Financial Report 2012

Bringing plant potential to life

syngenta

Table of Contents

01	Table of Contents
02	**Operating and Financial Review**
03	Financial highlights
05	Introduction
09	Results of operations – 2012 compared with 2011
17	Foreign operations and foreign currency transactions
18	Liquidity and capital resources
19	Research and development (R&D)
19	Contractual obligations, commitments and contingent liabilities
20	Off-balance sheet arrangements
20	Critical accounting estimates
20	Recent developments
20	Future prospects
21	Quantitative and qualitative disclosure about market risk
22	Appendix A
26	**Syngenta Group Consolidated Financial Statements**
26	Consolidated Income Statement
27	Consolidated Statement of Comprehensive Income
28	Consolidated Balance Sheet
29	Consolidated Cash Flow Statement
30	Consolidated Statement of Changes in Equity
31	Notes to the Syngenta Group Consolidated Financial Statements
81	Report of Syngenta Management on Internal Control over Financial Reporting
82	Report of the Group Auditor on Internal Control over Financial Reporting
83	Report of the Statutory Auditor on the Consolidated Financial Statements
84	**Financial Statements of Syngenta AG**
84	Income Statement
85	Balance Sheet (prior to earnings appropriation)
86	Notes to the Financial Statements of Syngenta AG
106	Appropriation of Available Earnings of Syngenta AG
107	Report of the Statutory Auditor on the Financial Statements
108	Cautionary Statement Regarding Forward-Looking Statements

Operating and Financial Review

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

The selected financial highlights information in accordance with IFRS presented on the following page has been extracted from the consolidated financial statements of Syngenta. Investors should read the entire consolidated financial statements and not rely on the summarized information. The information includes the results of operations and the net assets of SPS Argentina SA from November 10, 2008, Goldsmith Seeds, Inc. from November 19, 2008, Circle One Global Inc. from May 15, 2009, Goldsmith Seeds Europe B.V. from September 23, 2009, Pybas Vegetable Seed Co., Inc. from December 16, 2009, Synergene Seed & Technology, Inc. from December 23, 2009, Maribo Seed International ApS from September 30, 2010, Greenleaf Genetics LLC from November 8, 2010, Agrosan S.A. from March 9, 2011, Pasteuria Bioscience Inc. from November 8, 2012, Sunfield Seeds Inc. from November 29, 2012 and Devgen N.V. from December 12, 2012. For further information about these and other acquisitions, see Note 3 to the consolidated financial statements.

Financial highlights

($m, except where otherwise stated)	2012	2011[1]	2010[1]	2009[1]	2008[1]
	Year ended December 31,				
Amounts in accordance with IFRS					
Income statement data:					
Sales	**14,202**	13,268	11,641	10,992	11,624
Cost of goods sold	**(7,218)**	(6,786)	(5,900)	(5,572)	(5,706)
Gross profit	**6,984**	6,482	5,741	5,420	5,918
Operating expenses	**(4,692)**	(4,431)	(3,948)	(3,601)	(4,038)
Operating income	**2,292**	2,051	1,793	1,819	1,880
Income before taxes	**2,152**	1,901	1,677	1,694	1,714
Net income	**1,875**	1,600	1,402	1,411	1,399
Net income attributable to Syngenta AG shareholders	**1,872**	1,599	1,397	1,408	1,399
Number of shares – basic	**91,644,190**	91,892,275	92,687,903	93,154,537	93,916,415
Number of shares – diluted	**92,132,922**	92,383,611	93,225,303	93,760,196	94,696,762
Basic earnings per share ($)	**20.43**	17.40	15.07	15.11	14.90
Diluted earnings per share ($)	**20.32**	17.31	14.99	15.01	14.77
Cash dividends declared:					
CHF per share	**8.00**	7.00	6.00	6.00	4.80
$ per share equivalent	**8.82**	7.64	5.61	5.27	4.76
Cash flow data:					
Cash flow from operating activities	**1,359**	1,871	1,707	1,419	1,466
Cash flow used for investing activities	**(1,218)**	(472)	(450)	(880)	(608)
Cash flow from (used for) financing activities	**(232)**	(1,684)	(844)	170	(457)
Capital expenditure on tangible fixed assets	**(508)**	(479)	(396)	(652)	(444)
Balance sheet data:					
Current assets less current liabilities	**4,537**	4,107	4,363	4,583	3,311
Total assets	**19,401**	17,241	17,285	16,129	14,089
Total non-current liabilities	**(4,218)**	(4,095)	(4,483)	(5,331)	(4,489)
Total liabilities	**(10,645)**	(9,738)	(9,836)	(9,642)	(8,798)
Share capital	**(6)**	(6)	(6)	(6)	(6)
Total shareholders' equity	**(8,745)**	(7,494)	(7,439)	(6,473)	(5,274)
Other supplementary income data:					
Diluted earnings per share from continuing operations, excluding restructuring and impairment ($)[2]	**22.30**	19.36	16.44	16.15	16.40

All activities were in respect of continuing operations.

Notes

1. Financial highlights for 2011 and 2010 are after the effect of reclassifying certain expenses in connection with changes in Syngenta's management structure, as described further in Note 2 to the consolidated financial statements. As the organizational changes resulting from the creation of Syngenta Business Services were implemented in 2010, no reclassifications related to those organizational changes have been made for 2009 and 2008. These reclassifications had no impact on consolidated operating income or on consolidated income before taxes.
2. Diluted earnings per share from continuing operations, excluding restructuring and impairment is a non-GAAP measure.

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

   – includes, or is subject to adjustments that have the effect of including, amounts that are excluded in the most directly comparable measure calculated and presented under IFRS, or

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

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

– Impairment includes impairment losses associated with major restructuring as well as impairment losses and reversals of impairment losses resulting from major changes in the markets in which a reported segment operates. Further discussion on the reason for including disclosure of this and other non-GAAP measures is included in Appendix A at the end of the Operating and Financial Review.

– Restructuring and impairment charges for 2012 and 2011 are analyzed in Note 6 to the consolidated financial statements. Restructuring and impairment for 2010, 2009 and 2008 mainly related to the Operational Efficiency program announced in 2004 representing the costs of closure of certain manufacturing and research and development sites and refocusing of other continuing sites and also to the further phase of the Operational Efficiency program announced in 2007 to drive cost savings to offset increased expenditure in research and technology, marketing and product development in the growth areas of Seeds, professional products and emerging country markets. A detailed reconciliation of net income and earnings per share before restructuring and impairment to net income and earnings per share according to IFRS is presented in Appendix A at the end of the Operating and Financial Review.

Introduction

The following discussion includes forward-looking statements subject to risks and uncertainty. See "Cautionary statement regarding forward-looking statements" at the end of this document. This discussion also includes non-GAAP financial data in addition to GAAP results. See Appendix A to this section and Note 2 to the financial highlights for a reconciliation of this data and explanation of the reasons for presenting such data.

Constant exchange rates

Approximately 58 percent of Syngenta's sales and 68 percent of Syngenta's costs in 2012 were denominated in currencies other than US dollars. Therefore, Syngenta's results for the period covered by the review were significantly impacted by movements in exchange rates. Sales in 2012 were 7 percent higher than 2011 on a reported basis, but were 10 percent higher when calculated at constant rates of exchange. The Company therefore provides analysis of results calculated at constant exchange rates (CER) and also actual results to allow an assessment of performance before and after taking account of currency fluctuations. To present CER information, current period results for entities reporting in currencies other than US dollars are converted into US dollars at the prior period's exchange rates, rather than the exchange rates for this year. An example of this calculation is included in Appendix A of this section.

Overview

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

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

Syngenta operates globally to capitalize on its technology and marketing base. Syngenta's largest markets are Europe, Africa and the Middle East, and North America[1], which each represent approximately 30 percent of consolidated sales in 2012 (2011: 32 percent and 28 percent, respectively). Both sales and operating profit in these markets are seasonal and are weighted towards the first half of the calendar year, which largely reflects the northern hemisphere planting and growing cycle. Latin America, with its main selling season in the second half of the year due to its location in the southern hemisphere, represents approximately 26 percent of consolidated sales in 2012 (2011: 25 percent).

Syngenta's most significant manufacturing and research and development sites are located in Switzerland, the United Kingdom (UK), the United States of America (USA or US), China and India. Syngenta's primary center for agricultural genomics and biotechnology research is in the USA, complemented by a biotechnology research facility in Beijing, China.

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

The consolidated financial statements in are presented in US dollars, as this is the major currency in which revenues are denominated. However, significant, but differing proportions of Syngenta's revenues, costs, assets and liabilities are denominated in currencies other than US dollars. Approximately 16 percent of sales in 2012 were denominated in Euros, while a significant proportion of costs for research and development, administration, general overhead and manufacturing were denominated in Swiss francs and British pounds sterling (approximately 21 percent in total). Sales in Swiss francs and British pounds sterling together made up approximately 3 percent of total sales. Marketing and distribution costs are more closely linked to the currency split of the sales. As a result, operating profit in US dollars can be significantly affected by movements in exchange rates, in particular movements of the Swiss franc, British pound sterling and the Euro, relative to the US dollar, and the relative impact on operating profit may differ from that on sales. The effects of currency fluctuations within any one year have been reduced by risk management strategies such as hedging. For further information on these strategies please refer to Notes 27 and 29 of the consolidated financial statements.

The consolidated financial statements are based upon Syngenta's accounting policies and, where necessary, the results of management estimations. Syngenta believes that the critical accounting policies and estimations underpinning the financial statements are in the areas of (i) royalty and license income, (ii) impairment, (iii) acquisition accounting, (iv) adjustments to revenue and trade receivables, (v) environmental provisions, (vi) defined benefit post-employment benefits, including pension asset ceiling, (vii) deferred tax assets, (viii) uncertain tax positions and (ix) foreign currency translation of intercompany funding. These policies are described in more detail in Note 2 to the consolidated financial statements.

[1] Comprising the USA and Canada

Summary of results

Net income in 2012 was 17 percent higher than 2011 mainly due to continued strong sales volume growth partially offset by the adverse impact of currency movements. Sales in 2012 were 7 percent higher, 10 percent at constant exchange rates, with 7 percent growth in sales volumes and an additional 3 percent from higher local currency sales prices. Sales volumes growth included 2 percent from recognition of guaranteed minimum royalties under a license with E.I Du Pont de Nemours and Co. ("DuPont"). Sales price increases were achieved in both Crop Protection and Seeds products and in all regions. The higher sales, combined with cost savings from the integration of operations across Crop Protection and Seeds more than offset the impact of higher raw material costs and a net pre-tax $80 million charge to settle the Holiday Shores/City of Greenville litigation relating to the herbicide atrazine. Steps were taken to simplify and improve operating margins in the Lawn and Garden business, with the divestment of the Fafard growing media and Syngenta Horticultural Services businesses and the acquisition of the DuPont professional products business, which together reduced reported segment sales in the year by approximately 5 percent, but contributed to an improvement in operating income margin, excluding charges for restructuring and impairment. Exchange rate impacts reduced overall operating income by approximately $218 million, including losses on related hedges in 2012 compared with significant gains in 2011. This impact was largely as forecast in the Future Prospects section of this review in the Financial Report 2011.

Cash flow from operating activities before change in net working capital increased by $297 million, but with increased inventories to support 2013 sales growth and higher receivables from the sales growth in the second half of 2012, overall cash flow from operating activities was $512 million lower than 2011. Despite this, cash flow from operating activities was sufficient to fund an increased level of cash used for investing activities, which included acquisitions of $654 million and increased capital expenditure. The acquisitions are described in more detail below. In the context of the higher profit and continued strong balance sheet, and subject to shareholder approval, the Company proposes to increase the dividend to CHF 9.50 per share from CHF 8.00 per share paid in 2012.

Integrated sales of Crop Protection and Seeds products increased by 8 percent, 11 percent at constant exchange rates. Crop Protection product sales increased by 7 percent, 9 percent at constant exchange rates, with 6 percent higher sales volumes and an additional 3 percent increase from local currency sales prices. Seeds sales increased by 14 percent, 16 percent at constant exchange rates, with 5 percent higher local currency sales prices, 7 percent from the higher royalties described above and 4 percent from other sales volume increases.

The strongest sales growth rates were in North America and Latin America, with North America 20 percent higher, 21 percent at constant exchange rates and Latin America 12 percent higher, 13 percent at constant exchange rates. The higher royalties increased North American sales by 6 percent. Markets in these regions benefitted from the continued strength of key crop commodity prices, which supported farmer profitability and the markets grew despite drought conditions during the growing season in both regions. Sales in Europe, Africa and Middle East were flat, but grew by 6 percent at constant exchange rates, with a 3 percent increase each from volumes and local currency prices. Growth was strong in Eastern Europe and France and offset lower sales in Italy and Iberia, where markets were hit by the weak economic background. Sales in Asia Pacific were 3 percent lower, flat at constant exchange rates mainly due to range rationalization to remove older products and difficult weather conditions in Australia.

Lawn and Garden sales were 8 percent lower than 2011, 6 percent at constant exchange rates, mainly from the divestments noted above. Otherwise, sales were broadly flat, with low consumer spending and cautious retailer behavior still depressing many markets.

Gross profit margin improved by approximately 0.3 percentage points in 2012. Higher sales prices and cost savings were offset by adverse product mix and increased product costs, mainly from higher oil and commodity chemical products in Crop Protection and the impact of higher seed commodity prices and drought-related lower yields in Seeds.

Marketing and distribution expenses increased by 1 percent, 6 percent at constant exchange rates, with higher sales volume, increased expenditures in emerging markets, where cost inflation also is higher, and additional expenditure on resources and projects to drive future market share growth partially offset by savings generated by the restructuring program described below, a lower level of employee incentives than 2011 and reduced charges to receivables provisions. The ratio of marketing and distribution expenses to sales improved by 1.0 percentage points to 17.0 percent and, at constant exchange rates, by 0.7 percentage points to 17.3 percent.

Research and development expense was 5 percent higher, 9 percent at constant exchange rates, and is broadly at the planned level of approximately 9 percent of sales.

General and administrative includes restructuring and impairment, the components of which are described under the Restructuring and impairment heading within this section, and increased by 20 percent over 2011. General and administrative excluding restructuring and impairment increased by 23 percent including foreign exchange hedging losses of $61 million compared with gains of $177 million in 2011. Excluding currency effects, these costs decreased by 5 percent as lower employee incentives and savings from the restructuring programs described below more than offset higher information systems costs and emerging market inflation. The $80 million charge relating to settling the Holiday Shores/City of Greenville litigation was broadly offset by a reduction in the actuarial liability for US Healthcare arrangements following a plan change and gains on Syngenta's initial investment in Pasteuria following the acquisition of the remainder of that company.

Restructuring and impairment expenses excluding those reported in Cost of goods sold were $27 million higher than 2011. 2012 included losses on the sales of the Fafard and Syngenta Horticultural Services businesses totaling $25 million, while 2011 included a $76 million gain on the sale of the Materials Protection business. Otherwise, restructuring and impairment was $74 million lower than 2011, with second year charges on the program to integrate the commercial operations of Crop Protection and Seeds lower than the initial year and with the operational efficiency program nearing completion.

Financial expense, net was $18 million lower than 2011 and the tax rate further reduced to approximately 13 percent, 15 percent excluding taxes relating to restructuring and impairment and divestment gains and losses.

Together, these factors resulted in net income attributable to Syngenta AG shareholders and diluted earnings per share each increasing by 17 percent over 2011.

Acquisitions, divestments and other significant transactions

2012

On June 11, 2012, Syngenta divested the Fafard peat unit of its Lawn and Garden business to Sun Gro Horticulture Canada Ltd.

On September 21, 2012, Syngenta announced a takeover offer for Devgen N.V. ("Devgen"), a company listed on the Euronext stock exchange. On December 12, 2012, it was announced that on closing of the initial acceptance period, shares and warrants representing 94.11 percent of Devgen's total issued share capital had been tendered in acceptance of the offer, which was consequently declared unconditional. Syngenta has offered to acquire all outstanding shares and warrants issued by Devgen for EUR 16 cash per share, representing a total consideration of around EUR 403 million (equivalent to $530 million). At December 31, 2012, Syngenta had paid EUR 375 million ($493 million) for the tendered shares and warrants.

As required by Belgian financial market regulations, Syngenta's takeover offer was reopened until January 18, 2013, and on January 25, 2013, it was announced that, upon closing of the reopening, 98.32 percent of the total number of shares in Devgen have been tendered. Payment for the shares tendered took place on January 30, 2013. As Syngenta has now acquired more than 95 percent of the shares in Devgen, it will proceed with a simplified squeeze-out in order to acquire by operation of law the remaining shares and warrants. The squeeze-out will take place from February 6, 2013 until February 26, 2013 and will be settled on March 8, 2013. Upon settlement of the squeeze-out, all Devgen shares will have been acquired by Syngenta and will be automatically delisted from NYSE Euronext Brussels.

Devgen is a global leader in hybrid rice and RNAi technology. The acquisition will enable Syngenta to combine its leading crop protection portfolio with Devgen's best-in-class rice hybrids and broad germplasm diversity. Devgen also brings proven expertise in RNAi-based insect control, for which the two companies signed a global license and research agreement to develop spray applications in May 2012.

On October 1, 2012, Syngenta acquired from DuPont its professional products insecticide business, a leading supplier for the professional turf, ornamentals and home pest control markets, for a cash consideration of $128 million, including related inventories. The acquisition expands the range of products which Syngenta offers to golf course and lawn care professionals and to ornamental growers, and also strengthens its portfolio for the control of home pests. The acquisition includes the pest control brands Advion® and Acelepryn® and other intellectual property, transfer of certain employees, and exclusive supply and licensing agreements through which Syngenta will access the related active ingredients and formulated products from DuPont.

On October 26, 2012, Syngenta acquired an exclusive, worldwide commercial license to the Taegro® technology for agricultural applications, including the rights to all enhancements and future mixtures discovered by Syngenta, from Novozymes Biologicals Holdings A/S. Taegro® is a microbial bio fungicide of the strain Bacillus subtilis currently registered in the US and in process of being registered worldwide. Bacillus subtilis controls a broad spectrum of diseases in many crops and is particularly suitable in Vegetable and Speciality crops, where combination programs with conventional fungicides work well.

On November 8, 2012, Syngenta acquired control of Pasteuria Bioscience, Inc. ("Pasteuria"), a US-based biotechnology company. Syngenta now owns 100 percent of Pasteuria. Prior to taking control, Syngenta had held a 37 percent equity interest in Pasteuria indirectly through a venture capital fund which Syngenta consolidates in its financial statements. Since 2011, Syngenta and Pasteuria had been working in an exclusive global technology partnership to develop and commercialize biological products to control plant-parasitic nematodes, using the naturally occurring soil bacteria Pasteuria spp. The acquisition will facilitate the introduction of key products to complement Syngenta's existing chemical nematicide range and to support integrated solutions across a broad variety of crops such as soybean, corn, cereals, sugarbeet and vegetables.

On November 13, 2012, Syngenta divested its US Flowers distribution and brokerage business, Syngenta Horticultural Services (SHS) to Griffin Greenhouse Supplies, Inc. ("Griffin"). Griffin also signed a long-term agreement to distribute and broker Syngenta Flowers genetics throughout the USA.

On November 29, 2012, Syngenta acquired 100 percent of the shares of Sunfield Seeds Inc., a US-based provider of sunflower seeds production and processing services, for cash consideration. The acquisition represents an important step in the implementation of Syngenta's sunflower strategy by strengthening supply chain capabilities to enable future growth.

2011

Effective January 1, 2011, Syngenta granted Pioneer Hi-Bred International Inc. ("Pioneer") a subsidiary of DuPont, a non-exclusive, global license to its corn rootworm trait MIR604 (Agrisure®) for corn seed. The trait provides protection from below-ground coleopteran insects, including corn rootworm, a major corn pest in the United States and around the world.

In March 2011, in order to further strengthen its market position in Paraguay, Syngenta purchased 100 percent of the shares of Agrosan S.A., an agricultural distributor, together with the trademarks related to its business, for $32 million of cash, $10 million of which is deferred.

In April, 2011, Syngenta divested its Materials Protection business to Lanxess AG.

Acquisitions and divestments are described in Note 3 to the consolidated financial statements.

Operational efficiency and integrated crop strategy restructuring programs
In 2004, Syngenta announced the operational efficiency cost saving program to realize further cost savings after completion of the integration of the former Novartis and Zeneca businesses and in response to low underlying growth in the Crop Protection markets seen at the time. In 2007, Syngenta began a further phase of the operational efficiency restructuring program to drive cost savings to offset increased expenditures in research and technology, marketing and product development in the growth areas of Seeds, professional products and emerging country markets, targeting savings in both cost of goods sold and other operating expenses. The costs of these programs are together estimated at around $1,050 million in cash and up to $380 million in non-cash charges. The programs are now largely complete, but the rollout of standardized processes and shared back-office services is continuing in 2013. Final costs are now expected to be charged in 2013, with some minor cash outflows in 2014. Cash spent under the programs in 2012 and 2011 totaled $79 million and $111 million, respectively. Cumulative spending on the programs to the end of 2012 totaled $985 million.

In 2011, Syngenta announced a program to integrate global commercial operations for Crop Protection and Seeds. This will enable operational synergies from the commercial integration, additional cost savings from procurement and supply chain efficiencies and the presentation of an integrated product offer to grower customers. It is estimated that cash costs of approximately $400 million will be incurred over the period to 2014 to complete the program. During 2012, costs of $102 million were charged under the program (2011: $149 million). Cash spent was $122 million (2011: $88 million). Cumulative costs incurred for the program through December 31, 2012 total $251 million and cumulative spending totals $210 million.

Results of operations
2012 compared with 2011

Sales commentary

Syngenta's consolidated sales for 2012 were $14,202 million, compared with $13,268 million in 2011, a 7 percent increase year on year. At constant exchange rates sales grew by 10 percent. The analysis by segment is as follows:

($m, except change %)			Change				
Segment	2012	2011	Volume %	Local price %	CER %	Currency %	Actual %
Europe, Africa and Middle East	**3,974**	3,982	3%	3%	6%	-6%	0%
North America	**3,931**	3,273	15%	6%	21%	-1%	20%
Latin America	**3,713**	3,305	11%	2%	13%	-1%	12%
Asia Pacific	**1,827**	1,887	-1%	1%	0%	-3%	-3%
Total	**13,445**	12,447	8%	3%	11%	-3%	8%
Lawn and Garden	**757**	821	-6%	0%	-6%	-2%	-8%
Group Sales	**14,202**	13,268	7%	3%	10%	-3%	7%

Europe, Africa and Middle East

Reported sales were flat but increased by 6 percent at constant exchange rates as volume and local currency sales prices each increased by 3 percent. Growth was broad-based with the strongest contributions coming from the CIS and South East Europe, where commercial integration across Crop Protection and Seeds is driving gains in scale and in customer recognition of Syngenta's portfolio. Sales in southern Europe were lower due to dry weather and the economic downturn.

Sales of Crop Protection products in the region declined by 2 percent, but increased by 5 percent at constant exchange rates as volume increased by 3 percent and local currency sales prices increased by 2 percent. In addition to strong growth in the CIS and South East Europe, France sales performed strongly, benefitting from volume growth in fungicides.

Seeds sales in the region increased by 4 percent, 10 percent at constant exchange rates as volumes increased by 4 percent and local currency prices increased by 6 percent. The volume increase was driven by the substitution of corn and sunflower for lost winter cereal crops from the harsh winter in Eastern Europe in early 2012.

North America

Sales increased by 20 percent as volume and local currency price increased by 15 percent and 6 percent, respectively, partially offset by a 1 percent unfavorable currency effect.

Crop Protection sales increased by 19 percent, 20 percent at constant exchange rates, as a warm winter and an early planting season favored the use of herbicides and insecticides, with further momentum coming from the ongoing success of Syngenta's weed and insect resistance programs. This more than offset a reduction in third quarter fungicide applications due to the summer drought. Sales volumes were higher across all product lines with the largest volume increases in corn herbicides, driven by increased acreage and commodity prices.

Seeds sales, both as reported and at constant exchange rates, increased by 22 percent with a volume increase of 16 percent and a price increase of 6 percent. The volume increase included additional corn trait royalty income of approximately $200 million as well as underlying corn seeds sales growth from the expansion of Syngenta's technology. Sales growth in sunflower and cereals more than offset the impact of withdrawal from the sorghum business.

Latin America

Sales increased by 12 percent as volume increased by 11 percent and sales prices by 2 percent, partially offset by a 1 percent unfavorable currency effect.

Crop Protection sales increased by 12 percent, 13 percent at constant exchange rates, with a volume increase of 11 percent and a price increase of 2 percent. Sales in the first quarter were impacted negatively by severe drought in the region, but recovered strongly as high commodity prices, especially in soybeans, led to increased acreage and higher usage of modern crop protection products. The drive to increase sugar cane productivity in the region also contributed to strong growth in herbicide sales.

Seeds sales increased by 17 percent, 18 percent at constant exchange rates with volume increasing by 17 percent and local currency prices increasing by 1 percent mainly due to increased corn and soybean sales from increased acreage and a strong second season in Brazil, and as well from estimated market share gains.

Asia Pacific

Sales decreased by 3 percent due to currency effects, as a 1 percent increase in local currency sales prices was offset by a 1 percent decrease in volume.

Crop Protection sales decreased by 5 percent, 2 percent at constant exchange rates, with a 3 percent decrease in volume due to product phase outs in 2012 resulting from range rationalization in India and Japan and the non-renewal of the GRAMOXONE® registration in South Korea, partially offset by a 1 percent increase in local currency sales prices. The volume decrease was partially offset by strong growth in China from the roll-out of DURIVO® insecticides and increased sales of CRUISER®, and in South East Asia, fungicides and herbicides. Sales in Australia decreased due to flooding early in the year followed by exceptionally hot and dry conditions in the second half of the year.

Seeds sales increased by 10 percent, 16 percent at constant exchange rates, with volume increasing by 12 percent and local currency prices increasing by 4 percent mainly due to increased corn sales in South East Asia.

Syngenta estimates that, excluding the impact of the range rationalizations and the registration withdrawal, integrated sales at constant exchange rates increased by 5 percent.

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

Lawn and Garden sales decreased by 8 percent, 6 percent due to lower volume mainly resulting from the divestment in June 2012 of the Fafard growing media business, and 2 percent due to currency effects. Local currency sales prices were flat. In October 2012, Syngenta acquired the DuPont Professional Products insecticide business and in November 2012 divested the Syngenta Horticultural Services business. Excluding the acquisition and divestments, sales decreased by 1 percent at constant exchange rates from continued low consumer spending and cautious retailer behavior.

Sales by product line are set out below:

($m, except change %)			Change				
Product line	2012	2011	Volume %	Local price %	CER %	Currency %	Actual %
Selective herbicides	**2,939**	2,617	10%	5%	15%	-3%	12%
Non-selective herbicides	**1,246**	1,117	12%	2%	14%	-2%	12%
Fungicides	**3,044**	2,998	2%	2%	4%	-2%	2%
Insecticides	**1,841**	1,790	4%	2%	6%	-3%	3%
Seed care	**1,107**	1,018	10%	2%	12%	-3%	9%
Other Crop Protection	**141**	137	-2%	7%	5%	-3%	2%
Total Crop Protection	**10,318**	9,677	6%	3%	9%	-2%	7%
Corn and soybean	**1,836**	1,471	20%	6%	26%	-1%	25%
Diverse field crops	**719**	676	3%	8%	11%	-5%	6%
Vegetables	**682**	703	-1%	2%	1%	-4%	-3%
Total Seeds	**3,237**	2,850	11%	5%	16%	-2%	14%
Elimination*	**(110)**	(80)	n/a	n/a	n/a	n/a	n/a
Total	**13,445**	12,447	8%	3%	11%	-3%	8%
Lawn and Garden	**757**	821	-6%	0%	-6%	-2%	-8%
Group Sales	**14,202**	13,268	7%	3%	10%	-3%	7%

*Crop Protection sales to Seeds

Crop Protection

Herbicides are products that prevent or reduce weeds that compete with the crop for nutrients, light and water. Herbicides can be subdivided into (i) selective herbicides, which are crop-specific and control weeds without harming the crop and (ii) non-selective herbicides, which reduce or halt the growth of all vegetation with which they come in contact.

Fungicides are products that prevent and cure fungal plant diseases that affect crop yield and quality.

Insecticides are products that control chewing pests such as caterpillars and sucking pests such as aphids, which reduce crop yields and quality.

Seed care products are insecticides and fungicides used to protect growth during the early stages.

Selective herbicides: major brands AXIAL®, CALLISTO® family, DUAL®/BICEP® MAGNUM, FUSILADE®MAX, TOPIK®

Sales increased by 12 percent, 15 percent at constant exchange rates, as volume grew by 10 percent and local currency sales prices increased by 5 percent. Sales of AXIAL® increased by more than 20 percent and, at constant exchange rates, grew by double digit percentages in all regions. The largest contribution came from Canada, where increased acreage coincided with low channel inventories at the start of the year. In corn, sales of the CALLISTO® product family and DUAL®/BICEP grew strongly in the USA driven by their success in managing resistant weeds as well as high corn prices. Sales of both products on sugar cane more than doubled in Brazil, where they form part of integrated agronomic protocols marketed by Syngenta.

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

Sales increased by 12 percent, 14 percent at constant exchange rates, mainly due to higher sales volume for TOUCHDOWN®, notably in the Americas reflecting a high level of demand on corn and soybean and a shortage of generic supply. GRAMOXONE® showed good growth in Latin America and the USA, where it was used as an alternative to glyphosate in areas of weed resistance, but sales in the developed markets of Asia Pacific were lower, partly due to the non-renewal of the registration in South Korea.

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

Sales increased by 2 percent and were 4 percent higher at constant exchange rates, with volume growth of 2 percent and a 2 percent increase in local currency sales prices. Growth occurred despite the serious droughts in Latin America in the first quarter and in the USA over the summer. AMISTAR® sales volumes continued to grow, driven by product offers comprising multiple mixtures and formulations adapted by crop and geography; local currency sales price increases continue to be achieved. Sales of REVUS® for vegetables, vines and potatoes were up by 16 percent, 25 percent at constant exchange rates, in Europe, its main market. In November, the European Union granted full approval for isopyrazam, which will represent a major step forward in the control of a wide variety of damaging fungal diseases.

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

Sales increased by 3 percent, 6 percent at constant exchange rates with 4 percent volume growth and a 2 percent local currency sales price increase. Growth was particularly strong in North America and Latin America, especially in the USA, where a mild winter and the serious drought throughout the corn belt created heavy early insect pressure. This more than offset reduced sales in Asia Pacific from the range rationalization, which reduced global Insecticide sales volumes by an estimated 4 percent. Grower awareness of corn rootworm resistance and of the benefits of soil-based insecticides increased, with North American sales of FORCE® more than doubling as a result. Growth in Latin America was driven by modern technology adoption, with the strongest contributions coming from ACTARA® and DURIVO®.

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

Sales increased by 9 percent, 12 percent at constant exchange rates with 10 percent volume growth and a 2 percent local currency sales price increase. Growth was led by CRUISER® and CELEST/MAXIM®, which showed particularly strong performance in the emerging markets, where sales were up by over 20 percent as a result of ongoing technology adoption. In Latin America the nematicide AVICTA® also showed strong growth. VIBRANCE™, a new compound which delivers enhanced root health as well as controlling a wide range of diseases, was successfully launched in North America.

Seeds

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

Sales increased by 25 percent, 26 percent at constant exchange rates with 20 percent volume growth and a 6 percent sales price increase. Double digit growth occurred in all regions driven by corn worldwide and by soybean in Latin America. North American sales volume was augmented by additional corn trait royalty income of approximately $200 million; excluding this amount, global corn sales increased by approximately 15 percent. In Latin America corn growth was driven by the expansion of the second season in Brazil, where new trait combinations were launched. Increases in soybean acreage for the 2012/13 season have been accompanied by strong demand and the integrated PLENUS® offer grew strongly in Argentina where it now accounts for around three quarters of the portfolio.

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

Sales increased by 6 percent, 11 percent at constant exchange rates with 3 percent volume growth and an 8 percent sales price increase. The sales price increase was driven by sunflower, which experienced high demand for conventional and high oleic hybrids in Eastern Europe. In North America, sales growth in sunflower and cereals more than offset the impact of withdrawal from the sorghum business. Sales of wheat and hybrid barley grew significantly in major Western European countries.

Vegetables: major brands DULCINEA®, ROGERS®, S&G®

Sales decreased by 3 percent, but increased by 1 percent at constant exchange rates with a 2 percent increase in local currency sales prices offsetting a 1 percent decrease in volume. Volume growth in Latin America, which resulted from the good performance of Zeraim products in Mexico, partially offset sales declines in Asia Pacific and Europe due to the difficult economic environment. Demand improved in the fourth quarter.

Operating income

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

Group Operating Income	Total as reported under IFRS		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2012	2011	2012	2011	2012	2011	Actual %	CER %
Sales	14,202	13,268	–	–	14,202	13,268	7%	10%
Cost of goods sold	(7,218)	(6,786)	(7)	(14)	(7,211)	(6,772)	-6%	-9%
Gross profit	6,984	6,482	(7)	(14)	6,991	6,496	8%	11%
as a percentage of sales	49%	49%			49%	49%		
Marketing and distribution	(2,418)	(2,387)	–	–	(2,418)	(2,387)	-1%	-6%
Research and development	(1,253)	(1,191)	–	–	(1,253)	(1,191)	-5%	-9%
General and administrative	(1,021)	(853)	(258)	(231)	(763)	(622)	-23%	5%
Operating income	2,292	2,051	(265)	(245)	2,557	2,296	11%	21%
as a percentage of sales	16%	15%			18%	17%		

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

Operating income/(loss)			
($m)	2012	2011	Change %
Europe, Africa and Middle East	1,275	1,237	3%
North America	1,342	932	44%
Latin America	970	850	14%
Asia Pacific	493	552	-11%
Non-regional	(1,828)	(1,539)	-19%
Total	2,252	2,032	11%
Lawn and Garden	40	19	104%
Group	2,292	2,051	12%

The two tables above do not represent an income statement prepared under IFRS. Please refer to the segmental information reported in Note 4 to the consolidated financial statements.

Overall Group operating income

Operating income increased by 12 percent to $2,292 million mainly due to strong sales growth particularly in North America and Latin America. The growth in operating income was reduced by adverse exchange rate impacts of approximately $218 million, including hedging gains realized in 2011 that could not be repeated in 2012. The ratio of operating income to sales improved by approximately 0.7 percentage points, with a higher gross profit margin including increased royalty income in North America, and a lower ratio of operating costs below gross profit to sales.

Currency movements reduced sales by 3 percent; at constant exchange rates, sales grew by 10 percent with sales volumes 7 percent higher from increases in all regions except Asia Pacific, which declined slightly, and overall local currency sales prices 3 percent higher. Volume growth was increased by approximately 2 percent by the recognition of guaranteed minimum royalties under a license agreement with DuPont. Gross profit margin increased by 0.3 percentage points, with the above mentioned royalties and local currency sales price increases offset by adverse product mix and commodity costs. Marketing and distribution costs increased by 1 percent, 6 percent at constant exchange rates, with increased expenditures both to support the 2012 sales growth and to drive long-term market share gain. Research and development expense increased by 5 percent, 9 percent at constant exchange rates with increased expenditures on biological assessment of new products and to progress the Crop Protection product pipeline. Research and development expense was approximately 9 percent of sales and is expected to remain broadly at this percentage in 2013.

General and administrative excluding restructuring and impairment was 23 percent higher than in 2011. General and administrative is reported net of the result of currency hedging programs, which in 2012 was a net loss of $61 million compared with a net gain of $177 million in 2011. At constant exchange rates, General and administrative excluding restructuring and impairment was 5 percent below 2011, with an $80 million charge for the settlement of the Holiday Shores/City of Greenville litigation offset by a lower level of employee incentives, an actuarial gain following changes to US post-retirement healthcare provisions of approximately $50 million and a gain related to the Pasteuria acquisition described in Note 3 to the consolidated financial statements. Restructuring and impairment, including the portion recorded in Cost of goods sold, is described in Note 6 to the consolidated financial statements and increased by $20 million in 2012 to $265 million, with lower restructuring charges but a 2012 loss on the disposals of the Fafard growing media business and Syngenta Horticultural Services flowers distribution business compared with a gain in 2011 on the sale of the Materials Protection business.

Excluding the impact of hedging, the adverse impact on sales of a weaker Euro and many emerging market currencies versus the US dollar in 2012 was broadly offset by a favorable currency impact on costs, which additionally included a weaker Swiss franc. However, taken together with the $238 million adverse variance in the net hedging result from the hedging program for forecast foreign currency transactions (“EBITDA program”), the overall impact of exchange rate movements on operating income compared with 2011 was an adverse $218 million.

