Syngenta Group Interim Condensed Consolidated Financial Statements

The following condensed consolidated financial statements and notes thereto have been prepared in accordance with IAS 34, "Interim Financial Reporting", as disclosed in Note 1 below. They do not contain all of the information which IFRS would require for a complete set of financial statements and should be read in conjunction with the annual consolidated financial statements.

Condensed Consolidated Income Statement

for the six months ended June 30,

($m)	**Notes**	**2019**	**2018[(1)]**
Sales	**5**	**6,766**	**7,249**
Cost of goods sold		(3,619)	(3,743)
Gross profit		**3,147**	**3,506**
Marketing and distribution		(1,058)	(1,064)
Research and development		(624)	(652)
General and administrative:			
Restructuring, excluding divestment gains	6	(211)	(158)
Gains on divestments and disposals of other non-current assets	4	115	396
Other general and administrative		(418)	(384)
Operating income		**951**	**1,644**
Income from associates and joint ventures		2	1
Financial expense, net		(219)	(185)
Income before taxes		**734**	**1,460**
Income tax benefit/(expense)	7	66	(250)
Net income		**800**	**1,210**
Attributable to:			
Syngenta AG shareholder		798	1,209
Non-controlling interests		2	1
Net income		**800**	**1,210**

1 *After effect of accounting policy changes and restatements described in Note 3 below.*

All activities were in respect of continuing operations.

Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30, ($m)	2019	2018[(1)]
Net income	**800**	**1,210**
Components of other comprehensive income/(loss) (OCI)		
Items that will not be reclassified to profit or loss:		
Gains on equity investments at fair value through OCI	6	20
Actuarial (losses)/gains of defined benefit post-employment plans	(87)	113
Income tax relating to items that will not be reclassified to profit or loss	(43)	(29)
	(124)	104
Items that may be reclassified subsequently to profit or loss:		
Unrealized (losses)/gains on derivatives designated as cash flow and net investment hedges and related hedging costs	(36)	13
Currency translation effects	(50)	(503)
Income tax relating to items that may be reclassified subsequently to profit or loss	(27)	(22)
	(113)	(512)
Total OCI	**(237)**	**(408)**
Total comprehensive income	**563**	**802**
Attributable to:		
Syngenta AG shareholder	561	802
Non-controlling interests	2	-
Total comprehensive income	**563**	**802**

1 After effect of accounting policy changes and restatements described in Note 3 below.

All activities were in respect of continuing operations.

During the six months ended June 30, 2019, in respect of cash flow hedges, losses of $45 million (2018: gains of $2 million) were recognized in OCI and losses of $9 million (2018: losses of $11 million) were reclassified from OCI to profit and loss. Income tax of $27 million was debited to OCI (2018: $2 million debited to OCI) in respect of these movements.

Syngenta Group Interim Condensed Consolidated Financial Statements

Condensed Consolidated Balance Sheet

($m)	Notes	June 30, 2019	June 30, 2018[(1)]	December 31, 2018[(1)]
Assets				
Current assets:				
Cash and cash equivalents		1,251	1,545	1,563
Trade receivables	11	5,793	5,474	4,447
Other accounts receivable		655	667	536
Inventories		4,783	4,158	4,292
Derivative and other financial assets	11	571	731	425
Other current assets		372	282	385
Income taxes recoverable		150	271	145
Total current assets		**13,575**	**13,128**	**11,793**
Non-current assets:				
Property, plant and equipment		3,537	3,433	3,362
Intangible assets		3,960	4,128	4,117
Deferred tax assets		1,399	971	1,086
Financial and other non-current assets	11	532	531	492
Investments in associates and joint ventures		197	194	192
Total non-current assets		**9,625**	**9,257**	**9,249**
Assets held for sale		-	-	140
Total assets		**23,200**	**22,385**	**21,182**
Liabilities and equity				
Current liabilities:				
Trade accounts payable		(4,544)	(4,030)	(3,623)
Contract liabilities		(278)	(204)	(445)
Current financial debt and other financial liabilities	11	(3,789)	(1,667)	(1,195)
Income taxes payable		(751)	(704)	(539)
Other current liabilities		(762)	(723)	(895)
Provisions		(147)	(1,678)	(1,268)
Total current liabilities		**(10,271)**	**(9,006)**	**(7,965)**
Non-current liabilities:				
Financial debt and other non-current liabilities	10, 11	(7,425)	(7,799)	(7,415)
Deferred tax liabilities		(855)	(804)	(905)
Provisions		(842)	(661)	(753)
Total non-current liabilities		**(9,122)**	**(9,264)**	**(9,073)**
Total liabilities		**(19,393)**	**(18,270)**	**(17,038)**
Shareholder's equity:				
Total shareholder's equity		(3,779)	(4,091)	(4,118)
Non-controlling interests		(28)	(24)	(26)
Total equity		**(3,807)**	**(4,115)**	**(4,144)**
Total liabilities and equity		**(23,200)**	**(22,385)**	**(21,182)**

1 After effect of accounting policy changes and restatements described in Note 3 below.

Condensed Consolidated Cash Flow Statement

For the six months ended June 30, ($m)	Notes	2019	2018[1]
Income before taxes		**734**	**1,460**
Reversal of non-cash and other reconciling items	8	646	270
Cash (paid)/received in respect of:			
Interest and other financial receipts		105	95
Interest and other financial payments		(237)	(134)
Income taxes		(160)	(92)
Restructuring costs		(20)	(28)
Contributions to pension plans, excluding restructuring costs		(62)	(164)
Other provisions	12	(1,136)	(71)
Litigation settlement into escrow	12	-	(400)
Operating cash flow before change in net working capital		**(130)**	**936**
Change in net working capital:			
Change in inventories		(470)	(36)
Change in trade and other working capital assets		(1,409)	(1,491)
Change in trade and other working capital liabilities		603	651
Cash flow from operating activities		**(1,406)**	**60**
Additions to property, plant and equipment		(184)	(168)
Purchases of intangible assets, investments in associates and other financial assets		(53)	(143)
Proceeds from disposals of non-current assets	4	352	463
Acquisitions and divestments, net	4	-	(1,366)
Cash flow used for investing activities		**115**	**(1,214)**
Proceeds from increase in third party interest-bearing debt		1,819	5,475
Repayments of third party interest-bearing debt		(395)	(276)
Distributions paid to shareholder		(450)	(4,707)
Cash flow used for financing activities		**974**	**492**
Net effect of currency translation on cash and cash equivalents		5	(46)
Net change in cash and cash equivalents		**(312)**	**(708)**
Cash and cash equivalents at the beginning of the period		1,563	2,253
Cash and cash equivalents at the end of the period		**1,251**	**1,545**

