Financial Report 2017

2017 Full Year Financial Performance

Sales $12.65 billion: down 1 percent (2016: $12.79 billion)

- **Volumes up 1 percent**
- **Local currency prices down 3 percent**
- **Sales up 2 percent excluding Brazil Crop Protection**

EBITDA[1] margin maintained at 21 percent[2]

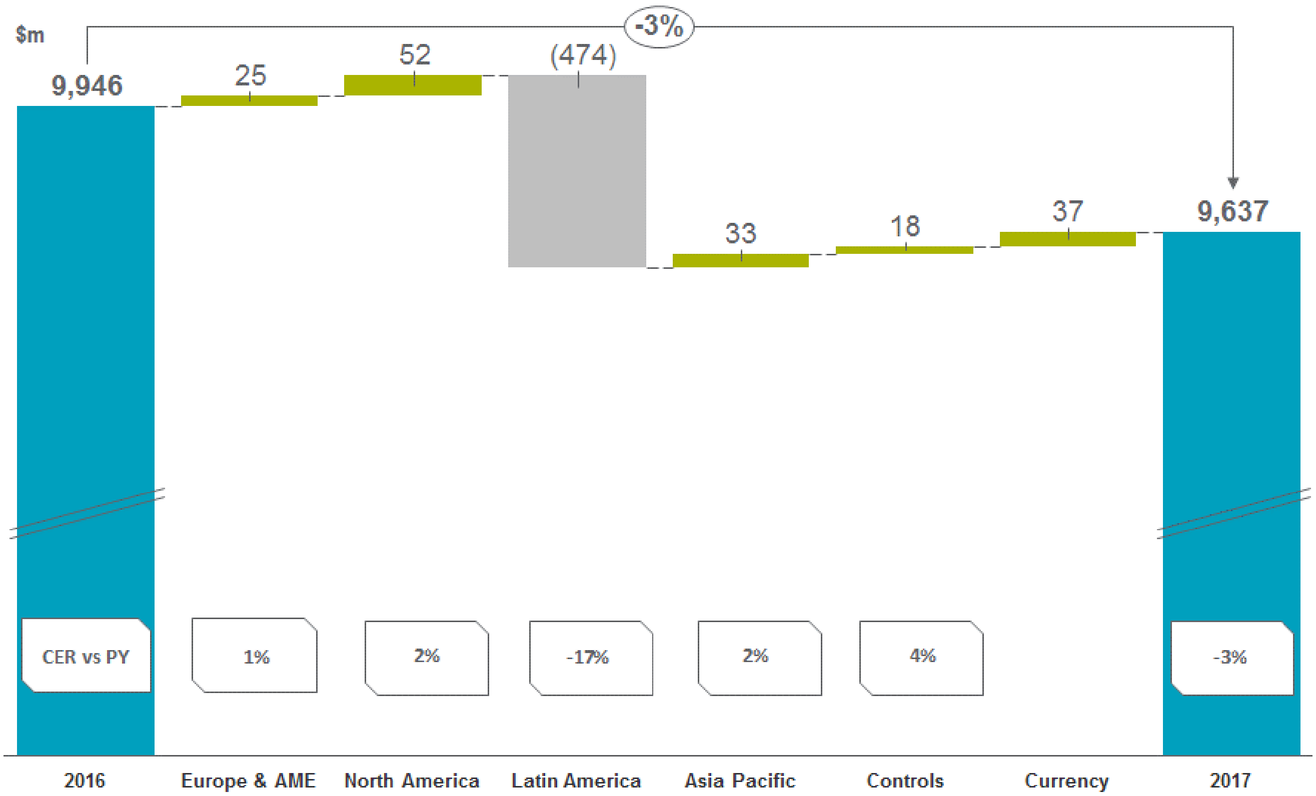
Adjusted net income $1.61 billion[3]: up 2 percent (2016: $1.57 billion)

Free cash flow $1.7 billion before acquisitions and ChemChina transaction outflows[4]

1 EBITDA defined as earnings before interest, tax, non-controlling interests, depreciation, amortization, restructuring and impairment
2 before US litigation settlement provision
3 excluding restructuring, US litigation settlement provision and one-off impact of US tax reform
4 excludes one-off outflows to settle share plans following the ChemChina transaction

Crop Protection sales vs. prior year by region

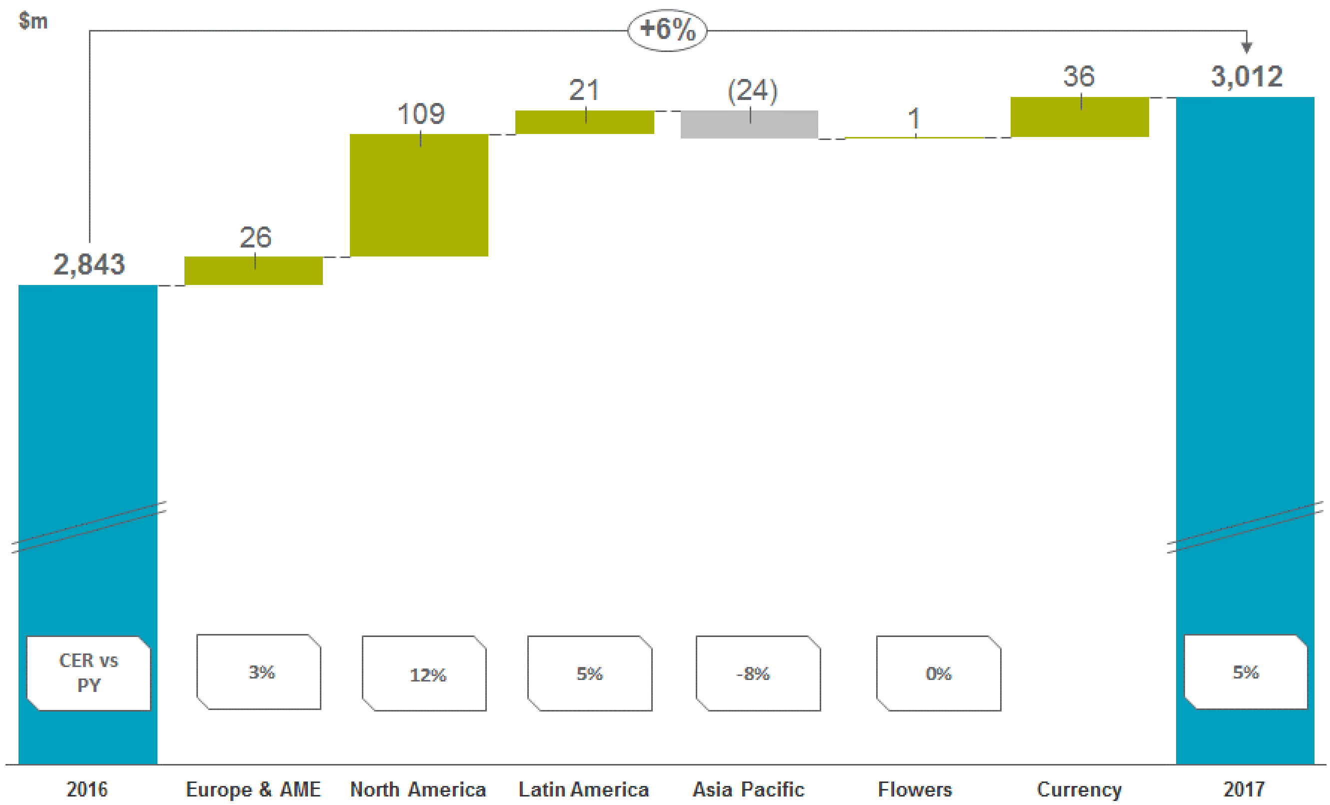
Excludes sales to Seeds, includes Controls



CER = at constant exchange rates

Seeds sales vs. prior year by region

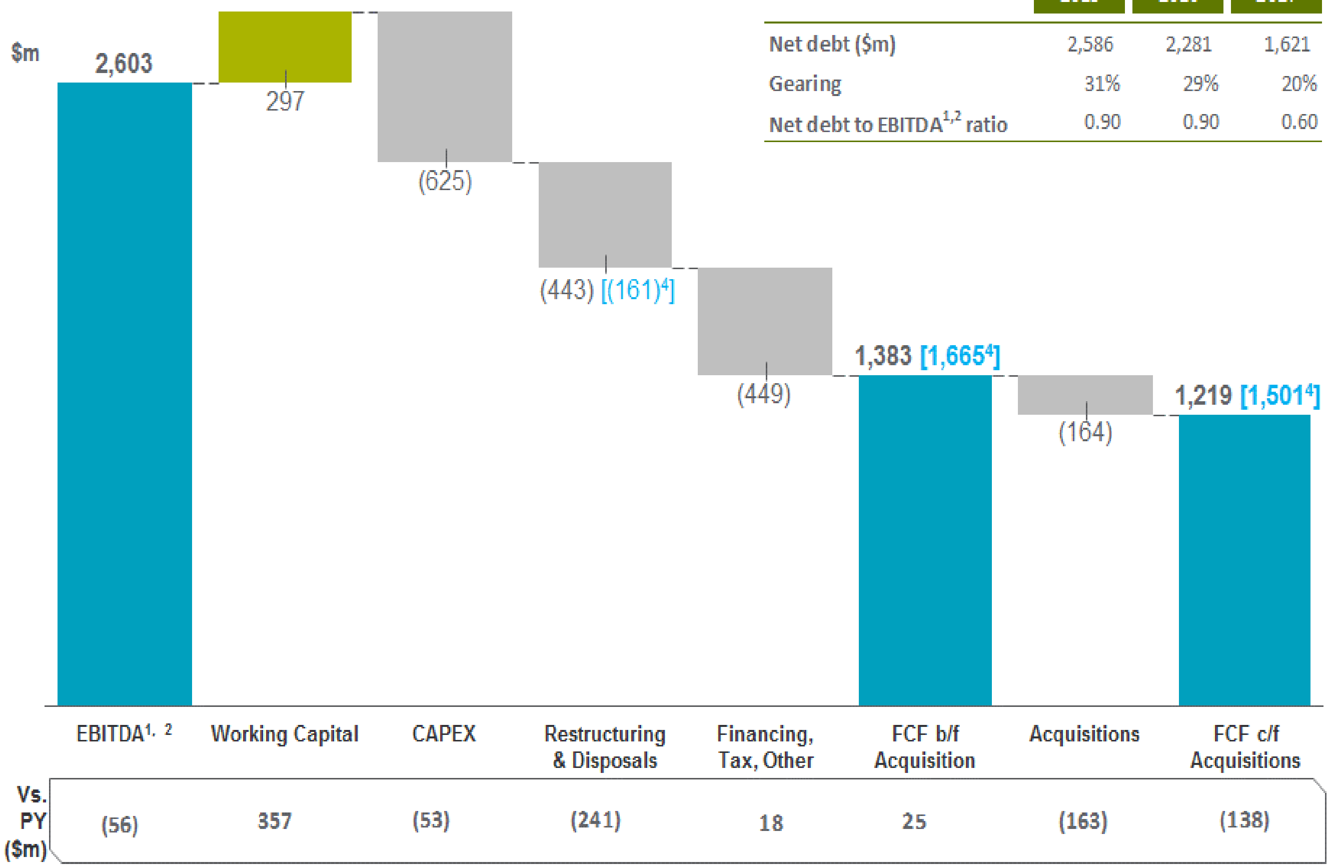
Includes Flowers



CER = at constant exchange rates

Free cash flow vs. prior year

	Full year 2015	Full year 2016	Full year 2017
Net debt ($m)	2,586	2,281	1,621
Gearing	31%	29%	20%
Net debt to EBITDA[1,2] ratio	0.90	0.90	0.60



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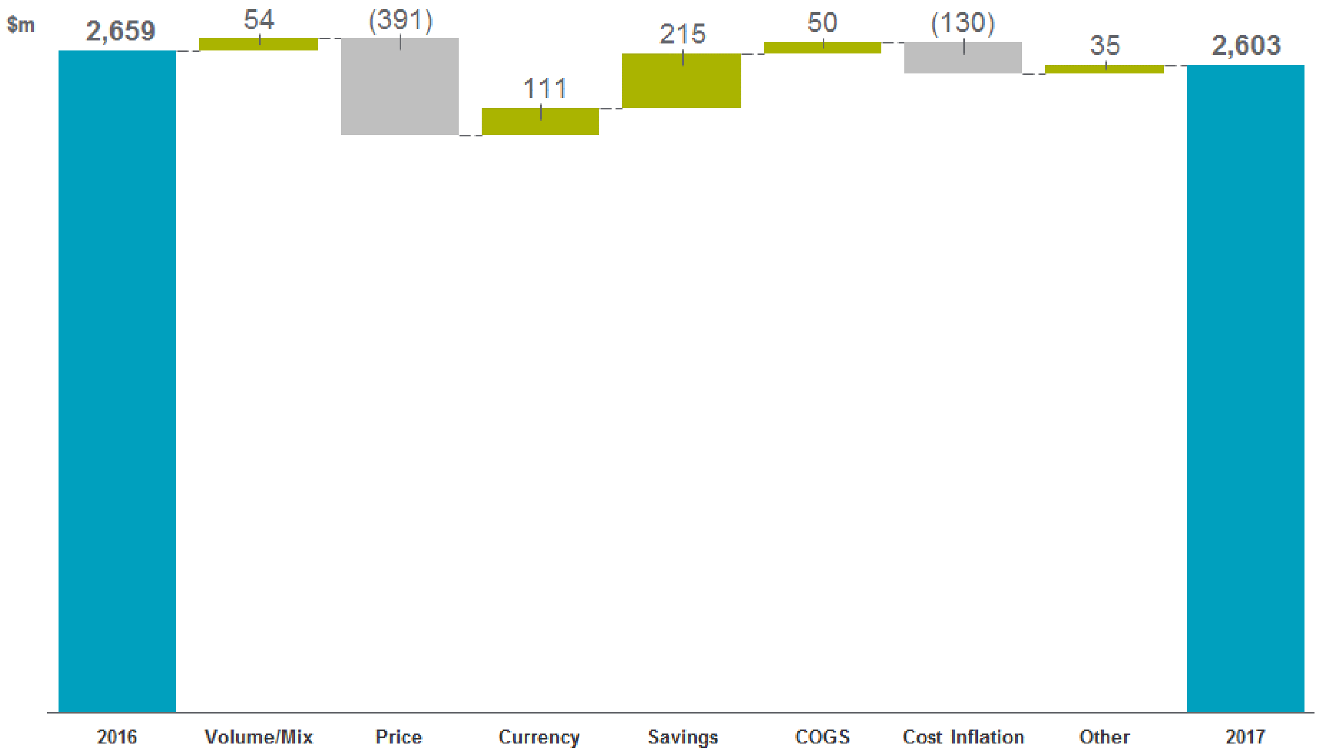
2017 Full Year Financial Performance

EBITDA progression[1, 2]



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2 before US litigation settlement provision

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Introduction

The following discussion includes forward-looking statements subject to risks and uncertainty. See "Forward-looking statements" at the beginning of this document. This discussion also includes non-GAAP financial data in addition to GAAP results. See Appendix A to this section and Note 1 to the financial highlights for a reconciliation of this data and explanation of the reasons for presenting such data.

Constant exchange rates

Approximately 46 percent of Syngenta's sales and 66 percent of Syngenta's costs in 2017 were denominated in currencies other than US dollars. Therefore, Syngenta's results for the period covered by the review were significantly impacted by movements in exchange rates. Sales in 2017 were 1 percent lower than 2016 on a reported basis, but were 2 percent lower when calculated at constant rates of exchange. The Company therefore provides analysis of results calculated at constant exchange rates ("CER") and also actual results to allow an assessment of performance before and after taking account of currency fluctuations. To present CER information, current period results for entities reporting in currencies other than US dollars are converted into US dollars at the prior period's exchange rates, rather than the exchange rates for this year. An example of this calculation is included in Appendix A of this section.

Overview

Syngenta is a world leading agribusiness operating in the crop protection, seeds and lawn and garden markets. Crop protection chemicals include herbicides, insecticides, fungicides and seed treatments to control weeds, insects and diseases in crops, and are essential inputs enabling growers around the world to improve agricultural productivity and food quality. In Seeds, Syngenta operates in the high value commercial sectors of field crops (including corn, oilseeds, and cereals) and vegetables. The Lawn and Garden business, comprising the Controls and Flowers businesses provides professional growers and consumers with flowers, turf and landscape, and professional pest management products.

Syngenta's results are affected, both positively and negatively, by, among other factors: general economic conditions; weather conditions, which can influence the demand for certain products over the course of a season and the quantity and cost of seeds supply; commodity crop prices; and exchange rate fluctuations. Government measures, such as subsidies or rules regulating the use of agricultural products, genetically modified seeds, or areas allowed to be planted with certain crops, also can have an impact on Syngenta's industry. Syngenta's results are also affected by the growing importance of biotechnology to agriculture and the use of genetically modified crops. In future years, climate change may have both positive and negative impacts on Syngenta's results. Climate change may make growing certain crops more or less viable in different geographic areas, but is not likely to reduce overall demand for food and feed. Syngenta currently sells and is developing products to improve the water productivity of plants and increase tolerance to drought and heat. Legislation may be enacted in the future that limits carbon dioxide emissions in the manufacture of Syngenta's products or increases the costs associated with such emissions. Syngenta works actively to make its production operations more energy efficient and to reduce the rate of carbon dioxide emissions per unit of sales revenue.

Syngenta operates globally to capitalize on its technology and marketing base. Syngenta's largest market in 2017 was Europe, Africa and the Middle East, which represented approximately 33 percent of consolidated sales (2016: 31 percent) followed by North America at 29 percent (2016: 28 percent), Latin America at 23 percent (2016: 26 percent) and Asia Pacific at 15 percent (2016: 15 percent). Markets for agricultural products in Europe, Africa and the Middle East and North America are seasonal resulting in both sales and operating profit for Syngenta in these markets being weighted towards the first half of the calendar year, which largely reflects the northern hemisphere planting and growing cycle. Latin America has its main selling season in the second half of the year due to its location in the southern hemisphere. Asia Pacific sales and operating profit are more uniform throughout the year.

Syngenta's most significant manufacturing and research and development sites are located in Switzerland, the United Kingdom ("UK"), the United States of America ("USA" or "US") and China. Syngenta has major research centers focused on identifying new active ingredients in Stein, Switzerland and Jealott's Hill, UK. Syngenta's primary center for agricultural genomics and biotechnology research is in the USA.

References in this document to market share estimates are based where possible on global agrochemical and biotechnology industry information provided by a third party or on information published by major competitors and are supplemented by Syngenta marketing staff estimates.

The consolidated financial statements are presented in US dollars, as this is the major currency in which revenues are denominated. However, significant, but differing proportions of Syngenta's revenues, costs, assets and liabilities are denominated in currencies other than US dollars. Approximately 16 percent of sales in 2017 were denominated in Euros, while a significant proportion of costs for research and development, administration, general overhead and manufacturing were denominated in Swiss francs and British pounds sterling (approximately 18 percent in total). Sales in Swiss francs and British pounds sterling together made up approximately 2 percent of total sales. Marketing and distribution costs are more closely linked to the currency split of the sales. As a result, operating profit in US dollars can be significantly affected by movements in exchange rates, in particular movements of the Swiss franc, British pound sterling, Euro and Brazilian real, relative to the US dollar, and the relative impact on operating profit may differ from that on sales. Sales in emerging markets are over 50 percent of Syngenta's total sales. Where it is not commercially disadvantageous, Syngenta sets sales prices in these markets in US dollars, particularly in parts of Latin America and the CIS. However, in many emerging territories Syngenta sells in the local currency of the countries in the territory and as a result has a long exposure to multiple emerging market currencies. The effects of currency fluctuations within any one year have been reduced by risk management strategies such as hedging and the aforementioned US dollar sales pricing. For further information on these strategies please refer to Note 25 of the consolidated financial statements.

The consolidated financial statements are based upon Syngenta's accounting policies and, where necessary, the results of management estimations. Syngenta believes that the critical accounting policies and estimations underpinning the financial statements are in the areas of (i) royalty and license income, (ii) impairment, (iii) share based payment, (iv) adjustments to revenue and trade receivables, (v) deferred tax assets (vi) uncertain tax positions (vii) seeds inventory valuation and allowances, (viii) environmental provisions and (ix) defined benefit post-employment benefits. These policies are described in more detail in Notes 2 and 27 to the consolidated financial statements.

Summary of results

The net result in 2017 was a loss of $96 million due to the establishment in the year of provisions of $1,550 million to settle lawsuits related to the commercialization of Syngenta's AGRISURE VIPTERA® and DURACADE™ corn seed in the United States before import approval for these products from China had been received. Excluding these charges and the related tax effect, net income was $1,152 million, approximately 2 percent lower than in 2016, partly due to adverse impacts on the tax charge of $96 million arising from the US tax reform, particularly with regards to previously recognized deferred tax assets.

Sales in 2017 were 1 percent lower, 2 percent at constant exchange rates, with a 1 percent increase in sales volumes offset by 3 percent reduction in local currency sales prices. Sales of Crop Protection products in Brazil were impacted by a high level of general industry inventories at distributors, after two years of extreme weather in the north and south of Brazil, and price reductions for a fungicide where initial indicators of fungal resistance had been seen; excluding the reduction in sales in Brazil Crop Protection, sales were 2 percent higher than 2016. Currency movements relative to the US dollar, particular a stronger Russian ruble and Brazilian real, increased reported sales by approximately 1 percent. Including the lower sales in Brazil, which was the major factor in a 7 percent reduction in Crop Protection sales volumes in Latin America, overall sales volumes in Crop Protection were broadly flat at the 2016 level in markets that remained challenging, with growth in sales of new products in the US and Europe, but fewer acres planted with corn in the US and the impact of adverse spring and summer weather conditions in Western Europe. Seeds sales volumes were 6 percent higher than 2016, with an increase in royalty income coming both from the licensing of corn containing the MIR604 trait in China and from income related to a change of control clause associated with industry consolidation, and growth in corn seed sales in Brazil. Local currency sales prices were 4 percent lower in Crop Protection, including the fungicide price reductions in Brazil and a competitive market in corn herbicides in the US partly arising from the reduced corn acres. Local currency sales prices in Seeds were 1 percent lower.

Excluding the litigation provision noted above, operating costs as a percentage of sales increased by 0.2 percentage points in 2017. Excluding also restructuring costs and the incremental share based payment costs associated with the ChemChina Tender Offer, described below, operating costs as a percentage of sales increased by 0.3 percentage points in 2017 compared with 2016. Restructuring and impairment costs before related taxation, combined with the incremental effect of applying cash-settled share based payment accounting due to share plan amendments related to the ChemChina Tender Offer, were $24 million lower than in 2016, with a lower level of impairments of non-current assets and reduced costs associated with the ChemChina Tender Offer. Currency exchange rate impacts increased operating income by approximately $112 million, including reduced losses on related hedges in 2017 compared to 2016, together with the favorable impact on sales described above.

Cash flow from operating activities was $32 million higher due to a cash inflow from change in net working capital compared to an outflow in 2016; change in trade and other working capital assets was an inflow of $616 million compared to an outflow of $374 million in 2016, partly from the lower sales in Brazil in the final quarter of the year, but also with an improvement in customer collections and new customer financing programs to accelerate payment in Brazil and Argentina. Change in inventories was a cash outflow of $153 million in the year compared to an inflow of $252 million in 2016 partly as distributor demand in Brazil reduced in the final months of the year. Income before taxes, adjusted for the reversal of non-cash items was $280 million lower than 2016. Excluding the litigation settlements described above, where there was no cash outflow in 2017, income before taxes was higher than in 2016, but was lower before non-cash items such as the depreciation, amortization and impairment and charges in respect of pension provisions. $276 million was paid in 2017 to cash settle share based compensation following the completion of the ChemChina Tender Offer. Cash flow used for investing activities in 2017 was $56 million higher than in 2016, with cash paid on business acquisitions of $164 million in 2017 (2016: nil) and increased purchases of product rights more than offsetting lower additions to property, plant and equipment and increased disposal proceeds from the sale of tangible and intangible assets. Cash flow used for financing activities was $831 million lower than in 2016 largely due to a lower dividend payment; in 2017 Syngenta paid only a special dividend of CHF 5.00 per share immediately prior to the first settlement of the ChemChina Tender Offer.

Sales of Crop Protection products were 3 percent lower, 4 percent lower at constant exchange rates, with the reduction largely the result of lower sales in Brazil as noted above. Sales in EAME, North America and Asia Pacific were higher than in 2016, though with low single digit growth rates that reflected the continued challenging market environment, reduced corn crop acres in the US and adverse weather conditions in Western Europe in the growing season, which offset good growth in recently launched products, including in particular SOLATENOL™ in the US and several countries in Western Europe. Seeds sales were 6 percent higher than 2016, 5 percent higher at constant exchange rates, with double digit growth in North America driven by increased royalties on corn traits. Seeds sales also grew strongly in Latin America, with growth particularly in corn seeds in Brazil. Growth in EAME included further increases in sales of sunflower seeds in the CIS, but partly offset by lower cereal sales due to weak prices in the related commodities. Weaker sales in Asia Pacific included the impact of a very competitive corn market in the Philippines and weaker demand in India.

Sales of Controls and Flowers products together were 3 percent higher, with volume growth in Controls.

Gross profit margin was 0.4 percentage points lower due to reduced margins in Crop Protection products from the aforementioned lower sales prices; cost savings and the benefit of a lower oil price were offset by adverse product mix. Gross margins in Seeds products were higher due to the higher sales royalties, which overall were approximately $150 million higher, and a reduced level of charges for inventory provisions and write-offs.

Marketing and distribution expenses excluding restructuring and impairment increased by 4 percent, 2 percent at constant exchange rates, with savings under the Accelerating Operational Leverage (AOL) restructuring program and lower staff incentive costs offset by inflation and increased expenditure in emerging markets to drive future sales growth and an increased charge for doubtful receivables in Brazil.

Research and development expense was 2 percent lower, also at constant exchange rates, with cost savings and productivity improvements delivered under the AOL restructuring program and lower incentives offset by cost inflation.

General and administrative, including restructuring and impairment, the components of which are described under the Restructuring and impairment heading below, increased by $1,414 million compared with 2016. General and administrative excluding restructuring and impairment and the provision for settlement of the Viptera litigation was 13 percent lower than 2016, including foreign exchange hedging losses of $8 million compared with losses of $73 million in 2016. Excluding currency effects, General and administrative excluding restructuring and impairment was 5 percent lower and in 2017 included gains of approximately $89 million due to changes to the defined benefit pension and other post-employment benefit plans in the USA and the defined benefit pension plan in Switzerland, together with a lower level of staff incentive costs.

Restructuring and impairment expenses in 2017, including the $98 million incremental effect of applying cash-settled share based payment accounting due to the share plan amendments related to the ChemChina Tender Offer described below, reduced by $24 million compared to 2016. The AOL program, announced in February 2014, continued to progress, with charges of $279 million in 2017 compared to $223 million in 2016. Overall restructuring and impairment charges in 2017 were lower due mainly to a lower level of impairment of non-current assets than in 2016.

Financial expense, net was $113 million lower than 2016 mainly due to lower costs of hedging exposures in emerging markets. The tax rate, excluding taxes related to restructuring and impairment, increased by 7 percentage points to 21 percent; US tax reform increased the tax rate by 5 percent due to an adverse impact on pre-existing deferred tax assets and the tax rate was increased by a further 2 percent due to the provision for settlement of the Viptera litigation.

Reported net income attributable to Syngenta AG shareholders was a net loss of $98 million in 2017 compared to net income of $1,178 million in 2016; the litigation settlement and US tax reform together reduced 2017 net income by $1,344 million.

Acquisitions, divestments and other significant transactions

2017

On September 29, 2017, Syngenta completed the sale of its global Sugar Beet seeds business to DLF Seeds A/S (DLF) for a cash consideration of $62 million, subject to a final purchase price adjustment. The divestment of the Sugar Beet seeds business resulted in $45 million of asset impairment and divestment losses being incurred during 2017.

On November 6, 2017, Syngenta and COFCO International Ltd announced that Syngenta had entered into a binding agreement to acquire the global seeds business of Nidera, from Nidera B.V., a subsidiary of COFCO International Ltd. The acquisition consideration is $1,400 million in cash, subject to a final purchase price adjustment. Completion of the transaction was subject to clearance by the relevant merger-control authorities. The acquisition was completed on February 6, 2018, as further disclosed in Note 28 of the consolidated financial statements.

As of March 23, 2016, CNAC Saturn (NL) B.V. (“the Offeror”), a subsidiary of China National Chemical Corporation (ChemChina), a state-owned enterprise of the People’s Republic of China, launched public tender offers in Switzerland and the United States to acquire all the publicly held registered shares and, in the U.S. offer, also all American Depositary Shares (ADSs) of Syngenta AG (“the ChemChina Tender Offer”) for $465 per registered share in cash. On May 10, 2017, it was announced that, as of the end of the Main Offer Period, 76,128,826 Syngenta AG registered shares (including those represented by ADSs), corresponding to 82.23% of the voting rights, had been tendered in the ChemChina Tender Offer and that the Offer had been successful. On May 31, 2017, it was further announced that, as of the end of the Additional Acceptance Period, the definitive end result of the ChemChina Tender Offer was that the Offeror’s participation was 87,650,988 Syngenta AG registered shares (including those represented by ADSs), corresponding to 94.68% of the voting rights. Consequently, Syngenta AG’s parent company is now CNAC Saturn (NL) B.V. and its ultimate parent company is ChemChina. On July 13, 2017, following the purchase of additional Syngenta shares, ChemChina announced that its participation in Syngenta AG had exceeded 98 percent of Syngenta's share capital. As a consequence, ChemChina filed a petition with the Appellate Court Basel-City (Appellationsgericht Basel-Stadt) to cancel the remaining Syngenta shares that are not held by ChemChina or any of its affiliates.

On December 18, 2017, Syngenta announced that the Appellate Court Basel-City has cancelled all publicly held registered shares of Syngenta AG. On December 22, 2017, Syngenta announced that SIX Exchange Regulation had approved the delisting of the Syngenta shares from SIX Swiss Exchange as per January 8, 2018 and the last trading day of the Syngenta shares would be January 5, 2018. Following the delisting of the Syngenta shares from SIX Swiss Exchange, holders of cancelled shares were paid a cash compensation in the amount of $465 for each cancelled share. This amount corresponds to the offer price that had been paid by CNAC Saturn (NL) B.V.. On January 8, 2018, Syngenta announced that the ADSs would be delisted from the New York Stock Exchange effective on January 18, 2018, and that the trading of the ADSs would be suspended prior to the market opening on January 8, 2018.

2016

On March 15, 2016, Syngenta divested Syngenta Bioline Ltd. (“Bioline”), its beneficial insect breeding business. On June 1, 2016, Syngenta divested its manufacturing operations in Goa, India to Deccan Fine Chemicals India Private Ltd. Neither transaction had individually material proceeds nor led to a material gain or loss.

Restructuring programs

In February 2014, Syngenta announced the AOL restructuring program to drive further improvement in operating income margins and accelerate delivery of operational leverage. The program targets an improvement in profitability as a percentage of sales over the period up to 2018 from a reduction in the ratios of cost of goods sold, marketing and distribution, research and development and general and administrative expenses to sales. The program includes plans to further improve efficiency in customer facing operations, research and development and production and to enable an improvement in the ratio of trade working capital to sales. The cash cost of the restructuring program is estimated at approximately $900 million, including the costs of implementing new systems, but excluding related capital expenditures, and significant benefits began to be realized in 2015. During 2017, cash costs of $283 million were charged under the program (2016: $214 million) and cash spent was $244 million (2016: $229 million). Non-cash charges of $1 million were incurred to write down assets (2016: $9 million). Cumulative costs incurred for the program through December 31, 2017 total $774 million and cumulative spending totals $684 million.

The program announced in 2011 to integrate global commercial operations for Crop Protection and Seeds was substantially complete at the end of 2016. The program has enabled operational synergies from the commercial integration, additional cost savings from procurement and supply chain efficiencies and the presentation of an integrated product offer to grower customers. Cumulative costs incurred for the program through

December 31, 2016 totaled $400 million, in line with previously estimated cash costs, and cumulative spending totals $385 million, including $6 million of cash spent in 2017.

The operational efficiency cost saving programs announced in 2004 and 2007 are now complete. Cash spent under the programs in 2016 totaled $3 million. Cumulative spending on the programs to the end of 2016 totaled $1,063 million and non-cash charges totaled $371 million, broadly in line with the projected $1,050 million cash costs and $380 million of non-cash charges previously indicated.

Results of operations

2017 compared with 2016

Sales commentary

Syngenta's consolidated sales for 2017 were $12,649 million, compared with $12,790 million in 2016, a one percent decrease year on year. At constant exchange rates sales decreased by two percent. The analysis by segment is as follows:

($m, except change %)			Change				
Segment	**2017**	2016	Volume %	Local price %	CER %	Currency %	Actual %
Europe, Africa and Middle East	**3,870**	3,793	+2	-1	+1	+1	+2
North America	**3,361**	3,202	+8	-3	+5	-	+5
Latin America	**2,884**	3,293	-6	-8	-14	+2	-12
Asia Pacific	**1,853**	1,839	-	-	-	+1	+1
Total regional	**11,968**	12,127	+1	-3	-2	+1	-1
Controls and Flowers	**681**	663	+4	-1	+3	-	+3
Group sales	**12,649**	12,790	+1	-3	-2	+1	-1

Europe, Africa and Middle East
Sales increased by 2 percent, 1 percent at constant exchange rates, with volume increases of 2 percent offset by local currency price decreases of 1 percent. Crop Protection sales were 1 percent higher, with continued growth in the CIS and sales of new products, particularly Solatenol, which was launched in France, Germany and the UK, largely offset by the impact of adverse weather conditions in the spring and summer growing season. Seeds sales were 5 percent higher, with strong sales of sunflower seeds in the CIS and growth in Vegetables seeds sales, but lower cereal sales due to low crop prices.

North America
Sales in North America increased 5 percent with volume increases of 8 percent partly offset by local currency price declines of 3 percent. Crop Protection sales were 2 percent higher, with strong growth in new product sales but lower sales volumes and prices in corn herbicides in a competitive US market, where acres planted with corn were reduced. Sales in Canada grew strongly. Seeds sales were 12 percent higher with increased Corn royalties including royalty income due to the registration of DURACADE™ in China and increased sales of Soybean seeds.

Latin America
Sales decreased by 12 percent, 14 percent at constant exchange rates. Reported volumes and local currency prices declined by 6 percent and 8 percent, respectively. Crop Protection sales were 15 percent lower, 16 percent at constant exchange rates, with a high level of channel inventories at the start of the year, associated with two years of adverse weather in the north and south of Brazil, reducing distributor demand in 2017 across the industry and with price reductions in a fungicide where there had been indications of fungal resistance. Seeds sales were 7 percent higher, 5 percent at constant exchange rates, with strong sales of Corn seeds in Brazil.

Asia Pacific
Sales in Asia Pacific increased by 1 percent, but were flat year on year at constant exchange rates. Crop Protection sales were 2 percent higher, with strong growth in ASEAN following the adverse impact of El Nino in 2015 / 2016, partly offset by lower sales in India where channel inventories were high at the start of the year and low insect pressure reduced insecticide sales.

Controls and Flowers: major brands ICON®, GOLDFISCH®, GOLDSMITH® SEEDS, YODER®, SYNGENTA® FLOWER
Sales increased by three percent, also at constant exchange rates, with higher sales volumes driven by increased sales of Vector Control products.

Sales by product line are set out below:

($m, except change %)			Change				
Product line	2017	2016	Volume %	Local price %	CER %	Currency %	Actual %
Selective herbicides	**2,720**	2,853	-3	-2	-5	-	-5
Non-selective herbicides	**791**	773	+7	-7	-	+2	+2
Fungicides	**2,896**	3,157	-2	-6	-8	-	-8
Insecticides	**1,632**	1,643	+4	-6	-2	+1	-1
Seedcare	**1,055**	1,003	+6	-3	+3	+2	+5
Other crop protection	**150**	142	-7	+30	+23	-17	+6
Total Crop Protection	**9,244**	9,571	-	-4	-4	+1	-3
Corn and soybean	**1,503**	1,375	+11	-3	+8	+1	+9
Diverse field crops	**701**	666	-	+1	+1	+4	+5
Vegetables	**622**	616	-1	+2	+1	-	+1
Total Seeds	**2,826**	2,657	+6	-1	+5	+1	+6
Elimination*	**(102)**	(101)	n/a	n/a	n/a	n/a	n/a
Total regional	**11,968**	12,127	+1	-3	-2	+1	-1
Controls and Flowers	**681**	663					
Group sales	**12,649**	12,790	+1	-3	-2	+1	-1

* Crop Protection sales to Seeds

Crop Protection

Selective herbicides: major brands ACURON™, AXIAL®, CALLISTO® family, DUAL MAGNUM®, BICEP® II MAGNUM, FUSILADE® MAX, FLEX®, TOPIK®

Sales decreased by 5 percent, also at constant exchange rates; lower corn herbicide sales volumes and prices in the US, where corn planted acres were lower and weak distributor demand in Brazil were only partly offset by a strong sales performance in Canada.

Non-selective herbicides: major brands GRAMOXONE®, TOUCHDOWN®

Sales increased by 2 percent, but were flat at constant exchange rates, with increased sales volumes and local currency sales prices in Asia Pacific, driven by ASEAN and Australasia, but significantly lower sales prices in the depressed Brazilian market.

Fungicides: major brands ALTO®, AMISTAR®, BONTIMA®, BRAVO®, ELATUS™, MIRAVIS™ (based on ADEPIDYN™) , MODDUS®, REVUS®, RIDOMIL GOLD ®, SCORE®, SEGURIS®, UNIX®

Fungicide sales decreased by 8 percent, also at constant exchange rates. Solatenol sales grew strongly in Western Europe and the US following recent launches, but this was more than offset by significantly lower fungicide sales in Brazil, where local currency sales prices were reduced after some indications of fungal resistance to a significant formulation and volumes were also lower, with weak demand from an overstocked distribution channel.

Insecticides: major brands ACTARA®, DURIVO®, FORCE®, KARATE®, PROCLAIM®, VERTIMEC®

Sales fell by 1 percent and were 2 percent lower at constant exchange rates with volumes increases of 4 percent, driven by growth in the US and Brazil, but more than offset by a decline in local currency price of 6 percent from reduced prices in Brazil.

Seedcare: major brands AVICTA®, CRUISER®, DIVIDEND®, CELEST®/MAXIM®, VIBRANCE™

Seedcare sales were 5 percent higher, 3 percent higher at constant exchange rates. Sales volumes were 6 percent higher driven by the recently launched FORTENZA® in Brazil, but local currency prices were 3 percent lower.

Seeds

Corn and soybean: major brands AGRISURE™, GOLDEN HARVEST®, NK®

Sales increased by 9 percent, 8 percent at constant exchange rates. Volumes were 11 percent higher including approximately $150 million higher royalties in corn following the registration of corn containing DURACADE™ in China and a receipt triggered by a change of control. Sales volumes of corn seed were higher in Brazil, but lower in the US due to reduced acres planted with corn; soybean sales volumes were higher in North America. Local currency sales prices were 3 percent lower.

Diverse field crops: major brands NK® oilseeds

Sales increased by 5 percent, but were flat year on year at constant exchange. Sales volumes were flat overall, with continued strong growth in sunflower sales in the CIS, but offset by weaker sales in the US; local currency prices increased 1 percent, with prices maintained in the CIS despite a strengthening of the Russian ruble.

Vegetables: major brands ROGERS™, S&G®

Vegetables sales increased by 1 percent, also at constant exchange rates; sales volumes declined 1 percent as broad based growth in EAME and Latin America was offset by weakness in India and local currency price increased by 2 percent.

Operating income

Variances in the tables below reflect the profit impact of changes year on year. For example, an increase of sales or a decrease in costs is a positive variance and a decrease in sales or increase in costs is a negative variance.

Group Operating Income	Total as reported under IFRS		Change		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2017	2016	Actual %	CER %	2017	2016	2017	2016	Actual %	CER %
Sales	**12,649**	12,790	**-1%**	-2%	**-**	-	**12,649**	12,790	**-1%**	-2%
Cost of goods sold	**(6,491)**	(6,507)	**-**	-	**(9)**	(6)	**(6,482)**	(6,501)	**-**	-
Gross profit	**6,158**	6,283	**-2%**	-3%	**(9)**	(6)	**6,167**	6,289	**-2%**	-3%
as a percentage of sales	**49%**	49%					**49%**	49%		
Marketing and distribution	**(2,197)**	(2,117)	**-4%**	-3%	**(31)**	(26)	**(2,166)**	(2,091)	**-4%**	-2%
Research and development	**(1,273)**	(1,299)	**2%**	2%	**(12)**	(8)	**(1,261)**	(1,291)	**2%**	2%
General and administrative	**(2,634)**	(1,220)	**-116%**	-121%	**(401)**	(437)	**(2,233)**	(783)	**-185%**	-193%
Operating income	**54**	1,647	**-97%**	-104%	**(453)**	(477)	**507**	2,124	**-76%**	-81%
as a percentage of sales	**0%**	13%					**4%**	17%		

Operating Income/(Loss)

($m, except change %)	2017	2016	Change %
Europe, Africa and Middle East	**1,130**	1,204	-6%
North America	**(624)**	793	-179%
Latin America	**520**	933	-44%
Asia Pacific	**508**	508	-
Unallocated	**(1,612)**	(1,908)	15%
Total regional	**(78)**	1,530	-105%
Lawn and Garden	**132**	117	13%
Group	**54**	1,647	-97%

The two tables above do not represent income statements prepared under IFRS. Please refer to the information reported in the consolidated financial statements.

1 Amounts before restructuring and impairment are non-GAAP measures. Please refer to Appendix A of the Operating and Financial Review for a more detailed description.

Overall Group operating income

Operating income in 2017 included a provision of $1,550 million for settlement of litigation in relation to commercializing the MIR162 trait before import approval for corn containing that trait had been received in China. Excluding that provision, operating income was $1,604 million, 3 percent lower than in 2016, largely as a result of lower sales volumes and local currency prices in Crop Protection in Brazil. Currency movements, including the net hedging result from the hedging program for forecast foreign currency transactions ("EBITDA hedging program"), are estimated to have increased operating income by approximately $111 million from lower hedging losses and the impact on sales of a stronger Brazilian real and Russian ruble. The ratio of operating income to sales was 0.2 percentage points lower excluding the litigation settlement provision, 0.3 percentage points excluding restructuring and impairment.

Sales declined by 1 percent, 2 percent at constant exchange rates with sales volumes 1 percent higher, but local currency sales prices 3 percent lower. The lower sales included a decline in Crop Protection sales in Brazil due to a depressed market and an excess level of industry inventories in the distribution channel at the start of 2017, together with lower local currency sales prices to reposition a fungicide where indications of fungal resistance had been identified. Excluding the lower sales in Brazil Crop Protection, sales were up 2 percent on 2016. Local currency sales prices were 4 percent lower in Crop Protection, with the aforementioned reductions in Brazil and price reductions in corn herbicides in the US, where competition was intense due to a reduction in acres planted with corn and low crop profitability for the grower. Local currency prices in Seeds were 1 percent lower, with reduced prices in Corn and Soybean in the US. Exchange rate movements increased sales by 1 percent, with a stronger Brazilian real and Russian ruble.