Operating income by segment

Europe, Africa and Middle East	Total as reported under IFRS		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2012	2011	2012	2011	2012	2011	Actual %	CER %
Sales	**3,974**	3,982	**–**	–	**3,974**	3,982	0%	6%
Cost of goods sold	**(1,864)**	(1,806)	**(5)**	(8)	**(1,859)**	(1,798)	-3%	-6%
Gross profit	**2,110**	2,176	**(5)**	(8)	**2,115**	2,184	-3%	7%
as a percentage of sales	**53%**	55%			**53%**	55%		
Marketing and distribution	**(664)**	(685)	**–**	–	**(664)**	(685)	3%	-3%
General and administrative	**(171)**	(254)	**(25)**	**(88)**	**(146)**	(166)	12%	10%
Operating income	**1,275**	1,237	**(30)**	**(96)**	**1,305**	1,333	-2%	11%
as a percentage of sales	**32%**	31%			**33%**	33%		

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

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

Reported sales in Europe, Africa and Middle East were flat with 2011, but increased by 6 percent at constant exchange rates from 3 percent growth each in sales volume and local currency sales prices. Growth was broad based across the region except for Iberia and Italy, which were impacted by the adverse economic climate in those geographies. See the Sales commentary section above for further information on sales in the region. Gross profit margin declined by 2 percentage points but was broadly flat at constant exchange rates with the benefit of the 3 percent increase in local currency sales prices offset by adverse mix and higher product costs.

Marketing and distribution costs declined by 3 percent but increased 3 percent at constant exchange rates in line with sales volume growth in a generally low inflation environment. An increase in receivables provisions and increased marketing support for future sales growth was offset by savings from the integration across former Crop Protection and Seeds commercial teams.

General and administrative costs excluding restructuring and impairment were 12 percent lower, 10 percent at constant exchange rates with savings from the above described integration and lower employee incentives. Restructuring and impairment charges were $25 million in 2012 compared with $88 million in 2011, which included the first year of the integrated crop strategy restructuring across the region.

Operating income as a percentage of sales improved by 1 percentage point to 32 percent. Excluding the impact of restructuring and impairment, operating income margin was flat, but it was 1 percentage point higher at constant exchange rates, with the combined growth of Marketing and distribution and non-restructuring General and administrative costs at a lower rate than sales. Overall, weaker European currencies compared with the US dollar reduced operating income excluding restructuring and impairment by approximately $170 million.

North America	Total as reported under IFRS		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2012	2011	2012	2011	2012	2011	Actual %	CER %
Sales	**3,931**	3,273	**–**	–	**3,931**	3,273	20%	21%
Cost of goods sold	**(1,807)**	(1,648)	**(2)**	(6)	**(1,805)**	(1,642)	-10%	-10%
Gross profit	**2,124**	1,625	**(2)**	(6)	**2,126**	1,631	30%	31%
as a percentage of sales	**54%**	50%			**54%**	50%		
Marketing and distribution	**(602)**	(554)	**–**	–	**(602)**	(554)	-9%	-9%
General and administrative	**(180)**	(139)	**(27)**	(25)	**(153)**	(114)	-35%	-35%
Operating income	**1,342**	932	**(29)**	(31)	**1,371**	963	42%	43%
as a percentage of sales	**34%**	28%			**35%**	29%		

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

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

Reported sales increased by 20 percent, 21 percent at constant exchange rates, with 15 percent from increased volumes and 6 percent from higher local currency sales prices. The sales volume increase includes approximately $200 million higher royalties from the recognition of minimum royalties under a license agreement with DuPont; volume growth excluding the higher royalty is 8 percent. See the Sales commentary section above for further information on sales in the region. Gross profit margin increased by 4 percentage points, including the impact of the higher royalties. Otherwise, higher sales prices were partly offset by some adverse mix in Crop Protection products and increased Seeds product costs due to higher crop commodity prices and low 2011 corn yields, both of which drive costs with contract seed growers.

Marketing and distribution costs increased by 9 percent, partly due to the increased sales volumes and partly to invest in additional commercial resources to drive future sales growth.

General and administrative costs excluding restructuring and impairment increased by 35 percent, or $39 million. In 2012 these costs included $80 million related to the settlement of the Holiday Shores/City of Greenville litigation offset by a part of the actuarial gains from changes to post-retirement healthcare plans described above. Restructuring and impairment charges related mainly to the integration of the Crop Protection and Seeds operations initiated in 2011. Operating income as a percentage of sales increased by 6 percentage points including the impact of the higher royalties and the litigation settlement.

Latin America	Total as reported under IFRS		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2012	2011	2012	2011	2012	2011	Actual %	CER %
Sales	3,713	3,305	–	–	3,713	3,305	12%	13%
Cost of goods sold	(2,057)	(1,813)	–	–	(2,057)	(1,813)	-13%	-16%
Gross profit	1,656	1,492	–	–	1,656	1,492	11%	9%
as a percentage of sales	45%	45%	–	–	45%	45%		
Marketing and distribution	(546)	(542)	–	–	(546)	(542)	-1%	-9%
General and administrative	(140)	(100)	(37)	(23)	(103)	(77)	-34%	-6%
Operating income	970	850	(37)	(23)	1,007	873	15%	10%
as a percentage of sales	26%	26%			27%	26%		

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

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

Sales increased by 12 percent, 13 percent at constant exchange rates with 11 percent from higher volumes and an additional 2 percent from increased prices. See the Sales commentary section above for further information on sales in the region. Gross profit margin was flat at 45 percent, but at constant exchange rates and excluding restructuring and impairment was approximately 1 percentage point lower, with the sales price increase offset by increased cost of seed production.

Marketing and distribution costs were 1 percent higher than 2011, but at constant exchange rates were up 9 percent, with increased costs from the higher sales volume, salary inflation, increased distribution costs and further expenditure to drive future sales growth partially offset by lower charges to receivables provisions in a market environment where farming remains profitable.

General and administrative expenses excluding restructuring and impairment were 34 percent higher, but at constant exchange rates were 6 percent higher. Brazil operates a forecast currency transaction hedging program under a framework agreed with Syngenta's Group Treasury Department, the results of which are reported in General and administrative. In 2012, hedging losses of $4 million were realized under the program compared with a gain of $17 million in 2011. Expenses at constant exchange rates increased due to higher salary related costs, other cost inflation and additional costs to support regional sales growth.

Restructuring and impairment charges relate to the integration of the Crop and Seeds organizations across the region and to a program to implement standardized business services to centralize and partly outsource back office activities.

Asia Pacific	Total as reported under IFRS		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2012	2011	2012	2011	2012	2011	Actual %	CER %
Sales	1,827	1,887	–	–	1,827	1,887	-3%	0%
Cost of goods sold	(973)	(984)	–	–	(973)	(984)	1%	-1%
Gross profit	854	903	–	–	854	903	-5%	0%
as a percentage of sales	47%	48%			47%	48%		
Marketing and distribution	(303)	(290)	–	–	(303)	(290)	-5%	-7%
General and administrative	(58)	(61)	(12)	(13)	(46)	(48)	4%	3%
Operating income	493	552	(12)	(13)	505	565	-11%	-4%
as a percentage of sales	27%	29%			28%	30%		

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

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

Reported sales in Asia Pacific declined by 3 percent, but were flat at constant exchange rates, with a recovery in corn sales after the overstocked market in South East Asia in 2011 offset by range rationalization in Crop Protection products and a challenging market in vegetable seeds. See the Sales commentary section above for further information on sales in the region. Gross profit margin was 1 percentage point lower and slightly below 2011 at constant exchange rates.

Marketing and distribution costs increased by 5 percent, 7 percent at constant exchange rates from inflation and a minor increase in charges to receivables provisions.

General and administrative expenses were 4 percent lower, 3 percent at constant exchange rates, with inflation offset by savings from the integration of former Crop Protection and Seeds organizations across the region that was initiated in 2011 and by a legal settlement in 2012 at lower cost than had been reserved.

Restructuring and impairment charges relate mainly to the integration of the Crop Protection and Seeds operations and were at a similar level in 2012 to 2011.

Non-regional

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

Non-regional costs increased by $289 million, or 18 percent from 2011, to $1,828 million mainly due to hedging losses of $56 million having been incurred in 2012, whereas hedging gains of $165 million were realized in 2011. Also contributing to the increase is the 5 percent growth, 9 percent at constant exchange rates, in research and development expense attributable to higher expenditures on biological assessment of new products and to progress the Crop Protection product pipeline. Restructuring and impairment charges within non-regional increased from $29 million in 2011 to $119 million in 2012 largely from the inclusion in 2011 of the gain on the divestment of the Materials Protection business. Other non-regional General and administrative was lower due to the inclusion of the portion of the actuarial gains from the change to post-retirement healthcare plans in the US related to those plan participants who work in non-regional roles and also due to lower employee incentives.

Lawn and Garden	Total as reported under IFRS		Restructuring and impairment		Before restructuring and impairment[1]		Change before restructuring and impairment[1]	
($m, except change %)	2012	2011	2012	2011	2012	2011	Actual %	CER %
Sales	757	821	–	–	757	821	-8%	-6%
Cost of goods sold	(368)	(404)	–	–	(368)	(404)	9%	8%
Gross profit	389	417	–	–	389	417	-7%	-3%
as a percentage of sales	51%	51%			51%	51%		
Marketing and distribution	(208)	(227)	–	–	(208)	(227)	8%	6%
Research and development	(58)	(56)	–	–	(58)	(56)	-5%	-7%
General and administrative	(83)	(115)	(38)	(53)	(45)	(62)	28%	22%
Operating income	40	19	(38)	(53)	78	72	8%	12%
as a percentage of sales	5%	2%			10%	9%		

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

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

Lawn and Garden sales declined by 8 percent, 6 percent at constant exchange rates. The Fafard growing media business and Syngenta Horticultural Services flowers distribution and brokerage business were divested during the year, reducing sales volumes by approximately 6 percent, and the acquisition of the DuPont professional products business increased sales by approximately 1 percent. Excluding the acquisitions and divestments, sales at constant exchange rates were approximately 1 percent lower. See the Sales commentary section above for further information on sales in the segment. Gross profit margin remained flat at 51 percent, but at constant exchange rates was 1 percentage point higher as the divested business had generated lower gross margin than the ongoing and acquired businesses.

Marketing and distribution costs were 8 percent lower, 6 percent at constant exchange rates from the Fafard divestment late in the first half of the year.

General and administrative costs excluding restructuring and impairment were 28 percent lower, 22 percent at constant exchange rates, due again, in part, to the Fafard divestment and to lower cross-charges from global support functions.

Restructuring and impairment in 2011 included an impairment of the Fafard business and in 2012 included a further loss on divesting the business, together with a loss on the divestment of the Syngenta Horticultural Services flowers distribution and brokerage business.

Reported operating income as a percentage of sales improved from 2 percent in 2011 to 5 percent in 2012 due to the higher restructuring and impairment charges in 2011. Excluding restructuring and impairment, operating income margin improved by 1 percent to 10 percent following the divestment of the relatively low margin Fafard business.

Defined benefit pensions

Defined benefit pension expense was $81 million in 2012 compared with $76 million in 2011. The expense increased because the effect of reductions in assumed expected rates of return on pension plan assets exceeded the effect of reductions in the discount rates used to calculate the interest cost. In 2013, Syngenta expects pension service cost to increase compared with 2012 because discount rates were lower at the end of 2012 than at the end of 2011. In 2013, Syngenta will also adopt IAS 19 (revised June 2011), which replaces the separate expected return on asset and interest cost components of defined benefit pension expense with a single interest income/(expense) which is calculated by applying the discount rate to the net recognized pension asset/(liability). Syngenta expects this and other accounting changes introduced by the revised IAS 19 to increase its 2013 pension expense by approximately $40 million. Note 2 to the consolidated financial statements describes in greater detail how the revised IAS 19 will impact Syngenta. Overall, Syngenta expects to charge defined benefit pension expense of approximately $130 million to its income statement in 2013, based on its pension plan rules at January 1, 2013. 2012 defined benefit pension expense in accordance with IAS 19 (revised) would have been approximately $116 million.

Employer contributions to defined benefit pension plans were $83 million in 2012 compared with $205 million in 2011. Syngenta made no accelerated contribution payments to its pension plans in 2012 (2011: accelerated contribution payments of $125 million). Syngenta currently expects its pension contributions to be approximately $60 million higher in 2013 than in 2012 because of the revised contribution schedule agreed with the UK pension plan trustee following the 2012 statutory valuation of that plan, and because a significant part of the benefit from prior years' accelerated contribution payments has now been utilized.

Restructuring and impairment

Restructuring and impairment charges for the years ended December 31, 2012 and 2011, broken down into the main restructuring initiatives, consist of the following:

($m)	2012	2011
Operational efficiency programs:		
Cash costs	55	98
Non-cash impairment costs	2	3
Integrated crop strategy programs:		
Cash costs	102	149
Acquisition and related integration costs:		
Cash costs	18	14
Non-cash items		
Reversal of inventory step-ups	7	14
Reacquired rights	14	14
Divestment (gains)/losses	25	(76)
Bargain purchase gains	–	(10)
Other non-cash restructuring and impairment:		
Non-current asset impairment	42	39
Total restructuring and impairment[1]	**265**	245

1 $7 million (2011: $14 million) is included within Cost of goods sold, $25 million (2011: $(76) million as Divestment losses/(gains) and $233 million (2011: $307 million) as Restructuring.

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

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

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

2012

Operational efficiency programs

During 2012, costs of $44 million were incurred as the projects to standardize and consolidate global back office operations drew near to completion. $3 million of costs were incurred for restructuring in the corporate headquarters, $4 million of costs were charged for restructuring at sales and distribution sites in France, Switzerland and the UK, and a further $4 million of other operational efficiency cash costs included charges for project management, standard process design and outsourcing of information systems. Impairment costs related to the sites in France and the UK.

Integrated crop strategy programs

Cash costs of $35 million were incurred for the continuing integration of commercial operations of sales and marketing teams in the regions. $58 million was charged to the regions for support function projects, including $15 million for severance and pension costs, $21 million for information system infrastructure projects and $22 million for other charges including consultancy and advisory services, re-training of employees and project management. $5 million of costs were incurred relating to restructuring the organization of the global Research and Development function and $4 million of costs related to legal entity restructuring.

Acquisition and related integration costs

Included in acquisition and related integration costs are $6 million related to the acquisitions described above and $6 million of charges incurred for integrating previous acquisitions. The remaining charges related to divestments and incomplete transactions.

Reversal of inventory step-up related to the acquisitions of Maribo Seeds, the Pybas and Synergene lettuce companies and the purchase of the Greenleaf controlling interest. As part of the Greenleaf acquisition, Syngenta reacquired exclusive licensing rights that it had previously granted to Greenleaf. In accordance with IFRS, the reacquired rights have been recognized as an intangible asset and are being amortised over the remaining term of the original license contract of three years. This is a significantly shorter period than the expected economic life of the intellectual property rights underlying the license, which were generated internally within Syngenta. The resulting acceleration of amortization results in a 2012 charge of $14 million. Syngenta views this significant amortization charge as an accounting effect of integrating Greenleaf into Syngenta.

Divestment losses were incurred on the divestments of the Fafard peat unit and the Syngenta Horticultural Services business as described above.

Other non-cash restructuring and impairment

Non-current asset impairments include $21 million for production plant machinery in Brazil, $12 million for the impairment of a product right and trademark where technical and commercial success has now become less probable and $5 million for the write-down of land in the USA that was acquired as part of a business combination.

2011

Operational efficiency programs

During 2011, cash costs under the Operational Efficiency restructuring programs included $59 million for the continuing standardization and consolidation of global back office operations and $12 million for further outsourcing of information systems. Further operational efficiency cash costs consisted of $6 million of onerous contract charges in the UK, $5 million relating to the reorganization of a site in Switzerland, $4 million of restructuring costs in the Seeds portion of the European business and $12 million for various other restructuring projects. Impairment costs related mainly to the closure of a site in Germany.

Integrated crop strategy programs

During 2011, cash costs for launching and initiating the implementation of the global integrated crop strategy included $143 million for integration of commercial operations of sales and marketing teams and $6 million for support function projects. These charges consisted of $76 million for severance and pension payments and $73 million of other project-related costs, including those for developing and supporting the strategic transition; process re-design; consultancy and advisory services; retention, relocation, and re-training of employees; and project management.

Acquisition and related integration costs

Acquisition and related integration cash costs related mainly to the Agrosan, Maribo Seeds and Greenleaf acquisitions. Reversal of inventory step-ups related to the acquisitions of Agrosan, Maribo Seeds and the Pybas and Synergene lettuce companies.

Amortization of reacquired rights related to exclusive licensing rights that Syngenta had previously granted to Greenleaf, which were reacquired as part of the Greenleaf acquisition.

Divestment gains of $76 million included the gain on the disposal of Syngenta's Materials Protection business to Lanxess AG, gains on the disposal of certain assets acquired as part of Monsanto's sunflower business in 2009, as agreed with the European Commission in connection with their approval of that acquisition, and the gain arising on revaluing Syngenta's 50 percent equity interest in Greenleaf to fair value at the date it acquired the remaining 50 percent interest from Pioneer. Bargain purchase gains were recognized on completion of the acquisition accounting for the Maribo Seeds and Greenleaf acquisitions.

Other non-cash restructuring and impairment

Other non-cash restructuring and impairment costs consist of the impairment of an available-for-sale financial asset and a write-down of assets within the Fafard peat business in Lawn and Garden.

Financial expense, net

Financial expense, net decreased to $147 million in 2012 from $165 million in 2011. Net currency losses increased in 2012, with increased cost of forward cover for committed foreign currency transaction exposures, but were offset by lower net interest expense. In 2012, net interest expense included a gain of $47 million realized on termination of certain fair value hedging relationships, which had ceased to be effective hedges due to increased market liquidity risk.

Taxes

The Swiss statutory tax rate applicable to Syngenta decreased by 1 percent in 2012 to 22 percent. Syngenta's effective tax rate in 2012 was 13 percent, 3 percent lower than the 16 percent effective tax rate in 2011. Income taxed at different rates reduced the effective tax rate by 11 percent in 2012 (5 percent in 2011), with a higher weighting in 2012 of income subject to a lower tax rate, including within Switzerland where certain intellectual property income is subject to a reduced rate. Non-recognition of deferred tax assets increased the tax rate by 2 percent compared with 2011, following an increase in deferred tax assets in certain countries where sufficient future profits to utilize the assets are not sufficiently assured.

The tax rate on restructuring and impairment was 31 percent in 2012, compared with 22 percent in 2011 due to the different mix of gains and losses included in the net charge over the period and the varying tax treatments applied in different countries. 2012 included the loss on divestment of the North American based Fafard business and 2011 included the gain on divestment of the Materials Protection business. Future rates applicable to restructuring and impairment will be dependent on the nature and size of the charges and may vary from year to year.

Net income for the period and other supplementary income data

Net income attributable to Syngenta shareholders in 2012 was $1,872 million, 17 percent higher than the 2011 amount of $1,599 million primarily due to increased sales and related gross profit.

After related taxation, restructuring and impairment charges in 2012 were $182 million compared with $190 million in 2011.

Foreign operations and foreign currency transactions

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

Syngenta operates worldwide and its business has grown significantly in emerging markets, with a broadening of the currency effects that need to be closely monitored. Next to the Euro, the Swiss franc and the British pound, the Brazilian real gives rise to a major currency exposure. The exposure arises from the operations in Brazil where the Brazilian real is the functional currency of the subsidiaries. Sales prices to customers in Brazil are largely linked to the US dollar, but must be invoiced in Brazilian real to meet local legal requirements. During 2012, the Brazilian real depreciated approximately 10 percent against the US dollar. To manage its exposure to risks associated with fluctuations of the real, Syngenta has implemented programs to protect the US dollar value of trade receivables from customers and has hedged its balance sheet exposure using currency derivatives. Syngenta is not able to estimate the effect of any future depreciation or appreciation of the Brazilian real on operating income in future periods. At December 31, 2012, approximately 67 percent of Syngenta's cash and cash equivalents was held in US dollars, approximately 12 percent in Euros and approximately 4 percent in Brazilian reals. No other individual currency made up more than 2 percent.

Syngenta regularly monitors receivables exposure in all countries in which it operates, including the Eurozone countries Greece, Italy, Ireland, Portugal and Spain, which currently are experiencing financial difficulties. The following table outlines for the above named countries in the aggregate, gross trade receivables, those past due for more than 180 days and the related provision for doubtful receivables at December 31, 2012 and 2011.

December ($m)	2012	2011
Gross trade receivables	160	168
Past due for more than 180 days	7	12
Provision for doubtful trade receivables	14	12

Liquidity and capital resources

Syngenta's principal source of liquidity is cash generated from operations. In the period 2006 to 2011, this has been more than sufficient to cover cash used for investment activities. The higher level in 2012 of cash used for investing activities resulting from increased acquisitions of businesses was funded with a combination of cash generated from operations and the issuance in 2012 of unsecured non-current bonds in the US public debt market. Except for any significant business acquisitions or a significant deterioration in the rate of receivables collections from that currently expected by management, cash generated from operations is expected to be more than sufficient to cover cash expected to be used for investment activities in 2013. Working capital fluctuations are supported by short-term funding available through commercial paper and related syndicated committed credit facilities. Operating in a seasonal business, Syngenta typically obtains funds from its short-term facilities during the first half of the year to fund operations during the northern hemisphere growing season and repays these funds during the second half when receivables are collected. Longer-term capital resources include unsecured non-current bonds issued under a Euro Medium Term Note (EMTN) program, unsecured non-current Notes issued under a Note Purchase Agreement in the US Private Placement market and the unsecured non-current bonds issued in the US public debt market described above.

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

Syngenta reported cash and cash equivalents on December 31, 2012 and 2011 of $1,599 million and $1,666 million, respectively. At December 31, 2012 and 2011, Syngenta had current financial debt of $980 million and $743 million, respectively, and non-current financial debt of $2,368 million and $2,178 million, respectively.

Capital markets and credit facilities

Funds for Syngenta's working capital needs were available during the year from its $2,500 million Global Commercial Paper program supported by a $1,500 million committed, revolving, multi-currency, syndicated credit facility. Syngenta entered into its Global Commercial Paper program in 2000 and amended it in 2007. At December 31, 2012, Syngenta had no commercial paper issuances outstanding.

The $1,500 million syndicated credit facility (the "Credit Facility") signed in November 2012 will mature in 2017, with two possibilities to extend by one year each, one of which can be applied for in 2013 and the other in 2014. The Credit Facility provides for fixed interest rate, multi-currency short-term borrowings, with the interest rate based on LIBOR. The Credit Facility replaces the previously existing $1,200 million facility that was scheduled to mature in 2013. At December 31, 2012, Syngenta had no borrowings under the Credit Facility.

Absent major acquisitions, Syngenta targets maintaining a solid investment grade credit rating, as recognized by major third-party rating agencies, which it currently believes provides an optimal balance between financial flexibility and the cost of capital. Syngenta's short- and long-term credit facilities and outstanding bond note instruments do not contain any significant covenants affecting its ability to pay dividends or borrow additional funds. In addition, there are no material legal or economic restrictions on the ability of subsidiaries to transfer funds to the Company in the form of cash dividends except as disclosed in the Consolidated Cash Flow Statement included in the consolidated financial statements.

The table below summarizes Syngenta's unsecured notes in issuance at December 31, 2012:

($m)	Carrying amount	Value at issue
3.375% Swiss franc domestic bond 2013	546	484
4.000% Eurobond 2014	658	700
4.125% Eurobond 2015	658	641
5.110% US$ private placement 2020	90	75
3.125% US$ bond 2022	497	500
5.350% US$ private placement 2025	75	75
5.590% US$ private placement 2035	101	100
4.375% US$ bond 2042	248	250
Total	**2,873**	**2,825**

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

Cash flow

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

	Year ended December 31,	
($m)	2012	2011
Cash flow from operating activities	1,359	1,871
Cash flow used for investing activities	(1,218)	(472)
Cash flow used for financing activities	(232)	(1,684)

Cash flow from operating activities

Cash flow from operating activities was $1,359 million in 2012, down from $1,871 million in 2011 mainly due to a larger increase in net working capital. Income before taxes was $251 million higher in 2012 for reasons described above. The reversals of non-cash items was $984 million in 2012 compared with $801 million in 2011 largely from 2012 including the add-back of the loss on disposals of the Fafard and SHS flowers businesses, while 2011 included removing the gain on disposal of the Materials Protection business. Contributions to pension plans were $120 million lower than 2011 due to an accelerated contribution of $125 million in 2011, which was not repeated in 2012. Cash paid in respect of restructuring provisions was $16 million lower, but including restructuring expenditures charged as incurred was $207 million, broadly flat with the 2011 level as the integrated crop strategy restructuring program continued. Cash paid in respect of other provisions was $66 million higher than 2011 due to the settlement of the Holiday Shores/City of Greenville litigation for payments totaling $105 million. Net outflows from financial expenses were $225 million in 2012, higher than the $114 million in 2011 due to realized losses on hedges of uncommitted foreign exchange transaction exposures compared with realized gains in 2011, partly offset by gains realized in 2012 on hedges of Syngenta's purchases of corn and soybean. Cash outflows from net working capital increases were $859 million in 2012 compared with $50 million in 2011. The major drivers for the working capital increase were (1) higher trade receivables due to 12 percent sales growth in fourth quarter 2012, a peak period in Latin American sales, (2) higher other accounts receivable from recognition of minimum royalties due under a license agreement, and (3) higher inventories in anticipation of further future sales growth.

Cash flow used for investing activities
Cash used for investing activities increased to $1,218 million in 2012 from $472 million in 2011, largely as a result of increased business acquisitions. Additions to property, plant and equipment increased by $29 million to $508 million from projects to increase production capacity; a further increase in expenditures is anticipated in 2013. Purchases of intangible assets increased due to new licenses entered into with Novozymes and, prior to its subsequent acquisition by Syngenta, Devgen NV. Investments in associates and other financial assets grew by $25 million, mainly from investments by Syngenta's venture capital activities. Cash outflows from business acquisitions, net of cash acquired, increased to $654 million in 2012 compared with $19 million in 2011 after the acquisitions particularly of Devgen NV, Pasteuria Bioscience, Inc, Sunfield Seeds, Inc. and the professional products business of DuPont. Business divestments in 2012 included the Fafard growing media and Syngenta Horticultural Services flowers distribution and brokerage businesses; divestments in 2011 included the Materials Protection business and the mandated Monsanto sunflower divestments in Spain and Hungary.

Cash flow used for financing activities
Cash used for financing activities was $1,452 million lower in 2012 than in 2011. In 2012, Syngenta issued US SEC registered bonds with maturities of 10 and 30 years for an amount of $750 million and repaid a CHF375 million bond at maturity; in 2011 Syngenta repaid a EUR500 million Eurobond at maturity. Distributions paid to shareholders increased by $85 million due to an increased dividend. In 2012, there was a net disposal of treasury shares compared with a net purchase in 2011. The net disposal related to employee share and share option plans and a reduced level of share repurchases as the share repurchase plan approved by the shareholders in 2008 was completed.

Research and development (R&D)
Syngenta's Research and Development function employs over 5,000 people working at R&D centers and field stations around the world and has been organized to continue to develop quality crop protection and seeds products, while enabling the development of crop-focused solutions which integrate Syngenta's technologies. Underpinning Syngenta's core Seeds R&D and Crop Protection R&D structure are global competency platforms that include biotechnology, regulatory, product safety, as well as a global trialing capability.

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

The total spent on research and development was $1,253 million in 2012 and $1,191 million in 2011. Attribution of research and development costs for 2012 was $1,195 million for Syngenta's integrated Crop Protection and Seeds business and $58 million in Lawn and Garden. In 2011, the attribution was $1,135 million for the integrated business and $56 million in Lawn and Garden.

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

Contractual obligations, commitments and contingent liabilities
At December 31, 2012 Syngenta had the following contractual obligations to make future payments in the following periods:

($m)	Notes to the financial statements reference	Total	Less than 1 year	1–3 years	3–5 years	5–10 years	More than 10 years
Financial debt	16, 18	3,300	965	1,324	–	587	424
Interest on financial debt	27	782	98	129	80	180	295
Other non-current liabilities	18	16	–	16	–	–	–
Capital lease payments	25	48	15	22	11	–	–
Operating lease payments	25	110	30	38	31	11	–
Capital expenditures	25	241	131	110	–	–	–
Pension contribution commitments	22	247	27	84	84	52	–
Unconditional purchase obligations	25	1,258	601	601	43	13	–
Long-term research agreements and other long-term commitments	25	287	79	115	58	35	–
Total		6,289	1,946	2,439	307	878	719

Of the total financial debt, floating rate financial debt is $427 million (mainly local bank loans and overdraft facilities), $419 million of which is due within one year. No interest obligation in respect of this debt is included in the table above. There is no contractual obligation to renew this debt. The debt amount, and the interest payments associated with it, will vary over time according to Syngenta's funding requirements and future interest rates.

Fixed rate debt of $2,873 million is comprised primarily of the outstanding Eurobonds, Swiss franc domestic bonds and US bonds and private placement notes. Fixed rate interest payments of $782 million on these are included above.

Other non-current liabilities arise from a license agreement signed during 2012 where the related cash flows are payable over several years, as well as from deferred payments related to acquisitions.

Provisions for long-term liabilities totaling $841 million shown in Syngenta's consolidated balance sheet have not been included in the above table because the timing of their payment is not contractually fixed and cannot be estimated with sufficient certainty within the context of the time periods in the table. This applies particularly to those amounts which are not expected to be paid during 2013. Note 19 to the consolidated financial statements presents the components of the estimated $236 million of provisions that are expected to be paid during 2013.

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

Pension contribution commitments totaling $247 million represent unconditional fixed payments to the UK pension fund according to the schedule of contributions agreed during 2012. Not included in the above table are:

– Additional UK Pension Fund contributions of up to $25 million per year which are required to be paid if the actual return on UK pension plan assets over the period to March 31, 2019 is less than the agreed assumption

– Swiss Pension Fund contributions. The rules of Syngenta's main Swiss defined benefit pension fund commit Syngenta to contributing a fixed percentage of employees' pensionable pay to the fund. As disclosed in Note 22 to the consolidated financial statements, Syngenta expects to pay $140 million of contributions to its defined benefit pension plans in 2013 excluding restructuring costs and excluding any accelerated payments which Syngenta may decide to make as business and financial market conditions develop during 2013.

The above table excludes income tax liabilities of $284 million in respect of uncertain tax positions. These are presented within current income tax liabilities in the consolidated balance sheet because it is not possible to make a reasonably reliable estimate of the actual period of cash settlement with the respective taxing authorities.

Off-balance sheet arrangements

Syngenta had no off-balance sheet arrangements as at December 31, 2012, other than the above contractual obligations, commitments and contingent liabilities. Syngenta has no unconsolidated special purpose entities that are likely to create material contingent obligations.

Critical accounting estimates

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

Recent developments

Note 30 to the consolidated financial statements provides details of events which occurred between the balance sheet date and the date on which the consolidated financial statements were approved by the Board of Directors (February 5, 2013) that would require adjustment to or disclosure in the consolidated financial statements.

Future prospects

Crop prices for the major field crops such as corn and soybean remained strong through 2012 and this sustained farm incomes at a high level despite adverse impacts from weather conditions in several regions, particularly the US Midwest. This profitability continues to incentivize use of high quality seeds and crop protection products to maximize yields and improve crop quality. Crop prices generally have tended to be inversely related to the relative level of crop inventories to consumption (usually referred to as "stock-to-use" ratio and published from time to time by the USDA and others). The current stock-to-use ratio is at a relatively low historic level, which has to some extent detached crop prices from the overall subdued macroeconomic environment. While there is a risk that a significant further macro-economic or financial market downturn may cause crop prices to weaken, demand for major field crops has been resilient and at the time of publishing this document, Syngenta expects farm profitability for key field crop growers to remain at a high level in 2013.

Prices of other crops such as vegetables and fruit are more linked to the overall economic situation and therefore have not been as buoyant as field crops, particularly in parts of Europe and Asia Pacific, and this has held back demand in 2012. While there was an improvement in the vegetable seeds market in the final quarter of 2012, and Syngenta has a more positive outlook for these crops, there is a risk that further economic weakness could reduce sales growth rates below those currently anticipated.

Weather is always a short-term risk to sales in businesses linked to agriculture and adverse weather conditions for crop growers can reduce sales of Syngenta's products. In 2012, there were severe drought conditions in parts of Latin America in the early part of the year, a long cold winter in Europe and a very intense drought in the US Midwest in the summer months. While more normal weather conditions in 2013 may lead to a recovery in demand for crop protection products in these regions, weather patterns remain a risk.

In 2012, regional sales volumes of Syngenta's Crop Protection and Seeds products increased by 8 percent compared with 2011, 6 percent from Crop Protection products and 11 percent from Seeds. Sales volume growth was driven by North America at 15 percent, 8 percent from higher product sales and an additional 7 percent from the royalty described previously in this review, and Latin America at 11 percent. Volume growth is currently expected to continue in 2013, particularly in emerging markets where crop area expansion and the increased usage of more modern products continue to drive sales growth. A more favorable economic environment in Asia Pacific in 2013 and the completion of the product phase outs in 2012 resulting from the range rationalization is expected to result in a return to volume growth in 2013 in the region. Local currency sales prices were increased by an average of 3 percent in 2012 and some further increases are targeted for 2013.

Lawn and Garden sales were impacted in 2012 by divestments and an acquisition completed during the year as noted previously in this review. 2013 will include the full year impact of these transactions, which Syngenta estimates will result in a 10 percent decrease in 2013 reported Lawn and Garden sales from 2012, before giving effect to any underlying sales progression in 2013.

Syngenta has significant currency exposures, with a short position against the US dollar in Swiss francs and British pounds, and a long position in Euros and many emerging market currencies. Forecast transaction exposures in the major currencies are hedged under a rolling 12 month program, largely through forward contracts. In 2012, Syngenta estimates the impact on underlying sales and costs of exchange rate movements to have been a net gain of approximately $20 million in relation to 2011, but this was more than offset by an adverse net hedging result of approximately $60 million, resulting in an adverse overall impact on operating income from exchange rate movements and related hedges of approximately $220 million when compared with 2011, which included net hedging gains of approximately $180 million. At rates at the beginning of January 2013, Syngenta expects a minor adverse impact on operating income from the underlying exposures offset by gains in related 2013 hedges. The combined favorable year-on-year impacts of the change in the net hedging result and loss from underlying exposures are estimated to total a net favorable variance of approximately $25-50 million. However, as emerging market currency exposures are largely unhedged, the actual impact may differ positively or negatively from this estimate. The net hedging result is reported within General and administrative in the consolidated income statement.

Sales price increases noted above and cost savings programs across both Crop Protection and Seeds production are expected to offset increased cost of goods sold arising from raw material product purchase prices. Consequently, the 2013 gross margin percentage is currently expected to be slightly higher than the 2012 level at constant exchange rates excluding the impact on 2012 from the above mentioned royalty income, and broadly flat to slightly down compared with 2012 as reported including the royalty income. Underlying product costs are forecast to increase from higher costs of purchased commodities, mainly glyphosate, and increased crop commodity prices, which drive the costs of purchased seed, and the up-front impact of expanding capacity to meet planned higher future volumes. Increases in the oil price and other raw material costs in the first half of 2013 would reduce gross profit margin below the level noted above if they could not be passed on in higher sales prices, but increases later in the year are more likely to impact on 2014 due to the inventory carry period and may then be fully or partly recoverable through higher sales prices.

Syngenta plans to continue to increase its investments in sales and marketing and in research and development in 2013 to drive a long-term increase in market share and to introduce new integrated solutions to meet farmers' needs. Research and development expenditure is planned at approximately 9 percent of sales, and to increase at slightly more than the rate of sales growth at constant exchange rates. The increases will be partly offset by cost savings from the restructuring programs described in the above Restructuring and impairment section. General and administrative costs in 2012 included a charge of approximately $80 million to settle the Holiday Shores/City of Greenville litigation, which removed the ongoing legal costs. This was offset by gains arising from changes to US retiree medical provisions and in Syngenta's venture capital activities, particularly relating to the acquisition of the remaining share of Pasteuria not previously owned by Syngenta at a price higher than the cost of Syngenta's initial stake in the company. While these specific gains will not reoccur, similar gains may occur from time to time.

While it is not possible reliably to predict currency exchange gains and losses in 2013, based on interest and forward exchange rates prevailing at the start of the year it is currently expected that financial expense, net, in 2013 will be slightly higher than 2012 due to further sales growth in emerging markets.

Net income in 2013 will be impacted by restructuring and impairment charges related particularly to the integrated crop strategy program announced in February 2011. Restructuring and impairment charges in 2013 are forecast to be near the level incurred in 2012, excluding financial asset and other impairment losses and the losses realized in 2012 on the divestment of the Fafard growing media business and Syngenta Horticultural Services flowers distribution and brokerage business. However, actual charges could differ significantly from those forecast in any one calendar year as they are dependent on the timing of irrevocable restructuring commitments.

Subject to approval by the shareholders at the Annual General Meeting on April 23, 2013, the Board is recommending to increase the dividend to CHF 9.50 per share.

Quantitative and qualitative disclosure about market risk

For quantitative and qualitative disclosure about market risk, see Notes 27, 28 and 29 to the consolidated financial statements.

Appendix A

Reconciliation of non-GAAP measures to equivalent GAAP measures

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

– includes, or is subject to adjustments that have the effect of including, amounts that are excluded in the most directly comparable measure calculated and presented under IFRS as issued by the IASB; and

– excludes, or is subject to adjustments that have the effect of excluding, amounts that are included in the most directly comparable measure calculated and presented under IFRS as issued by the IASB.

