Siemens Financieringsmaatschappij N.V.

Annual report 2011

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Siemens Financieringsmaatschappij N.V.

Annual Report 2011

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Financial statements

Statement of the Board of Directors

Herewith we present the financial statements of Siemens Financieringsmaatschappij N.V. as of September 30, 2011. These financial statements are prepared in accordance with the International Financial Reporting Standards as adopted by the European Union.

General

Siemens Financieringsmaatschappij N.V. ("the Company") is registered in The Hague, Prinses Beatrixlaan 800, a public company, founded on September 14, 1977 under the laws of the Netherlands and acts under its legal and commercial name Siemens Financieringsmaatschappij N.V.

The Company acts as a finance company for the benefit of Siemens AG and Siemens AG Group companies ("Associated Companies"). The Company is a 100% subsidiary of Siemens AG Berlin / Munich.

The Company forms part of the capital markets section of Financial Services which is responsible for safeguarding the Siemens Group's liquidity by establishing the necessary capital market instruments such as commercial paper, medium-term notes and long-term bonds.

Objectives

The objectives of the Company, in accordance to article 2 of the Articles of Association, are participating in, financing and managing companies, enterprises and other business undertakings, withdrawing and lending money and, in general conducting financial transactions, giving securities and doing all such further actions and taking measures as are consequential or may be conducive thereto in the broadest sense.

Strategy

The Company is the main funding party of the Associated Companies. Interest risks and foreign exchange risks are covered by hedging instruments. Credit risks are covered by agreements with Siemens AG. The needed funding is managed by borrowing from the money and capital markets by issuing loans, bonds, notes and commercial paper. The Company has no participations.

The Company will continue its activities as financing company of Associated Companies. The Company acts as part of the Siemens' Cross Sector Business Financial Services ("SFS"). Given its interrelatedness with Siemens AG, management refrains from commenting on the activity level and expected results for the near future.

Risk management

Under responsibility of the Board of Directors, systems for internal control and for the management of risks within the Company were set up, in cooperation with Siemens AG, to identify and subsequently manage the credit, interest and foreign exchange rate risks which could endanger the realization of the objectives of the Company. Interest rate risks and exchange rate risks related to loans and receivables are hedged. If the Company lends to

Associated Companies, the credit risk of these loans is in principle covered by a guarantee of Siemens AG. For this reason, a limited capital at risk agreement was entered into between the Company and Siemens AG.

Liquidity risk

Liquidity risk results from the Company's potential inability to meet its financial liabilities when they become due, at reasonable costs and in a timely manner. The Company participates as issuer in a EUR 15.0 billion Programme for the issuance of debt instruments (DIP) and in a USD 9.0 billion Global Commercial Paper Programme, both established by Siemens AG. Siemens AG unconditionally and irrevocably guarantees all debt securities of the Company.

Business Review

In November 2010 the Company received a long-term USD 0.2 billion bank loan.

Together with Siemens AG and Siemens Capital Company LLC, New York, the Company has a Debt Issuance Program under which the Company may issue medium-term notes. The maximum issuable amount under the DIP is EUR 15.0 billion. The total nominal amount outstanding under the DIP was EUR 8.9 billion as of September 30, 2011.

In the second quarter, management was informed about an error in the valuation of Debt issued leading to an overstatement of debt and an understatement of net operating income, deferred tax and equity, during the period January 2010 through December 2010. In this report, the financial statements of September 30, 2010 are restated.

In July 2011, the EUR 2.0 billion 5.75% bonds matured at face value.

In August 2011, the Company called the floating tranches of the assignable loans which will be redeemed in December 2011.

For further information see “Notes to the financial statements”.

Other items

All personnel are employed by the regional company Siemens Nederland N.V.

Management representation

Management declares that, to the best of their knowledge, the financial statements prepared in accordance with the applicable standards of IFRS as adopted by the European Union give a true and fair view of the assets, liabilities, financial position and results of the Company. The management report includes a fair review of the development and performance of the business and the position of the Company.

The Hague, November 8, 2011

On behalf of the Board of Directors

G.J.J. van der Lubbe
CEO

Corporate Governance Report

The Board of Directors is responsible for the internal control and the management of risks within the Company and for the assessment of the effectiveness of these control systems. Such control systems were set up in cooperation with Siemens AG to identify and subsequently manage the risks which could endanger the realization of the objectives of the Company.

The Siemens' Cross Sector Business Financial Services ("SFS") established a program for process management, which covers the internal controls to detect, prevent and otherwise mitigate risks. The Company has its processes integrated in this management system. All Company and generic processes are monitored by SFS on a centralized basis. The Company implemented the Siemens risk and internal control system, assuring the compliancy of the Company with applicable laws and regulations and the guidelines of Siemens AG.

The Hague, November 8, 2011

On behalf of the Board of Directors

G.J.J. van der Lubbe
CEO

Statement of the Supervisory Board

I. **Submission**

We hereby submit the Statement of the Supervisory Board for 2010/2011.

The annual accounts have been audited by Ernst & Young Accountants LLP and were provided with an unqualified auditor's opinion on November 8, 2011. The Independent Auditors' Report can be found on page 46 of the Annual Report.

The Supervisory Board approves the proposal by the Board of Directors to distribute no dividends from the result for 2010/2011 of EUR (2.5) million and to withdraw EUR 2.5 million from the Company's shareholders' equity. We recommend the General Meeting of Shareholders to adopt the annual accounts and to ratify the actions of the members of the Board of Directors.

II. **Position of Siemens Financieringsmaatschappij N.V. and significant developments**

General, targets and strategy

Siemens Financieringsmaatschappij N.V. is one of the top players in the Siemens Group in the field of funding and financing of group companies. The activities not forming part of the core business have been outsourced to specialist parts of the Siemens Group in Germany and the Netherlands. This has no effect on the responsibilities of the Board of Directors. During 2011 the strategy of outsourcing and checks thereon were discussed with the Board of Directors.

Likewise the Supervisory Board discussed the risk management strategy with the Board of Directors, as well as monitoring by the Board of Directors and of reporting of risk management to the Supervisory Board. Unambiguous agreements have been reached in this respect. The Supervisory Board has been assisted in this by Siemens Group experts.

Based on reports submitted by the Board of Directors, we discussed in detail the business transactions of major significance to the Company.

In order to examine independently the situation in the various parts of the Siemens Group that are involved in the Company's business processes, the Supervisory Board held interviews with these parts of the Group.

The Supervisory Board was able to use the information obtained when assessing the way in which internal control has been implemented by the Board of Directors.

Special developments

In February 2011 the Board of Directors and the Supervisory Board of the Company were informed about an overstatement in the valuations of debt issued by the Company, caused by an error in a manual process, causing a temporary difference in the Company's 2010 financial statements. In order to correct the financial statements, the Company issued renewed historical financial information for 2010 in accordance with IAS 8.

The Supervisory Board accepted the remediation plan concerning the valuation process as issued by the risk control department of Siemens Financial Services in April 2011.

Financing and tax planning

As a group financing company the planning of the Company's financing has been fully integrated with that of the parent company. The planning adhered to by the parent company is accepted as binding and followed by the Company.

The Board of Directors gave a presentation on the current tax risks and the Company's tax control framework in cooperation with the tax manager of the Dutch Siemens Group. The general conclusion is that the tax risk profile is low: the tax policy in the Group can be considered as conservative. The existing arrangements with the tax authorities provide sufficient facilities. The Supervisory Board has approved the Company's tax policy.

Compliance with legislation and regulations

The relevant legislation for the Company can be found in the Dutch Financial Markets Supervisory Act (WFT), and applicable laws in Luxembourg concerning stock market listing and prospectus guidelines. The Board of Directors explained the Supervisory Board how compliance with the principal legislation and regulations is ensured. The Supervisory Board did not note any shortcomings in this respect.

III. Corporate governance

In connection with the listing of bonds at the Luxembourg Stock Exchange the Company is regarded as a "Organization of Public Interest (OOB)". The Board of Directors and Supervisory Board consider themselves jointly responsible for compliance with the Dutch Corporate Governance Code. In view of the size of the Company parts III.5.4 and III.5.7 of the code concerning the audit committee and principles V2 and V4 concerning the external auditor are applicable. It was agreed that the Board of Directors is primarily responsible for compliance with the best practice provisions in the Code. The Supervisory Board supervises fulfillment of these provisions. Annually compliance with the best practice provisions is discussed with the Board of Directors. The Corporate Governance statement is included on page 5 of the Annual Report. The Supervisory Board approves the contents of this statement.

