Siemens Financieringsmaatschappij N.V.

Annual report 2009

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Siemens Financieringsmaatschappij N.V.

Annual Report 2009

Contents

Statement of the Board of Directors

Herewith we present the financial statements of Siemens Financieringsmaatschappij N.V. as of September 30, 2009. These financial statements are prepared according to the International Financial Reporting Standards as adopted by the European Union.

General

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

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

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

Objectives

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

Strategy

The Company is the main funding party of the Associated Companies. Interest risks and foreign exchange risks are covered by effective hedging instruments. Credit risk is covered by agreements with Siemens AG. The needed funding is managed by borrowing from the money and capital markets by issuing loans, bonds, notes and Commercial Paper. The Company will continue its activities as financing company of Siemens AG and Siemens AG Group companies. The Company acts as part of Siemens Financial Services. Given its interrelatedness with Siemens AG, management refrains from commenting on the activity level and expected results for the near future.

Risk management

The Board of Directors is responsible for the internal control and the management of risks within the Company and for the assessment of the effectiveness of these control systems. Such control systems were set up in cooperation with Siemens AG to identify and subsequently manage the credit, interest and foreign exchange rate risks which could endanger the realization of the objectives of the Company. Interest rate risks and exchange rate risks related to loans and receivables are hedged if no back to back funding is in place. If the Company lends to other companies than Siemens AG the credit risk of these loans are in principle covered by a guarantee of Siemens AG. For this reason, a limited capital at risk agreement was entered into between the Company and Siemens AG.

Siemens Financial Services established a program for process management, which covers the internal controls to detect, prevent and otherwise mitigate risks. The Company has its processes integrated in this management system. All Company and generic processes are monitored by Siemens Financial Services on a centralized basis. The Company extended the enterprise risk management system by a compliance tool kit assuring the compliancy of the Company with applicable laws and regulations and the guidelines of Siemens AG.

Liquidity risk

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

Business Review

In the year ended September 30, 2009 the Company issued 32 Commercial Papers under the USD 9.0 billion Siemens Global Commercial Paper Programme totaling to EUR 1.4 billion (2008, EUR 7.0 billion) and covering revolving short term financing needs of the Associated Companies. At September 30, 2009 no amount was outstanding.

Together with Siemens AG and Siemens Capital Company LLC, New York, the Company has an EMTN program under which the Company may issue medium-term notes. In December 2008, the maximum issuable amount under this program increased from EUR 5.0 billion to EUR 10.0 billion. In February 2009, the Company issued EUR 4.0 billion fixed-interest notes in two tranches comprising EUR 2.0 billion 4,125% note due February 20, 2013 and EUR 2.0 billion 5,125% note due February 20, 2017. In May 2009, the maximum issuable amount under the EMTN program increased further from EUR 10.0 billion to EUR 15.0 billion. The total nominal amount outstanding under the medium-term note program was EUR 8.8 billion as of September 30, 2009.

In the year ended September 2009, the outstanding floating rate extendible notes with a nominal and carrying amount of EUR 0.5 billion were redeemed at face value on the first maturity date by the end of June 2009. In August, the Company redeemed the outstanding amount of USD 0.75 billion floating notes.

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

Other items

All personnel are employed by the regional company Siemens Nederland N.V. under a service level agreement.

Management representation

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

The Hague, December 2, 2009

On behalf of the Board of Directors

G.J.J. van der Lubbe	M.J.M. van der Bruggen
CEO	CFO

Report of the Supervisory Board to the Shareholders

General

The Supervisory Board supervises the policies of, and their execution by, the Board of Directors as well as the general affairs of Siemens Financieringsmaatschappij N.V. (the Company). In addition, the Supervisory Board assists the Board of Directors by providing advice.

In accordance with Dutch legal provisions, the Supervisory Board of the Company is an independent body within the Company, whose role it is to judge independently the course of affairs of the Company. The members of the Supervisory Board may take independent views vis-à-vis the Board of Directors.

The Supervisory Board performs its role guided by the interests of the Company and has an obligation to take into account the interests of all relevant stakeholders of Siemens Financieringsmaatschappij N.V. The Supervisory Board is responsible for guarding the quality of its own performance. If necessary the Supervisory Board, at the Company's expense, may hire third-party specialists for professional advice.

During the year informal contacts between the Supervisory Board and the Board of Directors took place on a regular basis.

Changes in the composition of the Supervisory Board and Board of Directors

Effective March 1, 2009, Mr. J.-C. Kieffer retired as Chairman of the Supervisory Board. Mr. H.P. Rupprecht, who is the Corporate Treasurer of Siemens AG, was appointed new Chairman of the Supervisory Board. Mr. P.P. de Royer-Dupré, who is CFO of Siemens Nederland N.V., was appointed as member of the Supervisory Board.
These changes were approved on November 19, 2008 at the General Meeting of Shareholders.
Effective July 1, 2009 Mr. B.G. Trompert, Chairman of the Raad van Toezicht (Supervisory Board) of Stichting Pensioenfonds Siemens, was appointed member of the Supervisory Board of the Company. This change was approved on May 20, 2009, at the Extraordinary General Meeting of Shareholders.

Effective November 19, 2008 Mr. J.W. Hesselink retired as CFO of the Company. Mr. G.J.J. van der Lubbe was appointed CFO of the Company. This change was approved on November 19, 2008 at the General Meeting of Shareholders.
Effective July 1, 2009 Mr. B.G. Trompert retired as CEO of the Company. Mr. G.J.J. van der Lubbe was appointed CEO of the Company. Mrs. M.J.M. van der Bruggen was appointed CFO of the Company. These changes were approved on May 20, 2009, at the Extraordinary General Meeting of Shareholders.