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

– movements in exchange rates historically have had, and in the future are expected to have, a significant impact on sales and operating income from period-to-period; and

– restructuring and impairment charges historically have fluctuated, and in the future are expected to fluctuate, significantly from period-to-period and thereby have a volatile impact on results.

Syngenta has been engaged in significant restructuring activities since the formation of the Company in November 2000, including programs to integrate and extract synergies from the combined operations of the Zeneca agrochemicals business and the Novartis agribusiness, the integration of business combinations, the Operational Efficiency programs and, beginning in 2011, the implementation of the integrated crop strategy. The incidence of restructuring charges is periodic and volatile, reflecting the timing of irrevocable commitments related to specific sites and operations. Therefore the impact on reported performance varies from period to period and there is limited continuity in the specific composition or size of such charges. Internal financial reporting and management and employee incentive plans are substantially based on financial measures excluding the charges for restructuring and impairment so that management is incentivized to deliver the benefits of the associated restructuring and not to achieve short-term financial targets by deferring implementation of restructuring plans. Restructuring programs typically deliver benefits with a payback over several years, similar to capital investments, and control over restructuring expenditures is performed on a similar project basis to that applied with capital investments.

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

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

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

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

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

2012 ($m, except percentage, share and per share amounts)	Total	Restructuring and impairment	Before restructuring and impairment
Operating income	**2,292**	**(265)**	**2,557**
Income/(loss) from associates and joint ventures	**7**	**–**	**7**
Financial expense, net	**(147)**	**–**	**(147)**
Income before taxes	**2,152**	**(265)**	**2,417**
Income tax expense	**(277)**	**83**	**(360)**
Net income	**1,875**	**(182)**	**2,057**
Attributable to non-controlling interests	**(3)**	**–**	**(3)**
Net income attributable to Syngenta AG shareholders	**1,872**	**(182)**	**2,054**
Tax rate	**13%**	**31%**	**15%**
Number of shares – basic (millions)	**92**		**92**
Number of shares – diluted (millions)	**92**		**92**
Basic earnings per share	**20.43**	**(1.98)**	**22.41**
Diluted earnings per share	**20.32**	**(1.98)**	**22.30**

2011 ($m, except percentage, share and per share amounts)	Total	Restructuring and impairment	Before restructuring and impairment
Operating income	2,051	(245)	2,296
Income/(loss) from associates and joint ventures	15	–	15
Financial expense, net	(165)	–	(165)
Income before taxes	1,901	(245)	2,146
Income tax expense	(301)	55	(356)
Net income	1,600	(190)	1,790
Attributable to non-controlling interests	(1)	–	(1)
Net income attributable to Syngenta AG shareholders	1,599	(190)	1,789
Tax rate	16%	22%	17%
Number of shares – basic (millions)	92		92
Number of shares – diluted (millions)	92		92
Basic earnings per share	17.40	(2.07)	19.47
Diluted earnings per share	17.31	(2.05)	19.36

2010 ($m, except percentage, share and per share amounts)	Total	Restructuring and impairment	Before restructuring and impairment
Operating income	1,793	(177)	1,970
Income/(loss) from associates and joint ventures	25	(1)	26
Financial expense, net	(141)	–	(141)
Income before taxes	1,677	(178)	1,855
Income tax expense	(275)	42	(317)
Net income	1,402	(136)	1,538
Attributable to non-controlling interests	(5)	–	(5)
Net income attributable to Syngenta AG shareholders	1,397	(136)	1,533
Tax rate	16%	24%	17%
Number of shares – basic (millions)	93		93
Number of shares – diluted (millions)	93		93
Basic earnings per share	15.07	(1.47)	16.54
Diluted earnings per share	14.99	(1.45)	16.44

2009 ($m, except percentage, share and per share amounts)	Total	Restructuring and impairment	Before restructuring and impairment
Operating income	1,819	(147)	1,966
Income/(loss) from associates and joint ventures	(3)	(2)	(1)
Financial expense, net	(122)	–	(122)
Income before taxes	1,694	(149)	1,843
Income tax expense	(283)	42	(325)
Net income	1,411	(107)	1,518
Attributable to non-controlling interests	(3)	–	(3)
Net income attributable to Syngenta AG shareholders	1,408	(107)	1,515
Tax rate	17%	28%	18%
Number of shares – basic (millions)	93		93
Number of shares – diluted (millions)	94		94
Basic earnings per share	15.11	(1.15)	16.26
Diluted earnings per share	15.01	(1.14)	16.15

2008 ($m, except percentage, share and per share amounts)	Total	Restructuring and impairment	Before restructuring and impairment
Operating income	1,880	(205)	2,085
Income/(loss) from associates and joint ventures	3	–	3
Financial expense, net	(169)	–	(169)
Income before taxes	1,714	(205)	1,919
Income tax expense	(315)	50	(365)
Net income	1,399	(155)	1,554
Attributable to non-controlling interests	–	–	–
Net income attributable to Syngenta AG shareholders	1,399	(155)	1,554
Tax rate	18%	24%	19%
Number of shares – basic (millions)	94		94
Number of shares – diluted (millions)	95		95
Basic earnings per share	14.90	(1.65)	16.55
Diluted earnings per share	14.77	(1.63)	16.40

Constant exchange rates

Syngenta compares results from one period to another period in this report using variances calculated at constant exchange rates (“CER”). To present that information, current period results for entities reporting in currencies other than US dollars are converted into US dollars at the prior period’s exchange rates, rather than the exchange rates for the current year. See Note 26 to the consolidated financial statements for information on average exchange rates in 2012 and 2011. For example, if a European entity reporting in Euro sold Euro 100 million of products in 2012 and 2011, Syngenta’s financial statements would report $128 million of revenues in 2011 (using 0.78 as the rate, which was the average exchange rate in 2012) and $140 million in revenues in 2011 (using 0.71 as the rate, which was the average exchange rate in 2011). The CER presentation would translate the 2012 results using the 2011 exchange rates and indicate that underlying revenues were flat. Syngenta presents this CER variance information in order to assess how its underlying business performed before taking into account currency exchange fluctuations. Syngenta also presents its actual reported results in order to provide the most directly comparable data under GAAP.

Syngenta Group Consolidated Financial Statements

Consolidated Income Statement

(for the years ended December 31, 2012 and 2011)

($m, except share and per share amounts)	Notes	2012	2011[1]
Sales	4, 5	**14,202**	13,268
Cost of goods sold		**(7,218)**	(6,786)
Gross profit		**6,984**	6,482
Marketing and distribution		**(2,418)**	(2,387)
Research and development		**(1,253)**	(1,191)
General and administrative:			
Restructuring	6	**(233)**	(307)
Divestment gains/(losses)	6	**(25)**	76
Other general and administrative		**(763)**	(622)
Operating income		**2,292**	2,051
Income from associates and joint ventures		**7**	15
Interest income	28	**116**	93
Interest expense	28	**(142)**	(152)
Other financial expense		**(20)**	(20)
Currency gains/(losses), net	28	**(101)**	(86)
Financial expense, net		**(147)**	(165)
Income before taxes		**2,152**	1,901
Income tax expense	7	**(277)**	(301)
Net income		**1,875**	1,600
Attributable to:			
Syngenta AG shareholders	8	**1,872**	1,599
Non-controlling interests		**3**	1
Net income		**1,875**	1,600
Earnings per share ($):			
Basic earnings per share	8	**20.43**	17.40
Diluted earnings per share	8	**20.32**	17.31
Weighted average number of shares:			
Basic		**91,644,190**	91,892,275
Diluted		**92,132,922**	92,383,611

1 After effect of reclassifications described in Note 2 below.

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

All activities were in respect of continuing operations.

Consolidated Statement of Comprehensive Income

(for the years ended December 31, 2012 and 2011)

($m)	Notes	2012	2011
Net income		**1,875**	1,600
Components of other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss:			
Actuarial gains/(losses) of defined benefit post-employment plans	22	**(151)**	(252)
Income tax relating to items that will not be reclassified to profit or loss	7	**31**	71
		(120)	(181)
Items that may be reclassified subsequently to profit or loss:			
Unrealized gains/(losses) on available-for-sale financial assets	28	**(1)**	3
Gains/(losses) on derivatives designated as cash flow and net investment hedges	29	**108**	(150)
Currency translation effects		**86**	(186)
Income tax relating to items that may be reclassified subsequently to profit or loss	7	**(22)**	(14)
		171	(347)
Total comprehensive income		**1,926**	1,072
Attributable to:			
Syngenta AG shareholders		**1,924**	1,072
Non-controlling interests		**2**	–
Total comprehensive income		**1,926**	1,072

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

Consolidated Balance Sheet

(at December 31, 2012 and 2011)

($m, except share amounts)	Notes	2012	2011
Assets			
Current assets:			
Cash and cash equivalents		**1,599**	1,666
Trade receivables	9	**3,191**	2,736
Other accounts receivable	9	**932**	690
Inventories	11	**4,734**	4,190
Derivative and other financial assets	28	**251**	269
Other current assets	10	**257**	199
Total current assets		**10,964**	9,750
Non-current assets:			
Property, plant and equipment	12	**3,193**	3,025
Intangible assets	13	**3,501**	2,869
Deferred tax assets	7	**1,075**	930
Financial and other non-current assets	14	**668**	667
Total non-current assets		**8,437**	7,491
Total assets		**19,401**	17,241
Liabilities and equity			
Current liabilities:			
Trade accounts payable	15	**(3,409)**	(2,881)
Current financial debt and other financial liabilities	16, 27	**(1,048)**	(955)
Income taxes payable		**(574)**	(547)
Other current liabilities	17	**(1,160)**	(1,028)
Provisions	19	**(236)**	(232)
Total current liabilities		**(6,427)**	(5,643)
Non-current liabilities:			
Financial debt and other non-current liabilities	18, 27	**(2,514)**	(2,374)
Deferred tax liabilities	7	**(863)**	(753)
Provisions	19	**(841)**	(968)
Total non-current liabilities		**(4,218)**	(4,095)
Total liabilities		**(10,645)**	(9,738)
Shareholders' equity:			
Issued share capital: 2012: 93,126,149 ordinary shares (2011: 93,762,899)	20	**(6)**	(6)
Retained earnings		**(5,266)**	(4,434)
Reserves		**(3,884)**	(3,736)
Treasury shares: 2012: 1,387,266 ordinary shares (2011: 2,508,759)	20	**411**	682
Total shareholders' equity		**(8,745)**	(7,494)
Non-controlling interests		**(11)**	(9)
Total equity		**(8,756)**	(7,503)
Total liabilities and equity		**(19,401)**	(17,241)

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

Consolidated Cash Flow Statement

(for the years ended December 31, 2012 and 2011)

($m)	Notes	2012	2011
Income before taxes		**2,152**	1,901
Reversal of non-cash items	21	**984**	801
Cash (paid)/received in respect of:			
Interest received		**135**	96
Interest paid		**(162)**	(174)
Other financial receipts		**62**	216
Other financial payments		**(260)**	(252)
Income taxes		**(378)**	(282)
Restructuring costs	19	**(55)**	(71)
Contributions to pension plans, excluding restructuring costs	19	**(78)**	(198)
Other provisions	19	**(182)**	(116)
Cash flow before change in net working capital		**2,218**	1,921
Change in net working capital:			
Change in inventories		**(555)**	(478)
Change in trade and other working capital assets		**(814)**	(120)
Change in trade and other working capital liabilities		**510**	548
Cash flow from operating activities		**1,359**	1,871
Additions to property, plant and equipment	12	**(508)**	(479)
Proceeds from disposals of property, plant and equipment		**30**	20
Purchases of intangible assets	13	**(112)**	(62)
Purchases of investments in associates and other financial assets		**(59)**	(34)
Proceeds from disposals of intangible and financial assets		**21**	22
Net cash flows from (purchases)/disposals of marketable securities		**(8)**	11
Business acquisitions (net of cash acquired)		**(654)**	(19)
Business divestments		**72**	69
Cash flow used for investing activities		**(1,218)**	(472)
Increases in third party interest-bearing debt		**1,256**	305
Repayments of third party interest-bearing debt		**(721)**	(906)
Sales of treasury shares and options over own shares		**105**	45
Acquisitions of non-controlling interests		**–**	–
Purchases of treasury shares		**(81)**	(422)
Distributions paid to shareholders		**(791)**	(706)
Cash flow used for financing activities		**(232)**	(1,684)
Net effect of currency translation on cash and cash equivalents		**24**	(16)
Net change in cash and cash equivalents		**(67)**	(301)
Cash and cash equivalents at the beginning of the year		**1,666**	1,967
Cash and cash equivalents at the end of the year		**1,599**	1,666

Of total cash and cash equivalents of $1,599 million (2011: $1,666 million), $125 million (2011: $175 million) is required to meet insurance solvency requirements of the Group's insurance subsidiaries and $59 million (2011: $nil million) is held in escrow pursuant to Syngenta's takeover offer for Devgen NV. These amounts therefore are not readily available for the general purposes of the Group.

At December 31, 2012, cash equivalents totalled $868 million (2011: $892 million) and consisted of bank and money market fund deposits.

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

Consolidated Statement of Changes in Equity

(for the years ended December 31, 2012 and 2011)

	Attributable to Syngenta AG shareholders								
($m)	Par value of ordinary shares	Additional paid-in capital	Treasury shares, at cost	Fair value reserves	Cumulative translation adjustment	Retained earnings	Total shareholders' equity	Non-controlling interests	Total equity
January 1, 2011	6	3,491	(489)	(36)	658	3,809	7,439	10	7,449
Net income						1,599	1,599	1	1,600
OCI				(113)	(233)	(181)	(527)	(1)	(528)
Total comprehensive income	–	–	–	(113)	(233)	1,418	1,072	–	1,072
Share based compensation			34			65	99		99
Dividends paid						(705)	(705)	(1)	(706)
Share repurchases			(422)				(422)		(422)
Cancellation of treasury shares		(31)	195			(164)	–		–
Other and income taxes on share based compensation						11	11		11
December 31, 2011	6	3,460	(682)	(149)	425	4,434	7,494	9	7,503
Net income						**1,872**	**1,872**	**3**	**1,875**
OCI				**97**	**74**	**(119)**	**52**	**(1)**	**51**
Total comprehensive income	**–**	**–**	**–**	**97**	**74**	**1,753**	**1,924**	**2**	**1,926**
Share based compensation			**153**			**26**	**179**		**179**
Dividends paid						**(791)**	**(791)**		**(791)**
Share repurchases			**(81)**				**(81)**		**(81)**
Cancellation of treasury shares		**(23)**	**199**			**(176)**	**–**		**–**
Other and income taxes on share based compensation						**20**	**20**		**20**
December 31, 2012	**6**	**3,437**	**(411)**	**(52)**	**499**	**5,266**	**8,745**	**11**	**8,756**

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

The amount available for dividend distribution is based on Syngenta AG's shareholders' equity determined in accordance with the legal provisions of the Swiss Code of Obligations.

In 2011, a dividend of 7.00 Swiss francs ("CHF") ($7.64) per share was paid in respect of 2010 out of reserves arising from capital contributions. In 2012, a dividend of CHF 8.00 ($8.82) per share was paid in respect of 2011.

The Board of Directors recommends a dividend payment of CHF 9.50 per share (equivalent to $10.38 per share translated at the December 31, 2012 exchange rate) subject to shareholder approval at the Annual General Meeting (AGM) on April 23, 2013.

Included within the fair value reserves are (i) cash flow hedge reserves, which comprise the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged items that have not yet been recognized in profit or loss, and (ii) fair value reserves, which comprise the cumulative net change in the fair value of available-for-sale financial assets until the investments are derecognized or impaired. Movements in the cash flow hedge reserves are shown in Note 29. Neither the fair value reserves for available-for-sale financial assets nor any components of the movements in the fair value reserves for available-for-sale financial assets during the periods presented were material.

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

1. Basis of preparation of the consolidated financial statements

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

The consolidated financial statements incorporate the financial statements of Syngenta AG, a company domiciled and incorporated in Switzerland, and all of its subsidiaries (together referred to as "Syngenta") and Syngenta's interests in associates and joint ventures. Syngenta AG's principal executive offices are at Schwarzwaldallee 215, 4058 Basel, Switzerland.

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

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

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

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

2. Accounting policies

Adoption of new IFRSs and changes in accounting policies

Syngenta adopts new IFRSs by following the transitional requirements of each new standard or, if there are no transitional requirements specified, by using the full retrospective application method, as required by IAS 8. Other changes in accounting policies are also implemented using the full retrospective application method. If full retrospective application of a change is impracticable, it is applied from the earliest period which is practicable. Retrospective application requires that the results of comparative periods and the opening balances of the earliest period shown be restated as if the new accounting policy had always been applied.

Syngenta has combined line items in certain tables in the Notes to the consolidated financial statements where one or more lines that were previously disclosed separately have become immaterial.

Syngenta has adopted the following new or revised IFRSs in these consolidated financial statements, with the following effect. Except where stated otherwise, these have not been early adopted:

– Amendments to IAS 1, "Presentation of Financial Statements" and IAS 34 "Interim Financial Reporting" contained in the Annual Improvements to IFRSs 2009-2011 cycle, published in May 2012. These amendments, which were early adopted by Syngenta, clarify certain financial statement presentation issues, but have no effect on Syngenta's consolidated financial statements.

– "Disclosures – Transfers of Financial Assets", Amendments to IFRS 7. As required by this amendment, Syngenta has presented its disclosures about financial asset transfers in a single financial statement Note, Note 9.

– "Deferred Tax: Recovery of Underlying Assets, Amendments to IAS 12" had no effect on Syngenta's consolidated financial statements.

The following new or revised IFRSs relevant to the Syngenta Group have not yet been adopted by Syngenta:

– IFRS 9, "Financial Instruments", was issued in November 2009 and October 2010. It contains new measurement and classification rules for financial assets and financial liabilities. Under IFRS 9, assets which are debt instruments and according to Syngenta's business model are held to collect contractual cash flows consisting of payments of principal and/or interest on defined dates would be measured at amortized cost, and all other financial assets would be measured at fair value. Gains and losses on remeasuring assets which Syngenta classifies as available-for-sale under IAS 39 would be recognized in profit or loss under IFRS 9, except for equity instruments which are not held for trading, for which Syngenta may make an irrevocable election on their initial recognition to present all gains and losses within OCI. Gains and losses on equity instruments for which this election is made would no longer be reclassified from OCI into profit or loss on disposal or on a significant or prolonged decline in value. For financial liabilities which are measured at fair value in accordance with the fair value option, changes in fair value which are due to changes in own credit risk will be reported in OCI, instead of in profit or loss. Syngenta currently does not apply the fair value option to any of its financial liabilities. IFRS 9 will be mandatory for Syngenta with effect from January 1, 2015. Due to the phased publication of the IASB's revised financial instruments requirements, Syngenta has not yet decided whether it will adopt IFRS 9 early. Based on a review of the financial assets and liabilities it has at December 31, 2012, Syngenta does not believe that IFRS 9, as issued to date, will have a material impact on its consolidated financial statements.

IFRS 10, "Consolidated Financial Statements", was issued in May 2011. This IFRS establishes the control concept as the sole criterion for consolidation, and clarifies that control is an investor's ability to use its power over another entity to affect the variable returns derived from its involvement with that entity. Syngenta must adopt IFRS 10 effective January 1, 2013. Based on a review of its existing relationships with other entities at December 31, 2012, Syngenta believes that adoption of IFRS 10 will have no impact on its consolidated financial statements.

2. Accounting policies continued

– IFRS 11, "Joint Arrangements", was issued in May 2011, and contains revised guidance for distinguishing joint operations, where each party accounts for its own rights and obligations, from jointly controlled entities, for which IFRS 11 requires the equity method of accounting. Syngenta must adopt IFRS 11 effective January 1, 2013. Based on a review of its existing joint arrangements at December 31, 2012, Syngenta believes that adoption of IFRS 11 will have no impact on its consolidated financial statements.

– IFRS 12, "Disclosures of Interests in Other Entities", was issued in May 2011 and requires reporting entities to disclose additional information about their interests in other entities, including a description of the composition of the group if the reporting entity is the parent company of a group, restrictions on the ability to access or use assets and settle liabilities of the group, information about non-controlling interests and changes in ownership interests in subsidiaries which do not result in a change of control. Syngenta must adopt IFRS 12 effective January 1, 2013. Syngenta is currently assessing the impact IFRS 12 may have on the disclosures in its consolidated financial statements.

– IFRS 13, "Fair Value Measurement", was issued in May 2011 and introduced guidance on how to measure fair value. Syngenta must adopt IFRS 13 effective January 1, 2013. Based on a review of the assets and liabilities recognized in its December 31, 2012 consolidated balance sheet and its current methods for measuring fair value compared with IFRS 13 guidance, Syngenta does not believe that adoption of IFRS 13 will have a material impact on its consolidated financial statements.

– IAS 19, "Employee Benefits" (revised), was issued in June 2011 and must be adopted by Syngenta effective January 1, 2013. The main changes which this revised IFRS introduces, which upon adoption must be applied retrospectively, are as follows:

– in respect of defined benefit post-employment plans;

  – Actuarial gains and losses will be recognized in full in OCI. This is already Syngenta's accounting policy, so adoption of this requirement in the revised standard will have no impact on Syngenta's consolidated financial statements.

  – Interest on the net recognized defined benefit asset or liability will be recognized in profit or loss, in place of the currently separate recognition of interest cost on the benefit obligation and of an expected return on plan assets. Syngenta estimates that this will increase pre-tax benefit expense for 2013 by $39 million (2012: $33 million; 2011: $38 million), with a corresponding reduction in actuarial losses, or increase in actuarial gains, recognized in OCI. Deferred income tax related to these amounts will also be recognized.

  – Past service cost arising from plan amendments must be recognized in full in profit or loss in the period in which the plan amendment occurs, in place of the current requirement to recognize such costs over the vesting period for the amended benefits. At December 31, 2012, Syngenta has a $12 million (2011: $16 million) pre-tax liability for unrecognized past service gains and, under IAS 19 (2004) which Syngenta has applied in the consolidated balance sheets presented, pension liabilities exceed the IAS 19 actuarial deficit by this amount. Upon adoption of the revised IFRS, this past service gain will be recognized retrospectively by reducing pension liabilities and increasing retained earnings, and the related deferred income tax liabilities will be increased. The impact on Syngenta's profit or loss for 2013, 2012 and 2011 will be immaterial.

  – For plans requiring plan members to contribute to the cost of their benefits, benefit expense and obligations must be allocated to accounting periods based on the net benefit, instead of the gross benefit before deducting member contributions as is current actuarial practice. For its Swiss pension plan, which has a cash balance benefit formula, Syngenta estimates that this requirement will reduce its defined benefit obligation by approximately $30 million, at December 31, 2012, before related deferred income tax effects. The related impact on Syngenta's profit or loss for 2013, 2012 and 2011 will be immaterial. Syngenta is still assessing the impact of this requirement on contributory plans with final salary benefit formulae, which include its UK pension plan. This point is the subject of a current IFRS Interpretations Committee agenda item. Syngenta's US pension and other post-employment plans are non-contributory and so will not be impacted by this requirement.

  – Presentation requirements for changes in the recognized asset or liability are revised and additional disclosures are required.

– in respect of termination benefits, restructuring costs incurred to retain the services of employees during a transition period in excess of applicable legal minimums will now be expensed over the required retention period, instead of being recognized in full when the restructuring and the retention benefits are communicated to employees. Based on a review of termination benefits, Syngenta believes the impacts on restructuring expense for 2012 and 2011, and on restructuring provisions at December 31, 2012 and 2011, are immaterial. The effect on Syngenta's consolidated financial statements in 2013 and future years will depend on what future restructurings, if any, Syngenta may decide to undertake.

– "Offsetting Financial Assets and Financial Liabilities", Amendments to IAS 32, was published in December 2011, and permits financial assets and financial liabilities to be offset against each other for balance sheet presentation only where a currently existing, legally enforceable, unconditional right of offset applies to all counterparties of the financial instruments in all situations, including both normal operations and insolvency. Syngenta must adopt the amendments effective January 1, 2014, at the latest. Syngenta is currently assessing the impact of the amendments on its consolidated financial statements. At the same time, the IASB published "Disclosures – Offsetting Financial Assets and Financial Liabilities", Amendments to IFRS 7, which requires disclosures both about assets and liabilities that have been offset in the balance sheet and about amounts covered by conditional set-off rights which do not meet the criteria for offsetting. These disclosures will be required for Syngenta's consolidated financial statements for the year ending December 31, 2013.

– "Annual Improvements to IFRS, 2009-2011 cycle", issued in May 2012, amends various IFRSs pursuant to the IASB's annual improvements process. Except for the two amendments that Syngenta has early adopted as mentioned above, Syngenta must adopt the amendments effective January 1, 2013. Syngenta does not believe that any of the amendments will have a material impact on its consolidated financial statements.

Future changes in IFRS

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

Changes in accounting policies and reclassifications of financial statement items

New segment reporting

In 2012, Syngenta adopted new segment reporting to reflect the company's integrated strategy and align reporting with previously announced changes in management structure. Segment reporting is now based on the four geographic regions, representing the integrated Crop Protection and Seeds business, and a separate global Lawn and Garden segment.

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

Lawn and Garden is composed of the Professional Products and Flowers product lines, which were formerly reported in Crop Protection and Seeds, respectively, except that the supply of chemical active ingredient to Lanxess AG for the materials protection market, previously reported as part of Professional Products, has been integrated into the geographic segments.

The segment information presented in Note 4 below for the year ended December 31, 2011 has been restated in accordance with the new structure.

Reclassification of expenses

In connection with the changes in management structure described above, Syngenta has reclassified certain expenses in the consolidated income statement as follows:

The boundary between Marketing and distribution and Research and development expenses has been redefined. Syngenta's global Research and Development organization now manages all field trial sites and activities worldwide, including those related to maintaining product registrations.

In order to maximize service and cost efficiency, support services in the finance, information systems, human resources and non-raw material procurement areas are now being provided centrally by the Syngenta Business Services function. The allocation of the costs of these services by expense line has changed to reflect the usage of the services. The allocation of the costs for these services at a regional level is based on the levels of transactional activity in revenues and costs, with revenue related charges included in Marketing and distribution.

The following table presents the effect of these reclassifications on the consolidated income statement for the year ended December 31, 2011:

2011 ($m)	2011 as reported	Research and development	Syngenta Business Services	2011 reclassified
Sales	13,268			13,268
Cost of goods sold	(6,737)		(49)	(6,786)
Gross profit	6,531	–	(49)	6,482
Marketing and distribution	(2,145)	76	(318)	(2,387)
Research and development	(1,127)	(76)	12	(1,191)
General and administrative	(1,208)		355	(853)
Operating income	2,051	–	–	2,051

The above reclassifications have no impact on consolidated operating income or on consolidated income before taxes.

Principles of consolidation

Subsidiaries

Subsidiaries are those entities in which Syngenta has ownership of a majority of the voting rights or otherwise has power to exercise control. Control exists when Syngenta has the power, indirectly or directly, to govern the financial and operating policies of an enterprise so as to obtain benefits from its activities. The income, expenses, assets, liabilities and cash flows of companies acquired or disposed of during the period are included in the consolidated financial statements from the date of acquisition or up to the date of disposal, respectively.

Associates and joint ventures

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

Transactions eliminated on consolidation

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

2. Accounting policies continued

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

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

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

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

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

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

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

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

Revenue
Revenue is measured as the fair value of the consideration received or receivable. If the consideration is receivable more than 12 months after the transaction date and the effect of discounting is material, the revenue amount recognized is discounted to its present value at the transaction date. Revenue from sales of goods is recognized in the income statement when the significant risks and rewards of ownership have been transferred to the buyer, which is usually upon delivery, at a fixed or determinable price, and when collectability is reasonably assured. Delivery is defined based on the terms of the sale contract. Revenue is reported net of sales taxes, returns, discounts and rebates. Rebates to customers are provided for in the same period that the related sales are recorded based on the contract terms.

In certain markets, sales terms allow customers to exchange purchased products at a later date for other Syngenta products of their choice, to the same value. Revenue is recognized upon delivery of the original products, and is reduced by a provision for products expected to be exchanged. This provision is released, and the corresponding revenue is recorded, when the substitute products are delivered or the period available to exchange the products expires, whichever is earlier.

In certain markets, sales terms allow customers the option of a one-time, non-repeatable extension of credit, for a defined additional period, in respect of a defined proportion of purchases made during a defined period, if the customers still have the inventories on hand upon expiration of the initial agreed credit period. Customers have no right to return these inventories, and must pay unconditionally when the additional credit period expires. In accordance with IAS 18, revenue for these sales is recognized upon product delivery.

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

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

Syngenta periodically enters into prepayment contracts with customers whereby it receives advance payments for products to be delivered in a future period. These advance payments are recorded as liabilities and presented as part of trade accounts payable. Advance payment liabilities are released and revenues associated with such advance payment transactions are recognized upon delivery of and transfer of title, ownership, and risk of loss of the related products to the customer.

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

Cash rebates and discounts granted to customers are classified as a reduction of revenue. Awards of free or discounted products or services supplied by Syngenta in connection with customer loyalty programs are recognized as revenue when the customer redeems the credits. Awards supplied by a third party are recognized as revenue when the third party becomes obliged to supply the awards if Syngenta is an agent for the third party, and when Syngenta has performed its obligations to the customer if Syngenta is a principal. Net profit from programs where Syngenta is an agent is shown as part of Sales. Revenue related to programs where Syngenta is a principal is presented as part of Sales, and associated costs are presented within Cost of goods sold or Marketing and distribution expense as appropriate. Syngenta determines whether it is a principal or an agent according to whether it is exposed to the risks and rewards of supplying the third party products or services. Liabilities associated with customer loyalty programs are classified within Trade accounts payable.

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

Research and development
Research expenses are charged to the consolidated income statement when incurred. Internal development costs are capitalized as intangible assets only when there is an identifiable asset that can be completed and is expected to generate future economic benefits and when the cost of such an asset can be measured reliably. Due to regulatory and other uncertainties inherent in the development of its key new products, Syngenta currently has no material development costs that meet the criteria for recognition.

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

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

2. Accounting policies continued

Restructuring

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

Income taxes

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

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

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

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

Cash and cash equivalents

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

Trade and other accounts receivable

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

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

In certain foreign currency sales transactions, Syngenta offers to its customers a written exchange rate option embedded into the sales contract. The resulting trade receivable/option contract is designated as an asset which is measured at fair value through profit or loss as the embedded option derivative meets the conditions of paragraph 11A of IAS 39. The fair value of these trade receivables is determined after:

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

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

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

Derivative and other financial assets

Financial and other current assets include financial instruments with positive fair values and remaining contractual maturities of less than 12 months at the balance sheet date. Debt investments are classified as available-for-sale assets in accordance with IAS 39, and are revalued to fair value at each reporting date. Fair value is the quoted market price of the specific investments held. Unrealized revaluation gains are recorded in OCI except to the extent that they reverse impairment losses recorded on debt investments in prior periods. When an investment is sold, revaluation gains and losses are transferred from OCI and recognized in profit or loss. Regular way purchases and sales of marketable securities are recognized at settlement date.

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

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

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

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

Realized gains and losses, unrealized revaluation gains and losses on derivatives not designated as accounting hedges and the ineffective portion of derivatives designated as accounting hedges are recorded in profit or loss as they arise.

Syngenta applies hedge accounting as follows:

Fair value hedges
Both the designated hedging instruments and the underlying hedged items are remeasured to fair value and the resulting remeasured gains or losses are recognized in profit or loss as they occur.

Cash flow hedges
For the effective portion of the hedge, gains and losses on remeasuring designated hedging instruments to fair value are recognized in OCI as part of the cash flow hedge reserve, and are reclassified into profit or loss in the period (or periods) during which the underlying hedged cash flows affect profit or loss.

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

When measuring effectiveness of cash flow hedging relationships that include cross-currency swaps, cash flows related to the currency basis component of the future cash flows of the cross-currency swaps are assumed to be reflected also in the hedged item.

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

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

Biological assets
Biological assets represent growing plants and cuttings in Syngenta's Flowers business and sugar cane seedlings within its Sugar cane business. In Flowers, young plants and cuttings are measured at fair value less costs to sell. Sugar cane seedlings are measured at cost less impairment because fair value is not reliably measurable due to the nature of the asset not corresponding to traded assets or products in the market.The carrying amount of current consumable biological assets measured using the cost model is tested for impairment by comparing it with the assets' net realizable value determined in accordance with IAS 2, "Inventories". Non-current bearer biological assets, which are measured using the cost model, are amortized over their productive lives. When indicators of impairment exist, their carrying amount is compared with the assets' recoverable amount determined in accordance with IAS 36, "Impairment of Assets". Syngenta classifies gains and losses from remeasuring biological assets to fair value, and impairment losses for biological assets measured at cost less impairment, within Cost of goods sold.

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

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

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

Expenditures made for existing property, plant and equipment that will provide future economic benefit are capitalized and depreciated over the revised remaining useful life of the asset. Components of an asset are accounted for as separate assets if their useful lives differ from that of the larger asset of which they are a part. When a component of an asset is replaced, a disposal of the replaced component is accounted for and the new component is capitalized and depreciated over the shorter of its own useful life and that of the asset of which it is a component.

2. Accounting policies continued

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

Sale and leaseback transactions
Property, plant and equipment is generally recorded as having been sold, and profit on disposal recognized, when legal title passes to the purchaser. If Syngenta leases back the sold assets under operating leases, profits on sales are recognized when legal title passes if the leases have at-market rental terms. If the leasebacks are finance leases, profits on sales are recognized over the terms of the leaseback agreements.

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

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

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

Patents and trademarks are amortized over their estimated economic or legal life, whichever is shorter. Lives assigned are between 3 and 20 years for patents and between 10 and 30 years for trademarks.

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

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

Assets attributable to long-term supply agreements are amortized as part of cost of goods sold over the period of the supply agreements, which are between 5 and 12 years.

Purchased software licenses are amortized over their remaining license terms. Internally developed software is amortized from the date it is ready for use until the sooner of its expected replacement date or the date significant costs are expected to be incurred to upgrade it. Lives assigned are between 3 and 5 years.

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

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

Financial and other non-current assets
Debt investments maturing in more than twelve months and equity investments in other entities which are not subsidiaries, associates or joint ventures of Syngenta are classified as available-for-sale in accordance with IAS 39. They are accounted for as described above under "Derivative and other financial assets". An impairment loss is recorded in the consolidated income statement if there is a significant or prolonged decline in the value of an equity security that is an available-for-sale financial asset below its original cost, as reduced where applicable by cumulative impairment losses recorded in prior periods. Impairment losses on equity securities are not reversed if their fair value increases after an impairment loss is recorded. Loans and receivables are recorded at amortized cost, less impairment losses.

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

Financial debt

Financial debt is recognized initially at its fair value less transaction costs, which represents the net proceeds from issuing the debt. Subsequently, financial debt is stated at amortized cost using the effective interest method, except where subject to a fair value hedge relationship, in which case the carrying amount of the debt is adjusted by the change in the fair value of the hedged exposure. Financial debt is classified as current if the debt agreement terms in force at the balance sheet date require repayment within one year of that date. Otherwise, it is classified as non-current.

Provisions

A provision is recognized in the balance sheet when Syngenta has a legal or constructive obligation to a third party or parties as a result of a past event, the amount of which can be reliably estimated and it is probable that an outflow of economic benefits will be required to settle the obligation. The amount recognized as a provision is the best estimate of the expenditure required to settle the obligation at the balance sheet date. If the effect of discounting is material, provisions are discounted to the expected present value of their future cash flows using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where some or all of the expenditures required to settle a provision are expected to be reimbursed by another party, the expected reimbursement is recognized as a separate asset only when virtually certain. Where Syngenta has a joint and several liability for a matter with one or more other parties, no provision is recognized by Syngenta for those parts of the obligation expected to be settled by another party. Syngenta self-insures or uses a combination of insurance and self-insurance for certain risks. Provisions for these risks are estimated in part by considering historical claims experience and other actuarial assumptions and, where necessary, counterparty risk.

Environmental provisions

Provisions for remediation costs are made when there is a present obligation, it is probable that expenditures for remediation work will be required within ten years (or a longer period if specified by a legal obligation) and the cost can be estimated within a reasonable range of possible outcomes. The costs are based on currently available facts: technology expected to be available at the time of the clean up; laws and regulations presently or virtually certain to be enacted; and prior experience in remediation of contaminated sites. Environmental liabilities are recorded at the estimated amount at which the liability could be settled at the balance sheet date, and are discounted if the impact is material and if cost estimates and timing are considered reasonably certain.

