

The background image shows a female Siemens technician in a blue uniform working with a handheld device in a server room. The scene is overlaid with digital graphics, including binary code (0s and 1s), a line graph, and data tables. The Siemens logo is in the top left corner.

SIEMENS

Data is the new oil

Annual Report 2015

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Siemens AS

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|| | A.1 Data is the new oil

In 168 years Siemens has developed technology to solve some of the big challenges the world faces. We have built up a tradition of thinking along those long lines with the focus on creating a sustainable society. In Siemens, we believe that a sustainable society is created through electrification and automation of all sections of the community, based on renewable energy. In the future we will use digitalization to make even better decisions so that we can optimize and enhance the energy sector, the transport sector and the industry. The solutions of the future are electrified, automated and digitalized. Siemens is one of the most important pioneers in the industry in these areas.

In Siemens, we believe the curiosity and creativity combined with technological optimism is the solution to several of the major challenges facing the world. The climate crisis, urbanization, demographic and health challenges and globalized markets have all needs for technological solutions that provide more efficient use of the planet's resources. We want to be a partner for both private and public sector when a sustainable society is planned, and if all parts of the community is electrified based on renewable energy, we can create a sustainable society at the same time as the standard of living is maintained.

In a high-cost country such as Norway, the business world is going to have to think smart to be well enough armed for the future. Norway's competitive advantage is to be secured through a knowledge based and modern business, including use of new technology for smarter use of resources. When all sections of the community are electrified the electrical components emit large amounts of information. This information can be turned into digital formats. By analyzing and interpreting these data quantities in the present, we will be able to make smart decisions that optimize and enhance the energy sector, the transport sector and the industry. The real and the virtual world are melting together and create completely new opportunities. These opportunities are we going to take advantage of.

For Siemens's digitalization is about developing solutions that make it possible to use these huge data amounts to optimize operations and create added value for our customers. At the same time we are going to assist the community in the face of ever-increasing climate challenges. We have built our business on electrification and automation, and we will now reinforce this by directing the focus to digitalization.

Siemens is one of the world's most international companies. The company is currently present in 190 countries with in excess of 350, 000 employees worldwide. In Norway we are about 2000 employees spread across 14 locations with headquarters in one of Norway's most energy efficient buildings located in Oslo.

Siemens proves that it is possible to find solutions to difficult questions - solutions that make it possible to set new technological world records. The technology we need to create a more sustainable future is already available. It's all just about taking it in use.

Intelligent infrastructure

The requirements for emissions reductions from the transport sector are becoming fiercer. Solutions for electrical transportation within person- and freight traffic are necessary in order to achieve satisfactory air quality in the cities. Siemens delivers solutions for emission-free, electric propulsion on the sea, subway and roads. Digital solutions that monitor the tunnels, controls stretches of road and finds the nearest free parking ensures seamless and efficient mobility.

In 2015 Siemens delivered the world's first electrical driven vehicle ferry in cooperation with Fjellstrand shipyard. The solution which facilitated the electrification of such a ferry turned out to be relatively simple in theory, but amounted to yet a great technological challenge. Siemens is proud to have solved this technological puzzle, and for having contributed to a solution that now opens up the opportunity of realizing a number of such ferries both in Norway and abroad. And the potential is huge, which a feasibility study prepared by Siemens in cooperation with Bellona shows. It is profitable to replace 7 out of 10 ferries in Norway with either full electric ferries, or hybrid ferries.

Siemens is also the provider of a smart Metro in Oslo that creates energy when it brakes. In the future we will see this technology also on trains and trams. Siemens has in addition developed a solution that makes freight traffic electric and emission-free. In time, and maybe electric or hybrid aircraft also becomes a reality within the near future.

Siemens delivers the technology that enables a sustainable transportation sector.

Sustainable energy

Siemens global offshore business is located in Norway. Siemens is leading the development of underwater power systems, called Subsea Power Grid, and with the help of new technology, one can in the future move more of the oil and gas production down on the ocean floor. It will save the industry for large costs, and will contribute to a cleaner recovery of oil and gas.

Electrification is a significant green shift. By electrifying large parts of our society on the basis of clean, renewable energy, we can move toward a zero-emission society.

Siemens is the greatest in the world on offshore wind, and number three on land-based wind power. In Norway, Siemens have among other things delivered the wind turbines to what have been the most efficient wind farm. This is located on Raggovidda, a windy mountain plateau by Berlevåg in Finnmark. 15 wind turbines produces over 200 million kilowatt hours, enough to supply 9.500 households, which is the same as a town the size of Molde.

Norway has a great potential for wind power both on water and on land. The challenge, however, is that the profitability of wind power balances on a knife's edge. Therefore, even small improvements have a lot to say. Digitalization is the key to increasing the production and make wind power more competitive. It's about to get the most power out of each flow of wind

In our control centre in Brande in Denmark we are monitoring and controlling remotely over 10,000 Siemens turbines. From all of these turbines there is collected over 200 GB with new data every day. By using this data most errors are detected early and corrected directly from the control center. The experts can solve and fix eight out of ten alarms directly from the control center without the service team needing to do any on-site troubleshooting.

The future industry

The key to increased productivity and smarter use of resources is located in the optimization of processes, and here the digitalization got a central role. In the future market environment it will be completely different requirements for new products to come fast and affordable to the market. The industry must therefore produce new products ever faster.

Moreover, customers increasingly require new and custom made products. It poses huge demands on flexibility in the production, and individualization of mass production. The ability to realign production quickly will therefore be crucial in tomorrow's market.

In addition, it is set increasingly higher requirements for reduced energy and resource consumption. Manufacturers must implement a holistic way of thinking that covers the entire value chain in a manufacturing process. This can be done through the use of digital solutions. Siemens delivers solutions that merge the digitalization and automation for the industry, so that the digital and virtual world integrates in a seamless, efficient and comprehensive manner. This way companies can still be competitive on the road to the future of the industry. This is especially important to be able to survive in a high-cost country such as Norway.

Integrated building technology

Intelligent and integrated solutions for managing indoor air quality, comfort and energy consumption increases the profitability of the operation of the building. Energy efficient operation is an important factor, but it is the integration and alignment of all the solutions in the building that increases the efficiency, safety and profitability. Focus on overall projects like this is important. Siemens therefore also offers financing solutions, which contributes to rapid return on investments in the building technical solutions.

Smart Grids

In the course of the next few years all Norwegian households is to be equipped with digitalized energy meters. This contributes to the strengthening and upgrading of the electrical grid that prepares us for a new, electric life. Siemens delivers the very foundations in the new system to make sure that the electrical grid gets smarter. With solutions that constantly monitor the consumption, prices, and energy production Siemens help to create a better management of tomorrow's energy consumption.

|| | A.2 Report from the Board of Directors of Siemens AS 2015

The year 2015 has been an exciting year for several of our business areas. The market situation for oil and gas became critical in 2015. This challenges us as a supplier of products and solutions in a new way. We see the value of working even closer with our customers to find good solutions and help contribute to greater efficiency and profitability in the industry. This gives us new opportunities at the same time, and we desire to safeguard these in a good way.

Siemens AS is a wholly owned subsidiary of the German group Siemens AG. In 2015, the company reported sales revenue of NOK 6 371 MNOK and had 1,959 employees as of 30 September 2015. The head office is located in Oslo, and the company has a total of 14 offices in Norway. In addition to the head office, there are major branch offices in Trondheim, Bergen and Stavanger

Siemens offers technology-based products, services and solutions in the business areas of energy, automation, oil and gas, safety, transport and healthcare. It is important for the company to have a comprehensive focus on sustainability.

Siemens AS utilises the exemption stated in section 3-7 of the Accounting Act (Norway) relating to the consolidated accounts obligation for parent companies in sub-groups and does not prepare a separate set of consolidated accounts for the company. Please refer to the annual report for Siemens AG. Siemens has a non-calendar year-end. The 2015 fiscal year runs from 1 October 2014 to 30 September 2015.

Full year 2015

Siemens experienced a decline in its new orders for 2015, which is the consequence of the changing market parameters and a reduced willingness to invest due to a 50 per cent reduction in the price of oil.

The global climate and environmental challenges require a greater degree of adaptation in society in order to ensure a sustainable future. Support schemes for the development of renewable energy stimulate the authorities to focus more on this area. A historical effort is currently being made in this area through upgrading the regional and national power grids. We see that several investments in renewable energy are being postponed because of limited grid capacity.

Initiatives in the infrastructure and transport sector are important for the establishment of greener daily life. Politically, there is currently greater enthusiasm and willingness to make an effort in the area of infrastructure and transport by increasing the focus on electrification. Processes like this are extensive, and the establishment and execution often take longer than the ambitions.

