

The Siemens logo is displayed in a white rectangular box in the top left corner. The background of the entire cover is a low-angle photograph of a wind turbine tower and nacelle against a blue sky with white clouds. Faint, stylized technical drawings of gears and circuitry are overlaid on the background.

**SIEMENS**

# Annual report for 2013/2014

CVR 16 99 30 85

Siemens A/S

# A.

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## ||| A.1 Innovative technologies and community development

Siemens is an integrated technology business, which apart from carrying out a vast number of activities in the fields of energy, industry and healthcare, holds a strong position in the infrastructure and urban development areas. Siemens' comprehensive portfolio and long-standing experience are helping to pioneer a sustainable future across the globe.

Globally, Siemens invests more than DKK 40 billion in research and development, and more than 29,800 employees are involved in R&D tasks. So far, Siemens has been granted 60,000 patents.

Siemens has a little over 367,000 employees in more than 190 countries.

Since Siemens was founded in Berlin more than 165 years ago, the company has been occupied with creating the future through innovative technologies that improve people's lives and ensure the future for the generations to come.

Currently, the company has particular focus on society's efficient utilisation of resources. This is vital in order to preserve welfare and protect the environment and requires innovative technologies and an innovative mindset. In order to succeed, Siemens is positioned along the electrification value chain – from power generation, transmission and distribution to smart grid solutions and the efficient application of electrical energy, thus helping to pioneer a sustainable future across the globe.

### **Automation generates industrial growth**

Competition in the industrial field is growing more intense. At the same time, industrial production is a driver for innovation, growth and social stability. Automation technology products have a significant effect on productivity and contributes to ensuring manufacturing businesses' competitiveness and thus their market share. Siemens is leading in the area of automation and develops and delivers innovative and environmentally friendly solutions to industry and offers custom-made, integrated technologies and services that ensure productivity, energy efficiency and flexibility.

### **Better health through early diagnosis**

Increasing life expectancy and expectations that medical science and technological advancements will ensure a higher degree of lifelong health, exerts pressure on the healthcare sector, including demands for increased efficiency. Siemens is making a targeted effort to contribute to preventive measures, early diagnosis and the correct treatment of diseases. Furthermore, Siemens is supplying innovative products and solutions within the area of image and laboratory diagnostics.

### **Sustainable urban development**

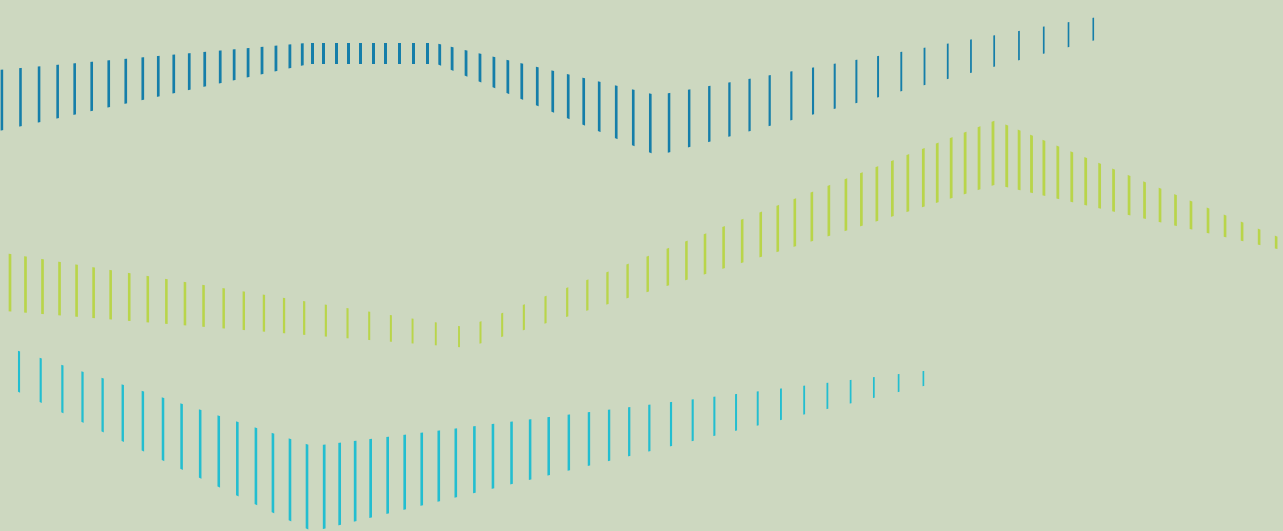
Big cities are growing even bigger. To ensure a sustainable development of the rapidly growing cities, technological solutions that allow all citizens to maintain a high quality of life without a negative impact on the environment are a necessity. Siemens' smart solutions in the fields of transport and logistics ensures reliable and environmentally friendly infrastructure. Furthermore, Siemens provides IT and communication solutions that can handle the increased traffic prompted by urbanisation.

Siemens' technologies optimise energy use in buildings. As an ESCO supplier (Energy Service Company), Siemens offers energy renovation solutions with guaranteed savings.

Smart Grid technology and solutions from Siemens pave the way for future efficient electricity grids, including intelligent distribution and consumption of electricity, electro mobility and intelligent buildings. Smart Grid is a prerequisite for renewable energy.

### **Energy of the future**

The increase in global energy consumption contributes to global heating. Thus, the supply systems need to be future-proofed by both strong connections to other countries and energy storage solutions. One of the keys to obtain this, is to apply innovative and sustainable technologies, under consideration of consumers' needs and politicians' climate goals. Siemens is a leading global supplier of sustainable energy solutions and develops and produces solutions for the transmission and distribution of energy, oil, gas, water, and heating.





## || | A.2 The year at a glance for the Siemens A/S Group

Overall, financial year 2013/2014 was a satisfactory year for the Siemens A/S Group.

At 1 March 2014, Siemens A/S acquired the shares in Siemens Healthcare Diagnostics ApS, which then became a wholly-owned subsidiary of Siemens A/S.

Revenue went down by 4% relative to last year, where some divisions experienced a decrease in activities. However, the takeover of Siemens Healthcare Diagnostics A/S had a positive effect on revenue.

Siemens' Industry division experienced increased sales to existing customers – particularly in the wind industry – as well as a positive inflow of new customers; a significant growth which has strengthened Siemens' position in the Danish industrial field.

In the year, the Group realised a profit of DKK 126 million, representing an improvement of DKK 23 million relative to last year. The results of operations include additional expenses to complete certain projects in the Energy division.

Selling and administrative expenses in the Group rose by 3% compared to last year due to the takeover of Siemens Healthcare Diagnostics A/S.

On 4 November 2013, Siemens opened its new headquarters in Ballerup, which accommodates the company's activities in Greater Copenhagen. The building interior is designed to meet the Siemens Office concept and the installation of Siemens' technologies for lighting, heating and ventilation control has reduced the energy consumption significantly.

