Financial Report 2014

syngenta

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Key information

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 29, respectively, to the consolidated financial statements.

The selected financial data 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 Maribo Seed International ApS from September 30, 2010, Greenleaf Genetics LLC from November 8, 2010, Agrosan S.A. from March 9, 2011, Pasteuria Bioscience Inc. from November 8, 2012, Sunfield Seeds Inc. from November 29, 2012, Devgen N.V. from December 12, 2012, MRI Seed Zambia Ltd and MRI Agro Zambia Ltd from October 31, 2013, Società Produttori Sementi S.p.A. from April 4, 2014 and Lantmännen SW Seed Hadmersleben GmbH, Lantmännen SW Seeds GmbH and SW Winter Oilseed AB from July 21, 2014. For further information about these and other acquisitions, see Note 3 to the consolidated financial statements.

Key information

Selected financial data

($m, except where otherwise stated)	Year ended December 31, 2014	2013	2012	2011	2010
Amounts in accordance with IFRS					
Income statement data:					
Sales	**15,134**	14,688	14,202	13,268	11,641
Cost of goods sold	**(8,192)**	(7,986)	(7,223)	(6,790)	(5,904)
Gross profit	**6,942**	6,702	6,979	6,478	5,737
Operating expenses	**(4,837)**	(4,616)	(4,723)	(4,469)	(3,978)
Operating income	**2,105**	2,086	2,256	2,009	1,759
Income before taxes	**1,895**	1,934	2,116	1,859	1,643
Net income	**1,622**	1,649	1,850	1,570	1,378
Net income attributable to Syngenta AG shareholders	**1,619**	1,644	1,847	1,569	1,373
Number of shares – basic	**91,674,127**	91,952,222	91,644,190	91,892,275	92,687,903
Number of shares – diluted	**92,007,089**	92,459,306	92,132,922	92,383,611	93,225,303
Basic earnings per share ($)	**17.66**	17.88	20.16	17.07	14.81
Diluted earnings per share ($)	**17.60**	17.78	20.05	16.98	14.73
Cash dividends paid:					
Swiss franc (“CHF”) per share	**10.00**	9.50	8.00	7.00	6.00
$ per share equivalent	**11.25**	10.01	8.82	7.64	5.61
Cash flow data:					
Cash flow from operating activities	**1,931**	1,214	1,359	1,871	1,707
Cash flow used for investing activities	**(729)**	(772)	(1,218)	(472)	(450)
Cash flow used for financing activities	**(420)**	(1,114)	(232)	(1,684)	(844)
Capital expenditure on tangible fixed assets	**(600)**	(625)	(508)	(479)	(396)
Balance sheet data:					
Current assets less current liabilities	**4,858**	3,990	4,537	4,107	4,363
Total assets	**19,929**	20,216	19,438	17,241	17,285
Total non-current liabilities	**(4,317)**	(3,356)	(4,226)	(4,063)	(4,483)
Total liabilities	**(11,024)**	(10,712)	(10,653)	(9,706)	(9,836)
Share capital	**(6)**	(6)	(6)	(6)	(6)
Total shareholders’ equity	**(8,889)**	(9,491)	(8,774)	(7,526)	(7,439)
Other supplementary income data:					
Diluted earnings per share from continuing operations, excluding restructuring and impairment ($)[1]	**19.42**	19.30	22.03	19.03	16.18

All activities were in respect of continuing operations.

Notes

1 Diluted earnings per share from continuing operations, excluding restructuring and impairment is a non-GAAP measure.

A non-GAAP measure is a numerical measure of financial performance, financial position or cash flow 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.

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 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.

Further discussion on the reason for including disclosure of this and other non-GAAP measures is included in Appendix A at the end of the Operating and Financial Review and Prospects.

Restructuring and impairment charges for 2014 and 2013 are analyzed in Note 6 to the consolidated financial statements. Restructuring for 2012 and 2011 partly related to the program announced in 2011 to integrate global commercial operations for Crop Protection and Seeds in order to enable operational synergies from the commercial integration, additional cost savings from procurement and supply chain efficiencies and the presentation of an integrated offer to growers. Restructuring for 2012, 2011 and 2010 also related to the Operational Efficiency program announced in 2004 representing the costs of closure of certain manufacturing and research and development sites and refocusing of other continuing sites and also to the further phase of the Operational Efficiency program announced in 2007 to drive cost savings to offset increased expenditure in research and technology, marketing and product development in the growth areas of Seeds, professional products and emerging country markets.

A detailed reconciliation of net income and earnings per share before restructuring and impairment to net income and earnings per share according to IFRS is presented in Appendix A at the end of the Operating and Financial Review and Prospects.

Operating and Financial Review and Prospects

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 selected financial data for a reconciliation of this data and explanation of the reasons for presenting such data.

Constant exchange rates

Approximately 56 percent of Syngenta's sales and 68 percent of Syngenta's costs in 2014 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 2014 were 3 percent higher than 2013 on a reported basis, but were 5 percent higher 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, cereals and sugar beet) and vegetables. The Lawn and Garden business 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 2014 was Europe, Africa and the Middle East, which represented approximately 32 percent of consolidated sales (2013: 30 percent) followed by Latin America at 29 percent (2013: 28 percent), North America at 25 percent (2013: 28 percent) and Asia Pacific at 14 percent (2013: 14 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.

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"), China and India. 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 2014 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 and the Euro, relative to the US dollar, and the relative impact on operating profit may differ from that on sales. Sales in emerging markets are now 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. For further information on these strategies please refer to Notes 27 and 29 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) acquisition accounting, (iv) adjustments to revenue and trade receivables, (v) seeds inventory valuation and allowances, (vi) environmental provisions, (vii) defined benefit post-employment benefits, including pension asset ceiling, (viii) deferred tax assets, (ix) uncertain tax positions and (x) foreign currency translation of intercompany funding. These policies are described in more detail in Notes 2 and 29 to the consolidated financial statements.

Operating and Financial Review and Prospects

Introduction continued

Summary of results

Net income in 2014 was 2 percent lower than 2013 as higher sales volumes and local currency sales prices were offset by the effects of weaker emerging market currency exchange rates and emerging market cost inflation; the favorable impact of an amendment to the defined benefit pension plan in the UK was offset by higher staff incentive costs compared with the low level in 2013.

Sales in 2014 were 3 percent higher, 5 percent higher at constant exchange rates, with 2 percent growth in sales volumes and an additional 3 percent from higher local currency sales prices. This growth was achieved despite the impact of deliberate reductions in sales volume of the low margin solo glyphosate product TOUCHDOWN®, which reduced sales by approximately $150 million. First year sales of the new fungicide ELATUS™ in Brazil increased sales by over $300 million. Local currency sales price increases were achieved in 2014 in both Crop Protection and Seeds products and in all regions.

Operating costs as a percentage of sales increased slightly in 2014 compared with 2013, but at constant exchange rates were approximately 0.5 percent lower. Costs in 2014 were net of gains of approximately $170 million from amendments to defined benefit pension plans in the UK and the Netherlands; 2013 included a gain of $41 million from a change to the Swiss pension fund and significantly lower staff incentive costs. Cost of goods sold in 2014 included approximately $110 million higher fixed costs from lower capacity utilization largely in Crop Protection products; 2013 Cost of goods sold included approximately $175 million higher costs largely due to the drought in the seed growing season in 2012, with a continuing impact in 2014 of approximately $100 million, and approximately $170 million of additional inventory provisions largely related to corn seed production in the United States in 2013. The charge to seeds inventory provisions in 2014 returned to more normal levels. Research and development costs were 4 percent higher than 2013, 5 percent at constant exchange rates. Research and development costs as a percentage of sales were broadly in line with 2013 at 9.4 percent and except for the 2014 defined benefit pension gain impact would have been towards the upper end of the medium-term target of 9-10 percent of sales forecast in the 2013 report. Approximately $50 million of the 2014 impact from defined benefit pension plan amendments relates to Research and development. Restructuring and impairment costs excluding those in Cost of goods sold were $14 million higher as a result of the first year costs of the Accelerating Operational Leverage (“AOL”) program announced in February 2014. Excluding restructuring and impairment, combined Marketing and distribution expense and General and administrative were 5 percent higher, 9 percent at constant exchange rates; costs in 2013 included the full benefit of the amendment to the Swiss pension plan and lower staff incentive costs, while the impacts of the 2014 pension plan amendments were included largely in Cost of goods sold and Research and development. Exchange rate impacts, particularly those from sales in emerging market currencies, reduced operating income by approximately $170 million, including gains on related hedges in 2014 compared with small losses in 2013.

Cash flow from operating activites increased $717 million largely due to changes in net working capital, which decreased mainly as the result of a planned reduction in inventory levels compared with an increase in 2013. Cash flow used for investing activities in 2014 was $43 million lower than in 2013, including lower additions to property, plant and equipment, and increased proceeds from disposals including the sale of a site in Turkey. Acquisitions in both years are described below. Cash flow used for financing activities was $694 million lower than in 2013; while both years included bond repayments, in 2014 both Eurobond and domestic CHF bonds were issued; the higher net funds inflow from these bond activities more than offset the increased dividend payment. In the context of the continued strong balance sheet and confidence in future cash generation, subject to shareholder approval, the Company proposes to increase the dividend to CHF 11.00 per share from CHF 10.00 per share paid in 2014.

Integrated sales of Crop Protection and Seeds products increased by 3 percent, 6 percent at constant exchange rates. Integrated sales excluding sales of lower margin glyphosate products increased by 7 percent. Crop Protection product sales increased by 4 percent, 6 percent at constant exchange rates, with 3 percent higher sales volumes and an additional 3 percent from increased local currency sales prices. Seeds sales declined in 2014 by 2 percent, but at constant exchange rates were 2 percent higher as a 4 percent increase in local currency sales prices was offset only partially by a 2 percent decrease in sales volume. In late December, Chinese import approval for the Agrisure Viptera® corn trait was secured. Acquisitions contributed $48 million to Seeds sales in 2014 while the divestment of Dulcinea Farms in December 2013 resulted in a $71 million decrease in 2014 Seeds sales compared with 2013.

Integrated sales of Crop Protection and Seeds products increased 8 percent in Europe, Africa and Middle East, 7 percent in Latin America and 5 percent in Asia Pacific. Sales in North America were 7 percent lower. Sales growth in Europe, Africa and Middle East was broad-based, with increases having occurred in all territories. Latin America sales grew strongly in Crop Protection, benefitting from the strong first year sales of the new fungicide ELATUS™. Sales growth in Asia Pacific occurred in both emerging and developed markets and was particularly strong in South Asia, China and Australasia. The sales decline in North America largely is due to the prolonged cold temperatures in the first half of the year, which delayed the start of the US season and reduced disease and insect pressure, as well as the deliberate reduction in sales of lower margin glyphosate. Emerging market sales growth continued to be strong across all regions and overall was 7 percent, 11 percent at constant exchange rates.

Lawn and Garden sales were flat compared with 2013 and at constant exchange rates grew by 1 percent from growth in emerging markets and a recovery in the golf market in North America and Japan, partially offset by the impact of product portfolio streamlining to improve profitability and continued challenging business conditions for flowers caused by a lack of consumer confidence in key developed markets.

Gross profit margin remained broadly flat at 46 percent, but at constant exchange rates margin was approximately 1 percentage point higher. Margins in 2014 benefited from the higher sales prices, cost savings from the integrated crop strategy program and part of the impact of the amendments to pension plans, but were adversely impacted by lower capacity utilization from a planned inventory reduction and adverse product mix; margins in 2013 included the higher seeds costs and inventory provisions noted above.

Introduction continued

Summary of results continued
Marketing and distribution expense increased by 4 percent, 8 percent at constant exchange rates. Charges for doubtful receivables were approximately $30 million higher in 2014, reflecting weaker grower liquidity and political uncertainties in parts of Latin America and the CIS. In addition, employee incentive costs were higher and there was cost inflation in some emerging markets, particularly in Latin America.

General and administrative includes restructuring and impairment, the components of which are described under the Restructuring and impairment heading within this section, and increased by 8 percent from 2013. General and administrative excluding restructuring and impairment was 7 percent higher, including foreign exchange hedging gains of $15 million compared with losses of $4 million in 2013. Excluding currency effects, General and administrative excluding restructuring and impairment increased by 10 percent due to higher employee incentive costs compared with the low level in 2013, a lower benefit from pension plan changes and increased litigation expense. Cost in 2014 included a $22 million benefit recognized from changes to the UK and Netherlands pension plans; cost in 2013 included a $41 million benefit from changes to the Swiss pension plan.

Restructuring and impairment expenses in 2014, excluding those reported in Cost of goods sold, increased by $14 million over 2013. 2014 included $63 million of costs from the AOL program announced in February 2014 as the first initiatives were progressed and implementation started. Final charges in 2014 for the operational efficiency programs announced in 2004 and 2007 were $21 million less than in 2013. Other non-cash impairments were $11 million less in 2014 than in 2013.

Income from associates and joint ventures decreased by $41 million to $7 million. 2013 included a favorable tax ruling and compensation received from an energy supplier to exit an uneconomic supply arrangement.

Financial expense, net was $17 million higher than 2013, mainly due to increased funding and hedging costs relating to emerging market operations and higher bank charges from government transaction taxes in Argentina. The tax rate, excluding taxes related to restructuring and impairment, remained flat at 15 percent.

Together, these factors resulted in 2014 net income attributable to Syngenta AG shareholders and diluted earnings per share decreasing by 2 percent and 1 percent, respectively, compared with 2013.

Acquisitions, divestments and other significant transactions

2014
On April 4, 2014, Syngenta acquired 100% of the shares of Società Produttori Sementi S.p.A. (“PSB”) in exchange for cash. PSB is one of Italy’s oldest seed companies and a leader in durum wheat breeding and production. The primary reasons for the acquisition were to gain access to PSB’s durum wheat breeding expertise and its links to the food industry, which will be complemented by Syngenta’s cereals Research and Development and global presence.

On July 21, 2014, Syngenta acquired the German and Polish winter wheat and winter oilseed rape (“WOSR”) breeding and business operations of Lantmännen, the Swedish food, energy and agriculture group, in exchange for cash. The acquired business consists of 100% of the shares of Lantmännen SW Seed Hadmersleben GmbH, Lantmännen SW Seed GmbH, SW Winter Oilseed AB and certain sites in Germany. The primary reasons for the acquisition were to give Syngenta access to high-quality germplasm, a seeds pipeline and commercial varieties which complement Syngenta’s portfolio and will support the continued development of hybrid cereals for growers worldwide.

2013
In January and March 2013, Syngenta acquired the remaining equity interests in deVGen N.V. (“Devgen”) that it did not already own after its initial takeover offer was settled in December 2012.

In October 2013, Syngenta acquired 100 percent of the shares of MRI Seed Zambia Ltd. (“MRI Seed”) and MRI Agro Zambia Ltd. (“MRI Agro”) (collectively “MRI”) for $88 million in cash. MRI is a leading developer, producer and distributor of white corn seed in Zambia. Syngenta believes that the white corn market has high growth potential, and the crop is critical to Africa’s future food security. MRI’s corn germplasm is among Africa’s most comprehensive and diverse, incorporating temperate, tropical and sub-tropical material. This unique portfolio will be developed to support expansion in high-growth East African markets and may be leveraged globally through Syngenta’s elite breeding programs. MRI Agro also distributes crop protection chemicals and other agricultural inputs in Zambia.

In December 2013, Syngenta divested its Dulcinea Farms business (“Dulcinea”) to Pacific Trellis Fruit LLC, a US-based international grower and marketer of fresh produce.

Introduction continued

Restructuring programs

In 2004, Syngenta announced the operational efficiency cost saving program to realize further cost savings after completion of the integration of the former Novartis and Zeneca businesses and in response to low underlying growth in the crop protection markets seen at the time. In 2007, Syngenta began a further phase of the operational efficiency restructuring program to drive cost savings to offset increased expenditures in research and technology, marketing and product development in the growth areas of seeds, professional products and emerging country markets, targeting savings in both cost of goods sold and other operating expenses. The programs are now substantially complete and final expenditures in 2014 related mainly to the rollout of standardized and outsourced human resource support services. Minor cash outflows are expected during 2015. Cash spent under the programs in 2014 and 2013 totaled $26 million and $42 million, respectively. Cumulative spending on the programs to the end of 2014 totaled $1,053 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 indicated in the 2013 report.

In 2011, Syngenta announced a program to integrate global commercial operations for Crop Protection and Seeds thereby enabling 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. It is estimated that cash costs of approximately $400 million will be incurred to complete the program. During 2014, costs of $61 million were charged under the program (2013: $60 million). Cash spent was $61 million (2013: $75 million). Cumulative costs incurred for the program through December 31, 2014 total $372 million and cumulative spending totals $346 million.

On February 5, 2014, Syngenta announced a new restructuring program to drive further improvement in operating income margins and accelerate delivery of operational leverage as sales grow. 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 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 are expected to be realized beginning in 2015. During 2014, cash costs of $49 million were charged under the program and cash spent was $43 million. No costs were incurred under the program in 2013.

Operating and Financial Review and Prospects

Results of operations
2014 compared with 2013

Sales commentary
Syngenta's consolidated sales for 2014 were $15,134 million, compared with $14,688 million in 2013, a 3 percent increase year on year. At constant exchange rates sales grew by 5 percent. The analysis by segment is as follows:

($m, except change %)			Change				
Segment	2014	2013	Volume %	Local price %	CER %	Currency %	Actual %
Europe, Africa and Middle East	**4,547**	4,223	7%	4%	11%	-3%	8%
North America	**3,582**	3,848	-8%	2%	-6%	-1%	-7%
Latin America	**4,279**	3,991	7%	2%	9%	-2%	7%
Asia Pacific	**2,033**	1,935	4%	6%	10%	-5%	5%
Total integrated	**14,441**	13,997	3%	3%	6%	-3%	3%
Lawn and Garden	**693**	691	0%	1%	1%	-1%	0%
Group sales	**15,134**	14,688	2%	3%	5%	-2%	3%

Europe, Africa and Middle East
Sales increased by 8 percent, 11 percent at constant exchange rates as volume increased by 7 percent and local currency sales prices increased by 4 percent. Sales growth was broad-based, with increases in all territories. The CIS registered strong volume growth in both Crop Protection and Seeds, with a particularly strong fourth quarter. Sales price increases offset around half of the currency loss following the sharp depreciation of the Russian ruble and the Ukranian hyrvnia. The new SDHI fungicides contributed notably to growth in the region, with sales of SEGURIS® and VIBRANCE® both increasing by more than 75 percent. Sales growth was strong in the fourth quarter due to the expansion of the HYVIDO™ hybrid barley solution, the consolidation of seeds acquisitions and from strong early demand for crop protection products for the 2015 growing season.

North America
Sales decreased by 7 percent, 6 percent at constant exchange rates as volume decreased by 8 percent and local currency sales prices increased by 2 percent. The sales decrease largely was due to the prolonged cold temperatures in the first half of the year, which delayed the start of the US season and reduced disease and insect pressure. In Canada, sales decreased as cereals acreage was lower and demand was further affected by flooding. Non-selective herbicide sales in the region decreased as a result of the deliberate reduction in sales of lower margin glyphosate. In seeds, soybean sales were higher due to increased acreage and increased bulk shipments under an early order program. Corn sales decreased due to reduced acreage. In late December, Chinese import approval for the Agrisure Viptera® corn trait was secured.

Latin America
Sales increased by 7 percent, 9 percent at constant exchange rates as volume increased by 7 percent and local currency sales prices increased by 2 percent. Excluding glyphosate, sales at constant exchange rates increased by 15 percent. The sales growth occurred despite irregular rainfall, which caused some delays in planting and crop protection consumption. In Crop Protection, sales of the new fungicide ELATUS™ exceeded $300 million following its launch in Brazil, where there was also strong insecticide growth due to severe caterpillar pressure in soybean, corn and cotton. Sales of crop protection products for sugar cane decreased due to to drought during the summer and to lower ethanol prices affecting the profitability of sugar cane mills. Corn seed sales increased slightly despite lower acreage. Soybean increased significantly due to the combination of increased planted area and a gain in market share.

Asia Pacific
Sales increased by 5 percent, 10 percent at constant exchange rates as volume increased by 4 percent, and local currency sales prices increased by 6 percent. Growth occurred in both emerging and developed markets and was particularly strong in South Asia, China and Australasia. Increased fungicides sales reflected further adoption of AMISTAR® technology in China and new launches in South Asia. Sales growth was double-digit for GRAMOXONE® due to tight supply, particularly in ASEAN, but after a strong first half, sales in China were significantly lower in the second half of the year as a government ban on liquid paraquat formulations took effect. Sales of vegetables increased driven by further adoption of MAXVEG™ protocols as well as sweet corn seed growth in China and South Asia. In rice, sales grew due to products from the Devgen acquisition and expansion in India.

Lawn and Garden: major brands ICON®, GOLDFISCH®, GOLDSMITH SEEDS, YODER®, SYNGENTA FLOWERS

Lawn and Garden sales were flat compared with prior year and increased by 1 percent at constant exchange rates due to increased local currency sales prices. Sales volume was flat as growth in emerging markets in Asia Pacific and Latin America was offset by challenging conditions in Flowers, particularly in Europe due to low consumer confidence in the key German and French markets and the impact of product portfolio streamlining to focus on high value chemistry and genetics. Turf and landscape sales increased with double digit growth in the fourth quarter, reflecting a recovery in the golf market that earlier in the year was affected by poor weather conditions in North America and Japan.

Results of operations
2014 compared with 2013 continued

Sales commentary continued
Sales by product line are set out below:

($m, except change %)			Change				
Product line	2014	2013	Volume %	Local price %	CER %	Currency %	Actual %
Selective herbicides	**3,083**	3,051	0%	3%	3%	-2%	1%
Non-selective herbicides	**1,445**	1,545	-12%	8%	-4%	-2%	-6%
Fungicides	**3,518**	3,035	16%	1%	17%	-1%	16%
Insecticides	**2,066**	1,912	7%	3%	10%	-2%	8%
Seedcare	**1,115**	1,228	-8%	2%	-6%	-3%	-9%
Other crop protection	**154**	152	3%	1%	4%	-3%	1%
Total Crop Protection	**11,381**	10,923	3%	3%	6%	-2%	4%
Corn and soybean	**1,665**	1,654	1%	3%	4%	-3%	1%
Diverse field crops	**827**	842	0%	4%	4%	-6%	-2%
Vegetables	**663**	708	-10%	5%	-5%	-1%	-6%
Total Seeds	**3,155**	3,204	-2%	4%	2%	-4%	-2%
Elimination*	**(95)**	(130)	n/a	n/a	n/a	n/a	n/a
Total integrated	**14,441**	13,997	3%	3%	6%	-3%	3%
Lawn and Garden	**693**	691	0%	1%	1%	-1%	0%
Group sales	**15,134**	14,688	2%	3%	5%	-2%	3%

* Crop Protection sales to Seeds

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

Sales increased by 1 percent, 3 percent at constant exchange rates as local currency sales prices were increased by 3 percent and volume was flat. Sales in Europe, Africa and the Middle East, particularly AXIAL® on cereals and BICEP™ II MAGNUM on corn, benefited from increased weed pressure caused by the mild winter in the region during the first half of the year. In North America sales of DUAL MAGNUM® for corn increased with strong growth in the second half of the year after some pre-emergent sprays were missed in the first half due to the late season. Sales of FUSILADE®MAX and FLEX® on soybean performed well in the USA and in Argentina, where weed resistance to glyphosate is spreading.

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

Sales decreased by 6 percent, 4 percent at constant exchange rates as the impact of deliberate reductions in sales volume of the low margin solo glyphosate product TOUCHDOWN® more than offset an 8 percent local currency sales price increase across Syngenta's non-selective herbicide portfolio. The reduction in TOUCHDOWN® decreased sales by approximately $150 million. Sales of GRAMOXONE® increased as strong demand and tight supply resulted in volume and price increases, primarily in ASEAN and Latin America.

Fungicides: major brands ALTO®, AMISTAR®, BRAVO®, ELATUS™, REVUS®, RIDOMIL GOLD®, SCORE®, SEGURIS®, TILT®, UNIX®

Sales increased by 16 percent, 17 percent at constant exchange rates as volume increased by 16 percent and local currency sales prices were increased by 1 percent. The main contribution to growth came from the new product ELATUS™, based on the active ingredient Solatenol™, which had strong first year sales in Brazil. Sales of SEGURIS®, the SDHI fungicide for cereals, grew strongly in Europe. Sales of AMISTAR® grew strongly in Europe but this was more than offset by lower sales in the Americas.

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

Sales increased by 8 percent, 10 percent at constant exchange rates as volume increased by 7 percent and local currency sales prices were increased by 3 percent. Sales grew in all regions except North America, where sales decreased due to the late growing season and low pest pressure. Sales of DURIVO® exceeded $400 million and grew significantly, particularly in Brazil due to strong pest pressure there in soybean, corn and cotton, including the spread of the *helicoverpa* caterpillar.

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

Sales decreased by 9 percent, 6 percent at constant exchange rates as volume decreased by 8 percent and local currency sales prices were increased by 2 percent. Lower Seedcare sales reflected reduced sales to other seed companies in the Americas, where reduced corn acreage and plentiful seed supply affected demand. Sales of CRUISER® also decreased due to the suspension of sales of neonicotinoids imposed in the European Union. Sales of VIBRANCE®, based on the SDHI fungicide sedaxane, continued to grow strongly with sales up by almost 50 percent.

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Results of operations
2014 compared with 2013 continued

Seeds

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

Sales increased by 1 percent, 4 percent at constant exchange rates as volume increased by 1 percent and local currency sales prices were increased by 3 percent. Sales volumes and local currency prices increased in Europe, Africa and Middle East led by the CIS. Sales in the Americas were flat, with both North and Latin America experiencing the shift from corn to soybean; soybean sales in Brazil benefited from a new business partner strategy. Sales of the AGRISURE VIPTERA® corn trait, where Chinese import approval was achieved at year end, remained steady at around 30 percent of US corn seed sales. In Brazil, VIPTERA™ is successfully addressing the pest spectrum and now accounts for around half the corn portfolio. The new proprietary corn rootworm trait DURACADE™ was planted for the first time in the USA under the "Right to Grow" program.

Diverse field crops: major brands NK® oilseeds, HILLESHÖG® sugar beet

Sales decreased by 2 percent but increased by 4 percent at constant exchange rates due to increased local currency sales prices; sales volume was flat. Sunflower sales decreased due to reduced acreage in South East Europe, partially offset by volume and local currency price growth in the CIS. Growth in Cereals sales was driven by Central Europe and was increased in the fourth quarter by consolidation of acquisitions. Lower sugar beet volumes in the USA were partially offset by growth in the CIS. In Asia Pacific, sales of rice increased reflecting sales from the Devgen acquisition as well as expansion in India.

Vegetables: major brands ROGERS®, S&G®

Sales decreased by 6 percent, 5 percent at constant exchange rates as volume decreased by 10 percent and local currency sales prices were increased by 5 percent. The volume decrease is attributable to the divestment of Dulcinea; excluding this divestment, sales at constant exchange rates increased by 6 percent. Asia Pacific sales grew by double digits driven by sweet corn and sweet peppers in China and South Asia. Strong growth in the emerging markets of Africa and the Middle East continued with expanding melon and tomato sales. Sales increased in the developed markets in Europe due to local currency sales price increases. Excluding Dulcinea, sales in North America increased by 3 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		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2014	2013	2014	2013	2014	2013	Actual %	CER%
Sales	**15,134**	14,688	**–**	–	**15,134**	14,688	**3%**	**5%**
Cost of goods sold	**(8,192)**	(7,986)	**(13)**	–	**(8,179)**	(7,986)	**-2%**	**-3%**
Gross profit	**6,942**	6,702	**(13)**	–	**6,955**	6,702	**4%**	**8%**
as a percentage of sales	**46%**	46%	**–**	–	**46%**	46%		
Marketing and distribution	**(2,497)**	(2,394)	**–**	–	**(2,497)**	(2,394)	**-4%**	**-8%**
Research and development	**(1,430)**	(1,376)	**–**	–	**(1,430)**	(1,376)	**-4%**	**-5%**
General and administrative	**(910)**	(846)	**(193)**	(179)	**(717)**	(667)	**-7%**	**-10%**
Operating income	**2,105**	2,086	**(206)**	(179)	**2,311**	2,265	**2%**	**9%**
as a percentage of sales	**14%**	14%			**15%**	15%		

Operating Income/(Loss)			
($m, except change %)	2014	2013	Change %
Europe, Africa and Middle East	**1,456**	1,430	2%
North America	**901**	1,047	-14%
Latin America	**1,069**	1,015	5%
Asia Pacific	**560**	534	5%
Non-regional	**(1,981)**	(2,037)	3%
Total integrated	**2,005**	1,989	1%
Lawn and Garden	**100**	97	3%
Group	**2,105**	2,086	1%

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.

Results of operations
2014 compared with 2013 continued

Overall Group operating income

Operating income increased by 1 percent to $2,105 million as profit growth from higher sales volumes and local currency prices, and from lower Seeds inventory provision charges was largely offset by the impact of weaker emerging market currencies, adverse sales product mix and salary and other inflation, particularly in emerging markets. The ratio of operating income to sales was broadly flat.

Sales grew by 3 percent, 5 percent at constant exchange rates with sales volumes 2 percent higher from increases in all regions except North America, where sales decreased due to a delay to the start of the US planting season, reduced insect pressure and the deliberate reduction in sales of solo glyphosate. Overall local currency sales prices were 3 percent higher. Exchange rate movements reduced sales by 2 percent, particularly due to a weaker Brazilian real and currencies in Asia Pacific and Eastern Europe. Gross profit margin increased by 0.3 percentage points, but at constant exchange rates and excluding restructuring and impairment charges was 1.3 percentage points higher; local currency sales price increases, lower charges to inventory provisions following the exceptional $170 million provision in 2013 and lower 2014 seeds production costs were partly offset by adverse product mix and higher production costs particularly in Crop Protection due to lower capacity utilization from the planned inventory reduction. Marketing and distribution costs increased by 4 percent, 8 percent at constant exchange rates, due to cost inflation, including the higher level of inflation in emerging markets, higher employee incentive costs compared with the low level in 2013, an approximately $30 million increase to charges for doubtful receivables and an increase in distribution costs. Research and development expense increased by 4 percent, 5 percent at constant exchange rates, with targeted increases in expenditures partly offset by the gain from the amendments to defined benefit pension plans in the UK and the Netherlands. Research and development expense remained at 9.4 percent of sales.

