

**SYNGENTA EUROPE LIMITED**

**Directors' Report and Financial Statements**

For the year ended 31 December 2006

**Registered Number 4312779**



**SYNGENTA EUROPE LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**for the year ended 31 December 2006**

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**SYNGENTA EUROPE LIMITED**

**COMPANY SUMMARY**

**Directors**

Mrs A Craig	(resigned 19 February 2007)
Mr N Dempsey	(resigned 8 May 2006)
Mr D James	(appointed 8 May 2006, resigned 30 August 2006)
Mr A D Johnson	
Miss K Elce	(appointed 30 August 2006)
Mrs E Worsley	(appointed 19 February 2007)

**Secretary**

Mr M Bayliss

**Registered office**

Priestley Road  
Surrey Research Park  
Guildford  
Surrey  
GU2 7YH

**Auditors**

Ernst & Young LLP  
Apex Plaza  
Reading  
Berkshire  
RG1 1YE

## SYNGENTA EUROPE LIMITED

### DIRECTORS' REPORT for the year ended 31 December 2006

The directors of Syngenta Europe Limited submit their report together with the audited financial statements of the company for the year ended 31 December 2006

#### Principal activities

The principal activity of Syngenta Europe Limited until 31 December 2006 was supplying administrative and support services to other companies within the Syngenta Group. On 31 December 2006 the company sold this entire business and all employees transferred to the acquiring company.

#### Review of the business and future developments

The company's key financial and other performance indicators during the year were as follows

	2006 £'000	2005 £'000	Diff %
Turnover	25,205	23,151	+9
Profit / (loss) before tax	6,686	(5,788)	n/a

The profit for the year before taxation was £6.7m and included a profit of £6.4m arising on the disposal of its administrative and support services business to Syngenta Limited (see note 16). The loss of £5.8m in 2005 was largely due to a special pension contribution of £7.3m.

The results for the year are set out on page 7.

#### Dividends

The directors have recommended that no dividend be paid for the current year (2005: £nil).

#### Directors

The directors whose names appear on page 2 of this report were directors of the company during the year and remain so at the date of the report (unless stated otherwise).

#### Directors' interests

According to the register required to be kept under Section 325 of the Companies Act, no director in office at 31 December 2006 had any interest in the shares of the company or any other group company during the period, which is required to be notified to the company. For this purpose the directors are exempt from notifying the company of interests in shares in a body corporate incorporated outside Great Britain.

#### Employee involvement and employment policy

The company maintains an open management style and involves employees in both daily decisions and longer-term matters. Syngenta's policy is that there should be no discrimination against any person for any reason that is not relevant to the effective performance of their job. All judgements about people for the purposes of recruitment, development and promotion are made solely on the basis of their ability and potential in relation to the needs of the job. It is the company's policy that disabled people should have the same consideration as others for job vacancies. Depending on their skills and abilities they enjoy the same career prospects as other employees and the same scope for realising their potential.

**DIRECTORS' REPORT for the year ended 31 December 2006 (continued)**

**Elective resolutions**

Elective resolutions to dispense with the laying of accounts and reports before the company in general meeting, the holding of annual general meetings and the obligations to appoint auditors annually have been passed in August 2003 in accordance with Section 379A of the Companies Act 1985

**Disclosure of information to the auditors**

The directors who were members of the board at the time of approving the directors' report are listed on page 2. Having made enquiries of fellow directors and of the company's auditors, each of these directors confirms that

- To the best of each director's knowledge and belief, there is no information relevant to the preparation of the auditors' report of which the company's auditors are unaware, and
- Each director has taken all the steps a director might reasonably be expected to have taken to be aware of relevant audit information and to establish that the company's auditors are aware of that information

**Auditors**

Ernst & Young LLP were appointed as auditors of the company in 2003

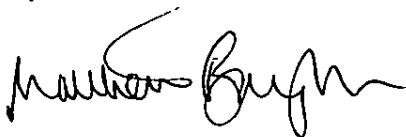
**Statement of directors' responsibilities**

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare, for each accounting period, financial statements. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (UK Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company as at the end of the accounting period and of the profit or loss for that period. The directors are required to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2006 and that applicable accounting standards have been followed.

The directors are responsible for ensuring proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for taking reasonable steps to safeguard the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



M Bayliss  
Secretary  
11 October 2007

## **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SYNGENTA EUROPE LIMITED**

We have audited the company's financial statements for the year ended 31 December 2006 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether, in our opinion, the information given in the Directors' Report is consistent with the financial statements.