The average number of employees increased slightly relative to financial year 2012/2013, reflecting a staff reduction caused by outsourcing of technical facility management services in Siemens Real Estate and a staff increase due to the takeover of Siemens Healthcare Diagnostics ApS.

The Danish economy is slowly recovering and has not yet returned to pre-crisis level. At the moment, international trends are connected with great uncertainty, and the risk of a continued, low growth rate in Denmark is substantial. However, investment in expanding the energy and transport infrastructure continues at a relatively high level, and the Group thus expects growth and higher earnings in the coming year.



Jukka Pertola  
CEO, Siemens A/S

## ||| B.1 Statement by management on the annual report

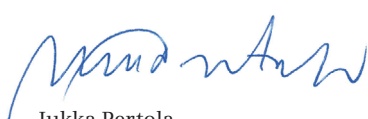
Today, the supervisory and executive boards have discussed and approved the annual report, including the Management's report, of Siemens A/S for 2013/2014.

The annual report has been prepared in accordance with the Danish Financial Statements Act. We consider the accounting policies applied appropriate and believe that the annual report gives a true and fair view of the group's and the company's financial position at 30 September 2014 and of the results of the group's and the company's operations and cash flows for the financial year 1 October 2013 – 30 September 2014.

In our opinion, the Management's report includes a fair review of the matters dealt with in the Management's report. We recommend the adoption of the annual report at the annual general meeting.

Ballerup, 8 December 2014

### Executive board:



Jukka Pertola  
(CEO)



Jürgen Lippert

### Supervisory board:



Peter Højland  
(chairman)



Torkil Bentzen



Ann Hald Delcomyn



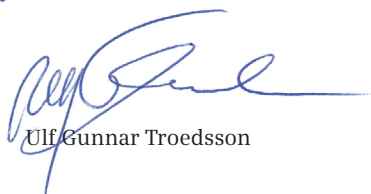
Antonis Eleftheriou



Jukka Pertola



Maria Marit Rahelt



Ulf Gunnar Troedsson

## B.2 Independent auditor's report

### To the shareholder of Siemens A/S

We have audited the consolidated financial statements and the parent company financial statements of Siemens A/S for the financial year 1 October 2013 – 30 September 2014, which comprise a summary of significant accounting policies, income statement, balance sheet, statement of changes in equity and notes for the group as well as the parent company and a consolidated cash flow statement. The consolidated financial statements and the parent company financial statements have been prepared in accordance with the Danish Financial Statements Act.

### Management's responsibility for the financial statements

Management is responsible for the preparation and presentation of consolidated and parent company financial statements that give a true and fair view in accordance with the Danish Financial Statements Act. Further, management is responsible for such internal control as it determines is required to enable the preparation of consolidated financial statements and parent company 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 the consolidated financial statements and the parent company financial statements based on our audit. We performed the audit in accordance with international standards on auditing and additional requirements according to Danish audit regulations. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements and the parent company financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements and the parent company financial statements. The procedures selected depend on the auditor's judgement, including an assessment of the risks of material misstatement of the consolidated financial statements and the parent company financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and presentation of consolidated financial statements and parent company financial statements that give a true and fair view. The purpose is to design audit procedures that are appropriate in the circumstances, but not to express an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used, the reasonableness of accounting estimates made by management as well as the overall presentation of the consolidated financial statements and the parent company financial statements.

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

Our audit has not resulted in any qualification.

### Conclusion

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the group's and the parent company's financial position at 30 September 2014 and of the results of the group's and the parent company's operations and cash flows for the financial year 1 October 2013 – 30 September 2014 in accordance with the Danish Financial Statements Act.

### Statement on the Management's report

In accordance with the Danish Financial Statements Act, we have read the Management's report. We have not performed any further procedures in addition to the audit of the consolidated financial statements and the parent company financial statements. On this basis, it is our opinion that the information in the Management's report is consistent with the consolidated financial statements and the parent company financial statements.

Copenhagen, 8 December 2014

Ernst & Young  
Godkendt Revisionspartnerselskab



Thomas Kühn  
state authorised public accountant

## || | C.1 Company details

### Siemens A/S

Borupvang 9  
2750 Ballerup

CVR-nr.: 16 99 30 85  
Incorporated: 1993  
Domicile: Ballerup

### Supervisory board

Peter Højland, chairman  
Torkil Bentzen  
Ann Hald Delcomyn  
Antonis Eleftheriou  
Jukka Pertola  
Maria Marit Rahelt  
Ulf Gunnar Troedsson

### Executive board

Jukka Pertola  
Jürgen Lippert

### Auditors

Ernst & Young  
Godkendt Revisionspartnerselskab  
Osvald Helmuths Vej 4  
2000 Frederiksberg

Thomas Kühn

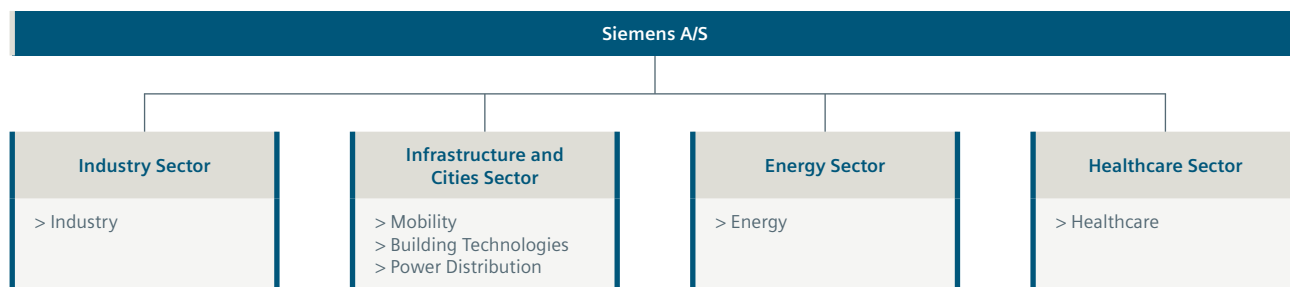
### General meeting

The annual general meeting is held on 8 December 2014.