IV. Composition of Supervisory Board

The current composition of the Supervisory Board with personal details, primary and secondary functions:

H.-P. Rupprecht (1954, German nationality)
Member of the Supervisory Board since: 24-11-2000
Chairman of the Supervisory Board
Primary function: Chief Executive Officer of Siemens Treasury GmbH and Corporate Treasurer Siemens AG
Secondary function: Supervisory director of Siemens Finance B.V.

Dr. H. Bernhöft (1958, German nationality)
Member of the Supervisory Board since: 14-01-2011
Primary function: Chief Financial Officer of Siemens Treasury GmbH
Secondary function: Supervisory director of Siemens Finance B.V.

B.G. Trompert (1948, Dutch nationality)
Member of the Supervisory Board since: 01-07-2009
Function: Supervisory director of Siemens Finance B.V.

The members of the Supervisory Board are appointed by the General Meeting of Shareholders, who also fixes their number.

V. Meetings and other sessions

The Supervisory Board met three times in the reporting year. A delegation of the Supervisory Board attended the quarterly meeting of the Board of Directors with the external auditor. There are contacts each month between the Supervisory Board and Management.

VI. Committees

The size of the Company enables the Supervisory Board to operate without separate committees. A supervisory director has been appointed as a delegated supervisory director who is more specifically charged with supervision of the day-to-day situation.
Due to the size of the Company the Supervisory Board as a whole acts as Audit Committee and deals with the Company's risk management system including legal and regulatory risks.

Self-assessment by the Supervisory Board
In 2010/2011 the working of the Supervisory Board as a whole has not been assessed by an external party.
A joint assessment with the Board of Directors was discussed. The Supervisory Board aims for an appropriate combination of knowledge and experience among its members in relation to the character of the business of the Company.

Remuneration policy
When reviewing the Board of Directors' remuneration policy the standards that apply in the Siemens Group for comparable functions are applicable. The performance targets for the members of the Board of Directors are determined annually at the beginning of the year. The Supervisory Board determines whether performance conditions have been met and can adjust the pay-out of the annual cash incentive and the long-term incentive if the predetermined performance criteria were to produce an unfair result.
The Supervisory Board is of the opinion that the criteria emphasize short-term performance, as well as long-term performance, and are in line with the targets formulated.

Risks and internal risk management systems

In 2010/2011 the Supervisory Board and the Board of Directors met twice to discuss the risks associated with the strategy and the nature of the business, as well as the effectiveness of the internal risk management systems. One of these meetings was attended by the external auditor. The results were presented, and the Board of Directors drew up a risk reduction action plan for risks with a relatively high probability and major consequences. The operational and strategic risks relating to the business are described in the Statement of the Board of Directors (page 2 in the Annual Report). As regards the structure and operation of the internal risk management systems, the Supervisory Board discussed the recommendations of the internal auditor in the presence of the Board of Directors.

Financial reporting

The CFO clarified the reporting processes to the Supervisory Board. The Board of Directors informed the Supervisory Board how it monitors the quality of financial reporting. On the basis of this presentation and the reports from the external auditor, the Supervisory Board is of the opinion that the Board of Directors sufficiently meets its responsibilities in respect of the quality of financial information provided.

Consultation with the external auditor

Prior to the accounting audit the audit approach for 2010/2011 was discussed with the external auditor, including the materiality used for preparing and auditing the annual financial statements and the boundary above which the auditor’s findings are to be reported to the Supervisory Board.
Consultations were also held with the auditor about the possible consequences of an expected amendment of the international reporting standards (IFRS) as regards financial assets and liabilities. The Supervisory Board follows the developments with interest.

The Supervisory Board asked the auditor to pay extra attention in the audit to the processes covering the implementation of new software versions in the office that carries out the activities outsourced by the Company.
The Supervisory Board discussed the annual financial statements, the annual report, the audit findings and the risk management policy with the Board of Directors and the auditor. The way in which the Board of Directors handles recommendations and the ‘tone at the top’ within the business were discussed with the auditor. No aspects arose which could give rise to further actions in this area.

The independence of the auditor was assessed by the Supervisory Board in 2010/2011. It was concluded that, partly in view of the absence of non-audit services, there is no question of threats to independence. The Supervisory Board is of the opinion that the external auditor has provided the board with all relevant information to enable it to exercise its supervisory role. The auditor reported no irregularities in the reporting.

VII. Relationship to the Shareholders

Since one shareholder owns all shares and 2 of the 3 members of the Supervisory Board are employed by the shareholder sufficient safeguards are in place.

VIII. Personnel / works council

All personnel are employed by Siemens Nederland N.V. and deployed to the Company. Partly in view of the size of the business, the Company does not have its own Works Council.

IX. Special matters

No special matters arose for which approval by the Supervisory Board is required by law, the articles of association or the Corporate Governance Code.
No transactions occurred which resulted in conflicting interests of directors, supervisory directors, shareholders and/or external auditor and which were of material importance for the Company and/or the relevant directors, supervisory directors, shareholders and/or external auditor.

Our Board would like to thank the management as well as the employees of the Company for their efforts and commitment to the success of Siemens Financieringsmaatschappij N.V.

The Hague, November 8, 2011

On behalf of the Supervisory Board

H.-P. Rupprecht
Chairman

(in millions of EUR, except where otherwise stated)

Statement of Comprehensive Income

	Notes	Fiscal year ended September 30, 2011	2010
Interest income	4	1,112.3	1,146.6
Interest expenses	4	(1,145.9)	(1,147.6)
Net interest income		**(33.6)**	**(1.0)**
Fair value changes of financial instruments	5	57.2	(418.0)
Non-trading foreign exchange results	6	(27.1)	463.5
Net operating income		**(3.5)**	**44.5**
Other general expenses	7	(0.3)	(0.5)
Profit before tax		**(3.8)**	**44.0**
Income tax expense	8	1.3	(11.2)
Profit after tax		**(2.5)**	**32.8**
Other comprehensive income		-	-
Income tax relating to components of other comprehensive income		-	-
Total comprehensive income after tax		**-**	**-**
Total comprehensive income for the period attributable to equity holders		**(2.5)**	**32.8**

(in millions of EUR, except where otherwise stated)

Statement of Financial Position

		September 30,	
ASSETS	**Notes**	**2011**	**2010**
Cash and cash equivalents	9	9.0	9.5
Receivables from Associated Companies	10	15,212.9	16,857.3
Tax receivables	8	0.1	-
Derivative financial instruments	11	1,597.7	1,912.8
Other financial assets	12	244.0	276.7
Total assets		**17,063.7**	**19,056.3**

		September 30,	
LIABILITIES AND EQUITY	**Notes**	**2011**	**2010**
Liabilities			
Debt issued	13	16,499.7	18,488.6
Derivative financial instruments	11	160.4	126.4
Deferred tax liabilities	8	18.2	21.6
Other financial liabilities	14	298.1	323.9
Total liabilities		**16,976.4**	**18,960.5**
Equity attributable to equity holders			
Issued and paid in share capital	15	10.3	10.3
Share premium reserve	15	1.5	1.5
Retained earnings	15	78.0	51.2
Undistributed profit	15	(2.5)	32.8
Total equity attributable to equity holders		**87.3**	**95.8**
Total liabilities and equity		**17,063.7**	**19,056.3**

(in millions of EUR, except where otherwise stated)

Statement of Cash Flows

		Fiscal year ended September 30,	
	Note	**2011**	**2010**
Cash flows from operating activities:			
Profit before tax		(3.8)	44.0
(Increase) decrease in receivables from Associated Companies		1,644.5	(595.1)
Increase (decrease) in liabilities to Associated Companies		-	0.1
Fair value change in derivative fin. instruments w/o hedging relationship		192.5	204.1
Increase (decrease) in other financial liabilities		(25.8)	3.0
Increase (decrease) in debt		(102.5)	838.2
Income taxes paid		(2.1)	(2.1)
Income taxes received		-	0.1
Net cash provided by operating activities		**1,702.8**	**492.3**
Cash flows from financing activities:			
Proceeds from issuance of debt		151.2	-
Redemption of debt		(2,037.8)	-
Fair value change in derivative fin. instruments designated as hedge instrument		189.3	(567.2)
Proceeds from issuance of Commercial Paper		-	324.9
Repayment of Commercial Paper		-	(324.9)
Dividends paid		(6.0)	(5.0)
Net cash (used in) provided by financing activities		**(1,703.3)**	**(572.2)**
Net (decrease) increase in cash and cash equivalents		**(0.5)**	**(79.9)**
Cash and cash equivalents at beginning of fiscal year		9.5	89.4
Cash and cash equivalents at end of fiscal year	**9**	**9.0**	**9.5**

Interest paid and received	Fiscal year ended September 30,	
	2011	**2010**
Interest received	934.9	944.1
Interest paid	(1,154.3)	(1,140.4)

