



Annual Report

Siemens
Financieringsmaatschappij N.V.

October 1, 2017 – September 30, 2018

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Siemens Financieringsmaatschappij N.V.

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Siemens Financieringsmaatschappij N.V.

REPORT OF THE BOARD OF DIRECTORS

Report of the Board of Directors

Herewith we present the Financial Statements of Siemens Financieringsmaatschappij N.V. (the “Company” or “SFM”) as of September 30, 2018. These Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union as well as with Part 9 of Book 2 of the Dutch Civil Code.

General

Siemens Financieringsmaatschappij N.V. 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 (SAG) and Siemens AG Group companies (Affiliated Companies). The Company is a 100% subsidiary of Siemens AG Berlin / Munich. The Company forms part of the Capital Markets section of Siemens Treasury which is part of the Siemens' Division Financial Services (SFS). Capital Markets and SFM as an issuer are 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 3 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, issuing 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 a funding party of the Affiliated Companies. Interest risks and foreign exchange risks are covered by mirror deals or hedging instruments. Credit risks over €2 million are covered by an agreement with Siemens AG. Funding is found by borrowing on the money and capital markets by issuing loans, bonds, notes and commercial papers. The Company has no participations.

The Company acts as part of the Siemens' Division Financial Services (SFS). Given the objectives of the Company, the Company is economically interrelated with the ultimate holding company, Siemens AG, Germany. In the next fiscal year the Company will continue its activities as financing company for Affiliated Companies.

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. Below we describe the main risks that the Company faces.

Siemens Financieringsmaatschappij N.V.

REPORT OF THE BOARD OF DIRECTORS

Credit risk

The Company is exposed to credit risk in connection with its significant size of loans granted to the Affiliated Companies, which are located in the Netherlands and in the United States, and its derivative instruments. Credit risk is defined as an unexpected loss in financial instruments if the contractual partner is failing to discharge its obligations. Valuation and collectability of these receivables and instruments depend upon the financial position and creditworthiness of the companies involved and of Siemens AG as a whole. Receivables from Affiliated 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 covers the credit risk of the company over €2 million (Limited Capital at Risk Agreement). Expected impact of the Credit risk is considered to be low.

Interest rate risk

The Company's interest rate risk exposure is mainly related to fixed-rate notes and bonds. It arises from the sensitivity of financial assets and liabilities to changes in market rates of interest. The Company seeks to limit such risks either by lending onwards with the same structure to Affiliated Companies or by entering into interest rate derivative financial instruments such as interest rate swaps, for which hedge accounting is applied. 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'. The changes in the ineffective portion of the fair value hedge relationships can create volatility in the result of the Company. As the Company entered into an agreement with Siemens AG limiting the capital at risk for the Company and ensuring fair, arm's length interest compensation for activities performed, the sensitivity of the Company's results to changes in market interest rates is mitigated. Expected impact of the Interest rate risk is considered to be low.

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 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 and changes in fair values are charged to net income.

The U.S. dollar position is caused by loans to Affiliated Companies. Some U.S. dollar loans were financed by borrowings in euro. For these loans financed by euro debt, the Company had cross currency swaps, with Siemens AG as counterparty. During the fiscal year all of these cross currency swaps matured or were early terminated, including their loans to Affiliated Companies.

As per end of the fiscal year, the U.S. dollar position and British pound position are caused by several bonds that serve to finance several loans to Affiliated Companies in the same currency. The total of these loans covers approximately the full value of the bonds in the respective currency. Therefore, the remaining foreign currency exposure is low.

In addition to the above, the existing Limited Capital at Risk Agreement takes foreign currency results into account. The sensitivity of the Company's results to changes in currency exchange rates is mitigated and the expected impact of the foreign currency exchange rate risk is considered to be low.

Siemens Financieringsmaatschappij N.V.

REPORT OF THE BOARD OF DIRECTORS

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. As the Company participates as potential issuer in different programs unconditionally and irrevocably guaranteed by Siemens AG this risk as well as the impact are considered to be low.

Changes of regulations, laws and policies

The Affiliated Companies, which are partners of the Company in different business transactions, operate in different countries of the world are, therefore, subject to different regulations. With support of Siemens internal and external tax and legal advisors the management of the Company continuously monitors current and upcoming changes in regulations, laws and policies. Legislative changes could affect business relationships with the companies in those countries, but the impact on objectives and overall result of the company is considered to be low.

Risk and Internal control framework

The Company implemented extensive risk and internal control framework established in the Siemens Group. The company also continuously improves its risk management in alignment with Siemens Guidances and Standards. For further information see also the Corporate Governance Statement of this report.

Assessment of the overall risk situation

Our general response strategies with respect to risks are avoidance, transfer, reduction or acceptance (e.g. in case of changes in legislation) of the relevant risk. Considering these strategies, the level of risks and uncertainties that the Company is prepared to accept (Risk Appetite) is considered to be low. Siemens controlling departments regularly review the adequacy and effectiveness of our risk management system. Accordingly, if deficits are detected, it is possible to adopt appropriate measures for their elimination. At present, no risks have been identified that either individually or in combination could endanger our ability to continue as a going concern.

Business Review

The Company participates as issuer in a €15.0 billion Program for the issuance of Debt Instruments (DIP) and in a US\$9.0 billion global commercial paper program, both established by Siemens AG. Siemens AG unconditionally and irrevocably guarantees all debt securities of the Company.

During fiscal year 2018, a number of debt instruments with a total nominal value of €3.5 billion matured and were redeemed. In September, under the DIP, the Company issued bonds in 3 tranches with a total nominal value of €2.7 billion and maturities of 5, 9 and 12 years. The net proceeds were on lent to an affiliated company. The total nominal amount outstanding under the DIP was €8.5 billion as of September 30, 2018.

As of September 30, 2018, the Company participates in three credit facility programs of Siemens AG.

The Company's balance sheet decreased from €33 billion to €29 billion mainly due to a decrease in intercompany financing transactions.

During the year, a number of deals and related cross currency swaps were either early terminated or transferred to affiliated companies, the balance sheet impact of which was approximately €1.9 billion.

Siemens Financieringsmaatschappij N.V.

REPORT OF THE BOARD OF DIRECTORS

Fewer short-term intercompany bridge loans were granted to affiliates compared to last fiscal year, which resulted in a balance sheet impact of approximately €2.5 billion.

Net interest income decreased from €33.9 million in fiscal year 2017 to €28.7 million in 2018.

Interest income increased by €44.2 million year-on-year. This was partially due to this year's bond issuance, but mainly because the issuance in March 2017 only contributed 6 months' worth of interest income last fiscal year compared to a full 12 months this fiscal year. This effect was, however, reduced by the loss of interest income from other instruments maturing during the year.

Interest expenses increased by €51.9 million year-on-year. This was mainly due to the aforementioned changes in the portfolio as well as movement in the interest result on interest rate swaps, a number of which matured during the fiscal year.

After taking account of changes in the fair value of derivatives and movements in the currency result, the Company recorded a loss after taxes of €0.9 m for the fiscal year 2018 compared with a loss after taxes of €1.3m in fiscal year 2017.

Tax

In fiscal year 2017 a joint German Dutch tax audit was conducted by the German and Dutch authorities in order to determine the remuneration to be earned by the Company for the fiscal years 2017 up to and including 2019. As a result the remuneration policy was updated for the Company in fiscal year 2017. The Statement of Comprehensive Income reflects the tax result of the fiscal year 2018.

Other items

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

Due to the listing of bonds at the Luxembourg Stock Exchange the Company is regarded as a "Public Interest Entity (Organisatie van Openbaar Belang (OOB)". The Company applies parts III.5.4 (part a, b, c and f) and III.5.7 of the Dutch Corporate Governance Code (Code) concerning the audit committee and principles V2 and V4 concerning the external auditor.

Representation by the Board of Directors as required under section 3 (2) of the Transparency Law

Management declares that, to the best of its knowledge, the Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as well as with Part 9 of Book 2 of the Dutch Civil Code give a true and fair view of the assets, liabilities, financial position and results of the Company. The report of the Board of Directors includes a fair review of the development and performance of the business during fiscal year, the position of the Company on the balance sheet date and a description of the material risks that the Company faces.

Siemens Financieringsmaatschappij N.V.
REPORT OF THE BOARD OF DIRECTORS

The Hague, November 28, 2018

Siemens Financieringsmaatschappij N.V.
The Board of Directors

G.J.J. van der Lubbe

K.E. Mitchell

Siemens Financieringsmaatschappij N.V.

REPORT OF THE SUPERVISORY BOARD

Corporate Governance Statement

The Board of Directors is responsible for establishing and maintaining an adequate risk and internal control system for the Company. Our Risk and Internal Control (R/IC/) system as defined in the R/IC/ Manual is designed to manage rather than eliminate risk and to provide a degree of assurance, although not absolute assurance, that the organization's business objectives are being met and key risks are being adequately managed - for example that the organization's assets are safeguarded, financial reporting is reliable and laws and regulations are complied with.

We are establishing and maintaining an adequate R/IC/ system for our Company in accordance with the Siemens group-wide responsibility and methodology standards.