## C.2 Group chart

| **Siemens group 30 September 2014**



| **Subsidiaries**



### Other Siemens activities in Denmark

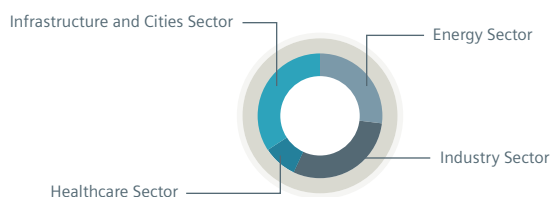
**The entities are affiliated companies of Siemens A/S and not part of the consolidation of Siemens A/S**

- > Siemens Finans Danmark – branch of Siemens Finans AB
- > Siemens Høreapparater A/S
- > Siemens Wind Power A/S

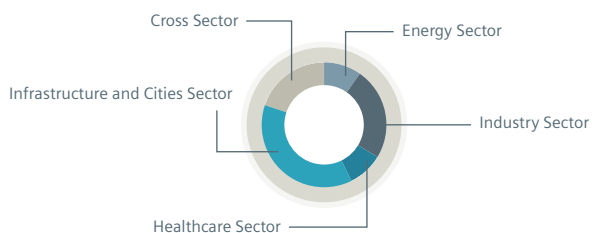
### Joint ventures

- > A2Sea A/S
- > BSH Hvidevarer A/S

| **Turnover (Group)**



| **Average number of employees (Group)**



## C.3 5-year financial highlights for the Siemens A/S Group

### 5-year financial highlights for the Siemens A/S Group

(in DKK millions, except per share data)	2013/2014	2012/2013	2011/2012	2010/2011	2009/2010
Revenue	3.507	3.646	3.243	3.175	3.680
Operating profit	181	150	101	185	343
Net financials	-4	-4	0	24	134
<b>Profit for the year</b>	<b>126</b>	<b>103</b>	<b>74</b>	<b>152</b>	<b>375</b>
<b>Dividend</b>	<b>322</b>	<b>103</b>	<b>73</b>	<b>151</b>	<b>604</b>
Fixed assets	388	225	234	317	412
Current assets	1.381	1.988	1.283	1.503	1.959
<b>Total assets</b>	<b>1.769</b>	<b>2.213</b>	<b>1.517</b>	<b>1.820</b>	<b>2.371</b>
<b>Share capital</b>	<b>151</b>	<b>151</b>	<b>151</b>	<b>151</b>	<b>146</b>
<b>Equity</b>	<b>684</b>	<b>661</b>	<b>631</b>	<b>708</b>	<b>1.160</b>
Cash flow from operating activities	47	180	57	70	-3
Cash flow from investing activities	-260	-28	101	102	376
– of which investments in property, plant and equipment	-37	-34	-17	-21	-65
Cash flow from financing activities	-115	-73	-146	-604	84
– of which net dividend distributions	-103	-73	-151	-604	-117
<b>Total cash flows</b>	<b>-328</b>	<b>79</b>	<b>12</b>	<b>-432</b>	<b>457</b>
<b>Average number of employees</b>	<b>1.325</b>	<b>1.323</b>	<b>1.520</b>	<b>1.649</b>	<b>1.661</b>
Asset turnover	1,8	2,0	2,0	1,5	1,7
Return on equity	18,7	16,0	11,0	16,3	40,2
EBIT margin	5,1	4,1	3,1	5,8	9,3
Return on assets	9,1	8,0	6,2	9,0	15,7
Solvency ratio	38,7	29,9	41,6	39,0	48,9

Comparative figures have been restated to reflect demergers and mergers.

Comparative figures have not been restated to reflect additions/disposals of business segments.

### Definitions of financial ratios according to the Danish Society of Financial Analysts:

#### Asset turnover

The year's revenue relative to average operating assets.

#### Return on equity

Profit/loss for the year relative to average equity.

#### EBIT margin

Operating profit/loss before interest as a percentage of revenue.

#### Return on assets

Operating profit/loss before interest as a percentage of average operating assets.

#### Solvency ratio

Closing equity as a percentage of total liabilities at year-end.

## || | C.4 Corporate social responsibility

One of Denmark's largest technology groups, Siemens, has been present in Denmark since the middle of the 19th century, when the Group produced telegraphic equipment and the first lighting systems. The Group was formally incorporated on 24 April 1893 when Technisches Bureau Kopenhagen opened. Since then, Siemens has participated actively in the modernisation of Danish society, supplying state-of-the-art products and solutions.

Siemens has been a major contributor to the electrification of society, a cornerstone of our modern society. The digital revolution is paving the way for new innovative products and solutions that will affect all areas of social life. Siemens' strategy is to focus its business on the growth opportunities offered by the entire electrical value chain – from production and transmission of electricity to effective utilisation of electrical energy.

As part of the Siemens AG Group, Siemens A/S works on the basis of the same CSR principles. CSR-related activities and goals are laid down in an overall policy designed to support Siemens' activities as a responsible Danish business and contribute to driving Denmark in a sustainable direction.

These efforts are carried out on three levels: In relation to the business (employees and environment), in relation to customers and suppliers and in relation to the surrounding society.

In the past year, CSR efforts focused on the following areas:

- > The physical and mental well-being of the employees
- > Energy savings
- > The establishment of Key Performance Indicators (KPIs) for systematic follow-up on CSR efforts.

During the year a group of dedicated employees pioneered a range of activities designed to motivate fellow employees to stay healthy and fit. For instance, a running club has been set up, and in connection with the introduction of the health initiatives, an exercise day was organised. The various sports and exercise activities are coordinated in Siemens' new sports association, Siemens@ctive, which had its founding general meeting in September.

On 4 November 2013, the Group inaugurated its new headquarters in Ballerup, which accommodate the Greater Copenhagen activities. The building is constructed to meet the LEED Gold standard (Leadership in Energy and Environment Design) with building automation and control based on Siemens' own products and solutions. As expected this has significantly reduced the energy consumption compared with the old headquarters.

As mentioned above, a number of KPIs have been identified as part of the regular CSR follow-up. Those KPIs are closely monitored in order to identify new focus areas. A selection of the KPIs is included in this year's CSR statement for Siemens A/S.

For further information about the Siemens AG Group's CSR goals and initiatives, please see the Group's annual report on [www.siemens.com/annual-report](http://www.siemens.com/annual-report).

## C.4.1 Employees

One of the company's key assets is its skilled, creative and committed employees. Consequently, the company has a continued focus on activities supporting employee skills and commitment, and prioritise improving employees' health, job satisfaction, professional and personal development.

The employees' commitment to and satisfaction with their workplace are measured on a regular basis, and the score is generally high. However, the 2013/2014 survey revealed a minor setback relative to 2011/2012.

Employee commitment	2013/2014	2012/2013	2011/2012
Overall commitment score	87%	Not completed	89%

The survey pinpoints a number of potential improvements in relation to work processes and shows a wish for an improved effort-reward balance and clearer follow-up on the results of employee surveys.

In addition to the areas with potential for general improvement, specific areas have been identified in the individual divisions, which will be addressed at local level.

### Female leaders

The Siemens Group strives to promote diversity across its global entities. The goal is for the business to reflect the surrounding society, and diversity is considered a valuable source of innovation and development.

On this background and in pursuance of Act no. 1383 on target figures and policies for the underrepresented gender, the supervisory board of Siemens A/S targets a share of female members elected by the general assembly of 20% in 2017. As per 30 September 2014, no female board members have been elected by the general meeting. However, two of the three members elected by the employees are women.

