



Syngenta Finance AG, Basel

**Statutory Auditor's Report
on the Audit of the Financial Statements
to the General Meeting**

Financial Statements 31 December 2018



Statutory Auditor's Report

To the General Meeting of Syngenta Finance AG, Basel

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Syngenta Finance AG, which comprise the balance sheet as at 31 December 2018, and the income statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion the financial statements for the year ended 31 December 2018 comply with Swiss law and the company's articles of incorporation.

Basis for Opinion

We conducted our audit in accordance with Swiss law and Swiss Auditing Standards. Our responsibilities under those provisions and standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with the provisions of Swiss law and the requirements of the Swiss audit profession and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Report on Key Audit Matters based on the circular 1/2015 of the Federal Audit Oversight Authority

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. We have determined that there are no key audit matters to communicate in our report.

Responsibility of the Board of Directors for the Financial Statements

The Board of Directors is responsible for the preparation of the financial statements in accordance with the provisions of Swiss law and the company's articles of incorporation, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the entity or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Swiss law and Swiss Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Swiss law and Swiss Auditing Standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the entity to cease to continue as a going concern.

We communicate with the Board of Directors or its relevant committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Board of Directors or its relevant committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors or its relevant committee, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report, unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

In accordance with article 728a para. 1 item 3 CO and the 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

Michael Blume
Licensed Audit Expert
Auditor in Charge

Christoph Vonder Mühl
Licensed Audit Expert

Basel, 17 May 2019

Syngenta Finance AG, Basel

BALANCE SHEET (in CHF)

ASSETS	Note	31.12.2018	31.12.2017
Current assets			
Cash and cash equivalents		1'897'776	1'899'729
Other short term receivables affiliates	2.1	351'953'119	2'398'244
Total current assets		353'850'895	4'297'973
Non-current assets			
Financial assets	2.2	418'456'706	767'160'993
Intangibles	2.3	1'301'506	1'585'096
Total non-current assets		419'758'212	768'746'089
Total assets		773'609'107	773'044'062
LIABILITIES			
Short-term liabilities			
Financial liabilities	2.4	351'645'834	1'645'833
Other short-term liabilities	2.5	0	445'125
Accrued expenses	2.6	355'777	347'628
Total short-term liabilities		352'001'611	2'438'586
Long-term liabilities			
Financial liabilities	2.7	400'000'000	750'000'000
Total long-term liabilities		400'000'000	750'000'000
Shareholders' equity			
Share capital	2.8	10'000'000	10'000'000
Legal retained earnings:			
- General legal retained earnings		542'000	491'000
Voluntary retained earnings:			
- Retained earnings brought forward		10'063'476	9'110'825
- Profit for the year		1'002'020	1'003'651
Total shareholders' equity		21'607'496	20'605'476
Total liabilities & shareholders' equity		773'609'107	773'044'062

Syngenta Finance AG, Basel

INCOME STATEMENT (in CHF)

	Note	2018	2017
Financial income and expense			
Financial income	3.1	13'652'965	12'608'965
Financial expense	3.2	- 12'313'529	- 11'270'079
Total financial income, net		1'339'436	1'338'886
Direct taxes		- 337'416	- 335'235
Profit for the year		1'002'020	1'003'651

Syngenta Finance AG, Basel

1 Principles

General aspects

These financial statements were prepared according to the provisions of the Swiss Law on Accounting and Financial Reporting (32nd title of the Swiss Code of Obligations). The significant accounting and valuation principles applied that are not prescribed by Swiss Law are described below.

Foregoing a cash flow statement and additional disclosures in the notes

Syngenta Finance AG is a subsidiary of Syngenta AG presenting consolidated financial statements in accordance with a recognized accounting standard (International Financial Reporting Standards as issued by the International Accounting Standards Board). In accordance with Swiss Law, Syngenta Finance AG has decided to forego presenting a cash flow statement and additional disclosures in the notes.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into the reporting currency at the rate prevailing at the balance sheet date. Income and expenses are translated at the monthly average rate. Syngenta Finance AG has no material transactions denominated in foreign currencies.