Gross profit margin was 0.4 percentage points lower, with a reduced margin in Crop Protection where the lower sales prices and some adverse product mix more than offset cost savings and the benefit of a lower oil price. Margins in Seeds were stronger with an increased level of royalty income and a reduction in charges to inventory provisions and write-offs.

Marketing and distribution costs were 4 percent higher; also 4 percent higher excluding restructuring and impairment, 2 percent at constant exchange rates, with an increase in charges for doubtful receivables in Brazil and, off a low base, Europe. Research and development expense decreased by 2 percent, also at constant exchange rates, with cost savings and productivity increases from ongoing AOL restructuring and a lower level of staff incentives. Research and development expense remained broadly flat as a percentage of sales.

General and administrative including restructuring and impairment and the litigation provision was substantially higher than 2016. Excluding the litigation provision and restructuring and impairment. General and administrative was 13 percent lower than 2016. General and administrative is reported net of the result of currency hedging programs, which in 2017 was a net expense of $8 million compared with a net expense of $73 million in 2016. At constant exchange rates, taking into account both variances in underlying costs and the change in the net hedging result from year to year, General and administrative excluding restructuring and impairment was 5 percent lower than 2016. Costs in 2017 included increased litigation expenses, including legal costs associated with the actions that have now been settled, subject to court approval, but were net of gains of $89 million from changes made to the defined benefit pension plans and other post-retirement benefits in the US and Switzerland.

Restructuring and impairment, together with the incremental effect of applying cash-settled share based payment accounting due to the share plan amendments related to the ChemChina Tender Offer, is described in the Restructuring and impairment section below and reduced by $24 million in 2017 to $453 million, with lower advisory costs related to the ChemChina Tender Offer and reduced impairments of non-current assets, partly offset by the inclusion of the loss on divestment of the sugar beet business.

Operating income by segment

Europe, Africa and Middle East	**Total as reported under IFRS**		**Change**		**Restructuring and impairment**		**Before restructuring and impairment[1]**		**Change before restructuring and impairment[1]**	
($m, except change %)	**2017**	2016	**Actual %**	CER %	**2017**	2016	**2017**	2016	Actual %	CER %
Sales	**3,870**	3,793	**2%**	1%	**-**	-	**3,870**	3,793	**2%**	1%
Cost of goods sold	**(1,853)**	(1,801)	**-3%**	-3%	**-**	-	**(1,853)**	(1,801)	**-3%**	-3%
Gross profit	**2,017**	1,992	**1%**	-	**-**	-	**2,017**	1,992	**1%**	-
as a percentage of sales	**52%**	53%					**52%**	53%		
Marketing and distribution	**(583)**	(554)	**-5%**	-4%	**(11)**	(9)	**(572)**	(545)	**-5%**	-4%
General and administrative	**(304)**	(234)	**-30%**	-28%	**(156)**	(98)	**(148)**	(136)	**-8%**	-7%
Operating income	**1,130**	1,204	**-6%**	-8%	**(167)**	(107)	**1,297**	1,311	**-1%**	-3%
as a percentage of sales	**29%**	32%					**34%**	35%		

This table does not represent an income statement prepared under IFRS. Please refer to the segmental information reported in Note 4 to the consolidated financial statements.
1 Amounts before restructuring and impairment are non-GAAP measures. Please refer to Appendix A of the Operating and Financial Review for a more detailed description.

Reported sales in Europe, Africa and Middle East were 2 percent above 2016, including approximately 1 percent from a stronger ruble relative to the US dollar. At constant exchange rates, sales were 1 percent above 2016, with sales volumes 2 percent higher and local currency prices averaging 1 percent lower, with prices in Russia under pressure as a result of the strengthening exchange rate. See the Sales commentary section above for further information on sales in the region.

Gross profit margin was 1 percentage point lower both in US dollars and at constant exchange rates due to the lower sales prices and some adverse product mix in Crop Protection products, particularly with sales of new products where margins are typically lower in the launch phase.

Marketing and distribution costs, excluding restructuring and impairment, were 5 percent higher, 4 percent at constant exchange rates, with increased expenditure in the developing markets of East Europe and an increase in charges for doubtful receivables from a low 2016 base.

General and administrative was 30 percent higher including increased restructuring charges. Excluding restructuring and impairment, General and administrative was 8 percent higher, 7 percent at constant exchange rates including an increased allocation of shared service costs.

Restructuring and impairment charges were $167 million in 2017 compared with $107 million in 2016. Charges in 2017 include $124 million related to progressing the AOL restructuring program, including restructuring the territory management and marketing organizations and the relocation of certain support activities to lower cost countries, $23 million of write downs and impairments associated with the divestment of a seeds crop and $12 million of share based payment charges related to the ChemChina Tender Offer. Charges in 2016 include $100 million related to progressing the AOL restructuring program, $9 million of share-based payment charges related to the ChemChina Tender Offer and $7 million for integration projects.

Operating income as a percentage of sales was 3 percentage points lower than in 2016, 1 percentage point lower excluding restructuring and impairment.

North America	Total as reported under IFRS		Change		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2017	2016	Actual %	CER %	2017	2016	2017	2016	Actual %	CER %
Sales	**3,361**	3,202	**5%**	5%	**-**	-	**3,361**	3,202	**5%**	5%
Cost of goods sold	**(1,738)**	(1,720)	**-1%**	-1%	**(2)**	(2)	**(1,736)**	(1,718)	**-1%**	-1%
Gross profit	**1,623**	1,482	**10%**	10%	**(2)**	(2)	**1,625**	1,484	**10%**	10%
as a percentage of sales	**48%**	46%					**48%**	46%		
Marketing and distribution	**(536)**	(528)	**-1%**	-1%	**(9)**	(8)	**(527)**	(520)	**-1%**	-1%
General and administrative	**(1,711)**	(161)	**-966%**	-966%	**(41)**	(58)	**(1,670)**	(103)	**-1520%**	-1520%
Operating income	**(624)**	793	**-179%**	-178%	**(52)**	(68)	**(572)**	861	**-166%**	-166%
as a percentage of sales	**(19)%**	25%					**(17)%**	27%		

This table does not represent an income statement prepared under IFRS. Please refer to the segmental information reported in Note 4 to the consolidated financial statements.

1 Amounts before restructuring and impairment are non-GAAP measures. Please refer to Appendix A of the Operating and Financial Review for a more detailed description.

Sales were 5 percent higher in US dollars and at constant exchange rates, with sales volumes 8 percent higher and 3 percent lower local currency sales prices. Seeds sales included increased royalties related to corn. See the Sales commentary section above for further information on sales in the region. Gross profit margin was 2 percentage points higher in 2017, with higher margins in Seeds due to the increased royalty income, but reduced margins in Crop Protection from lower sales prices in a competitive market in com selective herbicides.

Marketing and distribution costs excluding restructuring and impairment were 1 percent higher in US dollars and at constant exchange rates.

General and administrative excluding restructuring and impairment included approximately $1.6 billion associated with the legal expenses and settlement of litigation relating to the sale of seeds including the MIR162 trait; otherwise expenditure was broadly flat.

Restructuring and impairment costs were $52 million in 2017 and included $40 million from AOL projects, $8 million of inventory write downs and impairments associated with the divestment of a Seed crop and $13 million of share based payment charges related to the ChemChina Tender Offer and were net of the gain from divesting various Crop Protection products as part of the anti-trust clearance of the ChemChina acquisition of Syngenta. Charges in 2016 included $26 million under the AOL program, $13 million of share based payment charges related to the ChemChina Tender Offer and $25 million of impairments related to two sites now classified as held for sale.

Latin America	Total as reported under IFRS		Change		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2017	2016	Actual %	CER %	2017	2016	2017	2016	Actual %	CER %
Sales	**2,884**	3,293	**-12%**	-14%	**-**	-	**2,884**	3,293	**-12%**	-14%
Cost of goods sold	**(1,660)**	(1,766)	**6%**	6%	**(1)**	(1)	**(1,659)**	(1,765)	**6%**	6%
Gross profit	**1,224**	1,527	**-20%**	-22%	**(1)**	(1)	**1,225**	1,528	**-20%**	-22%
as a percentage of sales	**42%**	46%					**43%**	46%		
Marketing and distribution	**(596)**	(492)	**-21%**	-17%	**(5)**	(4)	**(591)**	(488)	**-21%**	-17%
General and administrative	**(108)**	(102)	**-6%**	-13%	**(49)**	(45)	**(59)**	(57)	**-4%**	-17%
Operating income	**520**	933	**-44%**	-47%	**(55)**	(50)	**575**	983	**-42%**	-44%
as a percentage of sales	**18%**	28%					**20%**	30%		

This table does not represent an income statement prepared under IFRS. Please refer to the segmental information reported in Note 4 to the consolidated financial statements.

1 Amounts before restructuring and impairment are non-GAAP measures. Please refer to Appendix A of the Operating and Financial Review for a more detailed description.

Sales decreased by 12 percent, 14 percent at constant exchange rates with 6 percent lower sales volumes and 8 percent lower local currency sales prices. Sales volumes of Crop Protection products in Brazil were impacted by high inventories in the distribution channel, due to two years of adverse weather, reducing sales broadly across the industry; distributor inventories have now been reduced closer to normal levels. See the Sales commentary section above for further information on sales in the region. Gross profit margin reduced by approximately 4 percentage points, largely from reduced margins in Crop Protection products after the repositioning of the price of a fungicide due to signs of fungal resistance in certain formulations.

Marketing and distribution costs excluding restructuring and impairment were 21 percent higher than 2016, 17 percent at constant exchange rates, including an increased charge to provisions for doubtful receivables in Brazil, general salary and cost inflation and the increased expenditure on marketing implemented before the challenging market conditions became evident; actions were taken in the second half of the year to reduce resources, particularly in Brazil, but the impact on costs will largely be seen only in 2018.

General and administrative excluding restructuring and impairment was 4 percent higher than 2016, 17 percent higher at constant exchange rates largely due to local cost inflation and the amortization of the new integrated system platform. General and administrative in 2016 included losses of $8 million on currency hedges; there was no similar gain or loss in 2017.

Restructuring and impairment charges were $55 million in 2017 compared to $50 million in 2016. The 2017 amount includes $43 million for AOL restructuring projects, including completion of the project to establish an integrated system platform and restructuring of the management and commercial teams in Brazil, and $10 million of share based payment charges related to the ChemChina Tender Offer. Charges in 2016 included $37 million for AOL restructuring projects, mainly related to improving efficiencies in local processes and effectiveness of back office support services, including the establishment of an integrated system platform in Brazil, and $7 million of share based payment charges related to the ChemChina Tender Offer.

Asia Pacific	Total as reported under IFRS		Change		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2017	2016	Actual %	CER %	2017	2016	2017	2016	Actual %	CER %
Sales	**1,853**	1,839	**1%**	-	**-**	-	**1,853**	1,839	**1%**	-
Cost of goods sold	**(988)**	(986)	**-**	1%	**(1)**	-	**(987)**	(986)	**-**	1%
Gross profit	**865**	853	**1%**	2%	**(1)**	-	**866**	853	**2%**	2%
as a percentage of sales	**47%**	46%					**47%**	46%		
Marketing and distribution	**(293)**	(279)	**-5%**	-5%	**(2)**	(2)	**(291)**	(277)	**-5%**	-5%
General and administrative	**(64)**	(66)	**2%**	2%	**(20)**	(25)	**(44)**	(41)	**-9%**	-10%
Operating income	**508**	508	**-**	-	**(23)**	(27)	**531**	535	**-1%**	-1%
as a percentage of sales	**27%**	28%					**29%**	29%		

This table does not represent an income statement prepared under IFRS. Please refer to the segmental information reported in Note 4 to the consolidated financial statements.

1 Amounts before restructuring and impairment are non-GAAP measures. Please refer to Appendix A of the Operating and Financial Review for a more detailed description.

Reported sales increased by 1 percent, but were flat at constant exchange rates, with both sales volumes and local currency sales prices broadly at the same levels as 2016. See the Sales commentary section above for further information regarding sales in the region. Gross profit margin improved by 1 percentage point, with favorable country mix in Crop Protection and lower charges to inventory provisions and write-offs in Seeds.

Marketing and distribution costs excluding restructuring and impairment were 5 percent higher, with general cost inflation and additional investment in business development, with several new product launches and planned expansion in resource to support Vegetable Seeds.

General and administrative excluding restructuring and impairment increased by 9 percent, 10 percent at constant exchange rates, again with general inflation and additional resource to support growth, particularly in China.

Restructuring and impairment charges in 2017 reduced to $23 million. The 2017 amount includes $18 million for AOL restructuring projects including restructuring at the regional headquarters and projects to improve effectiveness of back office support services and $5 million of share based payment charges related to the ChemChina Tender Offer. Charges in 2016 included $17 million for AOL restructuring projects including projects to improve effectiveness of back office support services and the net result on the sale of the Goa manufacturing site together with associated costs.

Unallocated

Income and expense transactions in the Regional business have been attributed to the geographic regions based on the market destination to which they relate, rather than on the region in which they originated. Some costs of the Regional organization do not relate to a geographic destination and are reported as unallocated. These include global marketing teams, research and development and corporate headquarter functions. In addition, regions' gross profit performance is based on standard product costs, with variances from the standard reported as unallocated in order to align the reported results with organizational responsibility. Unallocated also includes results of centrally managed currency and commodity hedging programs.

Unallocated costs reduced by $296 million, or 15 percent from 2016, to $1,612 million. Restructuring and impairment charges reduced by $78 million; excluding this, unallocated costs reduced by $218 million, or 13 percent, approximately 9 percent at constant exchange rates. Research and development expense excluding restructuring was 3 percent lower, 2 percent at constant exchange rates as further cost savings and productivity improvements under the AOL program were delivered. General and administrative is reported including currency hedging losses of $6 million compared with losses of $62 million in 2016. Excluding restructuring and impairment, General and administrative reduced by $123 million. At constant exchange rates, taking into the account the net hedging result, these costs were approximately $67 million lower, largely due to gains reported on changes made to the defined benefit pension plans in the United States and Switzerland. Total gross costs of the global support function functions were approximately 1 percent lower than 2016 at constant exchange rates. Restructuring and impairment charges reported within Unallocated reduced by $78 million to $136 million. The 2017 amount includes $37 million from AOL projects, mainly related to research and development productivity, approximately $75 million of transaction costs related to the ChemChina Tender Offer, including charges for the incremental effect of applying cash-settled share based payment accounting and approximately $16 million losses related to the divestment of a Seeds crop. Charges in 2016 included $61 million for the impairment of product rights where production challenges have increased the uncertainties of commercializing a product profitably, $16 million for the write-down of a building subsequently divested in 2017, $10 million to impair the assets of a seeds crop where expectations of future operating profitability were reduced and $33 million from AOL projects, mainly related to research and development productivity. In addition, 2016 restructuring charges include $50 million of transaction costs and $36 million of costs for the incremental effect of applying cash-settled share based payment accounting due to share plan amendments related to the ChemChina Tender Offer. Details of restructuring and impairment for 2017 and 2016 are shown further below.

Lawn and Garden	Total as reported under IFRS		Change		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	**2017**	2016	**Actual %**	CER %	**2017**	2016	**2017**	2016	Actual %	CER %
Sales	**681**	663	**3%**	3%	**-**	-	**681**	663	**3%**	3%
Cost of goods sold	**(292)**	(282)	**-3%**	-4%	**(1)**	-	**(291)**	(282)	**-3%**	-4%
Gross profit	**389**	381	**2%**	2%	**(1)**	-	**390**	381	**2%**	2%
as a percentage of sales	**57%**	57%					**57%**	58%		
Marketing and distribution	**(157)**	(162)	**3%**	4%	**(1)**	(1)	**(156)**	(161)	**3%**	4%
Research and development	**(53)**	(52)	**-3%**	-3%	**-**	-	**(53)**	(52)	**-3%**	-3%
General and administrative	**(47)**	(50)	**6%**	5%	**(18)**	(10)	**(29)**	(40)	**28%**	27%
Operating income	**132**	117	**13%**	11%	**(20)**	(11)	**152**	128	**19%**	17%
as a percentage of sales	**19%**	18%					**22%**	19%		

This table does not represent an income statement prepared under IFRS. Please refer to the segmental information reported in Note 4 to the consolidated financial statements.

1 Amounts before restructuring and impairment are non-GAAP measures. Please refer to Appendix A of the Operating and Financial Review for a more detailed description.

Lawn and Garden, comprising the Flowers and Controls businesses, reported sales 3 percent higher in US dollars and at constant exchange rates, with higher sales volumes, particularly in Controls. See the Sales commentary section above for further information on sales in the segment. Gross profit margin was broadly flat with 2016.

Marketing and distribution costs, excluding restructuring and impairment were 3 percent lower, 4 percent lower at constant exchange rates. Research and development expense was 3 percent higher. General and administrative is reported net of a $1 million currency hedging gain under the EBITDA hedging program compared with a $3 million loss in 2016. General and administrative excluding restructuring and impairment was significantly lower than 2016 including the hedging result; at constant exchange rates, costs were 27 percent lower due to reducing the previous Lawn & Garden management layer to focus separately on the Controls and Flowers businesses.

Restructuring costs in 2017 increased by $9 million to $20 million; charges in 2017 included $17 million related to the AOL program and $3 million of share based payment charges related to the ChemChina Tender Offer.

Defined Benefit Pensions

Defined benefit pension expense was a charge of $71 million in 2017 compared with $145 million in 2016. 2017 expense was lower because of past service gains of $34 million in Switzerland and $41 million in US due to changes made to the pension plans in 2017 as described in Note 22 to the consolidated financial statements. Without these gains, the 2017 expense would have been similar to 2016. Syngenta expects 2018 defined benefit pension expense, excluding costs associated with restructuring, to be lower by a single digit percentage compared to the 2017 expense at constant exchange rates before taking into account the impact of Switzerland and US plan changes. However, the final expense will be subject to the prevailing exchange rates in 2018.

Syngenta contributions to defined benefit pension plans were $166 million in 2017 compared with $161 million in 2016. These included early retirement contributions of $6 million in 2017 and $11 million in 2016. In 2018, Syngenta expects contributions to defined benefit pension plans, excluding early retirement contributions associated with restructuring actions, to increase to approximately $230 million because of one time lump sum payments associated with the 2017 changes to the Swiss pension plan and with the revised schedule of contributions for the UK pension plan, as described in Note 22 to the consolidated financial statements.

Restructuring and impairment

Restructuring and impairment charges for the years ended December 31, 2017 and 2016, broken down into the main restructuring initiatives, consist of the following:

For the year ended Dec 31, ($m)	2017	2016
Accelerating operational leverage programs:		
Cash costs	**283**	214
Non-cash costs	**1**	9
Integrated crop strategy programs:		
Cash costs	**-**	1
Acquisition, divestment and related costs:		
Cash costs		
Associated with industry consolidation, including ChemChina	**7**	50
Other acquisition and related integration costs	**24**	24
Non-cash items	**30**	(12)
Other non-cash restructuring and impairment:		
Other non-current asset impairments	**10**	121
Total Restructuring	**355**	407

The above costs for the years ended December 31, 2017 and 2016 are presented within Restructuring in the consolidated income statement.

In addition to the above, of the $95 million share based payment expense charged to the 2017 consolidated income statement (2016: $141 million), $81 million (2016: $70 million) is the incremental effect of applying cash-settled share based payment accounting due to the share plan amendments related to the ChemChina Tender Offer, as described in Note 3. The $81 million, along with an additional $17 million of related social costs, is presented as costs of the functions in which the members of the share based payment plans work, by income statement line as shown below. Total share based payment expense charged to the consolidated income statement is disclosed in Note 23.

The total effect of the above mentioned material items is as follows:

($m)	2017	2016
Cost of goods sold	**9**	6
Marketing and distribution	**31**	26
Research and development	**12**	8
Other general and administrative	**46**	30
Subtotal	**98**	70
Restructuring	**355**	407
Total	**453**	477

Restructuring represents the effect on reported performance of initiating and enabling business changes that are considered major and that, in the opinion of management, will have a material effect on the nature and focus of Syngenta's operations, and therefore require separate disclosure to provide a more thorough understanding of business performance. Restructuring includes the incremental costs of closing, restructuring or relocating existing operations, and gains or losses from related asset disposals. Restructuring also includes the costs of analyzing and preparing for potential industry consolidation transactions, including costs associated with the ChemChina Tender Offer, as well as the effects of completing and integrating significant business combinations and divestments, including related transaction costs, gains and losses. Recurring costs of normal business operations and routine asset disposal gains and losses are excluded.

Impairment includes impairment losses associated with major restructuring as well as impairment losses and reversals of impairment losses resulting from major changes in the markets in which a reported segment operates.

The incidence of these business changes may be periodic and the effect on reported performance of initiating them will vary from period to period. Because each such business change is different in nature and scope, there will be little continuity in the detailed composition and size of the reported amounts which affect performance in successive periods. Separate disclosure of these amounts facilitates the understanding of performance including and excluding items affecting comparability. Syngenta's definition of restructuring and impairment may not be comparable to similarly titled line items in financial statements of other companies.

Analysis of restructuring costs

2017

Accelerating operational leverage programs

Cash costs of $229 million, including $30 million of severance and pension charges and $44 million of information systems projects, consist of $97 million for initiatives to restructure marketing and commercial operations, $61 million for projects to improve the effectiveness of back office support, $38 million for Research and Development productivity projects, $27 million for activity to optimize production and supply and $6 million for project management. A further $54 million of severance and pension costs were incurred to simplify the layers of management, including at the global headquarters.

Non-cash costs included tangible asset write-downs associated with the above projects.

Acquisition, divestment and related costs

Cash costs include $7 million of costs related to the ChemChina Tender Offer. Other acquisition and related integration costs include $17 million of transaction costs and $7 million incurred for integration projects. Non-cash items include $45 million of asset impairments and divestment losses related to the sugarbeet business, which was divested during September, gains of $16 million on the sale of product rights in the USA and Mexico and a small impairment for assets acquired in an earlier transaction.

Other non-cash restructuring

Other non-current asset impairments consist of an additional $5 million for two sites in the US that were classified as held-for-sale at the end of 2016 and sold during the first half of 2017 and the impairment of a research collaboration agreement whose future benefit has become less certain.

2016

Accelerating operational leverage programs

Cash costs of $214 million, including $36 million of severance and pension charges and $35 million of information systems projects, consisted of $95 million for initiatives to restructure marketing and commercial operations, $61 million for projects to improve the effectiveness of back office support, $30 million for Research and Development productivity projects, $23 million for activity to optimize production and supply and $5 million for project management.

Non-cash costs included tangible asset write-downs associated with the above projects.

Integrated crop strategy programs

The integrated crop strategy programs announced in 2011 were substantially completed and final costs in 2016 related to the completion of certain projects initiated before the end of 2015.

Acquisition, divestment and related costs

Cash costs included $50 million of transaction costs related to the ChemChina Tender Offer. Other cash costs included $13 million of transaction costs and $11 million incurred for integration projects, including the divestment of the Goa manufacturing site and the Bioline beneficial insects breeding business and the subsequently canceled projects to divest the Flowers and Vegetables businesses.

Non-cash items consisted of aggregate gains of $12 million on sale of the Bioline beneficial insects breeding business and the manufacturing site in Goa.

Other non-cash restructuring

Other non-current asset impairments included $61 million for the impairment of product rights where production challenges increased the uncertainties of commercializing a product profitably, $31 million for the impairment of two sites and $16 million for the write-down of a building, both in the US, $10 million to impair the assets of a seeds crop where expectations of future operating profitability reduced and various other small write-downs.

Financial expense, net

Financial expense, net reduced by $113 million in 2017 to $178 million. Currency related financial expenses in 2017 of $132 million were $121 million lower than 2016 due to reduced exposure in Latin American countries after an internal capital optimization. Net interest expense at $10 million was $9 million lower than 2016 with a lower level of average net debt in 2017.

Taxes

In 2017, Syngenta recorded a net tax credit of $20 million on a loss before taxes of $116 million, an effective tax rate of 17 percent. The loss before taxes arose due to the litigation provision noted above, the effect of which reduced the effective tax rate by 3 percent. Syngenta has assumed that all of the provision will be deductible for income tax, at the latest in the period in which a settlement is paid, but that deductions will be claimed in more than one jurisdiction. Syngenta has used an average of the tax rates of the relevant jurisdictions to estimate the tax credit on the provision. The ultimate benefit realized may be different and this difference may have a material effect on Syngenta's income tax expense for future years.

Excluding this provision and related tax credit, Syngenta's effective tax rate in 2017 would have been 20 percent, compared to a 13 percent effective tax rate for 2016. This 7 percent increase in 2017 is primarily due to the non-cash revaluation of Syngenta's deferred tax asset balances as a result of the US tax reforms. Syngenta's Swiss domestic statutory tax rate was 22 percent in both years. Income taxed at different rates reduced the effective tax rate by 8 percent in 2017, compared with a 2 percent increase in 2016 due to differences in the mix of jurisdictions in which estimated taxable profits arose in the respective years, and to the impact of the changes made to require cash settlement of share awards contingent on completion of the ChemChina Tender Offer. Changes to prior year income tax estimates had no impact on the effective tax rate in

2017, compared with a 6 percent decrease in 2016 which was due to the release of several prior year related tax risk provisions as further disclosed in Note 2 to the consolidated financial statements. Excluding the effect of the litigation provision, the percentage of estimated income before taxes in Switzerland increased significantly in 2017 as a proportion of total group income. The largest single driver of this change was the trading losses incurred in Brazil in 2017, compared to the taxable profit realized in Brazil in 2016. Non-recognition of deferred tax assets in Brazil increased the tax rate by 4 percent in 2017, whereas the effect of tax reforms and improved local profitability in Argentina allowed recognition of deferred tax assets that had not been recognized in prior years, which reduced the tax rate by 3 percent. In 2016, non-recognition of deferred tax assets was not material and did not impact the tax rate.

The tax rate on restructuring and impairment was 20 percent in 2017, compared with 18 percent for 2016, due to the different mix of gains and losses included in the net charge over the period and the varying tax treatments applied in different countries. Future rates applicable to restructuring and impairment will be dependent on the nature and size of the charges and may vary from year to year.

Net income for the period and other supplementary income data

Net income attributable to Syngenta shareholders in 2017 was a loss of $98 million, compared to a profit of $1,178 million in 2016. Approximately $1,248 million of the 2017 net loss related to the post-tax impact of the Viptera litigation provision; excluding this charge, net income was $1,150 million, 2 percent lower than the overall 2016 net income. Sales were 1 percent lower and operating income margin excluding the litigation provision was 0.2 percentage points lower in 2017 than 2016. Following lower financial expense, net, income before taxes excluding the litigation provision was 5 percent higher in 2017. With a higher tax rate as a result of the impact on deferred tax assets of the US tax reform, net income before the litigation provision was 2 percent below 2016.

After related taxation, restructuring and impairment charges (including the incremental share based payment charges noted above) were $361 million in 2017 compared with $390 million in 2016, with a lower level of impairments of non-current assets and transaction costs associated with the ChemChina Tender Offer offset by increased restructure charges under the AOL program and a loss on the disposal of the sugar beet business.

Foreign operations and foreign currency transactions

Syngenta's subsidiaries use their local currency as their functional currency for accounting purposes except where the use of a different currency more fairly reflects their actual circumstances.

Syngenta operates worldwide and its business has grown significantly in emerging markets over the last years, with a broadening of the currency effects that need to be closely monitored. Syngenta regularly analyzes how currency fluctuations will impact its operating results and manages the impact with a combination of commercial actions, such as product pricing, and financial risk management strategies, such as hedging. Next to the Euro, the Swiss franc and the British pound, the Brazilian real gives rise to a major currency exposure due to the large size of Syngenta's business activities in Brazil. Sales prices to customers in Brazil largely are linked to the US dollar, which limits the impact of fluctuations in the US dollar/Brazilian real exchange rate. Similarly, Syngenta manages its currency exposure in the CIS, mainly Russia and Ukraine, by linking local currency sales prices to compensate the ~~loss~~ fluctuations in sales value from the currency devaluation.

Syngenta regularly monitors receivables exposure in all countries in which it operates. In the Eurozone, Greece, Italy, Portugal and Spain have been experiencing weak macro-economic conditions since 2010. Parts of Latin America, including Argentina and Brazil are also experiencing economic and financial difficulties and this has led to continued constraints in the availability of credit; in Venezuela, exchanging local currency into US dollars to pay for imported goods can be difficult. Receivables exposure from customers in Russia and the Ukraine has decreased during 2017, with 64 percent of 2017 sales in those countries having been collected as of December 31, 2017 compared with 73 percent of 2016 sales.

The following table outlines for the above named countries the aggregate, gross trade receivables, those past due for more than 180 days and the related provision for doubtful receivables at December 31, 2017 and 2016.

($m)	**2017**	2016
Gross trade receivables	**2,294**	2,789
Past due for more than 180 days	**432**	360
Provision for doubtful trade receivables	**360**	274

The increases in receivables past due for more than 180 days and provision for doubtful trade receivables is mainly due to increased exposures in Brazil where poor economic conditions and commodity price weakness continued to constrain grower liquidity and the availability of credit.

At December 31, 2017, approximately 81 percent of Syngenta's cash and cash equivalent was held in US dollars, approximately 7 percent in Indian rupees, approximately 4 percent in Ukrainian Hryvnia, approximately 4 percent in Chinese renminbi and approximately 2 percent in Thai baht. No other individual currency made up more than 2 percent.

Liquidity and capital resources

Syngenta's principal source of liquidity is cash generated from operations. This has been more than sufficient to cover cash used for investment activities in all years since 2006, except in 2012 when the higher level of cash used for investing activities resulting from increased business acquisitions required funding with a combination of cash generated from operations and the issuance of unsecured non-current bonds. Except for any significant business acquisitions or a significant deterioration in the rate of receivables collections from that currently expected by management, cash generated from operations is expected to be more than sufficient to cover cash expected to be used for investment activities in 2017.

Working capital fluctuations due to the seasonality of the business are supported by short-term funding available from a $2.5 billion Global Commercial Paper program and a $3 billion committed, revolving, multi-currency syndicated credit facility. Operating in a seasonal business, Syngenta typically obtains funds from its short-term facilities during the first half of the year to fund operations during the northern hemisphere growing season and repays these funds during the second half when receivables are collected. Longer-term capital resources include unsecured non-current bonds issued under a Euro Medium Term Note (EMTN) program, unsecured non-current Notes issued under a Note Purchase Agreement in the US Private Placement market and unsecured non-current bonds issued in the US public debt market. See Capital markets and credit facilities for details of outstanding debt.

For information on Syngenta's funding and treasury policies and objectives in terms of the manner in which treasury activities are controlled, see Note 25 to the consolidated financial statements.

Syngenta reported cash and cash equivalents on December 31, 2017 and 2016 of $2,253 million and $1,284 million, respectively. At December 31, 2017 and 2016, Syngenta had current financial debt of $1,022 million and $767 million, respectively, and non-current financial debt of $2,860 million and $2,854 million, respectively.

Capital markets and credit facilities

Funds for Syngenta's working capital needs were available during the year from its $2,500 million Global Commercial Paper program supported by a committed, revolving, multi-currency, syndicated credit facility. Syngenta entered into its Global Commercial Paper program in 2000 and amended it in 2007. In January 2016, the amount of the syndicated credit facility was increased from $1.5 billion to $2.5 billion. Its contractual expiry date is in 2022 and it provides the possibility to extend by one year in 2018 and 2019. In May 2017, the existing syndicated credit facility was increased, extended and amended following the change of control related to the ChemChina takeover. The amount drawn under the syndicated credit facility at December 31, 2017 was $200 million (2016: $nil). The amount drawn under the Global Commercial Paper program for the year 2017 was $1,388 million (2016: $1,217 million).

Absent major acquisitions, Syngenta targets maintaining an investment grade credit rating, as recognized by major third-party rating agencies, which it currently believes provides an optimal balance between financial flexibility and the cost of capital. At December 31, 2017, Syngenta's credit ratings were as follows: Moody's Investors' Services Limited Ba2/NP; Standard & Poor's Rating Services BBB-/A-3; and Fitch Ratings Ltd BBB/F3. During October 2017, Standard & Poor's Rating Services and Fitch Ratings Ltd changed their outlook from stable to negative watch. There are no material legal or economic restrictions on the ability of subsidiaries to transfer funds to the Company in the form of cash dividends except as disclosed in the consolidated cash flow statement.

The table below summarizes Syngenta's unsecured notes in issuance at December 31, 2017:

($m)	Issuance date	Carrying amount	Value at issue
0.750% CHF bond 2019	March 2014	**359**	**396**
5.110% US dollar private placement 2020	December 2005	**40**	**75**
1.875% Eurobond 2021	March 2014	**598**	**689**
3.125% US dollar bond 2022	March 2012	**506**	**500**
1.625% CHF bond 2024	March 2014	**256**	**283**
5.350% US dollar private placement 2025	December 2005	**55**	**75**
1.250% Eurobond 2027	March 2015	**594**	**559**
2.125% CHF bond 2029	March 2014	**153**	**170**
5.590% US dollar private placement 2035	December 2005	**11**	**100**
4.375% US dollar bond 2042	March 2012	**248**	**250**
Total		**2,820**	**3,097**

As noted above, on November 6, 2017, Syngenta and COFCO International Ltd announced that Syngenta had entered into a binding agreement to acquire the global seeds business of Nidera, from Nidera B.V., a subsidiary of COFCO International Ltd. The acquisition closed on February 6, 2018, as disclosed in Note 28 to the consolidated financial statements. The acquisition consideration is $1,400 million in cash, subject to a final purchase price adjustment. Syngenta will fund the purchase price by borrowing under a bridge facility (the "Bridge Facility") that Syngenta Crop Protection AG, as borrower, has entered into with UBS Limited and Unicredit Bank AG in connection with the acquisition. The borrower's obligations under the Bridge Facility are guaranteed by Syngenta AG, Syngenta Finance AG, Syngenta Finance N.V., Syngenta Wilmington Inc., Syngenta Crop Protection AG and Syngenta Corporation. The Bridge Facility provides, subject to its terms and conditions set forth therein, for borrowing up to $1,250 billion and matures on May 14, 2019, including permitted extensions.

The Bridge Facility contains certain representations and warranties made as of the signing date and on the utilization date. In addition, the Bridge Facility contains certain undertakings, subject to certain agreed exceptions, including but not limited to, restrictions on mergers, restrictions on disposals and acquisitions, negative pledge, restrictions on incurring financial indebtedness and restrictions on loans and guarantees, provided that certain of these covenants do not apply for so long as Syngenta AG has an investment grade credit rating from two of three specified agencies. The Bridge Facility further includes a financial covenant relating to net debt to EBITDA.

Management is of the opinion that, absent a major business acquisition or a very significant deterioration in working capital or the rate of receivables collections from that currently expected, the funding available from the sources described above will be sufficient to satisfy Syngenta's working capital, capital expenditures and debt service requirements for the foreseeable future, including cash expenditures relating to restructuring programs. In the event of a major business acquisition, Syngenta would seek additional funding from capital markets or other sources. Syngenta regards as sufficiently remote the likelihood that a very significant deterioration in working capital or unexpected decline in the rate of receivables collections will occur as not to require the development of a detailed contingency funding plan.

Cash flow

The following table sets out certain information about cash flow for each of the periods indicated:

	Year ended December 31,		
($m)	**2017**	2016	2015
Cash flow from operating activities	**1,839**	1,807	1,190
Cash flow used for investing activities	**(577)**	(521)	(462)
Cash flow used for financing activities	**(303)**	(1,134)	(1,188)

Cash flow from operating activities

2017 compared with 2016

Cash flow from operating activities increased by $32 million to $1,839 million in 2017 due to changes in net working capital. An inflow from trade and other working capital assets of $616 million compared to an outflow of $374 million in 2016 reflected improved cash collections, new customer financing programs which accelerated payment to Syngenta and lower final quarter sales in Latin America. However, there was a cash outflow from change in inventories of $153 million in 2017 compared to an inflow in 2016 of $252 million as distributor demand in the final quarter in Brazil was lower than previously anticipated. Cash flows from trade and other working capital liabilities were an outflow of $3 million in 2017, but an inflow of $86 million the year earlier. Income before taxes in 2017 was a net loss of $116 million after the provision for litigation settlement, compared to a profit of $1,361 million in 2016. Non-cash items were $1,197 million higher in 2017, with the litigation provision offset by lower depreciation, amortization and impairment and charges in respect of share based compensation and pension provisions. Adjusted for non-cash items, income before taxes was $280 million lower than 2016. Cash outflows for financial expense, net decreased 2017 to 2016 largely due to lower hedging costs for foreign exchange exposures. Cash paid in 2017 in respect of share based compensation related to the cash settlement of previously granted share based compensation as a result of the completion of the ChemChina Tender Offer.

Cash flow used for investing activities

2017 compared with 2016

Cash flow used for investing activities was $577 million in 2017, $56 million more than in 2016. Additions to property, plant and equipment were $31 million lower; a similar level is currently expected in 2018. An increase in purchases of intangibles reflected the purchase of product rights in 2017. Purchases of investments in associates and other financial assets were lower from reduced purchases of marketable securities. Proceeds from disposals of property plant and equipment were $45 million higher including the sale of buildings in Switzerland and Mexico, while proceeds of disposals and intangible and financial assets included the sale of marketable securities. The cash inflows for business divestments reduced from $60 million in 2016, which included the divestments of Bioline and the Goa manufacturing site in India, to $44 million in 2017, which largely related to the sale of the sugar beet business.

Cash flow used for financing activities

2017 compared with 2016

Cash flow used for financing activities of $303 million was $831 million lower than in 2016. The dividend paid to shareholders in 2017 decreased by $570 million compared with 2016 as only the CHF 5 per share special dividend related to the ChemChina Tender Offer was paid in 2017, compared to a dividend of CHF11 per share in 2016. Sales of treasury shares in both years related to employee share and share option plans.

Research and development (“R&D”)

Syngenta’s Research and Development organization is dedicated to developing quality crop protection and seeds products, as well as crop-focused solutions which integrate multiple technologies. R&D focuses on taking a holistic approach to help customers grow their specific crop using the best technology to address their needs, be it a single technology, a combination of technologies, or technologies and services.

Syngenta is committed to improving crop yield and quality in a sustainable way and, through its global product safety group and global regulatory team, is committed to developing and registering products that are safe and effective. Syngenta maximizes its innovation potential by leveraging its industry expertise and partnering with other technology leaders across the globe.

The total spent on research and development was $1,273 million in 2017 and $1,299 million in 2016. Attribution of research and development costs for 2017 was $1,220 million for Syngenta’s Regional Crop Protection and Seeds business and $53 million in Lawn and Garden. In 2016, the attribution was $1,247 million for the Regional Crop Protection and Seeds business and $52 million in Lawn and Garden.

There are no off-balance sheet financing transactions associated with research and development activity.

Contractual obligations, commitments and contingent liabilities

At December 31, 2017 Syngenta had contractual obligations to make future payments in the periods indicated in the following:

($m)	Notes to the financial statements reference	Total	Less than 1 year	1–3 years	3–5 years	5–10 years	More than 10 years
Financial debt	17, 19	3,827	1,006	400	1,104	905	412
Interest on fixed rate financial debt	25	586	61	119	101	129	176
Capital lease payments	20	57	16	25	7	9	-
Operating lease payments	20	209	72	78	42	17	-
Capital expenditures	20	104	95	9	-	-	-
Pension contribution commitments	22	463	147	142	101	73	-
Unconditional purchase obligations	20	1,743	1,089	499	132	23	-
Long-term research agreements and other long-term commitments	20	121	70	35	8	8	-
Total		7,110	2,556	1,307	1,495	1,164	588

Of the total financial debt, floating rate financial debt is $1,007 million (mainly local bank loans and overdraft facilities), all of which is due within one year. No interest obligation in respect of this debt is included in the table above. There is no contractual obligation to renew this debt. The debt amount, and the interest payments associated with it, will vary over time according to Syngenta's funding requirements and future interest rates.

Fixed rate debt of $2,820 million is comprised primarily of the outstanding Eurobonds, Swiss franc domestic bonds and $ bonds and private placement notes. Fixed rate interest payments of $586 million on these are included above.

Other non-current liabilities arise from deferred payments related to acquisitions and license agreements.

Provisions for long-term liabilities totaling $1,938 million shown in Syngenta's consolidated balance sheet have not been included in the above table because the timing of their payment is not contractually fixed and cannot be estimated with sufficient certainty within the context of the time periods in the table. This applies particularly to those amounts which are not expected to be paid during 2018. Note 20 to the consolidated financial statements presents the components of the estimated $676 million of provisions that are expected to be paid during 2018.

The supply agreements for materials giving rise to the unconditional purchase obligations are entered into by Syngenta to ensure availability of materials meeting the specifications required by Syngenta. Where suppliers have made significant capital investment, these agreements generally provide for Syngenta to pay penalties in the event that it terminates the agreements before their expiry dates.

Pension contribution commitments totaling $463 million represent unconditional fixed payments to the UK pension fund according to the revised schedule of contributions agreed during 2017 and a one time lump sum payment to the Swiss pension fund associated with the changes to the plan rules. Contributions for future service in the UK and Switzerland which are calculated as a fixed percentage of employees' pensionable pay are not included in the above table. The rules of the Swiss pension fund commit Syngenta to contributing a fixed percentage of employees' pensionable pay to the fund.

As disclosed in Note 22 to the consolidated financial statements, Syngenta expects to pay $230 million of contributions to its defined benefit pension plans in 2018, excluding restructuring costs and excluding any accelerated payments which Syngenta may decide to make as business and financial market conditions develop during 2018. $147 million of those contributions are included as commitments in the table above. The remaining $83 million represents 2018 service contributions, which are not included as commitments in the table above.

The above table excludes income tax liabilities of $413 million in respect of uncertain tax positions. These are presented within current income tax liabilities in the consolidated balance sheet because it is not possible to make a reasonably reliable estimate of the actual period of cash settlement with the respective taxing authorities.

Off-balance sheet arrangements

Syngenta had no off-balance sheet arrangements as at December 31, 2017, other than the above contractual obligations, commitments and contingent liabilities. Syngenta has no unconsolidated special purpose entities that are likely to create material contingent obligations.

Critical accounting estimates

Critical accounting estimates and new accounting pronouncements are discussed in Notes 2 and 27 to the consolidated financial statements.

Recent developments

Note 28 to the consolidated financial statements provides details of events which occurred between the balance sheet date and February 6, 2018 that would require adjustment to or disclosure in the consolidated financial statements.