On the short term, Siemens A/S targets a share of female leaders of at least 20% by 30 September 2015.

A number of initiatives have been introduced with a view to achieving this goal:

- > Preparation of individual development plans for female employees with identified leadership potential
- > Focus on selecting women for Siemens' talent programmes with a view to supporting women's career development
- > Assignment of mentors to female participants in talent programmes
- > Stronger focus on recruiting qualified women for vacant positions.

Due to reclassification of a number of positions, the share of female leaders in Siemens A/S has increased to 16% at 30 September 2014.

Females in leadership	2013/2014	2012/2013	2011/2012
Percentage of females in management positions	16%	13%	13%

### Working environment

Siemens targets high standards for the company's safety and health efforts in order to facilitate an attractive working life and ensure quality and efficiency in the design of solutions.

Siemens targets to reduce the number of work accidents and disease cases to a realistic minimum – beyond current workplace requirements. Siemens encourages its cooperation partners to share this ambition and works with both customers and suppliers to implement ongoing improvements.

Safety and health are an integral part of the business and day-to-day operations. Siemens works to ensure that all employees are allowed to work in a safe environment by providing safe processes, high educational standards and a working environment organisation that matches the company's objective.

Siemens A/S is OHSAS 18001-certified and accordingly carries out regular studies of the physical and mental working environment (workplace assessments). The latest surveys were carried out in 2012/13 and the results have been processed by the safety organisation, which has subsequently identified specific areas in need of improvement and implemented appropriate measures. A new workplace assessment was carried out in October 2014, on which follow-up will be performed in 2014/2015.



## C.4.1 Employees

The efforts undertaken to improve safety and the working environment have been successful; the number of accidents resulting in absence, and absence due to illness has decreased in the past few years.

	2013/2014	2012/2013	2011/2012
Accidents and absence due to illness			
No. of accidents with absence per million working hours	1,36	2,54	2,94
Absence due to illness relative to no. of employees	1,7%	1,8%	2,1%

### Health

Job satisfaction and health are top priorities in Siemens. This is, e.g., demonstrated in the canteens, which are committed to making healthy food. In addition, all employees have access to free fruit, and some locations have their own fitness centres.

All employees are covered by a mandatory insurance programme in case of critical illness as well as a general health insurance programme.

Furthermore, all salaried employees are covered by schemes under which they can be treated for work-related muscle and joint injury by a chiropractor, physiotherapist, zone-therapist or masseur. They may also book a general health check.

### Competence development

Striving to be an attractive workplace for both existing and new employees, Siemens prioritises ongoing training and development of its employees.

Employee development is based on our Performance Management Process (PMP), which is a management concept implemented across the global Siemens organisation. The purpose of the PMP is to provide each employee with tools and motivation to do his or her best in accordance with the company's objectives and strategy. As part of the PMP, each employee's performance in the past financial year is assessed, together with the employee's potential for assuming other positions in the future. In addition, employees may have their skills evaluated by Siemens Leadership Capabilities. Employees who continuously turn in extraordinary performances are identified as top talents and are invited to enrol on special talent programmes.

### New working facilities

In financial year 2013/2014, Siemens A/S moved to new headquarters in Ballerup as part of the company's continuous development as an attractive workplace. The moving process – including the involvement of employees – was planned in detail, and on Monday, 4 November 2013, the employees participated in the opening ceremony, following which the work continued undisturbed by the removal activities. The building offers innovative cross-functional cooperation facilities and has been designed in accordance with the Siemens Office concept, i.e. open-plan offices with a multitude of conference facilities and creative spaces.

### Project manager certification

Siemens has its own project manager programme designed to ensure high project quality. Project managers are trained and certified on a regular basis, enabling them to work in all of Siemens' local and global divisions.

### Key account manager certification

Similarly, Siemens has its own training programme for key account managers. This ensures high and uniform standards in relation to Siemens' advisory services and sales to key account clients. The programme also allows each individual key account manager to improve his or her competences in areas such as strategic sales, finance, management, cooperation, etc.

## C.4.2 Environment

Certified according to ISO 14001, Siemens A/S has laid down environmental impact reduction goals.

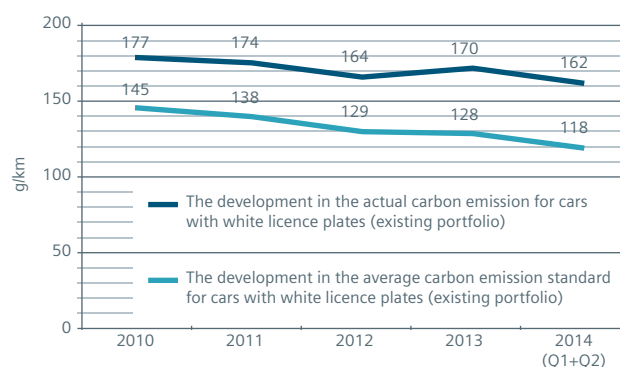
Key parameters in this connection are the consumption of electricity, heating and water, carbon dioxide emissions from cars and transportation and waste volumes.

In November 2013, Siemens A/S moved to new, LEED Gold standard-certified (Leadership in Energy and Environment Design) premises. The target is for the building to meet the expected level of consumption in the first two years, i.e. financial year 2013/2014 and financial year 2014/2015, following which new targets will be set.

Measurements in the first financial year show that all targets have been met.

	2013/2014	2012/2013	2011/2012
Waste and consumption of electricity, water and heating			
Total volume of waste (in tons) – hereof share for recycling (in %)	94,9 37%	150,8 11%	136,4 27%
Consumption of electricity in kWh per sqm (LEED standard: 82.45)	71,75	88,00	96,00
Consumption of heating in kWh per sqm (LEED standard: 77.70)	39,44	88,30	88,30
Consumption of water in litres per sqm (LEED standard: 397.40)	350,65	417,59	363,65

The company works continuously to reduce company car carbon dioxide emissions, targeting to reduce average emissions to 120 grams per kilometre by 2015 concurrently with the auto sector's development of more eco-friendly vehicles. As per 30 June 2014, the standard number for the total fleet of company cars is 138 g/km. The number is developing in the right direction as the standard number for cars purchased in 2013 is 128 g/km and 118 g/km for cars purchased in the first two quarters of 2014. Actual emissions based on the driving pattern are slightly above the standard, but show a similar downward trend.



Siemens also encourages its employees to go by bicycle, bus or train to work and to take public transportation to the airport, etc. in order to reduce carbon dioxide emissions.

In the past year, Siemens participated in three national campaigns: "We bike to work", "Test an electric bicycle" and "Test an electric car".