Profit performance

Siemens signed contracts valued at NOK 5,200 million during the 2015 fiscal year. This shows a decline of NOK 601 million compared with 2014. The divisions operating in oil and gas, industry and subsea technology experienced the greatest decline in incoming orders. Mobility and Wind Power have at the same time seen a decline as a consequence of the postponement of investment projects. Energy Management experienced on the other hand a solid year in several of its areas.

The orders on hand for ongoing projects at Siemens AS totalled NOK 3,558 million as of 30 September 2015, corresponding to a decline of NOK 956 million compared with the previous year.

Total sales revenues in 2015 were NOK 6,371 million, a decline of NOK 380 million compared with 2014. The operating result was NOK -88.3 million in 2015, NOK 271.4 million less than 2014.

Sales revenue for 2015 was maintained at a high level, in spite of a decline of NOK 380 million compared with 2014. Sales revenue was record high last year, which is attributed primarily to the high oil prices and record high investment level in oil and gas for the years 2013 and 2014. The operating profit this year is marked by a loss of margins due to the execution of major projects, and the company has found that it has been forced to take necessary actions in the form of reorganisations and cutbacks in the organisation.

The profit for the year after tax amounted to NOK 132.4 million in 2015, an increase of NOK 34.3 million over NOK 98.1 million in the previous fiscal year. Siemens AS reported high financial income in 2015 as a result of the sale of shares in Siemens Healthcare Diagnostics AS to Siemens International Holding B.V. This resulted in a gain of NOK 219.9 million. Other operating revenue in 2015 amounted to NOK 52.0 million, compared with NOK 21.5 million in 2014.

The company has taken action and is focusing on further development of the sales function and strengthening the project organisation to adapt to the market changes and improve profitability. Our ambition is to contribute to increased competitiveness for our customers by improving our own.

The Board of Directors supports the measures that have been implemented to adapt the company to market changes and improve the results. The Board would like to thank all the employees for their enthusiasm and efforts during a challenging year.

The Board of Directors confirms that the basis for continued operations is present, cf. section 3-3a of the Accounting Act. The annual financial statements have been prepared on the basis of the going concern assumption and provide, in the Board's opinion, a satisfactory account of the company's development and results for the fiscal year and the financial position as of 30 September 2015.

Allocation of profit for the year

In the fiscal year 2015, Siemens AS recorded an annual profit of NOK 132.4 million after tax. The Board of Directors will propose to the annual general meeting that a dividend distribution of NOK 130.0 million be paid. This will be reflected in the accounts for the year in which the general meeting adopts the dividend. The Board of Directors proposes the following allocations (in NOK million) in the accounts for the year:

Transferred to other equity	132,4
Profit for the year	132,4

Financial matters

As of 30 September 2015, equity capital constituted 27 per cent of the total balance sheet. The company has a prudent level of equity capital and satisfactory liquidity. As a consequence of the company's international operations, there is a currency risk attached to the value of future cash flows and balance sheet positions in foreign currencies. In line with Siemens' guidelines, this risk is hedged through the application of forward contracts and currency options. These are managed through Siemens Financial Services GmbH, which is in charge of currency risk for the entire Siemens Group and is the counterparty to Siemens AS' currency contracts.

The credit risk is taken into account by recording a provision for losses on accounts receivable that reflects the uncertainty associated with the solvency of some of the company's customers. It is expected that the decline in the global economy may result in larger losses and present additional challenges. The current provisions are considered adequate to cover this if it should become a reality.

Financing for Siemens AS is wholly provided by the Siemens Group's internal bank, Siemens AG. As of 30 September 2015, Siemens AS has a liability of NOK 201 million with Siemens AG in connection with the corporate cash pooling system. As of 30 September 2015, the Board considers there to be minimum risk associated with the company's future liquidity situation.

Cash flow

The total cash flow from operations was NOK 38 million in 2015. The operating result was NOK -88 million. The difference is attributed primarily to the sale of a subsidiary and other business totalling NOK 248 million, as well as ordinary depreciation and changes related to accounts receivable, accounts payable and inventory. Investments totalled NOK 69.3 million.

Siemens AS is part of a corporate cash pooling system. The funds the company has on deposit here are not defined as cash, but as short-term receivables in the corporate cash pooling system. However, in practice, these funds can be regarded as deposits.

Organisation

The Siemens Group adapts its global business strategy in line with the current trends in society and those that will affect society in the future. Siemens AS is organised in nine divisions that are adapted to the market. These divisions are Wind Power & Renewables/Power & Gas/Power Generation Services, Energy Management, Subsea, Building Technologies, Mobility, Digital Factory, Process Industries and Drives, Oil & Gas and Marine and Healthcare.

In 2015, Siemens completed the sale of the healthcare IT portion of Healthcare and established a strategic cooperation with the US-based IT company, Cerner. This sale entailed the transfer of 20 full-time equivalent staff to Cerner.

As part of Siemens's vision for 2020, the company has chosen to spin off the Healthcare division into a separate legal entity effective 1 October 2015. This was accomplished by spinning off the healthcare division from Siemens AS to Siemens Healthcare Diagnostics AS, which changed its name to Siemens Healthcare AS from the same point in time. A total of 80 full-time equivalent staff were transferred from Siemens AS to Siemens Healthcare AS as of 1 October 2015.

Security Products in the Building Technologies division was sold to Vanderbilt Industries in the spring of 2015. Five employees were transferred to Vanderbilt.

Technological developments

The company is part of Siemens' global network for innovation, and benefits from the products, services and solutions that are being developed internationally. Worldwide, there are approximately 30,000 employees divided into 30 countries with research and development. Globally, Siemens invests around NOK 35,000 million in research and development each year. More than half of this is invested within the areas of environment and climate.

Through custom deliveries to customers, expertise and innovative solutions are fed back to Norway from the global network. In Norway, Siemens is steadily increasing its activities within technological development and has global responsibility for research and development related to low voltage diesel electric propulsion systems for ships and motor drives for offshore drilling systems. Norway has global responsibility for power electronics for subsea oil production. In Norway, Siemens AS invested NOK 177 million in research and development in the 2015 fiscal year. This corresponds to a somewhat higher amount than the investments made in Norway in 2014.

Employees

Siemens AS reduced its number of employees during the last fiscal year. At the end of the year, Siemens AS had 1,896 employees, compared with 1,989 one year ago. This corresponds to a reduction of 93 employees. In 2015, the company had ten apprentices under training, which are in addition to the aforementioned numbers. Most of them are connected with the production of switchboard systems. The company makes little use of temporary or part-time employment. The use of contracted manpower was reduced significantly last year.

The average age at Siemens AS is 43.4 years. The gender distribution is still relatively uneven, which applies to the industry as a whole. In the fiscal year 2015, 18 per cent of Siemens AS's employees were women. There is agreement on setting a goal to increase the number of women in management, project management and key positions in general. In 2015, the company experienced a positive trend when 30 per cent of the employees recruited were women. In recent years, the number of female managers increased from 15 to 17 per cent, which indicates a greater increase in the percentage of women among managers, compared to the increase in the percentage of women overall.

Siemens actively seeks a working environment characterised by fairness, equality, respect and mutual trust. There is zero tolerance for discrimination and harassment.

The company attaches importance to following up and developing young talents. Through centrally organised management development programmes, younger managers are given the opportunity to develop their skills and build networks with other managers. During the current year, work has also focused on training and developing project managers in the company. Good project management is the key to maintaining high levels of customer satisfaction. Siemens has implemented a module-based competence programme that covers all the key parts of being a project manager in collaboration with an external supplier. This functions as a supplement to our own internal programmes.

Work on marketing Siemens as an employer and external activities aimed at the school system are continuing and producing good results. The student competition, Smart Student Challenge, attracted several student groups who worked on projects to solve tasks related to future challenges. The winning team received a four-week internship and prepared a feasibility study for the use of battery-driven ferries on ferry routes in Norway. In 2015, we have had graduating students at corporate presentations and tours at our head office in Oslo. In addition, graduating students from the Oslo and Akershus University College of Applied Sciences had their final project at the Digital Factory division, in which they were to set up a completely automated solution in connection with the Nor-Shipping trade fair. We are maintaining our position as one of the most attractive employers of engineers in Universum's annual surveys.

Corporate social responsibility and sustainability

Sustainable development is the very foundation for Siemens's future success. Responsibility and sustainability form the basis of all our business activities and are an important pillar of our corporate culture. Through innovative solutions, Siemens helps to solve the greatest challenges faced by the world today, while also ensuring long-term profitability and value creation.

This is an integrated part of the company's overall strategy and builds on our core values: Responsible, Innovative and Excellent. Our ethical guidelines (Business Conduct Guidelines) provide specific guidance about the conduct Siemens expects of all the company's employees. All employees must complete training in the Business Conduct Guidelines in order to ensure that they understand the guidelines and their background.

Corporate Social Responsibility starts with complying with the laws and regulations that society sets for our activities. Siemens has established a global compliance system, which focuses on preventing breaches of applicable laws and rules, as well as discovering and responding to cases in which rules are breached. We have a separate compliance function that exercises control and assists operating units with guidance and advice.

