Annual report 2017
Siemens AS

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Siemens AS

Annual Report

Auditor's report

A.1 Internet of Dreams

”Which apps would you like?” This is the question we have asked customers from different sectors during the past year. But why are we talking about software with our customers when Siemens has 170 years’ proud engineering traditions of developing hardware? The short answer is that digitalization already affects our everyday lives and how we live our lives, how companies handle their assets, and how towns and cities operate. By 2020 there will be three times as many things connected to the Internet as there are people on the Earth. Equipped with sensors, these devices and machines can speak to us and give us large amounts of new information. At Siemens we wish to contribute to using this information to operate even more smartly and effectively, or to develop completely new business models.

Digitalization creates major changes throughout the value chain for both goods and services, from how we purchase, design, produce and operate, to how we service equipment. We can already see the considerable benefits reaped by companies and organisations that use digital technology and know-how to get insight into meaningful data.

Promising innovative solutions, such as distributed energy systems, artificial intelligence, self-driving machines, seamless electrical transport and blockchain technology can help us to solve some of society’s key challenges. One is the transition to a low-carbon society. This will ensure a good quality of life in urban centres and make us more productive, getting more out of less. Digitalization also helps our industry, with high pay levels, to stay competitive and ensure that our society continues to develop and grow.

This year, we launched an important contribution to the digital world with the cloud-based IoT* operating system, MindSphere. MindSphere can connect data in any form generated in all types of operations. It is a digital ecosystem to ensure that our customers can gather and analyze data, and transform it into valuable information. This brings us back to the question of ”Which apps would you like?”, because there are no limits to how many applications can be developed in the Internet of Dreams. MindSphere makes it possible to convert data into new business insights by developing many types of apps to match customers’ unique requirements, whether this it is monitoring, analysis or control of production and products.

Siemens remains solidly anchored in the electrification and automation of our society and enterprises, and Digitalization is the next step. During the last ten years, we have globally invested more than EUR 10 million in our digital portfolio.
We wish to know as much as possible about the millions of bytes of data produced every day, in order to ensure that our customers can make the most of their physical solutions.

* Internet of Things

A.2 Report from the Board of Directors of Siemens AS 2017

Profit development

During the 2017 fiscal year, Siemens signed contracts for a value of NOK 4,273 million. This indicates a decrease of NOK 2,239 million compared to previous year.

Within the areas of infrastructure and new energy, Siemens has signed contracts for major strategic projects. We can also see a positive market outlook within these areas. Energy Management has had a sound year within several of its areas.

The divisions operating in the oil and gas market experienced the greatest decline in incoming orders.

The order book for ongoing projects at Siemens AS was NOK 3,587 million as at 30 September 2017, which is a decrease of NOK 1,719 million from the previous year.

Total sales revenues in 2017 amounted to NOK 4,141 million, a decline of NOK 666 million compared with the previous fiscal year. Operating profit in 2017 ended at NOK -173 million, which is NOK 8.9 million less than in 2016.

Profit after tax in 2017 amounted to NOK -117.7 million, an increase of NOK 56.9 million from NOK -174.6 million in the previous fiscal year.

The annual result is mainly affected by the decline in activity in the oil and gas sector. To adapt to development in the market, with falling oil prices and demand, in November 2016 Siemens announced the downsizing of the Power Electronics Centre and Subsea units.

The company has taken action and is working diligently to further develop the sales function and strengthen the project organisation in line with market changes, in order to achieve higher profitability. Our ambition is to contribute to the improvement of the competitiveness of our customers, by strengthening our own.

The Board of Directors supports the measures taken to develop the company in line with market changes and bettering the results, and would like to thank all employees for their dedication and efforts in a challenging year.

Financial conditions

Equity as of 30 September 2017 amounts to 14.6 per cent of the total balance sheet. The company has adequate equity and satisfactory liquidity. As a result of the international nature of the business a currency risk is associated with the value of future cash flows as well as the position of the balance sheets in foreign currencies. In line with Siemens' guidelines these are hedged through the use of forward contracts and currency options. These are handled through Siemens Financial Services GmbH, which manages the currency risk for the entire Siemens Group and serves as counterpart to Siemens AS' foreign exchange contracts. Credit risk is taken into account as provisions for losses on accounts receivable, in order to cover any uncertainty regarding individual customers' creditworthiness.

The financing of Siemens AS is performed entirely through the Siemens Group's internal bank, Siemens AG. As at 30 September 2017, Siemens AS has a commitment of NOK 434.7 million to Siemens AG concerning the Group cash pool system. As at 30 September 2017, the Board of Directors sees little risk related to the company's future liquidity situation.

Cash flow

Cash flow from operations in 2017 amounted to NOK -365.4 million. Operating profit was NOK -173.0 million. The difference is mainly due to the tax paid during the period, as well as ordinary depreciation and changes concerning associated accounts receivable, accounts payable and inventories. Investments totalled NOK 48.6 million.

Siemens AS is part of a Group cash pooling system. The company's available funds in this system are not defined as cash, but as current receivables in the Group cash pooling system. In practice, however, these funds can be regarded as deposits.

Organisation

The Siemens Group adjusts its business strategies to the development in society, in order to stay abreast of current and future challenges. In order to strengthen the company's market position, the Group has merged its wind power activities with the Spanish wind power company, Gamesa. After the merger, the company will be a world-leading operator.

With effect from 1 January 2017, the business activities in Norway were divested to a separate company, Siemens Gamesa Renewable Energy AS, and 27 employees were transferred to the company. Siemens AG has an ownership interest of 59 percent in Siemens Gamesa Renewable Energy AS.

Technology development

In order to keep up with the higher pace of change in the market and develop disruptive ideas, the Siemens Group has established a separate company, Next47. The company invests in start-ups in order to contribute to the accelerated development of new technology. Since the 1990s, Siemens has collaborated with start-ups and works closely with various research environments and major universities all over the world.

Via specially-adapted customer deliveries, competence and innovative solutions are led back to Norway from the global network. In global terms, Siemens invests an estimated EUR 4.8 billion annually in research and development. This includes close to 33,000 employees all over the world.

In 2018, Siemens in Norway will open a new factory in Trondheim for the finishing of battery solutions for the maritime market. In Norway, we have global responsibility for research and development within diesel electrical and fully-electrical power systems for ships, automation and equipment packages for offshore installations. We also hold

A.2 Report from the Board of Directors of Siemens AS 2017

global responsibility for power electronics for subsea oil production. During the 2017 fiscal year, Siemens AS invested NOK 104 million in research and development.

Employees of Siemens AS

During the past fiscal year, Siemens AS again reduced its workforce, by 128 employees. This is mainly due to the decline in the oil and gas activities. At the end of the year, Siemens AS had 1,487 employees. In addition, there were nine apprentices in training – mostly related to the production of switchgears. Siemens makes little use of temporary employment, part-time employment and in-sourcing. The average age at Siemens AS is 44.6 years.

As for most technical occupations, the gender distribution is still imbalanced (17 per cent women), but the company has the objective of increasing the number of women generally, and especially in management, project management and key positions.

The company has a declared policy to promote a working environment characterised by ownership, fairness, respect and mutual trust. There is zero tolerance for discrimination and bullying.

Siemens is continuing to focus on strengthening the ownership culture in the company. Each division has defined its own ambitions concerning the ownership culture and is now working to achieve these ambitions in its own unit. By working with their own leadership, the aim is for managers to strengthen ownership in their own divisions. This work is closely related to the division's various change and development strategies, so that the culture supports the business challenges that we work with. Various activities related to this work have taken place, such as management group development, team development, management training, and division meetings for employees and managers.

Siemens continues to focus on following up and developing young talents. It is important that every employee takes ownership of his or her own career and development. Individual development plans are drawn up in collaboration with managers. Everyday learning from challenging assignments and projects, reflection and feedback, contribute to our focus on the continuous development of both the individual and Siemens as an organisation. Succession planning is an important instrument to ensure leadership continuity and is part of the ongoing development work. The aim is to develop well-qualified internal candidates for our managerial positions.

The work of branding Siemens as an employer and the external activity directed at colleges have continued, even though last year we employed fewer newly qualified candidates. During the past year Siemens made adjustments to the pension schemes and adapted to new acts and regulations. The changes apply to both disability and group pensions. The work took place in cooperation with the employee representatives.

Social responsibility and sustainability

In February 2017, Siemens was nominated as the world's most sustainable company by Forbes magazine and the analysis company Corporate Knights, which annually, at World Economic Forum, nominates the 100 most sustainable companies. Siemens scored highest for 14 criteria, including consumption of resources, employees and financial management. Sustainable development is the key to Siemens' future success, and is anchored in our strategy. Responsible and sustainable operation are the basis for all of our business activities, and an important pillar of our corporate culture. Through innovative solutions, Siemens contributes to resolving the biggest challenges faced by the world today, while also ensuring long-term profitability and value creation. This includes full support for the climate agreement signed by 194 countries in Paris in 2016.