## || | C.4.3 Customers and suppliers

### Customers

Siemens addresses the five megatrends: Urbanisation, demographic development, globalisation, digitalisation and climate change, offering technological solutions to the challenges resulting from these megatrends, especially in the climate area. Siemens has the world's largest portfolio of environmentally friendly solutions and products, including solutions for optimisation of energy efficiency in power plants, reduction of energy consumption in buildings, production of renewable energy based on wind, water cleaning, low-dose diagnostic imaging equipment, etc.

According to the latest consolidated statement, the ecofriendly part of the Siemens AG Group's portfolio accounted for 43% of total revenue at 30 September 2013.

The Danish business also contributes to reducing carbon dioxide emissions and improving the environment through its environmental portfolio.

In the year, Siemens installed three synchronous condensers, which are to help securing transmission network stability as the share of wind power spreads in Denmark.

Through its deliveries to the future incineration plant on Amager, Copenhagen, Siemens contributes to making it the most efficient incineration plant in Denmark. The plant will have a significantly higher efficiency and the carbon dioxide emissions will be significantly reduced in comparison to the previous plant.

The wide range of local government energy optimisation projects contribute to reducing local government energy consumption and thus a notable reduction of carbon dioxide emissions. Siemens has won several new energy optimisation orders, and the area is generally growing.

In its capacity of sub-supplier for the wind power industry, Siemens A/S has supplied a major share of the components used in Danish wind turbines.

Siemens has also supplied a number of environmentally friendly products and solutions for Danish shipping, including a new battery system for one of the ferries on the Rødby-Puttgarden route, ensuring that the engine is at all times running energy-efficiently, thus reducing carbon dioxide emission from ferry operations by up to 15%.

Cooperating with partners from across the world, Siemens is a key participant in the EcoGrid Bornholm project, an international demonstration project allowing businesses and consumers to test new ways of managing their power consumption. Siemens has contributed to the construction of a complete prototype of tomorrow's electricity system that allows consumption to be aligned with fluctuations in energy production, which is essential for the future development of the Smart Grid.

The first test results are promising, and the partners behind the project have applied for the test period to be extended till 31 August 2015, as the installation of equipment with businesses and consumers has taken longer than originally planned. The extension will ensure another full heating season to be included in the test.

### Supplier responsibility

Suppliers make up a significant part of the overall value chain, and Siemens considers it part of its responsibility to ensure that the company's suppliers live up to high standards.

In order to emphasise Siemens' principles for good business conduct, the company has prepared a Code of Conduct to be observed by all the company's suppliers. Siemens' Code of Conduct is based on the UN's Global Compact, which lays down principles regarding, e.g. the protection of human rights, the freedom of association, the abolition of child labour and discrimination, the protection of the environment and anti-corruption.

## || | C.4.4 The surrounding society

Siemens takes an active part in society, observing rules and regulations applying to the company's operations and contributing to Danish society by investing in research, development and production. Siemens also supports a number of other social activities, primarily in relation to education.

### Cooperation with research and educational institutions

Historically, Siemens has worked with the best educational institutions, including institutions of higher education and universities. The purpose of the cooperation is to establish direct contact to talented students, who may one day wish to become part of the company's innovative staff.

In 2006, Siemens established a Nordic Centre for Knowledge Interchange (CKI) at the Technical University of Denmark (the first CKI cooperation outside Germany) to facilitate the exchange of experience and sharing of industry insights, while at the same time creating long-term relations between Siemens, students and researchers.

In connection with the CKI cooperation, Siemens in Denmark carries on research activities in the energy storage area as part of its investigation of alternative solutions in this area. Storing energy will become increasingly necessary in the energy supply sector in order to balance fluctuations in the production of electricity from wind turbines. The research projects are carried out in cooperation with Danish universities and private enterprises. A number of these projects have received funding from the Danish National Advanced Technology Foundation and the Energy Technology Development and Demonstration Programme (EUDP).

In 2014, for the second consecutive year, Siemens and the Technical University of Denmark organised a competition under the CKI cooperation, in which students were to solve a task within the area of 'Smart cities and sustainability'. The winning group won DKK 30,000 kroner and a field trip to Siemens' international headquarters in Munich.

Innovative students are supported through the sponsorship of the RoboCup contest at the Technical University of Denmark, where students develop self-propelled robots competing against each other and in the process gain experience in combining creative ideas with useful products.

In the elementary school area, Siemens works actively to encourage pupils to choose natural science subjects. The 'FIRST LEGO League' training project puts natural science on the agenda for pupils in the 5th to 8th grades, demonstrating how to apply natural science in practice.

Another initiative is the adoption programme with the Grantofte School in Ballerup. The programme, which started in the late 1990s, begins in the 7th grade and continues throughout the 9th grade. Siemens follows the same class throughout the programme, where the students visit the company and Siemens provides visiting teachers for subjects like new technology. The purpose of the programme is to give the children technical and social experiences to use later on in their adult lives. Over the past few years, the programme has been extended to other companies in Ballerup.

The Siemens Foundation receives an annual amount from Siemens A/S. The Foundation makes donations to research and educational projects – primarily within the natural science area. In the year, the Foundation donated DKK 391,000, of which the lion's share was awarded to Danish university students' final projects. When the Foundation celebrated its 50th anniversary in 2014 a number of students and cooperation partners were invited to a lecture on future technologies at the Royal Library, "Den Sorte Diamant", where leading researchers presented their ideas in relation to the technologies of tomorrow. The event was co-organised with the Danish Academy of Technical Science and was made possible by an extraordinary grant from Siemens A/S, which donated the proceeds from the sale of furniture and equipment from its previous domicile in Ballerup.

### Charity

Siemens takes an active part in Danish society, supporting a number of social and cultural activities. For instance, Siemens has chosen not to give customers and business partners Christmas presents. Instead, the company donates an annual amount or a product to charity.

In 2013/2014, Siemens donated an ultrasonic scanner to SOS Børnebyerne's hospital in Zanzibar (including on-site installation), and more than 300 employees chose to donate their Christmas present to SOS Børnebyerne or the Growing Trees Network, a total amount of just over DKK 191,000. In addition, amounts were collected for SOS mothers in East Africa and the relief work of the Red Cross in connection with the typhoon ravaging the Philippines in November 2013.



## || | C.4.4 The surrounding society

Siemens is the main sponsor of the Copenhagen Royal Library's internationally recognised classical music ensemble, "DiamantEnsemble". The support from Siemens enables the ensemble to attract internationally recognised foreign musicians for guest performances in Dronningesalen at Den Sorte Diamant.

Furthermore, Siemens sponsors StudentsOnly – the Royal Library's student programme giving free access to events in the areas of lectures, music and debates. The contact to students supports Siemens' ambition to be an attractive place of work that attracts talented and innovative employees who want to make a difference. Events in 2013/2014 included lectures by Ban Ki-moon, UN Secretary-General, and Martin Schulz, President of the European Parliament, the Siemens Foundation anniversary event and a concert with the DiamantEnsemble.