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

Legal and product liability settlements

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

Restructuring provisions and costs

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

Post-employment benefits

For defined benefit plans, plan assets are measured at fair value. The plans' holdings in publicly quoted investments are valued at closing prices at the balance sheet date. The plans' holdings in pooled investment vehicles (PIVs) that are not publicly quoted are valued at the respective investment managers' current estimate of fair value, on a basis consistent with each PIV's most recent audited financial statements. Derivative contracts entered into directly by the pension plans are included within plan assets. Exchange traded derivatives are valued at quoted balance sheet date bid prices for contracts which are assets, or offer prices for contracts which are liabilities, at the balance sheet date. Fair values of over the counter derivatives are measured using independent third party pricing services. The defined benefit obligations are measured at the present value of future benefit payments attributable to employee service rendered up to the balance sheet date. Where a surplus of plan assets over the benefit obligation exists at the balance sheet date or would arise upon payment of a minimum funding commitment, the amount recognized for the asset is reduced or, where applicable, an additional liability is recognized to the extent that Syngenta cannot obtain future economic benefits from the surplus through refunds from, or reductions in the present value of its future contributions to, the plan. Benefit expense charged to profit or loss is the cost to Syngenta of the increase in benefits in the period. The benefit obligation and cost are attributed to periods using the projected unit credit actuarial method. The expected return on plan assets in externally funded plans is deducted from the benefit cost. Both the benefit cost and expected asset return are based on long-term economic assumptions. The benefit cost is also based on long-term assumptions about employee service, pay and longevity, and for healthcare plans, medical costs. Assumptions are reviewed annually. Gains and losses arising from variances between assumptions and actual outcomes, and from changes to assumptions, are recognized in OCI in the period in which they arise. Past service cost arising when plan rules are amended is amortized over the vesting period for the revised benefits, or over the remaining expected service period if the benefits do not vest until retirement. If the revised benefits vest immediately, the related past service cost is recognized immediately in profit or loss. If plan membership or benefits are significantly reduced by a restructuring, or an event or transaction results in Syngenta's benefit obligations being settled, the effects are recorded in profit or loss when the restructuring or settlement occurs.

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

2. Accounting policies continued

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

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

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

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

Derivative instruments over Syngenta AG shares
Forward contracts and purchased and written call options over Syngenta AG ordinary shares, other than those related to share based compensation plans, are accounted for as equity instruments if they involve the exchange of a fixed number of Syngenta ordinary shares for a fixed cash amount and gross physical settlement is required by the option contract. Equity instruments are recognized in shareholders' equity at fair value at the date the instruments are issued or acquired, and are not subsequently revalued. Any difference between the value recognized at issue or acquisition and the value at settlement is recognized as an increase or decrease in shareholders' equity.

Application of critical accounting policies

Royalty and licence income
Individual agreements licensing to third parties the right to use Syngenta technology can and do have unique terms and, consequently, the accounting judgments required to apply IAS 18 "Revenue" to each such agreement can differ significantly. Effective January 1, 2011, Syngenta granted Pioneer Hi-Bred International Inc. ("Pioneer"), a subsidiary of E.I. DuPont de Nemours and Co. ("DuPont") a non-exclusive, global license to its corn rootworm trait MIR604 (Agrisure®) for corn seed. During 2012, Pioneer received U.S. EPA approval for a seed stack containing the MIR604 trait. That approval was the last substantive milestone relating to the cumulative contractual minimum consideration amount in the licence agreement, which is measured in terms of a January 1, 2011 present value. As a result, Syngenta is now virtually certain to receive at least that consideration in cash over the period to October 2016, with no remaining substantive performance obligations. Prior to the U.S. EPA approval, Syngenta had recognized non-refundable upfront payments received from Pioneer of $50 million as royalty revenue in 2012 (2011: $50 million). As specified in the agreement, actual royalty payments are discounted at 10 percent to determine how much of the minimum consideration they settle. Syngenta has recognized the approximately $200 million present value of the outstanding minimum consideration as revenue in 2012. Accretion of this amount to reflect the passage of time is recognized as financial income. $50 million of the corresponding receivable balance is included in other current assets at December 31, 2012 and was received in cash in January 2013. The remaining amount is included in other non-current financial assets.

Impairment
For the purposes of assessing impairment, assets are grouped at the lowest level at which there are independent cash inflows. This level is described as a cash generating unit (CGU). Each CGU contains tangible assets such as plant and equipment as well as intangible assets such as product and patent rights. The way in which assets are grouped to form CGUs and are related to cash flows may in certain circumstances affect whether an impairment loss is recorded. Generally, the higher the level at which independent cash flows are identified, the less likely it is that an impairment loss will be recorded, as reductions in one cash inflow are more likely to be offset by increases in other cash inflows within the same CGU. If a CGU is impaired, the impairment loss is allocated first to any goodwill in the CGU, and then to reduce the CGU's other assets pro rata.

Syngenta generally defines each crop protection product active ingredient and each seed crop as a CGU. However, where one active ingredient is sold in mixture with other active ingredients to a significant extent, the active ingredients concerned are grouped together into a single CGU because independent cash inflows only exist at this higher level. Each CGU is generally defined on a global basis reflecting the international nature of the business. North America corn and soybean seeds are defined as a single CGU because of common intellectual property and other interdependencies between these two crops, which do not apply to other crops. Goodwill on certain major acquisitions, principally Zeneca agrochemicals business goodwill of $548 million, has been allocated to each Syngenta operating segment and is tested for impairment at that level by relating the allocated amounts to the total cash flows of the respective segment.

Pension asset ceiling
IFRSs require Syngenta to estimate the economic benefit it can obtain from a pension surplus if a surplus currently exists or will arise when Syngenta meets an existing minimum funding obligation. Accounting recognition of a surplus in Syngenta's UK pension plan is supported partly by the economic benefit of future contribution savings and partly by the future refund, net of applicable taxes, which Syngenta believes will be unconditionally available to it when all liabilities have been settled. At December 31, 2012, pension provisions have been increased by $45 million, representing the part of the projected UK plan surplus which does not meet the accounting recognition criteria. The surplus in Syngenta's US plan is supported by the economic benefit of future contribution savings. Syngenta cannot derive economic benefit from any surplus in its main Swiss pension plan because there is no refund right and the required future service contributions exceed future service cost. At December 31, 2012 and 2011, the main Swiss plan was in deficit and thus no restriction applied. The surplus disclosed in Note 22 relates to another Swiss plan.

Foreign currency translation
Syngenta has to make judgments on whether loans between subsidiaries are likely to be repaid in the foreseeable future in order to allocate foreign currency differences on those items to profit or loss if the loan will be repaid or to OCI if the loan is effectively part of the net investment in the borrowing subsidiary.

Critical accounting estimates

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

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

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

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

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

Impairment review
The recoverable amount for goodwill has been determined based on value in use of the relevant CGU or group of CGUs to which the goodwill is allocated. The recoverable amounts of all material intangible assets and property, plant and equipment have also been based on their value in use.

In determining value in use it is necessary to make a series of assumptions to estimate future cash flows. The main assumptions in respect of crop protection CGUs include future sales prices and volumes, future development expenditures required to maintain products' marketability and registration in the relevant jurisdictions and products' lives. These assumptions are reviewed annually as part of management's budgeting and strategic planning cycles. These assumptions can be subject to significant adjustment from such factors as changes in crop growing patterns in major markets (for example, as a result of movements in crop prices), changes in product registration, or pressure from competitor products. Estimated cash flows are based on Syngenta management forecasts, cover a five year horizon and include a terminal value which assumes a 2.0 percent long-term growth rate (2011: 2.0 percent). Management believes, based on recent growth in agricultural markets, that there are long-term prospects for continued growth. $691 million of goodwill was tested at segment level (2011: $693 million). In the opinion of Syngenta, the recoverable amounts of its segments are not sensitive to reasonably possible changes in any of the assumptions underlying the cash flow projections used for the impairment tests. A reduction in forecasted sales within management's five year forecast horizon compared to the previous year's five year forecast cycle combined with a reduction in latest forecasts of current year sales compared to the current year budget, is considered an indicator of market related impairment for CGUs to which no goodwill is allocated, resulting in the performance of detailed impairment tests. Syngenta also performs detailed impairment tests when there are asset specific indicators of impairment such as withdrawal of or restrictions placed upon product registrations, plans to divest products or, for property, plant and equipment, plans to restructure or close a site. Higher discount rates are used to test property, plant and equipment for impairment in the case of restructuring because of the higher risk associated with remaining cash flows when operations are being physically relocated. The value in use calculation takes account of cash flows from the remaining period of operations and decommissioning costs.

2. Accounting policies continued

The discount rates used to discount the estimated future cash flows included in the value in use calculations are based on a post-tax WACC of 6.4 percent (2011: 6.1 percent). There is considerable debate among financial market participants about what are the most appropriate input values, such as risk free rate of return and equity risk premium, to use in a WACC calculation under current market conditions. In 2012, as in 2011, when calculating the discount rate, Syngenta has assumed a risk free rate equal to market yields on 10 year government bonds at the date of performing the annual impairment test and a 5 percent equity risk premium (2011: 5 percent). The discount rate determined in this way is considered to include market estimates of industry sector risk premium. Syngenta's CGUs generally reflect the global nature of its crop protection and seeds product sales, and a country risk premium is applied only to those CGUs where the geographical scope of operations and cash flows is limited. The pre-tax discount rates used for all significant CGUs ranged from 7.2 percent to 10.7 percent (2011: 7.1 percent to 8.5 percent). The outcomes of the impairment tests are not sensitive to reasonably likely changes in the discount rate in the periods presented for any CGU or group of CGUs for which the carrying amount of goodwill is significant except as described below.

At December 31, 2012, one CGU located in Latin America included intangible assets of $nil and Property, plant and equipment of $74 million. The value in use forecasts for this CGU were prepared using an 8.4 percent post-tax discount rate. This rate includes a 2 percent country risk premium and is equivalent to a 10.7 percent pre-tax rate. The recoverable amount of the CGU would be equal to its carrying amount if forecast sales volumes and prices both decreased by 10 percent together with a 30 percent increase in forecast cost of goods sold.

In 2012, $13 million of impairment losses were reported for two intangible assets and $21 million on the retirement from use of production plant machinery in Brazil. No future economic benefits are now expected from using the related assets. In 2011, a $38 million impairment loss was recorded for the Fafard peat CGU. This CGU was sold to Sun Gro Horticulture Canada Ltd. in 2012.

Adjustments to revenue and trade receivables

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

- the estimated cost of incentive programs that provide rebates and discounts dependent upon achievement of sales targets, as well as cash discounts for punctual payment of accounts receivable. Syngenta records the estimated cost of these programs when the related sales are made, based on the programs' terms, market conditions and historical experience. At December 31, 2012, trade accounts payable includes $1,288 million (2011: $1,131 million) of accruals for rebates and returns.
- accruals for estimated product returns, which are based on historical experience of actual returns where Syngenta considers these to be reliable estimates of future returns. Recognition of revenue and the related trade receivables is deferred in cases where past experience shows that actual returns can vary significantly from estimates. This may arise in market segments where the distribution channel holds several months' sales of Syngenta products at the reporting date, forecast consumption of those products by growers could be materially affected if market or weather conditions after the reporting date were significantly different from those expected and the volume of products returned by distributors varies with changes in grower consumption. In such cases, Syngenta estimates the amounts to be deferred by collecting from its distributors data showing the quantities of Syngenta products held by them at the reporting date and applying average actual sales prices to those quantities. In 2012, recognition of $378 million (2011: $316 million) of revenue and trade receivables was deferred.
- allowances for doubtful receivables, which are estimated by critically analyzing individual receivable account balances, taking into account historical levels of recovery, the economic condition of individual customers, and the overall economic and political environment in relevant countries. As shown in Note 9 below, the provision for doubtful receivables at December 31, 2012 amounted to $224 million, or 7 percent (2011: $246 million or 8 percent) of total trade receivables. In 2012, Syngenta reported a $11 million bad debt expense (2011: $34 million). The decrease from 2011 to 2012 reflects strong collection performance in 2012.

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

Environmental provisions

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

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

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

IAS 37 requires reimbursements of provisions to be recognized only when they are virtually certain to be received. No reimbursements are recognized if the third parties are disputing the reimbursement. Syngenta has recorded a reimbursement asset of $25 million at December 31, 2012 (2011: $25 million). The movements in environmental provisions are set out in Note 19 below.

In 2012, the total additional charge to environmental provisions was $4 million (2011: $14 million). $3 million (2011: $4 million) of unutilized provisions were released. In 2012, except for cash paid on provisions established in prior years, there were no material changes to the provisions. In 2011, the most significant change was caused by clarification from the regulator of the remedial work it requires at one site. In addition, proposals have been made suggesting remediation of the existing contamination on certain shared sites in preference to monitoring and containment. Syngenta will negotiate the proposals with the relevant authorities but the final adopted solution is subject to regulatory uncertainty and the ultimate liability may be higher or lower than the amount provided. Taken together, the provisions at December 31, 2012, for these shared sites comprise approximately 20 percent of total environmental provisions of $345 million (2011: $371 million). The top ten exposures at the end of 2012 comprise approximately 80 percent of the total environmental provisions. In the opinion of management, reasonably possible increases in the provisions related to these top 10 exposures would not exceed 25 percent of the total environmental provision recognized at December 31, 2012.

At Syngenta's Monthey, Switzerland, production site, the work needed to remediate groundwater and soil contamination that exists under and around the site, including investigation, assessment, control and monitoring activities, is ongoing. The responsibility for these activities lies with Syngenta and one other chemical enterprise. In management's opinion, based on its current knowledge, Syngenta's environmental provisions are adequate to cover Syngenta's share of the expected costs to perform this remediation and no significant change to the provision has been made in 2012. However, the extent of the remediation work required, the cost estimates and their allocation are subject to uncertainty.

Defined benefit post-employment benefits

Significant judgment is required when selecting key assumptions for measuring post-employment benefit expense for a period and the defined benefit obligation at the period end for each defined benefit plan. The specific assumptions used are disclosed in Note 22 below, along with the experience variances between actual and assumed results for the past five years. These variances were caused principally by external financial market movements in corporate bond yields used to benchmark the discount rate, and in asset prices affecting the actual return on assets. These factors are outside Syngenta's direct control, and it is reasonably possible that future variances will be at least as great as past variances.

The following information illustrates the sensitivity to a change in certain assumptions, leaving all other assumptions constant, for the three major defined benefit pension plans shown in Note 22 to the financial statements. It should be noted that economic factors and conditions often affect multiple assumptions simultaneously and the effects of changes in key assumptions are not necessarily linear.

	Increase/ (reduction) in 2013 pre-tax pension expense	Increase/ (reduction) in December 31, 2012 projected benefit obligation
25 basis point decrease in discount rate	11	202
25 basis point increase in discount rate	(11)	(198)
One year increase in life expectancy	7	133

To select the discount rate, Syngenta uses yields of AA rated corporate bonds in all major markets. The relevant yield is determined either by analyzing a population of bonds whose cash flows collectively approximate the estimated cash flow profile of benefit payments by a Syngenta plan (UK and USA), or by using the yield of a published bond index and adjusting it in line with the relevant market yield curve to the extent that the average maturity of the bonds in the index is different from that of the relevant Syngenta benefits (Switzerland). Discount rates at December 31, 2012 are as follows:

Switzerland	2.0 percent	(2011: 2.5 percent)
UK	4.5 percent	(2011: 4.9 percent)
USA	3.8 percent	(2011: 4.4 percent)

The lower discount rates at the end of 2012 reflect the decrease in yields of these three countries' government bonds. This effect was only partly offset by a steeper yield curve for longer maturity AA corporate bonds. Limited price indexation of pensions in payment and deferred pension rights is required both by the Syngenta UK pension plan rules and by UK pension regulations. The Syngenta plan rules and statutory regulations applicable to Syngenta's Swiss and US plans contain no inflation linkage. In valuing the benefit obligation at December 31, 2012, the UK long-term rate of retail price inflation (RPI) is assumed to be 2.8 percent (2011: 3.0 percent). Future statutory pension increases are based on consumer price inflation (CPI). Most Syngenta UK pension plan members have benefits specifically linked to RPI in accordance with the plan rules, but some members will see increases linked to CPI. CPI is assumed to be 70 basis points (2011: 90 basis points) below RPI.

Actual returns for the UK, Swiss and US pension plan assets were above the expected long-term return assumptions used to calculate 2012 pension expense, but returns in 2011 were below the equivalent assumptions. This reflects the general trend of financial asset market movements in each of those years. Expected return is a weighted average of the various asset classes held by the plans, which are disclosed in Note 22 below.

2. Accounting policies continued

In recent years, longevity has increased in all major countries in which Syngenta sponsors pension plans. Syngenta sets mortality assumptions after considering the most recent statistics practicable. Syngenta uses generational mortality tables to estimate probable future mortality improvements. These tables assume that the trend of increasing longevity will continue, resulting in pension benefit payments to younger members being likely to be paid for longer time periods than older members' pensions, given that assumed retirement ages are those defined in the rules of each plan. In 2012, in the context of the triennial UK statutory valuation of the plan, Syngenta updated the mortality assumptions for its UK plan and now uses current mortality rates based on the UK Institute and Faculty of Actuaries' CMI SAPS Pensioner Amounts Light tables reflecting long cohort improvements from 2002-2012, with assumed future improvement of 1.25 percent per annum in line with the CMI Core Projections model 2011. This change in mortality assumptions increased the benefit obligation by $80 million (3.4 percent) compared to the assumptions used at December 31, 2011.

At December 31, 2012 and 2011, Syngenta valued the benefit obligation for its Swiss pension plan using mortality assumptions from the BVG 2010 generational table. Generational tables had not been available in Switzerland in previous years. Syngenta's adoption of these assumptions increased the benefit obligation by $66 million (4.4 percent) in 2011 compared to those used in 2010, while the general update of mortality and disability data had no significant impact compared to the tables previously used. No further changes were made to these assumptions in 2012.

Syngenta's major pension plans give members lump sum or annuity benefit payment options. Syngenta values its pension liabilities on the assumption that the choices made by members who will retire in the future will be consistent with choices made by members who have retired recently. For the US plan, Syngenta has assumed that all current active members will take the lump sum option at retirement date as, under current conditions, this results in a higher liability than the annuity option.

Deferred tax assets

At December 31, 2012, Syngenta's deferred tax assets are $1,075 million (2011: $930 million). Included in this balance are deferred tax assets for unused tax losses of $108 million (2011: $33 million), the increase being due principally to recognition of Devgen's carried forward tax losses upon acquisition and of losses associated with settlement of a significant litigation case in 2012. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income during the periods in which those temporary differences become deductible or in which tax losses can be utilized. The tax effect of unused tax losses is recognized as a deferred tax asset when it becomes probable that the tax losses will be utilized. In making assessments regarding deferred tax assets, management considers the scheduled reversal of deferred tax liabilities, projected future taxable income and tax planning strategies. At December 31, 2012, based upon the level of historical taxable income and projections for future taxable income over the periods in which deferred tax assets are deductible, management believes that it is more likely than not that Syngenta will realize the benefits of these deductible differences. The amount of deferred tax assets considered realizable could however be reduced in subsequent years if estimates of future taxable income during their carry forward periods are reduced, or rulings by the tax authorities are unfavorable. Estimates are therefore subject to change due to both market related and government related uncertainties, as well as Syngenta's own future decisions on restructuring and other matters. Syngenta is unable to accurately quantify the future adjustments to deferred income tax expense that may occur as a result of these uncertainties.

The principal jurisdictions where deferred tax assets have not been recognized are Argentina and Brazil. For Argentina, no net deferred tax assets have been recognized at December 31, 2012 or 2011. At December 31, 2011, the carrying amount of deferred tax assets recognized in the consolidated balance sheet of one major Syngenta subsidiary in Brazil is $179 million (2011: $152 million) and the amount not recognized is $23 million (2011: $10 million). Syngenta has restricted the amount of deferred tax asset recognized for this subsidiary to the amount recoverable from the forecast taxable profits in the five years (2011: five years) following the balance sheet date.

Uncertain tax positions

Syngenta's supply chain is international, and intellectual property rights owned by Syngenta are used internationally within the Group. Transfer prices for the delivery of goods and charges for the provision of services by one Syngenta subsidiary to another, and arrangements to share research and development costs, may be subject to challenge by the national tax authorities in any of the countries in which Syngenta operates. Interpretation of taxation rules relating to financing arrangements between Syngenta entities and to foreign currency translation differences may also give rise to uncertain tax positions. Where a distribution of subsidiary retained earnings would incur withholding taxes, Syngenta also makes a management judgment whether a future distribution is probable.

Syngenta estimates and accrues taxes that will ultimately be payable when reviews or audits by tax authorities of tax returns are completed. These estimates include significant management judgments about the eventual outcome of the reviews and audits of all open years based on the latest information available about the positions expected to be taken by each tax authority. Actual outcomes and settlements may differ significantly from the estimates recorded in these consolidated financial statements. This may affect income tax expense reported in future years' consolidated income statements. At December 31, 2012, Syngenta's balance sheet includes assets of $130 million (2011: $79 million) included within Other accounts receivable, and liabilities of $574 million (2011: $547 million) shown separately on the face of the balance sheet, for current income taxes. These liabilities include $284 million in respect of the uncertain tax positions described above (2011: $274 million). The liability for uncertain income tax positions which Syngenta expects to be resolved in 2013 is less than 5 percent of total recognized current income tax liabilities.

3. Acquisitions, divestments and other significant transactions

The following significant transactions occurred during 2012 and 2011.

2012

On October 1, 2012, Syngenta acquired from DuPont its professional products insecticide business, a leading supplier for the professional turf, ornamentals and home pest control markets, for a cash consideration of $128 million, including related inventories. The acquisition expands the range of products which Syngenta offers to golf course and lawn care professionals and to ornamental growers, and also strengthens its portfolio for the control of home pests. The acquisition includes the pest control brands Advion® and Acelepryn® and other intellectual property, transfer of certain employees, and exclusive supply and licensing agreements through which Syngenta will access the related active ingredients and formulated products from DuPont. Goodwill was $22 million and represents potential benefits from new product development derived from the acquired products and from combining them with existing Syngenta products. Syngenta expects to claim a tax deduction for this goodwill.

On November 8, 2012, Syngenta acquired control of Pasteuria Bioscience, Inc. ("Pasteuria"), a US-based biotechnology company. Syngenta now owns 100 percent of Pasteuria. Prior to taking control, Syngenta had held a 37 percent equity interest in Pasteuria indirectly through a venture capital fund which Syngenta consolidates in its financial statements. Syngenta recognized a $30 million gain on revaluing the interest to its fair value on November 8, 2012. This gain is reported within the General and administrative line in the consolidated income statement. Since 2011, Syngenta and Pasteuria had been working in an exclusive global technology partnership to develop and commercialize biological products to control plant-parasitic nematodes, using the naturally occurring soil bacteria *Pasteuria spp*. The acquisition will facilitate the introduction of key products to complement Syngenta's existing chemical nematicide range and to support integrated solutions across a broad variety of crops such as soybean, corn, cereals, sugarbeet and vegetables. Acquisition accounting is complete except that Syngenta requires further information about the amount of pre-acquisition tax losses available for carry forward in order to finalize the deferred tax asset to be recognized upon acquisition. Subject to this, goodwill arising on acquiring Pasteuria was $37 million and mainly represents deferred income tax liabilities which, as required by IFRS 3 and IAS 12, are treated as an exception to the fair value principle applied when measuring other items in acquisition accounting. No tax deduction is expected to be available for the goodwill. Because of the timing of the acquisition, Syngenta will allocate this goodwill to operating segments for its 2013 impairment review.

On November 29, 2012, Syngenta acquired 100 percent of the shares of Sunfield Seeds Inc., a US-based provider of sunflower seeds production and processing services, for cash consideration. The acquisition represents an important step in the implementation of Syngenta's sunflower strategy by strengthening supply chain capabilities to enable future growth. Because of the timing of the acquisition transaction, provisional amounts have been recognized for all acquired assets and liabilities at December 31, 2012.

On September 21, 2012, Syngenta announced a takeover offer for Devgen N.V. ("Devgen"), a company listed on the Euronext stock exchange. On December 12, 2012, it was announced that on closing of the initial acceptance period, shares and warrants representing 94.11 percent of Devgen's total issued share capital had been tendered in acceptance of the offer, which was consequently declared unconditional. Syngenta considers December 12, 2012 to be the acquisition date as defined by IFRS 3. Syngenta has offered to acquire all outstanding shares and warrants issued by Devgen for Euros ("EUR") 16 cash per share, representing a total consideration of around EUR 403 million (equivalent to $530 million). At December 31, 2012, Syngenta had paid EUR 375 million ($493 million) for the tendered shares and warrants. As required by Belgian financial market regulations, Syngenta's takeover offer was re-opened from December 28, 2012 until January 18, 2013. See Note 30 below for further information.

Devgen is a global leader in hybrid rice and RNAi technology. The acquisition will enable Syngenta to combine its leading crop protection portfolio with Devgen's best-in-class rice hybrids and broad germplasm diversity. Devgen also brings proven expertise in RNAi-based insect control, for which the two companies signed a global license and research agreement to develop spray applications in May 2012. In respect of that agreement, Syngenta recognized a $27 million intangible asset separately from the subsequent acquisition, and no gain or loss related to this arose upon acquisition. Because of the timing of the acquisition transaction, the acquisition date fair valuation of Devgen's intangible assets and the acquisition date assessment of Syngenta's ability to utilize Devgen's carried forward tax losses and consequently recognize a deferred tax asset for those losses have not been finalized at December 31, 2012. Syngenta has valued the 5.89 percent non-controlling interests in Devgen at their fair value, which Syngenta estimates at $37 million, based on the EUR 16 per share which it is offering. Because Belgian law gives the non-controlling shareholders a right to put their shares to Syngenta at the offer price, Syngenta has recognized a $37 million financial liability and a non-controlling interest of $nil at December 31, 2012. Syngenta has not yet determined the amount of goodwill, if any, which is expected to be deductible for tax.

The assets, liabilities and acquisition-date fair value of consideration recognized for these 2012 business combinations were as follows:

($m)	Devgen (provisional)	Other (provisional)	Other (final)	Total fair values
Cash and cash equivalents	66	4	–	70
Trade receivables and other assets	23	37	5	65
Intangible assets	228	94	101	423
Deferred tax assets	40	5	–	45
Deferred tax and other liabilities	(79)	(70)	–	(149)
Net assets acquired	278	70	106	454
Purchase price	493	97	128	718
Non-controlling shareholders' put rights	37	–	–	37
Fair value of interests already held by Syngenta	–	44	–	44
Goodwill	252	37	22	311
Unallocated purchase price	–	34	–	34

3. Acquisitions, divestments and other significant transactions continued

Gross contractual amounts receivable were not materially different from the fair value of acquired receivables.

Cash flow from these 2012 acquisitions was as follows:

($m)	
Total cash paid for shares	706
Net cash acquired	(70)
Net cash outflow	**636**

Costs related to the above acquisitions were $6 million.

On June 11, 2012, Syngenta divested the Fafard peat unit of its Lawn and Garden business to Sun Gro Horticulture Canada Ltd. On November 13, 2012, Syngenta divested its US Flowers distribution and brokerage business, Syngenta Horticultural Services (SHS) to Griffin Greenhouse Supplies, Inc. Consideration consists of cash for both the above transactions and future consideration receivable is not material. The income statement and cash flow effects of these transactions have been reported in Divestment gains/(losses) within General and administrative and in Business divestments, respectively. Both businesses were divested on a cash and debt free basis. Aggregate assets and liabilities divested were as follows:

($m)	Carrying amounts
Trade receivables and other assets	46
Inventories	29
Property, plant and equipment	28
Intangible assets	17
Other net liabilities	(10)
Net assets divested	**110**

2011

In March 2011, in order to further strengthen its market position in Paraguay, Syngenta purchased 100 percent of the shares of Agrosan S.A., an agricultural distributor, together with the trademarks related to its business, for $32 million of cash, $10 million of which is deferred. As a result of the acquisition accounting, an immaterial bargain purchase gain has been recognized in Restructuring within General and administrative in the consolidated income statement.

The assets, liabilities and acquisition-date fair value of consideration recognized for this 2011 business combination were as follows:

($m)	Fair values
Cash and cash equivalents	2
Trade receivables and other assets	55
Intangible assets	19
Trade payables and other liabilities	(44)
Net assets acquired	32
Purchase price	32
Bargain purchase gain	–

Gross contractual amounts receivable were not materially different from the fair value of acquired receivables.

Cash flow from this 2011 acquisition to date is as follows:

($m)	
Total cash paid for shares	22
Net cash acquired	(2)
Net cash outflow	**20**

In April 2011, Syngenta divested its Materials Protection business to Lanxess AG. The gain on this divestment is included in Divestment gains/(losses) within General and administrative.

4. Segmental breakdown of key figures for the years ended December 31, 2012 and 2011

As described in Note 2 above, Syngenta has adopted new segment reporting in 2012. Segment reporting for 2011 has been restated accordingly.

Syngenta is organized on a worldwide basis into five operating segments: the four geographic regions, comprising the integrated crop protection and seeds business, and the global Lawn and Garden business. Some costs of the integrated organization do not relate to a geographic destination and are reported as non-regional. Segment performance is managed based on segment operating income, which is the measure of segment profit or loss presented, and is based on the same accounting policies as consolidated operating income. No operating segments have been aggregated to form the reportable segments.

2012 ($m)	EAME[1]	North America	Latin America	Asia Pacific	Non-regional	Total regional	Lawn and Garden	Group
Product sales – to third parties	3,939	3,574	3,709	1,824	–	13,046	754	13,800
Royalty income – from third parties	35	357	4	3	–	399	3	402
Total segment sales	3,974	3,931	3,713	1,827	–	13,445	757	14,202
Cost of goods sold	(1,864)	(1,807)	(2,057)	(973)	(149)	(6,850)	(368)	(7,218)
Gross profit	2,110	2,124	1,656	854	(149)	6,595	389	6,984
Marketing and distribution	(664)	(602)	(546)	(303)	(95)	(2,210)	(208)	(2,418)
Research and development	–	–	–	–	(1,195)	(1,195)	(58)	(1,253)
General and administrative:								
Restructuring	(25)	(27)	(37)	(12)	(119)	(220)	(13)	(233)
Divestment losses	–	–	–	–	–	–	(25)	(25)
Other General and administrative	(146)	(153)	(103)	(46)	(270)	(718)	(45)	(763)
Operating income/(loss) – continuing operations	1,275	1,342	970	493	(1,828)	2,252	40	2,292
Included in the above operating income from continuing operations are:								
Personnel costs	(560)	(426)	(492)	(266)	(848)	(2,592)	(167)	(2,759)
Depreciation of property, plant and equipment					(317)	(317)	(16)	(333)
Amortization of intangible assets					(256)	(256)	(9)	(265)
Impairment of property, plant and equipment, intangible and financial assets					(40)	(40)	(5)	(45)
Other non-cash items including charges in respect of provisions					(63)	(63)	(32)	(95)
Gains/(losses) on hedges reported in operating income	–	–	8	18	(57)	(31)	(1)	(32)

1 EAME: Europe, Africa and Middle East

4. Segmental breakdown of key figures for the years ended December 31, 2012 and 2011 continued

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

2012 ($m)	
Segment operating income	**2,292**
Income from associates and joint ventures	**7**
Financial expense, net	**(147)**
Income before taxes	**2,152**

2011 ($m)	EAME[1]	North America	Latin America	Asia Pacific	Non-regional	Total regional	Lawn and Garden	Group
Product sales – to third parties	3,945	3,144	3,301	1,880	–	12,270	817	13,087
Royalty income – from third parties	37	129	4	7	–	177	4	181
Total segment sales	3,982	3,273	3,305	1,887	–	12,447	821	13,268
Cost of goods sold	(1,806)	(1,648)	(1,813)	(984)	(131)	(6,382)	(404)	(6,786)
Gross profit	2,176	1,625	1,492	903	(131)	6,065	417	6,482
Marketing and distribution	(685)	(554)	(542)	(290)	(89)	(2,160)	(227)	(2,387)
Research and development	–	–	–	–	(1,135)	(1,135)	(56)	(1,191)
General and administrative:								
Restructuring	(92)	(35)	(23)	(13)	(91)	(254)	(53)	(307)
Divestment gains	4	10	–	–	62	76	–	76
Other General and administrative	(166)	(114)	(77)	(48)	(155)	(560)	(62)	(622)
Operating income/(loss) – continuing operations	1,237	932	850	552	(1,539)	2,032	19	2,051
Included in the above operating income from continuing operations are:								
Personnel costs	(577)	(381)	(422)	(253)	(829)	(2,462)	(199)	(2,661)
Depreciation of property, plant and equipment					(311)	(311)	(20)	(331)
Amortization of intangible assets					(264)	(264)	(12)	(276)
Impairment of property, plant and equipment, intangible and financial assets					(3)	(3)	(40)	(43)
Other non-cash items including charges in respect of provisions					(124)	(124)	(10)	(134)
Gains/(losses) on hedges reported in operating income	1	15	12	–	165	193	(6)	187

1 EAME: Europe, Africa and Middle East

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

2011 ($m)	
Segment operating income	2,051
Income from associates and joint ventures	15
Financial expense, net	(165)
Income before taxes	1,901

Revenues by product group for the years ended December 31, 2012 and 2011 are as follows:

($m)	2012	2011
Crop Protection	**10,208**	9,597
Seeds	**3,237**	2,850
Lawn and Garden	**757**	821
Total	**14,202**	13,268

Summarized additional information on the nature of expenses for the years ended December 31, 2012 and 2011 is as follows:

($m)	2012	2011
Salaries, short-term employee benefits and other personnel expense	2,607	2,480
Pension and other post-employment benefit expense	68	112
Share based payment expense	84	69
Total personnel costs	2,759	2,661
Depreciation of property, plant and equipment	333	331
Impairment of property, plant and equipment	29	18
Amortization of intangible assets	265	276
Impairment of intangible assets	13	24

5. Regional breakdown of key figures for the years ended December 31, 2012 and 2011

The following countries individually accounted for more than 5 percent of one or more of the respective Syngenta totals for the years ended December 31, 2012 and 2011 or at December 31, 2012 and 2011.

($m, except %)	Sales[1]				Total non-current assets[2]			
Country	2012	%	2011	%	2012	%	2011	%
Belgium	79	1	83	1	495	7	–	–
Brazil	2,466	17	2,152	16	286	4	279	5
France	651	5	649	5	139	2	140	2
Switzerland	69	–	74	1	2,947	40	2,728	43
UK	218	2	202	2	525	7	501	8
USA	3,745	26	3,209	24	1,842	25	1,596	25
Others	6,974	49	6,899	51	1,086	15	1,054	17
Total	14,202	100	13,268	100	7,320	100	6,298	100

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

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

6. Restructuring

Restructuring for the years ended December 31, 2012 and 2011, broken down into the main restructuring initiatives, consists of the following:

($m)	2012	2011
Operational efficiency programs:		
Cash costs		
Charged to provisions	7	29
Expensed as incurred	48	69
Non-cash costs		
Fixed asset impairments	2	3
Integrated crop strategy programs:		
Cash costs		
Charged to provisions	4	86
Expensed as incurred	98	63
Acquisition and related integration costs:		
Cash costs		
Charged to provisions	–	2
Expensed as incurred	18	12
Non-cash items		
Reversal of inventory step-ups	7	14
Reacquired rights	14	14
Divestment losses/(gains)	25	(76)
Bargain purchase gains	–	(10)
Other non-cash restructuring:		
Non-current asset impairment	42	39
Total restructuring	**265**	245

Restructuring for the years ended December 31, 2012 and 2011 is presented within the consolidated income statement as follows:

($m)	2012	2011
Reported as:		
Cost of goods sold	7	14
Restructuring	233	307
Divestment losses/(gains)	25	(76)
Total restructuring	**265**	245

2012

Operational efficiency programs

During 2012, costs of $44 million were incurred as the projects to standardize and consolidate global back office operations drew near to completion. $3 million of costs were incurred for restructuring in the corporate headquarters, $4 million of costs were charged for restructuring at sales and distribution sites in France, Switzerland and the UK, and a further $4 million of other operational efficiency cash costs included charges for project management, standard process design and outsourcing of information systems. Impairment costs related to the sites in France and the UK.

Integrated crop strategy programs

Cash costs of $35 million were incurred for the continuing integration of commercial operations of sales and marketing teams in the regions. $58 million was charged to the regions for support function projects, including $15 million for severance and pension costs, $21 million for information system infrastructure projects and $22 million of other charges including consultancy and advisory services, re-training of employees and project management. $5 million of costs related to restructuring the organization of the global Research and Development function and $4 million of costs related to legal entity restructuring.

Acquisition and related integration costs

Included in acquisition and related integration costs are $6 million related to the acquisitions described in Note 3 above and $6 million of charges incurred for integrating previous acquisitions. The remaining charges related to divestments and incomplete transactions.

Reversal of inventory step-up related to the acquisitions of Maribo Seeds, the Pybas and Synergene lettuce companies and the purchase of the Greenleaf controlling interest. As part of the Greenleaf acquisition in 2011, Syngenta reacquired exclusive licensing rights that it had previously granted to Greenleaf. In accordance with IFRS, the reacquired rights have been recognized as an intangible asset and are being amortized over the remaining term of the original license contract, 3 years. This is a significantly shorter period than the expected economic life of the intellectual property rights underlying the license, which were generated internally within Syngenta. The resulting acceleration of amortization results in a 2012 charge of $14 million. Syngenta views this significant amortization charge as an accounting effect of integrating Greenleaf into Syngenta.