Siemens aims to be the world's first major industrial company to achieve zero CO_2 emissions by 2030. By as early as 2020, the company plans to halve its CO_2 emissions, which currently amount to around 2.2 million tonnes per year. To achieve these goals, Siemens will invest EUR 100 million over a three-year period to reduce its footprint in connection with production facilities and buildings.

By investing in innovative technologies such as control systems, automation systems for buildings and production processes, and energy-efficient drive systems for production, Siemens expects to reduce its energy costs by EUR 20 million a year. "Reducing our carbon footprint not only shows social responsibility, but is also good business," says Joe Kaeser, CEO of Siemens AG.

The company continuously evaluates the economic, social, ethical and environmental factors that are affected by our business activities. Siemens observes a number of clear and transparent criteria to ensure that the company gives sufficient emphasis to social responsibility. Optimally, we wish to exceed the expectations made of the company and are constantly looking for new opportunities to put CSR on the agenda.

The company sets high ethical standards in relation to employees, customers, partners and the environment. Siemens has a comprehensive compliance programme of which we are seeing the benefits, both locally and globally. Sustainability is a key element of the company's core values and competence. Every year, Siemens' technology reduces large amounts of CO_2 for our customers. In 2016, this was equivalent to 521 million tonnes of CO_2.

Health, safety and the environment (HSE)

Siemens AS focuses on a zero-injury philosophy to prevent accidents and ensure that no work-related injuries, illnesses or accidents are ignored. The company's injury rate (number of lost-time injuries per million hours worked) amounted to 1.2 in 2017, compared to 1.0 in 2016. We work continuously

A.2 Report from the Board of Directors of Siemens AS 2017

to prevent accidents and injuries. The safety of each employee is taken seriously by both managers and employees themselves. During the past fiscal year there were no serious accidents that resulted in the permanent injury of the company's employees. Sick leave in the 2017 fiscal year was 2.3 per cent, compared to 2.5 percent in 2016.

Again in 2017, Siemens continued the "Get up from your chair" project. The project aims to encourage increased physical activity in line with the Norwegian Directorate of Health's recommendations. "Get up from your chair" emphazises low-threshold activities and the social aspects of physical activity, and takes place in close cooperation with the Siemenslaget and the Norwegian Federation of Company Sports Associations. We support Plan International Norway and our registered "Get up from your chair" activities determine the support received by schoolchildren in Nepal. The company has no direct pollution of the air, water or soil, and generally uses few polluting chemicals in its production. Siemens AS is a member of Renas and Batteriretur, which handle returned electrical and electronic items. The company is also a member of Grønt Punkt, which handles recycling schemes for various types of packaging.

Market

Lower oil prices have affected the oil and gas market since the downturn began in 2014. In the short term, this has been a challenge for the industry, with a slowdown in orders and downsizing. The industry has been challenged to take smart measures to increase projects' productivity and profitability, while the authorities are setting higher requirements of lower environmental emissions. Operators and subsuppliers are working together more closely than ever before to find good and sustainable solutions in the short and long term. This has resulted in significantly reduced break-even prices for new prospects on the Norwegian continental shelf, and the investment rate is rising again.

The industry can generally see an increase in demand for energy-efficient and smart digital solutions. Technology development and innovative solutions are key factors in maintaining the competitiveness of Norwegian industry. Major investments are taking place in Norway's national and regional grid. The investments will result in a more robust and secure power supply and will facilitate the sale of power across national borders. Norway faces enormous investments in transport and communications in the years to come, in terms of both transport and infrastructure. Population growth in the largest cities requires increased investments in trains, subways, trams and infrastructure. Moreover, the Paris climate agreement is a strong incentive for investment in climate-friendly solutions, such as electrical buses and ferries as zero-emission alternatives.

Continued operations

The Board of Directors confirms that the basis for continued operations is present, cf. Section 3-3a of the Norwegian Accounting Act. The annual financial statements are presented on the basis of the going concern assumption and in the view of the Board of Directors present a true and fair view of the company's development and results for the fiscal year and its financial position as at 30 September 2017.

Allocation of the result for the year

In the 2017 fiscal year, Siemens AS achieved a result of NOK -117.7 million after tax. The Board of Directors will propose to the annual general meeting that no dividend should be paid. The Board of Directors proposes the following allocations (in NOK million) to the accounts for the year:

Transferred from other equity	-117.7
Result for the year	-117.7

Oslo, 30.11.2017
Board of Directors of Siemens AS

Ulf Troedsson
Chairman

Anne Marit Panengstuen
Board member and CEO

Kjell Åge Pettersen
Board member and CFO

Roy Lund
Board member

Børge Tjelta
Board member

Ottar Skogseth
Board member

B.1 Key figures

(Amounts in million NOK)	2017	2016	2015	2014	2013	2012	2011	2010
New orders	**4 274**	6 512	5 200	5 801	7 294	5 987	5 779	4 572
Export	**529**	966	1 769	1 840	1 558	1 727	1 037	1 092
Revenue	**4 141**	4 809	6 371	6 751	6 197	5 849	4 753	4 201
Operating revenue	**4 190**	4 834	6 423	6 773	6 266	5 868	4 816	4 242
Operating profit/loss	**-173**	-164	-88	183	75	-80	140	359
Profit on ordinary activities before tax	**-166**	-244	110	137	94	-57	245	408
Net profit/loss for the year	**-118**	-175	132	98	79	-69	182	289
Investments	**52**	21	69	44	85	45	594	3
Equity	**330**	467	737	769	734	602	1 127	995
Total assets	**2 268**	2 149	2 731	3 182	3 266	2 929	3 293	3 373
Number of employees	**1 488**	1 616	1 896	1 989	1 918	1 823	1 468	1 452

C.1 Income Statement

Statement of comprehensive income October 1st to September 30th

(Amounts in NOK 1,000)	Note	2017	2016
Revenue	2	4 141 924	4 808 912
Other operating revenue	3	48 650	24 735
Total operating revenue		**4 190 574**	**4 833 647**
Cost of sales	11	2 002 154	2 223 786
Payroll expenses	4	1 663 641	1 776 149
Depreciation and amortisation	8, 9	53 008	69 899
Bad debts	12	-13 556	20 482
Other operating expenses	5	658 317	907 403
Total operating expenses		**4 363 564**	**4 997 719**
Operating loss		**-172 990**	**-164 072**
Net interest income and other financial income	6	7 460	-79 699
Total financial items		**7 460**	**-79 699**
Loss before tax		**-165 530**	**-243 771**
Income tax income	7	47 850	69 186
Net loss for the year		**-117 680**	**-174 585**
Items that shall not be reclassified and loss on defined benefit plans			
Actuarial losses on defined benefit plans	16	-10 805	-12 604
Tax related to items that will not be reclassified		-515	-2 813
Items that may be reclassified through the income statements in subsequent periods			
Change in the fair value of hedging instruments relating to cash flow hedges		-13 712	75 384
Tax related to items that can be reclassified		3 319	-20 297
Total other revenues and expenses		**-21 713**	**39 670**
TOTAL COMPREHENSIVE INCOME		**-139 393**	**-134 915**

C.2 Balance Sheet

Balance sheet as at 30th September

(Amounts in NOK 1,000)	Note	2017	2016
Fixed assets			
Customer portfolio		16 445	21 032
Technology		14 278	26 078
Other intangible assets		1 182	1 642
Goodwill		543 673	543 673
Total intangible assets	8	**575 578**	**592 425**
Land, buildings and other real estate		142 948	149 189
Plant and machinery		96 085	75 549
Fixtures and fittings, equipment and tools		30 342	32 188
Total tangible assets	9	**269 375**	**256 926**
Deferred tax asset		91 301	48 576
Other non-current receivables	10, 20	11 994	18 745
Total financial assets		**103 295**	**67 321**
Total non-current		**948 248**	**916 672**
Current assets			
Inventories	11	**92 783**	**87 741**
Accounts receivable	12, 20	812 182	735 908
Other current receivables	14, 20	414 394	409 053
Total receivables		**1 226 576**	**1 144 961**
Total current assets		**1 319 359**	**1 232 702**
TOTAL ASSETS		2 267 607	2 149 374

C.2 Balance Sheet

Balance sheet as at 30th September

(Amounts in NOK 1,000)	Note	2017	2016
Equity			
Share capital		133 493	135 900
Share premium		28 605	29 121
Other equity		167 848	302 477
Total retained earnings		**167 848**	**302 477**
Total equity	15	**329 946**	**467 498**
Liabilities			
Pension liabilities	16	79 504	74 943
Total provisions for liabilities		**79 504**	**74 943**
Other non-current liabilities	17, 20	174 047	172 044
Total other non-current liabilities		**174 047**	**172 044**
Accounts payable	20	284 719	242 542
Tax payable		0	135 716
Public duties payable		197 678	155 307
Advances from customers	20	25 641	11 592
Guarantee provisions		55 548	55 800
Current liabilities to group companies	13, 20	434 674	26 753
Other current liabilities	18, 20	685 850	807 179
Total current liabilities		**1 684 110**	**1 434 889**
Total liabilities		**1 937 661**	**1 681 876**
TOTAL EQUITY AND LIABILITIES		2 267 607	2 149 374

Oslo, 30.11.2017
Board of Directors of Siemens AS

Ulf Troedsson Chairman	Anne Marit Panengstuen Board member and CEO	Kjell Åge Pettersen Board member and CFO
Roy Lund Board member	Børge Tjelta Board member	Ottar Skogseth Board member

C.3 Cash flow statement

Statement of cash flows 01.10. - 30.09.