1 After effect of accounting policy changes and restatements described in Note 3 below.

Condensed Consolidated Statement of Changes in Equity

($m)	Par value of ordinary shares	Additional paid-in capital	Treasury shares, at cost	Fair value reserves	Cumulative translation adjustment	Retained earnings	Total shareholder's equity	Non-controlling interests	Total equity
	Attributable to Syngenta AG shareholder								
January 1, 2018	**6**	**3,416**	**(67)**	**(66)**	**(942)**	**5,629**	**7,976**	**24**	**8,000**
Accounting policy changes and restatements (Note 3)						20	20		20
January 1, 2018 as restated	**6**	**3,416**	**(67)**	**(66)**	**(942)**	**5,649**	**7,996**	**24**	**8,020**
Net income [(1)]						1,209	1,209	1	1,210
OCI [(1)]				27	(522)	88	(407)	(1)	(408)
Total comprehensive income	**-**	**-**	**-**	**27**	**(522)**	**1,297**	**802**	**-**	**802**
Transactions with owner as owner:									
Distributions to shareholder						(4,707)	(4,707)		(4,707)
June 30, 2018	**6**	**3,416**	**(67)**	**(39)**	**(1,464)**	**2,239**	**4,091**	**24**	**4,115**
January 1, 2019	**6**	**3,416**	**(67)**	**(25)**	**(1,523)**	**2,369**	**4,176**	**26**	**4,202**
Accounting policy changes and restatements (Note 3)					(87)	29	(58)		(58)
January 1, 2019 as restated	**6**	**3,416**	**(67)**	**(25)**	**(1,610)**	**2,398**	**4,118**	**26**	**4,144**
Net income						798	798	2	800
OCI				(58)	(50)	(129)	(237)		(237)
Total comprehensive income	**-**	**-**	**-**	**(58)**	**(50)**	**669**	**561**	**2**	**563**
Transactions with owner as owner:									
Distributions to shareholder						(900)	(900)		(900)
Distribution in kind: Treasury shares			67			(67)	-		-
Other				2		(2)	-		-
June 30, 2019	**6**	**3,416**	**-**	**(81)**	**(1,660)**	**2,098**	**3,779**	**28**	**3,807**

1 After effect of accounting policy changes and restatements described in Note 3 below.

On April 12, 2019, a dividend of $900 million was declared. On April 24, 2019, $450 million was paid to Syngenta's parent company, CNAC Saturn (NL) B.V. The remaining $450 million will be paid by November 15, 2019.

In June 2019, Syngenta distributed the remaining 195,676 Treasury shares as an in-kind dividend to its parent company, CNAC Saturn (NL) B.V.

On May 7, 2018, a dividend of $4,707 million was paid to Syngenta's parent company, CNAC Saturn (NL) B.V. as further disclosed in Note 10.

Note 1: Basis of preparation

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

Basis of presentation and accounting policies: The condensed consolidated financial statements for the six months ended June 30, 2019 and 2018 incorporate the financial statements of Syngenta AG and of all of its subsidiaries ("Syngenta Group"). They have been prepared in accordance with IAS 34, "Interim Financial Reporting" and, except as disclosed in Note 3 below, with the accounting policies described in Notes 2 and 27 to Syngenta's 2018 annual consolidated financial statements. Syngenta prepared its annual consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The condensed consolidated financial statements were authorized for issue by the Board of Directors on July 17, 2019.

The condensed consolidated financial statements are presented in United States dollars ($) as this is the major currency in which revenues are denominated. Financial figures are presented in millions of dollars ($m) except where otherwise stated.

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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: Seasonality of operations

The timing of Syngenta's sales, profit and cash flows throughout the year is influenced by seasonal factors. Operating in the agriculture sector, sales of Syngenta's products principally occur before and during the growing season. The northern hemisphere has a spring growing season and more sales occur and profit is earned during the first half of the year than in the second half. Collections of trade accounts receivable from customers in these northern hemisphere markets largely occur during the second half of the year. In the southern hemisphere more sales occur and profit is earned during the first and last quarters of the year and because these southern hemisphere markets tend to have longer collection terms, collections also largely occur during the second half of the year. As a result of these seasonal factors, consolidated net income typically is higher, and operating cash flow typically is significantly lower, during the first half of the year than during the second half.

Note 3: Accounting and reporting changes

Syngenta has made the following changes to its accounting policies, segmental reporting, classification of items in its financial statements and accounting estimates with effect from January 1, 2019. The effect of each change on comparative amounts presented for 2018 is shown separately in the tables below, except for those changes that have not been restated for the reasons indicated below.

Adoption of new IFRSs

IFRS 16 "Leases" requires a lessee to account for all leases, unless exempt as described below, by recognizing a lease asset (right of use asset) for the right to use the asset underlying the lease (underlying asset) and a corresponding liability for lease payments during the lease term, defined as the non-cancellable period of the lease and any additional periods for which the lessee has an option to use the asset that it is reasonably certain to exercise. In assessing whether such periods are reasonably certain, Syngenta considers the length of the non-cancellable lease period in each lease, contractual terms and conditions relating to the optional period(s) and to exercising the option(s), recent or planned future leasehold improvements, the impact of terminating the lease on its operations and associated termination costs, and whether Syngenta is reasonably certain to continue unchanged all other significant terms in the current lease. The lease liability includes payment for an option to purchase the underlying asset only if Syngenta is reasonably certain to exercise that option.

As permitted by IFRS 16:

- Syngenta has included in the lease liability payments for services associated with leases of cars, but not with leases of other types of asset.
- Syngenta accounts for short term and low value item leases by expensing costs on a straight-line basis over the lease term, without recognizing right of use assets and liabilities. Short term leases are all leases with a term of less than one year on inception. Low value item leases are all leases of underlying assets worth $5,000 or less when new and which are independent of other assets.

For all other leases, on their commencement Syngenta recognizes:

- a liability equal to the present value of payments required over the lease term for the use of the asset, excluding contingent payments, discounted at Syngenta's incremental borrowing rate (IBR). Syngenta's IBR is comprised of a reference rate based on cash and swap curves for the currency and maturity of the lease payments and a financing spread adjustment which differentiates between asset classes based on the value of the collateral offered by the nature of the underlying asset.
- a right of use asset equal to the lease liability, adjusted by lease payments made or incentives received, by initial direct costs of obtaining the lease and by an estimate of costs associated with obligations to decommission or restore the underlying asset or the site where it is located.

After commencement, the right of use asset is amortized systematically over the lease term, subject to review for impairment, and the lease liability is accounted for at amortized cost using the IBR at lease commencement. The resulting interest cost is presented within Interest expense in the consolidated income statement. Lease payments which are contingent on use of the underlying asset are not included in the lease liability, and are expensed as incurred.

Syngenta has adopted IFRS 16 “Leases” with effect from January 1, 2019, using the modified retrospective application method, together with all applicable permitted practical expedients. Under these transition methods, IFRS 16 requires that:

- comparative amounts for 2018 and prior years are not restated, and continue to reflect application of the previous standard, IAS 17;
- all existing agreements at January 1, 2019 which are or contain a lease in accordance with the IAS 17 lease definition are treated as a lease for IFRS 16;
- for each lease previously accounted for as an IAS 17 operating lease that had a remaining term of more than one year at January 1, 2019 and does not qualify for the low value asset exemption, a lease liability has been recognized, measured by discounting the lease payments remaining at January 1, 2019 using Syngenta’s IBR at that date. A leased asset is recognized for the same amount, ignoring any initial direct costs of obtaining the lease;
- Syngenta’s finance lease assets and liabilities at December 31, 2018 in accordance with IAS 17 ($63 million and $61 million respectively) are not restated at January 1, 2019.