Through a sponsorship, ARKEN Museum for Moderne Kunst in Ishøj receives funding from Siemens, enabling it to host concerts in connection with the museum's other activities.

### Compliance

Compliance with applicable laws and regulations and ethical responsibility are key elements of Siemens' business values and therefore, an integral part of the company's business processes.

All employees commit to observing these rules by signing the Group's Business Conduct Guidelines, and all employees must complete a training programme concerning applicable rules.

To help managers and employees comply with Siemens' rules, the company has implemented a Compliance System, which – based on management's responsibilities – includes both preventive activities and internal controls to help ensure that applicable law and internal rules are observed. The knowledge of these rules is maintained through current online training.

Additionally, appointed compliance officers supervise and control that applicable rules and procedures are observed.

In cooperation with a range of other companies and organisations Siemens propagates integrity and high ethical business standards, and provides financial support to projects and educational activities to combat corruption and violation of competition law. In Denmark, Siemens A/S is a member of Transparency International DK and an anti-corruption network comprising a number of major Danish companies.

### Corporate Governance

In addition to applicable law, the management processes of Siemens A/S reflect its position as a subsidiary of the German Siemens Group. Furthermore, Siemens A/S strives to observe current corporate governance standards. This is reflected in both the composition of the supervisory board, which consists of independent members, and in the board procedures, which basically reflect the recommendations on good corporate governance.

### Human rights

Since 2003, the Siemens Group has participated in the UN's Global Compact and thus is committed to observing Global Compact's ten principles regarding human rights, labour rights, the environment and corruption.

Siemens has drawn up a set of global rules (see above), according to which all managers and employees must act responsibly and ethically correct in accordance with the rules and regulations in force in countries where Siemens operates and observe human rights and fundamental labour rights.

In addition, all Siemens suppliers must sign Siemens' Code of Conduct for Siemens Suppliers, which includes the duty to observe human rights.

## || | C.5 Industry Sector

The Industry Sector comprises the Siemens AG Group's Drive Technologies, Industry Automation and Customer Service segments. Siemens' Danish Flow Instruments production facilities are also part of the Industry Sector.

Industrial software activities are handled by the Siemens Industry Software A/S subsidiary.

### Industry

Based on its three main business segments, Drive Technologies, Industry Automation and Flow Instruments, the Industry Sector offers one of the broadest product ranges in the market in addition to services and certified partners.

In a market with limited growth, the Industry division reported strong growth in 2013/2014. Customer satisfaction has gone up again, the business volume with existing customers has increased, and there has been a substantial inflow of new, major exporting OEM customers (machine makers).

Siemens' software platform was strengthened through a number of new product introductions in connection with the launch of version 13 of the TIA (Totally Integrated Automation) automation portal, which has gained a strong foothold in the market. At the same time, the market position in the area of energy-efficient motors has been strengthened through increased sales of frequency converters and IE4 motors.

Through growing sales of automation products for the industrial sector, the Industry division has contributed to improving the Danish competitiveness and the creation of jobs.

### Siemens Flow Instruments

Headquartered in Nordborg, the Flow Instruments division reported increasing global revenue in the past reporting year despite the challenges facing the market. Flow Instruments reached a milestone in 2013/2014 with the expansion of the digital Coriolis product portfolio and the introduction of the market's lightest and most compact flow meter solution, SITRANS FC410 – including marine approvals.

Also, the foundation for the long-awaited new headquarters and new plant in Sønderborg was laid, and the new buildings are expected to be ready in 2015.

### Siemens Industry Software A/S

Siemens Industry Software A/S supplies software solutions for the design of products (Product Lifecycle Management) and plants (Plant Lifecycle Management). Revenue was down in 2013/2014, primarily as a result of a decreased number of service orders.

## || | C.6 Infrastructure & Cities Sector

The Infrastructure & Cities Sector comprises the Siemens AG Group's Building Technologies, Mobility & Logistics, Rail Systems, Low & Medium Voltage and Smart Grid segments. In Denmark, Mobility & Logistics and Rail Systems are part of the Mobility division, while Low & Medium Voltage and Smart Grid are part of the Power Distribution division.

### Building Technologies

Building Technologies supplies products and solutions for buildings that save energy, increase comfort and provide security by protecting people and values. The products are available as end-to-end solutions with management of light, heating and ventilation as well as supervision, access control, fire detection, and fire fighting.

In 2013/2014, Building Technologies experienced increased activity in the energy renovation area. As an ESCO supplier (Energy Service Company), Siemens offers energy renovation solutions with guaranteed savings. Demand is particularly high from public institutions, and an increasing number of private businesses are also beginning to see the advantages of a lower energy consumption, improved indoor climate and a stronger CSR profile.

Building Technologies has delivered solutions to, e.g. hospitals, educational institutions and industrial customers, and growing order books strongly indicate continued growth in the year to come.

### Mobility

Mobility supplies transportation and logistics solutions designed to ensure reliable and environmentally friendly infrastructure for, e.g. railways, harbours, and airports as well as solutions designed to handle challenges posed by growing traffic density due to increasing urbanisation. The division employs a large number of specialists supplying IT and communication solutions to the Danish transport sector and projects abroad.

In 2013/2014, the division delivered a large number of major orders:

- > A new signalling system (CBTC) for the S-railways is proceeding as planned, and the first section, Jægersborg – Hille-rød, is expected to be ready for commercial operation in early 2015. The project will be implemented over a number of years with expected completion in 2018.

- > All S-trains have now been fitted with mobile communication equipment (GSM-R), and the Fjernbane installation is proceeding according to plan. The implementation of GSM-R will provide all operators in Denmark with a common radio system that has also been implemented by a number of other European countries.
- > Phase 1 of the extension of the baggage sorting system at Copenhagen Airports is completed, and phase 2 is well under way.

The division won a number of new, large orders for, e.g. life-time extension of the existing ATC train control system and development of communication modules ensuring that the ATC system can communicate with the new European Rail Traffic Management System (ERTMS) that is being implemented on the Fjernbane. The service business for both the S-railways and the Fjernbane has been expanded, and the division has won a major locomotive maintenance contract.

The market is characterised by heavy investments in public transport, including a number of light rail projects, the Fehmarnbelt link, the electrification of the remaining part of the railway system, and new electrical trains for the Danish State Railways. The coming year will also be affected by high tendering activity.

### Power Distribution

Power Distribution supplies a broad range of products and solutions for the distribution of energy; low and medium-voltage equipment, railway electrification, and automation solutions – including Smart Grid solutions. In corporation with Siemens Building Technologies, the division participates in the EcoGrid project in the regional municipality of Bornholm, where companies and consumers are testing new ways of controlling their power consumption.