(Amounts in NOK 1,000)	Note	2017	2016
Cash flow from operating activities			
Loss before tax		-165 530	-243 771
Taxes paid for the period		-135 746	-42 632
Ordinary depreciation/amortisation	8,9	53 008	69 899
Loss/gain on sales of businesses		0	-595
Loss/gain on disposal of fixed assets		2 337	0
Changes in inventory, accounts receivable and accounts payable	11, 12	-39 140	97 851
Differences between expensed pensions and contributions/disbursements in pension schemes	16	-6 244	-191 741
Changes in other accruals	8, 13, 17	-65 115	238 970
Net cash flow from operating activities		**-356 430**	**-72 018**
Cash flow from investing activities			
Acquisitions of tangible assets	9	-51 812	-20 763
Proceeds from sale of shares and interests in other businesses		3 244	0
Net cash flow from investing activities		**-48 568**	**-20 763**
Net cash flow from financing activities			
Change in intra-Group balances in the Group cash pooling system	13	407 921	227 760
Dividends paid	15	0	-130 000
Effect of demerger	15	-2 923	-4 979
Net cash flow from financing activities		**404 998**	**92 781**
Net change in cash and cash equivalents		**0**	**0**
Cash and cash equivalents at 01.10.		0	0
Cash and cash equivalents at 30.09.		**0**	**0**

C.4 Notes

Note 1 Accounting principles

General

The company prepares the annual accounts in accordance with Section 3-9 of the Norwegian Accounting Act and the Regulation on simplified application of International Financial Reporting Standards (IFRS) established by the Ministry of Finance on 3 November 2014. This in principle entails that recognition and measurement follow International Financial Reporting Standards (IFRS) and the presentation and note disclosures are in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

The annual accounts consist of the statement of comprehensive income, balance sheet, cash flow statement and disclosures in the notes. The annual report and financial statements consist of the report from the Board of Directors, financial statements and auditor's report. Siemens AS uses a non-calendar financial year that runs to 30 September. All figures are stated in thousands of NOK, unless otherwise specified.

Simplified IFRS

The company has not applied any simplifications from the recognition and valuation rules in IFRS.

Basis for preparation of the annual accounts

The company accounts have been prepared under the historical cost convention, with the exception of the following accounting items: Financial instruments at fair value through the income statement, financial instruments available for sale that are reported at fair value.

Currencies

Foreign currency transactions are translated using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated to NOK at the exchange rates on the balance sheet date. Non-monetary items that are recorded at historical exchange rates expressed in foreign currency are translated to NOK using the exchange rate prevailing on the transaction dates. Non-monetary items that are recorded at fair value expressed in foreign currency are translated using the exchange rates determined on the balance sheet date. Exchange rate fluctuations are recognised in the income statement on an ongoing basis and are presented in the accounts as financial income or financial expenses.

Principles for revenue recognition

General

Revenue is recognised when it is probable that transactions will generate future economic benefits that will flow to the company and the amount of revenue can be measured reliably. Sales revenues are disclosed net of value added tax and discounts. Revenues from the sale of goods are recognised in the income statement once delivery has taken place and when all the significant risks and rewards of ownership of the goods have been transferred. Revenues from the sale of services and long-term manufacturing contracts are recognised in the income statement in line with the project's degree of completion. See separate paragraph on accounting for long-term manufacturing contracts. Interest income is recognised on the basis of the effective interest method as it is earned.

Long-term manufacturing contracts

Siemens' activities mainly consist of ongoing projects with a duration ranging from a few months to three or four years. Revenues and expenses are recognised through the income statement based on the percentage of completion of the project. This is calculated as the expenses accrued as a percentage of the total estimated expenses. Expenses and profit are estimated on an accruals basis and the percentage of completion is updated for each accounting period, which at Siemens means on a monthly basis. In the event of doubt, a best estimate is used.

The relevant share of the expected profit is recognised through the income statement on an accruals basis using the best estimate principle. The profit for individual projects is estimated each month prior to recognising the accrued share of the expected profit. For projects that are expected to result in a loss, the whole loss is charged as soon as it is known. Balance sheet items related to manufacturing contracts are presented gross on the balance sheet. Contract income which is not billed is shown as an asset under other receivables.

Expenses in manufacturing contracts that, as at the balance sheet date, are not included in the calculation of percentage of completion, are carried as an asset on the balance sheet under other receivables. Advance invoicing is calculated as the accrued income in the contract less invoicing Advance invoicing of contracts is presented as a liability under other current liabilities and is not netted against other receivables.

Additional orders are taken into account in the contract's planned revenue, when these are signed. For projects where there is an obligation to continue working, expenses incurred on unsigned, but probable additional orders are recognised temporarily as an asset on the balance sheet. If there is significant uncertainty regarding a customer's solvency, the principle of "Cash Based Accounting" is used. Here, revenue is recognised in income only when payment is received.

Provisions are made for guarantee work and other areas of uncertainty. Past experience tells us that for some projects, disagreement with the client may arise with regard to the interpretation of contracts and additional work. In such cases, claims and counter-claims are made which are usually settled through negotiation, court cases or arbitration. These cases are included in the accounts according to a best estimate.

In a contractual relationship, uncertainty may arise as a consequence of different interpretations of the content of the contract. The potential outcomes of disputes are assessed

C.4 Notes

and a best estimate is used to make a provision in the accounts.

Other contracts
For projects that are not defined as long-term manufacturing contracts, the "completed contract method" is applied to income recognition. Accrued costs are then capitalised as an asset under other receivables. Costs and revenue are recognised when the project is delivered to the client, or when an agreed milestone is reached.

Service contracts
Service contracts are recognised as the services are provided.

Borrowing costs
Borrowing costs are recognised as an expense when incurred. Borrowing costs are capitalised to the extent that they are related directly to the production of a fixed asset. The interest expenses accrue during the construction period until the fixed asset is capitalised. Borrowing costs are capitalised until the date on which the fixed asset is ready for use. If the cost price exceeds the fair value of the fixed asset, the value will be written down.

Classification of balance sheet items
Assets and liabilities relating to the business cycle, and items that fall due for payment within one year of the balance sheet date, are classified as current assets or current liabilities. Current assets and current liabilities are measured at the lower/higher of cost and fair value. The fair value of current assets is defined as the estimated future selling price less the anticipated cost of disposal. Other assets are classified as fixed assets. Fixed assets are valued at cost.

Fixed assets with a limited useful life are depreciated over their expected useful life. Fixed assets are written down to fair value in the event of a reduction in value that is not expected to be temporary. Write-downs are reversed if the reason for the write-down no longer exists.

Receivables
Accounts receivable are valued at their face value at the balance sheet date less provisions for estimated losses.

Inventories
Inventories of purchased goods are valued at the lower of average cost or expected net selling price. Obsolete goods are written down to expected future selling price. Raw materials and goods in process, as well as work in progress, are booked at the lower of the complete manufacturing cost or expected net selling price. The manufacturing cost includes direct and indirect costs, including the share of fixed manufacturing costs.

Use of estimates
In preparing the financial statements the management are required to make judgements, estimates and assumptions when applying the company's accounting policies. Even though the estimates are based on management's best judgement at the relevant time, actual results may deviate from these estimates and underlying assumptions. Larger estimates are related to the allocation of fair values for acquisitions, determining lead times for the possession of tangible assets and intangible assets, as well as recognised provisions, and in determining pension liabilities. The basis for the estimates is described in more detail in these accounting principles and elsewhere in the pertinent notes to the annual accounts.

Contingent outcomes
Contingent losses that are probable and measurable are expensed.

Forward currency contracts
Siemens AS hedges cash flows from contracts signed in foreign currency as part of its risk management strategy. Forward contracts are measured at fair value on the balance sheet date. The effectiveness of the hedge is monitored and documented in accordance with the rules on hedge accounting. If the requirements for the use of hedge accounting are no longer met, the hedged item and the hedge instrument are measured separately using the relevant accounting rules.

When hedging cash flows (Cash Flow Hedge Accounting) unrealised gains and losses on the hedging instrument are recognised in equity. Deferred tax on the provision is recognised directly in equity. Fair Value Accounting is used for other hedging contracts. Unrealised gains and losses on the hedging instrument are recognised through the income statement on a monthly basis.

Tangible and intangible fixed assets
Tangible and intangible assets are measured at cost less accumulated depreciation and write-downs. Tangible and intangible assets are measured at the lower of cost and fair value. Plant and equipment with a useful life of less than three years or a cost price of under NOK 15,000 are expensed in the year that they are bought. Costs relating to normal maintenance and repairs are expensed as they arise under operating expenses. The cost of significant improvements to an asset, which are expected to increase future value and profit, are capitalised and depreciated over the anticipated useful life of the asset. Assets are depreciated on a straight-line basis over their useful lives, starting from the date on which they were first put into use.