(in millions of EUR, except where otherwise stated)

Statement of Changes in Equity

	Issued and paid-in capital	Share premium reserve	Retained earnings	Undis-tributed profit	Total
Balance as at October 1, 2009	10.3	1.5	32.6	23.6	68.0
Appropriation of undistributed profit	-	-	18.6	(18.6)	-
Dividends	-	-	-	(5.0)	(5.0)
Total comprehensive income for the fiscal year ended September 30, 2010	-	-	-	32.8	32.8
Balance as at September 30, 2010	**10.3**	**1.5**	**51.2**	**32.8**	**95.8**
Balance as at October 1, 2010	10.3	1.5	51.2	32.8	95.8
Appropriation of undistributed profit	-	-	26.8	(26.8)	-
Dividends	-	-	-	(6.0)	(6.0)
Total comprehensive income for the fiscal year ended September 30, 2011	-	-	-	(2.5)	(2.5)
Balance as at September 30, 2011	**10.3**	**1.5**	**78.0**	**(2.5)**	**87.3**

Notes to the Financial Statements

1. Basis of presentation

Reporting entity

Siemens Financieringsmaatschappij N.V. ("the Company") is a company domiciled in the Netherlands. The address of the Company's registered office is Prinses Beatrixlaan 800, 2595 BN, The Hague, Netherlands. The Company is registered in the Commercial Register at September 14, 1977, number 27092998. The Company has chosen Luxembourg as its home member state, pursuant to the law on transparency requirements for issuers of securities. The Company acts as a finance company for the benefit of Siemens AG and Siemens AG Group companies ("Associated Companies"). Since September 28, 1992, the Company is a 100% subsidiary of Siemens AG Berlin / Munich.

The Company is primarily involved in the financing of Associated Companies.

The financial statements were authorised for issue by the Board of Directors on November 8, 2011.

Reporting standard

The accompanying Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations, as adopted by the European Union (EU). The Company applied all standards and interpretations that were effective as of October 1, 2010. The following standards and interpretations are mandatory for the first time:

- Amendment to IFRS 2 'Group cash-settled share-based payment arrangements', effective for years beginning on or after January 1, 2010. As the Company does not have share-based payments, this amendment is not relevant for the Company.
- Amendment to IAS 32 'Financial instruments: presentation – classification of rights issues', effective for years beginning on or after February 1, 2010. As the Company does not have rights issues, this amendment is no relevant for the Company.
- IFRIC 19 'Extinguishing financial liabilities with equity instruments', effective for years beginning on or after July 1, 2010. As the Company does not have financial liabilities with equity instruments, this IFRIC does not influence the financial statements of the Company.
- 2009 Improvements to IFRS, as effective for year beginning on or after January 1, 2010. These 2009 improvements are not relevant for the Company as the topics do not apply.
- 2010 Improvements to IFRS, as effective for years beginning on or after July 1, 2010. These improvements all regard to business combinations and consolidated financial statements. As the Company has no investments, these improvements are not relevant for the Company.

A number of standards, amendments to standards and interpretations is not effective for the fiscal year beginning

October 1, 2010 and has not been early adopted. The relevant (amendments to) standards and interpretations not adopted are:

- Amendment to IAS 24 ‘Related party disclosures’, effective for years beginning on or after January 1, 2011. This amendment will have minor impact on the financial statements of the Company, as the Company does not have related party relationships with government-related entities. Implementation is planned for the fiscal year, starting October 1, 2011.
- Amendment to IFRS 7 ‘Financial instruments: disclosures’, effective for years beginning on or after July 1, 2011. This amendment regards to disclosures relating to transfers of financial assets. The impact for the Company is probably minor, as the Company normally does not transfer financial assets. Implementation is planned for the fiscal year, starting October 1, 2011.
- IFRS 9 ‘Financial Instruments: classification and measurement’, effective for years beginning on or after January 1, 2013. This standard amends the classification and measurement requirements for financial assets. The impact of this standard for the Company is expected to be minor, as it will not change the classification and/or measurement of the actual financial assets of the Company. Implementation is planned for the fiscal year, starting October 1, 2013. If the proposed effective date will move to January 1, 2015, implementation will be moved to the fiscal year starting October 1, 2015.
- 2010 Improvements to IFRS, as effective for years beginning on or after January 1, 2011. The improvement regarding IFRS 7 Financial instruments might have an impact on the disclosures of the Company. The improvement regarding the clarification of statement of changes in equity will have a minor impact for the Company, as the Company has no other comprehensive income. Implementation is planned for the fiscal year, starting October 1, 2011.

2. Summary of significant accounting policies

Valuation principles

The financial statements have been prepared on the historical cost basis unless indicated otherwise below.

Correction of error

This historical financial information in this annual report differs from the statutory financial statements for the fiscal year ended September 30, 2010, dated December 17, 2010 and filed on December 17, 2010, for the reason of information that became known to management of the Siemens Financieringsmaatschappij N.V. subsequent to filing of the statutory financial statements for the year ended September 30, 2010. In the valuation of hedge accounting errors occurred leading to an overstatement of debt and an understatement of deferred tax and equity.

Also there is a reclassification of interest for the fiscal year ended September 30, 2010. Because of an incorrect posting of interest paid / received on interest rate swaps, both the interest income and interest expense were overstated. The net interest position was correct.

(in millions of EUR, except where otherwise stated)

As of this fiscal year, the Company presents the cash and cash equivalents as a separate item in the Statement of Financial Position. The interest accrual is excluded from the cash and cash equivalents.

The effect of the restatement on the financial statements of September 30, 2010 is as follows.

Statement of Comprehensive income	**Fiscal year ended September 30,**	
	2010 restated	**2010 prior**
Interest income	1,146.6	1,514.0
Interest expenses	(1,147.6)	(1,515.0)
Net interest income	**(1.0)**	**(1.0)**
Fair value changes of financial instruments	(418.0)	(428.7)
Non-trading foreign exchange results	463.5	463.5
Net operating income	**44.5**	**33.8**
Other general expenses	(0.5)	(0.5)
Profit before tax	**44.0**	**44.0**
Income tax expense	(11.2)	(8.5)
Profit after tax	**32.8**	**24.8**
Other comprehensive income	-	-
Income tax relating to components of other comprehensive income	-	-
Total comprehensive income after tax	-	-
Total comprehensive income for the period attributable to equity holders	**32.8**	**24.8**

Statement of Financial Position		**September 30,**	
Assets	**October 1, 2009**	**2010 restated**	**2010 prior**
Cash and cash equivalents	9.5	9.0	-
Receivables from Associated Companies	16,342.2	16,857.3	16,866.3
Derivative financial instruments	1,441.8	1,912.8	1,912.8
Tax receivables	0.1	-	-
Other financial assets	265.7	276.7	276.7
Total assets	**18,059.3**	**19,056.3**	**19,056.3**

(in millions of EUR, except where otherwise stated)

		September 30,	
Liabilities and equity	**October 1, 2009**	**2010 restated**	**2010 prior**
Liabilities			
Debt issued	17,650.5	18,488.6	18,499.3
Derivative financial instruments	7.5	126.4	126.4
Deferred tax liabilities	12.4	21.6	18.9
Other financial liabilities	320.9	323.9	323.9
Total liabilities	**17,991.3**	**18,960.5**	**18,968.5**
Equity attributable to equity holders			
Issued and paid in share capital	10.3	10.3	10.3
Share premium reserve	1.5	1.5	1.5
Retained earnings	32.6	51.2	51.2
Undistributed profit	23.6	32.8	24.8
Total equity attributable to equity holders	**68.0**	**95.8**	**87.8**
Total liabilities and equity	**18,059.3**	**19,056.3**	**19,056.3**

Associated Companies

Associated Companies are Siemens AG and its subsidiaries which are directly or indirectly controlled by Siemens AG or companies in which Siemens AG has the ability to exercise significant influence over operating and financial policies (generally through direct or indirect ownership of 20% to 50% of the voting rights).

Functional and presentational currency

These Financial Statements are presented in euro, which is the Company's functional and presentational currency. All financial information presented in euro has been rounded to the nearest million, unless otherwise stated.

Transactions in foreign currencies are initially recorded at the exchange rates prevailing at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated using period-end exchange rates. All differences are taken to the Statement of Comprehensive Income.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

(in millions of EUR, except where otherwise stated)

The exchange rates of the significant currencies used in the preparation of the Financial Statements were as follows:

		Year-end exchange rate 1 EUR quoted into currencies specified below September 30,		Annual average rate 1 EUR quoted into currencies specified below fiscal year ending	
Currency	**ISO Code**	**2011**	**2010**	**2011**	**2010**
U.S. Dollar..	USD	1.350	1.365	1.395	1.356
British Pound...	GBP	0.867	0.860	0.869	0.870

Impairment of financial assets

The carrying amount of the Company's financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset ('loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment of debt instruments may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows using the original effective interest rate. Impairment losses are recognized in the Statement of Comprehensive Income.