Under these methods, at January 1, 2019 right of use assets and lease liabilities of $212 million were recognized in addition to the amounts shown above for finance leases, and there was no impact on retained earnings. $88 million right of use assets and $131 million lease liabilities were recognized for leases that commenced during the six months ended June 30, 2019. The majority of these amounts related to the Basel site sale and leaseback. In the June 30, 2019 consolidated balance sheet, $321 million right of use assets are included within Property, plant and equipment, $91 million lease liabilities are presented within Current financial debt and other financial liabilities and $272 million within Financial debt and other non-current liabilities, depending on the due dates of lease payments. For the six months ended June 30, 2019, right-of-use asset depreciation expense was $42 million and interest expense on lease liabilities was $4 million.

Additionally, Syngenta has adopted the following new or revised IFRSs from January 1, 2019. Except where indicated below, these IFRSs have not been early adopted and their adoption had no material impact on these condensed consolidated financial statements:

- IFRIC 23 “Uncertainty over Income Tax Treatments”;
- “Long-term Interests in Associates and Joint Ventures”, Amendments to IAS 28;
- “Prepayment Features with Negative Compensation”, Amendments to IFRS 9;
- “Annual Improvements to IFRS Standards” 2015-2017 Cycle;
- “Plan Amendment, Curtailment or Settlement”, Amendments to IAS 19,
- “Definition of a Business”, Amendments to IFRS 3, has been early adopted and applies to acquisitions completed after January 1, 2019. As disclosed in Note 4, Syngenta made no significant acquisitions in the six months ended June 30, 2019.

Brazil implicit interest

Until December 31, 2018, in accounting for revenue from contracts with customers, in all markets except Brazil, Syngenta applied the permitted IFRS 15 practical expedient not to discount revenue where the agreed credit period is one year or less. From January 1, 2019, Syngenta has applied this expedient also to revenue in Brazil, where Syngenta had previously deferred the implicit interest amount and recognized it over the credit period, as interest income. Syngenta believes that this change results in its consolidated financial statements providing more relevant information about the effects of transactions in Brazil, as it is expected to make the financial statements more comparable with those of other companies and aligns the accounting for the effects of trade credit in all Syngenta's markets. In these condensed consolidated financial statements, the deductions from trade accounts receivable that previously represented deferred unearned interest at January 1, June 30 and December 31, 2018 and associated amounts recognized as interest income for the six months ended June 30, 2018 have been removed. The effect of restating revenue for the six months ended June 30, 2018 to recognize all of the associated net sales consideration in the periods in which products were transferred to customers in accordance with IFRS 15, was not material. For the six months ended June 30, 2019, this change had the effect of increasing/(decreasing) sales by $8 million, financial expense, net by $23 million, income before taxes by $(15) million and net income by $(10) million.

Net interest on pension and other post-employment benefit assets and liabilities

Until December 31, 2018, Syngenta reported net interest on its defined benefit pension and other post-employment benefit plans in Other general and administrative expense. From January 1, 2019, Syngenta reports interest cost in Financial expense, net. Syngenta believes that this change in income statement classification results in its consolidated financial statements providing more relevant information about the effects of its defined benefit plans. Most members of those plans either no longer work for Syngenta or no longer accrue benefits under the plans, the latter being the case for all members of Syngenta's main US pension plan with effect from January 1, 2019. The benefits of these members represent most of Syngenta's defined benefit assets and liabilities and no longer give rise to service cost. Consequently, net interest is no longer relevant to understanding the expenses of each function. The amounts of net interest were not material in the periods ended June 30, 2019 and 2018, and Syngenta has not restated 2018 for this change. The amounts of net interest in future years may be larger, as they will vary in line with the discount rate and the net defined benefit asset or liability determined in accordance with IAS 19 at the end of each year. This change has no impact on income before taxes or retained earnings.

New segment reporting

In 2019, Syngenta adopted revisions to its segment reporting to reflect changes in management structure. There are five operating segments, which have been aggregated into the global Crop Protection segment, including Professional Solutions (previously known as Controls), and the global Seeds segment, including Field Crops, Vegetables and Flowers. In 2018 there were six operating segments, which were aggregated into four geographic regions, which included the Crop Protection, Seeds and Controls businesses, and All other segments.

The comparative segment information presented in Note 5 below for the six months ended June 30, 2018 has been restated in accordance with the new management structure.

Reclassification of expenses

Syngenta has reclassified the expenses of its car fleet in the condensed consolidated income statement. Until December 31, 2018, all Syngenta's car fleet costs were managed at corporate level and reported in Other general and administrative. From January 1, 2019, the cost of each car is reported in the same function as the personnel cost of the employee who uses the car. This change is purely a reclassification between income statement lines and has no effect on operating income or retained earnings.

Nidera Seeds goodwill and fair value adjustments and currency translation thereof

As further described below in Note 4, Syngenta acquired Nidera Seeds on February 6, 2018. The initial accounting for the Nidera acquisition is now completed and no changes have been made in 2019 to the acquisition date amounts recognized at December 31, 2018 for acquired assets, liabilities and consideration in Syngenta's 2018 annual consolidated financial statements. However, in 2019 Syngenta allocated Nidera Seeds goodwill and fair value adjustments as of the acquisition date into the currencies of the acquired Nidera Seeds legal entities, which could not be performed until the initial accounting was complete. Movements in the Brazilian Real exchange rate from the acquisition date until December 31, 2018 reduced other comprehensive income for 2018 and the carrying amount of Nidera Seeds goodwill, intangible assets and inventories at December 31, 2018, together with the related deferred tax effect. The comparative 2018 amounts presented for those items have been retrospectively adjusted in the condensed consolidated statement of comprehensive income and condensed consolidated balance sheets to reflect this allocation by currency. The currency translation effects of this allocation on other consolidated balance sheet line items and on the 2018 consolidated income statement and cash flows were not material and have not been adjusted.

At the date Syngenta's 2018 interim condensed consolidated financial statements were authorized for issue, Syngenta had not completed its accounting for the Nidera acquisition. As required by IFRS 3, Syngenta has restated the comparative June 30, 2018 consolidated balance sheet presented in these financial statements for the effect of the Nidera acquisition accounting as of that date.

