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ICL Israel Chemicals Ltd.

Directors' Report on the State of the Company's Affairs for the period ended June 30, 2013

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1. Description of the Company and its Business Environment

1.1 Description of ICL

Israel Chemicals ("the Company" or "ICL") is a multi-national company that operates mainly in the areas of fertilizers and specialty chemicals, in three segments: Fertilizers, Industrial Products and Performance Products.

ICL's operations are based primarily on natural resources – potash, bromine, magnesium and sodium chloride from the Dead Sea, and phosphate rock from the Negev Desert, based on concessions and licenses from the State of Israel. The operations are also based on potash and salt mines in England and Spain under lease agreements and licenses from the competent authorities in those countries. ICL is engaged in the production of the above-mentioned minerals and sale thereof throughout the world, as well as in the development, production and marketing of downstream products based primarily on these raw materials or complementary to these products.

ICL has a prominent position in the world in the markets for potash, bromine, pure phosphoric acid, specialty phosphates, bromine and phosphorus-based flame retardants and chemicals used in wildfire retardants. Potash and phosphate are core components in the fertilizers' area. The bromine is used in a wide range of applications, mainly as a basic ingredient of flame retardants. ICL's products are used primarily in agriculture, electronics, food products, oil and gas drilling, water purification and desalination, and in industries such as detergents, paper, cosmetics, pharmaceuticals, automotive, aluminum and others. ICL has accumulated decades of experience in most of its businesses.

ICL has direct access to most of the raw materials required for its activities, at low cost and high quality, by virtue of an exclusive concession granted to ICL by the State of Israel for extraction of minerals from the Israeli side of the Dead Sea, in return for payment of royalties to the State, and under licenses for mining and production of minerals ICL has received in the UK and Spain.
ICL's main production facilities are based in Israel, Germany, the USA, the Netherlands, Spain, the UK, China, Brazil and France. ICL has other production facilities in Austria, Belgium, Turkey, Argentina, Canada, Ireland, Australia and Mexico.

The operations of ICL's facilities are largely integrated with one another, both in terms of supply of raw materials and in that one facility frequently utilizes the by-products of another facility for the manufacture of end-products (for example, bromine is produced by utilizing the bromine in the by-product streams from the evaporation ponds that are used to produce potash, bromine production utilizes chlorine, a by-product stream in the production of magnesium, and others).
Approximately 5% of ICL's production is sold in Israel. For some of ICL's products, ICL and some ICL companies have been declared a monopoly in Israel. Approximately 49% of ICL's annual sales turnover comes from production outside of Israel.

ICL applies an overall policy of sustainable development that integrates social, economic and environmental considerations in all of its business activities. The policy stresses social responsibility, which includes contribution to the community, taking responsibility for the safety, hygiene and well-being of its employees, reducing environmental impacts, creating a dialog and transparent communication channel with the authorities, as well as other issues.

As noted, ICL operates in three operating segments based on a management/functional breakdown, where the administrative structure and the legal ownership do not necessarily correspond, as described below.

A. ICL Fertilizers – ICL Fertilizers produces potash from the Dead Sea, and mines and produces potash and salt from underground mines in Spain and the UK. ICL Fertilizers refines the potash into various grades and sells it worldwide. ICL Fertilizers also uses some of the potash for the manufacture of compound fertilizers.

In addition, ICL Fertilizers mines and processes phosphate rock from open-pit mines in the Negev region, and at its production facilities in Israel it manufactures sulfuric acid, fertilizer-grade phosphoric acid, phosphate fertilizers, complex fertilizers based mainly on potash and phosphate, liquid fertilizers and soluble fertilizers. ICL also produces compound fertilizers in the Netherlands, Germany and Belgium, liquid fertilizers and soluble fertilizers in Spain, slow-release and controlled-release fertilizers in the Netherlands and the United States, and phosphate-based animal feed additives in Turkey and Israel. ICL Fertilizers markets its products worldwide, particularly in Europe, Brazil, India, China and Israel.

B. ICL Industrial Products ("ICL-IP") – ICL-IP manufactures elementary bromine from an end-brine that is created as a by-product of the potash production process in Sodom, as well as bromine-based compounds. In the last few years ICL-IP has been the world's leading manufacturer of elementary bromine, and in 2012, it produced about one-third of total global production. In 2012, ICL-IP used about 76% of the elementary bromine it produced for its own manufacturing of bromine compounds at its production sites in Israel, the Netherlands and China.

In addition, ICL-IP produces in Israel various salt, magnesia and chlorine products, additional phosphorous-based products in its plants in the USA and Germany, and other chlorine-based products in plants in the USA and Ireland.
ICL-IP markets its products worldwide.

C. ICL Performance Products ("ICL-PP") – ICL-PP purifies some of the fertilizer-grade phosphoric acid manufactured by ICL Fertilizers, purchases purified phosphoric acid from other sources and also manufactures thermal phosphoric acid. The purified phosphoric acid and the thermal phosphoric acid are used in the manufacture of downstream products having high added value – phosphate salts (which, in turn, are a raw material in the production of food additives), hygiene products, wildfire retardants and extinguishers. ICL-PP also produces phosphorus derivatives based on phosphorus purchased from outside sources and specialty products based on aluminum oxide ("alumina") and other raw materials. The main production sites of ICL-PP are in Europe (mainly Germany), the USA, Brazil, Israel, China, Mexico and other countries. Products based on specialty phosphates constituted approximately 76% of ICL-PP's sales in 2012. In February 2013, a subsidiary in the Performance Products segment acquired the production assets and activities of a plant in Knapsack Germany, which are used for production and marketing of P2S5 (a phosphorous derivative), from the international company, Thermphos International B.V.

In addition to these segments, ICL carries on other activities, including production of magnesium metal.

1.2 Business environment and profitability

ICL is a multinational company, the financial results of which are affected by global economic trends, changes in terms of trade and financing, and fluctuations in the currency exchange rates. The demand for ICL's products is affected by, among other factors, the demand for basic agricultural products and the global economic situation.

Together with and as part of its business strategy, ICL is taking steps towards adapting its marketing and production policies to the global market conditions. ICL is also focusing on improving its cash flows and diversifying its financing sources, and is committed to taking action to improve efficiency and savings.

Most of ICL's sales are in foreign currency, mainly US dollars and euro. A significant part of its operating expenses in Israel is denominated in shekels; therefore devaluation of the average shekel exchange rate against the dollar has a positive impact on ICL's profitability, while appreciation has the opposite effect. Devaluation of the average exchange rate of the euro against the dollar has a negative impact on ICL's profitability, while appreciation has the opposite impact. On the other hand, devaluation of the euro against the dollar improves the competitive ability of ICL's subsidiaries whose functional currency is the euro, compared with competitors whose functional currency is the dollar. ICL hedges against some of these foreign currency exposures.

Most of ICL's loans bear variable interest rates, exposing the Company to fluctuations in these interest rates. The Company partially hedges against this exposure by using financial hedging instruments, including derivatives.
For details of hedging amounts for reducing such exposures, see section 8 below.

There is interdependence between the amount of available arable land and the amount of food needed for the population, and the use of fertilizers. The natural population growth, change in food consumption habits (a shift to richer nutrition, largely based on animal protein, which increases grain consumption) resulting from the rising standard of living, mainly in developing countries, and environmental-quality considerations along with the efforts of western countries to reduce dependence on oil imports, which have strengthened the trend of shifting to production of fuel from agricultural products (bio-fuels), affect the increase in global consumption of grains (cereals, rice, soya, corn, etc.). These trends already led to significantly lower grain stocks a few years ago, and consequently, higher prices of agricultural produce, increased planting of grain crops worldwide, and higher yield per unit of agricultural land, mainly by increased application of fertilizers.

In the middle of 2012, there was a sharp increase in grain prices due to the drought and dry weather conditions in the main growing regions in the United States, Russia and Kazakhstan. In the first quarter of 2013, there was a moderate decline in grain prices. The wheat and corn prices stabilized in the second quarter, whereas the soya and rice prices resumed their increase to the levels observed at the end of 2012. The grain prices are still high compared with the past and compared with the production costs. The high level of prices ensures nice profits for the farmers and permits and encourages acquisition of fertilizers.[1]

Based on a report published by the US Department of Agriculture (USDA) in July 2013, a small increase is expected in the ratio of grain inventories to annual consumption, up to a level of 19.3% at the end of the 2013/2014 agricultural year, compared with 19.2% at the end of the prior agricultural year.

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[1] Source: CBOT – Chicago Board of Trade.

In the short term, demand for fertilizers is volatile and is affected by factors such as weather in the world's central agricultural growing regions, fluctuations in planting of the main crops, agricultural input costs, agricultural product prices and developments in biotechnology. Some of these factors are influenced by subsidies and credit lines granted to farmers or to producers of agricultural inputs in various countries, and by regulation of environmental quality matters. Changes in currency exchange rates, legislation and international trade policy also affect the supply, demand and level of consumption of fertilizers worldwide. Notwithstanding the volatility that may be caused in the short term as a result of these factors, the Company estimates that the policy of most countries in the world is to ensure an orderly supply of high-quality food to their residents, including by encouraging agricultural production, which should act preserve the long-term growth trend[2].

In the first quarter of 2013, a number of potash producers signed potash supply contracts with China for the first half of the year and the shipments to this country were renewed at an accelerated pace. The new contracts were closed at a price of $400 per ton CFR. ICL Fertilizers agreed with its Chinese customers on a contractual quantity of 660 thousand tons for the first half of 2013 on similar terms. As at the date of the report, sale contracts with China for the second half of 2013 had not been signed.

During February and March 2013, potash supply contracts with India were closed for the period from April 2013 up to January 2014. The price level agreed to in the contracts is $63 lower than the price level in the prior contracts for supply potash to India, which were signed in August 2011. In this framework, ICL Fertilizers agreed to supply potash to its customers in India in the overall scope of about 920 thousand tons (including an option for supply of an additional quantity of 50 thousand tons). The sale price of the potash to the Indian market in the above-mentioned contracts is about the same as the sale price to India recently announced by the other potash producers supplying potash to this market. Reduction of the subsidies for potash by the Government of India and erosion of the value of the currency had an unfavorable impact on the demand in this country in the quarter.

Brazil started the year with a lively level of demand. The total import of potash in the first five months of 2013 was higher than in the corresponding period last year by about 19%. The import quantities in Brazil are expected to increase in the third quarter as the peak fertilizer season approaches, which starts in September[3].

The particularly cold weather in the United States and in a number of countries in Northern Europe caused a delay in applying fertilizers in the spring 2013 season.

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[2] The assessments of future trends in this paragraph constitute forward-looking information and there is no certainty if they will be realized, when and at what pace. They could change as a result of fluctuations in world markets as well as local markets, especially at ICL's production sites and in the target markets for ICL products, including, inter alia, changes in supply and demand levels and in prices of products, commodities, grains. There could also be an impact from actions taken by governments, producers and consumers. In addition, there could be an impact from the situation in the financial markets, including changes in the exchange rates, credit situation and interest rates.

[3] The assessments of future trends in this paragraph constitute forward-looking information and there is no certainty if they will be realized, when and at what pace. They could change as a result of fluctuations in world markets as well as local markets, especially in Brazil, including, inter alia, changes in supply and demand levels, extreme changes in weather, prices of products, commodities and grains. There could also be an impact from actions taken by governments, producers and consumers. In addition, there could be an impact from the situation in the financial markets, including changes in the exchange rates, credit situation and interest rates.

On July 30, 2013, the Russian potash manufacturer Uralkali gave notice of its resignation from the marketing company BPC, which is jointly owned by Uralkali and the Belarus company Belaruskali. A source on behalf of Uralkali was quoted in the press as stating that as a result of discontinuance of the joint marketing by the companies, Uralkali will change its strategy of giving preference to price over quantity, and will increase the sales quantities of potash from its production, which is expected to trigger a similar response by the other manufacturers. This notification creates uncertainty regarding the price of potash and increases the risk of price declines in the short run. Nonetheless, in the long run the market trends are in the direction of increasing demand which, in turn leads to higher prices.

The second quarter of 2013, was characterized by moderate demand for phosphate fertilizers. The phosphate market was adversely affected by the lack of an import contract with the main importer – India, and by delay of the application of fertilizers for the spring season in the United States, which suffered from cold weather and snow-covered fields in the last winter. On the other hand, lively demand in Brazil and a stable level of demand in Europe has moderated the impact of the lower level of demand.

The operations of ICL-IP are largely affected by the level of activities in the electronics, construction, automotive, oil drilling, furniture, pharmaceuticals, agriculture, textile and water treatment markets. The slowdown of the global economy that characterized most of 2012 and continued into the period of the report triggered a slowdown in the demand for electronic products, which in turn caused a decline in the demand for flame retardants, mainly bromine-based for the electronics sector. Based on the Company's forecasts, no improvement is expected in the demand for flame retardants in the electronics sector in the second half of the 2013. Commencing from the final quarter of 2012, there is also a slowdown in demand for flame retardants in the construction sector. In 2012, the said slowdown caused a fall in the bromine prices in China and India. In the period of the report, the prices were relatively stable. Pressure is being exerted by "green" organizations in the area of environmental protection to reduce the use of bromine-based flame retardants. On the other hand, additional and new uses for bromine and its related compounds are being developed, along with regulation in various countries leading to increased use of bromine and bromine compounds.

In the market for clear brine solutions for oil and gas drilling, the demand continued to be strong in the period of the report, due to an increase in the number of drillings worldwide and in underwater drillings in particular.

In 2012, the market for chemicals used in swimming pools continued to be impacted by increased activities on the part of U.S. competitors, whose activities rely mainly on imports from the East – a trend that led to a fall in the prices of most of the products. In the beginning of 2013, the U.S. Department of Commerce decided to impose an anti-dumping tax on manufacturers of chlorine-based biocides from China, at the rate of about 30%–38%. In the area of bromine-based biocides used for water treatment, the trend of rising demand in the period of the report continued.

Most of the products of ICL-PP are strongly affected by the global economic situation, competition in the target markets and volatility of prices in the fertilizers market, which affect the prices of ICL-PP’s principal raw materials and availability of the raw materials, as well as by fluctuations in the energy prices. These market conditions create a competitive market for ICL-PP's products. In addition, some of ICL-PP's target markets are characterized by a seasonal factor, mainly in the area of wildfire flame retardants.

Further to the trend that has recently characterized the global markets, the second quarter was also affected by an air of uncertainty with respect to the worldwide economic instability and the political instability in the Middle East. The impacts of the steps taken in Europe to reduce expenses and the slowdown in China, continued to have an unfavorable effect.

Marine transportation expenses amount to about 8% of ICL's total operating costs in the period of the report. The marine transportation costs in the period of the report amounted to about USD 202 million.

Starting from the fourth quarter of 2010, there has been a trend of falling marine bulk transportation prices, which continued in 2011 and 2012. The average index (the BDI (Baltic Dry Index) marine shipping index) for the second quarter of 2013 was 888 points, constituting a decline of about 13% compared with the corresponding quarter last year.