The core elements on which our internal control system is based include, but are not limited to:

- Policy and Control Masterbook (PCMB): The Policy and Control Masterbook is a central reference point for all globally applicable Control Requirements mandated in Siemens Circulars and other existing Corporate policies and guidance. It provides a clear and consistent set of Control Requirements which assist management and staff to appropriately control areas for which they are responsible.
- Internal Control (IC) Process: An integrated IC Process considering the core elements of COSO 'Internal Control - Integrated Framework' (2013) is in place to review the effectiveness of internal controls over strategic, operations, financial and compliance Control Requirements. The Control Requirements included in the PCMB form the basis for the annual assessment.
- Internal Certification Process: A quarterly certification process has been instituted, requiring management to internally certify various matters, providing the basis for the responsibility statement of the Siemens AG Managing Board and for the representation of the Siemens AG CEO, CFO and Corporate Controller to the external auditor.

Assurance efforts have primarily been focused on safeguarding of assets, reliability of financial reporting and compliance with laws and regulations. In order to effectively manage assurance efforts, different assessment approaches and therefore levels of assurance have been applied.

No critical internal control weaknesses were identified as part of the review of the effectiveness.

In connection with the listing of bonds at the Luxembourg Stock Exchange the Company is regarded as a "Public Interest Entity (Organisatie van Openbaar Belang (OOB))". The Company applies parts III.5.4 (part a, b, c and f) and III.5.7 of the Dutch Corporate Governance Code (Code) concerning the audit committee and principles V2 and V4 concerning the external auditor.

The Hague, November 28, 2018
Siemens Financieringsmaatschappij N.V.
On behalf of the Board of Directors

G.J.J. van der Lubbe

K.E. Mitchell

Siemens Financieringsmaatschappij N.V.

REPORT OF THE SUPERVISORY BOARD

Report of the Supervisory Board

I. Submission

We hereby submit the Report of the Supervisory Board of Siemens Financieringsmaatschappij N.V. for the fiscal year 2018. The annual accounts have been audited by Ernst & Young Accountants LLP and were provided with an unqualified auditor's opinion on November 28, 2018. The Independent Auditor's Report can be found on page 44 of the Annual Report. The Supervisory Board concurs with the proposal by the Board of Directors to distribute no dividends. Our Board recommends 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 outsourcing has no effect on the responsibilities of the Board of Directors. During 2018 the strategy of outsourcing and checks thereon was evaluated with the Board of Directors. Likewise the Supervisory Board discussed with the Board of Directors the risk management strategy, as well as the monitoring and the reporting of risk management to the Supervisory Board. Unambiguous agreements have been reached in this respect. Siemens Group experts have assisted the Supervisory Board.

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 has been informed by these parts of the Siemens Group.

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

Special developments

The Company participates as issuer in a €15.0 billion Programme for the issuance of Debt Instruments (DIP) and in a US\$9.0 billion global commercial paper program, both established by Siemens AG. Siemens AG unconditionally and irrevocably guarantees all debt securities of the Company.

During the fiscal year 2018 the developments as referred to in the management report on page 4 have been monitored by the Supervisory Board. The balance sheet totals are changed due to intercompany transactions, issuances and redemptions.

Siemens Financieringsmaatschappij N.V.

REPORT OF THE SUPERVISORY BOARD

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 Supervisory Board has been informed of the Company's tax policy. The Board of Directors gave a presentation on the follow-up of the joint tax audit and current tax topics in relation to the Company's tax control framework in cooperation with the tax manager of the Dutch regional entities of Siemens. The general conclusion of the Supervisory Board is that the tax risk profile is consistent with the policy and can be considered as conservative. The existing arrangements with the tax authorities provide sufficient comfort.

Compliance with legislation and regulations

Relevant and specific 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 demonstrated 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. Governance

Due to the listing of bonds at the Luxembourg Stock Exchange, the Company is considered as a "Public Interest Entity (Organisatie van Openbaar Belang (OOB)". The Supervisory Board considers itself responsible for compliance with the Dutch Corporate Governance Code (Code) parts III.5.4 (part a, b, c and f) and III.5.7 of the Code concerning the audit committee and principles V2 and V4 concerning the external auditor. 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 7 of the Annual Report. The Supervisory Board agrees with the contents of this statement.

IV. Composition of Supervisory Board and Board of Directors

Due to retirement of Mr. Rupprecht, Dr. P. Rathgeb was appointed as Member of the Supervisory Board as per 1 July 2018. The current composition of the Supervisory Board with personal details, primary and secondary functions:

Dr. P. Rathgeb (1967, Austrian nationality, male)

Member of the Supervisory Board since: 01-07-2018

Primary function: Chief Executive Officer of Siemens Treasury GmbH and Group Treasurer Siemens AG

Secondary functions: Vice-Chairman of the Supervisory Board of Siemens Bank GmbH

Supervisory director of Siemens Finance B.V.

Chairman of the Board of Directors of Siemens Capital Company LLC

Vice-Chairman of the Supervisory Board of Siemens Fonds Invest GmbH

Vice-Chairman of the Supervisory Board of Siemens Spezial Investment AG

Siemens Financieringsmaatschappij N.V.

REPORT OF THE SUPERVISORY BOARD

Dr. H. Bernhöft (1958, German nationality, male)

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, male)

Member of the Supervisory Board since: 01-07-2009

Other functions: Supervisory director of Siemens Finance B.V.

The General Meeting of Shareholders appoints the members of the Supervisory Board. These appointments are for an unlimited period. All the members of the Supervisory Board are independent according to the Dutch Corporate Governance Code part III2.2.

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

Gerard J.J. van der Lubbe (1960, Dutch nationality, male)

Member of the Board of Directors since: 19-11-2008

Current function: Chief Executive Officer

Other functions: Managing director of Siemens Finance B.V.

Managing director of Dresser-Rand International B.V.

Kirsty E. Mitchell (1972, British and Irish nationality, female)

Member of the Board of Directors since: 29-11-2017

Current function: Chief Financial Officer

Other functions: Managing director of Siemens Finance B.V.

Managing director of Dresser-Rand International B.V.

V. Meetings and other sessions

The Supervisory Board met twice in the fiscal year. A delegation of the Supervisory Board, representing the audit committee attended the quarterly meeting of the Board of Directors with the external auditor. On a monthly basis the Board of Directors discusses with a member of the Supervisory Board the developments. The CEO meets the chairman of the Supervisory Board several times a year, whereas the CFO meets the member of the Supervisory Board who is CFO of Siemens Treasury GmbH regularly. During these meetings and during other ad hoc contacts with the Board of Directors throughout the year monitoring is ensured.

Self-assessment by the Supervisory Board

In fiscal year 2016 the performance of the Supervisory Board as a whole has been assessed. 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. Following the results of the assessment, the Supervisory Board decided to continue its activities.

Siemens Financieringsmaatschappij N.V.

REPORT OF THE SUPERVISORY BOARD

VI. Committees

The size of the Company enables the Supervisory Board to operate without any committees other than the Audit Committee. A supervisory director has been entrusted to supervise in closer alliance with the Board of Directors.

The Supervisory Board as a whole acts as Audit Committee and deals with the Company's risk management system including legal and regulatory risks. Mr. B.G. Trompert acts as chairman of the audit committee.

The Audit Committee met twice in the fiscal year. Furthermore the chairman of the audit committee attended the quarterly closing meetings with the external auditor and met the Board of Directors on a regular basis for advice and information. The following issues have been discussed with the Board of Directors and/or the external auditor EY during several meetings held in the reporting year:

- Independent auditor's report including Key Audit Matters
- Several projects
- Transparency; Insider information; Market abuse directive
- Confirmations on intergroup transactions
- Data delivery and analytical review
- Compliance with Dutch and Luxembourg Law and Siemens AG Rules
- Audit firm rotation
- Process for selection a new auditor

Due to the Dutch implementation of the Regulation 537/2014 more in special the part related to the audit of Public Interest Entities the Company has to rotate its audit firm as of 1-10-2018. The parent company as non-Dutch entity, however, may decide to prolong the present auditor for a longer period. The audit committee together with the Board of Directors interviewed potential new auditors and reports to the general meeting of shareholders.

Risks and internal risk management systems

The Siemens risk management system is laid down in the Siemens Policy and Control Masterbook. This is regarded as the single source for globally relevant control requirements at Siemens and is the cornerstone of the Companies' integrated and Siemens Group wide risk system.

In fiscal year 2018 the delegated supervisory director and the Board of Directors met several times 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. The risks relating to the business are described in the Report of the Board of Directors. The Board of Directors discussed the structure and operation as well as the results of the internal risk management systems with the Supervisory Board.

Financial reporting

The reporting processes were clarified 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.

Siemens Financieringsmaatschappij N.V.

REPORT OF THE SUPERVISORY BOARD

Consultation with the external auditor

Prior to the financial audit the audit approach for fiscal year 2018 was discussed with the external auditor, including the materiality used for preparing and auditing the annual Financial Statements and the boundary above which auditor's findings are reported to the Supervisory Board. The Key Audit Matters have been discussed and agreed upon.

The Supervisory Board discusses the Annual Report, the audit findings, the internal control findings and the risk management policy with the Board of Directors and the external auditor. The way in which the Board of Directors handles recommendations within the business was discussed. No aspects arose which could lead to further actions in this area.

The Supervisory Board assessed the independence of the external auditor in fiscal year 2018. It was concluded that, amongst others, 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 relevant information for their supervisory role.