The company continuously evaluates the economic, social, ethical and environmental factors that affect our business activities. Siemens lives by several clearly defined and transparent criteria to ensure that the company attaches adequate importance to corporate social responsibility. Optimally, we would like to exceed the expectations placed on the company and are continuously looking for new opportunities to place corporate social responsibility on the agenda.

Our global corporate social responsibility and sustainable development programme sets out the specific goals that Siemens has set at an overall level, as well as the measures that are necessary to achieve these. There is a particular focus on three main areas: development of a profitable environmental portfolio, internal activities to minimise the company's footprint, and collaboration with interested parties in order to drive development in the right direction. Our primary global pillars within sustainability are People, Planet and Profit.

Siemens goal is to become the first major industrial group in the world that is carbon neutral, and to reach this target by 2030. The plan is to reduce CO2 emissions by half already in 2020. Today, this represents approximately 2.2 million tonnes. In order to realise this, the company will invest, for example, EUR 100 million in automation and control systems in its own buildings and production facilities throughout the next three years.

This process is already well under way in Norway. In 2014, our new, highly energy-efficient head office on Østre Aker Vei was completed. Our new head office is an energy class A building, which means it has a maximum energy consumption of 84 kilowatt-hours per square metre. In other words, the Norwegian head office uses less than a quarter of the energy consumption of our old office building. This is made possible through the use of Siemens systems for controlling lighting, heating and ventilation, the use of geothermal energy and a separate energy station. The building is LEED-certified (Leadership in Energy and Environmental design). All in all, this means that Siemens moved into a building that will be among the most energy-efficient office buildings in Norway. In 2015, Siemens relocated its offices in Stavanger and moved into a new building, which was also a class A building. The fiscal year 2015 has been marked by a focused effort to place electrification, automation and digitisation high on society's agenda. A large number of the energy-related problems we face in the modern world can be solved by smarter utilisation of resources. The environmental gains of such initiatives would also be considerable. We are well on our way into a digital era, and Siemens will be a pioneer in the development of this technology.

Health, safety and environment (HSE)

Siemens AS is working hard on its zero injury philosophy, which implies that all accidents should be prevented and that no work-related injury, illness or accident should be ignored. We have set a clear goal of zero work-incurred injuries and injury leave. The company's H value (number of injuries resulting in absence per million working hours) amounted to 0.9 in 2015, compared with 1.7 in 2014. This is a reduction from last year, and it is important to work constantly to prevent injuries and accidents. The safety of each individual employee must be

taken seriously both by management and by the individual employee. During the last fiscal year, no serious accidents have occurred that have caused the company's employees to sustain long-term injury.

Sickness absence was 2.6 per cent for the fiscal year 2015, while it was 2.7 per cent in the 2014. In total, the level of sickness absence is low. There continues to be some variation in sickness absence among the different units, from around 2.0 per cent in certain divisions to as high as around 4.0 per cent in others. It is important for us to maintain a low level of sickness absence, and it also ensures that units that have previously had high levels of absence continue the positive trend. Long-term sickness absence, that is absence more than 8 weeks, was 0.4 per cent in 2015, which was also the case in 2014.

In 2015, Siemens initiated the "Up from Your Chair" project. The project aims to motivate increased physical activity in accordance with the recommendations of the Directorate of Health. "Up from Your Chair" focuses on low-threshold activities and the social aspects of physical activity, and it is carried out in close cooperation with the Siemens Team.

The company does not directly pollute the air, water or earth and generally uses very few polluting and damaging chemicals in its production processes. Siemens AS is a member of Renas and Batteriretur, organisations which deal with electrical and electronic returned goods. We are also a member of Grønt Punkt [Green Dot], which manages return schemes for several types of packaging.

Market

The economic situation in Norway has been very robust in recent years with a record-high investment level in the oil and gas industry. A fall in oil prices by 50 per cent has, however, put investments on hold, in addition to the fact that several projects have been postponed. In the short term, this will be challenging for the industry. Orders will dry up and companies will downsize. With expectations of increasing oil consumption in the future, the industry is undergoing a normalisation of the investment level with a higher focus on the efficiency and profitability of the projects. New technology will provide opportunities for more efficient exploration operations and insight into the oil reservoirs. Implementing new technology for subsea activities will increase the recovery rate and profitability.

Norwegian industry has not grown at the same rate as the oil and gas industry in recent years. Nevertheless, industry is showing a greater demand for energy-efficient and smart digital solutions. Technological development and innovative solutions are key elements in maintaining the competitiveness of Norwegian industry.

There are three areas in particular where investment growth is high and expected to remain strong in the future. These are transport and transport infrastructure, upgrade of the regional and national grids and renewable energy production.

Siemens is a key actor within the majority of areas related to transport. There is a general need for investments and work to upgrade the infrastructure within the transport sector. This will result in a favourable market outlook over the coming years

Norway is facing major investments and improvements to the national power grid. The investments should result in a more robust and reliable supply of electricity for Norway as a whole. The Norwegian electricity supply is largely from renewable energy and is generated by hydroelectric power. Upgrading and renovating the national power grid facilitates the development of renewable energy in the form of wind farms. Awarding green certificates for the production of renewable energy demonstrates in principle a strong willingness to invest in the development of wind farms. The lack of grid development, in addition to low electricity prices, has, however, slowed down the expected wave of investments. The green certificates will be awarded until the year 2020.

Another sector that is expected to show high growth in Norway is the health sector. The elderly represent a steadily increasing proportion of the population, and the need for care services is rising as more illnesses become treatable. The healthcare system is increasingly focused on smarter resource use through investments in new technology.

Strategy and future prospects

Our society today faces challenges in the form of demographic changes, an increased rate of urbanisation, globalisation and the constant threat of climate change. More and more people are inhabiting every more concentrated areas. The need for safe and environmentally-friendly transport is increasing, and the demand for environmentally-friendly energy and

efficient digital solutions for industry and the health sector is ever-growing.

Through the "Vision 2020" programme, the group has set high goals for the future. We will be encountering an ever more electrified future, in which digital solutions will be the very pillar for the processes. The picture that is forming is becoming more and more complex. We would like to solve the challenges of our customers by being the first to develop the solutions they will be using in the future. We are confident that long-term relationships with our customers will lay the foundation so that such good solutions can be established.

Innovative and skilled employees are a prerequisite for reaching Siemens' ambitious goals in the years ahead. With the company's vision, "Siemens - the Pioneer", the company highlights its fundamental values - Innovative, Responsible and Excellent as a basis for our organisation. Advancement of the employees' expertise will remain an important area of focus, and the company follows a strategy for continuous measures to improve expertise, particularly within the areas of project management and sales.

The company has a high ethical standard in its relationships with employees, customers, partners and its surroundings. The company has a comprehensive compliance programme, which we have observed positive results from both locally and globally.

Innovative solutions will help increase the volume of renewable energy production, and the power grid of the future will be smarter and provide a more robust and reliable power supply to all of Norway. Even with current consumption patterns, our energy consumption can be made significantly more efficient with new technology. In the years to come, Siemens will continue to work to identify solutions to the challenges of the future.

03 december 2015



Anne Marit Panengstuen
CEO



Ulf Troedsson
Chairman



Kjell Pettersen
Board member



Roy Lund
Board member



Børge Tjeltna
Board member



Ottar Skogseth
Board member

|| | B.1 Key figures

| Key figures as of 30 September 2015

(Amounts in NOK millions)	2015	2014	2013	2012	2011	2010	2009	2008
New orders	5.200	5.801	7.294	5.987	5.779	4.572	3.737	5.823
Export	1.769	1.840	1.558	1.727	1.037	1.092	1.412	396
Revenue	6.371	6.751	6.197	5.849	4.753	4.201	4.884	5.200
Operating revenue	6.423	6.773	6.266	5.868	4.816	4.242	4.996	5.289
Operating profit/loss	-88	183	75	-80	140	359	339	292
Profit on ordinary activities before tax	110	137	94		245	408	678	315
Net profit/loss for the year	132	98	79	-69	182	289	512	223
Investments	69	44	85	45	594	3	21	21
Equity	737	769	734	602	1.127	995	888	427
Total assets	2.731	3.182	3.266	2.929	3.293	3.373	3.173	2.340
Number of employees	1.896	1.989	1.918	1.823	1.468	1.452	1.458	1.102