Energy costs account for approximately 7% of ICL's total operating costs in the period of the report. In 2012, the Yam Tethys partnership announced that it is forced to reduce the quantities of gas it supplies because of the dilution of the gas in the well. The rate of the decline in the supply of gas from Yam Tethys, compared with the potential use in 2012 amounted to about 53%. On April 1, 2013, supply of gas from the Tamar Field commenced. Supply of the gas from the Tamar Field fulfills all of ICL's gas needs for the facilities the conversion of which has been completed. Increase in the use of natural gas in ICL's facilities will significantly reduce emissions of pollutants in the area of the factories, improve the quality of the output, reduce the maintenance expenses and lead to a significant monetary savings due to the switch from use of expensive fuels. (For additional details, see note 24(A)(9) to the financial statements as at December 31, 2012).

1.3 This Directors' Report is attached to the interim financial statements for the period ended June 30, 2013. The Directors' Report is in condensed form for the period and assumes that the reader also has the interim financial statements for the period ended June 30, 2013 and the Periodic Report for 2012.

The financial data, including comparative figures, are taken from the financial statements of ICL, which were prepared in accordance with International Financial Reporting Standards (IFRSs).

2. Results of Operations

2.1 Principal financial results

Set forth below are the condensed results of operations for the period reviewed, compared with the results for the corresponding period last year, in millions of dollars.

	1-6/2013		1-6/2012		4-6/2013		4-6/2012		2012	
	USD millions	% of sales	USD millions	% of sales	USD millions	% of sales	USD millions	% of sales	USD millions	% of sales
Sales	3,411		3,406		1,770		1,907		6,471	
Gross profit	1,377	40.4	1,439	42.2	718	40.6	840	44.1	2,711	41.9
Operating income	756	22.2	880	25.8	393	22.2	537	28.2	1,554	24.0
Profit before tax	745	21.9	848	24.9	385	21.7	515	27.0	1,519	23.5
Net income to Company shareholders	622	18.2	697	20.5	316	17.9	408	21.4	1,300	20.1
EBITDA*	927	27.2	1,049	30.8	481	27.2	615	32.3	1,902	29.4
Cash flows from current operations	617		697		425		376		1,727	
Investment in property, plant and equipment	382		355		199		213		712	

* Calculated as follows, in millions of dollars:

	1-6/2013	1-6/2012	4-6/2013	4-6/2012	2012
Net income to Company shareholders	622	697	316	408	1,300
Depreciation and amortization	164	155	81	72	323
Finance expenses, net	18	46	16	28	61
Taxes on income	123	151	68	107	218
Total	927	1,049	481	615	1,902

2.2 Results of operations for the period January-June 2013

Sales

ICL's sales in the period of the report amounted to approximately USD 3,411 million, compared with USD 3,406 million in the corresponding period last year. This increase is due mainly to an increase in the quantities sold, including first-time consolidation of the financial statements of companies acquired during the period of the report in 2012 which led to an increase in sales of about USD 178 million, and from a change in the exchange rates which led to an increase in sales of about USD 15 million. On the other hand, this increase was partly offset due to a decline in the selling prices, which gave rise to a decrease in the sales revenues by about USD 189 million.

Below is a geographical breakdown of the sales:

CIF sales	1-6/2013		1-6/2012		2012	
	USD millions	%	USD millions	%	USD millions	%
Israel	170	5.0	170	5.0	325	5.0
North America	593	17.4	618	18.1	1,252	19.4
South America	408	12.0	431	12.7	815	12.6
Europe	1,298	38.1	1,248	36.6	2,332	36.0
Asia	865	25.4	859	25.2	1,615	25.0
Rest of the world	77	2.1	80	2.4	132	2.0
Total	3,411	100.0	3,406	100.0	6,471	100.0

The sales' breakdown indicates mainly an increase in sales in Europe. This increase stems principally from an increase in sales of potash and phosphate fertilizers. On the other hand, there was a decrease in sales in North America, primarily as a result of a decline in bromine-based flame-retardant products and chlorine-based water-treatment biocide products, along with a drop in sales in South America, deriving mainly from lower sales of potash, as a result of the impact of the price decline.

Gross profit

The gross profit amounted to USD 1,377 million, compared with gross profit of USD 1,439 million in the corresponding period last year, a decrease of about USD 62 million. The gross profit margin as a percentage of sales was about 40.4%, compared with about 42.2% in the corresponding period last year.

The decrease in the gross profit and the gross-profit percentage compared to the corresponding period last year stems mainly from a decrease in the selling prices, which gave rise to a decline in the amount of about USD 182 million, from the impact of the change in the exchange rates, in the amount of about USD 6 million, and from an increase in other operating expenses, in the amount of about USD 15 million. This decrease was partially offset by an increase in the quantities sold, as noted above, in the amount of about USD 110 million, and from a decrease in the energy and raw-material prices, in the amount of about USD 34 million.

Selling and marketing expenses

The selling and marketing expenses amounted to about USD 434 million, compared with about USD 404 million in the corresponding period last year. The increase stems mainly from an increase in shipping expenses, in the amount of USD 24 million, as a result of an increase in the quantities sold, as stated above.

General and administrative expenses

The general and administrative expenses amounted to about USD 139 million, compared with about USD 124 million in the corresponding period last year. The increase stems primarily from an increase in an expense recognized in respect of options granted to employees during the fourth quarter of 2012.

Research and development expenses

R&D expenses amounted to about USD 41 million, an increase of about USD 5 million compared with the corresponding period last year.

Operating income

The operating income amounted to about USD 756 million, an decrease of about USD 124 million compared with the corresponding period last year. The decrease in the operating income stems mainly from the decrease in the gross profit, and an increase in the selling and marketing expenses and the general and administrative expenses, as noted above. The rate of the operating income out of the total sales was about 22.2%, compared with about 25.8% in the corresponding period last year last year.

Financing expenses

The financing expenses amounted to about USD 18 million, compared with financing expenses of about USD 46 million in the corresponding period last year. The decrease in the financing expenses in the period of the report compared with the corresponding period last year stems mainly from revenues in the period as a result of change in the fair value of financial derivatives and from revaluation of net short-term financial liabilities, in the amount of USD 22 million, compared with expenses of about USD 21 million in the corresponding period last year. On the other hand, there was an increase in the financing expenses due to the impact of exchange rate differences on provisions for employee benefits, in the amount of about USD 18 million, stemming from an upward revaluation of the shekel against the dollar, at the rate of about 3.1%, compared with a devaluation of the shekel, at the rate of about 2.7%, in the corresponding period last year.

Tax expenses

The tax expenses amounted to about USD 123 million, compared to about USD 151 million in the corresponding period last year. The tax rate on the pre-tax income is about 16.5% compared to about 17.8% in the corresponding period last year. The decrease in the tax rate in the period of the report compared with the corresponding period last year derives mainly from the change in the exchange rate of the dollar against the shekel, compared with the corresponding period last year, which triggered a decline in the tax rate applying to the companies operating in Israel, the source of which is differences in respect of the measurement basis.

Net profit

The net profit for the Company's shareholders amounted to about USD 622 million, compared with USD 697 million in the corresponding period last year – a decrease of about USD 75 million.

2.3 Results of operations for the period April-June 2013

Sales

ICL's sales in the period of the report amounted to about USD 1,770 million, compared with USD 1,907 million in the corresponding period last year. This decrease stems mainly from a decline in the selling prices, which led to a decrease in the sales of about USD 111 million, and from a decrease in the quantities sold, net of the impact of first-time consolidation of the financial statements of companies acquired during the first half of 2013 and in 2012, which led to a decrease in the sales of about USD 40 million. On the other hand, this decrease was partly offset by the impact of the change in the currency exchange rate, in the amount of about USD 14 million.

Below is a geographical breakdown of the sales:

	4-6/2013		4-6/2012	
CIF sales	USD millions	%	USD millions	%
Israel	95	5.4	98	5.1
North America	305	17.2	326	17.1
South America	267	15.1	280	14.7
Europe	625	35.3	587	30.8
Asia	449	25.3	570	29.9
Rest of the world	29	1.7	46	2.3
Total	1,770	100.0	1,907	100.0

The sales' breakdown indicates an increase in sales to Europe, deriving mainly from an increase in sales of potash and phosphate fertilizers. On the other hand, there was a decline in sales, mainly in Asia, stemming primarily from a decrease in sales of potash in China and in North America stemming mainly from a decrease in sales of bromine-based flame-retardant products and chlorine-based water-treatment biocide products.

Gross profit

The gross profit amounted to USD 718 million, compared with gross profit of USD 840 million in the corresponding period last year, a decrease of about USD 122 million. The gross profit margin as a percentage of sales was about 40.6%, compared with about 44.1% in the corresponding period last year.

The decrease in the gross profit and the gross-profit percentage compared to the corresponding period last year stems mainly from a decrease in the selling prices, in the amount of about USD 105 million, a decrease in the quantities sold, in the amount of about USD 29 million, an increase in other operating expenses, in the amount of about USD 12 million, and the impact of the changes in the exchange rate, in the amount of about USD 6 million. This decrease was partially offset by the raw-material and energy prices, of about USD 34 million.

Selling and marketing expenses

The selling and marketing expenses amounted to about USD 225 million, compared with about USD 228 million in the corresponding period last year. The decrease stems mainly from a decrease in the shipping expenses, mainly as a result of the decrease in the quantities sold, as stated above.

General and administrative expenses

The general and administrative expenses amounted to about USD 71 million, compared with about USD 60 million in the corresponding period last year. The increase stems primarily from an increase in an expense recognized in respect of options granted to employees during the fourth quarter of 2012.

Research and development expenses

R&D expenses amounted to about USD 21 million, an increase of about USD 3 million compared with the corresponding period last year.

Operating income

The operating income amounted to approximately USD 393 million, a decrease of about USD 144 million compared with the corresponding period last year. The decrease in the operating income stems mainly from the decrease in the gross profit and an increase in the general and administrative expenses, as noted above.

The rate of the operating income out of the total sales was about 22.2%, compared with 28.2% in the corresponding period last year last year.

Financing expenses

The financing expenses amounted to about USD 16 million, compared with financing expenses of about USD 28 million in the corresponding period last year. The decrease in the financing expenses in the quarter compared with the corresponding period last year stems mainly from revenues in the period as a result of change in the fair value of financial derivatives and from revaluation of net short-term financial liabilities, in the amount of USD 2 million, compared with expenses of USD 25 million in the corresponding period last year. On the other hand, there was an increase in the financing expenses, in respect of the impact of exchange rate differences on provisions for employee benefits, in the amount of about USD 19 million, as a result of an upward revaluation of the shekel against the dollar, at the rate of about 0.8%, compared with a devaluation, at the rate of about 5.6%, in the corresponding period last year.

Tax expenses

The tax expenses amounted to about USD 68 million, compared with about USD 107 million in the corresponding period last year. The tax rate on the pre-tax income is about 17.8% compared to about 20.8% in the corresponding quarter last year. The decrease in the tax rate in the quarter compared with the corresponding quarter last year derives mainly from the impact of the change in the exchange rate of the dollar vis-à-vis the shekel, compared with the corresponding quarter last year, which triggered a decline in the tax rate applying to the companies operating in Israel, the source of which is differences in respect of the measurement basis.

Net profit

The net profit for the Company's shareholders amounted to about USD 316 million, compared with USD 408 million in the corresponding period last year – a decrease of about USD 92 million.

3. Operating Segments

The operating segments of ICL are presented below according to the management breakdown of the segments described in the introduction to this report.

The sales data for the segments and their percentages of the total sales are before setoffs of inter-segment sales.

CIF sales by segment of operation	1-6/2013		1-6/2012		4-6/2013		4-6/2012	
	$ millions	% of sales	$ millions	% of sales	$ millions	% of sales	$ millions	% of sales
ICL Fertilizers	2,081	57.5	2,032	59.7	1,072	57.2	1,188	59.0
ICL Industrial Products	691	19.1	757	21.0	353	18.8	398	19.8
ICL Performance Products	763	21.1	719	20.0	406	21.7	376	18.7
Others and setoffs	(124)		(102)		(61)		(55)	
Total	3,411		3,406		1,770		1,907	

Sales data by segments to external customers and the percentages thereof out of the total sales

CIF sales by segment of operation	1-6/2013		1-6/2012		4-6/2013		4-6/2012	
	$ millions	% of sales	$ millions	% of sales	$ millions	% of sales	$ millions	% of sales
ICL Fertilizers	1,940	56.9	1,903	55.9	1,004	56.7	1,117	58.6
ICL Industrial Products	682	20.0	750	22.0	349	19.7	394	20.7
ICL Performance Products	725	21.3	686	20.1	385	21.8	360	18.9
Others	64		67		32		36	
Total	3,411		3,406		1,770		1,907	

Operating income by segment of operation	1-6/2013		1-6/2012		4-6/2013		4-6/2012	
	$ millions	% of sales	$ millions	% of sales	$ millions	% of sales	$ millions	% of sales
ICL Fertilizers	599	28.8	653	32.1	306	28.6	410	34.5
ICL Industrial Products	98	14.2	141	18.6	50	14.1	80	20.1
ICL Performance Products	87	11.4	88	12.2	52	12.8	48	12.7
Other and offsets	(28)		(2)		(15)		(1)	
Operating income(consolidated)	756		880		393		537	

3.1 ICL Fertilizers

Below is a percentage breakdown of the segment's sales and operating income in the period of the report, by areas of operation (before setoffs of inter-segment sales):

	1-6/2013	1-6/2012	4-6/2013	4-6/2012	2012
Sales					
Potash	54 %	56 %	53 %	59 %	56 %
Phosphate	46 %	44 %	47 %	41 %	44 %
Operating income					
Potash	82 %	84 %	81 %	85 %	86 %
Phosphate	18 %	16 %	19 %	15 %	14 %

Sales

Sales in the period of the report amounted to about USD 2,081 million, an increase of about USD 49 million compared with the corresponding period last year.

The increase in sales in the period of the report stems mainly from an increase in the quantities sold of the segment's products, including first-time consolidation of the financial statements of companies acquired during 2012, which led to an increase in sales of about USD 203 million, and the impact of the change in the exchange rates, in the amount of about USD 10 million. This increase was partly offset by a decrease in the selling prices of the segment's products, which led to a decline in the total sales of about USD 164 million.

The total sales in the quarter amounted to approximately USD 1,072 million, a decrease of about USD 116 million compared with the corresponding quarter last year.

The decrease in sales in the quarter stems mainly from a decrease in the selling prices of the segment's products, which led to a decline in the total sales of about USD 96 million, and from a decline in the quantities of potash and phosphate fertilizers sold, offset by the first-time consolidation of the financial statements of companies acquired during 2012, which led to a decrease in sales, in the amount of about USD 27 million. This decrease was partly offset by the impact of the change in the exchange rate, in the amount of about USD 8 million.

Profitability

The operating income in the segment in the period of the report amounted to USD 599 million, a decrease of about USD 54 million compared with the corresponding period last year. The rate of the operating income as a percentage of sales was about 28.8%, compared with about 32.1% last year.

The decrease in the operating income in the period is mainly due to a decrease in the selling prices, mainly of potash, which led to a decline in sales of about USD 157 million, from a change in the exchange rates, in the amount of about USD 8 million, and from an increase in other operating costs, in the amount of about USD 6 million. On the other hand, this decrease was partly offset by an increase in the quantities of the segment's products sold, in the amount of about USD 91 million, and a decline in the raw-material and energy prices, in the amount of about USD 27 million.

