

SYNGENTA EUROPE LIMITED

(Formerly Syngenta Services Limited)

**Directors' Report and Financial Statements
Year ended 31 December 2003**

Registered Number: 4312779



SYNGENTA EUROPE LIMITED
(Formerly Syngenta Services Limited)

Directors' Report and Financial Statements

for the year ended 31 December 2003

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SYNGENTA EUROPE LIMITED
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COMPANY SUMMARY

Directors

Mr P A J Smits	(appointed 29 October 2001, resigned 19 December 2003)
Mr N Dempsey	
Mr C G J Richards	(appointed 12 July 2002, resigned 30 September 2003)
Mrs P A Collins	(appointed 9 December 2003)

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
(Formerly Syngenta Services Limited)

Directors' report for the year ended 31 December 2003

The directors of Syngenta Europe Ltd submit their report together with the audited financial statements of the company for the year ended 31st December 2003.

Principal activities

The principal activity of Syngenta Europe Ltd is supplying administrative and support services to other companies within the Syngenta Group, including the performance of the headquarters function at the European Regional Centre. Previously all such services were provided by Syngenta Limited.

Review of the business and future developments

The company was incorporated on 29th October 2001 as Syngenta Services Limited and on 12th March 2002, the company changed its name to Syngenta Europe Limited. Trading did not commence in the first reporting period until 1st May 2002.

The result for the year is set out on page 6.

A review was undertaken of the services provided by the company to its customers and as a result restructuring provisions of £2,978k were charged to the profit and loss account during the year of which the relevant amounts have been recharged to the appropriate Swiss affiliates. In 2004, following a further review some services, previously provided by the company, will be transferred to a Swiss affiliate company.

The directors expect that the level of business achieved by the company in the year will continue subject to the aforementioned services transfer.

Dividends

The directors have recommended that no dividend be paid for the current year (2002: £nil).

Directors

The directors whose names appear on page 2 of this report were directors of the company that served during the year.

Directors' interests

According to the register required to be kept under Section 325 of the Companies Act, no director in office at 31 December 2003 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.

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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.

Auditors

Ernst & Young LLP were appointed as auditors of the company during the previous period.

Statement of directors' responsibilities

The directors are required by UK company law to prepare, for each accounting period, financial statements which 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 2003 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

12.07.04

SYNGENTA EUROPE LIMITED
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Independent auditors' report to the members of Syngenta Europe Limited

We have audited the company's financial statements for the year ended 31 December 2003 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses, Reconciliation of Shareholders' Funds and the related notes 1 to 15. These financial statements have been prepared on the basis of 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 United Kingdom Auditing Standards 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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

19 July 2004

SYNGENTA EUROPE LIMITED
(Formerly Syngenta Services Limited)

Profit and loss account

	Note	12 months ended 31 Dec 2003 £'000	14 months ended 31 Dec 2002 £'000
Turnover	2	41,104	25,742
Administrative expenses		(40,803)	(27,526)
Profit / (loss) on ordinary activities before taxation	3	301	(1,784)
Tax on profit / (loss) on ordinary activities	6	(86)	(200)
Profit / (loss) on ordinary activities after taxation		215	(1,984)
Profit / (loss) retained for the year / period	13	215	(1,984)

Statement of total recognised gains and losses for the year ended 31 December 2003

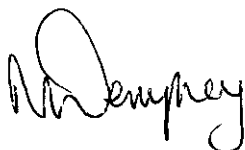
The company has no recognised gains and losses other than those included in the profit and loss account above.

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Balance sheet as at 31 December 2003

	Note	2003 £'000	2002 £'000
Current assets			
Debtors	7	66,846	25,742
Creditors : amounts falling due within one year	8	(68,034)	(29,700)
Net current liabilities		(1,188)	(3,958)
Debtors due after more than one year	9	2,690	2,774
Total assets less current liabilities		1,502	(1,184)
Provisions for liabilities and charges	10	(3,271)	(800)
Net liabilities		(1,769)	(1,984)
Capital and reserves			
Called up share capital	11	-	-
Profit and loss account	12	(1,769)	(1,984)
Shareholders' funds – equity interests	13	(1,769)	(1,984)

These financial statements were approved by the board of directors and were signed on its behalf on 9th July 2004 by:



Mr N Dempsey
Director

SYNGENTA EUROPE LIMITED
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Notes relating to the financial statements for the year ended 31 December 2003

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.