In addition, we report to you, if in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

SYNGENTA EUROPE LIMITED

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF SYNGENTA EUROPE LIMITED**  
(continued)

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended,
- The financial statements have been properly prepared in accordance with the Companies Act 1985, and
- The information given in the directors' report is consistent with the financial statements

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
Apex Plaza  
Reading  
Berkshire  
RG1 1YE

*12 October 2007*

SYNGENTA EUROPE LIMITED

**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 December 2006

	Note	2006 £'000	Restated 2005 £'000
Turnover from discontinued operations	2	25,205	23,151
Special pension fund contribution	11	-	(7,328)
Other administrative expenses		(24,279)	(22,668)
Total administrative expenses from discontinued operations		(24,279)	(29,996)
Other operating income / (expense) from discontinued operations	6	(158)	(106)
Operating Profit / (loss) from discontinued operations	5	768	(6,951)
Profit on sale of discontinued operations	16	6,438	-
Net profit / (loss) from discontinued operations		7,206	(6,951)
Net interest (payable) / receivable	7	(520)	1,163
Profit / (loss) on ordinary activities before taxation		6,686	(5,788)
Tax on profit / (loss) on ordinary activities	8	75	321
Profit / (loss) on ordinary activities after taxation		6,761	(5,467)
Profit / (loss) retained for year	15	6,761	(5,467)

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
for the year ended 31 December 2006

	Note	2006 £'000	Restated 2005 £'000
Profit / (loss) for the financial year	15	6,761	(5,467)
Prior year adjustment as a result of the change in accounting policy for employee share participation plans (see Note 1)		(238)	
Total recognised gains / (losses) since the last annual report		6,523	

SYNGENTA EUROPE LIMITED

**BALANCE SHEET**  
as at 31 December 2006

	Note	2006 £'000	Restated 2005 £'000
<b>Current assets</b>			
Debtors	9	21,230	32,359
Creditors amounts falling due within one year	10	(20,259)	(38,353)
<b>Net current assets / (liabilities)</b>		<b>971</b>	<b>(5,994)</b>
Debtors amounts falling due after more than one year	9	-	2,844
<b>Total assets less current liabilities</b>		<b>971</b>	<b>(3,150)</b>
Provisions for liabilities and charges	12	-	(2,640)
<b>Net assets / (liabilities)</b>		<b>971</b>	<b>(5,790)</b>
<b>Capital and reserves</b>			
Called up share capital	13	-	-
Profit and loss account	14	971	(5,790)
<b>Shareholders' funds</b>	15	<b>971</b>	<b>(5,790)</b>

These financial statements were approved by the board of directors and were signed on its behalf on 11 October 2007 by



Mr A D Johnson  
Director

**NOTES RELATING TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006**

**1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements with one exception. The accounting policy for employee share participation plans was changed in 2006 in accordance with the requirements of FRS 20 (see below)

**Basis of accounting**

The financial statements have been prepared under the historical cost convention and applicable accounting standards. The accounting policies have been reviewed following the disposal of the company's business on 31 December 2006 and are still appropriate since the company has sufficient net assets and net current assets to meet its liabilities as they fall due. Accordingly the financial statements have been prepared on a going concern basis.

**Turnover**

Turnover is defined as the amounts (excluding value added tax) derived from the provision of services to customers.

**Pension costs and Post Retirement Healthcare costs**

The accounting policy for pensions has changed since the provision of FRS17 became mandatory for accounting periods commencing after 1 January 2005. As the company was unable to identify its share of the underlying assets of the scheme FRS17 states that the defined benefit scheme is to be accounted for as if it were a defined contribution scheme. Therefore the current policy is that contributions are charged to the profit and loss account as they become payable except those in relation to special contributions arising due to restructurings which are charged to profit on recognition of the restructuring provision.

The cost of providing post-retirement benefits other than pensions, principally healthcare, is charged to the profit and loss account on a consistent basis over the average service lives of employees. Such costs are assessed in accordance with the advice of independent qualified actuaries.

**Related party transactions**

As 100% of the company's voting rights are controlled within the group headed by Syngenta AG, the company has taken advantage of the exemption contained in FRS 8 'Related party disclosures' and has therefore not disclosed transactions or balances with entities which form part of the group headed by that company. There are no other related party transactions that require disclosure.