Divestment losses were incurred on the divestments of the Fafard peat unit and the Syngenta Horticultural Services business as described in Note 3 above.

Other non-cash restructuring

Non-current asset impairments included $21 million for production plant machinery in Brazil, $12 million for the impairment of a product right and trademark where the technical and commercial success has now become less probable and $5 million for the write-down of land in the USA that was acquired as part of a business combination.

2011

Operational efficiency programs

During 2011, cash costs under the Operational Efficiency restructuring programs included $59 million for the continuing standardization and consolidation of global back office operations and $12 million for further outsourcing of information systems. Further operational efficiency cash costs consisted of $6 million of onerous contract charges in the UK, $5 million relating to the reorganization of a site in Switzerland, $4 million of restructuring costs in the Seeds portion of the European business and $12 million for various other restructuring projects. Impairment costs related mainly to the closure of a site in Germany.

Integrated crop strategy programs

During 2011, cash costs for launching and initiating the implementation of the global integrated crop strategy included $143 million for integration of commercial operations of sales and marketing teams and $6 million for support function projects. These charges consisted of $76 million for severance and pension payments and $73 million of other project-related costs, including those for developing and supporting the strategic transition; process re-design; consultancy and advisory services; retention, relocation, and re-training of employees; and project management.

Acquisition and related integration costs
Acquisition and related integration cash costs related mainly to the Agrosan, Maribo Seeds and Greenleaf acquisitions. Reversal of inventory step-ups related to the acquisitions of Agrosan, Maribo Seeds and the Pybas and Synergene lettuce companies.

Amortization of reacquired rights related to exclusive licensing rights that Syngenta had previously granted to Greenleaf, which were reacquired as part of the Greenleaf acquisiton.

Divestment gains of $76 million included the gain on the disposal of Syngenta's Materials Protection business to Lanxess AG, gains on the disposal of certain assets acquired as part of Monsanto's sunflower business in 2009, as agreed with the European Commission in connection with their approval of that acquisition, and the gain arising on revaluing Syngenta's 50 percent equity interest in Greenleaf to fair value at the date it acquired the remaining 50 percent interest from Pioneer. Bargain purchase gains were recognized on completion of the acquisition accounting for the Maribo Seeds and Greenleaf acquisitions.

Other non-cash restructuring
Other non-cash restructuring costs consisted of the impairment of an available-for-sale financial asset and a write-down of assets within the Fafard peat business in Lawn and Garden.

7. Income taxes

Income before taxes from continuing operations for the years ended December 31, 2012 and 2011 consists of the following:

($m)	2012	2011
Switzerland	1,213	779
Foreign	939	1,122
Total income before taxes	2,152	1,901

Income tax (expense)/benefit on income from continuing operations for the years ended December 31, 2012 and 2011 consists of the following:

($m)	2012	2011
Current income tax (expense):		
Switzerland	(84)	(138)
Foreign	(270)	(347)
Total current income tax (expense)	(354)	(485)
Deferred income tax (expense)/benefit:		
Switzerland	(17)	1
Foreign	94	183
Total deferred income tax (expense)/benefit	77	184
Total income tax (expense):		
Switzerland	(101)	(137)
Foreign	(176)	(164)
Total income tax (expense)	(277)	(301)

The components of current income tax (expense) on income from continuing operations for the years ended December 31, 2012 and 2011 are:

($m)	2012	2011
Current tax (expense) relating to current years	(375)	(491)
Adjustments to current tax for prior periods	19	2
Benefit of previously unrecognized tax losses	2	4
Total current income tax (expense)	(354)	(485)

The components of deferred income tax (expense)/benefit on income from continuing operations for the years ended December 31, 2012 and 2011 are:

($m)	2012	2011
Origination and reversal of temporary differences	83	130
Changes in tax rates or legislation	24	21
Benefit of previously unrecognized deferred tax assets	18	43
Non recognition of deferred tax assets	(48)	(10)
Total deferred income tax (expense)/benefit	77	184

Income tax expense for 2011 included $61 million resulting from a change in prior year estimates related to the taxation of certain licensing transactions.

Income tax relating to OCI for the years ended December 31, 2012 and 2011 is as follows:

	2012			2011		
($m)	Pre-tax	Tax	Post-tax	Pre-tax	Tax	Post-tax
Items that will not be reclassified to profit or loss:						
Actuarial gains/(losses)	(151)	31	(120)	(252)	71	(181)
Items that may be reclassified to profit or loss:						
Available-for-sale financial assets	(1)	–	(1)	3	–	3
Cash flow and net investment hedges	108	(10)	98	(150)	34	(116)
Foreign currency translation effects	86	(12)	74	(186)	(48)	(234)
Total	42	9	51	(585)	57	(528)

7. Income taxes continued

The following tax was (charged)/credited to shareholders' equity for the years ended December 31, 2012 and 2011:

($m)	2012	2011
Current tax [1]	20	7
Deferred tax [1]	(3)	3
Total income tax (charged)/credited to equity	**17**	**10**

1 Current and deferred tax related to share based payments

Analysis of tax rate

The table below presents the main elements causing Syngenta's effective tax rate to differ from the statutory tax rate for the years ended December 31, 2012 and 2011. Syngenta's statutory rate consists of the domestic Swiss tax rate. Syngenta applies the domestic Swiss tax rate as it is more meaningful than using the weighted average tax rate. The domestic Swiss tax rate consists of the Swiss federal income tax rate (8.50 percent) and the income tax rate of the canton Basel (20.50 percent). Federal and canton tax rates are deductible from the tax basis, therefore the Swiss domestic tax rate is 22.48 percent in 2012. The decrease of the income tax rate of the canton Basel to 20.50 percent in 2012 from 21.00 percent in 2011 resulted in the decrease in the domestic Swiss tax rate to 22.48 percent in 2012 from 22.78 percent in 2011.

	2012 %	2011 %
Statutory tax rate	22	23
Effect of income taxed at different rates	(11)	(5)
Tax on share based payments	–	–
Effect of other disallowed expenditures and income not subject to tax	–	(2)
Effect of changes in tax rates and laws on previously recognized deferred tax assets	(1)	(1)
Effect of recognition of previously unrecognized tax losses	–	–
Effect of recognition of other previously unrecognized deferred tax assets	(1)	(2)
Effect of non-recognition of deferred tax assets on tax losses in current year	–	1
Changes in prior year estimates and other items	2	2
Effect of non-recognition of deferred tax assets	2	–
Effective tax rate	**13**	**16**

The movements in deferred tax assets and liabilities during the year ended December 31, 2012 are as follows:

2012 ($m)	January 1	Recognized in net income	Recognized in equity and OCI	Currency translation effects	Other movements and acquisitions	December 31
Assets associated with:						
Inventories	434	76	(14)	(3)	–	493
Accounts receivable	184	38	–	(11)	–	211
Pensions and employee costs	175	(31)	28	1	1	174
Provisions	309	22	–	(6)	3	328
Unused tax losses	33	33	–	–	42	108
Financial instruments, including derivatives	20	(1)	–	–	(3)	16
Other	78	(33)	–	3	(3)	45
Deferred tax assets	**1,233**	**104**	**14**	**(16)**	**40**	**1,375**
Liabilities associated with:						
Property, plant and equipment	(307)	(6)	1	(5)	5	(312)
Intangible assets	(305)	64	(1)	(4)	(91)	(337)
Inventories	(88)	9	–	4	(1)	(76)
Financial instruments, including derivatives	(60)	(8)	13	–	1	(54)
Other provisions and accruals	(223)	(49)	–	(5)	–	(277)
Other	(73)	(37)	(1)	–	4	(107)
Deferred tax liabilities	**(1,056)**	**(27)**	**12**	**(10)**	**(82)**	**(1,163)**
Net deferred tax asset/(liability)	**177**	**77**	**26**	**(26)**	**(42)**	**212**

The movements in deferred tax assets and liabilities during the year ended December 31, 2011 are as follows:

2011 ($m)	January 1	Recognized in net income	Recognized in equity and OCI	Currency translation effects	Other movements and acquisitions	December 31
Assets associated with:						
Inventories	449	22	(31)	(3)	(3)	434
Accounts receivable	146	58	–	(20)	–	184
Pensions and employee costs	127	(22)	73	(2)	(1)	175
Provisions	234	85	–	(10)	–	309
Unused tax losses	46	(8)	–	(1)	(4)	33
Financial instruments, including derivatives	19	1	4	(1)	(3)	20
Other	74	16	(19)	3	4	78
Deferred tax assets	1,095	152	27	(34)	(7)	1,233
Liabilities associated with:						
Property, plant and equipment	(302)	(9)	–	3	1	(307)
Intangible assets	(266)	(23)	–	1	(17)	(305)
Inventories	(133)	34	–	11	–	(88)
Financial instruments, including derivatives	(56)	(2)	(5)	–	3	(60)
Other provisions and accruals	(255)	31	–	1	–	(223)
Other	(72)	1	–	(2)	–	(73)
Deferred tax liabilities	(1,084)	32	(5)	14	(13)	(1,056)
Net deferred tax asset/(liability)	11	184	22	(20)	(20)	177

The deferred tax assets and liabilities at December 31, 2012 and 2011 reconcile to the amounts presented in the consolidated balance sheet as follows:

($m)	2012	2011
Deferred tax assets	**1,375**	1,233
Adjustment to offset deferred tax assets and liabilities[1]	**(300)**	(303)
Adjusted deferred tax assets	**1,075**	930
Deferred tax liabilities	**(1,163)**	(1,056)
Adjustment to offset deferred tax assets and liabilities[1]	**300**	303
Adjusted deferred tax liabilities	**(863)**	(753)

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

The gross value at December 31, 2012 and 2011 of unused tax loss carry forwards for which no deferred tax asset has been recognized, by expiration date, is as follows:

($m)	2012	2011
One year	**1**	6
Two years	**7**	–
Three years	**1**	7
Four years	**10**	2
Five years	**5**	11
More than five years	**592**	481
No expiry	**5**	3
Total	**621**	510

The above losses consist mainly of US state tax loss carry forwards. The applicable tax rate for these US state tax carry forwards is 5.00 percent of the gross amounts.

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

A deferred tax asset or liability has not been recognized at December 31, 2012 and 2011 on the following items:

($m)	2012	2011
Temporary differences for which no deferred tax assets have been recognized	**322**	259
Temporary differences associated with investments in subsidiaries for which deferred tax liabilities have not been recognized	**685**	612

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

8. Earnings per share

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

Diluted earnings per share amounts are calculated by dividing the net income attributable to ordinary shareholders of Syngenta AG by the sum of the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on the conversion of all the dilutive potential ordinary shares into ordinary shares.

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

8. Earnings per share continued

The calculation of diluted earnings per share for the year ended December 31, 2012 excluded 458,480 (2011: 558,727) of Syngenta AG shares and options granted to employees, as their inclusion would have been antidilutive.

($m, except number of shares)	2012	2011
Net income attributable to Syngenta AG shareholders	**1,872**	1,599
Weighted average number of shares		
Weighted average number of shares – basic	**91,644,190**	91,892,275
Adjustments for dilutive potential ordinary shares:		
Grants of options over Syngenta AG shares under employee share participation plans	**254,995**	261,100
Grants of Syngenta AG shares under employee share participation plans	**233,737**	230,236
Weighted average number of shares – diluted	**92,132,922**	92,383,611

9. Trade and other accounts receivable

Trade receivables at December 31, 2012 and 2011 are as follows:

($m)	2012	2011
Trade receivables, gross	**3,415**	2,982
Provision for doubtful trade receivables	**(224)**	(246)
Trade receivables, net	**3,191**	2,736

Movements in the provision for doubtful trade receivables for the years ended December 31, 2012 and 2011 are as follows:

($m)	2012	2011
January 1	**(246)**	(260)
Amounts (charged)/credited to income	**(11)**	(34)
Amounts written off	**19**	34
Currency translation effects and other	**14**	14
December 31	**(224)**	(246)

The ages of trade and other receivables at December 31, 2012 and 2011 that were past due, but not impaired, are as follows:

2012 ($m)	Total past due	0–90 days	90–180 days	More than 180 days
Trade receivables, gross	**531**	**308**	**52**	**171**
Provision for doubtful trade receivables	**(173)**	**(4)**	**(19)**	**(150)**
Other receivables	**208**	**118**	**28**	**62**
Total	**566**	**422**	**61**	**83**

2011 ($m)	Total past due	0–90 days	90–180 days	More than 180 days
Trade receivables, gross	510	261	63	186
Provision for doubtful trade receivables	(177)	(11)	(14)	(152)
Other receivables	275	187	52	36
Total	608	437	101	70

At the reporting date there are no indications that debtors whose accounts are neither overdue nor impaired will not meet their payment obligations.

The carrying amount of trade receivables transferred in full and partial recourse factoring arrangements, but not derecognized is $122 million (2011: $125 million). The related liabilities of $122 million (2011: $125 million) are disclosed in Note 16. The fair value of these receivables and the related liabilities is not significantly different from their carrying amounts. The amount of these receivables before the transfer transactions was $175 million.

The fair value of trade receivables containing embedded exchange rate options that Syngenta has designated as at fair value through profit or loss at December 31, 2012 was $84 million (2011: $62 million). These amounts represent Syngenta's maximum exposure to credit risk relating to these types of trade receivables. Amounts charged to profit or loss in relation to these trade receivables for the years ended December 31, 2012 and 2011 were not material.

Other receivables of $932 million (2011: $690 million) include income taxes recoverable of $130 million (2011: $79 million) and are net of immaterial provisions for doubtful accounts.

10. Other current assets

Other current assets at December 31, 2012 and 2011 are as follows:

($m)	2012	2011
Prepaid expenses	**190**	163
Other	**67**	36
Total	**257**	199

11. Inventories

Inventories at December 31, 2012 and 2011 are as follows:

($m)	2012	2011
Raw materials and consumables	**1,002**	927
Biological assets	**37**	32
Work in progress	**814**	789
Finished products	**2,881**	2,442
Total	**4,734**	4,190

Movements in inventory write-downs for the years ended December 31, 2012 and 2011 are as follows:

($m)	2012	2011
January 1	(313)	(344)
Additions charged to income	(177)	(159)
Reversals of inventory write-downs	30	47
Amounts utilized on disposal of related inventories	136	152
Currency translation effects and other	3	(9)
December 31	**(321)**	**(313)**

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

Movements in biological assets for the years ended December 31, 2012 and 2011 are as follows. These include amounts classified as other non-current assets.

($m)	2012	2011
January 1	51	37
Changes in fair value	173	181
Additions to cost	47	19
Sales and harvest	(201)	(182)
Currency translation effects and other	(2)	(4)
December 31	**68**	**51**
Of which: carried at fair value less costs to sell	**33**	**32**

Quantities of biological assets in inventories at December 31, 2012 and 2011 are:

	2012	2011
(Millions of plants)		
Plants	69	64
Cuttings	520	574
(Thousands of hectares cultivated)		
Growing crops	7.2	4.7

12. Property, plant and equipment

Movements in property, plant and equipment for the year ended December 31, 2012 are as follows:

2012 ($m)	Land	Buildings	Machinery and equipment	Assets under construction	Total
Cost					
January 1	153	1,785	4,300	333	6,571
Additions	4	41	172	330	547
Disposals	(2)	(50)	(145)	(1)	(198)
Transfers between categories	–	89	182	(271)	–
Currency translation effects and other	4	32	107	(16)	127
December 31	159	1,897	4,616	375	7,047
Accumulated depreciation and impairment losses					
January 1	–	(999)	(2,547)	–	(3,546)
Depreciation charge	–	(60)	(273)	–	(333)
Impairment losses	–	(6)	(23)	–	(29)
Depreciation on disposals	–	33	118	–	151
Currency translation effects and other	–	(24)	(73)	–	(97)
December 31	–	(1,056)	(2,798)	–	(3,854)
Net book value – December 31	159	841	1,818	375	3,193
Insured value – December 31					8,178

Additions to property, plant and equipment of $547 million (2011: $490 million) comprise $508 million (2011: $479 million) of cash purchases and $39 million (2011: $11 million) of other additions, including business combinations, initial recognition of finance leases and capitalized borrowing costs.

The net book value of property, plant and equipment accounted for as finance lease assets at December 31, 2012 was $109 million classified as Machinery and equipment (2011: $127 million).

12. Property, plant and equipment continued

Movements in property, plant and equipment for the year ended December 31, 2011 were as follows:

2011 ($m)	Land	Buildings	Machinery and equipment	Assets under construction	Total
Cost					
January 1	153	1,740	4,057	309	6,259
Additions	2	39	166	283	490
Disposals	(1)	(3)	(48)	(3)	(55)
Transfers between categories	1	42	211	(254)	–
Currency translation effects and other	(2)	(33)	(86)	(2)	(123)
December 31	153	1,785	4,300	333	6,571
Accumulated depreciation and impairment losses					
January 1	–	(932)	(2,363)	–	(3,295)
Depreciation charge	–	(64)	(267)	–	(331)
Impairment losses	–	(10)	(8)	–	(18)
Depreciation on disposals	–	1	35	–	36
Currency translation effects and other	–	6	56	–	62
December 31	–	(999)	(2,547)	–	(3,546)
Net book value – December 31	153	786	1,753	333	3,025
Insured value – December 31					7,632

13. Intangible assets

Movements in intangible assets for the year ended December 31, 2012 are as follows:

2012 ($m)	Goodwill	Product rights	Trademarks	Patents	Software	Other intangibles	Total
Cost							
January 1	1,598	2,793	100	68	334	322	5,215
Additions from business combinations	322	417	7	–	–	36	782
Other additions	–	74	–	1	36	13	124
Retirements and disposals	(4)	(3)	(12)	–	(8)	(46)	(73)
Currency translation effects	7	23	1	1	11	3	46
December 31	1,923	3,304	96	70	373	328	6,094
Accumulated amortization and impairment losses							
January 1	(279)	(1,670)	(41)	(27)	(204)	(125)	(2,346)
Amortization charge	–	(185)	(5)	(4)	(47)	(24)	(265)
Impairment losses	–	(12)	–	(1)	–	–	(13)
Retirements and disposals	4	3	7	–	7	33	54
Currency translation effects	(5)	(13)	(1)	–	(3)	(1)	(23)
December 31	(280)	(1,877)	(40)	(32)	(247)	(117)	(2,593)
Net book value – December 31	1,643	1,427	56	38	126	211	3,501

Other additions in 2012 and 2011 include intangible assets arising from license agreements involving non-monetary exchanges or where the cash flows related to the acquisition of the asset are payable over several years. Cash paid to acquire intangible assets was $112 million (2011: $62 million).

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

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

Movements in intangible assets for the year ended December 31, 2011 are as follows:

2011 ($m)	Goodwill	Product rights	Trademarks	Patents	Software	Other intangibles	Total
Cost							
January 1	1,677	3,197	96	91	384	438	5,883
Additions from business combinations	–	38	5	–	–	4	47
Other additions	–	11	–	3	35	–	49
Retirements	(60)	(483)	–	(28)	(83)	(123)	(777)
Currency translation effects	(19)	30	(1)	2	(2)	3	13
December 31	1,598	2,793	100	68	334	322	5,215
Accumulated amortization and impairment losses							
January 1	(329)	(1,933)	(33)	(50)	(240)	(211)	(2,796)
Amortization charge	–	(191)	(6)	(4)	(48)	(27)	(276)
Impairment losses	(13)	–	(2)	–	(1)	(8)	(24)
Retirements	60	483	–	28	83	123	777
Currency translation effects	3	(29)	–	(1)	2	(2)	(27)
December 31	(279)	(1,670)	(41)	(27)	(204)	(125)	(2,346)
Net book value – December 31	1,319	1,123	59	41	130	197	2,869

14. Financial and other non-current assets

Other non-current financial assets at December 31, 2012 and 2011 are as follows:

($m)	**2012**	2011
Equity securities available-for-sale	**79**	59
Other non-current receivables	**404**	214
Defined benefit pension asset (Note 22)	**21**	145
Investments in associates and joint ventures	**143**	131
Long-term derivative financial assets (Note 28)	**21**	118
Total	**668**	667

None of Syngenta's investments in associates and joint ventures are publicly quoted. At December 31, 2012, these investments consist mainly of $67 million (2011: $61 million) for a 50 percent ownership of CIMO Compagnie Industrielle de Monthey SA, Switzerland, $38 million (2011: $38 million) for a 49 percent ownership of Sanbei Seeds Co. Ltd., China and $31 million (2011: $27 million) for a 40 percent ownership of Maisadour Semences SA, France. Income statement effects are not significant for the above associates and joint ventures.

15. Trade accounts payable

The contractual maturities of trade accounts payable at December 31, 2012 and 2011 are as follows:

($m)	Total	0–90 days	90–180 days	180 days–1 year
2012	**3,409**	**2,372**	**46**	**991**
2011	2,881	1,868	156	857

16. Current financial debt and other financial liabilities

Current financial debt at December 31, 2012 and 2011 is as follows:

($m)	2012	2011
Bank and other financial debt	297	209
Receivables factored with recourse	122	125
Current portion of financial debt (Note 18)	561	409
Total current financial debt	**980**	743
Short-term derivative financial liabilities (Note 28)	68	212
Total	**1,048**	955

The following table presents additional information related to short-term borrowings at December 31, 2012:

2012 ($m)	Amount outstanding at December 31	Weighted average interest rate on outstanding balance	Average amount outstanding for the year	Weighted average interest rate on average outstanding balance	Maximum month-end amount during the year
Bank and other financial debt	297	7.8%	275	6.4%	405
Receivables factored with recourse	122	8.2%	105	8.4%	138
Current portion of financial debt (Note 18)	561	3.4%	776	3.4%	972
Total	**980**	**5.3%**	**1,156**	**4.6%**	–
2011	743	4.0%	807	4.2%	

The contractual maturities of current financial debt at December 31, 2012 and 2011 are as follows:

($m)	Total	0–90 days	90–180 days	180 days–1 year
2012	**980**	**313**	**557**	**110**
2011	743	224	8	511

The maturities of short-term derivative liabilities are presented in Note 27.7.

17. Other current liabilities

Other current liabilities at December 31, 2012 and 2011 consist of the following:

($m)	2012	2011
Accrued short-term employee benefits	332	428
Taxes other than income taxes	152	95
Accrued interest payable	54	46
Accrued utility costs	66	71
Social security and pension contributions	116	70
Other payables	246	172
Other accrued expenses	194	146
Total	**1,160**	1,028

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

($m)	Total	0–90 days	90–180 days	180 days–1 year
2012	**1,160**	**659**	**232**	**269**
2011	1,028	510	230	288

18. Financial debt and other non-current liabilities

Financial debt and other non-current liabilities at December 31, 2012 and 2011 are as follows:

($m)	2012	2011
4.000% Eurobond 2014	**658**	679
4.125% Eurobond 2015	**658**	665
$ private placement notes	**266**	268
3.375% CHF domestic bond 2013	**546**	530
3.500% CHF domestic bond 2012	**–**	398
3.125% $ Notes 2022	**497**	–
4.375% $ Notes 2042	**248**	–
Unsecured bond issues and US private placement notes	**2,873**	2,540
Liabilities to banks and other financial institutions	**8**	2
Finance lease obligations	**48**	45
Total financial debt (including current portion)	**2,929**	2,587
Less: current portion of financial debt (Note 16)	**(561)**	(409)
Non-current derivative financial liabilities	**51**	86
Other non-current liabilities and deferred income	**95**	110
Total	**2,514**	2,374

Other non-current liabilities and deferred income relates to license agreements with several counterparties. Related cash flows of $16 million (2011: $21 million) are payable between one and four years and $79 million of deferred income at December 31, 2012 (2011: $89 million) will be recognized in income as related licensed product sales occur.

The weighted average interest rate on non-current bank and other financial debt is 4.6 percent per annum (2011: 3.9 percent per annum).

The weighted average interest rate on the combined current and non-current bank and other financial debt is 4.9 percent per annum (2011: 4.3 percent per annum). The weighted average interest rates include the cost of financing emerging market borrowings.

Interest paid on non-current financial debt is $112 million (2011: $134 million). All non-current debt ranks equally.

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

19. Provisions

Provisions at December 31, 2012 and 2011 are as follows:

($m)	2012	2011
Restructuring provisions	**59**	98
Employee benefits:		
Pensions (Note 22)	**302**	288
Other post-retirement benefits (Note 22)	**61**	101
Other long-term employee benefits	**61**	57
Environmental provisions	**343**	369
Provisions for legal and product liability settlements	**148**	189
Other provisions	**103**	98
Total	**1,077**	1,200

($m)	2012	2011
Current portion of:		
Restructuring provisions	**41**	58
Employee benefits	**40**	17
Environmental provisions	**68**	74
Provisions for legal and product liability settlements	**48**	13
Other provisions	**39**	70
Total current provisions	**236**	232
Total non-current provisions	**841**	968
Total	**1,077**	1,200

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

At December 31, 2012, Syngenta recognized $38 million (2011: $39 million) in Other non-current financial assets in respect of virtually certain reimbursements.

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

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

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

19. Provisions continued

Movements in provisions for the year ended December 31, 2012 are as follows:

($m)	January 1	Charged to income	Release of provisions credited to income	Payments	Actuarial (gains)/losses	Transfers offset in defined benefit pension assets	Currency translation effects/other	December 31
Restructuring provisions:								
Employee termination costs	75	10	(2)	(44)	–	–	6	45
Other third party costs	23	3	–	(11)	–	–	(1)	14
Employee benefits:								
Pensions	288	81	–	(78)	131	(127)	7	302
Other post-retirement benefits	101	3	(54)	(11)	22	–	–	61
Other long-term employee benefits	57	14	(1)	(15)	–	–	6	61
Environmental provisions	369	4	(3)	(33)	–	–	6	343
Provisions for legal and product liability settlements	189	86	(10)	(112)	–	–	(5)	148
Other provisions	98	40	(24)	(11)	–	–	–	103
Total	**1,200**	**241**	**(94)**	**(315)**	**153**	**(127)**	**19**	**1,077**

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

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

Movements in provisions for legal and product liability settlements include a charge to income of $80 million and payments of $105 million in relation to the Settlement Agreement described under the heading “Holiday Shores” in Note 25.

20. Share capital

Each Syngenta ordinary share carries one vote at the shareholders’ meetings of Syngenta. Voting rights may be exercised only after a shareholder has been registered in Syngenta’s share register. Registration as a shareholder with voting rights is subject to certain declarations on the ownership of Syngenta shares. The number of ordinary shares of par value CHF 0.10 that were authorized, issued and outstanding at, and the movements during the years ended December 31, 2012 and 2011, are presented in the table below. The Board of Directors of Syngenta AG was authorized to increase the share capital through issuance of a maximum of 9,459,985 ordinary shares. This authority expired on April 20, 2012.

	2012		2011	
(Millions of shares)	Shares in issue	Treasury shares held	Shares in issue	Treasury shares held
January 1	93.8	(2.5)	94.6	(2.4)
Cancellation of treasury shares	(0.7)	0.7	(0.8)	0.8
Share repurchases	–	(0.2)	–	(1.3)
Issue of ordinary shares under employee share purchase and option plans	–	0.6	–	0.4
December 31	**93.1**	**(1.4)**	93.8	(2.5)

At December 31, 2012 and 2011 Syngenta had no open options accounted for as equity instruments.

21. Non-cash items included in income before taxes

The following table analyzes non-cash items included in income before taxes for the years ended December 31, 2012 and 2011:

($m)	2012	2011
Depreciation, amortization and impairment of:		
Property, plant and equipment	**362**	349
Intangible assets	**278**	300
Financial assets	**3**	1
Deferred revenue and gains	**(35)**	(41)
Gains on disposal of non-current assets	**(17)**	(78)
Charges in respect of equity-settled share based compensation	**74**	54
Charges in respect of provisions (Note 19)	**147**	253
Financial expense, net	**147**	165
(Gains)/losses on hedges reported in operating income	**32**	(187)
Income from associates and joint ventures	**(7)**	(15)
Total	**984**	801

22. Post-employment benefits

Syngenta has, apart from legally required social security arrangements, numerous independent pension plans, which are either "defined contribution" plans where company contributions and resulting benefit costs are a set percentage of employees' pay or "defined benefit" plans where benefits are based on employees' length of service and pensionable pay. Syngenta's contributions to defined contribution plans were $38 million for the year ended December 31, 2012 (2011: $32 million). Approximately 40 percent of employees are members of defined benefit plans and a significant proportion of these are members of both defined benefit and defined contribution plans. All of the major defined benefit plans are funded through legally separate trustee administered funds. The cash funding of these plans, which may from time to time involve special payments, is designed to ensure that present and future contributions should be sufficient to meet future liabilities. Syngenta's main defined benefit pension plans are in the UK, Switzerland and the USA.

The defined benefit section of Syngenta's UK pension fund has been closed to new members since 2002, but the majority of members still have defined benefit rights based on their final pensionable pay. At retirement date, members have the right to take up to 25 percent of the value of their benefits as a lump sum. The balance is paid as an annuity. The trustee of the fund is required by UK law and the fund rules to increase pensions in payment and accrued deferred pension rights each year by the lower of 5 percent and price inflation, as measured by the UK Retail Price Index (RPI) or Consumer Price Index (CPI), as applicable. Employer contributions must be agreed between Syngenta and the trustee at each statutory valuation date, which is at least every three years, and remain binding until re-assessed in the following valuation. The solvency of the fund, defined as its ability to pay benefits as they fall due, is guaranteed by the sponsoring subsidiary, Syngenta Ltd. Syngenta AG has irrevocably and unconditionally undertaken to ensure Syngenta Ltd will honor that guarantee.

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

Syngenta's main US defined benefit pension plan was closed to new members effective January 1, 2009. Employees joining Syngenta after that date participate in a defined contribution pension plan. The defined benefits of existing members of the defined benefit plan were not affected by this change. The defined benefit plan offers members the choice of taking their retirement benefits, which are based on their average pay over their final ten years' service, as a full lump sum at retirement date or as a fixed annuity. Syngenta's contributions to the defined benefit plan are made based on US pension funding regulations, in the form of lump sums. In these financial statements, the benefit obligation has been valued assuming that current employees will take the lump sum option at normal retirement or leaving date. Under current market conditions, this values the benefit obligation at a higher amount than would result assuming the annuity option is taken.

The status of Syngenta's defined benefit plans at December 31, 2012 and 2011 using actuarial assumptions determined in accordance with IAS 19 is summarized below. The following tables provide reconciliations of benefit obligations, plan assets and funded status of the defined benefit pension plans to the amounts recognized in the consolidated balance sheet at December 31, 2012 and 2011:

($m)	2012	2011
Benefit obligations		
January 1	**5,205**	5,116
Current service cost	**106**	113
Employee contributions	**38**	39
Interest cost	**209**	224
Actuarial (gains)/losses	**323**	193
Benefit payments	**(220)**	(204)
Other movements	**(32)**	(252)
Currency translation effects	**173**	(24)
December 31	**5,802**	5,205
Of which arising from:		
Funded plans	**5,618**	5,071
Wholly unfunded plans	**184**	134

($m)	2012	2011
Plan assets at fair value		
At January 1	**5,075**	5,113
Actual return on plan assets	**476**	185
Employer contributions	**83**	205
Employee contributions	**38**	39
Benefit payments	**(220)**	(204)
Other movements	**(35)**	(260)
Currency translation effects	**167**	(3)
December 31	**5,584**	5,075

22. Post-employment benefits continued

Actual return on plan assets can be analyzed as follows:

($m)	2012	2011
Expected return on plan assets	**234**	261
Actuarial gains/(losses)	**242**	(76)
Total	**476**	185

($m)	2012	2011
Funded status	**(218)**	(130)
Unrecognized past service gain	**(12)**	(16)
Effect of asset ceiling	**(52)**	(4)
Net accrued benefit liability	**(282)**	(150)

Amounts recognized in the balance sheet:	2012	2011
Prepaid benefit costs (Note 14)	**21**	145
Accrued benefit liability	**(303)**	(295)
Net amount recognized	**(282)**	(150)

Of the accrued benefit liability for pensions of $303 million at December 31, 2012, $302 million is included in Note 19 as pension provisions and $1 million as restructuring provisions (2011: $ 288 million as pension; $7 million as restructuring).

The following table shows estimated future defined benefit payments. Actual payments may differ from those shown because of uncertain future events, including members' choice of benefit options as described above.

($m)	
2013	232
2014	240
2015	253
2016	268
2017	281
Years 2018–2022	1,538
Total 2013–2022	**2,812**

Syngenta determines the expected long-term rate of return on pension plan assets separately for each asset category held within each of the major defined benefit pension funds that it sponsors. The rate of return assumption for each fund is determined after taking into account the investment performance benchmarks set by the governing body of the pension fund. Both historical rates of return and future investment outlook are considered.

Syngenta's estimate of employer contributions to be paid to defined benefit plans in 2013 is $140 million. Actual payments could differ materially from this estimate if any new funding regulations or laws are enacted or due to business and market conditions, which may result in Syngenta prepaying contributions. Additional contributions, the amount and timing of which are uncertain, may also be required as Syngenta's restructuring programs are implemented.

In accordance with UK pension regulations, fixed deficit recovery contributions of $40 million per year to 2019 were agreed with the UK pension plan Trustee during the 2012 valuation. $15 million of prepaid contributions carried forward at December 31, 2012 will be offset against this commitment. Additional variable contributions of up to $25 million per year are also required to be paid if the actual percentage return on plan assets is less than the agreed assumption. These replace similar commitments in the 2009 valuation to pay a fixed $31 million per year over the period to 2019 plus an additional variable $16 million per year if the actual return on plan assets was less than the assumption agreed in that valuation. No fixed deficit recovery contributions were required to be made in 2012 or 2011 because Syngenta made a $100 million prepayment in 2010. No additional variable contributions were required to be made in 2012, 2011 or 2010 as the actual percentage return on plan assets during these years exceeded the agreed assumption in the 2009 valuation.

The expected long-term rates of return on assets, the fair values of assets and the liabilities of the major defined benefit pension plans, together with aggregated data for other defined benefit plans are as follows:

	Expected rate of return used for income statement (%)			Fair value at December 31 ($m)					
2012	Switzerland	UK	USA	Switzerland	UK	USA	Other plans	Total	%
Equities	5.5	6.9	8.0	399	838	226	51	1,514	27
Real estate	3.3	–	–	200	–	–	–	200	4
Bonds	2.0	3.6	5.5	895	895	343	30	2,163	39
Other assets	5.0	5.3	6.5	337	839	174	182	1,532	27
Cash and cash equivalents				65	73	33	4	175	3
Fair value of assets	3.0	5.3	6.5	1,896	2,645	776	267	5,584	100
Benefit obligation				(1,874)	(2,634)	(813)	(481)	(5,802)	
Discount rate (%)				2.0	4.5	3.8		3.6	
Funded status				22	11	(37)	(214)	(218)	

2011	Expected rate of return used for income statement (%) Switzerland	UK	USA	Fair value at December 31 ($m) Switzerland	UK	USA	Other plans	Total	%
Equities	5.5	7.1	8.0	327	778	175	46	1,326	26
Real estate	3.3	–	7.5	174	–	–	–	174	3
Bonds	2.0	5.1	5.5	796	781	302	44	1,923	38
Other assets	5.0	6.1	6.5	291	779	185	136	1,391	28
Cash and cash equivalents	0.3	0.5	3.0	148	36	76	1	261	5
Fair value of assets	3.3	6.2	6.5	1,736	2,374	738	227	5,075	100
Benefit obligation				(1,726)	(2,368)	(740)	(371)	(5,205)	
Discount rate (%)				2.5	4.9	4.4		4.0	
Funded status				10	6	(2)	(144)	(130)	

The following table provides an analysis of the benefit costs recorded in the consolidated income statement for the defined benefit pension plans for the years ended December 31, 2012 and 2011:

($m)	2012	2011
Current service cost	**106**	113
Interest cost	**209**	224
Expected return on plan assets	**(234)**	(261)
Net periodic benefit cost	**81**	76

Amounts recognized in OCI were as follows for the years ended December 31, 2012 and 2011:

($m)	2012	2011
Amounts recognized during the period:		
Actuarial (gains)/losses	**81**	269
Effect of asset ceiling	**50**	(33)
Cumulative actuarial (gains)/losses recognized at December 31	**1,415**	1,255

The defined benefit obligation, plan assets, funded status, changes in actuarial assumptions, and experience adjustments resulting from comparisons to actuarial assumptions for the years ended December 31, 2008 to 2012 for pensions are as follows:

($m)	2012	2011	2010	2009	2008
Benefit obligation	**(5,802)**	(5,205)	(5,116)	(4,714)	(3,882)
Plan assets	**5,584**	5,075	5,113	4,340	3,556
Funded deficit	**(218)**	(130)	(3)	(374)	(326)
Changes in actuarial assumptions	**(335)**	(173)	(201)	(537)	412
Experience adjustments (increasing)/reducing plan liabilities	**12**	(20)	11	68	(58)
Experience adjustments on plan assets: actual returns greater/(less) than expected	**242**	(76)	292	358	(678)
Total	**(81)**	(269)	102	(111)	(324)

The following tables give the weighted-average assumptions used to calculate the benefit cost and benefit obligation for defined benefit plans:

Weighted-average assumptions: benefit cost for the year ended December 31	2012 %	2011 %
Discount rate	**4.0**	4.4
Rate of increase in pensionable pay	**2.9**	3.0
Expected return on plan assets	**4.6**	5.1

Weighted-average assumptions: benefit obligation at December 31	2012 %	2011 %
Discount rate	**3.6**	4.0
Rate of increase in pensionable pay	**2.8**	2.9

Mortality assumptions are discussed in Note 2 under “critical accounting estimates”.