The following tables present the effect of the reclassifications and other changes in accounting policies and estimates on the condensed consolidated financial statements:

Changes to the consolidated income statement for the six months ended June 30, 2018 ($m)	**2018 as reported**	**Brazil interest**	**Fleet costs**	**Nidera Seeds acquisition accounting**	**2018 as restated**
Sales	**7,249**	**-**	**-**	**-**	**7,249**
Cost of goods sold	(3,737)	-	-	(6)	(3,743)
Gross profit/(loss)	**3,512**	**-**	**-**	**(6)**	**3,506**
Marketing and distribution	(1,052)	9	(21)	-	(1,064)
Research and development	(646)	-	(6)	-	(652)
General and administrative:					
Restructuring, excluding divestment gains	(158)	-	-	-	(158)
Divestment gains	396	-	-	-	396
Other general and administrative	(411)	-	27	-	(384)
Operating income/(loss)	**1,641**	**9**	**-**	**(6)**	**1,644**
Income from associates and joint ventures	1	-	-	-	1
Financial expense, net	(151)	(34)	-	-	(185)
Income/(loss) before taxes	**1,491**	**(25)**	**-**	**(6)**	**1,460**
Income tax (expense)/benefit	(261)	9	-	2	(250)
Net income/(loss)	**1,230**	**(16)**	**-**	**(4)**	**1,210**
Attributable to:					
Syngenta AG shareholder	1,229	(16)	-	(4)	1,209
Non-controlling interests	1	-	-	-	1
Net income/(loss)	**1,230**	**(16)**	**-**	**(4)**	**1,210**

Changes to the consolidated statement of comprehensive income for the six months ended June 30, 2018 ($m)	**2018 as reported**	**Brazil interest**	**Nidera Seeds adjustments**	**2018 as restated**
Net income	**1,230**	**(16)**	**(4)**	**1,210**
Components of other comprehensive income/(loss) (OCI)				
Items that will not be reclassified to profit or loss	104	-	-	104
Items that may be reclassified subsequently to profit or loss:				
Unrealized gains on derivatives designated as cash flow and net investment hedges and related hedging costs	13	-	-	13
Currency translation effects	(413)	(2)	(88)	(503)
Income tax relating to items that may be reclassified subsequently to profit or loss	(22)	-	-	(22)
	(422)	(2)	(88)	(512)
Total OCI	**(318)**	**(2)**	**(88)**	**(408)**
Total comprehensive income	912	(18)	(92)	802
Attributable to:				
Syngenta AG shareholder	912	(18)	(92)	802
Non-controlling interests	-	-	-	-
Total comprehensive income	**912**	**(18)**	**(92)**	**802**

Changes to the consolidated balance sheet at December 31, 2018 ($m)	2018 as reported	Brazil interest	Nidera Seeds intangible assets	2018 as restated
Assets				
Current assets:				
Trade receivables	4,398	49	-	4,447
Other current assets	7,346	-	-	7,346
Total current assets	**11,744**	**49**	**-**	**11,793**
Non-current assets:				
Intangible assets	4,221	-	(104)	4,117
Deferred tax assets	1,099	(13)	-	1,086
Other non-current assets	4,046	-	-	4,046
Total non-current assets	**9,366**	**(13)**	**(104)**	**9,249**
Assets held for sale	140	-	-	140
Total assets	**21,250**	**36**	**(104)**	**21,182**
Liabilities and equity				
Current liabilities:				
Trade accounts payable	(3,613)	(10)	-	(3,623)
Other current liabilities	(4,342)	-	-	(4,342)
Total current liabilities	**(7,955)**	**(10)**	**-**	**(7,965)**
Non-current liabilities				
Deferred tax liabilities	(925)	-	20	(905)
Other non-current liabilities	(8,168)	-	-	(8,168)
Total non-current liabilities	**(9,093)**	**-**	**20**	**(9,073)**
Total liabilities	**(17,048)**	**(10)**	**20**	**(17,038)**
Equity:				
Shareholder's equity	(4,176)	(26)	84	(4,118)
Non-controlling interests	(26)	-		(26)
Total equity	**(4,202)**	**(26)**	**84**	**(4,144)**
Total liabilities and equity	**(21,250)**	**(36)**	**104**	**(21,182)**

Changes to the consolidated balance sheet at June 30, 2018 ($m)	2018 as reported	Brazil interest	Nidera Seeds adjustments	2018 as restated
Assets				
Current assets:				
Trade receivables	5,471	3	-	5,474
Other accounts receivable	659	-	8	667
Inventories	4,139	-	19	4,158
Other current assets	2,829	-	-	2,829
Total current assets	**13,098**	**3**	**27**	**13,128**
Non-current assets:				
Property, plant and equipment	3,462		(29)	3,433
Intangible assets	4,037	-	91	4,128
Deferred tax assets	972	(1)	-	971
Other non-current assets	725	-	-	725
Total non-current assets	**9,196**	**(1)**	**62**	**9,257**
Assets held for sale	-	-	-	-
Total assets	**22,294**	**2**	**89**	**22,385**
Liabilities and equity				
Current liabilities:				
Trade accounts payable	(4,030)	-	-	(4,030)
Other current liabilities	(4,976)	-	-	(4,976)
Total current liabilities	**(9,006)**	**-**	**-**	**(9,006)**
Non-current liabilities				
Deferred tax liabilities	(628)	-	(176)	(804)
Provisions	(656)	-	(5)	(661)
Other non-current liabilities	(7,799)	-	-	(7,799)
Total non-current liabilities	**(9,083)**	**-**	**(181)**	**(9,264)**
Total liabilities	**(18,089)**	**-**	**(181)**	**(18,270)**
Equity:				
Shareholder’s equity	(4,181)	(2)	92	(4,091)
Non-controlling interests	(24)	-	-	(24)
Total equity	**(4,205)**	**(2)**	**92**	**(4,115)**
Total liabilities and equity	**(22,294)**	**(2)**	**(89)**	**(22,385)**

Changes to the consolidated cash flow statement for the six months ended June 30, 2018 ($m)	2018 as reported	Brazil interest	Nidera Seeds acquisition accounting	2018 as restated
Income before taxes	**1,491**	**(25)**	**(6)**	**1,460**
Reversal of non-cash and other reconciling items	236	34	-	270
Cash (paid)/received in respect of other operating activities	(794)	-	-	(794)
Operating cash flow before change in net working capital	**933**	**9**	**(6)**	**936**
Change in inventories	(42)	-	6	(36)
Change in trade and other working capital assets	(1,483)	(8)	-	(1,491)
Change in trade and other working capital liabilities	652	(1)	-	651
Cash flow from operating activities	**60**	**-**	**-**	**60**

Note 4: Business combinations, divestments and other significant transactions

Six months ended June 30, 2019

No significant acquisitions were completed in the six months ended June 30, 2019.

On January 3, 2019, Syngenta divested certain crop protection products in India, pursuant to commitments given to the Indian antitrust authority Competition Commission of India relating to ChemChina's acquisition of Syngenta. The gain on this disposal was $28 million. With this transaction, Syngenta has now completed all remedy divestments it committed to make in connection with ChemChina's acquisition.

On January 3, 2019, Syngenta completed the sale and leaseback transaction for those buildings and land at its Basel site which were not disposed of in 2018. The total gain on this 2019 disposal was $128 million, of which $87 million is recognized as a gain at the disposal date and $41 million, corresponding to the value of the retained leaseback, is deferred in accordance with IFRS 16, through reduction in the amount recognized for the right of use asset, and is being amortized over a 10 year period from the disposal date.