Since the Company's (current and non-current) receivables mainly consist of balances due from the Associated Companies, valuation / collectability of these receivables depends upon the financial position and credit worthiness of the involved companies and of the Siemens AG Group as a whole.

Income Taxes

The Company applies IAS 12, Income Taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the statement of financial position carrying amounts of existing assets and liabilities and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax laws is recognized in the Statement of Comprehensive Income unless related to items directly recognized in equity in the period the new laws are substantively enacted. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilized.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability of another entity. Financial assets mainly include cash and cash equivalents, receivables from Associated Companies and derivative financial instruments with a positive fair value. Financial liabilities mainly comprise issued notes and bonds, commercial paper and derivative financial instruments with a negative fair value.

Financial instruments are recognized on the Statement of Financial Position when the Company becomes a party to the contractual obligations of the instrument.
Initially, financial instruments are recognized at their fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of financial asset or financial liability. Subsequently, financial instruments are measured according to the category to which they are assigned.

A financial asset is derecognized when the rights to receive cash flows from the asset have expired, or if the Company has transferred its rights to receive cash flows from the asset. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled, settled or expired.

Cash and cash equivalents

The Company considers the current account and all highly liquid investments with original maturity less than three months from the date of acquisition and which are subject to insignificant risk of change in value to be cash equivalents. Cash and cash equivalents are measured at historical cost.

Receivables

Financial assets classified as receivables are measured after initial measurement at amortized cost using the effective interest method. The amortization is included in “Interest income” in the Statement of Comprehensive Income. Impairment losses are recognized using separate allowance accounts.
A receivable is derecognized when the rights to receive cash flows from the receivable have expired, or if the Company has transferred its rights to receive cash flows from the receivable.

Financial liabilities

The Company measures financial liabilities, except for derivative financial instruments, at amortized cost using the effective interest method. The amortization is included in “Interest expense” in the Statement of Comprehensive Income.
A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled, settled or expired.

Derivative instruments

Derivative financial instruments, such as foreign currency exchange contracts and interest rate swap contracts, are measured at fair value. The fair value of interest rate swap contracts is estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument. The fair value of forward foreign exchange contracts is based on forward exchange rates.

Derivative financial instruments are classified as held-for-trading unless they are designated as hedging instruments, for which hedge accounting is applied. Changes in the fair value of derivative financial instruments are recognized periodically in net income, net of applicable deferred income taxes.

The Company does not hold or issue derivative financial instruments for speculative purposes.

Hedge accounting

The Company uses derivative instruments to mitigate risks related to interest rates and foreign currency translations. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for speculative purposes.

In order to manage risks related to foreign currency translations, the Company uses cross currency swaps. The Company does not apply hedge accounting for these transactions.

In order to manage interest rate risks, the Company applies hedge accounting for transactions which meet the specified criteria. All fixed rated notes and bonds are swapped to floating to minimize the exposure of the Company to fair value changes of the notes and bonds resulting from changes in market interest rates.

At inception of the hedge relationship, the Company formally documents the relationship between the hedged item and the hedging instrument, including the nature of the risk, the objective and strategy for undertaking the hedge and the method that will be used to assess the effectiveness of the hedging relationship. Also at the inception of the hedge relationship, a formal assessment is undertaken to ensure the hedging instrument is expected to be highly effective in offsetting the designated risk in the hedged item. Hedges are formally assessed quarterly. A hedge is expected to be highly effective if the changes in fair value attributable to the hedged risk during the period for which the hedge is designated are expected to offset in a range of 80%-125%.

Fair value hedges

The carrying amount of the hedged item is adjusted by the gain or loss attributable to the hedged risk. For designated and qualifying fair value hedges, the changes in the fair values of the hedging derivatives and the hedged items are recognized in the Statement of Comprehensive Income in ‘fair value changes of financial instruments’.

For hedged items carried at amortized cost, the base adjustment is amortized such that it is fully amortized by maturity of the hedged item. The amortization is recognized in the Statement of Comprehensive Income in ‘interest expenses’.

If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. For hedged items recorded at amortized cost, the difference between the carrying value of the hedged item on termination and the face value is amortized over the remaining term of the original hedge using the effective interest method. If the hedged item is derecognized, the unamortized fair value adjustment is recognized immediately in the Statement of Comprehensive Income.

Related party transactions

The transactions of the Company comprise mainly of transactions with Associated Companies and are executed on an “at arm’s length” basis, unless indicated otherwise.
The Company did not enter into any transactions with members of the Board of Directors nor with members of the Supervisory Board.

Revenue recognition

Interest revenues are recognized and accounted for in the period to which they relate.

Cost recognition

Expenses are recognized and accounted for in the period to which they relate.

Solvency

Given the objectives of the Company, the Company is economically interrelated with the parent company, Siemens AG, Germany. In assessing the solvency and general risk profile of the Company also the solvency of Siemens AG as a whole needs to be considered. The structure and organisation of the Company are such that interest, exchange, market, credit and operational risks to the Company are strictly limited in design. Receivables from Associated Companies are priced on an “at arm’s length” basis. All issued shares – fully held by the parent company – are part of the Company’s capital management objectives.

Dividends

Dividends proposed by the Board of Directors are not recorded in the financial statements until the dividends are declared.

Cash Pool

The form of the cash pools is zero-balancing where all account balances are automatically transferred to one control account held by Siemens AG. Funds moving into these accounts create intercompany balances between the Company and Siemens AG. In the Statement of Cash Flows, these intercompany balances are included in Cash and cash equivalents under the title of ‘current account’.

Cash Flows

The Statement of Cash Flows shows how the cash and cash equivalents of the Company have changed during the course of the year as a result of cash inflows and cash outflows. Cash flows are classified into cash flows from operating, investing and financing activities.

The Company's purpose is to assist the financing of the activities conducted by the Associated Companies. The assistance is considered to be an operating activity of the Company. The cash flows from operating activities are computed using the indirect method, starting from the profit before tax of the Company. Under this method, changes in assets and liabilities relating to operating activities are adjusted for currency translation effects. In the cashflow statement the line item" Increase (decrease) of debet represents the revalutation and amortization of non cash items which are part of income. The cash flows from investing and financing activities are based on actual payments and receipts.

The accounting policies set out above have been applied consistently to all periods presented in these financial statements.

3. Management estimates and judgments

Certain accounting policies require critical accounting estimates that involve complex and subjective judgments and the use of assumptions, some of which may be for matters that are inherently uncertain and susceptible to change. Such critical accounting estimates could change from period to period and have a material impact on financial condition or results of operations. Critical accounting estimates could also involve estimates where management reasonably could have used a different estimate in the current accounting period. Although the number and complexity of management estimates and judgments are limited in these accounts, management cautions that future events often vary from forecasts and that estimates routinely require adjustment.

In assessing the possible realization of deferred tax assets, management considers to what extent it is probable that the deferred tax asset will be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable profits during the periods in which those temporary differences and tax loss carry forwards become deductible. Management considers the expected reversal of deferred tax liabilities and projected future taxable income in making this assessment. Based upon the level of historical taxable income and projections for future taxable income over the periods which the deferred tax assets are deductible, management believes it is probable the Company will realize the benefits of these deductible differences.

Fair value of financial instruments

There are three levels of fair value:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Where the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position cannot be derived from quoted prices in active markets (level 2 and 3), they are determined using valuation techniques including the discounted cash flows model. The fair values of derivative interest rate contracts (e.g. interest rate swap agreements) are estimated by discounting expected future cash flows using current market interest rates (Reuters) and yield curve over the remaining term of the instrument. The fair value of forward foreign exchange contracts is based on forward exchange rates.

The inputs to these models are taken from observable markets where possible (level 2), but where this is not feasible, a degree of judgment is required in establishing fair values (level 3). The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

See note 17 for further information.

(in millions of EUR, except where otherwise stated)

4. Interest income and expenses

Details of interest income and expenses	Fiscal year ended September 30,	
	2011	**2010**
Interest income on receivables from Associated Companies	110.6	88.2
Interest income on interest rate swaps	819.5	859.2
Interest related income [1]	182.2	199.1
Other income	-	0.1
Interest expense on financial debt [2]	(847.7)	(883.6)
Interest expense on liabilities to Associated Companies	(0.6)	(0.6)
Interest expense on interest rate swaps	(297.6)	(263.4)
Interest margin	**(33.6)**	**(1.0)**

[1] The Company applies the Siemens AG world wide policy for fixing interest rates for receivables from and liabilities to Associated Companies at arms' length prices. The Company entered into an agreement with Siemens AG limiting the capital at risk for the Company and determining the interest result for the Company. The settlement following this agreement is stated as Interest related income.