22. Post-employment benefits continued

Other post-retirement benefits

Syngenta's net liability for other post-retirement benefits at December 31, 2012 was $61 million (December 31, 2011 $101 million) which comprised a defined benefit obligation of $186 million (2011: $215 million), plan assets of $127 million (2011: $114 million) and immaterial amounts of unrecognized past service cost. Cumulative actuarial losses recognized in OCI were $146 million (2011: $124 million) and amounts recognized in OCI for the period were losses of $22 million (2011: $7 million loss). In 2012, amendments to other post-retirement benefit plans, principally the introduction of an annual cap on future medical expenses to be reimbursed to participants in Syngenta's US post-retirement healthcare plan, resulted in past service gains of $50 million recognized in the consolidated income statement. Except for these past service gains, expense recognized in the consolidated income statement, contributions to the other post-retirement benefit plans and benefit payments by the plans were not material for 2012 and 2011.

23. Employee share participation plans

The assumed healthcare cost trend rate at December 31, 2012 was 7.6 percent, decreasing in each successive year from 2012 onwards, to reach an ultimate rate of 5.0 percent in 2020 (December 31, 2011: 8.0 percent decreasing to 5.0 percent in 2020).

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

Syngenta Long-Term Incentive Plan (LTI)

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

The following table sets out share option activity under this plan during 2011 and 2012, including the equivalent American Depositary Shares (ADS) that are offered to Syngenta employees in the USA, and summarizes information about share options outstanding at December 31, 2011 and 2012.

	Exercise price	Outstanding at January 1	Granted	Exercised	Forfeited/ other	Outstanding at December 31	Exercisable	Remaining contractual life
	(CHF)			(thousands of options)				(years)
Year ended December 31, 2011								
Awarded in 2002	83.7	1.4	–	(1.4)	–	–	–	–
Awarded in 2002	98.0	15.8	–	(7.4)	–	8.4	8.4	0.25
Awarded in 2002	98.0	9.3	–	–	–	9.3	9.3	1.25
Awarded in 2003	59.7	37.6	–	(15.7)	0.5	22.4	22.4	1.25
Awarded in 2003	59.7	27.7	–	(7.1)	–	20.6	20.6	2.25
Awarded in 2004	89.3	82.9	–	(27.8)	0.9	56.0	56.0	2.25
Awarded in 2004	89.3	49.6	–	(3.4)	–	46.2	46.2	3.25
Awarded in 2005	127.4	90.8	–	(20.7)	0.4	70.5	70.5	3.25
Awarded in 2006	185.0	125.0	–	(32.3)	0.2	92.9	92.9	4.25
Awarded in 2007	226.7	146.6	–	(32.5)	(0.4)	113.7	113.7	5.25
Awarded in 2008	301.5	207.0	–	(25.8)	(2.3)	178.9	178.9	6.25
Awarded in 2009	233.4	353.3	–	(6.8)	(7.4)	339.1	11.2	7.25
Awarded in 2010	283.7	164.6	–	(0.4)	(2.5)	161.7	4.1	8.25
Awarded in 2011	308.7	–	189.0	–	(2.3)	186.7	0.3	9.25
Total for year ended December 31, 2011		**1,311.6**	**189.0**	(181.3)	(12.9)	**1,306.4**	**634.5**	

	Exercise price	Outstanding at January 1	Granted	Exercised	Forfeited/ other	Outstanding at December 31	Exercisable	Remaining contractual life
	(CHF)			(thousands of options)				(years)
Year ended December 31, 2012								
Awarded in 2002	98.0	8.4	–	(8.0)	(0.4)	–	–	–
Awarded in 2002	98.0	9.3	–	(7.0)	–	2.3	2.3	0.25
Awarded in 2003	59.7	22.4	–	(20.5)	–	1.9	1.9	0.25
Awarded in 2003	59.7	20.6	–	(9.2)	–	11.4	11.4	1.25
Awarded in 2004	89.3	56.0	–	(29.2)	–	26.8	26.8	1.25
Awarded in 2004	89.3	46.2	–	(14.8)	–	31.4	31.4	2.25
Awarded in 2005	127.4	70.5	–	(26.0)	–	44.5	44.5	2.25
Awarded in 2006	185.0	92.9	–	(41.6)	–	51.3	51.3	3.25
Awarded in 2007	226.7	113.7	–	(45.4)	(0.1)	68.2	68.2	4.25
Awarded in 2008	301.5	178.9	–	(56.9)	(2.1)	119.9	119.9	5.25
Awarded in 2009	233.4	339.1	–	(163.5)	(1.7)	173.9	173.9	6.25
Awarded in 2010	283.7	161.7	–	(8.3)	(3.8)	149.6	1.3	7.25
Awarded in 2011	308.7	186.7	–	(1.7)	(4.7)	180.3	4.4	8.25
Awarded in 2012	300.4	–	281.1	(0.9)	(4.9)	275.3	3.7	9.25
Total for year ended December 31, 2012		1,306.4	281.1	(433.0)	(17.7)	1,136.8	541.0	

All fully vested options are exercisable.

Until the 2012 award, the exercise prices were equal to either the weighted average share price on the SIX Swiss Exchange ("SIX") for the five business days preceding the grant date, or the share price on the SIX at the grant date. The Compensation Committee determined which of the two exercise prices were used for each grant year. In 2011, the Compensation Committee approved the proposal to change the methodology of setting the DSP and LTI equity grant value and exercise price to using the closing share price on the date of grant. The share price on the SIX at the grant date was used for the 2012 grant. Options over ADSs are priced at one-fifth of the exercise price of a Swiss option, converted to US dollars at the exchange rate at the grant date, which may vary from the exchange rate at the exercise date. Standard options vest in full and are exercisable after completion of three years service and terminate after 10 or 11 years from the grant date. Vesting can occur after less than three years in particular circumstances including redundancy and retirement. None of the options vest on a pro rata basis during the vesting period.

The Long-Term Incentive Plan also grants selected executives and key employees of Syngenta restricted share units (RSUs) (or equivalent restricted ADSs for relevant Syngenta employees in the USA). RSUs (or equivalent restricted ADSs) are rights to receive the equivalent number of Syngenta AG shares for no payment at the end of a three-year vesting period. RSUs do not carry rights to dividends. None of the RSUs or equivalent ADSs vest on a pro rata basis during the vesting period.

23. Employee share participation plans continued

The following table sets out RSU activity under this plan during 2011 and 2012 (including the equivalent restricted ADS for relevant Syngenta employees in the USA), and summarizes information about RSUs outstanding at December 31, 2011 and 2012.

RSUs	Grant date fair value	Outstanding at January 1	Granted	Distributed	Forfeited/ other	Outstanding at December 31	Remaining life
	(CHF)		(thousands of shares)				(years)
Year ended December 31, 2011							
Awarded in 2008	283.9	47.5	–	(47.5)	–	–	–
Awarded in 2009	218.1	78.8	–	(4.9)	(1.3)	72.6	0.25
Awarded in 2010	265.0	99.8	–	(1.5)	(2.4)	95.9	1.25
Awarded in 2011	287.4	–	89.5	(0.8)	(1.4)	87.3	2.25
Total for year ended December 31, 2011		226.1	89.5	(54.7)	(5.1)	255.8	
Year ended December 31, 2012							
Awarded in 2009	**218.1**	**72.6**	**–**	**(72.6)**	**–**	**–**	**–**
Awarded in 2010	**265.0**	**95.9**	**–**	**(3.2)**	**(8.3)**	**84.4**	**0.25**
Awarded in 2011	**287.4**	**87.3**	**–**	**(0.5)**	**(6.1)**	**80.7**	**1.25**
Awarded in 2012	**277.0**	**–**	**92.6**	**(0.4)**	**(3.9)**	**88.3**	**2.25**
Total for year ended December 31, 2012		**255.8**	**92.6**	**(76.7)**	**(18.3)**	**253.4**	

Share option valuation assumptions

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

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

	2012	2011
Dividend yield	**2.6%**	2.3%
Volatility	**23.4%**	23.1%
Risk-free interest rate	**0.7%**	1.9%
Expected life	**7 years**	7 years
Exercise price (CHF per share)	**300.4**	308.7

The dividend yield and volatility are management estimates for the life of the option, as no warrants or options over Syngenta shares for this period are widely traded. Both actual dividend yield and volatility may vary from the assumptions used above. The estimate of volatility takes into account the historical volatility of the Syngenta share price, and the implied volatilities of such longer dated warrants that have been traded in the market. The volatility assumption for 2012, as measured at the grant date, was based on the 120-month historical volatility of Syngenta AG shares on the SIX.

Syngenta Deferred Share Plan

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

The following table sets out activity under this plan during 2011 and 2012 including the equivalent ADSs that are offered to Syngenta employees in the USA:

	Outstanding at January 1	Granted	Distributed	Outstanding at December 31	Remaining life
		(thousands of shares)			(years)
Year ended December 31, 2011					
Awarded in 2008	26.4	–	(26.4)	–	–
Awarded in 2009	53.5	–	(3.4)	50.1	0.25
Awarded in 2010	21.7	–	(0.6)	21.1	1.25
Awarded in 2011	–	28.8	(0.6)	28.2	2.25
Total for year ended December 31, 2011	101.6	28.8	(31.0)	99.4	
Year ended December 31, 2012					
Awarded in 2009	**50.1**	**–**	**(50.1)**	**–**	**–**
Awarded in 2010	**21.1**	**–**	**(1.9)**	**19.2**	**0.25**
Awarded in 2011	**28.2**	**–**	**(1.2)**	**27.0**	**1.25**
Awarded in 2012	**–**	**55.2**	**(1.2)**	**54.0**	**2.25**
Total for year ended December 31, 2012	**99.4**	**55.2**	**(54.4)**	**100.2**	

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

	Grant date fair value (CHF)	Thousands of shares
Awarded in 2010	265.0	19.2
Awarded in 2011	287.4	27.0
Awarded in 2012	**277.0**	**54.0**
Total		**100.2**

None of these shares are vested as at December 31, 2012.

Employee share purchase plans

Syngenta has employee share purchase plans in various countries, which entitle employees to subscribe for shares in Syngenta AG at discounts from market value varying between 25 percent and 50 percent. Shares issued under the plans vest immediately and are subject to blocking periods of between two and three years, with the exception of the UK plan, for which completion of three years service is required before vesting. Maximum annual subscription amounts per employee vary between $500 and $3,000. In 2012, a total of 64,923 (2011: 89,875) shares were subscribed under these plans and settled through a release of treasury shares.

Compensation expense

The compensation expense associated with employee share participation plans, which is measured indirectly by reference to the fair value of the equity instruments granted, is as follows for the years ended December 31, 2012 and 2011:

($m)	2012	2011
Long-Term Incentive Plan	**36**	33
Deferred Share Plan	**36**	22
Employee Share Purchase Plans	**12**	14
Total	**84**	69

The LTI plan rules related to vesting of RSUs and the DSP plan vesting rules require plan members in certain countries to sell part of their share award upon vesting to cover withholding tax. As a result Syngenta recognized a $16 million share based payment liability (2011: $11 million).

Other information regarding the plans is as follows:

	2012	2011
Weighted average fair value of options granted during year (CHF per option)	**51.1**	61.9
Weighted average share price at exercise date for options exercised during year (CHF per option)	**320.0**	301.3
Fair value of shares granted during year:		
Deferred Share Plan (CHF per unit) – combined value of basic and matching share award	**553.9**	574.8
Employee Share Purchase Plans (CHF per share)	**173.3**	140.2
Employee Share Purchase Plan ($ per ADS)	**25.2**	19.9
Cash received from exercise of options and subscription for shares ($m)	**105**	45

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

24. Transactions and agreements with related parties

Key management personnel are considered to be the members of the Syngenta Executive Committee and the Board of Directors ("Board"). Their compensation is as follows for the years ended December 31, 2012 and 2011:

($m)	2012	2011
Fees, salaries and other short-term benefits	14	14
Post-employment benefits	2	2
Share based compensation	16	11
Total	32	27

Members of the Syngenta Executive Committee and Board of Directors receive their cash compensation in Swiss francs. The compensation amounts presented above have been converted into US dollars using the average currency exchange rate in effect during each year reported. The average Swiss franc per US dollar exchange rate for the year ended December 31, 2012 is 0.93 (2011: 0.88).

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

Members of the Board, excluding the Chairman and the Chief Executive Officer, are eligible for the share plan for non-executive Directors. Eligible Directors define a percentage of their annual fee for compensation in shares and, in addition, choose between blocked shares or freely tradable shares. The Chairman receives a fixed part of his compensation in the form of blocked shares. The grant price of a share equals the weighted average market price of the Syngenta share during the five business days prior to the grant date. Under these plans, members of the Board were allocated a total of 3,311 shares in lieu of cash compensation. These shares vest immediately and had a combined fair value at grant of $1 million (2011: $1 million).

Detailed disclosures regarding executive remuneration required by Swiss Company Law are included in the Syngenta AG statutory financial statements.

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

Transactions between Syngenta and its associates and joint ventures during the year ended December 31, 2012 are as follows:

Goods and services provided by Syngenta to its associates and joint ventures $16 million (2011: $7 million).

Goods and services provided by associates and joint ventures to Syngenta $111 million (2011: $86 million).

A bank overdraft guarantee of $33 million (2011: $33 million) has been provided to an associate.

At December 31, 2012 Syngenta has accounts receivable and accrued income from associates and joint ventures of $22 million (2011: $24 million) and accrued liabilities to associates and joint ventures of $12 million (2011: $11 million).

25. Commitments and contingencies

Commitments

Minimum future lease payments at December 31, 2012 for finance leases are $48 million (2011: $46 million), of which $15 million is due within one year (2011: $12 million), and $25 million after more than one but less than five years (2011: $34 million) and $8 million thereafter (2011: $nil).

Fixed-term, non-cancellable operating lease commitments total $110 million at December 31, 2012 (2011: $120 million) of which $30 million is due within one year (2011: $31 million), $69 million after more than one and less than five years (2011: $61 million) and $11 million thereafter (2011: $28 million). Operating lease payments relate to leases of buildings and office equipment. Operating lease expense in 2012 is $45 million (2011: $42 million).

Commitments for the purchase of property, plant and equipment at December 31, 2012 are $241 million (2011: $131 million).

At December 31, 2012 and 2011, Syngenta has entered into long-term commitments to purchase minimum quantities of certain raw materials, long-term research agreements with various institutions to fund various research projects, and other commitments. The estimated timing of minimum future committed payments is as follows:

	2012		2011	
($m)	Materials purchases	Other	Materials purchases	Other
Within one year	601	79	615	101
From one to two years	258	58	314	76
From two to three years	343	57	189	70
From three to four years	38	54	118	73
From four to five years	5	4	26	76
After more than five years	13	35	–	84
Total	1,258	287	1,262	480

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

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

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

Contingencies

Litigation matters

Litigation is subject to many uncertainties, and the outcome of individual matters cannot be predicted with certainty. Syngenta maintains general liability insurance, including product liability insurance, covering claims on a worldwide basis with coverage limits and retention amounts which management believes to be adequate and appropriate in relation to Syngenta's businesses and the risks to which it is subject.

Syngenta believes that its provisions for legal and product liability matters are adequate based on currently available information, but it is reasonably possible that the final resolution of some of these matters could require Syngenta to make expenditures in excess of established reserves, over an extended period of time and in a range of amounts that cannot be reasonably estimated. Such expenditure in excess of established reserves, could have a material effect on Syngenta's consolidated operating results and cash flows for a particular reporting period, but management does not believe they will have a materially adverse effect on Syngenta's consolidated financial position or liquidity, although there can be no assurances in this regard.

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

Holiday Shores. The Holiday Shores Sanitary District filed a class action complaint in the Circuit Court for the Third Judicial Circuit, Madison County, Illinois against Syngenta Crop Protection, Inc. ("SCPI") and its distributor Growmark, Inc. in July 2004 purportedly on behalf of a class consisting of all Illinois community water systems ("CWS") who had, allegedly, suffered contamination of their water sources on account of the presence at any measurable level of the product atrazine, a herbicide manufactured since the late 1950s by SCPI and its predecessors in interest, Novartis Crop Protection, Inc., Ciba-Geigy and Geigy Chemical Corporation. The name of SCPI is now Syngenta Crop Protection, LLC, but the former name of the company continued to be used in this litigation and in other proceedings referred to herein.

The claims asserted in this lawsuit were released under the terms of a Settlement Agreement entered into on May 23, 2012 with respect to the City of Greenville lawsuit (see below) and the lawsuit was dismissed with prejudice on January 11, 2013.

City of Greenville. In March 2010 plaintiffs' counsel in Holiday Shores filed a new federal lawsuit in the US District Court for the Southern District of Illinois (City of Greenville et al. v. Syngenta Crop Protection, Inc. and Syngenta AG) on behalf of seventeen CWS located in six mid-Western states; an Amended Complaint filed late in March 2010 added seven new plaintiffs, five of which are subsidiaries of American Water Company, a large private utility, in five of the six states implicated in the litigation. The claims in this lawsuit were dismissed also under the terms of the Settlement Agreement entered into on May 23, 2012 referred to above and the lawsuit was dismissed with prejudice on October 23, 2012 by an Order Granting Final Approval of the settlement issued by the federal court.

In a related lawsuit (Syngenta Crop Protection, Inc. v. Insurance Company of North America et al.) the Complaint with respect to which was filed by SCPI in September 2008, in the Superior Court of the State of New Jersey, and amended in November 2008, July 2009 and April 2010, SCPI is seeking a declaratory judgment under the Ciba-Geigy legacy insurance policies that the defense and settlement costs in the Holiday Shores case and the City of Greenville case, as well as any other product liability claims against SCPI alleging harm in connection with the use of or exposure to atrazine or atrazine-containing products, are covered under said policies and that the insurers are obligated to defend and indemnify SCPI. Certain of the insurer defendants in the litigation, comprising the Insurance Company of North America, Century Indemnity Company and ACE Property & Casualty Insurance Company (the "INA Claimants") initiated an arbitration proceeding against SCPI, Novartis Corporation and Ciba Corporation (now BASF Corporation) (the "Respondents") under the commercial arbitration rules of the American Arbitration Association, seeking a determination as to whether insurance claims that SCPI was pursuing against them in the litigation were previously released pursuant to a Settlement Agreement dated January 13, 1999 between the INA Claimants, on the one hand, and Novartis Corporation and Ciba Specialty Chemicals Corporation (now BASF Corporation) on the other hand (the "INA Settlement Agreement"). The arbitration proceeding, purportedly brought pursuant to the arbitration provision of the INA Settlement Agreement, was commenced in March 2009 and the hearing of the arbitration took place in June 2011. The Arbitrator ordered the filing of post-hearing briefs by the parties the last of which was submitted by the INA Claimants in August 2011. In October 2011, the Arbitrator issued a Final Award in favor of the INA Claimants. Everest Reinsurance Company, Mt. McKinley Insurance Company and thirteen other insurers filed Motions for Summary Judgments also claiming to have been released from coverage with respect to the insurance claims which SCPI is pursuing against them in the litigation, under Environmental Settlement Agreements with Novartis and/or Ciba-Geigy. SCPI filed Cross-Motions for Summary Judgment dismissing and striking the insurers' affirmative defenses of prior release and on December 16, 2011 filed a sur-reply in further opposition to the Summary Judgment Motions and in support of the Cross-Motions. On April 20, 2012, the judge denied the Summary Judgment Motions of the insurers and granted SCPI's Cross-Motions for partial summary judgment dismissing their affirmative defense of prior release. Eight of the defendant insurers on May 29, 2012 filed Motions for Leave to Appeal this ruling to which SCPI filed Oppositions on June 22, 2012. The Motions for Leave to Appeal were denied on July 18, 2012 by the Appellate Division of the Superior Court of New Jersey. On September 26, 2012, SCPI filed an Omnibus Motion for Partial Summary Judgment to extend the April 20, 2012 ruling on the prior release issue against all the other defendant insurers which had refrained from joining in the summary judgment motions on prior release. A number of the defendants filed Oppositions to the Omnibus Motion or Cross-Motions for leave to amend their Answers to drop the affirmative defense of prior release, and SCPI on December 14, 2012 filed a Reply to the Oppositions and Cross-Motions. Discovery is proceeding in the declaratory action lawsuit.

25. Commitments and contingencies continued

While SCPI intends to pursue its claims vigorously against the insurers for any costs and losses associated with the Holiday Shores or City of Greenville litigation or any other atrazine-related claims, the amount that is or may ultimately be recoverable from the insurers with respect to such claims cannot be predicted with certainty at this time.

Tax matters

Significant management judgment is required to estimate the tax provisions related to the eventual outcome of reviews and audits by tax authorities of tax returns filed by Syngenta's subsidiaries. Tax returns filed by many of Syngenta's subsidiaries during the past several years are either currently under examination by tax authorities or are open for future examination until expiry under statutes of limitation. Syngenta is also subject to certain tax claims pending before the judiciary. In Syngenta's opinion, the likelihood is remote that a material amount in excess of current provisions will result from the resolution of any such examination or case. However, actual outcomes and settlements may differ significantly from estimates.

Environmental matters

In the opinion of Syngenta, it is not possible to estimate reliably the remediation costs that may be incurred in the future for environmental damage that has occurred at sites currently in operation and having no present obligation for environmental damage remediation because it is neither possible to determine a time limit beyond which the sites will no longer be operated, nor what remediation costs may be required upon their eventual closure.

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

Other matters

Syngenta has been asked to provide information to US regulatory authorities concerning possible violations of applicable anti-corruption laws in Russia. Syngenta is cooperating and responding to requests. The investigation is on-going and it is not possible at this time to predict the nature, scope or outcome of the investigation, including the extent to which, if at all, it will result in any liability to Syngenta.

Contingencies summary

Syngenta believes that its provisions are adequate based upon currently available information. However, given the inherent difficulties in estimating liabilities relating to litigation, tax, environmental and certain other matters due to uncertainty concerning both the amount and timing of future expenditures, it cannot be guaranteed that additional costs will not be incurred materially beyond the amounts accrued.

26. Principal currency translation rates

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

	2012 per $	2011 per $
Swiss franc	**0.92**	0.94
British pound sterling	**0.62**	0.65
Euro	**0.76**	0.77
Brazilian real	**2.05**	1.87

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

	2012 per $	2011 per $
Swiss franc	**0.93**	0.88
British pound sterling	**0.63**	0.62
Euro	**0.78**	0.71
Brazilian real	**1.95**	1.66

27. Risk management of financial risks

27.1 Risk management framework

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

A financial risk management framework is in place in the form of a Treasury policy, approved by the Board of Directors. This policy provides guidance over all Treasury and finance related matters, is underpinned by delegated authority guidelines and is additionally supported by detailed procedures in place across Syngenta. In accordance with its Treasury policy, Syngenta actively monitors and manages financial risk with the objectives of reducing fluctuations in reported earnings and cash flows from these risks and providing economic protection against cost increases. These objectives are achieved through (a) monthly assessment of the impact of market risks against defined risk limits (see section 27.2), which take into account the risk appetite of Syngenta and (b) the use of a variety of derivative and non-derivative financial instruments.

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

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

27.2 Assessment of the impact of market risks

The impact of market risks is assessed using a variety of Value-at-Risk (VaR) methods, including Earnings-at-Risk (EaR) methods. The exact method selected depends on the nature of the underlying risk. The specific methods used to assess the impact of financial risks are described below:

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

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

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

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

27.3 Foreign exchange risk

Operating worldwide in over 90 countries exposes Syngenta to foreign exchange transaction and translation risk at both the Group and subsidiary level. Syngenta's policy is to not hedge foreign exchange translation risk.

Foreign exchange transaction risk – committed

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

Such committed foreign currency exposures are largely generated by the routing of products from Syngenta's central manufacturing sites to its foreign locations. These committed exposures are normally fully hedged, unless otherwise approved by Group Treasury, for example where not deemed cost-effective or where there is no forward market for a specific currency. The committed exposures are hedged using foreign exchange forward contracts and cross-currency swaps.

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

27. Risk management of financial risks continued

($m)	December 31, 2012 Value-at-Risk			December 31, 2011 Value-at-Risk		
Underlying currency (1-month holding period)	Gross impact	Net impact	Risk reduction	Gross impact	Net impact	Risk reduction
Swiss franc	113	0	100%	71	9	87%
Euro	21	1	95%	24	1	96%
British pound sterling	17	1	94%	18	1	94%
Other core currencies[1]	13	0	100%	20	4	80%
Rest of world	92	11	88%	75	24	68%
Total undiversified	256	14	95%	208	39	81%
Diversification	(178)	(11)	94%	(138)	(27)	80%
Net VaR	78	2	97%	70	12	83%

1 Other core currencies include the Canadian dollar, Australian dollar and Japanese yen

At December 31, 2012, the Value-at-Risk for a one month holding period, after hedges, at a 99 percent confidence level was $2 million (December 31, 2011; $12 million).

The net resulting Value-at-Risk at December 31, 2012 is lower compared with December 31, 2011 mainly due to improvements in the hedging program. The largest exposures arise in Swiss franc, British pound sterling and Euro. Switzerland and Great Britain house large research and manufacturing sites, whereas the Euro zone represents a large sales market. In recent years, due to the growth of Syngenta, exposures are increasing in emerging markets (particularly Brazil).

Foreign exchange transaction risk – uncommitted

Syngenta also manages transactional risk by protecting future uncommitted cash flows with foreign exchange forward and currency option contracts. Uncommitted cash flows are highly probable future cash flows from expected future transactions for which Syngenta does not yet have a contractual right or obligation. The objective is to minimize the impact of changes in foreign exchange rates on the cash flows and operating income forecasted to result from these transactions.

The US dollar represents the biggest single currency for both sales and costs. However, currency mismatches arise from Syngenta having a centralized cost base, denominated mainly in Swiss francs, British pounds and US dollars, against a local selling base, denominated mainly in US dollars, Euros and various other currencies, including those in emerging markets. In addition, due to the seasonality of Syngenta's business, the majority of sales occur during the first half of the year whereas costs tend to occur more linearly throughout the year. Syngenta collects information about anticipated cash flows over a twelve-month future period for major currencies at Group level and hedges significant mismatches in currency flows within clearly defined risk limits.

The Earnings-at-Risk calculation is performed for anticipated net transactional currency flows for the following year taking into account related currency hedges.

($m)	December 31, 2012 Earnings-at-Risk			December 31, 2011 Earnings-at-Risk		
Underlying currency (12-month holding period)	Gross impact	Net impact	Risk reduction	Gross impact	Net impact	Risk reduction
Swiss franc	123	81	34%	229	99	57%
Brazilian real	85	58	32%	183	40	78%
Euro	45	41	9%	54	53	2%
British pound sterling	23	9	61%	37	4	89%
Other core currencies[1]	43	28	35%	67	36	46%
Rest of world	149	148	1%	145	143	1%
Total undiversified	468	365	22%	715	375	48%
Diversification	(295)	(232)	21%	(372)	(252)	32%
Net EaR	173	133	23%	343	123	64%

1 Other core currencies include the Canadian dollar, Australian dollar and Japanese yen

At December 31, 2012, the total potential adverse movement for 2013 net transactional flows after hedges relative to year-end at spot levels, at a 99 percent confidence level, was $133 million (December 31, 2011: $123 million). In line with the objective of the hedging program, Syngenta aims to minimize the potential adverse movement for the entire portfolio of the net transactional flows, rather than on an individual currency basis. As a result, negative risk reduction for a single currency could occur.

The net resulting Earnings-at-Risk figures at December 31, 2012 remained at a similar level compared with December 31, 2011. Earnings-at-Risk exposure is greatest for the Swiss franc as Syngenta has a significant cost base in Switzerland with no material offsetting sales.

Foreign exchange translation risk

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

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

Syngenta can use both foreign currency denominated debt and net investment hedging to manage this exposure. The latter incorporates specific actions to protect the value of temporary excess foreign currency denominated cash positions. Since 2010, the exposure was deemed to be mitigated by the large net asset base of Syngenta and consequently no additional management of the exposure was undertaken.

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

($m)	December 31, 2012 Value-at-Risk	December 31, 2011 Value-at-Risk
Currency of net investment in subsidiary (1-month holding period)	Gross impact	Gross impact
Brazilian real	76	151
Swiss franc	163	133
Euro	37	47
British pound sterling	44	29
Other core currencies[1]	14	38
Rest of world	68	144
Total undiversified	402	542
Diversification	(91)	(172)
Net VaR	311	370

1 Other core currencies include the Canadian dollar, Australian dollar and Japanese yen

At December 31, 2012, the Value-at-Risk for a one month holding period at a 99 percent confidence level was $311 million (December 31, 2011: $370 milllion). There are no translation risk hedges in place at December 31, 2012.

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

27.4 Interest rate risk

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

Syngenta monitors its interest rate exposures, analyzes the potential impact of interest rate movements on net interest expense and enters into derivative transactions with the objective to manage its interest rate risk within approved risk limits. At December 31, 2012, the net amount of Earnings-at-Risk on floating rate debt due to potential changes in interest rates (a parallel shift of 100 bps was applied) was $4 million (2011: $13 million). The net amount of Earnings at Risk on net debt, as defined in Note 27.7, due to potential changes in interest rates was immaterial at December 31, 2012 and 2011.

27.5 Commodity price risks

Operating in the agribusiness sector, changes in certain commodity prices affect Syngenta's reported operating results and cash flows. On a limited basis, Syngenta enters into derivative transactions to hedge the exposure of its cost base to commodity prices. This activity comprises oil and natural gas hedging in the UK and USA, as well as soft commodity hedging for corn and soybean purchases by the Seeds business in the USA, Canada, Brazil and Argentina, where Syngenta contracts to purchase various seed crops from growers and hedges the cost of the purchases. In barter arrangements where Syngenta sells products in exchange for receiving a certain amount of a commodity crop, Syngenta hedges the value of the crop.

Syngenta has indirect exposure to oil price fluctuations mainly through the impact of oil prices on the cost of both raw materials, especially chemical intermediates in the Crop Protection business, and distribution activities. Natural gas exposure occurs in Syngenta's primary manufacturing sites.

The main objective of managing commodity price risk is to reduce the impact of commodity price changes on operating income and to provide economic protection against future cost increases. Syngenta uses fixed price contracts and derivatives (both Over-the-Counter (OTC) and exchange traded instruments, including commodity option and futures contracts) to achieve this objective.

At December 31, 2012, there was no hedge protection in place for oil for 2013 (December 31, 2011: no hedge protection in place for oil for 2012). As the exposure to oil is indirect, Syngenta does not calculate the Earnings-at-Risk due to potential changes in oil prices.

Earnings-at-Risk due to potential changes in natural gas and soft commodity prices assuming a 12-month holding period are presented below.

	December 31, 2012 Earnings-at-Risk			December 31, 2011 Earnings-at-Risk		
Natural gas ($m)	Gross impact	Net impact	Risk reduction	Gross impact	Net impact	Risk reduction
Total undiversified	14	6	57%	12	4	67%
Diversification	(4)	(1)	75%	(4)	(1)	75%
Net EaR	10	5	50%	8	3	63%

	December 31, 2012 Earnings-at-Risk			December 31, 2011 Earnings-at-Risk		
Soft commodities ($m)	Gross impact	Net impact	Risk reduction	Gross impact	Net impact	Risk reduction
Total undiversified	119	101	15%	96	42	56%

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

27. Risk management of financial risks continued

The Earnings-at-Risk of soft commodities is driven by their high price volatility compared to other asset classes. The hedging program reduces overall 12-month Earnings-at-Risk at December 31, 2012 to $101 million (December 31, 2011: $42 million). The increase in net risk in 2012 is mainly due to business growth, and to a slightly lesser extent, higher commodity prices.

27.6 Credit risk

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

Syngenta's maximum exposure to credit risk is the carrying values of its financial assets and receivables, including derivatives with positive market values. These amounts are disclosed in Note 28.

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

At December 31, 2012, Syngenta had no treasury or derivative transactions representing a significant concentration of credit risk. No credit losses have been incurred from investments in derivative financial instruments during the years ended December 31, 2012 and 2011.

To minimize its exposure to derivative positions, Syngenta enters into netting agreements under an International Swaps and Derivatives Association (ISDA) master agreement with its respective counterparties. In addition, for certain derivative positions, Syngenta has entered into Credit Support Annex contracts (CSAs) under which cash is exchanged as collateral. The CSA contracts cumulatively limit either Syngenta's or the counterparty's aggregate credit risk exposure to no more than $20 million for those positions. At December 31, 2012, an asset amounting to $41 million (2011: $43 million), and a liability amounting to $21 million (2011: $nil million) was recorded representing cash paid and received by Syngenta as collateral under these CSAs.

The impact of credit risk on the fair value of derivatives is considered through market observable credit default swap spreads for Syngenta and its counterparties. The impact on the fair value of Syngenta's derivative positions at December 31, 2012 and 2011 of the risk of default by financial counterparties was not material.

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

27.7 Liquidity risk and refinancing risk

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

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

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

Short-term liquidity

Although Syngenta operates globally, two of its largest markets are Europe, Africa and the Middle East (EAME) and North America. Both sales and operating profit in these two regions are seasonal and are weighted towards the first half of the calendar year, reflecting the northern hemisphere planting and growing cycle. This results in a seasonal working capital requirement.

Syngenta's principal source of liquidity consists of cash generated from operations. Working capital fluctuations due to the seasonality of the business are supported by short-term funding available from a $2.5 billion Global Commercial Paper program. There were no amounts drawn under the Global Commercial Paper program as of December 31, 2012 (2011: US$nil). The average outstanding balance under the Global Commercial Paper program for the year 2012 was $7 million (2011: US$10 million).

In 2012 Syngenta negotiated a US$1.5 billion committed, revolving, multi-currency, syndicated credit facility, replacing the previous contract which was due to expire in July 2013. The new contract has a five year maturity with options for extension.

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

The maturities of short term derivative liabilities are as follows:

($m)	Total	0–90 days	90–180 days	180 days–1 year
2012	**68**	**57**	**8**	**3**
2011	212	105	49	58

Long-term financing

Long-term capital employed is currently partly financed through five unsecured bonds and through unsecured notes issued under the Note Purchase Agreement in the US Private Placement market. During 2012, the Swissbond 2012 with the principal of CHF 375 million matured.

During 2012, Syngenta issued two unsecured non-current US$ bonds, pursuant to its automatic shelf registration statement filed with the US Securities and Exchange Commission in 2011. The issuances consist of a 10 year $500 million security with a fixed interest rate of 3.125 percent and a 30 year $250 million security with a fixed interest rate of 4.375 percent.

The following table shows Syngenta's contractually agreed (undiscounted) interest and principal repayments on long-term financing-related non-derivative financial liabilities and the related derivatives held at December 31, 2012 and 2011. Non-derivative financial liabilities are recorded at amortized cost (less related issuance costs) unless subject to fair value hedge accounting, in which case the liability is adjusted for the change in fair value of the hedged risk to the extent the hedge relationship is effective. Derivative financial liabilities are recorded at fair value. The table therefore shows the total carrying amount of Syngenta's financial debt adjusted for the effect, if any, of applying fair value hedge accounting.

	Non-derivative financial liabilities (Unsecured bonds and notes)			Derivative financial liabilities (Interest rate and cross-currency swaps)		
2012 ($m)	Fixed rate interest	Principal repayment	Total	Fixed rate interest	Repayment	Total
Less than 1 year	98	546	644	7	–	7
1-3 years	129	1,319	1,448	8	41	49
3-5 years	80	–	80	–	–	–
5-10 years	180	575	755	–	–	–
More than 10 years	295	425	720	–	–	–
Total payments	782	2,865	3,647	15	41	56
Net carrying amount			2,873			51

	Non-derivative financial liabilities (Unsecured bonds and notes)			Derivative financial liabilities (Interest rate and cross-currency swaps)		
2011 ($m)	Fixed rate interest	Principal repayment	Total	Fixed rate interest	Repayment	Total
Less than 1 year	98	399	497	12	–	12
1-3 years	124	1,178	1,302	26	53	79
3-5 years	35	646	681	6	–	6
5-10 years	63	75	138	–	–	–
More than 10 years	94	175	269	–	–	–
Total payments	414	2,473	2,887	44	53	97
Net carrying amount			2,540			86[1]

1 The repayments above (and the net carrying amount of the derivative financial liabilities) do not include the amounts paid as collateral, as described in Note 27.6

Forecast data for liabilities that may be incurred in the future is not included in the table above. Amounts in foreign currency were translated to US dollars at the closing rate at the reporting date. Variable payments at each year end arising from financial instruments were calculated based on the forward interest rate yield curve and the spread that Syngenta pays on its outstanding debt and open derivatives at December 31, 2012 and 2011, respectively. Non-derivative financial liabilities, repayment of which can be demanded by the counterparty at any time, have been assigned to the earliest possible time period.