Trend and Outlook

The divestment of the sugar beet business and that of Crop Protection products as part of anti-trust agreements associated with the ChemChina acquisition will reduce sales in 2018 by approximately $270 million. The acquisition of the Nidera Seeds business, completed on 6 February, 2017, is expected to increase Syngenta 2017 sales by approximately 3 percent. In addition, a significant part of the sales volume reduction in Brazil in 2017 was related to reducing distributor inventories in Brazil to more normal levels and sales in 2018 currently are expected to be more in line with consumption. In Seeds, sales in 2017 included royalty income relating to the registration of corn containing the MIR604 trait in China and to a change of control; individually, neither will recur in 2018, but similar royalties may be received. Underlying sales revenue is currently expected to grow by low single digits in crop protection and seeds markets, excluding the impact of acquisitions, that are both expected to continue to show at best slow growth in 2018.

Based on exchange rates prevailing at the date of publication, a weaker US dollar and stronger Euro is expected to increase reported sales by approximately 2 percent. The impact of exchange rate movements on operating income is discussed below.

Syngenta will continue to drive productivity savings in 2018 through the AOL program. These savings, net of salary and other cost inflation will partly be re-invested in increased Research and development in both Crop Protection and Seeds and Marketing and distribution costs. In Research and development, overall expenditure as a percentage of sales is expected to be at a broadly similar level in 2018 as 2017 at constant exchange rates. Savings from the AOL productivity program in Marketing and distribution costs and General and administrative costs (excluding restructuring) are planned partly to be re-invested in increased marketing expenditure to drive future market share growth and to develop further capabilities in the application of new digital technologies; the accounting gains from changes to defined benefit pension plans are not expected to recur in 2018. In 2017, Syngenta paid reduced staff incentives as financial performance was below the target level; achievement of financial targets in 2018 will result in increased incentive payments.

Excluding impairments, which cannot be forecast, the progression of the AOL productivity program noted above is expected to result in lower restructuring charges related to this program in 2018. In general the timing of the recognition of charges for particular restructuring events, which is dependent on when irreversible commitments to the events occur, makes it difficult to predict such costs with certainty. Expenses in 2017 included charges to cash-settle employee share plans following completion of the ChemChina Tender Offer noted above; these charges and other costs associated with the transaction will not recur in 2018. 2017 restructuring and impairments included the loss on divestment of the sugar beet business; no similar loss is currently expected in 2018 and the divestment of the Crop Protection products noted above is expected to trigger accounting gains and cash inflow in excess of $350 million. These divestments have not completed at the time of publishing this review.

In 2017, oil prices (Brent) traded in a range of $45-70 per barrel, being towards the upper end of the range in the latter part of the year and into 2018. With its current product mix, Syngenta estimates that each $10 movement in the price of a barrel of oil impacts its cost of goods sold by approximately $30-35 million. However, due to supplier production chains and Syngenta’s own inventory, it can take from 9 to 12 months for movements in the oil price to feed through into cost of goods sold. As at the end of January 2018, the impact of movements in the price of oil is expected to have a small adverse impact on 2018 compared to 2017; further increases would take time to pass through to Syngenta’s cost of goods but may have an adverse impact if Syngenta is not able to pass on the increase through increased sales prices.

In 2017, 51 percent of Syngenta’s sales were in emerging markets, up from around 35 percent ten years ago. Emerging markets continue to have higher long-term growth potential because significant crop yield gaps exist versus developed markets; this growth potential is further supported by ongoing technology adoption. Managing volatility in such markets, in particular credit and currency exposures, is integral to Syngenta’s business model.

Overall, Syngenta has significant currency exposures, which at a high level can be summarized as:

- a short position against the US dollar in Swiss francs and British pounds
- a net long position in Euros over the course of a full year, relatively minor compared with sales in Euros, but with a long position in the first half selling season and a short position in the second half from more evenly spread Euro-based operating costs including raw material costs
- a long position in Japanese yen, Australian and Canadian dollars and many emerging market currencies
- in Brazil and Argentina, a significant portion of sales are effectively priced in US dollars, resulting in a net short local currency exposure, though the linkage has weakened in Brazil and there can be a time lag before local currency prices are adjusted

As noted above, following the recent exchange rate volatility in Russia and the Ukraine, Syngenta has acted to link pricing of sales in these countries (both of which export grain to the global market) to US dollars to reduce the long exposure to these currencies.

Forecast transaction exposures in the major currencies are hedged under a rolling 12 month program, largely through forward contracts. In 2017, Syngenta estimates the impact on underlying sales and operating costs of exchange rate movements to have been approximately $47 million favorable to 2016, which together with a net hedging cost of $8 million compared with a cost of $73 million in 2016, resulted in a favorable year-on-year impact on operating income from exchange rate movements of approximately $112 million when compared with 2016. The major drivers of the favorable underlying net impact were a stronger Russian ruble and Brazilian real. At rates prevailing in January 2018, Syngenta expects a relatively minor adverse net impact on operating income relative to 2017 from the currency movements. This is largely due to the adverse impact on underlying exposures of a stronger Swiss franc and British pound sterling on operating costs. A significant portion of emerging market currency exposures in particular are unhedged, so the actual impact may differ positively or negatively from the above estimate. The net hedging result is reported within General and administrative in the consolidated income statement.

Appendix A

Reconciliation of non-GAAP measures to equivalent GAAP measures
A non-GAAP measure is a numerical measure of financial performance, financial position or cash flows that either:

- includes, or is subject to adjustments that have the effect of including, amounts that are excluded in the most directly comparable measure calculated and presented under IFRS; or
- excludes, or is subject to adjustments that have the effect of excluding, amounts that are included in the most directly comparable measure calculated and presented under IFRS.

Syngenta uses non-GAAP measures in this report where they are regarded by management as important for the investor to fully understand Syngenta's performance. The non-GAAP measures presented in this report are measures adjusted for exchange rate movements and to exclude restructuring gains and losses, impairment losses and divestment gains and losses. The Company presents these measures because:

- movements in exchange rates historically have had, and in the future are expected to have, a significant impact on sales and operating income from period to period; and
- restructuring and impairment charges historically have fluctuated, and in the future are expected to fluctuate, significantly from period to period and thereby have a volatile impact on results.

Syngenta has been engaged in significant restructuring activities since the formation of the Company in 2000, including programs to integrate and extract synergies from the combined operations of the Zeneca agrochemicals business and the Novartis agribusiness, the integration of business combinations, the Operational Efficiency programs, the implementation of the integrated crop strategy and, beginning in 2014, the AOL program. The incidence of restructuring charges is periodic and volatile, reflecting the timing of irrevocable commitments related to specific sites and operations. Therefore the impact on reported performance varies from period to period and there is limited continuity in the specific composition or size of such charges. In 2017, measures excluding restructuring and impairment also exclude the incremental effect of applying cash-settled share based payment accounting due to the share plan amendments related to the ChemChina Tender Offer described in Note 3 to the consolidated financial statements. Internal financial reporting and management and employee incentive plans are substantially based on financial measures excluding the charges for restructuring and impairment so that management is incentivized to deliver the benefits of the associated restructuring and not to achieve short-term financial targets by deferring implementation of restructuring plans. Restructuring programs typically deliver benefits with a payback over several years, similar to capital investments, and control over restructuring expenditures is performed on a similar project basis to that applied with capital investments.

Syngenta presents non-GAAP measures on operating income before restructuring and impairment at both the segmental and group levels. Restructuring and impairment charges have had a material effect on operating income in the period covered by the review. In the opinion of management, reporting operating performance excluding restructuring and impairment in addition to the GAAP measures provides a more thorough understanding of business performance. Together with disclosure of the material elements within restructuring and impairment and of the overall anticipated size and timeframe of restructuring programs, these measures may assist investors in forecasting future operating performance. In addition to GAAP measures, Syngenta uses measures of operating performance excluding restructuring and impairment in internal reporting to management and the Board of Directors, and these measures are used in the incentive plans for Syngenta management and other employees. Restructuring and impairment charges have been incurred in all the periods covered by the review and are expected to continue to arise and have a material effect on operating performance in future periods. Consequently, non-GAAP measures of operating income before restructuring and impairment do not present a complete picture of operating performance and these measures should be seen only as supplementary to the GAAP measure.

Syngenta presents non-GAAP information on income before taxes excluding restructuring and impairment together with income tax expense before restructuring and impairment to assist investors to calculate the Group tax rate both including and excluding the impact of restructuring and impairment charges. The tax rate on restructuring and impairment charges has been volatile and different from the tax rate on income before taxes excluding restructuring and impairment, due in part to many categories of restructuring or impairment charges not being deductible for tax purposes. In addition to GAAP measures, measures of income before taxes excluding restructuring and impairment and income tax expense excluding restructuring and impairment are used in internal reporting to management and the Board of Directors. Restructuring and impairment charges have been incurred in all the periods covered by the review and are expected to continue to arise and have a material effect on operating performance in future periods. Consequently, non-GAAP measures of income before taxes excluding restructuring and impairment and income tax expense before restructuring and impairment do not present a complete picture of financial performance and these measures should be seen only as supplementary to the GAAP measure.

Syngenta presents non-GAAP information on net income and earnings per share before restructuring and impairment and, where relevant, on net income and earnings per share from continuing operations before restructuring and impairment. As above, restructuring and impairment charges have had a material effect on operating income in the period covered by the review. In the opinion of management, reporting net income and earnings per share excluding restructuring and impairment in addition to the GAAP measures provides a more thorough understanding of business performance. Together with disclosure of the material elements within restructuring and impairment and of the overall anticipated size and timeframe of restructuring programs, this disclosure may assist investors in forecasting future performance. In addition to net income and earnings per share prepared in accordance with GAAP, Syngenta uses net income and earnings per share excluding restructuring and impairment in internal reporting to management and the Board of Directors, and the measure is used in the incentive plans for Syngenta management and other employees. Restructuring and impairment charges have been incurred in all the periods covered by the review and are expected to continue to arise and have a material effect on financial performance in future periods. Consequently, the non-GAAP measures of net income and earnings per share before restructuring and impairment do not present a complete picture of financial performance and these measures should be seen only as supplementary to the GAAP measures.

For improved clarity, the definitions of these non-GAAP measures and reconciliations of non-GAAP measures to the appropriate GAAP measure are provided below. The tables below are included to show the reconciliation of the GAAP measures to the non-GAAP measures used in the report and do not represent income statements prepared under IFRS.

Reconciliation of net income excluding restructuring and impairment (non-GAAP measure) to profit for the period (GAAP measure)

2017 ($m, except percentage, share and per share amounts)	Total	Restructuring and impairment	Before restructuring and impairment
Operating income	**54**	**(453)**	**507**
Income/(loss) from associates and joint ventures	**8**	**-**	**8**
Financial expense, net	**(178)**	**-**	**(178)**
Income/(loss) before taxes	**(116)**	**(453)**	**337**
Income tax (expense)/benefit	**20**	**92**	**(72)**
Net income/(loss)	**(96)**	**(361)**	**265**
Attributable to non-controlling interests	**(2)**	**-**	**(2)**
Net income/(loss) attributable to Syngenta AG shareholders	**(98)**	**(361)**	**263**
Tax rate	**17%**	**20%**	**21%**
Number of shares – basic (millions)	**92**		**92**
Number of shares – diluted (millions)	**92**		**92**
Basic earnings per share	**(1.06)**	**(3.91)**	**2.85**
Diluted earnings per share	**(1.06)**	**(3.91)**	**2.85**

2016 ($m, except percentage, share and per share amounts)	Total	Restructuring and impairment	Before restructuring and impairment
Operating income	1,647	(477)	2,124
Income/(loss) from associates and joint ventures	5	-	5
Financial expense, net	(291)	-	(291)
Income before taxes	1,361	(477)	1,838
Income tax expense	(180)	87	(267)
Net income	1,181	(390)	1,571
Attributable to non-controlling interests	(3)	-	(3)
Net income attributable to Syngenta AG shareholders	1,178	(390)	1,568
Tax rate	13%	18%	15%
Number of shares – basic (millions)	92		92
Number of shares – diluted (millions)	92		92
Basic earnings per share	12.80	(4.24)	17.04
Diluted earnings per share	12.79	(4.24)	17.03

2015 ($m, except percentage, share and per share amounts)	Total	Restructuring and impairment	Before restructuring and impairment
Operating income	1,841	(388)	2,229
Income/(loss) from associates and joint ventures	7	-	7
Financial expense, net	(256)	-	(256)
Income before taxes	1,592	(388)	1,980
Income tax expense	(248)	88	(336)
Net income	1,344	(300)	1,644
Attributable to non-controlling interests	(5)	-	(5)
Net income attributable to Syngenta AG shareholders	1,339	(300)	1,639
Tax rate	16%	23%	17%
Number of shares – basic (millions)	92		92
Number of shares – diluted (millions)	92		92
Basic earnings per share	14.57	(3.26)	17.83
Diluted earnings per share	14.52	(3.26)	17.78

2014 ($m, except percentage, share and per share amounts)	Total	Restructuring and impairment	Before restructuring and impairment
Operating income	2,105	(206)	2,311
Income/(loss) from associates and joint ventures	7	-	7
Financial expense, net	(217)	-	(217)
Income before taxes	1,895	(206)	2,101
Income tax expense	(273)	38	(311)
Net income	1,622	(168)	1,790
Attributable to non-controlling interests	(3)	-	(3)
Net income attributable to Syngenta AG shareholders	1,619	(168)	1,787
Tax rate	14%	18%	15%
Number of shares – basic (millions)	92		92
Number of shares – diluted (millions)	92		92
Basic earnings per share	17.66	(1.83)	19.49
Diluted earnings per share	17.60	(1.82)	19.42

2013 ($m, except percentage, share and per share amounts)	Total	Restructuring and impairment	Before restructuring and impairment
Operating income	2,086	(179)	2,265
Income/(loss) from associates and joint ventures	48	-	48
Financial expense, net	(200)	-	(200)
Income before taxes	1,934	(179)	2,113
Income tax expense	(285)	38	(323)
Net income	1,649	(141)	1,790
Attributable to non-controlling interests	(5)	-	(5)
Net income attributable to Syngenta AG shareholders	1,644	(141)	1,785
Tax rate	15%	22%	15%
Number of shares – basic (millions)	92		92
Number of shares – diluted (millions)	92		92
Basic earnings per share	17.88	(1.53)	19.41
Diluted earnings per share	17.78	(1.52)	19.30

Constant exchange rates

Syngenta compares results from one period to another period in this report using variances calculated at constant exchange rates (“CER”). To present that information, current period results for entities reporting in currencies other than US dollars are converted into US dollars at the prior period’s exchange rates, rather than the exchange rates for the current year. See Note 26 to the consolidated financial statements in Item 18 for information on average exchange rates in 2017 and 2016. For example, if a European entity reporting in CHF sold CHF 100 million of products in 2017 and 2016, Syngenta’s financial statements would report $101 million of revenues in 2017 (using 0.99 as the rate, which was the average exchange rate in 2017) and $101 million in revenues in 2016 (using 0.99 as the rate, which was the average exchange rate in 2016). The CER presentation would translate the 2017 results using the 2016 exchange rates and indicate that underlying revenues were flat. Syngenta presents this CER variance information in order to assess how its underlying business performed before taking into account currency exchange fluctuations. Syngenta also presents its actual reported results in order to provide the most directly comparable data under GAAP.

Selected Financial Data

Syngenta has prepared the consolidated financial statements in US dollars ($) and in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS). Financial figures are presented in millions of dollars ($m) except where otherwise stated. The basis of preparation of the consolidated financial statements and the key accounting policies are discussed in Note 1 and in Notes 2 and 27, respectively, to the consolidated financial statements.

The selected financial highlights information in accordance with IFRS presented below has been extracted from the consolidated financial statements of Syngenta. Investors should read the entire consolidated financial statements and not rely on the summarized information. The information includes the results of operations and the net assets of MRI Seed Zambia Ltd and MRI Agro Zambia Ltd from October 31, 2013, Società Produttori Sementi S.p.A. from April 4, 2014, Lantmännen SW Seed Hadmersleben GmbH, Lantmännen SW Seeds GmbH and SW Winter Oilseed AB from July 21, 2014 and Land.db Enterprises Inc. from October 15, 2015.

Financial highlights

	Year ended December 31,				
($m, except where otherwise stated)	**2017**	2016	2015	2014	2013
Amounts in accordance with IFRS					
Income statement data:					
Sales	**12,649**	12,790	13,411	15,134	14,688
Cost of goods sold	**(6,491)**	(6,507)	(7,042)	(8,192)	(7,986)
Gross profit	**6,158**	6,283	6,369	6,942	6,702
Operating expenses	**(6,104)**	(4,636)	(4,528)	(4,837)	(4,616)
Operating income	**54**	1,647	1,841	2,105	2,086
Income/(loss) before taxes	**(116)**	1,361	1,592	1,895	1,934
Net income/(loss)[1]	**(96)**	1,181	1,344	1,622	1,649
Net income/(loss) attributable to Syngenta AG shareholders	**(98)**	1,178	1,339	1,619	1,644
Cash flow data:					
Cash flow from operating activities	**1,839**	1,807	1,190	1,931	1,214
Cash flow used for investing activities	**(577)**	(521)	(462)	(729)	(772)
Cash flow from (used for) financing activities	**(303)**	(1,134)	(1,188)	(420)	(1,114)
Capital expenditure on tangible fixed assets	**(394)**	(425)	(453)	(600)	(625)
Balance sheet data:					
Current assets less current liabilities	**5,341**	5,089	5,537	4,858	3,990
Total assets	**20,333**	19,068	18,977	19,929	20,216
Total non-current liabilities	**(5,615)**	(4,830)	(4,896)	(4,317)	(3,356)
Total liabilities	**(12,333)**	(11,097)	(10,557)	(11,024)	(10,712)
Share capital	**(6)**	(6)	(6)	(6)	(6)
Total shareholders' equity	**(7,976)**	(7,950)	(8,401)	(8,889)	(9,491)

1 The net result in 2017 was a loss of $96 million due to the establishment in the year of provisions of $1,550 million to settle lawsuits related to the commercialization of Syngenta's AGRISURE VIPTERA® and DURACADE™ corn seed in the United States before import approval for these products from China had been received. Excluding these charges and the related tax effect, net income was $1,152 million

All activities were in respect of continuing operations.

Consolidated Income Statement

(for the years ended December 31, 2017 and 2016)

($m, except share and per share amounts)	Notes	2017	2016
Sales	4, 5	**12,649**	12,790
Cost of goods sold		**(6,491)**	(6,507)
Gross profit		**6,158**	6,283
Marketing and distribution		**(2,197)**	(2,117)
Research and development		**(1,273)**	(1,299)
General and administrative:			
Restructuring	6	**(355)**	(407)
Other general and administrative	20	**(2,279)**	(813)
Operating income		**54**	1,647
Income from associates and joint ventures		**8**	5
Interest income	26	**155**	181
Interest expense	26	**(165)**	(200)
Other financial expense		**(36)**	(19)
Currency gains/(losses), net	26	**(132)**	(253)
Financial expense, net		**(178)**	(291)
Income/(loss) before taxes		**(116)**	1,361
Income tax (expense)/benefit	7	**20**	(180)
Net income/(loss)		**(96)**	1,181
Attributable to:			
Syngenta AG shareholders	8	**(98)**	1,178
Non-controlling interests		**2**	3
Net income/(loss)		**(96)**	1,181
Earnings per share ($):			
Basic	8	**(1.06)**	12.80
Diluted	8	**(1.06)**	12.79
Weighted average number of shares:			
Basic		**92,354,881**	92,020,494
Diluted		**92,366,107**	92,092,649

The accompanying notes form an integral part of the consolidated financial statements.

All activities were in respect of continuing operations.

Consolidated Statement of Comprehensive Income

(for the years ended December 31, 2017 and 2016)

($m)	Notes	2017	2016
Net income/(loss)		**(96)**	1,181
Components of other comprehensive income/(loss) (OCI)			
Items that will not be reclassified to profit or loss:			
Gains on equity investments at fair value through OCI	26	**5**	-
Actuarial gains/(losses) of defined benefit post-employment plans	15, 22	**262**	(520)
Income tax relating to items that will not be reclassified to profit or loss	7	**(55)**	114
		212	(406)
Items that may be reclassified subsequently to profit or loss:			
Unrealized gains/(losses) on derivatives designated as cash flow and net investment hedges and related hedging costs	25	**(27)**	34
Currency translation effects		**372**	(301)
Income tax relating to items that may be reclassified subsequently to profit or loss	7	**12**	37
		357	(230)
Total OCI		**569**	(636)
Total comprehensive income		**473**	545
Attributable to:			
Syngenta AG shareholders		**470**	543
Non-controlling interests		**3**	2
Total comprehensive income		**473**	545

The accompanying notes form an integral part of the consolidated financial statements.

All activities were in respect of continuing operations.

Consolidated Balance Sheet

(at December 31, 2017 and 2016)

($m, except share amounts)	Notes	2017	2016
Assets			
Current assets:			
Cash and cash equivalents	26	**2,253**	1,284
Trade receivables	9, 26	**4,087**	4,543
Other accounts receivable	9, 26	**836**	570
Inventories	11	**4,174**	3,884
Derivative and other financial assets	26	**343**	500
Other current assets	10	**198**	386
Income taxes recoverable		**168**	189
Total current assets		**12,059**	11,356
Non-current assets:			
Property, plant and equipment	12	**3,460**	3,298
Intangible assets	13	**2,973**	2,863
Deferred tax assets	7	**1,099**	941
Financial and other non-current assets	14, 26	**550**	440
Investments in associates and joint ventures	15	**192**	170
Total non-current assets		**8,274**	7,712
Total assets		**20,333**	19,068
Liabilities and equity			
Current liabilities:			
Trade accounts payable	16, 26	**(3,174)**	(3,338)
Contract liabilities	16	**(480)**	-
Current financial debt and other financial liabilities	17, 26	**(1,141)**	(1,047)
Income taxes payable		**(474)**	(526)
Other current liabilities	18, 26	**(773)**	(1,174)
Provisions	20	**(676)**	(182)
Total current liabilities		**(6,718)**	(6,267)
Non-current liabilities:			
Financial debt and other non-current liabilities	19, 26	**(3,064)**	(3,077)
Deferred tax liabilities	7	**(613)**	(610)
Provisions	20	**(1,938)**	(1,143)
Total non-current liabilities		**(5,615)**	(4,830)
Total liabilities		**(12,333)**	(11,097)
Shareholders' equity:			
Issued share capital 2017 and 2016: 92,578,149 ordinary shares	8	**(6)**	(6)
Retained earnings		**(5,629)**	(6,018)
Other reserves		**(2,408)**	(2,051)
Treasury shares: 2017: 195,676 ordinary shares (2016: 357,658)	8	**67**	125
Total shareholders' equity		**(7,976)**	(7,950)
Non-controlling interests		**(24)**	(21)
Total equity		**(8,000)**	(7,971)
Total liabilities and equity		**(20,333)**	(19,068)

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated Cash Flow Statement

(for the years ended December 31, 2017 and 2016)

($m)	Notes	2017	2016
Income/(loss) before taxes		**(116)**	1,361
Reversal of non-cash and other reconciling items	21	**2,497**	1,300
Cash (paid)/received in respect of:			
Interest received		**156**	174
Interest paid		**(140)**	(179)
Other financial receipts		**86**	189
Other financial payments		**(310)**	(505)
Income taxes		**(224)**	(219)
Restructuring costs	20	**(80)**	(73)
Contributions to pension plans, excluding restructuring costs	20	**(160)**	(150)
Other provisions	20	**(54)**	(55)
Share based compensation	3	**(276)**	-
Operating cash flow before change in net working capital		**1,379**	1,843
Change in net working capital:			
Change in inventories		**(153)**	252
Change in trade and other working capital assets		**616**	(374)
Change in trade and other working capital liabilities		**(3)**	86
Cash flow from operating activities		**1,839**	1,807
Additions to property, plant and equipment	12	**(394)**	(425)
Proceeds from disposals of property, plant and equipment		**75**	30
Purchases of intangible assets	13	**(184)**	(132)
Purchases of investments in associates and other financial assets		**(47)**	(71)
Proceeds from disposals of intangible and financial assets		**93**	17
Business acquisitions	3	**(164)**	-
Business divestments, net of cash divested	3	**44**	60
Cash flow used for investing activities		**(577)**	(521)
Proceeds from increase in third party interest-bearing debt	21	**872**	400
Repayments of third party interest-bearing debt	21	**(729)**	(586)
Sales of treasury shares and options over own shares	23	**24**	92
Distributions paid to shareholders		**(470)**	(1,040)
Cash flow used for financing activities		**(303)**	(1,134)
Net effect of currency translation on cash and cash equivalents		**10**	(9)
Net change in cash and cash equivalents		**969**	143
Cash and cash equivalents at the beginning of the year		**1,284**	1,141
Cash and cash equivalents at the end of the year		**2,253**	1,284

Of total cash and cash equivalents of $2,253 million (2016: $1,284 million), $99 million (2016: $123 million) is required to meet insurance solvency requirements of the Group's insurance subsidiaries. These amounts therefore were not readily available for the general purposes of the Group. There are no other significant restrictions on Syngenta's ability to use assets or settle liabilities.

At December 31, 2017 cash equivalents totaled $1,617 million (2016: $931 million) and consisted of bank and money market fund deposits.

The accompanying notes form an integral part of the consolidated financial statements.

Consolidated Statement of Changes in Equity

(for the years ended December 31, 2017 and 2016)

($m)	Par value of ordinary shares	Additional paid-in capital	Treasury shares, at cost	Fair value reserves	Cumulative translation adjustment	Retained earnings	Total share-holders' equity	Non-controlling interests	Total equity
	Attributable to Syngenta AG shareholders								
January 1, 2016	6	3,430	(421)	(72)	(1,042)	6,500	8,401	19	8,420
Net income						1,178	1,178	3	1,181
OCI				23	(274)	(384)	(635)	(1)	(636)
Total comprehensive income	-	-	-	23	(274)	794	543	2	545
Transactions with owners as owners:									
Share based compensation			168			(102)	66		66
Distributions paid to shareholders						(1,040)	(1,040)		(1,040)
Cancellation of treasury shares		(14)	128			(114)	-		-
Other						(20)	(20)		(20)
December 31, 2016	6	3,416	(125)	(49)	(1,316)	6,018	7,950	21	7,971
Net income/(loss)						**(98)**	**(98)**	**2**	**(96)**
OCI				**(15)**	**374**	**209**	**568**	**1**	**569**
Total comprehensive income	**-**	**-**	**-**	**(15)**	**374**	**111**	**470**	**3**	**473**
Transactions with owners as owners:									
Share based compensation			**58**			**(37)**	**21**		**21**
Distributions paid to shareholders						**(470)**	**(470)**		**(470)**
Other				**(2)**		**7**	**5**		**5**
December 31, 2017	**6**	**3,416**	**(67)**	**(66)**	**(942)**	**5,629**	**7,976**	**24**	**8,000**

The accompanying notes form an integral part of the consolidated financial statements.

The amount available for dividend distribution is based on Syngenta AG's shareholders' equity determined in accordance with the legal provisions of the Swiss Code of Obligations. In 2016, a dividend of CHF 11.00 ($11.32) per share was paid in respect of 2015. In 2017, a special dividend of CHF 5.00 ($5.05) per share was paid as further disclosed in Note 3.

Included within the fair value reserves are (i) cash flow hedge reserves, which comprise the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged items that have not yet been recognized in profit or loss, and (ii) fair value reserves, which comprise the cumulative net change in the fair value of equity investments at fair value through OCI. Movements in the cash flow hedge reserves are shown in Note 25. Movements in the fair value reserves for equity investments are shown in Note 26. Amounts within OCI related to actuarial gains and losses of defined benefit post-employment plans are presented within retained earnings.

The cumulative translation adjustment comprises all foreign currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of long-term monetary items that are part of net investments in foreign subsidiaries.

1. Basis of preparation of the consolidated financial statements

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS or IFRSs) as issued by the International Accounting Standards Board (IASB). The consolidated financial statements have been prepared on an historical cost basis, except for items that are required by IFRSs to be measured at fair value, principally certain financial instruments and biological assets, which are valued at fair value less costs to sell.

The consolidated financial statements incorporate the financial statements of Syngenta AG, a company domiciled and incorporated in Switzerland, and all of its more than 150 subsidiaries globally (together referred to as "Syngenta") and Syngenta's interests in associates and joint ventures. Approximately 40 subsidiaries are considered to be significant legal entities. There are no material non-controlling interests or structured entities. Syngenta's main research and development facilities are located in Switzerland, UK and USA and its main production sites are in Switzerland, UK, USA, France, China and Brazil. Syngenta AG's principal executive offices are at Schwarzwaldallee 215, 4058 Basel, Switzerland.

The parent of Syngenta is CNAC Saturn (NL) B.V., a private company incorporated in the Netherlands. The ultimate parent of Syngenta is China National Chemical Corporation, a state-owned enterprise of the People's Republic of China.

The consolidated financial statements are presented in United States dollars ("$") as this is the major currency in which revenues are denominated. "$m" refers to millions of United States dollars. The functional currency of Syngenta AG is the Swiss franc ("CHF").

Syngenta is a world leading agribusiness operating in the crop protection, seeds, controls and flowers markets. Crop protection chemicals include herbicides, insecticides, fungicides and seed treatments to control weeds, insects and diseases in crops, and are essential inputs enabling growers around the world to improve agricultural productivity and food quality. In Seeds, Syngenta operates in the high value commercial sectors of field crops (including corn, oilseeds and cereals) and vegetables. The controls business provides turf and landscape and professional pest management products, and the flowers business provides flower seeds, cuttings and young plants, to professional growers and consumers.

The preparation of financial statements requires management to exercise judgment when applying accounting policies and to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated. Note 2 below includes further discussion of certain critical accounting estimates.

The consolidated financial statements were approved for issue by the Board of Directors on February 6, 2018.

2. Significant accounting policy judgments and estimates

This note describes the impact on Syngenta's consolidated financial statements of significant accounting judgments made when applying IFRSs and critical assumptions and accounting estimates.

Application of critical accounting policies

Royalty and license income
Individual agreements licensing to third parties the right to use Syngenta technology can and do have unique terms and, consequently, the accounting judgments required to apply IFRS 15 to each such agreement can differ significantly. In accordance with the transitional requirements of IFRS 15 "Revenue from Contracts with Customers", Syngenta has applied IFRS 15 to licenses agreed during 2017, but continued to apply IAS 18 "Revenue" to licenses agreed in prior years in respect of which Syngenta had satisfied all its performance obligations before January 1, 2017 but had contingent license income which had not met accounting recognition criteria at that date. Note 27 contains a full description of Syngenta's transition to IFRS 15.

In 2015, Syngenta entered into license agreements with KWS SAAT SE, Vilmorin & Cie S.A. and their joint ventures AgReliant Genetics LLC, AgReliant Genetics Inc. and Genective S.A., granting worldwide non-exclusive rights to its corn germplasm and traits portfolio, including in-licensed third party traits. In accordance with this agreement, in 2017 Syngenta received a $75 million milestone payment on being notified of import approval from the Chinese Ministry of Agriculture for food and feed use of corn containing its Agrisure Duracade® trait and a further $25 million on granting a license to Genective S.A. to develop corn seed products containing stacks of Syngenta traits and other traits. No further revenue was recognized from this agreement in 2016 or 2017. Additional sales-based royalties may become receivable if sales of licensed products exceed thresholds defined in the agreement, and would be recognized as revenue at the time that the licensees make the related sales.

Impairment
For purposes of testing goodwill for impairment, goodwill is allocated to cash generating units (CGUs). Syngenta generally defines each crop protection product active ingredient and each seed crop as a CGU. However, where one active ingredient is sold in mixture with other active ingredients to a significant extent, the active ingredients concerned are grouped together into a single CGU because independent cash inflows only exist at this higher level. Each CGU is generally defined on a global basis, reflecting the international nature of the business, and contains tangible assets such as Property, plant and equipment (PP&E) as well as intangible assets such as product and patent rights.

North America corn and soybean seeds are defined as a single CGU because of common intellectual property and other interdependencies between these two crops, which do not apply to other crops. Goodwill on certain major acquisitions, principally Zeneca agrochemicals business goodwill of $548 million, was allocated to each Syngenta operating segment in proportion to each such segment's relative value at the time Syngenta established its current basis of segmentation, and is tested for impairment at those levels by relating the allocated amount for each segment to the total cash flows of the respective segment. The goodwill amounts allocated to segments and significant other CGUs are disclosed in Note 13.

For CGUs to which no goodwill is allocated, a reduction in forecast sales within management's five year forecast horizon compared with the previous year's five year forecast cycle, combined with a reduction in latest forecasts of current year sales compared with the current year budget, is generally considered an indicator of market related impairment and results in the performance of detailed impairment tests. Syngenta also performs detailed impairment tests when there are asset specific indicators of impairment such as withdrawal of or restrictions placed upon product registrations, plans to divest products or, for property, plant and equipment, plans to restructure or close a site. Higher discount rates are used to test property, plant and equipment for impairment in the case of restructuring because of the higher risk associated with remaining cash flows when operations are being physically relocated. The value in use calculation takes account of cash flows from the remaining period of operations and includes decommissioning costs. In 2017, to allow time to implement a revised forecasting process, Syngenta has continued to use forecasts prepared in 2016 for its crop protection active ingredient CGUs, and has relied upon its 2016 recoverable amount estimates which exceeded the carrying amounts of those CGUs by a substantial margin.

If a CGU becomes impaired, the impairment loss is allocated first to any goodwill in the CGU, and then to reduce the CGU's other assets pro rata.

Share based payment
Syngenta's application of share based payment accounting in 2017 and 2016 is described in Note 3.

Critical accounting estimates

Adjustments to revenue and trade receivables
Syngenta's products are consumed mainly by growers, but Syngenta invoices the majority of its sales to distributors. The timing and amount of cash inflows received by growers is impacted by a broad range of economic and political risks, including crop yields and prices, the availability of credit, and the cost of agricultural inputs such as the products sold by Syngenta and its competitors. The cash flows of distributors that supply Syngenta's products to growers and represent the majority of Syngenta's customers are also impacted by these factors. These distributors vary in size and nature from large publicly owned entities to small or medium sized owner-managed businesses. Syngenta's customer base reflects the geographical diversity of its operations, which encompass more than 90 countries and all significant agriculture areas. Considerable management effort and judgment is applied to actively manage and mitigate the risks to Syngenta from these factors and to determine the accounting estimates associated with them, which are set out below:

- the estimated cost of incentive programs that provide rebates and discounts dependent upon achievement of sales targets, as well as cash discounts for punctual payment of accounts receivable. Syngenta records the estimated cost of these programs when the related sales are made, based on the programs' terms, market conditions and historical experience. At December 31, 2017, trade accounts payable includes $1,360 million (2016: $1,366 million) of accruals for customer rebates and incentive programs.
- commercial terms in certain markets also provide a right of return, subject to eligibility restrictions by product and either an annual cap equal to a percentage of sales in the immediately prior year, or a return period typically extending up to the end of the agricultural season in which the product was originally sold, which can be 9 months. Accruals for estimated product returns are based on contractual sales terms and on historical experience of actual returns where Syngenta considers these to be reliable estimates of future returns. At December 31, 2017, trade accounts payable includes $284 million (2016: $160 million) of accruals for sales returns. Actual returns can vary significantly from estimates in market segments where the distribution channel holds several months' sales of Syngenta products at the reporting date, forecast consumption of those products by growers could be materially affected if market or weather conditions after the reporting date were significantly different from those expected and the volume of products returned by distributors varies with changes in grower consumption. This is especially relevant to Brazil and certain other markets in the southern hemisphere given the Group's financial reporting year-end falls in the middle of the peak demand season for the Group's crop protection products. Actual sales returns in 2016 in Brazil of crop protection products Syngenta sold during 2015, including products exchanged for other products, were $175 million, representing 10% of relevant sales. This exceeded the $106 million provided at December 31, 2015, mainly due to the severe drought conditions in parts of northern Brazil during February and March 2016. Syngenta worked with customers in northern Brazil during 2016 to reduce the high inventory levels resulting from the drought. Actual sales returns in 2017 in Brazil of crop protection products Syngenta sold during 2016, including products exchanged for other products, were $201 million, representing 12% of relevant sales. This exceeded the $87 million provided at December 31, 2016, mainly due to two reasons: firstly, high inventories arose in the distribution channel in southern Brazil from continuing lower levels of pest pressure and crop prices than in prior years. A significant proportion of 2017 returns resulted from Syngenta working with customers to manage their inventory levels and accounts receivable. This significantly reduced receivable balances through increased collections as well as credits for returned products. Secondly, Syngenta repositioned its key fungicide Elatus™ to ensure growers receive maximum benefit from using the product as the Brazilian crop protection industry addresses performance issues growers have experienced from applying carboxamide fungicides. Returns of Elatus™ in 2017 were $50 million. In accordance with IFRS 15, sales subject to returns are recognized only to the extent that it is highly probable that a significant reversal in the amount of revenue recognized will not occur when the uncertainty associated with the amount of returns is subsequently resolved. At December 31, 2017, channel inventories of crop protection products in Brazil are estimated to be significantly lower than at the end of 2016, but in recognition of continuing economic risks, Syngenta has recorded a $171 million allowance for sales returns of crop protection products in Brazil, representing 14% of relevant sales in 2017.
- allowances for doubtful receivables, which are estimated by critically analyzing individual receivable account balances, taking into account historical levels of recovery and the value of any security held or agreed barter programs which mitigate credit exposure, the economic condition of individual customers, and the overall economic and political environment in relevant countries. As shown in Note 9, the provision for doubtful receivables at December 31, 2017 amounted to $448 million, or 10 percent (2016: $396 million or 8 percent) of total trade receivables, of which $230 million and $52 million (2016: $168 million and $60 million) related respectively to sales made to the Brazilian and Venezuelan markets. In Brazil, Syngenta increased the allowance because lower crop prices and high inventory levels have resulted in several customers experiencing payment difficulties. In Venezuela the collection shortfall is due to constraints on availability of credit and foreign currency at both customer and country level. Collections from Venezuela in 2017 were $9 million. In 2017, Syngenta reported $69 million bad debt expense (2016: $67 million), of which $45 million and $nil (2016: $10 million and $49 million) related to Brazil and Venezuela respectively.

Syngenta records these estimates as separate allowances, but its estimation process recognizes their interdependency, as the level of credits to accounts receivable for discounts and product returns may affect the probability of receiving full payment of the net receivable balances.

Deferred tax assets

At December 31, 2017, Syngenta's deferred tax assets are $1,099 million (2016: $941 million), as further analysed in Note 7. Included in this balance are deferred tax assets for unused tax losses and tax credits of $31 million (2016: $35 million), of which $13 million (2016: $19 million) relates to tax losses. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible or in which tax losses can be utilized. The tax effect of unused tax losses is recognized as a deferred tax asset when it becomes probable that the tax losses will be utilized. In making assessments regarding deferred tax assets, management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies. At December 31, 2017, based upon the level of historical taxable income and projections for future taxable income over the periods in which deferred tax assets are deductible, management believes that it is more likely than not that Syngenta will realize the benefits of these deductible differences. The amount of deferred tax assets considered realizable could however be reduced in subsequent years if estimates of future taxable income during their carry forward periods are reduced, or rulings by the tax authorities are unfavorable. Estimates are therefore subject to change due to both market related and government related uncertainties, as well as Syngenta's own future decisions on restructuring and other matters. Syngenta is unable to accurately quantify the future adjustments to deferred income tax expense that may occur as a result of these uncertainties.

For Argentina, no net deferred tax assets were recognized at December 31, 2016, but Syngenta has fully recognized its deferred tax asset at December 31, 2017 because the combined effect of improved local business performance and recent changes in tax legislation have increased the likelihood that Syngenta will be able to utilize that asset against future taxable profits. Recognition of this asset reduced 2017 deferred income tax expense by $37 million. The principal jurisdictions where deferred tax assets have not been recognized at December 31, 2017 and 2016 are Brazil and Belgium. At December 31, 2017, Syngenta has recognized $131 million (2016: $160 million) of net deferred tax assets in Brazil and has not recognized $73 million (2016: $24 million) of deferred tax assets. This further restriction of the amount recognized, which increased 2017 deferred income tax expense by $49 million, takes into account the further deterioration in business performance in 2017 which reduced local profitability, and assumes moderate recovery in 2018 and future years, resulting in local profitability similar to the historical average. In making this assessment, the forecast horizon used for taxable profits is 5 years. Taxable profits that may arise beyond the 5 year horizon are subject to greater uncertainty and have not been considered. Non recognition in Belgium relates to the impact of the post-acquisition integration of Devgen on actual tax losses and expected future taxable profits.

Syngenta has remeasured its US deferred tax assets to take account of the tax reforms enacted in December 2017, assuming that a 21% US federal tax rate will apply in the periods when Syngenta realizes those assets. This remeasurement has increased Syngenta's 2017 deferred tax expense by $96 million. The reforms are complex and significant management judgment has been required to estimate the effect of the tax reforms on Syngenta's US entities given the short time between enactment and Syngenta's December 31 year end. It is reasonably possible that the rate applicable to those entities in accordance with the newly enacted US federal tax legislation will vary from the 21% in one or more future periods.

Uncertain tax positions

Syngenta estimates and accrues taxes that will ultimately be payable when reviews or audits by tax authorities of tax returns are completed. These estimates include significant management judgments about the eventual outcome of the reviews and audits of all open years based on the latest information available about the positions expected to be taken by each tax authority. Actual outcomes and settlements may differ significantly from the estimates recorded in these consolidated financial statements. This may affect income tax expense reported in future years' consolidated income statements.

Syngenta has a global supply chain, and intellectual property rights owned by Syngenta are used internationally within the Group. Transfer prices for the delivery of goods and charges for the provision of services, which include contract research and development, contract manufacturing and internal financing arrangements, by one Syngenta subsidiary to another may be subject to challenge by the national tax authorities in any of the jurisdictions in which Syngenta operates. Syngenta has a global transfer pricing policy in place and applies, to the maximum extent possible, a consistent methodology on a global basis. Transfer pricing determination in general, and the benchmarking process in particular, involve significant judgment and therefore a certain level of uncertainty remains as to whether tax authorities will challenge the pricing applied in the light of the new, complex transfer pricing guidelines in connection with the Base Erosion and Profit Shifting (BEPS) initiative.

At December 31, 2017, Syngenta's balance sheet includes assets of $168 million (2016: $189 million), and liabilities of $474 million (2016: $526 million), for current income taxes. These liabilities include $413 million in respect of the uncertain tax positions described above (2016: $400 million).

Releases of uncertain tax liabilities during 2017 related to changes in tax legislation and closure of previously open tax computations through expiry and settlement of tax audits (2016: favorable tax court decisions in India, relating among other points to the taxation of so called location specific advantages and tax deduction of royalties). The liability for uncertain income tax positions that Syngenta expects will be resolved in 2018 is approximately 12 percent of total recognized current income tax liabilities.

Significant management judgment has been required to estimate the income tax benefits associated with the $1,500 million Viptera litigation provision described in Note 20 because the Syngenta entities named as parties to the litigation are incorporated in different tax jurisdictions. Syngenta's estimates assume that all the provision will be deductible for income taxes but that deductions will be claimed in more than one jurisdiction. Syngenta has estimated the benefit using an average of the tax rates of the relevant jurisdictions. The ultimate benefit realized may be different from this estimate and this difference may have a material effect on Syngenta's income tax expense for 2018.