Leases for cars and office equipment are treated as operating lease contracts for accounting purposes. The leases for premises in which the company has assumed a significant portion of the risk and benefits associated with ownership of the asset are classified as finance leases.

C.4 Notes

Development costs are capitalised to the extent that a future economic benefit associated with the development of an identifiable intangible asset can be identified and the costs can be measured reliably. Otherwise, such costs are expensed as they are incurred. Capitalised development costs are depreciated on a straight-line basis over their useful lives. Research costs are expensed as they are incurred.

Pension costs and pension liabilities

At the beginning of its 2007 fiscal year, Siemens AS introduced a defined contribution-based occupational pension scheme (defined contribution plan) for all employees with more than 10 years to go before reaching retirement age (67) at the close of 2006. The period's pension costs comprise paid contributions and employers' national insurance contributions. Up to 31 December 2015, contributions were 4 per cent of the individual employee's qualifying salary between 1G and 6G (where G is the National Insurance Scheme's basic amount). For qualifying salaries of between 6G and 12G, a pension contribution of 8 per cent was payable. With effect from 1 January 2016, the contribution level was amended to 5 per cent of the qualifying salary up to 7.1G, plus 13 per cent of the qualifying salary up to 12G. Previously accrued pension rights were converted into individual paid-up policies in 2006. For employees with less than 10 years to go until retirement age, the old defined benefit-based pension scheme (defined benefit plan) was maintained, but it is considered to be a closed scheme. This pension scheme is treated for accounting purposes in accordance with IAS 19R.

Pension liabilities in the defined benefit-based plan are valued as the present value of future pension liabilities accrued at the balance sheet date. Future pension liabilities are calculated using estimated salaries and retirement dates. Pension scheme assets are valued at their estimated market value at the balance sheet date The net pension liabilities of underfunded pension schemes are recognised in the balance sheet as a liability, while the net pension assets of overfunded schemes are recognised as financial fixed assets.

The company recognised all accumulated net actuarial losses and gains in equity on the date of transition to IFRS, 1 October 2012. Gains and losses on curtailment or settlement of a defined benefit-based pension scheme are recognised in the income statement when the curtailment or settlement occurs. A curtailment occurs when the company is committed to making a material reduction in the number of employees covered by a plan, or amends the terms of a defined benefit-based pension scheme such that a material element of future service by current employees will no longer qualify for benefits or will only qualify for reduced benefits.

The introduction of a new defined benefit scheme or an improvement to the current defined benefit scheme entails changes in the pension liabilities. These are expensed on a straight-line basis until the effect of the change has been accrued. The introduction of new plans or changes to current plans with retroactive effect, so that the employees have immediately earned a paid-up policy (or change to a paid-up policy), are recognised immediately in the income statement. Gains or losses in connection with curtailments or the closure of pension plans are recognised in the income statement in the period in which they occur. Actuarial gains or losses are recognised in other revenues and expenses (OCI).

Employees' options and share programme

Siemens AG, the parent company of Siemens AS, has issued stock awards to staff in senior management positions at Siemens AS. In addition, all employees may join a savings agreement linked to the purchase of Siemens AG shares. For every three shares that the employee purchases, Siemens AS will give one share. Both of these options schemes are measured at fair value on the date of issue. The fair value on the date of issue is expensed on a straight-line basis over the duration of the option.

Government grants

Government grants are recognised as deferred income at fair value when there is reasonable assurance that the conditions for the grant will be complied with, and that the grant will be disbursed. Grants that become receivable as compensation for expenses on an ongoing basis are systematically recognised in the income statement of the period in which the expenses are recognised. Grants in which the Group is compensated for the acquisition cost of an asset are recognised in the income statement over the useful life of the asset.

Tax expense

Taxes consist of tax payable and changes in deferred tax. Tax payable is calculated on the basis of the profit or loss for tax purposes. Changes in deferred tax are calculated on the basis of changes in taxable and tax-deductible temporary differences.

Cash flow statement

Siemens AS uses the indirect model for presentation of the cash flow statement in accordance with Simplified IFRS for cash flow statements. The indirect model shows gross cash flows from investing and financing activities, while the accounting profit is reconciled with the net cash flow from operating activities. Siemens AS participates in a Group account scheme, in which the funds are defined as intra-Group receivables and liabilities. Therefore the company has no cash and cash equivalents as at 30 September 2017.

C.4 Notes

Note 2 Sales revenues

(Amounts in NOK 1,000)	2017	2016
Sales revenues by business area		
Process Industries and Drives	1 638 768	2 038 322
Energy Management	1 276 836	1 333 819
Mobility	402 715	383 475
Building Technologies	353 390	326 821
Power and Gas	198 032	213 685
Wind Power and Renewables*	133 764	384 165
Digital Factory	138 419	128 625
Total	**4 141 924**	**4 808 912**

* The company demerged the Wind Power and Renewables division with accounting and tax effect as at 1 January 2017.

The majority of the company's sales revenues comes from activities in Norway. In the 2017 fiscal year, exports comprised NOK 529 million, which is a decline of approximately 45 per cent from the 2016 fiscal year. Exports comprise 13 per cent of total revenues.

The largest export markets in the 2017 fiscal year are Turkey, the USA, China and Singapore, which account for 17 per cent, 17 per cent, 14 per cent and 8 per cent, respectively, of the total exports.

Note 3 Other operating revenue

(Amounts in NOK 1,000)	2017	2016
Other operating revenue		
Rental income from real estate	45 661	22 855
Profit on the sale of businesses and assets	2 989	1 880
Total	**48 650**	**24 735**

C.4 Notes

Note 4 Salary expenses, number of employees, remuneration, loans to employees, etc.

(Amounts in NOK 1,000)	2017	2016
Salary expenses		
Salaries	1 297 483	1 449 877
Employer's NICs	196 215	238 994
Net pension cost*	104 485	89 772
Other expenses	65 458	-2 493
Total	**1 663 641**	**1 776 149**

Average number of employees:	1 533	1 761

* In 2017, net pension costs consist of the cost of the defined contribution-based scheme of NOK 80.0 million excluding employer's NICs, and new contractual pension (AFP) schemes of NOK 19.8 million excluding employer's NICs, in addition to net costs of NOK 4.7 million in connection with the defined benefit-based pension scheme including employer's NICs (see Note 16).

Information on the Board of Directors and the CEO

Remuneration
Directors' fees for the Board of Siemens AS totalled NOK 30,000 in the 2017 fiscal year. The Chair of the Board did not receive any Director's fees during the period.

The CEO's salary for the period from 1 October 2016 to 30 September 2017 was NOK 3,244,217. Bonus comprised NOK 841,320 of this amount. Other reportable compensation totalled NOK 300,314.

Pension entitlements
The CEO is covered by the pension scheme for senior management at Siemens AS.

As at 1 January 2016, the defined benefit-based pension scheme for active senior managers was replaced with a defined contribution-based pension scheme. Most of the defined benefit-based pension liabilities to senior managers were concluded with payment of the pension value during 2016.

The regular deposits to the new pension scheme amounted to NOK 246,425 in the 2017 fiscal year.

Severance pay
An agreement is in place with the CEO concerning severance pay equivalent to 12 months' salary in the event of notice of termination by Siemens.

Options – share-based remuneration
The gain on options is calculated by comparing the Siemens AG share price with the strike price when the options are exercised. All options allocated can be exercised two years after allocation, and thereafter for one year. Exercising these options requires the individual in question to be employed by the company for two years following allocation. Anyone who leaves the company after two years must exercise their options at the latest one month after their last day.

The CEO exercised 260 stock awards with a resulting gross gain of NOK 259,004 in the current fiscal year. As at 30 September 2017, the CEO has reserved 1,870 stock awards.

None of the Board members has been allocated options or shares.

Loans and provision of security
Neither the Chair of the Board nor the CEO have loans from Siemens AS as at 30 September 2017.

The management has not received any payments or financial benefits from other companies in the same Group, other than those shown above. No additional remuneration has been given for special services beyond the normal functions of a manager.

Information concerning other employees

Loans and provision of security
Other employees have loans from the company totalling NOK 10.2 million. The loans are repayable over a maximum of 10 years. A standard interest rate is charged on the loans. No particular security has been provided for the loans, other than the issue of a promissory note.

(Amounts in NOK 1,000)	2017	2016
Fees to auditor		
Proposed fees for statutory audit for the year	1 312	1 150
Additional fees billed for statutory audit for previous years	0	230
Other certification services	86	0
Total	**1 398**	**1 380**

(Value added tax is not included in the audit fees.)