VII. Relationship to the Shareholders

Siemens AG owns all shares and 2 of the 3 members of the Supervisory Board are full time employees at Siemens.

VIII. Personnel

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. The remuneration for the staff of the Company is based on the collective labour agreement valid for the Siemens Nederland N.V. staff. Variable income, if applicable, is based upon both short term and long term goals.

IX. Diversity

To foster diversity throughout the Siemens organization, Siemens AG launched a Diversity Initiative, which bundles targeted measures and projects for ensuring and further enhancing diversity at all levels of Siemens. Examples include the global network of Siemens Diversity Ambassadors, who identify diversity issues Company-wide.

The Board of Directors and the Supervisory Board of the Company fully support the Diversity Initiative and the Diversity-principles.

In preparing recommendations on the appointment of members of the Board of Directors or members of the Supervisory Board, the Supervisory Board takes into account a candidate's professional qualifications, international experience and leadership qualities, the Board's plans for succession as well as the Board's diversity and, in particular, the appropriate consideration of women and/or cultural background.

The Supervisory Board and the Board of Directors are staffed with members with different nationalities and different working experiences as well as different ages. The gender balance of the Board of Directors is fifty-fifty.

Siemens Financieringsmaatschappij N.V.
REPORT OF THE SUPERVISORY BOARD

X. 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 Board of Directors as well as the personnel of the Company for their efforts and commitment to the success of Siemens Financieringsmaatschappij N.V.

The Hague, November 28, 2018

Siemens Financieringsmaatschappij N.V.

The Supervisory Board

Dr. P. Rathgeb

Dr. H. Bernhöft

B.G. Trompert

Siemens Financieringsmaatschappij N.V.
FINANCIAL STATEMENTS

Financial Statements

Statement of Comprehensive Income

(in millions of €)	Fiscal year ended September 30,		
	Notes	2018	2017
Interest income	4	786.4	742.2
Other financial income	4	0.3	0.0
Interest expenses	4	(751.2)	(699.3)
Other financial expenses	4	(6.8)	(9.0)
Net interest income (expenses)		28.7	33.9
Fair value changes of financial instruments	5	31.1	37.0
Non-trading foreign exchange results	6	(60.3)	(72.2)
Net operating income (loss)		(0.5)	(1.3)
Other general expenses	7	(0.7)	(0.5)
Profit (loss) before taxes		(1.2)	(1.8)
Income tax revenue (expenses)	8	0.3	0.5
Profit (loss) after taxes		(0.9)	(1.3)
Other comprehensive income		-	-
Income tax relating to components of other comprehensive income		-	-
Total other comprehensive income after taxes		-	-
Total comprehensive income for the period attributable to equity holders		(0.9)	(1.3)

Siemens Financieringsmaatschappij N.V.
FINANCIAL STATEMENTS

Statement of Financial Position

ASSETS (in millions of €)	Notes	September 30,	
		2018	2017
Cash and cash equivalents	9	66.5	21.4
Receivables from Affiliated Companies	10	29,040.1	32,864.6
Derivative financial instruments	11	283.2	499.4
Other financial assets	12	13.7	41.0
Total assets		29,403.5	33,426.4

LIABILITIES AND EQUITY (in millions of €)	Notes	September 30,	
		2018	2017
Liabilities			
Liabilities to Affiliated Companies	13	11.3	3,400.6
Debt	14	29,172.2	29,703.6
Derivative financial instruments	11	-	67.2
Tax liabilities	8	0.0	0.2
Deferred tax liabilities	8	0.9	3.2
Other liabilities	15	145.0	176.6
Total liabilities		29,329.4	33,351.4
Equity attributable to equity holders			
Issued and paid in share capital	16	10.3	10.3
Share premium reserve	16	1.5	1.5
Retained earnings	16	63.2	64.5
Undistributed profit (loss)	16	(0.9)	(1.3)
Total equity attributable to equity holders		74.1	75.0
Total liabilities and Shareholder's equity		29,403.5	33,426.4

Siemens Financieringsmaatschappij N.V.
FINANCIAL STATEMENTS

Statement of Cash Flows

(in millions of €)	Notes	Fiscal year ended September 30,	
		2018	2017
Profit (loss) before taxes		(1.2)	(1.8)
Adjustments for non-cash income/ expenses			
Amortization (dis)agio	4	16.7	29.4
Amortization transaction cost	4	10.9	10.8
Non-trading foreign exchange results	6	49.8	72.2
Fair value change of debt in a hedging relationship	5	(206.2)	(322.6)
Change in Derivative financial instruments	12	176.3	369.7
Change in Interest accrual receivables	10	(3.5)	(23.3)
Other movements from operations			
Change in Other financial assets	12	0.0	(0.1)
Change in Other liabilities	15	(31.6)	(88.0)
Change in Receivables from Affiliated Companies	10	4,196.7	(4,111.5)
Change in Liabilities to Affiliated Companies	13	(3,389.3)	2,054.9
Transaction cost paid		(15.8)	(24.7)
Income taxes received (paid)	8	(2.2)	(2.3)
Net cash (used in) provided by operating activities		800.6	(2,037.3)
Net cash provided by investing activities			
Proceeds from issuance of debt	14	2,750.0	6,982.9
Redemption of debt	14	(3,505.5)	(4,936.6)
Dividends paid		-	(4.2)
Net cash (used in) provided by financing activities		(755.5)	2,042.1
Net change in cash and cash equivalents		45.1	4.8
Cash and cash equivalents at beginning of fiscal year		21.4	16.6
Cash and cash equivalents at end of fiscal year	9	66.5	21.4

Interest paid and received	Fiscal year ended September 30,	
	2018	2017
(in millions of €)		
Interest paid	(740.2)	(657.6)
Interest received	762.5	685.0
Interest related income received	8.1	34.2

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Statement of Changes in Equity

(in millions of €)	Issued and paid-in capital	Share premium reserve	Retained earnings	Undistributed profit (loss)	Total
Balance as at October 1, 2016	10.3	1.5	64.5	4.2	80.5
Appropriation of undistributed profit (loss)	-	-	-	-	-
Dividends	-	-	-	(4.2)	(4.2)
Total comprehensive income for the fiscal year ended September 30, 2017	-	-	-	(1.3)	(1.3)
Balance as at September 30, 2017	10.3	1.5	64.5	(1.3)	75.0

Balance as at October 1, 2017	10.3	1.5	64.5	(1.3)	75.0
Appropriation of undistributed profit (loss)	-	-	(1.3)	1.3	-
Dividends	-	-	-	-	-
Total comprehensive income for the fiscal year ended September 30, 2018	-	-	-	(0.9)	(0.9)
Balance as at September 30, 2018	10.3	1.5	63.2	(0.9)	74.1

Siemens Financieringsmaatschappij N.V.

NOTES TO THE FINANCIAL STATEMENTS

Notes to the Financial Statements

1. Basis of presentation

Reporting entity

Siemens Financieringsmaatschappij N.V. is a company domiciled in the Netherlands. The address of the Company's registered office is Prinses Beatrixlaan 800, 2595 BN The Hague, the Netherlands. Registration is in The Hague Chamber of Commerce 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 (Affiliated Companies). Since September 28, 1992, the Company is a 100% subsidiary of Siemens AG Berlin/Munich, which is also the ultimate owner of the Company. The Company's Financial Statements are included in the Siemens AG Consolidated Financial Statements.

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

The Board of Directors may decide to amend the annual accounts as long as these are not adopted by the General Meeting of Shareholders. The General Meeting of Shareholders may decide not to adopt the annual accounts, but may not amend these.

The Financial Statements were authorised for issue by the Board of Directors on November 28, 2018.

Reporting standard

The accompanying Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as well as with Part 9 of Book 2 of the Dutch Civil Code. The Company applied all standards and interpretations that were effective as of October 1, 2017. The following standards and interpretations are mandatory and/or implemented for the first time:

Standard	Interpretation	Effective date	Endorsed by EU	Impact
IAS 7	Cash Flow Statements – Initiative to improve Disclosure Requirements – Amendments to IFRS 7	January 1, 2017	Y	None
IAS 12	Recognition of Deferred Tax Assets for Unrealized Losses – Amendments to IAS 12	January 1, 2017	Y	None
AIP	Annual improvements to International Financial Reporting Standards - 2014-2016 cycle	January 1, 2017	Y	None
IFRS 12	IFRS 12: Disclosure of Interest in Other Entities			

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A number of standards, amendments to standards and interpretations is not effective for the fiscal year beginning October 1, 2017 and has not been early adopted. The relevant (amendments to) standards and interpretations not adopted are:

