

Financial Statements of Syngenta AG



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Income Statement

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

(CHF million)	Notes	2017	2016
Income:			
Dividend income	2	509	3,597
Other financial income	2	57	76
Total income		566	3,673
Expenses:			
Financial expenses		(48)	(23)
Operating expenses	2	(72)	(45)
Direct taxes		(3)	(7)
Total expenses		(123)	(75)
Net income		443	3,598

Balance Sheet

(at December 31, 2017 and 2016)

(CHF million)	Notes	2017	2016
Assets			
Current assets:			
Cash		1	6
Short-term receivables from subsidiaries		-	1
Short-term loans to subsidiaries	2	4,645	5,006
Total current assets		4,646	5,013
Non-current assets:			
Investments in subsidiaries	3	4,004	4,098
Total non-current assets		4,004	4,098
Total assets		8,650	9,111
Liabilities and shareholders' equity:			
Short-term liabilities:			
Short-term interest bearing loans from subsidiaries	2	-	(520)
Short-term liabilities to subsidiaries		(56)	(26)
Accrued expenses and deferred income		(6)	(10)
Total short-term liabilities		(62)	(556)
Equity			
Share capital	4, 5	(9)	(9)
Legal reserves:			
Legal reserves from capital contributions	4	(27)	(27)
Legal reserves from retained earnings	4	(2)	(2)
Voluntary retained earnings:			
Other reserves	4	(1,628)	(1,628)
Retained earnings	4	(6,543)	(3,407)
Net income		(443)	(3,598)
Treasury shares	4, 6	64	116
Total shareholders' equity		(8,588)	(8,555)
Total liabilities and shareholders' equity		(8,650)	(9,111)

1. Accounting policies

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 "Law"). The significant accounting and valuation principles applied that are not prescribed by the Law are described below.

Ownership

On July 13, 2017 CNAC Saturn (NL) B.V. ("the Offeror"), a subsidiary of China National Chemical Corporation (in the following "ChemChina"), announced that its participation in Syngenta AG had exceeded 98 percent of Syngenta AG's share capital. As a consequence, ChemChina filed a petition with the Appellate Court Basel-City (Appellationsgericht Basel-Stadt) to cancel the remaining Syngenta AG shares that are not held by ChemChina or any of its affiliates.

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

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.

Investments in subsidiaries

Investments are recorded at acquisition cost less any impairment loss.

Treasury shares

Treasury shares are recognized at acquisition cost and deducted from shareholders' equity at the time of acquisition. The gain or loss on resale of treasury shares, if any, is recognized in the income statement as financial income or expense.

Foregoing a cash flow statement and additional disclosures in the notes

In accordance with the Law, Syngenta AG has decided to forego presenting additional information on interest-bearing liabilities and audit fees in the notes, as well as a cash flow statement, because it has prepared its consolidated financial statements in accordance with a recognized accounting standard (International Financial Reporting Standards as issued by the International Accounting Standards Board).

2. Information on income statement and balance sheet items

Dividend income

Dividend income in the current year consists entirely of dividends received for the previous business year.

Other financial income

Other financial income consists mainly of income from treasury shares sold and guarantee fees received from subsidiaries.

Short-term interest bearing loans

Syngenta AG receives loans from group companies and gives loans to group companies.

Operating expenses

Operating expenses include costs incurred in relation to the takeover offer by ChemChina.

3. Investments in subsidiaries

The following are the significant legal entities in the Syngenta group of companies (the "Group"). The disclosure criteria are as follows:

- Companies directly owned by Syngenta AG
- Companies indirectly owned by Syngenta AG with sales in excess of USD 100 million or equivalent or total assets in excess of one percent of total Group assets
- Companies with a financing function

None of the significant legal entities are listed.