[2] The interest expense on financial debt includes the amortization of transaction cost EUR 7.5 (2010: EUR 7.6), the amortization of (dis)agio EUR 3.5 (2010: EUR 3.9) and the amortization of the market value of debt at inception EUR 4.5 (2010: EUR 6.3).

5. Fair value changes of financial Instruments

Derivatives	Fiscal year ended September 30,	
	2011	**2010**
Change in fair value of interest rate swaps	*(155.0)*	*556.0*
Change in fair value of notes and bonds	*139.6*	*(525.2)*
Ineffective portion of fair value hedges	(15.4)	30.8
Fair value changes of cross currency swaps	71.0	(449.9)
Result forward rate currency contracts	1.6	1.1
Total of changes in derivatives	**57.2**	**(418.0)**

(in millions of EUR, except where otherwise stated)

The ineffective portion of fair value hedges consists of the change in the fair values of the hedging instruments (interest rate swaps) and the change in the fair values of the hedged items (notes and bonds).

For additional disclosures on derivative financial instruments see also note 18.

6. Non-trading foreign exchange results

Currency results	**Fiscal year ended September 30,**	
	2011	**2010**
Currency result on assets	3.0	771.2
Currency result on debt	(31.5)	(307.7)
Currency result other	1.4	-
Total currency results	**(27.1)**	**463.5**

7. Other general expenses

The other general expenses mainly relate to cost from the regional company Siemens Nederland N.V. for staff, working for the Company.
The other general expenses include the costs for Ernst & Young Accountants LLP of EUR 33k (2010: EUR 33k). These costs regard completely to audit costs.

8. Income tax expense

Taxes are based on the applicable tax laws and rates, taking into account any fiscal facilities. Insofar as valuations for tax purposes differ from the principles as applied in these financial statements, and these result in deferred tax liabilities, a provision is formed for these liabilities, calculated according to the corporation tax rate applicable as at reporting date. The taxation on result comprises both taxes payable in the short term and deferred taxes, taking account of tax facilities and non-deductible costs.

(in millions of EUR, except where otherwise stated)

Income tax expense	**Fiscal year ended September 30,**	
	2011	**2010**
Current tax expense	(2.1)	(2.0)
Deferred tax expense	3.4	(9.2)
Total income tax expense	**1.3**	**(11.2)**

For fiscal years ended September 30, 2011 and 2010, the Company is subject to Dutch corporate income tax. The effective tax rate is 25.126% (2010: 25.5%).

The fiscal unity of the Company with Siemens Finance B.V. ended on April 1, 2008. Siemens Financieringsmaatschappij N.V. as head of a fiscal unity for corporate income tax remains liable for any corporate income tax debt arising from Siemens Finance B.V. related to the period ended March 31, 2008.

Income tax expense differs from the amounts computed by applying statutory Dutch income tax rates as follows:

Reconciliation of the effective tax expense	**Fiscal year ended September 30,**	
	2011	**2010**
Profit before tax	*(3.8)*	*44.0*
Income tax using corporate tax rate of 25.126% (2010: 25.5%)	1.0	(11.2)
Discount for tax payment in advance	0.1	-
Adjustment deferred tax due to change in tax rate	0.2	-
Income tax expense	**1.3**	**(11.2)**

The effective tax rate is 33.4% (2010: 25.5%).

(in millions of EUR, except where otherwise stated)

The change in the income tax receivable consists of the following:

Tax receivable (accrual)	**September 30, 2011**	**2010**
Balance at beginning of the fiscal year	-	0.1
Current income tax	(2.1)	(2.0)
Payments to tax authorities, net	2.2	1.9
Balance at the end of the fiscal year	**0.1**	**-**

The deferred tax liability regards to the temporary difference in valuation of financial instruments for tax purposes. The change in the deferred tax liability consists of the following:

Deferred tax liability	**September 30, 2011**	**2010**
Balance at beginning of the fiscal year	(21.6)	(12.4)
Change of tax rate	0.2	-
Deferred tax liability for fiscal year	3.2	(9.2)
Balance at the end of the fiscal year	**(18.2)**	**(21.6)**

Deferred tax has been computed at the statutory tax rate of 25.126% (2010: 25.5%).
The deferred tax liability is a result of temporary differences between IFRS and tax result, due to the different treatment of hedges.

(in millions of EUR, except where otherwise stated)

9. Cash and cash equivalents

Cash and cash equivalents relate completely to the current account with Siemens AG. As the Company participates in the Siemens cash pool, the balances which remain at the disposal of the Company are transferred to the Siemens cash pool on a daily basis.

Cash and cash equivalents	**September 30,**	
	2011	**2010**
Current account	9.0	9.5
Total cash and cash equivalents	**9.0**	**9.5**

For additional disclosures on receivables see also note 17.

10. Receivables from Associated Companies

Receivables from Associated Companies	**September 30,**	
	2011	**2010**
Interest receivables	2.3	1.2
Loans < 1 year	13,248.1	11,178.9
Loans > 1 year	1,962.5	5,677.2
Total receivables from Associated Companies	**15,212.9**	**16,857.3**

In fiscal years ended September 2011 and 2010 there was no amortization of receivables.

(in millions of EUR, except where otherwise stated)

11. Derivative financial instruments

The table below shows the fair values of derivative financial instruments, recorded as assets or liabilities, together with their notional amounts.

	September 30, 2011			September 30, 2010		
	Assets	**Liabilities**	**Notional Amount**	**Assets**	**Liabilities**	**Notional Amount**
Derivatives held-for-trading						
Currency swaps	-	(120.2)	2,999.3	158.5	(26.7)	4,268.0
Currency swaps	-	(40.2)	1,851.5	-	(99.7)	3,114.0
	-	(160.4)	4,850.8	158.5	(126.4)	7,382.0
Derivatives used as fair value hedges						
Interest rate swaps < 1 yr	19.0	-	2,105.4	130.1	-	3,550.0
Interest rate swaps > 1 yr	1,578.7	-	11,774.2	1,624.2	-	12,299.0
	1,597.7	-	13,548.0	1,754.3	-	15,849.0
Total derivatives	**1,597.7**	**(160.4)**	**18,398.8**	**1,912.8**	**(126.4)**	**23,231.0**

As per September 30, 2011, all interest rate swaps are designated in hedge accounting. In most interest rate swap contracts Siemens AG is the counterparty. The arrangements have been entered into to swap the fixed interest on long term debt into floating interest on short term base.
For additional disclosures on financial instruments see also note 17.

12. Other financial assets

The other financial assets comprise the net interest accrual of interest rate swap contracts with a positive fair value. The total amount is due within one year.

(in millions of EUR, except where otherwise stated)

13. Debt issued

Debt issued	**September 30,**	
	2011	**2010**
Notes and bonds < 1 year	(2,494.9)	(2,067.7)
Loans from banks < 1 year	(690.1)	-
Notes and bonds > 1 year	(12,754.0)	(15,272.9)
Loans from banks > 1 year	(560.7)	(1,148.0)
Total debt issued	**(16,499.7)**	**(18,488.6)**

Commercial Paper

On April 4, 2007 Siemens AG, Siemens Capital Company LLC and Siemens Financieringsmaatschappij N.V. established an USD 9.0 billion Global Commercial Paper Programme for the issuance of Commercial Paper. In the reporting year the Company issued no commercial papers (2010: 7) under this Programme .

As of September 30, 2011, the weighted average interest rate for loans from banks was 2.9% (2010: 3.2%) and the average weighted interest rate for notes and bonds was 5.3% (2010: 5.3%).

Debt	**September 30,**	
	2011	**2010**
Notes, bonds and loans from banks	(15,014.4)	(16,868.8)
Adjustment of carrying amount due to fair value hedge accounting	(1,531.0)	(1,651.0)
Other financial indebtedness	45.7	31.2
Therein:		
Adjustments recognized as part of the first adoption of IFRS	*-*	*(25.7)*
Unamortized portion of (dis-)agio	*17.1*	*20.6*
Unamortized portion of transaction costs	*28.6*	*36.3*
Total debt	**(16,499.7)**	**(18,488.6)**

Other financial indebtedness mainly refers to adjustments recognized under Dutch GAAP and retained for IFRS, which are carried forward and deferred over the remaining life of the related instrument.