The Board of Directors of Siemens AS as of 3 December 2015

[Chairman](#) Ulf Troedsson

[Board members](#) Kjell Pettersen, Anne Marit Panengstuen

[Employee representatives](#) Roy Lund, Ottar Skogseth, Børge Tjelta

|| | C.1 Income Statement

| Statement of comprehensive income 1 October to 30 September

(Amounts in NOK 1,000)	Note	2015	2014
Sales revenue	2,3	6.370.802	6.751.387
Other operating revenue	4	51.980	21.495
Total revenue		6.422.782	6.772.882
Cost of goods	12	3.278.243	3.335.344
Payroll expenses	5,26	2.044.950	1.990.894
Depreciation of tangible assets and amortisation of intangible assets	9	54.109	50.843
Bad debts	13	5.738	-2.406
Other operating expenses	24	1.128.001	1.215.156
Total operating expenses		6.511.041	6.589.831
Operating profit/loss		-88.259	183.051
Gain on the sale of shares	10	219.895	0
Financial income	6	43.937	5.883
Financial expenses	7	-65.483	51.973
Total financial items		198 349	-46 090
Profit before tax		110.090	136.961
Income tax expense	8	-22.273	38.845
Net profit for the year	15	132.363	98.116
Other revenues and expenses			
<i>Items that shall not be reclassified through the income statement</i>			
Actuarial gains and losses on defined benefit plans	26	-30.627	41.545
Tax related to items that shall not be reclassified	26	8.269	-14.314
<i>Items that may be reclassified through the income statement in subsequent periods</i>			
Change in fair value of hedging instruments relating to cash flow hedges	16	-59.005	-17.173
Tax related to items that can be reclassified	16	15.931	4.673
Other revenues and expenses		-65.432	14.731
TOTAL COMPREHENSIVE INCOME		66.931	112.847

|| | C.2 Balance sheet

| Balance sheet as at 30 September

Assets			
(Amounts in NOK 1,000)			
	Note	2015	2014
Intangible assets			
Customer portfolio	9	26.614	33.184
Technology	9	37.879	49.692
Other intangible assets	9	2.100	4.115
Goodwill	9	543.672	543.673
Total intangible assets		610.265	630.663
Property, Plant and Equipment			
Land, buildings and finance leases	9	156.418	148.639
Plant and machinery	9	85.489	62.350
Fixtures and fittings, equipment, tools, office machines and similar	9	46.316	43.023
Total Property, Plant and Equipment		288.223	254.012
Financial fixed assets			
Investments in subsidiaries	10	0	121.548
Investments in other shares and interests	16	450	450
Other non-current receivables	11,16	31.340	17.486
Total financial fixed assets		31.790	139.484
Total fixed assets		930.278	1.024.159
Current assets			
Inventories	12	131.539	188.895
Accounts receivable	13,16	826.068	1.022.070
Other current receivables	23,16	642.495	947.126
Other current receivables from Group companies	16	201.007	0
Total current assets		1.801.109	2.158.091
Total assets		2.731.387	3.182.250

|

| Balance sheet as at 30 September

Equity and liabilities			
(Amounts in NOK 1,000)			
	Note	2015	2014
Equity			
Share capital	15	140.000	140.000
Share premium	15	30.000	30.000
Total paid-in equity		170.000	170.000
Other equity	15	567.392	598.577
Total retained earnings		567.392	598.577
Total equity		737.392	768.577
Provisions for liabilities			
Pension obligations	26	254.079	228.100
Deferred tax	8	133.138	227.836
Total provisions for liabilities		387.217	455.936
Other long-term liabilities	16,27	121.263	72.572
Total long-term liabilities		121.263	72.572
Current liabilities			
Accounts payable	16	278.649	421.104
Tax payable	8	43.036	35.614
Public duties payable		109.423	112.549
Current liabilities to corporate cash pooling system	14,16	0	34.762
Advances from customers	16	47.023	45.725
Guarantee provisions		44.135	31.591
Other current liabilities	16,17	963.249	1.203.820
Total current liability		1.485.515	1.885.165
Total liabilities		1.993.995	2.413.673
Total equity and liabilities		2.731.387	3.182.250

03 december 2015


Anne Marit Panengstuen
CEO


Ulf Troedsson
Chairman


Kjell Pettersen
Board member


Roy Lund
Board member


Børge Tjelta
Board member


Ottar Skogseth
Board member

|| | C.3 Cash flow statement

| Cash flow statement 1 October to 30 September

(Amounts in NOK 1,000)	Note	2015	2014
Cash flows from operating activities			
Profit before tax		110.090	136.961
Taxes paid for the period		-40.803	-68.400
Ordinary depreciation/amortisation	9	54.109	50.843
Gain/loss on sales of businesses	4	-28.452	0
Gain/loss on sales of subsidiaries	10	-219.895	0
Gain/loss on disposal of fixed assets	9	1.392	3.571
Changes in inventory, accounts receivable and accounts payable	12.13	110.903	179.038
Differences between expensed pensions and contributions/disbursements	26	-4.648	18.470
Changes in other accruals	11,14,17	55.694	78.202
Net cash flow from operating activities		38.390	398.684
Cash flows from investing activities			
Acquisitions of fixed assets	9	-69.315	-43.729
Proceeds from sale of businesses	4	24.404	0
Proceeds from sale of other investments or subsidiaries	10	341.443	0
Purchases of other investments/subsidiaries	4	-1.041	0
Net cash flow from investing activities		295.491	-43.729
Cash flows from financing activities			
Change in intra-group balances in the Group account system	14	-235.769	-276.359
Dividends paid	15	-98.116	-78.600
Net cash flow from financing activities		-333.885	-354.959
Net change in cash and cash equivalents		0	0
Cash and cash equivalents at 1 October		0	0
Cash and cash equivalents at 30 September		0	0

General

The company prepares the Financial Statements 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 21 January 2008.

This principally entails that recognition and valuation 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 Financial Statements consist of the income statement, balance sheet, cash flow statement and disclosures in the notes. The annual report 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 financial statements

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.

Shares in subsidiaries are recognised and valued at cost. Dividends and Group contributions are recognised in the period in which they are declared.

Consolidation principles

Siemens AS applies paragraph 10 of IAS 27 concerning exemption from the consolidated accounts obligation for parent companies in sub-groups. Consequently, Siemens AS does not prepare a separate set of consolidated accounts. Please refer to the annual report for Siemens AG.

At 30/09/2015 the Group consists of the parent company Siemens AS and its subsidiaries in Norway. See Note 10 for details of shareholdings in subsidiaries.

Currencies

Foreign currency transactions are translated using the exchange rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated to Norwegian kroner 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 Norwegian kroner using the exchange rate prevailing on the dates of the transactions. 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

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 with reliability. 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 based on the effective interest method as it is earned.

Dividends from subsidiaries and other companies are recognised once the shareholders' right to receive the dividends is established at the general meeting.

Borrowing costs

Borrowing costs are recognised as an expense when incurred. Borrowing costs are capitalised to the extent that they are directly related 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.

Long-term manufacturing contracts

Siemens' activities mainly consist of projects with a duration ranging from a few months to three or four years. Revenues and expenses are recognized 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 each accounting period which at Siemens means monthly. In the event of doubt, a best estimate is used.

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 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. On 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, disagreements 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 using a best estimate.

In a contractual relationship, uncertainty may arise due to different interpretations of the contents of the contract. The potential outcomes of disputes are assessed 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 used for recognising income. Accrued costs are then capitalised as an asset under other receivables. Cost 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 when the services are provided.

Classification of balance sheet items

Assets and liabilities relating to the business cycle, and items that are 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.

Shares and interests

Long-term shareholdings are included on the balance sheet as financial fixed assets and are valued at cost. Write-downs are made for permanent declines in value based on assessments of

the individual investments. Siemens AS's financial statements use the historical cost method for all ownership interests in limited companies. Shares in subsidiaries are recognised and valued at cost. Dividends received are recognised as financial income.

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 differ 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 fixed assets and intangible assets, recognised provisions and in determining pension obligations.

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 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 fixed assets are measured at cost less accumulated depreciation and write-downs. Tangible and intangible fixed 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 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.

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 reliably measured. Otherwise, such costs are expensed as they are incurred. Capitalised development costs are depreciated linearly over their useful lives.

Research costs are expensed as they are incurred.

Pension costs and pension obligations

At the beginning of its 2007 fiscal year, Siemens AS introduced a defined contribution occupational pension scheme for all employees with more than 10 years service until reaching at the close of 2006.

The period's pension costs comprise paid contributions. Contributions are 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 is payable. Previously accrued pension rights were converted into individual paid-up policies.

For employees with less than 10 years service until reaching retirement age, the old defined benefits pension scheme was maintained, but it is considered a closed scheme. This pension scheme is treated for accounting purposes in accordance with IAS 19R.

Pension obligations are valued as the present value of future pension benefits accrued at the balance sheet date. Future pension benefits are calculated using estimated salaries and retirement dates. The net liabilities of underfunded pension schemes are recognised on the balance sheet as a liability, whilst the net 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 pension scheme such that a material element of future service by current employees will no longer qualify for benefits or will qualify only 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 obligations. These are expensed on a straight-line basis until the effect of the change is accrued. The introduction of new plans or changes to current plans with retroactive effect such that the employees have immediately earned a paid-up policy (or change to the paid-up policy) are immediately recognised 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 and 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

Income tax expense consists of tax payable on the profit of the year and changes in the 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 deductible temporary differences.