The Supervisory Board would like to thank all members for their constructive and informed contributions and many years of loyal support.

Audit Committee

Due to the size of the Company the Supervisory Board as a whole acts as Audit Committee and dealt with the Company's risk management system including Legal and regulatory risks. The process of financial reporting have been monitored. The effectiveness of the internal process management and the risk management of the Company were found compliant with the Siemens AG rules and guidelines and are compliant with the Dutch law, especially related to the Company as a so called Organization of Public Interest (Organisatie van Openbaar Belang,OOB).
The financial statements presented hereby have been audited according Dutch Law.
The auditor of the Company is independent and was not involved for the Company in other issues then the audit activities.

Annual report 2009

Hereby we present the financial statements of Siemens Financieringsmaatschappij N.V. as prepared by the Board of Directors and adopted by the Supervisory Board, as well as all other legally required information concerning the Company as of September 30, 2009.

The financial statements for 2009 were audited by Ernst & Young Accountants LLP, which issued an unqualified auditors' report, that can be found on the last pages of this report.

At the forthcoming Annual General Meeting of Shareholders, we recommend that you approve the Annual Report for 2009 in accordance with the documents as presented. In compliance with Article 18, paragraph 6 of the Articles of Association, we propose to adopt the Annual report and discharge the members of the Supervisory Board and members of the Board of Directors.
Furthermore we propose that you approve the proposal of the Board of Directors concerning the result appropriation.

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

The Hague, December 2, 2009

For the Supervisory Board

H.P. Rupprecht   P.P. de Royer-Dupré   B.G. Trompert

(in millions of EUR, except where otherwise stated)

Statement of Income

	Notes	Year ended September 30, 2009	2008
Interest income	4	959.0	1,133.5
Interest expenses	4	(1,000.5)	(1,173.4)
Net interest income		**(41.5)**	**(39.9)**
Fair value changes of financial instruments	5	237.4	(110.9)
Non-trading foreign exchange results	6	(163.6)	197.6
Net operating income		**32.3**	**46.8**
Other general expenses		(0.7)	(0.7)
Operating profit		**31.6**	**46.1**
Dividend income		-	0.9
Result from Divestment		-	0.7
Profit before tax		**31.6**	**47.7**
Income tax expense	7	(8.0)	(11.9)
Profit after tax		**23.6**	**35.8**
Profit for the period attributable to equity holders		**23.6**	**35.8**

Siemens Financieringsmaatschappij N.V.

FINANCIAL STATEMENTS
Year ended September 30, 2009
(in millions of EUR, except where otherwise stated)

Balance Sheet

ASSETS		**September 30,**	
	Notes	**2009**	**2008**
Current assets			
Receivables from Associated Companies	8	10,032.5	18,453.1
Derivative financial instruments	9	243.7	-
Tax assets	7	0.1	0.7
Other current financial assets	10	265.7	38.4
		10,542.0	**18,492.2**
Non-current assets			
Loans to Associated Companies		6,319.2	-
Derivative financial instruments	9	1,198.1	410.1
		7,517.3	**410.1**
Total assets		**18,059.3**	**18,902.3**

EQUITY AND LIABILITIES		**September 30,**	
	Notes	**2009**	**2008**
Current liabilities			
Short term debt and current maturities of long term debt	11	-	1,024.1
Liabilities to Associated Companies	12	-	4,212.2
Derivative financial instruments	9	7.5	317.0
Other current financial liabilities	13	320.9	179.4
		328.4	**5,732.7**
Long term liabilities			
Long term debt	11	17,650.5	13,061.2
Derivative financial instruments	9	-	51.9
Deferred tax liabilities	7	12.4	6.5
		17,662.9	**13,119.6**
Equity			
Issued and paid in share capital	14	10.3	10.3
Share premium reserve	14	1.5	1.5
Retained earnings	14	32.6	2.4
Undistributed profit	14	23.6	35.8
		68.0	**50.0**
Total equity and liabilities		**18,059.3**	**18,902.3**

Siemens Financieringsmaatschappij N.V.

FINANCIAL STATEMENTS
Year ended September 30, 2009
(in millions of EUR, except where otherwise stated)

Statement of Cash Flows

	Year ended September 30,	
	2009	**2008**
Cash flows from operating activities:		
Profit before tax	31.6	46.2
Transaction cost	(8.7)	(12.3)
(Increase) decrease in receivables from Associated Companies *****	2,150.9	(9,097.3)
Increase (decrease) in liabilities to Associated Companies	(4,212.0)	4,212.2
Change in derivative financial instruments w/o hedging relationship	(553.2)	317.0
Increase (decrease) in other current financial liabilities	142.0	82.3
Increase (decrease) in fair value of notes	617.1	118.6
Income taxes paid	(2.0)	(2.0)
Net cash provided by operating activities	**(1,834.3)**	**(4,335.3)**
Cash flows from investing activities:		
Dividend received	-	0.9
Divestment of subsidiary	-	2.7
Net cash provided by investing activities	**-**	**3.6**
Cash flows from financing activities:		
Proceeds from issuance of notes	3,981.6	5,756.4
Redemption of notes	(1,024.7)	-
Change in derivative fin. instruments designated as hedge instrument	(1,067.7)	(321.2)
Proceeds from issuance of Commercial Paper	1,407.2	7,005.2
Repayment of Commercial Paper	(1,407.2)	(8,139.5)
Dividend paid	(5.5)	-
Net cash (used in) provided by financing activities	**1,883.7**	**4,300.9**
Net (decrease) increase in cash and cash equivalents	**49.4**	**(30.9)**
Cash and cash equivalents at beginning of year	41.9	72.8
Cash and cash equivalents at end of year	**91.3**	**41.9**