General and administrative was 8 percent higher than 2013, 7 percent higher excluding restructuring and impairment. General and administrative is reported net of the result of currency hedging programs, which in 2014 was a net income of $15 million compared with a net loss of $4 million in 2013. At constant exchange rates, General and administrative excluding restructuring and impairment was 10 percent higher than 2013. Costs in 2014 included higher employee incentive costs than the low level in 2013 and were net of a $22 million recorded gain on changes to the UK and Netherlands pension plans, while 2013 costs were net of a $41 million gain on changes to the Swiss pension plan. Litigation expenses were also higher in 2014 due to an increased number of ongoing legal actions. Restructuring and impairment, including the portion recorded in Cost of goods sold, is described in Note 6 to the consolidated financial statements and increased by $27 million in 2014 to $206 million due to the first year of charges from the new Accelerating Operational Leverage plan announced in February 2014.

Excluding the impact of hedging, the adverse impact on sales of weaker emerging market currencies versus the US dollar in 2014 was only partly offset by the favorable impact on costs from these currencies and that of a weaker Euro and Swiss franc in the second half of the year. Taken together with the $19 million favorable variance in the net hedging result from the hedging program for forecast foreign currency transactions ("EBITDA program"), the overall impact of exchange rate movements on operating income compared with 2013 was approximately an adverse $170 million. The net adverse impact arising from the weaker Russian ruble and Ukrainian hryvnia was partly mitigated by higher local currency sales price increases, with an increasing use of US dollar pricing.

Operating income by segment

Europe, Africa and Middle East	Total as reported under IFRS		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2014	2013	2014	2013	2014	2013	Actual%	CER%
Sales	**4,547**	4,223	**–**	–	**4,547**	4,223	8%	11%
Cost of goods sold	**(2,180)**	(1,958)	**(13)**	–	**(2,167)**	(1,958)	-11%	-10%
Gross profit	**2,367**	2,265	**(13)**	–	**2,380**	2,265	5%	11%
as a percentage of sales	**52%**	54%			**52%**	54%		
Marketing and distribution	**(720)**	(676)	**–**	–	**(720)**	(676)	-7%	-9%
General and administrative	**(191)**	(159)	**(30)**	(18)	**(161)**	(141)	-14%	-16%
Operating income	**1,456**	1,430	**(43)**	(18)	**1,499**	1,448	4%	12%
as a percentage of sales	**32%**	34%			**33%**	34%		

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 8 percent higher than in 2013, 11 percent at constant exchange rates, with 7 percent higher sales volumes and an additional 4 percent from increased local currency sales prices. See the Sales commentary section above for further information on sales in the region. Gross profit margin was 1.5 percentage points lower, 1.3 percentage points lower excluding restructuring and impairment. Restructuring and impairment in 2014 included in Cost of goods sold related to the acquisitions completed in the year. Excluding restructuring and impairment, the lower gross profit as a percentage of sales was largely the result of adverse currency movements, particularly that on sales in weaker currencies in the CIS. At constant exchange rates, gross profit margin excluding restructuring and impairment was 0.2 percentage points above 2013, with the higher local currency sales prices partly offset by adverse product mix.

Marketing and distribution costs increased by 7 percent, 9 percent at constant exchange rates due to higher employee incentive costs linked to the strong regional sales performance and an increase in provisions for doubtful receivables due to weaker customer liquidity in parts of the region.

Results of operations
2014 compared with 2013 continued

Operating income by segment continued
General and administrative was 20 percent higher including increased restructuring charges. Excluding restructuring and impairment, expenses were 14 percent higher and were 16 percent higher at constant exchange rates including increased amortization expense and lower government grants. Restructuring and impairment charges were $43 million in 2014 compared with $18 million in 2013 due to the introduction of the Accelerating Operational Leverage program and the reversal of inventory step-ups on acquisitions.

Operating income as a percentage of sales decreased by 2 percentage points to 32 percent. Excluding the impact of restructuring and impairment, operating income margin decreased by 1 percentage point to 33 percent due to the impacts of weaker currencies relative to the US dollar; otherwise operating income margin was broadly flat. Overall, currency movements compared with the US dollar reduced operating income excluding restructuring and impairment by an estimated $114 million largely due to weaker currencies in Russia and the Ukraine.

North America	Total as reported under IFRS		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2014	2013	2014	2013	2014	2013	Actual%	CER%
Sales	3,582	3,848	–	–	3,582	3,848	-7%	-6%
Cost of goods sold	(2,003)	(2,169)	–	–	(2,003)	(2,169)	8%	8%
Gross profit	1,579	1,679	–	–	1,579	1,679	-6%	-4%
as a percentage of sales	44%	44%			44%	44%		
Marketing and distribution	(564)	(544)	–	–	(564)	(544)	-4%	-4%
General and administrative	(114)	(88)	(22)	(27)	(92)	(61)	-51%	-51%
Operating income	901	1,047	(22)	(27)	923	1,074	-14%	-11%
as a percentage of sales	25%	27%			26%	28%		

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 declined by 7 percent, 6 percent at constant exchange rates, due to 8 percent lower sales volumes partially offset by 2 percent higher local currency sales prices. See the Sales commentary section above for further information on sales in the region. Gross profit margin increased by 0.5 percentage points from lower inventory provisions following the exceptional charge in 2013 and reduced Seeds production costs, partly offset by adverse product mix.

Marketing and distribution costs were 4 percent higher due to higher distribution costs and some increase in employee incentives from the low level in 2013.

General and administrative excluding restructuring and impairment increased by $31 million mainly due to increased litigation defense costs and a decrease in compensation received from granting access by others to Syngenta product registration data.

Restructuring and impairment costs in 2014 included $12 million for initiatives under the Accelerating Operational Leverage program to restructure marketing and commercial operations and to optimize production capacity. Other cash costs were due to closure of activities that were not divested with the Dulcinea business and to final charges under previous restructuring programs. Restructuring and impairment charges in 2013 included final charges of $11 million for amortization of reacquired rights related to the Greenleaf Genetics LLC acquisition in 2010, and $6 million impairment of a trademark which was phased out in 2013.

Operating income as a percentage of sales decreased by 2 percentage points as a result of higher distribution costs on a lower sales volume and litigation expenses.

Latin America	Total as reported under IFRS		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2014	2013	2014	2013	2014	2013	Actual%	CER%
Sales	4,279	3,991	–	–	4,279	3,991	7%	9%
Cost of goods sold	(2,492)	(2,290)	–	–	(2,492)	(2,290)	-9%	-14%
Gross profit	1,787	1,701	–	–	1,787	1,701	5%	3%
as a percentage of sales	42%	43%			42%	43%		
Marketing and distribution	(615)	(594)	–	–	(615)	(594)	-4%	-14%
General and administrative	(103)	(92)	(26)	(5)	(77)	(87)	11%	11%
Operating income	1,069	1,015	(26)	(5)	1,095	1,020	7%	-2%
as a percentage of sales	25%	25%			26%	26%		

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.

Results of operations
2014 compared with 2013 continued

Operating income by segment continued

Sales increased by 7 percent, 9 percent at constant exchange rates with 7 percent from higher volumes and an additional 2 percent from increased prices. See the Sales commentary section above for further information on sales in the region. Gross profit margin was 1 percentage point lower at 42 percent mainly due to adverse mix in Crop Protection products as the result of higher initial cost of goods in ELATUS™ and lower margins in Seeds. With a significant proportion of sales priced in US dollars, gross profit margin at constant exchange rates is approximately 2 percentage points lower than last year, not benefiting from the weaker Brazilian exchange rate impact on cost of goods sold.

Marketing and distribution costs were 4 percent higher than 2013, up 14 percent at constant exchange rates due to relatively high local cost inflation, particularly in Argentina, higher charges to provisions for doubtful receivables due to a deteriorating macroeconomic situation in parts of the region, an increase in employee incentives from the low level in 2013 and launch costs for ELATUS™; together these more than offset savings from restructuring the commercial organisation in Argentina.

General and administrative excluding restructuring and impairment was $10 million, 11 percent, lower than 2013 due to cost savings following completion of a system project and progress in outsourcing certain back office activities.

Restructuring and impairment costs increased by $21 million to $26 million in 2014. 2014 included non-cash impairments of $14 million for the write-down of machinery in Brazil due to significant changes in production processes and $9 million for initiatives to drive efficiencies in local commercial operations under the Accelerating Operational Leverage program. Restructuring and impairment charges in 2013 related to the implementation of standard systems and processes to centralize and partly outsource back office activities.

Operating income increased by $54 million, but was $75 million higher excluding restructuring and impairment. Operating income as a percentage of sales declined by 0.5 percentage points. Excluding restructuring and impairment, operating income as a percentage of sales was flat, but was approximately 3 percentage points lower at constant exchange rates due to the lower gross profit margin and increased Marketing and distribution costs. The Brazilian real and Argentine peso weakened during 2014. As a significant portion of sales in these countries are priced in US dollars, whereas expenses and part of cost of goods sold are in local currencies, operating income increased by approximately $95 million as a result of the weaker currencies, including the adverse impact the weaker currencies had on those sales where US dollar pricing is not possible.

Asia Pacific	Total as reported under IFRS		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2014	2013	2014	2013	2014	2013	Actual %	CER%
Sales	**2,033**	1,935	**–**	–	**2,033**	1,935	5%	10%
Cost of goods sold	**(1,107)**	(1,041)	**–**	–	**(1,107)**	(1,041)	-6%	-9%
Gross profit	**926**	894	**–**	–	**926**	894	4%	10%
as a percentage of sales	**46%**	46%			**46%**	46%		
Marketing and distribution	**(314)**	(300)	**–**	–	**(314)**	(300)	-5%	-8%
General and administrative	**(52)**	(60)	**(4)**	(6)	**(48)**	(54)	11%	10%
Operating income	**560**	534	**(4)**	(6)	**564**	540	5%	13%
as a percentage of sales	**28%**	28%			**28%**	28%		

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 increased by 5 percent and were 10 percent higher at constant exchange rates due to 4 percent higher sales volumes and 6 percent higher local currency sales prices. See the Sales commentary section above for further information regarding sales in the region. Gross profit margin declined by 0.6 percentage points, but was broadly flat at constant exchange rates as an increase in production costs in Crop Protection offset the benefits of the higher local currency sales prices.

Marketing and distribution costs were 5 percent higher, 8 percent at constant exchange rates, partly from increased employee incentives in line with regional business performance.

General and administrative excluding restructuring and impairment decreased by 11 percent, 10 percent at constant exchange rates due to the settlement of an insurance claim in 2014, while 2013 included provision for a product liability case.

Restructuring and impairment charges in 2014 decreased from 2013 due mainly to lower costs from the integration of Devgen, acquired in 2012.

Operating income margin remained at 28 percent in 2014. Operating income margin excluding restructuring and impairment was also flat, but was 1 percentage point higher at constant exchange rates with expense growth constrained below sales growth.

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Results of operations
2014 compared with 2013 continued

Non-regional

Income and expense transactions in the integrated 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 integrated organization do not relate to a geographic destination and are reported as non-regional. These include global marketing teams, research and development and corporate headquarter functions. In addition, regional gross profit performance is based on standard product costs, with variances from the standard reported as non-regional in order to align the reported results with organizational responsibility. Non-regional also includes results of centrally managed currency and commodity hedging programs.

Non-regional costs decreased by $56 million, or 3 percent from 2013, to $1,981 million largely due to a decrease in cost of goods sold of $123 million reflecting more favorable production cost variances in the Seeds business compared with 2013. Research and development expense increased by 4 percent, 6 percent at constant exchange rates, to $1,376 million. Increased spending on research and development was in line with Syngenta's medium-term plan of expenditure in the upper end of the 9-10 percent of sales range; in 2014 the increase was offset by the impact of $49 million of gains from pension plan amendments included in Research and development. Global marketing expense increased by $6 million. General and administrative is reported including hedging gains of $13 million, compared with losses of $16 million in 2013. Excluding the net hedging result and restructuring and impairment, General and administrative increased by $39 million to $320 million mainly due to increased employee incentives and higher pension expenses, partly offset by favorable currency impacts on underlying expenditures. In 2013, $41 million of benefit for the amendment of the Swiss pension plan was included in Non-regional, General and administrative, compared with $22 million of benefit in 2014 from the amendments to the UK and Netherlands pension plans. Restructuring and impairment charges within non-regional decreased by $5 million to $96 million as the first year of costs from the Accelerating Operational Leverage program announced in early 2014 were more than offset by decreased impairment charges. Details of restructuring and impairment for 2014 and 2013 are shown below.

Lawn and Garden	Total as reported under IFRS		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2014	2013	2014	2013	2014	2013	Actual %	CER %
Sales	**693**	691	**–**	–	**693**	691	0%	1%
Cost of goods sold	**(318)**	(313)	**–**	–	**(318)**	(313)	-2%	-1%
Gross profit	**375**	378	**–**	–	**375**	378	-1%	1%
as a percentage of sales	**54%**	55%			**54%**	55%		
Marketing and distribution	**(174)**	(176)	**–**	–	**(174)**	(176)	1%	0%
Research and development	**(54)**	(56)	**–**	–	**(54)**	(56)	4%	4%
General and administrative	**(47)**	(49)	**(15)**	(22)	**(32)**	(27)	-16%	12%
Operating income	**100**	97	**(15)**	(22)	**115**	119	-3%	9%
as a percentage of sales	**14%**	14%			**17%**	17%		

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 sales remained at 2013 levels, with a 1 percent increase in local currency sales prices offset by a 1 percent currency impact. See the Sales commentary section above for further information on sales in the segment. Gross profit margin decreased by 0.6 percentage points but was flat at constant exchange rates.

Marketing and distribution costs were 1 percent lower, flat at constant exchange rates and were tightly constrained in the context of the low revenue growth.

General and administrative is reported net of an $8 million hedging gain under the EBITDA hedging program compared with $15 million in 2013. General and administrative excluding restructuring and impairment and hedging gains was $40 million in 2014 compared with $42 million in 2013.

Restructuring costs in 2014 decreased by $7 million compared with 2013. 2013 included cash costs and the write-down of inventories following a major product range rationalization as well as $4 million of closing adjustments to the fair value of the consideration of 2012 divestments. Restructuring costs in 2014 are due to continuing restructuring of the Flowers business, including initiatives to improve efficiency as part of the Accelerating Operational Leverage program.

Operating income as a percentage of sales was flat at 14 percent, 17 percent excluding restructuring and impairment.

Results of operations
2014 compared with 2013 continued

Defined Benefit Pensions

Defined benefit pension expense was a credit of $36 million in 2014 compared with a charge of $95 million in 2013. The main reason for the credit was the $143 million gain on amendment of the UK pension plan, partly offset by an increase in current service cost driven by the impact of lower discount rates. 2013 pension expense included a $41 million gain on amendment of the Swiss pension plan. Syngenta expects 2015 defined benefit pension expense to be approximately $165 million, with the increase compared with 2014 resulting from the non-recurrence of the plan amendment and settlement gains reported in 2014 and 2013 and a further increase in current service cost, attributable to the continued reductions in discount rates for all significant plans.

Syngenta contributions to defined benefit pension plans were $185 million in 2014 compared with $131 million in 2013, principally because Syngenta paid a $25 million additional lump sum contribution resulting from the 2013 Swiss plan amendment at the beginning of 2014, and because the first quarter of 2013 included the final benefits from prior years' accelerated contribution payments to the UK plan. No accelerated contributions were made in either 2014 or 2013. In 2015, Syngenta expects contributions to defined benefit pension plans to be approximately $175 million, as the non-recurrence of the $25 million Swiss contribution is largely offset by the planned resumption of contributions to the US plan, which were $nil in 2014 and 2013.

Restructuring and impairment

Restructuring and impairment charges for the years ended December 31, 2014 and 2013, broken down into the main restructuring initiatives, consist of the following:

($m)	2014	2013
Accelerating operational leverage programs:		
Cash costs	**49**	–
Non-cash impairment costs	**14**	–
Integrated crop strategy programs:		
Cash costs	**61**	60
Operational efficiency programs:		
Cash costs	**18**	33
Non-cash impairment costs	**–**	6
Acquisition and related integration costs:		
Cash costs	**27**	30
Non-cash items		
Reversal of inventory step-ups	**13**	–
Reacquired rights	**–**	11
Divestment losses	**–**	4
Other non-cash restructuring and impairment:		
Non-current asset impairment	**24**	35
Total restructuring and impairment[1]	**206**	179

1 $13 million (2013: $nil) is included within Cost of goods sold and $193 million (2013: $179 million) as 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 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.

2014

Accelerating operational leverage programs

In February 2014, Syngenta announced a restructuring program to drive further improvements in operating income margins and accelerate delivery of operational leverage as sales grow. 2014 cash costs of $49 million include $14 million for initiatives to restructure marketing and commercial operations, $13 million for projects to drive efficiencies in territory commercial operations, particularly in Latin America, $11 million to rationalize logistical operations and optimize production capacity, $5 million for Research and Development productivity projects, and $6 million for project management. Non-cash charges consist of $1 million for the impairment of a site, which is closing, and $13 million for inventory write-downs due to a significant rationalization of the Vegetables product range.

Integrated crop strategy programs

Cash costs of $61 million include $24 million of charges for the transfer of certain system and process management activities to a new internal service center in India, including severance and pension costs of $11 million, $25 million for the development and rollout of processes and training programs for marketing the integrated Crop Protection and Seeds product offers and related commercial reorganization, $4 million for information system projects, $4 million to restructure the integrated Research and Development function, $2 million to restructure the Human Resource organization and $2 million for legal entity rationalization projects.

Operational efficiency programs

The operational efficiency restructuring programs announced in 2004 and 2007 are substantially complete. The final expenditures of $18 million in 2014 largely relate to the rollout of standardized and outsourced human resource support services.

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Results of operations
2014 compared with 2013 continued

Acquisition and related integration costs
Cash costs of $27 million include $21 million incurred to integrate previous acquisitions, mainly Devgen, MRI, PSB, and the German and Polish winter wheat and oilseed rape breeding and business operations of Lantmännen. A further $6 million consists of transaction costs, including those related to uncompleted transactions. Reversal of inventory step-up relates to the MRI and PSB acquisitions. The inventory acquired with these businesses was valued at its fair value less costs to sell, which was higher than its production cost, hence the reversal of this adjustment on the sale of this inventory increased cost of goods sold.

Other non-cash restructuring
Other non-cash restructuring consists of $20 million of fixed asset impairments, including $14 million for plant & machinery in Brazil and Canada due to significant changes in production processes and $6 million for development costs of major plant expansion projects that were subsequently aborted, and $4 million for the impairment of loan notes related to strategic venture capital investments.

2013

Integrated crop strategy programs
Cash costs of $60 million included $27 million of charges for consultancy and advisory services, re-training of employees and project management, $17 million for information system infrastructure projects, $8 million for legal entity merger projects to combine former Seeds and Crop Protection legal entities, $6 million to restructure the Research and Development function and $2 million for on-going integration of marketing and sales operations, mainly in Europe.

Operational efficiency programs
Operational efficiency cash costs of $33 million included $18 million related to the completion of the projects to standardize and consolidate global back office operations, $9 million for restructuring projects in the Flowers business and $6 million for various projects including restructuring at the corporate headquarters and outsourcing of human resources support. Non-cash impairment costs consisted of exceptional inventory write-downs made in connection with a restructuring of the Flowers product range to simplify the business and eliminate unprofitable varieties.

Acquisition and related integration costs
Cash costs of $30 million included $23 million to integrate previous acquisitions, mainly Devgen, Sunfield and Pasteuria, and $7 million of transaction charges, including those related to uncompleted transactions.

As part of the Greenleaf acquisition in 2010, Syngenta reacquired exclusive licensing rights that it had previously granted to Greenleaf. In accordance with IFRS, the reacquired rights have been recognized as an intangible asset and were being amortized over the remaining term of the original license contract, 3 years.

Divestment losses related to the 2013 divestment of the Dulcinea vegetables business and the sale of an unused site in North America, as well as closing adjustments to the fair value of the consideration on the 2012 divestments of the Syngenta Horticultural Services business and the Fafard peat unit.

Other non-cash restructuring
Other non-current asset impairments included $12 million for the impairment of a financial asset and $23 million of intangible asset impairments. Intangible asset impairments included $16 million to impair product rights acquired with the Devgen acquisition, which will not be used in Syngenta and for which no buyer was found, $6 million for the impairment of a trademark, phased out during 2013, and another small impairment.

Financial expense, net
Financial expense, net increased to $217 million in 2014 from $200 million in 2013. Net currency losses in 2014 of $139 million were $5 million higher than 2013 and reflected higher costs of hedging due to currency volatility in Ukraine, Russia and Argentina as well as in other emerging markets. Other financial expenses were $13 million higher than 2013 mainly due to higher bank transaction taxes in Argentina. Net interest expense of $43 million in 2014 was similar to 2013.

Taxes
The Swiss statutory tax rate applicable to Syngenta remained flat for 2014 at 22 percent. Syngenta's effective tax rate in 2014 was 14 percent, 1 percent lower than the 15 percent effective tax rate for 2013. Income taxed at different rates reduced the effective tax rate by 4 percent in 2014 (7 percent in 2013), with a lower weighting of income subject to a lower tax rate, including in Switzerland where certain intellectual property income is subject to tax at a reduced rate. Tax deductions for amortization and impairments not recognized for IFRS reduced the tax rate by 3 percent (1 percent in 2013) due to the impairment of the shares held by group companies in a subsidiary resulting from a decrease in the value of the subsidiary as determined under local GAAP. Non-recognition of deferred tax assets increased the tax rate by 3 percent (1 percent in 2013) mainly due to deferred tax assets in parts of Latin America and the CIS where the criteria for recognizing deferred tax assets are not met because of local currency weakness and weak economic conditions.

The tax rate on restructuring and impairment was 18 percent in 2014, compared with 22 percent for 2013 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 2014 was $1,619 million, 2 percent lower than the 2013 amount of $1,644 million with, at constant exchange rates, higher sales and slightly improved gross profit margins offset by the adverse impact of emerging market exchange rates and increased restructuring and impairment charges; the aggregate gain recognized on changes to the UK and Netherlands pension plans in 2014 was broadly matched by the gain from an amendment to the Swiss pension plan in 2013 plus higher employee incentive costs in 2014 than the low level in 2013.

After related taxation, restructuring and impairment charges in 2014 were $168 million compared with $141 million in 2013 due to costs related to the new restructuring program announced in early 2014 to drive further improvement in operating income margins and accelerate delivery of operational leverage as sales grow.

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, with a broadening of the currency effects that need to be closely monitored. Next to the Euro, the Swiss franc and the British pound, the Brazilian real gives rise to a major currency exposure. The exposure arises from Syngenta's large operations in Brazil. Sales prices to customers in Brazil are largely 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 which both experienced significant currency devaluation in 2014, by increasing sales prices to compensate the loss in sales value from the currency devaluation. At December 31, 2014, approximately 76 percent of Syngenta's cash and cash equivalents was held in US dollars, approximately 5 percent in Indian Rupee, approximately 3 percent in Brazilian reals, and approximately 3 percent in Euros. No other individual currency made up more than 2 percent.

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. In Latin America, Argentina and Venezuela are also experiencing economic and financial difficulties and exchanging local currency into US dollars in these countries to pay for imported goods is difficult. The following table outlines for the above named countries in the aggregate, gross trade receivables, those past due for more than 180 days and the related provision for doubtful receivables at December 31, 2014 and 2013.

($m)	2014	2013
Gross trade receivables	**521**	444
Past due for more than 180 days	**43**	34
Provision for doubtful trade receivables	**51**	47

A major proportion of growers in Argentina using Syngenta's products export their crops, which enables them to generate income that is economically linked to the US dollar. Because of this, Syngenta is able to price most of its sales in Argentina in US dollars, which reduces its exposure to the Argentine peso. However, future legislation or central bank restrictions may limit or remove this protection or further limit the ability of Syngenta to access US dollars in, or remit US dollars from, Argentina. Sales in Argentina were 3 percent of Syngenta's total sales in 2014.

As a result of significantly increased volatility in the currency exchange rates in Russia and the Ukraine, Syngenta increasingly is also setting sales prices in these countries based on US dollar price lists. While significant proportions of major field crops in these countries historically have been exported, restrictions on crop exports may be applied to limit food price inflation due to the currency exchange rate weakness and this may reduce the ability to set sales prices in US dollars. Sales to customers in the CIS, which includes Russia and the Ukraine, were approximately 6 percent of Syngenta's total sales in 2014. Gross trade receivables, those past due for more than 180 days and the related provision for doubtful receivables for customers in the CIS at December 31, 2014 and 2013 are set out below:

($m)	2014	2013
Gross trade receivables	**128**	146
Past due for more than 180 days	**18**	18
Provision for doubtful trade receivables	**19**	19

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 2015.

Working capital fluctuations are supported by short-term funding available through commercial paper and related syndicated committed credit facilities. 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, including debt issued in 2014.

For information on Syngenta's funding and treasury policies and objectives in terms of the manner in which treasury activities are controlled, please see Note 27 to the consolidated financial statements.

Syngenta reported cash and cash equivalents on December 31, 2014 and 2013 of $1,638 million and $902 million, respectively. At December 31, 2014 and 2013, Syngenta had current financial debt of $1,137 million and $1,467 million, respectively, and non-current financial debt of $2,752 million and $1,739 million, respectively.

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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 $1,500 million committed, revolving, multi-currency, syndicated credit facility. Syngenta entered into its Global Commercial Paper program in 2000 and amended it in 2007. At December 31, 2014, Syngenta had no commercial paper issuances outstanding (December 31, 2013: $250 million outstanding).

The $1,500 million syndicated credit facility (the "Credit Facility") was signed in 2012 and will mature in 2019. The Credit Facility provides for fixed interest rate, multi-currency short-term borrowings, with the interest rate based on LIBOR. At December 31, 2014, Syngenta had no borrowings under the Credit Facility.

Absent major acquisitions, Syngenta targets maintaining a solid 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. Syngenta's short- and long-term credit facilities and outstanding bond note instruments do not contain any significant covenants affecting its ability to pay dividends or borrow additional funds. In addition, 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, 2014:

($m)	Issuance date	Carrying amount	Value at issue
4.125% Eurobond 2015	April 2005	**608**	**641**
Euro floating rate note 2017	March 2014	**303**	**344**
0.750% CHF bond 2019	March 2014	**354**	**396**
5.110% US dollar private placement 2020	December 2005	**87**	**75**
1.875% Eurobond 2021	March 2014	**605**	**689**
3.125% US dollar bond 2022	March 2012	**519**	**500**
1.625% CHF bond 2024	March 2014	**252**	**283**
5.350% US dollar private placement 2025	December 2005	**75**	**75**
2.125% CHF bond 2029	March 2014	**151**	**170**
5.590% US dollar private placement 2035	December 2005	**100**	**100**
4.375% US dollar bond 2042	March 2012	**248**	**250**
Total		**3,302**	**3,524**

While Syngenta may continue to issue further bonds to replace existing debt or to manage the maturity profile of financial debt, 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 so 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)	**2014**	2013
Cash flow from operating activities	**1,931**	1,214
Cash flow used for investing activities	**(729)**	(772)
Cash flow used for financing activities	**(420)**	(1,114)

Cash flow from operating activities

Cash flow from operating activities increased $717 million from $1,214 million in 2013 to $1,931 million in 2014 largely due to changes in net working capital. Cash inflows from a planned inventory reduction in 2014 were $326 million, compared with outflows of $884 million in 2013 from an inventory build, a favorable turnround of $1,210 million. Outflows from trade and other working capital assets were similar in 2014 and 2013, although in 2014 a reduction in customer early-pay and advance payments and some increase in trade receivables, due to the late season in Latin America and lower liquidity in some emerging markets, partially was offset by increased non-recourse discounting. Cash inflows from trade and other working capital liabilities decreased by $315 million in 2014, partially due to lower raw material purchases as a result of the inventory reduction and a reduced level of prepayments by customers. Income before taxes in 2014 decreased $39 million from 2013 for the reasons described above. Non-cash items were $102 million lower in 2014 mainly due to the higher gains from pension plan amendments recognized during the year; adjusted for non-cash items, income before taxes was $141 million lower than 2013. Cash outflows for financial expense, net was broadly flat from 2013 to 2014 and cash paid in respect of income taxes was $38 million higher than in 2013, and in 2014 was higher than the income statement charge. Cash contributions to pension plans were $56 million higher in 2014 including a non-recurring, additional payment of $25 million made to the Swiss plan as part of the 2013 plan amendment.

Cash flow used for investing activities
Cash flow used for investing activities was $729 million in 2014, $43 million less than in 2013. Proceeds from disposals increased by $33 million in 2014, including the sale of a site in Turkey and the sale of shares in an equity investment by Syngenta's Ventures unit. Syngenta continued to invest in projects to increase its production and research capacity, but at a reduced level compared with 2013. Purchases of intangible and financial assets increased over 2013 including further investment in ENOGEN® technology. Cash outflows for business acquisitions decreased from $101 million in 2013 for the purchase of MRI, to $86 million in 2014 for the acquisitions of PSB and the German and Polish winter wheat and winter oilseed rape breeding and business operations of Lantmännen. The cash outflow of $1 million for business divestments in 2014 was for an earn-out payment related to a previous divestment.

Cash flow used for financing activities
Cash flow used for financing activites of $420 million was $694 million lower than in 2013 due mainly to increased borrowings. In 2014 Syngenta issued EUR 750 million in Euro denominated bonds and CHF 750 million in Swiss domestic bonds. In 2014 and 2013, bonds of EUR 500 million and CHF 500 million, respectively, were repaid at maturity. The dividend paid to shareholders in 2014 increased $111 million compared with 2013. Net treasury share purchases were $11 million higher in 2014; in 2014, Syngenta repurchased 440,095 of its own shares, with 304,095 shares to be used for future requirements of share based payment plans and 136,000 related to a share repurchase program. Sales of treasury shares related to employee share and share option plans.