The operating income in the segment in the quarter amounted to USD 306 million, a decrease of USD 104 million compared with the corresponding quarter last year. The rate of the operating income as a percentage of sales was about 28.6%, compared with about 34.5% last year.

The decrease in the operating income is mainly due to a decrease in the selling prices of the segment's products, in the amount of about USD 90 million, a decrease in the quantities of potash and phosphate fertilizers, in the amount of about USD 26 million, the change in the exchange rates, in the amount of about USD 6 million, and an increase in other operating expenses, in the amount of about USD 5 million. This decrease was partly offset by a decline in the raw-material and energy prices, in the amount of about USD 26 million.

Potash

Revenues from potash include the sales of potash from Israel, Spain (Iberpotash) and England (Cleveland Potash).

Potash – Revenue and Profit

$ millions	1-6/2013	1-6/2012	4-6/2013	4-6/2012	2012
Revenues*	1,164	1,164	593	718	2,198
Operating income	489	548	248	349	996

* Including revenues from inter-segment sales

The revenues in the period of the report, compared with the corresponding period last year, stems from a decrease in the selling prices, which led to a decrease in the revenues, in the amount of about USD 138 million. On the other hand, this decrease was offset by an increase in the quantities sold, which led to an increase in revenues in the same amount.

The decrease in revenues in the second quarter compared to the corresponding quarter last year stems from a decrease in the selling prices, which led to a decrease in the revenues, in the amount of about USD 79 million, and from a decrease in the quantities sold, which led to a decrease in revenues, in the amount of about USD 46 million.

The decrease in the operating income in the period of the report stems mainly from the impact of the decline in the selling prices of potash which reduced the operating income by about USD 132 million, an increase in other operating expenses, in the amount of about USD 13 million, and effect of the change in the currency exchange rates, in the amount of about USD 4 million. This decline was partly offset by an increase in the quantities sold, in the amount of about USD 79 million, and from a decline in the energy costs, in the amount of about USD 14 million.

The decrease in the operating income in the quarter stems mainly from the decline in the selling prices of potash which reduced the operating income by about USD 74 million, from the impact of the decline in the quantities sold, in the amount of about USD 28 million, an increase in other operating expenses, in the amount of about USD 7 million and the impact of the change in the currency exchange rates, in the amount of about USD 5 million. This decrease was partly offset by a drop in the energy costs of about USD 15 million.

Potash – Production, Sales and Closing Inventories

Thousands of tons	1-6/2013	1-6/2012	4-6/2013	4-6/2012	2012
Production	2,531	2,515	1,230	1,303	4,936
Sales to external customers	2,549	2,292	1,298	1,443	4,336
Sales to internal customers	139	139	83	69	293
Total sales (including internal sales)	2,688	2,431	1,381	1,512	4,629
Closing inventory	849	783	849	783	1,006

The quantity of potash sold to external customers in the period of the report was 257 thousand tons higher than in the corresponding period last year, mainly as a result of an increase of the sales to India.

Fertilizers and Phosphates

Revenues in this segment derive from sales in and outside of Israel of phosphate rock, fertilizers (including phosphate fertilizers, compound, liquid and fully soluble fertilizers, along with slow-release and controlled-release fertilizers, phosphoric acid used as a raw material for fertilizer production (green acid), and other products.

Fertilizers and Phosphates – Revenue and Profit

$ millions	1-6/2013	1-6/2012	4-6/2013	4-6/2012	2012
Revenues*	977	926	517	498	1,726
Operating income	108	105	60	60	162

* Including revenues from inter-segment sales.

The increase in revenues in the period of the report is mainly due to an increase in the quantities of phosphate fertilizers sold, including the first-time consolidation of the financial statements of companies acquired during 2012, which led to an in increase in the total revenues, in the amount of about USD 68 million, as well as due to the impact of the change in the exchange rate, in the amount of about USD 9 million. This increase was partly offset by a decrease in the selling prices of the segment's products, which led to a decline in the revenues of about USD 26 million.

The increase in revenues in the second quarter is mainly due to an increase in the quantities of phosphate fertilizers sold, including the first-time consolidation of the financial statements of companies acquired during 2012, which led to an in increase in the total revenues, in the amount of about USD 29 million, as well as due to the impact of the change in the exchange rates, in the amount of about USD 7 million. This increase was partly offset by a decrease in the selling prices of the segment's products, which led to a decline in the revenues of about USD 17 million.

The increase in the operating income in the period of the report stems mainly from an increase in the quantities sold, in the amount of about USD 12 million, a decline in the raw-material prices of about USD 17 million, and a drop in other operating expenses, in the amount of about USD 3 million. In contrast, this increase was partly offset by a decrease in the selling prices, in the amount of about USD 25 million and from the impact of the change in the exchange rates, in the amount of about USD 4 million.

The operating income in the second quarter amounted to about USD 60 million, roughly the same as the operating income in the corresponding quarter last year. The drop in the selling prices, in the amount of about USD 16 million, was offset by a decline in the raw-material prices, in the amount of about USD 12 million, and by a decrease in other operating expenses, in the amount of about USD 4 million.

Fertilizers and Phosphates – Production and Sales

Thousands of tons	1-6/2013	1-6/2012	4-6/2013	4-6/2012	2012
Phosphate rock					
Production of rock	1,724	1,728	855	851	3,513
Sales *	461	291	305	163	739
Phosphate rock used for internal purposes	1,281	1,167	633	569	2,491
Fertilizers					
Production	890	755	464	384	1,598
Sales *	955	840	490	511	1,575

* To external customers.

Phosphate rock is produced according to demand, both for internal use and for sales to external customers, while maintaining appropriate inventory levels.

Production of phosphate fertilizers in the first half of 2013 was higher than in the corresponding period last year, mainly due to maintenance work in the production facilities performed in the first half of 2012.

3.2 ICL Industrial Products

Sales

Sales of ICL-IP in the reporting period reached about USD 691 million, a decrease of about USD 66 million compared with the corresponding period last year. The decrease in sales stems mostly from a decrease in the quantities sold, mainly flame retardants, which decreased the total sales by about USD 41 million, as well as from a decline in the selling prices, in the amount of about USD 24 million.

Sales of ICL-IP in the quarter reached about USD 353 million, a decrease of about USD 45 million compared with the corresponding quarter last year. The decrease in sales stems mostly from a decrease in the quantities sold, mainly flame retardants, which decreased the total sales by about USD 29 million, as well as from a decline in the sale prices, in the amount of about USD 15 million.

Profitability

The operating income in the period of the report totaled about USD98 million, compared with operating income of about USD141 million in the corresponding period last year.

The percentage of the operating income of the sales amounted to about 14.2% compared with an operating income percentage of about 18.6% last year.

The operating income decreased primarily as a result of a decrease in the selling prices, which caused a decline in profitability of about USD 23 million, a decrease in the quantities sold and manufactured, which led to a decrease in profitability of about USD 16 million, and an increase in other operating expenses, which was responsible for a decrease in the profitability of about USD 11 million. In contrast, the decline was partially offset by a reduction in the raw-material and energy prices, which acted to increase the profitability by about USD 5 million.

The operating income in the quarter totaled about USD 50 million, compared with operating income of about USD 80 million in the corresponding quarter last year.

The percentage of the operating income out of the sales amounted to about 14.1% compared with an operating income percentage of about 20.1% last year.

The operating income decreased primarily as a result of a decrease in the in the quantities sold and manufactured, which led to a decline in profitability of about USD 19 million, and a decrease in the selling prices, which caused a decrease in profitability of about USD 15 million. The said decrease was partly offset by a decline in the raw-material and energy prices which contributed about USD 6 million to the profitability.

3.3 ICL Performance Products

Sales

Sales in this segment in the period of the report amounted to approximately USD 763 million, an increase of USD 44 million compared with the corresponding period last year.

This increase stems from a rise in the quantities sold, including the first-time consolidation of the financial statements of companies acquired during the period of the report, which led to an increase of about USD 43 million, and from the impact of changes in the exchange rates, which gave rise to an increase of about USD 7 million. This increase was partly offset by a decline in the selling prices, which reduced the sales by about USD 5 million.

Sales in this segment in the second quarter amounted to approximately USD 406 million, an increase of about USD 30 million compared with the corresponding quarter last year.

This increase stems from an increase in the quantities sold, including the first-time consolidation of the financial statements of companies acquired during the first half of 2013, which led to an increase of about USD 28 million, and from the impact of changes in the exchange rates, which gave rise to an increase of about USD 6 million. This increase was partly offset by a decline in the selling prices, which reduced the sales by about USD 3 million.

Profitability

The segment's operating income in the period of the report amounted to about USD 87 million, about the same as the operating income in the corresponding period last year. The increase in the quantities sold, in the amount of about USD 12 million and a decline in the raw-material and energy prices, in the amount of about USD 6 million, were offset by an increase in other operating expenses, in the amount of about USD 14 million, and a decline in the selling prices, in the amount of about USD 5 million.

The segment's operating income in the second quarter amounted to about USD 52 million, an increase of about USD 4 million compared with the corresponding quarter last year. The increase derives mainly from an increase in the quantities sold, which led to an increase of about USD 9 million, and a decline in the raw-material and energy prices, in the amount of about USD 3 million. This increase was partially offset by a decline in the selling prices, in the amount of about USD 3 million, and an increase in other operating expenses, in the amount of about USD 5 million.

4. The Financial Position and Sources of Financing of ICL

As at June 30, 2013, an increase of USD 176 million was recorded in ICL's net interest-bearing financial liabilities, compared with the balance at the end of 2012, bringing the total to approximately USD 1,515 million.

ICL's sources of financing are short-term and long-term bank loans, mostly from international banks, debentures issued to the public and to institutional investors in Israel and the USA, and securitization of customer receivables, whereby some of the Group companies sell customer receivables in return for provision of a credit facility. The total amount of the securitization framework and credit facility deriving therefrom amounts to USD 350 million. At June 30, 2013, ICL had used USD 207 million of the securitization facility.

ICL also has long-term credit facilities of USD 1,325 million and Euro 100 million, of which USD 651 million have not been used.

5. Cash Flows

The cash flows generated by operating activities in the period of the report amounted to USD 617 million, compared with USD 697 million in the corresponding period last year. The cash flows from operating activities in the period of the report were adversely affected by an increase in the Company's trade receivables due to an increase in sales in the current quarter compared with the sales in the fourth quarter of 2012, in the amount of about USD 195 million. The cash flows from current operating activities were the main source of financing payment of the dividend, in the amount of about USD 359 million, the net investments in property, plant and equipment, in the amount of USD 382 million and acquisition of activities, in the amount of about USD 59 million.

6. Investments

In the period of the report, the investments in property, plant and equipment amounted to approximately USD 382 million, compared with about USD 355 million in the corresponding period last year. Most of the increase in investments stems from performance of work in the dyke surrounding the evaporation ponds of ICL Fertilizers at the Dead Sea, investment under a plan for a gradual increase of the production capacity in the Sodom plants and commencement of the construction work with respect to a new power station in Sodom.

7. Human Resources

The total number of ICL's employees as at June 30, 2013, was 12,020 compared with 11,702 as at June 30, 2012, an increase of 318 employees. The increase in the number of employees is mainly due to completion of investments in new facilities and an increase in production, as well as addition of personnel as a result of acquisition of companies worldwide.

8. Market Risk – Exposure and Management

Base rates at June 30, 2013:

Currency	Exchange rate
NIS \ USD	0.27640
EUR \ USD	1.30451
GBP \ USD	1.52587
JPY \ USD	0.01011
BRL \ USD	0.45556
CNY \ USD	0.16327

Update of sensitivity to changes in the exchange rates of balances in the statement of financial position at June 30, 2013:

USD/NIS	Increase (decrease) in fair value		Fair value	Increase (decrease) in fair value	
	(USD millions)	(USD millions)	(USD millions)	(USD millions)	(USD millions)
Type of instrument	Increase of 10%	Increase of 5%		Decrease of 5%	Decrease of 10%
Cash and cash equivalents	(4.4)	(2.2)	43.5	2.2	4.4
Short term deposits and loans	(0.2)	(0.1)	1.7	0.1	0.2
Trade receivables	(6.9)	(3.5)	69.5	3.5	6.9
Receivables and debit balances	(1.8)	(0.9)	18.2	0.9	1.8
Long-term deposits and loans	(0.4)	(0.2)	4.3	0.2	0.4
Credit from banks and others	20.4	10.2	(203.7)	(10.2)	(20.4)
Trade payables	31.7	15.8	(316.8)	(15.8)	(31.7)
Other payables	15.0	7.5	(149.9)	(7.5)	(15.0)
Debentures	38.0	19.0	(380.1)	(19.0)	(38.0)
Options	(60.4)	(32.6)	32.7	39.7	85.6
Forward	(21.8)	(11.4)	1.9	12.6	26.6
Swap	(30.2)	(15.8)	21.2	17.5	36.9
Total	(21.0)	(14.2)	(857.5)	24.2	57.7

CPI	Increase (decrease) in fair value		Fair value	Increase (decrease) in fair value	
	(USD millions)	(USD millions)	(USD millions)	(USD millions)	(USD millions)
Type of instrument	Increase of 10%	Increase of 5%		Decrease of 5%	Decrease of 10%
Long-term deposits and loans	0.2	0.1	2.0	(0.1)	(0.2)
Fixed-interest debentures	(14.4)	(7.2)	(144.3)	7.2	14.4
CPI/USD swap	4.3	2.2	8.4	(2.2)	(4.3)
Forward	6.2	3.1	(1.1)	(3.1)	(6.2)
Total	(3.7)	(1.8)	(135.0)	1.8	3.7

EUR/USD	Increase (decrease) in fair value		Fair value	Increase (decrease) in fair value	
	(USD millions)	(USD millions)	(USD millions)	(USD millions)	(USD millions)
Type of instrument	Increase of 10%	Increase of 5%		Decrease of 5%	Decrease of 10%
Cash and cash equivalents	(5.5)	(2.7)	54.9	2.7	5.5
Short term deposits and loans	(0.1)	0.0	0.7	0.0	0.1
Trade receivables	(36.4)	(18.2)	364.5	18.2	36.4
Receivables and debit balances	(1.9)	(1.0)	19.4	1.0	1.9
Long-term deposits and loans	0.0	0.0	0.5	0.0	0.0
Credit from banks and others	1.9	0.9	(18.8)	(0.9)	(1.9)
Trade payables	21.7	10.8	(216.7)	(10.8)	(21.7)
Other payables	12.9	6.5	(129.2)	(6.5)	(12.9)
Long-term loans from banks	14.5	7.3	(145.1)	(7.3)	(14.5)
Options	0.6	0.2	0.0	(0.3)	(0.7)
Forward	(13.8)	(6.5)	(4.9)	5.9	11.3
Total	(6.1)	(2.7)	(74.7)	2.0	3.5

GBP/USD	Increase (decrease) in fair value		Fair value	Increase (decrease) in fair value	
	(USD millions)	(USD millions)	(USD millions)	(USD millions)	(USD millions)
Type of instrument	Increase of 10%	Increase of 5%		Decrease of 5%	Decrease of 10%
Cash and cash equivalents	(2.9)	(1.4)	28.9	1.4	2.9
Trade receivables	(6.7)	(3.4)	67.3	3.4	6.7
Receivables and debit balances	0.0	0.0	0.3	0.0	0.0
Trade payables	1.7	0.9	(17.5)	(0.9)	(1.7)
Other payables	1.5	0.7	(14.7)	(0.7)	(1.5)
Forward	(0.1)	0.0	0.0	0.0	0.1
Total	(6.5)	(3.2)	64.3	3.2	6.5