Six months ended June 30, 2018

Acquisition of Nidera Seeds

On February 6, 2018, Syngenta completed the acquisition of Nidera Seeds by acquiring 100% of the issued shares of Nidera Seeds Holding B.V., a private limited liability company incorporated in the Netherlands, for an Enterprise Value of $1,400 million on a cash-free and debt-free basis. The final acquisition-date value of consideration, after adjustments for working capital, net debt and intra-group amounts, was $1,473 million. The acquisition of Nidera Seeds will strengthen Syngenta's position in the Latin American seeds market and create value by leveraging Nidera's corn and soybean seed germplasm, strong research and development pipeline and broad footprint in Latin America.

In Syngenta's June 30, 2018 interim condensed consolidated financial statements, the amounts of assets and liabilities recognized for Nidera seeds were all provisional, as valuation activity was ongoing. In these consolidated financial statements, Syngenta has retrospectively adjusted the comparative balance sheet amounts at June 30, 2018 to reflect the final acquisition-date fair values of the acquired assets and liabilities. These adjustments are presented in the table in Note 3 above.

Other acquisitions

On February 1, 2018, Syngenta acquired 100% of the stock of FarmShots, Inc., a US-based innovator of high-resolution satellite imagery that detects plant health by analyzing absorbed light from field images. This mobile platform with unique processing and multiple plant health index capabilities provides actionable insights normally acquired by walking through a farm and visually inspecting plants. It enables growers to reduce field scouting by as much as 90 percent and helps them focus on areas of need. The acquisition will enhance Syngenta's offer to growers.

On March 30, 2018, Syngenta purchased the business of Abbott & Cobb, a US-based privately owned global breeder and seller of proprietary hybrid vegetable seeds. The acquisition will strengthen Syngenta's sweet corn vegetable business.

On April 30, 2018, Syngenta purchased 100% of the quotas of Strider Desenvolvimento de Software Ltda ("Strider"), a company incorporated in Brazil. Strider is an important participant in the Latin American digital agriculture market. Strider develops and markets technological tools and digital farm management solutions for the agriculture industry. The acquisition will enhance Syngenta's offer to growers.

None of the above three acquisitions is individually significant and the aggregate acquisition-date value of consideration was $64 million.

The final acquisition-date fair values of acquired assets and liabilities and consideration for business combinations completed in the six months ended June 30, 2018 are as follows:

($m)	Nidera	Other	Total fair values
Cash and cash equivalents	23	-	23
Inventories	97	4	101
Trade receivables and other assets	246	3	249
Property, plant and equipment	79	5	84
Intangible assets	710	16	726
Trade and other liabilities	(74)	(2)	(76)
Deferred tax liabilities	(197)	(3)	(200)
Net assets acquired	**884**	**23**	**907**
Consideration transferred	1,473	64	1,537
Goodwill	**589**	**41**	**630**

Cash paid for the above acquisitions during the six months ended June 30, 2018 was $1,366 million.

Divestment of remedy assets

On October 24, 2017, Syngenta announced that Adama Agricultural Solutions Ltd ("Adama") and Syngenta had entered into binding agreements with Nufarm Limited ("Nufarm") to sell a portfolio of crop protection products for a total agreed transaction value of $490 million, of which Syngenta's share was $95 million. Syngenta and Adama completed these transactions on March 16, 2018. The combined portfolio of products divested includes off-patent crop protection formulations in the herbicides, fungicides, insecticides and other categories in the European Economic Area (EEA), and related inventories. No other physical assets or personnel were transferred by Syngenta as part of the transaction. The transaction was carried out in accordance with the commitments given to the European Commission relating to ChemChina's acquisition of Syngenta.

In connection with this transaction, Syngenta agreed to divest and license to Adama certain of its crop protection products, and Adama agreed to grant Syngenta distribution rights to certain of its crop protection products, in EAME. The parties also entered into necessary transitional service agreements. In relation to all the transactions mentioned above, Adama agreed to transfer to Syngenta the cash consideration, net of taxes and transaction costs, which it received for the divestment of its crop protection products, amounting to $313 million, together with the distribution rights to Adama products mentioned above, the fair value of which Syngenta has estimated at $26 million.

The gain recognized by Syngenta on the above transactions is reported within Gains on divestments and disposals of other non-current assets in the condensed consolidated income statement.

Note 5: Segmental information and analysis of revenue

As described in Note 3, Syngenta has adopted new segment reporting in 2019. Segment reporting for 2018 has been restated accordingly. There are five operating segments consisting of the Crop Core, Professional Solutions, Field Crops, Vegetables and Flowers businesses. These have been aggregated into the global Crop Protection segment, consisting of Crop Core and Professional Solutions, and the global Seeds segment, consisting of Field Crops, Vegetables and Flowers. Aggregation is based on internal management structures and underlying economic similarity. Segment performance is managed based on segment operating income before restructuring costs and divestments, which is the measure of segment profit or loss presented, and is based on the same accounting policies as consolidated operating income.

For the six months ended June 30, 2019 ($m)	**Crop Protection**	**Seeds**	**Total segments**	**Restructuring**	**Group**
Sales	**5,172**	**1,594**	**6,766**	**-**	**6,766**
Cost of goods sold	(2,771)	(847)	(3,618)	(1)	(3,619)
Gross profit/(loss)	**2,401**	**747**	**3,148**	**(1)**	**3,147**
Marketing and distribution	(716)	(342)	(1,058)	-	(1,058)
Research and development	(347)	(277)	(624)	-	(624)
General and administrative:					
Restructuring	-	-	-	(211)	(211)
Gains on divestments and disposals of non-current assets	66	21	87	28	115
Other general and administrative	(287)	(131)	(418)	-	(418)
Operating income/(loss)	**1,117**	**18**	**1,135**	**(184)**	**951**
Income from associates and joint ventures					2
Financial expense, net					(219)
Income before taxes					**734**

Notes to the Syngenta Group Interim Condensed Consolidated Financial Statements

For the six months ended June 30, 2018 ($m)	**Crop Protection**	**Seeds**	**Total segments**	**Restructuring**	**Group**
Sales	**5,498**	**1,751**	**7,249**	**-**	**7,249**
Cost of goods sold	(2,824)	(913)	(3,737)	(6)	(3,743)
Gross profit/(loss)	**2,674**	**838**	**3,512**	**(6)**	**3,506**
Marketing and distribution	(756)	(308)	(1,064)	-	(1,064)
Research and development	(377)	(275)	(652)	-	(652)
General and administrative:					
Restructuring	-	-	-	(158)	(158)
Gains on divestments and disposals of non-current assets	-	-	-	396	396
Other general and administrative	(285)	(99)	(384)	-	(384)
Operating income	**1,256**	**156**	**1,412**	**232**	**1,644**
Income from associates and joint ventures					1
Financial expense, net					(185)
Income before taxes					**1,460**