Country	Municipality	Capital and voting rights owned by Syngenta ¹
Argentina		
Syngenta Agro S.A.	Buenos Aires	100%
Australia		
Syngenta Australia Pty Limited	North Ryde	100%
Bangladesh		
Syngenta Bangladesh Limited	Dhaka (BGD)	60%
Brazil		
Syngenta Proteção de Cultivos Ltda.	São Paulo	100%
Canada		
Syngenta Canada Inc.	Guelph	100%
China		
Syngenta (China) Investment Company Limited	Shanghai	100%
France		
Syngenta France S.A.S.	Saint-Sauveur	100%
Syngenta Holding France SA	Guyancourt	100%
Germany		
Syngenta Agro GmbH	Maintal	100%
Hungary		
Syngenta Hungary Kft.	Budapest	100%
India		
Syngenta India Limited	Pune	96%
Indonesia		
PT Syngenta Indonesia	Jakarta	100%
Italy		
Syngenta Italia S.p.A.	Milano	100%
Japan		
Syngenta Japan K.K.	Tokyo	100%
Mexico		
Syngenta Agro, S.A. de C.V.	México City, D.F.	100%
Netherlands		
Syngenta Seeds B.V.	Enkhuizen	100%
Syngenta Finance N.V.	Enkhuizen	100%
Syngenta Treasury N.V.	Enkhuizen	100%
Panama		
Syngenta Crop Protection S.A.	Panama City	100%
Poland		
Syngenta Polska Sp.z.o.o.	Warsaw	100%
Russian Federation		
OOO Syngenta	Moscow	100%

3. Investments in subsidiaries (continued)

Country	Municipality	Capital and voting rights owned by Syngenta ¹
Spain		
Syngenta España S.A.	Madrid	100%
Switzerland		
Syngenta Supply AG	Basel	100%
Syngenta Crop Protection AG ²	Basel	100%
Syngenta Crop Protection Monthey SA ²	Monthey	100%
Syngenta Agro AG	Dielsdorf	100%
Syngenta Agroservices Asia AG ²	Basel	100%
Syngenta Finance AG ²	Basel	100%
Syngenta International AG ²	Basel	100%
Syngenta Participations AG ²	Basel	100%
Syngenta South Asia AG ²	Basel	100%
Ukraine		
TOV Syngenta	Kiev	100%
United Kingdom		
Syngenta Limited	Bracknell	100%
Syngenta UK Limited	Fulbourn	100%
USA		
Syngenta Crop Protection, LLC	Greensboro	100%
Syngenta Seeds, LLC	Minnetonka	100%
Syngenta Corporation	Wilmington	100%
GreenLeaf Genetics, LLC	Minnetonka	100%
Vietnam		
Syngenta Vietnam Ltd.	Bien Hoa City	100%

¹ The capital and voting rights in 2017 have not changed compared to 2016

² Direct holding of Syngenta AG

4. Equity

(CHF million)	Legal reserves			Voluntary retained earnings			Treasury shares	Total
	Share capital	From capital contribution	From retained earnings	Other reserves	Retained earnings	Net income		
Balance at December 31, 2015	9	27	2	1,749	3,186	1,232	(387)	5,818
Appropriation of available earnings	-	-	-	-	1,232	(1,232)	-	-
Sale of treasury shares	-	-	-	-	-	-	150	150
Cancellation of own shares	-	-	-	(121)	-	-	121	-
Dividend payment	-	-	-	-	(1,011)	-	-	(1,011)
Net income of the period	-	-	-	-	-	3,598	-	3,598
Balance at December 31, 2016	9	27	2	1,628	3,407	3,598	(116)	8,555

(CHF million)	Legal reserves			Voluntary retained earnings			Treasury shares	Total
	Share capital	From capital contribution	From retained earnings	Other reserves	Retained earnings	Net income		
Balance at December 31, 2016	9	27	2	1,628	3,407	3,598	(116)	8,555
Appropriation of available earnings	-	-	-	-	3,598	(3,598)	-	-
Sale of treasury shares	-	-	-	-	-	-	52	52
Dividend payment ¹	-	-	-	-	(462)	-	-	(462)
Net income of the period	-	-	-	-	-	443	-	443
Balance at December 31, 2017	9	27	2	1,628	6,543	443	(64)	8,588

¹On May 16, 2017 as a result of the ChemChina tender offer being declared successful, Syngenta AG paid a special dividend of CHF 5 per share.