***** excluding cash equivalents

(in millions of EUR, except where otherwise stated)

Interest paid and received	**Year ended September 30, 2009**	**2008**
Interest received	1,031.4	990.1
Interest paid	1,282.1	1,010.5

Statement of Changes in Equity

	Issued and paid-in capital	**Share premium reserve**	**Retained earnings**	**Undis-tributed profit**	**Total**
Balance as at September 30, 2007	10.3	1.5	4.4	(2.0)	14.2
Appropriation of undistributed profit	-	-	(2.0)	2.0	-
Dividend	-	-	-	-	-
Profit for the year ended September 30, 2008	-	-	-	35.8	35.8
Balance as at September 30, 2008	10.3	1.5	2.4	35.8	50.0
Appropriation of undistributed profit	-	-	30.2	(30.2)	-
Dividend	-	-	-	(5.6)	(5.6)
Profit for the year ended September 30, 2009	-	-	-	23.6	23.6
Balance as at September 30, 2009	**10.3**	**1.5**	**32.6**	**23.6**	**68.0**

Notes to the Financial Statements

1. Basis of presentation

Reporting entity

Siemens Financieringsmaatschappij N.V. ("the Company") is a company domiciled in the Netherlands. The address of the Company's registered office is Prinses Beatrixlaan 800, 2595 BN, The Hague, Netherlands. The Company is registered in the Commercial Register at September 14, 1977, number 27092998. The Company acts as a finance company for the benefit of Siemens AG and Siemens AG Group companies ("Associated Companies"). Since September 28, 1992, the Company is a 100% subsidiary of Siemens AG Berlin / Munich.

In April 2008 the only subsidiary of the Company, Siemens Finance B.V. was sold to Siemens International Holding B.V. As the Company has no subsidiaries since April 2008, no consolidated statements are prepared as of September 2009.
The Company is primarily involved in the financing of the Associated Companies.

The financial statements were authorised for issue by the Managing Board on December 2, 2009.

Reporting standard

The accompanying Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations, as adopted by the European Union (EU). The Company applied all standards and interpretations that were effective as of October 1, 2008. The following standards and interpretations are mandatory for the first time:

- Amendments to IAS 39 'Financial Instruments: Recognition and Measurement' and IFRS 7 'Financial Instruments: Disclosures – Reclassification of Financial Assets'. These amendments allow entities to reclassify certain financial assets out of held-for-trading if they are no longer held for the purpose of being sold or repurchased in the near term. The Company did not reclassify any financial assets.
- IFRIC 11 'IFRS 2 – Group and treasury share transactions'. This interpretation gives guidance on the accounting of share-based payments. As the Company has no share-based payments, this interpretation is not relevant.
- IFRIC 12 'Service concession arrangements'. This interpretation provides guidance to private sector entities on certain recognition and measurement issues that arise in accounting for public-to-private service concession arrangements. As the Company does not have such arrangements, this interpretation is not relevant for the Company.
- IFRIC 14 'IAS 19 – the limit on a defined benefit asset, minimum funding requirements and their interaction'. As the Company does not have any employees and therefore no employee benefits, this interpretation is not relevant.

A number of standards, amendments to standards and interpretations is not effective for the financial year beginning October 1, 2008 and has not been early adopted. The relevant (amendments to) standards and interpretations not adopted are:

- IFRS 8 'Operating segments', effective for years beginning on or after January 1, 2009. This standard is not relevant for the Company as the Company can not be divided into segments.
- IAS 1 (revised) 'Presentation of Financial Statements', effective for years beginning on or after January 1, 2009. IAS 1 (revised) sets overall requirements for the presentation of financial statements, guidelines for their structure and minimum requirements for their content. Because of this amendment the categorization of assets and liabilities will slightly change. In addition, the Standard introduces the statement of comprehensive income, which presents income and expense items recognised in profit or loss, together with all other items of recognised income and expense, either in one single statement, or in two linked statements. The Company intends to present one single statement of comprehensive income.
- Amendments to IFRS 7 'Financial instruments: Disclosures', issued in March 2009 and effective for years beginning on or after January 1, 2009. This amendment enhances disclosures about fair value measurements of Financial Instruments. Amendments are also made to enhance disclosures on liquidity risks. Fair value measurements related to items recorded at fair value are to be disclosed by source of inputs using a three level fair value hierarchy, by class, for all financial instruments recognised at fair value.

2. Summary of significant accounting policies

Valuation principles

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

Associated Companies

Associated Companies are Siemens AG and the subsidiaries which are directly or indirectly controlled by Siemens AG.

Functional and presentation currency

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

Transactions in foreign currencies are initially recorded at their respective functional currency rates prevailing at the date of the transaction.
Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency spot rate of exchange ruling at the reporting date. All differences are taken to the Statement of Income with the exception of all monetary items that provide an effective hedge for a financial asset or liability to or from a foreign company. These differences are recognized in the Statement of Income on the date of disposal.