C.4 Notes

Note 5 Specification of operating expenses according to type

(Amounts in NOK 1,000)	2017	2016
Shipping and transport expenses	22 314	24 964
Leasing of premises	97 448	91 011
Lighting and heating	5 923	4 186
Energy and fuel, etc. relating to production	4 496	3 930
Refuse collection, wastewater, cleaning, etc.	10 881	5 993
Leasing of machinery, equipment, etc.	2 671	10 073
Equipment, fixtures and fittings (not capitalised)	18 659	11 643
Building repairs and maintenance	21 562	20 433
Other repairs and maintenance	13 612	7 025
Office expenses	12 886	18 077
Contracted workers	123 657	218 819
Fuel, maintenance, insurance and taxes on means of transport	290	431
Travel and subsistence expenses	100 374	114 135
Sales and advertising expenses	14 182	14 562
Representation expenses	2 783	2 785
Subscriptions and gifts	4 936	5 549
Insurance premiums	8 045	14 419
Warranty and service expenses	9 072	26 242
Licence and patent costs	14 205	19 182
Other expenses	170 321	293 944
Total operating expenses	**658 317**	**907 403**

Siemens AS presents its income statement based on the content of the revenues and expenses. Other operating expenses comprise all operational costs that are not related to projects, payroll expenses and the cost of capital in the form of depreciation. The main elements of other operating expenses are grouped in the above table.

Licence and patent costs relate to software costs from external suppliers and internal licence costs billed by Siemens AG. The "other expenses" item mainly consists of general administration costs such as personnel administration, communication administration, supply chain, research and development, IT, legal, finance, strategic planning and general administration.

(Amounts in NOK 1,000)	2017	2016
Research and development		
Total expenses for research and development	103 827	142 103

It is assumed that the total expected earnings from ongoing research and development correspond to the total expenses. The company's development programmes are mainly related to products and systems for subsea application. Other important areas of development are power systems for ships and drilling vessels, offshore water management, and advanced IT solutions for the oil and gas market. Siemens has extensive research collaboration with universities, colleges and external and internal research centres and partners.

Note 6 Specification of interest items and other financial items

(Amounts in NOK 1,000)	2017	2016
Interest income from companies in the same Group	333	771
Other interest income	2 280	869
Exchange rate gains	14 979	27 413
Total interest revenue and other financial revenue	**17 592**	**29 053**
Interest expenses from companies in the same Group	-2 722	-670
Other interest expenses	-4 047	-3 121
Other financial expenses	-93	-106
Exchange rate losses	-3 270	-104 855
Total interest expenses and other financial expenses	**-10 132**	**-108 752**
Net interest items and other financial items	**7 460**	**-79 699**

C.4 Notes

Note 7 Tax

(Amounts in NOK 1,000)	2017	2016
Taxable profit		
Loss before tax	-165 530	-243 769
Permanent differences/other differences	1 247	6 033
Changes in taxable/deductible temporary differences	-8 021	687 408
Impact of items recognised in equity	-24 517	62 780
Effect of demergers and internal transactions	2 680	-2 680
Total	**-194 141**	**509 771**
24% tax payable (2016: 25%)	0	127 443
of which tax paid to abroad, directly expensed	0	0
Tax payable in the tax expense	**0**	**127 443**
Tax expense for the year		
Tax payable on the profit for the year	0	127 443
Change in deferred tax	-42 725	-181 714
Change in deferred tax, demerged company	-642	327
Change in deferred tax recognised directly in equity*	2 804	-23 111
Too much/too little set aside in previous years	-7 287	7 869
Total	**-47 850**	**-69 186**
Tax payable in the balance sheet		
Tax payable on profit for the year	0	127 443
Tax payable for previous years	-7 287	8 274
Tax fund (previous year)	-3 600	0
Total	**-10 887**	**135 717**
Taxable/deductible differences that offset each other		
Fixed assets/liabilities	43 856	-194 137
Current assets/liabilities	102 383	308 415
Total taxable/deductible differences that offset each other	**146 239**	**114 278**
Acc. taxable losses carried forward	-194 141	0
Items recognised directly in equity*	-332 521	-308 581
Total basis for deferred tax	**-380 423**	**-194 303**
Deferred tax (+)/Deferred tax asset (-)	**-91 301**	**-48 576**
Change in deferred tax	-42 725	-181 714
of which without effect on tax expense	-2 804	23 110

* Changes in capitalised financial instruments and pensions, as well as deferred tax relating to these items, are partly recognised directly in equity.

Nominal tax rate on profit before tax	2017 Tax expense	as a % of profit before tax
Tax calculated as an average nominal tax rate on profit before tax	-39 723	24
Effect of permanent differences	300	0
Permanent effect of equity transactions	0	0
Effect of deducted foreign tax	0	0
Tax effect of change in tax rate from 25% to 24%	1 944	-1
Tax effect of change in tax rate from 25% to 24% for items recognised directly in equity	-3 085	2
Too much/too little set aside in previous years	-7 287	4
Tax expense according to income statement	**-47 850**	**29**

C.4 Notes

Note 8 Intangible assets

(Amounts in NOK 1,000)	Customer portfolio	Technological intangible assets	Market-related assets	Goodwill	Total
Acquisition cost 01.10.2016	66 413	86 625	3 666	545 794	702 499
Acquisitions during the year	0	0	0	0	0
Disposals during the year – cost price	-25 113*	0	0	0	-25 113
Acquisition cost 30.09.2017	**41 300**	**86 625**	**3 666**	**545 794**	**677 385**
Accmulated depreciation and write-downs	-24 856	-72 348	-2 484	-2 121	-101 807
Balance sheet value 30.09.2017	**16 445**	**14 278**	**1 182**	**543 673**	**575 578**
Depreciation andwrite-downs for the year	-4 589	-11 801	-458	0	**-16 848**
Depreciation method	straight-line	straight-line	straight-line		
Useful life	3-9 years	5-8 years	5-8 years		

* Disposal of fully-depreciated assets.

Siemens AS carries out annual impairment tests of goodwill. These tests are carried out more frequently in the event of any indications of impairment of goodwill. The impairment test was carried out in September 2017 and is based on provisional company figures from August 2017. Capitalised goodwill in the company as at 30 September 2017 amounts to NOK 543.7 million and is mainly derived from the following acquisitions:

Bennex AS	FY 2011
Poseidon Group AS	FY 2011
Matre Instruments AS	FY 2013

Goodwill is allocated to cash-generating units (CGU) for testing of impairment in values as specified below (amounts in NOK 1,000):

Energy Management ((only Subsea)	492 748
Building Technologies	42 183
Process Industries and Drives	8 742

Siemens has used the utility value to determine the recoverable amount in cash-generating units (CGU). The model is based on expected division- and unit-specific cash flows for the next five years. Siemens has used a weighted average capital cost (WACC) specifically for each cash-generating unit. The utility value is the current value of estimated cash flow before tax with a discount factor which reflects the time of the cash flows and the anticipated risks.

The cash flows in the calculations are based on long-term budgets for the years 2018 to 2022. Cash flows after 2022 will be derived using a long-term growth rate which is equivalent to anticipated long-term national inflation.

Central criteria used in utility value calculations
The calculations of utility value for all cash-generating units (CGU) are based to a great extent on central criteria linked with:

- future cash flows
- growth rate, final value (net)
- weighted average capital cost (WACC)

As regards the calculation of utility value for the cash-generating unit (CGU) "Energy Management (Subsea only)", the key criteria are sensitive to changes in the price of oil and the future demand for the unit's product lines.

C.4 Notes

Note 9 Tangible assets

(Amounts in NOK 1,000)	Land/ buildings	Plant and machinery	Company equipment and fixtures and fittings	Buildings under construction	Total
Acquisition cost 01.10.2016	245 611	125 564	154 170	1 960	527 305
Acquisitions during the year	5 166	7 111	12 685	26 850	51 812
Disposals during the year – cost price	0	-3 596	-10 327	0	-13 923
Acquisition cost 30.09.2017	**250 777**	**129 079**	**156 528**	**28 810**	**565 194**
Accumulated depreciation and write-downs for the year	-107 829	-61 804	-126 186	0	-295 819
Balance sheet value 30.09.2017	**142 948**	**67 275**	**30 342**	**28 810**	**269 375**
Depreciation and write-downs for the year	-11 407	-11 280	-13 474	0	**-36 160**
Depreciation method	Straight-line	Straight-line	Straight-line		
Useful life	0-50 years	10 years	3-5 years		

Note 10 Other non-current receivables

(Amounts in NOK 1,000)	2017	2016
Other non-current receivables		
Loans to employees (see Note 4)	10 222	11 095
Other long-term receivables	1 772	7 650
Total	**11 994**	**18 745**

The list shows the book value of receivables due more than one year after the balance sheet date.

Note 11 Inventories

(Amounts in NOK 1,000)	2017	2016
Inventories		
Inventories of raw materials and purchased semi-finished products	16 301	27 169
Inventories of goods in process	5 263	3 523
Inventories of purchased goods for resale	71 219	57 049
Total	**92 783**	**87 741**
Provision for obsolete goods	35 179	55 822
Cost of goods for the year	2 002 154	2 223 786

Note 12 Accounts receivable

(Amounts in NOK 1,000)	2017	2016
Accounts receivable		
Gross accounts receivable	828 667	766 213
Provision for losses on receivables	-16 485	-30 305
Net accounts receivable	**812 182**	**735 908**
Losses on accounts receivable	245	7 740
Changes in provisions	-13 800	12 742
Net bad debts	**-13 556**	**20 482**

Outstanding receivables older than 60 days comprise approximately 3.2 per cent of gross receivables (compared with 9.5 per cent in 2016). Siemens AS continuously follows up and evaluates risk and believes that the provisions for bad debts are adequate, based on an evaluation of the receivables.

