

SYNGENTA AG
Form 6-K
July 26, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16

OR 15d-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of July, 2017

Commission File Number: 001-15152

SYNGENTA AG

(Translation of registrant's name into English)

Schwarzwaldallee 215

4058 Basel

Switzerland

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

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Form 20-F X Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes No X

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes No X

Re: SYNGENTA AG

Disclosure: **“2017 Interim Condensed Consolidated Financial Statements of Syngenta AG”**

Herewith we are filing the Interim Condensed Consolidated Financial Statements of Syngenta AG, for the six months ended June 30, 2017. The full text is the following:

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Syngenta Group

Interim Condensed Consolidated Financial Statements

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

Condensed Consolidated Income Statement

for the six months ended June 30, (\$m, except share and per share amounts)	2017	2016
Sales	6,920	7,094
Cost of goods sold	(3,466)	(3,572)
Gross profit	3,454	3,522
Marketing and distribution	(1,075)	(1,029)
Research and development	(646)	(657)
General and administrative:		
Restructuring	(151)	(104)
Other general and administrative	(406)	(381)
Operating income	1,176	1,351
Income from associates and joint ventures	2	5
Financial expense, net	(77)	(130)
Income before taxes	1,101	1,226
Income tax expense	(174)	(160)
Net income	927	1,066
Attributable to:		
Syngenta AG shareholders	928	1,064
Non-controlling interests	(1)	2
Net income	927	1,066
Earnings per share (\$):		
Basic	10.05	11.58
Diluted	10.05	11.58
Weighted average number of shares:		
Basic	92,326,831	91,907,359
Diluted	92,350,693	91,907,359

All activities were in respect of continuing operations.

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Condensed Consolidated Statement of Comprehensive Income

For the six months ended June 30, (\$m)	2017	2016
Net income	927	1,066
Components of other comprehensive income (OCI)		
Items that will not be reclassified to profit or loss:		
Losses on equity investments at fair value through OCI	(1)	(7)
Actuarial gains/(losses) of defined benefit post-employment plans	115	(655)
Income tax relating to items that will not be reclassified to profit or loss	(27)	148
	87	(514)
Items that may be reclassified subsequently to profit or loss:		
Unrealized losses on derivatives designated as cash flow and net investment hedges and related hedging costs	(8)	(42)
Currency translation effects	299	(9)
Income tax relating to items that may be reclassified subsequently to profit or loss	5	63
	296	12
Total OCI	383	(502)
Total comprehensive income	1,310	564
Attributable to:		
Syngenta AG shareholders	1,310	562
Non-controlling interests	-	2
Total comprehensive income	1,310	564

All activities were in respect of continuing operations.

During the six months ended June 30, 2017, in respect of cash flow hedges, losses of \$25 million (2016: losses of \$58 million) were recognized in OCI and losses of \$17 million (2016: losses of \$16 million) were reclassified from OCI to profit and loss. Income tax of \$1 million was debited to OCI (2016: \$6 million credited to OCI) in respect of these movements.

Condensed Consolidated Balance Sheet

(\$m)	June 30, 2017	June 30, 2016	December 31, 2016
Assets			
Current assets:			
Cash and cash equivalents	2,682	1,960	1,284
Trade receivables	6,202	6,072	4,543
Other accounts receivable	626	705	570
Inventories	3,833	3,945	3,884
Derivative and other financial assets	393	411	500
Other current assets	356	349	386
Income taxes recoverable	250	236	189
Total current assets	14,342	13,678	11,356
Non-current assets:			
Property, plant and equipment	3,365	3,389	3,298
Intangible assets	2,956	2,993	2,863
Deferred tax assets	875	849	941
Financial and other non-current assets	457	411	440
Investments in associates and joint ventures	178	173	170
Total non-current assets	7,831	7,815	7,712
Total assets	22,173	21,493	19,068
Liabilities and equity			
Current liabilities:			
Trade accounts payable	(3,798)	(3,836)	(3,338)
Contract liabilities	(208)	-	-
Current financial debt and other financial liabilities	(3,032)	(2,509)	(1,047)
Income taxes payable	(568)	(474)	(526)
Other current liabilities	(988)	(1,118)	(1,174)
Provisions	(176)	(210)	(182)
Total current liabilities	(8,770)	(8,147)	(6,267)
Non-current liabilities:			
Financial debt and other non-current liabilities	(2,892)	(3,559)	(3,077)
Deferred tax liabilities	(633)	(595)	(610)
Provisions	(1,046)	(1,290)	(1,143)
Total non-current liabilities	(4,571)	(5,444)	(4,830)
Total liabilities	(13,341)	(13,591)	(11,097)
Shareholders' equity:			
Total shareholders' equity	(8,811)	(7,881)	(7,950)
Non-controlling interests	(21)	(21)	(21)
Total equity	(8,832)	(7,902)	(7,971)
Total liabilities and equity	(22,173)	(21,493)	(19,068)