GBP/EUR	Increase (decrease) in fair value		Fair value	Increase (decrease) in fair value	
	(USD millions)	(USD millions)	(USD millions)	(USD millions)	(USD millions)
Type of instrument	Increase of 10%	Increase of 5%		Decrease of 5%	Decrease of 10%
Forward	(1.1)	(0.6)	0.1	0.6	1.4
Options	(4.6)	(2.0)	0.1	1.9	4.4
Total	(5.7)	(2.6)	0.2	2.5	5.8

JPY/USD	Increase (decrease) in fair value		Fair value	Increase (decrease) in fair value	
	(USD millions)	(USD millions)	(USD millions)	(USD millions)	(USD millions)
Type of instrument	Increase of 10%	Increase of 5%		Decrease of 5%	Decrease of 10%
Cash and cash equivalents	(0.4)	(0.2)	3.7	0.2	0.4
Trade receivables	(1.0)	(0.5)	10.5	0.5	1.0
Long-term deposits and loans	0.0	0.0	0.2	0.0	0.0
Trade payables	0.2	0.1	(1.7)	(0.1)	(0.2)
Other payables	0.0	0.0	(0.4)	0.0	0.0
Options	0.6	0.3	1.0	(0.3)	(0.7)
Forward	0.3	0.2	0.0	(0.2)	(0.4)
Total	(0.3)	(0.1)	13.3	0.1	0.1

BRL/USD	Increase (decrease) in fair value		Fair value	Increase (decrease) in fair value	
	(USD millions)	(USD millions)	(USD millions)	(USD millions)	(USD millions)
Type of instrument	Increase of 10%	Increase of 5%		Decrease of 5%	Decrease of 10%
Cash and cash equivalents	(0.7)	(0.4)	7.1	0.4	0.7
Trade receivables	(1.2)	(0.6)	12.2	0.6	1.2
Trade payables	0.9	0.4	(8.7)	(0.4)	(0.9)
Other payables	0.1	0.0	(0.8)	0.0	(0.1)
Total	(0.9)	(0.6)	9.8	0.6	0.9

CNY/USD	Increase (decrease) in fair value		Fair value	Increase (decrease) in fair value	
	(USD millions)	(USD millions)	(USD millions)	(USD millions)	(USD millions)
Type of instrument	Increase of 10%	Increase of 5%		Decrease of 5%	Decrease of 10%
Cash and cash equivalents	(1.9)	(1.0)	19.4	1.0	1.9
Trade receivables	(1.0)	(0.5)	10.2	0.5	1.0
Receivables and debit balances	0.0	0.0	0.1	0.0	0.0
Trade payables	0.2	0.1	(1.9)	(0.1)	(0.2)
Other payables	0.5	0.2	(4.7)	(0.2)	(0.5)
Long-term loans from banks	0.0	0.0	(0.4)	0.0	0.0
Total	(2.2)	(1.2)	22.7	1.2	2.2

Update of the sensitivity of instruments hedging marine transportation and energy to changes in the prices of marine transportation and energy as at June 30, 2013.

	Increase (decrease) in fair value		Fair value	Increase (decrease) in fair value	
	(USD millions)	(USD millions)	(USD millions)	(USD millions)	(USD millions)
Type of instrument	Increase of 10%	Increase of 5%		Decrease of 5%	Decrease of 10%
Marine shipping hedges	3.0	1.5	(10.7)	(1.5)	(3.0)
Energy hedges	2.9	1.4	(1.0)	(1.4)	(3.2)
Total	5.9	2.9	(11.7)	(2.9)	(6.2)

Update of the sensitivity to changes in the Libor interest rate at June 30, 2013:

	Increase (decrease) in fair value		Fair value	Increase (decrease) in fair value	
	(USD millions)	(USD millions)	(USD millions)	(USD millions)	(USD millions)
Type of instrument	Increase of 1%	Increase of 0.5%		Decrease of 0.5%	Decrease of 1%
Fixed-interest debentures	1.1	0.6	(73.1)	(0.6)	(1.2)
Collar transactions	2.0	1.1	(2.3)	(1.1)	(1.3)
Swap transactions	6.2	3.1	(5.1)	(3.2)	(6.5)
NIS/USD swap	1.1	0.5	12.7	(0.5)	(1.1)
Total	10.4	5.3	(67.8)	(5.4)	(10.1)

Update of the sensitivity to changes in the index interest rate at June 30, 2013:

Sensitivity to changes in the index interest rate	Increase (decrease) in fair value		Fair value	Increase (decrease) in fair value	
	(USD millions)	(USD millions)	(USD millions)	(USD millions)	(USD millions)
Type of instrument	Increase of 1%	Increase of 0.5%		Decrease of 0.5%	Decrease of 1%
Fixed-interest debentures	1.2	0.6	(144.3)	(0.6)	(1.2)
CPI/USD swap	(0.3)	(0.2)	8.4	0.2	0.3
Total	0.9	0.4	(135.9)	(0.4)	(0.9)

Update of the sensitivity to changes in the shekel interest rate at June 30, 2013:

Sensitivity to changes in the shekel interest rate	Increase (decrease) in fair value		Fair value	Increase (decrease) in fair value	
	(USD millions)	(USD millions)	(USD millions)	(USD millions)	(USD millions)
Type of instrument	Increase of 1%	Increase of 0.5%		Decrease of 0.5%	Decrease of 1%
Fixed-interest debentures	0.7	0.3	(207.7)	(0.3)	(0.7)
NIS/USD swap	(1.6)	(0.8)	14.2	0.7	1.5
Total	(0.9)	(0.5)	(193.5)	0.4	0.8

Update of positions in derivatives at June 30, 2013

Hedging transactions against the effect of changes in exchange rates on cash flow

USD thousands

Transactions in dollars against other currencies (direction of transaction in derivatives is dollar purchase) - Up to one year	Nominal value		Fair value	
	Long	Short	Long	Short
EUR/USD				
Forward	90,291	-	(1,699)	-
Forward – recognized for accounting	-	161,766	-	(3,228)
Call options	6,399	-	(48)	-
Put options	6,387	-	63	-
JPY/USD				
Forward	3,278	-	28	-
Call options	7,500	-	1,063	-
Put options	7,500	-	(55)	-
NIS/USD				
Forward	-	237,838	-	1,949
Call options	-	770,500	-	(6,802)
Put options	-	770,500	-	39,517
GBP/EUR				
Forward	958	-	(13)	-
Call options	45,658	-	(490)	-
Put options	45,658	-	558	-
Other currencies				
Forward	9,487	-	111	-
Hedging transactions against rise in marine transportation and energy prices –				
up to one year	52,027	-	(8,901)	-
more than one year	11,199	-	(2,852)	-
Swap contracts and futures contracts for the Company's liabilities				
Shekel fixed to variable interest swap contract – up to one year	-	72,056	-	1,521
Swap contract to dollar liability bearing fixed interest from shekel liability bearing fixed interest - not recognized - up to one year	-	79,880	-	4,035
Swap contract to dollar liability bearing fixed interest from shekel liability bearing fixed interest - not recognized - more than one year	-	11,902	-	429
Swap contract to dollar liability bearing fixed interest from shekel liability bearing fixed interest - recognized - up to one year	-	178,553	-	8,239
Swap contract to dollar liability bearing variable interest from index-linked liability bearing fixed interest - not recognized - up to one year	-	24,242	-	7,076
Swap contract to dollar liability bearing variable interest from index-linked liability bearing fixed interest – not recognized - more than one year	-	9,767	-	1,374
Futures contract for CPI purchase – up to one year - not recognized	55,279	-	(1,131)	-

Interest-hedging transactions – for hedging against changes in variable interest rate (Libor) on dollar loans (in USD thousands)

	Nominal value				Fair value			
	Up to one year		Over one year		Up to one year		Over one year	
	Long	Short	Long	Short	Long	Short	Long	Short
Swap	186,262	-	175,000	48,000	(3,727)	-	(5,328)	3,961
Collars	25,000	-	120,000	-	(370)	-	(1,940)	-

As part of the Swap transactions, the Company replaces the variable interest rate paid on loans received with fixed interest with rates between 1.4% and 3.4%. In the Cap and Floor transactions, the Company fixes the fluctuation of the variable interest loans in the range of 1% to 3.2%.

In 2009, the Company issued listed debentures amounting to NIS 1.6 billion. Some of these series issued are denominated in shekels, some are linked to the CPI and bear linked interest, and some are linked to the USD (see section 5.3.2 in Description of the Corporation's Business at December 31, 2012).

With respect to the CPI-linked shekel liabilities, the Company executed transactions in derivatives to replace shekel cash flows with dollar cash flows. The Company also executed transactions in derivatives to hedge most of its exposure to changes in the CPI.

As part of the above-mentioned hedging transactions, the Company made an investment in derivatives to hedge the exposure to changes in the cash flows of the expanded debentures (Series B), in respect of changes in the exchange rates of the shekel against the dollar.

In addition, in the third quarter of 2012, the Company acquired a derivative to hedge against the exposure to changes in the cash flows of the project for construction of a new cogeneration plant in Sodom, in respect of changes in the exchange rate of the dollar against the euro.

The transactions for hedging the expanded debentures (Series B) and construction of the power station comply with the conditions for an accounting hedge. Changes in the fair value of the derivative used to hedge cash flows, in respect of the effective portion, are recorded in other comprehensive income. In the period of the report, an item of other comprehensive loss was recognized, in the amount of about USD 1.4 million. Changes in the fair value of the derivative relating to the non-effective portion are recorded in the statement of income.

None of the other hedging transactions made by the Company are accounted for as accounting hedges in the financial statements.

9. Update of the description of the Company's business and material events during and after the balance sheet period

9.1 On March 12, 2013, the Board of Directors of ICL resolved to distribute a cash dividend of USD 147 million (the net dividend less the subsidiary's share is USD 146.7 million), which was distributed on April 25, 2013.

9.2 On May 12, 2013, the Board of Directors of ICL resolved to distribute a cash dividend of USD 213 million (net dividend less the share of a subsidiary is USD 212.6 million), was distributed on June 20, 2013.

9.3 Subsequent to the balance sheet date, on August 6, 2013, the Board of Directors of ICL resolved to distribute a cash dividend of USD 221 million (net dividend less the share of a subsidiary is USD 220.6 million), will be distributed on September 16, 2013.

9.4 On February 21, 2013, a subsidiary in the Performance Products segment acquired the production assets and activities of a plant in Knapsack Germany used for production and marketing of P2S5 (a phosphorous derivative). The plant was acquired from the international company, Thermphos International B.V.

9.5 On March 14, 2013, Mr. Yosi Rosen notified the Company's Board of Directors of his wish to resign from the Company's Board of Directors at the end of 14 years of service.

9.6 On October 31, 2012 and November 4, 2012, the Company and Israel Corporation Ltd. published Immediate Reports, further to reports in the media, about a possible merger transaction of ICL with Potash Corporation of Saskatchewan (hereinafter – "Potash"). On April 25, 2013, Potash gave notice that this is not the appropriate time to proceed with this opportunity. For further details see the Company's Immediate Reports dated October 31, 2012, November 4, 2012 and April 25, 2013 (Ref. Nos.: 2012-01-268383, 2012-01-270408 and 2013-01-045460, respectively).

9.7 On May 12, 2013, ICL's Board of Directors decided to approve a long-term remuneration plan for about 11,300 Company employees in and outside of Israel, who are not management personnel that participated in the Company's options' plan (which was approved in November 2012). The maximum cost of the plan is about USD 45 million.

9.8 On June 17, 2013, a court decision was rendered rejecting the claim for damages of 72 soldiers in consolidated cases (one claim was rejected at the hearing and another 16 non-consolidated cases remain), which were filed against, among others, the subsidiary Fertilizers and Chemicals, from the ICL Fertilizers segment, on the grounds of bodily injury caused to the plaintiffs, in the form of cancer and/or other illnesses, as a result of coming into contact with poisonous substances in the Kishon River and its surrounding areas. For additional details – see Note 24C(3)(b) to the Company's financial statements for 2012.

9.9 On June 20, 2013, Mr. Moshe Vidman notified the Company's Board of Directors of his wish to resign from his position as a Company director at the end of 17 years of service. Mr. Vidman resigned on June 30, 2013.

9.10 On June 26, 2013 and June 30, 2013, the Company's Board of Directors decided as follows:

- To appoint Mr. Eyal Ginzberg to the position of Senior Vice-President of Technology.
- To appoint Mr. Ofer Lifshitz to the position of Senior Vice-President of Global Processes.

9.11 On July 18, 2013, the Company published an Immediate Report regarding convening of a General Meeting, where on the Day's Agenda the following matters, among others, will appear:

To approve the Company's remuneration policy.
To update the bonus and share-based payment clauses in the agreement with the Company's CFO, Mr. Stefan Borgas.
To approve a bonus in respect of 2012 for the Company's CFO, Mr. Stefan Borgas.

For additional details – see the Immediate Report published by the Company on July 18, 2013 (Reference No. 2013-01-095550).

9.12 On June 17, 2013, the Minister of Finance, Mr. Yair Lapid, gave notice of establishment of a public committee, headed by Prof. Eytan Sheshinski, for examination of the policy with respect to the royalties received by the State from private entities, including the Company, for use of national natural resources. Pursuant to the appointment certificate it received, the Committee is required, among other things, to examine the remuneration policy from a broad perspective, while making reference to the impacts on the present agreements between the various parties engaged in these matters and the State. In addition, the Committee is required to examine application of the principles formulated in connection with the Dead Sea quarries, taking into account, among other things, Government Decision No. 4060 and the detailed agreement signed with Dead Sea Works in July 2012 as a result of this Decision, and while addressing the public debate held regarding the possibility of merging the Company with a foreign company.
Pursuant to the appointment certificate, the Committee is expected to submit its recommendations to the Minister of Finance by June 2014. For additional details – see Note 24(C)(4) to the Company's financial statements for 2012.

9.13 ICL’s Board of Directors mandated management to review the Company’s strategy with reference to various scenarios in order to accelerate the Company’s growth. A comprehensive nine-month process was undertaken during which the Company analyzed its competitive position and existing businesses, identified and prioritized potential growth initiatives and process improvements, and began developing implementation plans. The BOD has controlled the progress closely, including holding several in-depth review sessions.

The results lead to the following framework:

1. ICL has strong global foundations: attractive minerals' positions, a value chain of downstream chemicals, positions in attractive markets of Agriculture, Food, Engineered Materials, a culture of achieving goals and professionalism.

2. Global economic and socio-economic trends including population growth, resource scarcity, the global rise of the middle class and growing concern for the environment, support and reinforce the need for our products.

3. ICL will continue to focus on this core specialty minerals - to-chemicals value chain in these three markets, as we have identified significant growth opportunities within our core markets. The outcome of the strategy and the growth initiatives will be a more balanced portfolio of fertilizers and specialty businesses with strong downstream market reach. Efforts will be taken to widen ICL's global commercial presence with strengths in developing markets, and to establish broad R&D and innovation platforms.