**Cash flow statement**

Under FRS 1 (revised) 'Cash flow statements' the company is exempt from the requirement to prepare a cash flow statement on the grounds that the ultimate holding company, Syngenta AG, includes the company in its own published consolidated financial statements. The consolidated financial statements of Syngenta AG are available from the address given in note 18.

**Foreign currencies**

Transactions denominated in foreign currencies are translated into sterling at average rates for the relevant accounting period. Assets and liabilities are translated at exchange rates prevailing at the date of the balance sheet. Exchange differences on foreign currency borrowings and deposits are included within net interest receivable. Exchange differences on all other transactions are taken to operating profit.

## NOTES RELATING TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006

**1 Accounting policies (continued)****Employee share participation plans**

The fair value of share and share option grants awarded to employees is recognised as a compensation expense over the period in which the options vest. The Company purchases shares in Syngenta AG at market prices when the options are exercised or shares transferred to employees. The fair value is re-calculated at each balance sheet date according to the conditions existing at the balance sheet date and a provision recognised. Ultimately the charge to the profit and loss account is equal to the market value of the shares acquired less any amounts payable by the employee under the terms of the share participation plan.

Prior year costs have been restated in accordance with FRS 20. In addition, prior year assets have been restated in recognition that it has been agreed that certain of the costs, when incurred, will be reimbursed by customers. The net effect on shareholders' funds at 1 January 2005 was a reduction of £132k, and on reported profit before tax in 2005 and 2006 was a reduction of £106k and £158k respectively. Prior to FRS 20, the costs associated with employee share participation plans would have been accounted for on a cash-paid basis, namely £1,134k in 2006 and £535k in 2005.

**Deferred taxation**

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more tax, or a right to pay less tax or to receive more tax, with the following exceptions:

provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned,

provision is made for deferred tax that would arise on remittance of the retained earnings of overseas subsidiaries, associates and joint ventures only to the extent that, at the balance sheet date, dividends have been accrued as receivable,

deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted,

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the period in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

**2 Segmentation information**

The company's turnover is all from discontinued activities and is split between the following geographical markets:

	2006 £'000	2005 £'000
United Kingdom	2,758	2,533
Switzerland	22,447	20,618
<b>Total</b>	<b>25,205</b>	<b>23,151</b>

## NOTES RELATING TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006

**3 Directors emoluments**

The total emoluments paid to directors of the company in the period for qualifying services, net of pension contributions, were £304,480 (2005 £342,803) Company contributions to money purchase pension schemes were £2,796 (2005 £1,622)

The emoluments, net of pension contributions, of the highest paid director were £101,343 (2005 £165,555)  
The accrued retirement benefit of the highest paid director at 31 December 2006 was £19,036 (2005 £61,404)

At 31 December 2006 three (2005 three) of the directors were accruing benefits under the company's defined benefit scheme

**4 Employee information**

The average number of persons employed by the company (including directors) during the period was

	2006 Number	2005 Number
Global Supply	78	93
Marketing, Selling and Distribution	1	1
General and Administration	94	105
<b>Total</b>	<b>173</b>	<b>199</b>

All employees transferred to Syngenta Limited on 31 December 2006 (see note 16)

The aggregate payroll costs of these persons were as follows

	2006 £'000	Restated 2005 £'000
Salaries	8,478	9,592
Social security costs	757	909
Pension costs (see Note 11)	2,217	9,720
Employee share scheme plans (see note 17)	1,395	1,049
Other employment costs	871	402
<b>Total</b>	<b>13,718</b>	<b>21,672</b>

The employee share scheme plan costs are the accrued costs relating to transactions accounted for as cash settled transactions as defined by FRS20

**5 Operating profit / (loss)**

Operating profit / (loss) is stated after charging

	2006 £'000	2005 £'000
Auditors' remuneration – audit services	-	-
Special pension fund contribution (see Note 11)	-	7,328
Severance provision and related pension cost	2,375	47

The auditors' remuneration was borne by a group company

## NOTES RELATING TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006

## 6 Other operating income / (expense)

	2006	Restated 2005
	£'000	£'000
Accrued income	1,237	943
Accrued share based payments to employees	(1,395)	(1,049)
	(158)	(106)

The accrued income relates to the future reimbursement of accrued share based payments to employees

## 7 Interest (payable)/receivable and similar income

	2006	2005
	£'000	£'000
Interest (payable)/receivable from group companies	(520)	1,163
<b>Total</b>	<b>(520)</b>	<b>1,163</b>