In Brazil, Syngenta received adverse rulings at administrative court level in transfer pricing disputes for fiscal years 2003 and 2011, and has filed appeals at civil court level. Syngenta believes its appeal will succeed and has recognized no liability for the estimated aggregate $93 million contingent liabilities in these disputes.

Seeds inventory valuation and allowances
Inventories of $4,174 million (2016: $3,884 million) reported in Note 11 include $1,123 million (2016: $1,146 million) of seeds, which are subject to the risk of loss through physical deterioration at all stages of the operating cycle. Syngenta accounts for normal losses that occur during production, both in the pre-harvest growing and the post-harvest processing stages, as part of the cost of inventories of in-process and finished seeds. Normal losses in production, which include the cost of seeds discarded before processing because they do not meet Syngenta's quality standards, are therefore expensed when the related finished seed is sold to customers. Losses of finished seeds are expensed as incurred. Syngenta records allowances against the cost of seeds inventories for both quality and obsolescence. Syngenta records allowances for quality for finished seed which is currently of defective quality and for finished seed which is expected to deteriorate physically before sale, based on past experience. Syngenta records allowances for obsolescence for excess seed for which there is insufficient forecast customer demand over the expected remaining commercial life of each seed variety. For excess seeds that Syngenta is likely to be able to sell in the commodity market, the allowance is the cost of the seed minus its net realizable value, which is estimated as the expected net proceeds of commodity sale. If commodity sale is not probable, the allowance is the full cost of the excess seed inventories.

To determine the allowances required, management effort and judgment is applied to analyze at crop, variety and batch level seed inventory quantity, quality and forecast sales data, developing commercial practices, available markets and the speed of expected product portfolio changes. The rapidly evolving combination of corn seed genetics and trait stacks in North America and Latin America result in shorter commercial lives of a typical hybrid seed variety than in other crops and regions, with variation between actual and previously forecast sales and consequent greater risk of excess seed at individual hybrid level. Excess seed quantities are also affected by harvest yield, which is influenced by unpredictable weather and growing conditions. Seeds inventory allowance expense for 2017, excluding $29 million directly related to divestment of the sugar beet seeds business, was $150 million (2016: $170 million), and the allowance balance at December 31, 2017 was $240 million (2016: $263 million), with decreased provisions for vegetables seeds and corn in EAME and Asia Pacific, partly offset by higher provisions for excess soybean seeds due to higher volumes and lower resale revenue from the commodity market.

Impairment review
At December 31, 2017, Syngenta has reported intangible assets of $1,659 million (2016: $1,627 million) for goodwill and $1,314 million (2016: $1,236 million) for intangible assets other than goodwill, as reported in Note 13. The recoverable amount for goodwill has been determined based on value in use of the relevant operating segment, CGU or group of CGUs to which the goodwill is allocated, except where mentioned below. The recoverable amounts of all material intangible assets and property, plant and equipment (PP&E) have also been based on their value in use, except where mentioned below.

The main assumptions used in determining the recoverable amounts for operating segments and other CGUs include market size and Syngenta's market share, future sales prices and volumes, future development expenditures required to maintain products' marketability and registration in the relevant jurisdictions, and products' lives. At operating segment level, the key assumptions related to sales volume and value are expressed separately for each product line, market segment and crop, and assumptions related to expenses are expressed by region. At CGU level, assumptions are expressed by product. The assumptions are reviewed annually as part of management's budgeting and strategic planning cycles. These assumptions can be subject to significant adjustment from such factors as changes in crop growing patterns in major markets (for example, as a result of movements in crop prices), changes in product registration, or pressure from competitor products. Estimated cash flows for operating segments and other CGUs are based on Syngenta management forecasts, cover a five year horizon except where a longer horizon is required to reflect cash flows from the development and introduction of new products due to the length of the product development cycle, and include a terminal value which assumes a 2.0 percent long-term growth rate (2016: 2.0 percent). Syngenta's forecasts for the North America corn and soybean seed CGU also include the following key assumptions for revenue from seed sales:

- for each of the two crops, market size expressed as acres planted, Syngenta's market share, crop commodity prices, and licensing revenues;
- for new genetic traits, the timing of regulatory approval and marketing launch, and seed pricing compared with existing products.

Management believes, based on recent and expected future growth in agricultural markets, that there are long-term prospects for continued growth in Syngenta's business.

The key inputs used to calculate the pre-tax discount rates used to discount the estimated future cash flows included in the value in use calculations are as follows:

- post-tax weighted average cost of capital: 7.0 percent (2016: 6.5 percent)
- risk-free rate: 2.9 percent (2016: 2.3 percent) equal to market yields on 30-year government bonds at the date of performing the annual impairment test
- equity risk premium 5.0 percent (2016: 5.0 percent).

The discount rate determined in this way is considered to include market estimates of industry sector risk premium. Syngenta's CGUs generally reflect the global nature of its Crop Protection and Seeds product sales, and a country risk premium is applied only to those CGUs where the geographical scope of operations and cash flows is limited. The pre-tax discount rates used for all segments, CGUs and groups of CGUs ranged from 7.8 percent to 11.4 percent (2016: 7.4 percent to 14.6 percent).

At December 31, 2017 and 2016, the largest amounts of goodwill were allocated to the Asia Pacific operating segment (2017: $343 million; 2016: $325 million) and the North America corn and soybean CGU (2017 and 2016: $315 million). The pre-tax discount rate used to test Asia Pacific goodwill for impairment was 9.3 percent (2016: 8.3 percent) and the forecast terminal growth rate was 2.0 percent (2016: 2.0 percent). The pre-tax discount rate used to test the North America corn and soybean CGU for impairment was 8.1 percent (2016: 8.1 percent) and the forecast terminal growth rate was 2.0 percent (2016: 2.0 percent).

In the opinion of Syngenta, the outcomes of the impairment tests are not sensitive to reasonably likely changes in any of the assumptions underlying the cash flow projections used for the impairment tests or in the discount rate in the periods presented for any segment, CGU or group of CGUs for which the carrying amount of goodwill is significant.

For the year ended December 31, 2017 impairment losses for intangible assets were $5 million. For the year ended December 31, 2016, impairment losses for intangible assets were $65 million, relating mainly to a crop protection product CGU which has been affected by reduced demand due to low commodity prices and by manufacturing issues which have delayed achievement of targeted savings in production costs. Based on an updated cash flow forecast covering a 10 year horizon and an annual 5 percent decline in sales thereafter, the recoverable amount and remaining carrying amount of non-current assets in this CGU is $7 million (2016: $12 million).

Impairments of property, plant and equipment were $6 million (2016: $69 million, mainly as a result of decisions to restructure operations at several sites, including sites in the USA, Switzerland, China, India and Israel). $47 million of the 2016 impairment losses related to land, buildings and other PP&E items at three sites which were sold during 2017 without significant additional impairment losses. The aggregate recoverable amount of assets at these sites at December 31, 2016 was $24 million, measured at fair value less selling costs based on offers received from potential buyers. This is equivalent to a level 3 fair value measurement. These assets were classified as held for sale at December 31, 2016 and have been presented in Note 10, Other current assets. PP&E impairment losses also included $nil (2016: $14 million) related to Syngenta's sugar beet seeds business, which was sold to DLF Seeds A/S on September 29, 2017. At December 31, 2016, the recoverable amount of the sugar beet seeds CGU was determined based on fair value less selling costs, measured using a 13.0 percent pre-tax discount rate and representing a level 3 measurement in the fair value hierarchy.

Environmental provisions

At December 31, 2017, Syngenta reported in Note 20 provisions for environmental remediation of $186 million (2016: $194 million). Remediation of environmental damage at sites with which Syngenta is associated typically takes a long time to complete due to the substantial amount of planning and regulatory approvals normally required before remediation activities can begin. The assumptions used by Syngenta to estimate its environmental provisions may change significantly before or during the remediation period due to changes in the extent of remediation required or the method used to remediate the damage. In addition, increases in or releases of environmental provisions may be necessary whenever new developments occur or additional information becomes available. The major uncertainties that impact the outcome of remediation are:

- the extent of the contaminated land area, which is not always limited to land occupied by the Syngenta site. Ongoing monitoring or remediation work may identify changes in the area believed to be contaminated.
- the nature of the work Syngenta will be obliged to perform or pay for. This depends upon the current or proposed use of contaminated land, substantively enacted legislation, and land zoning by and negotiation with the relevant regulatory authorities. In Switzerland, proposed remediation plans at certain sites may be subject to public referenda.
- sharing of costs with other past and present occupiers of Syngenta's sites. At certain shared sites, Syngenta is responsible for an agreed proportion of remediation costs, which may change following discussions with authorities and the affected third parties. At other sites, third parties have agreed to reimburse Syngenta for some or all of the costs it incurs.

Consequently, environmental provisions can change significantly. Because of the inherent uncertainties in estimating such long-term future obligations, Syngenta periodically supplements its internal expertise with external expertise when determining environmental provisions.

In 2017 and 2016, except for $11 million (2016: $16 million) of cash outflows reflecting remediation activity, there were no significant changes to environmental provisions.

Proposals have been made suggesting remediation of the existing contamination on certain shared sites in preference to monitoring and containment. Syngenta will negotiate the proposals with the relevant authorities but the final adopted solution is subject to regulatory uncertainty and the ultimate liability may be higher or lower than the amount provided. Taken together, the provisions at December 31, 2017, for these shared sites comprise approximately 25 percent of total environmental provisions. The top ten exposures at the end of 2017 comprise approximately 80 percent of the total environmental provisions. In the opinion of management, reasonably possible increases in the provisions related to these top 10 exposures would not exceed 75 percent of the total environmental provision recognized at December 31, 2017.

At Syngenta's Monthey, Switzerland, production site, the majority of the work currently needed to remediate groundwater and soil contamination at the site has been carried out. Future expenditure will be related to the ongoing remediation of contamination hot spots and the groundwater treatment programs. The responsibility for these activities lies with Syngenta and one other chemical enterprise. In management's opinion, based on its current knowledge, Syngenta's environmental provisions are adequate to cover Syngenta's share of the expected costs to perform this remediation and no significant change to the provision has been made in 2017 or 2016. However, the final extent of the remediation work required, the cost estimates and their allocation continue to be subject to uncertainty.

Defined benefit post-employment benefits

At December 31, 2017, Syngenta has reported other non-current assets of $13 million (2016: $nil) and provisions of $577 million (2016: $833 million) as net defined benefit (DB) pension assets and liabilities, respectively, as set out in Note 22. These amounts may change significantly from one accounting period end to another due not only to expense recognized in profit and loss and cash payments, but also to changes in the actuarial assumptions used to measure the defined benefit obligation (DBO) and to variances between those assumptions and actual outcomes ("experience variances"), both of which are recognized in OCI. Significant judgment is required when selecting key assumptions for measuring post-employment benefit expense for a period and the DBO at the period end for each defined benefit plan. The specific assumptions used and experience variances are disclosed in Note 22. These variances were caused principally by external financial market movements in corporate bond yields used to benchmark the discount rate, and in asset prices affecting the actual return on assets. These factors are outside Syngenta's direct control, and it is reasonably possible that future variances will be at least as great as past variances.

At December 31, 2017 and 2016, for each of Syngenta's three largest defined benefit pension plans, the sensitivity of the DBO to a change in each significant actuarial assumption is as follows:

($m)	2017			2016		
Increase (decrease) in DBO	**Switzerland**	**UK**	**USA**	Switzerland	UK	USA
Discount rate – 25 basis point decrease in rate	**103**	**143**	**26**	100	133	19
Discount rate – 25 basis point increase in rate	**(96)**	**(139)**	**(26)**	(93)	(130)	(19)
Pension increase – 25 basis point increase in rate	**n/a**	**127**	**n/a**	n/a	105	n/a
Pension increase – 25 basis point decrease in rate	**n/a**	**(124)**	**n/a**	n/a	(103)	n/a
Interest credit rate – 25 basis point increase in rate	**19**	**n/a**	**n/a**	19	n/a	n/a
Interest credit rate – 25 basis point decrease in rate	**(19)**	**n/a**	**n/a**	(19)	n/a	n/a
Life expectancy[1]	**64**	**134**	**10**	60	119	9

1 The life expectancy sensitivity is calculated using the difference between the reported DBO amount and the DBO amount projected using a one year increase, compared with the assumptions actually used, in the life expectancy for each plan member. This alternative projection is calculated using mortality rates that produce an immediate increase of one year for a plan member at normal retirement date, with corresponding changes at other ages.

Each sensitivity amount is calculated assuming that all other assumptions are held constant. It should be noted that economic factors and conditions often affect multiple assumptions simultaneously. For the UK pension plan, the discount rate and pension increase sensitivities shown are relative to price inflation, because limited price indexation of pensions in payment and deferred pension rights is required both by the Syngenta UK pension plan rules and by UK statutory pension regulations. For Syngenta's Swiss and US plans, the sensitivities are for changes in the nominal discount rates, because the rules and statutory regulations applicable to those plans contain no inflation linkage and indexation of benefits to inflation is not general market practice in those countries. Syngenta is not able to predict the extent of likely future changes in the discount rate or life expectancy assumptions, but based on past experience, the discount rate for each plan could change by up to 150 basis points (bp) within a twelve month period. Pensionable pay is now permanently frozen for the UK DB pension plan as explained below, and the sensitivity of the DBO to the assumed rate of increase in pensionable pay is not material for the Swiss or US plans.

To select the discount rate, Syngenta uses yields of AA rated corporate bonds. The relevant yield is determined either by analyzing a population of bonds whose cash flows collectively approximate the estimated cash flow profile of benefit payments by a Syngenta plan (UK and USA), or by using the yield of a published bond index and adjusting it in line with the relevant market yield curve to the extent that the average maturity of the bonds in the index is different from that of the relevant Syngenta benefits (Switzerland). Nominal discount rates at December 31, 2017 are as follows:

Switzerland	0.65 percent	(2016: 0.71 percent)
UK	2.38 percent	(2016: 2.52 percent)
USA	3.60 percent	(2016: 3.95 percent)

In valuing the UK DBO at December 31, 2017, the UK long-term rate of retail price inflation (RPI) is assumed to be 3.19 percent (2016: 3.28 percent). Future statutory pension increases are based on consumer price inflation (CPI). Most Syngenta UK pension plan members have benefits specifically linked to RPI in accordance with the plan rules, but some members will see increases linked to CPI. CPI is assumed to be 100 basis points (2016: 100 basis points) below RPI.

In recent years, life expectancy has increased in all major countries in which Syngenta sponsors pension plans. Syngenta sets mortality assumptions after considering the most recent statistics practicable. Syngenta uses generational mortality tables to estimate probable future mortality improvements. These tables assume that the trend of increasing life expectancy will continue, resulting in pension benefit payments to younger members being likely to be paid for longer time periods than older members' pensions, given that assumed retirement ages are those defined in the rules of each plan. At December 31, 2017 and 2016, the UK DBO was estimated using mortality rates based on the UK Institute and Faculty of Actuaries' CMI SAPS Pensioner Amounts Light tables reflecting long cohort improvements from 2002-2012, with assumed future improvement of 1.25 percent per annum in line with the CMI Core Projections model 2016. Syngenta's use of the updated future improvement projections model reduced the DBO in 2017 by $51 million (1.7 percent), and other mortality assumptions were updated in 2015 following the most recent triennial valuation for UK statutory purposes at March 31, 2015, reducing the DBO by $17 million (less than 1.0 percent) in that year. The next statutory valuation of the plan will be performed as at March 31, 2018.

At December 31, 2017 and 2016 Syngenta valued the benefit obligation for its Swiss pension plan using mortality, disability and employee turnover assumptions from the BVG 2015 generational table. In 2016, changes to demographic assumptions, largely resulting from adoption of this table, increased the Swiss DBO by $75 million (3.4 percent). In 2017, Syngenta changed the assumed disability rates to 70% (2016: 100%) of the BVG rates to reflect persistent favorable experience compared to those rates. This reduced the Swiss DBO by $19 million (less than 1 percent). At December 31, 2017, Syngenta valued the benefit obligation for its US pension plan using mortality assumptions from the RP-2017 generational mortality table together with Scale MP-2017 mortality improvements starting with base year 2006. This resulted in no material change in the benefit obligation compared to the assumptions used at December 31, 2016.

Syngenta's major pension plans give members lump sum or annuity benefit payment options. Syngenta values its pension liabilities on the assumption that the choices made by members who will retire in the future will be consistent with choices made by members who have retired recently. For the US pension plan, the benefit obligation has been valued assuming that current eligible members will take the lump sum option at normal retirement or other permissible commencement dates. This assumption is consistent with historical and expected future member choices.

In 2014, Syngenta amended the benefits of the UK plan so that pensionable pay will remain frozen at January 1, 2016 levels. The plan remains open to benefit accrual for existing members, and pay increases awarded after January 1, 2016, which are not part of defined benefit pensionable pay, are pensionable under the Syngenta Group Personal Pension (GPP), a separate defined contribution plan, for those who choose to join.

Employees who choose to leave the defined benefit section of the UK pension plan are able to join the GPP. Recent regulatory changes allow members aged at least 55 to transfer their benefits out of the plan into arrangements which allow flexible cash withdrawals, in contrast to the previous requirement that members take at least 75% of their benefit in annuity form. Market conditions in 2017 resulted in transfer values favorable to members. These factors resulted in benefit payments out of the UK plan increasing to $261 million (2016: $104 million) as several members withdrew all their benefits. Syngenta has assumed that 10 per cent of members will opt-out from the DB section of the plan in future due to the pensionable pay freeze, but has made no additional allowance for future transfers out in connection with the regulatory changes, because the volumes of member transfers seen in 2017 are not expected to recur in future years.

IFRSs require Syngenta to estimate the economic benefit it can obtain from the amount by which the fair value of assets held in a DB plan exceeds the DBO measured in accordance with IAS 19 ("surplus"), and recognize a reduction in the net DB asset to the extent that the future economic benefit is lower than the actual surplus at the reporting date, or an increase in the net DB liability if the future economic benefit is lower than the projected future surplus that would arise when Syngenta meets an existing minimum funding obligation. Accounting recognition of a surplus in Syngenta's UK defined benefit pension plan is supported by the economic benefit of future contribution savings and, when that benefit is less than the surplus, also by the future refund, net of applicable taxes, which will be unconditionally available to Syngenta when all liabilities have been settled. At December 31, 2016, all of the projected UK plan surplus met the accounting recognition criteria, but at December 31, 2017 Syngenta has recognized an additional $20 million liability, mainly as a result of the additional minimum funding agreed by Syngenta and the plan Trustee during 2017 and described in detail in Note 22 below, which increases the projected surplus. This additional liability represents taxes Syngenta would pay on the portion of the projected surplus supported by Syngenta's refund rights. At December 31, 2016, there was no surplus in Syngenta's main US pension plan. In 2017, the plan was amended to freeze benefit accrual for existing members as from December 31, 2018, as further described in Note 22 below. At December 31, 2017, Syngenta has recognized only $12 million of the $26 million surplus as an asset, because the economic benefit from future contribution savings is now limited to the 2018 service cost, and US pension regulations do not permit a refund. At December 31, 2017 and 2016, there was no surplus in Syngenta's Swiss pension plan.

Litigation provisions
Syngenta's accounting estimates related to provisions for litigation are disclosed in Note 20 below.

3. Acquisitions, divestments and other significant transactions

The following significant transactions occurred during 2017 and 2016.

2017

Public tender offer for Syngenta AG shares by CNAC Saturn (NL) B.V. ("the Offeror")

Syngenta AG registered shares and ADSs
As of March 23, 2016, CNAC Saturn (NL) B.V. ("the Offeror"), a subsidiary of China National Chemical Corporation (ChemChina), a state-owned enterprise of the People's Republic of China, launched public tender offers in Switzerland and the United States to acquire all the publicly held registered shares and, in the U.S. offer, also all American Depositary Shares (ADSs) of Syngenta AG ("the ChemChina Tender Offer") for $465 per registered share in cash. On May 10, 2017, it was announced that, as of the end of the Main Offer Period, 76,128,826 Syngenta AG registered shares (including those represented by ADSs), corresponding to 82.23% of the voting rights, had been tendered in the ChemChina Tender Offer and that the Offer had been successful. On May 31, 2017, it was further announced that, as of the end of the Additional Acceptance Period, the definitive end result of the ChemChina Tender Offer was that the Offeror's participation was 87,650,988 Syngenta AG registered shares (including those represented by ADSs), corresponding to 94.68% of the voting rights. Consequently, Syngenta AG's parent company is now CNAC Saturn (NL) B.V. and its ultimate parent company is ChemChina. On July 13, 2017, following the purchase of additional Syngenta shares, ChemChina announced that its participation in Syngenta AG had exceeded 98 percent of Syngenta's share capital. As a consequence, ChemChina filed a petition with the Appellate Court Basel-City (Appellationsgericht Basel-Stadt) to cancel the remaining Syngenta shares that are not held by ChemChina or any of its affiliates.

On December 18, 2017, Syngenta announced that the Appellate Court Basel-City has cancelled all publicly held registered shares of Syngenta AG. On December 22, 2017, Syngenta announced that SIX Exchange Regulation had approved the delisting of the Syngenta shares from SIX Swiss Exchange as per January 8, 2018 and the last trading day of the Syngenta shares would be January 5, 2018. Following the delisting of the Syngenta shares from SIX Swiss Exchange, holders of cancelled shares were paid a cash compensation in the amount of $465 for each cancelled share. This amount corresponds to the offer price that had been paid by CNAC Saturn (NL) B.V.. On January 8, 2018, Syngenta announced that the ADSs would be delisted from the New York Stock Exchange effective on January 18, 2018, and that the trading of the ADSs would be suspended prior to the market opening on January 8, 2018.

Special dividend
On May 16, 2017, as a result of the ChemChina Tender Offer being declared successful, Syngenta AG paid a special dividend of $470 million (CHF 5.00 per share).

Amendments to Syngenta's Equity Plans
On February 1 and 2, 2016 the Syngenta Board of Directors and the Compensation Committee of the Board of Directors, amended Syngenta's Equity Plans for Directors and Employees, respectively. Under the amended terms of the Equity Plans, on the ChemChina Tender Offer being declared unconditional:

- all blocking and holding periods for vested shares held in the plans were waived to enable holders of these shares to tender them into the ChemChina Tender Offer during the Additional Acceptance Period;
- all outstanding share awards and Restricted Share Units were converted into Syngenta shares, deferral and vesting periods were waived, and matching shares were granted, Performance Share Units vested at target levels of performance and were converted into Syngenta

shares, options vested and their exercise periods lapsed, and performance options vested at target levels of performance and their exercise periods lapsed. Phantom awards and ADSs have been treated in an analogous way to the above.

On June 7, 2017, Syngenta AG paid $276 million to settle all outstanding awards, other than Syngenta shares to which the Equity Plan participants had acquired valid title before the ChemChina Tender Offer became unconditional, in cash instead of Syngenta shares. As a result of these amendments, Syngenta has applied cash-settled share based payment accounting for these awards. The effect of this change was as follows:

- $85 million credited to equity up to February 2, 2016 under equity-settled share based payment accounting was reclassified as a liability at that date;
- $81 million share based payment expense was recognized in function expenses according to where the related personnel costs were charged for 2017 (2016: $70 million), in addition to the $14 million (2016: $71 million) charge that would have been made under equity-settled share based payment accounting for the periods during which the awards were outstanding.

Under cash-settled share based payment accounting, the fair value of the awards is charged to profit or loss and no equity instruments are assumed to be issued on settlement. Therefore, basic and diluted numbers of shares were the same in respect of cash-settled awards.

Change of Control payments

Changes in the credit rating of Syngenta AG following acquisition by ChemChina required Syngenta Finance N.V. to make an offer to note holders of three US private placements issued in December 2005, to prepay the notes at par together with interest thereon to the prepayment date selected by Syngenta. The acceptance deadline for the prepayment offer was July 13, 2017. On July 20, 2017, $147 million of the notes were repaid to note holders who had accepted the offer. As note holders have no further prepayment rights following expiry of the offer, the amount of notes that remains outstanding is presented within non-current liabilities in the consolidated balance sheet at December 31, 2017.

Divestment of remedy assets

On October 24, 2017, Syngenta announced that Adama Agricultural Solutions Ltd ("Adama") and Syngenta had entered into binding agreements with Nufarm Limited (“Nufarm”) to sell a portfolio of crop protection products for a total agreed transaction value of $490 million, of which Syngenta’s share would be $95 million. The combined portfolio of products being divested includes off-patent crop protection formulations in the herbicides, fungicides, insecticides and other categories in the European Economic Area (EEA). No physical assets (apart from inventories) or personnel will be transferred by Syngenta as part of the transaction. Syngenta will also sell related inventories to Nufarm at closing of the transaction, which is expected to occur in the first quarter of calendar year 2018.

The transaction was carried out in accordance with the commitments given to the European Commission relating to ChemChina’s acquisition of Syngenta. Completion of the transaction is subject to clearance by the relevant European Competition authorities, as well as qualification of Nufarm by the European Commission as a “suitable purchaser”, as stipulated under the commitments.

Divestment of Sugar Beet seeds business

On September 29, 2017, Syngenta completed the sale of its global Sugar Beet seeds business to DLF Seeds A/S (DLF) for a cash consideration of $62 million, subject to a final purchase price adjustment. The divestment of the Sugar Beet seeds business resulted in $45 million of asset impairment and divestment losses being incurred during 2017.

The net cash received on the divestment is included in Cash flow used for investing activities in the Consolidated Cash Flow Statement as follows:

($m)	
Gross proceeds	**62**
Cash and cash equivalents divested	**(18)**
Net cash flow received from the divestment	**44**

In addition to cash and cash equivalents, aggregate assets and liabilities divested were as follows:

($m)	Carrying amounts
Inventories	**39**
Trade receivables and other current assets	**31**
Total non-current assets	**8**
Trade accounts payable	**(11)**
Other current liabilities	**(33)**
Net assets divested	**34**

Acquisition of Nidera Seeds

On November 6, 2017, Syngenta and COFCO International Ltd announced that Syngenta had entered into a binding agreement to acquire the global seeds business of Nidera, from Nidera B.V., a subsidiary of COFCO International Ltd. The acquisition consideration is $1,400 million in cash, subject to a final purchase price adjustment. The acquisition was completed on February 6, 2018, as further disclosed in Note 28.

Syngenta will fund the purchase price by borrowing under a bridge facility (the “Bridge Facility”) that Syngenta Crop Protection AG, as borrower, has entered into with UBS Limited and Unicredit Bank AG in connection with the acquisition. The borrower's obligations under the Bridge Facility are guaranteed by Syngenta AG, Syngenta Finance AG, Syngenta Finance N.V., Syngenta Wilmington Inc., Syngenta Crop Protection AG and

Syngenta Corporation. The Bridge Facility provides, subject to its terms and conditions set forth therein, for borrowing up to $1,250 billion and matures on May 14, 2019, including permitted extensions.

The Bridge Facility contains certain representations and warranties made as of the signing date and on the utilization date. In addition, the Bridge Facility contains certain undertakings, subject to certain agreed exceptions, including but not limited to, restrictions on mergers, restrictions on disposals and acquisitions, negative pledge, restrictions on incurring financial indebtedness and restrictions on loans and guarantees, provided that certain of these covenants do not apply for so long as Syngenta AG has an investment grade credit rating from two of three specified agencies. The Bridge Facility further includes a financial covenant relating to net debt to EBITDA.

In the consolidated cash flow statement, business acquisitions of $164 million were as follows:

($m)	2017
Escrow deposit for the acquisition of Nidera Seeds	**(150)**
Deferred consideration paid in relation to acquisitions completed in prior periods	**(14)**
Total	**(164)**

2016

On March 15, 2016, Syngenta completed the divestiture of Syngenta Bioline Ltd. (“Bioline”), its beneficial insect breeding business. On June 1, 2016, Syngenta completed the divestiture of its manufacturing operations in Goa, India to Deccan Fine Chemicals India Private Ltd. Neither transaction had individually material proceeds nor led to a material gain or loss; the aggregate net gains on these divestments were $12 million.

Payments and receipts in 2016 of deferred and contingent consideration related to acquisitions and divestments completed in prior periods were not material.

4. Segmental breakdown of key figures for the years ended December 31, 2017 and 2016

Syngenta is organized on a worldwide basis into five operating segments: the four geographic regions, comprising the Crop Protection and Seeds businesses, and the global Lawn and Garden business, comprising the Flowers and Controls businesses. Income and expense transactions in the regional business have been attributed to the geographic regions based on the market destination to which they relate, rather than on the region in which they originated. Some costs do not relate to a geographic destination and are unallocated. Segment performance is managed based on segment operating income, which is the measure of segment profit or loss presented, and is based on the same accounting policies as consolidated operating income. No operating segments have been aggregated to form the reportable segments.

2017 ($m)	Europe, Africa, Middle East	North America	Latin America	Asia Pacific	Un-allocated	Total regional	Lawn and Garden	Group
Product sales - to third parties	3,828	3,075	2,856	1,850	-	11,609	679	12,288
Royalty and license income - from third parties	42	286	28	3	-	359	2	361
Total segment sales	3,870	3,361	2,884	1,853	-	11,968	681	12,649
Cost of goods sold	(1,853)	(1,738)	(1,660)	(988)	40	(6,199)	(292)	(6,491)
Gross profit	2,017	1,623	1,224	865	40	5,769	389	6,158
Marketing and distribution	(583)	(536)	(596)	(293)	(32)	(2,040)	(157)	(2,197)
Research and development	-	-	-	-	(1,220)	(1,220)	(53)	(1,273)
General and administrative:								
Restructuring	(155)	(36)	(44)	(18)	(85)	(338)	(17)	(355)
Other general and administrative	(149)	(1,675)	(64)	(46)	(315)	(2,249)	(30)	(2,279)
Operating income/(loss) - continuing operations	1,130	(624)	520	508	(1,612)	(78)	132	54
Included in the above operating income from continuing operations are:								
Personnel costs	(588)	(476)	(460)	(276)	(900)	(2,700)	(142)	(2,842)
Depreciation of property, plant and equipment					(315)	(315)	(20)	(335)
Amortization of intangible assets					(182)	(182)	(17)	(199)
Impairment of property, plant and equipment, intangible and financial assets	(3)	-	-	-	(14)	(17)	-	(17)
Other non-cash items including charges in respect of provisions	-	(1,550)	-	-	(138)	(1,688)	(1)	(1,689)
Gains/(losses) on hedges reported in operating income	2	8	6	-	(6)	10	(2)	8

Segment operating income/(loss) reconciles to consolidated loss before taxes as follows:

2017 ($m)	
Segment operating income	54
Income from associates and joint ventures	8
Financial expense, net	(178)
Income/(loss) before taxes	(116)

2016 ($m)	Europe, Africa, Middle East	North America	Latin America	Asia Pacific	Un-allocated	Total regional	Lawn and Garden	Group
Product sales - to third parties	3,752	3,062	3,265	1,834	-	11,913	660	12,573
Royalty and license income - from third parties	41	140	28	5	-	214	3	217
Total segment sales	3,793	3,202	3,293	1,839	-	12,127	663	12,790
Cost of goods sold	(1,801)	(1,720)	(1,766)	(986)	48	(6,225)	(282)	(6,507)
Gross profit	1,992	1,482	1,527	853	48	5,902	381	6,283
Marketing and distribution	(554)	(528)	(492)	(279)	(102)	(1,955)	(162)	(2,117)
Research and development	-	-	-	-	(1,247)	(1,247)	(52)	(1,299)
General and administrative:								
Restructuring	(98)	(55)	(43)	(24)	(178)	(398)	(9)	(407)
Other general and administrative	(136)	(106)	(59)	(42)	(429)	(772)	(41)	(813)
Operating income/(loss) - continuing operations	1,204	793	933	508	(1,908)	1,530	117	1,647
Included in the above operating income from continuing operations are:								
Personnel costs	(534)	(455)	(435)	(268)	(1,040)	(2,732)	(152)	(2,884)
Depreciation of property, plant and equipment					(309)	(309)	(19)	(328)
Amortization of intangible assets					(183)	(183)	(17)	(200)
Impairment of property, plant and equipment, intangible and financial assets	(12)	(25)	(3)	(3)	(91)	(134)	-	(134)
Other non-cash items including charges in respect of provisions					(170)	(170)	(14)	(184)
Gains/(losses) on hedges reported in operating income	7	(7)	38	-	(62)	(24)	(3)	(27)

Segment operating income/(loss) reconciles to consolidated income before taxes as follows:

2016 ($m)	
Segment operating income	1,647
Income from associates and joint ventures	5
Financial expense, net	(291)
Income before taxes	1,361

The analysis of revenue by major product line for the years ended December 31, 2017 and 2016 is as follows:

($m)	2017	2016
Selective herbicides	**2,720**	2,853
Non-selective herbicides	**791**	773
Fungicides	**2,896**	3,157
Insecticides	**1,632**	1,643
Seedcare	**1,055**	1,003
Other crop protection	**150**	142
Total Crop Protection	**9,244**	9,571
Corn and soybean	**1,503**	1,375
Diverse field crops	**701**	666
Vegetables	**622**	616
Total Seeds	**2,826**	2,657
Elimination of Crop Protection sales to Seeds	**(102)**	(101)
Controls	**495**	477
Flowers	**186**	186
Group sales	**12,649**	12,790

Summarized additional information on the nature of expenses for the years ended December 31, 2017 and 2016 is as follows:

($m)	2017	2016
Salaries, short-term employee benefits and other personnel expense	**2,641**	2,549
Pension and other post-employment benefit expense	**106**	194
Share based payment expense	**95**	141
Total personnel costs	**2,842**	2,884
Depreciation of property, plant and equipment	**335**	328
Impairment of property, plant and equipment	**6**	69
Amortization of intangible assets	**199**	200
Impairment of intangible assets	**5**	65

Pension and other post-employment benefit expense for 2017 includes $89 million of gains on amendments of benefit plans (see Note 22 for further discussion). There were no amendments or settlements of pension plans in 2016.

5. Regional breakdown of key figures for the years ended December 31, 2017 and 2016

The following countries individually accounted for more than 5 percent of one or more of the respective Syngenta totals for the years ended December 31, 2017 and 2016.

($m, except %)	Sales[1]				Total non-current assets[2]			
Country	2017	%	2016	%	2017	%	2016	%
Brazil	**1,845**	**15**	2,227	17	**316**	**4**	293	4
France	**574**	**5**	562	4	**152**	**2**	127	2
Switzerland	**50**	**-**	52	-	**2,742**	**39**	2,661	40
UK	**174**	**1**	185	2	**474**	**7**	439	7
USA	**3,163**	**25**	3,084	24	**1,930**	**27**	1,883	28
Rest of world	**6,843**	**54**	6,680	53	**1,438**	**21**	1,326	19
Total	**12,649**	**100**	12,790	100	**7,052**	**100**	6,729	100

1 Sales by location of third party customer
2 Excluding deferred tax assets, defined benefit pension assets and derivative financial assets

No single customer accounted for 10 percent or more of Syngenta's total sales.

6. Restructuring

Restructuring for the years ended December 31, 2017 and 2016, broken down into the main restructuring initiatives, consists of the following:

($m)	2017	2016
Accelerating operational leverage programs:		
Cash costs		
Charged to provisions	**75**	54
Expensed as incurred	**208**	160
Non cash costs	**1**	9
Integrated crop strategy programs:		
Expensed as incurred	**-**	1
Acquisition, divestment and related costs:		
Cash costs		
Associated with industry consolidation, including ChemChina	**7**	50
Other, expensed as incurred	**24**	24
Non-cash items	**30**	(12)
Other non-cash restructuring:		
Other non-current asset impairments	**10**	121
Total restructuring	**355**	407

The above costs for the years ended December 31, 2017 and 2016 are presented within Restructuring in the consolidated income statement.

In addition to the above, of the $95 million share based payment expense charged to the 2017 consolidated income statement (2016: $141 million), $81 million (2016: $70 million) is the incremental effect of applying cash-settled share based payment accounting due to the share plan amendments related to the ChemChina Tender Offer, as described in Note 3. The $81 million, along with an additional $17 million of related social costs, is presented as costs of the functions in which the members of the share based payment plans work, by income statement line as shown below. Total share based payment expense charged to the consolidated income statement is disclosed in Note 23.

The total effect of the above mentioned material items is as follows:

($m)	2017	2016
Cost of goods sold	**9**	6
Marketing and distribution	**31**	26
Research and development	**12**	8
Other general and administrative	**46**	30
Subtotal	**98**	70
Restructuring	**355**	407
Total	**453**	477

Analysis of restructuring costs

2017

Accelerating operational leverage programs

Cash costs of $229 million, including $30 million of severance and pension charges and $44 million of information systems projects, consist of $97 million for initiatives to restructure marketing and commercial operations, $61 million for projects to improve the effectiveness of back office support, $38 million for Research and Development productivity projects, $27 million for activity to optimize production and supply and $6 million for project management. A further $54 million of severance and pension costs were incurred to simplify the layers of management, including at the global headquarters.

Non-cash costs included tangible asset write-downs associated with the above projects.

Acquisition, divestment and related costs

Cash costs include $7 million of costs related to the ChemChina Tender Offer. Other acquisition and related integration costs include $17 million of transaction costs and $7 million incurred for integration projects. Non-cash items include $45 million of asset impairments and divestment losses related to the sugarbeet business, which was divested during September, gains of $16 million on the sale of product rights in the USA and Mexico and a small impairment for assets acquired in an earlier transaction.

Other non-cash restructuring
Other non-current asset impairments consist of an additional $5 million for two sites in the US that were classified as held-for-sale at the end of 2016 and sold during the first half of 2017 and the impairment of a research collaboration agreement whose future benefit has become less certain.

2016

Accelerating operational leverage programs
Cash costs of $214 million, including $36 million of severance and pension charges and $35 million of information systems projects, consisted of $95 million for initiatives to restructure marketing and commercial operations, $61 million for projects to improve the effectiveness of back office support, $30 million for Research and Development productivity projects, $23 million for activity to optimize production and supply and $5 million for project management.

Non-cash costs included tangible asset write-downs associated with the above projects.

Integrated crop strategy programs
The integrated crop strategy programs announced in 2011 are substantially complete and final costs in 2016 related to the completion of certain projects initiated before the end of 2015.

Acquisition, divestment and related costs
Cash costs included $50 million of transaction costs related to the ChemChina Tender Offer. Other cash costs included $13 million of transaction costs and $11 million incurred for integration projects, including the divestment of the Goa manufacturing site and the Bioline beneficial insects breeding business and the subsequently canceled projects to divest the Flowers and Vegetables businesses.

Non-cash items consisted of aggregate gains of $12 million on sale of the Bioline beneficial insects breeding business and the manufacturing site in Goa.

Other non-cash restructuring
Other non-current asset impairments included $61 million for the impairment of product rights where production challenges increased the uncertainties of commercializing a product profitably, $31 million for the impairment of two sites and $16 million for the write-down of a building, both in the US, $10 million to impair the assets of a seeds crop where expectations of future operating profitability reduced and various other small write-downs.

7. Income taxes

Income before taxes from continuing operations for the years ended December 31, 2017 and 2016 consists of the following:

($m)	**2017**	2016
Switzerland	**138**	543
Foreign	**(254)**	818
Total income/(loss) before taxes	**(116)**	1,361

Income tax (expense)/benefit on income from continuing operations for the years ended December 31, 2017 and 2016 consists of the following:

($m)	**2017**	2016
Current income tax (expense):		
Switzerland	**(15)**	(65)
Foreign	**(162)**	(180)
Total current income tax (expense)	**(177)**	(245)
Deferred income tax (expense)/benefit:		
Switzerland	**1**	(4)
Foreign	**196**	69
Total deferred income tax (expense)/benefit	**197**	65
Total income tax (expense)/benefit:		
Switzerland	**(14)**	(69)
Foreign	**34**	(111)
Total income tax (expense)/benefit:	**20**	(180)

The components of current income tax (expense)/benefit on income from continuing operations for the years ended December 31, 2017 and 2016 are:

($m)	2017	2016
Current tax (expense) relating to current years	**(274)**	(334)
Adjustments to current tax for prior periods	**89**	81
Utilization of tax losses against taxable income	**8**	8
Total current income tax (expense)	**(177)**	(245)

The components of deferred income tax (expense)/benefit on income from continuing operations for the years ended December 31, 2017 and 2016 are:

($m)	2017	2016
Origination and reversal of temporary differences	**268**	34
Changes in tax rates or legislation	**(98)**	4
Other adjustments to deferred tax for prior periods	**(6)**	(4)
Utilization of tax losses previously recognized as deferred tax assets	**(8)**	(8)
Benefit of previously unrecognized deferred tax assets	**41**	43
Non-recognition of deferred tax assets	**-**	(4)
Total deferred income tax (expense)/benefit	**197**	65

OCI and Income tax relating thereto, for each component of equity, for the years ended December 31, 2017 and 2016 is as follows:

	2017			2016		
($m)	Pre-tax	Tax	Post-tax	Pre-tax	Tax	Post-tax
Items that will not be reclassified to profit or loss:						
Fair value reserves: Equity investments at fair value through OCI	**5**	**3**	**8**	-	(2)	(2)
Retained earnings: Actuarial gains/(losses)	**262**	**(58)**	**204**	(520)	116	(404)
Items that may be reclassified to profit or loss:						
Fair value reserves: Cash flow and net investment hedges	**(27)**	**4**	**(23)**	34	(9)	25
Currency translation effects	**372**	**8**	**380**	(301)	46	(255)
Total	**612**	**(43)**	**569**	(787)	151	(636)

Income tax (charges)/credits recognized in OCI on cash flow and net investment hedges were $8 million (2016: $5 million). Income tax charges/(credits) reclassified to profit or loss were $(4) million (2016: $(14) million).

The following tax was (charged)/credited to shareholders' equity for the years ended December 31, 2017 and 2016:

($m)	2017	2016
Deferred tax[1]	**-**	(20)
Total income tax (charged)/credited to equity	**-**	(20)

1 Deferred tax related to share based payments

Analysis of tax rate

The table below presents the main elements causing Syngenta's effective tax rate to differ from the statutory tax rate for the years ended December 31, 2017 and 2016. Syngenta's statutory rate consists of the domestic Swiss tax rate. Syngenta applies the domestic Swiss tax rate as it is more meaningful than using the weighted average tax rate.

The domestic Swiss tax rate consists of the Swiss federal income tax rate (8.50 percent) and the income tax rate of the canton Basel (20.00 percent). Federal and canton tax rates are deductible from the tax basis, therefore the Swiss domestic tax rate is 22.18 percent in 2017 and 2016.