Condensed Consolidated Cash Flow Statement

For the six months ended June 30,

(\$m)	2017	2016 (reclassified ¹)
Income before taxes	1,101	1,226
Reversal of non-cash and other reconciling items	478	575
Cash (paid)/received in respect of:		
Interest and other financial receipts	179	150
Interest and other financial payments	(208)	(233)
Income taxes	(145)	(162)
Restructuring costs	(15)	(39)
Contributions to pension plans, excluding restructuring costs	(71)	(75)
Other provisions	(13)	(36)
Share based compensation	(276)	-
Operating cash flow before change in net working capital	1,030	1,406
Change in net working capital:		
Change in inventories	195	347
Change in trade and other working capital assets	(1,629)	(1,717)
Change in trade and other working capital liabilities	551	452
Cash flow from operating activities	147	488
Additions to property, plant and equipment	(131)	(157)
Purchases of intangible assets, investments in associates and other financial assets	(63)	(65)
Proceeds from disposals of non-current assets	68	20
Proceeds from disposals of marketable securities	49	-
Acquisitions and divestments, net	(14)	60
Cash flow used for investing activities	(91)	(142)
Proceeds from increase in third party interest-bearing debt	2,019	1,838
Repayments of third party interest-bearing debt	(243)	(365)
Sales/(purchases) of treasury shares and options over own shares, net	24	33
Distributions paid to shareholders	(470)	(1,040)
Cash flow from (used for) financing activities	1,330	466
Net effect of currency translation on cash and cash equivalents	12	7
Net change in cash and cash equivalents	1,398	819
Cash and cash equivalents at the beginning of the period	1,284	1,141
Cash and cash equivalents at the end of the period	2,682	1,960

*1**see Note 9.*

Condensed Consolidated Statement of Changes in Equity

(\$m)	Attributable to Syngenta AG shareholders							Total share-holders equity	Non-control- interests	Total equity
	Par value of ordinary shares	Additional paid-in capital	Treasury shares, at cost	Fair value reserves	Cumulative translation adjustment	Retained earnings	Total			
January 1, 2016	6	3,430	(421)	(72)	(1,042)	6,500	8,401	19	8,420	
Net income						1,064	1,064	2	1,066	
OCI				(43)	48	(507)	(502)	-	(502)	
Total comprehensive income	-	-	-	(43)	48	557	562	2	564	
Share-based payments and income tax thereon			87			(129)	(42)		(42)	
Distributions paid to shareholders						(1,040)	(1,040)		(1,040)	
June 30, 2016	6	3,430	(334)	(115)	(994)	5,888	7,881	21	7,902	
January 1, 2017	6	3,416	(125)	(49)	(1,316)	6,018	7,950	21	7,971	
Net income						928	928	(1)	927	
OCI				(10)	299	93	382	1	383	
Total comprehensive income	-	-	-	(10)	299	1,021	1,310	-	1,310	
Share-based payments and income tax thereon			58			(37)	21		21	
Distributions paid to shareholders						(470)	(470)		(470)	
June 30, 2017	6	3,416	(67)	(59)	(1,017)	6,532	8,811	21	8,832	

On May 16, 2017, a special dividend of CHF 5.00 (\$5.05) per share was paid to Syngenta AG shareholders, as further disclosed in Note 4. In 2016, a dividend of CHF 11.00 (\$11.32) per share was paid to Syngenta AG shareholders in respect of 2015.

Syngenta Group

Notes to Interim Condensed Consolidated Financial Statements

Note 1: Basis of preparation

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

Basis of presentation and accounting policies: The condensed consolidated financial statements for the six months ended June 30, 2017 and 2016 incorporate the financial statements of Syngenta AG and of all of its subsidiaries (“Syngenta Group”). They have been prepared in accordance with IAS 34, “Interim Financial Reporting” and, except as disclosed in note 3 below, with the accounting policies described in Notes 2 and 29 to Syngenta’s 2016 annual consolidated financial statements. Syngenta prepared its annual consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board (IASB). The condensed consolidated financial statements were authorized for issue by the Board of Directors on July 25, 2017.

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

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimated.