## 8 Taxation

## a) Analysis of charge / (credit) in the year

	2006	Restated 2005
	£'000	£'000
<b>Current tax</b>	-	-
<b>Deferred tax (see note below)</b>		
Current year charge / (credit)	(75)	51
Adjustment in respect of previous year	-	(372)
	(75)	(321)
<b>Tax on profit / (loss) on ordinary activities</b>	<b>(75)</b>	<b>(321)</b>

## b) Factors affecting the tax charge for the current year

The current tax charge for the year is (lower / higher) than the standard rate of corporation tax in the UK (30%, 2005 30%) The differences are explained below

	2006	Restated 2005
	£'000	£'000
Profit on ordinary activities before tax	6,686	(5,788)
Notional charge at UK Corporation Tax rate of 30% (2005 30%)	2,006	(1,736)
Effects of		
Expenses not deductible for tax purposes	(1,932)	151
Timing differences	(297)	1165
Group relief surrendered for nil consideration	223	420
<b>Total current tax charge (see above)</b>	<b>-</b>	<b>-</b>

## NOTES RELATING TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006

## 8 Taxation (continued)

## c) Deferred taxation asset

The amount of deferred tax provided in the financial statements is analysed as

	2006	Restated 2005
	£'000	£'000
Timing differences	-	(1,233)
<b>Total deferred tax asset</b>	<b>-</b>	<b>(1,233)</b>

The amount of deferred tax not provided in the financial statements is analysed as

	2006	Restated 2005
	£'000	£'000
Timing differences	-	(1,216)
<b>Total deferred tax asset not provided</b>	<b>-</b>	<b>(1,216)</b>

The rate of corporation tax will change from 30% to 28% with effect from 1 April 2008

## 9 Debtors

	2006	Restated 2005
	£'000	£'000
<b>Amounts falling due within one year</b>		
Inter-company trading balances	21,230	26,831
Other amounts owed by group companies	-	5,528
	<b>21,230</b>	<b>32,359</b>

	2006	Restated 2005
	£'000	£'000
<b>Amounts falling due after more than one year</b>		
Deferred tax	-	1,233
Accrued Income	-	1,611
	<b>-</b>	<b>2,844</b>

## 10 Creditors amounts falling due within one year

	2006	Restated 2005
	£'000	£'000
Inter-company trading balances	9,563	23,585
Amounts owed to group companies	10,696	14,768
	<b>20,259</b>	<b>38,353</b>

**NOTES RELATING TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006**  
(continued)

**11 Pensions**

Syngenta Europe Limited participated in a funded pension scheme, the Syngenta UK Pension Fund (administered by a separate Trustee) covering the majority of employees in either a defined contribution section (where the level of company contribution is fixed at a percentage of employees' pay) or a defined benefit section (where the benefits are based on employees' years of service and final pensionable pay). The pension contributions are determined with the advice of an independent qualified actuary. All pension obligations were transferred to Syngenta Limited on 31 December 2006 (see note 16).

The Fund covers several Syngenta UK companies. It is not possible to identify the company's share of the underlying assets in the Fund on a consistent and reasonable basis.

Full details relating to the financial position of the Syngenta UK Pension Fund and the assumptions made are set out in the financial statements of Syngenta Limited.

FRS 17 'Retirement benefits' was fully adopted in 2005. The company was unable to identify its share of the underlying assets of the scheme and consequently the defined benefit scheme has been accounted for as if it were a defined contribution scheme.

The total pension charge for the company was £2,217k (2005 £9,720k). The charge in 2005 included a special contribution of £7,328k.

In line with most other pension funds, the Syngenta UK Pension Fund (SUKPF) has been affected by the impact of low interest rates, the price of annuities and increased life expectancy. For accounting purposes, using the prescribed assumptions of FRS 17, it was estimated that at 31 December 2006 the present value of liabilities was £1,190m (2005 £1,085m) and the market value of assets was £1,134m (2005 £1,003m), resulting in a deficit of £56m (2005 £82m). Several actions have been taken to alleviate the position, including the Syngenta UK group companies that participate in the SUKPF making a special payment to the SUKPF of £116m (\$200m) in December 2005 (the company share being £7,328k), the defined benefit section being closed for new members and following the 31 March 2003 valuation additional contributions of £14.5m per annum are being paid into the fund with effect from January 2004.