Research and development ("R&D")
Syngenta's Research and Development function employs nearly 5,800 people working at R&D centers and field stations around the world and has been organized to continue to develop quality crop protection and seeds products, while enabling the development of crop-focused solutions which integrate Syngenta's technologies. Underpinning Syngenta's core Seeds R&D and Crop Protection R&D structure are global competency platforms that include biotechnology, regulatory, product safety, as well as a global trialing capability.

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 $1,430 million in 2014 and $1,376 million in 2013. Attribution of research and development costs for 2014 was $1,376 million for Syngenta's integrated Crop Protection and Seeds business and $54 million in Lawn and Garden. In 2013, the attribution was $1,320 million for the integrated business and $56 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, 2014, 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	16, 18	3,814	1,120	303	354	1,463	574
Interest on fixed rate financial debt	27	781	69	123	122	198	269
Other non-current liabilities	18	14	–	14	–	–	–
Capital lease payments	25	74	21	23	18	12	–
Operating lease payments	25	91	28	32	23	8	–
Capital expenditures	25	188	104	84	–	–	–
Pension contribution commitments	22	172	40	81	51	–	–
Unconditional purchase obligations	25	941	511	212	173	45	–
Long-term research agreements and other long-term commitments	25	178	69	51	30	28	–
Total		6,253	1,962	923	771	1,754	843

Contractual obligations, commitments and contingent liabilities continued

Of the total financial debt, floating rate financial debt is $815 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 $2,999 million is comprised primarily of the outstanding Eurobonds, Swiss franc domestic bonds and $ bonds and private placement notes. Fixed rate interest payments of $781 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 $676 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 2015. Note 19 to the consolidated financial statements presents the components of the estimated $216 million of provisions that are expected to be paid during 2015.

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 $172 million represent unconditional fixed payments to the UK pension fund according to the schedule of contributions agreed during 2012. Not included in the above table are:

– Additional UK Pension Fund contributions of up to $25 million per year which are required to be paid if the actual return on UK pension plan assets over the period to March 31, 2019 is less than the agreed assumption.
– Swiss Pension Fund contributions for future service. The rules of Syngenta's main Swiss defined benefit 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 $175 million of contributions to its defined benefit pension plans in 2015 excluding restructuring costs and excluding any accelerated payments which Syngenta may decide to make as business and financial market conditions develop during 2015. $40 million of these contributions are included as commitments in the table above. The remaining $135 million represents 2015 service contributions, which are not included as commitments in the table above.

The above table excludes income tax liabilities of $381 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, 2014, 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 29 to the consolidated financial statements.

Recent developments

Note 30 to the consolidated financial statements provides details of events which occurred between the balance sheet date and February 12, 2015, the date of this filing, that would require adjustment to or disclosure in the consolidated financial statements.

Trend and Outlook

Long term fundamental industry growth drivers remain unchanged. Population growth and dietary change trends result in increasing demand for food, feed and fuel. The UN estimates the world will need to increase the production of grain by approximately 70 percent to meet global demands in 2050.

Nearer term, 2014 was a year of favorable weather for agriculture globally. Production of corn, soybean and cereals reached high levels leading to significant global grain inventories. Consequently, soft commodity prices eroded during 2014 and ended at lower levels than at the start of the year. Grower profitability, particularly in North America, was as a result constrained. In Latin America, the other major region for corn and soybean farming, the lower US dollar crop prices have been partly offset by weaker currency exchange rates relative to the dollar. Given the lower grower incomes and resulting more subdued grower sentiment, Syngenta currently anticipates low market growth in 2015.

At the regional level, the market in North America was impacted by a cold, wet spring, which delayed planting, and low levels of insect pressure. Recovery in 2015 is likely to be constrained by lower farm incomes as a result of lower crop prices and relatively high levels of chemical inventories in the channel at the end of the 2013-2014 growing season. Syngenta's sales in the region will also be impacted by the decision to reduce low margin sales of solo glyphosate. In Europe, Africa and the Middle East, weather conditions in 2014 were very favorable and a return to more normal weather conditions is likely for 2015, reducing market growth below the level seen in 2014. The market is also vulnerable to the effects of higher geopolitical risk in the CIS, including possible impacts on the vegetables market from Russian trade restrictions. In the face of highly volatile currencies in the CIS, Syngenta has increased its usage of US dollar price lists in those countries. The macro-economic environment in the Eurozone, particularly in some Mediterranean countries, remains challenging and may have a negative impact on farmer incomes and liquidity. In Latin America, the lower crop prices have reduced farmer profitability in the major corn, soybean and cotton markets, but this has been partially mitigated by currency weakness. 2014 was adversely impacted by drought in parts of Brazil and Latin America North, and conversely parts of Argentina were affected by flooding; while always uncertain, a return to more normal weather patterns is currently expected for 2015.

Trend and Outlook continued

Political and economic uncertainty remains high in Argentina and Venezuela, and both the market and Syngenta's sales may be constrained by credit and liquidity concerns in these countries. Syngenta successfully launched ELATUS™ in Brazil in 2014 and further growth is expected in 2015. Similar to North America, sales growth will be impacted by the reduction in solo glyphosate sales. Syngenta's sales growth in Asia Pacific was strong in 2014 as intensification of farming and technology adoption continued. Further market growth is expected in 2015. In China, Syngenta sales growth is likely to be constrained by the introduction of restrictions on the sale of paraquat.

Global Lawn and Garden profitability as a percentage of sales in 2014 was broadly at the planned 2015 target level. This follows restructuring as well as divestment of low margin businesses. The focus on elite genetics and high value chemistry is expected to result in share growth while maintaining profitability. In 2015, moderate growth is expected in the flowers market which remains subdued due to the weak economic conditions, particularly in Europe.

Syngenta continues to target premium prices and to seek opportunities for value pricing related to the incremental value its products bring to growers, though lower market growth and continued competitive markets may limit the scope of price increases. Syngenta has reduced and will continue to reduce sales of products in certain countries where gross profit margins are insufficient to justify the risk capital employed; in 2014, Syngenta deliberately reduced sales of low margin solo glyphosate products by around $150 million (equivalent to 1 percent of group sales) and further reduction is planned in 2015 and 2016.

Syngenta has now fully completed the first phase in its strategy of offering integrated crop solutions to growers. With market leadership in crop protection chemicals, a strong position in seeds for most key crops, and leading commercial organizations in all four regions, Syngenta believes it has a clear competitive advantage to provide integrated solutions to meet grower needs. Syngenta therefore expects to be able to deliver above market sales growth over the longer term. In the nearer term, chemical sales growth is expected from the launch in 2015 of bicyclopyrone, subject to regulatory approval and the expansion of recently launched ELATUS™, sedaxane, cyantraniliprole and Pasteuria products. These will offset the further planned reduction in solo glyphosate sales. In Seeds, distinctive technologies such as VIPTERA®, DURACADE® and ENOGEN® in corn and HYVIDO® hybrid barley will contribute to growth.

Syngenta is driving savings and productivity through the Accelerating Operational Leverage ("AOL") program, which is targeting efficiency improvements in all expense lines. Over time, Syngenta also targets price increases to at least offset the adverse impact of salary and other cost inflation, which primarily arises as a result of significant operations in emerging markets. In the event that price increases do not materialize, the AOL program will to a degree compensate and partly offset the impact of cost inflation. In Research and development, savings under the AOL program are expected to be realized through field development rationalization as well as infrastructure and operational savings. Overall Research and development costs, measured as a percentage of sales, will reduce over time but are expected to remain within the medium-term target of 9-10 percent of sales. Syngenta also targets a reduction over time in Marketing and distribution and General and administrative costs (excluding restructuring) as a percentage of sales. This is underpinned by the adoption of a simplified marketing structure, implementation of initiatives to improve field force effectiveness and the establishment of integrated demand and production management processes. Specifically in 2015, savings from AOL will be partly offset by the non-recurrence of the recognition of a plan amendment in the UK pension plan described in Note 22 to the consolidated financial statements.

Excluding impairments, which cannot be forecast, the progression of the AOL program described above to drive improvements in operational leverage and lower the ratio of operating cost to sales is expected to result in increased restructuring charges in 2015. However, the timing of the recognition of charges for particular restructuring events, which is dependent on when irreversible commitment to the event occurs, makes it difficult to predict this with certainty.

Oil prices have decreased around 50 percent from mid-2014 to January 2015. 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 million. However, due to supplier production chains and Syngenta's own inventory, it can take up to 12 months for movements in the oil price to feed through into cost of goods sold. In 2014, cost of goods sold was increased by approximately $110 million by lower capacity utilization, mainly in Crop Protection production due to a planned inventory reduction. This was offset by the recognition of a plan amendment in the UK pension plan described above. In 2015, Crop Protection production volumes are expected to be more in line with sales volumes.

Slightly more than 50 percent of Syngenta's sales are in emerging markets, up from around 35 percent ten years ago. Emerging markets continue to have higher growth potential since significant yield gaps exist versus developed markets and this is further supported by ongoing technology adoption. Managing volatility in such markets, in particular credit and currency exposures, is integral to the business model.

Trend and Outlook continued
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 effectively are priced in US dollars, resulting in a net short local currency exposure.

As noted above, following the recent volatility and continued geopolitical uncertainty in the CIS, Syngenta has also acted to move pricing of sales in Russia and Ukraine, both of which export grain to the global market, to US dollars to reduce the long exposure to these currencies. This change has a potential downside risk to sales volumes in the event of local currency weakness in cases where growers' crops are sold for domestic consumption.

Forecast transaction exposures in the major currencies are hedged under a rolling 12 month program, largely through forward contracts. In 2014, Syngenta estimates the impact on underlying sales and costs of exchange rate movements to have been approximately $190 million adverse to 2013, which together with a net hedging gain of $15 million compared with a loss of $4 million in 2013, resulted in an adverse year-on-year impact on operating income from exchange rate movements of approximately $170 million when compared with 2013. The major driver of this adverse net impact was weaker emerging market currencies, including particularly the Russian Ruble ("RUB") and Ukrainian Hryvnia ("UAH") where a significant proportion was recovered in sales prices; net of the sales price recoveries the adverse impact was estimated to be approximately $90 million. At rates prevailing in January 2015, including the impact of the significant strengthening of the Swiss franc in January, Syngenta expects an adverse impact on operating income from the underlying exposures, due to the adverse impact of a generally stronger US dollar on sales and of the stronger Swiss franc on operating costs, offset by gains in related 2015 hedges, particularly hedges of the Swiss franc. The impact on operating income of further movement in the Swiss franc exchange rate largely will be offset by hedges in place. Excluding the RUB and UAH, the combined favorable year-on-year impacts of the change in the net hedging result and the loss from underlying exposures are estimated to total approximately an adverse $100 million compared with 2014. As noted above, the adverse impact from the weaker RUB and UAH is expected to be offset by higher local currency prices from the US dollar sales price lists. Emerging market currency exposures in particular are largely 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.

Subject to approval by the shareholders at the Annual General Meeting on April 28, 2015, the Board is recommending to increase the dividend to CHF 11.00 per share. Looking forward, Syngenta plans to continue to use dividends as the primary vehicle to return cash to shareholders, supplemented by tactical share repurchases.

Quantitative and qualitative disclosure about market risk
For quantitative and qualitative disclosure about market risk, see Notes 27 and 28 to the consolidated financial statements.

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. 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.

Appendix A continued

Reconciliation of non-GAAP measures to equivalent GAAP measures continued

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)

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

Appendix A continued

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

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

2012 ($m, except percentage, share and per share amounts)	Total	Restructuring and impairment	Before restructuring and impairment
Operating income	2,256	(265)	2,521
Income/(loss) from associates and joint ventures	7	–	7
Financial expense, net	(147)	–	(147)
Income before taxes	2,116	(265)	2,381
Income tax expense	(266)	83	(349)
Net income	1,850	(182)	2,032
Attributable to non-controlling interests	(3)	–	(3)
Net income attributable to Syngenta AG shareholders	1,847	(182)	2,029
Tax rate	13%	31%	15%
Number of shares – basic (millions)	92		92
Number of shares – diluted (millions)	92		92
Basic earnings per share	20.16	(1.98)	22.14
Diluted earnings per share	20.05	(1.98)	22.03

2011 ($m, except percentage, share and per share amounts)	Total	Restructuring and impairment	Before restructuring and impairment
Operating income	2,009	(245)	2,254
Income/(loss) from associates and joint ventures	15	–	15
Financial expense, net	(165)	–	(165)
Income before taxes	1,859	(245)	2,104
Income tax expense	(289)	55	(344)
Net income	1,570	(190)	1,760
Attributable to non-controlling interests	(1)	–	(1)
Net income attributable to Syngenta AG shareholders	1,569	(190)	1,759
Tax rate	16%	22%	16%
Number of shares – basic (millions)	92		92
Number of shares – diluted (millions)	92		92
Basic earnings per share	17.07	(2.07)	19.14
Diluted earnings per share	16.98	(2.05)	19.03

Appendix A continued

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

2010 ($m, except percentage, share and per share amounts)	Total	Restructuring and impairment	Before restructuring and impairment
Operating income	1,759	(177)	1,936
Income/(loss) from associates and joint ventures	25	(1)	26
Financial expense, net	(141)	–	(141)
Income before taxes	1,643	(178)	1,821
Income tax expense	(265)	42	(307)
Net income	1,378	(136)	1,514
Attributable to non-controlling interests	(5)	–	(5)
Net income attributable to Syngenta AG shareholders	1,373	(136)	1,509
Tax rate	16%	24%	17%
Number of shares – basic (millions)	93		93
Number of shares – diluted (millions)	93		93
Basic earnings per share	14.81	(1.47)	16.28
Diluted earnings per share	14.73	(1.45)	16.18

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 for information on average exchange rates in 2014 and 2013. For example, if a European entity reporting in CHF sold CHF 100 million of products in 2014 and 2013, Syngenta's financial statements would report $110 million of revenues in 2014 (using 0.91 as the rate, which was the average exchange rate in 2014) and $108 million in revenues in 2013 (using 0.93 as the rate, which was the average exchange rate in 2013). The CER presentation would translate the 2014 results using the 2013 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.

Syngenta Group Consolidated Financial Statements

Consolidated Income Statement

(for the years ended December 31, 2014 and 2013)

($m, except share and per share amounts)	Notes	2014	2013
Sales	4, 5	**15,134**	14,688
Cost of goods sold		**(8,192)**	(7,986)
Gross profit		**6,942**	6,702
Marketing and distribution		**(2,497)**	(2,394)
Research and development		**(1,430)**	(1,376)
General and administrative:			
Restructuring	6	**(193)**	(179)
Other general and administrative		**(717)**	(667)
Operating income		**2,105**	2,086
Income from associates and joint ventures		**7**	48
Interest income	28	**152**	120
Interest expense	28	**(195)**	(164)
Other financial expense		**(35)**	(22)
Currency gains/(losses), net	28	**(139)**	(134)
Financial expense, net		**(217)**	(200)
Income before taxes		**1,895**	1,934
Income tax expense	7	**(273)**	(285)
Net income		**1,622**	1,649
Attributable to:			
Syngenta AG shareholders	8	**1,619**	1,644
Non-controlling interests		**3**	5
Net income		**1,622**	1,649
Earnings per share ($):			
Basic earnings per share	8	**17.66**	17.88
Diluted earnings per share	8	**17.60**	17.78
Weighted average number of shares:			
Basic		**91,674,127**	91,952,222
Diluted		**92,007,089**	92,459,306

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, 2014 and 2013)

($m)	Notes	2014	2013
Net income		**1,622**	1,649
Components of other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss:			
Gains/(losses) on equity investments at fair value through OCI	28	**(33)**	17
Actuarial gains/(losses) of defined benefit post-employment plans	22	**(511)**	146
Income tax relating to items that will not be reclassified to profit or loss	7	**127**	(58)
		(417)	105
Items that may be reclassified subsequently to profit or loss:			
Unrealized gains/(losses) on derivatives designated as cash flow and net investment hedges	27	**(37)**	14
Currency translation effects		**(625)**	(39)
Income tax relating to items that may be reclassified subsequently to profit or loss	7	**(65)**	(59)
		(727)	(84)
Total OCI		**(1,144)**	21
Total comprehensive income		**478**	1,670
Attributable to:			
Syngenta AG shareholders		**475**	1,666
Non-controlling interests		**3**	4
Total comprehensive income		**478**	1,670

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

All activities were in respect of continuing operations.

Syngenta Group Consolidated Financial Statements

Consolidated Balance Sheet

(at December 31, 2014 and 2013)

($m, except share amounts)	Notes	2014	2013
Assets			
Current assets:			
Cash and cash equivalents	28	**1,638**	902
Trade receivables	9, 28	**3,698**	3,445
Other accounts receivable	9, 28	**747**	979
Inventories	11	**4,861**	5,576
Derivative and other financial assets	28	**377**	195
Other current assets	10	**244**	249
Total current assets		**11,565**	11,346
Non-current assets:			
Property, plant and equipment	12	**3,562**	3,506
Intangible assets	13	**3,186**	3,381
Deferred tax assets	7	**1,008**	960
Financial and other non-current assets	14, 28	**420**	819
Investments in associates and joint ventures	14	**188**	204
Total non-current assets		**8,364**	8,870
Total assets		**19,929**	20,216
Liabilities and equity			
Current liabilities:			
Trade accounts payable	15, 28	**(3,472)**	(3,817)
Current financial debt and other financial liabilities	16, 28	**(1,329)**	(1,591)
Income taxes payable		**(706)**	(687)
Other current liabilities	17, 28	**(984)**	(973)
Provisions	19	**(216)**	(288)
Total current liabilities		**(6,707)**	(7,356)
Non-current liabilities:			
Financial debt and other non-current liabilities	18, 28	**(2,976)**	(1,796)
Deferred tax liabilities	7	**(665)**	(794)
Provisions	19	**(676)**	(766)
Total non-current liabilities		**(4,317)**	(3,356)
Total liabilities		**(11,024)**	(10,712)
Shareholders' equity:			
Issued share capital: 2014: 92,945,649 ordinary shares (2013: 93,126,149)	20	**(6)**	(6)
Retained earnings		**(6,289)**	(6,151)
Reserves		**(3,052)**	(3,815)
Treasury shares: 2014: 1,286,312 ordinary shares (2013: 1,375,688)	20	**458**	481
Total shareholders' equity		**(8,889)**	(9,491)
Non-controlling interests		**(16)**	(13)
Total equity		**(8,905)**	(9,504)
Total liabilities and equity		**(19,929)**	(20,216)

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

Consolidated Cash Flow Statement

(for the years ended December 31, 2014 and 2013)

($m)	Notes	2014	2013
Income before taxes		**1,895**	1,934
Reversal of non-cash items	21	**808**	910
Cash (paid)/received in respect of:			
Interest received		**138**	104
Interest paid		**(197)**	(187)
Other financial receipts		**139**	112
Other financial payments		**(286)**	(247)
Income taxes		**(330)**	(292)
Restructuring costs	19	**(26)**	(37)
Contributions to pension plans, excluding restructuring costs	19	**(184)**	(128)
Other provisions	19	**(70)**	(71)
Cash flow before change in net working capital		**1,887**	2,098
Change in net working capital:			
Change in inventories		**326**	(884)
Change in trade and other working capital assets		**(332)**	(365)
Change in trade and other working capital liabilities		**50**	365
Cash flow from operating activities		**1,931**	1,214
Additions to property, plant and equipment	12	**(600)**	(625)
Proceeds from disposals of property, plant and equipment		**39**	24
Purchases of intangible assets	13	**(82)**	(75)
Purchases of investments in associates and other financial assets		**(38)**	(27)
Proceeds from disposals of intangible and financial assets		**39**	21
Business acquisitions (net of cash acquired)		**(86)**	(101)
Business divestments		**(1)**	11
Cash flow used for investing activities		**(729)**	(772)
Increases in third party interest-bearing debt		**2,272**	714
Repayments of third party interest-bearing debt		**(1,556)**	(775)
Sales of treasury shares and options over own shares	23	**53**	83
Acquisitions of non-controlling interests		**–**	(39)
Purchases of treasury shares		**(157)**	(176)
Distributions paid to shareholders		**(1,032)**	(921)
Cash flow used for financing activities		**(420)**	(1,114)
Net effect of currency translation on cash and cash equivalents		**(46)**	(25)
Net change in cash and cash equivalents		**736**	(697)
Cash and cash equivalents at the beginning of the year		**902**	1,599
Cash and cash equivalents at the end of the year		**1,638**	902

Of total cash and cash equivalents of $1,638 million (2013: $902 million), $166 million (2013: $153 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, 2014, cash equivalents totalled $1,218 million (2013: $518 million) and consisted of bank and money market fund deposits.

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

Syngenta Group Consolidated Financial Statements

Consolidated Statement of Changes in Equity

(for the years ended December 31, 2014 and 2013)

($m)	Par value of ordinary shares	Additional paid-in capital	Treasury shares, at cost	Fair value reserves	Cumulative translation adjustment	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity
	Attributable to Syngenta AG shareholders								
January 1, 2013	6	3,437	(411)	(52)	499	5,295	8,774	11	8,785
Net income						1,644	1,644	5	1,649
OCI				17	(86)	91	22	(1)	21
Total comprehensive income	–	–	–	17	(86)	1,735	1,666	4	1,670
Transactions with owners as owners:									
Share based compensation			106			44	150		150
Dividends paid						(921)	(921)		(921)
Share repurchases			(176)				(176)		(176)
Other and income taxes on share based compensation						(2)	(2)	(2)	(4)
December 31, 2013	6	3,437	(481)	(35)	413	6,151	9,491	13	9,504
Net income						**1,619**	**1,619**	**3**	**1,622**
OCI				**(61)**	**(695)**	**(388)**	**(1,144)**		**(1,144)**
Total comprehensive income	**–**	**–**	**–**	**(61)**	**(695)**	**1,231**	**475**	**3**	**478**
Transactions with owners as owners:									
Share based compensation			**109**			**7**	**116**		**116**
Dividends paid						**(1,032)**	**(1,032)**		**(1,032)**
Share repurchases			**(157)**				**(157)**		**(157)**
Cancellation of treasury shares		**(7)**	**71**			**(64)**	**–**		**–**
Other and income taxes on share based compensation						**(4)**	**(4)**		**(4)**
December 31, 2014	**6**	**3,430**	**(458)**	**(96)**	**(282)**	**6,289**	**8,889**	**16**	**8,905**

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 2013, a dividend of CHF 9.50 ($10.01) per share was paid in respect of 2012. In 2014, a dividend of CHF 10.00 ($11.25) per share was paid in respect of 2013.

The Board of Directors recommends a dividend payment of CHF 11.00 per share (equivalent to $11.12 per share translated at the December 31, 2014 exchange rate) subject to shareholder approval at the Annual General Meeting (AGM) on April 28, 2015.

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 investments at fair value through OCI. Movements in the cash flow hedge reserves are shown in Note 27. Movements in the fair value reserves for equity investments are shown in Note 28.

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.

Notes to the Syngenta Group Consolidated Financial Statements

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 25 subsidiaries are 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, USA and India and its main production sites are in Switzerland, UK, USA, France, China, India and Brazil. Syngenta AG's principal executive offices are at Schwarzwaldallee 215, 4058 Basel, Switzerland.

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 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, cereals and sugar beet) and vegetables. The Lawn and Garden business provides professional growers and consumers with flowers, turf and landscape and professional pest management products.

Syngenta has global, integrated risk management processes. Within the scope of these processes, the Board of Directors of Syngenta AG evaluates the risks once a year in accordance with article 663b paragraph 12 of the Swiss Code of Obligations and discusses if any corresponding actions are necessary.

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 3, 2015 and are subject to approval by the Annual General Meeting on April 28, 2015.

2. Significant accounting policy changes, judgments and estimates

This note describes the impact on Syngenta's consolidated financial statements of new IFRSs and changes in other accounting policies that have had a material effect, significant accounting judgments made when applying IFRSs, critical assumptions and accounting estimates. Other new IFRSs, including early adoption of IFRS 9 (December 2013), and accounting policies are described in Note 29.

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 IAS 18 "Revenue" to each such agreement can differ significantly. At December 31, 2014, Syngenta reported a $158 million (2013: $185 million) royalty receivable in respect of its non-exclusive global license with Pioneer Hi-Bred International Inc. ("Pioneer"), a subsidiary of E.I. DuPont de Nemours and Co. ("DuPont") for its corn rootworm trait MIR604 (AGRISURE®) for corn seed. Of this amount, $40 million is included in other current assets (2013: $40 million) and $118 million in financial and other non-current assets (2013: $145 million). During 2012, Pioneer received U.S. EPA approval for a seed stack containing the MIR604 trait. That approval was the last substantive milestone relating to the cumulative contractual minimum consideration amount in the license agreement, which is measured in terms of present value at the January 1, 2011 effective date of the license. As a result, Syngenta is virtually certain to receive at least that consideration in cash over the period to October 2016, with no remaining substantive performance obligations. Prior to the U.S. EPA approval, Syngenta had recognized non-refundable upfront payments received from Pioneer of $50 million as royalty revenue in each of 2011 and 2012. As specified in the agreement, actual royalty payments are discounted at 10 percent to determine how much of the minimum consideration they settle. Syngenta recognized the $206 million present value of the outstanding minimum consideration as revenue in 2012. Syngenta has subsequently accreted this amount to reflect the passage of time, recognizing financial income of $14 million in 2014 (2013: $17 million), and reduced it by cash received from Pioneer in accordance with the agreement.

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 plant and equipment 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.

Notes to the Syngenta Group Consolidated Financial Statements

2. Significant accounting policy changes, judgments and estimates continued

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 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 decommissioning costs.

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.

Pension asset ceiling

At December 31, 2014, Syngenta has reported non-current financial assets of $8 million (2013: $280 million) and provisions of $376 million (2013: $403 million) as net defined benefit pension assets and liabilities, respectively. IFRSs require Syngenta to estimate the economic benefit it can obtain from the amount by which the fair value of assets held in a defined benefit plan exceeds the defined benefit obligation (DBO) measured in accordance with IAS 19 ("pension surplus"). This applies both when a surplus exists at the reporting date and when a surplus 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 this 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, 2014 and 2013, all of the projected UK plan surplus met the accounting recognition criteria. The surplus in Syngenta's Swiss and US plans is supported by the economic benefit of future contribution savings, measured as the excess of future service cost, net of employee contributions, over the present value of required employer contributions for future service ("excess service cost"). At December 31, 2014, there is no surplus in Syngenta's Swiss pension plan. At December 31, 2013, in accordance with the guidance agreed between the Swiss audit and actuarial professions on applying the pension asset ceiling to Swiss defined benefit pension plans, the economic benefit to Syngenta of the estimated excess service cost, capitalized to perpetuity at the 2.25 percent discount rate used to measure the DBO, exceeded the $192 million reported surplus. The surplus was therefore recognized in full as an asset. The result of the Swiss asset ceiling test is sensitive to the discount rate assumption. An increase in the discount rate would reduce excess service cost. At a 2.5 percent discount rate, the December 31, 2013 Swiss surplus would not have been recognized as an asset, and OCI would have been reduced by that amount, net of income taxes.

Foreign currency translation

Syngenta has to make judgments on whether loans between entities within the Syngenta group are likely to be repaid in the foreseeable future in order to allocate foreign currency translation differences on those items to profit or loss if the loan will be repaid or to OCI if the loan is effectively part of the net investment in the borrowing subsidiary. When the functional currency of a subsidiary changes, the capital structure of the subsidiary, including the continuation of loans that are effectively part of the Group's investment in that subsidiary, may require review. In such cases, Syngenta applies any resulting change in the accounting treatment of foreign currency translation gains and losses on the loan from the same date that it applies the functional currency change.

Critical accounting estimates

Acquisition accounting

Applying the acquisition method of accounting requires significant management judgment to estimate the fair values and useful lives of the acquired assets, in particular intangible assets such as intellectual property related to currently marketed products and in-process research and development (IPR&D). In 2014, Syngenta recognized new intangible assets of $64 million (2013: $68 million) resulting from acquisitions. Fair value measurements are based on the forecast cash flows which Syngenta believes a typical potential buyer would use to value the assets, excluding any synergy benefits which are considered specific to Syngenta. Key assumptions for technologies under development include:

- the outcomes of research and development activities;
- the probability and likely timing of obtaining regulatory approvals for products based on the technology;
- market size and share;
- sales pricing trends and competitors' reaction;
- cost and efficiency of the production process for the products; and
- the period over which the products are likely to generate economic benefits given the likely impact of patent expirations.

Forecast cash flows for each asset are discounted using a rate developed from the estimated Weighted Average Cost of Capital (WACC) of the acquired company. The specific discount rates are estimated separately for each intangible asset and may vary significantly from one asset to another. Where Syngenta considers the risks applicable to an asset are not fully reflected in the forecast data available, it incorporates a risk premium into the discount rate. If actual cash flows are materially different from those used in calculating fair values, this may lead to changes in amortization expense or asset specific impairment losses in future periods.

Technology based companies acquired by Syngenta may have significant deferred tax assets, related in particular to tax losses carried forward resulting from research and development expenditure. The amount of tax losses available for carry forward upon acquisition is often affected by events which occurred several years before acquisition, which may make estimation difficult. IFRS requires recognition of a deferred tax asset for these losses at the acquisition date to the extent that Syngenta is more likely than not to utilize the losses before they expire, through offset against future taxable profits. Management judgment is required about whether possible tax planning strategies are likely to be acceptable to tax authorities in the relevant jurisdictions. If actual taxable profits and outcomes of tax rulings are materially different from the assumptions made at the acquisition date, the income tax expense of future periods could be materially affected.

Notes to the Syngenta Group Consolidated Financial Statements

2. Significant accounting policy changes, judgments and estimates continued

The acquisition accounting values recognized for intangible assets and deferred tax assets for acquisitions made during the periods presented in these financial statements are given in Note 3 below.

Impairment review

At December 31, 2014, Syngenta has reported intangible assets of $1,660 million (2013: $1,669 million) for goodwill and $1,526 million (2013: $1,712 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 segment, CGU or group of CGUs to which the goodwill is allocated. The recoverable amounts of all material intangible assets and property, plant and equipment have also been based on their value in use.