	2017 %	2016 %
Statutory tax rate	**22**	22
Effect of income taxed at different rates	**(8)**	2
Tax deduction for amortization and impairments not recognized for IFRS	**-**	(1)
Restructuring and impairment	**(2)**	-
Effect of changes in tax rates and laws on previously recognized deferred tax assets and liabilities	**7**	-
Effect of recognition of previously unrecognized deferred tax assets	**(3)**	(4)
Changes in prior year estimates and other items	**-**	(6)
Effect of non-recognition of deferred tax assets	**4**	-
Effect of Viptera litigation settlement provision	**(3)**	-
Effective tax rate	**17**	13

Effect of income taxed at different rates includes rate differences from the domestic Swiss tax rate attributable to income generated from intellectual property that is taxed at reduced rates and the effect of lower tax rates in certain countries with regard to treasury, investment, group funding and regional management activities as well as logistical operations management. In most of these countries, Syngenta has entered into advanced pricing agreements. To enhance comparability of Syngenta's effective tax rate for 2017 and 2016, the entire effect of the 2017 Viptera litigation settlement provision has been presented separately in the table above; therefore all other elements causing Syngenta's effective tax rate to differ from the statutory rate were calculated on a pretax profit that excluded the Viptera litigation settlement provision.

The movements in deferred tax assets and liabilities during the year ended December 31, 2017 are as follows:

2017 ($m)	January 1	Recognized in net income	Recognized in equity and OCI	Currency translation effects	Other movements and acquisitions	December 31
Assets associated with:						
Inventories	483	(72)	8	(1)	-	418
Accounts receivable	210	126	-	-	-	336
Pensions and employee costs	248	(53)	(58)	11	-	148
Provisions	366	87	-	-	-	453
Unused tax losses and tax credits	35	(8)	-	4	-	31
Financial instruments, including derivatives	28	(14)	-	-	-	14
Other	43	1	-	2	-	46
Deferred tax assets	**1,413**	**67**	**(50)**	**16**	**-**	**1,446**
Liabilities associated with:						
Property, plant and equipment	(308)	16	-	(8)	-	(300)
Intangible assets	(259)	20	-	(6)	-	(245)
Inventories	(163)	34	-	(3)	-	(132)
Financial instruments, including derivatives	(54)	(6)	21	(2)	-	(41)
Other provisions and accruals	(204)	37	-	(9)	-	(176)
Other	(94)	29	-	(1)	-	(66)
Deferred tax liabilities	**(1,082)**	**130**	**21**	**(29)**	**-**	**(960)**
Net deferred tax asset	**331**	**197**	**(29)**	**(13)**	**-**	**486**

The movements in deferred tax assets and liabilities during the year ended December 31, 2016 are as follows:

2016 ($m)	January 1	Recognized in net income	Recognized in equity and OCI	Currency translation effects	Other movements and acquisitions	December 31
Assets associated with:						
Inventories	413	16	51	3	-	483
Accounts receivable	179	25	-	6	-	210
Pensions and employee costs	161	6	96	(15)	-	248
Provisions	338	11	-	17	-	366
Unused tax losses and tax credits	40	(3)	-	(2)	-	35
Financial instruments, including derivatives	18	21	(7)	(4)	-	28
Other	36	7	-	-	-	43
Deferred tax assets	1,185	83	140	5	-	1,413
Liabilities associated with:						
Property, plant and equipment	(345)	30	-	7	-	(308)
Intangible assets	(277)	16	-	2	-	(259)
Inventories	(104)	(66)	-	7	-	(163)
Financial instruments, including derivatives	(42)	1	(14)	1	-	(54)
Other provisions and accruals	(195)	(15)	-	6	-	(204)
Other	(107)	16	-	(3)	-	(94)
Deferred tax liabilities	(1,070)	(18)	(14)	20	-	(1,082)
Net deferred tax asset/(liability)	115	65	126	25	-	331

The deferred tax assets and liabilities at December 31, 2017 and 2016 reconcile to the amounts presented in the consolidated balance sheet as follows:

($m)	**2017**	2016
Deferred tax assets	**1,446**	1,413
Adjustment to offset deferred tax assets and liabilities[1]	**(347)**	(472)
Adjusted deferred tax assets	**1,099**	941
Deferred tax liabilities	**(960)**	(1,082)
Adjustment to offset deferred tax assets and liabilities[1]	**347**	472
Adjusted deferred tax liabilities	**(613)**	(610)

1 Deferred tax assets and liabilities relating to income taxes levied by the same taxation authority on the same taxable entity or on entities which intend to settle current tax assets and liabilities on a net basis or to realize the assets and settle the liabilities simultaneously are offset for presentation on the face of the consolidated balance sheet where a legal right of set-off exists

The gross value at December 31, 2017 and 2016 of unused tax loss carry forwards for which no deferred tax asset has been recognized, by expiration date, is as follows:

($m)	**2017**	2016
One year	**16**	1
Two years	**-**	-
Three years	**3**	-
Four years	**3**	1
Five years	**1**	8
More than five years	**537**	623
No expiry	**222**	68
Total	**782**	701

The above losses consist mainly of US state tax loss carry forwards. The applicable tax rate for these US state tax carry forwards is 0.1 percent (2016: 0.2 percent) of the gross amounts.

Deferred tax assets, other than those related to unused tax losses, are not subject to expiry.

A deferred tax asset or liability has not been recognized at December 31, 2017 and 2016 on the following items:

($m)	2017	2016
Temporary differences for which no deferred tax assets have been recognized	51	197
Temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognized	1,011	795

There are no income tax consequences for Syngenta of paying a dividend to its shareholders.

8. Earnings per share and share capital

Basic earnings per share amounts are calculated by dividing net income for the year attributable to ordinary shareholders of Syngenta AG by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net income attributable to ordinary shareholders of Syngenta AG by the sum of the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares. For each year presented, unvested share awards subject to Syngenta specific performance conditions are included in potential ordinary shares only if those conditions would have been met based on cumulative actual performance from the start of the performance period up to December 31 in the year concerned.

Treasury shares are deducted from total shares in issue for the purposes of calculating earnings per share.

As disclosed in Note 3, the majority of outstanding awards under employee share participation plans were accounted for as cash-settled with effect from February 2, 2016. Under cash-settled share based payment accounting, the fair value of the awards is charged to profit or loss and no equity instruments are assumed to be issued on settlement. Therefore adjustments for dilutive potential ordinary shares include only those shares that would have vested prior to the cash settlement. There were no Syngenta AG shares and options granted that would have had an antidilutive effect on the calculation of diluted earnings per share.

($m, except number of shares)	2017	2016
Net income/(loss) attributable to Syngenta AG shareholders	(98)	1,178
Weighted average number of shares		
Weighted average number of shares – basic	92,354,881	92,020,494
Adjustments for dilutive potential ordinary shares:		
Grants of options over Syngenta AG shares under employee share participation plans	-	-
Grants of Syngenta AG shares under employee share participation plans	11,226	72,155
Weighted average number of shares – diluted	92,366,107	92,092,649

Each Syngenta ordinary share carries one vote at the shareholders' meetings of Syngenta. Voting rights may be exercised only after a shareholder has been registered in Syngenta's share register. Registration as a shareholder with voting rights is subject to certain declarations on the ownership of Syngenta shares. The number of ordinary shares of par value CHF 0.10 that were authorized, issued, fully paid and outstanding at, and the movements during the years ended, December 31, 2017 and 2016 are presented in the table below.

	2017		2016	
(Millions of shares)	Shares in issue	Treasury shares held	Shares in issue	Treasury shares held
January 1	92.5	(0.4)	92.9	(1.2)
Cancellation of treasury shares	-	-	(0.4)	0.4
Issue of ordinary shares under employee share purchase and option plans	-	0.2	-	0.4
December 31	**92.5**	**(0.2)**	**92.5**	**(0.4)**

At December 31, 2017 and 2016 Syngenta had no open options accounted for as equity instruments.

9. Trade and other accounts receivable

Trade receivables at December 31, 2017 and 2016 are as follows:

($m)	2017	2016
Trade receivables, gross	4,535	4,939
Provision for doubtful trade receivables	(448)	(396)
Trade receivables, net	**4,087**	**4,543**

Movements in the provision for doubtful trade receivables for the years ended December 31, 2017 and 2016 are as follows:

($m)	2017	2016
January 1	(396)	(319)
Amounts charged to income	(69)	(67)
Amounts written off	17	9
Currency translation effects and other	-	(19)
December 31	(448)	(396)

The ages of trade and other accounts receivable at December 31, 2017 and 2016 that were past due, but not impaired, are as follows:

2017 ($m)	Total past due	0–90 days	90–180 days	More than 180 days
Trade receivables, gross	959	348	102	509
Provision for doubtful trade receivables	(378)	(8)	(12)	(358)
Other accounts receivable	441	164	129	148
Total	1,022	504	219	299

2016 ($m)	Total past due	0–90 days	90–180 days	More than 180 days
Trade receivables, gross	960	391	131	438
Provision for doubtful trade receivables	(346)	(6)	(20)	(320)
Other accounts receivable	395	191	53	151
Total	1,009	576	164	269

At the reporting date there are no indications that debtors whose accounts are neither overdue nor impaired will not meet their payment obligations. The carrying amount of trade receivables includes $46 million (2016: $13 million) that are due more than one year from the balance sheet date.

The carrying amount of trade receivables transferred in full and partial recourse factoring arrangements, but not derecognized is $55 million (2016: $136 million). Related liabilities of $55 million (2016: $132 million) are disclosed in Note 17. The amount of these receivables before the transfer transactions was $56 million (2016: $145 million).

The fair value of trade receivables containing embedded exchange rate options that Syngenta has classified as at fair value through profit or loss at December 31, 2017 was $26 million (2016: $103 million). These amounts represent Syngenta's maximum exposure to credit risk relating to these types of trade receivables. Amounts charged to profit or loss in relation to these trade receivables for the years ended December 31, 2017 and 2016 were not material.

10. Other current assets

Other current assets at December 31, 2017 and 2016 are as follows:

($m)	2017	2016
Prepaid expenses	128	245
Non-current assets classified as held for sale	9	29
Assets held under barter agreements	47	59
Other	14	53
Total	198	386

Non-current assets classified as held for sale relate to assets at a site in Argentina and European product rights (2016: assets at two sites and a building in the US and two buildings in Europe, all of which were sold during 2017).

11. Inventories

Inventories at December 31, 2017 and 2016 are as follows:

($m)	2017	2016
Raw materials and consumables	**551**	582
Biological assets	**36**	30
Work in progress	**1,234**	1,112
Finished products	**2,353**	2,160
Total	**4,174**	3,884

Finished products includes $175 million of inventory held by customers under a sale with a right of return.

Movements in inventory write-downs for the years ended December 31, 2017 and 2016 are as follows:

($m)	2017	2016
January 1	**(319)**	(333)
Additions charged to income	**(238)**	(233)
Reversals of inventory write-downs	**31**	34
Amounts utilized on disposal of related inventories	**224**	143
Currency translation effects and other	**(6)**	70
December 31	**(308)**	(319)

Reversals of inventory write-downs arise in the normal course of business when actual outcomes are more favorable than assumptions made in prior periods about Syngenta's future ability to sell inventories that are subject to risks of degradation and obsolescence, such as germination of seeds.

Movements in biological assets for the years ended December 31, 2017 and 2016 are as follows. These include amounts classified as other non-current assets.

($m)	2017	2016
January 1	**31**	31
Changes in fair value	**128**	136
Additions to cost	**7**	7
Sales and harvest	**(133)**	(143)
Currency translation effects and other	**3**	-
December 31	**36**	31
Of which: carried at fair value less costs to sell	**34**	29

Syngenta's inputs for measuring the fair value of those assets that are carried at fair value less costs to sell include both market data from actual sales and inputs based on the stage of growth of immature assets, which is not observable in the market. The fair values therefore represent a level 3 measurement in the fair value hierarchy as defined by IFRS 13. Their sensitivity to changes in the unobservable inputs is not material to the consolidated financial statements.

Quantities of biological assets in inventories at December 31, 2017 and 2016 are:

	2017	2016
(Millions of plants)		
Plants	**78**	78
Cuttings	**523**	547
(Thousands of hectares cultivated)		
Growing crops	**1**	1

12. Property, plant and equipment

Movements in property, plant and equipment for the year ended December 31, 2017 are as follows:

2017 ($m)	Land	Buildings	Machinery and equipment	Assets under construction	Total
Cost					
January 1	**156**	**1,987**	**4,864**	**360**	**7,367**
Additions	**1**	**48**	**148**	**212**	**409**
Disposals	**(1)**	**(21)**	**(156)**	**(11)**	**(189)**
Transfers between categories	**-**	**27**	**131**	**(158)**	**-**
Currency translation effects and other	**(4)**	**128**	**296**	**(86)**	**334**
December 31	**152**	**2,169**	**5,283**	**317**	**7,921**
Accumulated depreciation and impairment losses					
January 1	**-**	**(1,007)**	**(3,062)**	**-**	**(4,069)**
Depreciation charge	**-**	**(68)**	**(267)**	**-**	**(335)**
Impairment losses	**-**	**(5)**	**(1)**	**-**	**(6)**
Depreciation on disposals	**-**	**18**	**141**	**-**	**159**
Currency translation effects and other	**-**	**(50)**	**(160)**	**-**	**(210)**
December 31	**-**	**(1,112)**	**(3,349)**	**-**	**(4,461)**
Net book value – December 31	**152**	**1,057**	**1,934**	**317**	**3,460**

Additions to property, plant and equipment of $409 million (2016: $452 million) comprise $394 million (2016: $425 million) of cash purchases and $15 million (2016: $27 million) of other additions, including business combinations, initial recognition of finance leases and capitalized borrowing costs.

The net book value of property, plant and equipment accounted for as finance lease assets at December 31, 2017 was $58 million (2016: $63 million) of which $48 million is classified as Machinery and equipment (2016: $53 million) and $10 million is classified as Buildings (2016: $10 million).

Movements in property, plant and equipment for the year ended December 31, 2016 were as follows:

2016 ($m)	Land	Buildings	Machinery and equipment	Assets under construction	Total
Cost					
January 1	178	2,011	4,885	412	7,486
Additions	-	37	148	267	452
Disposals	(8)	(67)	(105)	-	(180)
Classified as held-for-sale	(16)	(71)	(44)	-	(131)
Transfers between categories	5	131	185	(321)	-
Currency translation effects and other	(3)	(54)	(205)	2	(260)
December 31	156	1,987	4,864	360	7,367
Accumulated depreciation and impairment losses					
January 1	-	(1,080)	(3,023)	-	(4,103)
Depreciation charge	-	(66)	(262)	-	(328)
Impairment losses	-	(42)	(27)	-	(69)
Depreciation on disposals	-	68	92	-	160
Classified as held-for-sale	-	67	35	-	102
Currency translation effects and other	-	46	123	-	169
December 31	-	(1,007)	(3,062)	-	(4,069)
Net book value – December 31	156	980	1,802	360	3,298

13. Intangible assets

Movements in intangible assets for the year ended December 31, 2017 are as follows:

2017 ($m)	Goodwill	Product rights	Trademarks	Patents	Software	Other intangibles	Total
Cost							
January 1	**1,894**	**2,919**	**82**	**47**	**459**	**401**	**5,802**
Additions	**-**	**145**	**-**	**-**	**90**	**24**	**259**
Retirements and disposals	**-**	**(11)**	**(9)**	**(8)**	**(3)**	**(8)**	**(39)**
Classified as held-for-sale	**-**	**(29)**	**-**	**-**	**-**	**-**	**(29)**
Currency translation effects	**39**	**53**	**1**	**2**	**18**	**8**	**121**
December 31	**1,933**	**3,077**	**74**	**41**	**564**	**425**	**6,114**
Accumulated amortization and impairment losses							
January 1	**(267)**	**(2,127)**	**(55)**	**(30)**	**(286)**	**(174)**	**(2,939)**
Amortization charge	**-**	**(120)**	**(5)**	**(2)**	**(43)**	**(29)**	**(199)**
Impairment losses	**-**	**(4)**	**-**	**(1)**	**-**	**-**	**(5)**
Retirements and disposals	**-**	**9**	**9**	**8**	**1**	**8**	**35**
Classified as held-for-sale	**-**	**25**	**-**	**-**	**-**	**-**	**25**
Currency translation effects	**(7)**	**(31)**	**(2)**	**(2)**	**(16)**	**-**	**(58)**
December 31	**(274)**	**(2,248)**	**(53)**	**(27)**	**(344)**	**(195)**	**(3,141)**
Net book value – December 31	**1,659**	**829**	**21**	**14**	**220**	**230**	**2,973**

Additions in 2017 and 2016 include intangible assets arising from license agreements involving non-monetary exchanges or where the cash flows related to the acquisition of the asset are payable over several years. Internally developed intangible assets of $111 million (2016: $104 million) are included within Additions. Cash paid to acquire and develop intangible assets was $184 million (2016: $132 million).

Amortization is included partly within cost of goods sold and partly within general and administrative expenses.

Other intangibles consist principally of values assigned to leases, supply contracts, production know-how and customer relationships acquired in business combinations.

Movements in intangible assets for the year ended December 31, 2016 were as follows:

2016 ($m)	Goodwill	Product rights	Trademarks	Patents	Software	Other intangibles	Total
Cost							
January 1	1,909	2,967	84	48	441	364	5,813
Additions	-	17	-	-	75	41	133
Retirements and disposals	-	(25)	(1)	-	(44)	1	(69)
Currency translation effects	(15)	(40)	(1)	(1)	(13)	(5)	(75)
December 31	1,894	2,919	82	47	459	401	5,802
Accumulated amortization and impairment losses							
January 1	(270)	(1,979)	(51)	(28)	(304)	(141)	(2,773)
Amortization charge	-	(129)	(4)	(3)	(33)	(31)	(200)
Impairment losses	-	(63)	(1)	-	-	(1)	(65)
Retirements and disposals	-	25	-	-	44	(1)	68
Currency translation effects	3	19	1	1	7	-	31
December 31	(267)	(2,127)	(55)	(30)	(286)	(174)	(2,939)
Net book value – December 31	1,627	792	27	17	173	227	2,863

The net book value at December 31, 2017 and 2016 of goodwill is allocated to Syngenta's operating segments and other CGUs as summarized below:

($m)	**2017**	2016
Allocated to operating segments:		
Europe, Africa and Middle East (EAME)	**235**	235
North America	**197**	197
Latin America	**174**	173
Asia Pacific	**343**	325
Lawn and Garden	**35**	34
Total allocated to operating segments	**984**	964
Allocated to other individual CGUs:		
North America Corn and Soybean seed	**315**	315
Other, not individually significant	**360**	348
Total allocated to other individual CGUs	**675**	663
Total goodwill	**1,659**	1,627

14. Financial and other non-current assets

Financial and other non-current assets at December 31, 2017 and 2016, are as follows:

($m)	**2017**	2016
Equity securities available-for-sale	**94**	76
Precious metal catalysts	**70**	72
Royalties receivable	**95**	113
Other non-current receivables	**168**	137
Defined benefit post-employment benefit assets (Note 22)	**67**	18
Long-term derivative financial assets (Note 26)	**56**	24
Total financial and other non-current assets	**550**	440

Note 15. Associates, Joint ventures and transactions and agreements with related parties

Associates and joint ventures

Investments in associates and joint ventures at December 31, 2017 and 2016, are $192 million (2016: $170 million).

None of Syngenta's investments in associates and joint ventures are publicly quoted. At December 31, 2017, these investments consist mainly of $109 million (2016: $94 million) for a 50 percent ownership of the joint venture CIMO Compagnie Industrielle de Monthey SA, Switzerland (CIMO), which provides utility services to Syngenta and other occupants of the Monthey manufacturing site, $44 million (2016: $40 million) for a 49 percent ownership of the associate Sanbei Seeds Co. Ltd., China and $30 million (2016: $25 million) for a 40 percent ownership of the associate Maisadour Semences SA, France (Maisadour). The latter two entities produce and sell seeds. Maisadour sells seeds to Syngenta.

During 2017, Syngenta's share of CIMO's actuarial gains recognized in OCI is $6 million (2016: $nil). Other effects on Syngenta's consolidated income statement for the periods presented, or any financial statement line items of the above associates and joint ventures themselves, are not material.

Transactions between Syngenta and its associates and joint ventures during the year ended December 31, 2017 are as follows:

- Goods and services provided by Syngenta to its associates and joint ventures $7 million (2016: $13 million)
- Goods and services provided by associates and joint ventures to Syngenta $92 million (2016: $100 million)
- Non-current assets and research and development provided by Syngenta to an associate of $2 million (2016: $2 million)

At December 31, 2017 Syngenta has accounts receivable and accrued income from associates and joint ventures of $5 million (2016: $6 million) and accrued liabilities to associates and joint ventures of $6 million (2016: $5 million).

A bank overdraft guarantee of $9 million (2016: $8 million) has been provided to an associate.

On November 12, 2013 Syngenta agreed to advance EUR 9 million ($10 million at December 31, 2017 currency translation rates) to Maisadour for 7 years to help finance the planned expansion of corn seed processing capacity in Maisadour Ukraine LLC, a subsidiary of Maisadour, which is a supplier of corn seeds to Syngenta. This current account advance will be made in instalments when called by Maisadour and bears a market rate of interest. At December 31, 2017 the balance outstanding was $7 million (2016: $6 million). By a deed between Syngenta, Maisadour and the European Bank for Reconstruction and Development (EBRD), repayment of the principal is subordinated to a loan between the EBRD and Maisadour Ukraine LLC which is guaranteed by Maisadour.

Key management personnel

Key management personnel are considered to be the members of the Syngenta Executive Committee and the Board of Directors. Their compensation is as follows for the years ended December 31, 2017 and 2016:

($m)	**2017**	2016
Fees, salaries and other short-term benefits	**16**	14
Post-employment benefits	**1**	1
Payments to end of contractual notice period	**6**	2
Share based compensation	**16**	24
Total	**39**	41

During 2017, $1 million in aggregate was paid to two former Executive Committee members in relation to non-compete agreements, which Syngenta concluded with them in 2016.

In 2016, fees, salaries and other short-term benefits included $3 million in aggregate of payments to two new Executive Committee members to compensate them for loss of bonuses and incentive awards from their previous employers, which will be spread over the vesting periods according to their contractual terms.

Members of the Syngenta Executive Committee and Board of Directors receive their cash compensation in Swiss francs, except one member of the Executive Committee who is based in the US and is paid in US dollars. The compensation amounts presented above have been converted into US dollars using the average currency exchange rate in effect during each year reported. The average Swiss franc per US dollar exchange rate for the year ended December 31, 2017 is 0.99 (2016: 0.99).

Post-employment benefits include healthcare, disability, death in service and pension costs.

The amount disclosed for share based compensation is the expense for the period calculated in accordance with IFRS 2, “Share Based Payment” and as described in Notes 3, 23 and 27, relating to key management personnel. The cost of a share based compensation award is spread over the vesting period of the award. Therefore the charge for each year comprises parts of that year’s awards and those of preceding years that had not already vested at the start of the year.

During 2016, members of the Board, excluding the Chairman, were eligible for the share plan for non-executive Directors. Eligible Directors define a percentage of their annual fee for compensation in shares and, in addition, chose between blocked shares or freely tradable shares. The Chairman received a fixed part of his compensation in the form of blocked shares. Under these plans, members of the Board were allocated a total of 3,984 shares in 2016, in lieu of cash compensation. These shares vested immediately and had a combined fair value at grant of $2 million in 2016.

ChemChina and its subsidiaries

The Transaction Agreement between ChemChina, its subsidiary China National Agrochemical Corporation (CNAC) and Syngenta AG relating to the ChemChina Tender Offer provides that after the first settlement of the Offer, 4 out of 10 members of Syngenta’s Board of Directors shall be persons who have no affiliation with ChemChina or its affiliates (each, an Independent Director). Certain matters will require the affirmative vote of at least two Independent Directors, including, among others, (i) any change in the location of Syngenta’s headquarters, (ii) any raising of new debt or making of distributions which would lower the rating of Syngenta to a level below investment grade (by Moody’s and Standard & Poor’s), (iii) any reduction in Syngenta’s Research and Development budget in any given year to a level below 80 percent of the average Research and Development spend in the years 2012– 2015, (iv) any material change in the agricultural sustainability programs or reduction of funding of the Syngenta Foundation for Sustainable Agriculture to a level below 80 percent of the average funding per year 2012–2015, (v) any material change to Syngenta’s Health, Safety and Environment Policy and Standards and (vi) any material change to Syngenta’s Code of Conduct. Approval by the Independent Directors will also be required, subject to certain exceptions, for any transaction between any member of the ChemChina group, on the one hand, and any member of the Syngenta group, on the other hand, if the transaction is not made at market terms. The above corporate governance arrangements shall remain in place until the earlier of (i) five years following the first settlement of the ChemChina Tender Offer and (ii) a re-listing of Syngenta Shares through an initial public offering.

Transactions between Syngenta and fellow subsidiaries of ChemChina, its ultimate parent company, during the period following the successful completion of the Offer to December 31, 2017 are as follows:

- Goods and services provided to fellow subsidiaries of ChemChina $42 million
- Goods and services provided by fellow subsidiaries of ChemChina to Syngenta $3 million

At December 31, 2017, Syngenta has accounts receivable from fellow subsidiaries of ChemChina of $19 million and accounts payable to fellow subsidiaries of ChemChina of $3 million.

On June 12, 2017 Syngenta divested and licensed the U.S. rights to certain products to Adama Celsius B.V, a fellow subsidiary of ChemChina, for cash consideration of $8 million, settled on the same date. As part of this agreement, Syngenta entered into a non-compete undertaking and under related agreements, will supply each of the products for the U.S. market to Makhteshim Agan of North America Inc., another fellow subsidiary. The terms of these agreements do not exceed five years. Pursuant to the agreements, Sales of inventory totaling $8 million were made by Syngenta to Adama Celsius B.V in the period ended December 31, 2017.

Other related party transactions

Transactions and balances between Syngenta and its employee post-retirement benefit plans are disclosed in Note 22.

16. Trade accounts payable and contract liabilities

The contractual maturities of trade accounts payable at December 31, 2017 and 2016 are as follows:

($m)	Total	0–90 days	90–180 days	180 days–1 year
2017	**3,174**	**1,920**	**345**	**909**
2016	3,338	2,131	160	1,047

Included within trade accounts payable are rebates payable and provisions for sales returns. Movements in these liabilities with customers for the year ended December 31, 2017 are as follows:

($m)	2017
January 1	**1,526**
Changes in liabilities recognized in the period from:	
products supplied in the period	**2,645**
prior period estimates	**112**
rebates settled and product returns received	**(2,668)**
Currency translation effects and other	**30**
December 31	**1,645**

Contract liabilities consists of advance payments from customers and deferred revenue, mainly from customer loyalty programs.

Movements in contract liabilities for the year ended December 31, 2017 are as follows:

($m)	2017
January 1	**-**
Effect of adoption of IFRS 15	**517**
advance payments received from customers	**1,740**
Performance obligations recognised in the period	**110**
Revenue recognized in the period from:	
Amounts included in the contract liability at the beginning of the period	**(590)**
advance payments applied to current period	**(1,317)**
Currency translation effects and other	**20**
December 31	**480**

At December 31, 2017, contract liabilities for customer loyalty programs are $44 million and will be recognized as revenue as the promised goods and services are transferred to the customers, which is expected to occur over the next three years.

17. Current financial debt and other financial liabilities

Current financial debt at December 31, 2017 and 2016 is as follows:

($m)	2017	2016
Bank and other financial debt	**951**	359
Receivables factored with recourse	**55**	132
Current portion of financial debt (Note 19)	**16**	276
Total current financial debt	**1,022**	767
Short-term derivative and other financial liabilities	**119**	280
Total	**1,141**	1,047

The contractual maturities of current financial debt at December 31, 2017 and 2016 are as follows:

($m)	Total	0–90 days	90–180 days	180 days–1 year
2017	**1,022**	**848**	**66**	**108**
2016	767	324	99	344

The maturities of short-term derivative and other financial liabilities are presented in Note 25.

Information about fair values of financial liabilities is presented in Note 26.

18. Other current liabilities

Other current liabilities at December 31, 2017 and 2016 consist of the following:

($m)	2017	2016
Accrued short-term employee benefits	**311**	466
Taxes other than income taxes	**114**	112
Accrued utility costs	**53**	68
Social security and pension contributions	**62**	66
Other payables	**92**	255
Other accrued expenses	**141**	207
Total	**773**	1,174

The maturities of other current liabilities are as follows. For liabilities without a contractual maturity date, the analysis represents the estimated timing of cash outflows.

($m)	Total	0–90 days	90–180 days	180 days-1 year
2017	**773**	**555**	**39**	**179**
2016	1,174	735	240	199

19. Financial debt and other non-current liabilities

Financial debt and other non-current liabilities at December 31, 2017 and 2016 are as follows:

($m)	2017	2016
Floating Eurobond 2017	**-**	263
0.750% CHF bond 2019	**359**	344
$ private placement notes	**106**	258
1.875% Eurobond 2021	**598**	526
3.125% $ Notes 2022	**506**	515
1.625% CHF bond 2024	**256**	245
1.250% Eurobond 2027	**594**	523
2.125% CHF bond 2029	**153**	147
4.375% $ Notes 2042	**248**	248
Unsecured bond issues and US private placement notes	**2,820**	3,069
Liabilities to banks and other financial institutions	**1**	1
Finance lease obligations	**55**	60
Less: current portion of financial debt (Note 17)	**(16)**	(276)
Total non-current financial debt	**2,860**	2,854
Non-current derivative financial liabilities	**104**	190
Other non-current liabilities and deferred income	**100**	33
Total	**3,064**	3,077

Information about fair values of financial liabilities is presented in Note 26.

Other non-current liabilities and deferred income relates to license and acquisition agreements with several counterparties. Related cash flows of $nil (2016: $2 million) are payable between one and five years and $100 million of deferred income at December 31, 2017 (2016: $31 million) will be recognized in income as related licensed product sales occur.

Interest paid on non-current financial debt was $65 million (2016: $66 million). All non-current debt ranks equally.

Syngenta AG has fully and unconditionally guaranteed on a senior unsecured basis the due and punctual payment of the principal of and any premium and interest on the debt securities issued by Syngenta Finance N.V., which is an indirect, wholly-owned finance subsidiary. The guarantees will rank equally with all of Syngenta's other unsecured and unsubordinated debt. No other subsidiary of Syngenta guarantees such debt securities.

20. Provisions, commitments and contingencies

Provisions

Provisions at December 31, 2017 and 2016 are as follows:

($m)	2017	2016
Restructuring provisions	**70**	63
Employee benefits:		
Pensions (Note 22)	**564**	820
Other post-retirement benefits (Note 22)	**21**	18
Other long-term employee benefits	**61**	58
Environmental provisions	**184**	192
Provisions for legal and product liability settlements	**1,659**	113
Other provisions	**55**	61
Total	**2,614**	1,325

($m)	2017	2016
Current portion of:		
Restructuring provisions	**62**	58
Employee benefits	**112**	72
Environmental provisions	**13**	18
Provisions for legal and product liability settlements	**467**	22
Other provisions	**22**	12
Total current provisions	**676**	182
Total non-current provisions	**1,938**	1,143
Total	**2,614**	1,325

The timing of payment in respect of non-current provisions is, with few exceptions, not contractually fixed and cannot be estimated with certainty. Key assumptions and sources of estimation uncertainty are discussed in Note 2.

At December 31, 2017, Syngenta recognized $16 million (2016: $16 million) in Financial and other non-current assets in respect of virtually certain reimbursements related to the above provisions.

Syngenta has recorded provisions for environmental liabilities at some currently or formerly owned, leased and third party sites throughout the world. These provisions are estimates of amounts payable or expected to become payable and take into consideration the number of other potentially responsible parties at each site and the identity and financial positions of such parties in light of the joint and several nature of certain of the liabilities. The material components of Syngenta's environmental provisions are based on a risk assessment involving investigation of the various sites.

It is reasonably possible that Syngenta may be required to make expenditures in excess of the established provisions to remediate environmental liabilities at some currently or formerly owned, leased and third party sites throughout the world. Further, in cases where it is not possible to estimate reliably the remediation costs that may be incurred in the future for environmental damage that has occurred at sites currently in operation and having no present obligation for environmental damage remediation, no provisions have been made. This is because it is neither possible to determine a time limit beyond which the sites will no longer be operated, nor what remediation costs may be required upon their eventual closure.

In the USA, Syngenta and/or its indemnitors or indemnitees, have been named under federal legislation (the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended) as a potentially responsible party ("PRP") in respect of several sites. Syngenta expects to be indemnified against a proportion of the liabilities associated with a number of these sites by the sellers of the businesses associated with such sites and, where appropriate, actively participates in or monitors the clean-up activities at the sites in respect of which it is a PRP.

Provisions for legal and product liability settlements includes the settlement fund discussed under the VIPTERA™ heading below. Other provisions for legal and product liability settlements, all of which are individually immaterial, relate to various legal proceedings incidental to the normal conduct of Syngenta's business, including proceedings involving product liability claims, commercial claims, employment and wrongful termination claims, patent infringement claims, competition law claims, tax assessment claims, regulatory compliance claims, waste disposal claims and tort claims relating to the release of chemicals into the environment.

Other provisions mainly comprise provisions for long-term contractual obligations under license and other agreements.

Movements in provisions for the year ended December 31, 2017 are as follows:

($m)	January 1	Charged to income	Release of provisions credited to income	Payments	Actuarial (gains)/ losses	Transfers offset in defined benefit pension assets	Currency translation effects/ other	December 31
Restructuring provisions:								
Employee termination costs	49	85	(9)	(78)	-	-	4	51
Other third party costs	14	4	-	(2)	-	-	3	19
Employee benefits:								
Pensions	820	111	(42)	(160)	(225)	1	59	564
Other post-retirement benefits	18	2	(15)	2	-	12	2	21
Other long-term employee benefits	58	2	-	-	-	-	1	61
Environmental provisions	192	1	(4)	(11)	-	-	6	184
Provisions for legal and product liability settlements	113	1,580	(7)	(23)	-	-	(4)	1,659
Other provisions	61	23	(10)	(22)	-	-	3	55
Total	1,325	1,808	(87)	(294)	(225)	13	74	2,614

Provisions for employee termination costs include severance, pension and other costs directly related to affected employees.

Provisions for other third party costs principally include payments for early termination of contracts with third parties related to redundant activities.

Commitments

Minimum future lease payments at December 31, 2017 for finance leases are $57 million (2016: $62 million), of which $16 million is due within one year (2016: $17 million), $31 million after more than one but less than five years (2016: $37 million) and $9 million thereafter (2016: $8 million).

Fixed-term, non-cancelable operating lease commitments total $209 million at December 31, 2017 (2016: $227 million) of which $72 million is due within one year (2016: $67 million), $120 million after more than one and less than five years (2016: $141 million) and $17 million thereafter (2016: $19 million). Operating lease payments relate to leases of buildings, office equipment and vehicles. Operating lease expense in 2017 is $99 million (2016: $97 million).

Commitments for the purchase of property, plant and equipment at December 31, 2017 are $104 million (2016: $176 million).

At December 31, 2017 and 2016, Syngenta had entered into long-term commitments to purchase minimum quantities of certain raw materials, long-term research agreements with various institutions to fund various research projects, and other commitments. The estimated timing of minimum future committed payments is as follows:

	2017		2016	
($m)	Materials purchases	Other	Materials purchases	Other
Within one year	1,089	70	784	62
From one to two years	273	22	190	21
From two to three years	226	13	106	17
From three to four years	107	4	71	12
From four to five years	25	4	55	4
After more than five years	23	8	-	7
Total	1,743	121	1,206	123

Syngenta has no material contingent liabilities related to associates and joint ventures.

Syngenta's sales are made subject to normal warranties, which cover product technical specifications and, in some cases, products' performance effect on grower crop yields. Certain license agreements indemnify the other party against liabilities arising from claims related to the intellectual property licensed to or by Syngenta. Leases may require indemnification for liabilities Syngenta's actions may create for the lessor or lessee. Syngenta has also issued warranties to purchasers of businesses or product lines relating to events that arose before the sales. It is not possible to predict the maximum future payments possible under these or similar provisions because it is not possible to predict whether any of these contingencies will occur.

Syngenta has obtained licenses from others for the rights to sell certain products, or products containing certain technology, under agreements which require Syngenta to pay royalties based on its future sales of those products or that technology.

Contingencies

Litigation matters

Litigation is subject to many uncertainties, and the outcome of individual matters cannot be predicted with certainty. Consequently, it is reasonably possible that the final resolution of some of these matters could require Syngenta to make expenditures in excess of the established provisions that are reported above. Further, the range of amounts involved, as well as the period of time over which many of these expenditures may be made, cannot be reasonably estimated.

Syngenta maintains general liability insurance, including product liability insurance, covering claims on a worldwide basis with coverage limits and retention amounts which management believes to be adequate and appropriate in relation to Syngenta's businesses and the risks to which it is subject.

Significant recent or on-going legal proceedings are described below.

VIPTERA™

Since September 12, 2014, a total of approximately 4,474 lawsuits (as of January 29, 2018) have been filed against Syngenta in state and federal courts in the United States by plaintiffs seeking damages from Syngenta for commercializing its AGRISURE VIPTERA® (MIR162) and DURACADE™ corn seed in the United States without having obtained import approval from China for those products. Virtually all of the lawsuits were filed by individual plaintiffs (including growers, grain elevators and exporters such as Cargill, Archer Daniels Midland ("ADM") and Louis Dreyfus), and approximately 107 by putative classes of growers and others allegedly affected, including ethanol plants, on the theory that China's 2013 rejection of U.S. corn based on the alleged presence of MIR162 caused increased costs and U.S. commodity prices to drop. The cases are pending in multiple jurisdictions, including (1) cases that were initially filed in federal court that have been consolidated for pre-trial proceedings in a federal multi-district litigation ("MDL") action in the District of Kansas; (2) a consolidated state court proceeding in Hennepin County, Minnesota; (3) federal court in the Southern District of Illinois; and (4) various state courts in Illinois, Indiana, Iowa, Louisiana, Nebraska, Michigan, and Ohio. In September 2016, the federal MDL court certified a nationwide class of corn growers alleging violations of the Lanham Act and eight statewide classes of corn growers, and in November 2016, the court presiding over the Minnesota state court consolidated proceedings certified a class of Minnesota corn growers. In April 2017, the federal MDL court granted significant portions of Syngenta's motion for summary judgment, including by dismissing plaintiffs' Lanham Act claim and thereby eliminating the sole basis for a nationwide class, while allowing plaintiffs' state-law negligence claims to proceed. The first federal MDL trial on behalf of a class of Kansas corn growers occurred in June 2017. The jury returned a unanimous verdict finding that (1) Syngenta was negligent, (2) China's actions in rejecting U.S. corn did not constitute a sufficiently unrelated superseding cause that would relieve Syngenta of responsibility, (3) the Kansas class should be awarded $217.7 million in compensatory damages, and (4) Syngenta did not act in wanton disregard of others, and thus should not be liable for punitive damages. On June 28, 2017, the Ohio state court presiding over claims on behalf of a putative class of ethanol plants granted Syngenta's motion to dismiss and dismissed the named plaintiff's claims with prejudice. The next producer plaintiff trial began in September 2017 in Minnesota state court on behalf of a class of Minnesota corn growers. During the course of that trial, plaintiffs and Syngenta reached a pending settlement to resolve all claims on behalf of all U.S. non-Viptera and Viptera producers as well as grain elevators and ethanol plants. The settlement will also cover the $217.7 million Kansas verdict. The pending settlement will establish a settlement fund of $1,500 million for the submission of claims by eligible claimants who contracted to price corn or DDGs after September 2013. The terms of the pending settlement are still confidential and remain subject to court approval. Information concerning the settlement fund, claims process, and other details will become available after the parties execute and submit the proposed settlement agreement and other papers to the court. Motions to stay have been filed in the cases that will be covered by the settlement. At December 31, 2017, Syngenta reported $400 million in current provisions and $1,100 million in non-current provisions.

The pending settlement of the producer cases does not cover claims of the exporter plaintiffs such as Cargill, ADM or Louis Dreyfus. In December 2017, ADM and Syngenta reached a settlement of their Viptera litigation. The presumptive trial date for the Cargill lawsuit pending in Louisiana Court is September 2018. Expert reports quantifying damages have been submitted but cannot be disclosed under the applicable protective order. However, in its original complaint Cargill claims to have suffered alleged damages relating to delayed, rejected and re-routed shipments of U.S. corn to China of over $90 million and additional lost profits. The Louis Dreyfus case is still at the pleading stage. Louis Dreyfus claims in its amended complaint to have suffered over $36 million in rejection-related damages as well as unspecified lost profits. Syngenta strongly believes that the claims in these cases are without merit and will vigorously defend the lawsuits.

In December 2015, a claim was filed in Ontario, Canada by a proposed representative plaintiff on behalf of a putative class comprising all farmers in Canada against Syngenta Canada Inc. and Syngenta AG seeking damages from Syngenta for commercializing its AGRISURE VIPTERA® (MIR162) and DURACADE™ corn seed in the North American corn market without having obtained import approval from China for those products. Syngenta Canada Inc. was served with the claim on December 8, 2015. Syngenta AG was served with the claim under the Hague Convention on May 18, 2016. The causes of action referred to in the lawsuit include negligence and negligent misrepresentations. The allegations include claims that Syngenta actively misled farmers about the importance of the Chinese market, the timing and substance of the application for approval in China, its ability to channel VIPTERA™ corn into non-Chinese markets and its ability to contain the infiltration of VIPTERA™ corn to the North American corn supply. The proposed representative plaintiff is seeking on behalf of the putative class general and special damages of 300 million Canadian dollars (US$240 million at December 31, 2017 exchange rates), punitive and aggravated damages of 100 million Canadian dollars (US$80 million at December 31, 2017 exchange rates), the costs of distributing all monies awarded to class members, pre-judgment interest, and costs on a substantial indemnity basis. Syngenta's motion to strike is scheduled to be argued on April 3, 2018. On the motion the judge will decide whether Syngenta's motion to strike will be granted. If the judge dismisses Syngenta's motion to strike then, subject to any appeals from that ruling, the next step in these proceedings will be a certification motion brought by the proposed representative plaintiff. Syngenta strongly believes that the claims in this action are without merit and will vigorously defend the action.

On February 14, 2017, a similar action was filed in Quebec against Syngenta Canada Inc. and Syngenta AG. The Petitioners are seeking essentially the same relief as in the Ontario action on behalf of all corn producers conducting business in Quebec who sold corn for commercial purposes after November 18, 2013. They allege that Syngenta was negligent and engaged in illegal commercial practices, contrary to the Competition Act and the Civil Code of Quebec, and that damages (amount unspecified) will continue to accrue until the corn business between North America and China is re-established at the levels that existed before Syngenta's negligence occurred. Punitive damages, pre-judgment interest and costs are also claimed. Syngenta Canada Inc. was served on February 14, 2017. Syngenta AG was served under the Hague Convention on June 10, 2017. Syngenta has entered an appearance in the action. No other steps have been taken. Syngenta strongly believes that the claims in this action are without merit and will vigorously defend the action.