Deferred tax on the balance sheet is calculated on the basis of temporary differences between the tax and accounting values of assets and liabilities and losses and gains to carry forward at the end of the financial year. Deductible temporary differences and losses and gains to carry forward are offset against taxable temporary differences that reverse in the same period. A full provision has been made using the liability method, based on nominal values.

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 intercompany receivables and liabilities. Therefore the company has no cash and cash equivalents as at 30/09/2015.

Note 2 Information about the business areas

(Amounts in NOK 1,000)	2015
Sales revenue by division:	
Power and Gas	116.497
Wind Power and Renewables	147.766
Energy Management	1.657.037
Building Technologies	416.506
Mobility	409.847
Digital Factory	226.588
Process Industries and Drives	2.949.733
Healthcare	446.829
Total	6.370.802

The comparative figures by division for 2014 are not available due to reorganisation.

The majority of the company's sales revenues comes from activities in Norway. In fiscal year 2015, export comprised NOK 1,769 million, which is a decline of approximately 4% from fiscal year 2014. Exports comprise 28% of total revenues.

The largest export markets in fiscal year 2015 are Singapore, China, Great Britain and the USA, which account for 40%, 15%, 10% and 9% of the total exports respectively.

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Note 3 Long-term manufacturing contracts - where the percentage of completion method is used

(Amounts in NOK 1,000)	2015	2014
Recognised revenue from work-in-progress	7.833.115	7.997.032
Cost of work-in-progress	7.042.237	7.157.771
Net profit/loss on work-in-progress	790.878	839.261
Revenue from projects	3.353.603	3.368.711
Estimated remaining production costs for loss-making projects	423.727	595.199
The entire expected loss on these projects is recognized in Income Statement as a provision, which is reduced in parallel with the progress of the project or realisation of the losses.		
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 23)	353.998	374.337
Production billed in advance, Included in other current liabilities, from manufacturing projects where the percentage of completion method is used (see note 17)	471.898	790.892

Project risk and uncertainty

Siemens AS mainly has long-term contracts, many of which are fixed price contracts based on bids.

Delays, quality issues or increases in project costs can result in costs not being 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.

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Note 4 Other operating income

(Amounts in NOK 1,000)	2015	2014
Rental income from property or Rental income from real estate	23.527	18.658
Re-invoicing of rent, subsidiaries	0	2.837
Profit on the sale of the businesses	28.452	0
Total other operating revenue	51.980	21.495

Note 5 Payroll, number of employees, remuneration

(Amounts in NOK 1,000)	2015	2014
Salaries and holiday pay	1.621.917	1.540.927
Employers social security tax	240.929	230.326
Net pension cost*	108.761	124.335
Other payroll expenses	73.343	95.307
Total payroll and other employee expenses	2.044.950	1.990.895

* In 2015 net pension costs consist of the cost of the defined contribution-based scheme of NOK 71.1 million excluding employer's NICs and new contractual pension (AFP) schemes of NOK 21.1 million excluding employer's NICs in addition to costs of NOK 16.6 million in connection with the defined benefit-based pension scheme including employer's NICs (see note 26)

Average number of employees 1 October 2013 to 30 September 2014		1.957
Average number of employees 01/10/2014 to 30/09/2015	1.959	

Directors' fees for the Board of Siemens AS totalled NOK 380,000 in fiscal year 2015.

The CEO's salary for the period from 1 October 2014 to 30 September 2015 was NOK 2,669,913. Bonus comprised NOK 526,333 of this amount. Other reportable compensation totalled NOK 27,663.

The CEO is covered by the pension scheme for senior management at Siemens AS. A pension contribution of NOK 329,401 was made for the CEO. The CEO's salary is performance-related and the bonus paid is included in the reportable compensation. The CEO is entitled to 12 months' salary as severance pay in case of notice from Siemens.

The CEO has not redeemed any shares in the current fiscal year. As of 30 September 2015, has the CEO reserved 1,633 stock awards.

The gain is calculated by comparing the Siemens AG share price with the strike price when the options are exercised.

Neither the Chair of the Board nor the CEO have loans from Siemens AS as at 30/09/2015.

The Chair of the Board has not received any Director's fees during the period. None of the board members have been allocated options or shares.

Other employees have loans from the company totalling NOK 13.7 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.

Auditor	2015	2014
Expensed auditor's fees		
Fees for statutory audits	1.214	1.389
Additional fees billed for previous years	0	236
Other services related to auditing	189	0
Total auditor's fee	1.403	1.625

Fees are quoted excluding VAT.

| **Note 6 Financial income**

(Amounts in NOK 1,000)	2015	2014
Interest income from Group companies	1.133	613
Other interest income	5.124	4.333
Exchange rate gains	37.680	937
Total financial income	43.937	5.883

| **Note 7 Financial expenses**

(Amounts in NOK 1,000)	2015	2014
Interest expense within the group	959	2.014
Other interest expenses	4.154	7.097
Other financial expenses	72	221
Exchange rate losses	60.298	42.641
Total financial expenses	65.483	51.973

Note 8 Income Tax

Basis for income tax payable (Amounts in NOK 1,000)	2015	2014
Profit on ordinary activities before tax	110.090	136.960
Permanent differences/other differences	8.098	6.689
Changes in taxable/deductible temporary differences	350.731	-29.305
Changes in taxable/deductible temporary differences, recognised directly in equity	-89.632	24.372
Tax-free gains on sales of shares	-219.895	0
Basis for income tax payable	159.392	138.717
27% tax payable of which	43.036	37.454
Tax payable in the tax expense	43.036	37.454

The tax expense for the year is as follows:

(Amounts in NOK 1,000)	2015	2014
Tax payable on profit for the year	43.036	37.454
Change in deferred tax	-94.705	-233
Change in deferred tax recognised directly in equity ¹	24.201	-9.641
Correction for errors in previous years	5.195	11.266
Total income tax expense for the year	-22.273	38.845

¹ Changes in capitalised financial instruments and pensions as well as deferred tax relating to these items are partly recognised directly in equity.

Tax payable on the balance sheet is as follows:

(Amounts in NOK 1,000)	2015	2014
Tax payable on profit for the year	43.036	37.454
Tax payable for previous years	0	-1.840
Total tax payable	43.036	35.614

Specification of the basis for deferred tax:

(Amounts in NOK 1,000)	2015	2014
Taxable / deductible differences that offset one another:		
Non-current assets/liabilities	-161.556	140.835
Current assets/liabilities	1.026.021	984.728
Total	864.465	1.125.564
Items recognised directly in equity	-371.360	-281.728
Total basis for deferred tax	493.105	843.835
27% Deferred tax (+) / Deferred tax assets (-)	133.138	227.836
Change in deferred tax	-94.697	-233
of which without effect on tax expense	-24.201	0

Nominal tax rate on profit before tax:

	2015 Tax expense	2014 as a % of profit before tax
Tax calculated as average nominal tax rate on profit before tax	29.724	27.00%
Effect of permanent differences	2.187	1.99%
Effect of tax-free income	-59.372	-59.93%
Too high/low tax accruals in the previous years	5.188	4.71%
Tax expense according to income statement	-22.273	-20.23%

| **Note 9 Intangible assets and Property, Plant and Equipment**

(Amounts in NOK 1,000)	Customer portfolio	Technological intangible assets	Market-related assets	Development projects in progress	Goodwill	Total
Cost as at 1 October 2014	73.647	95.825	3.666	1.568	545.794	720.500
Acquisitions during the year	0	0	0	0	0	0
Disposal during the year-cost price	0	0	0	1.568	0	0
Cost as at 30/09/2015	73.647	95.825	3.666	0	545.794	718.932
Accumulated depreciation and write-downs	47.033	57.946	1.567	0	2.122	108.668
Book value at 30/09/2015	26.614	37.879	2.100	0	543.672	610.265
Depreciation and write-downs for the year	6.572	11.801	458	192	0	19.023
Depreciation method	Straight-line	Straight-line	Straight-line	Straight-line		
Useful life	3-9 years	5-8 years	5-8 years	2-5 years		

Market-related intangible assets are related to the brand name from the company which has now been merged with Siemens AS. It has been performed an annual impairment testing of goodwill and other intangibles based on the expected future cash flows. The test justifies the book values. If negative changes in the major assumptions used in the calculation of recoverable value will result in a lower fair value than book value, an equivalent impairment will be booked in the future periods.

	2015	2014
Total expenses for research and development	176.809	151.081

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 boats and drillships, offshore water management and advanced IT solutions for the oil and gas market. Siemens has an extensive research collaboration with universities, colleges and external and internal research centres and partners.