Standard	Interpretation	Effective date	Endorsed by EU	Impact
IFRS 15	Revenue from contracts with customers	January 1, 2018	Y	None
IFRS 9	Financial Instruments (issued in 2014)	January 1, 2018	Y	See below
IFRS 2	Classification and Measurement of Share-based Payment transactions – Amendments to IFRS 2	January 1, 2018	Y	None
IFRS 4	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance contracts – Amendment to IFRS 4	January 1, 2018	Y	None
IAS 40	Transfers of Investment Property – Amendments to IAS 40	January 1, 2018	Y	None
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018	Y	None
AIP	Annual improvements to International Financial Reporting Standards - 2014-2016 cycle	January 1, 2018	Y	None
IFRS 1	IFRS 1: First time adoption of IFRS			
IAS 28	IAS 28: Investments in Associates and Joint Venture			
IFRS 16	Leases	January 1, 2019	Y	None
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019	N	Limited
IFRS 9	Prepayment Features with negative Compensation – Amendments to IFRS 9	January 1, 2019	Y	None
IAS 28	Long term interests in Associates and Joint Ventures – Amendments to IAS 28	January 1, 2019	N	None
IAS 19	Plan Amendment, Curtailment or Settlement - Amendments to IAS 19	January 1, 2019	N	None
AIP	Annual improvements to International Financial Reporting Standards - 2015-2017 cycle	January 1, 2019	N	None
IFRS 3	IFRS 3: Business Combinations			
IFRS 11	IFRS 11: Joint Arrangements			
IAS 12	IAS 12: Income tax consequences of payments on financial instruments classified as equity			
IAS 23	IAS 23: Borrowing costs			
-	The Conceptual Framework for Financial Reporting	January 1, 2020	N	None
IFRS 17	Insurance Contracts	January 1, 2021	N	None
IFRS 10 / IFRS 28	Sale of Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed	N	None

In July 2014, the IASB issued IFRS 9, Financial Instruments. IFRS 9 introduces a single approach for the classification and measurement of financial assets according to their cash flow characteristics and the business model they are managed in, and provides a new impairment model based on expected credit losses. IFRS 9 also includes new regulations regarding the application of hedge accounting to better reflect an entity's risk management activities especially with regards to managing non-financial risks. The new standard is effective for annual reporting periods beginning on or after January 1, 2018.

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The Company will adopt IFRS 9 for the fiscal year beginning as of October 1, 2018 and will not adjust comparative figures for the preceding fiscal year, in accordance with IFRS 9 transitional provisions.

The Company has assessed the effects of adopting IFRS 9 and conclude that there is no impact on the measurement of financial instruments.

Furthermore, the company assessed the effect of IFRS 9 on new impairment requirements. Only receivables from affiliated companies, which are measured at amortized cost, are subject to the new impairment requirements. Due to the quality of these counterparties, credit losses are expected to be limited. Furthermore, credit risks over EUR 2 million are covered by a limited capital at risk agreement with Siemens AG. Expected credit losses from affiliated companies will be determined from October 1, 2018 onwards.

The Company has not yet assessed the effects of the new disclosure requirements on its financial statements.

The Company will adopt the IFRS 9 hedge accounting rules prospectively from October 1, 2018. Existing hedge accounting relationships will also meet the hedge accounting requirements under IFRS 9.

2. Summary of significant accounting policies

Valuation principles

The Financial Statements have been prepared on the historical cost basis unless indicated otherwise below.

Affiliated Companies

Affiliated Companies are Siemens AG and its subsidiaries which are directly or indirectly controlled by Siemens AG.

Functional and presentational currency

The Company's functional and presentational currency is euro, as this is the currency of the primary economic environment in which the Company operates. All financial information presented in euro has been rounded to the nearest million, unless otherwise stated. The consequence is that the rounded amounts may not add up to the rounded total in all cases.

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.

The exchange rates of the currencies used in this report were as follows:

Currency	Symbol	Year-end exchange rate 1 € quoted into currencies specified below	
		September 30, 2018	2017
U.S. dollar	US\$	1.1576	1.1806
British pound	£	0.8873	0.8818

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Impairment of financial assets

The carrying amounts 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 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. Impairment losses are recognized using separate allowance accounts.

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 Affiliated Companies, valuation and collectability of these receivables depend upon the financial position and creditworthiness 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 affiliated companies and derivative financial instruments with a positive fair value. Financial liabilities mainly comprise issued notes and bonds, loans from banks, 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. Transaction costs directly attributable to the acquisition or issue of financial instruments are only recognized in determining the carrying amount, if the financial instruments are not measured at fair value through profit or loss. 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.

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NOTES TO THE FINANCIAL STATEMENTS

Cash and cash equivalents

Cash and cash equivalents, including the current account with Siemens AG, are measured at amortized 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 and debt designated in a fair value hedge relationship, at amortized cost using the effective interest method. The amortization is included in Interest expenses 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 in a fair value hedge relationship, 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.

In consistence with the principles of IFRS 13 the Company reflects counterparty risk on derivative assets (CVA) and own non-performance risk on derivative liabilities (DVA).

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, all fixed rated notes and bonds are either swapped to floating or on lent with the same structure to Affiliated Companies. To minimize the exposure of the Company to fair value changes of the swaps resulting from changes in market interest rates, the Company applies hedge accounting for transactions which meet the specified criteria.

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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 mainly comprise transactions with Affiliated Companies and are executed on an "at arm's length" basis. 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. The interest revenues are recognized using the effective interest rate.

Interest expenses

Interest expenses are recognized and accounted for in the period to which they relate. Interest is recognized using the effective interest method.

Negative interest income and Negative interest expenses

Negative interest income and Negative interest expenses are recognized and accounted for in the period to which they relate. They are recognized using the effective interest rate. Due to the current economic situation some interest rates have been set below zero. This leads to the situation that the Company pays interest for bank deposits and Receivables from Affiliated Companies and receives interest for Liabilities to Affiliated Companies. The negative interest is presented under Other financial income and Other financial expenses in the profit and loss statement and in Note 4.

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NOTES TO THE FINANCIAL STATEMENTS

Cost recognition

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

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 Financial Statements, these intercompany balances are included in Cash and cash equivalents under the title of 'current account'.

Statement of Cash Flows

The Statement of Cash Flows shows how the cash and cash equivalents of the Company have changed during the course of the fiscal 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 Affiliated 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 taxes of the Company. Under this method, changes in assets and liabilities relating to operating activities are adjusted for currency translation effects. 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.

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).

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NOTES TO THE FINANCIAL STATEMENTS

Where the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position can not 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.

4. Interest income and expenses

Details of interest income and expenses	Fiscal year ended September 30,	
(in millions of €)	2018	2017
Interest income on Receivables from Affiliated Companies	765.8	708.0
Other interest income	12.5	-
Interest related income	8.1	34.2
Interest income	786.4	742.2
Other financial income	0.3	0.0
Interest expenses on financial debt	(863.0)	(882.2)
<i>Therein:</i>		
<i>Amortization of (dis)agio</i>	(16.7)	(29.4)
<i>Amortization of transaction costs</i>	(10.9)	(10.8)
Interest expenses on Liabilities to Affiliated Companies	(11.1)	(14.5)
Other interest expenses	(4.5)	-
Interest result on interest rate swaps ¹⁾	127.4	197.4
Interest expenses	(751.2)	(699.3)
Other financial expenses	(6.8)	(9.0)
Net interest income (expenses)	28.7	33.9

¹⁾ As the interest rate swaps are used as interest hedging instruments for issued debt the interest income and expenses are displayed as a net value within this position.

The Company receives/pays compensation for loans issued to/borrowings from Affiliated Companies which are early terminated. These amounts are presented in Other interest income and Other interest expenses.

Siemens Financieringsmaatschappij N.V.

NOTES TO THE FINANCIAL STATEMENTS

The Company applies the Siemens AG worldwide policy for fixing interest rates for receivables from and liabilities to Affiliated Companies at arms' length prices. The Company entered into an agreement with Siemens AG limiting the capital at risk for the Company and ensuring fair, arm's length interest compensation for activities performed. When the total actual interest result differs from the total agreed interest result the difference is settled following this agreement and stated as Interest related income.

Due to the current economic situation some interest rates have been set below zero. This leads to the situation that the Company has to pay interest for bank deposits and Receivables from Affiliated Companies which is presented in Other financial expenses (negative interest income), and receives interest for Liabilities to Affiliated Companies, which is presented in Other financial income (negative interest expenses).

The total interest result varies due to market interest changes, changes in portfolio of loans and borrowings and the agreement with Siemens AG as mentioned.

5. Fair value changes of financial Instruments

Derivatives (in millions of €)	Fiscal year ended September 30,	
	2018	2017
<i>Change in fair value of interest rate swaps</i>	(215.4)	(332.4)
<i>Change in fair value of debt</i>	206.2	322.6
Ineffective portion of fair value hedges	(9.2)	(9.8)
Fair value changes of currency swaps	40.3	46.8
Total of changes in Derivatives	31.1	37.0

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 (hedged part of notes, bonds and loans from banks).

6. Non-trading foreign exchange results

Currency results (in millions of €)	Fiscal year ended September 30,	
	2018	2017
Currency result on assets	368.7	(1,759.0)
Currency result on debt	(418.5)	1,686.8
Other currency result	(10.5)	-
Total currency results	(60.3)	(72.2)

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The currency result of the Company is due to the positions in foreign currencies such as U.S. dollar (US\$) and British pound (£) and the volatility in the currency exchange rates. The Company uses currency swaps and forward exchange rate contracts to limit foreign exchange risks. Therefore the currency result must also be seen in conjunction with the result on currency swaps and forward exchange rate contracts.

The total currency results must be considered in conjunction with 'Fair value changes of currency swaps' as mentioned in Note 5.