Fundamental accounting concept

The financial statements have been prepared on a going concern basis, the validity of which depends on the continued support of the Syngenta Holdings group. The company has received a letter of support from Syngenta Holdings Limited confirming this support.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 1985 and applicable accounting standards.

Turnover

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

Pension costs

The pension cost relating to UK retirement plans is assessed in accordance with the advice of independent qualified actuaries. The amounts so determined include the regular cost of providing the benefits under the plans, which it is intended should remain a level percentage of current and expected future earnings of the employees covered under the plans. Variations from the regular pension cost are spread on a systematic basis over the estimated average remaining service lives of current employees in the plans except where there has been a significant reduction in employee numbers following announced restructurings. In this instance the associated pension cost is charged to the profit and loss account immediately.

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 disclosures

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 Financial Reporting Standard 8 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 disclosures.

Cash flow statement

Under Financial Reporting Standard 1 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 15.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at rates ruling at the date of transactions for the relevant accounting periods. Assets and liabilities are translated at exchange rates prevailing at the date of the balance sheet.

Deferred taxation

Provision is made for deferred tax liabilities and assets, using full provision accounting, otherwise known as the incremental liability method, when an event has taken place by the balance sheet date which gives rise to an increased or reduced tax liability in the future in accordance with FRS19. Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

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2. Segment information

The company's turnover is split between the following geographical markets:

	12 months ended 31 Dec 2003 £'000	14 months ended 31 Dec 2002 £'000
United Kingdom	3,299	60
Switzerland	37,805	25,682
Total	41,104	25,742

3. Profit / (loss) on ordinary activities before taxation

Profit / (loss) on ordinary activities before taxation is stated after charging:

	12 months ended 31 Dec 2003 £'000	14 months ended 31 Dec 2002 £'000
Auditors' remuneration – audit services	3	1
Post-retirement healthcare	(193)	600
Severance provision and related pension cost (see note 10)	2,978	-

The post-retirement healthcare credit of £193k for 2003 relates to normal benefit costs of £40k and a one-off credit to profit of £233k due to a change in the method of allocating the provision between Group companies. In 2002 the charge of £600k includes a one off charge relating to liabilities assumed from Syngenta Ltd on the transfer of employees on 1st May 2002.

4. Emoluments of directors

The total emoluments paid to directors of the company in the period for qualifying services, net of pension contributions, were £410,549 (2002: £259,944), including compensation for loss of office of £54,000 cash consideration. Company contributions to money purchase pension schemes were £nil (2002: £nil).

The emoluments, net of pension contributions, of the highest paid director were £137,220 (2002: £93,527). The accrued retirement benefit of the highest paid director at 31 December 2003 was £50,745 (2002: £47,118).

At 31 December 2003 two (2002: two) of the directors were accruing benefits under the company's defined benefit scheme.

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5. Employee numbers and costs

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

	12 months ended 31 Dec 2003	14 months ended 31 Dec 2002
Global Supply	112	84
Marketing, Selling and Distribution	24	37
General and Administration	144	171
Total	280	292

The aggregate payroll costs of these persons were as follows:

	12 months ended 31 Dec 2003 £'000	14 months ended 31 Dec 2002 £'000
Salaries	11,968	6,882
Social security costs	1,184	688
Pension costs	2,064	1,511
Other employment costs	556	53
Total	15,772	9,134

6. Taxation

a) Analysis of charge in the year

	12 months ended 31 Dec 2003 £'000	14 months ended 31 Dec 2002 £'000
Current tax	-	-
Deferred tax (see note below)		
Current year charge	235	200
Adjustment in respect of previous year	(149)	-
Tax on profit / (loss) on ordinary activities	86	200

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Taxation continued

b) Factors affecting the tax charge for the current year

The current tax charge for the year is lower (2002: higher) than the standard rate of corporation tax in the UK (30%; 2002: 30%). The differences are explained below:

	12 months ended 31 Dec 2003 £'000	14 months ended 31 Dec 2002 £'000
Current tax reconciliation		
Profit / (loss) on ordinary activities before tax	301	(1,784)
Notional charge at UK Corporation Tax rate of 30%	90	(535)
Effects of:		
Expenses not deductible for tax purposes	9	
Accelerated capital allowances and other timing differences	(235)	(200)
Group relief surrendered for nil consideration	(13)	735
Adjustments to tax charge in respect of previous years	149	-
Total current tax charge (see above)	-	-

c) Deferred taxation provision

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

	2003 £'000	2002 £'000
Other timing differences	286	200
Total deferred tax provision	286	200