Debt Issuance Program, previously Euro Medium-term note program

Together with Siemens AG and Siemens Capital Company LLC, the Company has agreements with financial institutions under which it may issue up to EUR 15.0 billion in medium-term notes. As of September 30, 2011 and 2010, EUR 8.9 billion and EUR 8.9 billion, respectively, in notional amounts were issued and outstanding. The outstanding amounts as of September 30, 2011 and 2010 comprise USD 0.5 billion floating rate notes due in March 2012, bearing interest of 0.15% above LIBOR and USD 0.5 billion 5,625% fixed rate notes due in March 2016 as well as EUR 1.55 billion 5.25% note due December 12, 2011, EUR 1.0 billion 5.375% note due June 11, 2014, EUR 1.6 billion 5.625% note due June 11, 2018, EUR 2.0 billion 4.125% note due February 20, 2013 and EUR 2.0 billion 5.125% note due February 20, 2017.

USD Medium Term Notes

In August 2006, the Company issued USD 5.0 billion of notes in four tranches. The outstanding amounts as of September 30, 2011 comprise USD 0.750 billion 5.5% Notes due February 16, 2012, USD 1.750 billion 5.75% Notes due October 17, 2016 and USD 1.750 billion 6.125% Notes due August 17, 2026. With respect to the floating rate notes, the Company may, on or after February 14, 2008, redeem all or some of the Notes at the early redemption amount, according to the conditions of the bond. Regarding the fixed rate notes, the Company may redeem, at any time, all or some of the notes at the early redemption amount (call) according to the terms and conditions of the bond.

Hybrid Capital Bond

In September 2006, the Company issued a subordinated Hybrid Capital Bond, which was issued in a EUR tranche of EUR 0.9 billion and a GBP tranche of GBP 0.75 billion, both with a legal final maturity on September 14, 2066 and with a call option for Siemens in 2016 or thereafter. The bonds bear a fixed interest rate (5.25% for the EUR tranche and 6.125% for the GBP tranche) until September 14, 2016, thereafter, floating rate interest according to the conditions of the bond.

Euro Bond

In June 2001, the Company issued EUR 2.0 billion 5.75% bonds, which was redeemed at face value at the maturity date, July 4, 2011.

(in millions of EUR, except where otherwise stated)

Details of the Company's notes and bonds

		September 30, 2011		September 30, 2010	
		(notional amount)	carrying amount EUR [1)]	(notional amount)	carrying amount EUR [1)]
USD LIBOR + 0.15% 2006/2012 USD Medium Term Note	USD	500.0	370.2	500.0	365.5
5.625% 2006/2016 USD Medium Term Note	USD	500.0	437.3	500.0	436.6
5.25% 2008/2011 EUR Medium Term Note	EUR	1,550.0	1,560.0	1,550.0	1,615.3
5.375% 2008/2014 EUR Medium Term Note	EUR	1,000.0	1,077.6	1,000.0	1,098.9
5.625% 2008/2018 EUR Medium Term Note	EUR	1,600.0	1,837.9	1,600.0	1,858.0
4.125% 2009/2013 EUR Medium Term Note	EUR	2,000.0	2,032.8	2,000.0	2,030.1
5.125% 2009/2017 EUR Medium Term Note	EUR	2,000.0	2,083.4	2,000.0	2,085.1
Total Medium-term notes			*9,399.2*		*9,489.5*
5.75% 2001/2011 EUR bonds	EUR	-	-	2,000.0	2,067.7
Total			-		*2,067.7*
5.5% 2006/2012 USD notes	USD	750.0	564.7	750.0	585.3
5.75% 2006/2016 USD notes	USD	1,750.0	1,554.9	1,750.0	1,547.8
6.125% 2006/2026 USD notes	USD	1,750.0	1,773.6	1,750.0	1,682.4
Total USD notes			*3,893.2*		*3,815.5*
5.25% 2006/2066 EUR bonds	EUR	900.0	975.9	900.0	983.5
6.125% 2006/2066 GBP bonds	GBP	750.0	980.6	750.0	984.4
Total Hybrid Capital Bonds			*1,956.5*		*1,967.9*
Total notes and bonds			**15,248.9**		**17,340.6**

All notes and bonds are guaranteed by Siemens AG.

[1)] includes adjustments for fair value hedge accounting – base adjustments – as well as adjustments recognized under Dutch GAAP and retained for IFRS, that are carried forward and deferred over the remaining life of the related instrument.

Assignable loans

In the third quarter of fiscal 2008, the Company obtained assignable loans. The loans, totaling EUR 1.1 billion in nominal and carrying amount as of September 30, 2011 (2010: EUR 1.1 billion), were issued in four tranches: EUR 370 floating rate notes (Euribor + 0.55%) due June 12, 2013; EUR 113.5, 5,283% notes due June 12, 2013; EUR 283.5 floating rate notes (Euribor + 0.70%) due June 12, 2015 and EUR 333, 5,435% notes due June 12, 2015. Both floating tranches were called in August 2011 and will be redeemed in December 2011.

In November 2010, the Company received a long-term USD 200 million bank loan (USD Libor + 0.675%). During the year USD 50 million was repaid by the Company. The due date of this loan is August 17, 2016.

(in millions of EUR, except where otherwise stated)

Credit facilities and loans

The Company participates in two credit facility programs of Siemens AG under which the Company may draw up to USD 9.0 billion and EUR 450 million respectively. The Company did not use this facility so far.

Details of loans from banks		**September 30, 2011**		**September 30, 2010**	
		(notional amount)	carrying amount EUR [1)]	(notional amount)	carrying amount EUR [1)]
EURIBOR + 0.55% 2008/2013 EUR notes	EUR	370.0	369.8	370.0	369.6
5.283% 2008/2013 EUR notes	EUR	113.5	119.7	113.5	122.4
EURIBOR + 0.7% 2008/2015 EUR notes	EUR	283.5	283.2	283.5	283.0
5.435% 2008/2015 EUR notes	EUR	333.0	367.0	333.0	373.0
USD LIBOR + 0.675% USD notes	USD	150.0	111.1	-	-
Total loans from banks			**1,250.8**		**1,148.0**

[1)] includes adjustments for fair value hedge accounting – base adjustments – as well as adjustments recognized under Dutch GAAP and retained for IFRS, that are carried forward and deferred over the remaining life of the related instrument.

For additional disclosures on Debt see also note 17.

14. Other financial liabilities

The total amount of other financial liabilities is due within one year.

Other financial liabilities	**September 30, 2011**	**2010**
Accrued interest notes and bonds	(298.0)	(323.9)
Miscellaneous	(0.1)	-
Total other financial liabilities	**(298.1)**	**(323.9)**

(in millions of EUR, except where otherwise stated)

15. Equity

The Company's authorized share capital is divided in 50,000 shares with a nominal value of EUR 1 thousand each, of which 10,256 shares have been issued and fully paid in. All shares are held by Siemens AG. During the fiscal year, there were no movements of shares.

The share premium reserve comprises additional paid-in capital on the issue of the shares.

Retained earnings are available for distribution upon decision of the general meeting of shareholders. The holders of the shares are entitled to execute the rights under the Netherlands Civil Code without any restrictions.

Undistributed profit comprises the profit for the actual period.

For fiscal year 2010-2011 the Board of Directors proposes to pay no dividend. Payment of any dividend is contingent upon approval by the shareholders at the Annual Shareholders' Meeting. In fiscal year 2010 - 2011 a dividend of EUR 6.0 was paid as profit distribution for the fiscal year ended September 30, 2010.

16. Commitments and contingencies

The following table presents the undiscounted amount of maximum potential future payments for each major group of guarantees:

Guarantees	**September 30,**	
	2011	**2010**
Credit guarantees	22.0	23.1
Performance guarantees	0.2	0.2
Total guarantees	**22.2**	**23.3**

Credit guarantees cover certain financial obligations of the Associated Companies and of third parties in cases where the Company is the guarantor on behalf of the contractual partner. These guarantees generally provide that in the event of default or non-payment by the primary debtor, the Company will be required to settle such financial obligations. In addition, the Company provided credit guarantees generally as credit-line guarantees with variable utilization to the Associated Companies. The maximum amount of these guarantees is subject to the outstanding balance of the credit or, in case where a credit line is subject to variable utilization, the nominal amount of the credit line. These guarantees usually have terms of between one year and five years. Any of these guarantees are guaranteed either as covering financial obligations of the Associated Companies or by means of explicit counter guarantees in case of third party guarantees on request of an Associated Company.

(in millions of EUR, except where otherwise stated)

Furthermore, the Company issued performance guarantees in respect of obligations of the Associated Companies, which include performance bonds and guarantees of advance payments in cases where Associated Companies are the general partner or are a subsidiary partner in a consortium. In the event of non-fulfillment of contractual obligations by the (consortium) partner(s), the Company will be required to pay up to an agreed-upon maximum amount. These agreements span the term of the contract, typically ranging from three months to seven years.