	Land/buildings	Plant and machinery	Company equipment and fixtures and fittings	Buildings under construction	Total
(Amounts in NOK 1,000)					
Cost as at 1 October 2014	221.827	85.269	143.017	13.687	463.800
Acquisitions during the year	19.176	24.239	19.267	6.633	69.315
Disposal during the year-cost price	0	70	9.222	0	9.292
Cost as at 30/09/2015	241.003	109.438	153.062	20.320	523.823
Accumulated depreciation and write-downs	84.585	44.269	106.746	0	235.599
Book value at 30/09/2015	156.418	65.169	46.316	20.320	288.223
Depreciation and write-downs for the year	11.397	7.733	15.956	0	35.086
Depreciation method	Straight-line	Straight-line	Straight-line		
Useful life	0-50 years	10 years	3-5 years		

Lease contracts

	2015	2014
Offices and warehouses	95.296	83.840
Cars	7.941	9.523
Total lease expense	103.237	93.363

Siemens AS leases office and storage space in 16 different locations in the country. The leases for Stavanger and Bergen are valid until 2027, for Bomlo until 2025 and for the head office in Oslo until 2026.

Most of the other leases have a lease term of 2-4 years.

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

For an overview of the total liabilities, see note 19.

Note 10 Shares

In 2015, Siemens AS sold the subsidiary Siemens Healthcare AS to the parent company Siemens International Holding B.V. for a consideration of NOK 341,443,000. This resulted in a gain of NOK 219,895,000. The consideration was paid entirely in cash.

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

| **Note 11 Other non-current receivables**

(Amounts in NOK 1,000)	2015	2014
Loans to employees (see note 5)	13.661	14.273
Other non-current receivables	17.679	3.212
Total other non-current receivables	31.340	17.486

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

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| **Note 12 Inventories**

(Amounts in NOK 1,000)	2015	2014
Raw materials	61.161	56.029
Work in progress	9.883	11.806
Finished goods	60.495	121.060
Total inventories	131.539	188.895
Provision for obsolete goods included in above figures:	44.304	43.429
Cost of goods for the year comprised	3.244.765	3.335.344

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| **Note 13 Accounts receivable**

(Amounts in NOK 1,000)	2015	2014
Losses on accounts receivable	2.320	1.392
Changes in provisions	3.418	-3.798
Net bad debts	5.738	-2.406

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(Amounts in NOK 1,000)	2015	2014
Gross accounts receivable	844.049	1.036.629
Provision for losses on accounts receivable	-17.980	-14.559
Net accounts receivable	826.068	1.022.070

Outstanding receivables older than 60 days comprise approximately 4.1% of gross receivables (compared with 7.1% in 2014).

Siemens AS continually follows up and evaluates risk and believes that the provisions for bad debts are adequate based on an evaluation of the receivables.

|

| **Note 14 Liquid assets**

Siemens AS has no restricted liquid assets. Siemens AS has a bank guarantee worth NOK 100 million to cover tax liabilities. In addition, Siemens AS has provided bank guarantees totalling NOK 2.5 million for tax liabilities for Siemens Healthcare AS.

Banking activities are undertaken through Siemens AG and an external bank. Siemens AS has a low liquidity risk since the company is part of the Siemens Group's corporate cash pooling system. As at 30 September 2015 holdings in Siemens AS amounted to net NOK 201 million and are classified as receivables.

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Note 15 Equity and shareholder information

(Amounts in NOK 1,000)	Share capital	Share premium	Own shares	Paid-in other equity	Cash flow hedge reserve	Actuarial gains and losses	Retained earnings	Other equity	Total equity
Equity as at 1/10/2014	140.000	30.000	0	0	-9.900	-211.060	819.538	598.577	768.577
Dividends	-	-	-	-	-	-	-98.116	-98.116	-98.116
Total comprehensive income	-	-	-	-	-43.074	-22.358	132.363	66.931	66.931
Equity as at 30/09/2015	140.000	30.000	0	0	-52.974	-233.418	853.785	567.392	737.392

At 30 September 2015, the company's share capital consisted of 140,000 shares, each with a par value of NOK 1,000. All of the company's shares are owned by Siemens International Holding BV, which is in turn wholly owned by Siemens AG.

Note 16 Currency derivatives and financial instruments

Based on current guidelines, 75% - 100% of future cash flows and positions in foreign currencies shall be hedged using futures and options. Financial instruments are used for hedging purposes, as there is a matching item in the underlying cash flows from operations.

Siemens AS has significant currency exposure relating to purchases and sales in EUR, USD, GBP, SGD, SEK and DKK. In addition, options may be used to hedge against fluctuations during the bid phase of projects. Siemens uses financial futures contracts to hedge against exposure to raw materials.

All hedging transactions are carried out against Siemens AG.

Siemens AS does not use financial instruments linked to interest rate exposure.

The following amounts relating to currency hedging contracts are recognised as financial income/expenses for the fiscal year:

(Amounts in NOK 1,000)	2015	2014
Realised gain/loss (-) from expired hedging contracts:	-36.248	-442
Unrealised gain/loss (-) from valuation of hedging contracts:	-15.471	1.813

The following amounts relating to currency hedging contracts are recognised in other revenues and expenses (adjusted for deferred tax): (see note 15)

(Amounts in NOK 1,000)	2015	2014
Unrealised gain/loss (-) recognised in fiscal year:	-43.073	-12.500
Accumulated gain/loss (-) not reversed from equity:	-52.973	-9.900

List of unrealised currency futures as at 30 September 2015:

(Amounts in NOK 1,000) Currency futures (counter position NOK):	Amount in foreign currency	Amount in NOK	Agreed average exchange rate	Exchange rate as of 30/09/2015	Average remaining maturity in days
Sales EUR	143.514	1.307.604	9.111	9.525	186
Purchases EUR	108.974	985.683	9.045		192
Sales USD	50.103	384.195	7.668	8.502	113
Purchases USD	26.747	210.620	7.874		95
Sales SEK	37.406	35.365	0.945	1.012	99
Purchases SEK	37.687	35.566	0.944		84
Sales DKK	6.344	7.706	1.215	1.277	151
Purchases DKK	9.829	11.586	1.179		166
Sales GBP	397	5.146	12.964	12.897	61
Purchases GBP	2.841	35.446	12.477		104
Sales SGD	0	0	-	5.982	0
Purchases SGD	672	3.910	5.819		82

**The fair values of the derivatives that are recognised on the balance sheet as at 30 September are as follows:
(see the table for currency derivatives and financial instruments)**

	2015	2014
CHF	-	-
DKK	587	-7
EUR	-8.722	2.738
GBP	1.248	2.129
SEK	83	-3
USD	-25.512	-15.119
SGD	110	-
Total	-32.206	-10.261
Positive holdings: Short-term portion	66.995	39.684
Positive holdings: Long-term portion	16.236	755
Negative holdings: Short-term portion	-97.869	-46.054
Negative holdings: Long-term portion	-17.568	-4.646
Total	-32.206	-10.261

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, valuation and settlement of hedging contracts are entered under financial expenses and income. On the balance sheet, the values of open hedging contracts are recognised in current or long-term receivables or other current or long-term liabilities.

The share of long-term positive holdings comprises NOK 21.4 million and long-term negative holdings NOK 20.1 million.

| **Note 16 Currency derivatives and financial instruments (cont.)**

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 on hedge accounting. If the requirements for the use of hedge accounting are no longer met, the hedged item and the hedge are recognised 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 through the income statement.

As of 30 September 2015 there are no material ineffective hedges.

Periods during which hedged cash flows in foreign currencies, classified as cash flow hedge accounting, are expected to affect the income statement:

(Amounts in NOK 1,000)	2016	2017	2018	2019
Fiscal year in which hedged cash flows are expected to be reclassified from equity to the income statement.				
Amount	-16.860	571	-910	-697

The following amounts relating to raw material hedging contracts are recognised as financial income/expenses for the fiscal year:

(Amounts in NOK 1,000)	2015	2014
Realised income from expired hedging contracts:	711	-
Unrealised gain/loss (-) from valuation of hedging contracts:	-523	523

| **Note 16 Currency derivatives and financial instruments (cont.)**

Financial instruments by category:	Loans and receivables	Assets at fair value through the income statement	Derivatives used for hedging purposes	Available for sale	Total
Assets					
As at 30/09/2015 (amounts in NOK 1,000)					
Investments in other shares and interests	450	-	-	-	450
Other non-current receivables	15.104	-	16.236	-	31.340
Accounts receivable	826.068	-	-	-	826.068
Current receivables in corporate cash pooling system	201.007				201.007
Other current receivables	575.500	-	66.995	-	642.495
Total	1.618.129	-	83.231	-	1.701.360

	Loans and receivables	Assets at fair value through the income statement	Derivatives used for hedging purposes	Available for sale	Total
Assets					
As at 30/9/2014 (amounts in NOK 1,000)					
Investments in other shares and interests	450	-	-	0	450
Other non-current receivables	16.731	-	755	0	17.486
Accounts receivable	1.022.070	-	-	-	-
Current receivables in corporate cash pooling system	907.441	-	39.684	0	947.126
Other current receivables				0	0
Total	1.946.692	-	40.439	0	1.987.131