**Post-retirement healthcare costs**

The cost of post-retirement healthcare benefits for 2006 was £30k (2005 £31k). There is no provision for benefit obligations at 31 December 2006 as all obligations were transferred to Syngenta Limited on 31 December 2006 (2005 £424k). Other than this provision there were no plan assets at 31 December 2006. The future costs of post-retirement healthcare are assessed in accordance with the advice of independent qualified actuaries and are based on an average discount rate of 5.1% (2005 4.8%) and a weighted average assumed healthcare inflation of 4.6% (2005 4.3%).

**12 Provisions for liabilities and charges**

	Restated Share Scheme		Post-retirement Healthcare costs	Restated Total
	Plan	Employee Costs		
	2006	2006	2006	2006
	£'000	£'000	£'000	£'000
At beginning of year	1,753	463	424	2,640
Amounts provided during the year	1,395	2,375	30	3,800
Amounts utilised during the year	(1,134)	(166)	(29)	(1,329)
Reduction due to disposal of business	(2,014)	(2,672)	(425)	(5,111)
<b>At end of year</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

The provision for post-retirement healthcare costs is explained in note 11 to the financial statements. The provision for employee costs included severance and related pension costs.

**NOTES RELATING TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006**  
**(continued)**

**13 Called up share capital**

	2006 £	2005 £
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid		
1 Ordinary share of £1 each	1	1

**14 Reserves**

	Profit and loss account £'000
At 1 January 2005 as previously stated	(191)
Prior year adjustment relating to FRS20 (note 1)	(132)
At 1 January 2005 as restated	(323)
Retained profit for the year (restated)	(5,467)
At 1 January 2006 as restated	(5,790)
Retained profit for the year	6,761
At 31 December 2006	971

**15 Reconciliation of movements in shareholders' funds**

	2006 £'000	Restated 2005 £'000
Profit / (loss) for the financial year (2005 including prior year adjustment of £106k)	6,761	(5,467)
Opening shareholders' funds (2005 including prior year adjustment of £132k)	(5,790)	(323)
Shareholders' funds at end of year	971	(5,790)

**NOTES RELATING TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006**  
**(continued)**

**16 Sale of business**

The company sold its business of supplying administrative and support services to Syngenta Limited for £6.7m on 31 December 2006

**Disposals**

	2006 £'000
<b>Liabilities</b>	
Employee Cost provisions	2,672
Post Retirement Health Care	425
Share Scheme provision	2,014
	<b>5,111</b>
<b>Assets</b>	
Deferred Tax	1,308
Accrued income debtor	1,819
Defined inter-company balances	2,213
	<b>5,340</b>
<b>Net assets disposed</b>	<b>229</b>
Cash consideration	6,667
<b>Profit on sale of business</b>	<b>6,438</b>

No tax liability arises on the profit on sale of business above

**17 Employee share participation plans**

Employee and management share participation plans relating to shares in the ultimate parent undertaking Syngenta AG exist as follows. All plans are accounted for as cash settled.

The company has no share participation plan obligations following the transfer of all of its employees to Syngenta Limited as part of the sale of its business on 31 December 2006.

**Syngenta Long Term Incentive Plan (Stock Options)**

In 2000, the Syngenta Long Term Incentive Plan (Stock Options) was introduced to provide selected employees of Syngenta with an opportunity to obtain the right to purchase shares of Syngenta AG. The grant of options regarding Syngenta shares is at the discretion of the Syngenta AG Compensation Committee whose members are appointed by the Board of Directors of Syngenta AG. The following table sets out share options outstanding at 31 December 2006 and 2005.

**NOTES RELATING TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006**  
 (continued)

**17 Employee Share Participation Plans (continued)**

Exercise Price CHF	Outstanding at 31 December 2006	Outstanding at 31 December 2005
98 0	-	1,182
59 7	-	12,800
89 3	-	12,400
127 4	-	5,155
185	-	-
	-	31,537

The exercise prices are equal to the weighted average share price on the Swiss Stock Exchange (SWX) for the five business days preceding the grant date, or the share price on the SWX at the grant date, as determined by the Compensation Committee, and all options were granted at an exercise price which was equal to or greater than the market price of the Syngenta shares at the grant date. Standard options vest in full and are exercisable after three years' completion of service and terminate after ten or eleven years from the grant date. Vesting can occur after less than three years in particular circumstances including redundancy and retirement. None of the options became exercisable prior to 14 November 2003. The movements in options in the period above relate to grants, forfeits and exercises, and the transfer of employees to other group undertakings.