7. Other general expenses

The other general expenses mainly relate to cost from the regional company Siemens Nederland N.V. related to the staff, working for the Company. The total general expenses for the fiscal year 2018 amounted to €0.7 million. The other general expenses also include the costs for Ernst & Young Accountants LLP of €29,491 excl. VAT (2017: €43,328 excl. VAT). These costs relate completely to audit costs €29,491 and audit related costs related to DIP €0.0.

8. Income tax

Taxes are based on the applicable tax laws and rates. 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 statutory tax rate applicable as at reporting date. The taxation on result comprises both current taxes and deferred taxes, taking account of tax facilities and non-deductible costs.

Income tax revenues (expenses) <small>(in millions of €)</small>	Fiscal year ended September 30,	
	2018	2017
Current tax benefit (expenses)	(2.0)	(2.0)
Deferred tax benefit (expenses)	2.3	2.5
Total income tax revenues (expenses)	0.3	0.5

For fiscal years ended September 30, 2018 and 2017, the Company is subject to Dutch corporate income tax. The statutory tax rate is 25.0% (2017: 25.0%).

For the calculation of the income tax expenses, according to the statutory Dutch income tax rate, there are no material differences. The position is calculated as follows:

Reconciliation of the income tax revenue (expenses) <small>(in millions of €)</small>	Fiscal year ended September 30,	
	2018	2017
Profit (loss) before taxes	(1.2)	(1.8)
Income tax using corporate tax rate of 25.0% (2017: 25.0%)	0.3	0.5
Total income tax revenue (expenses)	0.3	0.5

The effective tax rate is 25.8% (2017: 26.9%).

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The change in the income tax consists of the following:

Tax receivables (liabilities)	September 30,	
(in millions of €)	2018	2017
Balance at beginning of the fiscal year	(0.2)	(0.4)
Current income tax benefit (expenses)	(2.0)	(2.0)
Income tax paid to tax authorities, net	2.2	2.3
Balance at the end of the fiscal year	0.0	(0.2)

The Company applies Hedge Accounting for financial instruments designated as hedging instruments in a fair value hedge relationship. For tax purposes this result is not considered. The change in the deferred tax liability consists of the following:

Deferred tax liability	September 30,	
(in millions of €)	2018	2017
Balance at beginning of the fiscal year	(3.2)	(5.7)
Deferred tax benefit (expense) for fiscal year	2.3	2.5
Balance at the end of the fiscal year	(0.9)	(3.2)

Deferred tax has been computed at the statutory tax rate of 25.0% (2017: 25.0%).

The deferred tax liability is a result of temporary differences between IFRS and tax result due to the different treatment of hedges.

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 bank balances of the Company are transferred to the Siemens cash pool on a daily basis. The balances remain at the disposal of the Company and are readily convertible to known amounts of cash.

As per September 30, 2018 the Company has a total Cash and cash equivalents position of €66.5 (2017: €21.4).

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NOTES TO THE FINANCIAL STATEMENTS

10. Receivables from Affiliated Companies

Receivables from Affiliated Companies (in millions of €)	September 30,	
	2018	2017
Interest receivables	63.8	60.3
Loans < 1 year	4,229.1	7,078.5
Loans > 1 year	24,747.2	25,725.8
Total receivables from Affiliated Companies	29,040.1	32,864.6

In fiscal years ended September 2018 and 2017 there were no impairment of receivables.

The currency result on assets (Note 6) and the change in the Receivables from Affiliated Companies excluding interest receivables result in €4,196.7 (2017: €-4,111.5) which is presented in the Statement of Cash Flows item "Change in Receivables from Affiliated Companies".

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.

(in millions of €)	September 30, 2018			September 30, 2017		
	Assets	Liabilities	Notional Amount	Assets	Liabilities	Notional Amount
Derivatives not designated in a fair value hedge relationship						
Currency swaps < 1 year	-	-	-	0.9	-	381.2
Currency swaps > 1 year	-	-	-		(67.2)	1,061.7
Total	-	-	-	0.9	(67.2)	1,442.9
Derivatives used as fair value hedges						
Interest rate swaps < 1 year	-	-	-	56.3	-	1,600.0
Interest rate swaps > 1 year	283.2	-	2,511.7	442.2	-	2,482.3
Total	283.2	-	2,511.7	498.5	-	4,082.3
Total Derivatives	283.2	-	2,511.7	499.4	(67.2)	5,525.2

As per September 30, 2018, all interest rate swaps are designated as hedging instruments in a fair value hedge relationship. 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.

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12. Other financial assets

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

Other financial assets	September 30,	
(in millions of €)	2018	2017
Interest accrual Interest rate swaps	13.6	40.9
Other financial assets	0.1	0.1
Total Other financial assets	13.7	41.0

The change in the Derivative financial instruments (Note 11) and the change in Total Other financial assets result in €176.3 (2017: €369.7) which is presented in the Statement of Cash Flows item "Change in Derivative financial instruments".

13. Liabilities to Affiliated Companies

Liabilities to Affiliated Companies	September 30,	
(in millions of €)	2018	2017
Interest accruals	(0.0)	(3.2)
Borrowings < 1 year	(11.3)	(2,550.3)
Borrowings > 1 year	-	(847.0)
Other Liabilities to Affiliated Companies	(0.0)	(0.1)
Total Liabilities to Affiliated Companies	(11.3)	(3,400.6)

The change in the Liabilities to Affiliated Companies result in €-3,389.3 million (2017: €2,054.9 million) which is presented in the Statement of Cash Flows item "Change in Liabilities to Affiliated Companies".

14. Debt

Debt	September 30,	
(in millions of €)	2018	2017
Notes and bonds (< 1 year)	(3,141.5)	(3,561.0)
Notes and bonds (> 1 year)	(25,166.8)	(25,295.6)
Total Notes and bonds	(28,308.3)	(28,856.6)
Loans from banks (< 1 year)	-	-
Loans from banks (> 1 year)	(863.9)	(847.0)
Total Loans from banks	(863.9)	(847.0)
Total debt	(29,172.2)	(29,703.6)

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As of September 30, 2018, the weighted average interest rate for loans from banks was 3.2% (2017: 2.1%) and the weighted average interest rate for notes and bonds was 2.7% (2017: 2.9%).

Debt carrying amount <small>(in millions of €)</small>	September 30,	
	2018	2017
Notes, bonds and loans from banks	(29,025.8)	(29,362.0)
Adjustment of carrying amount due to fair value hedge accounting	(279.7)	(485.9)
Other financial indebtedness	133.3	144.3
<i>Therein:</i>		
<i>Unamortized portion of (dis-)agio</i>	65.4	71.9
<i>Unamortized portion of transaction costs</i>	67.9	72.4
Total debt	(29,172.2)	(29,703.6)

Notes and bonds

Details of the Company's instruments <small>(in millions of €)</small>			September 30,	
			2018	2017
			notional amount	notional amount
			carrying amount €	carrying amount €
5.625% 2008/2018 EUR fixed-rate instruments ²⁾	€	-	-	1,600.0
US\$ 3m LIBOR+1.4% 2012/2019 US\$ floating-rate instruments ¹⁾	US\$	400.0	345.5	400.0
3.75% 2012/2042 GBP fixed-rate instruments ¹⁾	£	650.0	721.3	650.0
2.75% 2012/2025 GBP fixed-rate instruments ¹⁾	£	350.0	393.4	350.0
1.5% 2012/2020 EUR fixed-rate instruments ²⁾	€	1,000.0	1,020.7	1,000.0
1.75% 2013/2021 EUR fixed-rate instruments ¹⁾	€	1,250.0	1,247.3	1,250.0
2.875% 2013/2028 EUR fixed-rate instruments ¹⁾	€	1,000.0	996.9	1,000.0
1.5% 2013/2018 US\$ fixed-rate instruments ¹⁾	US\$	-	-	500.0
3.5% 2013/2028 US\$ fixed-rate instruments ¹⁾	US\$	100.0	84.7	100.0
2013/2020 US\$ floating-rate instruments ¹⁾	US\$	400.0	345.3	400.0
2014/2019 US\$ floating-rate instruments ¹⁾	US\$	300.0	259.1	300.0
2014/2021 US\$ floating-rate instruments ¹⁾	US\$	400.0	345.4	400.0
0.375% 2018/2023 EUR fixed-rate instruments ¹⁾	€	1,000.0	996.3	-
1.0% 2018/2027 EUR fixed-rate instruments ¹⁾	€	750.0	745.4	-
1.375% 2018/2030 EUR fixed-rate instruments ¹⁾	€	1,000.0	992.6	-
Total Debt Issuance Program			8,493.9	7,831.8
6.125% 2006/2026 US\$ fixed-rate instruments ²⁾	US\$	1,750.0	1,764.9	1,750.0
US\$ 3m LIBOR+0.28% 2015/2018 US\$ floating-rate instruments ¹⁾	US\$	-	-	500.0
2.15% 2015/2020 US\$ fixed-rate instruments ¹⁾	US\$	1,000.0	862.6	1,000.0
2.90% 2015/2022 US\$ fixed-rate instruments ¹⁾	US\$	1,750.0	1,508.9	1,750.0
3.25% 2015/2025 US\$ fixed-rate instruments ¹⁾	US\$	1,500.0	1,290.1	1,500.0
4.40% 2015/2045 US\$ fixed-rate instruments ¹⁾	US\$	1,750.0	1,491.3	1,750.0
1.45% 2015/2018 US\$ fixed-rate instruments ¹⁾	US\$	-	-	1,250.0
US\$ 3m LIBOR+0.32% 2016/2019 US\$ floating-rate instruments ¹⁾	US\$	350.0	302.2	350.0
1.30% 2016/2019 US\$ fixed-rate instruments ¹⁾	US\$	1,100.0	949.4	1,100.0
1.70% 2016/2021 US\$ fixed-rate instruments ¹⁾	US\$	1,100.0	948.2	1,100.0