(in millions of EUR, except where otherwise stated)

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

		Year-end exchange rate 1 EUR quoted into currencies specified below September 30,		Annual average rate 1 EUR quoted into currencies specified below reporting year ending	
Currency	**ISO Code**	**2009**	**2008**	**2009**	**2008**
U.S. Dollar..	USD	1.464	1.430	1.354	1.504
British Pound..	GBP	0.909	0.790	0.875	0.764
Swiss Franc	CHF	1.508	1.577	1.514	1.621

Impairment of financial assets

The carrying amount of the Company's assets, other than deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. The Company's assets mainly consist of receivables from the Associated Companies. If any indication of impairment exists, the asset's recoverable amount is estimated. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognized in the statement of income.

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

Income Taxes

The Company applies IAS 12, Income Taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement 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 Income unless related to items directly recognized in equity in the period the new laws are substantively enacted. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilized.

Financial instruments

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

Financial instruments are recognized on the balance sheet when the Company becomes a party to the contractual obligations of the instrument.

Initially, financial instruments are recognized at their fair value plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of financial asset or financial liability. Subsequently, financial instruments are measured according to the category to which they are assigned.

Cash and cash equivalents

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

Loans and receivables

Financial assets classified as loans and receivables are measured after initial measurement at amortized cost using the effective interest method. Impairment losses are recognized using separate allowance accounts.

Financial liabilities

The Company measures financial liabilities, except for derivative financial instruments, at amortized cost using the effective interest method.
A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

Derivative instruments

Derivative financial instruments, such as foreign currency exchange contracts and interest rate swap contracts, are measured at fair value. The fair value of interest rate swap contracts is estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument. The fair value of forward foreign exchange contracts is based on forward exchange rates.
Derivative financial instruments are classified as held for trading unless they are designated as hedging instruments, for which hedge accounting is applied. Changes in the fair value of derivative financial instruments are recognized periodically in net income, net of applicable deferred income taxes.
The Company does not hold or issue derivative financial instruments for speculative purposes.

Hedge accounting

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

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

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

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

Fair value hedges

The risk of changes in the fair value of hedged items due to changes in the benchmark interest rate is hedged.

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 income statement in ‘fair value changes of financial instruments’. The carrying amount of the hedged items – bonds and notes – is adjusted by the change in the fair value of the hedge instruments – interest rate swaps –.

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 income statement 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 income statement.

Related party transactions

The transactions of the Company comprise mainly of transactions with Associated Companies and are executed at an “arms' length” basis, unless indicated otherwise.
The Company did not enter into any contracts with members of the Management Board.

Revenue recognition

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

Cost recognition

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

Solvency

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

Dividends

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

Cash Pool

The form of the cash pools is zero-balancing where all account balances are automatically transferred to one control account held by Siemens AG. Funds moving into these accounts create inter-company loans between the Company and Siemens AG. In the Statement of Cash Flows cash and cash equivalents are related to these inter-company balances.

Cash Flow

The Statement of Cash Flows shows how the cash and cash equivalents of the Company have changed during the course of the year as a result of cash inflows and cash outflows. Cash flows are classified into cash flows from operating, investing and financing activities.
The Company's purpose is to assist the financing of the activities conducted by the Associated Companies. The cash flows from operating activities are computed using the indirect method, starting from the profit before tax of the Company. Under this method, changes in assets and liabilities relating to operating activities are adjusted for currency translation effects. The cash flows from investing and financing activities are based on actual payments and receipts.

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

3. Management estimates and judgments

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

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

Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the discounted cash flows model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgment is required in establishing fair values. 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.

(in millions of EUR, except where otherwise stated)

4. Interest income and expenses

Details of interest income and expenses	Year ended September 30,	
	2009	2008
Interest income on financial assets with Associated Companies	369.7	603.3
Interest income on interest rate swaps	416.8	472.7
Interest related income [1]	172.4	54.8
Interest income other	0.1	2.7
Interest expense on financial debt [2]	(851.0)	(582.8)
Interest expense on interest rate swaps	(94.5)	(438.6)
Interest expense on financial liabilities with Associated Companies	(55.0)	(152.0)
Interest margin	**(41.5)**	**(39.9)**

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

[2] The interest expense on financial debt includes the amortization of transaction cost EUR 7.2 (2008: EUR 4.8), the amortization of (discount) premium EUR 2.1 (2008: EUR 1.8) and the amortization of the market value of debt at inception EUR 3.3 (2008: EUR 1.6).

5. Fair value changes of financial Instruments

Derivatives	Year ended September 30,	
	2009	2008
Ineffective portion of fair value hedges	19.4	36.9
Fair value changes of cross currency swaps	198.0	(150.3)
Result forward rate currency contracts	18.2	0.6
Currency result on fair value hedges	1.8	1.9
Total of changes	**237.4**	**(110.9)**

(in millions of EUR, except where otherwise stated)

The ineffective part of hedges consists of the change in the fair values of the hedging instruments in 2009: EUR 839.9 million (2008: EUR 315.1 million) and the change in the fair values of the hedged items in 2009: EUR 818.7 million negative (2008: EUR 276.3 million negative) minus the currency result on fair value hedges.

For additional disclosures on derivative financial instruments see also note 17.