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 and include a terminal value which assumes a 2.0 percent long-term growth rate (2013: 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 discount rates used to discount the estimated future cash flows included in the value in use calculations are based on a post-tax WACC of 6.5 percent (2013: 7.2 percent). There is considerable debate among financial market participants about what are the most appropriate input values, such as risk-free rate of return, relationship of benchmark industry share prices to the overall equity market (beta) and equity risk premium, to use in a WACC calculation under current market conditions. In 2014, when calculating the discount rate, Syngenta has assumed a 2.5 percent risk free rate (2013: 2.6 percent) equal to market yields on 10-year government bonds at the date of performing the annual impairment test and a 5.0 percent equity risk premium (2013: 5.0 percent). The reduction in discount rate is due mainly to changes in beta observed from equity price movement. 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 7.4 percent to 16.0 percent (2013: 7.8 percent to 16.0 percent).

At December 31, 2014 and 2013, the largest amounts of goodwill were allocated to the Asia Pacific segment ($355 million) and the North America corn and soybean CGU ($315 million). The pre-tax discount rate used to test Asia Pacific goodwill for impairment was 8.0 percent (2013: 8.8 percent) and the forecast terminal growth rate was 2.0 percent (2013: 2.0 percent). The pre-tax discount rate used to test the North America corn and soybean CGU for impairment was 7.9 percent (2013: 8.7 percent) and the forecast terminal growth rate was 2.0 percent (2013: 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 except as described below.

At December 31, 2014, one CGU included goodwill of $12 million and other intangible assets of $47 million. The value in use forecasts for this CGU were prepared using a 7.0 percent post-tax discount rate, equivalent to a 8.5 percent pre-tax discount rate. The recoverable amount of this CGU would be equal to its carrying amount if sales prices reduced by 6 percent, sales volumes by 12 percent, or cost of goods sold increased by 11 percent, compared with the assumptions in the 5 year forecast.

For the year ended December 31, 2014, no impairment losses were reported (2013: $23 million for two intangible assets). Impairments of property, plant and equipment were $21 million (2013: $nil) as a result of business development proposals that do not require future use of the associated assets.

Notes to the Syngenta Group Consolidated Financial Statements

2. Significant accounting policy changes, judgments and estimates continued

Adjustments to revenue and trade receivables
Syngenta's products are consumed mainly by growers. 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 include:

– 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, 2014, trade accounts payable includes $1,485 million (2013: $1,443 million) of accruals for rebates and returns.

– accruals for estimated product returns, which are based on historical experience of actual returns where Syngenta considers these to be reliable estimates of future returns. Recognition of revenue and the related trade receivables is deferred in cases where past experience shows that actual returns can vary significantly from estimates. This may arise 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. In such cases, Syngenta estimates the amounts to be deferred by collecting from its distributors data that shows the quantities of Syngenta products held by them at the reporting date and applying average actual sales prices to those quantities. In 2014, recognition of $437 million (2013: $510 million) of revenue and trade receivables was deferred. The amount of Syngenta products held by distributors at December 31, 2014 decreased from the amount at December 31, 2013 because many growers brought forward purchases near the end of 2014 in anticipation of further weakening of their local currencies against the US dollar.

– allowances for doubtful receivables, which are estimated by critically analyzing individual receivable account balances, taking into account historical levels of recovery, the economic condition of individual customers, and the overall economic and political environment in relevant countries. As shown in Note 9 below, the provision for doubtful receivables at December 31, 2014 amounted to $251 million, or 6 percent (2013: $226 million or 6 percent) of total trade receivables. In 2014, Syngenta reported a $63 million bad debt expense (2013: $33 million). The increase from 2013 to 2014 mainly reflects the impact of oil and commodity price and local currency weakness on customer and country liquidity in the CIS, Venezuela and Argentina as well as general changes in local crop conditions, as mitigated by barter programs and appropriate security.

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.

Seeds inventory valuation and allowances
Inventories of $4,861 million (2013: $5,576 million) reported in Note 11 include $1,496 million (2013: $1,585 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 which 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 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 2014 was $177 million and allowances at December 31, 2014 were $357 million, each amount being lower than the corresponding 2013 amounts. In 2013, the North American corn harvest had delivered significantly greater yields than the historical average, increasing excess seed quantities. This was the major factor contributing to higher than normal seeds inventory allowance expense of $312 million and allowances at December 31, 2013 of $406 million. In 2014, the North American corn harvest yields were again higher than average, but the area for which Syngenta contracted with growers for seed multiplication was significantly lower than in 2013, which offset the impact of the higher yields on excess seed quantities.

2. Significant accounting policy changes, judgments and estimates continued

Environmental provisions

At December 31, 2014, Syngenta reported provisions for environmental remediation of $239 million (2013: $310 million) as reported in Note 19. 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 which 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.

IAS 37 requires reimbursements of provisions to be recognized only when they are virtually certain to be received. No reimbursements are recognized if the third parties are disputing the reimbursement. Syngenta has recorded a reimbursement asset of $3 million at December 31, 2014 (2013: $24 million). The reimbursement decreased by $20 million (2013: $nil) in line with the associated underlying provision as described below, with no net effect on profit or loss.

In 2014, environmental provisions of $22 million were released, mainly in relation to a site covered by a third party indemnity agreement for which future payment is now estimated to be highly unlikely. In connection with this release, the above-mentioned $20 million reimbursement recoverable from the third party was derecognized. Cash payments and the effect of the stronger $ on currency translation through OCI reduced the provisions by $33 million and $16 million, respectively. In 2013, except for cash paid on provisions established in prior years, there were no material changes to the 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, 2014, for these shared sites comprise approximately 20 percent of total environmental provisions. The top ten exposures at the end of 2014 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 35 percent of the total environmental provision recognized at December 31, 2014.

At Syngenta's Monthey, Switzerland, production site, the work needed to remediate groundwater and soil contamination that exists under and around the site, including investigation, assessment, control and monitoring activities, is ongoing. 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 2014. However, the extent of the remediation work required, the cost estimates and their allocation are subject to uncertainty.

Defined benefit post-employment benefits

At December 31, 2014, Syngenta has reported non-current financial assets of $8 million (2013: $280 million) and provisions of $376 million (2013: $403 million) as net defined benefit (DB) pension assets and liabilities, respectively. 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 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.

2. Significant accounting policy changes, judgments and estimates continued

At December 31, 2014 and 2013, 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)	2014			2013		
Increase (decrease) in DBO	Switzerland	UK	USA	Switzerland	UK	USA
Discount rate – 25 basis point decrease in rate	83	133	22	72	133	21
Discount rate – 25 basis point increase in rate	(77)	(131)	(21)	(67)	(131)	(19)
Pension increase – 25 basis point increase in rate	n/a	97	n/a	n/a	99	n/a
Pension increase – 25 basis point decrease in rate	n/a	(96)	n/a	n/a	(98)	n/a
Interest credit rate – 25 basis point increase in rate	20	n/a	n/a	18	n/a	n/a
Interest credit rate – 25 basis point decrease in rate	(21)	n/a	n/a	(17)	n/a	n/a
Life expectancy[1]	54	97	12	70	91	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 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 rate or life expectancy assumptions, but based on past experience, the discount rate for each plan could change by up to 100 basis points (bp) within a twelve month period. The sensitivity of the DBO to the assumed rate of increase in pensionable pay is not material for any of the above three 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, 2014 are as follows:

Switzerland	1.25 percent	(2013: 2.25 percent)
UK	3.6 percent	(2013: 4.4 percent)
USA	4.0 percent	(2013: 4.7 percent)

In valuing the UK DBO at December 31, 2014, the UK long-term rate of retail price inflation (RPI) is assumed to be 3.05 percent (2013: 3.4 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 (2013: 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. In 2012, in the context of the triennial UK statutory valuation of the plan, Syngenta updated the mortality assumptions for its UK plan and now uses current 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 2014 (2013: CMI Core Projections model 2013). Syngenta's adoption of these mortality assumptions in 2012 increased the benefit obligation by $80 million (3.4 percent). No significant changes to these assumptions were necessary in 2013 or 2014. The next triennial statutory valuation of the UK Fund will be performed at March 31, 2015.

At December 31, 2014 and 2013, Syngenta valued the benefit obligation for its Swiss pension plan using mortality assumptions from the BVG 2010 generational mortality table. An update of this table is due to be published in 2015. Syngenta's adoption of the BVG 2010 table in 2011 increased the DBO by $66 million (4.4 percent). At December 31, 2014, for its US pension plan Syngenta has adopted the RP-2014 generational mortality table published in October 2014 with modified Scale MP-2014 mortality improvements (2013: RP-2000 generational tables with scale AA mortality improvements), for all purposes other than calculation of lump sums. Adopting these assumptions increased the DBO by $15 million (2.2 percent).

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 plan, Syngenta has assumed that all current active members will take the lump sum option at retirement date as, under current conditions, this results in a higher liability than the annuity option.

2. Significant accounting policy changes, judgments and estimates continued

From September to November 2014, Syngenta consulted with its UK employees and their representatives on proposals to freeze pensionable pay for defined benefit members of the UK Fund. Following this consultation, Syngenta has amended the benefits so that pensionable pay will be frozen at January 1, 2016 levels. The defined benefit fund remains open to existing members, and pay increases after January 1, 2016 which are not part of defined benefit pensionable pay will be 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 Fund will also be able to join the GPP. As a result of this amendment to the defined benefit in the UK Fund, Syngenta has recognized a $143 million past service gain in the 2014 consolidated income statement. Syngenta estimated this gain using the following key actuarial assumptions at the date of the change to revalue its existing defined benefit obligation (DBO) and to measure the DBO for the amended benefit:

Discount rate: 3.8 percent
Inflation: 3.1 percent (RPI), 2.1 percent (CPI)
Mortality assumptions were the same as those used at December 31, 2014, described above
Opt-outs from defined benefit under amended plan: 15 percent of members

Opt-outs have been estimated by modeling and comparing for each individual member, based on the data held for pension administration, the benefits that will be payable to them if they opt out of and if they remain in defined benefit membership. In this comparison, it is assumed that:

- amounts excluded from defined benefit pensionable pay are pensionable under the GPP;
- GPP annual investment returns are 4 percent;
- each member chooses the alternative that gives the highest benefit.

The gain amount is sensitive to the opt-out assumption. Had Syngenta assumed zero opt-outs, it would have recorded an additional $14 million gain. Actual member decisions may vary from the estimate and any variance will be accounted for as an actuarial gain or loss in OCI in 2015 and future years.

Deferred tax assets

At December 31, 2014, Syngenta's deferred tax assets are $1,008 million (2013: $960 million). Included in this balance are deferred tax assets for unused tax losses of $38 million (2013: $90 million). 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, 2014, 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.

The principal jurisdictions where deferred tax assets have not been recognized are Argentina, Russia and Ukraine. For Argentina, no net deferred tax assets have been recognized at December 31, 2014 or 2013. For Russia and Ukraine, the criteria for recognizing deferred tax assets are no longer met at December 31, 2014, because of local currency weakness and developments in the economic and political environment during 2014.

At December, 31, 2014, the net deferred tax assets of one major Syngenta subsidiary in Brazil have now been fully recognized. Syngenta has recognized the deferred tax asset of this subsidiary as it is supported by forecast taxable profits in the five years (2013: five years) following the balance sheet date. In 2013, these profits were not sufficient to recognize the deferred tax asset in full. Sales and profitability for this subsidiary have continued to increase in 2014, allowing full recognition of this deferred tax asset.

Uncertain tax positions

Syngenta's supply chain is international, 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 by one Syngenta subsidiary to another, and arrangements to share research and development costs, may be subject to challenge by the national tax authorities in any of the countries in which Syngenta operates. Interpretation of taxation rules relating to financing arrangements between Syngenta entities and to foreign currency translation differences may also give rise to uncertain tax positions. Where a distribution of subsidiary retained earnings would incur withholding taxes, Syngenta also makes a management judgment whether a future distribution is probable.

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. At December 31, 2014, Syngenta's balance sheet includes assets of $89 million (2013: $138 million) included within Other accounts receivable, and liabilities of $706 million (2013: $687 million) shown separately on the face of the balance sheet, for current income taxes. These liabilities include $381 million in respect of the uncertain tax positions described above (2013: $372 million). The liability for uncertain income tax positions which Syngenta expects to be resolved in 2015 is approximately 10 percent of total recognized current income tax liabilities.

Notes to the Syngenta Group Consolidated Financial Statements

3. Acquisitions, divestments and other significant transactions

The following significant transactions occurred during 2014 and 2013.

2014

On April 4, 2014, Syngenta acquired 100 percent of the shares of Società Produttori Sementi S.p.A. ("PSB") in exchange for cash. PSB is one of Italy's oldest seed companies and a leader in durum wheat breeding and production. The primary reasons for the acquisition were to gain access to PSB's durum wheat breeding expertise and its links to the food industry, which will be complemented by Syngenta's cereals research and development and global presence. Goodwill was $6 million, which represents commercial and research and development synergies resulting from integrating PSB's business into Syngenta's operations and the enabling of expansion in the cereals seed market.

On July 21, 2014, Syngenta acquired the German and Polish winter wheat and winter oilseed rape breeding and business operations of Lantmännen, the Swedish food, energy and agriculture group, in exchange for cash. The acquired business consists of 100 percent of the shares of Lantmännen SW Seed Hadmersleben GmbH, Lantmännen SW Seed GmbH, SW Winter Oilseed AB and certain sites in Germany. The primary reasons for the acquisition were to give Syngenta access to high-quality germplasm, a seeds pipeline and commercial varieties which complement Syngenta's portfolio and will support the continued development of hybrid cereals for growers worldwide. The provisional amount recognized for goodwill is $7 million and mainly represents synergies expected in combining operations for the breeding and commercialization of high performing cereals and oilseed rape varieties. Due to on-going valuation activity, the amounts recognized for intangible assets, land and buildings of one site, and deferred income tax assets and liabilities are all provisional for this acquisition.

The assets, liabilities and acquisition-date fair value of consideration currently recognized for these business combinations are as follows:

($m)	
Property, plant and equipment	57
Intangible assets	50
Other assets	38
Deferred tax liabilities	(20)
Other liabilities	**(54)**
Net assets acquired	**71**
Purchase price	84
Goodwill	**13**

Costs related to these acquisitions were not material.

Cash flow from these 2014 acquisitions was as follows:

($m)	
Total cash paid for shares	84
Net cash acquired	(4)
Net cash outflow	**80**

Payments and receipts in 2014 of deferred and contingent consideration related to acquisitions and divestments completed in prior periods were not material.

2013

On October 31, 2013, Syngenta acquired 100 percent of the shares of MRI Seed Zambia Ltd. ("MRI Seed") and MRI Agro Zambia Ltd. ("MRI Agro") (collectively "MRI") for $88 million in cash. MRI is a leading developer, producer and distributor of white corn seed in Zambia. Measurement period adjustments to the provisional asset and liability amounts recognized at December 31, 2013 were not material. Goodwill was $22 million and mainly represents commercial synergies resulting from integrating MRI's business into Syngenta's operations.

The assets, liabilities and acquisition-date fair value of consideration recognized for this 2013 business combination were as follows.

($m)	
Intangible assets	49
Other assets	48
Deferred tax and other liabilities	(31)
Net assets acquired	66
Purchase price	88
Goodwill	22

Costs related to the MRI acquisition were not material.

Cash flow from the MRI acquisition was as follows:

($m)	
Total cash paid for shares	88
Net cash acquired	(4)
Net cash outflow	84

Payments and receipts in 2013 of deferred and contingent consideration related to acquisitions and divestments completed in prior periods were $20 million and $9 million, respectively.

On January 30 and March 8, 2013, Syngenta acquired the remaining equity interests in deVGen N.V. ("Devgen") that it did not already own after its initial takeover offer was settled in December 2012. This was accounted for as a settlement of the liability Syngenta had recognized at December 31, 2012 for non-controlling shareholders' put rights. On December 23, 2013, Syngenta acquired the remaining 15 percent equity interest in its Malaysian subsidiary, Syngenta Crop Protection Sdn Bhd that it did not already own. Cash paid for these non-controlling interests was $39 million. This amount is shown within cash flows used for financing activities in the consolidated cash flow statement.

On December 31, 2013, Syngenta divested its Dulcinea Farms business to Pacific Trellis Fruit LLC, a US-based international grower and marketer of fresh produce.

4. Segmental breakdown of key figures for the years ended December 31, 2014 and 2013

Syngenta is organized on a worldwide basis into five operating segments: the four geographic regions, comprising the integrated Crop Protection and Seeds business, and the global Lawn and Garden business. Income and expense transactions in the integrated 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 integrated organization do not relate to a geographic destination and are reported as non-regional. 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.

2014 ($m)	Europe, Africa, Middle East	North America	Latin America	Asia Pacific	Non-regional	Total integrated	Lawn and Garden	Group
Product sales – to third parties	4,492	3,458	4,273	2,024	–	14,247	690	14,937
Royalty income – from third parties	55	124	6	9	–	194	3	197
Total segment sales	4,547	3,582	4,279	2,033	–	14,441	693	15,134
Cost of goods sold	(2,180)	(2,003)	(2,492)	(1,107)	(92)	(7,874)	(318)	(8,192)
Gross profit	2,367	1,579	1,787	926	(92)	6,567	375	6,942
Marketing and distribution	(720)	(564)	(615)	(314)	(110)	(2,323)	(174)	(2,497)
Research and development	–	–	–	–	(1,376)	(1,376)	(54)	(1,430)
General and administrative:								
Restructuring	(30)	(22)	(26)	(4)	(96)	(178)	(15)	(193)
Other general and administrative	(161)	(92)	(77)	(48)	(307)	(685)	(32)	(717)
Operating income/(loss) – continuing operations	1,456	901	1,069	560	(1,981)	2,005	100	2,105
Included in the above operating income from continuing operations are:								
Personnel costs	(651)	(473)	(536)	(304)	(696)	(2,660)	(144)	(2,804)
Depreciation of property, plant and equipment					(348)	(348)	(17)	(365)
Amortization of intangible assets					(227)	(227)	(16)	(243)
Impairment of property, plant and equipment, intangible and financial assets					(24)	(24)	(1)	(25)
Other non-cash items including charges in respect of provisions					(83)	(83)	(7)	(90)
Gains/(losses) on hedges reported in operating income	(1)	1	(11)	–	16	5	8	13

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

2014 ($m)	
Segment operating income	2,105
Income from associates and joint ventures	7
Financial expense, net	(217)
Income before taxes	1,895

4. Segmental breakdown of key figures for the years ended December 31, 2014 and 2013 continued

2013 ($m)	Europe, Africa, Middle East	North America	Latin America	Asia Pacific	Non-regional	Total integrated	Lawn and Garden	Group
Product sales – to third parties	4,184	3,709	3,987	1,931	–	13,811	688	14,499
Royalty income – from third parties	39	139	4	4	–	186	3	189
Total segment sales	4,223	3,848	3,991	1,935	–	13,997	691	14,688
Cost of goods sold	(1,958)	(2,169)	(2,290)	(1,041)	(215)	(7,673)	(313)	(7,986)
Gross profit	2,265	1,679	1,701	894	(215)	6,324	378	6,702
Marketing and distribution	(676)	(544)	(594)	(300)	(104)	(2,218)	(176)	(2,394)
Research and development	–	–	–	–	(1,320)	(1,320)	(56)	(1,376)
General and administrative:								
Restructuring	(18)	(27)	(5)	(6)	(101)	(157)	(22)	(179)
Other general and administrative	(141)	(61)	(87)	(54)	(297)	(640)	(27)	(667)
Operating income/(loss) – continuing operations	1,430	1,047	1,015	534	(2,037)	1,989	97	2,086
Included in the above operating income from continuing operations are:								
Personnel costs	(541)	(449)	(475)	(266)	(706)	(2,437)	(158)	(2,595)
Depreciation of property, plant and equipment					(320)	(320)	(18)	(338)
Amortization of intangible assets					(238)	(238)	(17)	(255)
Impairment of property, plant and equipment, intangible and financial assets					(34)	(34)	–	(34)
Other non-cash items including charges in respect of provisions					(61)	(61)	(11)	(72)
Gains/(losses) on hedges reported in operating income	–	(14)	25	–	(18)	(7)	15	8

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

2013 ($m)	
Segment operating income	2,086
Income from associates and joint ventures	48
Financial expense, net	(200)
Income before taxes	1,934

Revenues by product group for the years ended December 31, 2014 and 2013 are as follows:

($m)	**2014**	2013
Crop Protection	**11,286**	10,793
Seeds	**3,155**	3,204
Lawn and Garden	**693**	691
Total	**15,134**	14,688

Summarized additional information on the nature of expenses for the years ended December 31, 2014 and 2013 is as follows:

($m)	**2014**	2013
Salaries, short-term employee benefits and other personnel expense	**2,733**	2,374
Pension and other post-employment benefit expense	**8**	141
Share based payment expense	**63**	80
Total personnel costs	**2,804**	2,595
Depreciation of property, plant and equipment	**365**	338
Impairment of property, plant and equipment	**21**	–
Amortization of intangible assets	**243**	255
Impairment of intangible assets	**–**	23

Pension and other post-employment benefit expense for 2014 includes $175 million (2013: $41 million) gains on amendment and settlement of pension plans, recognized as follows: Cost of goods sold $93 million; Marketing and distribution $11 million; Research and development $49 million; and General and administrative $22 million. This gain is included within Non-regional, except for immaterial amounts (2013: General and administrative, and Non-regional). Further information relating to these gains is given in Notes 2 and 22.

5. Regional breakdown of key figures for the years ended December 31, 2014 and 2013

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, 2014 and 2013 or at December 31, 2014 and 2013.

($m, except %)	Sales[1]				Total non-current assets[2]			
Country	2014	%	2013	%	2014	%	2013	%
Brazil	**2,945**	**19**	2,715	18	**268**	**4**	271	4
France	**743**	**5**	684	5	**144**	**2**	158	2
Switzerland	**69**	**–**	70	–	**2,827**	**38**	3,003	40
UK	**239**	**2**	190	1	**567**	**8**	603	8
USA	**3,292**	**22**	3,486	24	**1,894**	**26**	1,882	25
Others	**7,846**	**52**	7,543	52	**1,620**	**22**	1,650	21
Total	**15,134**	**100**	14,688	100	**7,320**	**100**	7,567	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, 2014 and 2013, broken down into the main restructuring initiatives, consists of the following:

($m)	2014	2013
Accelerating operational leverage programs:		
Cash costs		
Charged to provisions	**7**	–
Expensed as incurred	**42**	–
Non-cash costs		
Impairments	**14**	–
Integrated crop strategy programs:		
Cash costs		
Charged to provisions	**17**	7
Expensed as incurred	**44**	53
Operational efficiency programs:		
Cash costs		
Charged to provisions	**1**	6
Expensed as incurred	**17**	27
Non-cash costs		
Impairments	**–**	6
Acquisition and related integration costs:		
Cash costs		
Charged to provisions	**2**	–
Expensed as incurred	**25**	30
Non-cash items		
Reversal of inventory step-ups	**13**	–
Reacquired rights	**–**	11
Divestment losses	**–**	4
Other non-cash restructuring:		
Non-current asset impairment	**24**	35
Total restructuring	**206**	179

Restructuring for the years ended December 31, 2014 and 2013 is presented within the consolidated income statement as follows:

($m)	2014	2013
Reported as:		
Cost of goods sold	**13**	–
Restructuring	**193**	179
Total restructuring	**206**	179

2014

Accelerating operational leverage programs

In February 2014, Syngenta announced a restructuring program to drive further improvements in operating income margins and accelerate delivery of operational leverage as sales grow. 2014 cash costs of $49 million include $14 million for initiatives to restructure marketing and commercial operations, $13 million for projects to drive efficiencies in territory commercial operations, particularly in Latin America, $11 million to rationalize logistical operations and optimize production capacity, $5 million for Research and Development productivity projects, and $6 million for project management. Non-cash charges consist of $1 million for the impairment of a site, which is closing, and $13 million for inventory write-downs due to a significant rationalization of the Vegetables product range.

Integrated crop strategy programs

Cash costs of $61 million include $24 million of charges for the transfer of certain system and process management activities to a new internal service center in India, including severance and pension costs of $11 million, $25 million for the development and rollout of processes and training programs for marketing the integrated Crop Protection and Seeds product offers and related commercial reorganization, $4 million for information system projects, $4 million to restructure the integrated Research and Development function, $2 million to restructure the Human Resource organization and $2 million for legal entity rationalization projects.

Notes to the Syngenta Group Consolidated Financial Statements

6. Restructuring continued

Operational efficiency programs
The operational efficiency restructuring programs announced in 2004 and 2007 are substantially complete. The final expenditures of $18 million in 2014 largely relate to the rollout of standardized and outsourced human resource support services.

Acquisition and related integration costs
Cash costs of $27 million include $21 million incurred to integrate previous acquisitions, mainly Devgen, MRI, PSB, and the Polish and German winter wheat and oilseed rape breeding and business operations of Läntmannen. A further $6 million consists of transaction costs, including those related to uncompleted transactions. Reversal of inventory step-up relates to the MRI and PSB acquisitions.

Other non-cash restructuring
Other non-cash restructuring consists of $20 million of fixed asset impairments, including $14 million for plant and machinery in Brazil and Canada due to significant changes in production processes and $6 million for development costs of major plant expansion projects that were subsequently aborted, and $4 million for the impairment of loan notes related to strategic venture capital investments.

2013

Integrated crop strategy programs
Cash costs of $60 million included $27 million of charges for consultancy and advisory services, re-training of employees and project management, $17 million for information system infrastructure projects, $8 million for legal entity merger projects to combine former Seeds and Crop Protection legal entities, $6 million to restructure the Research and Development function and $2 million for on-going integration of marketing and sales operations, mainly in Europe.

Operational efficiency programs
Operational efficiency cash costs of $33 million included $18 million related to the completion of the projects to standardize and consolidate global back office operations, $9 million for restructuring projects in the Flowers business and $6 million for various projects including restructuring at the corporate headquarters and outsourcing of human resources support. Non-cash impairment costs consisted of exceptional inventory write-downs made in connection with a restructuring of the Flowers product range to simplify the business and eliminate unprofitable varieties.

Acquisition and related integration costs
Cash costs of $30 million included $23 million to integrate previous acquisitions, mainly Devgen, Sunfield and Pasteuria, and $7 million of transaction charges, including those related to uncompleted transactions.

As part of the Greenleaf acquisition in 2010, Syngenta reacquired exclusive licensing rights that it had previously granted to Greenleaf. In accordance with IFRS, the reacquired rights were recognized as an intangible asset and have been amortized over the remaining term of the original license contract, 3 years. Divestment losses related to the 2013 divestment of the Dulcinea vegetables business and the sale of an unused site in North America, as well as closing adjustments to the fair value of the consideration on the 2012 divestments of the Syngenta Horticultural Services business and the Fafard peat unit.

Other non-cash restructuring
Other non-current asset impairments included $12 million for the impairment of a financial asset and $23 million of intangible asset impairments. Intangible asset impairments included $16 million to impair product rights acquired with the Devgen acquisition, which will not be used in Syngenta and for which no buyer was found, $6 million for the impairment of a trademark, phased out during 2013, and another small impairment.

7. Income taxes

Income before taxes from continuing operations for the years ended December 31, 2014 and 2013 consists of the following:

($m)	2014	2013
Switzerland	624	1,241
Foreign	1,271	693
Total income before taxes	**1,895**	1,934

Income tax (expense)/benefit on income from continuing operations for the years ended December 31, 2014 and 2013 consists of the following:

($m)	2014	2013
Current income tax (expense):		
Switzerland	(99)	(88)
Foreign	(355)	(281)
Total current income tax (expense)	**(454)**	(369)
Deferred income tax (expense)/benefit:		
Switzerland	60	(39)
Foreign	121	123
Total deferred income tax (expense)/benefit	**181**	84
Total income tax (expense):		
Switzerland	(39)	(127)
Foreign	(234)	(158)
Total income tax (expense)	**(273)**	(285)

Notes to the Syngenta Group Consolidated Financial Statements

7. Income taxes continued

The components of current income tax (expense) on income from continuing operations for the years ended December 31, 2014 and 2013 are:

($m)	2014	2013
Current tax (expense) relating to current years	(467)	(380)
Adjustments to current tax for prior periods	10	10
Benefit of previously unrecognized tax losses	3	1
Total current income tax (expense)	**(454)**	**(369)**

The components of deferred income tax (expense)/benefit on income from continuing operations for the years ended December 31, 2014 and 2013 are:

($m)	2014	2013
Origination and reversal of temporary differences	218	67
Changes in tax rates or legislation	4	34
Benefit of previously unrecognized deferred tax assets	22	2
Non recognition of deferred tax assets	(63)	(19)
Total deferred income tax (expense)/benefit	**181**	**84**

OCI and Income tax relating thereto, for each component of equity, for the years ended December 31, 2014 and 2013 is as follows:

	2014			2013		
($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	(33)	4	(29)	17	(3)	14
Retained earnings: Actuarial gains/(losses)	(511)	123	(388)	146	(55)	91
Items that may be reclassified to profit or loss:						
Fair value reserves: Cash flow and net investment hedges	(37)	5	(32)	14	(11)	3
Currency translation effects	(625)	(70)	(695)	(39)	(48)	(87)
Total	**(1,206)**	**62**	**(1,144)**	138	(117)	21

The following tax was (charged)/credited to shareholders' equity for the years ended December 31, 2014 and 2013:

($m)	2014	2013
Current tax [1]	(1)	4
Deferred tax [1]	(5)	(3)
Total income tax (charged)/credited to equity	**(6)**	**1**

1 Current and 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, 2014 and 2013. 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 2014 and 2013.