All activities were in respect of continuing operations. The analysis of revenue by major product line is as follows:

For the six months ended June 30, ($m)	**2019**	**2018**
Selective herbicides	1,493	1,716
Non-selective herbicides	417	408
Fungicides	1,661	1,730
Insecticides	896	901
Seedcare	458	459
Professional solutions	219	252
Other crop protection	62	66
Total Crop Protection	**5,206**	**5,532**
Corn and soybean	755	852
Diverse field crops	397	430
Vegetables	319	346
Flowers	123	123
Total Seeds	**1,594**	**1,751**
Elimination of Crop Protection sales to Seeds	(34)	(34)
Group sales	**6,766**	**7,249**

The analysis of revenue by primary geographical market is as follows:

For the six months ended June 30,

($m)	**2019**	**2018**
Europe, Africa and Middle East	2,661	2,910
North America	1,894	2,280
Latin America	1,216	1,016
Asia Pacific	995	1,043
Group sales	**6,766**	**7,249**

Note 6: Restructuring

($m)	**2019**	**2018[(1)]**
Accelerating operational leverage programs:		
Cash costs	19	79
Acquisition, integration and related costs:		
Cash costs	12	8
Non-cash items	1	6
Other restructuring and impairment:		
Cash costs	38	-
Other non-current asset impairments	142	71
Total	**212**	**164**

The costs are presented in the condensed consolidated income statement as follows:

($m)	**2019**	**2018[(1)]**
Cost of goods sold	1	6
Restructuring	211	158
Total	**212**	**164**

1 After effect of accounting policy changes and restatements described in Note 3.

Amounts reported in Cost of goods sold represent reversal of inventory step ups reported on acquisitions.

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

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

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

2019

Accelerating operational leverage programs
Cash costs of $19 million, including $11 million of severance and pension charges and $2 million of information systems projects, were incurred for productivity initiatives and to continue to simplify the layers of management, including at the global headquarters.

Acquisition, integration and related costs
Cash costs includes $5 million for merger and acquisition projects and other transaction costs and $7 million incurred for integration projects related to the 2018 acquisitions described in Note 4.

Other restructuring and impairment
Other cash costs relate to the closure of a manufacturing site in the US announced in June 2019, including charges to provide for environmental remediation activities and severance. Other non-current asset impairments consist of $90 million for property, plant and equipment and $10 million for inventories at the manufacturing site; and an impairment of capitalized agreements related to a seed technology where future value is expected to decrease significantly due to increasing competition and a declining market.

2018

Accelerating operational leverage programs
Cash costs of $55 million, including $5 million of severance and pension charges and $12 million of information systems projects, consisted of $22 million for initiatives to restructure marketing and commercial operations, $17 million for projects to improve the effectiveness of back office support, $11 million for Research and Development productivity projects, $3 million for activity to optimize production and supply and $2 million for project management. A further $24 million of severance and pension costs were incurred to simplify the layers of management, including at the global headquarters.

Acquisition, impairment and related costs
Cash costs included $6 million for merger and acquisition projects and other transaction costs and $2 million incurred for integration projects. Non-cash items related to the reversal of inventory step ups reported on acquisitions.

Other restructuring and impairment

Other non-current asset impairments consisted of an intangible asset impairment where further development of technologies held by Syngenta was not considered cost effective and activities have been suspended.

Note 7: Income taxes

Swiss Corporate Income Tax Reform

The Swiss public voted on May 19, 2019 to adopt the Federal Act on Tax Reform and AHV Financing ("TRAF") which reforms corporate taxation in Switzerland. The tax reform has several consequences including a change of the Swiss Cantonal and Communal Income Tax Harmonization Act ("CCITHA") which provides guidance on provisions in the cantonal tax laws for income and capital taxes. The changed CCITHA is scheduled to enter into force at federal level on January 1, 2020. To the extent that the tax reform measures relate to cantonal and communal income tax law changes, the measures will effectively be implemented through modification of the cantonal tax law. The main mandatory tax measures for the cantons to implement within TRAF include:

- Abolition of special tax regimes;
- Transitional measures to consider the taxation of untaxed reserves;
- Patent box –tax exemption of up to 90% of qualifying income with cantonal choice of exemption %;
- Overall limitation of certain measures on cantonal level to 70% (or less, at the choice of the canton) in order to ensure minimal taxation.

IFRS requires income taxes to be measured as follows:

- current income taxes - using tax rates or laws substantively enacted at the reporting period end;
- deferred income taxes - at the rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates and laws substantively enacted at the reporting period end;
- interim period tax expense - using the tax rate expected to apply to forecast earnings for the full annual period, based on tax rates and laws substantively enacted by the end of the interim reporting period, but recognizing tax benefits relating to a one-off event in the interim period in which they arise.

In Switzerland, after Federal parliament has approved a new law, Swiss citizens can initiate a referendum by collecting signatures within a specified timeframe. A similar process exists at cantonal level. Substantive enactment is typically the date at which the period for collecting signatures lapses or, in the case that a referendum is held, the date of the affirmative public vote. Syngenta has its headquarters in the canton of Basel-Stadt and has operations in several cantons including Aargau, Valais and Zurich. The legislative process in Aargau, Valais and Zurich is still ongoing but on February 10, 2019, in a public vote, the population of the canton of Basel-Stadt accepted the revision of the cantonal tax law.

As a result:

- the ordinary effective income tax rate (incl. Federal income tax) has been reduced to 13% in the canton of Basel-Stadt, effective as per January 1, 2019.
- at the same time a special effective tax rate of 11% for the realisation of previously untaxed reserves has been introduced.
- with effect as of tax year 2020, the canton of Basel-Stadt has introduced a patent box regime, taxing qualifying income from patent protected revenues at a privileged rate. The overall relief limitation has been set at 40%. Therefore, the minimum effective tax rate after patent box relief and including Federal income tax amounts to 11% ("patent box rate").

As a result of the above changes, Syngenta has measured its 2019 current Swiss tax liability using the 13% rate on its ordinary income and the 11% special rate on realised untaxed reserves. As the impact of the patent box regime on Syngenta is expected to be stable and consistent across periods, Syngenta has revalued its Swiss deferred tax positions that will be settled or realized in tax year 2020 onwards using the patent box rate, recording an estimated $195 million favourable one-time impact (tax credit) within income tax expense for the six months ended June 30, 2019, and a $70 million unfavourable one-time impact (tax charge) within OCI for deferred tax positions related to pension actuarial losses charged to OCI. Syngenta will consider tax changes in the remaining cantons when each canton substantively enacts its changes.