C.4 Notes

Note 13 Liquid assets

Siemens AS has no restricted liquid assets. Siemens AS has a bank guarantee worth NOK 103.5 million to cover tax liabilities.

Banking activities are undertaken through Siemens AG and an external bank. Siemens AS has low liquidity risk, since the company is part of the Siemens Group's corporate cash pooling system.

Net deposits in Siemens AS as at 30 September 2017 are NOK -434,7 million and are classified as liabilities.

Note 14 Other current receivables

(Amounts in NOK 1,000)	2017	2016
Other current receivables		
Accrued, unbilled revenues from production contracts (see Note 19)	234 330	192 423
Other accrued, unbilled revenues	135 413	142 976
Currency derivatives	13 793	39 290
Other current receivables	30 857	34 364
Total	**414 394**	**409 053**

Note 15 Equity

(Amounts in NOK 1,000)	Share capital	Premium reserve	Cash flow hedge reserve equity	Actuarial gains and losses	Retained earnings	Total equity
As at 30.09.2016	135 900	29 121	2 112	-248 834	549 200	467 498
Change in equity upon demerger	-2 407	-516	0	0	4 764	1 841
Total comprehensive income	0	0	-10 393	-11 320	-117 680	-139 393
As at 01.10.2017	**133 493**	**28 605**	**-8 281**	**-260 154**	**436 284**	**329 946**

The company demerged the Windpower division with accounting and tax effect as at 1 January 2017 according to the continuity principle. This transaction resulted in a change in the share capital and premium reserve. As at 1 January 2017, the company's share capital consisted of 140,000 shares, each with a par value of NOK 953.52. All of the company's shares are owned by Siemens International Holding BV, which in turn is wholly owned by Siemens AG.

C.4 Notes

Note 16 Pension costs and pension liabilities

Siemens AS is obliged to provide an occupational pension scheme in accordance with the Norwegian Mandatory Occupational Pensions Act, and has a defined contribution-based occupational pension scheme which satisfies the requirements of this Act. Siemens AS has defined benefit plans, both funded and unfunded, as well as a defined contribution plan.

Contribution plans

Siemens has a defined contribution-based occupational pension scheme. From 1 October 2015 to 31 December 2015, the contributions were 4 per cent of the individual employee's qualifying salary between 1G and 6G (National Insurance scheme's basic amount), and 8 per cent for the qualifying salary between 6G and 12G. With effect from 1 January 2016, the contribution level was amended to 5 per cent of the individual employee's qualifying salary up to 7.1G and 13 per cent of the qualifying salary up to 12G. NOK 80.0 million was paid to employees in 2017.

The Norwegian Parliament resolved that AFP will be a life-long scheme as from 1 January 2011, in which the employee can decide when to receive the pension after reaching the age of 62. The payments will be influenced by the qualifying period and expected remaining lifetime of each individual employee. The new AFP scheme is a defined benefit-based multi-employer pension scheme that is financed through premiums that are determined as a percentage of salary. As there is no current reliable method of calculating the liability, the scheme is accounted for as a defined contribution-based scheme in which the premium payments are expensed on an ongoing basis. NOK 19.8 million was paid into this scheme in 2017.

As at 1 January 2016, the company's previous additional defined benefit-based pension scheme for active senior managers was terminated and replaced with a defined contribution-based additional pension scheme. The qualifying salary for the scheme is the fixed annual salary in excess of 12G.

Benefit plans – funded scheme

For employees with less than 10 years to go until the age of 67 at the close of 2006, the company has a closed scheme which entitles members to future defined benefits (defined benefit plan). The closed scheme had three active members at the close of the fiscal year, as well as 905 pensioners. The pension benefits payable are primarily dependent on the number of qualifying years, the salary level on reaching retirement age and the size of benefits from the National Insurance Scheme. Liabilities are covered through Storebrand Livsforsikring AS, and the pension scheme assets are managed and invested in accordance with Storebrand's standards.

Benefit plans – unfunded scheme

In addition to the funded occupational pension scheme, Siemens AS has unfunded defined benefit-based pension liabilities. These pension plans mainly comprise pension liabilities to retired senior managers.

(Amounts in NOK 1,000)	Total for 2017	Unfunded 2017	Funded 2017	Total for 2016
Pension expenses – defined benefit plans				
Pensions earnings/service cost	3 681	3 625	56	-17 924
Interest earnings on pension liabilities	8 931	648	8 283	13 056
Return on pension plan assets	-7 908	0	-7 908	-10 226
Pension costs charged to income incl. employer's NIC's	**4 704**	**4 273**	**431**	**-15 094**
Actuarial loss/gain (-)	10 805	10 959	-154	12 604
Pension costs recognised in Other revenue and expenses	**10 805**	**10 959**	**-154**	**12 604**
Changes in pension liabilities				
Pension liabilities at start of period	640 469	54 648	585 820	860 829
Pension savings for the year	56	0	56	2 192
Pension savings for previous years	3 625	3 625	0	-17 622
Interest earnings on pension liabilities	8 931	648	8 283	13 056
Curtailment/settlement	0	0	0	-2 494
Transfer to Healthcare 01.10.2016	0	0	0	-31 246
Employer's NIC's	-717	0	-717	-840
Pension payments	-51 880	-5 145	-46 735	-210 431
Actuarial loss/gain (-)	23 172	10 959	12 213	27 025
Pension liabilities at end of period	**623 656**	**64 735**	**558 920**	**640 469**
Changes in pension plan assets				
Pension plan assets at start of period	565 526	0	565 526	606 750
Return on pension plan assets	7 908	0	7 908	10 226
Transfer to Healthcare 01.10.2016	0	0	0	-24 978
Payment into the scheme	5 086	0	5 086	5 956
Pension payments	-46 735	0	-46 735	-46 849
Actuarial loss (-)/gain	12 367	0	12 367	14 421
Pension plan assets at end of period	**544 152**	**0**	**544 152**	**565 526**
Net pension liability	**79 504**	**64 735**	**14 768**	**74 943**

C.4 Notes

Note 16

(Amounts in NOK 1,000)	2017	in %	2016	in %
Funded pension scheme is invested as follows:				
Bonds	370 023	68	423 123	75
Real property	79 990	14	68 282	12
Equity instruments	65 734	12	48 487	9
Funds	6 095	2	12 790	2
Bank deposits	22 310	4	12 844	2
Total	**544 152**	**100**	**565 526**	**100**

	2017	2016
Financial assumptions		
Discount rate	1,78 %	1,42 %
Expected salary adjustment	1,78 %	2,25 %
Expected pension increase	2,50 %	0,00 %
Expected NI base rate changes (G)	0,40 %	2,00 %
Expected return on pension assets	2,25 %	1,42 %

Actuarial assumptions:
Other actuarial assumptions have been applied in the calculations, such as the K-2013 mortality table, as well as other demographic factors prepared by Finance Norway (Finansnæringens Hovedorganisasjon). A staff turnover rate of 8 per cent for the 20-29 age group, falling to 0 per cent for employees aged 60 or over, has also been assumed. The turnover rate states the proportion of the workforce that is estimated to leave the company voluntarily during one year.

	Pension obligation (DBO)	
(Amounts in NOK 1,000)	Increase	Reduction
Sensitivity analysis		
Discount rate (0.5 % change)	-29 850	32 287
Expected salary adjustment (0.5 % change)	7	-7
Expected pension increase (0.5 % change)	32 246	-22 755

C.4 Notes

Note 17 Other non-current liabilities

(Amounts in NOK 1,000)	2017	2016
Other long-term liabilities		
Staff provision for long period of service	10 105	15 796
Finance leases	11 417	12 761
Provisions for vacant premises	77 240	90 830
Guarantee provision	38 565	29 800
Other non-current liabilities	36 720	22 857
Total	**174 047**	**172 044**

The list shows the book value of liabilities falling due more than one year after the balance sheet date.

Note 18 Other current liabilities

(Amounts in NOK 1,000)	2017	2016
Other current liabilities		
Salaries and holiday pay	204 643	212 275
Service contracts billed in advance	2 444	3 467
Provisions for liabilities	51 513	54 804
Production projects billed in advance (see Note 19)	385 911	484 850
Currency derivatives with negative value (see Note 20)	11 168	25 196
Restructuring provisions	12 437	1 102
Other current liabilities	17 734	25 483
Total	**685 850**	**807 179**

(Amounts in NOK 1,000)	Onerous contracts	Other	Total
Provisions for liabilities			
As at 01.10.2016	11 085	43 719	54 804
Deferred	19 669	24 201	43 870
Removed	-12 911	-3 271	-16 182
Used provision	-11 193	-19 786	-30 979
As at 30.09.2017	**6 650**	**44 863**	**51 513**

Note 19 Long-term manufacturing contracts

(Amounts in NOK 1,000)	2017	2016
Work in progress		
Recognised	4 218 408	3 830 852
Expenses	-3 852 335	-3 474 222
Net profit	**366 073**	**356 630**
Revenue from projects	2 381 688	2 518 031
Estimated remaining production costs for loss-making projects	335 337	48 006
Earned, unbilled revenue from work in progress included under other current receivables, from manufacturing projects where the percentage of completion method is used (see Note 14).	234 330	192 423
Production billed in advance, included in other current receivables, from manufacturing projects where the percentage of completion method is used (see Note 18).	385 911	484 850

The entire expected loss on these projects is charged as a provision, which is reduced in parallel with the progress of the project or realisation of the losses.