As of August 1, 2008 the Company discontinued the issuance of new guarantees.

17. Additional disclosures on financial instruments

This section gives a comprehensive overview of the significance of financial instruments for the Company and provides additional information on Statement of Financial Position items that contain financial instruments.
The following table presents the carrying amounts of each category of financial assets and liabilities:

Financial assets, carrying amounts	**September 30,**	
	2011	**2010**
Receivables from Associated Companies	15,221.9	16,866.8
Derivatives with a hedging relationship	1,597.7	1,754.3
Total financial assets, carrying amounts	**16,819.6**	**18,621.1**

The fair value of the receivables of EUR 15,203.2 (2010: EUR 16,840.5) approximates the carrying amount.

Financial liabilities	**September 30,**	
	2011	**2010**
Financial liabilities measured at amortized cost	(16,499.7)	(18,488.6)
Derivative financial instruments held-for-trading (currency swaps)	(160.4)	(126.4)
Total financial liabilities	**(16,660.1)**	**(18,615.0)**

(in millions of EUR, except where otherwise stated)

Financial liabilities measured at amortized cost	**September 30, 2011**		**September 30, 2010**	
	Fair value	**Carrying amount**	**Fair value**	**Carrying amount**
Notes and bonds	(15,094.8)	(15,248.9)	(17,350.3)	(17,340.6)
Loans from banks	(1,264.0)	(1,250.8)	(1,164.7)	(1,148.0)

The fair values of cash and cash equivalents, current receivables and other financial liabilities approximate their carrying amount largely due to the short-term maturities of these instruments.

The fair value of quoted notes and bonds is based on price quotations at the balance sheet date. The fair value of unquoted notes and bonds and of loans from banks is estimated by discounting future cash flows using rates currently available for debt of similar terms and remaining maturities.

Financial assets and liabilities measured at fair value are presented in the following table:

Financial assets measured at fair value	**September 30,**	
	2011	**2010**
Derivative financial instruments		
Not designated in a hedge accounting relationship	-	158.5
In connection with fair value hedges (interest rate derivatives)	1,597.7	1,754.3
Total financial assets measured at fair value	**1,597.7**	**1,912.8**

Financial liabilities measured at fair value	**September 30,**	
	2011	**2010**
Derivative financial instruments		
Not designated in a hedge accounting relationship	(160.4)	(126.4)
Total financial liabilities measured at fair value	**(160.4)**	**(126.4)**

The calculation of fair values for derivative financial instruments depends on the type of instruments:

(in millions of EUR, except where otherwise stated)

Derivative interest rate contracts

The fair values of derivative interest rate contracts (e.g. interest rate swap agreements) are calculated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument.

Derivative currency contracts

The fair value of forward foreign exchange contracts is based on forward exchange rates.

The following tables allocate the financial assets and liabilities measured at fair value to the three levels of the fair value hierarchy as per September 30, 2011 and 2010.

September 30, 2011	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value				
Derivative financial instruments	-	1,597.7	-	1,597.7
Financial liabilities measured at fair value				
Derivative financial instruments	-	(160.4)	-	(160.4)

September 30, 2010	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets measured at fair value				
Derivative financial instruments	-	1,912.8	-	1,912.8
Financial liabilities measured at fair value				
Derivative financial instruments	-	(126.4)	-	(126.4)

The levels of the fair value hierarchy and its application to our financial assets and liabilities are described below:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: 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: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

During the year, no transfers between Level 1 and Level 2 occurred.

As per September 30, 2011, no Level 3 investments are hold, the movement analysis and sensitivity analyses on Level 3 investments are not applicable.

(in millions of EUR, except where otherwise stated)

Net gains (losses) of financial instruments	**September 30,**	
	2011	**2010**
Derivative financial instruments in connection with fair value hedges	(155.0)	556.0
Notes, bonds and loans from banks	139.6	(525.2)
Derivative financial instruments not designated in a hedge accounting relationship	72.6	(448.8)
Total net gains (losses) of financial instruments	**57.2**	**(418.0)**

Net gains (losses) on derivative financial instruments in connection with fair value hedges and net losses/gains on notes, bonds and loans from banks together present the ineffective portion of fair value hedges.
Net gains (losses) on derivative financial instruments not designated in a hedge accounting relationship consist of changes in the fair value of derivative financial instruments, for which hedge accounting is not applied.

18. Derivative financial instruments and hedging activities

As part of the Company's risk management program, a variety of derivative financial instruments are used to reduce risks resulting primarily from fluctuations in foreign currency exchange rates and interest rates. For additional information on the Company's risk management strategies, including the use of derivative financial instruments to mitigate or eliminate certain of these risks, see also note 19.
The fair values of each type of derivative financial instruments are as follows:

Fair values of derivative financial instruments	**September 30, 2011**		**September 30, 2010**	
	Asset	**Liability**	**Asset**	**Liability**
Currency swaps	-	(160.4)	158.5	(126.4)
Interest rate swaps	1,597.7	-	1,754.3	-

See also note 11.

(in millions of EUR, except where otherwise stated)

Foreign currency exchange risk management

The Company manages its risks associated with fluctuations in foreign-currency denominated receivables and debt through cross currency swaps. The table below shows the foreign-currency positions of the Company before and after currency swaps:

Currency	30 September 2011 before	Currency swaps	30 September 2011 net position	30 September 2010 net position
GBP	18.0	-	18.0	-
USD	(6,548.3)	6,550.0	1.7	12.0

As the Company did not designate the cross currency swaps for cash flow hedges, the Company is not allowed to apply cash flow hedge accounting under IAS 39. Therefore, all such derivative financial instruments are recorded at fair value, either as *Other financial assets* or *Other financial liabilities*, and changes in fair values are charged to net income.

Interest rate risk management

Interest rate risk arises from the sensitivity of financial assets and liabilities to changes in market rates of interest. The Company seeks to mitigate such risk by entering into interest rate derivative financial instruments such as interest rate swaps.

Under the interest rate swap agreements outstanding during the year ended September 30, 2011, the Company agrees to pay a variable rate of interest multiplied by a notional principle amount, and receive in return an amount equal to a specified fixed rate of interest multiplied by the same notional principal amount. These interest rate swap agreements offset an impact of future changes in interest rates on the fair value of the underlying fixed-rate debt obligations. The interest rate swap contracts are reflected at fair value in the Company's Statement of Financial Position and the related portion of fixed-rate debt being hedged is reflected at an amount equal to the sum of its carrying amount plus an adjustment representing the change in fair value of the debt obligations attributable to the interest rate risk being hedged. Changes in the fair value of interest rate swap contracts and the offsetting changes in the adjusted carrying amount of the related portion of fixed-rate debt being hedged, are recognized as adjustments to the line item *'fair value changes of financial instruments'* in the Statement of Comprehensive Income. The net effect recognized in *'fair value changes of financial instruments'*, representing the ineffective portion of the hedging relationship, amounted to EUR 19.4 in the year ended September 30, 2010. Net cash receipts and payments relating to such interest rate swap agreements are recorded as interest income and interest expense in the Statement of Comprehensive Income.

The Company had interest rate swap contracts to pay variable rates of interest (average rate of 2.33% and 1.75% as of September 30, 2011 and 2010 respectively) and received fixed rates of interest (average rate of 5.28% and 5.35% as of September 30, 2011 and 2010 respectively). The notional amount of indebtedness hedged as of September 30, 2011 and 2010 was EUR 13.1 billion and EUR 15.8 billion respectively. This resulted in 100% of the Company's underlying notes and bonds being subject to variable interest rates. The notional amounts of these contracts mature at varying dates based on the maturity of the underlying hedged items. The net fair value of interest rate swap contracts (excluding accrued interest) used to hedge indebtedness as of September 30, 2011 and 2010 was EUR 1.6 billion and EUR 1.8 billion respectively.

19. Financial risk management

Foreign currency exchange rate risk

Foreign exchange rate fluctuations may create unwanted and unpredictable earnings and cash flow volatility. In order to minimize exchange rate risks the Company seeks to lend and borrow in the same functional currency. Furthermore the Company uses cross currency swaps to limit foreign exchange risks. All such derivative financial instruments are recorded at fair value on the Statement of Financial Position, either as Other financial assets or Other financial liabilities, and changes in fair values are charged to net income.

As the Company entered into an agreement with Siemens AG limiting the capital at risk for the Company and ruling the interest result (including the result out of currency exchange rates) for the Company, the sensitivity of the Company's results to changes in currency exchange rates is mitigated.