Canada beekeeper lawsuits

In September 2014, a claim was filed in Ontario, Canada by two proposed representative members on behalf of a putative class comprising all beekeepers who have owned or continue to own and operate honey producing, pollinating, and/or queen bee rearing businesses in Canada since January 1, 2006, against a number of Syngenta legal entities together with certain entities of a second manufacturer of neonicotinoid insecticides. Plaintiffs allege negligence through the sale by that manufacturer and by Syngenta of products containing such insecticides in the knowledge that they would be injurious to bees and by virtue of misrepresentations and concealment relating thereto. Plaintiffs claim 400 million Canadian dollars general and 50 million Canadian dollars punitive damages (US$320 million and US$40 million at December 31, 2017 exchange rates, respectively). The pleadings in the Ontario proceedings were subsequently amended by plaintiffs' counsel to add waiver of tort and unlawful conspiracy to the single cause of action, negligence, which was previously pleaded. Both of the additional causes of action are ancillary to and largely dependent on the negligence claim. The Syngenta defendant legal entities (Syngenta Canada Inc. and Syngenta International AG) filed appearances in the proceedings. Subject to any preliminary motions, the next step in these proceedings will be a certification motion brought by the proposed representative plaintiffs. No dates have been scheduled for any motions at this time.

In October 2014, a Motion for Authorization was filed by the same firm of plaintiffs' counsel in Montréal, Quebec seeking permission to bring a similar class proceeding in that province. The proposed representative plaintiff operates a family business specialized in the breeding of queen bees. The Quebec litigation closely resembles the original Ontario lawsuit claiming negligence except that, rather than a nationwide class, it alleges a class limited to Quebec. At this preliminary motion stage damages are unspecified. Notices of appearance have been entered on behalf of the Syngenta defendant legal entities in Quebec, and the motion for authorization was argued November 12 and 13, 2017. The judge has not yet released his decision on the authorization motion. Syngenta will robustly defend these lawsuits, the claims in which are without foundation.

Atrazine related litigation

In August 2013, a personal injury Complaint relating to atrazine was filed under seal in St. Clair County, Illinois state court, on behalf of a minor and his parents against Syngenta Crop Protection LLC, Syngenta AG, a distributor, Growmark Inc., and three local dealers, M&M Service Company, Hamel Seed & Farm Supply, Inc. and St. Clair Service Company. The Court granted the minor permission to proceed in the public record under the fictitious name "James Doe" - and for his parents to use the names "Jane Doe" and "John Doe". The lawsuit alleges that James Doe's congenital birth defect, hypospadias, was caused by his mother consuming atrazine-contaminated drinking water while she was pregnant. The Complaint alleges public nuisance, strict liability and negligence, and seeks unspecified damages together with the costs of suit. Answers and Affirmative Defenses were filed on January 21, 2014 for Syngenta Crop Protection LLC as well as the non-Syngenta defendants, and on February 25, 2014 the Answer and Affirmative Defenses of Syngenta AG were also filed. Fact discovery in the litigation started in early 2014 and is continuing. Syngenta strongly believes that the claims are without merit and is vigorously defending against the action.

Paraquat Parkinson's disease litigation

In early 2016, the law firm which is prosecuting the atrazine personal injury litigation notified Syngenta Crop Protection, LLC that they intended to file suit on behalf of numerous plaintiffs who allege that the herbicide paraquat caused them to develop Parkinson's disease. Counsel for Syngenta spoke with and, in one instance, met with that law firm regarding the firm's allegations, its proposal for litigating them, and its purported clients. No agreements with the firm were reached. In September 2017, a complaint was filed in St. Clair County, Illinois state court on behalf of plaintiffs Thomas Hoffman and Diana Hoffman against Syngenta Crop Protection, LLC, Syngenta AG, and Growmark, Inc. The complaint alleges that Mr. Hoffman suffers from Parkinson's disease caused by chronic exposure to paraquat while working as a farmer in Illinois. Syngenta Crop Protection, LLC was formally served with this complaint on October 19, 2017 and Syngenta AG was served with the complaint under the Hague Convention on October 24, 2017. On October 6, 2017 an amended complaint was filed in the same court on behalf of 12 plaintiffs (7 men who are said to have been diagnosed with Parkinson's disease and 5 of their wives), including Mr. and Mrs. Hoffman who were named in the initial complaint, against Syngenta Crop Protection, LLC, Syngenta AG, Chevron Phillips Chemical Company, and Growmark, Inc. The amended complaint alleges the following counts: (1) Strict Liability - Design Defect; (2) Strict Liability - Failure to Warn; (3) Negligence; (4) Public Nuisance; (5) Consumer Fraud & Deceptive Business Practices Act; and (6) Breach of Implied Warranty of Merchantability. On January 25, 2018, Syngenta filed a Motion to Dismiss. Syngenta believes that the claims are without scientific or factual foundation and will vigorously defend the lawsuit.

Tax matters

Significant management judgment is required to estimate the tax provisions related to the eventual outcome of reviews and audits by tax authorities of tax returns filed by Syngenta's subsidiaries. Tax returns filed by many of Syngenta's subsidiaries during the past several years are either currently under examination by tax authorities or are open for future examination until expiry under statutes of limitation. Syngenta is also subject to certain tax claims pending before the judiciary. See Note 2 "Uncertain tax positions" for detail regarding two on-going transfer pricing disputes in Brazil. In Syngenta's opinion, the likelihood is remote that a material amount in excess of current provisions will result from the resolution of any such examination or case. However, it is reasonably possible that actual outcomes and settlements may differ significantly from the estimated liabilities shown in the consolidated balance sheet for income taxes and in Note 18 for other taxes.

Contingencies summary

Given the inherent difficulties in estimating liabilities relating to litigation, tax, environmental and certain other matters due to uncertainty concerning both the amount and timing of future expenditures, it is reasonably possible that additional costs may be incurred materially in excess of provisions recorded for such liabilities. Such expenditures, in excess of established provisions, could have a material effect on Syngenta's consolidated operating results and cash flows for a particular reporting period, but management does not believe they will have a materially adverse effect on Syngenta's consolidated financial position or liquidity, although there can be no assurances in this regard.

21. Notes to the consolidated cash flow statement

Non-cash and other reconciling items included in income before taxes

The following table analyzes non-cash and other reconciling items included in income before taxes for the years ended December 31, 2017 and 2016:

($m)	2017	2016
Depreciation, amortization and impairment of:		
Property, plant and equipment	**341**	397
Intangible assets	**204**	265
Financial assets	**6**	-
Deferred revenue and other gains and losses	**1**	(40)
Gains on disposal of non-current assets	**(33)**	(22)
Charges in respect of share based compensation	**95**	141
Charges in respect of pension provisions (Note 20)	**69**	144
Charges in respect of other provisions (Note 20)	**1,652**	102
Financial expense, net	**178**	291
(Gains)/losses on hedges reported in operating income	**(8)**	27
Income from associates and joint ventures	**(8)**	(5)
Total	**2,497**	1,300

See Note 3 for a description of the change in accounting treatment of share based payment arrangements.

Change in liabilities arising from financing activities

Movements in assets and liabilities arising from financing activities for the year ended December 31, 2017 are as follows:

			Non-cash changes				
2017 ($m)	January 1	Cash flows	Acquisitions	Changes in fair value	Other	Currency translation effects	December 31
Current financial debt (Note 17)	**767**	**(55)**	**-**	**-**	**169**	**141**	**1,022**
Non-current financial debt (Note 19)	**2,854**	**-**	**-**	**(15)**	**(156)**	**177**	**2,860**
Total financial debt	**3,621**	**(55)**	**-**	**(15)**	**13**	**318**	**3,882**
Bond hedges net liability	**251**	**(49)**	**-**	**(127)**	**(34)**	**8**	**49**
Margin deposit liability	**9**	**16**	**-**	**-**	**-**	**-**	**25**
Margin deposit asset	**(349)**	**231**	**-**	**-**	**-**	**-**	**(118)**
Net liabilities arising from financing activities	**3,532**	**143**	**-**	**(142)**	**(21)**	**326**	**3,838**

See Note 25 for a description of bond hedges and margin deposits. Bond hedges are presented in the consolidated balance sheet as follows: non-current assets of $54 million are included within "Financial and other non-current assets", non-current liabilities of $103 million are included within "Financial debt and other non-current liabilities".

Margin deposit liabilities are included within "Current financial debt and other financial liabilities", and margin deposit assets are included within "Derivative and other financial assets".

Cash flows are presented in the consolidated cash flow statement as follows:

($m)	2017
Increases in third party interest-bearing debt	**872**
Repayment of third party interest-bearing debt	**(729)**
	143

22. Post-employment benefits

Syngenta has, apart from legally required social security arrangements, numerous independent pension plans, which are either "defined contribution" plans where company contributions and resulting benefit costs are a set percentage of employees' pay or "defined benefit" plans where benefits are generally based on employees' length of service and pensionable pay. Syngenta's contributions to defined contribution plans were $51 million for the year ended December 31, 2017 (2016: $48 million). Approximately 34 percent of Syngenta's employees are members of defined benefit plans and a significant proportion of these are members of both defined benefit and defined contribution plans. All of Syngenta's major defined benefit plans are funded through legally separate trustee administered funds. The cash funding of these plans, which may from time to time involve special payments, is designed to ensure that present and future contributions should be sufficient to meet future liabilities. Syngenta's main defined benefit pension plans are in the UK, Switzerland and the USA.

UK

In accordance with its rules, Syngenta's UK Pension Fund ("the UK Fund") is governed by a company (the Trustee) that is controlled by a publicly listed independent professional trustee corporation. That corporation appoints the Trustee's directors, including its own representative, Syngenta nominated and member nominated directors. The Trustee manages the UK Fund and appoints professional advisers independently to assist it in doing so. The UK Fund is subject to UK pensions legislation, is regulated by the UK Pensions Regulator and is exempt from most UK taxation through its registered status. The defined benefit section of the UK Fund has been closed to new members since 2002. New employees since 2002 instead joined a defined contribution pension plan also within the UK Fund. This was open to new members until August 31, 2013. After that date, new employees join a separate defined contribution plan. The defined benefit section of the UK Fund is open to future accrual for employees who were members before 2002; however, effective January 1, 2016, pensionable pay for these employees has been frozen, as described in Note 2. At retirement date, defined benefit members have the right to take up to 25 percent of the value of their benefits as a lump sum, with the balance being paid as an annuity. Alternatively, after taking appropriate advice, members may transfer their defined benefits to a different authorized pension arrangement.

The Trustee is required by the UK Fund's rules to increase pensions in payment and accrued deferred pension rights each year by the lower of 5 percent and price inflation, as measured by the UK Retail Price Index (RPI) or Consumer Price Index (CPI), as applicable. An independent actuary is required to value the UK Fund's liabilities in accordance with UK pension regulations and certify the required contributions, both for future service and elimination of any deficit, at least every three years. Following each such valuation, employer contribution amounts must be formally agreed between Syngenta and the Trustee, subject to review by the Pensions Regulator, and remain binding until re-assessed in the following valuation. The solvency of the UK Fund, defined as its ability to pay benefits as they fall due, is guaranteed by the sponsoring subsidiary, Syngenta Ltd., and by Syngenta AG. In addition, certain benefits under the UK Fund are guaranteed by the UK Pension Protection Fund.

The Trustee agrees the investment strategy for the UK Fund's assets and implements it through an investment sub-committee (the UK Investment Committee) it appoints from among the Trustee directors. The investment objectives are to ensure the assets are appropriately diversified and liquid to generate sufficient returns to meet the benefit liability and control the long term costs of the UK Fund. These objectives are achieved through appointing and monitoring a number of third party investment managers, each with specific investment mandates that collectively cover a wide range of investment classes and geographical markets and utilize both asset liability matching and return seeking strategies. Asset liability matching is achieved both through underlying investment class selection (e.g. fixed interest) and through using derivatives to limit the potential impact of changes in interest rates, price inflation and foreign currency exchange rates on the benefits payable by and assets of the UK Fund.

Switzerland

The Swiss federal law on occupational old age, survivors' and disability pensions ("BVG") sets minimum standards for occupational pension plans, which Syngenta's Swiss pension fund (the Swiss Fund) exceeds. All employees having had an employment contract for more than three months with any of Syngenta's Swiss subsidiaries or with its CIMO joint venture entity (see Note 15) and whose age and income exceed the minimum stipulated by BVG are automatically insured in the Swiss Fund. The benefits payable on retirement are calculated according to the capital sums that each member accumulates through transfer of benefits from previous employments, employer and employee contributions during service with Syngenta or with CIMO, interest and member voluntary contributions. Disability and survivors' death in service benefits are defined on the basis of the member's insured remuneration. Leavers before retirement are required to transfer their accumulated retirement and capital savings to the occupational pension plan of their new employment. The Swiss Fund is governed by a twelve member Board of Trustees. Six members, including the President, are nominated by Syngenta (five members) and CIMO (one member), and six are elected by insured plan members from among the employees. Its decisions regarding certain items, including rates of retirement credits for service and interest credits, conversion rates on retirement and plan asset investment strategy require a two-thirds majority vote. Legal conformity of the Swiss Fund's regulations is verified by the Swiss Pension Inspectorate. Syngenta's legal obligations, including required employer contributions, are defined in the pension fund rules which are agreed by the Board of Trustees.

Employer and employee contributions are payable according to an age related scale of percentages of pay. Under BVG, the Swiss Fund guarantees the vested benefit amount as confirmed annually to members. Interest may be added to member balances at the discretion of the Board of Trustees. Members have the right to take their retirement benefit as a lump sum, an annuity or part as a lump sum with the balance converted to a fixed annuity at the rates defined in the Fund's rules. The Board of Trustees may increase the annuity at their discretion subject to the Swiss Fund's funded status including sufficient free funds as determined according to Swiss statutory valuation rules. Syngenta accounts for the Swiss Fund as a defined benefit pension plan.

An actuarial balance sheet is usually drawn up annually by the Swiss Fund's actuary. If the balance sheet reveals a deficit, the Board of Trustees defines appropriate measures to eliminate the deficit. If necessary, and after consultation with the actuary, the contributions payable by employees and by Syngenta may be increased or the benefits, including current pensions, may be adjusted to the funds available. The Board of Trustees manages the Swiss Fund's assets in conformity with the investment policy rules laid down by Swiss law, with the objectives of achieving investment that is secure, produces an appropriate yield and meets the liquidity needs of the Swiss Fund. This is implemented through an investment sub-committee similar to the UK Investment Committee mentioned above.

In March 2017, in order to secure the financial stability of the Swiss Fund, the Board of Trustees of the Syngenta Pension Fund adopted revised rules. These changes were communicated to the employees in May 2017. The principal changes effective from January 1, 2018 were to reduce the technical interest rate (discount rate) applied on savings belonging to the retirees from 2.5 per cent to 2.0 per cent and to reduce the annuity conversion rates applicable from age 60 onwards. The conversion rates will reduce gradually until the end of 2020 from currently 6.1 per cent (age 65) to 5.3 per cent (age 65).To mitigate the impact of these changes, Syngenta will make a one - off contribution to active member balances within the Fund of $34 million in January 2018. Syngenta has accounted for these changes as a plan amendment. Based on an actuarial valuation at the date of the change, Syngenta recognized a past service gain of $34 million. This amount has been recognized in full within General and administrative for 2017.

USA

Syngenta's main US defined benefit pension plan (the US Plan) is a non-contributory defined benefit pension plan subject to the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA) and the US Internal Revenue Code of 1986, as amended (Code). In addition, certain benefits under the US Plan are guaranteed by the US Pension Benefit Guaranty Corporation. The US Plan was closed to new members effective January 1, 2009. Employees joining Syngenta after that date participate in a defined contribution pension plan. The defined benefits of existing members of the US Plan were not affected by this change. The US Plan offers members the choice of taking their retirement benefits, which are generally based on their age, pay and years of service, as a full lump sum at retirement date or as a fixed annuity. In these financial statements, the benefit obligation has been valued assuming that current eligible members will take the lump sum option at normal retirement or other permissible commencement dates. This assumption is consistent with historical and expected future member choices.

US plan assets are held in a separate trust with State Street Bank and Trust Company as trustee and custodian. The assets must generally remain in the trust until all pension benefits are paid. An Investment Committee of Syngenta employees (the US Investment Committee), appointed by the Board of Directors of Syngenta Corporation, a wholly owned subsidiary of Syngenta AG, oversees the investment of the plan assets, either directly or through the appointment of investment managers. The US Investment Committee develops and implements an investment strategy that takes into account the liability profile of the US Plan. Asset classes are selected that include equities, fixed income and alternative assets. Interest rate derivatives may be used to hedge the interest rate risk of the US Plan. The Plan's key risks include interest rate risk that impacts the value of the liability and the fixed income assets of the US Plan, investment performance volatility, and to a lesser degree inflation and longevity risk. An actuarial valuation is required each year and is used to determine the valuation and characteristics of the liability of the US Plan.

Syngenta Corporation's funding policy is to contribute to the US Plan amounts necessary on an actuarial basis to at least satisfy the minimum funding requirements of the Code. Additional discretionary contributions above the minimum funding requirements can be made and are generally based on the annual service cost along with an adjustment for any over/under funding.

In December 2017, the Board of Syngenta Corporation Pension Plan announced amendments to the US plan. Benefits under the plan were frozen effective December 31, 2018, and no participants shall accrue additional benefits after that date. Syngenta has accounted for this change as a plan amendment. Based on an actuarial valuation at the date of the change, Syngenta recognized a past service gain of $41 million. This amount has been recognized in full within General and administrative for 2017.

Other plans

The status of Syngenta's defined benefit plans at December 31, 2017 and 2016 using actuarial assumptions determined in accordance with IAS 19 is summarized below. The following tables provide reconciliations of benefit obligations, plan assets and funded status of the defined benefit pension plans to the amounts recognized in the consolidated balance sheet at December 31, 2017 and 2016:

($m)	2017	2016
Benefit obligations		
January 1	**6,222**	5,932
Current service cost	**130**	139
Past service gain	**(75)**	-
Employee contributions	**37**	37
Interest cost	**128**	137
Actuarial losses/(gains):		
From changes in demographic assumptions	**(76)**	63
From changes in financial assumptions	**87**	695
From actual experience compared to assumptions	**51**	59
Benefit payments	**(456)**	(251)
Currency translation effects and other	**403**	(589)
December 31	**6,451**	6,222

Of which arising from:		
Funded plans	**6,275**	6,052
Wholly unfunded plans	**176**	170

($m)	2017	2016
Plan assets at fair value		
At January 1	**5,399**	5,608
Actual return on plan assets	**442**	378
Employer contributions	**166**	161
Employee contributions	**37**	37
Benefit payments	**(456)**	(251)
Currency translation effects and other	**345**	(534)
December 31	**5,933**	5,399

Actual return on plan assets can be analyzed as follows:

($m)	2017	2016
Interest on plan assets	**112**	133
Actuarial gains/(losses)	**330**	245
Total	**442**	378

Funded status	**(518)**	(823)
Effect of asset ceiling	**(46)**	(10)
Net accrued benefit liability	**(564)**	(833)
Amounts recognized in the balance sheet:		
Prepaid benefit costs (Note 14)	**13**	-
Accrued benefit liability	**(577)**	(833)
Net amount recognized	**(564)**	(833)

All material changes in the amount shown for the asset ceiling arose from the effect of applying the ceiling at each period end. Changes in the asset ceiling amount due to interest and foreign currency translation during 2017 and 2016 were immaterial.

Of the accrued benefit liability for pensions of $577 million at December 31, 2017, $564 million is included in Note 20 as pension provisions, $13 million as restructuring provisions (2016: $820 million as pension; $13 million as restructuring).

The following table shows the estimated undiscounted future defined benefit payments that are projected to occur within ten years from the balance sheet date. Actual payments may differ from those shown because of uncertain future events, including members' choice of benefit options as described above.

($m)	
2018	288
2019	286
2020	290
2021	300
2022	307
Years 2023-2027	1,553
Total 2018-2027	**3,024**

Syngenta's estimate of employer contributions to be paid to defined benefit plans in 2018 is $230 million, excluding restructuring costs. Actual payments could differ materially from this estimate if any new funding regulations or laws are enacted or due to business and market conditions, which may result in Syngenta prepaying contributions. Additional contributions, the amount and timing of which are uncertain, may also be required as Syngenta's restructuring programs are implemented.

In accordance with UK pension regulations, during the 2015 valuation Syngenta agreed with the UK pension plan Trustee to pay fixed contributions of $34 million per year from 2017 to 2019 and $32 million in 2020 to meet the valuation deficit at March 31, 2015, administration costs and part of the costs of employee service in those years. The balance of the costs of employee service is payable as a percentage of pensionable pay in those years. In 2017 and 2016, $34 million and $36 million of fixed contributions were paid respectively. On November 30, 2017, Syngenta agreed revised pension funding arrangements with the Trustee of its UK Pension Fund (the Fund). In accordance with this, as long as the Fund is in deficit on a UK statutory basis, Syngenta will pay, in addition to future service contributions, fixed contributions to repair the deficit in the Fund, of $36 million per annum from April 1, 2017 until March 31, 2024, and two additional payments of $62 million by January 31, 2018 and $41 million by December 31, 2020. This agreement will apply until March 30, 2021, subject to changes in the long term issuer credit rating of Syngenta AG.

The fair values of assets and liabilities of the major defined benefit pension plans, together with aggregated data for other defined benefit plans are as follows. Unquoted investments represent investments in pooled funds in which the underlying investments are unquoted or those where the pooled fund does not have liquidity on at least a weekly basis:

	Fair value ($m, except assumptions)					
At December 31, 2017	Switzerland	UK	USA	Other plans	Total	%
Investments quoted in active markets:						
Equities	664	368	137	19	1,188	20
Real estate funds	292	-	-	-	292	5
Bonds	837	615	333	30	1,815	31
Other assets	61	116	-	15	192	3
Unquoted investments:						
Equities	50	390	30	-	470	8
Real estate	37	245	-	-	282	5
Bonds	-	385	-	-	385	6
Other assets	367	503	198	1	1,069	18
Cash and cash equivalents	72	131	34	3	240	4
Fair value of assets	2,380	2,753	732	68	5,933	100
Benefit obligation	(2,531)	(2,978)	(727)	(215)	(6,451)	
of which:						
Active members	(1,373)	(719)	(401)			
Deferred members	n/a	(690)	(89)			
Pensioners and dependants	(1,158)	(1,569)	(237)			
Funded status	(151)	(225)	5	(147)	(518)	
Effect of asset ceiling	-	(20)	(14)	(12)	(46)	
Net pension liability	(151)	(245)	(9)	(159)	(564)	
Net periodic benefit cost	45	34	(17)	9	71	
Significant actuarial assumptions:						
Discount rate (%)	0.7	2.4	3.6	-	1.9	
Inflation (RPI) (%)	n/a	3.2	n/a			
Pensionable pay increase (%)	1.4	-	4.0			
Pension increase (%)	-	3.2	n/a			
Interest credit rate (%)	1.0	n/a	n/a			
Remaining life expectancy (years)						
male aged 63 in 2017	24.3	26.0	22.4			
female aged 63 in 2017	26.4	27.5	24.4			
male aged 63 in 2037	26.2	27.7	24.0			
female aged 63 in 2037	28.3	29.3	26.1			
Weighted average duration of benefit obligation (years)	16	18	15			

	Fair value ($m, except assumptions)					
At December 31, 2016	Switzerland	UK	USA	Other plans	Total	%
Investments quoted in active markets:						
Equities	605	355	158	23	1,141	21
Real estate funds	238	-	-	-	238	4
Bonds	768	535	286	22	1,611	30
Other assets	37	136	-	14	187	4
Unquoted investments:						
Equities	40	363	40	-	443	8
Real estate	29	203	-	-	232	4
Bonds	-	390	-	-	390	7
Other assets	296	468	172	-	936	18
Cash and cash equivalents	118	67	33	3	221	4
Fair value of assets	2,131	2,517	689	62	5,399	100
Benefit obligation	(2,414)	(2,847)	(759)	(202)	(6,222)	
of which:	(1,371)	(655)	(429)			
Active members						
Deferred members	n/a	(649)	(81)			
Pensioners and dependants	(1,043)	(1,543)	(249)			
Funded status	(283)	(330)	(70)	(140)	(823)	
Effect of asset ceiling	-	-	-	(10)	(10)	
Net pension liability	(283)	(330)	(70)	(150)	(833)	
Net periodic benefit cost	89	19	22	15	145	
Significant actuarial assumptions:						
Discount rate (%)	0.7	2.5	4.0	-	2.6	
Inflation (RPI) (%)	n/a	3.3	n/a			
Pensionable pay increase (%)	1.4	-	4.0			
Pension increase (%)	-	3.3	n/a			
Interest credit rate (%)	1.0	n/a	n/a			
Remaining life expectancy (years)						
male aged 63 in 2016	24.2	26.0	22.8			
female aged 63 in 2016	26.3	27.5	24.9			
male aged 63 in 2036	26.1	27.7	24.5			
female aged 63 in 2036	28.2	29.3	26.6			
Weighted average duration of benefit obligation (years)	17	18	11			

Other assets include investments in private equity funds, diversified hedge funds, infrastructure funds, insurance funds and inflation, interest rate and foreign currency derivatives.

The following table provides an analysis of the benefit costs recorded in the consolidated income statement for the defined benefit pension plans for the years ended December 31, 2017 and 2016:

($m)	**2017**	2016
Current service cost	**130**	139
Past service gain	**(75)**	-
Interest on the net defined benefit liability/(asset)	**16**	6
Net periodic benefit cost	**71**	145

Amounts recognized in OCI were as follows for the years ended December 31, 2017 and 2016:

($m)	**2017**	2016
Actuarial (gains)/losses	**(268)**	574
Effect of asset ceiling	**36**	(47)

The sensitivity of the benefit obligation to the significant actuarial assumptions is discussed in the "Critical accounting estimates" section of Note 2.

Other post-retirement benefits

Syngenta's most significant other post-retirement benefit plan is the retiree medical plan in the USA. The plan is self-insured and the principal benefit for the majority of eligible participants is a subsidy of their medical insurance premiums after retirement. The subsidy amount varies based on age and service at retirement. Retirees who are eligible for Medicare enroll in individual Medicare plans available in the open market or public exchange, and are responsible for paying the full cost of coverage in excess of the subsidy. The assumed healthcare cost trend rate for this plan at December 31, 2017 was 7.0 percent, decreasing in each successive year from 2017 onwards, to reach an ultimate rate of 5.0 percent in 2026 (December 31, 2016: 6.8 percent decreasing to 5.0 percent in 2023).

In December 2017, Syngenta announced amendments to the plan. Effective January 1, 2018 any increases in dollar amount of the premium cost will be the responsibility of the eligible participant. Syngenta has accounted for this change as a plan amendment. Based on an actuarial valuation at the date of the change, Syngenta recognized a past service gain of $14 million. This amount has been recognized in full within General and administrative for 2017.

Syngenta had a net benefit asset for other post-retirement benefits at December 31, 2017 of $54 million (2016: $18 million) reported within Defined benefit post-employment benefit asset in Note 14 and a net benefit liability of $21 million (2016: $18 million) reported within Other post-retirement benefits provision in Note 20. Actuarial gains recognized in OCI for the period were $24 million (2016: actuarial gains of $7 million). Expense recognized in the consolidated income statement, contributions to the other post-retirement benefit plans and benefit payments by the plans were not material for 2017 and 2016.

23. Employee share participation plans

Following the successful completion of the ChemChina Tender Offer as disclosed in Note 3, all awards under Syngenta employee share participation plans have been settled and Syngenta no longer has share participation plans. During 2016 and 2017 until settlement, the following employee share participation plans were in existence.

Syngenta Long-Term Incentive Plans (LTI)

The Syngenta LTI plans provided selected executive and key employees of Syngenta with the opportunity to obtain the right to purchase shares of Syngenta AG, or the equivalent American Depository shares (ADS) that were offered to selected executives and key employees in the USA. The grant of share options for Syngenta shares was at the discretion of the Compensation Committee of Syngenta's Board of Directors ("Compensation Committee"), whose members are appointed by the Board of Directors of Syngenta ("Board").

In 2015, Syngenta created a new LTI plan for members of the Syngenta Executive Committee ("Executive Committee"). The Syngenta LTI plan and the Syngenta LTI plan for members of the Executive Committee had substantially the same terms, except that awards under the Executive Plan were subject to additional performance conditions, as well as a required three year service period. The Compensation Committee set the performance conditions before the grant date of the awards. The performance achieved during the three year performance period was to determine the number of share options that vest, subject to the approval of the Compensation Committee.

Until the 2012 award, the exercise prices were equal to either the weighted average share price on the SIX for the five business days preceding the grant date, or the share price on the SIX at the grant date, with the Compensation Committee having determined which of the two exercise prices were used for each grant year. For subsequent awards, the closing share price on the SIX at the grant date was used to set the equity grant value and exercise price. Options over ADSs were converted to US dollars at the exchange rate at the grant date, which may have varied from the exchange rate at the exercise date. Standard options vested in full and became exercisable after completion of three years service and terminated after 10 years from the grant date, except for early vesting and exercise upon redundancy or retirement, and all outstanding options vested and were exercised on settlement of the ChemChina Offer. Except for the Executive LTI plan, none of the options vested on a pro rata basis during the vesting period.

For share option awards to Executive Committee members, for the purposes of cash settlement on completion of the ChemChina Tender Offer, performance was deemed to have been at target.

No grants of share options were made in 2017 or 2016. The normal vesting date of share options awarded in 2014, of which 260,051 were outstanding at December 31, 2016, was in February 2017, which was before the ChemChina Tender Offer was completed. These awards therefore vested in the normal way to participants who had met the vesting condition. 1,180,935 (2016: 244,012) share options were exercised, including 1,099,166 options exercised on settlement of the ChemChina offer (2016: nil) and 41,150 (2016: 34,273) share options were forfeited or expired.

At December 2016, 1,222,636 share options were outstanding and were accounted for on a cash-settled basis, assuming that no further options would be exercised before completion of the ChemChina Tender Offer. The liability recognized for the fair value of the cash settlement obligation was $79 million. Share options outstanding at December 31, 2016, of which 480,197 were fully vested and exercisable, had a weighted average exercise price of $352 per share. The amount paid to settle these options on completion of the ChemChina Tender Offer was $143 million.

The Long-Term Incentive Plan also granted selected executives and key employees of Syngenta restricted share units (RSUs) (or equivalent restricted ADSs for relevant Syngenta employees in the USA). RSUs (or equivalent restricted ADSs) were rights to receive the equivalent number of Syngenta AG shares for no payment at the end of a three year vesting period. RSUs did not carry rights to dividends and the grant date fair value was reduced to reflect this. None of the RSUs or equivalent ADSs vested on a pro rata basis during the vesting period.

The Long-Term Incentive Plan 2015 for Executive Committee members granted Syngenta performance share units (PSUs). PSUs were rights to receive the equivalent number of Syngenta AG shares for no payment at the end of a three-year vesting period, depending on achievement of defined targets for four specified long term metrics relating to financial and non-financial performance, each of which carried equal weighting for on target performance. In 2016, a variant of this plan was introduced, under which 50 percent of PSU awards granted in 2016 were subject to the ranking of Syngenta TSR compared to a comparator group of companies and the remaining 50 percent were subject to achievement of Syngenta performance targets for the four financial and non-financial metrics. For the purposes of cash settlement on completion of the ChemChina Tender Offer, performance was deemed to be at target.

The normal vesting date of RSUs awarded in 2014, of which 74,076 were outstanding at December 31, 2016, was in February 2017, before the ChemChina Tender Offer completed. These awards vested as equity in the normal way to participants. In 2017, 204,406 RSUs and PSUs were distributed (2016: 65,889) and no RSUs and PSUs were granted (2016: 127,637 RSUs and PSUs). 223,109 RSUs and PSUs awarded in 2015 and 2016 were outstanding at December 31, 2016, and were accounted for on a cash-settled basis. The liability recognized for the fair value of the cash settlement obligation was $69 million. The amount paid to settle these awards on completion of the ChemChina Tender Offer was $96 million.

Syngenta Deferred Share Plan

The Syngenta Deferred Share Plan provided selected senior executives with an opportunity to obtain shares of Syngenta AG. The plan entitled participants to defer part of their annual short term incentive awards in favor of Syngenta shares and, subject to service throughout the three year deferral period, additionally received one matching share for each deferred share held at the end of that period. Deferred and matching shares did not carry rights to dividends during the deferral period and their grant date fair value was reduced to reflect this. A mandatory part of the short-term incentive was allocated as deferred shares. Additional voluntary deferrals within the limits of the plan were made at the discretion of the participants. None of the shares vested on a pro rata basis during the vesting period.

The normal release date of deferred shares and vesting date of matching shares awarded in 2014, of which 2,054 were outstanding at December 31, 2016, was in February 2017, before the ChemChina Tender Offer completed. The deferred shares awarded were released, and the matching shares awarded vested as equity, in the normal way, to participants who had met the vesting condition. In 2017, 71,462 deferred and matching shares were distributed (2016: 36,434) and no deferred and matching shares were granted (2016: 44,457) and 90 matching shares were forfeited (2016: 2,715).

41,757 matching shares awarded in 2015 and 2016 were outstanding at December 31, 2016, and were accounted for on a cash-settled basis. The liability recognized for the fair value of the cash settlement obligation was $14 million. The amount paid to settle these awards on completion of the ChemChina Tender Offer was $34 million.

Employee share purchase plans

Syngenta has employee share purchase plans in various countries, which entitled employees to subscribe for shares in Syngenta AG with the benefit of either discounts from market value varying between 33 percent and 50 percent or a matching share. Shares issued under the plans vested immediately and were subject to blocking periods of between two and three years, with the exception of the UK plan, for which completion of three years' service was required before vesting. Maximum annual subscription amounts per employee varied between $500 and $3,000. In 2017, 766 shares (2016: 75,023 shares) were subscribed under these plans.

Share option valuation assumptions

At December 31, 2016, the fair value of outstanding share options was measured using the Black-Scholes-Merton formula. The principal assumptions used to measure the share based payment expense and the fair value of the share based payment liability at December 31, 2016 were as follows:

	2016
Dividend yield	-
Volatility	17.9%
Risk-free interest rate – shares (CHF)	(0.6)%
Risk-free interest rate – ADSs ($)	0.4%
Risk-free interest rate – TSR adjustment	(0.8)%
Expected life (vesting period remaining; expected option period remaining)	3 months
Share price at December 31 (CHF per share)	402.5
Share price at December 31 ($ equivalent per share)[1]	395.2
ADS price at December 31 ($)	79.0

1 At the December 31, 2016 exchange rate

The estimate of volatility took into account the implied volatilities of warrants traded in the market.

Other information regarding the plans is as follows:

	2017	2016
Weighted average share price at exercise date for options exercised during year (CHF per option)	**449.3**	393.0
Weighted average share price at exercise date for options exercised during year ($ equivalent per option[1])	**461.8**	399.4
Grant date fair value of shares granted during year:		
RSUs, and PSUs subject to performance conditions (CHF per unit)	**-**	361.5
RSUs, and PSUs subject to performance conditions ($ equivalent per share[2])	**-**	355.3
PSUs subject to a TSR condition (CHF per unit)	**-**	449.5
PSUs subject to a TSR condition ($ equivalent per share[2])	**-**	452.6
Deferred Share Plan (CHF per unit) – combined value of basic and matching share award	**-**	723.1
Deferred Share Plan ($ equivalent per unit[2]) – combined value of basic and matching share award	**-**	728.1
Employee Share Purchase Plans (CHF per share)	**-**	194.5
Employee Share Purchase Plans ($ equivalent per share[2])	**-**	182.6
Employee Share Purchase Plan ($ per ADS)	**-**	25.2
Cash received from exercise of options and subscription for shares ($m)	**24**	92

1 At the exercise date average exchange rate for the month
2 At the grant date exchange rate

Compensation expense

The compensation expense associated with employee share participation plans, which was measured indirectly by reference to the fair value of the equity instruments granted, is as follows for the years ended December 31, 2017 and 2016:

($m)	2017	2016
Long-Term Incentive Plan	**85**	109
Deferred Share Plan	**10**	11
Employee Share Purchase Plans	**-**	21
Total	**95**	141

of which:

($m)	2017	2016
Accounted for as equity-settled	**3**	21
Accounted for as cash-settled	**92**	120
Total	**95**	141

24. Principal currency translation rates

Year end rates used for the consolidated balance sheets at December 31, to translate the following currencies into $, are:

	2017 per $	2016 per $
Swiss franc	**0.98**	1.02
British pound sterling	**0.74**	0.81
Euro	**0.83**	0.95
Brazilian real	**3.31**	3.26
Russian ruble	**57.69**	61.55
Ukrainian hryvnia	**28.07**	27.19

Average rates during the years ended December 31, used for the consolidated income and cash flow statements, to translate the following currencies into $, are:

	2017 per $	2016 per $
Swiss franc	**0.99**	0.99
British pound sterling	**0.78**	0.73
Euro	**0.89**	0.90
Brazilian real	**3.19**	3.49
Russian ruble	**58.51**	67.57
Ukrainian hryvnia	**26.59**	25.43

25. Risk management of financial risks

Risk management framework

The nature of Syngenta's business and its global presence exposes it to a range of financial risks. These risks include (i) market risks, which include potential unfavorable changes in foreign exchange rates, interest rates, commodity prices and other market prices (equities, credit spreads etc.), (ii) counterparty risk and (iii) liquidity and refinancing risk.

A financial risk management framework is in place in the form of a Treasury policy approved by the Board of Directors. This policy provides guidance over all Treasury and finance related matters, is underpinned by delegated authority guidelines and is additionally supported by detailed procedures in place across Syngenta. In accordance with its Treasury policy, Syngenta actively monitors and manages financial risk with the objectives of reducing fluctuations in reported earnings and cash flows from these risks and providing economic protection against cost increases. These objectives are achieved through (a) a monthly assessment of the impact of market risks against defined risk limits (see following section), which take into account the risk appetite of Syngenta and (b) the use of a variety of derivative and non-derivative financial instruments.

Financial instruments available for use to mitigate these risks are selected by Syngenta according to the nature of the underlying risk. These instruments are designed to economically hedge underlying risks arising from operational activities and from funding and investment positions. Syngenta does not enter into any speculative financial transactions.

The fair values and the volumes of the derivatives (including the time periods being hedged and the average strike/price achieved) used to manage financial market risks are below, classified by accounting treatment: CF and FV indicate derivatives where cash flow hedge and fair value hedge accounting is applied, respectively; and M2M indicates derivatives that are marked to market through profit or loss and hedge accounting is not specifically required. The transactions are managed to minimize the potential adverse movement for the entire portfolio of the net transactional flows, rather than on an individual currency basis. As such, there is no single average strike or price of the derivatives.

2017			Fair value of outstanding derivatives[1]		Maturity profile in $m			
Risk	Accounting treatment	$m quantity	Assets	Liabilities	0-90 days	90-days -1 year	1-5 years	>5 years
Foreign exchange risk ($m)								
Trading transaction – committed	M2M	7,230	44	(45)	6	(7)	-	-
Trading transaction – uncommitted	CF	1,034	5	(22)	(13)	(4)	-	-
Trading transaction – uncommitted	M2M	-	-	-	-	-	-	-
Issued financial debt and interest	CF	1,890	44	(103)	-	-	(81	22
Interest rate risk	FV	500	11	-	-	-	11	-
Commodity price risk								
Gas[2]	CF	4	-	-	-	-	-	-
Soft commodities[3]	M2M	147	4	-	3	1	-	-
Soft commodities[4]	CF	120	7	(1)	5	1	-	-
Total		10,925	115	(171)	1	(9)	(70)	22

2016		Fair value of outstanding derivatives[1]			Maturity profile in $m			
Risk	Accounting treatment	$m quantity	Assets	Liabilities	0-90 days	90-days -1 year	1-5 years	>5 years
Foreign exchange risk ($m)								
Trading transaction – committed	M2M	5,713	48	(117)	(49)	(20)	-	-
Trading transaction – uncommitted	CF	1,542	16	(40)	(6)	(18)	-	-
Trading transaction – uncommitted	M2M	97	-	-	-	-	-	-
Issued financial debt and interest	CF	2,234	-	(272)	-	(82)	(144)	(46)
Interest rate risk	FV	500	21	-	-	-	-	21
Commodity price risk								
Gas[2]	CF	7	2	-	1	1	-	-
Soft commodities[3]	M2M	113	29	-	28	1	-	-
Soft commodities[4]	CF	83	6	-	5	1	-	-
Total		10,289	122	(429)	(21)	(117)	(144)	(25)

1 The fair values of derivatives are reported in the consolidated Balance Sheet as shown in Note 26
2 2,410,000 million (2016: 2,277,000 million) British thermal units
3 Mainly 2,865,096 lbs (2016: 830,985 lbs) of coffee
4 8,185,000 bushels (2016: 4,020,000 bushels) of soybean and 11,005,000 bushels (2016: 11,720,000 bushels) of corn

Of the derivatives listed in the table above, hedge accounting is applied wherever possible. Exceptions to this are derivatives where the fair value movements of the hedges and the retranslation of the underlying exposures are largely offset in profit or loss (hedging foreign exchange risk of committed monetary items); or derivatives placed, which do not fulfil the specific requirements of the accounting standard to achieve hedge accounting (hedging foreign exchange risk of uncommitted forecast transactions; commodity price risk: soft commodities, principally Brazil coffee purchases as part of barter programs).

For those transactions which are not designated for hedge accounting purposes where the transactions do not fulfil the specific requirements of the accounting standard to achieve hedge accounting, the gains and losses on those hedging instruments for the year 2017 were as follows:

- Foreign currency forward contracts that are effective economic hedges of forecast cash flows arising from anticipated sales and purchases between Syngenta affiliates and third parties. The amount recorded in profit or loss in 2017 is a gain of $11 million (2016: loss of $10 million).
- Commodity derivative contracts that are effective economic hedges of the anticipated purchases of raw materials or purchases, principally purchases related to corn and soybean in North America and Latin America, and the resale of various crops in barter arrangements. The amount recorded in profit or loss in respect of these derivatives in 2017 is a gain of $6 million (2016: gain of $45 million). The profit or loss impact from the corresponding forecasted transactions occurs when the related finished product inventories are sold, which is generally in the year following recognition of the gain or loss on the hedge.

Assessment of the impact of market risks

The impact of market risks is assessed using a variety of Value-at-Risk (VaR) and Earnings-at-Risk (EaR) methods. These methods are adjusted to reflect the nature of the exposures and the impact of the exposures on profit or loss of the financial year. The specific methods used to assess the impact of financial risks are described below:

Risk	Method	Exposure (financial statement item)	Time horizon (months)
Foreign exchange risk			
Trading transaction – committed	VaR	Monetary asset and liability carrying amounts	1
Trading transaction – uncommitted	EaR	Operating income	12
Issued financial debt and interest	VaR	Monetary liability carrying amounts	1
Translation	VaR	Cumulative translation adjustment in OCI	1
Interest rate risk	EaR	Interest expense	12
Commodity price risk	EaR	Operating income	12

VaR and EaR calculations are risk management tools designed to statistically estimate with a pre-set probability the maximum amount of potential losses in value (VaR) or earnings (EaR) over a specific (holding) time period given current and forecast positions and possible movements in market prices. The VaR and EaR methods used by Syngenta estimate the gross impact on the consolidated financial statements if the underlying items were not hedged and the net impact of the combined underlying hedged items and the related hedging instruments. VaR and EaR calculations attempt to recognize that holding different assets and liabilities or incurring different future cash flow exposures may reduce portfolio risk through diversification. Such diversification effects are captured within the calculations, which aim to present the risk based on Syngenta's currency exposure as a whole, rather than the sum of the exposures to the individual currency pairs within the portfolio of exposures. Using historical data, the VaR and EaR calculations are designed to predict possible changes in the markets in the future at a 99 percent confidence level, with a 1 percent probability that actual results will be worse than calculated. The time horizon used to calculate the VaR figures for each risk is determined by the time period over which management forecasts and monitors changes in the risk and in Syngenta's exposure to it and takes mitigating actions in response to those changes.