	2014 %	2013 %
Statutory tax rate	22	22
Effect of income taxed at different rates	(4)	(7)
Tax deduction for amortization and impairments not recognized for IFRS	(3)	(1)
Effect of other disallowed expenditures and income not subject to tax	(1)	(1)
Effect of changes in tax rates and laws on previously recognized deferred tax assets and liabilities	–	(2)
Effect of recognition of previously unrecognized deferred tax assets	(1)	–
Changes in prior year estimates and other items	(2)	3
Effect of non-recognition of deferred tax assets	3	1
Effective tax rate	**14**	**15**

7. Income taxes continued

The movements in deferred tax assets and liabilities during the year ended December 31, 2014 are as follows:

2014 ($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	622	16	(72)	(20)	(2)	544
Accounts receivable	242	65	–	(43)	–	264
Pensions and employee costs	96	(45)	118	(8)	–	161
Provisions	269	100	–	(27)	–	342
Unused tax losses	90	(54)	–	(2)	4	38
Financial instruments, including derivatives	14	(1)	2	–	6	21
Other	7	(6)	–	23	–	24
Deferred tax assets	1,340	75	48	(77)	8	1,394
Liabilities associated with:						
Property, plant and equipment	(327)	–	–	15	(10)	(322)
Intangible assets	(282)	8	–	10	(29)	(293)
Inventories	(162)	(14)	–	33	(4)	(147)
Financial instruments, including derivatives	(19)	6	(23)	–	(6)	(42)
Other provisions and accruals	(325)	121	–	21	–	(183)
Other	(59)	(15)	4	6	–	(64)
Deferred tax liabilities	(1,174)	106	(19)	85	(49)	(1,051)
Net deferred tax asset/(liability)	166	181	29	8	(41)	343

The movements in deferred tax assets and liabilities during the year ended December 31, 2013 are as follows:

2013 ($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	493	174	(52)	(13)	20	622
Accounts receivable	211	59	–	(28)	–	242
Pensions and employee costs	174	(21)	(58)	1	–	96
Provisions	328	(43)	–	(18)	2	269
Unused tax losses	108	(26)	–	5	3	90
Financial instruments, including derivatives	16	(3)	2	(1)	–	14
Other	45	(12)	–	13	(39)	7
Deferred tax assets	1,375	128	(108)	(41)	(14)	1,340
Liabilities associated with:						
Property, plant and equipment	(312)	(7)	–	(4)	(4)	(327)
Intangible assets	(337)	72	–	(2)	(15)	(282)
Inventories	(76)	(79)	–	14	(21)	(162)
Financial instruments, including derivatives	(54)	23	12	–	–	(19)
Other provisions and accruals	(277)	(42)	–	(6)	–	(325)
Other	(115)	(11)	(3)	2	68	(59)
Deferred tax liabilities	(1,171)	(44)	9	4	28	(1,174)
Net deferred tax asset/(liability)	204	84	(99)	(37)	14	166

7. Income taxes continued

The deferred tax assets and liabilities at December 31, 2014 and 2013 reconcile to the amounts presented in the consolidated balance sheet as follows:

($m)	2014	2013
Deferred tax assets	**1,394**	1,340
Adjustment to offset deferred tax assets and liabilities[1]	**(386)**	(380)
Adjusted deferred tax assets	**1,008**	960
Deferred tax liabilities	**(1,051)**	(1,174)
Adjustment to offset deferred tax assets and liabilities[1]	**386**	380
Adjusted deferred tax liabilities	**(665)**	(794)

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, 2014 and 2013 of unused tax loss carry forwards for which no deferred tax asset has been recognized, by expiration date, is as follows:

($m)	2014	2013
One year	**3**	6
Two years	**3**	4
Three years	**6**	6
Four years	**4**	4
Five years	**5**	7
More than five years	**614**	538
No expiry	**12**	11
Total	**647**	576

The above losses consist mainly of US state tax loss carry forwards. The applicable tax rate for these US state tax carry forwards is 5 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, 2014 and 2013 on the following items:

($m)	2014	2013
Temporary differences for which no deferred tax assets have been recognized	**373**	311
Temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognized	**822**	790

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

8. Earnings per share

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.

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

The calculation of diluted earnings per share for the year ended December 31, 2014 excluded 588,865 (2013: 261,854) of Syngenta AG shares and options granted to employees, as their inclusion would have been antidilutive.

($m, except number of shares)	2014	2013
Net income attributable to Syngenta AG shareholders	**1,619**	1,644
Weighted average number of shares		
Weighted average number of shares – basic	**91,674,127**	91,952,222
Adjustments for dilutive potential ordinary shares:		
Grants of options over Syngenta AG shares under employee share participation plans	**116,338**	257,161
Grants of Syngenta AG shares under employee share participation plans	**216,624**	249,923
Weighted average number of shares – diluted	**92,007,089**	92,459,306

9. Trade and other accounts receivable

Trade receivables at December 31, 2014 and 2013 are as follows:

($m)	2014	2013
Trade receivables, gross	**3,949**	3,671
Provision for doubtful trade receivables	**(251)**	(226)
Trade receivables, net	**3,698**	3,445

Movements in the provision for doubtful trade receivables for the years ended December 31, 2014 and 2013 are as follows:

($m)	2014	2013
January 1	**(226)**	(224)
Amounts charged to income	**(63)**	(33)
Amounts written off	**13**	5
Currency translation effects and other	**25**	26
December 31	**(251)**	(226)

9. Trade and other accounts receivable continued

The ages of trade and other accounts receivable at December 31, 2014 and 2013 that were past due, but not impaired, are as follows:

2014 ($m)	Total past due	0–90 days	90–180 days	More than 180 days
Trade receivables, gross	**575**	**306**	**91**	**178**
Provision for doubtful trade receivables	**(184)**	**(9)**	**(26)**	**(149)**
Other accounts receivable	**332**	**182**	**18**	**132**
Total	**723**	**479**	**83**	**161**

2013 ($m)	Total past due	0–90 days	90–180 days	More than 180 days
Trade receivables, gross	532	317	43	172
Provision for doubtful trade receivables	(174)	(4)	(20)	(150)
Other accounts receivable	301	143	67	91
Total	659	456	90	113

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 $35 million (2013: $7 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 $187 million (2013: $181 million). Related liabilities of $187 million (2013: $161 million) are disclosed in Note 16 and the remaining liabilities in 2013 were included in trade accounts payable. The fair value of these receivables and the related liabilities is not significantly different from their carrying amounts. The amount of these receivables before the transfer transactions was $361 million (2013: $368 million).

The fair value of trade receivables containing embedded exchange rate options that Syngenta has designated as at fair value through profit or loss at December 31, 2014 was $191 million (2013: $143 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, 2014 and 2013 were not material.

Other accounts receivable of $747 million (2013: $979 million) include income taxes recoverable of $89 million (2013: $138 million) and are net of immaterial provisions for doubtful accounts.

10. Other current assets

Other current assets at December 31, 2014 and 2013 are as follows:

($m)	2014	2013
Prepaid expenses	**155**	185
Other	**89**	64
Total	**244**	249

11. Inventories

Inventories at December 31, 2014 and 2013 are as follows:

($m)	2014	2013
Raw materials and consumables	**1,034**	1,275
Biological assets	**31**	33
Work in progress	**970**	941
Finished products	**2,826**	3,327
Total	**4,861**	5,576

Movements in inventory write-downs for the years ended December 31, 2014 and 2013 are as follows:

($m)	2014	2013
January 1	**(457)**	(321)
Additions charged to income	**(289)**	(355)
Reversals of inventory write-downs	**50**	21
Amounts utilized on disposal of related inventories	**306**	187
Currency translation effects and other	**(32)**	11
December 31	**(422)**	(457)

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, 2014 and 2013 are as follows. These include amounts classified as other non-current assets.

($m)	2014	2013
January 1	**36**	68
Changes in fair value	**151**	159
Additions to cost	**4**	32
Sales and harvest	**(156)**	(220)
Currency translation effects and other	**(3)**	(3)
December 31	**32**	36
Of which: carried at fair value less costs to sell	**28**	32

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, 2014 and 2013 are:

	2014	2013
(Millions of plants)		
Plants	**72**	71
Cuttings	**482**	488
(Thousands of hectares cultivated)		
Growing crops	**–**	2.8

12. Property, plant and equipment

Movements in property, plant and equipment for the year ended December 31, 2014 are as follows:

2014 ($m)	Land	Buildings	Machinery and equipment	Assets under construction	Total
Cost					
January 1	157	2,049	4,940	501	7,647
Additions	43	74	203	393	713
Disposals	(1)	(31)	(90)	(5)	(127)
Transfers between categories	8	68	215	(291)	–
Currency translation effects and other	(26)	(148)	(307)	(46)	(527)
December 31	181	2,012	4,961	552	7,706
Accumulated depreciation and impairment losses					
January 1	–	(1,124)	(3,017)	–	(4,141)
Depreciation charge	–	(67)	(298)	–	(365)
Impairment losses	–	–	(21)	–	(21)
Depreciation on disposals	–	31	82	–	113
Currency translation effects and other	–	88	182	–	270
December 31	–	(1,072)	(3,072)	–	(4,144)
Net book value – December 31	181	940	1,889	552	3,562
Insured value – December 31					8,320

Additions to property, plant and equipment of $713 million (2013: $684 million) comprise $600 million (2013: $625 million) of cash purchases and $113 million (2013: $59 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, 2014 was $101 million (2013: $107 million) of which $87 million is classified as Machinery and equipment (2013: $107 million) and $14 million is classified as Buildings (2013: $nil).

Movements in property, plant and equipment for the year ended December 31, 2013 were as follows:

2013 ($m)	Land	Buildings	Machinery and equipment	Assets under construction	Total
Cost					
January 1	159	1,897	4,616	375	7,047
Additions	2	46	239	397	684
Disposals	(1)	(21)	(124)	–	(146)
Transfers between categories	–	104	150	(254)	–
Currency translation effects and other	(3)	23	59	(17)	62
December 31	157	2,049	4,940	501	7,647
Accumulated depreciation and impairment losses					
January 1	–	(1,056)	(2,798)	–	(3,854)
Depreciation charge	–	(62)	(276)	–	(338)
Depreciation on disposals	–	17	111	–	128
Currency translation effects and other	–	(23)	(54)	–	(77)
December 31	–	(1,124)	(3,017)	–	(4,141)
Net book value – December 31	157	925	1,923	501	3,506
Insured value – December 31					8,471

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13. Intangible assets

Movements in intangible assets for the year ended December 31, 2014 are as follows:

2014 ($m)	Goodwill	Product rights	Trademarks	Patents	Software	Other intangibles	Total
Cost							
January 1	1,949	3,361	90	68	414	379	6,261
Additions from business combinations	35	25	–	–	–	4	64
Other additions	–	30	–	–	34	45	109
Retirements and disposals	–	(338)	–	(8)	(9)	(51)	(406)
Currency translation effects	(50)	(120)	(5)	(8)	(40)	(19)	(242)
December 31	1,934	2,958	85	52	399	358	5,786
Accumulated amortization and impairment losses							
January 1	(280)	(2,084)	(36)	(36)	(300)	(144)	(2,880)
Amortization charge	–	(175)	(5)	(4)	(30)	(29)	(243)
Retirements and disposals	–	338	–	8	9	51	406
Currency translation effects	6	63	3	5	32	8	117
December 31	(274)	(1,858)	(38)	(27)	(289)	(114)	(2,600)
Net book value – December 31	1,660	1,100	47	25	110	244	3,186

Other additions in 2014 and 2013 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 $37 million (2013: $41 million) are included within other additions. Cash paid to acquire intangible assets was $82 million (2013: $75 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 and customer relationships acquired in business combinations.

Movements in intangible assets for the year ended December 31, 2013 were as follows:

2013 ($m)	Goodwill	Product rights	Trademarks	Patents	Software	Other intangibles	Total
Cost							
January 1	1,923	3,304	96	70	373	328	6,094
Additions from business combinations	47	13	8	–	–	–	68
Other additions	–	17	–	–	31	54	102
Retirements and disposals	(4)	–	(14)	(2)	–	(2)	(22)
Currency translation effects	(17)	27	–	–	10	(1)	19
December 31	1,949	3,361	90	68	414	379	6,261
Accumulated amortization and impairment losses							
January 1	(280)	(1,877)	(40)	(32)	(247)	(117)	(2,593)
Amortization charge	–	(175)	(5)	(4)	(46)	(25)	(255)
Impairment losses	–	(15)	(6)	–	–	(2)	(23)
Retirements and disposals	–	–	14	–	–	3	17
Currency translation effects	–	(17)	1	–	(7)	(3)	(26)
December 31	(280)	(2,084)	(36)	(36)	(300)	(144)	(2,880)
Net book value – December 31	1,669	1,277	54	32	114	235	3,381

13. Intangible assets continued

The net book value at December 31, 2014 and 2013 of goodwill is allocated to Syngenta's operating segments and other CGUs as summarized below:

($m)	2014	2013
Allocated to operating segments:		
Europe, Africa and Middle East	**235**	235
North America	**197**	197
Latin America	**173**	173
Asia Pacific	**355**	355
Lawn and Garden	**37**	37
Total allocated to operating segments	**997**	997
Allocated to other individual CGUs:		
North America corn and soybean seed	**315**	315
Other, not individually significant	**348**	357
Total allocated to other individual CGUs	**663**	672
Total goodwill	**1,660**	1,669

Goodwill on recent acquisitions which had not yet been allocated to a CGU was not material at December 31, 2014 or 2013.

14. Financial and other non-current assets

Financial and other non-current assets at December 31, 2014 and 2013, are as follows:

($m)	2014	2013
Equity securities at fair value through OCI (Note 28)	**71**	118
Other non-current receivables	**313**	358
Defined benefit post-employment benefit asset (Note 22)	**8**	287
Long-term derivative financial assets (Note 28)	**28**	56
Total financial and other non-current assets	**420**	819
Investments in associates and joint ventures	**188**	204
Total	**608**	1,023

None of Syngenta's investments in associates and joint ventures are publicly quoted. At December 31, 2014, these investments consist mainly of $108 million (2013: $119 million) for a 50 percent ownership of CIMO Compagnie Industrielle de Monthey SA, Switzerland, which provides manufacturing services to Syngenta and other occupants of the Monthey manufacturing site, $40 million (2013: $40 million) for a 49 percent ownership of Sanbei Seeds Co. Ltd., China and $31 million (2013: $39 million) for a 40 percent ownership of Maisadour Semences SA, France (Maisadour). The latter two entities produce and sell seeds. Maisadour sells seeds to Syngenta.

Syngenta's share of CIMO's net income for 2013 was $40 million, which includes a contract termination penalty receipt and the deferred tax effect of a revised tax ruling. With that exception, neither effects on Syngenta's consolidated income statement for the periods presented, nor any financial statement line items of the above associates and joint ventures themselves, are material.

Transactions between Syngenta and its associates and joint ventures during the year ended December 31, 2014 are as follows:

– Goods and services provided by Syngenta to its associates and joint ventures $6 million (2013: $12 million)

– Goods and services provided by associates and joint ventures to Syngenta $120 million (2013: $134 million)

At December 31, 2014 Syngenta has accounts receivable and accrued income from associates and joint ventures of $nil (2013: $18 million) and accrued liabilities to associates and joint ventures of $10 million (2013: $44 million).

A bank overdraft guarantee of $7 million (2013: $29 million) has been provided to an associate.

On November 12, 2013 Syngenta agreed to advance EUR 9 million ($12 million at December 31, 2014 currency translation rates) to its associated company 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, 2014 the balance outstanding was $7 million (2013: $nil). 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.

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15. Trade accounts payable

The contractual maturities of trade accounts payable at December 31, 2014 and 2013 are as follows:

($m)	Total	0–90 days	90–180 days	180 days–1 year
2014	**3,472**	**2,430**	**124**	**918**
2013	3,817	2,767	121	929

16. Current financial debt and other financial liabilities

Current financial debt at December 31, 2014 and 2013 is as follows:

($m)	2014	2013
Bank and other short-term financial debt	**325**	598
Receivables factored with recourse	**187**	161
Current portion of long-term financial debt (Note 18)	**625**	708
Total current financial debt	**1,137**	1,467
Short-term derivative and other financial liabilities (Note 28)	**192**	124
Total	**1,329**	1,591

The following table presents additional information related to short-term borrowings at December 31, 2014:

2014 ($m)	Amount outstanding at December 31	Weighted average interest rate on outstanding balance	Average amount outstanding for the year	Weighted average interest rate on average outstanding balance	Maximum month-end amount during the year
Bank and other short-term financial debt	**325**	**10.6%**	**686**	**5.6%**	**1,910**
Receivables factored with recourse	**187**	**4.0%**	**168**	**4.0%**	**187**
Current portion of financial debt (Note 18)	**625**	**5.4%**	**789**	**5.1%**	**1,389**
Total	**1,137**	**6.6%**	**1,643**	**5.2%**	
2013	1,467	4.4%	1,509	3.5%	

The contractual maturities of current financial debt at December 31, 2014 and 2013 are as follows:

($m)	Total	0–90 days	90–180 days	180 days–1 year
2014	**1,137**	**271**	**704**	**162**
2013	1,467	539	784	144

The maturities of short-term derivative and other financial liabilities are presented in Note 27.

Information about fair values of financial liabilities is presented in Note 28.

17. Other current liabilities

Other current liabilities at December 31, 2014 and 2013 consist of the following:

($m)	2014	2013
Accrued short-term employee benefits	**331**	169
Taxes other than income taxes	**120**	120
Accrued interest payable	**29**	41
Accrued utility costs	**70**	90
Social security and pension contributions	**97**	106
Other payables	**182**	259
Other accrued expenses	**155**	188
Total	**984**	973

17. Other current liabilities continued

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
2014	**984**	**744**	**76**	**164**
2013	973	617	133	223

18. Financial debt and other non-current liabilities

Financial debt and other non-current liabilities at December 31, 2014 and 2013 are as follows:

($m)	2014	2013
4.000% Eurobond 2014	–	687
4.125% Eurobond 2015	**608**	687
Floating Eurobond 2017	**303**	–
0.750% CHF bond 2019	**354**	–
$ private placement notes	**262**	264
1.875% Eurobond 2021	**605**	–
3.125% $ Notes 2022	**519**	494
1.625% CHF bond 2024	**252**	–
2.125% CHF bond 2029	**151**	–
4.375% $ Notes 2042	**248**	248
Unsecured bond issues and US private placement notes	**3,302**	2,380
Liabilities to banks and other financial institutions	**4**	5
Finance lease obligations	**71**	62
Total financial debt (including current portion)	**3,377**	2,447
Less: current portion of financial debt (Note 16)	**(625)**	(708)
Non-current derivative financial liabilities	**175**	–
Other non-current liabilities and deferred income	**49**	57
Total	**2,976**	1,796

Information about fair values of financial liabilities is presented in Note 28.

Other non-current liabilities and deferred income relates to license agreements with several counterparties. Related cash flows of $14 million (2013: $16 million) are payable between one and four years and $35 million of deferred income at December 31, 2014 (2013: $41 million) will be recognized in income as related licensed product sales occur.

The weighted average interest rate on non-current bank and other financial debt outstanding at December 31, 2014 is 2.9 percent per annum (2013: 4.4 percent per annum).

The weighted average interest rate on the combined current and non-current bank and other financial debt outstanding at December 31, 2014 is 3.7 percent per annum (2013: 4.0 percent per annum). The weighted average interest rates include the cost of financing emerging market borrowings.

Interest paid on non-current financial debt was $109 million (2013: $110 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 NV, 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.

19. Provisions

Provisions at December 31, 2014 and 2013 are as follows:

($m)	2014	2013
Restructuring provisions	**36**	39
Employee benefits:		
Pensions (Note 22)	**374**	400
Other post-retirement benefits (Note 22)	**19**	18
Other long-term employee benefits	**66**	70
Environmental provisions	**237**	308
Provisions for legal and product liability settlements	**108**	132
Other provisions	**52**	87
Total	**892**	1,054

($m)	2014	2013
Current portion of:		
Restructuring provisions	**27**	28
Employee benefits	**100**	108
Environmental provisions	**37**	60
Provisions for legal and product liability settlements	**33**	37
Other provisions	**19**	55
Total current provisions	**216**	288
Total non-current provisions	**676**	766
Total	**892**	1,054

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, 2014, Syngenta recognized $14 million (2013: $35 million) in Financial and other non-current assets in respect of virtually certain reimbursements.

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.

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Notes to the Syngenta Group Consolidated Financial Statements

19. Provisions continued

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 agreements.

Movements in provisions for the year ended December 31, 2014 are as follows:

($m)	January 1	Charged to income	Release of provisions credited to income	Payments	Actuarial (gains)/losses	Transfers offset in defined benefit assets	Currency translation effects/other	December 31
Restructuring provisions:								
Employee termination costs	27	27	(3)	(21)	–	–	(4)	26
Other third party costs	12	3	–	(5)	–	–	–	10
Employee benefits:								
Pensions	400	144	(179)	(184)	490	(264)	(33)	374
Other post-retirement benefits	18	2	–	(4)	11	(7)	(1)	19
Other long-term employee benefits	70	5	–	(9)	–	–	–	66
Environmental provisions	308	7	(29)	(33)	–	–	(16)	237
Provisions for legal and product liability settlements	132	9	(22)	(10)	–	–	(1)	108
Other provisions	87	15	(27)	(14)	–	–	(9)	52
Total	**1,054**	**212**	**(260)**	**(280)**	**501**	**(271)**	**(64)**	**892**

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.

20. Share capital

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 and outstanding at, and the movements during the years ended, December 31, 2014 and 2013, are presented in the table below.

The Board of Directors of Syngenta AG was authorized on April 24, 2012 to repurchase registered shares up to a maximum value of 10 percent of the company's share capital, for the purpose of capital reduction. On the basis of this authorization, Syngenta has established a second trading line on the SIX Swiss Exchange ("SIX") through which a maximum of 9,312,614 registered shares can be repurchased between July 25, 2013 and July 22, 2016. Up to December 31, 2014, 303,000 shares have been repurchased.

	2014		2013	
(Millions of shares)	Shares in issue	Treasury shares held	Shares in issue	Treasury shares held
January 1	93.1	(1.4)	93.1	(1.4)
Cancellation of treasury shares	(0.2)	0.2	–	–
Share repurchases	–	(0.4)	–	(0.4)
Issue of ordinary shares under employee share purchase and option plans	–	0.3	–	0.4
December 31	**92.9**	**(1.3)**	93.1	(1.4)

At December 31, 2014 and 2013 Syngenta had no open options accounted for as equity instruments.

21. Non-cash items included in income before taxes

The following table analyzes non-cash items included in income before taxes for the years ended December 31, 2014 and 2013:

($m)	2014	2013
Depreciation, amortization and impairment of:		
Property, plant and equipment	**386**	338
Intangible assets	**243**	278
Financial assets	**4**	11
Deferred revenue and gains	**(34)**	(34)
Losses/(gains) on disposal of non-current assets	**(23)**	3
Charges in respect of equity-settled share based compensation (Note 23)	**63**	67
(Credits)/charges in respect of provisions (Note 19)	**(48)**	103
Reduction in provision reimbursement	**20**	–
Financial expense, net	**217**	200
(Gains)/losses on hedges reported in operating income	**(13)**	(8)
Income from associates and joint ventures	**(7)**	(48)
Total	**808**	910

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 $42 million for the year ended December 31, 2014 (2013: $42 million). Approximately 35 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 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 since 2002, but is open to future accrual for employees who were members before that date. With effect from January 1, 2016, pensionable pay for these employees will be frozen, as described in Note 2. New employees since 2002 join a defined contribution pension plan. 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.

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. Syngenta AG has irrevocably and unconditionally undertaken to ensure Syngenta Ltd. will honor that guarantee. 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.

22. Post-employment benefits continued

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 14) 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, 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, and six are elected by insured plan members from among the employees. Its decisions regarding certain items, including rates of 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, but at least every three years 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 May 2013, the Board of Trustees of Syngenta's Swiss pension plan adopted revised rules for the plan. The principal change aligned the required annuity conversion rates for retirement benefits more closely with then current actuarial rates, resulting in a reduction in Syngenta's defined benefit obligation. Syngenta accounted for the changes as a plan amendment. Based on an actuarial valuation at the date of the change, Syngenta recognized a past service gain of $41 million. The valuation discount rate used to measure the defined benefit obligation at the date of the change was 2.0 percent, unchanged from December 31, 2012, and the only change in other valuation assumptions compared with December 31, 2012 was to reflect the impact of the revised rules on retirement age.

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 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. Under current market conditions, this values the benefit obligation at a higher amount than would result if members selected the annuity option.

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 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.

Other plans

Within other plans, Syngenta has recorded a one-time $33 million gain in 2014 for the settlement of its defined benefit obligation in the Netherlands. The revised pension plan meets the criteria for classification as a defined contribution plan.

22. Post-employment benefits continued

The status of Syngenta's defined benefit plans at December 31, 2014 and 2013 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, 2014 and 2013:

($m)	2014	2013
Benefit obligations		
January 1	**6,104**	5,777
Current service cost	**134**	124
Past service cost/(gain)	**(145)**	(37)
Curtailments and settlements	**(288)**	–
Employee contributions	**42**	41
Interest cost	**212**	201
Actuarial (gains)/losses:		
From changes in demographic assumptions	**22**	(30)
From changes in financial assumptions	**710**	115
From actual experience compared to assumptions	**49**	42
Benefit payments	**(218)**	(238)
Other movements	**(1)**	(14)
Currency translation effects	**(423)**	123
December 31	**6,198**	6,104
Of which arising from:		
Funded plans	**6,009**	5,915
Wholly unfunded plans	**189**	189

($m)	2014	2013
Plan assets at fair value		
At January 1	**5,994**	5,584
Actual return on plan assets	**497**	376
Employer contributions	**185**	131
Employee contributions	**42**	41
Benefit payments	**(218)**	(238)
Curtailments and settlements	**(256)**	–
Other movements	**(3)**	(11)
Currency translation effects	**(400)**	111
December 31	**5,841**	5,994

Actual return on plan assets can be analyzed as follows:

($m)	2014	2013
Interest on plan assets	**204**	193
Actuarial gains/(losses)	**293**	183
Total	**497**	376

($m)	2014	2013
Funded status	**(357)**	(110)
Effect of asset ceiling[1]	**(11)**	(13)
Net accrued benefit liability	**(368)**	(123)
Amounts recognized in the balance sheet:	**2014**	2013
Prepaid benefit costs (Note 14)	**8**	280
Accrued benefit liability	**(376)**	(403)
Net amount recognized	**(368)**	(123)

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

Of the accrued benefit liability for pensions of $376 million at December 31, 2014, $374 million is included in Note 19 as pension provisions and $2 million as restructuring provisions (2013: $400 million as pension; $3 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)	
2015	248
2016	251
2017	268
2018	274
2019	295
Years 2020–2024	1,563
Total 2015–2024	**2,899**

Syngenta's estimate of employer contributions to be paid to defined benefit plans in 2015 is $175 million. 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, fixed deficit recovery contributions of $40 million per year to 2019 were agreed with the UK pension plan Trustee during the 2012 valuation. In 2014, $40 million of deficit recovery contributions were paid. In 2013, $15 million of prepaid contributions carried forward at December 31, 2012 were offset against this commitment during 2013 and $25 million of fixed deficit recovery contributions were paid. Additional variable contributions of up to $25 million per year are also required to be paid if the actual percentage return on plan assets is less than the agreed assumption. No additional variable contributions were required to be made in 2014 or 2013 as the actual percentage return on plan assets during these years exceeded the agreed assumption in the applicable valuation.

Notes to the Syngenta Group Consolidated Financial Statements

22. Post-employment benefits continued

The fair values of assets and the 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, 2014	Switzerland	UK	USA	Other plans	Total	%
Investments quoted in active markets:						
Equities	509	406	186	27	1,128	19
Real estate funds	170	–	–	–	170	3
Bonds	805	648	346	28	1,827	31
Other assets	38	157	1	7	203	3
Unquoted investments:						
Equities	26	604	39	1	670	11
Real estate	23	87	–	–	110	2
Bonds	64	376	–	–	440	8
Other assets	329	446	187	–	962	17
Cash and cash equivalents	130	180	19	2	331	6
Fair value of assets	2,094	2,904	778	65	5,841	100
Benefit obligation	(2,141)	(3,032)	(794)	(231)	(6,198)	
of which: Active members	(1,321)	(559)	(423)			
Deferred members, pensioners and dependants	(820)	(2,473)	(371)			
Funded status	(47)	(128)	(16)	(166)	(357)	
Significant actuarial assumptions:						
Discount rate (%)	1.3	3.6	4.0	–	2.8	
Inflation (RPI) (%)	n/a	3.1	n/a			
Pensionable pay increase (%)	1.5	3.6	4.0			
Pension increase (%)	–	3.1	n/a			
Interest credit rate (%)	1.5	n/a	n/a			
Remaining life expectancy (years)						
male aged 63 in 2014	23.0	26.0	22.8			
female aged 63 in 2014	25.4	27.5	25.1			
male aged 63 in 2034	23.4	27.8	23.7			
female aged 63 in 2034	25.7	29.4	25.9			
Weighted average duration of benefit obligation (years)	21	17	11			

22. Post-employment benefits continued

At December 31, 2013	Fair value ($m, except assumptions) Switzerland	UK	USA	Other plans	Total	%
Investments quoted in active markets:						
Equities	439	403	221	48	1,111	19
Real estate funds	173	–	–	–	173	3
Bonds	866	605	314	29	1,814	30
Other assets	38	183	3	207	431	7
Unquoted investments:						
Equities	16	623	34	–	673	11
Real estate	–	13	–	1	14	–
Bonds	61	480	–	1	542	9
Other assets	345	403	153	–	901	15
Cash and cash equivalents	131	172	30	2	335	6
Fair value of assets	2,069	2,882	755	288	5,994	100
Benefit obligation	(1,880)	(3,075)	(687)	(462)	(6,104)	
of which: Active members	(1,132)	(742)	(383)			
Deferred members, pensioners and dependants	(748)	(2,333)	(304)			
Funded status	189	(193)	68	(174)	(110)	
Significant actuarial assumptions:						
Discount rate (%)	2.3	4.4	4.7	–	3.7	
Inflation (RPI) (%)	n/a	3.4	n/a			
Pensionable pay increase (%)	2.0	3.9	4.0			
Pension increase (%)	–	3.4	n/a			
Interest credit rate (%)	1.5	n/a	n/a			
Weighted average duration of benefit obligation (years)	**20**	**18**	**11**			

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, 2014 and 2013:

($m)	2014	2013
Current service cost	**134**	124
Past service cost/(gain)	**(145)**	(37)
Curtailments and settlements	**(32)**	–
Interest on the net defined benefit liability/(asset)	**7**	8
Net periodic benefit cost	**(36)**	95

Amounts recognized in OCI were as follows for the years ended December 31, 2014 and 2013:

($m)	2014	2013
Amounts recognized during the period:		
Actuarial (gains)/losses	**488**	(56)
Effect of asset ceiling	**2**	(41)

The sensitivity of the benefit obligation to the significant actuarial assumptions is discussed in Note 2 “critical accounting estimates”.