Interest rate risk

The Company's interest rate risk exposure is mainly related to fix rated notes and bonds. The Company limits this risk through the use of derivative instruments which allow it to hedge fair value changes by swapping the fixed interest rates into variable rates of interest. In cases where the Company is lending to Associated Companies with a duration that differs from the duration of the notes and bonds including the swap a mismatch could lead to an interest rate risk. The average interest rate on receivables in the year ended September 30, 2011 was 0.66% (2010: 0.51%).

Assuming historical volatilities and correlations, a ten day holding period and a confidence level of 99.5% the interest rate VaR was EUR 10.2 as of September 30, 2011. The interest rate risk results from the temporary result out of hedge packages, which is not covered by the limited capital at risk agreement with Siemens AG.

Liquidity risk

Liquidity risk results from the Company's potential inability to meet its financial liabilities when they become due, at reasonable costs and in a timely manner. The Company participates as issuer in a EUR 15.0 billion Programme for the issuance of debt instruments (EMTN) and in a USD 9.0 billion global Commercial Paper Programme, both established by Siemens AG. Siemens AG unconditionally and irrevocably guarantees all debt securities of the Company.

(in millions of EUR, except where otherwise stated)

The tables below summarize the maturity profile of the Company's financial assets and liabilities, including derivative financial instruments as of September 30, 2011 and 2010 respectively, based on undiscounted cash flows for the respective upcoming fiscal years. The amounts are including interest.

September 30, 2011	**Receivables**	**Financial Debt**	**Derivatives**	**Guarantees**
Maturing during:				
On demand	-	-	-	-
2011 – 2012	13,264.3	(3,859.6)	568.4	22.2
2012 – 2013	1,117.8	(2,690.1)	500.0	-
2013 – 2014	744.0	(1,523.7)	428.5	-
2014 – 2015	1.3	(813.5)	392.1	-
2015 – 2016	112.3	(2,700.6)	380.4	-
Thereafter	-	(7,186.6)	1,007.5	-
Total	**15,239.7**	**(18,774.1)**	**3,276.9**	**22.2**

September 30, 2010	**Receivables**	**Financial Debt**	**Derivatives**	**Guarantees**
Maturing during:				
On demand	-	-	-	-
2010 – 2011	11,182.1	(2,866.0)	583.7	20.8
2011 – 2012	1,661.1	(3,204.4)	505.5	2.5
2012 – 2013	752.2	(3,126.4)	429.8	-
2013 – 2014	734.4	(1,546.0)	367.8	-
2014 – 2015	-	(1,109.8)	330.8	-
Thereafter	-	(9,873.7)	1,220.3	-
Total	**14,329.8**	**(21,726.3)**	**3,437.9**	**23.3**

Credit risk

The Company is exposed to credit risk in connection with its significant size of loans granted to the Associated Companies. Credit risk is defined as an unexpected loss in cash and earnings if the ultimate borrower is unable to pay its obligations in due time. Valuation / collectability of these receivables depend upon the financial position and creditworthiness of the companies involved and of Siemens AG as a whole. Receivables from Associated Companies are covered by a limited capital at risk agreement between Siemens AG and the Company mitigating the credit risk for the Company. The limited capital at risk agreement between the Company and Siemens AG reduces the risk of the Company to a maximum of EUR 2 million.

The effective monitoring and controlling of credit risk is a core competency of Siemens AG's risk management system. Siemens AG has implemented a credit policy. Hence, credit evaluations and ratings are performed on al counterparties with an exposure or requiring credit beyond a centrally defined limit. Counterparty ratings, analyzed and defined by a designated Siemens AG department, and individual counterparty limits are based on generally accepted rating methodologies, the input from external rating agencies and Siemens AG's default experiences.

20. Events after reporting date

As per and since reporting date there are no events to report.

21. Claims and litigations

As per and since reporting date, the Company is not involved in any litigation matters.

22. Segment information

The Company has only a single reportable segment. The Company provides funding to Associated Companies. The main funding partners are USA treasury companies and Dutch holding companies. The USA treasury companies represent approximately 58% (2010: 67%) of the Company's loans to and receivables from Associated Companies at year end and approximately 42% (2010: 64%) of the Company's interest income from associated companies. The Dutch holding companies represent approximately 12% (2010: 11%) of the Company's loans to and receivables from Associated Companies at year end and approximately 20% (2010: 17%) of the Company's interest income from associated companies.
The needed funding is managed by borrowing from the money and capital markets by issuing loans, bonds, notes and commercial paper. Interest risks and foreign exchange risks are covered by effective hedging instruments.

23. Related parties

The Company is the main funding party of the Associated Companies and offers finance solutions mainly for general purposes of the borrower. No amount is paid by the Company or any of the Associated Companies other than in the line of business. The Company lends the proceeds of issuances of notes and bonds to related parties only. Receivables from Associated Companies are covered by a limited capital at risk agreement between Siemens AG and the Company mitigating the credit risk for the Company. The limited capital at risk agreement between the Company and Siemens AG reduces the risk of the Company to a maximum of EUR 2 million.
The following table provides information regarding loans to, deposits from and derivatives with related parties for the year ending September 30, 2011.

Receivables from Associated Companies (in millions of EUR)		**Interest received**	**Loans on September 30**
Dutch Holdings	2011	22.2	1,875.2
	2010	15.0	1,915.0
Dutch Treasury Companies	2011	40.0	4,482.6
	2010	15.9	3,689.5
UK Treasury Companies	2011	1.4	-
	2010	0.7	3.5
USA Treasury Companies	2011	46.7	8,848.6
	2010	56.7	11,227.5

Liabilities to Associated Companies (in millions of EUR)		**Interest paid**	**Deposits on September 30**
Dutch Treasury Companies	2011	-	-
	2010	0.6	-

Interest rate swaps with Associated Companies (in millions of EUR)		**Net interest**	**Fair value on September 30**
Siemens AG	2011	466.8	1,234.0

	2010	595.8	1,754.3

Currency swaps with Associated Companies (in millions of EUR)		**Fair value changes**	**Fair value on September 30**
Siemens AG	2011	70.9	(160.4)
	2010	(449.9)	32.2

The Company did not enter into any transactions with members of the Board of Directors nor with members of the Supervisory Board.

24. Remuneration Board of Directors and Supervisory Board

The members of the Supervisory Board, received a remuneration of in total EUR 20,000 (2010: EUR 5,000) for account of the Company during the reporting year. The members of the Board of Directors received no remuneration for account of the Company during the reporting year.

The Hague, November 8, 2011	The Hague, November 8, 2011
On behalf of the Supervisory Board	On behalf of the Board of Directors
H.-P. Rupprecht	G.J.J. van der Lubbe

Other Information

Independent Auditors' report

To: the Shareholders of Siemens Financieringsmaatschappij N.V.

Report on the financial statements

We have audited the accompanying financial statements for the year ended September 30, 2011 of Siemens Financieringsmaatschappij N.V., The Hague, which comprise the statement of financial position as at September 30, 2011, the statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the report of the Board of Directors in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and 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 internal control relevant to the entity's preparation and fair presentation 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, 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 give a true and fair view of the financial position of Siemens Financieringsmaatschappij N.V. as at September 30, 2011, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 part e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the report of the Management Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2: 393 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Amsterdam, November 8, 2011

Ernst & Young Accountants LLP

Signed by O.E.D. Jonker RA

Profit appropriation according to the Articles of Association

Article 19 of the articles of association reads as follows:

1. Any reserves determined by the Supervisory Board shall be made out of the profit less the annual depreciation. The remaining profit after such amounts have been reserved shall be at the disposal of the General Meeting of Shareholders to pay out dividends or for other purposes to be determined by the meeting.

2. The Company may make payments, out of the distributable profit, to shareholders and other persons entitled to such payment, only if and to the extent that the Company's authorised capital is in excess of the paid-up share of the capital plus the reserves that must be maintained by virtue of the law and these Articles of Association.

3. Payments of profit shall be made after confirmation of the annual accounts showing that such payment is permissible.

4. Upon prior approval of the Supervisory Board, the Board of Directors may resolve, prior to the confirmation of the annual accounts in any fiscal year, upon payment of one or more interim-dividend(s) based on the dividend to be expected, always provided that the provision laid down in paragraph 2 with regard to the Company's authorised capital has been satisfied, which shall appear from an interim capital report signed by the Board of Directors.

Proposal for appropriation of the result

Pursuant to article 19 of the Articles of Association, it is proposed to appropriate the results of the fiscal year 2010 - 2011 as follows:

Distribution of dividends	EUR	-
adding to (extracting from) retained earnings	EUR	(2,538,217.24)