) - 1970, and does not include all the information required by Regulation 9C and the 10<sup>th</sup> Addendum to the Securities Regulations (Periodic and Immediate Reports) - 1970 regarding the separate financial information of a corporation. It should be read in conjunction with the separate financial information as of and for the year ended December 31, 2009 and in conjunction with the consolidated interim financial statements as at March 31, 2010 (hereinafter: "the consolidated financial statements").

#### **In this interim financial information:**

- (A) The Company - Israel Chemicals Ltd.
- (B) Subsidiaries - Companies, including partnerships, whose financial statements are fully consolidated, directly or indirectly, with the financial statements of the Company.
- (C) 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, on the basis of equity.

### **Note 2 - Material Relationships, Commitments and Transactions with Investee Companies**

- (1) On March 21, 2010, the subsidiary Dead Sea Works declared distribution of a dividend in the amount of \$400 million. The dividend was paid to the Company subsequent to the date of the report, on April 15, 2010.
- (2) Subsequent to the date of the report, on May 23, 2010, the subsidiaries Dead Sea Works, Dead Sea Bromine and Rotem Amfert Negev declared distribution of a dividend in the amount of \$500 million, \$56 Million and \$10 million, respectively.