In 2013/2014, the division expanded its business with Danish wind turbine manufacturers, supplying several offshore grid connections. The division also delivered a number of medium-voltage plants and transformers to Danish hospitals.

In 2013/2014, Siemens introduced a new, robust protection relay series (SIPROTEC 5) for the power supply sector. Module-based, the relay series is easily aligned with specific customer needs. The new relay has been well received and is expected to replace Siemens' old relay series within the next few years.

## || | C.7 Energy Sector

The Energy Sector comprises the Siemens AG Group's Fossil Power Generation, Oil & Gas, Power Transmission and Energy Service segments. Siemens Fossil Power Generation develops innovative technologies designed to make power production as efficient as possible. The product range includes steam and gas turbines and plant control and monitoring systems.

Siemens Oil & Gas supplies products, systems and solutions to the oil and gas industry – for drilling rigs and subsea operations down to a depth of three kilometres. In Denmark, Siemens is a key service hub for the global Siemens organisation, serving a multitude of Danish and international clients.

Siemens Power Transmission produces switching systems and transformers for transmission of high-voltage current in power plants, wind turbines and industry. In Denmark, Siemens supplies HVDC systems and systems for transmission of power from the high-voltage grid into the low-voltage current used by industry and private households as well as transformers for offshore windmill parks.

The Energy Sector also includes the Aeration Competence Center in Elsinore, which handles the development and supply of environmentally friendly and energy-efficient products and solutions for aeration in connection with, e.g. sewage treatment, flue gas desulphurisation and fermentation.

### Energy

In financial year 2013/2014, the division won a number of new orders for control systems for offshore windmill parks and power plants. It also won a number of new orders for turbine renovation and gas-insulated switchgear (GIS) for the transmission grid. Sales of transformers, etc. for the windmill sector also developed favourably in the year.

In the year, the division worked on the installation of three synchronous condensers that are to help secure transmission network stability as wind power spreads in Denmark. All three have now been installed – with two in test operation – and have proven that the technology works. Through these projects, Siemens has built a position as a leading supplier in this field, and the Danish business has gained valuable experience that will be leveraged in future projects across the Siemens organisation.

Siemens is also supplying steam turbines, generators, control systems, etc. for the new incineration plant on Amager. The new incineration plant will be the most efficient incineration plant in Denmark and will significantly improve efficiency and significantly reduce carbon dioxide emissions relative to the old plant. The project is progressing as planned.



## || | C.8 Healthcare Sector

The Healthcare Sector comprises the Siemens AG Group's Imaging & Therapy Solutions, Clinical Products, Customer Solutions and Diagnostics business segments.

Siemens Healthcare is a leading supplier of innovative products and solutions for the public sector and private businesses in Denmark.

Siemens Healthcare is a full-line supplier of medtech products and solutions within image diagnostics, digital and conventional X-ray equipment and MR, CT and PET scanners. Siemens also supplies ultrasonic scanners for all medical specialities.

Early diagnosis plays an increasingly important role in the healthcare sector, and Siemens is determined to strengthen its position in this market through innovative solutions for the ever growing diagnostics area.

The subsidiary Siemens Healthcare Diagnostics ApS supplies laboratory equipment for Danish hospitals, ranging from the largest automation solutions to Point Of Care solutions for individual departments.

In the Healthcare IT segment, Siemens supplies RIS/PACS systems and the syngo.via visualisation platform that can be applied across equipment and locations. However, in August, Siemens AG announced that Health Services, which handles the administrative IT business, is expected to be sold to US-based Cerner, and that the Group expects to join a strategic alliance with Cerner concerning the development of Next Generation Healthcare IT. The administrative IT business comprises, among other things, electronic patient records.

### Healthcare

The Imaging business performed well in the past year, supplying a number of CT scanners for the Danish Regions, a PET/CT scanner for primarily cancer diagnosis and a number of orders for upgrading of MR scanners.

Siemens is part of a major innovation project – 'put the patient first' – with the Imaging department of Herlev Hospital. The project demonstrates effective and close public-private cooperation.

The Clinical Products department has sold and installed four digital radiography systems of the newest generation (Ysio Max) and upgraded a number of existing mammography systems. Also, Siemens has received the first orders for the new digital mobile C-arm system, Cios Alpha.

In the ultrasonic field, Siemens is now part of five out of six partial agreements under the national framework agreement, which gives access to a huge market and has increased Siemens' market share considerably.

### Siemens Healthcare Diagnostics ApS

At 1 March 2014, Siemens A/S acquired the shares in Siemens Healthcare Diagnostics ApS, thus making it a wholly-owned subsidiary of Siemens A/S.

The financial year 2013/2014 was yet another strong year for Siemens Healthcare Diagnostics with the main event being the implementation and putting into operation large automation systems covering all hospitals in one of the five Danish regions under an EU contract won last year.

Siemens also launched its Aptio™ automation solution and completed two large installations, one of which was a fully automatic laboratory developed in a close public-private partnership. The system is the most advanced laboratory system that Siemens has ever installed and the only system to combine equipment for analysis of biochemical and haematological tests and separators and intelligent cooling and storing units into one system.

The Point Of Care area also performed strongly in the year with an increasing number of hospitals focusing on online connection of even minor, decentralised instruments.

Thanks to the substantial number of major installations, Siemens has been able to increase its market share and take on additional staff.

## || | D.1 Financial review – the Siemens A/S Group

### Income statement

In the year under review, consolidated revenue dropped by DKK 139 million from DKK 3,646 million last year to DKK 3,507 million this year. The decline in revenue derives from several business segments, and the takeover of Siemens Healthcare Diagnostics ApS has had a positive effect on revenue.

Selling and administrative expenses in the Group rose by 3% compared to last year due to the takeover of Siemens Healthcare Diagnostics ApS.

In the year, the Group realised a profit of DKK 126 million, representing an improvement of DKK 23 million relative to last year and in line with the expectations in the annual report for 2012/2013. The results of operations include additional expenses to complete certain projects in the Energy division.

In total, the Group's financial performance in the year under review is in line with the expectations in the annual report for 2012/2013.

The profit for the year is DKK 126 million, and DKK 322 million hereof is expected to be distributed as dividend to the parent company, Siemens International Holding B.V., Den Haag, the Netherlands.

### Balance sheet

The balance sheet total has gone down by DKK 444 million on last year. The decrease is due to a reduction of receivables from group entities and increases in construction contracts, income taxes and fixed assets.

### Cash flow statement

Cash flows from operating activities decreased from DKK 180 million to DKK 47 million due to an increase in cash generated from operations and a decrease in working capital.

### Investments

During the year, investments totalling DKK 37 million were made in fixed assets, representing an increase on last year. The investments in the year were made in equipment, fixtures and fittings.