6. Non-trading foreign exchange results

Currency results	**Year ended September 30,**	
	2009	**2008**
Currency result on assets	(371.3)	(44.3)
Currency result on debt	207.7	241.0
Currency result other	-	0.9
Total currency results	**(163.6)**	**197.6**

7. Income tax

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

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

Income tax expense	**Year ended September 30,**	
	2009	**2008**
Current tax expense	(2.1)	(1.7)
Deferred tax expense	(5.9)	(10.2)
Income tax expense	**(8.0)**	**(11.9)**

(in millions of EUR, except where otherwise stated)

For reporting years ended September 30, 2009 and 2008, the Company is subject to Dutch corporate income tax. The tax rate is 25.5%.

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

Reconciliation of the effective tax expense	**Year ended September 30,**	
	2009	**2008**
Profit from ordinary activities before tax	31.6	46.2
Income tax using corporate tax rate (25.5%)	(8.0)	(11.8)
Difference due to changes in corporate tax rate	-	(0.1)
Income tax (expense) benefit	**(8.0)**	**(11.9)**

The effective tax rate equals the corporate tax rate of 25.5%, based upon the advanced price agreement with the Dutch tax authorities.

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

Tax receivable (accrual)	**September 30,**	
	2009	**2008**
Balance at beginning of the year	0.7	0.4
Current income tax	(2.1)	(1.7)
Payments to tax authorities, net	1.5	2.0
Balance at the end of the year	**0.1**	**0.7**

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

Deferred tax asset (liability)	**September 30,**	
	2009	**2008**
Balance at beginning of the year	(6.5)	3.7
Deferred tax assets (liabilities) for reporting year	(5.9)	(10.3)
Correction of deferred tax assets for old reporting years	-	(0.1)
Balance at the end of the year	**(12.4)**	**(6.5)**

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

8. Receivables from Associated Companies

Receivables from Associated Companies	**September 30,**	
	2009	**2008**
Current account	89.4	-
Interest receivables	1.9	41.9
Loans < 1 year	9,941.2	18,411.2
Total Receivables from Associated Companies	**10,032.5**	**18,453.1**

For the purpose of the cash flow statement, cash and cash equivalents are comprised of the following:

Cash and cash equivalents	**September 30,**	
(in thousands of EUR)	**2009**	**2008**
Current account	89.4	-
Interest receivables	1.9	41.9
Total Cash and cash equivalents	**91.3**	**41.9**

For additional disclosures on receivables see also note 16.

(in millions of EUR, except where otherwise stated)

9. Derivative financial instruments

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

	30 September, 2009			30 September, 2008		
	Assets	**Liabilities**	**Notional Amount**	**Assets**	**Liabilities**	**Notional Amount**
Derivatives held-for-trading						
Currency swaps	243.7	(7.5)	7,525.8	-	(317.0)	7,985.3
	243.7	(7.5)	7,525.8	-	(317.0)	7,985.3
Derivatives used as fair value hedges						
Interest rate swaps	1,198.1	-	15,565.2	410.1	(51.9)	11,766.5
	1,198.1		15,565.2	410.1	(51.9)	11,766.5
Total	**1,441.8**	**(7.5)**	**23,091.0**	**410.1**	**(368.9)**	**19,751.8**

As per September 30, 2009, all interest rate swaps are designated in hedge accounting. In all interest rate swap contracts Siemens AG is the counterparty. The arrangements have been entered into to swap the fixed interest on long term debt into floating interest on short term base.
For additional disclosures on financial instruments see also note 17.

10. Other current financial assets

The other current financial assets comprise the net interest accrual of interest rate swap contracts with a positive fair value. Last year, the interest accrual on interest rate swaps was stated under 'Current derivative financial instruments'. As the interest accrual is not a derivative financial instrument, this item is reclassified to 'Other current financial assets'.

(in millions of EUR, except where otherwise stated)

11. Debt

Long term debt	**September 30,**	
	2009	**2008**
Notes and bonds	(16,511.9)	(11,961.6)
Loans from banks	(1,138.6)	(1,099.6)
Total long term debt	**(17,650.5)**	**(13,061.2)**

As of September 30, 2009, the weighted average interest rate for loans from banks was 3.4% (2008: 6.6%) and the average weighted interest rate for bonds and notes was 5.3% (2008: 5.5%).

Long term debt	**September 30,**	
	2009	**2008**
Notes, bonds and loans from banks	(16,560.1)	(12,768.9)
Adjustment of carrying amount due to fair value hedge accounting	(1,099.1)	(248.0)
Other financial indebtedness	8.7	(44.3)
Therein:		
Adjustments recognized as part of the first adoption of IFRS	*(58.7)*	*(90.3)*
Unamortized portion of (dis-)agio	*23.5*	*8.6*
Unamortized portion of transaction costs	*43.9*	*37.4*
Total long term debt	**(17,650.5)**	**(13,061.2)**

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

Credit facilities and loans

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

Notes and bonds

At December 18, 2008, the Company, together with Siemens AG and Siemens Capital Company LLC, increased the medium term note program from EUR 5.0 billion as of September 30, 2008 to EUR 10.0 billion. In May 2009, the medium-term note program was increased to EUR 15.0 billion.

(in millions of EUR, except where otherwise stated)

In February 2009, the Company issued EUR 4.0 billion fixed-interest notes under the program in two tranches comprising EUR 2.0 billion 4,125% note due February 20, 2013 and EUR 2.0 billion 5,125% note due February 20, 2017. The nominal amount outstanding under the medium term notes program was EUR 8.8 billion as of September 30, 2009.