The assessment of the impact of market risks is performed monthly and the results are compared against annually defined risk limits. In cases where the net impact is higher than a risk limit, Syngenta enters into derivative financial instrument transactions in order to stay within the risk limits approved in the risk management policy. Breaches of risk limits, should they occur, are immediately reported to senior management.

Syngenta cannot predict future movements in risk variables precisely, therefore calculations of the impact of market risks neither represent actual losses nor consider the effects of potential favorable movements in underlying risk variables. Accordingly, these calculations may only be an indication of future movements to the extent the historic market patterns repeat in the future.

Foreign exchange risk

Operating worldwide exposes Syngenta to foreign exchange transaction and translation risk at both the Group and subsidiary level. Syngenta's policy is to hedge the effect of foreign exchange translation risk on shareholders' equity only in specific circumstances, for example to protect the value of temporary excess foreign currency denominated cash positions.

Foreign exchange transaction risk – committed

Syngenta's individual subsidiaries predominantly transact their operational activities in their respective functional currencies. However, the globally integrated nature of Syngenta's business results in its subsidiaries bearing some amount of transactional balance sheet risk, because some monetary items (including financial liabilities) are denominated in foreign currencies.

Such committed foreign currency exposures are largely generated by the routing of products from Syngenta's central manufacturing sites to its foreign locations. The risk management strategy is to ensure that these committed exposures are fully hedged, unless otherwise approved by Group Treasury, for example where not deemed cost-effective or where there is no forward market for a specific currency.

The derivative instruments that Syngenta's risk management policy allows to be used to manage the risk are foreign exchange forward contracts and cross currency swaps with the same risk (foreign exchange currency index), where the fair value movements of the hedges and the retranslation of the underlying committed exposures are largely offset in profit or loss.

The derivative instruments are placed with the same maturity as the expected cash flows of the hedged transactions so that the timing of the cash flows of the items within the hedged exposure effectively matches the timing of the cash flows of the derivative instrument.

Net committed transactional currency exposures are identified and reported on a monthly basis by business units. The impact of the hedging program can be illustrated in the VaR calculations for committed exposures, which relate to the revaluation of exposures relative to spot rates over a monthly period. The impact of interest differentials and other factors is not included in these calculations.

($m, except risk reduction %)	**December 31, 2017 Value-at-Risk**			December 31, 2016 Value-at-Risk		
Underlying currency (1-month holding period)	**Gross impact**	**Net impact**	**Risk reduction**	Gross impact	Net impact	Risk reduction
Swiss franc	**166**	**8**	**95%**	88	8	90%
Brazilian real	**6**	**1**	**83%**	119	2	99%
British pound sterling	**23**	**-**	**99%**	23	-	99%
Russian ruble	**41**	**-**	**99%**	39	-	99%
Rest of world	**97**	**23**	**76%**	92	22	77%
Total undiversified	**333**	**32**	**90%**	361	32	91%
Diversification	**(179)**	**(27)**	**85%**	(207)	(24)	89%
Net VaR	**154**	**5**	**97%**	154	8	95%

At December 31, 2017, the Value-at-Risk for a one month holding period, after hedges, at a 99 percent confidence level was $5 million (December 31, 2016: $8 million).

The largest exposures arise in Swiss Franc, Russian Ruble and British Pound Sterling. Switzerland and Great Britain house large research and manufacturing sites. In recent years, due to the growth of Syngenta sales, exposures in emerging markets (particularly Brazil) have become significant.

Foreign exchange transaction risk – uncommitted

Uncommitted transactions are expected, highly probable future transactions for which Syngenta does not yet have a contractual right or obligation (mainly sales and costs).

The US dollar represents the biggest single currency for both sales and costs. However, currency mismatches arise from Syngenta having a centralized cost base, denominated mainly in Swiss francs, British pounds and US dollars, against a local selling base, denominated mainly in US dollars, Euros and various other currencies, including those in emerging markets. In addition, due to the seasonality of Syngenta's business, the majority of sales occur during the first half of the year whereas costs tend to occur more linearly throughout the year.

The risk management objective is to minimize the impact of changes in foreign exchange rates on the operating income forecasted to result from these transactions. Syngenta considers hedging this exposure unless it can reliably expect that operating income could, without significant adverse economic impact, be protected by adjusting the pricing of forecast transactions for changes in foreign exchange rates before those transactions occur. Hedging transactions are managed to minimize the potential adverse movement for the entire portfolio of the net transactional flows, rather than on an individual currency basis. Transactions in a specific calendar year are managed cumulatively in separate portfolios.

The cumulative diversified risk of the whole portfolio can be reduced by entering into derivative transactions for a portion or the full amount of the individual transactions so that the remaining risk of the whole portfolio is at acceptable levels within clearly defined risk limits. The risk management objective is applicable for transactions in the following 24 months. Currently transactions for the next 12 month period are being hedged.

The derivative instruments that Syngenta's risk management policy allows to be used to manage the risk are:

- foreign exchange forward contracts and net purchased currency options with the same risk (foreign exchange currency index) which are eliminating or reducing the uncertainty in the cash flows.
- placed mainly with the same or (to a lesser extent) with shorter maturity than the timing of the cash flows being hedged so that the timing of the cash flows of the hedged transactions effectively matches the timing of the cash flows of the derivative instrument.

The impact of the hedging program on operating income can be illustrated in the Earnings-at-Risk calculation performed for anticipated net transactional currency flows for the following year taking into account related currency hedges.

($m, except risk reduction %)	December 31, 2017 Earnings-at-Risk			December 31, 2016 Earnings-at-Risk		
Underlying currency (12-month holding period)	**Gross impact**	**Net impact**	**Risk reduction**	Gross impact	Net impact	Risk reduction
Swiss franc	**116**	**67**	**42%**	161	67	58%
Argentine peso	**48**	**48**	**-**	27	27	-
Brazilian real	**67**	**67**	**-**	112	112	-
Russian ruble	**13**	**8**	**38%**	29	13	56%
Euro	**37**	**40**	**(8)%**	44	44	-
British pound sterling	**30**	**24**	**20%**	51	32	37%
Rest of world	**168**	**154**	**8%**	206	188	9%
Total undiversified	**479**	**408**	**15%**	630	483	23%
Diversification	**(331)**	**(289)**	**13%**	(445)	(355)	20%
Net EaR	**148**	**119**	**20%**	185	128	31%

At December 31, 2017, the total potential adverse movement for 2018 net transactional flows after hedges relative to year-end, at a 99 percent confidence level, was $119 million (December 31, 2016: $128 million).

The net resulting Earnings-at-Risk figures at December 31, 2017 decreased by $9 million compared with December 31, 2016 mainly due to lower overall volatility.

The greatest exposures being the Swiss franc, where Syngenta has a significant cost base in Switzerland with no material offsetting sales, and the Brazilian real, where a significant cost base is only partially offset by sales because sales in Brazil are largely dollarized.

Foreign exchange transaction risk – issued financial debt and interest

Syngenta has a funding strategy which involves securing a diversification of funding sources in different markets and maintaining an optimal currency mix of debt.

This additional foreign currency exposure arises from the debt issuances in Euro and in Swiss franc under the Euro Medium Term Note (EMTN) program. The risk management objective is to minimize the impact of changes in foreign exchange rates on these foreign currency denominated debt interest and principal repayments.

The foreign exchange risk on the foreign currency denominated debt is managed mostly by derivative instruments, and to a lesser extent within a portfolio of other committed transactions, so that no material foreign currency risk remains as a result of the foreign currency denominated debt.

The derivative instruments which Syngenta's risk management policy allows to be used to manage the risk are:

- cross currency swaps designated as hedges of foreign exchange risk of future interest and principal payments on foreign currency financial debt which are eliminating or reducing the uncertainty in the cash flows.
- placed mainly with the same terms as the items being hedged so that the timing of the interest and principal repayments of the hedged transactions effectively matches the timing of the cash flows of the derivative instrument.

Foreign exchange translation risk

Translation exposure arises from the consolidation of foreign currency denominated financial statements of Syngenta's subsidiaries. This is reported as currency translation effects in OCI.

Translation risk can be significant; however, Syngenta regards its equity base to be of sufficient magnitude generally to absorb the short- to medium-term impact of exchange rate movements.

Syngenta can use both foreign currency denominated debt and net investment hedging to manage this exposure. The latter incorporates specific actions to protect the value of temporary excess foreign currency denominated cash positions. No hedging was undertaken for exposures of this type during the years ended December 31, 2017 or 2016. The exposure is deemed to be mitigated by the large net asset base of Syngenta and consequently no additional management of the exposure was undertaken in 2017 or 2016.

The table below presents the 1-month translation Value-at-Risk:

($m)	December 31, 2017 Value-at-Risk	December 31, 2016 Value-at-Risk
Currency of net investment in subsidiary (1-month holding period)	**Gross impact**	Gross impact
Brazilian real	**156**	156
Swiss franc	**213**	145
Euro	**38**	44
British pound sterling	**50**	59
Rest of world	**109**	135
Total undiversified	**566**	539
Diversification	**(174)**	(204)
Net VaR	**392**	335

At December 31, 2017, the Value-at-Risk for a one month holding period at a 99 percent confidence level was $392 million (December 31, 2016: $335 million). The Value-at-Risk at December 31, 2017 is higher than as of December 31, 2016 mainly driven by an overall increase in the value of the exposure.

The two largest single currency exposures arise in the Brazilian real and Swiss franc, driven by the large operations and investments in facilities in Switzerland and Brazil.

Interest rate risk

Syngenta is exposed to fluctuations in interest rates on its borrowings (including forecasted borrowings) and excess cash. While the majority of Syngenta's borrowings have fixed interest rates, portions of Syngenta's net borrowings, including its short-term commercial paper program, drawings under the syndicated credit facility and local borrowings, are subject to changes in short-term interest rates.

Syngenta monitors its interest rate exposures and analyzes the potential impact of interest rate movements on net interest expense. The risk management strategy involves ensuring an efficient fixed/floating mix of total debt within approved interest rate limits.

The risk can be managed by the use of interest rate derivatives relating to future interest payments of financial debt liabilities. The derivative instruments are placed with the same maturity as the expected cash flows of the hedged transactions so that the timing of the cash flows of the hedged transactions effectively matches the timing of the cash flows of the derivative instrument.

At December 31, 2017, the net amount of Earnings-at-Risk on floating rate debt due to potential changes in interest rates (a parallel shift of 100 bps was applied) was $7 million (2016: $10 million). The net amount of Earnings-at-Risk on net debt, as defined under "Capital structure" below, due to potential changes in interest rates was immaterial at December 31, 2017 and 2016.

Commodity price risks

Operating in the agribusiness sector, changes in certain commodity prices affect Syngenta's reported operating results and cash flows. On a limited basis, Syngenta enters into derivative transactions to hedge the exposure of its cost base to commodity prices. This activity comprises oil and natural gas hedging in the UK and USA, as well as soft commodity hedging for corn and soybean purchases by the Seeds business in the USA, Canada, Brazil and Argentina, where Syngenta contracts to purchase various seed crops from growers and hedges the cost of the purchases. In barter arrangements where Syngenta sells products in exchange for receiving a certain amount of a commodity crop, Syngenta hedges the value of the crop. At December 31, 2017 and 2016, there were no material open hedging transactions for Brazil and Argentina corn and soybean price risk.

Syngenta has indirect exposure to oil price fluctuations mainly through the impact of oil prices on the cost of both raw materials, especially chemical intermediates in the Crop Protection business, and distribution activities. At December 31, 2017, there was no hedge protection in place for oil for 2018 (December 31, 2016: no hedge protection in place for oil for 2017). As the exposure to oil is indirect, Syngenta does not calculate the Earnings-at-Risk due to potential changes in oil prices.

Natural gas exposure occurs in Syngenta's primary manufacturing sites and Syngenta is managing the exposure by hedging the main risk component, which is the natural gas market price, contractually linked to the NYMEX natural gas benchmark price. The other risk components within the exposure are immaterial.

The main objective of managing commodity price risk is to reduce the impact of commodity price changes on operating income and to provide economic protection against future cost increases. Syngenta uses fixed price contracts and derivatives (both Over-the-Counter (OTC) and exchange traded instruments, including commodity option and futures contracts) to achieve this objective. The derivative instruments are placed with the same maturity as the expected cash flows of the hedged transactions so that the timing of the cash flows of the hedged transactions effectively matches the timing of the cash flows of the derivative instrument.

At December 31, 2017, the net amount of Earnings-at-Risk due to potential changes in natural gas prices was not material. Earnings-at-Risk due to potential changes in prices of soft commodities, principally corn and soybean, assuming a 12-month holding period are presented below.

($m, except risk reduction %)		December 31, 2017 Earnings-at-Risk			December 31, 2016 Earnings-at-Risk	
Soft commodities	**Gross impact**	**Net impact**	**Risk reduction**	Gross impact	Net impact	Risk reduction
Total undiversified[1]	**31**	**3**	**88%**	36	28	23%

1 As the main soft commodities are largely correlated to each other, the impact of diversification is immaterial

The Earnings-at-Risk of soft commodities is driven by their high price volatility compared to other asset classes. The hedging program reduces overall 12-month Earnings-at-Risk at December 31, 2017 to $3 million (December 31, 2016: $28 million). The decrease in net risk in 2017 is mainly due to significantly higher hedge ratios.

Derivatives and hedge accounting

Syngenta seeks to apply, wherever possible, hedge accounting to present its financial statements in accordance with the economic purpose of the hedging activity. Hedges for which hedge accounting is not adopted either (a) do not meet the requirements for hedge accounting treatment under IFRS or (b) when combined with the accounting for the underlying hedged items, impact the financial statements in a manner aligned with the economic purpose of the hedging transaction without the need to adopt hedge accounting treatment, for example hedges of monetary items denominated in foreign currency.

Syngenta determines the economic relationship between the hedged items and the hedging instruments by reviewing the critical terms of the hedged items and the hedging instruments. As a result Syngenta concludes that the risk being hedged for the hedged items and risk inherent in the hedging instruments are sufficiently aligned, there is no inherent mismatch in the hedging relationship and a 100 percent hedge ratio applies both for the actual quantities hedged and for the hedge accounting, except as described below. The impact of the critical terms is also assessed using historical scenario analysis supported by statistical methods (regression analysis).

For the hedging of foreign currency risk of uncommitted forecasted trading transactions, because the exposures are largely generated by the routing of products from Syngenta's central manufacturing sites to its foreign locations, the profit or loss impact from the corresponding transactions occurs when the related finished product inventories are sold to third parties. When entering into derivative hedging contracts, Syngenta selects maturity dates based on the forecast period for which Syngenta holds inventories of its products for each commercial market by hedged currency exposure. Limited variability in the holding period occurs mainly due to timing of the third party sales transactions ("inventory holding period mismatch").

For the hedging of commodity price risk of soy and corn, there is variability between the index being hedged (CBOT) and the drivers of the actual exposures (local soy elevator prices based on CBOT and Syngenta seeds production and selling prices based on CBOT). The variability is, however, limited to individual transactions within the group of transactions in this hedging program – and a hedge ratio of 100 percent is observed for the whole group of transactions.

The following table summarizes the accounting treatment, sources of ineffectiveness and the effectiveness assessment method for the identified financial market risks:

			Effectiveness assessment	
Risk	**Accounting treatment**	**Potential sources of ineffectiveness**	**Method**	**Frequency**
Foreign exchange risk:				
Trading transaction – uncommitted	CF	Lower volume of hedged items; inventory holding period mismatch	Critical terms match	Quarterly
Issued financial debt and interest	CF	Lower volume of hedged items	Critical terms match	Quarterly
Interest rate risk	FV	Lower volume of hedged items	Critical terms match	Quarterly
Commodity price risk:				
Gas	CF	Lower volume of hedged items	Critical terms match	Semi-annually
Soft commodities	CF	Lower volume of hedged items; index mismatch	Regression analysis	Quarterly

Ineffectiveness is recognized in the consolidated income statement in Other general and administrative for hedges of uncommitted foreign currency forecast transactions, in Financial expense, net for hedges of committed foreign currency monetary items, in Financial expense, net for hedges of interest rate risk and in Cost of goods sold for hedges of commodity price risk. For the years ended December 31, 2017 and 2016 none of the above potential sources of ineffectiveness, individually or collectively, resulted in material amounts of actual ineffectiveness being reported for any hedge accounting relationships.

Fair Value Hedge Accounting

The amounts being reported in the statement of financial position for the fair value hedging relationships at December 31, 2017 and 2016 are as follows:

	Carrying amount of hedged item		Accumulated amount of fair value adjustment	
	Liabilities		Liabilities	
Risk ($m)	**2017**	2016	**2017**	2016
Interest rate risk – for continuing hedging relationships	**506**	515	**(7)**	(17)
Interest rate risk – for hedged items that have ceased to be adjusted	**40**	83	**(3)**	(8)
Total	**546**	598	**(10)**	(25)

The carrying amounts of the hedged items, including the fair value adjustments to the hedged items, are reported under Current financial debt and other financial liabilities and Financial debt and other non-current liabilities.

The change in the value of the hedged items during the period for hedge effectiveness purposes was $10 million (2016: $7 million).

Cash flow hedges

The gains/(losses) on derivative instruments recognized in and classified out of the cash flow hedge reserve during the years ended December 31, 2017 and 2016 were as follows. The amounts shown exclude related income tax effects, which are disclosed in Note 7.

	Continuing hedging relationships					Hedge accounting no longer applied			
	Foreign exchange risk		Commodity price risk						
2017 ($m)	**Trading transaction – uncommitted**	**Issued financial debt and interest**	**Gas**	**Soft commodities**	**Subtotal**	**Foreign exchange risk – translation**	**Issued financial debt and interest**	**Subtotal**	**Total**
Opening balance	**(23)**	**69**	**-**	**3**	**49**	**(68)**	**-**	**(68)**	**(19)**
(Losses)/gains recognized in OCI:									
on hedges as designated	**(13)**	**(171)**	**-**	**(2)**	**(186)**	**(2)**	**-**	**(2)**	**(188)**
Transferred directly to assets or liabilities	**-**	**-**	**-**	**8**	**8**	**-**	**-**	**-**	**8**
Reclassifications to profit or loss:									
Losses/(gains) on hedges as designated:									
Cost of goods sold	**-**	**-**	**-**	**(8)**	**(8)**	**-**	**-**	**-**	**(8)**
General and administrative	**19**	**-**	**-**	**-**	**19**	**-**	**-**	**-**	**19**
Financial expense, net	**-**	**150**	**-**	**-**	**150**	**-**	**-**	**-**	**150**
Closing balance	**(17)**	**48**	**-**	**1**	**32**	**(70)**	**-**	**(70)**	**(38)**

	Continuing hedging relationships					Hedge accounting no longer applied			
	Foreign exchange risk		Commodity price risk						
2016 ($m)	Trading transaction – uncommitted	Issued financial debt and interest	Gas	Soft commodities	Subtotal	Foreign exchange risk – translation	Issued financial debt and interest	Subtotal	Total
Opening balance	4	12	-	-	16	(69)	(2)	(71)	(55)
(Losses)/gains recognized in OCI:									
on hedges as designated	36	(43)	-	3	(4)	1	-	1	(3)
Transferred directly to assets or liabilities	-	-	-	(7)	(7)	-	-	-	(7)
Reclassifications to profit or loss:									
Losses/(gains) on hedges as designated:									
Cost of goods sold	-	-	-	7	7	-	-	-	7
General and administrative	(63)	-	-	-	(63)	-	-	-	(63)
Financial expense, net	-	100	-	-	100	-	2	2	102
Closing balance	(23)	69	-	3	49	(68)	-	(68)	(19)

Amounts reclassified from the cash flow hedge reserve into profit or loss are recognized in the consolidated income statement in Other general and administrative for hedges of uncommitted foreign currency forecast transactions, in Financial expense, net for hedges of committed foreign currency monetary items and for hedges of interest rate risk and in Cost of goods sold for hedges of commodity price risk.

Credit risk

Credit risk arises from the possibility that counterparties involved in transactions with Syngenta may default on their obligation, resulting in financial losses to Syngenta. Credit risk relates both to financial assets (including derivatives, marketable securities and money market contracts) as well as to operational assets managed by Syngenta's businesses (such as trade receivables).

Syngenta's maximum exposure to credit risk is the carrying values of its financial assets and receivables, including derivatives with positive market values. These amounts are disclosed in Note 26.

Syngenta has policies and operating guidelines in place to ensure that financial instrument transactions are only entered into with high credit quality banks and financial institutions. These include limits in respect of counterparties to ensure that there are no significant concentrations of credit risk. Syngenta continuously monitors the creditworthiness of its counterparties based on credit ratings and credit default swap data.

At December 31, 2017, Syngenta had no treasury or derivative transactions representing a significant concentration of credit risk. No credit losses have been incurred from investments in derivative financial instruments during the years ended December 31, 2017 and 2016.

To minimize its exposure to derivative positions, Syngenta enters into netting agreements under an International Swaps and Derivatives Association (ISDA) master agreement with its respective counterparties. In addition, for almost all derivative positions, Syngenta has entered into Credit Support Annex contracts (CSAs) under which cash is exchanged as collateral. The CSA contracts cumulatively limit either Syngenta's or the counterparty's aggregate credit risk exposure to no more than $1 million per counterparty on a weekly settlement basis for the positions for which CSA contracts have been agreed. There are no constraints on the cash exchanged and held between counterparties and the collateral can be used as part of operations. At December 31, 2017, an asset amounting to $118 million (2016: $349 million), and a liability amounting to $25 million (2016: $9 million) were recorded representing cash paid and received by Syngenta as collateral under these CSAs.

The impact of credit risk on the fair value of derivatives is considered through market observable credit default swap spreads for Syngenta and its counterparties. The impact on the fair value of Syngenta's derivative positions at December 31, 2017 and 2016 of the risk of default by financial counterparties was not material.

The credit risk to operational assets is managed through the use of credit limits and is partially mitigated through commercial activities, which include barter operations, cash sales incentives and obtaining other security from customers where appropriate.

The following tables show the effect of set off rights that apply to financial assets and liabilities under the above ISDA and CSA agreements at December 31, 2017 and 2016. Syngenta's rights under these arrangements would become enforceable in the event of a future default of the respective counterparty.

	2017		2016	
($m)	**Assets**	**Liabilities**	Assets	Liabilities
Gross recognized derivative financial instrument fair values (Note 26)	**127**	**(183)**	122	(429)
Amounts offset in consolidated balance sheet	**-**	**-**	-	-
Net amounts per consolidated balance sheet	**127**	**(183)**	122	(429)
Amounts subject to conditional set-off rights but not offset in consolidated balance sheet:				
ISDA Master netting agreements for derivative financial instruments	**(65)**	**65**	(60)	60
Collateral (received) / paid by Syngenta under CSA agreements	**(25)**	**118**	(9)	349
Net amounts in the event that all conditional set-off rights are applied	**37**	**-**	53	(20)

Liquidity risk and refinancing risk

Within Syngenta's risk management framework, liquidity risk is defined as the risk of being unable to raise funds to meet payment obligations when they fall due.

Refinancing or funding risk is defined as the risk of being unable, on an ongoing basis, to borrow in the market to fund actual or proposed commitments. Syngenta mitigates its liquidity and refinancing risk by maintaining: a committed unsecured funding facility; ongoing discussions with its core banks to best monitor its funding capacity; simulations; and diversification of its debt portfolio.

Syngenta's liquidity risk policy is to maintain at all times sufficient liquidity reserves both at Group and subsidiary level in order to meet payment obligations as they become due and also to maintain an adequate liquidity margin. The planning and supervision of liquidity is the responsibility of the subsidiaries and Group Treasury. Liquidity requirements are forecasted on a weekly basis. Syngenta operates regional or country cash pools to allow efficient use of its liquidity reserves.

Short-term liquidity

Two of Syngenta's largest markets are Europe, Africa and the Middle East and North America. Both sales and operating profit in these two regions are seasonal and are weighted towards the first half of the calendar year, reflecting the northern hemisphere planting and growing cycle. Latin America is another large market for Syngenta and sales and operating profit there are weighted towards the second half of the calendar year, reflecting the southern hemisphere planting and growing cycle. This seasonal operating activity results in seasonal working capital requirements.

Syngenta's principal source of liquidity consists of cash generated from operations. Working capital fluctuations due to the seasonality of the business are supported by short-term funding available from a $2.5 billion Global Commercial Paper program and a $3 billion committed, revolving, multi-currency syndicated credit facility. In January 2016, the amount of this credit facility was increased from $1.5 billion to $2.5 billion. Its contractual expiry date is in 2022 and it provides the possibility to extend by one year in 2018 and 2019. In May 2017, the existing syndicated credit facility was increased, extended and amended following the change of control related to the ChemChina take over. The amount drawn under the syndicated credit facility at December 31, 2017 was $200 million (2016: $nil). The average outstanding balance under the syndicated credit facility for the year 2017 was $7 million (2016: $nil).The amount drawn under the Global Commercial Paper program at December 31, 2017 was $473 million (2016: $100 million). The average outstanding balance under the Global Commercial Paper program for the year 2017 was $1,388 million (2016: $1,217 million).

The maturity analyses for Syngenta's current financial liabilities other than short-term derivative liabilities are presented in Notes 16 to 18.

The maturities of short term derivative liabilities are as follows:

($m)	Total	0–90 days	90–180 days	180 days–1 year
2017	**79**	**55**	**20**	**4**
2016	239	98	36	105

Long-term financing

Long-term capital employed is currently financed through eight unsecured bonds and unsecured notes issued under the Note Purchase Agreement in the US Private Placement market. $147 million of the US Private Placement notes have been repaid as a consequence of the change of control.

The following table shows Syngenta's contractually agreed (undiscounted) interest and principal repayments on long-term financing-related non-derivative financial liabilities and the related derivatives held at December 31, 2017 and 2016. Non-derivative financial liabilities are recorded at amortized cost (less related issuance costs) unless subject to fair value hedge accounting, in which case the liability is adjusted for the change in fair value of the hedged risk to the extent the hedge relationship is effective. Derivative financial liabilities are recorded at fair value. The table therefore shows the total carrying amount of Syngenta's financial debt adjusted for the effect, if any, of applying fair value hedge accounting.

	Non-derivative financial liabilities (Unsecured bonds and notes)				Derivative financial liabilities (Interest rate and cross-currency swaps)			
2017 ($m)	**Fixed rate interest**	**Variable rate interest**	**Principal repayment**	**Total**	**Fixed rate interest**	**Variable rate interest**	**Repayment[1]**	**Total**
Less than 1 year	**61**	**-**	**-**	**61**	**26**	**-**	**-**	**26**
1-3 years	**119**	**-**	**396**	**515**	**44**	**-**	**37**	**81**
3-5 years	**101**	**-**	**1,099**	**1,200**	**29**	**-**	**63**	**92**
5-10 years	**129**	**-**	**910**	**1,039**	**34**	**-**	**26**	**60**
More than 10 years	**176**	**-**	**415**	**591**	**8**	**-**	**16**	**24**
Total payments	**586**	**-**	**2,820**	**3,406**	**141**	**-**	**142**	**283**
Net carrying amount				**2,833**				**104**

	Non-derivative financial liabilities (Unsecured bonds and notes)				Derivative financial liabilities (Interest rate and cross-currency swaps)			
2016 ($m)	Fixed rate interest	Variable rate interest	Principal repayment	Total	Fixed rate interest	Variable rate interest	Repayment[1]	Total
Less than 1 year	66	-	-	66	23	11	-	34
1-3 years	132	-	344	476	46	18	52	116
3-5 years	122	-	602	724	30	31	113	174
5-10 years	162	-	820	982	92	4	37	133
More than 10 years	230	-	1025	1,255	25	-	54	79
Total payments	712	-	2791	3,503	216	64	256	536
Net carrying amount				2,805				190

1 The repayments above (and the net carrying amount of the derivative financial liabilities) do not include the amounts paid as collateral

Forecast data for liabilities that may be incurred in the future is not included in the table above. Amounts in foreign currency were translated to US dollars at the closing rate at the reporting date. Variable payments at each year end arising from financial instruments were calculated based on the forward interest rate yield curve and the spread that Syngenta pays on its outstanding debt and open derivatives at December 31, 2017 and 2016, respectively. Non-derivative financial liabilities, repayment of which can be demanded by the counterparty at any time, have been assigned to the earliest repayment period.

Capital structure

Absent major acquisitions, Syngenta targets maintaining an investment grade credit rating, as recognized by major third-party rating agencies, which it currently believes provides an optimal balance between financial flexibility and the cost of capital. At December 31, 2017, Syngenta's credit ratings were as follows: Moody's Investors' Services Limited Ba2/NP; Standard & Poor's Rating Services BBB-/A-3; and Fitch Ratings Ltd BBB/F3. During October 2017, Standard & Poor's Rating Services and Fitch Ratings Ltd changed their outlook from stable to negative watch.

Syngenta manages capital by monitoring levels of net debt, as calculated below, and equity against targets. Syngenta defines net debt as excluding financing-related derivatives and related collateral paid and received under CSA agreements as these balances offset reach other. Capital is returned to the shareholder primarily through dividend payments.

The net debt to equity ratio was 20 percent at December 31, 2017 (29 percent at December 31, 2016).

The components of net debt at December 31, 2017 and 2016 are as follows:

($m)	2017	2016
Current financial debt	**1,022**	767
Non-current financial debt	**2,860**	2,854
Cash and cash equivalents	**(2,253)**	(1,284)
Marketable securities[1]	**(8)**	(56)
Net debt at December 31	**1,621**	2,281

1 Included within 'Derivative and other financial assets' and 'Financial and other non-current assets'

The movements in net debt are as follows:

($m)	2017	2016
Opening balance at January 1	**2,281**	2,586
Other non-cash items	**(2)**	15
Cash (received)/paid under CSAs, net	**(247)**	116
Cash paid on financing-related derivatives	**49**	-
Foreign exchange effect on net debt	**313**	(27)
Sale of treasury shares, net	**(24)**	(92)
Dividends paid	**470**	1,040
Free cash flow	**(1,219)**	(1,357)
Closing balance at December 31	**1,621**	2,281

26. Financial assets and liabilities

The following tables show the carrying amounts and fair values of financial assets and liabilities by category of financial instrument and reconciliation to where they are presented in the balance sheet at December 31, 2017 and 2016. The fair value hierarchy level is shown for those financial assets and liabilities that are carried at fair value in the balance sheet.

2017 ($m)	Carrying amount (based on measurement basis) Amortized cost	Fair value level 1	Fair value level 2 [1]	Total[1]	Comparison fair value
Cash and cash equivalents	2,253	-	-	2,253	2,253[2]
Trade receivables, net:					
At amortized cost	4,061	-	-	4,061	4,061[2]
Mandatorily measured at fair value through profit or loss	-	-	26	26	26
Total				4,087	4,087
Other accounts receivable:					
Financial assets	325	-	-	325	325[2]
Non-financial assets	-	-	-	511	-[3]
Total				836	
Derivative and other financial assets:					
Derivative financial assets[4]	-	6	65	71	71
Other current financial assets	268	4	-	272	272[2]
Total				343	343
Financial and other non-current assets:					
Loans, receivables and pooled investments	56	50	5	111	111[5]
Equity investments at fair value through OCI	-	-	94	94	94[1]
Other, not carried at fair value	-	-	-	289	-[3]
Derivative financial assets[4]	-	-	56	56	56
Total				550	
Trade accounts payable	3,174	-	-	3,174	3,174[2]
Current financial debt and other financial liabilities:					
Non-derivative financial liabilities	1,062	-	-	1,062	1,062[2]
Derivative financial liabilities[4]	-	-	79	79	79
Total				1,141	1,141
Other current liabilities:					
Financial liabilities	86	-	-	86	86[2]
Non-financial liabilities	-	-	-	687	-[3]
Total				773	
Financial debt and other non-current liabilities:					
Non-derivative financial liabilities	2,860	-	-	2,860	2,727[6]
Derivative financial liabilities[4]	-	-	104	104	104
Non-financial liabilities	-	-	-	100	-[3]
Total				3,064	

1 The totals for equity investments at fair value through OCI include $94 million of level 3 investments, mainly within Syngenta's venture business unit, presented in the level 2 column in the table above. The main valuation input for these investments is the price from their most recent shareholder financing transactions.

2 Carrying amount approximates the estimated fair value due to the short-term nature of the financial instruments

3 Fair value is not required to be disclosed for non-financial assets and non-financial liabilities, including defined benefit pension assets

4 Derivative financial assets and liabilities are measured at fair value through profit or loss except that gains and losses on cash flow hedges of forecast transactions are not recognized in profit or loss until the hedged transaction is recognized in profit or loss

5 Fair values of these receivables are measured by discounting their cash flows at interest rates derived using observable yields on government bonds with maturities and currencies that match those of the respective receivable and the estimated credit risk of each receivable. The total fair value disclosed in respect of loans and receivables at amortized cost is due from counterparties that have not issued traded bonds and represents a level 3 fair value measurement

6 Financial liabilities represent both exchange traded bonds and non-exchange traded private placement notes issued by Syngenta. The fair value disclosed consists of level 2 fair value measurements derived from observable price quotations for these bonds, except for one private placement note with a fair value of $9 million, which is a level 3 measurement because market interest rates and credit rates are not observable for the full period through to its maturity date in 2035

2016 ($m)	Carrying amount (based on measurement basis) Amortized cost	Fair value level 1	Fair value level 2 [1]	Total[1]	Comparison fair value
Cash and cash equivalents	1,284	-	-	1,284	1,284[2]
Trade receivables, net:					
At amortized cost	4,440	-	-	4,440	4,440[2]
Mandatorily measured at fair value through profit or loss	-	-	103	103	103
Total				4,543	4,543
Other accounts receivable:					
Financial assets	255	-	-	255	255[2]
Non-financial assets	-	-	-	315	-[3]
Total				570	
Derivative and other financial assets:					
Derivative financial assets[4]	-	6	92	98	98
Other current financial assets	349	53	-	402	402[2]
Total				500	500
Financial and other non-current assets:					
Loans, receivables and pooled investments	47	47	7	101	101[5]
Equity investments at fair value through OCI	-	1	75	76	76
Other, not carried at fair value	-	-	-	239	-[3]
Derivative financial assets[4]	-	-	24	24	24
Total				440	
Trade accounts payable	3,338	-	-	3,338	3,338[2]
Current financial debt and other financial liabilities:					
Non-derivative financial liabilities	808	-	-	808	808[2]
Derivative financial liabilities[4]	-	-	239	239	239
Total				1,047	1,047
Other current liabilities:					
Financial liabilities	230	-	-	230	230[2]
Non-financial liabilities	-	-	-	944	-[3]
Total				1,174	
Financial debt and other non-current liabilities:					
Non-derivative financial liabilities	2,854	-	-	2,854	2,908[6]
Derivative financial liabilities[4]	-	-	190	190	190
Non-financial liabilities	-	-	-	33	-[3]
Total				3,077	

1 The totals for equity investments at fair value through OCI include $75 million of level 3 investments, mainly within Syngenta's venture business unit, presented in the level 2 column in the table above. The main valuation input for these investments is the price from their most recent shareholder financing transactions.

2 Carrying amount approximates the estimated fair value due to the short-term nature of the financial instruments

3 Fair value is not required to be disclosed for non-financial assets and non-financial liabilities, including defined benefit pension assets

4 Derivative financial assets and liabilities are measured at fair value through profit or loss except that gains and losses on cash flow hedges of forecast transactions are not recognized in profit or loss until the hedged transaction is recognized in profit or loss

5 Fair values of these receivables are measured by discounting their cash flows at interest rates derived using observable yields on government bonds with maturities and currencies that match those of the respective receivable and the estimated credit risk of each receivable. The total fair value disclosed in respect of loans and receivables at amortized cost is due from counterparties that have not issued traded bonds and represents a level 3 fair value measurement

6 Financial liabilities represent both exchange traded bonds and non-exchange traded private placement notes issued by Syngenta. The fair value disclosed consists of level 2 fair value measurements derived from observable price quotations for these bonds, except for one private placement note with a fair value of $144 million, which is a level 3 measurement because market interest rates and credit rates are not observable for the full period through to its maturity date in 2035

The levels of fair value hierarchy used above are defined as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair values of equity shareholdings subject to a lock-up period where the underlying shares are actively traded on a stock exchange are derived by applying a discount to the market price and are classified as level 2. They are reclassified as level 1 on expiry of the lock-up period. In 2017 and 2016, there were no transfers between level 1 and level 2 or into or out of level 3 of the fair value hierarchy or between the fair value and amortized cost categories.

Movements in level 3 financial assets for the years ended December 31, 2017 and 2016 were as follows:

($m)	**2017**	2016
January 1	**75**	71
Gains/(losses) recognized on equity instruments at fair value through OCI	**5**	-
Additions due to issues	**22**	4
Disposals due to sales	**(11)**	(1)
Currency translation effects and other	**3**	1
December 31	**94**	75

Income, expense, gains and losses relating to financial instruments recognized in profit or loss during the years ended December 31, 2017 and 2016 are as follows:

2017 ($m)	**Amortized cost loans and receivables[1]**	**Derivative assets and liabilities**	**Liabilities carried at amortized cost**	**Total**
Recognized within Financial expense, net[2]:				
Interest income	**155**	**-**	**-**	**155**
Interest expense	**-**	**(30)**	**(135)**	**(165)**
Currency gains/(losses), net	**-**	**(132)**	**-**	**(132)**
Recognized within Operating income:				
Impairment charges	**(74)**	**-**	**-**	**(74)**
Total	**81**	**(162)**	**(135)**	**(216)**

2016 ($m)	Amortized cost loans and receivables[1]	Derivative assets and liabilities	Liabilities carried at amortized cost	Total
Recognized within Financial expense, net[2]:				
Interest income	181	-	-	181
Interest expense	(7)	(35)	(158)	(200)
Currency gains/(losses), net	-	(253)	-	(253)
Recognized within Operating income:				
Impairment charges	(67)	-	-	(67)
Total	107	(288)	(158)	(339)

1 Includes immaterial amounts relating to financial assets classified as at fair value through profit or loss
2 Financial expense, net also includes $36 million of bank charges (2016: $19 million)

Reported gains and (losses) recognized in OCI on revaluation of equity investments that were designated at fair value through OCI were $5 million and $nil for the years ended December 31, 2017 and 2016, respectively.

27. New IFRSs and accounting policies

Early adoption of IFRS 15 “Revenue from Contracts with Customers”

Syngenta has early adopted IFRS 15 “Revenue from Contracts with Customers” with effect from January 1, 2017 using the cumulative effect method, which does not require Syngenta to restate comparative financial statement amounts for 2016 and prior periods. The effect of adoption on retained earnings at January 1, 2017 was not material. Under the cumulative effect method, Syngenta has used IFRS 15 to determine when revenue is recognized after January 1, 2017 for contracts with obligations to supply products or provide services that had not been fulfilled by that date. Syngenta has used IAS 18 to account for changes after January 1, 2017 in estimates of the amount of revenue for contracts under which Syngenta had supplied or provided all required products and services before that date.

Syngenta's main source of revenue is product sales. Control of products passes to Syngenta's customers, and revenue for product sales is recognized, at a point in time which is usually upon delivery, subject to reasonable assurance of collectability. Delivery is defined based on the terms of the sale contract. This is consistent with the timing of revenue recognition in accordance with the previous standard, IAS 18. Syngenta also derives revenue from licensing the right to use its intellectual property (IP), principally its seeds germplasm and traits. Each licensing contract Syngenta enters into has unique terms and certain licensing contracts may involve significant upfront or milestone payments in addition to sales-based royalties.

Revenue is measured at the amount of consideration to which Syngenta expects to be entitled in exchange for the products or license rights it transfers to customers. If the consideration is receivable more than 12 months after the transaction date and the effect of discounting is material, the revenue amount recognized is discounted to its present value at the transaction date and the unwinding of this discount is recognized as financial income over the period until the date the consideration is due. Revenue in contracts with non-cash consideration is measured at the fair value of the consideration at contract inception.

The requirements relating to contracts where revenue is variable, which for Syngenta include both product sales and licensing agreements, have been expanded significantly in IFRS 15. The main forms of variable revenue for Syngenta are as follows and the judgments associated with them are discussed in Note 2:

- cash incentive programs that provide rebates and discounts dependent on achievement of targets for purchase of Syngenta products, and cash discounts for punctual or early payment of invoices. Syngenta recognizes sales minus an allowance for rebates, and a refund liability presented within Trade accounts payable in the consolidated balance sheet. The allowance and liability are measured at the amount expected to be refunded or credited to customers, estimated based on the programs' terms, market conditions and historical experience.
- sales returns, which arise both in markets where the customer has a legal or contractual right of return and where Syngenta's commercial practice is to accept returns. In these markets, Syngenta recognizes sales minus an allowance for expected returns, an estimated refund liability, and an asset for the right to recover its products corresponding to the expected returns. The refund liability and the asset are presented within Trade accounts payable and Inventories respectively in the consolidated balance sheet. The allowance and liability are measured at the amount expected to be refunded or credited to customers and the asset is measured at the standard purchase or production cost of the underlying Syngenta products, minus allowances for transportation and obsolescence where relevant.
- in certain markets, sales terms allow customers to exchange purchased products at a later date for other Syngenta products of their choice, to the same value. For these sales, Syngenta recognizes revenue upon delivery of the original products, minus a provision for products expected to be exchanged. This provision is released, and the corresponding revenue is recorded, when the substitute products are delivered or the period available to exchange the products expires, whichever is earlier.
- In licenses which grant the right to use Syngenta's IP, revenue for non-refundable lump sums and minimum guaranteed income amounts which can be reliably estimated and for which there are no related future Syngenta performance obligations or contingencies other than the passage of time is recognized in full on signature of or on the effective date of the license, whichever is later. Revenue for lump sum milestone payments which are contingent on product regulatory approvals are recognized only when the competent regulatory authorities have granted the relevant approvals. Sales-based royalty income is recognized in the period that the licensees make sales in respect of which the royalties are payable.

In certain markets, sales terms allow customers the option of a one-time, non-repeatable extension of credit, for a defined additional period, in respect of a defined proportion of purchases made during a defined period, if the customers still have the inventories on hand upon expiration of the initial agreed credit period. Customers have no right to return these inventories, and must pay unconditionally when the additional credit period expires. In accordance with IFRS 15, revenue for these sales is recognized upon product delivery.

Where third parties hold Syngenta inventories on a consignment basis, revenue is recognized in the period that inventories are withdrawn from consignment and delivered to customers.