Other post-retirement benefits

Syngenta’s net liability for other post-retirement benefits at December 31, 2014 was $19 million (December 31, 2013: $11 million) which comprised a defined benefit obligation of $167 million (2013: $156 million) and plan assets of $148 million (2013: $145 million). $19 million is reported within Other post-retirement benefits provision in Note 19 (2013: $18 million) and $nil within Defined benefit post-employment benefit asset in Note 14 (2013: $7 million). Actuarial losses recognized in OCI for the period were $11 million (2013: actuarial gains of $39 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 2014 or 2013.

The assumed healthcare cost trend rate at December 31, 2014 was 7.2 percent, decreasing in each successive year from 2014 onwards, to reach an ultimate rate of 5.0 percent in 2021 (December 31, 2013: 7.2 percent decreasing to 5.0 percent in 2020).

23. Employee share participation plans

Employee and management share participation plans exist as follows. All plans are equity-settled except where stated.

Syngenta Long-Term Incentive Plan (LTI)

The Syngenta Long-Term Incentive Plan provides selected executives and key employees of Syngenta with the opportunity to obtain the right to purchase shares of Syngenta AG. The grant of options for Syngenta shares is at the discretion of the Compensation Committee, whose members are appointed by the Board of Directors of Syngenta.

The following table sets out share option activity under this plan during 2014 and 2013, including the equivalent American Depositary Shares (ADS) that are offered to Syngenta employees in the USA, and summarizes information about share options outstanding at December 31, 2014 and 2013.

	Exercise price	Exercise price	Outstanding at January 1	Granted	Exercised	Forfeited/ other	Outstanding at December 31	Exercisable	Remaining contractual life
	(CHF)	($ equivalent[1])			(thousands of options)				(years)
Year ended December 31, 2014									
Awarded in 2003	59.7	60.4	6.9	–	(6.9)	–	–	–	–
Awarded in 2004	89.3	90.3	10.6	–	(9.6)	(1.0)	–	–	–
Awarded in 2004	89.3	90.3	19.3	–	(12.0)	–	7.3	7.3	0.25
Awarded in 2005	127.4	128.8	30.4	–	(17.7)	–	12.7	12.7	0.25
Awarded in 2006	185.0	187.0	43.2	–	(8.8)	–	34.4	34.4	1.25
Awarded in 2007	226.7	229.2	54.5	–	(8.6)	–	45.9	45.9	2.25
Awarded in 2008	301.5	304.8	75.4	–	(10.6)	–	64.8	64.8	3.25
Awarded in 2009	233.4	236.0	129.1	–	(18.5)	(0.2)	110.4	110.4	4.25
Awarded in 2010	283.7	286.8	80.1	–	(10.0)	–	70.1	70.1	5.25
Awarded in 2011	308.7	312.1	172.6	–	(27.2)	(0.8)	144.6	144.6	6.25
Awarded in 2012	300.4	303.7	264.0	–	(8.1)	(7.7)	248.2	10.0	7.25
Awarded in 2013	391.4	395.7	257.8	–	–	(13.0)	244.8	9.5	8.25
Awarded in 2014	325.9	329.5	–	347.8	–	(7.6)	340.2	7.3	9.25
Total for year ended December 31, 2014			1,143.9	347.8	(138.0)	(30.3)	1,323.4	517.0	

	Exercise price	Exercise price	Outstanding at January 1	Granted	Exercised	Forfeited/ other	Outstanding at December 31	Exercisable	Remaining contractual life
	(CHF)	($ equivalent[2])			(thousands of options)				(years)
Year ended December 31, 2013									
Awarded in 2002	98.0	110.0	2.3	–	(0.3)	(2.0)	–	–	–
Awarded in 2003	59.7	67.0	1.9	–	(1.6)	(0.3)	–	–	–
Awarded in 2003	59.7	67.0	11.4	–	(4.5)	–	6.9	6.9	0.25
Awarded in 2004	89.3	100.2	26.8	–	(16.2)	–	10.6	10.6	0.25
Awarded in 2004	89.3	100.2	31.4	–	(12.1)	–	19.3	19.3	1.25
Awarded in 2005	127.4	143.0	44.5	–	(13.8)	(0.3)	30.4	30.4	1.25
Awarded in 2006	185.0	207.6	51.3	–	(7.8)	(0.3)	43.2	43.2	2.25
Awarded in 2007	226.7	254.4	68.2	–	(13.5)	(0.2)	54.5	54.5	3.25
Awarded in 2008	301.5	338.4	119.9	–	(44.3)	(0.2)	75.4	75.4	4.25
Awarded in 2009	233.4	262.0	173.9	–	(44.6)	(0.2)	129.1	129.1	5.25
Awarded in 2010	283.7	318.4	149.6	–	(69.5)	–	80.1	80.1	6.25
Awarded in 2011	308.7	346.5	180.3	–	(6.6)	(1.1)	172.6	3.2	7.25
Awarded in 2012	300.4	337.1	275.3	–	(8.5)	(2.8)	264.0	2.5	8.25
Awarded in 2013	391.4	439.3	–	260.6	–	(2.8)	257.8	0.2	9.25
Total for year ended December 31, 2013			1,136.8	260.6	(243.3)	(10.2)	1,143.9	455.4	

1 At the December 31, 2014 exchange rate
2 At the December 31, 2013 exchange rate

All fully vested options are exercisable.

Since the 2012 award, the closing share price on the SIX at the grant date has been used to set the equity grant value and exercise price.

23. Employee share participation plans continued

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. Options over ADSs are converted to US dollars at the exchange rate at the grant date, which may vary from the exchange rate at the exercise date. Standard options vest in full and are exercisable after completion of three years service and terminate after 10 or 11 years from the grant date. Vesting can occur after less than three years in particular circumstances including redundancy and retirement. None of the options vest on a pro rata basis during the vesting period.

The Long-Term Incentive Plan also grants 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) are rights to receive the equivalent number of Syngenta AG shares for no payment at the end of a three-year vesting period. RSUs do not carry rights to dividends and the grant date fair value is reduced to reflect this. None of the RSUs or equivalent ADSs vest on a pro rata basis during the vesting period.

The following table sets out RSU activity under this plan during 2014 and 2013 (including the equivalent restricted ADS for relevant Syngenta employees in the USA), and summarizes information about RSUs outstanding at December 31, 2014 and 2013.

RSUs	Grant date fair value	Grant date fair value	Outstanding at January 1	Granted	Distributed	Forfeited/ other	Outstanding at December 31	Remaining life
	(CHF)	($ equivalent[1])			(thousands of shares)			(years)
Year ended December 31, 2014								
Awarded in 2011	**287.4**	**302.9**	**74.4**	**–**	**(74.4)**	**–**	**–**	**–**
Awarded in 2012	**277.0**	**305.6**	**83.9**	**–**	**(5.2)**	**(2.7)**	**76.0**	**0.25**
Awarded in 2013	**359.7**	**389.0**	**74.8**	**–**	**(2.4)**	**(2.9)**	**69.5**	**1.25**
Awarded in 2014	**298.5**	**332.6**	**–**	**98.4**	**(0.9)**	**(1.9)**	**95.6**	**2.25**
Total for year ended December 31, 2014			**233.1**	**98.4**	**(82.9)**	**(7.5)**	**241.1**	
Year ended December 31, 2013								
Awarded in 2010	265.0	245.3	84.4	–	(84.4)	–	–	–
Awarded in 2011	287.4	302.9	80.7	–	(4.8)	(1.5)	74.4	0.25
Awarded in 2012	277.0	305.6	88.3	–	(2.4)	(2.0)	83.9	1.25
Awarded in 2013	359.7	389.0	–	77.3	(0.5)	(2.0)	74.8	2.25
Total for year ended December 31, 2013			253.4	77.3	(92.1)	(5.5)	233.1	

1 At the grant date exchange rate

Share option valuation assumptions

The fair value of options granted was measured using the Black-Scholes-Merton formula. The effect of early exercise has been incorporated into the model by using an estimate of the option's expected life rather than its contractual life. The measurement of fair value was not adjusted for any other feature of the option grant and no option grant was subject to a market condition.

The weighted average assumptions used in determining the fair value of options granted were as follows:

	2014	2013
Dividend yield	**2.8%**	2.7%
Volatility	**20.1%**	20.9%
Risk-free interest rate – shares (CHF)	**1.0%**	0.8%
Risk-free interest rate – ADSs ($)	**2.8%**	2.0%
Expected life	**7 years**	7 years
Exercise price (CHF per share)	**325.9**	391.4
Exercise price ($ equivalent per share[1])	**363.1**	423.3

1 At the grant date exchange rate

The dividend yield and volatility are management estimates for the life of the option, as no warrants or options over Syngenta AG shares for this period are widely traded. Both actual dividend yield and volatility may vary from the assumptions used above. The estimate of volatility takes into account the historical volatility of the Syngenta AG share price, and the implied volatilities of such longer dated warrants that have been traded in the market. The volatility assumption for 2014, as measured at the grant date, was based on the 120-month historical volatility of Syngenta AG shares on the SIX.

Notes to the Syngenta Group Consolidated Financial Statements

23. Employee share participation plans continued

Syngenta Deferred Share Plan

The Syngenta Deferred Share Plan provides selected senior executives with an opportunity to obtain shares of Syngenta AG. The plan entitles participants to defer part of their annual short-term incentive awards in favor of Syngenta shares and to receive matching shares according to the rules of the plan. The grant date value of a deferred share and the corresponding matching share is the Syngenta share price on the grant date adjusted for the absence of dividend entitlement during the deferral period. Shares are deferred for a period of three years starting on the grant date. At the end of the deferral period, Syngenta matches the deferred shares on a one-for-one basis. A mandatory part of the short-term incentive is allocated as deferred shares. Additional voluntary deferrals within the limits of the plan can be made at the discretion of the participants. Vesting can occur before the end of three years in particular circumstances including retirement. None of the shares vest on a pro rata basis during the vesting period.

The following table sets out activity under this plan during 2014 and 2013 including the equivalent ADSs that are offered to Syngenta employees in the USA:

	Outstanding at January 1	Granted	Distributed	Outstanding at December 31	Remaining life
		(thousands of shares)			(years)
Year ended December 31, 2014					
Awarded in 2011	**25.0**	**–**	**(25.0)**	**–**	**–**
Awarded in 2012	**51.5**	**–**	**(5.6)**	**45.9**	**0.25**
Awarded in 2013	**26.7**	**–**	**(2.0)**	**24.7**	**1.25**
Awarded in 2014	**–**	**1.3**	**(0.1)**	**1.2**	**2.25**
Total for year ended December 31, 2014	**103.2**	**1.3**	**(32.7)**	**71.8**	
Year ended December 31, 2013					
Awarded in 2010	19.2	–	(19.2)	–	–
Awarded in 2011	27.0	–	(2.0)	25.0	0.25
Awarded in 2012	54.0	–	(2.5)	51.5	1.25
Awarded in 2013	–	26.9	(0.2)	26.7	2.25
Total for year ended December 31, 2013	100.2	26.9	(23.9)	103.2	

At the end of the deferral period, employees would be entitled to the following additional shares:

	Grant date fair value (CHF)	Grant date fair value ($ equivalent[1])	Thousands of shares
Awarded in 2012	277.0	305.6	45.9
Awarded in 2013	359.7	389.0	24.7
Awarded in 2014	**298.5**	**332.6**	**1.2**
Total			**71.8**

1 At the grant date exchange rate

None of these shares are vested as at December 31, 2014.

Employee share purchase plans

Syngenta has employee share purchase plans in various countries, which entitle 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 vest immediately and are subject to blocking periods of between two and three years, with the exception of the UK plan, for which completion of three years' service is required before vesting. Maximum annual subscription amounts per employee vary between $500 and $3,000. In 2014, a total of 73,840 (2013: 68,086) shares were subscribed under these plans and settled through a release of treasury shares.

23. Employee share participation plans continued

Compensation expense

The compensation expense associated with employee share participation plans, which is measured indirectly by reference to the fair value of the equity instruments granted, is as follows for the years ended December 31, 2014 and 2013:

($m)	2014	2013
Long-Term Incentive Plan	42	39
Deferred Share Plan	7	26
Employee Share Purchase Plans	14	15
Total	63	80

Other information regarding the plans is as follows:

	2014	2013
Weighted average fair value of options granted during year (CHF per option)	46.4	57.0
Weighted average fair value of options granted during year ($ equivalent per option[1])	51.3	62.6
Weighted average share price at exercise date for options exercised during year (CHF per option)	329.4	390.2
Weighted average share price at exercise date for options exercised during year ($ equivalent per option[2])	366.3	421.2

Fair value of shares granted during year:		
Deferred Share Plan (CHF per unit) – combined value of basic and matching share award	597.0	719.4
Deferred Share Plan ($ equivalent per unit[1]) – combined value of basic and matching share award	665.2	778.1
Employee Share Purchase Plans (CHF per share)	166.6	180.2
Employee Share Purchase Plans ($ equivalent per share[1])	177.3	206.6
Employee Share Purchase Plan ($ per ADS)	21.8	26.2

Cash received from exercise of options and subscription for shares ($m)	53	83

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

Syngenta has a policy of utilizing treasury shares to satisfy share option exercises and to meet share subscriptions and entitlements.

24. Transactions and agreements with related parties

Key management personnel are considered to be the members of the Syngenta Executive Committee and the Board of Directors (“Board”). Their compensation is as follows for the years ended December 31, 2014 and 2013:

($m)	2014	2013
Fees, salaries and other short-term benefits	12	13
Post-employment benefits	2	2
Share based compensation	12	15
Total	26	30

Members of the Syngenta Executive Committee and Board of Directors receive their cash compensation in Swiss francs. 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, 2014 is 0.91 (2013: 0.93).

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 Note 29, 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.

Members of the Board, excluding the Chairman and the Chief Executive Officer, are 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, choose between blocked shares or freely tradable shares. The Chairman receives a fixed part of his compensation in the form of blocked shares. Under these plans, members of the Board were allocated a total of 2,644 shares in lieu of cash compensation. These shares vest immediately and had a combined fair value at grant of $1 million (2013: $1 million).

Detailed disclosures regarding executive remuneration required by Swiss Company Law are included in the Syngenta Corporate Governance Report.

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

Notes to the Syngenta Group Consolidated Financial Statements

25. Commitments and contingencies

Commitments

Minimum future lease payments at December 31, 2014 for finance leases are $74 million (2013: $61 million), of which $21 million is due within one year (2013: $20 million), $41 million after more than one but less than five years (2013: $30 million) and $12 million thereafter (2013: $11 million).

Fixed-term, non-cancelable operating lease commitments total $91 million at December 31, 2014 (2013: $99 million) of which $28 million is due within one year (2013: $26 million), $55 million after more than one and less than five years (2013: $61 million) and $8 million thereafter (2013: $12 million). Operating lease payments relate to leases of buildings, office equipment and vehicles. Operating lease expense in 2014 is $33 million (2013: $32 million).

Commitments for the purchase of property, plant and equipment at December 31, 2014 are $188 million (2013: $279 million).

At December 31, 2014 and 2013, Syngenta has 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:

	2014		2013	
($m)	Materials purchases	Other	Materials purchases	Other
Within one year	511	69	406	58
From one to two years	136	30	241	28
From two to three years	76	21	64	25
From three to four years	161	18	154	14
From four to five years	12	12	17	15
After more than five years	45	28	11	50
Total	941	178	893	190

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 in Note 19. 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 762 lawsuits (as of January 28, 2015) 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 U.S. before those products obtained import approval from China. Of the 762 lawsuits, 696 of the lawsuits were filed by individual plaintiffs (growers of non-MIR162 corn and exporters such as Cargill and Archer Daniels Midland), and 66 by putative classes of both growers of non-MIR162 corn and of exporters and others affected. 545 of the lawsuits were originally filed in federal court. Of the 217 lawsuits originally filed in state court, Syngenta has removed or is in the process of removing all of those cases to federal court. Plaintiffs in several of the removed cases have sought remand to state court. Syngenta successfully defeated a motion to remand in two of those cases while other remand motions remain pending. On December 11, 2014, the Judicial Panel on Multidistrict Litigation ordered the consolidation of federal cases in the District of Kansas for coordinated or consolidated pre-trial proceedings under the multi-district litigation process ("MDL"). This order also applies to cases that were removed from state court to federal court, although those plaintiffs can and will continue to seek remand by arguing in the MDL in Kansas that those cases should be returned to their state courts of origin for jurisdictional reasons. The causes of action referred to in the lawsuits generally include product liability, negligence, tortious interference, public nuisance and trespass to chattels. The allegations include claims that Syngenta issued misleading statements concerning the status of or timetable for approval of import of VIPTERA™ corn into China and that the public had a right to expect that corn sold to the general public was free from "contamination" with VIPTERA™ corn. Certain members of management have been named as defendants in one of the lawsuits. The Cargill lawsuit refers to damages of in excess of $90 million and one of the exporter lawsuits specifies damages of $41 million. The cases are at an early stage and no trial date has been set. Syngenta strongly believes that the claims in these cases are without merit and will vigorously defend the lawsuits, and is assessing the scope for potential counterclaims.

Notes to the Syngenta Group Consolidated Financial Statements

25. Commitments and contingencies continued

Canada Beekeeper Lawsuits

In September 2014, a claim was filed in Ontario, Canada by two 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 ($345 million at the December 31, 2014 exchange rate) general and 50 million Canadian dollars ($43 million at the December 31, 2014 exchange rate) punitive damages. The pleadings in the Ontario proceedings have subsequently been 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) have filed appearances in the proceedings. Subject to any preliminary motions, the next step in these proceedings will be a certification motion brought by the 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 specialised 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. No case management judge has yet been appointed in the Quebec proceedings and no date has been scheduled for the Motion for Authorization. Syngenta believes the claims in these cases are without merit and will vigorously defend the lawsuits.

Atrazine related litigation

In August, 2013, a personal injury Complaint relating to atrazine was filed under seal in the Circuit Court for the Twentieth Judicial Circuit, St Clair County, Illinois, on behalf of an unnamed minor (the case being brought under the alias James Doe) 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 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. Documentary fact discovery in the litigation opened in March 2014 and is continuing. The claims in the lawsuit have no grounding in fact or science and Syngenta 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. 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 17 for other taxes.

Environmental matters

It is reasonably possible that Syngenta may be required to make expenditures in excess of the established provisions that are reported in Note 19 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.

Other matters

In 2011, Syngenta had been asked to provide information to US regulatory authorities concerning possible violations of applicable anti-corruption laws in Russia. The US regulatory authorities have concluded their investigation and recommended no further action.

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.

26. Principal currency translation rates

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

	2014 per $	2013 per $
Swiss franc	**0.99**	0.89
British pound sterling	**0.64**	0.61
Euro	**0.82**	0.73
Brazilian real	**2.66**	2.34

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

	2014 per $	2013 per $
Swiss franc	**0.91**	0.93
British pound sterling	**0.61**	0.64
Euro	**0.75**	0.75
Brazilian real	**2.35**	2.16

27. 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, except for interest rate swaps where the average strike US dollar rate is 3.5 percent.

			Fair value of outstanding derivatives[1]		Maturity profile in $m				Average strike/price
2014 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	5,670	136	(90)	30	13	3	–	–
Trading transaction – uncommitted	CF	1,667	45	(60)	7	(22)	–	–	–
Trading transaction – uncommitted	M2M	–	–	–	–	–	–	–	–
Issued financial debt and interest	CF	2,316	–	(200)	–	(25)	(66)	(109)	–
Interest rate risk	FV	500	26	–	–	–	–	26	3.5%
Commodity price risk									
Gas[2]	CF	13	–	(3)	(1)	(2)	–	–	–
Soft commodities[3]	M2M	189	36	–	22	14	–	–	–
Soft commodities[4]	CF	3	2	–	–	2	–	–	–
Total		10,358	245	(353)	58	(20)	(63)	(83)	

1 The fair values of derivatives are reported in the consolidated Balance Sheet as shown in Note 28
2 3,176,070 million British thermal units
3 Mainly 1,331,575 lbs of coffee
4 595,000 bushels of soybean

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).

27. Risk management of financial risks continued

For those transactions which are not designated for hedge accounting purposes, the gains and losses on those hedging instruments for the year 2014 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 2014 is a loss of $23 million (2013: gain of $1 million).
- Commodity derivative contracts that are effective economic hedges of the anticipated purchases of raw materials or purchases, principally purchases related to corn in North America and corn and soybean in Latin America, and the resale of various crops in barter arrangements. The amount recorded in profit or loss in respect of these derivatives in 2014 is a loss of $4 million (2013: loss of $13 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.

Notes to the Syngenta Group Consolidated Financial Statements

27. Risk management of financial risks continued

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, 2014 Value-at-Risk			December 31, 2013 Value-at-Risk		
Underlying currency (1-month holding period)	Gross impact	Net impact	Risk reduction	Gross impact	Net impact	Risk reduction
Swiss franc	47	15	69%	114	1	99%
Brazilian real	54	–	100%	55	6	89%
British pound sterling	36	6	84%	30	2	93%
Rest of world	121	27	78%	169	24	86%
Total undiversified	258	48	81%	368	33	91%
Diversification	(178)	(33)	82%	(258)	(25)	90%
Net VaR	80	15	81%	110	8	93%

At December 31, 2014, the Value-at-Risk for a one month holding period, after hedges, at a 99 percent confidence level was $15 million (December 31, 2013: $8 million).

The largest exposures arise in Swiss franc, Brazilian real 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 cash flows are highly probable future cash flows from expected 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 cash flows and operating income forecasted to result from these transactions. 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. 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 the amounts of cash flows 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, 2014 Earnings-at-Risk			December 31, 2013 Earnings-at-Risk		
Underlying currency (12-month holding period)	Gross impact	Net impact	Risk reduction	Gross impact	Net impact	Risk reduction
Swiss franc	192	110	43%	157	99	37%
Brazilian real	79	75	5%	172	138	20%
Russian ruble	52	52	–	14	14	–
Euro	46	47	(1)%	38	41	(8)%
British pound sterling	26	14	48%	29	25	14%
Rest of world	193	175	9%	153	142	7%
Total undiversified	588	473	20%	563	459	18%
Diversification	(373)	(315)	16%	(296)	(262)	11%
Net EaR	215	158	27%	267	197	26%

27. Risk management of financial risks continued

At December 31, 2014, the total potential adverse movement for 2015 net transactional flows after hedges relative to year-end, at a 99 percent confidence level, was $158 million (December 31, 2013: $197 million).

The net resulting Earnings-at-Risk figures at December 31, 2014 decreased compared with December 31, 2013 mainly due to increased hedging activities and an improvement in the portfolio diversification properties. Earnings-at-Risk exposures are greatest for 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. In addition, the Russian ruble has emerged as a key risk currency for Syngenta given the size of the business and the recent ruble volatility. At December 31, 2014, Syngenta had no hedging in place for the ruble. Syngenta intends to manage the risk associated with ruble volatility principally by setting sales prices locally based on an underlying price list in US dollars while keeping the risk limits and hedging opportunities for its current and expected short ruble position under regular review.

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, 2014 or 2013. 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 2014 and 2013.

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

($m)	December 31, 2014 Value-at-Risk	December 31, 2013 Value-at-Risk
Currency of net investment in subsidiary (1-month holding period)	**Gross impact**	Gross impact
Brazilian real	**139**	107
Swiss franc	**102**	286
Euro	**31**	29
British pound sterling	**44**	61
Rest of world	**123**	114
Total undiversified	**439**	597
Diversification	**(222)**	(182)
Net VaR	**217**	415

At December 31, 2014, the Value-at-Risk for a one month holding period at a 99 percent confidence level was $217 million (December 31, 2013: $415 million). The Value-at-Risk at December 31, 2014 decreased compared with December 31, 2013 because the proportion of consolidated equity denominated in CHF decreased following a change in the currency of certain intercompany financing balances and the resulting change in the functional currency of one Syngenta subsidiary. This reduces Syngenta's exposure to CHF translation risk.

The two largest single currency exposures arise in the Swiss franc and Brazilian real, 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 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 derivative instruments allowed to manage the risk are interest rate swaps 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, 2014, 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 $6 million (2013: $12 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, 2014 and 2013.

Notes to the Syngenta Group Consolidated Financial Statements

27. Risk management of financial risks continued

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.

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, 2014, there was no hedge protection in place for oil for 2015 (December 31, 2013: no hedge protection in place for oil for 2014). 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, 2014, 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, 2014 Earnings-at-Risk			December 31, 2013 Earnings-at-Risk		
Soft commodities	Gross impact	Net impact	Risk reduction	Gross impact	Net impact	Risk reduction
Total undiversified[1]	30	27	12%	54	35	35%

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, 2014 to $27 million (December 31, 2013: $35 million). The decrease in net risk in 2014 is mainly due to lower exposure volumes.

Derivatives and hedge accounting

In accordance with the transitional requirements of IFRS 9, information for 2014 below is in accordance with IFRS 9 and comparative information for 2013 is in accordance with IAS 39, as previously applied by Syngenta.

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 the hedging instruments is sufficiently aligned, there is no inherent mismatch in the hedging relationship and a 100% hedge ratio applies both for the actual quantities hedged and for the hedge accounting, except as described below.

For the hedging of FX 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 that 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, 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 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% is observed for the whole group of transactions.

27. Risk management of financial risks continued

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

Risk	Accounting treatment	Potential sources of ineffectiveness	Effectiveness assessment Method	Effectiveness assessment 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 year ended December 31, 2014 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, 2014 are as follows:

Risk ($m)	Carrying amount of hedged item – Liabilities	Accumulated amount of fair value adjustment – Liabilities
Interest rate risk – for continuing hedging relationships	519	(22)
Interest rate risk – for hedged items that have ceased to be adjusted	683	(12)
Total	**1,202**	**(33)**

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.

Cash flow hedges

The gains/(losses) on derivative instruments recognized into and classified out of the cash flow hedge reserve during the year ended December 31, 2014 were as follows:

2014 ($m)	Continuing hedging relationships: Foreign exchange risk: Trading transaction – uncommitted	Continuing hedging relationships: Foreign exchange risk: Issued financial debt and interest	Continuing hedging relationships: Commodity price risk: Gas	Continuing hedging relationships: Commodity price risk: Soft commodities	Subtotal	Hedge accounting no longer applied: Foreign exchange risk – translation	Hedge accounting no longer applied: Issued financial debt and interest	Subtotal	Total
Opening balance	63	(69)	1	15	10	(73)	6	(67)	(57)
Income taxes	27	(25)	–	3	5	–	–	–	5
(Losses)/gains recognized in OCI	(21)	(243)	(3)	(6)	(273)	4	(16)	(12)	(285)
Reclassifications to profit or loss:									
Cost of goods sold	–	–	(1)	2	1	–	–	–	1
General and administrative	(38)	–	–	–	(38)	–	–	–	(38)
Financial expense, net	–	277	–	–	277	–	8	8	285
Closing balance	**31**	**(60)**	**(3)**	**14**	**(18)**	**(69)**	**(2)**	**(71)**	**(89)**

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, and in Financial expense, net for hedges of committed foreign currency monetary items and for hedges of interest rate risk.

27. Risk management of financial risks continued

Comparative amounts for 2013

The following table shows fair values, notional amounts and maturities of Syngenta's derivative financial instruments held at December 31, 2013, classified by the individual risks being hedged and the applied accounting treatment:

	Fair value		Notional amounts					
2013 ($m)	Positive	Negative	<90 days	90 – 180 days	180 days – 1 year	1 – 5 years	>5 years	Total
Foreign exchange and interest rate risk:								
Cash flow hedges	99	(21)	378	1,082	460	641	–	2,561
Fair value hedges	1	–	–	–	–	–	500	500
Undesignated	133	(54)	5,397	761	176	10	–	6,344
Total foreign exchange and interest rate risk	233	(75)	5,775	1,843	636	651	500	9,405
Commodity price risk:								
Cash flow hedges	3	–	4	5	6	–	–	15
Undesignated	12	–	76	19	52	–	–	147
Total commodity price risk	15	–	80	24	58	–	–	162

Gains/(losses) on fair value hedges recognized in profit or loss for the year ended December 31, 2013 were as follows:

($m)	2013
Total gains/(losses) from hedging instruments	5
Underlying hedged items	(5)

Gains/(losses) on derivative instruments recognized as cash flow hedges and hedges of net investments in foreign operations during the year ended December 31, 2013 were as follows:

	2013		
($m)	Foreign exchange and interest rate	Commodity risk	Net investment hedges
Opening balance of (losses)/gains recognized in OCI	(5)	18	(72)
Income taxes	(13)	2	–
(Losses)/gains recognized in OCI	(8)	1	(1)
(Gains)/losses removed from OCI and recognized in profit or loss:			
Cost of goods sold	–	(4)	–
General and administrative	5	–	–
Financial expense, net	21	–	–
Closing balance of gains/(losses) recognized in OCI	–	17	(73)

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 28.

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, 2014, 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, 2014 and 2013.

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 certain 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 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, 2014, an asset amounting to $160 million (2013: $1 million), and a liability amounting to $14 million (2013: $49 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, 2014 and 2013 of the risk of default by financial counterparties was not material.

The credit risk to operational assets is partially mitigated through commercial activities, which include barter operations and cash sales incentives.

27. Risk management of financial risks continued

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, 2014 and 2013. Syngenta's rights under these arrangements would become enforceable in the event of a future default of the respective counterparty.

($m)	2014 Assets	Liabilities	2013 Assets	Liabilities
Gross recognized derivative financial instrument fair values	**245**	**(353)**	249	(75)
Amounts offset in consolidated balance sheet	**–**	**–**	–	–
Net amounts per consolidated balance sheet	**245**	**(353)**	249	(75)
Amounts subject to conditional set-off rights but not offset in consolidated balance sheet:				
ISDA Master netting agreements for derivative financial instruments:	**(135)**	**135**	(72)	72
Collateral (received) / paid by Syngenta under CSA agreements	**(14)**	**160**	(49)	1
Net amounts in the event that all conditional set-off rights are applied	**96**	**(58)**	128	(2)

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 is 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 supported by a $1.5 billion committed, revolving, multi-currency syndicated credit facility. In 2014, the credit facility was extended by one year and will now mature in 2019. There were no amounts drawn under the Global Commercial Paper program at December 31, 2014 (2013: $250 million). The average outstanding balance under the Global Commercial Paper program for the year 2014 was $360 million (2013: $569 million).