Details on issuance of notes and bonds	**Year ended September 30,**	
	2009	**2008**
Proceeds from issuance of notes	3,981.6	5,756.4
Issuance cost	(8.7)	(12.3)
Change of base adjustment	3.1	15.2
Total issuance of notes and bonds	3,976.0	5,759.3

Short term debt and current maturities of long term debt	**September 30,**	
	2009	**2008**
Notes and bonds	-	1,024.4
Other financial indebtness	-	(0.3)
Total short term debt and current maturities of long term debt	**-**	**1,024.1**

The outstanding floating rate extendible notes with a nominal and carrying amount of EUR 500 million were redeemed at face value on the first maturity date by the end of June 2009.

In August 2009, the Company redeemed the outstanding amount of USD 750 million floating notes.

Commercial Paper

On April 4, 2007 Siemens AG, Siemens Capital Company LLC and Siemens Financieringsmaatschappij N.V. established an USD 9.0 billion Global Commercial Paper Programme for the issuance of Commercial Paper notes. In the reporting year the Company issued 32 Commercial Papers (2008: 142) under this Programme totaling an amount of EUR 1.4 billion (2008: EUR 7.0 billion), covering revolving short term financing needs of Associated Companies. At September 30, 2009 there is no amount outstanding (September 30, 2008: EUR 0 billion). The weighted average interest rate of the commercial paper was 1.25% and varied between 0.38% and 3.26% with durations between 3 weeks and 3 months.

(in millions of EUR, except where otherwise stated)

Details of the Company's notes and bonds

		September 30, 2009		September 30, 2008	
		(notional amount)	carrying amount EUR [1]	(notional amount)	carrying amount EUR [1]
5.75% 2001/2011 EUR bonds	EUR	2,000	2,141	2,000	2,051
USD LIBOR + 0.15% 2006/2012 USD Medium Term Note	USD	500	341	500	349
5.625% 2006/2016 USD Medium Term Note	USD	500	386	500	374
5.5% 2006/2012 USD notes [2]	USD	750	556	750	552
USD LIBOR + 0.05% 2006/2009 USD notes [2]	USD	-	-	750	524
5.75% 2006/2016 USD notes [2]	USD	1,750	1,366	1,750	1,323
6.125% 2006/2026 USD notes [2]	USD	1,750	1,439	1,750	1,366
5.25% 2006/2066 EUR bonds [3]	EUR	900	941	900	857
6.125% 2006/2066 GBP bonds [3]	GBP	750	874	750	928
EURIBOR + 0.23% 2008/2009 EUR bonds [4]	EUR	-	-	500	500
5.25% 2008/2011 EUR Medium Term Note	EUR	1,550	1,644	1,550	1,555
5.375% 2008/2014 EUR Medium Term Note	EUR	1,000	1,084	1,000	999
5.625% 2008/2018 EUR Medium Term Note	EUR	1,600	1,763	1,600	1,607
4.125% 2009/2013 EUR Medium Term Note	EUR	2,000	2,000	-	-
5.125% 2009/2017 EUR Medium Term Note	EUR	2,000	1,976	-	-
Total debt			**16,512**		**12,985**

All bonds and notes are guaranteed by Siemens AG.

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

[2] For the USD 750 million fixed rate notes, the issuer may redeem at any time all or some of the notes at the early redemption amount (call) according to the terms and conditions of the fixed rate notes.

[3] The subordinated hybrid capital bond was issued in a EUR tranche of EUR 900 million and a GBP tranche of GBP 750 million, both with a legal final maturity on September 14, 2066 and with a call option for Siemens after 10 years or thereafter. The bonds bear a fixed interest rate (5.25% for the EUR tranche and 6.125% for the GBP tranche) until September 14, 2016, thereafter, floating rate interest according to the conditions of the bond.
For additional disclosures on Debt see also note 17.

(in millions of EUR, except where otherwise stated)

Details of loans from banks		**September 30, 2009**		**September 30, 2008**	
		(notional amount)	carrying amount EUR [1)]	(notional amount)	carrying amount EUR [1)]
EURIBOR + 0.55% 2008/2013 EUR notes	EUR	370	369	370	370
5.283% 2008/2013 EUR notes	EUR	114	123	114	114
EURIBOR + 0.7% 2008/2015 EUR notes	EUR	284	283	284	283
5.435% 2008/2015 EUR notes	EUR	333	364	333	333
Total loans from banks			**1,139**		**1,100**

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

12. Liabilities to Associated Companies

Liabilities to Associated Companies	**September 30,**	
	2009	**2008**
Loans from Associated Companies < 1 yr	-	(3,546.7)
Current account	-	(664.1)
Other liabilities to Associated Companies	-	(1.4)
Total liabilities to Associated Companies	**-**	**(4,212.2)**

As per September 30, 2009 the Company has no liabilities to Associated Companies.

(in millions of EUR, except where otherwise stated)

13. Other current financial liabilities

Other current financial liabilities	**September 30,**	
	2009	**2008**
Accrued interest bond and notes	(320.9)	(178.9)
Interest rate swaps – interest accrual [1]	-	(0.5)
Total other current financial liabilities	**(320.9)**	**(179.4)**

[1] Last year, the interest accrual on interest rate swaps was stated under ‘current derivative financial instruments’. As the interest accrual is not a derivative financial instrument, this item is reclassified to ‘other current financial liabilities’.