Capital structure

Absent major acquisitions, Syngenta targets maintaining a solid investment grade credit rating, as recognized by major third-party rating agencies, which it currently believes provides an optimal balance between financial flexibility and the cost of capital. Syngenta manages capital by monitoring levels of net debt, as calculated below, and equity against targets. Capital is returned to shareholders primarily through dividend payments, with the aim of continuous dividend growth, complemented by tactical share repurchases.

The net debt to equity ratio was 20 percent at December 31, 2012 (15 percent at December 31, 2011).

The components of net debt at December 31, 2012 and 2011 are as follows:

($m)	2012	2011
Current financial debt	980	743
Non-current financial debt	2,368	2,178
Cash and cash equivalents	(1,599)	(1,666)
Marketable securities[1]	(11)	(3)
Financing-related derivatives[2]	(32)	(117)
Net debt at December 31	1,706	1,135

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

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

28. Financial assets and liabilities

28.1 The following tables show the carrying amounts and fair values of financial assets and liabilities by category of financial instrument and reconciliation to where they are presented in the balance sheet at December 31, 2012 and 2011. The fair value hierarchy level is shown for those financial assets and liabilities that are carried at fair value in the balance sheet.

	Carrying amount (based on measurement basis)				
2012 ($m)	Amortized cost	Fair value level 1	Fair value level 2	Total	Comparison fair value
Trade receivables, net:					
Loans and receivables	3,107	–	–	3,107	3,107[1]
Designated as at fair value through profit or loss	–	–	84	84	84
Total				3,191	3,191
Other accounts receivable:					
Loans and receivables	437	–	–	437	437[1]
Non-financial assets	–	–	–	495	–[2]
Total				932	
Derivative and other financial assets:					
Derivative financial assets	–	5	197	202	202
Loans and receivables	41	–	–	41	41
Available-for-sale financial assets	–	8	–	8	8
Total				251	251
Financial and other non-current assets:					
Loans and receivables	328	–	–	328	328
Available-for-sale financial assets	–	12	70	82	82
Other, not carried at fair value	–	–	–	237	–[2]
Derivative financial assets – non-current	–	–	21	21	21
Total				668	
Trade accounts payable:					
Measured at amortized cost	3,409	–	–	3,409	3,409[1]
Current financial debt and other financial liabilities:					
Measured at amortized cost	980	–	–	980	980[1]
Derivative financial liabilities – current	–	–	68	68	68
Total				1,048	
Other current liabilities:					
Financial liabilities	213	30	7	250	250[1]
Non-financial liabilities	–	–	–	910	–[2]
Total				1,160	
Financial debt and other non-current liabilities:					
Measured at amortized cost	2,383	–	–	2,383	2,606
Derivative financial liabilities – non-current	–	–	51	51	51
Non-financial liabilities	–	–	–	80	–[2]
Total				2,514	

1 Carrying amount approximates the estimated fair value due to the short-term nature of the financial instruments
2 Fair value is not required to be disclosed for non-financial assets and non-financial liabilities, including investments in associates and joint ventures and defined benefit pension assets

2011 ($m)	Carrying amount (based on measurement basis) Amortized cost	Fair value level 1	Fair value level 2	Total	Comparison fair value
Trade receivables, net:					
Loans and receivables	2,674	–	–	2,674	2,674[1]
Designated as at fair value through profit or loss	–	–	62	62	62
Total				2,736	2,736
Other accounts receivable:					
Loans and receivables	303	–	–	303	303[1]
Non-financial assets	–	–	–	387	–[2]
Total				690	
Derivative and other financial assets:					
Derivative financial assets	–	15	211	226	226
Loans and receivables	43	–	–	43	43
Total				269	269
Financial and other non-current assets:					
Loans and receivables	161	–	–	161	161
Available-for-sale financial assets	–	–	62	62	62
Other, not carried at fair value	–	–	–	326	–[2]
Derivative financial assets – non-current	–	–	118	118	118
Total				667	
Trade accounts payable:					
Measured at amortized cost	2,881	–	–	2,881	2,881[1]
Current financial debt and other financial liabilities:					
Measured at amortized cost	743	–	–	743	744[1]
Derivative financial liabilities – current	–	–	212	212	212
Total				955	
Other current liabilities:					
Measured at amortized cost	182	–	–	182	182[1]
Non-financial liabilities	–	–	–	846	–[2]
Total				1,028	
Financial debt and other non-current liabilities:					
Measured at amortized cost	2,189	–	–	2,189	2,303
Derivative financial liabilities – non-current	–	–	86	86	86
Non-financial liabilities	–	–	–	99	–[2]
Total				2,374	

1 Carrying amount approximates the estimated fair value due to the short-term nature of the financial instruments
2 Fair value is not required to be disclosed for non-financial assets and non-financial liabilities, including investments in associates and joint ventures and defined benefit pension assets

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

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

The fair value of unquoted equity securities is not material. There were no transfers during the years ended December 31, 2012 and 2011 between level 1 and level 2 of the fair value hierarchy or between the fair value and amortized cost categories. There were no transfers during the years ended December 31, 2012 and 2011 into or out of level 3 of the fair value hierarchy.

28. Financial assets and liabilities continued

28.2 Income, expense, gains and losses relating to financial instruments recognized in profit or loss during the years ended December 31, 2012 and 2011 are as follows:

2012 ($m)	Loans and receivables[1]	Available-for-sale financial assets	Derivative assets and liabilities	Liabilities carried at amortized cost	Total
Recognized within Financial expense, net[2]:					
Interest income	116	–	–	–	116
Interest expense	(5)	–	26	(163)	(142)
Currency gains/(losses), net	–	–	(101)	–	(101)
Recognized within Operating income:					
Impairment charges	(11)	(3)	–	–	(14)
Reclassified from OCI on disposal or on acquisition of control	–	30	–	–	30
Total	**100**	**27**	**(75)**	**(163)**	**(111)**

2011 ($m)	Loans and receivables[1]	Available-for-sale financial assets	Derivative assets and liabilities	Liabilities carried at amortized cost	Total
Recognized within Financial expense, net[2]:					
Interest income	93	–	–	–	93
Interest expense	(5)	–	23	(170)	(152)
Currency gains/(losses), net	–	–	(86)	–	(86)
Recognized within Operating income:					
Impairment charges	(34)	(1)	–	–	(35)
Total	54	(1)	(63)	(170)	(180)

1 Includes immaterial amounts relating to financial assets designated as at fair value through profit or loss
2 Financial expense, net also includes $20 million of bank charges (2011: $20 million)

28.3 Reported gains and losses on revaluation of available-for-sale financial assets for the years ended December 31, 2012 and 2011 were as follows:

($m)	2012	2011
Impairment losses reported in profit or loss	**(3)**	(1)
Unrealized gains/(losses) reported in OCI	**(1)**	3

29. Derivatives and hedge accounting

The following table shows fair values, notional amounts and maturities of Syngenta's derivative financial instruments held at December 31, 2012 and 2011, classified by the individual risks being hedged and the applied accounting treatment:

	Fair value		Notional amounts				
2012 ($m)	Positive	Negative	<90 days	90 – 180 days	180 days – 1 year	1 – 5 years	Total
Foreign exchange and interest rate risk:							
Cash flow hedges	116	(55)	479	841	593	1,341	3,254
Undesignated	89	(63)	5,761	1,912	333	10	8,016
Total foreign exchange and interest rate risk	205	(118)	6,240	2,753	926	1,351	11,270
Commodity price risk:							
Cash flow hedges	1	(1)	20	11	3	–	34
Undesignated	17	–	25	56	27	–	108
Total commodity price risk	18	(1)	45	67	30	–	142

	Fair value		Notional amounts				
2011 ($m)	Positive	Negative	<90 days	90 – 180 days	180 days – 1 year	1 – 5 years	Total
Foreign exchange and interest rate risk:							
Cash flow hedges	161	(92)	667	536	1,309	825	3,337
Fair value hedges	67	(67)	–	–	–	2,000	2,000
Undesignated	77	(137)	3,972	2,239	695	–	6,906
Total foreign exchange and interest rate risk	305	(296)	4,639	2,775	2,004	2,825	12,243
Commodity price risk:							
Cash flow hedges	6	(2)	42	3	27	–	72
Undesignated	33	–	69	4	68	–	141
Total commodity price risk	39	(2)	111	7	95	–	213

For cash flow hedges, the periods when the cash flows for the underlying hedged items are expected to occur and affect profit or loss are not significantly different from those of the hedging instruments as presented in the table above.

29.1 Fair value hedges

Syngenta maintained a number of fair value hedging relationships which have been discontinued either due to termination of the hedging instruments or due to re-designation of the hedging instruments in other hedging relationships. These hedging relationships originally comprised of interest rate swaps (or a combination of interest rate swaps and cross-currency swaps) and were accounted for as highly effective hedges of interest rate risk (or a combination of interest rate and foreign exchange risks) relating to future interest and principal payments of bond liabilities.

Gains/(losses) on fair value hedges recognized in profit or loss for the years ended December 31, 2012 and 2011 are as follows:

($m)	2012	2011
Total gains/(losses) from hedging instruments	–	42
Underlying hedged items	–	(42)

29.2 Cash flow hedges and hedges of net investment in foreign operations

Syngenta maintains the following derivatives that qualify for cash flow hedge accounting:

- Cross currency swaps designated as hedges of foreign exchange risk of future interest and principal payments on bond liabilities.
- Foreign exchange forward contracts and net purchased currency options designated as hedges of foreign exchange risk of forecast foreign currency cash flows (uncommitted foreign exchange transaction risk) arising from (i) forecast sales and purchases between Syngenta subsidiaries and (ii) forecast transactions with third parties.
- Commodity forwards and futures designated as hedges of commodity price risks of anticipated and committed future purchases.

Hedge effectiveness for these hedges is measured on a quarterly or semi-annual basis. Syngenta uses the forward rate methodology to measure the effectiveness of the foreign exchange or commodity forward contracts. Hedge effectiveness for the swaps is measured by comparing the movement in the present value of future coupon bond payments to the movement in the present value of forecast future cash flows of the associated swaps. There is an immaterial amount of hedge ineffectiveness related to these hedges.

29. Derivatives and hedge accounting continued

Gains/(losses) on derivative instruments recognized as cash flow hedges and hedges of net investments in foreign operations during the years ended December 31, 2012 and 2011 were as follows:

($m)	2012 Foreign exchange and interest rate	2012 Commodity risk	2012 Net investment hedges	2011 Foreign exchange and interest rate	2011 Commodity risk	2011 Net investment hedges
Opening balance of gains/(losses) recognized in OCI	(88)	3	(72)	21	10	(72)
Income taxes	(11)	1	–	29	5	–
Gains/(losses) recognized in OCI	18	4	–	59	(7)	–
(Gains)/losses removed from OCI and recognized in profit or loss:						
Cost of goods sold	–	10	–	–	(5)	–
General and administrative	54	–	–	(160)	–	–
Financial expense, net	22	–	–	(37)	–	–
Closing balance of gains/(losses) recognized in OCI	(5)	18	(72)	(88)	3	(72)

29.3 Undesignated hedges

Gains and losses on hedging instruments that were not designated for hedge accounting purposes were as follows:

– Foreign currency forward contracts that are effective economic hedges of balance sheet exposures as part of Syngenta's committed exposure program. The fair value movements of the hedges and the retranslation of the underlying exposures are recorded in profit or loss and largely offset.

– Foreign currency forward contracts that are effective economic hedges of forecast cash flows arising from anticipated sales and purchases between Syngenta affiliates and third parties. The amount recorded in profit or loss in 2012 is a loss of $8 million (2011: gain of $16 million).

– Purchased foreign currency options that are effective economic hedges of the exposure arising from written foreign currency options offered to customers as part of a sales contract. The fair values of both the purchased and written foreign currency options are recorded in profit or loss and largely offset.

– Commodity derivative contracts that are effective economic hedges of the anticipated purchases of raw materials or purchases and sales of crops in barter arrangements. The amount recorded in profit or loss in respect of these derivatives in 2012 is a gain of $31 million (2011: gain of $4 million). The profit or loss impact from the corresponding forecasted transactions occurs when the related finished product inventories are sold, which is generally in the year following recognition of the gain or loss on the hedge.

– Cross-currency and interest rate swaps that were effective economic hedges of interest and principal payments on fixed coupon bond liabilities. Due to increased liquidity risk currently perceived by the financial markets, currency basis has become a significant component of the fair value of certain cross currency swaps between the Euro and US dollar. As a result, certain swap combinations could no longer be designated in fair value hedging relationships because changes in their fair value did not offset changes in the fair value of the bond sufficiently closely. During 2012, Syngenta recognized a $47 million gain on undesignated swaps within 'financial expense, net' in the consolidated income statement, terminated certain of these swaps and designated the remaining swaps in cash flow hedge relationships which Syngenta considers are likely to remain highly effective.

30. Subsequent events

On January 25, 2013, it was announced that, upon closing of the mandatory reopening of Syngenta's bid for Devgen, 98.32 percent of the total number of shares in Devgen have been tendered. Payment for the shares tendered took place on January 30, 2013.

As Syngenta has now acquired more than 95 percent of the shares in Devgen, it will proceed with a simplified squeeze-out in order to acquire by operation of law the remaining shares and warrants. The squeeze-out will take place from February 6, 2013 until February 26, 2013 and will be settled on March 8, 2013. Upon settlement of the squeeze-out, all Devgen shares will have been acquired by Syngenta and will be automatically delisted from NYSE Euronext Brussels.

Approval of the Consolidated Financial Statements

These consolidated financial statements were approved by the Board of Directors on February 5, 2013.

Report of Syngenta Management on Internal Control over Financial Reporting

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

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

Syngenta's management assessed the effectiveness of the Group's internal control over financial reporting as of December 31, 2012. In making this assessment, it used the criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Based on this assessment, management has concluded that, as of December 31, 2012, Syngenta's internal control over financial reporting was effective based on those criteria.

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

/s/ Michael Mack
Chief Executive Officer

/s/ John Ramsay
Chief Financial Officer

Basel, February 5, 2013

Report of the Group Auditor on Internal Control over Financial Reporting

To the Board of Directors and Shareholders of

Syngenta AG, Basel
Basel, February 5, 2013

We have audited Syngenta AG and subsidiaries' (the "Group") internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control—Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Syngenta AG's Board of Directors and management are responsible for maintaining effective internal control over financial reporting, and management is responsible for its assessment of the effectiveness of internal control over financial reporting, which is included in the Report of Syngenta Management on Internal Control over Financial Reporting (page 81). Our responsibility is to express an opinion on the Group's internal control over financial reporting based on our audit.

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

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

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

In our opinion, the Group maintained, in all material respects, effective internal control over financial reporting as of December 31, 2012, based on the COSO criteria.

We also have audited, in accordance with Swiss law, Swiss Auditing Standards, International Standards on Auditing and the standards of the Public Company Accounting Oversight Board (United States), the 2012 consolidated financial statements of the Group and our report dated February 5, 2013 expressed an unqualified opinion thereon.

Ernst & Young AG

/s/ Nigel Jones **/s/ Stuart A. Reid**

Report of the Statutory Auditor on the Consolidated Financial Statements

To the General Meeting of

Syngenta AG, Basel
Basel, February 5, 2013

As statutory auditor, we have audited the consolidated financial statements of Syngenta AG and subsidiaries (the "Group"), which comprise the consolidated balance sheet and the related consolidated statements of income, comprehensive income, changes in equity and cash flows, and notes thereto (pages 26 to 80), for the year ended December 31, 2012.

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

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

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

Opinion
In our opinion, the consolidated financial statements for the year ended December 31, 2012, give a true and fair view of the financial position, the results of operations and the cash flows in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board, and comply with Swiss law.

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

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of the consolidated financial statements according to the instructions of the Board of Directors.

We recommend that the consolidated financial statements submitted to you be approved.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the Group's internal control over financial reporting as of December 31, 2012, based on criteria established in *Internal Control – Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated February 5, 2013 expressed an unqualified opinion on the effectiveness of the Group's internal control over financial reporting.

Ernst & Young AG

/s/ Nigel Jones
Licensed audit expert
(Auditor in charge)

/s/ Stuart A. Reid
Licensed audit expert

Financial Statements of Syngenta AG

Income Statement

(for the years ended December 31, 2012 and 2011)

(CHF million)	2012	2011
Income:		
Dividend income	**1,590**	1,000
Income from financial assets	**70**	100
Total income	**1,660**	1,100
Expenses:		
Financial expenses	**(12)**	(19)
Administrative expenses	**(20)**	(6)
Taxes	**(5)**	(5)
Total expenses	**(37)**	(30)
Net income	**1,623**	1,070

Balance Sheet (prior to earnings appropriation)

(at December 31, 2012 and 2011)

(CHF million)	Notes	2012	2011
Assets			
Non-current financial assets:			
Investments	3,7	**4,102**	4,098
Loans to subsidiaries		**880**	37
Total non-current financial assets		**4,982**	4,135
Current assets:			
Cash and cash equivalents		**–**	–
Receivables from subsidiaries		**49**	61
Marketable securities, including treasury shares	4	**377**	655
Total current assets		**426**	716
Total assets		**5,408**	4,851
Equity and liabilities			
Equity			
Share capital	5	**(9)**	(9)
Legal reserves:			
General legal reserve:			
Reserve from capital contributions	6	**(27)**	(27)
Other general legal reserve	6	**(2)**	(2)
Reserve for treasury shares	6	**(376)**	(654)
Free reserves	6	**(1,037)**	(729)
Total reserves		**(1,442)**	(1,412)
Earnings brought forward	6	**(2,320)**	(2,184)
Net income of the period		**(1,623)**	(1,070)
Total available earnings		**(3,943)**	(3,254)
Total equity		**(5,394)**	(4,675)
Liabilities			
Accounts payable to subsidiaries		**(6)**	(165)
Accounts payable and accrued liabilities to others		**(8)**	(11)
Total liabilities		**(14)**	(176)
Total equity and liabilities		**(5,408)**	(4,851)

Notes to the Financial Statements of Syngenta AG

1. Introduction

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

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

2. Accounting policies

Exchange rate differences

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

Non-current financial assets

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

Marketable securities

Marketable securities are valued at the lower of cost or market value.

3. Significant investments in subsidiaries, associates and joint ventures

The following are the significant legal entities in the Syngenta group of companies (the "Group"). Please refer to Note 2 "Accounting Policies" to the consolidated financial statements for the appropriate consolidation method applied to each type of entity.

Country	Percentage owned by Syngenta	Local currency	Share capital in local currency	Function of company
Argentina				
Syngenta Agro S.A.	100%	ARS	1,256,444,877	Sales/Production
Bermuda				
Syngenta Reinsurance Ltd.	100%	USD	120,000	Insurance
Brazil				
Syngenta Proteção de Cultivos Ltda.	100%	BRL	1,172,924,609	Sales/Production/Research
Canada				
Syngenta Crop Protection Canada, Inc.	100%	CAD	–	Sales/Research
France				
Syngenta Seeds S.A.S.	100%	EUR	50,745,240	Sales/Production/Development
Syngenta Agro S.A.S.	100%	EUR	22,543,903	Sales
Italy				
Syngenta Crop Protection S.p.A.	100%	EUR	5,200,000	Sales/Production/Development
Japan				
Syngenta Japan K.K.	100%	JPY	–	Sales/Production/Research
Liechtenstein				
Syntonia Insurance AG	100%	USD	14,500,000	Insurance
Mexico				
Syngenta Agro, S.A. de C.V.	100%	MXN	157,580,000	Sales/Production/Development
Netherlands				
Syngenta Seeds B.V.	100%	EUR	488,721	Holding/Sales/Production/Research
Syngenta Finance N.V.	100%	EUR	45,000	Finance
Syngenta Treasury N.V.	100%	EUR	90,001	Holding/Finance
Panama				
Syngenta S.A.	100%	USD	10,000	Sales
Russian Federation				
OOO Syngenta	100%	RUB	895,619,000	Sales

Country	Percentage owned by Syngenta	Local currency	Share capital in local currency	Function of company
Singapore				
Syngenta Asia Pacific Pte. Ltd.	100%	SGD	1,588,023,595	Holding/Sales
Switzerland				
Syngenta Supply AG	100%	CHF	250,000	Sales
Syngenta Crop Protection AG[1]	100%	CHF	257,000	Holding/Sales/Production/Research
Syngenta Agro AG	100%	CHF	2,100,000	Sales/Production/Research
Syngenta Finance AG[1]	100%	CHF	10,000,000	Finance
Syngenta Participations AG[1]	100%	CHF	25,000,020	Holding
United Kingdom				
Syngenta Limited	100%	GBP	85,000,000	Holding/Production/Research
Uruguay				
Syngenta Agro Uruguay SA	100%	UYU	180,000,000	Sales
USA				
Syngenta Crop Protection, LLC	100%	USD	100	Sales/Production/Research
Syngenta Seeds, Inc.	100%	USD	–	Sales/Production/Research
Syngenta Corporation	100%	USD	100	Holding/Finance

1 Direct holding of Syngenta AG

The main changes from 2011 are the addition of Syngenta Agro Uruguay SA, which has growing significance and the removal of Syngenta Agro GmbH in Germany, where sales have become relatively less significant in relation to Group sales.

4. Treasury shares

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

	2012	2011
Total treasury registered shares held by Syngenta AG at January 1	**2,508,759**	2,392,751
Sold in the year under various Employee/Management Share Plans	**(698,243)**	(398,165)
Average sale price per share, CHF	**312.28**	302.66
Purchased during the year	**213,500**	1,351,123
Cancelled	**(636,750)**	(836,950)
Average book value per cancelled share, CHF	**265.16**	251.75
Total treasury registered shares held by Syngenta AG at December 31	**1,387,266**	2,508,759
Average purchase price per share, CHF	**270.90**	260.73

5. Share capital

	December 31, 2012	Movement in period	December 31, 2011
Total Syngenta AG registered shares	**93,126,149**	636,750	93,762,899
Nominal value per share (CHF)	**0.10**	0.10	0.10
Total share capital (CHF million)	**9.31**	0.07	9.38

On April 24, 2012, the Annual General Meeting (AGM) agreed to the cancellation of 636,750 shares at a nominal value of CHF 0.10 each. The cancellation of shares took place on July 4, 2012.

6. Equity

(CHF million)	Share capital	General legal reserve	Reserve for treasury shares	Free reserves	Available earnings	Total
Balance at December 31, 2010	9	676	558	537	2,684	4,464
Appropriation of available earnings	–	–	–	500	(500)	–
Adjustment of reserve for treasury shares	–	–	(53)	52	–	(1)
Cancellation of own shares	–	–	(211)	–	–	(211)
Purchase of own shares	–	–	360	(360)	–	–
Dividend payment	–	(647)	–	–	–	(647)
Transfer to the reserve from capital contributions	–	–	–	–	–	–
Adjustment of reserves after transfer for capital contributions	–	–	–	–	–	–
Profit of the year	–	–	–	–	1,070	1,070
Balance at December 31, 2011	**9**	**29**	**654**	**729**	**3,254**	**4,675**
Appropriation of available earnings	**–**	**–**	**–**	**200**	**(200)**	**–**
Adjustment of reserve for treasury shares	**–**	**–**	**(185)**	**184**	**–**	**(1)**
Cancellation of own shares	**–**	**–**	**(169)**	**–**	**–**	**(169)**
Purchase of own shares	**–**	**–**	**76**	**(76)**	**–**	**–**
Dividend payment	**–**	**–**	**–**	**–**	**(734)**	**(734)**
Profit of the year	**–**	**–**	**–**	**–**	**1,623**	**1,623**
Balance at December 31, 2012	**9**	**29**	**376**	**1,037**	**3,943**	**5,394**

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

7. Contingent liabilities

	Maximum amount December 31,		Amount in effect at December 31,	
(CHF million)	**2012**	2011	**2012**	2011
Euro medium-term notes	**1,707**	2,091	**1,707**	2,091
SEC registered US bonds	**686**	–	**686**	–
Private placement notes	**229**	235	**229**	235
Commercial paper	**2,288**	2,351	**–**	–
Credit facilities	**1,373**	1,153	**–**	–
Group treasury lending activities	**10,180**	9,741	**5,199**	4,065
Total	**16,463**	15,571	**7,821**	6,391

Acquisitions
In connection with the acquisition by Syngenta of Golden Harvest in 2004, Syngenta AG guarantees, as a primary obligor, the full discharge of all the covenants, agreements, obligations and liabilities of Syngenta Crop Protection AG and the Golden Harvest Companies under the Transaction Agreement.

In connection with the acquisition by Syngenta of Advanta from AstraZeneca and Cosun in 2004, Syngenta AG guarantees the due and punctual discharge by Syngenta Crop Protection AG of its obligations of whatever nature under the Sale and Purchase Agreement and the Tax Deed.

In connection with the sale of parts of Advanta to Fox Paine & Co in 2004, Syngenta AG guarantees the due and punctual discharge by Syngenta Crop Protection AG, Syngenta Alpha B.V. and former Advanta Group companies under the Sale and Purchase Agreement and the Tax Deed.

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

Other
In a letter dated August 12, 2008, Syngenta AG confirmed that it will ensure that Syngenta Limited will honor its obligation to guarantee the solvency and due payment of benefits of its pension plan.

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

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

8. Financial instruments
International Swap and Derivatives Association (ISDA) contracts are in place under which Syngenta Treasury N.V. is the contractual party on behalf of other Group companies. Syngenta AG guarantees transactions entered into under these ISDA contracts. Details of the nature of these transactions are disclosed in Notes 27, 28 and 29 to the consolidated financial statements. The total amounts entered into under these ISDA contracts and in respect of which Syngenta AG has provided a guarantee are outlined in the table below:

	Notional amount		Positive fair value		Negative fair value	
(CHF million)	2012	2011	2012	2011	2012	2011
Financial instruments	**10,089**	11,925	**190**	300	**(97)**	(294)

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

10. Significant shareholders
At December 31, 2012, to the knowledge of Syngenta AG, there is one (2011: one) significant shareholder exceeding the threshold of 5.00 percent voting rights in Syngenta's share capital.

At December 31, 2012, Syngenta itself holds 1,387,266 (2011: 2,508,759) shares in treasury corresponding to 1.49 percent (2011: 2.68 percent) of the share capital, as outlined in Note 4.

11. Compensation, shareholdings and loans
Overview
The Compensation Report provides a comprehensive overview of Syngenta's compensation principles, elements, structure and governance. In accordance with Appendix 1 of the Swiss Code of Best Practice for Corporate Governance and in line with Swiss law and the relevant reporting standards, it includes detailed information on the compensation of the Board of Directors and the Executive Committee for 2012. The compensation system will be submitted to an advisory vote of the shareholders at the Annual General Meeting.

Compensation system

Compensation principles
Syngenta's compensation principles provide a transparent, performance-oriented and market-competitive compensation framework for all employees, including senior executives. In particular, the compensation policy and system are designed to:

- attract and retain highly qualified, successful employees to deliver the strategic plans and objectives of the Company
- encourage and reward personal contribution and individual performance in accordance with the Company's values
- align reward with sustainable performance and recognize superior results
- align the interests of employees, shareholders and other stakeholders.

All employees, including senior executives, are subject to a formal annual performance management process. This process aims to align individual, team and organizational objectives, stretch performance, and support individual development.

The Syngenta compensation system links compensation to both individual performance and the financial success of the Company. This link is one of the key elements by which Syngenta differentiates and recognizes individual performance and leadership. Annual performance ratings of individuals influence both the annual base salary and variable compensation. Changes to annual base salary are also influenced by individual performance over time within the context of Company affordability, external market movements and the economic environment.

11. Compensation, shareholdings and loans
continued

Compensation of employees and managers
The compensation of all employees is reviewed on a regular basis and is determined by reference to total compensation levels for comparable jobs in relevant benchmark companies. For example, an individual who achieves his or her performance objectives is generally awarded compensation comparable to the median level of compensation provided by benchmark companies. Each country regularly conducts market reviews and participates in salary surveys such as those conducted by the Hay Group, Hewitt, Mercer and Towers Watson plus any appropriate local surveys.

Compensation of Board of Directors and the Executive Committee
The Compensation Committee annually reviews the compensation and, periodically, pension, insurance and other benefits of the members of the Executive Committee. The benchmarks used are a set of relevant, comparable companies and markets that are selected to provide the best representation of the labor markets and industries in which Syngenta competes for top talent. In 2012, the peer groups were as follows:

– **Swiss Group:** 14 comparable companies headquartered in Switzerland, which included 11 relevant SMI companies, two SMI Expanded companies and one SMIM company. Financial institutions and insurance companies were excluded.
– **Pan-European Group:** 26 companies selected from the FT Euro 500 list. These companies operate within the following industry sectors: 10 chemical, six consumer goods, two pharmaceutical, two aerospace, two other industrial and four other industry. All have significant R&D operations and represent a well balanced mix of comparable companies, encompassing in size a range from 40 to 250 percent of Syngenta. The measures of size used to select the peer companies are total revenues, earnings before interest, tax, depreciation and amortization (EBITDA), enterprise value, total assets, market capitalization and the number of employees.
– **North America Group:** 21 comparable companies (19 USA and two Canada). These are companies in the agribusiness, pharmaceutical, chemical and biotechnical industries. The same selection criteria as for the Pan-European Group apply.

The compensation of members of the Board of Directors of Syngenta is determined by reference to the Swiss peer group.

The Board of Directors and the Compensation Committee currently consult with an external provider on compensation policy matters, benchmarking of the Executive Committee and Board of the Directors and other relevant compensation-related market information. When necessary, other independent compensation advisors are consulted. In addition, support and expertise are provided by internal compensation experts, including the Head Human Resources and Global Head of Compensation and Benefits.

Taking into account the market data, the performance of the business and individuals, and the recommendation of the external advisor, the Compensation Committee exercises judgment to determine the appropriate compensation levels of the Executive Committee.

Compensation elements
Syngenta's total compensation package includes:

– fixed compensation – base salary
– variable compensation – short-term incentive plans and, for selected leaders, long-term incentive plans
– benefits (including all insured benefits and pension/retirement plans).

Fixed compensation
Fixed compensation is represented as annual base salary paid in cash, typically on a monthly basis and set by reference to the:

– size and scope of the job
– external market value of the job
– level or grade to which the job is assigned
– skills, experience and performance of the employee.

To ensure market competiveness, base salaries are subject to review every year by considering factors such as Company affordability, benchmark data, market movement, economic environment and individual performance.

In addition, certain employees may receive customary cash allowances for expenses and, if applicable, housing, relocation or transition assistance as part of an international transfer.

Variable compensation
Variable compensation consists of short-term and, for selected leaders, long-term incentives. Both are linked to financial and individual performance. Variable compensation is determined by the level and scope of the individual's job, as well as the external market value of the respective job, the location, business performance and individual performance. It may be granted in cash, shares, restricted stock units and/or stock options. Equity-based compensation is subject to a three-year vesting period.

Short- and long-term incentive awards are based on pre-defined performance measures. They are only awarded if the employee or executive fully meets the performance objectives. Details of the various short- and long-term incentive plans are provided in the following sections.

Table 1. Fixed and variable compensation

Fixed compensation	Chairman of the Board	Members of the Board	Executive Committee	Senior Management	All employees	Description	Linkage to compensation principles
Fixed pay	•	•	•	•	•	Cash – all employees Members of the Board may opt for cash and/or shares	Attract and retain high quality employees; reference to relevant markets and comparable companies
Variable compensation							
Short-Term Incentive (STI)			•	•	•	Cash – all employees	Performance-based compensation
Deferred Share Plan (DSP)			•	•		For senior management and Executive Committee, deferred share awards or shares and matching shares[1]	Equity-based compensation focusing on sustainable business performance and alignment to shareholders
Long-Term Incentive Plan (LTI)			•	•		For senior management and Executive Committee, stock options and RSUs	Equity-based compensation focusing on sustainable business performance and alignment to shareholders
Sales Incentive Plan (SIP)				•	•	Cash – sales employees only	Performance-based compensation
Employee Share Purchase Plan (ESPP)			•	•	•	Plan for all Switzerland-based Syngenta employees: share purchase up to CHF 5,000.– p.a. at 50 percent discount rate[2]	Identification with and commitment towards Company

1 In Switzerland, employees are offered a choice of share awards or shares under the DSP and in all other countries, share awards. For purposes of this report, both are referred to as "share awards"
2 Employee Share Purchase Plans are also established in many other countries

Short-Term Incentive (STI)
The STI is an annual discretionary award paid in cash for all eligible employees.

STI targets for managers and Executive Committee members
Individuals are granted an STI award as a percentage of their base salary.

	STI targets (as a percentage of base salary)
Management[1]	25%
Senior Management[1]	30%–40%
Executive Committee	50%
Chief Executive Officer	80%

1 Higher target percentages apply to managers and senior managers in the USA

STI award for employees and managers below the Executive Committee
For employees and managers below the Executive Committee, the STI award weights equally Company financial results and individual performance. This variable compensation allows employees to participate in the Company's success while being rewarded for their individual performance. Personal objectives are set as part of the annual performance management program. Financial targets are also set on an annual basis and may include measures such as Group Net Income, business value added, EBITDA, etc.

At the end of the incentive year both individual and financial performance are assessed, and actual achievement is compared with the targets set at the beginning of the year. The assessment of individual performance results in a performance rating which is used to determine an individual percentage award for STI purposes. The assessment of financial performance is formula-driven, i.e. actual achievement against target determines the STI percentage award.

Both the individual and financial percentage awards can range from zero to 200 percent of the STI target. The STI payout is limited to two times the target award. In addition, the STI payout at all levels is contingent upon the annual Group Net Income (GNI) reaching a threshold of 85 percent of the target budget.

11. Compensation, shareholdings and loans
continued

STI award for Executive Committee members
For Executive Committee members, a greater emphasis is placed on the achievement of financial results. Group financial performance measures account for 70 percent of the STI award while 30 percent is based on individual performance. The Group financial performance measures are earnings per share (EPS) and return on invested capital (ROIC) of the Group.

The methodology and conditions of STI awards for members of the Executive Committee are identical to all other employees.

Deferred Share Plan (DSP)
The DSP is an additional long-term incentive for members of the Executive Committee and selected senior managers to further align their interest with shareholders by converting part of their STI into Syngenta share awards with a blocking period of three years and thus be fully exposed to the share value development over this period. In return, subject to continued employment with Syngenta at expiry of the blocking period, Syngenta matches at that time each deferred share award on a one-for-one basis with an additional share, thus doubling the total number of shares received by the employee. The DSP requires a mandatory percentage of the STI to be deferred. A participant may voluntarily defer a further portion of the STI into share awards.

STI subject to deferral	Mandatory	Voluntary	Maximum
Management	0%	20%	20%
Senior Management	10%–30%	20%–40%	50%
Executive Committee	40%	40%	80%
Chief Executive Officer	40%	40%	80%

The Compensation Committee determines the value of a share award at the grant date by reference to the market price of the Syngenta share. The number of share awards is calculated based on the closing share price at grant date and the amount of STI eligible for deferral (mandatory and any voluntary amount). The calculation is made by applying the following formula:

Number of share awards = (mandatory deferral percent + voluntary deferral percent) x STI award divided by the closing share price at the grant date.

The matching of the share awards is subject to continued employment with Syngenta until after the expiration of the three-year deferral period. If retirement age is reached prior to expiration of the deferral period, the conversion of share awards and matching is accelerated.

Long-Term Incentive (LTI)
LTI is designed to reward leadership, innovation and performance by providing participants with equity-based incentives that link the potential amount of total compensation to Syngenta's market value (share price) and aligns participants' rewards more closely with the long-term interests of the Company's shareholders.

Participants are granted an LTI award as a percentage of their base salary, multiplied by their performance rating which is based on the achievement of individual performance objectives as well as the Company's annual financial performance.

	LTI targets (as a percentage of base salary)
Management[1]	20%
Senior Management[1]	25%–40%
Executive Committee	60%
Chief Executive Officer	100%

1 Higher target percentages apply to managers and senior managers in the USA

Depending on the performance achieved against the relevant targets, the individual awards may be lower or higher than the target and can range from zero to 150 percent of the target incentive.

Participants receive 50 percent of their LTI in the form of stock options and 50 percent in Restricted Stock Units (RSUs). Both are subject to a three-year vesting period.

Granting equal allocations of stock options and RSUs balances the advantages and risks of these instruments. The awards allow participants to benefit from increases in the stock price over time; however, participants are equally exposed to decreases in the stock price.

Stock options: Syngenta stock options represent the right to purchase Syngenta shares at a fixed price for a defined period of time. The number of options awarded is calculated by dividing the relevant portion of the LTI award by the option value at the grant date. The option value is determined using the Black-Scholes-Merton formula, a commonly accepted stock option pricing method. The exercise price of the options is set equal to the closing share price at the grant date. Stock options granted vest after three years of continued employment with Syngenta and are exercisable for a period of seven years from the vesting date.

RSUs: Syngenta RSUs represent the right to receive Syngenta shares at nil cost at the end of a three-year vesting period, subject to continued employment with Syngenta. The number of RSUs awarded is calculated by dividing the relevant portion of the LTI award by the closing share price at the grant date. At vesting, RSUs convert to shares based on the Syngenta closing share price on the vesting date.