For product sales which are qualifying purchases in customer loyalty incentive programs, Syngenta allocates revenue between its qualifying product sales and the incentive awards of additional free or discounted products or services based on the relative stand-alone selling prices of the respective items and, where awards are subject to expiry, the extent to which customers are expected to redeem their rights based on historical experience of similar programs. In programs where Syngenta acts as principal for the supply of the incentives, it recognizes the revenue allocated to incentive products or services when customers receive them or redeem their right to an award. In programs where Syngenta acts as agent for a third party, it recognizes any net income from supply of the incentive when the third party becomes obliged to supply the awards. Revenue related to programs where Syngenta is a principal is presented as part of Sales, and associated costs are presented within Cost of goods sold or Marketing and distribution expense as appropriate. Syngenta determines whether it is a principal or an agent according to whether it obtains control of the third party incentive products or services before they are transferred to customers. Syngenta assesses this for awards of products principally by considering whether it bears inventory risk and for awards of services by considering whether its agreement with the third party service provider enables it to direct how services are provided to Syngenta's customers. The estimated liabilities for incentives which customers will be entitled to receive for qualifying purchases for which Syngenta has recognized revenue are classified within Contract liabilities.

On adoption of IFRS 15, Syngenta has changed how it presents revenue and expenses for third party incentive products and services in certain of its loyalty programs. From January 1, 2017, Syngenta has presented the revenue it allocates to these items in Sales and their cost in Cost of goods sold. Because Syngenta defines in contracts with the third party suppliers how customers receive these incentives, it is deemed to be supplying the third party products and services as a principal. Prior to January 1, 2017, Syngenta accounted for these incentives on a net basis and reported Sales and Cost of goods sold included only the value of Syngenta products supplied. Syngenta has also presented the expense for certain royalties payable by Syngenta to third parties when Syngenta's licensees sell seeds containing sub-licensed traits, as Cost of goods sold in the consolidated income statement instead of as a deduction from the related license income. The additional amount reported in Sales and Cost of goods sold in 2017 as a result of these changes in presentation was $19 million. These changes had no impact on net income.

Syngenta periodically enters into prepayment contracts with customers whereby it receives advance payments for products to be delivered in a future period. These advance payments are recorded as liabilities and presented as part of Contract liabilities in the consolidated balance sheet. Advance payment liabilities are released and revenues associated with such advance payment transactions are recognized when control of the prepaid products passes to the customer.

IFRS 15 requires contract assets and liabilities to be presented separately in the consolidated financial statements. Accordingly, Syngenta has presented the $480 million amount of contract liabilities at December 31, 2017 on a separate balance sheet line. This amount includes $432 million of customer payments received in advance of product delivery, $44 million of products and services to be delivered to customers under loyalty program offers and $4 million of other obligations. In the December 31, 2016 consolidated balance sheet, the equivalent amounts, totaling $517 million, are included in Trade accounts payable. Accrued liabilities to customers for product returns and rebates in respect of sales recognized up to the balance sheet date continue to be included in Trade accounts payable. Syngenta has not presented a separate line for contract assets at December 31, 2017 because all material relevant assets are presented either as Inventories or Trade receivables. No incremental costs have been capitalized on adoption of IFRS 15 because lead times for individual orders are less than one year, costs directly attributable to obtaining contracts are already recognized as intangible assets and costs to fulfil contracts are already recognized as inventories.

For certain customers in certain markets, trade receivables are settled either with proceeds from sales by such customers of agricultural commodities or by delivery of commodities to Syngenta by such customers. For these arrangements, Syngenta recognizes revenue when it has a legally enforceable receivable, the amount of which is reliably measurable based on an agreed price for the Syngenta products. Where Syngenta has a contract with the customer for physical delivery of a commodity at a fixed price which is hedged using derivative financial instruments, an embedded derivative is recognized for the fair value of the contract until physical delivery. When Syngenta subsequently resells the commodity, it classifies additional revenue as sales only to the extent that the original contract for the sale of Syngenta products included revenue that was contingent upon the commodity sales proceeds. Any remaining gains or losses on the commodity sale are recorded in Marketing and distribution expense in the consolidated income statement.

Other New IFRSs

Syngenta has also adopted the following revised IFRSs from January 1, 2017. These IFRSs have not been early adopted and their adoption had no material impact on these consolidated financial statements:

- "Recognition of Deferred Tax Assets for Unrealised Losses", Amendments to IAS 12, clarifies that for deferred income tax accounting purposes an entity may assume that an asset will be realized for more than its carrying amount if that outcome is supported by sufficient evidence.
- "Disclosure Initiative", amendments to IAS 7, requires Syngenta to disclose changes in liabilities arising from financing activities, including separate disclosure of changes arising from cash flows and non-cash changes. See Note 21 for these disclosures. For this purpose, Liabilities arising from financing activities include:
    - Financial debt, comprising issued bonds, finance leases, with-recourse factoring and bank overdrafts;
    - Derivative financial liabilities for interest rate and foreign currency swaps which are hedges of risk related to Financial debt;
    - Liabilities for collateral received under Credit Support Annex agreements with Syngenta's counterparties for derivative financial instruments that hedge Financial debt; and
- "Annual Improvements to IFRS Standards" 2014-2016 Cycle, which clarifies financial statement disclosure requirements for investments in subsidiaries, joint ventures and associates that are classified as held for sale.

The relevant new or revised IFRSs that Syngenta has not yet adopted are the following:

- IFRS 9 "Financial Instruments" was published in July 2014. IFRS 9 was published in stages and Syngenta early adopted an earlier version, IFRS 9 (December 2013) in 2014. IFRS 9 (July 2014), which is effective January 1, 2018, is the complete and final version of IFRS 9 and contains certain revisions to the financial asset classification and measurement requirements in the December 2013 version, the most important being the addition of a third business model for asset classification with objectives of both collecting contractual cash flows from the assets and selling the assets. On the basis of the financial assets it holds at December 31, 2017, Syngenta does not believe the changes to asset classification will have a material impact on its consolidated financial statements. IFRS 9 (July 2014) also contains requirements for financial asset impairment that will require Syngenta to record allowances for expected credit losses on financial assets. These requirements will replace the currently applicable IAS 39 guidance, under which credit losses are not recognized until they are incurred, and must be applied retrospectively, but restatement of prior periods is not required and any transition impact may be recognized directly in retained earnings upon adoption. Application of the expected credit loss model may accelerate recognition of loss allowances compared to the IAS 39 incurred loss model, depending on market conditions prevailing at the date that each impairment assessment is performed. At December 31, 2017, Syngenta has performed an initial assessment of its amortized cost financial assets in accordance with the IFRS 9 impairment model and has estimated that the impact of adopting the model on January 1, 2018 will be immaterial to its consolidated financial statements. Syngenta's largest category of financial assets is its trade receivables, which with few exceptions have credit terms of less than 12 months. Under the new requirements, an allowance will be recognized equal to the credit losses Syngenta expects to incur over the lifetime of the trade receivables. Syngenta has estimated credit losses on its trade receivables outstanding at December 31, 2017 using the following loss matrix, determined based on historical experience and assuming that crop commodity prices and availability of finance for Syngenta's customers will be similar in 2018 to actual conditions in 2017. The percentages are applied to net receivable balances after deducting collateral provided by customers:

Not yet due	1%
Past due less than 90 days	20%
Past due between 90 and 180 days	75%
Past due more than 180 days	85%

- IFRS 16 "Leases", was published in January 2016, and requires a lessee to account for all leases by recognizing an asset for the right to use the leased asset and a corresponding liability for lease payments during the lease term, which is defined as the non-cancellable period of the lease and any additional periods for which the lessee has an option to use the asset that it is reasonably certain to exercise. Leases with a term of less than one year and leases of certain small value assets are exempt from these requirements and will continue to be accounted for in the same way as operating leases under the current IAS 17. The liability for lease payments will be the present value of payments required over the lease term, excluding contingent payments and payments for services associated with the lease. Lease expense will be attributed to accounting periods in the same way as for finance leases under the current IAS 17. Syngenta must adopt IFRS 16 by January 1, 2019 at the latest. Early adoption is permitted on condition that IFRS 15 is also adopted on or before the date IFRS 16 is adopted. IFRS 16 allows transition either by retrospective application to and restatement of prior periods, or by a modified retrospective application method under which IFRS 16 is applied to all leases with a remaining term of more than one year upon adoption by making a one-time catch-up adjustment to retained earnings, and prior periods are not restated. Syngenta is currently assessing the impact on its financial statements of IFRS 16, including the requirement to recognize an asset and a liability for leases that it currently classifies as operating leases and for which it therefore does not recognize a lease asset or liability at present. The undiscounted amount of Syngenta's minimum commitments under its existing operating leases is disclosed in Note 20.
- "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture", Amendments to IFRS 10 and IAS 28, was issued in September 2014 and requires Syngenta to recognize gains and losses on such sales or contributions only to the extent they relate to the interest in the Associate or Joint Venture that is held by investors other than Syngenta. In December 2015, the IASB postponed mandatory application of the amendments indefinitely. Based on the associates and joint ventures in which it has investments at December 31, 2017, Syngenta does not believe that the amendments will have a material impact on its consolidated financial statements.
- "Classification and Measurement of Share Based Payment Transactions", Amendments to IFRS 2, was issued in June 2016 and must be applied with effect from January 1, 2018. Syngenta's accounting for its share based payments in these financial statements was consistent with the amendments. Syngenta no longer has any share based payment plans or outstanding share based payment transactions and the amendments will therefore have no impact on its financial statements.
- IFRIC 22 "Foreign Currency Transactions and Advance Consideration" was issued in December 2016, and requires most foreign currency transactions the consideration for which is received or paid in advance, to be translated into the transacting entity's functional currency using the exchange rate at the date(s) on which this consideration is paid or received. The interpretation contains options for application either retrospectively or prospectively to transactions after adoption, which for Syngenta must be by January 1, 2018 at the latest. Syngenta believes that its existing accounting policy for foreign currency translation is consistent with IFRIC 22 guidance in all material respects and so adoption will not have a material impact on its financial statements.
- "Transfers of Investment Property", Amendments to IAS 40, was issued in December 2016 and clarifies that property is transferred into or out of Investment property only when there is actual evidence of change in use and not based on management's intentions. Syngenta must apply these amendments to changes in use that occur after January 1, 2018. Early adoption is permitted, but the amendments may be applied retrospectively to changes in use before their adoption only where this is possible without using hindsight. Syngenta does not believe that adoption of the amendments will have a material impact on its financial statements.
- IFRS 17 "Insurance Contracts" was issued in May 2017 and establishes principles for accounting and disclosure of insurance contracts issued and reinsurance contracts held. Insurance contracts held as a policyholder are not within the scope of IFRS 17. The effective date of IFRS 17 is January 1, 2021 at the latest. Syngenta does not believe that IFRS 17 will have a material impact on its financial statements.
- IFRIC 23 "Uncertainty over Income Tax Treatments", was issued in June 2017 and must be applied with effect from January 1, 2019. The interpretation contains options for either full retrospective application, or retrospective application by recognizing the cumulative impact in retained earnings on initial adoption. IFRIC 23 clarifies that when income tax treatments are uncertain, Syngenta shall assume that income tax authorities will exercise rights to examine its tax positions with full knowledge of all related information, and shall reflect the uncertainty by using either the most likely method or the expected value method to determine taxable profit and income tax expense, assets and liabilities related to each uncertain tax treatment, whichever Syngenta expects to better predict the resolution of that uncertainty. Based on the uncertain tax treatments it has identified at December 31, 2017, which are further discussed in Note 2, Syngenta believes its estimates are consistent in principle with IFRIC 23 requirements and therefore does not believe the effect of IFRIC 23 on its financial statements will be material.
- "Long-term Interests in Associates and Joint Ventures", Amendments to IAS 28, was issued in October 2017 and clarifies that long-term interests in Associates and Joint Ventures, other than equity interests, are accounted for as financial assets in accordance with IFRS 9.

Syngenta must adopt the amendments by January 1, 2019 at the latest. Earlier application is permitted. Based on the associates and joint ventures in which it has investments at December 31, 2017, Syngenta does not believe that the amendments will have a material impact on its consolidated financial statements.

- "Prepayment Features with Negative Compensation", Amendments to IFRS 9, was issued in October 2017 and contains guidance for classification of financial assets with prepayment options which could result in the holder receiving, rather than paying, compensation. Earlier application is permitted. Based on the financial assets it has at December 31, 2017, Syngenta does not believe that the amendments will have a material impact on its consolidated financial statements.
- "Annual Improvements to IFRS Standards" 2015-2017 Cycle, was issued in December 2017 and clarifies accounting requirements for: the acquisition of control or of joint control over joint arrangements in which the acquirer already holds an interest; the income tax consequences of dividends payable; and which borrowings are used to determine the borrowing cost capitalization rate for assets under construction. Syngenta must adopt the amendments by January 1, 2019 at the latest. Earlier application is permitted. Syngenta does not believe that the amendments will have a material impact on its consolidated financial statements.

Principles of consolidation

Subsidiaries

Subsidiaries are those entities which Syngenta controls. Syngenta controls all its subsidiaries through ownership of a majority of their voting rights. Syngenta fully consolidates the income, expenses, assets, liabilities and cash flows of subsidiaries from the date it acquires control up to the date control ceases. Intercompany transactions and balances are eliminated upon consolidation.

Associates and joint ventures

Syngenta has no interests in entities that it does not consolidate that would meet the definition of joint operations. Syngenta accounts for both associates and joint ventures using the equity method.

Business combinations

Syngenta accounts for business combinations in accordance with IFRS 3, (revised January 2008), using the acquisition method. At the date it acquires control of another business, Syngenta records the fair value of the agreed consideration payable, including the estimated fair value of any contingent consideration and of any pre-existing ownership interest it holds in the acquired entity. Directly attributable acquisition transaction costs are expensed as incurred. The assets and liabilities of acquired businesses are identified and recorded in the consolidated financial statements at their acquisition date fair values, with certain exceptions as set out in IFRS 3. Acquired intangible assets are generally valued based on the income approach: the relief from royalty method is generally used for brand names and product technology rights, and the residual income method for customer relationships. Acquired land and buildings are valued based on the market approach and specialized plant and equipment based on the cost approach. Non-controlling interests which either consist of actively traded financial instruments or which do not represent a proportionate ownership interest in the acquired entity to which they relate are recorded at their fair value. All other non-controlling interests are recorded at their proportionate share of the fair value of the acquired business's net assets.

Other accounting policies

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the rate prevailing at the balance sheet date. Non-monetary assets and liabilities denominated in foreign currencies, stated at historical cost or fair value, are translated into the functional currency at the foreign exchange rate prevailing at the date of the transaction or the date the fair value was determined, respectively. Foreign currency transactions are translated into the relevant functional currency at the exchange rate prevailing at the date of the transaction. With exceptions for certain regional supply centers, holding and finance subsidiaries, each Syngenta subsidiary uses the local currency of its country of operations as its functional currency. Unrealized gains or losses related to equity loans, designated cash flow and net investment hedging arrangements and gains and losses on remeasuring equity investments designated at fair value through OCI are recognized in OCI. All other resulting foreign exchange transaction gains and losses are recognized in profit or loss. Equity loans are intercompany loans to subsidiaries that are not expected to be repaid in the foreseeable future and therefore considered part of Syngenta's net investment in the subsidiary.

Income, expense and cash flows of foreign operations are translated into US dollars using average exchange rates prevailing during the period. Assets and liabilities of foreign operations are translated to US dollars using exchange rates prevailing at the balance sheet date. Foreign exchange differences arising on these translations are recognized directly in OCI. Upon disposal or loss of control of a foreign subsidiary, the cumulative currency translation difference relating to the subsidiary is reclassified from equity to profit or loss as part of the gain or loss on disposal.

The consolidated historical cost of inventories that have been transferred between Syngenta group entities since their initial purchase or manufacture is measured by translating the currencies in which the costs of purchase or manufacture were incurred into US dollars at the exchange rates prevailing at the date when those costs were incurred, and foreign exchange differences arising on retranslating these amounts to US dollars at the rates at the balance sheet date or the date the inventories were sold, as applicable, are recognized in OCI.

Revenue

See 'Early adoption of IFRS 15 "Revenue from Contracts with Customers" ' above.

Research and development

Research expenses are charged to the consolidated income statement when incurred. Internal development costs are capitalized as intangible assets only when there is an identifiable asset that can be completed and is expected to generate future economic benefits and when the cost of such an asset can be measured reliably. Costs incurred internally to develop new chemical or biological crop protection products based on active ingredients that have not yet obtained regulatory approval, or to develop new seed varieties which contain new traits that have not yet obtained regulatory approval, are expensed as incurred because of the uncertainty inherent in the outcome of the regulatory approval process. Costs incurred in the design, construction and testing of new or improved production processes that do not themselves require regulatory approval and that can be applied to products which have already obtained approval are capitalized if the processes are technically feasible, Syngenta intends and has sufficient resources to complete the development, the process will generate future economic benefits, and expenditure attributable to developing the process can be measured reliably. Development expenses Syngenta incurs to develop technology on behalf of a third party under a collaboration agreement are capitalized and amortized over the agreement term if Syngenta expects to recover the costs under the terms in that agreement.

Costs of purchasing distribution rights, patent rights and licenses to use or sell products, or technology or registration data are capitalized as intangible assets. Costs of applying for patents for internally developed products, costs of defending existing patents and costs of challenging patents held by third parties where these are considered invalid, are considered part of development expense and expensed as incurred.

Expenses by function
Cost of goods sold includes costs of purchasing and producing inventories that have been sold to third parties, inbound and inter-site distribution expenses, impairment of inventories, environmental remediation costs associated with ongoing Syngenta manufacturing sites, and general overhead expenses of Syngenta's Production and Supply function which are expensed as incurred. Marketing and distribution includes costs of selling products, providing technical support for products sold, marketing and promotional expenses, distribution of finished products to third party customers, and impairment of trade and other receivables. Research and development includes the expenses of Syngenta's research sites and third party research collaboration agreements, expenses incurred during the regulatory process for Syngenta products and the costs of Syngenta's global field trials organization. General and administrative includes expenses of general management, finance, human resources, information systems, legal affairs and taxes, corporate affairs and communications, business planning and corporate development functions. Services provided by these departments to the Production and Supply, Marketing and Distribution and Research and Development functions are allocated to and included within those other functions. Gains and losses arising on routine asset disposals and gains and losses reclassified from OCI when hedged forecast foreign currency trading transactions affect profit or loss are also reported within General and administrative. Restructuring is a separate general and administrative function as it is managed through a project management office which is accountable to the Executive Committee. Impairment of property, plant and equipment that results from restructuring plans, rather than ongoing activities of the functions responsible for the assets, is included in Restructuring. Impairment of goodwill and intangible assets is also included in Restructuring unless a specific function is accountable for the impairment loss. Non-current asset depreciation and amortization are charged to the functions responsible for the related assets.

Restructuring
Restructuring represents the effect on reported performance of initiating and enabling business changes that are considered major and that, in the opinion of management, will have a material effect on the nature and focus of Syngenta's operations, and therefore require separate disclosure to provide a more thorough understanding of business performance. Restructuring includes the incremental costs of closing, restructuring or relocating existing operations, and gains or losses from related asset disposals. Restructuring also includes the effects of analyzing and preparing for potential industry consolidation transactions as well as completing and integrating significant business combinations and divestments, including related transaction costs, gains and losses. Recurring costs of normal business operations and routine asset disposal gains and losses are excluded.

Income taxes
Income taxes for the year comprise current and deferred taxes, calculated using rates enacted or substantively enacted at the balance sheet date. Current tax is the expected tax payable on taxable income for the year and any adjustments to tax payable in respect of previous years. Deferred tax is recognized using the liability method and thus is calculated on temporary differences between the tax bases of assets and liabilities and their respective carrying amounts in the consolidated balance sheet.

Deferred tax is provided on temporary differences arising on investments in subsidiaries, associates and joint ventures, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the difference will not reverse in the foreseeable future. Deferred tax liabilities are not recognized on the initial recognition of goodwill if the carrying amount of goodwill exceeds its tax base. Deferred tax assets, including those related to unused tax losses, are recognized to the extent that it is probable that future taxable profit will be available against which the assets can be utilized. Income tax expense, current and deferred, is recognized in profit or loss unless it relates to items recognized in OCI or in equity in which case the tax expense is also recognized in OCI or equity, respectively.

Syngenta's policy is to comply fully with applicable tax regulations in all jurisdictions in which Syngenta's operations are subject to income taxes. Syngenta's estimates of current income tax expense and liabilities are calculated assuming that all tax computations filed by Syngenta's subsidiaries will be subject to review or audit by the relevant tax authorities. Syngenta and the relevant tax authorities may have different interpretations of how regulations should be applied to actual transactions. Syngenta records provisions for taxes it estimates will ultimately be payable when the reviews or audits have been completed, including allowances for any interest and penalties which may become payable. Syngenta releases these provisions when the tax audit of the applicable year is completed or an Advance Pricing Agreement (APA) settlement is reached that impacts previous years' tax payments, or otherwise when the statute of limitations for the applicable year expires, unless there is evident reason for earlier release.

Financial Instruments
Syngenta early adopted IFRS 9 (2013) with effect from January 1, 2014.

Trade and other accounts receivable
Trade and other accounts receivable include invoiced amounts less adjustments for doubtful receivables which are estimated by taking into account whether receivables are past due based on contractual terms, payment history and other available evidence of collectability. Receivable balances are written off only when there is no realistic prospect of their being collected.

Factoring arrangements transferring substantially all economic risks and rewards associated with accounts receivable to a third party are accounted for by derecognizing the accounts receivable upon receiving the cash proceeds of the factoring arrangement. Factoring arrangements that transfer to a third party some, but not substantially all economic risks and rewards are accounted for by continuing to recognize Syngenta's continuing rights over the receivable and by recognizing any related obligation to the third party factor.

Trade receivables are classified as and measured at amortized cost, less adjustments for doubtful receivables as described above, in accordance with IFRS 9. Syngenta holds trade receivables to collect their contractual cash flows, which consist solely of payments of principal and, where applicable, interest, except for certain foreign currency sales transactions in which Syngenta offers to its customers a written exchange rate option embedded into the sales contract. Trade receivable/option contracts that result from these foreign currency sales transactions are classified as at fair value through profit or loss. The fair value of these trade receivables is measured by:

(a) remeasuring the embedded exchange rate option at fair value;

(b) retranslating the underlying trade receivable into the selling entity's functional currency using closing spot exchange rates at the balance sheet date; and

(c) adjusting the resulting carrying amount of the combined receivable contract to reflect changes in customer credit risk. Syngenta includes this adjustment in the provision for doubtful receivables.

Derivative and other financial instruments
Regular way purchases and sales of marketable securities are recognized at settlement date.

Financial assets and liabilities which have remaining contractual maturities of 12 months or less at the balance sheet date are presented within Total current assets and Total current liabilities, respectively. Financial assets and liabilities which have remaining contractual maturities of more than 12 months are presented within Financial and other non-current assets and Financial debt and other non-current liabilities, respectively.

Equity investments in other entities which are not subsidiaries, associates or joint ventures of Syngenta are included in Financial and other non-current assets. They are classified and measured at fair value through OCI and are revalued to fair value at each reporting date, with all changes in fair value recognized within OCI. In Syngenta's opinion, presenting gains and losses on these investments in OCI is more consistent with Syngenta's strategic investment objectives than presenting those gains and losses within profit and loss. The fair value of equity investments traded in active markets is measured at the quoted price at the balance sheet date, multiplied by the number of shares held by Syngenta. The fair value of other equity investments is based on recent observable market transactions for equity shares in the investee company or, where there are no recent transactions, on valuation multiples for equity shares in similar companies, which are traded.

Other non-current receivables represent royalty and license receivables, loans to employees and other third parties, and amounts recoverable from third parties in reimbursement of environmental remediation and other costs. These receivables are stated at amortized cost, less provision for impairment where appropriate.

Financial debt is recognized initially at its fair value less transaction costs, which represents the net proceeds from issuing the debt. Subsequently, financial debt is stated at amortized cost using the effective interest method, except where subject to a fair value hedge relationship, in which case the carrying amount of the debt is adjusted by the change in the fair value of the hedged exposure during the hedge relationship.

Derivative financial instruments are recorded initially at their fair value when Syngenta becomes a party to the instrument. They are revalued to fair value at each reporting date and presented as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Fair values of publicly traded derivatives are based on quoted market prices of the specific instruments held at the balance sheet date.

Fair values of non-publicly traded derivatives are valued using accepted economic methodologies for pricing these financial instruments, such as discounted cash flow analysis or option pricing models. The valuation models seek to make maximum use of market inputs existing at the balance sheet date. The methods used to determine the fair value of specific types of non-publicly traded derivatives are as follows:

- Interest rate and cross-currency swaps are calculated as the present value of the estimated future cash flows. The future cash flows are determined using relevant market forward interest rates at the balance sheet date and are discounted using the zero-coupon rates with equivalent maturities for AA rated entities at the balance sheet date, as adjusted for the counterparty's credit risk. These discount rates incorporate the impact of net credit risk present in those derivative instruments. For cross-currency swaps, the discount rates reflect the impact of the currency basis on the future cash flows denominated in different currencies;
- Forward contracts are determined using relevant market exchange rates at the balance sheet date;
- Currency options are valued using the Black-Scholes-Merton option pricing model, which incorporates spot exchange rates, zero coupon rates with equivalent maturities for entities with credit ratings which approximate Syngenta's counterparty credit risk, and implied volatility in the market forward exchange rates at the balance sheet date; and
- Commodity options are valued using the Black-Scholes-Merton option pricing model, which incorporates future commodity price curves with equivalent maturities and implied volatilities in the commodities markets at the balance sheet date, adjusted for counterparty credit risk.

Realized gains and losses on disposal of amortized cost financial assets, revaluation gains and losses on derivatives not designated as accounting hedges, and gains and losses corresponding to the ineffective portion of derivatives designated as accounting hedges are recorded in profit or loss as they arise.

Syngenta applies hedge accounting as follows:

Fair value hedges
The designated hedging instruments are remeasured to fair value and the underlying hedged items are remeasured by the amount of change in the fair value of the hedged risk. The resulting remeasurement gains or losses are recognized in profit or loss as they occur.

Cash flow hedges
For the effective portion of the hedge, gains and losses on remeasuring designated hedging instruments to fair value are recognized in OCI as part of the cash flow hedge reserve. If the hedged transaction results in recognition of a non-financial asset such as inventories, the cumulative hedge gain or loss is reclassified as part of the carrying amount of the related inventories. For other hedged transactions, the cumulative hedge gain or loss is reclassified from OCI into profit or loss in the period (or periods) during which the underlying hedged cash flows affect profit or loss.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for cash flow hedge accounting, any cumulative unrealized gain or loss on the hedging instrument remains in equity until the underlying hedged item affects profit or loss. However, if a hedged forecasted transaction is no longer expected to occur, the cumulative unrealized gain or loss on the hedging instrument is immediately reclassified into profit or loss.

Time value of options
When Syngenta designates a derivative financial instrument that is, or contains, an option as a hedging instrument in a hedge accounting relationship, the time value of the options as measured using the Black-Scholes-Merton option pricing model is excluded from the hedge designation and accounted for as a cost of hedging, as follows. The change in the fair value of the option during its term is recognized in OCI to the extent that the option terms are aligned with the attributes of the hedged exposure. If the hedged item is a transaction, the cumulative change in time value is included in the initial carrying amount of any non-financial asset or liability recognized when the hedged transaction occurs, or otherwise is recognized in profit and loss when the cash flows from the hedged transaction affect profit and loss. If the hedged item is a risk that may affect profit or loss during the option term, the cumulative amount recognized in OCI is amortized into profit and loss on a straight line basis over the option term.

Net working capital
For the purposes of presenting consolidated cash flows, the balance sheet items included in Net working capital are Inventories, Trade receivables, Other accounts receivable, Trade accounts payable, Other current assets, Other current liabilities, and similar items due after more than one year, such as minimum royalties from multi-year license agreements.

Inventories
Purchased products are recorded at acquisition cost while own-manufactured products are recorded at manufacturing cost including a share of production overheads based on normal capacity. Cost of inventories is determined on a first-in-first-out basis. Allowances are made for inventories with a net realizable value less than cost, or which are slow moving. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and costs to sell. Costs to sell include direct marketing, selling and distribution costs. Unsaleable inventories are fully written off.

Biological assets
Biological assets represent growing plants and cuttings in Syngenta's Flowers business and sugar cane seedlings within its Sugar cane business. In Flowers, young plants and cuttings are measured at fair value less costs to sell, with key inputs being current average third party net selling prices, actual average selling costs and, for immature assets, estimated stage of growth relative to mature assets. Sugar cane seedlings are measured at cost less impairment because fair value is not reliably measurable due to the nature of the asset not corresponding to traded assets or products in the market. The carrying amount of current consumable biological assets measured using the cost model is tested for impairment by comparing it with the assets' net realizable value determined in accordance with IAS 2, "Inventories". Syngenta classifies gains and losses from remeasuring biological assets to fair value, and impairment losses for biological assets measured at cost less impairment, within Cost of goods sold.

Property, plant and equipment
Property, plant and equipment are recorded at acquisition or production cost, less accumulated depreciation and any impairment losses. Eligible borrowing costs are capitalized as part of the asset cost if construction is expected to take more than one year to complete. Capitalization ceases when the asset is ready for its intended use. Depreciation is charged on a straight-line basis to the income statement, starting from the date the asset is ready for use, over the following estimated useful lives:

Buildings	20 to 40 years
Machinery and equipment	10 to 25 years
Furniture and vehicles	5 to 20 years
Computer hardware	3 to 7 years

Land is recorded at acquisition cost and is not subject to depreciation. Bearer biological assets are accounted for as Property, plant and equipment using the cost model and depreciated over their productive lives.

Expenditures made for existing property, plant and equipment that will provide future economic benefit are capitalized and depreciated over the revised remaining useful life of the asset.

Leases
Property, plant and equipment financed by leases giving rights to use the leased assets as if they were owned by Syngenta are classified as finance leases and therefore are capitalized at the lower of fair value and the present value of minimum lease payments at the inception of the lease. Such leases are also embedded in contracts for goods or services provided by suppliers to Syngenta when the supplier can fulfil their obligations only by using a specific asset to supply Syngenta and the contract price is neither fixed per unit of output nor represents a market price. Finance lease assets and liabilities are recognized at the commencement of the lease, which is when the leased asset is ready for use and

Syngenta has the right to use it. Finance lease assets are depreciated over the shorter of the remaining lease term and the estimated useful life of the leased asset. Leases that are not classified as finance leases are accounted for as operating leases. Operating lease payments are recognized as lease expense on a straight-line basis over the lease term irrespective of the timing of the payments. The lease term is the non-cancelable period according to the lease contract unless Syngenta has a right to extend the lease beyond the end of that period and believes it is reasonably certain to exercise that right.

Intangible assets other than goodwill

Intangible assets, other than goodwill, are recorded at cost less accumulated amortization and any impairment losses. Currently, all such intangible assets are assigned a finite estimated useful life. The cost of acquired intangible assets other than goodwill consists of the purchase price including transaction costs. The cost of internally generated intangible assets consists of direct internal and external design, development, and testing costs incurred to make the asset ready for use in the manner intended by management. Borrowing costs associated with internal software development projects are capitalized if the project is expected to take more than one year to complete. Capitalization ceases when the software is ready for its intended use.

Intangible assets are amortized starting from the date the asset is ready for use. In respect of product rights, this is when regulatory approval has been obtained. Asset lives are reviewed annually. The straight-line method of amortization is used except where another systematic basis better reflects the pattern of consumption of the economic benefits represented by the asset. Amortization is charged within the consolidated income statement to the function responsible for the asset, or to General and administrative.

Useful lives assigned to acquired product rights are based on the period over which Syngenta expects economic benefit from the product rights. Estimated lives assigned to most product rights upon acquisition are between 10 and 20 years and do not exceed 20 years for any asset.

Patents and trademarks are amortized over their estimated economic or legal life, whichever is shorter. Lives assigned are between 5 and 20 years.

Business combinations give Syngenta access to the distribution channels and customer relationships of the acquired business. These relationships normally continue to generate economic benefit to Syngenta following the acquisition. The useful lives of customer relationships are determined from management estimates of customer attrition rates. Estimated lives assigned are between 5 and 30 years.

Acquired in-process research and development (IPR&D), is valued at fair value at acquisition. It is assessed for impairment annually until it has been successfully developed and is available for use at which time it begins being amortized over its estimated useful life. Lives assigned are between 10 and 20 years.

Assets attributable to long-term supply agreements are amortized as part of cost of goods sold over the period of the supply agreements. Premiums paid for land use rights are amortized over the period of the rights, which are between 30 and 50 years.

Purchased software licenses are amortized over their remaining license terms. Internally developed software is amortized from the date it is ready for use until the sooner of its expected replacement date or the date significant costs are expected to be incurred to upgrade it. Lives assigned are between 3 and 10 years.

Goodwill

Goodwill is the excess of the fair value of an acquired business over the fair value of its identifiable net assets at the acquisition date. Goodwill is recognized as an asset and presented within intangible assets. Goodwill is not amortized, but is tested annually for impairment and reduced by any impairment losses.

Impairment

Property, plant and equipment, intangible assets and investments in associates and joint ventures are tested for impairment ("tested") in accordance with IAS 36 unless classified as held-for-sale. Goodwill and intangible assets not yet ready for use are tested annually and are also reviewed at each interim and annual reporting date to determine whether conditions changed since the most recent review or annual test. Individual other non-current assets are reviewed at each reporting date to determine whether events or changes in conditions indicate that the carrying amount of each asset may not be recoverable. If any such indication exists, the asset is tested for impairment. Syngenta estimates an asset's recoverable amount as the higher of the asset's fair value less selling costs and value in use, which is the present value of the cash flows expected from the asset's use and eventual disposal. An impairment loss is recorded in the consolidated income statement to the extent that the carrying amount of the tested asset exceeds its recoverable amount. Impairment losses are not reversed for goodwill, but are reversed for other assets if their recoverable amounts subsequently increase.

Non-current assets held-for-sale

Non-current assets and groups of assets are reclassified as held-for-sale when the assets are available for immediate sale in their present condition and a sale within one year is highly probable. Property, plant and equipment and intangible assets held-for-sale are remeasured at the lower of fair value less costs to sell or carrying amount at the date they meet the held-for-sale criteria at which time depreciation and amortization also ceases. Any resulting impairment loss is recognized in profit or loss. Fair value is measured based on bids received from potential buyers of the assets.

Provisions

A provision is recognized in the balance sheet when Syngenta has a legal or constructive obligation to a third party or parties as a result of a past event, the amount of which can be reliably estimated and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation at the balance sheet date. Syngenta self-insures or uses a combination of insurance and self-insurance for certain risks. Provisions for these risks are estimated in part by considering historical claims experience and other actuarial assumptions and, where necessary, counterparty risk.

Environmental provisions
Provisions for remediation costs are made when there is a present obligation, it is probable that expenditures for remediation work will be required within ten years (or a longer period if specified by a legal obligation) and the cost can be estimated within a reasonable range of possible outcomes. The costs are based on currently available facts: technology expected to be available at the time of the clean up; laws and regulations presently or virtually certain to be enacted; and prior experience in remediation of contaminated sites.

Environmental liabilities are recorded at the estimated amount at which the liability could be settled at the balance sheet date, and are discounted if the impact is material and if cost estimates and timing are considered reasonably certain.

Syngenta's restructuring programs have involved closure of several sites to date. Remediation liabilities recognized when site closures are announced are accounted for as restructuring provisions.

Legal and product liability settlements
For claims for which, according to Syngenta's assessment, it is not probable that a liability exists or that there will be a future cash outflow or other sacrifice of economic benefits, Syngenta provides for the costs of defense only. For claims where an outcome unfavorable to Syngenta is assessed as more likely than not, provision is made for the estimated amount of damages and settlement, including directly attributable legal costs. No provision is made where the legal procedures are at too early a stage to estimate the outcome with any reliability.

Restructuring provisions and costs
Restructuring costs are accrued (charged to provisions) when Syngenta has approved a detailed and formal restructuring plan and the restructuring has either commenced or been announced publicly and they qualify for recognition in accordance with IAS 37. Provisions for severance payments and related employment termination costs that do not depend on future service, are made in full when employees are given details of the restructuring plan and the termination benefits that will apply to individual employees should their contracts be terminated. Retention and other payments that depend on future service are recognized over the required service period. Restructuring costs relating to ongoing activities, such as relocation, training and information systems, do not qualify for provisioning under IAS 37 and are expensed when incurred.

Post-employment benefits
For defined benefit plans, plan assets are measured at fair value. The plans' holdings in publicly quoted investments are valued at closing prices at the balance sheet date. The plans' holdings in pooled investment vehicles (PIVs) that are not publicly quoted are valued at the respective investment managers' current estimate of fair value, on a basis consistent with each PIV's most recent audited financial statements. Derivative contracts entered into directly by the pension plans are included within plan assets. Exchange traded derivatives are valued at quoted balance sheet date bid prices for contracts which are assets, or offer prices for contracts which are liabilities, at the balance sheet date. Fair values of over the counter derivatives are measured using independent third party pricing services. The defined benefit obligations are measured at the present value of future benefit payments attributable to employee service rendered up to the balance sheet date, according to the benefit formula set out in the relevant pension plan rules and employment terms at the balance sheet date. Where a surplus of plan assets over the benefit obligation exists at the balance sheet date or would arise upon payment of the minimum funding commitment applicable to the pension plan, Syngenta evaluates the extent to which the surplus is realizable over time through refund rights and reductions in the present value of its future contributions to the plan. To the extent that the surplus is not realizable, the net defined benefit asset is reduced and, where applicable, an additional liability for minimum funding contributions is recognized. Benefit expense charged to profit or loss comprises current service cost, which is the cost to Syngenta of the increase in benefits earned from employee service in the period, gains and losses arising from amendments to and settlements of benefits that occurred during the period, and interest on the net defined benefit asset or liability, which is the change in the present value of that asset or liability arising from the passage of time during the period, measured using the rate used to discount the defined benefit obligation at the previous period end. The net interest cost is presented within Other general and administrative in the consolidated income statement. The benefit obligation and cost are attributed to periods using the projected unit credit actuarial method and are measured using long-term assumptions about expected future length of employee service, increases in pay and pensions, longevity, and for healthcare plans, medical costs. Assumptions are reviewed annually. Gains and losses arising from variances between assumptions and actual outcomes, and from changes to assumptions, are recognized in OCI in the period in which they arise.

Contributions to defined contribution pension plans are recognized as an expense in profit or loss when they are due.

Employee Incentive plans
Syngenta has recognized the fair value of awards under its former share and share option plans for employees as compensation expense over the period from grant until vesting, or immediately on grant for awards with no vesting period. To reflect vesting conditions unrelated to Syngenta's share price, Syngenta estimated the shares and options expected to vest and adjusted this subsequently in line with actual vesting. Fair value was measured for equity-settled awards at grant date only, but was additionally remeasured at each reporting date for cash-settled awards so that the cumulative expense equaled the amount paid on settlement. An award was considered granted when the Compensation Committee of Syngenta AG's Board of Directors had approved the award and its terms had been communicated to plan members. Fair value of grants of Syngenta AG ordinary shares was measured at their market value, less amounts payable by the employee and dividends to which the employee was not entitled. Fair value of options over Syngenta AG ordinary shares was measured using the Black-Scholes-Merton formula. Awards subject to a Syngenta total share return condition were measured using the Monte Carlo method. Syngenta no longer has share based payment plans or outstanding awards under those plans and has introduced cash incentive plans from January 1, 2017, under which awards are subject to Syngenta performance over a three year period. Syngenta has accounted for these cash incentive plans as long-term employee benefit plans in accordance with IAS 19.

Dividends and capital distributions
Dividends payable to shareholders of Syngenta AG are recorded as liabilities and as a reduction in shareholders' equity when they are approved by the shareholders of Syngenta AG and any conditions for payment are satisfied.

Treasury shares

Share capital includes the par value of treasury shares held by Syngenta that have not been canceled. Treasury shares are shown as a separate component of shareholders' equity and stated at the amount paid to acquire them. Differences between this amount and the amount received upon their disposal are recorded as a movement in consolidated shareholders' equity.

28. Subsequent events

Syngenta AG ordinary shares were delisted from the SIX Swiss Exchange on January 8, 2018, and Syngenta AG ADSs were delisted from the New York Stock Exchange on January 18, 2018. On January 19, 2018, Syngenta made Form 15 filings with the US Securities and Exchange Commission, containing its Certification and Notice of Termination of Registration under Section 12(g) Of The Securities Exchange Act of 1934 ('the Act') and Suspension of Duty to File Reports under Sections 13 and 15(d) of the Act, in respect of the registered securities issued by Syngenta AG and Syngenta Finance N.V..

On February 6, 2018, Syngenta completed the acquisition of Nidera Seeds, as disclosed in Note 3, by acquiring 100% of the issued shares of Nidera Seeds Holding B.V., a private limited liability company incorporated in the Netherlands, for $1,400 million in cash, plus a final purchase price adjustment to be determined in accordance with the Share Purchase Agreement between Syngenta and Nidera B.V.. The acquisition of Nidera Seeds will strengthen Syngenta's position in the Latin American seeds market and create value by leveraging Syngenta's corn and soybean seed germplasm and trait platform in Latin America. As regulatory approval to complete the acquisition was obtained only on January 30, 2018, Syngenta has not determined the fair values of assets and liabilities of Nidera Seeds. For that reason, it is not possible at this time to disclose the amounts of assets, liabilities, contingent liabilities and goodwill which Syngenta will recognize in respect of the acquisition, or the amounts of revenue and profit or loss which Syngenta would have consolidated in respect of Nidera Seeds had the acquisition occurred in previous periods.

Approval of the Consolidated Financial Statements

These consolidated financial statements were approved by the Board of Directors on February 6, 2018.

Statutory Auditor's Report to the General Meeting of

Syngenta AG, Basel

Report on the Audit of the Consolidated Financial Statements

Opinion
We have audited the consolidated financial statements of Syngenta AG and its subsidiaries (the Group), which comprise the consolidated balance sheet as at December 31, 2017 and the consolidated income statement, consolidated statement of comprehensive income, consolidated cash flow statement and consolidated statement of changes in equity for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) and comply with Swiss law.

Basis for Opinion
We conducted our audit in accordance with Swiss law, International Standards on Auditing (ISAs) and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession, as well as the IESBA Code of Ethics for Professional Accountants, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibility of the Board of Directors for the Consolidated Financial Statements
The Board of Directors is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with IFRS and the provisions of Swiss law, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law, ISAs and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Swiss law, ISAs and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

KPMG AG

Richard Broadbelt	Michael Blume
Licensed Audit Expert	*Licensed Audit Expert*
Auditor in Charge	

Basel, Switzerland
February 6, 2018

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Editorial completion: March 2018

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Cautionary statement regarding forward-looking statements: This document contains forward-looking statements, which can be identified by terminology such as “expect”, “would”, “will”, “potential”, “plans”, “prospects”, “estimated”, “aiming”, “on track” and similar expressions. Such statements may be subject to risks and uncertainties that could cause the actual results to differ materially from these statements.

Bringing plant potential to life