Project risk and uncertainty
Siemens AS mainly has long-term contracts, of which many are fixed-price contracts based on bids. Delays, quality issues or increases in project costs can result in costs which are not covered by the revenues from the project in question. If a project is identified as loss-making, a provision is made for expected future losses. For accounting purposes, the recorded loss is the best estimate at the close of the financial period. Circumstances and information can change in subsequent periods and the final outcome may therefore be better or worse than the assessment made at the time the accounts were prepared.

C.4 Notes

Note 20 Currency derivatives and financial instruments

Based on current guidelines, 75-100 per cent of future cash flows and positions in foreign currencies must be hedged using forward contracts and options. Financial instruments are used for hedging purposes where there is an offsetting item in the underlying cash flows from operations.

Siemens AS has significant currency exposure relating to purchases and sales in EUR, GBP, SEK and USD. In addition, options may be used to hedge against fluctuations during the bid phase of projects. All hedging is undertaken through Siemens AG.

Siemens AS has no financial instruments linked to interest rate exposure.

(Amounts in NOK 1,000)	2017	2016
The following amounts relating to currency hedging contracts are recognised as financial income/expenses for the financial year		
Realised gain/loss (-) from expired hedging contracts	-3 002	-63 770
Accumulated gain/loss (-) not reversed from equity	2 159	15 939
The following amounts relating to currency hedging contracts are recognised in other revenues and expenses (adjusted for deferred tax)		
Unrealised gain/loss (-) recognised in the fiscal year	-10 393	55 087
Accumulated gain/loss (-) not reversed from equity	-8 279	2 114

List of unrealised currency forward contracts as at 30 September 2017

Currency forward contracts (counter position NOK)	Amount in foreign currency	Amount in NOK	Agreed average exchange rate	Exchange rate as at 30.09.2017	Average remaining maturity in days
Sales EUR	71 193	670 404	9,4167	9,4125	209
Purchases EUR	51 690	487 271	9,4268	9,4125	165
Sales GBP	402	4 309	10,7272	10,6744	98
Purchases GBP	138	1 465	10,6519	10,6744	78
Sales SEK	46 590	45 349	0,9734	0,9755	89
Purchases SEK	360 252	355 085	0,9857	0,9755	280
Sales USD	26 122	213 977	8,1916	7,9726	230
Purchases USD	9 913	80 918	8,1628	7,9726	88

The fair values of the derivatives that are recognised in the balance sheet as at 30.09.20167	2017	2016
DKK	0	24
EUR	-1 663	13 904
GBP	22	-1 571
PLN	0	-94
SEK	-773	361
SGD	0	-18
USD	4 419	5 119
Total	**2 005**	**17 725**
Positive holdings: Short-term portion	13 793	39 290
Positive holdings: Long-term portion	841	6 238
Negative holdings: Short-term portion	-11 168	-25 196
Negative holdings: Long-term portion	-1 462	-2 607
Total	**2005**	**17 725**

(see the table for currency derivatives and financial instruments)

The fair value of hedging instruments is determined by multiplying the difference between the exchange rate on the balance sheet date and the agreed exchange rate by the hedged amount in foreign currency and applying a discount rate. An administration fee is included for the issuer of the hedging instrument (Siemens AG).

In the income statement, the valuation and settlement of hedging contracts are entered under financial expenses and income. In the balance sheet, the values of open hedging contracts are recognised in other current or non-current receivables or other current or non-current liabilities. The share of long-term positive holdings comprises NOK 0.8 million and long-term negative holdings NOK 1.5 million.

Siemens AS uses Cash Flow Hedge Accounting for significant cash flows. The purpose of hedge accounting is to avoid any impact on the income statement of unrealised gains and losses on the hedging instrument. The effectiveness of the hedge is monitored and documented in accordance with the rules for hedge accounting. If the requirements for the use of hedge accounting are no longer met, the hedged item and the hedge are measured separately using the relevant accounting rules.

When hedging cash flows (Cash Flow Hedge Accounting) unrealised gains and losses on the hedging instrument are recognised in equity. Deferred tax on the provision is recognised directly in equity. Other hedging contracts that are not classified as hedge accounting are recorded at fair value to the income statement.

As of 30 September 2017, there are no material ineffective hedges.

C.4 Notes

Note 20 Currency derivatives and financial instruments

Periods during which hedged cash flows in foreign currencies, classified as Cash Flow Hedge Accounting, are assumed to affect the income statement

(Amounts in NOK 1,000)	2018	2019	2020	2021
Year in which hedged cash flows are expected to be reclassified from equity to the income statement	**-688**	**-1 082**	**40**	**0**

Financial instruments according to category

(Amounts in NOK 1,000)	Loans and receivables	Derivatives used for hedging purposes	Total
Assets as at 30.09.2017			
Other long-term receivables	11 153	841	11 994
Accounts receivable	812 182	0	812 182
Other current receivables	400 601	13 793	414 394
Total	**1 223 936**	**14 634**	**1 238 570**
Assets as at 30.09.2016			
Other long-term receivables	12 505	6 240	18 745
Accounts receivable	735 908	0	735 908
Other current receivables	369 763	39 290	409 053
Total	**1 118 176**	**45 530**	**1 163 706**

(Amounts in NOK 1,000)	Other financial liabilities	Derivatives used for hedging purposes	Total
Obligations as at 30.09.2017			
Other long-term liabilities	172 585	1 462	174 047
Accounts payable	284 719	0	284 719
Current liabilities to corporate cash pooling system	434 674	0	434 674
Advances from customers	25 641	0	25 641
Other current liabilities	674 682	11 168	685 850
Total	**1 592 303**	**12 630**	**1 604 933**
Obligations as at 30.09.2016			
Other long-term liabilities	169 437	2 607	172 044
Accounts payable	242 542	0	242 542
Current liabilities to corporate cash pooling system	26 753	0	26 753
Advances from customers	11 592	0	11 592
Other current liabilities	781 982	25 196	807 179
Total	**1 232 307**	**27 803**	**1 260 110**

Note 21 Financial market risk

Siemens uses financial forward contracts through Siemens AG to hedge against exposure to currencies. However, Siemens AS does not use financial instruments linked to interest-bearing items. As a result of the strong liquidity of Siemens AG, Siemens AS has a low liquidity risk. Accounts receivable are continuously assessed based on changes in market conditions and management’s assessment. We consider this to be taken into account in the provisions for losses on receivables (see Note 12).

Currency and risk and the use of financial instruments are described in Note 20.

C.4 Notes

Note 22 Transactions with related parties

(Amounts in NOK 1,000)		2017	2016
Sales			
Siemens plc	Siemens company	40 167	24 753
Siemens Energy Inc. (US) - Oil& Gas	Siemens company	28 430	11 495
Siemens Financial Services AB, NUF	Siemens company	19 121	2 775
Dresser Rand AS	Siemens company	17 704	0
Siemens Gamesa Renewable Energy AS	Siemens company	16 935	62 411
Siemens International Trading Ltd., Shanghai	Siemens company	15 861	83 279
Siemens Healthcare AS	Siemens company	12 860	11 852
Siemens Nederland N.V.	Siemens company	12 030	4 070
Siemens Industry Inc.	Siemens company	10 950	18 044
Siemens AG - EM Erlangen	Siemens company	10 282	4 677
Other	Siemens companies	42 919	174 991
Total		**227 259**	**398 347**
Purchases			
Siemens AG, Germany	Siemens company	736 168	915 059
Siemens Industrial Turbomachinery AB	Siemens company	73 995	39 095
Siemens Schweiz AG	Siemens company	65 483	61 884
Koncar-Energetski Transformatori d.o.o.	Siemens company	61 321	26 605
Siemens PLC UK	Siemens company	35 807	49 852
Siemens AG, Oesterreich	Siemens company	27 042	37 066
Siemens Nederland N.V.	Siemens company	10 843	47 688
Siemens Electric Machines s.r.o.	Siemens company	9 405	24 019
Siemens Holding S.L.	Siemens company	9 242	3 188
Siemens Industry Inc.	Siemens company	9 128	39 698
Other	Siemens companies	124 775	442 890
Total		**1 163 209**	**1 687 043**

Purchases from and sales to related parties are regarded as commercial transactions. Purchases and sales between related parties principally take place in connection with project collaborations. There are also a number of cost allocations in connection with the use of common services in the Group.

Siemens AS has no intra-Group balances relating to liabilities and receivables, since purchases and sales are paid for directly from the Group cash pool (see Note 13).