Other affiliates

All affiliates, which are directly or indirectly controlled by Syngenta AG are included in other affiliates, with the exception of all direct and indirect parent companies of Syngenta Finance AG, these are presented under parent companies.

Syngenta Finance AG, Basel

2 Information on the Balance Sheet

2.1 Other short-term receivables

Other short-term receivables consist of loans to other Syngenta affiliates and short-term receivables from other affiliates.

2.2 Financial assets

Financial assets consist only of loans to other Syngenta affiliates, which are granted with the same maturity as the bonds to finance such.

2.3 Intangibles

Intangibles consist of issuance costs of bonds which are amortized over the maturity of the underlying bonds.

2.4 Financial liabilities (short-term)

Financial liabilities consist of the short-term portion of the domestic bond and accrued interest on outstanding financial liabilities against third parties.

Domestic bond:

- CHF 350 million at an interest rate of 0.750%, issued on 07 April 2014, interest settlements on 01 November, with five years maturity ending on 1 November 2019.

2.5 Other short-term liabilities

Other short-term liabilities consist of financial liabilities against the parent company.

2.6 Accrued expenses

Accrued expenses mainly consist of tax accruals.

2.7 Financial liabilities (long-term)

Domestic bonds:

- CHF 250 million at an interest rate of 1.625%, issued on 07 April 2014, interest settlements on 01 November, with ten years maturity ending on 1 November 2024.

- CHF 150 million at an interest rate of 2.125%, issued on 07 April 2014, interest settlements on 01 November, with fifteen years maturity ending on 1 November 2029.

2.8 Share capital

The share capital consists of 10'000 shares with a nominal value of CHF 1'000.

Syngenta Finance AG, Basel

3 Information on the Income Statement

	2018	2017
	<u>CHF</u>	<u>CHF</u>
3.1 Financial income		
Interest income from other affiliates	<u>13'652'965</u>	<u>12'608'965</u>
Financial income	<u>13'652'965</u>	<u>12'608'965</u>
3.2 Financial expense		
Interest expenses third party	9'883'827	9'877'132
Financial expenses parent company	1'934'250	890'250
Amortization of intangibles	283'594	281'171
Other financial expense	<u>211'858</u>	<u>221'526</u>
Financial expense	<u>12'313'529</u>	<u>11'270'079</u>

Syngenta Finance AG, Basel

4 Other information

Number of employees

There are no employees in the service of the Company.

Contingent liabilities

The Company is part of the Syngenta Crop Protection Swiss VAT Group and is therefore jointly and severally liable for the whole amount due to the Swiss tax authorities by the Syngenta Crop Protection Swiss VAT Group. As of 31 December 2018, no amounts have been accrued for any liabilities of the Syngenta Crop Protection VAT Group as there is no probable exposure.

Guarantee

The Company, acting as a borrower and guarantor, entered into a Revolving Credit Facility Agreement between the Company, Syngenta AG, other group entities and a group of international banks for USD 3 billion in 2017 with expiration 2022 including a one year extension option after year one and two.

As per 31 December 2018, there were outstanding amounts drawn under this facility amounting to USD 150 million (previous year: USD 200 million).

Syngenta Finance AG, Basel

APPROPRIATION OF AVAILABLE EARNINGS (in CHF)

(Proposal of board of directors)

	2018	2017
	<u>CHF</u>	<u>CHF</u>
Retained earnings brought forward	10'063'476	9'110'825
Profit for the year	<u>1'002'020</u>	<u>1'003'651</u>
Total available earnings	11'065'496	10'114'476
Transfer to legal reserves	<u>51'000</u>	<u>51'000</u>
To be carried forward	<u>11'014'496</u>	<u>10'063'476</u>