5. Share capital

	December 31, 2017	Movement in period	December 31, 2016
Total Syngenta AG registered shares	92,578,149	-	92,578,149
Nominal value per share (CHF)	0.10	-	0.10
Total share capital (CHF million)	9.26	-	9.26

6. Treasury shares

The number of treasury shares held by Syngenta AG and their movements are as follows:

	2017	2016
Total treasury registered shares held by Syngenta AG at January 1	357,658	1,161,397
Sold in the year under various Employee/Management Share Plans	(161,982)	(436,234)
Average sale price per share, CHF	429.79	403.07
Cancelled during the year	-	(367,500)
Average book value per cancelled share, CHF	-	328.63
Total treasury registered shares held by Syngenta AG at December 31	195,676	357,658
Average purchase price per share, CHF	325.42	324.44

7. Contingent liabilities

(CHF million)	Maximum amount December 31,		Amount in effect at December 31,	
	2017	2016	2017	2016
External borrowing activities:				
Euro medium-term notes	1,918	2,093	1,918	2,093
SEC registered US bonds	731	764	731	764
Private placement notes	101	255	101	255
Commercial paper	2,438	2,546	461	102
Credit facilities	2,925	2,546	195	-
Group treasury lending, borrowing and hedging activities	22,552	23,857	12,089	12,941
Total	30,665	32,061	15,495	16,155

External borrowing activities

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

Treasury - intercompany lending, borrowing and hedging activities

At the request of the Dutch authorities, Syngenta AG guarantees credit risk arising on lending, borrowing and hedging activities between Syngenta Treasury N.V. (a limited liability company organized under the laws of the Netherlands and an indirectly wholly-owned finance subsidiary) and other group companies, subject to a threshold of EUR 250 million.

In addition, in 2015 Syngenta AG guaranteed a credit facility made available to Syngenta France S.A.S. by Syngenta Participations AG.

External hedging activities – Financial Instruments

External hedging activities refer to financial instruments where Syngenta Treasury N.V. is the contractual party hedging exposures arising in the Syngenta Group with external counterparties.

These financial instruments are transacted under International Swap and Derivative Association (ISDA) contracts. In addition, for certain financial instruments positions, Credit Support Annex (CSA) contracts are in place under which cash is exchanged as collateral.

Syngenta AG guarantees the financial instruments transactions entered under these ISDA contracts. The contingent liabilities related to these financial instruments are significantly limited with the credit risk mitigation measures applicable under the ISDA and the CSA contracts and amount to CHF 3.5 million at December 31, 2017 (2016: CHF 11.1 million).

Litigation matters

Since September 12, 2014, a number of lawsuits have been filed against various Syngenta legal entities, among 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. without having obtained import approval from China for those products. Similar putative class actions were filed in Ontario and Quebec, Canada, against Syngenta Canada Inc. and Syngenta AG in December 2015 and February 2017 respectively. In September 2017, a pending settlement to resolve all claims on behalf of U.S. non-Viptera and Viptera producers as well as grain elevators and ethanol plants was reached. The financial statements for the financial year 2017 of Syngenta AG as presented here are not impacted by the pending settlement of USD 1,500 million as the entire provision for settlement costs has been recorded in other Syngenta Group entities more closely associated with the related lawsuits and claims. The pending settlement does not cover the putative class actions filed in Canada. The pending settlement does also not cover claims of certain exporter plaintiffs (such as Cargill and Louis Dreyfus). Syngenta is continuing to defend against the Canadian actions and claims of exporters. It strongly believes that they are without merit and will vigorously defend the lawsuits.

In August 2013, a personal injury complaint relating to atrazine was filed under seal in St. Clair County, Illinois, State Court on behalf of an unnamed minor and his parents against Syngenta Crop Protection LLC, Syngenta AG and certain dealers and distributors. The Court granted the minor permission to proceed in the public record under the fictitious name "James Doe" - and for his parents to use the names "Jane Doe" and "John Doe". The lawsuit alleges that James Doe's congenital birth defect, hypospadias, was caused by his mother consuming atrazine-contaminated drinking water while she was pregnant. The complaint alleges public nuisance, strict liability, and negligence and seeks unspecified damages together with the costs of suit. Fact discovery in the litigation started in early 2014 and is continuing. Syngenta strongly believes that the claims are without merit and is vigorously defending against the action.