The consolidated financial statements of Siemens AG can be obtained using the following address: Siemens AG, Wittelsbacherplatz 2, D-80333 Munich, Germany. www.siemens.com

Note 23 Government grants

In 2013, Siemens was allocated a government grant by the Research Council of Norway in connection with DEMO 2000. The grant will reduce the accrued project costs, entailing net recognition in the accounts. The total amount of the grant is NOK 4.5 million and will be disbursed on an ongoing basis and in arrears. The project is owned by the Energy Management division and will continue throughout 2015, 2016 and 2017, principally during the 2015 fiscal year. The grant for the 2017 fiscal year amounts to NOK 1.2 million. The grant is disbursed on an ongoing basis based on reporting of the project costs incurred.

The grant is a user-controlled innovation programme which requires 50-per-cent co-financing by trade and industry. The innovation programme is intended to stimulate R&D work in trade and industry, and is thus a tool aimed at increasing trade and industry's own R&D efforts. There are no contingent liabilities other than the requirement to document the accrued project costs that have formed the basis for the grant allocation.

C.4 Notes

Note 24 Other off-balance-sheet liabilities

Off-balance-sheet liabilities
At the end of the 2017 fiscal year, Siemens AS has the following off-balance-sheet liabilities divided into the following categories:

Mortgages and guarantees

(Amounts in NOK 1,000)	2017	2016
Guarantees		
Guarantees issued by external financial institutions	493 921	562 565
Guarantees issued by external financial institutions for Siemens Gamesa Renewable Energy AS	212	0
Guarantees issued by external financial institutions for Siemens Healthcare AS (formerly Siemens Healthcare Diagnostics AS)	0	7 968
Total	**494 133**	**570 533**

Siemens AS has guarantees with a face value of NOK 494 million, issued by external financial institutions. The guarantees apply to liabilities towards the authorities and contractual counterparties, including guarantee liabilities for Siemens Gamesa Renewable Energy AS and Siemens Healthcare AS.

Siemens AS has registered a factoring agreement pursuant to Section 4-10 of the Norwegian Mortgages and Pledges Act. The agreement concerns individual commercial monetary claims for an amount up to NOK 80 million. The registration has as its beneficiary Kreditanstalt für Wiederaufbau and was made in connection with project financing.

Leases

Operating leases
Siemens AS leases office and production/storage space in 17 different locations in the country. The company has signed a lease contract for the building at Østre Aker vei 88. The lease contract runs for 12 years with effect from 15 December 2013. After the expiry of the lease period, Siemens AS has an option to extend the lease at market rates for 10 + 10 years. Leases for premises in Stavanger and Bergen will run until 2027, while the other leases have terms of one to five years.

The company has leased various cars and vans for periods of between three and five years.

(Amounts in NOK 1,000)	Within one year	2-3 years	4-5 years	Over 5 years old	Total
Remaining estimated lease payments falling due					
Rental and leasing of other premises	94 604	174 699	178 078	335 733	783 115
Vehicle leasing	4 604	5 773	2 299	29	12 705
Total	**99 208**	**180 472**	**180 377**	**335 762**	**795 820**

(Amounts in NOK 1,000)	2017	2016
Expenses, operating leases		
Offices and warehouses	97 757	91 330
Cars	5 554	6 355
Total	**103 311**	**97 685**

Finance leases
Siemens AS entered into a finance lease in January 2015 to lease the building at Ternetangen 61, Bømlo, which is valid for 10 years.

(Amounts in NOK 1,000)	Within one year	2-3 years	4-5 years	Over 5 years old	Total
Remaining estimated lease payments falling due					
Minimum lease payments	2 380	4 760	4 760	5 089	16 989
Present value of minimum lease payments	1 809	3 175	2 664	2 375	10 023

C.4 Notes

Note 25 Share-price-based compensation

Senior management in Siemens AS are granted options by Siemens AG. There is a three-year delay between when the options are granted and when they can be exercised. The costs of the options are included in the accounts of Siemens AS. Siemens AS is charged the expected monthly cost of options from Siemens AG on the date of the allocation. The cost builds up a liability in Siemens AS to Siemens AG. The cost is based on the fair value of the options as at the balance sheet date. At the point when the options are exercised, their actual value is used. This forms the basis for the final cost billed from Siemens AG.

The Norwegian marginal tax is calculated and paid to the Norwegian tax authorities, while the remainder of the amount is paid to the employee by Siemens AS. The total cost of these options is charged to payroll expenses. In the 2017 fiscal year, this amounted to NOK 2.6 million. The book value of the liabilities amounts to NOK 6.7 million.

	2017		2016	
	Average exchange rate EUR per share	Options	Average exchange rate EUR per share	Options
As at 01.01.		19 667		20 692
Awarded	72,04	8 260	57,17	6 468
Lapsed	69,82	-731	54,61	-3 146
Exercised	55,67	-5 176	52,72	-3 977
Expired		0	61,10	-370
As at 30.09.		**22 020**		**19 667**

Allocations	2017		Number of options	
	Expiry date	Exercise rate EUR per share	2017	2016
2012	Dec. 16	53,96	6 142	6 142
2013	Nov. 17	71,23	3 987	3 987
2014	Aug. 18	65,81	3 108	3 108
2015	Jan. 19	59,42	2 703	2 703
	Nov. 19	58,42	6 468	6 468
2016	Dec. 20	72,04	8 260	
Total			**30 668**	**22 408**

Share options granted to employees

Every fiscal year, all Siemens Group employees are offered the opportunity to purchase Siemens shares through the Share Matching Plan programme. Employees who enter into this agreement have a fixed amount of 0-5 per cent of their gross salary deducted each month.

The amount is invested in Siemens shares in the following month. After a vesting period of three years, Siemens gives the employee one free share for every three shares the employee owns. Siemens AS is billed quarterly for the administration of the Share Matching Plan in addition to the fourth share the employee is granted after three years. For the 2017 fiscal year these costs amounted to NOK 1.2 million.

	2017		2016	
	Average exchange rate EUR per share	Quantity	Average exchange rate EUR per share	Quantity
As at 01.01.		3 281		3 436
Awarded	92,02	2 097	66,01	1 474
Lapsed	76,50	-229	58,68	-1 091
Exercised	73,00	-897	54,68	-256
Expired			67,30	-282
As at 30.09.		**4 252**		**3 281**

Awarded	2016		Number of options	
	Expiry date	Exercise rate EUR per share	2017	2016
2014	Jan. 17	73,00	1 206	1 206
2015	Jan. 18	69,43	1 051	1 051
2016	Jan. 19	58,68	1 474	1 474
2017	Jan. 20	92,20	2 097	
Total			**5 828**	**3 731**

Note 26 IFRS 15

The IFRS accounting standard IFRS 15 "revenue from contracts with customers" was issued in May 2014. The standard establishes a five-step model to book revenue from contracts with customers. In accordance with IFRS 15, revenue is booked as an amount which reflects the remuneration to which a company expects to be entitled, in return for transferring goods or services to a customer. The new revenue standard will replace all current revenue recognition requirements under IFRS.

For fiscal years beginning on 1 January 2018 or later, companies may choose between two different methods of implementing the standard: fully retrospective use or modified retrospective use. Early implementation is permitted.

Siemens AS implemented the new standard as of 1 October 2017. During the 2017 fiscal year, the company assessed the consequences of IFRS 15, and no effect was found.

D.1 Auditor's report

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Ernst & Young AS

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INDEPENDENT AUDITOR'S REPORT

To the Annual Shareholders' Meeting of Siemens AS

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Siemens AS, which comprise the balance sheet as at 30 September 2017, statement of comprehensive income and statements of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements have been prepared in accordance with laws and regulations and present fairly, in all material respects, the financial position of the Company as at 30 September 2017 and its financial performance for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

Basis for opinion

We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Norway, and we have fulfilled our ethical responsibilities as required by law and regulations. We have also complied with our other ethical obligations in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Other information consists of the information included in the Company's annual report other than the financial statements and our auditor's report thereon. The Board of Directors and Chief Executive Officer (management) are responsible for the other information. Our opinion on the audit of the financial statements does not cover the other information, and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information, and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and 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.

D.1 Auditor’s report

Auditor’s responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing (ISAs) will always detect a material misstatement when it exists. 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.

As part of an audit in accordance with law, regulations and generally accepted auditing principles in Norway, including ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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;
- obtain 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- conclude 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 the Company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

Opinion on the Board of Directors’ report

Based on our audit of the financial statements as described above, it is our opinion that the information presented in the Board of Directors’ report concerning the financial statements, the going concern assumption and proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

D.1 Auditor’s report

Building a better working world

Opinion on registration and documentation

Based on our audit of the financial statements as described above, and control procedures we have considered necessary in accordance with the International Standard on Assurance Engagements (ISAE) 3000, *Assurance Engagements Other than Audits or Reviews of Historical Financial Information*, it is our opinion that management has fulfilled its duty to ensure that the Company's accounting information is properly recorded and documented as required by law and bookkeeping standards and practices accepted in Norway.

Oslo, 30 November 2017
ERNST & YOUNG AS

Tore Sørlie
State Authorised Public Accountant (Norway)

(This translation from Norwegian has been made for information purposes only.)

D.2 Siemens' addresses in Norway

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