4. ICL will begin to implement a market-based orientation rather than a product based focus.

5. ICL will achieve accelerated growth while striving to maintain stable margins, based on 3 value-creation pillars:

   A. Growth projects aimed at building ICL's capabilities in terms of end market, core products and territories.
   B. Pursue operational excellence & efficiency improvements aimed at streamlining ICL's costs by few hundreds of millions of dollars per year.
   C. Strengthening the enabling platforms: system and process harmonization, global people management and innovation all around the company.

The strategic plan include initiatives for each of the Company's end-markets, including, among others:

Agriculture - evaluating potash mining expansion initiatives; strengthening of the phosphate platform; and continuing to build up the specialty fertilizers businesses;
Food Ingredients - Complete technology platform for texture and stability solutions. Expand our applications development and commercial footprint in emerging markets. Assess M&A options to expand ingredients portfolio in a targeted way.
Materials - design current bromine and phosphorus-based portfolios for target markets; identify new bromine-based application fields through significant R&D investment; advocate improved green legislation and fire safety standards. Defend and grow leadership in technical and industrial phosphates markets.

The efficiency improvement project called for by the strategic plan to make the organization more scalable and effective include the following, among others: Improving key processes in R&D, pricing, procurement, energy savings and capex management and Reducing costs in major mineral-based and chemical value chains (potash and phosphates).

6. In order to ensure the creation of significant shareholder value despite the strong investments required to implement the strategy, ICL strive to apply the following financial parameters
   A. Grow faster than the market.
   B. Maintain current level of profitability[4].
   C. CAPEX for infrastructure is expected to be replaced by CAPEX for growth over time.
   D. Maintain implied international investment grade level.
   E. Dual listing in a major stock exchange will be pursued to build flexibility for possible transactions.
   F. Depending on project execution and market conditions:
      - the dividend policy will remain up to 70%,
      - opportunistic share repurchases or one time dividend up to $500 million.

see section 5.6 of the "Description of the Company's Operations for 2012.

[4] Maintenance of the level of profitability of the first half of 2013 is contingent on similar market conditions

9.14 On July 31, 2013, the Finance Committee (the Committee that discusses the financial statements and recommends approval thereof) discussed the financial statements as at June 30, 2013 and formulated its recommendations for ICL's Board of Directors which were distributed to all the Board members on August 1st, 2013. The Committee's meeting was divided into two parts. In the first part, the Company's management reviewed the data from the financial statements and the way in which they were accounted for. In the second part, only the Board members serving as committee members were present, and they held a discussion and formulated the Committee's recommendations for the Board. The Committee members present at the meeting were: Prof. Yair Orgler, Victor Medina, Yaacov Dior, Ovadia Eli and Avraham (Baiga) Shohat. The first part of the meeting was also attended by the members of the Board of Directors Avisar Paz and Eran Sarig. Both parts of the meeting were attended by CPA Zion Amsalem, the auditing CPA, and the following officers: Stefan Borgas, Avi Doitchman, Lisa Haimovitz and Michael Hazan. (For details of the officers' duties – see the Section, Additional Details regarding the Corporation in the Periodic Report for 2012).

On August 6, 2013 the Board approved the financial statements. For proceedings instituted by the Committee in order to formulate its recommendation, see sections 2.4 and 2.5 of Chapter D of the Periodic Report for 2012 (Code of Ethics, Corporate Governance, Overall Control and Internal Audit).

9.15 As a result of the notification of Uralkali on July 30, 2013 of its intention to discontinue selling potash through Belarusian Potash Company (BPC), on August 4, 2013 the rating company Standard & Poor's Maalot published a notification it is transferring the Company's present rating of ilAA+ to a Credit Watch with a negative outlook.

9.16 On August 6, 2013, ICL's Board of Directors decided as follows:

- To appoint Mr. Dani Chen to the position of Deputy CEO of ICL of Government and Community Relations.
- To appoint Mr. Nissim Adar to the position of CEO of ICL Fertilizers.
- To appoint Mr. Charles Weihas to the position of CEO of ICL Industrial Products.

The appointments will enter into effect on October 1, 2013.

9.17 For details of the Company's liabilities, see the Immediate Report regarding liabilities by repayment dates which was published by the Company on August 6, 2013 (Reference No. 2013-01-110253). The information contained therein is presented in this report by means of reference.

The Board of Directors of ICL wishes to thank ICL's management, as well as the employees and managers of the various companies, for their dedicated and skilled contribution to the development of ICL and the achievement of its business results.

Date: August 6, 2013

Stefan Borgas, CEO	Nir Gilad, Chairman of the Board

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

ICL Israel Chemicals Ltd.

Condensed Consolidated Interim Financial Statements
As at June 30, 2013
(Unaudited)
In Thousands of U.S. Dollars

Condensed Consolidated Interim Financial Statements as at June 30, 2013 (Unaudited)

Contents

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Review Report of the Independent Auditors to the Shareholders of Israel Chemicals Ltd.

Introduction

We have reviewed the accompanying financial information of Israel Chemicals Ltd. and its subsidiaries, including the condensed consolidated interim statement of financial position as at June 30, 2013 and the related condensed consolidated interim statements of income, other comprehensive income, changes in equity and cash flows for the six-month and three-month periods then ended. The Board of Directors and Management are responsible for preparation and presentation of this interim financial information in accordance with IAS 34 "Interim Financial Reporting", and are also responsible for preparation of the financial information for these interim periods in accordance with Section D of the Securities Regulations (Periodic and Immediate Reports), 1970. Our responsibility is to express a conclusion on the financial information for these interim periods based on our review.

Scope of Review

We conducted our review in accordance with Review Standard 1, "Review of Financial Information for Interim Periods Performed by the Independent Auditor of the Entity" of the Institute of Certified Public Accountants in Israel. A review of financial information for interim periods 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 above mentioned financial information is not prepared, in all material respects, in accordance with International Accounting Standard IAS 34.

In addition to that mentioned in the previous paragraph, based on our review, nothing has come to our attention that causes us to believe that the above mentioned financial information does not comply, in all material respects, with the disclosure requirements of Section D of the Securities Regulations (Periodic and Immediate Reports), 1970.

Somekh Chaikin
Certified Public Accountants (Isr.)

August 6, 2013

Condensed Consolidated Interim Statements of Financial Position

	June 30 2013 (Unaudited) US$ thousands	June 30 *2012 (Unaudited) US$ thousands	December 31 *2012 (Audited) US$ thousands
Current assets			
Cash and cash equivalents	238,998	166,813	206,067
Short-term investments and deposits	101,137	191,471	142,689
Trade receivables	1,237,634	1,402,631	1,034,668
Other receivables and debit balances, including derivative instruments	214,272	165,178	217,021
Income taxes refundable	69,511	35,400	56,469
Inventories	1,369,415	1,285,803	1,430,151
Total current assets	3,230,967	3,247,296	3,087,065
Non-current assets			
Investments in companies accounted for using the equity method of accounting	165,668	174,643	173,952
Long-term deposits and receivables	15,962	21,582	22,080
Excess of assets over liabilities in respect of defined benefit plan	74,260	64,065	69,193
Long-term derivative instruments	5,764	14,867	17,515
Non-current inventory	30,088	35,631	30,723
Deferred taxes, net	110,230	83,753	112,189
Property, plant and equipment	3,353,936	2,828,502	3,097,385
Intangible assets	768,690	724,298	734,809
Total non-current assets	4,524,598	3,947,341	4,257,846
Total assets	7,755,565	7,194,637	7,344,911

* Restated – retroactive application – see Note 3B

	June 30 2013 (Unaudited) US$ thousands	June 30 *2012 (Unaudited) US$ thousands	December 31 *2012 (Audited) US$ thousands
Current liabilities			
Credit from banks and others	814,254	375,261	552,062
Trade payables	707,133	627,965	640,396
Provisions	43,102	44,390	40,217
Other payables, including derivative instruments	485,941	483,437	545,872
Income taxes payable	44,134	25,883	30,651
Total current liabilities	2,094,564	1,556,936	1,809,198
Non-current liabilities			
Loans from banks and others	950,297	940,737	916,594
Debentures	94,604	478,011	228,708
Long-term derivative instruments	9,294	34,082	23,812
Deferred taxes, net	219,034	215,349	215,149
Employee benefits	658,724	594,901	685,716
Provisions	69,112	78,208	77,470
Total non-current liabilities	2,001,065	2,341,288	2,147,449
Total liabilities	4,095,629	3,898,224	3,956,647
Equity			
Share capital	542,853	542,769	542,769
Share premium	133,633	101,485	101,501
Capital reserves	(2,484)	(25,718)	45,312
Retained earnings	3,221,738	2,913,578	2,935,537
Treasury shares	(260,113)	(260,113)	(260,113)
Total equity attributable to the equity holders of the Company	3,635,627	3,272,001	3,365,006
Non-controlling interests	24,309	24,412	23,258
Total equity	3,659,936	3,296,413	3,388,264
Total liabilities and equity	7,755,565	7,194,637	7,344,911

* Restated – retroactive application – see Note 3B

Nir Gilad Chairman of the Board of Directors	Stefan Borgas Chief Executive Officer	Avi Doitchman Executive VP, CFO and Strategy

Approval date of the financial statements: August 6, 2013.

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statements of Income

	For the six-month period ended		For the three-month period ended		For the year ended
	June 30 2013 (Unaudited) US$ thousands	June 30 *2012 (Unaudited) US$ thousands	June 30 2013 (Unaudited) US$ thousands	June 30 *2012 (Unaudited) US$ thousands	December 31 *2012 (Audited) US$ thousands
Sales	3,410,507	3,405,982	1,770,066	1,906,654	6,471,433
Cost of sales	2,033,647	1,967,462	1,052,176	1,066,408	3,760,235
Gross profit	1,376,860	1,438,520	717,890	840,246	2,711,198
Selling, transportation and marketing expenses	433,759	403,639	225,054	228,304	797,291
General and administrative expenses	138,786	124,383	71,144	59,965	248,782
Research and development expenses, net	41,369	36,237	20,867	18,222	74,099
Other expenses	8,901	699	8,297	318	61,085
Other income	(1,858)	(6,529)	(367)	(3,757)	(23,691)
Operating income	755,903	880,091	392,895	537,194	1,553,632
Financing expenses	65,214	59,008	24,923	32,927	72,097
Financing income	(47,337)	(13,157)	(8,837)	(4,442)	(11,203)
Financing expenses, net	17,877	45,851	16,086	28,485	60,894
Share in income of companies accounted for using the equity method of accounting	7,412	13,633	8,168	6,393	26,555
Income before taxes on income	745,438	847,873	384,977	515,102	1,519,293
Taxes on income	123,128	150,503	68,349	107,192	217,561
Income for the period	622,310	697,370	316,628	407,910	1,301,732
Attributable to:					
The equity holders of the Company	621,521	696,904	316,173	407,647	1,300,076
Non-controlling interests	789	466	455	263	1,656
Income for the period	622,310	697,370	316,628	407,910	1,301,732
Earnings per share attributable to the equity holders of the company:	US $	US $	US $	US $	US $
Basic earnings per share	0.489	0.549	0.249	0.321	1.024
Diluted earnings per share	0.489	0.549	0.249	0.321	1.024

*Restated – retroactive application – see Note 3B

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statements of Other Comprehensive Income

	For the six-month period ended		For the three-month period ended		For the year ended
	June 30	June 30	June 30	June 30	December 31
	2013	*2012	2013	*2012	*2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	US$ thousands	US$ thousands	US$ thousands	US$ thousands	US$ thousands
Income for the period	622,310	697,370	316,628	407,910	1,301,732
Components of other comprehensive income that will be recognized in future periods in the income statement					
Foreign currency translation differences with respect to foreign operations	(24,650)	(24,356)	9,713	(55,008)	24,674
Change in fair value of derivatives used to hedge cash flows	(1,404)	(1,568)	4,967	1,172	15,634
Income tax on components of other comprehensive income	(539)	392	(270)	(293)	313
Total	(26,593)	(25,532)	14,410	(54,129)	40,621
Components of other comprehensive income that will not be recognized in future periods in the income statement					
Actuarial gains (losses) from defined benefit plan	30,601	(16,422)	15,997	(23,709)	(43,904)
Income tax on components of other comprehensive income	(6,548)	2,727	(2,855)	5,476	9,018
Total	24,053	(13,695)	13,142	(18,233)	(34,886)
Total comprehensive income for the period, net of tax	619,770	658,143	344,180	335,548	1,307,467
Attributable to:					
The equity holders of the Company	618,719	657,653	343,702	335,815	1,305,242
Non-controlling interests	1,051	490	478	(267)	2,225
Total comprehensive income for the period, net of tax	619,770	658,143	344,180	335,548	1,307,467

*Restated – retroactive application – see Note 3B

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statements of Changes in Equity

	Attributable to the equity holders of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve for foreign operations	Capital reserves	Treasury shares	Retained earnings	Total		
	Unaudited								
	US$ thousands								
For the six month period ended June 30, 2013									
Balance as at January 1, 2013 (Audited) *	542,769	101,501	(30,063)	75,375	(260,113)	2,935,537	3,365,006	23,258	3,388,264
Exercise of options allotted to employees	84	32,132	-	(32,216)	-	-	-	-	-
Share-based payments	-	-	-	11,436	-	-	11,436	-	11,436
Dividends to equity holders	-	-	-	-	-	(359,373)	(359,373)	-	(359,373)
Tax benefit in respect of allotment of							-		-
shares to employees	-	-	-	(161)	-	-	(161)	-	(161)
Comprehensive income for the period	-	-	(24,912)	(1,943)	-	645,574	618,719	1,051	619,770
Balance as at June 30, 2013 (Unaudited)	542,853	133,633	(54,975)	52,491	(260,113)	3,221,738	3,635,627	24,309	3,659,936

*Restated – retroactive application – see Note 3B

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statements of Changes in Equity (cont'd)

	Attributable to the equity holders of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve for foreign operations	Capital reserves	Treasury shares	Retained earnings	Total		
	Unaudited								
	US$ thousands								
For the six month period ended June 30, 2012*									
Balance as at January 1, 2012 (Audited)	542,377	94,798	(54,168)	53,866	(260,113)	2,689,569	3,066,329	23,922	3,090,251
Exercise of options allotted to employees	392	6,687	-	(3,279)	-	-	3,800	-	3,800
Share-based payments	-	-	-	3,306	-	-	3,306	-	3,306
Dividends to equity holders	-	-	-	-	-	(459,200)	(459,200)	-	(459,200)
Tax benefit in respect of allotment of shares to employees	-	-	-	113	-	-	113	-	113
Comprehensive income for the period	-	-	(24,380)	(1,176)	-	683,209	657,653	490	658,143
Balance as at June 30, 2012 (Unaudited)	542,769	101,485	(78,548)	52,830	(260,113)	2,913,578	3,272,001	24,412	3,296,413

*Restated – retroactive application – see Note 3B

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statements of Changes in Equity (cont'd)