Note 2: Seasonality of operations

The timing of Syngenta's sales, profit and cash flows throughout the year is significantly influenced by seasonal factors. Operating in the agriculture sector, sales of Syngenta's products principally occur before and during the growing season. Because many of Syngenta's largest markets are in the northern hemisphere, which has a spring growing season, significantly more sales occur and profit is earned during the first half of the year than in the second half. Collections of trade accounts receivable from customers in these northern hemisphere markets largely occur during the second half of the year. As a result, operating cash flow typically is significantly lower during the first half of the year than during the second half.

Note 3: Adoption of new IFRSs

Syngenta has early adopted IFRS 15 "Revenue from Contracts with Customers" with a date of initial application of January 1, 2017. IFRS 15 requires Syngenta to recognize revenue for sales of products as it transfers control over those products to customers, which generally occurs on delivery and is determined by the agreed delivery terms. This is consistent with the timing of revenue recognition in accordance with the previous standard, IAS 18. No incremental costs have been capitalized on adoption of IFRS 15 because lead times for individual orders are less than one year, costs directly attributable to obtaining contracts are already recognized as intangible assets and costs to fulfil contracts are already recognized as inventories. Syngenta has used the modified retrospective transition method, under which the effect of initially applying IFRS 15 is adjusted against the opening balance of equity at January 1, 2017. For the reasons described above, this effect is not material for Syngenta. Under this transition method, comparative information for prior periods has not been restated and continues to be reported in accordance with the previous standard, IAS 18.

IFRS 15 requires the value of third party products and services Syngenta offers as customer incentives in certain of its loyalty programs to be included in Sales and Cost of goods sold. Because Syngenta defines in contracts with the third party suppliers how customers receive these incentives, it is deemed to be supplying the third party products and services as a principal. Until January 1, 2017, Syngenta accounted for these incentives on a net basis in accordance with IAS 18, and reported Sales and Cost of goods sold included only the value of the Syngenta products supplied. Under IFRS 15, the additional amount that has been reported in Sales and Cost of goods sold for the six months ended June 30, 2017 as a result of this change in presentation was \$4 million. This change had no impact on net income.

IFRS 15 also requires contract assets and liabilities to be presented separately in the consolidated financial statements. Accordingly, Syngenta has presented the \$208 million amount of contract liabilities at June 30, 2017 on a separate balance sheet line. This amount includes \$141 million of customer payments received in advance of product delivery and \$67 million of products and services to be delivered to customers under loyalty program offers. In prior periods, the equivalent amounts are included in Trade accounts payable. Accrued liabilities to customers for product returns and rebates in respect of sales recognized up to the balance sheet date continue to be included in Trade accounts payable. Syngenta has not presented a separate line for contract assets at June 30, 2017 because all material relevant assets are presented either as Inventories or Trade receivables.

Additionally, Syngenta has adopted the following new or revised IFRSs from January 1, 2017. These IFRSs have not been early adopted and their adoption had no material impact on these condensed consolidated financial statements:

“Recognition of Deferred Tax Assets for Unrealized Losses”, amendments to IAS 12;

“Disclosure Initiative”, amendments to IAS 7;

Annual Improvements to IFRS Standards” 2014-2016 Cycle.

Note 4: Business combinations, divestments and other significant transactions

2017

Public tender offer for Syngenta AG shares by CNAC Saturn (NL) B.V. (“the Offeror”)

As of March 23, 2016, CNAC Saturn (NL) B.V. (“the Offeror”), a subsidiary of China National Chemical Corporation (ChemChina), a state-owned enterprise of the People’s Republic of China, launched public tender offers in Switzerland and in the United States to acquire all the publicly held Ordinary Shares and, in the U.S. offer, also all American Depositary Shares (ADSs) of Syngenta AG (“the ChemChina Tender Offer”) for \$465 per Ordinary Share in cash. On May 10, 2017, it was announced that, as of the end of the Main Offer Period, 76,128,826 Syngenta AG Ordinary Shares (including those represented by ADSs), corresponding to 82.23% of the voting rights, had been tendered in the ChemChina Tender Offer and that the Offer had been successful. On May 31, 2017, it was further announced that, as of the end of the Additional Acceptance Period, the definitive end result of the ChemChina Tender Offer was that the Offeror’s participation was 87,650,988 Syngenta AG Ordinary Shares (including those represented by ADSs), corresponding to 94.68% of the voting rights. Consequently, Syngenta AG’s parent company is now CNAC Saturn (NL) B.V. and its ultimate parent company is ChemChina.

Divestment of Sugar Beet seeds business

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