In September 2017, an (amended) complaint was filed in St. Clair County, Illinois, State Court on behalf of twelve plaintiffs (seven men who are said to have been diagnosed with Parkinson's disease and five of their wives) against Syngenta Crop Protection LLC, Syngenta AG and certain dealers and distributors. The complaint alleges that the seven men suffer from Parkinson's disease due to chronic exposure to paraquat and states the following counts: (1) Strict Liability – Design Defect; (2) Strict Liability – Failure to Warn; (3) Negligence; (4) Public

Notes to the Financial Statements of Syngenta AG

Nuisance; (5) Consumer Fraud & Deceptive Business Practices Act; and (6) Breach of Implied Warranty of Merchantability. On January 25, 2018, Syngenta filed a motion to dismiss. Syngenta strongly believes that the complaint is without merit and will vigorously defend the lawsuit.

Other

In a Deed of Guarantee dated 6 December 2017, Syngenta AG guaranteed to Syngenta Pensions Trustee Limited (the "Fund"), that if Syngenta Limited, or other Syngenta affiliates ("Employers"), which participate in the Fund, do not pay punctually amounts they owe to the Fund, then Syngenta AG will pay that amount instead of the Employers. This replaced the letter addressed to Syngenta Pensions Trustee Limited, dated July 2, 2013, and subsequently updated on January 24, 2014, in which Syngenta AG confirmed that it would ensure that Syngenta Limited would 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.

8. Significant shareholders

As a result of the delisting as described in Note 1, the Board of Directors is of the opinion that the information about significant shareholders is not relevant to the addressee of the annual financial statements given the ownership share by ChemChina.

9. Holding of shares and options

As a result of the delisting as described in Note 1, the Board of Directors is of the opinion that the information about holding of shares and options is not relevant to the addressee of the annual financial statements given the ownership share by ChemChina.

10. Allocation of shares and options for members of the Board of Directors

Until 2016, members of the Board of Directors had the option to receive part of their annual fee in the form of shares that were either freely tradable or blocked from trading for a period of five years. Shares were granted once a year with the grant value per share being the market price at the grant date. No options were granted either in 2017 or in 2016.

	2017		2016	
	Quantity	Value at grant (CHF)	Quantity	Value at grant (CHF)
Shares allocated to members of the board of directors	-	-	3,984	1,536,596

11. Full-time equivalents

Syngenta AG does not have any employees.

Appropriation of Available Earnings of Syngenta AG

(CHF million)	2017	2016
Available earnings:		
Balance brought forward from previous year	6,543	3,407
Net profit of the year	443	3,598
Total available earnings	6,986	7,005
Appropriation of available earnings:		
Payment of a dividend proposed to the AGM	(5,000)	-
Conditional payment of dividend approved by the AGM on April 26 th , 2016	-	(463)
Transfer to free reserves	-	-
Total available earnings after appropriation	1,986	6,542
Dividend waived for treasury shares held by the Company	-	1
To be carried forward on this account	1,986	6,543

On May 16, 2017, as a result of the ChemChina Tender Offer being declared successful, Syngenta AG paid a special dividend of CHF 5.00 per share, which the AGM had approved conditionally on April 26, 2016.

The payment of the proposed dividend of USD 4,700 million, but not exceeding CHF 5,000 million, is subject to the successful completion of a proposed 2018 issuance of bonds of up to USD 5,000 million (up to CHF 5,300 million) by other Syngenta entities, which will be guaranteed by Syngenta AG. At the time of the General Meeting's resolution, the maximum of CHF 5,000 million is translated to USD using the applicable exchange rate at that date. The distribution amount will be the lower of USD 4,700 million and the USD translated equivalent of CHF 5,000 million.

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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 for the year ended December 31, 2017.

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, 2017 comply with Swiss law and the company's articles of incorporation.



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 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.

We draw attention to the fact that at the date of signing the auditor's report the management report is not yet available.

KPMG AG

Richard Broadbelt
*Licensed Audit Expert
Auditor in Charge*

Michael Blume
Licensed Audit Expert

Basel, February 6, 2018

Enclosures:

- Financial statements (income statement, balance sheet, notes)
- Proposed appropriation of available earnings

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statements: This document contains forward-looking
statements, which can be identified by terminology
such as "expect", "would", "will", "potential", "plans",
"prospects", "estimated", "aiming", "on track" and
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results to differ materially from these statements.

Bringing plant potential to life