	Attributable to the equity holders of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve for foreign operations	Capital reserves	Treasury shares	Retained earnings	Total		
	Unaudited								
	US$ thousands								
For the three month period ended June 30, 2013									
Balance as at April 1, 2013	542,853	133,633	(64,665)	42,262	(260,113)	3,105,052	3,499,022	23,831	3,522,853
Share-based payments	-	-	-	5,697	-	-	5,697	-	5,697
Dividends to equity holders	-	-	-	-	-	(212,629)	(212,629)	-	(212,629)
Tax benefit in respect of allotment of							-		-
shares to employees	-	-	-	(165)	-	-	(165)	-	(165)
Comprehensive income for the period	-	-	9,690	4,697	-	329,315	343,702	478	344,180
Balance as at June 30, 2013	542,853	133,633	(54,975)	52,491	(260,113)	3,221,738	3,635,627	24,309	3,659,936

*Restated – retroactive application – see Note 3B

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statements of Changes in Equity (cont'd)

	Attributable to the equity holders of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve for foreign operations	Capital reserves	Treasury shares	Retained earnings	Total		
	Unaudited								
	US$ thousands								
For the three month period ended June 30, 2012*									
Balance as at April 1, 2012	542,769	101,485	(24,070)	50,423	(260,113)	2,723,817	3,134,311	24,679	3,158,990
Share-based payments	-	-	-	1,568	-	-	1,568	-	1,568
Dividends to equity holders	-	-	-	-	-	(199,653)	(199,653)	-	(199,653)
Tax benefit in respect of allotment of shares to employees	-	-	-	(40)	-	-	(40)	-	(40)
Comprehensive income for the period	-	-	(54,478)	879	-	389,414	335,815	(267)	335,548
Balance as at June 30, 2012	542,769	101,485	(78,548)	52,830	(260,113)	2,913,578	3,272,001	24,412	3,296,413

*Restated – retroactive application – see Note 3B

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statements of Changes in Equity (cont'd)

	Attributable to equity holders of the Company							Non-controlling interests	Total equity
	Share capital	Share premium	Translation reserve for foreign operations	Capital reserves	Treasury shares	Retained earnings	Total		
	Audited								
	US$ thousands								
For the year ended December 31,2012*									
Balance as at January 1, 2012	542,377	94,798	(54,168)	53,866	(260,113)	2,689,569	3,066,329	23,922	3,090,251
Exercise of options allotted to employees	392	6,703	-	(3,295)	-	-	3,800	-	3,800
Share-based payments	-	-	-	8,668	-	-	8,668	-	8,668
Dividends to equity holders	-	-	-	-	-	(1,019,222)	(1,019,222)	(2,889)	(1,022,111)
Tax benefit in respect of allotment of shares to employees	-	-	-	189	-	-	189	-	189
Comprehensive income for the period	-	-	24,105	15,947	-	1,265,190	1,305,242	2,225	1,307,467
Balance as at December 31, 2012	542,769	101,501	(30,063)	75,375	(260,113)	2,935,537	3,365,006	23,258	3,388,264

*Restated – retroactive application – see Note 3B

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Condensed Consolidated Interim Statements of Cash Flows

	For the six month-period ended		For the three-month period ended		For the year ended
	June 30 2013 (Unaudited) US$ thousands	June 30 *2012 (Unaudited) US$ thousands	June 30 2013 (Unaudited) US$ thousands	June 30 *2012 (Unaudited) US$ thousands	December 31 *2012 (Audited) US$ thousands
Cash flows from operating activities					
Income for the period	622,310	697,370	316,628	407,910	1,301,732
Adjustments for:					
Depreciation and amortization	163,928	154,858	81,428	71,574	322,511
Interest expenses, net	19,762	20,970	8,139	11,757	28,529
Share in income of companies accounted for using the equity method of accounting	(7,412)	(13,633)	(8,168)	(6,393)	(26,555)
Loss (gain) on sale of property, plant and equipment	258	(87)	439	20	602
Share-based payment transactions	11,436	3,306	5,697	1,568	8,668
Revaluation of assets and liabilities denominated in foreign currency	13,842	(9,365)	4,564	(18,430)	7,511
Gain on entry into consolidation of associated company	-	-	-	-	(1,945)
Income tax expense	123,128	150,503	68,349	107,192	217,561
	947,252	1,003,922	477,076	575,198	1,858,614
Change in inventory	53,188	61,698	42,693	83,558	(54,852)
Change in trade and other receivables	(194,803)	(125,726)	38,229	(156,037)	217,118
Change in trade and other payables	(35,189)	(103,253)	(45,593)	(44,981)	(71,612)
Change in provisions and employee benefits	(13,170)	(11,157)	(9,832)	(9,672)	30,973
	757,278	825,484	502,573	448,066	1,980,241
Income tax paid	(120,635)	(105,253)	(64,591)	(57,189)	(220,179)
Interest received	1,414	2,858	714	2,458	12,207
Interest paid	(21,231)	(25,730)	(13,962)	(17,347)	(45,051)
Net cash provided by operating activities	616,826	697,359	424,734	375,988	1,727,218
Cash flows from investing activities					
Investment in long-term deposits	-	(1,188)	-	(1,188)	(2,397)
Proceeds from sale of property, plant and equipment	161	419	161	40	924
Short-term loans and deposits, net	39,650	(77,812)	41,753	11,781	(16,099)
Business combinations less cash acquired	(59,479)	(18,748)	(14,019)	(18,748)	(11,875)
Dividend received from companies accounted for using the equity method of accounting	14,942	16,032	3,407	3,711	17,089
Acquisition of property, plant and equipment	(382,324)	(355,299)	(199,297)	(212,572)	(711,721)
Acquisition of intangible assets	(4,809)	(4,911)	(3,615)	(1,707)	(11,350)
Investments and loans to companies accounted for using the equity method of accounting	-	(5,570)	-	-	(8,521)
Proceeds from sale of long-term deposits	928	2,043	466	1,749	3,241
Net cash used in investing activities	(390,931)	(445,034)	(171,144)	(216,934)	(740,709)
Cash flows from financing activities					
Proceeds from exercise of options allotted to employees	-	3,800	-	-	3,800
Dividend paid to the Company's equity holders	(359,373)	(459,200)	(359,373)	(459,200)	(1,019,222)
Dividend paid to non-controlling interests	-	-	-	-	(2,889)
Receipt of long-term loans	199,438	150,016	134,438	150,016	362,001
Repayment of long-term loans	(155,361)	(63,765)	(122,656)	(1,458)	(311,415)
Short-term credit from banks and others, net	124,799	45,862	101,101	148,434	(50,899)
Net cash used in financing activities	(190,497)	(323,287)	(246,490)	(162,208)	(1,018,624)
Net increase (decrease) in cash and cash equivalents	35,398	(70,962)	7,100	(3,154)	(32,115)
Cash and cash equivalents as at beginning of the period	206,067	238,141	230,519	172,580	238,141
Effect of exchange rate fluctuations on cash and cash equivalents	(2,467)	(366)	1,379	(2,613)	41
Cash and cash equivalents as at end of the period	238,998	166,813	238,998	166,813	206,067

*Restated - retroactive application - see Note 3B

The notes to the condensed consolidated interim financial statements are an integral part thereof.

Note 1 – The Reporting Entity

Israel Chemicals Ltd. (hereinafter - "the Company" or "ICL"), is an Israeli-resident company that was incorporated in Israel and whose shares are traded on the Tel-Aviv Stock Exchange. The Company's registered office is 23 Aranha St., Tel-Aviv, Israel, and its subsidiaries and associated companies (hereinafter – "the Group") constitute a multi-national group operating primarily in the fertilizers and specialty chemicals sectors, in three main operating segments: fertilizers (including potash and phosphate products), industrial products and performance products. In addition, the Group has activities in a number of other segments. The Company is a subsidiary of Israel Corporation Ltd.

The Group's activities are based principally on natural resources – potash, bromine, magnesium and salt produced from the Dead Sea and phosphate rock mined from the State's southern region, all in accordance with concessions and licenses from the State of Israel. The activities are also based on potash and salt mines in the United Kingdom and Spain, as well as on lease agreements and licenses from the appropriate authorities in these countries. The Company is engaged in the extraction of these minerals and the sale thereof throughout the world, as well as in the development, manufacture and marketing of downstream derivative products based primarily on these raw materials. The Company and some of the Group companies were declared a monopoly with respect to some of the products they manufacture and/or sell in Israel.

The Group's main production facilities are located in Israel, Germany, the United States, the Netherlands, Spain, the United Kingdom, China, Brazil and France. In addition, the Group has additional production facilities in Austria, Belgium, Turkey, Argentina, Australia and Mexico.

Note 2 - Basis of Preparation of the Financial Statements

A. Statement of compliance with International Financial Reporting Standards (IFRS)

The condensed consolidated interim financial statements were prepared in accordance with IAS 34, "Interim Financial Reporting" and do not include all of the information required in complete, annual financial statements. These statements should be read together with the financial statements as at and for the year ended December 31, 2012 (hereinafter – "the Annual Financial Statements"). In addition, these financial statements were prepared in accordance with the provisions of Section D of the Securities Regulations (Periodic and Immediate Reports), 1970.

The condensed consolidated interim financial statements were approved for publication by the Company's Board of Directors on August 6, 2013.

Note 2 - Basis of Preparation of the Financial Statements (cont'd)

B. Functional currency and presentation currency

The United States dollar is the currency representing the main economic environment in which the Company operates and, accordingly, the dollar constitutes the functional and presentation currency in these financial statements. Currencies other than the dollar constitute foreign currency.

C. Use of estimates

In preparation of the condensed financial statements in accordance with IFRS, Company management is required to use judgment when making estimates and assumptions that affect implementation of the policies and the amounts of assets, liabilities, income and expenses. It is clarified that the actual results are likely to be different from these estimates.

Management's judgment, at the time of implementing the Group's accounting policies and the main assumptions used in the estimates involving uncertainty, are consistent with those used in the Annual Financial Statements.

Note 3 - Significant Accounting Policies

A. The Company's accounting policies in these condensed consolidated interim financial statements are the policies that were applied in the Annual Financial Statements as at December 31, 2012, except for that stated in Section B, below.

B. First-time application of new accounting standards

IFRS 11 "Joint Arrangements" (hereinafter – "the Standard") - The Standard replaced the directives of IAS 31 "Interests in Joint Ventures" (hereinafter – "IAS 31") and amended part of the directives in IAS 28 "Investments in Associated Companies". The Standard defines a joint arrangement as an arrangement over which two or more parties have joint control.

A distinction exists in the Standard between joint operations and joint ventures:

Joint operations – are arrangements wherein the parties having joint control have rights in the assets relating to the arrangement and obligations to discharge the liabilities relating to the arrangement, regardless of whether or not the joint arrangement is structured in a separate vehicle. The accounting treatment of joint operations is similar to the accounting treatment in IAS 31 for jointly controlled assets and operations, that is, the assets, liabilities and transactions are recognized and accounted for according to the relevant standards.

Joint ventures – all joint arrangements which are structured in a separate vehicle in which the parties having joint control have rights to the net assets of the joint arrangement. Joint ventures are to be accounted for using the equity method only (the option to apply the proportionate consolidation method has been eliminated).

As a result of adoption of the Standard, jointly-controlled companies that were previously included in the consolidated financial statements using the proportionate consolidation method, are accounted for using the equity method of accounting. This Standard applies to reporting periods beginning on January 1, 2013 and is being applied retroactively.

The impact of the above-mentioned Standard on the financial statements is not material.

Amendment to IAS 19 "Employee Benefits" (hereinafter – "the Amendment") - Pursuant to the Amendment, costs in respect of past service are to be recognized immediately without reference to whether or not these benefits have vested. Calculation of the net financing income (expenses) will be made by multiplying the net defined benefit liability (asset) by the discount rate used to measure the defined benefit obligation. Accordingly, calculation of the actuarial gains or losses also changed. In addition, the Amendment changes the definitions of short-term employee benefits and of other long-term employee benefits, so that instead of determining the classification as short-term or long-term based on the date of eligibility, the classification will depend on the dates when the entity expects the benefits to be fully utilized.

The Amendment applies to reporting periods beginning on January 1, 2013 and is to be applied retroactively (except for certain relief enumerated in the Amendment).

The impact of the above-mentioned Amendment on the financial statements is not material.

Note 3 - Significant Accounting Policies (cont'd)

B. First-time application of new accounting standards (cont'd)

IFRIC Interpretation 20 "Stripping Costs in the Production Stage in the Site Mining Process" (hereinafter – "the Interpretation") - The Interpretation applies to costs of removing waste created in the course of mining operations of an open mine during the mine's production stage ("stripping costs"). Pursuant to the Interpretation, if the benefit of the stripping costs is realized in the form of inventory produced, the entity is to account for these stripping costs in accordance with IAS 2 as inventory. If the benefit is improved access to the quarry, the entity is to recognize these costs as an addition to a non-current asset, provided the criteria appearing in the Interpretation are fulfilled.

The Interpretation applies to reporting periods commencing on January 1, 2013, by means of retroactive application.

The impact of the above-mentioned Interpretation on the financial statements is not material.

C. Indices and exchange rates

Data regarding the representative exchange rates and the CPI are as follows:

	Consumer Price Index	Dollar-NIS exchange rate	Dollar-EUR exchange rate
Rates of change for the six months ended:			
June 30, 2013	1.3%	(3.1%)	1.0%
June 30, 2012	1.0%	2.7%	2.8%
Rates of change for the three months ended:			
June 30, 2013	1.3%	(0.8%)	(2.1%)
June 30, 2012	0.6%	5.6%	6.1%
For the year ended December 31, 2012	1.6 %	(2.3%)	(1.9%)

Note 4 - Business Segments

A. General

ICL is a multi-national enterprise, which operates mainly in the fields of fertilizers and specialty chemicals, in three reporting segments – fertilizers, industrial products and performance products. The segments are described below:

ICL Fertilizers – ICL Fertilizers extracts potash from the Dead Sea and mines and produces potash and salt from subterranean mines in Spain and in the UK. ICL Fertilizers processes the potash into its types and markets it throughout the world. This segment also uses part of the potash to produce complex fertilizers.

In addition, ICL Fertilizers mines and processes phosphate rock in open mines in the South, and produces in Israel sulfuric acid, agricultural phosphoric acid, phosphate fertilizers, compound fertilizers, based mainly on potash and phosphate, liquid fertilizers and soluble fertilizers. ICL Fertilizers also manufactures compound fertilizers in the Netherlands, Germany and Belgium, liquid fertilizers and soluble fertilizers in Spain, slow-release fertilizers and controlled-release fertilizers in the Netherlands and in the United States, and phosphate-based food additives for livestock, in Turkey and in Israel.

ICL Fertilizers markets its products worldwide, mainly in Europe, Brazil, India, China and Israel. The activities of ICL Fertilizers also include the activities of Mifalei Tovala Ltd., which is engaged in the transportation of cargo, mainly of ICL companies in Israel, since a large part of the Company's activities consists of bulk transport of cargo of the ICL Fertilizers segment.

ICL Industrial Products – ICL Industrial Products produces bromine out of a solution that is created as a by-product of the potash production process in Sodom, as well as bromine-based compounds. ICL Industrial Products uses most of the bromine it produces for self-production of bromine compounds at production sites in Israel, the Netherlands and China. In addition, ICL Industrial Products extracts salt, magnesia and chlorine from Dead Sea brine, and produces chlorine-based products in Israel and the United States. Also, ICL Industrial Products engages in the production and marketing of flame retardants and additional phosphorus-based products.