For both stock options and RSUs, if retirement age is reached prior to expiration of the vesting period, vesting is accelerated.

Sales Incentive Plans
Sales Incentive Plans are designed for sales employees. They offer these employees the opportunity to be compensated for individual and team success, based on performance achieved against sales targets.

No member of the Executive Committee participates in a Sales Incentive Plan.

Employee Share Purchase Plan (ESPP)
The ESPP provides employees with the opportunity to become Syngenta shareholders through the purchase of Syngenta shares at a preferential price.

The Swiss ESPP allows participants to purchase shares at 50 percent of the share price at the date of purchase, up to a maximum value of CHF 5,000. These shares are subject to a blocking period of three years. Regulations of the Swiss ESPP allow all employees in Switzerland, including members of the Executive Committee, to be eligible to participate in the ESPP.

Where reasonably possible, similar all-employee share purchase plans are in operation in other countries, taking into account local practices, tax and legal requirements.

Benefits
Benefits consist mainly of pension, insurance and healthcare plans designed to provide a reasonable level of security for all employees and their dependents in respect to retirement, health, disability and death in service. The level of benefits is subject to country-specific laws, regulations and market practice. Other benefits that may be paid according to local market practice include long-service awards and perquisites. Employees of all levels who are on an international assignment may also receive benefits in line with the Syngenta International Assignment Policy.

Compensation structure
The compensation elements described in the Compensation Report refer primarily to Switzerland and to senior executives. Although many of the elements are operated consistently on a global basis, local market variations apply.

Correlation between fixed and variable compensation, and between cash and equity-based compensation for members of Executive Committee (including Chief Executive Officer)
The correlation between fixed and variable compensation is as follows:

Table 2. Fixed and variable compensation

	Members of the Executive Committee		Chief Executive Officer	
	Target incentive %	Maximum incentive %	Target incentive %	Maximum incentive %
Fixed compensation	100	100	100	100
Variable compensation	150	270	244	438
Total	**250**	**370**	**344**	**538**

Table 2 shows that variable compensation at both target and maximum level forms a higher proportion of total compensation than fixed compensation.

Total compensation is split between cash and equity-based components as follows:

Table 3. Cash and equity-based compensation

	Members of the Executive Committee		Chief Executive Officer	
	Target incentive %	Maximum incentive %	Target incentive %	Maximum incentive %
Cash compensation	44	32	34	25
Equity-based compensation	56	68	66	75
Total	**100**	**100**	**100**	**100**

100 percent in table 3 are equal to 250/370/344/538 percent in table 2, respectively

Table 3 shows that equity-based compensation at both target and maximum level is greater than cash compensation. Members of the Executive Committee are therefore highly exposed to share price movements, which reinforces a focus on the long-term success of Syngenta and aligns their interests with those of the Syngenta shareholders.

Compensation governance
The Compensation Committee of the Board of Directors is the supervisory and governing body for the Syngenta compensation policy and practices for members of the Executive Committee and members of the Board of Directors. It has the responsibility to propose, determine and review compensation and benefits in accordance with the authorization levels set out below. The Committee consists of four independent non-executive Directors. The Committee does not include any members with interlinked company mandates. The Chief Executive Officer (CEO) is invited to meetings of the Committee except when his own compensation is reviewed. The Chairman and the Vice Chairman do not attend the meeting when the Committee reviews and agrees proposals for the Board of Directors covering their own compensation.

11. Compensation, shareholdings and loans continued

Compensation-related decisions are governed as follows:

Table 4. Authorization levels

Topic	Recommendation	Decision-making authority
Compensation of the Chairman	Compensation Committee	Board of Directors
Compensation of non-executive Directors	Compensation Committee	Board of Directors
Compensation of the CEO	Compensation Committee	Board of Directors
Compensation of other members of the Executive Committee	CEO	Compensation Committee
STI and LTI awards for the CEO	Compensation Committee	Board of Directors
STI and LTI awards for other members of the Executive Committee	CEO	Compensation Committee

The Compensation Committee reviews annually the compensation policies and systems applicable to members of the Executive Committee as well as non-executive Directors of the Company, and makes recommendations to the Board of Directors.
The Compensation Committee also has responsibility for any decision in respect of pensions, insurance and other benefits for members of the Executive Committee (excluding the CEO, for which the Board of Directors has responsibility). Furthermore, it has the authority to make decisions with regard to any material pension or insurance plans of the Company and any shareholding and compensation program that involves the use of equity.

The Chairman of the Compensation Committee submits the Committee's recommendations in respect of the annual compensation of the Chairman and all members of the Board, including the CEO, to the entire Board for approval. At the same time, he informs the entire Board of Directors of the process and outcome of the resolutions adopted by the Compensation Committee with regard to the compensation of the other members of the Executive Committee based on the CEO's recommendations. In the event of termination or recruitment of Executive Committee members during the year, the Chairman of the Compensation Committee informs the Board of Directors of resolutions adopted or requests approval of recommendations as applicable. On an ongoing basis, he informs the Board of Directors of any material business or resolutions adopted by the Compensation Committee.

Compensation of the Board of Directors and the Executive Committee

Compensation of non-executive Directors

Non-executive Directors receive an annual fee. This consists of a basic fee for services to the Board and an additional fee for individual assignments to committees of the Board. No variable compensation is paid to non-executive Directors.

Non-executive Directors have the option to receive part of their annual fee in the form of shares that are either freely tradable or blocked from trading for five years. This option exists in order to reinforce their focus on Syngenta's long-term, sustainable success and align their interests with those of shareholders. Shares are granted once a year. The grant value of a Syngenta share is the market price at the grant date.

Table 5. Annual fees for non-executive Directors

Function	Annual fee (CHF)
Base fees:	
Chairman of the Board	1,600,000
Vice-Chairman of the Board	375,000
Member of the Board	215,000
Additional fees[1]:	
Member of the Chairman's Committee	100,000
Head of the Audit Committee	110,000
Member of the Audit Committee	30,000
Head of the Compensation Committee	85,000
Member of the Compensation Committee	25,000
Member of the Corporate Responsibility Committee	20,000
Chairman of the Science and Technology Advisory Board	20,000

1 No additional fees are payable to the Chairman and the Vice-Chairman

Compensation of the Chairman

The non-executive Chairman of the Board receives a predefined annual fee, but no variable compensation. The annual fee is paid partly in cash and partly in a mandatory portion of restricted shares. The value of the fixed share portion is equal to one-third of the net fee (after tax and social security charges). The grant value of a Syngenta share is the market price at the grant date. The shares are blocked from trading for a period of three years. In addition, the Chairman receives certain benefits such as assistance with headquarters' housing, commuting and tax services (see Table 6a for details).

Compensation of the CEO

The CEO is a member of the Board of Directors and a member of the Executive Committee. His compensation is disclosed as part of 2012 compensation for members of the Executive Committee.

11. Compensation, shareholdings and loans continued

2012 Compensation of the Board of Directors

The Board of Directors, at the recommendation of the Compensation Committee, took the decision not to increase the annual fees of the non-executive Directors in 2012.

Vinita Bali, Gunnar Brock and Michel Demaré were elected to the Board of Directors at the AGM 2012. The fees in cash and restricted shares and the Company paid social security cost figures presented are the annual amounts paid prorated based on the number of days worked in 2012.

Table 6a. Compensation of non-executive Directors in 2012

Non-executive Directors	Fee in cash	Fee in unrestricted shares	Fee in restricted shares	Number of unrestricted shares	Number of restricted shares	Total number of shares	Benefits in kind/ cash[1]	Total annual fee/benefits received	Company paid social security cost	Total annual cost
Martin Taylor	1,344,944	–	255,056	–	791	791	218,730	1,818,730	204,762	2,023,492
Vinita Bali[2]	161,603	–	–	–	–	–	–	161,603	10,311	171,914
Stefan Borgas	122,500	–	122,530	–	397	397	–	245,030	11,307	256,337
Gunnar Brock[2]	168,479	–	–	–	–	–	–	168,479	37,419	205,898
Peggy Bruzelius	325,000	–	–	–	–	–	–	325,000	72,183	397,183
Michel Demaré[2, 3]	9,260	–	224,765	–	728	728	–	234,025	9,333	243,358
Pierre Landolt[4, 5]	73,425	–	–	–	–	–	–	73,425	4,790	78,215
David Lawrence[6]	127,500	127,777	–	414	–	414	–	255,277	–	255,277
Peter Thompson	122,500	122,530	–	397	–	397	–	245,030	–	245,030
Jacques Vincent	60,082	180,246	–	584	–	584	–	240,328	–	240,328
Rolf Watter[4]	98,443	–	–	–	–	–	–	98,443	5,600	104,043
Felix A. Weber	300,000	–	–	–	–	–	–	300,000	49,322	349,322
Jürg Witmer	375,000	–	–	–	–	–	–	375,000	19,661	394,661
Total	3,288,736	430,553	602,351	1,395	1,916	3,311	218,730	4,540,370	424,688	4,965,058

1 Housing, commuting and tax services, including refund of relevant tax (cash)
2 Vinita Bali, Gunnar Brock and Michel Demaré were elected to the Board of Directors at the AGM 2012. The Fee in cash and Company paid social security cost figures presented are the annual amounts paid prorated based on the number of days worked in 2012
3 Michel Demaré elected to receive a portion of his annual compensation in restricted shares. The Number of restricted shares figure presented is the annual number of shares received prorated based on the number of days worked in 2012; the Fee in restricted shares figure presented is the monetary value of the prorated share amount
4 Pierre Landolt and Rolf Watter retired from the Board of Directors at the AGM 2012. The figures under Fee in cash are the non-executives' annual total compensation prorated based on the number of days worked in 2012
5 According to Pierre Landolt and the Sandoz Family Foundation, the Foundation is the economic beneficiary of the fee
6 The social security cost is not determined at the time of preparing this report
All values in Swiss francs

Table 6b. Compensation of non-executive Directors in 2011

Non-executive Directors	Fee in cash	Fee in unrestricted shares	Fee in restricted shares	Number of unrestricted shares	Number of restricted shares	Total number of shares	Benefits in kind/ cash[1]	Total annual fee/benefits received	Company paid social security cost	Total annual cost
Martin Taylor	1,541,929	–	308,071	–	1,103	1,103	153,708	2,003,708	–	2,003,708
Stefan Borgas	73,500	–	171,721	–	612	612	–	245,221	13,194	258,415
Peggy Bruzelius	325,000	–	–	–	–	–	–	325,000	72,117	397,117
Pierre Landolt[2]	12,301	222,788	–	794	–	794	–	235,089	15,337	250,426
David Lawrence	127,500	127,668	–	455	–	455	–	255,168	–	255,168
Peter Thompson	245,000	–	–		–	–	–	245,000	–	245,000
Jacques Vincent	60,046	180,139	–	642	–	642	–	240,185	–	240,185
Rolf Watter	157,500	–	157,692	–	562	562	–	315,192	17,929	333,121
Felix A. Weber	300,000	–	–	–	–	–	–	300,000	19,518	319,518
Jürg Witmer	375,000	–	–	–	–	–	–	375,000	24,349	399,349
Total	3,217,776	530,595	637,484	1,891	2,277	4,168	153,708	4,539,563	162,444	4,702,007

1 Housing, commuting and tax services, including refund of relevant tax (cash)
2 According to Pierre Landolt and the Sandoz Family Foundation, the Foundation is the economic beneficiary of the fee
All values in Swiss francs

2012 Compensation of members of the Executive Committee
In 2012, the members of the Executive Committee, including the CEO, received salaries, incentives and other elements, including benefits in kind, in line with the compensation policy and as detailed in Table 7 below.

The Compensation Committee determined that none of the Executive Committee members, including the CEO, would receive an increase in salary in 2012. In 2012, the CEO received the highest total compensation; his compensation is reported in Table 8.

Caroline Luscombe, Head Human Resources, joined the Executive Committee in October 2012. The figures for 2012 in Table 7 include her compensation for the full year. The figures for 2011 do not include her compensation.

Tables 7 and 8 show in the column "compensation 2011" the number of share awards, RSUs and stock options that were granted on February 23, 2012, for the year 2011 (excluding the shares purchased under the Employee Share Purchase Plan). The numbers of units granted were determined after the preparation of the 2011 report and are disclosed retroactively in this 2012 report. As a consequence, the actual values of the granted share awards, stock options and RSUs differ slightly from the values reported in 2011. This is because the number of share awards, stock options and RSUs at grant is rounded to the next whole numbers of units.

The link between performance and pay in 2012
For Executive Committee members, a greater emphasis is placed on the achievement of financial results. Group financial performance measures account for 70 percent of the STI award while 30 percent is based on individual performance. The Group financial performance measures are earnings per share (EPS) and return on invested capital (ROIC). EPS performance is assessed in relation to internal targets based on expectations for each of the Group's operating segments. Following an exceptional performance in 2011, EPS in 2012 was again very strong. It was influenced by two items for which the timing was difficult to predict: these were trait royalty income of around $200 million and a net $80 million charge for the settlement of US litigation relating to the herbicide atrazine. ROIC was maintained at a high level.

Individual performance related pay is based on a range of measures relating to progress in driving sustainable long-term growth in the business. In 2012, these included the development and global implementation of crop-based strategies; the selection of investment opportunities; the successful execution of acquisitions including strategic partnerships; and the progression of Syngenta's R&D pipeline, with increasing emphasis on novel integrated solutions.

In addition, the ability to attract and retain talent is assessed as another key factor for the longer term success of the company. The underlying employee attrition rate of less than 6 percent in 2012 illustrates Syngenta's attractiveness as an employer. The company aims to promote diversity and in 2012 the percentage of women in senior management increased, as did the number of nationalities represented. Safety for the entire workforce is of paramount importance and has been set as a key performance indicator for all leaders and employees. In 2012 the recordable injury and illness rate was improved from 0.44 to 0.39 per 200,000 hours, beating the target of 0.50 for the third successive year.

11. Compensation, shareholdings and loans continued

Table 7. Compensation for members of the Executive Committee (a total of 9 people in 2012[1])

	Number of units		Values	
Compensation elements	**2012**	2011	**2012**	2011
Fixed compensation in cash			**7,478,064**	6,775,971
Allowances in cash			**230,696**	222,021
STI compensation in cash[2]			**1,322,220**	1,795,315
Total compensation in cash			**9,030,980**	8,793,307
DSP deferred shares[3, 4, ,5]	–	17,681	**2,768,352**	5,311,372
DSP matching shares[3, 4, 6]	–	17,681	**2,768,352**	5,311,372
LTI options[3, 4, 7]	–	61,508	**3,274,650**	3,394,011
LTI RSUs[3, 4, 8]	–	11,302	**3,274,650**	3,395,121
ESPP shares	**104**	126	**18,684**	17,140
Insurance, pension costs			**1,819,111**	1,671,254
Benefits in kind[9]			**251,345**	142,022
Total compensation			**23,206,124**	28,035,599
Company social security cost[10]			**587,920**	845,517
Compensation related to earlier years				
DSP matching shares[11]	**19,803**	7,979	**5,917,136**	2,509,396
Company social security cost			**545,296**	299,129

Notes refer to 2012 unless other years are indicated.

1 Caroline Luscombe, Head Human Resources, joined the Executive Committee in October 2012. The figures for 2012 in this table include her compensation for the full year. The figures for 2011 do not include her compensation

2 Short-term incentive in cash, payable in 2013 for 2012

3 The numbers of deferred shares, matching shares, options and RSUs for 2011 were granted on February 23, 2012, after the preparation of the 2011 report

4 The numbers of shares, options and RSUs at grant for 2011 were rounded to the next whole number, consequently the values actually granted differ slightly from the values disclosed in the 2011 report

5 Short-term incentive in deferred shares or share awards, which will be granted in 2013 for 2012 (the number of shares is not determined at the time of preparing this report)

6 Actual value of DSP matching shares, which will be granted in 2016 (the number of shares is not determined at the time of preparing this report)

7 Long-term incentive in options, which will be granted in 2013 for 2012 (the number of options is not determined at the time of preparing this report)

8 Long-term incentive in RSUs, which will be granted in 2013 for 2012 (the number of RSUs is not determined at the time of preparing this report)

9 Value of housing, commuting, relocation, education and tax services including refund of relevant tax (cash)

10 Due to the rounding of allocated units (see footnote 4), the cost differs slightly from the value disclosed in the 2011 report

11 Matching shares, which were granted in 2012 for 2008

All values in Swiss francs

Table 8. Highest compensation for a member of the Executive Committee

	Number of units		Values	
Compensation elements	**2012**	2011	**2012**	2011
Fixed compensation in cash			**1,535,004**	1,480,005
Allowances in cash			**96,180**	94,591
STI compensation in cash[1]			**258,480**	465,600
Total compensation in cash			**1,889,664**	2,040,196
DSP deferred shares[2, 3, 4]	**–**	6,200	**1,033,920**	1,862,480
DSP matching shares[2, 3, 5]	**–**	6,200	**1,033,920**	1,862,480
LTI options[2, 3, 6]	**–**	20,388	**1,125,000**	1,125,010
LTI RSU[2, 3, 7]	**–**	3,746	**1,125,000**	1,125,298
ESPP shares	**13**	18	**2,335**	2,449
Insurance, pension costs			**413,349**	412,673
Benefits in kind[8]			**40,603**	45,135
Total compensation			**6,663,791**	8,475,721
Company social security cost[9]			**157,012**	235,546
Compensation related to earlier years				
DSP matching shares[10]	**6,650**	1,652	**1,987,020**	519,554
Company social security cost			**210,788**	44,897

Notes refer to 2012 unless other years are indicated.
1 Short-term incentive in cash, payable in 2013 for 2012
2 The numbers of deferred shares, matching shares, options and RSUs for 2011 were granted on February 23, 2012, after the preparation of the 2011 report
3 The numbers of shares, options and RSUs at grant for 2011 were rounded to the next whole number; consequently the values actually granted differ slightly from the values disclosed in the 2011 report
4 Short-term incentive in deferred shares or share awards, which will be granted in 2013 for 2012 (the number of shares is not determined at the time of preparing this report)
5 Actual value of DSP matching shares, which will be granted in 2016 (the number of shares is not determined at the time of preparing this report)
6 Long-term incentive in options, which will be granted in 2013 for 2012 (the number of options is not determined at the time of preparing this report)
7 Long-term incentive in RSUs, which will be granted in 2013 for 2012 (the number of RSUs is not determined at the time of preparing this report)
8 Value of housing, commuting, relocation, education and tax services, including refund of relevant tax (cash)
9 Due to the rounding of allocated units (see footnote 3), the cost differs slightly from the value disclosed in the 2011 report
10 Matching shares, which were granted in 2012 for 2008
All values in Swiss francs

11 Compensation, shareholding and loans continued

2012 Holding of shares and options

Table 9. Holding of shares of non-executive Directors* at December 31, 2012 and 2011

	Number of unrestricted shares		Number of restricted shares		% voting rights	
Non-executive Directors	2012	2011	2012	2011	2012	2011
Martin Taylor	8,068	8,298	3,383	4,425	< 0.1%	< 0.1%
Vinita Bali[1]	–	–	–	–	< 0.1%	< 0.1%
Stefan Borgas	–	–	2,052	1,655	< 0.1%	< 0.1%
Gunnar Brock[1]	–	–	–	–	< 0.1%	< 0.1%
Peggy Bruzelius	2,464	2,464	–	–	< 0.1%	< 0.1%
Michel Demaré[1]	75	–	1,059	–	< 0.1%	< 0.1%
David Lawrence	12,119	11,705	–	–	< 0.1%	< 0.1%
Peter Thompson	1,695	1,298	–	–	< 0.1%	< 0.1%
Jacques Vincent	3,682	4,098	–	–	< 0.1%	< 0.1%
Felix A. Weber	2,242	440	845	990	< 0.1%	< 0.1%
Jürg Witmer	4,756	4,500	–	256	< 0.1%	< 0.1%
Total unrestricted/restricted shares	35,101	32,803	7,339	7,326	< 0.1%	< 0.1%
Pierre Landolt[2,3] (January 1 - April 24, 2012)		8,319		509	< 0.1%	< 0.1%
Rolf Watter[3] (January 1 - April 24, 2012)		2,053		2,443	< 0.1%	< 0.1%
Total shares	42,440	53,453				

	Number of unrestricted ADS		Number of restricted ADS		% voting rights	
	2012	2011	2012	2011	2012	2011
Peter Thompson	–	5,000	–	–	< 0.1%	< 0.1%
Total American Depository Shares (ADS)	–	5,000	–	–	< 0.1%	< 0.1%

1 Vinita Bali, Gunnar Brock and Michel Demaré were elected to the Board of Directors at the AGM 2012
2 According to Pierre Landolt and the Sandoz Family Foundation, of the total amounts, 7,469 shares were held by the Foundation at December 31, 2011
3 Pierre Landolt and Rolf Watter retired from the Board of Directors at the AGM 2012
* Including related parties. Related parties are spouses, parents, children living in the same household, legal entities they own or otherwise control, and any legal or natural person that acts as their fiduciary

Table 10a. Holding of shares by members of the Executive Committee* at December 31, 2012

	Vested shares			Unvested shares			Total
Members of the Executive Committee	Unrestricted	Restricted	% voting rights	Unconverted share awards	Unmatched shares	Unconverted RSU	Vested/ unvested
Michael Mack	25,811	10,744	< 0.1%	–	10,696	9,676	56,927
Alejandro Aruffo	4,043	510	< 0.1%	2,572	3,034	2,676	12,835
John Atkin	1,887	4,372	< 0.1%	–	4,324	3,842	14,425
Robert Berendes	73	305	< 0.1%	1,307	1,612	2,774	6,071
Caroline Luscombe	–	48	< 0.1%	897	897	1,633	3,475
Christoph Mäder	5,641	2,090	< 0.1%	–	2,042	2,401	12,174
Mark Peacock	19	48	< 0.1%	2,734	2,734	2,302	7,837
Davor Pisk	3,884	3,476	< 0.1%	–	3,428	2,988	13,776
John Ramsay	276	3,340	< 0.1%	–	3,292	2,907	9,815
Total Executive Committee shares	41,634	24,933	< 0.1%	7,510	32,059	31,199	137,335

* Including related parties. Related parties are spouses, parents, children living in the same household, legal entities they own or otherwise control and any legal or natural person that acts as their fiduciary

Table 10b. Holding of shares by members of the Executive Committee* at December 31, 2011

	Vested shares			Unvested shares			Total
Members of the Executive Committee	Unrestricted	Restricted	% voting rights	Unconverted share awards	Unmatched shares	Unconverted RSU	Vested/ unvested
Michael Mack	14,896	11,200	< 0.1%	–	11,146	9,679	46,921
Alejandro Aruffo	4,024	516	< 0.1%	2,764	3,226	2,171	12,701
John Atkin	12,976	4,944	< 0.1%	–	4,890	3,980	26,790
Robert Berendes	3,856	324	< 0.1%	1,473	1,778	2,849	10,280
Christoph Mäder	3,661	2,308	< 0.1%	–	2,254	2,367	10,590
Mark Peacock	24	54	< 0.1%	3,094	3,094	2,416	8,682
Davor Pisk	2,865	3,476	< 0.1%	–	3,422	2,802	12,565
John Ramsay	768	3,528	< 0.1%	–	3,474	2,812	10,582
Total Executive Committee shares	43,070	26,350	< 0.1%	7,331	33,284	29,076	139,111

* Including related parties. Related parties are spouses, parents, children living in the same household, legal entities they own or otherwise control, and any legal or natural person that acts as their fiduciary

Table 11a. Holding of options by non-executive Directors* at December 31, 2012

Year of allocation	2005	2004	2004	2003
Underlying equity	Share	ADS	Share	Share
Term (years)	10	11	11	11
Exercise period (years)	7	8	8	8
Option: share/ADS ratio	1:1	1:1	1:1	1:1
Exercise price CHF	127.38		89.30	59.70
Exercise price USD		14.53		
Vesting status		All vested		
Options held at December 31, 2012:				
Peter Thompson[1]	1,363	6,560	–	2,652
Felix A. Weber	1,615	–	2,050	–
Totals by grant year	2,978	6,560	2,050	2,652
Total options on ADS	6,560			
Total options on shares	7,680			

After 2005 no options were granted to non-executive Directors. Non-executive Directors not listed in this table do not hold any options.

1 Peter Thompson holds options over shares and ADS

* Including related parties. Related parties are spouses, parents, children living in the same household, legal entities they own or otherwise control, and any legal or natural person that acts as their fiduciary

11 Compensation, shareholding and loans continued

Table 11b. Holding of options by non-executive Directors* at December 31, 2011

Year of allocation	2005	2004	2004	2003	2002
Underlying equity	Share	ADS	Share	Share	Share
Term (years)	10	11	11	11	11
Exercise period (years)	7	8	8	8	8
Option: share /ADS ratio	1:1	1:1	1:1	1:1	1:1
Exercise price CHF	127.38		89.30	59.70	98.00
Exercise price USD		14.53			
Vesting status		All vested			
Options held at December 31, 2011:					
Pierre Landolt[1]	3,532	–	4,484	2,652	1,713
Peter Thompson[2]	1,363	6,560	–	2,652	1,713
Rolf Watter	1,682	–	–	–	–
Felix A. Weber	1,615	–	2,050	2,121	3,425
Totals by grant year	8,192	6,560	6,534	7,425	6,851
Total options on ADS	6,560				
Total options on shares	29,002				

After 2005 no options were granted to non-executive Directors. Non-executive Directors not listed in this table do not hold any options

1 According to Pierre Landolt and the Sandoz Family Foundation, all options were held by the Foundation

2 Peter Thompson holds options over shares and ADS

* Including related parties. Related parties are spouses, parents, children living in the same household, legal entities they own or otherwise control, and any legal or natural person that acts as their fiduciary

Table 12a. Holding of options by members of the Executive Committee* at December 31, 2012

Year of allocation	2012	2011	2010	2009	2008	2007	2006	2005	2004
Underlying equity	Share	Share	Share	Share	Share	Share	Share	Share	Share
Term (years)	10	10	10	10	10	10	10	10	11
Exercise period (years)	7	7	7	7	7	7	7	7	8
Option: share/ADS ratio	1:1	1:1	1:1	1:1	1:1	1:1	1:1	1:1	1:1
Exercise price CHF	300.40	308.71	283.70	233.43	301.50	226.70	185.00	127.38	89.30
Vesting status	Unvested			Vested					
Options held at December 31, 2012:									
Members of the Executive Committee									
Michael Mack	20,388	15,207	12,398	16,426	4,669	6,075	–	–	–
Alejandro Aruffo	5,709	4,128	3,440	–	–	–	–	–	–
John Atkin	7,748	6,114	5,127	–	5,292	–	–	–	–
Robert Berendes	5,546	4,586	3,589	4,790	3,362	2,369	2,959	4,138	4,048
Caroline Luscombe	2,637	1,968	1,426	–	–	–	–	–	–
Christoph Mäder	5,057	3,518	3,304	3,920	2,739	–	–	–	–
Mark Peacock	4,418	3,639	3,276	–	–	–	–	–	–
Davor Pisk	6,525	4,586	3,739	–	1,666	–	–	–	–
John Ramsay	6,117	4,491	3,798	4,506	2,431	2,453	3,059	–	–
Totals by grant year	64,145	48,237	40,097	29,642	20,159	10,897	6,018	4,138	4,048
Total unvested options	152,479								
Total vested options	74,902								
Total options on shares	227,381								

* Including related parties. Related parties are spouses, parents, children living in the same household, legal entities they own or otherwise control, and any legal or natural person that acts as their fiduciary

11. Compensation, shareholdings and loans continued

Table 12b. Holding of options by members of the Executive Committee* at December 31, 2011

Year of allocation	2011	2010	2009	2008	2007	2006	2005	2004
Underlying equity	Share	Share	Share	Share	Share	Share	Share	Share
Term (years)	10	10	10	10	10	10	10	11
Exercise period (years)	7	7	7	7	7	7	7	8
Option: share/ADS ratio	1:1	1:1	1:1	1:1	1:1	1:1	1:1	1:1
Exercise price CHF	308.71	283.70	233.43	301.50	226.70	185.00	127.38	89.30

Vesting status	Unvested			Vested				
Options held at December 31, 2011:								
Members of the Executive Committee								
Michael Mack	15,207	12,398	16,426	4,669	6,075	7,077	–	–
Alejandro Aruffo	4,128	3,440	2,381	–	–	–	–	–
John Atkin	6,114	5,127	6,843	5,292	–	–	–	–
Robert Berendes	4,586	3,589	4,790	3,362	2,369	2,959	4,138	4,048
Christoph Mäder	3,518	3,304	3,920	2,739	3,993	4,915	–	–
Mark Peacock	3,639	3,276	4,055	2,988	–	–	–	–
Davor Pisk	4,586	3,739	4,435	1,666	–	–	–	–
John Ramsay	4,491	3,798	4,506	2,431	2,453	3,059	986	–
Totals by grant year	46,269	38,671	47,356	23,147	14,890	18,010	5,124	4,048
Total unvested options	132,296							
Total vested options	65,219							
Total options on shares	197,515							

* Including related parties. Related parties are spouses, parents, children living in the same household, legal entities they own or otherwise control, and any legal or natural person that acts as their fiduciary

Contractual provisions, loans, additional benefits

The notice periods for members of the Executive Committee and the CEO are in accordance with market practice. All employment agreements with members of the Executive Committee and the CEO are subject to a notice period of 12 months. The agreements with the non-executive Directors are not subject to notice periods. Each agreement ends on expiry of the Directors' term of office. The employment agreements with members of the Executive Committee, including the CEO, and the agreements with the members of the Board of Directors, including the Chairman, do not have any change of control clauses. Neither the Executive Committee agreements nor the Board of Directors agreements contain any provisions for termination payments ("golden parachute" or "handshake" or similar arrangements) with regard to severance or other termination events. In case the Chairman is removed from office by the Board of Directors prior to expiry of his term of office, he is entitled to a payment of one-fourth of the annual fee.

Syngenta's focus on the long-term performance and growth of the Company and alignment of employee and shareholder interests is underpinned by members of the Executive Committee and other executives and senior managers receiving a large portion of their variable annual compensation in share awards, RSUs and stock options, which must be held for a full three years before vesting.

Under the rules of the plans, a minimum of 67 percent of an Executive Committee member's total variable compensation is paid in the form of equity-based awards. This percentage increases if the Executive opts to defer an additional percentage of their annual STI award. The members of the Executive Committee have substantial shareholdings accumulated over a number of years. These are disclosed in Tables 10a and 12a.

In 2012, no severance payments were made to former Directors or members of the Executive Committee, and no loans or credits were granted to active or former Directors or members of the Executive Committee, or parties related to them. In addition, at December 31, 2012, there are no such loans or credits outstanding.

In the event of fraud or serious misconduct, the Company reserves the right to dismiss with immediate effect. Furthermore the claw-back of equity-based compensation will be considered by the Compensation Committee on a case-by-case basis and will be enforced as permitted under Swiss law (or any other applicable law). If warranted, all outstanding LTI awards and DSP share awards will lapse with immediate effect.

In 2012, no guarantees, pledges, collateral, promises or other forms of liabilities were entered into with third parties to the benefit of non-executive Directors or members of the Executive Committee, or parties related to them and, at December 31, 2012, there are no such liabilities outstanding.

In 2012, no claims, receivables, or debts of non-executive Directors or members of the Executive Committee, or parties related to them, were waived or cancelled and, at December 31, 2012, no such items are outstanding.

In 2012, no compensation was paid to any active Director or member of the Executive Committee for other services provided and, at December 31, 2012, no such payment is outstanding.

Valuation and accrual principle

The "accrual basis" is applied to all elements of compensation including STI and LTI awards. These awards are disclosed in the report of the year for which they are paid. The STI and LTI awards in this 2012 report relate to performance and results in 2012, and will be paid in 2013 or later. This is in line with the accrual principle as requested by relevant guidelines. The number of equity units to be granted for 2012 will be determined after the editorial deadline of this report. As a result, while the compensation amount is known and included, the numbers of share awards, RSUs, and stock options to be issued for this amount are not determined and not included in this report.

The number of equity units that were granted for 2011 had been determined after the editorial deadline of the relevant report. For that reason, the actual numbers of share awards, RSUs and stock options awarded for 2011 are included in this 2012 report (see Tables 7 and 8).

The share awards for the incentive year 2012 granted under the DSP in 2013 will be matched in 2016 if the vesting condition is met. In this report, the same value as determined for the deferral of share awards in 2012 is used to state the value of the expected matching of share awards in 2016.

Some exceptions to the "accrual principle" apply to personal tax services, which the Company has paid for some members of the Executive Committee and the Chairman of the Board of Directors. Tax compliance services typically lag behind the year of compensation by one or more years. The amounts payable for services that relate to employment income 2012 cannot be determined at this time.

All reported amounts set out in this Compensation Report 2012 are gross values, i.e. before the deduction of applicable tax, social security contributions or any other statutory charges. When referring to benefits in kind, the benefit received is also stated at its gross value, i.e. before the deduction of applicable tax, social security or any other applicable charges. The Company's cost for social security contributions on all of these elements is stated separately.

Benefits in kind are typically reported at the value of the cost to the Company. No benefits in kind are provided which require a fair market evaluation or a theoretical value.

In Notes 2 and 24 to the Syngenta Group consolidated financial statements included in the Financial Report, the amount disclosed for equity-settled awards is the expense recognized for the period calculated in accordance with IFRS 2 "Share Based Payment". In this report, the same equity-settled awards are disclosed as the values at grant date and consequently differ. Cash-settled awards are disclosed in accordance with the year for which they are paid.

Appropriation of Available Earnings of Syngenta AG

(CHF million)	2012	2011
Available earnings:		
Balance brought forward from previous year	**2,320**	2,184
Net profit of the year	**1,623**	1,070
Total available earnings	**3,943**	3,254
Appropriation of available earnings:		
Payment of a dividend	**(885)**	(745)
Transfer to free reserves	**(200)**	(200)
Total available earnings after appropriation	**2,858**	2,309
Dividend waived for treasury shares held by the Company	**–**	11
To be carried forward on this account	**2,858**	2,320

For fiscal year 2011, the AGM approved a dividend distribution out of the available earnings, of CHF 8.00 per share. For 2012, the Board of Directors proposes to the AGM, a dividend distribution out of the available earnings, of CHF 9.50 per share. The dividend attributable to the treasury shares under the control of the Company at the date of the dividend payment will be waived, and therefore reduce the total dividend payment made, but not the amount of the dividend per share.

Report of the Statutory Auditor on the Financial Statements

To the General Meeting of

Syngenta AG, Basel
Basel, February 5, 2013

As statutory auditor, we have audited the financial statements of Syngenta AG, which comprise the income statement, balance sheet and notes (pages 84 to 105) for the year ended December 31, 2012.

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, 2012 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 (Art. 728 Code of Obligations (CO) and Art. 11 AOA) and that there are no circumstances incompatible with our independence.

In accordance with article 728a paragraph 1 item 3 CO and Swiss Auditing Standard 890, we confirm that an internal control system exists, which has been designed for the preparation of financial statements according to the instructions of the Board of Directors.

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

Ernst & Young AG

/s/ Nigel Jones
Licensed audit expert
(Auditor in charge)

/s/ Stuart A. Reid
Licensed audit expert

Cautionary Statement Regarding Forward-Looking Statements

This Financial Report contains forward-looking statements, which can be identified by terminology such as “expect”, “would”, “will”, “potential”, “plans”, “prospects”, “estimated”, “aiming”, “on track”, and similar expressions. Such statements may be subject to risks and uncertainties that could cause actual results to differ materially from these statements.

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

For the business year 2012, Syngenta has published three reports: Annual Review (incorporating the Corporate Responsibility Report), Financial Report, and the Corporate Governance Report and Compensation Report.

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

All documents are originally published in English.

The Annual Review 2012 and the Corporate Governance Report and Compensation Report 2012 are also available in German.

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

Media Relations
T +41 61 323 2323
F +41 61 323 2424
E media.relations@syngenta.com

Share Register
T +41 58 399 6133
F +41 58 499 6193
E syngenta.aktienregister@sag.ch

Shareholder Services
T +41 61 323 9492
F +41 61 323 5461
E shareholder.services@syngenta.com

Ordering of publications
T +41 58 399 6133
E syngenta.aktienregister@sag.ch

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

USA
Investor Relations
T +1 202 737 6520
T +1 202 737 6521
E global.investor_relations@syngenta.com

Media Relations
T +1 202 628 2372
F +1 202 347 8758
E media.relations_us@syngenta.com

Contacts for ADS holders
T +1 888 253 7068 – from within the USA
T +1 201 680 6825 – from outside the USA

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

www.syngenta.com

For the business year 2012, Syngenta has published three reports: Annual Review (incorporating the Corporate Responsibility Report), Financial Report and Corporate Governance Report and Compensation Report.

All documents were originally published in English. The Annual Review 2012 and the Corporate Governance Report and Compensation Report 2012 are also available in German.

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

Editorial completion: February 2013

Design and production: Radley Yeldar, London, UK

Printing: Neidhart + Schön AG, Zurich, Switzerland

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

Article number 017003.040

Bringing plant potential to life