14. Equity

The Company’s authorized share capital is divided in 50,000 shares with a nominal value of EUR 1 thousand each, of which 10,256 shares have been issued and fully paid in. All shares are held by Siemens AG.

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 reporting year 2008-2009 the Board of Directors proposes to pay a dividend of EUR 5.0. Payment of any dividend is contingent upon approval by the shareholders at the Annual Shareholders’ Meeting.

(in millions of EUR, except where otherwise stated)

15. Commitments and contingencies

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

Guarantees	**September 30,**	
	2009	**2008**
Credit guarantees	6.0	8.0
Performance guarantees	24.0	36.0
Total Guarantees	**30.0**	**44.0**

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

Furthermore, the Company issued performance guarantees of the Associated Companies, which include performance bonds and guarantees of advance payments in cases where Associated Companies are the general partner or are a subsidiary partner in a consortium. In the event of non-fulfillment of contractual obligations by the (consortium) partner(s), the Company will be required to pay up to an agreed-upon maximum amount. These agreements span the term of the contract, typically ranging from three months to seven years. Consortium agreements provide for fallback guarantees as a recourse provision among the consortium partners. No significant liability has been recognized in connection with these guarantees. As of August 1, 2008 the Company discontinued the issuance of new guarantees.

16. 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 balance sheet items that contain financial instruments.
The following table presents the carrying amounts of each category of financial assets and liabilities:

(in millions of EUR, except where otherwise stated)

Financial assets, carrying amounts	**September 30,**	
	2009	**2008**
Receivables from Associated Companies	10,032.5	18,453.1
Loans to Associated Companies	6,319.2	-
Derivatives with a hedging relationship	1,198.1	410.1
Total financial assets, carrying amounts	**17,549.8**	**18,863.2**

Due to the fact that the receivables have a revolving character with a short term duration the fair value of the receivables (EUR 10,034.2) approximates the carrying amount. The fair value of the loans (EUR 6,327.5) approximates the carrying amount.

Financial liabilities	**September 30,**	
	2009	**2008**
Financial liabilities measured at amortized cost	17,650.5	14,085.3
Derivative financial instruments held for trading (currency swaps)	7.5	317.0
Derivatives with a hedging relationship	-	51.9
Total financial liabilities	**17,658.0**	**14,454.2**

Financial liabilities measured at cost or amortized cost	**September 30, 2009**		**September 30, 2008**	
	Fair value	**Carrying amount**	**Fair value**	**Carrying amount**
Notes and bonds	17,524.8	17,650.5	14,140.5	14,085.3
Total financial liabilities measured at cost or amortized cost	**17,524.8**	**17,650.5**	**14,140.5**	**14,085.3**

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

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

(in millions of EUR, except where otherwise stated)

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

Financial assets measured at fair value	**September 30, 2009**	**2008**
Derivative financial instruments		
Without hedging relationship	243.7	-
Designated as hedge instrument	1,198.1	410.1
Total financial assets measured at fair value	**1,441.8**	**410.1**

Financial liabilities measured at fair value	**September 30, 2009**	**2008**
Derivative financial instruments		
Without hedging relationship	(7.5)	(317.0)
Designated as hedge instrument	-	(51.9)
Total financial liabilities measured at fair value	**(7.5)**	**(368.9)**

During the reporting year the Company entered into derivative financial instruments with Siemens AG only. The calculation of fair values for derivative financial instruments depends on the type of instruments:

Derivative interest rate contracts

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 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.

(in millions of EUR, except where otherwise stated)

Net gains (losses) of financial instruments	**September 30,**	
	2009	**2008**
Derivative financial instruments designated as hedge instrument	839.9	315.1
Notes, bonds and loans from banks	(818.7)	(276.3)
Derivative financial instruments without hedging relationship	198.0	(149.7)
Total net gains (losses) of financial instruments	**226.2**	**(118.6)**

Net gains (losses) on derivative financial instruments designated as hedge instrument 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 without hedging relationship consist of changes in the fair value of derivative financial instruments, for which hedge accounting is not applied.

17. Derivative financial instruments and hedging activities

As part of the Company's risk management program, a variety of derivative financial instruments are used to reduce risks resulting primarily from fluctuations in foreign currency exchange rates and interest rates. For additional information on the Company's risk management strategies, including the use of derivative financial instruments to mitigate or eliminate certain of these risks, see also note 18.
The fair values of each type of derivative financial instruments are as follows:

Fair values of derivative financial instruments	**September 30, 2009**		**September 30, 2008**	
	Asset	**Liability**	**Asset**	**Liability**
Currency swaps	243.7	(7.5)	-	(317.0)
Interest rate swaps	1,198.1	-	410.1	(51.9)

See also note 9.

Foreign currency exchange risk management

The Company manages its risks associated with fluctuations in foreign-currency denominated receivables and debt through cross currency swaps. As the Company did not designate the cross currency swaps for cash flow hedges, the Company is not allowed to apply cash flow hedge accounting under IAS 39. Therefore, all such derivative financial instruments are recorded at fair value, either as *Other current financial assets* or *Other current financial liabilities*, and changes in fair values are charged to net income.