The maturity analyses for Syngenta's current financial liabilities other than short-term derivative liabilities are presented in Notes 15 to 17.

The maturities of short term derivative and other financial liabilities are as follows:

($m)	Total	0–90 days	90–180 days	180 days–1 year
2014	**178**	**78**	**73**	**27**
2013	124	102	20	2

Long-term financing

Long-term capital employed is currently financed through seven unsecured bonds, one unsecured floating rate note, and unsecured notes issued under the Note Purchase Agreement in the US Private Placement market. During 2014, the 4 percent Eurobond 2014 with the principal of EUR 500 million matured.

During 2014, Syngenta issued five unsecured non-current bonds denominated in Euro and Swiss franc with varying maturities and notional amounts under the Euro Medium Term Note (EMTN) program. The issuances in the Swiss market consisted of a 5 year CHF 350 million security with a fixed interest rate of 0.75 percent, a 10 year CHF 250 million security with a fixed interest rate of 1.63 percent, and a 15 year CHF 150 million security with a fixed interest rate of 2.13 percent. The Euro-denominated debt consisted of a 7 year EUR 500 million security with a fixed interest rate of 1.88 percent and a 3 year EUR 250 million floating rate note with a 0.025 percent interest mark-up on EURIBOR.

Notes to the Syngenta Group Consolidated Financial Statements

27. Risk management of financial risks continued

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, 2014 and 2013. 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)			
2014 ($m)	Fixed rate interest	Variable rate interest	Principal repayment	Total	Fixed rate interest	Variable rate interest	Repayment[1]	Total
Less than 1 year	69	2	608	679	18	2	33	53
1-3 years	123	4	304	431	51	10	41	102
3-5 years	122	–	354	476	51	–	42	93
5-10 years	198	–	1,436	1,634	68	–	87	155
More than 10 years	269	–	577	846	21	–	18	39
Total payments	781	6	3,279	4,066	209	12	221	442
Net carrying amount				3,302				201

	Non-derivative financial liabilities (Unsecured bonds and notes)				Derivative financial liabilities (Interest rate and cross-currency swaps)			
2013 ($m)	Fixed rate interest	Variable rate interest	Principal repayment	Total	Fixed rate interest	Variable rate interest	Repayment[1]	Total
Less than 1 year	82	–	688	770	6	–	12	18
1-3 years	89	–	688	777	–	–	–	–
3-5 years	80	–	–	80	–	–	–	–
5-10 years	161	–	574	735	–	–	–	–
More than 10 years	274	–	425	699	–	–	–	–
Total payments	686	–	2,375	3,061	6	–	12	18
Net carrying amount				2,380				19[1]

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, 2014 and 2013, 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 a solid 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. Syngenta manages capital by monitoring levels of net debt, as calculated below, and equity against targets. Capital is returned to shareholders primarily through dividend payments, with the aim of continuous dividend growth, complemented by tactical share repurchases.

The net debt to equity ratio was 27 percent at December 31, 2014 (24 percent at December 31, 2013).

The components of net debt at December 31, 2014 and 2013 are as follows:

($m)	2014	2013
Current financial debt	1,137	1,467
Non-current financial debt	2,752	1,739
Cash and cash equivalents	(1,638)	(902)
Marketable securities[1]	(3)	(4)
Financing-related derivatives[2]	175	(35)
Net debt at December 31	2,423	2,265

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

2 Included within 'Derivative and other financial assets' and 'Financial and other non-current assets' or 'Current financial debt and other financial liabilities' and 'Financial debt and other non-current liabilities'

28. 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, 2014 and 2013. The fair value hierarchy level is shown for those financial assets and liabilities that are carried at fair value in the balance sheet.

	Carrying amount (based on measurement basis)				
2014 ($m)	Amortized cost	Fair value level 1	Fair value level 2[1]	Total[1]	Comparison fair value
Cash and cash equivalents	1,638	–	–	1,638	1,638[2]
Trade receivables, net:					
At amortized cost	3,507	–	–	3,507	3,507[2]
Mandatorily measured at fair value through profit or loss	–	–	191	191	191
Total				3,698	3,698
Other accounts receivable:					
Financial assets	321	–	–	321	321[2]
Non-financial assets	–	–	–	426	–[3]
Total				747	
Derivative and other financial assets:					
Derivative financial assets[4]	–	5	212	217	217
Other current financial assets	160	–	–	160	160[2]
Total				377	377
Financial and other non-current assets:					
Loans and receivables	237	–	7	244	261[5]
Equity investments at fair value through OCI	–	5	66	71	71
Other, not carried at fair value	–	–	–	77	–[3]
Derivative financial assets[4]	–	–	28	28	28
Total				420	
Trade accounts payable:	3,472	–	–	3,472	3,472[2]
Current financial debt and other financial liabilities:					
Non-derivative financial liabilities	1,151	–	–	1,151	1,151[2]
Derivative financial liabilities[4]	–	1	177	178	178
Total				1,329	
Other current liabilities:					
Financial liabilities	258	–	–	258	258[2]
Non-financial liabilities	–	–	–	726	–[3]
Total				984	
Financial debt and other non-current liabilities:					
Non-derivative financial liabilities	2,766	–	–	2,766	2,877[6]
Derivative financial liabilities[4]	–	–	175	175	175
Non-financial liabilities	–	–	–	35	–[3]
Total				2,976	

1 The totals for equity investments at fair value through OCI include $66 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. Gains, losses, additions to and disposals of these investments were immaterial

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. Of the total fair value disclosed, $136 million represents a level 2 fair value measurement because credit risk was determined from yields on actively traded bonds issued by the counterparty, and $125 million, which is due from counterparties that have not issued traded bonds, 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 $127 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

Notes to the Syngenta Group Consolidated Financial Statements

28. Financial assets and liabilities continued

2013 ($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	902	–	–	902	902[2]
Trade receivables, net:					
At amortized cost	3,302	–	–	3,302	3,302[2]
Mandatorily measured at fair value through profit or loss	–	–	143	143	143
Total				3,445	3,445
Other accounts receivable:					
Financial assets	462	–	–	462	462[2]
Non-financial assets	–	–	–	517	–[3]
Total				979	
Derivative and other financial assets:					
Derivative financial assets[4]	–	6	187	193	193
Other current financial assets	2	–	–	2	2[2]
Total				195	195
Financial and other non-current assets:					
Loans and receivables	296	–	–	296	303[5]
Equity investments at fair value through OCI	–	5	113	118	118
Non-financial assets	–	–	–	349	–[3]
Derivative financial assets[4]	–	–	56	56	56
Total				819	
Trade accounts payable:	3,817	–	–	3,817	3,817[2]
Current financial debt and other financial liabilities:					
Non-derivative financial liabilities	1,516	–	–	1,516	1,516[2]
Derivative financial liabilities[4]	–	–	75	75	75
Total				1,591	
Other current liabilities:					
Financial liabilities	306	–	–	306	306[2]
Non-financial liabilities	–	–	–	667	–[3]
Total				973	
Financial debt and other non-current liabilities:					
Financial liabilities	1,743	–	–	1,743	1,794[6]
Non-financial liabilities	–	–	–	53	–[3]
Total				1,796	

1 The totals for equity investments at fair value through OCI include $80 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. Gains, losses, additions to and disposals of these investments were immaterial
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. Of the total fair value disclosed, $208 million represents a level 2 fair value measurement because credit risk was determined from yields on actively traded bonds issued by the counterparty, and $141 million, which is due from counterparties that have not issued traded bonds, 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 $153 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

28. Financial assets and liabilities continued

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 is 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 2014, one equity shareholding of $35 million was reclassified from level 2 to level 1 (2013: no transfers). Part of this shareholding was then sold for $13 million.

There were no transfers during the years ended December 31, 2014 and 2013 between level 1 and level 2 of the fair value hierarchy or between the fair value and amortized cost categories, except as described above. There were no transfers during the years ended December 31, 2014 and 2013 into or out of level 3 of the fair value hierarchy.

Income, expense, gains and losses relating to financial instruments recognized in profit or loss during the years ended December 31, 2014 and 2013 are as follows:

2014 ($m)	Amortized cost loans and receivables[1]	Equity investments at fair value through OCI	Derivative assets and liabilities	Liabilities carried at amortized cost	Total
Recognized within Financial expense, net[2]:					
Interest income	152	–	–	–	152
Interest expense	(6)	–	(18)	(171)	(195)
Currency gains/(losses), net	–	–	(139)	–	(139)
Recognized within Operating income:					
Impairment charges	(67)	–	–	–	(67)
Total	**79**	**–**	**(157)**	**(171)**	**(249)**

2013 ($m)	Amortized cost loans and receivables[1]	Equity investments	Derivative assets and liabilities	Liabilities carried at amortized cost	Total
Recognized within Financial expense, net[2]:					
Interest income	120	–	–	–	120
Interest expense	(5)	–	(8)	(151)	(164)
Currency gains/(losses), net	–	–	(134)	–	(134)
Recognized within Operating income:					
Impairment charges	(33)	(11)	–	–	(44)
Total	82	(11)	(142)	(151)	(222)

1 Includes immaterial amounts relating to financial assets designated as at fair value through profit or loss
2 Financial expense, net also includes $35 million of bank charges (2013: $22 million)

Reported gains and (losses) recognized in OCI on revaluation of equity investments that were designated at fair value through OCI on adoption of IFRS 9 were $(33) million and $17 million for the years ended December 31, 2014 and 2013, respectively.

29. New IFRSs and accounting policies

Other new IFRSs

Syngenta has adopted the following new or revised IFRSs from January 1, 2014. Except where stated otherwise, these IFRSs have not been early adopted and their adoption had no impact on these consolidated financial statements:

With effect from January 1, 2014, Syngenta has early adopted IFRS 9, "Financial Instruments" (December 2013), which comprises revised requirements for financial asset and liability classification and measurement, and for hedge accounting. IFRS 9 was published in stages and the version early adopted by Syngenta is not the complete and final version of IFRS 9 published in July 2014.

As a result of adopting the classification and measurement requirements of the December 2013 version of IFRS 9:

– on transition to IFRS 9, Syngenta has designated its financial assets that are equity financial instruments, principally the portfolio managed by its ventures business unit, as at fair value through other comprehensive income. As a result, all changes in the fair value of these investments are 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 for these investments than presenting those gains and losses within profit or loss. These investments were previously accounted for as available-for-sale financial assets in accordance with IAS 39. Their total fair value at December 31, 2014 was $71 million (December 31, 2013: $118 million). None of these equity investments are individually material. IFRS 9 requires this accounting change to be applied retrospectively but without restatement of the comparative amounts presented in the consolidated income statement and statement of comprehensive income. Its effect on prior period information, had it been presented, would have been immaterial to the consolidated financial statements.

– trade receivables which contain a foreign exchange rate option are required to be measured at fair value through profit or loss in accordance with IFRS 9 whereas they were previously designated at fair value through profit or loss under the IAS 39 fair value option. This change had no effect on the consolidated financial statements.

At January 1, 2014, all classes of financial assets and financial liabilities had the same carrying amounts in accordance with IAS 39 and IFRS 9. The measurement categories of each material class of financial assets and liabilities set out in Note 28 were as follows at January 1, 2014 in accordance with IAS 39 and IFRS 9:

	IAS 39 measurement category	IFRS 9 measurement category	Carrying amount ($m)
Financial assets			
Trade receivables			
Containing embedded foreign currency options	**Designated at fair value through P&L**	**At fair value through P&L**	**143**
Other	**Loans and receivables**	**At amortized cost**	**3,302**
Total trade receivables			**3,445**
Other accounts receivables	**Loans and receivables**	**At amortized cost**	**462**
Derivative financial assets			
Current	**At fair value through P&L[1]**	**At fair value through P&L[1]**	**193**
Non-current	**At fair value through P&L[1]**	**At fair value through P&L[1]**	**56**
Equity investments	**Available-for-sale**	**At fair value through OCI**	**118**
Other non-current financial assets	**Loans and receivables**	**At amortized cost**	**293**
Financial liabilities			
Trade accounts payable	**At amortized cost**	**At amortized cost**	**3,817**
Other accounts payable	**At amortized cost**	**At amortized cost**	**306**
Derivative financial liabilities – current	**At fair value through P&L[1]**	**At fair value through P&L[1]**	**75**
Current financial debt	**At amortized cost**	**At amortized cost**	**1,516**
Non-current financial debt	**At amortized cost**	**At amortized cost**	**1,743**

1 Certain derivatives are subject to cash flow hedge accounting as disclosed in Note 27

Syngenta has applied the revised hedge accounting guidance to its hedging relationships prospectively with effect from January 1, 2014, with no material impact on the financial statements. All hedge accounting relationships designated under the previous IAS 39 guidance have continued to be valid hedge accounting relationships in accordance with IFRS 9. The impact of changes to hedge effectiveness testing and to accounting for cash flow hedges and for the time value of options was not material.

29. New IFRSs and accounting policies continued

Syngenta has also adopted the following new or revised IFRSs from January 1, 2014. These IFRSs have not been early adopted and their adoption had no material impact on these consolidated financial statements:

– “Offsetting Financial Assets and Financial Liabilities”, Amendments to IAS 32. The amendments permit financial assets and financial liabilities to be offset against each other for balance sheet presentation only where a currently existing, legally enforceable, unconditional right of offset applies to all counterparties of the financial instruments in all situations, including both normal operations and insolvency.

– IFRIC 21 “Levies” contains guidance on when to recognize the liability for a government levy.

– “Derivative Novation: Continuation of Hedge Accounting”, Amendments to IAS 39.

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. The July 2014 version of IFRS 9 is the complete and final version and contains certain revisions to the financial asset classification and measurement requirements in the December 2013 version early adopted by Syngenta, 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, 2014, Syngenta does not believe these revisions will have a material impact on its consolidated financial statements. The July 2014 version of IFRS 9 also contains requirements for financial asset impairment that will replace the currently applicable equivalent IAS 39 guidance. Under the new impairment requirements, Syngenta will record allowances for expected credit losses on its financial assets. Syngenta’s largest category of financial assets is its trade receivables, which, except for immaterial amounts, 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. This may result in earlier recognition of loss allowances, because under the current guidance credit losses are not recognized until they are incurred. IFRS 9 (July 2014) is effective January 1, 2018 and the new impairment requirements must be applied retrospectively, but restatement of prior periods upon adoption is not required. Syngenta is assessing the impact that the new impairment requirements will have on its financial statements. However, it is not possible at this time to assess whether that impact is likely to be material.

– IFRS 15 “Revenue from Contracts with Customers” was published in May 2014, and contains a single comprehensive set of requirements for the recognition of revenue. Under IFRS 15, reported revenue will represent the transfer of promised goods or services to customers in an amount that reflects the consideration to which Syngenta expects to be entitled in exchange for those goods or services. The recognition 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. Each licensing contract Syngenta enters into has unique terms and certain licensing contracts may involve significant upfront or milestone payments. Syngenta must adopt IFRS 15 by January 1, 2017 at the latest. IFRS 15 allows transition either by retrospective application to and restatement of prior periods or by a one-time catch-up adjustment to retained earnings at the start of the period in which IFRS 15 is first applied.
When the retrospective application transition model is applied, completed contracts which began and ended within the same annual reporting period need not be restated. Syngenta is currently assessing the impact IFRS 15 may have on its financial statements and which transition method it will elect.

– The “Annual Improvements to IFRSs” amendments for the 2010-12 and 2011-13 annual improvement cycles were issued in December 2013, and generally their adoption is required for Syngenta with effect from January 1, 2015. Syngenta does not believe that the amendments will have a material impact on its consolidated financial statements.

– “Accounting for Acquisitions of Interests in Joint Operations”, Amendments to IFRS 11, was issued in May 2014 and clarifies that the acquisition accounting and disclosure requirements of IFRS 3 “Business Combinations” must be applied to the acquisitions of an interest in a joint operation. Syngenta is required to apply the amendments prospectively from January 1, 2016. After this date, it would be possible to assess the impact on Syngenta if it were to acquire an interest in a joint operation.

– “Clarification of Acceptable Methods of Depreciation and Amortization”, Amendments to IAS 16 and IAS 38, was issued in May 2014. The amendments state that a unit of revenue depreciation method for property, plant and equipment is inappropriate, and that a unit of revenue amortization method for intangible assets is presumed to be inappropriate unless the economic benefits derived from the asset are highly correlated with revenues or the asset’s use is conditional on a measure of revenue such as a threshold amount. Syngenta is required to apply the amendments prospectively from January 1, 2016. Syngenta does not expect the amendments to have a material impact on its consolidated financial statements.

– “Agriculture: Bearer Plants” Amendments to IAS 16 and IAS 41, issued June 2014, requires bearer plants to be accounted for and reported as property, plant and equipment instead of as biological assets. Syngenta is required to apply the amendments from January 1, 2016. At December 31, 2014, the amounts of bearer plants reported by Syngenta were not material and Syngenta does not expect the amendments to have a material impact on its consolidated financial statements.

– The “Annual Improvements to IFRSs” amendments for the 2012-14 annual improvement cycles were issued in September 2014, Syngenta must adopt the amendments with effect from January 1, 2016. Syngenta does not believe that the amendments will have a material impact on its consolidated financial statements.

– “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. Syngenta is required to apply the amendments prospectively from January 1, 2016. Based on the Associates and Joint Ventures in which it has investments at December 31, 2014, Syngenta does not believe that the amendments will have a material impact on its consolidated financial statements.

– “Disclosure Initiative”, amendments to IAS 1, was issued in December 2014, and amends guidance for presenting gains and losses recognized in OCI by associates and joint ventures, presenting the notes to the financial statements and including additional line items and subtotals in financial statements. Syngenta is required to apply the amendments from January 1, 2016. Syngenta does not believe that the amendments will have a material impact on the presentation of its consolidated financial statements.

Notes to the Syngenta Group Consolidated Financial Statements

29. New IFRSs and accounting policies continued

Future changes in IFRS
IFRSs are undergoing a process of revision with a view to increasing harmonization of accounting rules internationally. Proposals to issue new or revised IFRSs, as yet unpublished, on leases and other topics may change existing standards, and may therefore affect the accounting policies applied by Syngenta in future periods. Transition rules for these potential future changes may require Syngenta to apply them retrospectively to periods before the date of adoption of the new standards.

Principles of consolidation
Subsidiaries
Subsidiaries are those entities which Syngenta controls. Control over an entity exists when: Syngenta has power, defined as existing rights that give Syngenta the current ability to direct the activities which affect the entity's returns; Syngenta is exposed to or has rights to returns which may vary depending on the entity's performance; and Syngenta has the ability to use its power to affect its own returns from its involvement with the entity. 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.

Associates and joint ventures
Associates are those entities in which Syngenta has significant influence, but not control, and in which Syngenta generally has between 20 percent and 50 percent of voting rights. Joint ventures are those enterprises over whose activities Syngenta has joint control, established by contractual agreement. 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. Under this method, the consolidated financial statements show Syngenta's investment in and its share of the total recognized gains and losses and transactions with shareholders of associates and joint ventures, from the date that significant influence or joint control commences until the date they cease. Any premium over net asset value paid to acquire an interest in an associate or joint venture is recognized as goodwill, within the same line as the underlying investment. When Syngenta's share of accumulated losses reduces the carrying amount of an associate or joint venture to nil, no further losses are recognized unless Syngenta has an obligation to meet those losses.

Transactions eliminated on consolidation
Intercompany income and expenses, including profits from internal Syngenta transactions, and intercompany receivables and payables have been eliminated upon consolidation. Profits on transactions between Syngenta and its associates and joint ventures are eliminated in proportion to Syngenta's ownership share in the associate or joint venture, but losses are eliminated only if no impairment has occurred.

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 existing ownership interest it holds in the acquired entity, but excluding any amounts which are not part of the business combination, such as amounts which settle pre-existing relationships or relate to services Syngenta will receive post-acquisition. Any gain or loss arising on revaluing an existing interest in the acquired entity is recognized in profit or loss. Direct 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.

If the sum of the amounts paid or payable upon acquisition of a controlling interest plus the fair value of any existing Syngenta ownership interest in the acquiree and any non-controlling interest exceeds the fair value of the acquiree's net assets, the excess is recognized as goodwill. If the fair value of the acquiree's net assets exceeds the sum of those amounts, the excess is immediately recognized as a gain in profit or loss at the acquisition date.

Once Syngenta has acquired control of a business, any further transaction that changes Syngenta's ownership interest but does not result in Syngenta losing control is accounted for as a transaction between shareholders. Any difference between the amount paid for the change in ownership interest and the corresponding share of the carrying amount of the net assets is charged or credited to shareholders' equity.

Business combinations completed before January 1, 2010 have been accounted for in accordance with the IFRSs which applied at the date they were completed. The successive changes which have been made over time to the IFRSs for business combinations have not been required to be applied retrospectively to business combinations completed before those changes were introduced.

Business divestments
Disposal or loss of Syngenta control of a business or of a controlling interest in a subsidiary is accounted for by derecognizing the underlying assets and liabilities disposed of and any related goodwill and third party non-controlling interests, at their carrying amounts. If Syngenta retains a non-controlling ownership interest, this is recognized at fair value. The difference between those carrying amounts and the total fair value of the disposal proceeds and of any retained Syngenta interest is recognized in profit or loss together with related currency translation gains and losses (see "Foreign currencies" below).

Syngenta recognizes the proceeds of disposals in profit or loss at the date on which it loses control of the divested business, separately from amounts receivable for any services Syngenta is obliged to continue to provide, which are recognized over the periods in which Syngenta performs the related obligations. If completion of a disposal within 12 months is highly probable in accordance with the definition in IFRS 5, the assets and liabilities to be disposed of are reclassified as held-for-sale in the consolidated balance sheet. If a separate major line of business is to be divested and has met the highly probable criterion, its post-tax result of operations for each period presented in the consolidated income statement is presented within discontinued operations, together with related impairment losses. Any profit or loss on disposal which is recognized is also presented within discontinued operations.

29. New IFRSs and accounting policies continued

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.

Revenue

Revenue is measured as the fair value of the consideration received or receivable. 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. Revenue from sales of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, which is usually upon delivery, at a fixed or determinable price, and when collectability is reasonably assured. Delivery is defined based on the terms of the sale contract. Revenue is reported net of sales taxes, returns, discounts and rebates. Rebates to customers are provided for in the same period that the related sales are recorded based on the contract terms.

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. Revenue is recognized upon delivery of the original products, and is reduced by 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 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 IAS 18, revenue for these sales is recognized upon product delivery.

Where a right of return exists, revenue is recognized when a reasonable estimate of returns can be made, or when the right of return expires, whichever is earlier. Where Syngenta's distributors hold inventories and have the right of return, or Syngenta's commercial practice is to accept returns from distributors, and it is not possible to make a reasonable estimate of returns, Syngenta recognizes revenue when its distributors sell the inventories to their customers.

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.

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 Trade accounts payable. Advance payment liabilities are released and revenues associated with such advance payment transactions are recognized upon delivery of and transfer of title, ownership, and risk of loss of the related products to the customer.

Royalty income is recognized when earned. If the license agreement contains performance obligations for Syngenta, the related income is considered earned when Syngenta has performed the obligations. Contractual minimum royalty income is considered earned when there are no substantive performance obligations or contingencies associated with its receipt other than the passage of time. Amounts received in advance of performance are deferred in the consolidated balance sheet. If the license agreement provides for royalties based on sales made by the licensee, income is considered earned in the period that the related sales occur.

Cash rebates and discounts granted to customers are classified as a reduction of revenue. Awards of free or discounted products or services supplied by Syngenta in connection with customer loyalty programs are recognized as revenue when the customer redeems the credits. Awards supplied by a third party are recognized as revenue when the third party becomes obliged to supply the awards if Syngenta is an agent for the third party, and when Syngenta has performed its obligations to the customer if Syngenta is a principal. Net profit from programs where Syngenta is an agent is shown as part of Sales. 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 is exposed to the risks and rewards of supplying the third party products or services, in particular inventory holding risk. Liabilities associated with customer loyalty programs are classified within Trade accounts payable.

Barter transactions

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, an embedded derivative is recognized for the fair value of the contract until physical delivery. When it subsequently sells the commodity, Syngenta 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.

Notes to the Syngenta Group Consolidated Financial Statements

29. New IFRSs and accounting policies continued

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 provisions 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 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.

29. New IFRSs and accounting policies continued

Deferred tax on share based compensation awards is based on the tax deduction, if any, that would be obtained if the Syngenta AG share price at the period end was the tax base for the award. Deferred tax on unvested awards is recognized ratably over the vesting period. Deferred tax on awards already vested is recognized immediately. Any income tax benefits recorded in the income statement are limited to the tax effect of the related cumulative pre-tax compensation expense recorded. The total tax benefit on an award may exceed this amount in some circumstances. The excess tax benefit is considered by IFRS to be the result of a transaction with shareholders rather than with employees, and is recorded within shareholders' equity.

Cash and cash equivalents

Cash and cash equivalents include highly liquid investments that are readily convertible to known amounts of cash and are subject to only an insignificant risk of changes in value.

Trade and other accounts receivable

Trade and other accounts receivable include invoiced amounts less adjustments for doubtful receivables which are calculated 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 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 and measured at fair value through profit or loss. The fair value of these trade receivables is determined by:

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

(b) retranslating the underlying account 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 assets

Financial and other current assets include only those financial instruments which have remaining contractual maturities of less than 12 months at the balance sheet date. Debt investments are held for the purpose of collecting contractual cash flows and are classified and measured at amortized cost, less provision for impairment where appropriate, if their contractual cash flows are solely payments of principal and interest. Regular way purchases and sales of marketable securities are recognized at settlement date.

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, unrealized 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, and are reclassified 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.

29. New IFRSs and accounting policies continued

Net investment hedges

Hedges of net investments in foreign operations, including hedges of monetary items that are accounted for as part of a net investment, are accounted for similarly to cash flow hedges. The accumulated gain or loss arising from such a hedge is reclassified from equity into profit or loss upon disposal of the net investment.

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.

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 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". Non-current bearer biological assets, which are measured using the cost model, are amortized over their productive lives. When indicators of impairment exist, their carrying amount is compared with the assets' recoverable amount determined in accordance with IAS 36, "Impairment of Assets". 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 10 years
Computer hardware	3 to 7 years

Land is recorded at acquisition cost and is not subject to depreciation.

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. Components of an asset are accounted for as separate assets if their useful lives differ from that of the larger asset of which they are a part. When a component of an asset is replaced, a disposal of the replaced component is accounted for and the new component is capitalized and depreciated over the shorter of its own useful life and that of the asset of which it is a component.

Leases

Property, plant and equipment financed by leases giving rights to use the leased assets as if they were owned by Syngenta 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.

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 3 and 20 years for patents and between 5 and 30 years for trademarks.

29. New IFRSs and accounting policies continued

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, which are between 5 and 12 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 7 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.

Financial and other non-current assets

Financial and other non-current assets include equity investments in other entities, other non-current receivables, and derivative financial instruments with positive fair values and remaining contractual maturities of more than 12 months.

Equity investments in other entities which are not subsidiaries, associates or joint ventures of Syngenta 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. 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.

Derivative financial instruments are measured and accounted for as described above under "Derivative and other financial assets".

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.

Financial debt

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. Financial debt is classified as current if the debt agreement terms in force at the balance sheet date require repayment within one year of that date. Otherwise, it is classified as non-current.

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. If the effect of discounting is material, provisions are discounted to the expected present value of their future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where some or all of the expenditures required to settle a provision are expected to be reimbursed by another party, the expected reimbursement is recognized as a separate asset only when virtually certain. Where Syngenta has a joint and several liability for a matter with one or more other parties, no provision is recognized by Syngenta for those parts of the obligation expected to be settled by another party. 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.

29. New IFRSs and accounting policies continued

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 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 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.

Share based payments

The fair value of equity-settled share and share option awards to employees is recognized as compensation expense, and as a corresponding increase in equity, over the period in which the shares or options vest. An award is granted when it has been approved by the Compensation Committee of Syngenta AG's Board of Directors and its terms have been communicated to share plan members. Grants of Syngenta AG ordinary shares are measured at market value on the grant date, less any cash amount payable by the employee. The fair value of grants of share awards and unvested shares that do not carry dividend rights until vesting, is reduced by the present value of the expected dividends to which the holder will not be entitled. No discount is applied to grant date market value to reflect vesting conditions. The fair value of grants of options over Syngenta AG ordinary shares is measured using the Black-Scholes-Merton formula. Compensation expense is measured using Syngenta's best estimate of the shares and options expected to vest, and is adjusted subsequently so that final expense is based on the number of shares and options that actually vest. Grants with a cash or equity alternative for plan members are accounted for as liabilities until the members' choice is known. The incremental fair value of members' equity option is zero. A member's choice to receive equity instruments is accounted for by transferring the fair value of the liability to shareholders' equity when the choice is made. For certain equity-settled share plans, Syngenta has withholding obligations in respect of plan members' personal income tax liabilities on vesting or exercise of awards. These plans are accounted for as fully equity-settled.

The fair value of equity settled and cash settled share grants awarded to customers in cash rebate sacrifice arrangements is recognized as a reduction in sales in the same way as the cash rebate.

Dividends and capital distributions

Dividends payable to shareholders of Syngenta AG are recorded as liabilities and as a reduction in shareholders' equity in the period in which they are approved by the shareholders of Syngenta AG.

Treasury shares

Share capital includes the par value of treasury shares held by Syngenta that have not been cancelled. 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.

30. Subsequent events

No events occurred between the balance sheet date and the date on which these consolidated financial statements were approved by the Board of Directors that would require adjustments to or disclosure in the consolidated financial statements.

Approval of the Consolidated Financial Statements

These consolidated financial statements were approved by the Board of Directors on February 3, 2015.

Report of Syngenta Management on Internal Control over Financial Reporting

Syngenta's Board of Directors and management are responsible for establishing and maintaining adequate internal control over financial reporting. Syngenta's internal control system was designed to provide reasonable assurance to Syngenta's management and Board of Directors regarding the reliability of financial reporting and the preparation and fair presentation of its published consolidated financial statements.