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2.00% 2016/2023 US\$ fixed-rate instruments ¹⁾	US\$	750.0	643.8	750.0	630.4
2.35% 2016/2026 US\$ fixed-rate instruments ¹⁾	US\$	1,700.0	1,460.7	1,700.0	1,431.2
3.30% 2016/2046 US\$ fixed-rate instruments ¹⁾	US\$	1,000.0	855.5	1,000.0	838.5
US\$ 3m LIBOR+0.34% 2017/2020 US\$ floating-rate instruments ¹⁾	US\$	800.0	690.4	800.0	676.5
2.20% 2017/2020 US\$ fixed-rate instruments ¹⁾	US\$	1,100.0	949.2	1,100.0	930.0
US\$ 3m LIBOR+0.61% 2017/2022 US\$ floating-rate instruments ¹⁾	US\$	850.0	732.8	850.0	718.0
2.70% 2017/2022 US\$ fixed-rate instruments ¹⁾	US\$	1,000.0	860.7	1,000.0	843.0
3.125% 2017/2024 US\$ fixed-rate instruments ¹⁾	US\$	1,000.0	860.8	1,000.0	843.4
3.40% 2017/2027 US\$ fixed-rate instruments ¹⁾	US\$	1,250.0	1,075.2	1,250.0	1,053.6
4.20% 2017/2047 US\$ fixed-rate instruments ¹⁾	US\$	1,500.0	1,282.3	1,500.0	1,256.6
Total US\$ Bonds			18,529.0		19,776.0
1.65%/2012/2019 US\$ fixed-rate instruments ¹⁾	US\$	1,500.0	1,285.4	1,500.0	1,248.8
Total Bonds complemented with warrants issued by SAG			1,285.4		1,248.8
Total instruments			28,308.3		28,856.6

¹⁾ instruments not designated in a hedge accounting relationship measured at amortized cost

²⁾ instruments designated in a hedge accounting relationship measured at amortized cost with a fair value basis adjustment for the hedged risk

All instruments are guaranteed by Siemens AG.

Debt Issuance Program

Together with Siemens AG and Siemens Capital Company LLC, the Company has agreements with financial institutions under which it may issue instruments up to €15.0 billion. As of September 30, 2018, €8.5 billion (2017: €7.8 billion) in notional amounts are issued and outstanding.

During fiscal year 2018 following instruments matured and were redeemed at face value as due: In March 2018, the 1.5% 2013/2018 US\$ fixed-rate instruments of US\$0.5 billion (€0.4 billion as of March 12, 2018); June 2018, the 5.625% 2008/2018 EUR fixed-rate instruments of €1.6 billion (€1.6 billion as of June 11, 2018).

In September 2018, the Company issued instruments totalling €2.75 billion in three tranches maturing in 2023, 2027 and 2030.

US\$ Bonds

In May 2018, the 1.45% 2015/2018 US\$ fixed-rate instrument of US\$1.25 billion and the US\$ 3m LIBOR+0.28% 2015/2018 US\$ floating-rate instrument of US\$0.5 billion (€1.1 billion and €0.4 billion respectively as of May 25, 2018) matured and were redeemed.

Bonds complemented with warrants issued by SAG

In February 2012, Siemens issued USD bonds with warrant units in an aggregate principal amount of US\$ 3 billion in two tranches. The bonds issued by the Company are guaranteed by Siemens AG and complemented with warrants issued by Siemens AG. In August 2017, 1.05% US\$ fixed-rate instruments of US\$1.5 billion (€1.4 billion as of September 30, 2017) matured and was redeemed.

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Term loans

Details of term loans (in millions of €)		September 30,			
		2018		2017	
		notional amount	carrying amount €	notional amount	carrying amount €
US\$ LIBOR 3M + 0.79% 2013/2020 US\$ term loan	US\$	500.0	431.9	500.0	423.5
US\$ LIBOR 3M + 0.79% 2013/2020 US\$ term loan	US\$	500.0	432.0	500.0	423.5
Total term loans			863.9		847.0

The total amount outstanding of the debt instruments of the table “Details of the Company’s instruments” and total amount outstanding of the term loans of the table “Details of term loans” result in € 29,172.2 (2017: €29,703.6) which is presented in the Statement of Financial Position item “Debt”.

Credit facilities

As of September 30, 2018, the Company participates in three credit facility programs of Siemens AG under which the Company may draw up to US\$3.0 billion, €4.0 billion and €450 million respectively. The €450 million revolving bilateral credit facility was extended from September 2018 to September 2019. The Company did not utilize these facilities so far.

Commercial paper program

On April 4, 2007 Siemens AG, Siemens Capital Company LLC and Siemens Financieringsmaatschappij N.V. established an US\$9.0 billion global commercial paper program for the issuance of commercial paper. In the fiscal year the Company issued no commercial papers (2017: 0) under this program. The program was updated on March 23, 2017.

15. Other liabilities

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

Other liabilities (in millions of €)		September 30,	
		2018	2017
Other financial liabilities		(145.0)	(176.6)
Total Other liabilities		(145.0)	(176.6)

Other financial liabilities refer completely to the accrued interest on notes, bonds and loans from banks.

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16. Equity

The Company's authorized share capital is divided in 50,000 shares with a nominal value of €1,000 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 in the number 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 the fiscal year 2018, the Board of Directors and the Supervisory Board propose to pay no dividend. Payment of any dividend is contingent upon approval by the shareholders at the Annual Shareholders' Meeting. In fiscal year ended September 30, 2018 no dividend was paid as profit distribution.

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, foreign exchange, market, credit and operational risks to the Company are strictly limited in design. Receivables from Affiliated 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.

Siemens AG's corporate credit ratings:

	September 30, 2018		September 30, 2017	
	Moody's Investors Service	Standard & Poor's Rating Services	Moody's Investors Service	Standard & Poor's Rating Services
Long term debt	A1	A+	A1	A+
Short term debt	P-1	A-1+	P-1	A-1+

Capital Management

The Company's capital consists of: issued and paid in share capital, share premium reserves and retained earnings as stated as Equity in the Statement of Financial position and the Statement of changes in Equity. The Company is set up to serve funding needs of Affiliated Companies following the strategy of the parent company, Siemens AG. The return on equity held by the Company is a key objective of neither the Company nor Siemens AG as the sole shareholder, as this results from the strategic decisions at group level relating funding of local activities. The Company is not subject to externally imposed capital requirements. The Company did not change its objectives, policies and processes for capital management during the fiscal year.

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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	September 30, 2018		September 30, 2017	
(in millions of €)	Fair value	Carrying amount	Fair value	Carrying amount
Cash and cash equivalents ²⁾	66.5	66.5	21.4	21.4
Receivables from Affiliated Companies ²⁾	29,984.8	29,040.1	35,324.6 ¹⁾	32,864.6
Derivatives without a hedging relationship ⁴⁾	-	-	0.9	0.9
Derivatives with a hedging relationship ⁴⁾	283.2	283.2	498.5	498.5
Other financial assets ²⁾	13.7	13.7	41.0	41.0
Total financial assets	30,348.2	29,403.5	35,886.4	33,426.4
Financial liabilities				
Liabilities to Affiliated Companies	(11.3)	(11.3)	(3,404.1)	(3,400.6)
Notes and bonds ^{2/3)}	(29,125.1)	(28,308.3)	(31,105.3)	(28,856.6)
Loans from banks ^{2/3)}	(870.3)	(863.9)	(863.1)	(847.0)
Derivatives without a hedging relationship ⁴⁾	-	-	(67.2)	(67.2)
Other financial liabilities ²⁾	(145.0)	(145.0)	(176.6)	(176.6)
Total financial liabilities	(30,151.7)	(29,328.5)	(35,616.3)	(33,348.0)

¹⁾ Comparative figures updated with corrected consideration of an outstanding accrual.

²⁾ Carrying amounts measured at amortized cost

The fair values of Cash and cash equivalents, Other financial assets and Other financial liabilities approximate their carrying amount largely due to the short-term maturities of these instruments. All new issued bonds, notes and loans from banks are measured at amortized cost. Due to their long maturity the carrying amounts of these instruments do not approximate their fair values. The Company lends the amounts of these instruments to the Affiliated Companies. Due to their long maturity the fair values of these receivables do not approximate their carrying amount. The fair value of these receivables is estimated by discounting future cash flows using rates currently available for instruments with similar terms and remaining maturities (Level 2). The carrying amounts for notes and bonds and loans from banks also contain transaction costs, which are measured at amortized cost.

³⁾ Carrying amounts measured at amortized costs with a fair value basis adjustment for the hedged risk

The basis adjustment of quoted notes and bonds is derived from price quotations at the balance sheet date (Level 2).