7. Debtors

	2003 £'000	2002 £'000
Inter-company trading balances	44,181	10,270
Other amounts owed by group companies	22,665	15,472
	66,846	25,742

8. Creditors: amounts falling due within one year

	2003 £'000	2002 £'000
Inter-company trading balances	64,964	27,030
Amounts owed to group companies	3,070	2,670
	68,034	29,700

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9. Debtors due after more than one year

	2003 £'000	2002 £'000
Pension prepayments	2,690	2,774
	2,690	2,774

10. Provisions for liabilities and charges

	Employee costs 2003 £'000	Post-retirement healthcare costs 2003 £'000	Deferred tax 2003 £'000	Total 2003 £'000
At beginning of year	-	600	200	800
Amounts provided during the year	2,978	40	235	3,253
Amounts utilised during the year	(393)	(7)	-	(400)
Amounts released during the year	-	(233)	-	(233)
Other movements	-	-	(149)	(149)
At end of year	2,585	400	286	3,271

The provision for post-retirement healthcare costs is explained in note 14 to the financial statements.

The provision for deferred tax is explained in note 6.

The provision for employee costs relates to the severance and related pension costs following a review of the services provided by the company to its customers. The costs will be incurred in 2004.

11. Called up share capital

	2003 £	2002 £
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

12. Reserves

	Profit and loss account 2003 £'000
At beginning of year	(1,984)
Retained profit for the year	215
At end of year	(1,769)

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13. Reconciliation of movements in shareholders' funds

	2003 £'000	2002 £'000
Profit / (loss) for the financial year / period	215	(1,984)
Share capital issued	-	-
Net addition / (deduction) to / from shareholders' funds	215	(1,984)
Opening shareholders' funds	(1,984)	-
Shareholders' funds at end of year / period	(1,769)	(1,984)

14. Pension costs and other post-retirement benefits

Pension costs

Syngenta Europe Limited participates 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 costs are determined with the advice of independent qualified actuaries. The Fund covers several Syngenta UK companies. It is not possible to identify Syngenta Europe Limited's share of the underlying assets and liabilities in the Fund on a consistent and reasonable basis.

The company has continued to account for pensions in accordance with SSAP 24.

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.

The total pension charge for the company was £2,076k (2002: £1,406k). This includes the costs of the defined contribution section that are charged to the profit and loss account immediately. In addition, the Company provided for one-off payments to the Fund in 2003 of £1,060k (2002: £nil) in relation to employees who were granted early retirement, largely due to restructuring following the review of services provided to its customers (see note 10). An amount of £2,690k (2002: £2,774k) is included in prepayments which represents the excess of the payment of contributions to the fund over the accumulated pension cost.

FRS 17 Retirement Benefits was issued in November 2000. However, full implementation will not be mandatory for the company until the year ended 31 December 2005 but transitional disclosures have been required from 31 December 2001. The company is unable to identify its share of the underlying assets and liabilities of the scheme. Consequently, the relevant detailed disclosures required by FRS 17 have been included within the financial statements of Syngenta Limited.

In line with most other pension funds, the Syngenta UK Pension Fund (SUKPF) has been affected by the impact of declining stock markets, the price of annuities and increased life expectancy. For accounting purposes, using the prescribed assumptions of the new accounting standard FRS17, it was estimated that at 31 December 2003 the present value of liabilities was £825m (2002: £762m) and the market value of assets was £704m (2002: £614m), resulting in a deficit of £121m (2002: £148m). 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 £44m in December 2002, and the defined benefit section being closed for new members.

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Post-retirement healthcare costs

The normal cost of post-retirement healthcare benefits in 2003 was £40k (2002: £600k). The 2002 charge of £600k included a one off charge relating to liabilities assumed from Syngenta Ltd on the transfer of employees on 1st May 2002. In addition, in 2003 there was a one-off credit to profit of £233k due to a change in the method of allocating the provision between Group companies. Provisions for the benefit obligations at 31 December 2003 amounted to £400k (2002: £600k) and are included in provisions for employee costs. Other than this provision there were no plan assets at 31 December 2003. 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 5.6% (2002: 5.6%) and a weighted average assumed healthcare inflation of 5.1% (2002: 5.1%).

15. 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.