Interest rate risk management

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

Under the interest rate swap agreements outstanding during the year ended September 30, 2009, the Company agrees to pay a variable rate of interest multiplied by a notional principle amount, and receive in return an amount equal to a specified fixed rate of interest multiplied by the same notional principal amount. These interest rate swap agreements offset an impact of future changes in interest rates on the fair value of the underlying fixed-rate debt obligations. The interest rate swap contracts are reflected at fair value in the Company's balance sheet and the related portion of fixed-rate debt being hedged is reflected at an amount equal to the sum of its carrying amount plus an adjustment representing the change in fair value of the debt obligations attributable to the interest rate risk being hedged. Changes in the fair value of interest rate swap contracts and the offsetting changes in the adjusted carrying amount of the related portion of fixed-rate debt being hedged, are recognized as adjustments to the line item *'fair value changes of financial instruments'* in the statement of income. The net effect recognized in *'fair value changes of financial instruments'*, representing the ineffective portion of the hedging relationship, amounted to EUR 19.4 in fiscal 2009. Net cash receipts and payments relating to such interest rate swap agreements are recorded as interest income and interest expense in the statement of income.

The Company had interest rate swap contracts to pay variable rates of interest (average rate of 1.90% and 5.23% as of September 30, 2009 and 2008 respectively) and received fixed rates of interest (average rate of 5.37% and 5.63% as of September 30, 2009 and 2008 respectively). The notional amount of indebtedness hedged as of September 30, 2009 and 2008 was EUR 16.7 billion and EUR 11.8 billion respectively. This resulted in 100% of the Company's underlying notes and bonds being subject to variable interest rates. The notional amounts of these contracts mature at varying dates based on the maturity of the underlying hedged items. The net fair value of interest rate swap contracts (excluding accrued interest) used to hedge indebtedness as of September 30, 2009 and 2008 was EUR 1.2 billion and EUR 0.4 billion respectively.

18. Financial risk management

Foreign currency exchange rate risk

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

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

(in millions of EUR, except where otherwise stated)

Interest rate risk

The Company's interest rate risk exposure is mainly related to fix rated bonds and notes. The Company limits this risk through the use of derivative instruments which allow it to hedge fair value changes by swapping the fixed interest rates into variable rates of interest. In cases were the Company is lending to Associated Companies with a duration that differs from the duration of the bonds and notes including the swap a mismatch could lead to an interest rate risk.

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

Liquidity risk

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

The table below summarizes the maturity profile of the Company's assets and liabilities based on contractual undiscounted repayment obligations.

September 30, 2009	**Financial Debt**	**Interest payments**	**Loans and Receivables**	**Interest to be received**
Maturing during:				
2009 – 2010	-	850.8	9,906.9	32.2
2010 – 2011	2,000.0	859.4	1,210.5	23.9
2011 – 2012	2,403.7	736.5	3,584.1	12.9
2012 – 2013	2,483.5	637.3	853.7	4.5
2013 – 2014	1,000.0	535.6	682.9	1.6
Thereafter	7,998.0	2.657.9	-	
Total	**15,885.2**	**6,227.5**	**16,238.1**	**75.1**

Credit risk

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

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

19. Events after reporting date

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

20. Claims and litigations

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

21. Related parties

The Company is the main funding party of the Associated Companies and offers finance solutions mainly for general purposes of the borrower. No amount is paid by the Company or any of the Associated Companies other than in the line of business. The Company lends the proceeds of issuances of notes and bonds to related parties only. The following table provides information regarding loans to and deposits from related parties for the year ending September 30, 2009.

Loans to Associated Companies (in thousands of EUR)		**Interest received**	**Loans on September 30**
Dutch Holdings	2009	79.5	3,393.5
	2008	189.3	3,746.7
Dutch Treasury Companies	2009	52.5	1,719.4
	2008	26.4	2,118.1
UK Treasury Companies	2009	9.5	15.4
	2008	26.0	350.5
USA Treasury Companies	2009	226.2	11,109.9
	2008	330.9	12,177.4

Deposits from Associated Companies (in thousands of EUR)		**Interest paid**	**Deposits on September 30**
Dutch Treasury Companies	2009	54.2	-
	2008	142.0	3,546.8

The Company did not enter into any contracts with members of the Board of Directors and of the Supervisory Board.

22. Remuneration Board of Directors and Supervisory Board

The members of the Board of Directors and of the Supervisory Board of the Company received no remuneration for account of the Company during the reporting year.

The Hague, December 2, 2009

Supervisory Board

H.P. Rupprecht

B.G. Trompert

P.P.de Royer-Dupré

The Hague, December 2, 2009

Board of Directors

G.J.J. van der Lubbe

M.J.M. van der Bruggen

Other Information

To: the Shareholders of Siemens Financieringsmaatschappij N.V.

Auditor's report

We have audited the financial statements year ended September 30, 2009 of Siemens Financieringsmaatschappij N.V., The Hague which comprise the balance sheet as at September 30, 2009, statement of income, statement of cash flows and the statement of changes in equity for the year then ended and a summary of significant accounting policies and other explanatory notes.

Board of Directors' responsibility

The Board of Directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the report of the Board of Directors in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Siemens Financieringsmaatschappij N.V., The Hague as at September 30, 2009, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part f of the Netherlands Civil Code, we report, to the extent of our competence, that the management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

The Hague, December 2, 2009

Ernst & Young Accountants LLP

Signed by Pieter Laan

Profit appropriation according to the Articles of Association

Article 19 of the articles of association reads as follows:

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

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

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

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

Proposal for appropriation of the result

Pursuant to article 19 of the Articles of Association, it is proposed to appropriate the results of the reporting year 2008 - 2009 as follows:

Distribution of dividend	EUR	5,010,414.12
Adding to the general reserve	EUR	18,552,117.78