All internal control systems, no matter how well designed, have inherent limitations. Therefore, even those systems determined to be effective may not prevent or detect misstatements and can provide only reasonable assurance with respect to financial statement preparation and presentation. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ Michael Mack
Chief Executive Officer

/s/ John Ramsay
Chief Financial Officer

Basel, February 3, 2015

Syngenta's management assessed the effectiveness of the Group's internal control over financial reporting as of December 31, 2014. In making this assessment, it used the criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that, as of December 31, 2014, Syngenta's internal control over financial reporting was effective based on those criteria.

KPMG AG, Switzerland, an independent registered public accounting firm, has issued an opinion on the effectiveness of the Group's internal control over financial reporting which is included in this financial report.

Report of the Group Auditor on Internal Control over Financial Reporting

The Board of Directors and Shareholders

Syngenta AG, Basel

We have audited Syngenta AG and subsidiaries' ("Syngenta AG") internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Syngenta AG's Board of Directors and management are responsible for maintaining effective internal control over financial reporting and management is responsible for its assessment of the effectiveness of internal control over financial reporting included in *the Report of Syngenta Management on Internal Control over Financial Reporting (page 86)*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Syngenta AG maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Syngenta AG as of December 31, 2014, and the related consolidated statements of income, comprehensive income, cash flows, and changes in equity for the year ended December 31, 2014, and our report dated February 3, 2015 expressed an unqualified opinion on those consolidated financial statements.

KPMG AG

/s/ Richard Broadbelt **/s/ Regula Wallimann**

Basel February 3, 2015

Report of the Statutory Auditor

To the General Meeting of Shareholders of

Syngenta AG, Basel

Report of the Statutory Auditor on the Consolidated Financial Statements

As statutory auditor, we have audited the accompanying consolidated financial statements of Syngenta AG and subsidiaries ("Syngenta AG"), which comprise the consolidated balance sheet and the related consolidated statements of income, comprehensive income, changes in equity, and cash flows, and notes (pages 27 to 85) for the year ended December 31, 2014.

Board of Directors' Responsibility

The board of directors is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) and the requirements of Swiss law. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Swiss law, Swiss Auditing Standards, International Standards on Auditing, and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements for the year ended December 31, 2014, give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards (IFRS), and comply with Swiss law.

Other Matter

The consolidated financial statements of Syngenta AG for the year ended December 31, 2013, were audited by another auditor who expressed an unmodified opinion on those statements on February 4, 2014.

Report on Other Legal and Regulatory Requirements

We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 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.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Syngenta AG's internal control over financial reporting as of December 31, 2014, based on criteria established in *Internal Control – Integrated Framework (2013)* issued by the Committee on Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 3, 2015 expressed an unqualified opinion on the effectiveness of Syngenta AG's internal control over financial reporting.

KPMG AG

/s/ Richard Broadbelt
Licensed Audit Expert
Auditor in Charge

/s/ Regula Wallimann
Licensed Audit Expert

Basel, February 3, 2015

Financial Statements of Syngenta AG

Income Statement

(for the years ended December 31, 2014 and 2013)

(CHF million)	2014	2013
Income:		
Dividend income	**1,150**	1,192
Income from financial assets	**50**	102
Total income	**1,200**	1,294
Expenses:		
Financial expenses	**(8)**	(3)
Administrative expenses	**(15)**	(13)
Taxes	**(3)**	(7)
Total expenses	**(26)**	(23)
Net income	**1,174**	1,271

Balance Sheet (prior to earnings appropriation)

(at December 31, 2014 and 2013)

(CHF million)	Notes	2014	2013
Assets			
Non-current financial assets:			
Investments	3	**4,100**	4,100
Loans to subsidiaries		**1,857**	1,204
Total non-current financial assets		**5,957**	5,304
Current assets:			
Receivables from subsidiaries		**32**	76
Treasury shares	4	**412**	427
Total current assets		**444**	503
Total assets		**6,401**	5,807
Equity and liabilities			
Equity			
Share capital	5	**(9)**	(9)
Legal reserves:			
General legal reserve:			
Reserve from capital contributions	6	**(27)**	(27)
Other general legal reserve	6	**(2)**	(2)
Reserve for treasury shares	6	**(413)**	(427)
Free reserves	6	**(1,336)**	(1,186)
Total reserves		**(1,778)**	(1,642)
Earnings brought forward	6	**(3,022)**	(2,868)
Net income of the period		**(1,174)**	(1,271)
Total available earnings		**(4,196)**	(4,139)
Total equity		**(5,983)**	(5,790)
Liabilities			
Accounts payable to subsidiaries		**(405)**	(4)
Accounts payable and accrued liabilities to others		**(13)**	(13)
Total liabilities (current)		**(418)**	(17)
Total equity and liabilities		**(6,401)**	(5,807)

Notes to the Financial Statements of Syngenta AG

1. Introduction

The financial statements of Syngenta AG (the "Company" or "Syngenta") have been prepared in accordance with the requirements of the Swiss law for companies, the Code of Obligations (CO).

Syngenta AG was incorporated on November 12, 1999 and is registered with the commercial register in the canton of Basel Stadt.

2. Accounting policies

Exchange rate differences

Except for investments in subsidiaries, associates and joint ventures, which are translated at historical rates, all assets and liabilities denominated in foreign currencies are translated into Swiss francs (CHF) using year-end rates of exchange. Realized exchange gains and losses arising from these as well as those from business transactions denominated in foreign currencies are recorded in the income statement. Net unrealized exchange losses are recorded in the income statement; net unrealized gains, however, are deferred within accrued liabilities.

Non-current financial assets

Financial assets are recorded at acquisition cost less any impairment losses.

Treasury shares

Treasury shares are valued at the lower of cost or market value.

3. Significant investments in subsidiaries, associates and joint ventures

The following are the significant legal entities in the Syngenta group of companies (the "Group"). In the context of the SIX Swiss Exchange Directive on Information relating to Corporate Governance, the disclosure criteria are as follows:

- Companies are disclosed if their sales exceed $100 million or equivalent or if their total assets exceed 1 percent of total Group assets
- Companies with a financing function are all disclosed

None of the significant legal entities are listed. Please refer to Note 29 "Other new IFRSs and accounting policies" to the consolidated financial statements for the appropriate consolidation method applied to each type of entity.

3. Significant investments in subsidiaries, associates and joint ventures continued

Country	Municipality	Percentage owned by Syngenta	Local currency	Share capital in local currency	Function of company
Argentina					
Syngenta Agro S.A.	Buenos Aires	100%	ARS	1,759,409,877	Sales/Production
Australia					
Syngenta Australia Pty Limited	North Ryde	100%	AUD	83,942,909	Sales/Production/Development
Brazil					
Syngenta Proteção de Cultivos Ltda.	São Paulo	100%	BRL	2,522,624,609	Sales/Production/Research
Syngenta Seeds Ltda.	São Paulo	100%	BRL	438,017,043	Sales/Production/Development
Canada					
Syngenta Canada Inc.	Guelph	100%	CAD	–	Sales/Research
China					
Syngenta (China) Investment Company Limited	Shanghai	100%	USD	46,660,810	Holding/Sales
Colombia					
Syngenta S.A.	Bogotá, D.C.	100%	COP	58,134,293,300	Sales/Production/Research
France					
Syngenta France S.A.S.	Saint-Sauveur	100%	EUR	50,745,240	Sales/Production/Development
Germany					
Syngenta Agro GmbH	Maintal	100%	EUR	2,100,000	Sales
Syngenta Seeds GmbH	Bad Salzuflen	100%	EUR	1,330,100	Sales/Production/Research
Hungary					
Syngenta Magyarország Kft	Budapest	100%	HUF	280,490,000	Sales/Production/Development
India					
Syngenta India Limited	Pune	96.3%	INR	159,308,320	Sales/Production
Indonesia					
PT Syngenta Indonesia	Jakarta	100%	IDR	58,122,874,000	Sales/Production/Development
Italy					
Syngenta Italia S.p.A.	Milano	100%	EUR	5,200,000	Sales/Production/Development
Japan					
Syngenta Japan K.K.	Tokyo	100%	JPY	–	Sales/Production/Research
South Korea					
Syngenta Korea Ltd.	Seoul	100%	KRW	127,882,000,000	Sales/Production/Development
Mexico					
Syngenta Agro, S.A. de C.V.	México City, D.F.	100%	MXN	157,580,000	Sales/Production/Development
Netherlands					
Syngenta Seeds B.V.	Enkhuizen	100%	EUR	488,721	Holding/Sales/Production/Research
Syngenta Finance N.V.	Enkhuizen	100%	EUR	45,000	Finance
Syngenta Treasury N.V.	Enkhuizen	100%	EUR	90,001	Holding/Finance
Panama					
Syngenta Crop Protection S.A.	Panama City	100%	USD	101,000	Sales/Distribution
Paraguay					
Syngenta Paraguay S.A.	Asunción	100%	PYG	192,000,000,000	Sales/Production
Poland					
Syngenta Polska Sp.z.o.o.	Warsaw	100%	PLN	22,264,000	Sales
Russian Federation					
OOO Syngenta	Moscow	100%	RUB	895,619,000	Sales/Distribution

Notes to the Financial Statements of Syngenta AG

3. Significant investments in subsidiaries, associates and joint ventures continued

Country	Municipality	Percentage owned by Syngenta	Local currency	Share capital in local currency	Function of company
Singapore					
Syngenta Asia Pacific Pte. Ltd.	Singapore	100%	SGD	1,588,023,595	Sales/Holding
Spain					
Syngenta España S.A.	Madrid	100%	EUR	7,544,828	Distribution/Development/Production
Switzerland					
Syngenta Supply AG	Basel	100%	CHF	250,000	Sales
Syngenta Crop Protection AG[1]	Basel	100%	CHF	257,000	Holding/Sales/Production/Research
Syngenta Agro AG	Dielsdorf	100%	CHF	2,100,000	Sales/Production/Research
Syngenta Finance AG[1]	Basel	100%	CHF	10,000,000	Finance
Syngenta Participations AG[1]	Basel	100%	CHF	25,000,020	Holding
Thailand					
Syngenta Crop Protection Limited	Bangkok	100%	THB	149,000,000	Holding/Research/Distribution/Production
Ukraine					
TOV Syngenta	Kiev	100%	UAH	2,009,240,000	Sales/Research
United Kingdom					
Syngenta Limited	Guildford	100%	GBP	85,000,000	Holding/Production/Research
Syngenta UK Limited	Fulbourn	100%	GBP	500	Sales/Research
USA					
Syngenta Crop Protection, LLC	Greensboro	100%	USD	100	Sales/Production/Research
Syngenta Seeds, Inc.	Minnetonka	100%	USD	–	Sales/Production/Research
Syngenta Corporation	Wilmington	100%	USD	100	Holding/Finance
Uruguay					
Syngenta Agro Uruguay S.A.	Montevideo	100%	UYU	178,566,200	Sales/Distribution
Vietnam					
Syngenta Vietnam Ltd.	Bien Hoa City	100%	USD	10,000,000	Sales/Production

1 Direct holding of Syngenta AG

4. Treasury shares

The number of treasury shares held by the Company and subsidiaries qualifying under article 659 item b (CO) and their movements are as follows:

	2014	2013
Total treasury registered shares held by Syngenta AG at January 1	**1,375,688**	1,387,266
Sold in the year under various Employee/Management Share Plans	**(348,971)**	(457,078)
Average sale price per share, CHF	**330.15**	387.79
Purchased during the year	**440,095**	445,500
Cancelled on July 7, 2014	**(180,500)**	–
Average book value per cancelled share, CHF	**356.99**	–
Total treasury registered shares held by Syngenta AG at December 31	**1,286,312**	1,375,688
Average purchase price per share, CHF	**320.99**[1]	310.14

1 Book value per share CHF 320.00

5. Share capital

	December 31, 2014	Movement in period	December 31, 2013
Total Syngenta AG registered shares	**92,945,649**	**(180,500)**	93,126,149
Nominal value per share (CHF)	**0.10**	**0.10**	0.10
Total share capital (CHF million)	**9.29**	**(0.02)**	9.31

On April 29, 2014, the Annual General Meeting (AGM) agreed to the cancellation of 180,500 shares at a nominal value of CHF 0.10 each. The cancellation of shares took place on July 7, 2014.

6. Equity

(CHF million)	Share capital	General legal reserve	Reserve for treasury shares	Free reserves	Available earnings	Total
Balance at December 31, 2012	**9**	**29**	**376**	**1,037**	**3,943**	**5,394**
Appropriation of available earnings	–	–	–	200	(200)	–
Adjustment of reserve for treasury shares	–	–	(110)	110	–	–
Cancellation of own shares	–	–	–	–	–	–
Purchase of own shares	–	–	161	(161)	–	–
Dividend payment	–	–	–	–	(875)	(875)
Transfer to the reserve from capital contributions	–	–	–	–	–	–
Adjustment of reserves after transfer for capital contributions	–	–	–	–	–	–
Profit of the year	–	–	–	–	1,271	1,271
Balance at December 31, 2013	**9**	**29**	**427**	**1,186**	**4,139**	**5,790**
Appropriation of available earnings	**–**	**–**	**–**	**200**	**(200)**	**–**
Adjustment of reserve for treasury shares	**–**	**–**	**(92)**	**92**	**–**	**–**
Cancellation of own shares	**–**	**–**	**(64)**	**–**	**–**	**(64)**
Purchase of own shares	**–**	**–**	**142**	**(142)**	**–**	**–**
Dividend payment	**–**	**–**	**–**	**–**	**(917)**	**(917)**
Profit of the year	**–**	**–**	**–**	**–**	**1,174**	**1,174**
Balance at December 31, 2014	**9**	**29**	**413**	**1,336**	**4,196**	**5,983**

The general legal reserve is split into the reserve from capital contributions of CHF 27 million and other general legal reserves of CHF 2 million.

Notes to the Financial Statements of Syngenta AG

7. Contingent liabilities

(CHF million)	Maximum amount December 31, 2014	2013	Amount in effect at December 31, 2014	2013
Euro medium-term notes	**2,253**	1,226	**2,253**	1,226
SEC registered US bonds	**742**	669	**742**	669
Private placement notes	**247**	223	**247**	223
Commercial paper	**2,473**	2,229	**–**	250
Credit facilities	**1,484**	1,337	**–**	–
Group treasury lending activities	**15,545**	13,314	**7,957**	6,542
Total	**22,744**	18,998	**11,199**	8,910

Contingent liabilities

At the request of the Dutch authorities, Syngenta AG guarantees to Syngenta Treasury N.V., a limited liability company organized under the laws of the Netherlands and an indirectly wholly owned subsidiary, all liabilities from other Group companies resulting from Syngenta Treasury N.V.'s lending activities, subject to a threshold of EUR 10 million (corresponding to Syngenta Treasury N.V.'s share capital).

Litigation matters

In August 2013, a personal injury Complaint relating to atrazine was filed under seal in the Circuit Court for the Twentieth Judicial Circuit, St Clair County, Illinois, on behalf of an unnamed minor (the case being brought under the alias James Doe) and his parents, against Syngenta Crop Protection LLC, Syngenta AG and certain dealers and distributors. The Complaint alleges public nuisance, strict liability, and negligence and seeks unspecified damages together with the costs of suit. Documentary fact discovery in the litigation opened in March 2014 and is continuing. The claims in the lawsuit have no grounding in fact or science and Syngenta will vigorously defend the lawsuit.

Since September 12, 2014, a total of 762 lawsuits (as of January 28, 2015) have been filed against a number of Syngenta legal entities, amongst them Syngenta AG, 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 U.S. before those products obtained import approval from China. Syngenta AG strongly believes that the claims in these cases are without merit and will vigorously defend the lawsuits.

More details on these litigations are disclosed in Note 25 to the Group's consolidated financial statements.

Other

In a letter addressed to Syngenta Pensions Trustee Limited, dated July 2, 2013, and subsequently updated on January 24, 2014, Syngenta AG confirmed that it will ensure that Syngenta Limited will honor its obligation to guarantee the solvency and due payment of benefits of the Syngenta UK Pension Fund.

Syngenta AG is part of a group of Swiss entities of Syngenta which are jointly and severally liable for the whole Swiss VAT amount due to the Swiss Tax authorities by this group.

Syngenta 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, and Syngenta Finance AG, which is a direct, wholly-owned finance subsidiary. The guarantees will rank equally with all of the Group's other unsecured and unsubordinated debt. No other subsidiary of Syngenta AG guarantees such debt securities.

8. Financial instruments

International Swap and Derivatives Association (ISDA) contracts are in place under which Syngenta Treasury N.V. is the contractual party on behalf of other Group companies. Syngenta AG guarantees transactions entered into under these ISDA contracts. Details of the nature of these transactions are disclosed in Notes 27 and 28 to the consolidated financial statements. The total amounts entered into under these ISDA contracts and in respect of which Syngenta AG has provided a guarantee are outlined in the table below:

(CHF million)	Notional amount 2014	2013	Positive fair value 2014	2013	Negative fair value 2014	2013
Financial instruments	**8,792**	7,662	**159**	197	**(332)**	(63)

9. Accomplishment of a risk assessment

Syngenta AG participates in the global, integrated risk management processes of the Syngenta Group. Within the scope of these processes, the Board of Directors evaluates the risks once a year in accordance with article 663b paragraph 12 (CO) and discusses if any corresponding actions are necessary.

10. Significant shareholders

At December 31, 2014, to the knowledge of Syngenta AG, there are three (2013: two) significant shareholders exceeding the threshold of 5.00 percent voting rights in Syngenta's share capital, including voting rights to shares held as a nominee. Prior to 2014, shares held as a nominee were excluded from the number of shares used to determine the number of significant shareholders.

Significant Shareholders	December 31, 2014 in % of total share capital	December 31, 2013 in % of total share capital
JPM Chase Nominees Ltd., London	**13.10**	14.89
Nortrust Nominees Ltd., London	**6.73**	7.22
BlackRock Inc., New York	**5.08**	4.97

At December 31, 2014, Syngenta itself holds 1,286,312 (2013: 1,375,688) shares in treasury corresponding to 1.38 percent (2013: 1.48 percent) of the share capital, as outlined in Note 4.

11. Holding of shares and options

The following tables detail the holding of shares and options by non-executive Directors and the Executive Committee at December 31, 2014 and 2013, including related parties. Related parties are spouses, parents, children living in the same household, legal entities they own or otherwise control, and any legal or natural person that acts as their fiduciary. At December 31, 2014 and 2013, no non-executive Directors held any options.

Holding of shares of non-executive Directors at December 31, 2014 and 2013

	Number of unrestricted shares		Number of restricted shares		% voting rights	
Non-executive Directors	**2014**	2013	**2014**	2013	**2014**	2013
Michel Demaré	**1,075**	75	**4,081**	2,265	**< 0.1%**	< 0.1%
Vinita Bali	**–**	–	**–**	–	**< 0.1%**	< 0.1%
Stefan Borgas	**422**	–	**2,167**	2,589	**< 0.1%**	< 0.1%
Gunnar Brock	**700**	200	**–**	–	**< 0.1%**	< 0.1%
Eleni Gabre-Madhin	**–**	–	**–**	–	**< 0.1%**	< 0.1%
David Lawrence	**12,638**	12,482	**–**	–	**< 0.1%**	< 0.1%
Eveline Saupper	**–**	–	**1,304**	632	**< 0.1%**	< 0.1%
Jacques Vincent	**3,682**	3,682	**–**	–	**< 0.1%**	< 0.1%
Jürg Witmer	**6,000**	5,000	**–**	–	**< 0.1%**	< 0.1%
Total unrestricted/restricted shares	**24,517**	21,439	**7,552**	5,486	**< 0.1%**	< 0.1%
Total shares	**32,069**	26,925				

Holding of shares by members of the Executive Committee at December 31, 2014

	Vested shares			Unvested shares			Total
Members of the Executive Committee	Unrestricted	Restricted	% Voting rights	Unconverted share awards	Unmatched shares	Unconverted RSU	Vested/ unvested
Michael Mack	**36,550**	**8,882**	**< 0.1%**	**–**	**8,842**	**10,073**	**64,347**
John Atkin	**4,136**	**3,408**	**< 0.1%**	**–**	**3,368**	**3,829**	**14,741**
Caroline Luscombe	**437**	**40**	**< 0.1%**	**853**	**853**	**1,866**	**4,049**
Patricia Malarkey	**193**	**–**	**< 0.1%**	**62**	**62**	**1,103**	**1,420**
Christoph Mäder	**8,940**	**1,734**	**< 0.1%**	**–**	**1,694**	**2,452**	**14,820**
Mark Peacock	**35**	**40**	**< 0.1%**	**2,148**	**2,148**	**2,393**	**6,764**
Davor Pisk	**8,556**	**2,876**	**< 0.1%**	**–**	**2,836**	**3,279**	**17,547**
John Ramsay	**2,914**	**2,658**	**< 0.1%**	**–**	**2,618**	**2,994**	**11,184**
Jonathan Seabrook	**1,084**	**27**	**< 0.1%**	**550**	**550**	**1,479**	**3,690**
Total Executive Committee shares	**62,845**	**19,665**	**< 0.1%**	**3,613**	**22,971**	**29,468**	**138,562**

Holding of shares by members of the Executive Committee at December 31, 2013

	Vested shares			Unvested shares			Total
Members of the Executive Committee	Unrestricted	Restricted	% Voting rights	Unconverted share awards	Unmatched shares	Unconverted RSU	Vested/ unvested
Michael Mack	27,798	11,698	< 0.1%	–	11,654	9,731	60,881
John Atkin	415	4,638	< 0.1%	–	4,594	3,768	13,415
Robert Berendes	1,500	–	< 0.1%	1,682	1,682	2,739	7,603
Caroline Luscombe	17	44	< 0.1%	1,185	1,185	1,440	3,871
Christoph Mäder	7,068	2,305	< 0.1%	–	2,261	2,315	13,949
Mark Peacock	17	44	< 0.1%	2,930	2,930	2,205	8,126
Davor Pisk	5,784	3,788	< 0.1%	–	3,744	3,057	16,373
John Ramsay	137	3,582	< 0.1%	–	3,538	2,877	10,134
Jonathan Seabrook	82	31	< 0.1%	852	852	1,086	2,903
Total Executive Committee shares	42,818	26,130	< 0.1%	6,649	32,440	29,218	137,255

11. Holding of shares and options continued

Holding of options by members of the Executive Committee at December 31, 2014

Year of allocation	2014	2013	2012	2011	2010	2009	2008	2007	2006
Underlying equity	Share	Share	Share	Share	Share	Share	Share	Share	Share
Term (years)	10	10	10	10	10	10	10	10	10
Exercise period (years)	7	7	7	7	7	7	7	7	7
Option: share/ADS ratio	1:1	1:1	1:1	1:1	1:1	1:1	1:1	1:1	1:1
Exercise price CHF	325.90	391.40	300.40	308.71	283.70	233.43	301.50	226.70	185.00
Vesting status		unvested				vested			
Options held at December 31, 2014:									
Members of the Executive Committee									
Michael Mack	25,135	18,953	20,388	15,207	12,398	16,426	4,669	6,075	–
John Atkin	9,551	7,202	7,748	6,114	–	–	–	–	–
Caroline Luscombe	6,033	3,639	2,637	–	–	–	–	–	–
Patricia Malarkey	5,664	772	782	617	–	–	–	–	–
Christoph Mäder	6,234	4,387	5,057	3,518	3,304	–	–	–	–
Mark Peacock	6,787	4,271	4,418	3,639	–	–	–	–	–
Davor Pisk	8,446	6,065	6,525	4,586	–	–	–	–	–
John Ramsay	7,541	5,497	6,117	4,491	–	4,506	–	2,453	3,059
Jonathan Seabrook	5,530	1,972	2,287	1,791	–	–	–	–	–
Totals by grant year	80,921	52,758	55,959	39,963	15,702	20,932	4,669	8,528	3,059
Total unvested options	189,638								
Total vested options	92,853								
Total options on shares	282,491								

Holding of options by members of the Executive Committee at December 31, 2013

Year of allocation	2013	2012	2011	2010	2009	2008	2007	2006
Underlying equity	Share	Share	Share	Share	Share	Share	Share	Share
Term (years)	10	10	10	10	10	10	10	10
Exercise period (years)	7	7	7	7	7	7	7	7
Option: share/ADS ratio	1:1	1:1	1:1	1:1	1:1	1:1	1:1	1:1
Exercise price CHF	391.40	300.40	308.71	283.70	233.43	301.50	226.70	185.00
Vesting status		unvested				vested		
Options held at December 31, 2013:								
Members of the Executive Committee								
Michael Mack	18,953	20,388	15,207	12,398	16,426	4,669	6,075	–
John Atkin	7,202	7,748	6,114	–	–	–	–	–
Robert Berendes	5,155	5,546	4,586	3,589	4,790	3,362	2,369	2,959
Caroline Luscombe	3,639	2,637	1,968	–	–	–	–	–
Christoph Mäder	4,387	5,057	3,518	3,304	–	–	–	–
Mark Peacock	4,271	4,418	3,639	–	–	–	–	–
Davor Pisk	6,065	6,525	4,586	–	–	–	–	–
John Ramsay	5,497	6,117	4,491	–	4,506	–	2,453	3,059
Jonathan Seabrook	1,972	2,287	1,791	–	–	–	–	–
Totals by grant year	57,141	60,723	45,900	19,291	25,722	8,031	10,897	6,018
Total unvested options	163,764							
Total vested options	69,959							
Total options on shares	233,723							

Appropriation of Available Earnings of Syngenta AG

(CHF million)	2014	2013
Available earnings:		
Balance brought forward from previous year	**3,022**	2,868
Net profit of the year	**1,174**	1,271
Total available earnings	**4,196**	4,139
Appropriation of available earnings:		
Payment of a dividend	**(1,022)**	(929)
Transfer to free reserves	**–**	(200)
Total available earnings after appropriation	**3,174**	3,010
Dividend waived for treasury shares held by the Company	**–**	12
To be carried forward on this account	**3,174**	3,022

For fiscal year 2013, the AGM approved a dividend distribution out of the available earnings, of CHF 10.00 per share. For 2014, the Board of Directors proposes to the AGM, a dividend distribution out of the available earnings, of CHF 11.00 per share. The dividend attributable to the treasury shares under the control of the Company at the date of the dividend payment will be waived, and therefore reduce the total dividend payment made, but not the amount of the dividend per share.

Report of the Statutory Auditor

To the General Meeting of Shareholders of

Syngenta AG, Basel

Report of the Statutory Auditor on the Financial Statements
As statutory auditor, we have audited the accompanying financial statements of Syngenta AG, which comprise the income statement, balance sheet and notes (pages 89 to 97) for the year ended December 31, 2014.

Board of Directors' Responsibility
The board of directors is responsible for the preparation of the financial statements in accordance with the requirements of Swiss law and the company's articles of incorporation. This responsibility includes designing, implementing and maintaining an internal control system relevant to the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The board of directors is further responsible for selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers the internal control system relevant to the entity's preparation of the financial statements 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 entity's internal control system. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made, as well as evaluating the overall presentation of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion
In our opinion, the financial statements for the year ended December 31, 2014 comply with Swiss law and the company's articles of incorporation.

Other Matter
The financial statements of Syngenta AG for the year ended December 31, 2013, were audited by another auditor who expressed an unmodified opinion on those statements on February 4, 2014.

Report on Other Legal Requirements
We confirm that we meet the legal requirements on licensing according to the Auditor Oversight Act (AOA) and independence (article 728 CO and article 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 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 financial statements according to the instructions of the board of directors.

We further confirm that the proposed appropriation of available earnings complies with Swiss law and the company's articles of incorporation. We recommend that the financial statements submitted to you be approved.

KPMG AG

/s/ Richard Broadbelt
Licensed Audit Expert
Auditor in Charge

/s/ Regula Wallimann
Licensed Audit Expert

Basel, February 3, 2015

Cautionary Statement Regarding Forward-Looking Statements

This Financial Report 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 actual results to differ materially from these statements.

We refer you to Syngenta’s publicly available filings with the US Securities and Exchange Commission for information about these and other risks and uncertainties. Syngenta assumes no obligation to update forward-looking statements to reflect actual results, changed assumptions or other factors. This document does not constitute, or form part of, any offer or invitation to sell or issue, or any solicitation of any offer, to purchase or subscribe for any ordinary shares in Syngenta AG, or Syngenta ADSs, nor shall it form the basis of, or be relied on in connection with, any contract therefor.

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Switzerland
Investor Relations
T +41 61 323 5883
F +41 61 323 5880
E global.investor_relations@syngenta.com

Media Relations
T +41 61 323 2323
F +41 61 323 9044
E media.relations@syngenta.com

Share Register
T +41 41 798 4833
F +41 41 798 4849
E syngenta@devigus.com

Shareholder Services
T +41 61 323 2121
F +41 61 323 5461
E shareholder.services@syngenta.com

Ordering of publications
T +41 61 323 2121
E shareholder.services@syngenta.com

Syngenta switchboard
T +41 61 323 1111
F +41 61 323 1212
E global.webmaster@syngenta.com

USA
Investor Relations
T +1 202 737 3520
T +1 202 737 6521
E global.investor_relations@syngenta.com

Media Relations
T +1 202 737 8913
E media.relations_us@syngenta.com

Contacts for ADS holders
T +1 888 269 2377 – from within the USA
T +1 201 680 6825 – from outside the USA
E shrrelations@cpushareownerservices.com

Syngenta AG
Corporate Affairs
Schwarzwaldallee 215
P.O. Box
CH-4002 Basel
Switzerland

www.syngenta.com

For the business year 2014, Syngenta has published three books: the Annual Review 2014 (including information about our non-financial performance), the Financial Report 2014, and the Corporate Governance Report and Compensation Report 2014.

All documents were originally published in English. The Annual Review 2014 and the Corporate Governance Report and Compensation Report 2014 are also available in German.

These publications are also available on the Internet: www.syngenta.com

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Printed on Hello Silk, made with wood fiber from managed forests and manufactured at a mill that has achieved the ISO14001 and EMAS environmental management standards.

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Bringing plant potential to life