ICL Performance Products – ICL Performance Products cleans some of the agricultural phosphoric acid manufactured by ICL Fertilizers, purchases clean phosphoric acid from other sources and also manufactures thermal phosphoric acid. The clean phosphoric acid and the thermal phosphoric acid are used to manufacture downstream products with high added value, phosphate salts, which are also used as a raw material for manufacturing food additives, hygiene products and flame-retardants and fire extinguishment products. ICL Performance Products also manufactures phosphorous derivatives based on phosphorous acquired from outside sources and manufactures specialty products, based on aluminum acids (hereinafter – "Alumina") and other raw materials. Manufacture of ICL's performance products is mostly carried out at production sites in Europe, (particularly in Germany), the United States, Brazil, Israel, China, and other countries.

In addition to the segments detailed above, ICL has other activities, including mainly production and marketing of pure magnesium and magnesium alloys.

Note 4 - Business Segments

B. Operating segment data:

	Fertilizers								
	Potash	Phosphate	Eliminations	Total	Industrial products	Performance products	Other activities	Eliminations	Consolidated
	(Unaudited)								
	US$ thousands								
Six-month period ended June 30, 2013									
Sales to external parties	1,043,225	896,627	-	1,939,852	681,701	725,013	63,941	-	3,410,507
Inter-segment sales	120,900	80,545	(60,535)	140,910	9,486	37,985	21,574	(209,955)	-
Total sales	1,164,125	977,172	(60,535)	2,080,762	691,187	762,998	85,515	(209,955)	3,410,507
Income from ordinary activities	489,022	108,348	1,479	598,849	97,824	87,376	(11,453)		772,596
Unallocated expenses and intercompany eliminations									(16,693)
Operating income									755,903
Financing expenses									(65,214)
Financing income									47,337
Share in profit of Investee companies accounted for using the equity method of accounting									7,412
Income before taxes on income									745,438
Capital expenditures	252,142	64,266	-	316,408	78,239	70,127	4,594	-	469,368
Unallocated capital expenditures									3,619
Total capital expenditures									472,987
Depreciation and amortization	52,838	52,538	-	105,376	32,195	22,648	3,157	-	163,376
Unallocated depreciation and amortization									552
Total depreciation and amortization									163,928

Note 4 - Business Segments (cont'd)

B. Operating segment data (cont'd):

	Fertilizers				Industrial	Performance	Other		
	Potash	Phosphate	Eliminations	Total	products	products	activities	Eliminations	Consolidated
	(Unaudited)								
	US$ thousands								
Six-month period ended June 30, 2012*									
Sales to external parties	1,048,135	855,259	-	1,903,394	749,605	686,182	66,801	-	3,405,982
Inter-segment sales	116,338	71,005	(58,548)	128,795	7,011	33,109	25,857	(194,772)	-
Total sales	1,164,473	926,264	(58,548)	2,032,189	756,616	719,291	92,658	(194,772)	3,405,982
Income from ordinary activities	547,833	105,059	(222)	652,670	140,843	87,707	(1,247)		879,973
Unallocated expenses and intercompany eliminations									118
Operating income									880,091
Financing expenses									(59,008)
Financing income									13,157
Share in income of Investee companies accounted for using the equity method of accounting									13,633
Income before taxes on income									847,873
Capital expenditures	198,479	80,245	-	278,724	67,314	24,070	3,734	-	373,842
Unallocated capital expenditures									16
Total capital expenditures									373,858
Depreciation and amortization	53,522	47,687	-	101,209	30,584	20,244	2,695	-	154,732
Unallocated depreciation and amortization									126
Total depreciation and amortization									154,858

* Restated – retroactive application – see Note 3B

Note 4 - Business Segments (cont'd)

B. Operating segment data (cont'd):

	Fertilizers				Industrial	Performance	Other		
	Potash	Phosphate	Eliminations	Total	products	products	activities	Eliminations	Consolidated
	(Unaudited)								
	US$ thousands								
For the three month period ended June 30, 2013									
Sales to external parties	526,472	477,062	-	1,003,534	348,789	384,918	32,825	-	1,770,066
Inter-segment sales	66,461	40,109	(38,191)	68,379	4,023	21,246	10,853	(104,501)	-
Total sales	592,933	517,171	(38,191)	1,071,913	352,812	406,164	43,678	(104,501)	1,770,066
Income from ordinary activities	248,250	59,754	(1,667)	306,337	49,655	51,945	(2,497)		405,440
Unallocated expenses and intercompany eliminations									(12,545)
Operating income									392,895
Financing expenses									(24,923)
Financing income									8,837
Share in income of Investee companies accounted for using the equity method of accounting									8,168
Income before taxes on income									384,977
Capital expenditures	140,330	37,363	-	177,693	40,010	9,491	2,439	-	229,633
Unallocated capital expenditures									3,483
Total capital expenditures									233,116
Depreciation and amortization	25,197	26,979	-	52,176	15,675	11,679	1,608	-	81,138
Unallocated depreciation and amortization									290
Total depreciation and amortization									81,428

Note 4 - Business Segments (cont'd)

B. Operating segment data (cont'd):

	Fertilizers				Industrial products	Performance products	Other activities	Eliminations	Consolidated
	Potash	Phosphate	Eliminations	Total					
	(Unaudited)								
	US$ thousands								
For the three month period ended June 30, 2012*									
Sales to external parties	657,076	459,431	-	1,116,507	393,955	359,800	36,392	-	1,906,654
Inter-segment sales	60,942	39,496	(28,612)	71,826	3,614	16,084	14,271	(105,795)	-
Total sales	718,018	498,927	(28,612)	1,188,333	397,569	375,884	50,663	(105,795)	1,906,654
Income from ordinary activities	348,729	60,340	1,114	410,183	79,881	47,899	(3,216)		534,747
Unallocated expenses and intercompany eliminations									2,447
Operating income									537,194
Financing expenses									(32,927)
Financing income									4,442
Share in income of Investee companies accounted for using the equity method of accounting									6,393
Income before taxes on income									515,102
Capital expenditures	125,821	48,464	-	174,285	37,329	13,475	1,848	-	226,937
Unallocated capital expenditures									(101)
Total capital expenditures									226,836
Depreciation and amortization	24,361	21,068	-	45,429	15,049	9,706	1,369	-	71,553
Unallocated depreciation and amortization									21
Total depreciation and amortization									71,574

* Restated – retroactive application – see Note 3B

Note 4 - Business Segments (cont'd)

B. Operating segment data (cont'd):

	Fertilizers				Industrial products	Performance products	Other activities	Eliminations	Consolidated
	Potash	Phosphate	Eliminations	Total					
	(Audited)								
	US$ thousands								
Year 2012:*									
Sales to external parties	1,964,741	1,568,944	-	3,533,685	1,401,645	1,406,626	129,477	-	6,471,433
Inter-segment sales	233,587	158,151	(119,544)	272,194	15,778	65,491	49,907	(403,370)	-
Total sales	2,198,328	1,727,095	(119,544)	3,805,879	1,417,423	1,472,117	179,384	(403,370)	6,471,433
Income from ordinary activities	996,491	162,419	(88)	1,158,822	217,336	179,256	630		1,556,044
Unallocated expenses and intercompany eliminations									(2,412)
Operating income									1,553,632
Financing expenses									(72,097)
Financing income									11,203
Share in income of Investee companies accounted for using the equity method of accounting									26,555
Income before taxes on income									1,519,293
Capital expenditures	428,474	151,235	-	579,709	138,488	52,944	7,798	-	778,939
Unallocated capital expenditures									677
Total capital expenditures									779,616
Depreciation and amortization	110,217	101,393	-	211,610	61,998	42,451	5,614	-	321,673
Unallocated depreciation and amortization									838
Total depreciation and amortization									322,511

* Restated – retroactive application – see Note 3B

Note 5 – Financial Instruments

A. Fair value of financial instruments

The Group's financial instruments include mainly, cash and cash equivalents, short-term investments, deposits and loans, receivables and debit balances, long-term investments and receivables, short-term credit, creditors and credit balances, long-term loans and other liabilities; and derivative financial instruments.

Due to their nature, the fair value of the financial instruments included in the working capital of the Group is generally identical or approximates the value, according to which they are stated in the accounts. The fair value of the long-term deposits and receivables and the long-term liabilities also approximates their stated value, since these financial instruments bear interest at a rate which approximates the accepted market rate of interest.

The following table shows in detail the book value and the fair value of financial instrument groups presented in the financial statements not in accordance with their fair value:

	June 30, 2013	
	Book value	Fair value
	US$ thousands	US$ thousands
Debentures bearing fixed interest		
Marketable	342,929	352,051
Non-marketable	67,000	73,092
	409,929	425,143

B. Hierarchy of fair value

The following table presents an analysis of the financial instruments measured by fair value, using the valuation method.
The following levels were defined:
Level 1: Quoted (unadjusted) prices in an active market for identical instruments
Level 2: Observed data (directly or indirectly) not included in Level 1 above.

	June 30, 2013		
	Level 1	Level 2	Total
	US$ thousands	US$ thousands	US$ thousands
Securities held for trading purposes	36,364	-	36,364
Derivatives used for hedging, net	-	33,209	33,209
	36,364	33,209	69,573

Note 6 - Additional Information

1. On March 12, 2013, the Company's Board of Directors decided to distribute a dividend in the amount of $147 million (the net dividend, less the share of a subsidiary, amounts to $146.7 million), about $0.12 per share. The dividend was distributed, on April 25, 2013.

2. On May 12, 2013, the Company's Board of Directors decided to distribute a dividend in the amount of $213 million (the net dividend, less the share of a subsidiary amounts to $ 212.6 million), about $ 0.17 per share. The dividend was distributed on June 20, 2013.

3. Subsequent to the date of the report, on August 6, 2013, the Company's Board of Directors resolved to distribute a dividend, in the amount of $221 million (the net dividend after deducting the share of a subsidiary is $220.6 million), about $0.17 per share. The dividend will be distributed on September 16, 2013.

4. During the period of the report 6,633,574 options out of the 2010 Plan were exercised for 312,558 of the Company's ordinary shares. After exercise of the options, the Company's issued and paid-up share capital is 1,295,015,589 ordinary shares for NIS 1 par value.

5. Subsequent to the date of the report, on July 30, 2013, the plenary Knesset approved the Budget Law and the Law for Change of National Priorities (Legislative Changes for Achieving the Budget Targets for 2013 and 2014), 2013. As part of the legislation, the Companies Tax rate was increased to 26.5% effective from January 1, 2014. In addition, the Law for Encouragement of Capital Investments was amended such that the tax rate applicable to a Preferred Company from this period in Development Area A will be 9%, whereas the tax rate applicable to companies in the rest of the State will be 16%. The update of the deferred taxes as a result of the legislation will not have a significant impact on the Company's financial statements. In addition, it was provided that the tax rate on a dividend to an individual and to a foreign resident, which is distributed commencing from January 1, 2014 and the source of which is Preferred Income, will be raised to 20%, in place of the present rate of 15%.

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

ICL Israel Chemicals Ltd.

Separate Interim Financial Information

In accordance with Regulation 38D
of the Securities Regulations
(Periodic and Immediate Reports) – 1970

Condensed Financial Data

of the Company from
the Condensed Consolidated Interim Financial
Statements as at June 30, 2013
(Unaudited)

Condensed Financial Data of the Company from the Condensed Consolidated Interim Financial Statements as at June 30, 2013

Contents

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To: The shareholders of Israel Chemicals Ltd.

Subject: Special auditors' report on separate interim financial information 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 June 30, 2013 and for the six-month and three-month periods 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 is 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.)

August 6, 2013

Condensed Details of Interim Financial Position as at

	June 30 2013 (Unaudited) US$ thousands	June 30 2012 (Unaudited) US$ thousands	December 31 2012 (Audited) US$ thousands
Current assets			
Cash and cash equivalents	55,304	59,881	57,901
Short-term investments and deposits	7,666	7,985	19,656
Investee companies - current account	679,017	** 790,595	** 700,910
Other receivables, including derivative instruments	25,342	4,975	4,248
Income tax refundable	34,498	60,200	10,439
Total current assets	801,827	923,636	793,154
Non-current assets			
Investments in investee companies	3,973,481	* 3,516,843	* 3,782,401
Long-term deposits and receivables	1,606	7,391	7,294
Loans to subsidiaries	840,000	570,000	570,000
Long-term derivative instruments	5,764	14,867	17,515
Deferred taxes, net	6,933	8,463	7,778
Property, plant and equipment	979	937	1,082
Intangible assets	3,457	-	-
Total non-current assets	4,832,220	4,118,501	4,386,070
Total assets	5,634,047	5,042,137	5,179,224

* Restated – retroactive application – see Note 2

**Reclassified

	June 30 2013 (Unaudited) US$ thousands	June 30 2012 (Unaudited) US$ thousands	December 31 2012 (Audited) US$ thousands
Current liabilities			
Credit from banks and others	615,277	72,131	396,974
Credit from investee companies	484,632	** 505,402	** 431,828
Other payables, including derivative instruments	41,445	40,179	44,940
Total current liabilities	1,141,354	617,712	873,742
Non-current liabilities			
Loans from investee companies	804,000	694,740	741,558
Debentures	27,604	411,011	161,708
Long-term derivative instruments	7,269	31,186	20,204
Employee benefits	18,193	15,487	17,006
Total non-current liabilities	857,066	1,152,424	940,476
Total liabilities	1,998,420	1,770,136	1,814,218
Equity			
Share capital	542,853	542,769	542,769
Share premium	133,633	101,485	101,501
Capital reserves	(2,484)	* (25,718)	* 45,312
Retained earnings	3,221,738	* 2,913,578	* 2,935,537
Treasury shares	(260,113)	(260,113)	(260,113)
Total equity attributable to the owners of the Company	3,635,627	3,272,001	3,365,006
Total liabilities and equity	5,634,047	5,042,137	5,179,224

* Restated – retroactive application – see Note 2

**Reclassified

Nir Gilad	Stefan Borgas	Avi Doitchman
Chairman of the Board of Directors	Chief Executive Officer	Executive VP, CFO and Strategy

Approval date of the separate financial information: August 6, 2013.

The additional information attached to the condensed interim separate company financial information constitutes an integral part thereof.

Condensed Details of Interim Statements of Income

	For the six-month period ended		For the three-month period ended		For the year ended
	June 30	June 30	June 30	June 30	December 31
	2013	2012	2013	2012	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	US$ thousands	US$ thousands	US$ thousands	US$ thousands	US$ thousands
Financing income	13,369	-	4,685	-	18,480
Expenses					
General administrative and other	37,168	20,842	21,621	9,021	43,814
Financing	24,669	13,236	9,249	7,477	43,219
	61,837	34,078	30,870	16,498	87,033
Income from investee companies, net	673,431	* 734,893	345,005	* 423,433	* 1,373,345
Income before taxes on income	624,963	700,815	318,820	406,935	1,304,792
Taxes on income	3,442	3,911	2,647	(712)	4,716
Income for the period attributed to the owners of the Company	621,521	696,904	316,173	407,647	1,300,076

*Restated – retroactive application – see Note 2

The additional information attached to the condensed interim separate company financial information constitutes an integral part thereof.