Note 8: Non-cash and other reconciling items included in income before taxes

($m)	2019	2018[(1)]
Depreciation, amortization and impairment of:		
Property, plant and equipment	289	173
Intangible assets	166	194
Deferred revenue, divestment and other gains and losses	(115)	(401)
Charges in respect of pension provisions	47	64
Charges in respect of other provisions	42	50
Financial expense, net	219	185
Losses on hedges reported in operating income	-	6
Income from associates and joint ventures	(2)	(1)
Total	**646**	**270**

1 *After effect of accounting policy changes and restatements described in Note 3.*

Note 9: Principal currency translation rates

As an international business selling in over 100 countries and having major manufacturing and research and development facilities in Switzerland, the UK, and the USA, movements in currencies impact Syngenta's business performance. The principal currencies and exchange rates against the US dollar used in preparing the condensed consolidated financial statements were as follows:

		Average six months ending June 30,		June 30,	June 30,	December 31,
Per $		**2019**	**2018**	**2019**	**2018**	**2018**
Argentinian peso	ARS	41.43	21.61	42.36	28.80	37.60
Brazilian real	BRL	3.84	3.42	3.83	3.86	3.87
Swiss franc	CHF	1.00	0.96	0.97	0.99	0.98
Euro	EUR	0.88	0.83	0.88	0.86	0.87
British pound sterling	GBP	0.77	0.73	0.79	0.76	0.78
Russian ruble	RUB	65.88	58.76	63.04	62.81	69.61
Ukrainian hryvnia	UAH	27.17	26.94	26.18	26.33	27.69

The average rates presented above are an average of the monthly rates used to prepare the condensed consolidated income and cash flow statements. The period end rates were used for the preparation of the condensed consolidated balance sheet.

Note 10: Issuances, repurchases and repayments of debt and equity securities

2019

In April 2019, Syngenta raised a $500 million loan with a floating interest rate and a term of 5 years.

2018

In April 2018, Syngenta issued US$ senior unsecured notes with various maturities up to 30 years representing a total issuance amount of $4,750 million. The issues comprised: $750 million 3.698% senior notes due April 2020; $750 million 3.933% senior notes due April 2021; $1 billion 4.441% senior notes due April 2023; $750 million 4.892% senior notes due April 2025; $1 billion 5.182% senior notes due April 2028; and $500 million 5.676% senior notes due April 2048. The majority of net proceeds from the issue have been used to refinance ChemChina's bridge financing for the acquisition of Syngenta. In this regard, Syngenta AG paid a dividend of $4,707 million to CNAC Saturn (NL) B.V. on May 7, 2018. Syngenta used the remaining proceeds for its general corporate purposes.

Note 11: Financial instruments

The following table shows the carrying amounts and fair values of financial assets and liabilities by category of financial instrument and a reconciliation to where they are presented on the balance sheet at June 30, 2019 and December 31, 2018. The fair value hierarchy is shown for those financial assets and liabilities that are carried at fair value in the condensed consolidated balance sheet.

	Carrying amount (based on measurement basis)				
At June 30, 2019 ($m)	**Fair value level 1**	**Fair value level 2**	**Fair value level 3**	**Total**	**Comparison fair value**
Trade receivables, net:					
At amortized cost				5,793	5,793
Total				**5,793**	**5,793**
Derivative and other financial assets:					
Derivative financial assets	10	136	-	146	146
Marketable securities	158	-	-	158	158
At amortized cost	267	-	-	267	267
Total				**571**	**571**
Financial and other non-current assets:					
Equity investments at fair value through OCI	-	-	131	131	131
Derivative financial assets	-	33	-	33	33
Loans, receivables and pooled investments:					
at fair value through profit and loss	45	5	-	50	50
at amortized cost				39	39
Other, not carried at fair value				279	
Total				**532**	
Current financial debt and other financial liabilities:					
Derivative financial liabilities	-	313	-	313	313
Non-derivative financial liabilities at amortized cost				3,476	3,484
Total				**3,789**	**3,797**
Financial debt and other non-current liabilities:					
Derivative financial liabilities	-	128	-	128	128
Non-derivative financial liabilities at amortized cost				7,206	7,345
Non-financial liabilities				91	
Total				**7,425**	

At December 31, 2018 ($m)	Carrying amount (based on measurement basis) Fair value level 1	Fair value level 2	Fair value Level 3	Total	Comparison fair value
Trade receivables, net [1]:					
Mandatorily measured at fair value through profit and loss	-	9		9	9
At amortized cost				4,438	4,438
Total				**4,447**	**4,447**
Derivative and other financial assets:					
Derivative financial assets	10	89		99	99
Marketable securities	211	-		211	211
At amortized cost				115	115
Total				**425**	**425**
Financial and other non-current assets:					
Equity investments at fair value through OCI	-	-	123	123	123
Derivative financial assets	-	30		30	30
Loans, receivables and pooled investments:					
at fair value through profit and loss	48	5		53	53
at amortized cost				39	39
Other, not carried at fair value				247	
Total				**492**	
Current financial debt and other financial liabilities:					
Derivative financial liabilities	-	116		116	116
Non-derivative financial liabilities at amortized cost				1,079	1,079
Total				**1,195**	**1,195**
Financial debt and other non-current liabilities:					
Derivative financial liabilities	-	90		90	90
Non-derivative financial liabilities at amortized cost				7,185	6,778
Non-financial liabilities				140	
Total				**7,415**	

1 After effect of accounting policy changes and restatements described in Note 3.

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 valuation techniques and inputs used by Syngenta to derive level 2 and level 3 fair value measurements of the above financial assets and liabilities are as described in Note 26 to Syngenta's 2018 annual consolidated financial statements. During the six month periods ended June 30, 2019 and 2018, there were no material movements in those equity securities or their fair values; no transfers between the fair value and amortized cost categories; no material transfers between level 1 and level 2 of the fair value hierarchy; nor into or out of level 3 of the fair value hierarchy.

Note 12: Commitments and contingencies

Litigation matters

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On March 29, 2019, Syngenta made its final payment of $1.1 billion to the settlement fund described in Note 20 to Syngenta's 2018 annual consolidated financial statements. Initial payments of $400 million were made into an escrow account during the six months ended June 30, 2018, as foreseen by the settlement agreement.

Note 13: Related party transactions

In connection with the 2018 transaction described in Note 4 for the divestment of remedy assets, each product transfer agreement also contains an ongoing supply agreement, whereby Syngenta agree to provide the divested active ingredients and formulated products to various subsidiaries of Adama to their required level of demand for the duration of the non-compete period in each agreement, none of which exceed five years. During the six months ended June 30, 2019, Syngenta made sales under these agreements of $44 million (six months ended June 30, 2018: $56 million).