From 2005 the Long Term Incentive Plan grant has been made 50% in options and 50% in restricted shares. Restricted share units are subject to a three year vesting period. The following table sets out the Restricted Share Units outstanding at 31st December 2006 and 2005.

Restricted Share Units	Outstanding at 31 December 2006	Outstanding at 31 December 2005
2005 LTI grant	-	1,207
2006 LTI grant	-	-
	-	1,207

**Syngenta Deferred Share Plan**

In 2002, the Syngenta Deferred Share Plan was introduced to provide selected senior executives with an opportunity to obtain shares of Syngenta AG. The plan entitles participants to defer part of their annual short-term incentive awards in favour of Syngenta shares and to receive matching shares according to the rules of the plan. The value of a deferred share and the corresponding additional share, at the time of grant, corresponds to the Syngenta share price at the time of grant 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. For the incentive year 2002 participants could voluntarily defer a part of the 2002 short-term incentive. From the incentive year 2003 the Syngenta Deferred Share Plan became fully effective and 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.

**NOTES RELATING TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006**  
(continued)

**17 Employee Share Participation Plans (continued)**

The following table sets out the matching shares that employees would be entitled to under the plan

	31 December 2006	31 December 2005
2002 incentive year grant	-	369
2003 incentive year grant	-	97
	-	<b>466</b>

**Employee Share Option Savings Plan**

In November 2002, a Share Option Savings Plan was introduced for all employees. Options are granted at an exercise price which represents a 15% discount to the market price on the Swiss Stock Exchange (SWX) before the offer. Options are exercisable over a six month period following either the third or the fifth anniversary of the grant date, depending on the choice made by the employee on applying to join the scheme, but may be exercised earlier in particular circumstances including redundancy and retirement. Vesting of options is conditional on employees remaining in service for at least three years and making monthly payments into the savings plan.

The following table sets the shadow options under this plan during 2006 and 2005

Exercise Price GBP	31 December 2006	31 December 2005
32.2	-	24,481
29.3	-	5,839
<b>Total</b>	-	<b>30,320</b>

**Share Incentive Plan (SIP)**

In May 2005, the Employee Share Option Savings Plan was replaced by a Share Incentive Purchase Plan approved by the UK tax authorities. This is available to all Syngenta UK employees. Under the plan rules, employees may subscribe to purchase Syngenta AG shares at the fair market value on a monthly basis. One additional matching share is granted for every three shares purchased (representing a 25% discount to market value) after three years completion of service. The matching shares are purchased by the company as soon as the employee purchases an additional three shares. The original purchased shares are not subject to a blocking period. The maximum subscription amount per employee is £1,500 per year.

**Compensation Expense**

The compensation expense charge in the income statement is measured indirectly by reference to the fair value of the equity instruments granted, any movement in the fair value during the year and the value of equity investments purchased less any amounts payable by the employees.

(GBP £'000)	2006	2005
Long-Term Incentive Plan and Deferred Share Plan	600	491
Employee Share Option Savings Plan	773	541
Share Incentive Plan	22	17
<b>Total</b>	<b>1,395</b>	<b>1,049</b>

The value of the provision for employee share participation plans was £nil (2005: £1,753) (see note 12).

**NOTES RELATING TO THE FINANCIAL STATEMENTS for the year ended 31 December 2006**  
(continued)

**17 Employee Share Participation Plans (continued)**

**Share Option Valuation Assumptions**

The fair value of options granted was measured using the Black-Scholes-Merton method. 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:

(GBP £'000)	2006	2005
Dividend Yield	2.3%	2.3%
Volatility	22.8%	24.8%
Risk-free interest rate	4.9 to 5.1%	4.0 to 4.2%
Expected life		
- Long term Incentive Plan	7 years	7 years
- Employee Share Option Savings Plan	-	-
Balance sheet date stock price	£94	£72

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 2006 was based on the 60 month historical volatility of Syngenta AG shares on the Swiss Exchange.

**18 Ultimate holding company**

The immediate parent company is Syngenta Holdings Limited, incorporated in the UK. The ultimate controlling party is Syngenta AG, a company incorporated in Switzerland.

The directors regard Syngenta AG as the group's ultimate parent undertaking and controlling party. Syngenta AG is also the parent of the largest group for which consolidated financial statements that include the results of Syngenta Europe Limited are prepared. Copies of the group consolidated financial statements can be obtained from Syngenta AG, Werk Rosental, Schwarzwaldallee 215, CH-4058 Basel, Switzerland.