Condensed Details of Interim Other Comprehensive Income

	For the six-month period ended		For the three-month period ended		For the year ended
	June 30	June 30	June 30	June 30	December 31
	2013	2012	2013	2012	2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	US$ thousands	US$ thousands	US$ thousands	US$ thousands	US$ thousands
Income for the period attributed to the owners of the Company	621,521	696,904	316,173	407,647	1,300,076
Components of other comprehensive income that will be recognized in future periods in the income statement:					
Change in fair value of derivatives used to hedge cash flows	2,155	(1,568)	1,077	1,172	(1,250)
Income tax on components of other comprehensive income	(539)	392	(270)	(293)	313
Other comprehensive income (loss) in respect of investee companies, net	(4,418)	*(38,075)	26,722	*(72,711)	*6,103
Other comprehensive income (loss) for the period, net of tax	(2,802)	(39,251)	27,529	(71,832)	5,166
Total comprehensive income for the period attributed to the owners of the Company	618,719	657,653	343,702	335,815	1,305,242

*Restated – retroactive application – see Note 2

The additional information attached to the condensed interim separate company financial information constitutes an integral part thereof.

Condensed Details of Interim Cash Flows

	For the six-month period ended		For the three-month period ended		For the year ended
	June 30 2013	June 30 2012	June 30 2013	June 30 2012	December 31 2012
	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
	US$ thousands	US$ thousands	US$ thousands	US$ thousands	US$ thousands
Cash flows from operating activities					
Income for the period	621,521	*696,904	316,173	*407,647	*1,300,076
Adjustments:					
Depreciation and amortization	260	179	132	92	430
Interest expenses, net	9,123	7,182	4,917	3,301	15,569
Gain from investee companies, net	(673,431)	*(734,893)	(345,005)	*(423,433)	*(1,373,345)
Capital gain on sale of property, plant and equipment	-	(28)	-	(40)	(28)
Share based payment transactions	11,436	3,306	5,697	1,568	8,668
Revaluation of assets and liabilities denominated in foreign currency	1,814	589	(859)	3,281	5,828
Income tax expense	3,442	3,911	2,647	(712)	4,716
	(25,835)	(22,850)	(16,298)	(8,296)	(38,086)
Change in other receivables	(10,033)	(2,772)	(5,012)	(2,080)	(2,046)
Change in trade and other payables	(5,473)	(11,234)	16,463	8,720	(7,251)
Change in employee benefits	1,187	(3)	507	(654)	1,516
	(40,154)	(36,859)	(4,340)	(2,310)	(45,867)
Income tax paid	(97,383)	(85,449)	(49,456)	(45,412)	(147,799)
Interest received	134	213	73	157	760
Interest paid	(9,238)	(9,011)	(9,238)	(7,582)	(17,800)
Net cash used in operating activities related to the Company	(146,641)	(131,106)	(62,961)	(55,147)	(210,706)
Net cash provided by operating activities related to investee companies	548,347	486,781	341,301	256,265	1,019,588
Net cash provided by operating activities	401,706	355,675	278,340	201,118	808,882
Cash flows from investing activities					
Proceeds from realization of property, plant and equipment	-	64	-	40	64
Short term loans and deposits, net	9,996	(7,570)	8,284	(7,570)	(20,058)
Acquisition of intangible assets	(1,907)	-	(1,907)	-	-
Acquisition of property, plant and equipment	(157)	(108)	(24)	(107)	(504)
Net cash provided by (used in) investing activities	7,932	(7,614)	6,353	(7,637)	(20,498)
Net cash used in investing activities related to investee companies	(248,108)	(67,590)	1,990	(33,079)	(13,532)
Net cash provided by (used in) investing activities	(240,176)	(75,204)	8,343	(40,716)	(34,030)
Cash flows from financing activities					
Proceeds from exercise of options issued to employees	-	3,800	-	-	3,800
Dividend paid	(359,373)	(459,200)	(359,373)	(459,200)	(1,019,222)
Short-term credit from banks and others, net	80,000	50,025	80,000	50,104	107,929
Net cash used in financing activities related to the Company	(279,373)	(405,375)	(279,373)	(409,096)	(907,493)
Net cash provided by (used in) financing activities related to investee companies	115,246	114,760	(2,772)	248,668	120,517
Net cash used in financing activities	(164,127)	(290,615)	(282,145)	(160,428)	(786,976)
Net increase (decrease) in cash and cash	(2,597)	(10,144)	4,538	(26)	(12,124)
Cash and cash equivalents as at the beginning of the period	57,901	70,025	50,766	59,907	70,025
Cash and cash equivalents as at the end of the period	55,304	59,881	55,304	59,881	57,901

*Restated – retroactive application – see Note 2

The additional information attached to the condensed interim separate company financial information constitutes an integral part thereof.

Additional Information

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 10th Addendum to the Securities Regulations (Periodic and Immediate Reports) - 1970 regarding the separate financial information of a corporation. The information should be read in conjunction with the separate financial information as at and for the year ended December 31, 2012 and in conjunction with the condensed consolidated interim financial statements as at June 30, 2013.

In this separate financial data –

(1)	The Company	–	Israel Chemicals Ltd.
(2)	Subsidiaries	–	Companies, including partnerships, whose financial statements are fully consolidated, directly or indirectly, with the financial statements of the Company.
(3)	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 equity basis.

2 - Significant Accounting Policies Applied in the Condensed Consolidated Interim Financial Information

A. The accounting principles in this condensed interim financial information are in accordance with the accounting principles detailed in the separate financial information as at December 31, 2012 except for that stated in Section B, below.

B. First time Application of New Accounting Standards

Amendment to IAS 19 "Employee Benefits" (hereinafter – "the Amendment"). Pursuant to the Amendment, costs in respect of past service are to be recognized immediately without reference to whether or not these benefits have vested. Calculation of the net financing income (expenses) will be made by multiplying the net defined benefit liability (asset) by the discount rate used to measure the defined benefit obligation. Accordingly, calculation of the actuarial gains or losses also changed. In addition, the Amendment changes the definitions of short-term employee benefits and of other long-term employee benefits, so that instead of determining the classification as short-term or long-term based on the date of eligibility, the classification will depend on the dates when the entity expects the benefits to be fully utilized.

The Amendment applies to annual periods beginning on January 1, 2013 and is to be applied retroactively (except for certain relief enumerated in the Amendment). Due to the Amendment, investments in investee companies and comprehensive income has been restated.

The impact of the above-mentioned Amendment on the financial statements is not material.

Additional Information to Separate Financial Data (cont'd)

3 - Material Relationships, Commitments and Transactions with Investee Companies

a. On March 6, 2013, a dividend in the amount of $25 million was received from the subsidiary Mifalei Tovala.

b. On March 10, 2013, a dividend in the amount of $40 million was received from the subsidiary Dead Sea Bromine.

c. On March 21, 2013, a dividend in the amount of $4.5 million was received from IDE (which is accounted for in the financial statements based on the equity method of accounting).

d. In April 2013, the Company granted a loan to the subsidiary Bromine Compounds Ltd., in the amount of $270 million. The loan bears interest at the rate of 3%, in accordance with that provided in Section 3(J) of the Income Tax Ordinance and in the Income Tax Regulations (Determination of Interest Rate for purposes of Section 3(J)), 1986, and is scheduled for repayment on December 31, 2015.

e. On April 13, 2013, dividends in the amounts of $80 million and $40 million were received from the subsidiaries Dead Sea Works and Rotem Amfert Negev, respectively.

f. On May 9, 2013, a dividend in the amount of $38 million was received from the subsidiary Dead Sea Bromine.

g. On June 6, 2013, dividends in the amounts of $190 million and $28 million were received from the subsidiaries Dead Sea Works and Rotem Amfert Negev, respectively.

h. After the date of the report, on August 5, 2013, the subsidiaries Dead Sea Works and Rotem Amfert Negev declared dividends in the amounts of $150 million and $44 million, respectively.

Quarterly Report regarding Effectiveness of the Internal Control over the Financial Reporting and the Disclosure in accordance with Regulation 38C(a):

The management, under the supervision of the Board of Directors of Israel Chemicals Ltd. (hereinafter – "the Company"), is responsible for determining and maintaining proper internal control over the Company's financial reporting and disclosure.

Regarding this matter, the members of management are:

1. Stefan Borgas, CEO
2. Asher Grinbaum, Deputy CEO and COO
3. Nissim Adar, CEO of ICL Industrial Products
4. Dani Chen, CEO of ICL Fertilizers
5. Avi Doitchman, Executive VP, CFO and Strategy
6. Eli Amit, Senior VP of Economics
7. Hezi Israel, VP Business Development and Strategy
8. Yakir Menashe, Senior VP Global Human Resources
9. Lisa Haimovitz, VP General Counsel and Company Secretary
10. Herzel Bar-Niv, VP of International Taxation
11. Amir Benita, VP Accounting
12. Osnat Sessler, VP of Investor Relations and Communications
13. Michael Hazan, VP Finance
14. Israel Dreyfuss, ICL Controller

Internal control over the financial reporting and disclosure includes the Corporation's existing controls and procedures, which were planned by the CEO and the most senior officer in the finance area or under their supervision, or by a party actually executing the said functions, under the supervision of the Corporation's Board of Directors, which were intended to provide a reasonable level of confidence regarding the reliability of the financial reporting and preparation of the financial statements in accordance with the law, and to ensure that information the Corporation is required to disclose in the statements it publishes under law was gathered, processed, summarized and reported on the date and in the format prescribed by law.

The internal control includes, among other things, controls and procedures that were planned to ensure that information the Corporation is required to disclose, as stated, was accumulated and transferred to Corporation management, including to the CEO and to the most senior officer in the finance area or to a party actually executing the said functions, in order to enable making decisions at the appropriate time, with respect to the disclosure requirements.

Due to its inherent limitations, the internal control over the financial reporting and disclosure is not intended to provide complete assurance that a misrepresentation or omission of information in the statements will be avoided or discovered.

In the quarterly report regarding the effectiveness evaluation of the internal controls on financial reporting and disclosure which was attached to the quarterly report for the period ended March 31, 2013 (hereinafter – the last quarterly report regarding internal control) the internal controls were concluded to be effective.

Up to the date of the report, no event or matter came to the attention of the Board of Directors and management that would require a change in the evaluation of the internal controls, as was presented in the last quarterly report regarding internal controls.

As of the report date, based on the quarterly report regarding internal controls, and based on the information that came to the attention of management and the Board of Directors as above, the internal controls are effective.

Date: August 6, 2013

Nir Gilad	Stefan Borgas	Avi Doitchman
Chairman of the Board of Directors	Chief Executive Officer	Executive VP, CFO and Strategy

Declaration of the CEO in accordance with Regulation 38C(d)(1):

I, Stefan Borgas, declare that:

1. I have examined the quarterly report of Israel Chemicals Ltd. (hereinafter – "the Corporation") for the second quarter of 2013 (hereinafter – "the Statements");

2. As far as I am aware, the Statements do not include a misrepresentation of a material fact and they do not lack a material fact that is required so that the representations included therein, in light of the circumstances in which such representations were included, will not be misleading with reference to the period covered by the Statements;

3. As far as I am aware, the financial statements and other financial information included in the Statements properly reflect, in all material respects, the Corporation's financial position, results of operations and cash flows as at the dates and for the periods to which the Statements relate;

4. I have disclosed to the Corporation's auditors, Board of Directors and Audit and Financial Statements Committees, based on my most up-to-date estimation with respect to the internal control over the Corporation's financial reporting and disclosure:

A) All the significant deficiencies and weaknesses in determination or operation of the internal control over the financial reporting and disclosure that might reasonably have an unfavorable impact on the Corporation's ability to gather, process, summarize or report financial information in such a manner that could cause doubt with respect to the reliability of the financial report and preparation of the financial statements in accordance with the provisions of law;

and –

B) Every fraud, whether or not significant, wherein the CEO is involved or a party under his direct supervision or other employees are involved that have a significant function in the internal control over the financial reporting and disclosure;

5. I, alone or together with others in the Corporation:

A) Have determined controls and procedures, or have verified the determination and existence of controls and procedures under my supervision, which are designed to ensure that significant information relating to the Corporation including subsidiaries as defined in the Securities Law (annual financial statements), 2010, is brought to my attention by others in the Corporation and subsidiaries, particularly during the period of preparation of the Statements; and –

B) Have determined controls and procedures, or have verified the determination and existence of controls and procedures under my supervision, which are designed to reasonably ensure the reliability of the financial report and preparation of the financial statements in accordance with the provisions of law, including in accordance with generally accepted accounting principles (GAAP);

C) No event or matter that happened during the period since the last reporting period and this reporting period has come to my attention, which would require a change in the conclusion by the Board of Directors and management in relation to the effectiveness of the internal controls over financial reporting and disclosure of the Corporation.

Nothing in that stated above detracts from my responsibility or the responsibility of any other person under any law.

Date: August 6, 2013

Stefan Borgas
Chief Executive Officer

Declaration of the most senior officer in the finance area in accordance with Regulation 38C(d)(2):

I, Avi Doitchman, declare that:

1. I have examined the financial statements and other financial information included in the interim financial statements of Israel Chemicals Ltd. (hereinafter – "the Corporation") for the second quarter of 2013 (hereinafter – "the Statements or the Interim Statements");

2. As far as I am aware, the interim financial statements and the other financial information included in the Interim Statements do not include a misrepresentation of a material fact and they do not lack a material fact that is required so that the representations included therein, in light of the circumstances in which such representations were included, will not be misleading with reference to the period covered by the Statements;

3. As far as I am aware, the interim financial statements and other financial information included in the Statements properly reflect, in all material respects, the Corporation's financial position, results of operations and cash flows as at the dates and for the periods to which the Statements relate;

4. I have disclosed to the Corporation's Auditors, Board of Directors and Audit and Financial Statements Committees, based on my most up-to-date estimation with respect to the internal control over the Corporation's financial reporting and disclosure:

A) All the significant deficiencies and material weaknesses in determination or operation of the internal control over the financial reporting and disclosure to the extent it relates to the interim financial statements and the other financial information included in the interim Statements, which could reasonably have an adverse impact on the Corporation's ability to gather, process, summarize or report financial information in such a manner that could cause doubt with respect to the reliability of the financial report and preparation of the financial statements in accordance with the provisions of law; and –

B) Every fraud, whether or not significant, wherein the CEO is involved or a party under his direct supervision or other employees are involved that have a significant function in the internal control over the financial reporting and disclosure;

5. I, alone or together with others in the Corporation:

A) Have determined controls and procedures, or have verified the determination and existence of controls and procedures under my supervision, which are designed to ensure that significant information relating to the Corporation including subsidiaries as defined in the Securities Law (annual financial statements), 2010 is brought to my attention by others in the Corporation and subsidiaries particularly during the period of preparation of the Statements; and –

B) Have determined controls and procedures, or have verified the determination and existence of controls and procedures under my supervision, which are designed to reasonably ensure the reliability of the financial report and preparation of the financial statements in accordance with the provisions of law, including in accordance with generally accepted accounting principles (GAAP);

C) No event or matter that happened during the period since the last reporting period and this reporting period, relating to the interim financial statements and the other financial information included in the interim statements, has come to my attention, which would require a change in the conclusion by the Board of Directors and management in relation to the effectiveness of the internal controls over financial reporting and disclosure of the Corporation.

Nothing in that stated above detracts from my responsibility or the responsibility of any other person under any law.

Date: August 6, 2013

Avi Doitchman
Executive VP, CFO and Strategy