Note 14: Subsequent events

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

Financial summary

For the six months ended June 30, ($m)	Excluding restructuring and impairment[1] 2019	Excluding restructuring and impairment[1] 2018[6]	Restructuring and impairment 2019	Restructuring and impairment 2018[6]	As reported under IFRS 2019	As reported under IFRS 2018[6]
Sales	**6,766**	**7,249**	**-**	**-**	**6,766**	**7,249**
Gross profit/(loss)	**3,148**	**3,512**	**(1)**	**(6)**	**3,147**	**3,506**
Marketing and distribution	(1,058)	(1,064)	-	-	(1,058)	(1,064)
Research and development	(624)	(652)	-	-	(624)	(652)
General and administrative:						
Restructuring	-	-	(211)	(158)	(211)	(158)
Gains on divestments and disposals of non-current assets	87	-	28	396	115	396
Other general and administrative	(418)	(384)	-	-	(418)	(384)
Operating income/(loss)	**1,135**	**1,412**	**(184)**	**232**	**951**	**1,644**
Income/(loss) before taxes	**918**	**1,228**	**(184)**	**232**	**734**	**1,460**
Income tax benefit/(expense)	34	(219)	32	(31)	66	(250)
Net income/(loss)	**952**	**1,009**	**(152)**	**201**	**800**	**1,210**
Attributable to non-controlling interests	(2)	(1)	-	-	(2)	(1)
Attributable to Syngenta AG shareholder	**950**	**1,008**	**(152)**	**201**	**798**	**1,209**

	2019	2018[6]	2019 CER[2]
EBITDA[3]	**1,461**	**1,709**	
EBITDA margin	**21.6%**	**23.6%**	**21.7%**
Tax rate on results excluding restructuring and impairment	**(4)%**	**18%**	
Free cash flow[4]	**(1,439)**	**(1,188)**	
Debt/equity gearing[5]	**229%**	**181%**	
Net debt[5]	**8,665**	**7,397**	

1 *For further analysis of restructuring and impairment charges, see Note 6 on page 19. Net income excluding restructuring and impairment are provided as additional information and not as an alternative to net income determined in accordance with IFRS.*

2 *For a description of CER see Appendix A on page 28.*

3 *EBITDA is defined in Appendix B on page 28.*

4 *For a description of free cash flow, see Appendix C on page 29.*

5 *For a description of net debt and the calculation of debt/equity gearing, see Appendix D on page 30.*

6 *After effect of accounting policy changes and restatements described in Note 3 to the condensed consolidated financial statements.*

Appendix A: Constant exchange rates (CER)

Results in this report from one period to another period are, where appropriate, compared using 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 at the exchange rates for the current year. CER margin percentages for gross profit and EBITDA are calculated by the ratio of these measures to sales after restating the measures and sales at prior period exchange rates. The CER presentation indicates the underlying business performance before taking into account currency exchange fluctuations.

Appendix B: Reconciliation of EBITDA to net income

EBITDA is defined as earnings before interest, tax, non-controlling interests, depreciation, amortization, restructuring and impairment. Information concerning EBITDA has been included as it is used by management and by investors as a supplementary measure of operating performance. Management excludes restructuring and impairment from EBITDA in order to focus on results excluding items affecting comparability from one period to the next. EBITDA is not a measure of cash liquidity or financial performance under generally accepted accounting principles and the EBITDA measures used by Syngenta may not be comparable to other similarly titled measures of other companies. EBITDA should not be construed as an alternative to operating income or cash flow as determined in accordance with generally accepted accounting principles.

For the six months ended June 30,

($m)	**2019**	**2018[1]**
Net income attributable to Syngenta AG shareholder	**798**	**1,209**
Non-controlling interests	2	1
Income tax (benefit)/expense	(66)	250
Financial expense, net	219	185
Restructuring and impairment	184	(232)
Depreciation, amortization and other impairment	324	296
EBITDA	**1,461**	**1,709**

1 *After effect of accounting policy changes and restatements described in Note 3 to the condensed consolidated financial statements.*

Appendix C: Free cash flow

Free cash flow comprises cash flow from operating and investing activities:

- excluding investments in and proceeds from marketable securities, which are included in investing activities;
- excluding cash flows from and used for foreign exchange movements and settlement of related hedges on inter-company loans, which are included in operating activities; and
- including cash flows from acquisitions of non-controlling interests, which are included in financing activities.

Free cash flow is not a measure of financial performance under generally accepted accounting principles and the free cash flow measure used by Syngenta may not be identical to similarly titled measures in other companies. Free cash flow has been included as many investors consider it to be a useful supplementary measure of cash generation.

For the six months ended June 30,

($m)	**2019**	**2018**
Cash flow (used for)/from operating activities[1]	(1,406)	60
Cash flow from/(used for) investing activities	115	(1,214)
Cash flow (from)/used for marketable securities	(54)	10
Cash flow from foreign exchange movements and settlement of hedges of inter-company loans	(94)	(44)
Free cash flow	**(1,439)**	**(1,188)**

1 *Due to the implementation of IFRS 16, operating lease payments are excluded from Cash flow used for operating activities in 2019. In 2018, Cash flow from operating activities included operating lease payments of $58 million.*

Appendix D: Net debt reconciliation

Net debt comprises total debt net of cash and cash equivalents and marketable securities. Net debt is not a measure of financial position under generally accepted accounting principles and the net debt measure used by Syngenta may not be comparable to the similarly titled measure of other companies. Net debt has been included as many investors consider it to be a useful measure of financial position and risk. The following table provides a reconciliation of movements in net debt during the period:

For the six months ended June 30,

($m)	**2019**	**2018**
Opening balance at January 1	**6,326**	**1,621**
Other non-cash items	363	(1)
Cash paid under Credit Support Annex agreements, net	187	34
Foreign exchange effect on net debt	(100)	(152)
Dividends paid	450	4,707
Free cash flow	1,439	1,188
Closing balance at June 30	**8,665**	**7,397**
Components of closing balance:		
Cash and cash equivalents	(1,251)	(1,545)
Marketable securities[1]	(160)	(17)
Current financial debt[2]	2,907	1,430
Non-current financial debt[3]	7,169	7,529
Closing balance at June 30	**8,665**	**7,397**

1 *Long-term marketable securities are included in Financial and other non-current assets. Short-term marketable securities are included in Derivative and other financial assets.*

2 *Included in Current financial debt and other financial liabilities.*

3 *Included in Financial debt and other non-current liabilities.*

The following table presents the derivation of the debt/equity gearing ratio at June 30, 2019 and 2018:

($m)	**2019**	**2018[1]**
Net debt	8,665	7,397
Shareholder's equity	3,779	4,091
Debt/Equity gearing ratio (%)	**229**	**181**

1 *After effect of accounting policy changes and restatements described in Note 3 to the condensed consolidated financial statements.*

Cautionary Statement Regarding Forward-Looking Statements

This document contains forward-looking statements, which can be identified by terminology such as 'expect', 'would', 'will', 'potential', 'plans', 'prospects', 'estimated', 'aiming', 'on track' and similar expressions. Such statements may be subject to risks and uncertainties that could cause the actual results to differ materially from these statements. For Syngenta, such risks and uncertainties include risks relating to legal proceedings, regulatory approvals, new product development, increasing competition, customer credit risk, general economic and market conditions, compliance and remediation, intellectual property rights, implementation of organizational changes, impairment of intangible assets, consumer perceptions of genetically modified crops and organisms or crop protection chemicals, climatic variations, fluctuations in exchange rates and/or commodity prices, single source supply arrangements, political uncertainty, natural disasters, and breaches of data security or other disruptions of information technology. Syngenta assumes no obligation to update forward-looking statements to reflect actual results, changed assumptions or other factors.

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