	Liabilities at fair value through the income statement	Derivatives used for hedging purposes	Other financial liabilities	Total
Liabilities				
As at 30/09/2015 (amounts in NOK 1,000)				
Other long-term liabilities	-	17.568	129.797	147.365
Accounts payable	-	-	278.649	278.649
Current liabilities to Group account system	-	-	-	-
Advances from customers	-	-	47.023	47.023
Other current liabilities		97.869	839.278	937.147
Total	-	115.437	1.294.747	1.410.184

	Liabilities at fair value through the income statement	Derivatives used for hedging purposes	Other financial liabilities	Total
Liabilities				
As at 30/9/2014 (amounts in NOK 1,000)				
Other long-term liabilities	-	4.646	67.926	72.572
Accounts payable	-	-	421.104	421.104
Current liabilities to Group account system	-	-	34.762	34.762
Advances from customers	-	-	45.725	45.725
Other current liabilities	-	45.954	1.157.866	1.203.820
Total	-	50.600	1.727.383	1.777.983

| Note 17 Other current liabilities

(Amounts in NOK 1,000)	2015	2014
Salaries and holiday pay	254.096	252.589
Service contracts billed in advance	32.348	45.562
Provisions for liabilities	66.761	60.008
Production projects billed in advance (see note 3)	471.898	790.892
Currency derivatives (see note 16)	97.869	46.595
Restructuring provisions	26.102	0
Other current liabilities	14.176	8.175
Total other current liabilities	963.249	1.203.820

Provisions for liabilities

	Loss-making projects	Others	Total
01.10.2014	26.575	33.433	60.008
Accrued	25.991	26.928	52.919
Released	11.365	13.320	24.685
Usage	13.272	8.209	21.481
30.09.2015	27.929	38.832	66.761

| Note 18 Mortgages and guarantees

(Amounts in NOK 1,000)	2015	2014
Guarantees		
Guarantees for employees	0	0
Guarantees issued by external financial institutions	650.037	736.499
Guarantees issued by external financial institutions for Siemens Healthcare AS (formerly Siemens Healthcare Diagnostics AS)	2.500	7.500
Guarantees issued by external financial institutions for external companies	0	0
Total guarantees	652.537	743.999

Siemens AS has guarantees with a face value of NOK 653 million, issued by external financial institutions. The guarantees apply to liabilities towards the authorities and counterparties, including guarantee obligations for Siemens Healthcare AS and external companies.

Siemens AS has registered a contract for factoring pursuant to section 4-10 of the Mortgages and Pledges Act. The contract applies to individual commercial monetary claims of an amount up to NOK 80 million.

The registration has as beneficiary Kreditanstalt für Wiederaufbau and was made in connection with project financing.

| Note 19 Off-balance sheet liabilities

At the end of fiscal year 2015, Siemens AS has the following off-balance sheet liabilities divided into the following categories:

Description	By period				Total
	Within 1 year	2-3 years	4-5 years	After 5 years	
Rent* and lease of other premises	98.316	162.328	167.113	525.914	953.671
Vehicle leasing	3.568	3.609	705	0	7.882
Total	101.884	165.937	167.818	525.914	961.553

* Siemens AS 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 lease period has expired Siemens AS has an option to extend the lease at market rates for 10 + 10 years.

Finance leases

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

Remaining estimated lease payments due:

(Amounts in NOK 1,000) Description	By period				Total
	Within 1 year	2-3 years	4-5 years	After 5 years	
Minimum lease payments	2.380	4.760	4.760	9.849	21.749
Present value of minimum lease payments	2.157	3.785	3.175	5.038	14.155

| Note 20 Financial market risk

Siemens uses financial futures contracts to hedge against exposure to currencies and raw materials through Siemens Financial AG. 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 receivables are continually 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 13).

Currency and raw material risk as well as the application of financial instruments are described in note 16.

Note 21 Transactions with related parties

SALES			
(Amounts in NOK 1,000)		2015	2014
Siemens International Trading Ltd., Shanghai	Siemens company	224.157	182.814
Siemens Pte. Ltd.	Siemens company	86.572	181.804
Siemens Industry, Inc.	Siemens company	64.677	110.435
Siemens Wind Power A/S	Siemens company	35.513	25.477
Siemens plc	Siemens company	33.607	36.688
Siemens Financial Services AB	Siemens company	33.176	8.838
Siemens Energy, Inc. (US) - Oil & Gas (PT	Siemens company	22.787	17.926
Siemens AG-RC-DE DF/PD, Nürnberg	Siemens company	18.385	103
Siemens Ltd. Seoul	Siemens company	13.816	8.144
Siemens Ltd. China	Siemens company	11.837	20.266
Siemens A/S	Siemens company	11.680	2.147
Other	Siemens company	45.206	29.938
		601.413	624.580

PURCHASES			
(Amounts in NOK 1,000)		2015	2014
Name			
Siemens AG	Siemens company	1.107.628	1.483.277
Siemens Healthcare GmbH	Siemens company	250.828	0
Siemens Electric Machines s.r.o	Siemens company	102.220	46.711
Siemens Wind Power A/S	Siemens company	63.963	232.062
Telecomunicación, Electrónica	Siemens company	60.779	89.019
Siemens plc	Siemens company	60.756	77.683
Siemens Schweiz AG	Siemens company	53.338	70.380
Siemens AG Oesterreich	Siemens company	51.324	18.371
Siemens Industrial	Siemens company	36.585	36.587
Siemens A/S	Siemens company	34.557	81.386
Siemens SA	Siemens company	27.031	2.452
Koncar-Energetski Transformers d.o.o.	Siemens company	19.431	13.251
Other	Siemens company	244.805	73.539
		2.113.247	2.224.718

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 some cost allocations in connection with the use of shared services in the Group.

In 2015, Siemens AS sold the subsidiary Siemens Healthcare AS to the parent company Siemens International Holding B.V.

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 14)

| Note 22 Share price-based compensation

Senior management in Siemens AS are granted options by Siemens AG. The options can at earliest be exercised three years after they are granted.

The costs of the options are recognized in the Income Statement of Siemens AS.

Siemens AS is charged the expected monthly cost of options from Siemens AG on the date options are granted. 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 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 net amount is paid to the employee by Siemens AS.

The total cost of these options is recognised as payroll expenses. In fiscal year 2015 this amounted to NOK 2.9 million.
The book value of the liabilities amounted to NOK 6.4 million.

	2015		2014	
	Average exchange rate EUR per share	Number of options	Average exchange rate EUR per share	Number of options
As of 1 October	80.88	14.345	70.77	12.955
Granted		3.571	80.88	4.168
Lapsed				
Exercised			77.76	-2.778
Expired	-	-	-	-
As of 30 September	80.88	17.916	80.88	14.345

			2015	2014
Awarded/accrued	Expiration date	Exercise rate EUR per share	Number of options	Number of options
2011	11.11.2015	74.14	4.349	4.349
2012	9.11.2016	64.93	5.828	5.828
2013	8.11.2017	80.88	4.168	4.168
2014	8.11.2018	72.3	3.571	
Total			17.916	14.345

Share options granted to employees:

In fiscal year 2014 all Siemens Group employees were offered the opportunity to purchase Siemens shares through the programme Share Matching Plan. Employees who enter into this agreement are monthly withdrawn a fixed amount up to 5% from their gross salary Is billed quarterly.

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 given after three years. For fiscal year 2015 these costs amounted to NOK 0.7 million.

| Note 23 Other current receivables

(Amounts in NOK 1,000)	2015	2014
Earned, unbilled revenues from production contracts	353.998	374.337
Other earned, unbilled revenues including work in progress	201.988	515.430
Currency derivatives	67.151	40.208
Other current receivables	19.357	17.151
Total other current receivables	642.495	947.126

| Note 24 Other operating expenses

(Amounts in NOK 1,000)	2015	2014
Freight and transportation expenses	33.724	40.978
Leasing of premises	95.336	83.847
Light and heat	12.858	14.003
Waste, water, sewage, cleaning, etc.	10.883	11.646
Leasing of machinery, equipment, etc.	5.375	4.646
Equipment, fixtures and fittings (not capitalised)	17.774	19.059
Building repair and maintenance	19.955	20.852
Other repair and maintenance	5.508	14.901
Office expenses	24.294	24.800
Contracted workers	351.133	464.729
Fuel, maintenance, insurance and taxes on transport	392	468
Travel expenses	144.040	144.084
Sales and advertising expenses	16.067	16.367
Representation expenses	4.281	4.525
Membership and gifts	6.155	5.694
Insurance premiums	12.392	13.207
Warranty and service expenses	12.273	13.957
License and patent costs*	26.163	25.580
Other expenses**	329.398	291.814
Total other operating expenses	1.128.001	1.215.156

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 and the cost of capital in the form of depreciation. The main elements of other operating expenses have been placed into groups in the table above.