⁴⁾ Carrying amounts measured at fair value

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

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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, 2018 and 2017.

September 30, 2018	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial instruments	-	283.2	-	283.2
Financial liabilities measured at fair value				
Derivative financial instruments	-	-	-	-

September 30, 2017	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value				
Derivative financial instruments	-	499.4	-	499.4
Financial liabilities measured at fair value				
Derivative financial instruments	-	(67.2)	-	(67.2)

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 fiscal year, no transfers between Level 1, Level 2 and Level 3 occurred.

As per September 30, 2018, no Level 3 investments are held the movement analysis and sensitivity analyses on Level 3 investments are not applicable.

Net gains (losses) of financial instruments	September 30,	
(in millions of €)	2018	2017
Derivative financial instruments in connection with fair value hedges	(215.4)	(332.4)
Notes, bonds and loans from banks	206.2	322.6
Derivative financial instruments not designated in a hedge accounting relationship	40.3	46.8
Total net gains (losses) of financial instruments	31.1	37.0

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.

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18. Financial risk management

As part of the Company's risk management program, a variety of derivative financial instruments is used to reduce risks resulting primarily from fluctuations in foreign exchange rates and interest rates. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for speculative purposes. The Company has exposure to the following risks:

- Foreign currency exchange rate risk
- Interest rate risk
- Liquidity risk
- Credit risk

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 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 and changes in fair values are charged to net income.

The U.S. dollar position is caused by loans to Affiliated Companies. Some U.S. dollar loans were financed by borrowings in euro. For these loans financed by euro debt, the Company had cross currency swaps, with Siemens AG as counterparty. During the fiscal year all of these cross currency swaps matured or were early terminated, including their loans to Affiliated Companies.

As per end of the fiscal year, the U.S. dollar position and British pound position are caused by several bonds that serve to finance several loans to Affiliated Companies in the same currency. The total of these loans covers approximately the full value of the bonds in the respective currency. Therefore, the remaining foreign currency exposure is low.

The table below shows the foreign-currency positions of the Company before and after currency swaps:

Currency	30 September 2018 before swaps	Currency swaps	30 September 2018 net position ¹⁾	Effects of 10% rise in €	Effects of 10% decline in €	30 September 2017 net position ¹⁾
British pound	3.2	-	3.2	(0.3)	0.4	2.4
U.S. dollar	1.8	-	1.8	(0.1)	0.2	18.0

¹⁾ A positive amount is an asset: when euro gains in value the effect is negative on net income.

During the fiscal year, the outstanding net foreign currency position fluctuates. As a consequence, the currency result presented in Note 6 is not comparable to the outstanding position at the year end.

The Company did not designate the cross currency swaps for cash flow hedges, therefore the Company is not allowed to apply cash flow hedge accounting under IAS 39. All such derivative financial instruments are recorded at fair value 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 ensuring fair, arm's length interest compensation for activities performed, the sensitivity of the Company's results to changes in currency exchange rates is mitigated. The settlements for the Capital at Risk agreement can be found in Note 4.

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Interest rate risk

The Company's interest rate risk exposure is mainly related to fixed-rate notes and bonds. It arises from the sensitivity of financial assets and liabilities to changes in market rates of interest. The Company seeks to mitigate such a risk either by lending onwards with the same structure to Affiliated Companies or by entering into interest rate derivative financial instruments such as interest rate swaps. Under the interest rate swap agreements 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.

The Company had interest rate swap contracts to pay variable rates of interest (average rate of 1.58% and 0.82% as of September 30, 2018 and 2017 respectively) and received fixed rates of interest (average rate of 4.23% and 4.76% as of September 30, 2018 and 2017 respectively). The notional amount of indebtedness hedged as of September 30, 2018 amounts to €2.5 billion (2017: €4.1 billion). The notional amounts of these interest rate swap contracts mature at varying dates based on the maturity of the underlying hedged items.

In cases where the Company is lending to Affiliated 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 fiscal year ended September 30, 2018 was 2.57% (2017: 2.41%). As the Company entered into an agreement with Siemens AG limiting the capital at risk for the Company and ensuring fair, arm's length interest compensation for activities performed, the sensitivity of the Company's results to changes in market interest rates is mitigated. The settlements for the Capital at Risk agreement can be found in Note 4.

Assuming historical volatilities and correlations, a ten day holding period and a confidence level of 99.5% the interest rate VaR was €0.7 million as of September 30, 2018 (2017: €1.5 million). The interest rate risk results from the unrealized gains and losses out of hedge packages, which is not covered by the limited Capital at Risk agreement with Siemens AG. Although VaR is an important tool for measuring risk, the assumptions on which the model is based give rise to some limitations including the following. A ten day holding period assumes that it is possible to dispose of the underlying positions within this period. While this is considered to be a realistic assumption in almost all cases, it may not be valid during prolonged periods of severe market illiquidity. A 99.5% confidence level does not reflect losses that may occur beyond this level. There is a 0.5% statistical probability that losses could exceed the calculated VaR. The use of historical data as a basis for estimating the statistic behavior of the relevant markets and finally determining the possible range of the future outcomes on the basis of this statistic behavior may not always cover all possible scenarios, especially those of an exceptional nature.

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 €15.0 billion Programme for the issuance of Debt Instruments (DIP) and in a US\$9.0 billion global commercial paper program, both established by Siemens AG. Siemens AG unconditionally and irrevocably guarantees all debt securities of the Company.

The tables below summarize the maturity profile of the Company's financial assets and liabilities, including derivative financial instruments as of September 30, 2018 and 2017 respectively, based on undiscounted cash flows for the respective upcoming fiscal years. The amounts include interest.

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September 30, 2018 (in millions of €)	Receivables from Affiliated Companies	Liabilities to Affiliated Companies	Notes & bonds	Bank loans	Interest Rate Swaps
Maturing during:					
2018 – 2019	5,108.1	(11.3)	(4,065.9)	(14.1)	74.5
2019 – 2020	4,368.7	-	(4,522.7)	(870.7)	72.8
2020 – 2021	3,129.7	-	(3,160.2)	-	57.6
2021 – 2022	3,613.6	-	(3,650.3)	-	57.6
2022 – 2023	2,100.5	-	(2,137.8)	-	57.6
Thereafter	18,616.2	-	(18,684.2)	-	108.9
Total	36,936.8	(11.3)	(36,221.1)	(884.8)	429.0

September 30, 2017 (in millions of €)	Receivables from Affiliated Companies	Liabilities to Affiliated Companies	Notes & bonds	Bank loans	Interest Rate Swaps
Maturing during:					
2017 – 2018	7,101.8	(2,567.4)	(4,479.2)	(4.7)	169.6
2018 – 2019	4,584.3	(857.5)	(3,786.0)	(4.6)	88.3
2019 – 2020	6,150.1	-	(4,415.4)	(849.3)	86.6
2020 – 2021	3,039.8	-	(3,089.6)	-	71.3
2021 – 2022	3,497.2	-	(3,552.8)	-	71.3
Thereafter	17,476.9	-	(17,644.2)	-	214.6
Total	41,850.1	(3,424.9)	(36,967.2)	(858.6)	701.7

Credit risk

The Company is exposed to credit risk in connection with its significant size of loans granted to Affiliated Companies, which are located in the Netherlands and in the United States, and its derivative instruments. Credit risk is defined as an unexpected loss in financial instruments if the contractual partner is failing to discharge its obligations. Valuation and collectability of these receivables and instruments depend upon the financial position and creditworthiness of the companies involved and of Siemens AG as a whole. Receivables from Affiliated 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 €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 all 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.

19. Claims and litigations

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

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20. Segment information

The Company has only a single reportable segment. The Company provides funding to Affiliated Companies. The main partners are a US treasury company and a Dutch treasury company.

21. Related parties

The Company is the main funding party of the Affiliated Companies and offers finance solutions mainly for general purposes of the borrower. No amount is paid by the Company or any of the Affiliated Companies other than in the line of business. The Company lends the proceeds of issuances of bonds, notes and loans from banks to related parties only and are executed on an "at arm's length" basis (fixed plus a margin and LIBOR plus a margin). Receivables from Affiliated 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 reduces the credit risk of the Company to a maximum of €2 million.

The following table provides information about several positions between the Company and the related parties for the fiscal year ending September 30, 2018.

Cash equivalents	September 30, 2018	September 30, 2017
<i>(in millions of €)</i>		
Siemens AG	66.5	21.4

Receivables from Affiliated Companies	September 30, 2018		September 30, 2017	
	Interest income	Loans	Interest income	Loans
<i>(in millions of €)</i>				
Germany	4.5	-	0.0	-
The Netherlands	372.2	17,738.9	278.2	15,025.6
United Kingdom	-	-	0.2	-
United States of America	389.5	11,237.5	429.6	17,778.7
Total	766.2	28,976.4	708.0	32,804.3

The receivable position with Affiliated Companies in Germany relates completely to positions with Siemens AG, the parent, and the other positions relate to other related parties.

Liabilities to Affiliated Companies	September 30, 2018		September 30, 2017	
	Interest expense	Deposits	Interest expense	Deposits
<i>(in millions of €)</i>				
Germany	(6.8)	-	(6.4)	(2,540.3)
The Netherlands	(11.2)	(11.3)	(17.2)	(857.1)
Total	(18.0)	(11.3)	(23.6)¹⁾	(3,397.4)

¹⁾ Comparative figure updated with correct amount of interest expense due to incorrect allocation of partner.

The liability position to Affiliated Companies in Germany relates completely to positions with Siemens AG, the parent, and the other positions relate to other related parties.

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Interest related income	September 30, 2018	September 30, 2017
(in millions of €)		
Siemens AG	8.1	34.2

Interest rate swaps with Affiliated Companies				
(in millions of €)	September 30, 2018		September 30, 2017	
	Net interest	Fair value	Net interest	Fair value
Siemens AG	88.5	97.4	147.2	210.1

Currency swaps with Affiliated Companies				
(in millions of €)	September 30, 2018		September 30, 2017	
	Fair value changes	Fair value	Fair value changes	Fair value
Siemens AG	10.5	-	102.9	(21.5)

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

22. Remuneration Board of Directors and Supervisory Board

In 2018, the remuneration of key management personnel in relation to activities performed in the entity amounted to €0.2 million (2017: €0.2 million). This remuneration consists of periodic remuneration, bonuses and other remuneration.

The members of the Supervisory Board, received a remuneration of in total €20,000 (2017: €20,000) for account of the Company during the fiscal year.

23. Events after reporting date

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

24. Proposal for appropriation of the result

Pursuant to article 22 of the Articles of Association, it is proposed to appropriate the results of the fiscal year 2018 as follows:

Distribution of dividends	€	-
Adding to (extracting from) retained earnings	€	(893,998.76)

Siemens Financieringsmaatschappij N.V.
NOTES TO THE FINANCIAL STATEMENTS

The Hague, November 28, 2018

The Hague, November 28, 2018

Siemens Financieringsmaatschappij N.V.
The Supervisory Board

The Board of Directors

Dr. P. Rathgeb

G.J.J. van der Lubbe

Dr. H. Bernhöft

K.E. Mitchell

B.G. Trompert

Siemens Financieringsmaatschappij N.V.

OTHER INFORMATION

Other Information

Profit appropriation according to the Articles of Association

Article 22 of the articles of association reads as follows:

22.1. The company may make distributions to the shareholders and other persons entitled to the distributable profits, to the extent the equity of the company exceeds the paid-up and called-up part of the company's equity, plus the reserves which must be maintained under Dutch law.

22.2. Of the profits evidenced by the profit and loss accounts adopted by the General Meeting, the Supervisory Board may resolve to add an amount to the reserves of the company. The amount of the profits after such reservation shall be at the disposal of the General Meeting.

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

22.4. The company may make interim (profit-)distributions, to the extent that the provisions as set out in article 22.1 have been complied with as evidenced by an interim statement in conformity with Dutch law. The resolution of the General Meeting for interim (profit-)distributions is subject to the prior approval of the Supervisory Board.

The company shall deposit the interim statement at the office of the trade register within eight days after the day on which the resolution to distribute is published.

22.5. There shall be no distribution of profits on shares or depositary receipts for shares held by the company in its own capital.

22.6. In calculating each distribution, the shares held by the company in its own capital, or depositary receipts thereof, shall be disregarded.

22.7. The right to receive a distribution shall expire five years from the day on which such a distribution became payable.

Siemens Financieringsmaatschappij N.V.

OTHER INFORMATION

Independent auditor's report

To: the Supervisory Board, the Board of Directors and Shareholders of Siemens Financieringsmaatschappij N.V.

A. Report on the audit of the financial statements for the year ended September 30, 2018

Our opinion

We have audited the financial statements for the year ended September 30, 2018 of Siemens Financieringsmaatschappij N.V. (the Company), based in The Hague.

In our opinion the accompanying financial statements give a true and fair view of the financial position of Siemens Financieringsmaatschappij N.V. for the year ended September 30, 2018 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 (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The Statements of Financial Position for the year ended September 30, 2018
- The following statements for the year ended September 30, 2018: Statement of Comprehensive Income, Changes in Equity and Cash Flows
- The notes comprising a summary of the significant accounting policies and other explanatory information

Basis for our opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements section" of our report.

We are independent of Siemens Financieringsmaatschappij N.V. in accordance with the EU Regulation on specific requirements regarding statutory audit of public-interest entities, the Wet toezicht accountantsorganisaties (Wta, Audit firms supervision act), the Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten (ViO, Code of Ethics for Professional Accountants, a regulation with respect to independence) and other relevant independence regulations in the Netherlands. Furthermore, we have complied with the Verordening gedrags- en beroepsregels accountants (VGBA, Dutch Code of Ethics).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Materiality	EUR 7.8 million
Benchmark applied	1% of interest income on Receivables from Affiliated Companies
Explanation	Interest income is the main driver and area of interest for external parties.

We have also taken misstatements into account and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of EUR 390.000, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Siemens Financieringsmaatschappij N.V.

OTHER INFORMATION

Our key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Use of shared service centers of Siemens AG	
Risk	The Company has partly outsourced cash management, valuation, treasury and IT processes to shared service centers of Siemens AG. Management is responsible for these processes as they relate the financial statements of the Company.
Our audit approach	For the purpose of obtaining assurance regarding these processes and related accounts (in particular Receivables from/to Affiliated Companies, Derivative Financial Instruments, Debt and Other Financial Assets and Liabilities, interest related income, interest expenses and the fair value change of financial instruments as disclosed in notes 4, 5 and 10 - 15 of the financial statements) we performed our own procedures and made use of the procedures performed by the auditor of Siemens AG. We have instructed the auditor of Siemens AG and reviewed the procedures performed and the conclusions reached by the auditor of Siemens AG concerning to the assessment of the processes and related accounts.
Key observations	By performing the procedures mentioned above we have been able to obtain sufficient and appropriate audit evidence about the above described processes and related accounts.

Valuation of financial instruments (Refer to note 2 Summary of significant accounting policies, and note 11, 14, 17 and 18 Additional disclosures on financial instruments)	
Risk	The Company holds significant positions in derivative financial instruments and issued bonds. Hedge accounting is applied to the derivative financial instruments. The valuation of derivatives is performed by the Siemens AG shared service centers while the valuation of the issued bonds is performed locally. Management remains responsible for the valuation and hedge accounting applied in the financial statements of the Company (refer to paragraph Use of the shared service centers).
Our audit approach	The auditor of Siemens AG involves valuation specialists in the audit procedures regarding the valuation of derivatives and other financial instruments. We have instructed the auditor of Siemens AG and reviewed the procedures performed and the conclusions reached by the auditor of Siemens AG including the procedures performed by these specialists. Furthermore, we assessed whether the disclosures in the financial statements in relation to the valuation of financial instruments are compliant with the relevant reporting requirements.
Key observations	Based on our procedures performed we consider the valuation of financial instruments to be within a reasonable range. Furthermore, we determined that the fair value disclosures of financial instruments in note 17 are adequate.

Siemens Financieringsmaatschappij N.V.

OTHER INFORMATION

B. Report on other information included in the annual report

In addition to the financial statements and our auditor's report thereon, the annual report contains other information that consists of:

- Report of the Board of Directors
- Corporate Governance Statement
- Report of the Supervisory Board
- Other information pursuant to Part 9 of Book 2 of the Dutch Civil Code

Based on the following procedures performed, we conclude that the other information:

- Is consistent with the financial statements and does not contain material misstatements
- Contains the information as required by Part 9 of Book 2 of the Dutch Civil Code

We have read the other information. Based on our knowledge and understanding obtained through our audit of the financial statements or otherwise, we have considered whether the other information contains material misstatements. By performing these procedures, we comply with the requirements of Part 9 of Book 2 of the Dutch Civil Code and the Dutch Standard 720. The scope of the procedures performed is less than the scope of those performed in our audit of the financial statements.

Management is responsible for the preparation of the other information, including the Report of the Board of Directors in accordance with Part 9 of Book 2 of the Dutch Civil Code and other information pursuant to Part 9 of Book 2 of the Dutch Civil Code.

C. Report on other legal and regulatory requirements

Engagement

We were engaged by the Supervisory Board as auditor of Siemens Financieringsmaatschappij N.V. on December 16, 2008, as of the audit for the year ended September 30, 2009 and have operated as statutory auditor ever since that date.

No prohibited non-audit services

We have not provided prohibited non-audit services as referred to in Article 5(1) of the EU Regulation on specific requirements regarding statutory audit of public-interest entities.

Other non-prohibited services provided

In addition to the statutory audit of the financial statements of Siemens Financieringsmaatschappij N.V., we provided the following services:

- We issued an assurance report on the European Medium Term Note program for the Luxembourg Capital Market.

D. Description of responsibilities for the financial statements

Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and 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 management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements

Siemens Financieringsmaatschappij N.V.

OTHER INFORMATION

using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern in the financial statements.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our responsibilities for the audit of the financial statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all material errors and fraud.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

We have exercised professional judgement and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements. Our audit included e.g.,:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- Obtaining an understanding of internal control relevant to the audit 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 Company's internal control
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a Company to cease to continue as a going concern
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Siemens Financieringsmaatschappij N.V.
OTHER INFORMATION

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Rotterdam, 28 November 2018

Ernst & Young Accountants LLP

signed by W.P. de Pater