*License and patent costs relate to software costs from external suppliers and internal license 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.

| Note 25 Government grants

In 2013 Siemens was allocated a government grant in connection with DEMO 2000 by the Research Council of Norway. The grant will reduce the accrued project costs, entailing a net cost recognition. The total amount of the grant is NOK 4,500,000 and will be disbursed on an ongoing basis and in arrears. The project is owned by the Oil&Gas division and will continue into 2015 and 2016, mainly during fiscal year 2014/2015.

The amount of the grant for fiscal year 2014/2015 is NOK 362,547.

The grant is disbursed on an ongoing basis based on reports of the project costs incurred. The grant is a user-controlled innovation programme which requires 50% co-financing by trade and industry. The innovation programme is intended to stimulate R&D work in trade and industry, and is therefore a tool aimed at increasing trade and industry's own R&D efforts.

There are no contingent obligations other than the requirement to document the accrued project costs that have formed the basis for the grant allocation.

| Note 26 Pension costs and pension liabilities

Siemens AS is obligated to provide an occupational pension in accordance with the Mandatory Occupational Pensions Act, and has a defined contribution pension scheme which satisfies the requirements of this Act.

The pension is treated for accounting purposes in accordance with IAS 19 Amended. Siemens AS has defined benefit plans, both funded and unfunded, as well as a defined contribution plan. In addition, the company has made a provision for the undercoverage in the LO/NHO contractual pension scheme (AFP).

Contribution plans

Siemens has a defined contribution-based occupational pension scheme. Contributions are 4% of the individual employee's qualifying salary between 1G and 6G (National Insurance scheme's basic amount), and 8% for qualifying salary between 6G and 12G.

NOK 71.1 million was paid to the employees in 2015.

The Norwegian Parliament resolved that AFP shall be a life-long scheme from 1 January 2011, in which the employee can decide when to start drawing retirement 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 plan that is financed through premiums that are determined as a percentage of salary. As there is not currently a reliable method for calculating the liability, in the meantime the scheme is accounted for as a defined contribution-based scheme in which the premium payments are expensed on an ongoing basis.

NOK 21.1 million was paid into this scheme in 2015.

Benefit plans - funded schemes

For employees with less than 10 years service until reaching the age of retirement at the close of 2006, the company has a closed scheme which entitles members to future defined benefits. The closed scheme had 30 active members at the end of the fiscal year, as well as 965 pensioners. Pension benefits payable are primarily dependent on the number of qualifying years, salary at the time of reaching the age of retirement and benefits from the National Insurance Scheme. Employees are guaranteed to receive 65% of their salary upon full accrual, regardless of changes in 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 schemes

In addition to the funded occupational pension schemes, Siemens AS has unfunded pension liabilities. These pension plans mainly comprise pension obligations for active and retired senior managers, as well as the remaining liabilities for the AFP (old scheme) and gratuity pension (old scheme).

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| Note 26 Pension costs and pension liabilities (cont.)

Pension cost for defined benefit plans	Total for 2015	Unfunded 2015	Funded 2015	Total for 2014
Prior years' service cost	3.061	3.061	0	23.710
Current year's service cost	8.128	7.180	948	9.826
Interest expense on pension obligations	21.197	5.181	16.016	28.681
Return on pension plan assets	-15.755	0	-15.755	-20.692
Recognised pension costs incl. employer's NICs	16.631	15.422	1.209	41.525
Actuarial loss/gain (-)	30.627	12.459	18.168	-41.545
Pension costs recognised in Other revenues and expenses	30.627	12.459	18.168	-41.545

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Changes in pension obligations	Total for 2015	Unfunded 2015	Funded 2015	Total for 2014
Pension obligations at start of period	839.497	223.758	615.739	861.065
Current years' service cost	8.128	7.180	948	9.826
Prior years' service cost	3.061	3.061	0	23.710
Interest cost on pension liabilities	21.196	5.181	16.015	28.681
Curtailement/settlement	0	0	0	0
Distributions	-61.935	-13.325	-48.610	-61.798
Actuarial loss/gain (-)	50.882	12.459	38.423	-21.988
Pension obligations at end of period	860.829	238.314	622.515	839.496

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Changes in pension plan assets	Total for 2015	Unfunded 2015	Funded 2015	Total for 2014
Pension plan assets at start of period	611.396	0	611.396	609.890
Return on plan assets	15.755	0	15.755	20.692
Payments into the scheme	7.953	0	7.953	8.465
Contributions	-48.609	0	-48.609	-47.209
Actuarial loss (-)/gain	20.255	0	20.255	19.558
Pension plan assets at end of period	606.750	0	606.750	611.396
Net pension obligation	254.079	238.314	15.765	228.100

Funded pension scheme is invested as follows:	2015	As a %	2014	As a %
(Amounts in NOK 1,000)				
Bonds	447.603	74	445.224	73
Private equity	17.271	3		
Real property	68.808	11	60.299	10
Equity instruments	46.137	8	84.114	14
Funds	17.030	3	15.292	3
Bank deposits	9.901	2	6.467	1
Total	606.750	100	611.396	100

Economic assumptions:	2015	2014
Discount rate	1.78%	2.60%
Expected rate of salary adjustment	2.50%	3.25%
Expected pension increase	0.00%	0.10%
Expected base rate adjustment	2.25%	3.00%
Expected return on plan assets	1.78%	2.60%

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 age group at 20-29 years falling to 0 per cent for employees 60 or over has also been assumed. The turnover rate states the proportion of staff that is estimated to leave the company voluntarily during one year.

Sensitivity analysis	Pension obligations (DBO)	
(Amounts in NOK 1,000)	Increase	Reduction
Discount rate (0.5% change)	-29.093	33.569
Expected salary adjustment (0.5% change)	67	-68
Expected pension increases (0.5% change)	33.950	0

Note 27 Other non-current liabilities

(Amounts in NOK 1,000)	2015	2014
Personnel provision for long period of service	20.519	20.695
Finance leases	13.991	0
Provisions for vacant premises	33.068	0
Guarantee provision	24.074	26.095
Other non-current liabilities	29.611	25.781
Total other non-current liabilities	121.263	72.572

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



Statsautoriserte revisorer
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Medlemmer av Den norske revisorforening

To the Annual Shareholders' Meeting of
Siemens AS

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements of Siemens AS, which comprise the statement of financial position as at 30 September 2015, the statements of comprehensive income and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

The Board of Directors' and Chief Executive Officer's responsibility for the financial statements

The Board of Directors and Chief Executive Officer are responsible for the preparation and fair presentation of these financial statements in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway, and for such internal control as the Board of Directors and Chief Executive Officer determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws, regulations, and auditing standards and practices generally accepted in Norway, including International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about 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 management, 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 of Siemens AS 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 2015 and its financial performance and its cash flows for the year then ended in accordance with the Norwegian Accounting Act and accounting standards and practices generally accepted in Norway.

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 Directors' report concerning the financial statements, the going concern assumption and the proposal for the allocation of the result is consistent with the financial statements and complies with the law and regulations.

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 the Board of Directors and Chief Executive Officer have fulfilled their duty to ensure that the Company's accounting information is properly recorded and documented as required by law and generally accepted bookkeeping practice in Norway.

Oslo, December 3, 2015
ERNST & YOUNG AS

Tore Sørli
State Authorised Public Accountant (Norway)

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

|| | D.2 Siemens' addresses in Norway

Head office in Oslo

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0596 Oslo
Postadresse:
Postboks 1
0613 Oslo
Tlf. +47 22 63 30 00
Faks +47 22 63 38 05

Bergen

Kanalveien 5
5068 Bergen
Postadresse:
Postboks 6215
5893 Bergen
Tlf. +47 55 17 66 00
Faks +47 55 17 69 00

Trondheim

Bratsbergveien 5
7037 Trondheim
Postadresse:
7493 Trondheim
Tlf. +47 73 95 90 00
Faks +47 73 95 90 70

Other addresses of Siemens' offices

Agder avd. Kristiansand

Narvika 5
4633 Kristiansand S.
Tlf. +47 22 63 30 00
Faks +47 38 14 54 66

Bømlo

5420 Rubbestadneset
Tlf. +47 53 42 86 00

Elverum

Kirkeveien 2
2406 Elverum
Postboks 244
2402 Elverum
Tlf. +47 22 63 30 00

Haugesund

Stølsmyr 20
5542 Karmsund –
Karmøy Kommune
Tlf. +47 22 63 30 00
Faks +47 52 70 51 80

Helgeland avd. Mo i Rana

Svenskeveien 20
8622 Mo i Rana
Tlf. +47 75 12 73 60
Faks +47 75 12 73 90

Kongsberg

Kirkegårdsveien 45
3616 Kongsberg
Postboks 375
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Faks IS +47 22 63 46 60
Faks BT +47 22 63 46 70

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