### Outlook

Siemens A/S Group expects revenue growth in the coming financial year. The profit from ordinary activities for the Group is expected to exceed the level attained in 2013/2014.

### Ownership

Siemens A/S is a wholly-owned subsidiary of Siemens International Holding B.V., Den Haag, the Netherlands.

### Special risks

#### General risks

The Group's most significant operational risks are related to its ability to handle major, complex projects and construction projects in accordance with agreed performance specifications and deadlines. Also, the Siemens AG Group's vision to be at the cutting edge of technology implies risks in connection with the launch of new products.

#### Financial risks

Due to its operations and financing, the Group is exposed to fluctuations in exchange rates and interest rates to a relatively low degree. It is the Group's policy not to speculate actively in financial risks. Thus, the Group's financial management activities are aimed only at managing risks already assumed.

#### Exchange-rate risks

As Group revenue in all material respects is generated in Danish kroner and purchase of products in foreign currencies, Group activities are affected by fluctuations in exchange rates. The Group's exchange-rate risks are primarily hedged through derivative financial instruments. It is the Group's currency policy to hedge minimum 75% of its net currency positions. Net positions below 1 year and EUR 15 million are not hedged. At the financial year-end, the value of the Group's forward exchange contracts entered into to mitigate future exchange-rate risks was DKK 10 million.

#### Interest-rate risks

The Group's interest-bearing debt primarily consists of financial debt to group entities. It is not Group policy to hedge interest-rate risks relating to intra-group balances. An increase of 1 percentage point in the general interest-rate level will result in an increase in the Group's annual interest expenses.

#### Credit risks

The Group is not exposed to any significant risks relating to any particular customer or business partner. The Group's credit policy ensures that all major customers and other business partners are credit-rated on a current basis.

|| | **D.1 Financial review – the Siemens A/S Group**

**Incentive schemes**

The Siemens AG Group has established a stock award plan according to which key executives may be granted stock awards in Siemens AG.

There has not been any changes in the incentive scheme compared to 2012/2013.

Settlement takes place on exercise. In this connection, an amount of DKK 2 million was expensed in the income statement for the parent company and in the Siemens A/S Group for 2013/2014.

Furthermore, the Siemens AG Group has established a programme for all employees, allowing them to acquire shares with an option to acquire extra shares after 3 years' ownership.

In this connection, an amount of DKK 2 million was expensed in the income statement for Siemens A/S for 2013/2014.

**Subsequent events**

No such significant events have occurred after the financial year-end as could affect the consolidated financial statements for 2013/2014.

## || | D.2 Accounting policies

The financial statements of Siemens A/S have been presented in accordance with the provisions of the Danish Financial Statements Act as regards large reporting class C entities.

The pooling-of-interests method is applied to mergers of or demergers into group entities.

The accounting policies are consistent with those of last year.

The financial statements are presented in Danish kroner.

### Basis of recognition and measurement

Assets are recognised in the balance sheet when it is probable that future economic benefits will flow to the group, and the value of the asset can be measured reliably.

Liabilities are recognised in the balance sheet when it is probable that future economic benefits will flow from the company, and the value of the liabilities can be measured reliably.

On initial recognition, assets and liabilities are measured at cost. On subsequent recognition, assets and liabilities are measured as described below for each individual accounting item.

Certain financial assets and liabilities are measured at amortised cost using the effective interest method. Amortised cost is made up as the historic cost less instalments, if any, and plus/less the accumulated amortisation of the difference between the cost and the nominal amount.

In connection with recognition and measurement, allowance is made for gains, losses and risks which occur before the annual report is presented and which confirm or invalidate matters existing at the balance sheet date. Income is recognised in the income statement as earned, including value adjustments of financial assets and liabilities measured at fair value or amortised cost.

All expenses incurred to realise the year's earnings are recognised as well, including amortisation, depreciation, impairment losses and provisions and reversals following from changes in accounting estimates of amounts previously recognised in the income statement.

### Currency translation

Transactions denominated in foreign currency are translated into Danish kroner at the exchange rates at the date of the transaction. Receivables and payables denominated in foreign currencies are translated into Danish kroner at the exchange rates at the balance sheet date. Realised and unrealised ex-

change gains and losses are recognised in the income statement under cost of sales and financial income and expenses relating to foreign-currency loans, respectively. Exchange gains and losses related to hedging transactions where the hedged item is not included in the balance sheet, are, however, measured in the balance sheet as cut-off items once the hedged item is realised.

### Derivative financial instruments

On initial recognition in the balance sheet, derivative financial instruments are measured at cost and subsequently at fair value. Positive and negative fair values of derivative financial instruments are included in 'Other receivables' or 'Other payables', respectively.

Fair value adjustments of derivative financial instruments designated as and qualifying for recognition as a fair value hedge of recognised assets and liabilities are recognised in the income statement together with changes in the value of the hedged asset or liability.

Fair value adjustments of derivative financial instruments designated as and qualifying for hedging of future assets or liabilities are recognised in 'Other receivables' or 'Other payables' and in equity. If the future transaction results in recognition of assets or liabilities, amounts previously recognised in equity are transferred to the cost of the asset or liability, respectively. If the future transaction results in income or expenses, amounts previously recognised in equity are transferred to the income statement in the period in which the hedged item affects the income statement.

As for derivative financial instruments that do not qualify for hedge accounting, fair value adjustments are recognised in the income statement on a current basis.

### Consolidated financial statements

The consolidated financial statements comprise the parent, Siemens A/S, and subsidiaries in which Siemens A/S – directly or indirectly – holds more than 50% of the voting rights or otherwise has a controlling interest.

The consolidated financial statements are prepared as a consolidation of the parent's and the individual subsidiaries' audited financial statements all of which are presented in accordance with the Siemens Group's accounting policies.

On consolidation, intra-group income and expenses, holdings of shares, intra-group balances and dividends as well as realised and unrealised gains and losses on intra-group transactions are eliminated. Investments in subsidiaries are set off

## || | D.2 Accounting policies

against the proportionate share of the subsidiaries' net asset value at the time of acquisition (the past equity method).

Entities acquired or established during the year are recognised in the consolidated financial statements from the date of acquisition, and divested entities are recognised until the time of sale. Comparative figures are not restated in respect of recently acquired or sold entities.

Comparative figures are restated to reflect demergers and mergers. On the acquisition of entities, the acquired assets and liabilities are made up at market value at the time of acquisition, and a provision is made for expenses related to adopted and published restructurings in the acquired entity in connection with the acquisition. Allowance is made for the tax effect of revaluations made.

Any excess (goodwill) of the cost over the fair value of the assets and liabilities taken over, including provisions for restructuring costs, is capitalised under 'Intangible assets' and amortised systematically in the income statement based on an individual assessment of the economic life of the asset, however maximum 7 years.

### Income statement

#### Revenue

Revenue from the sale of goods for resale and finished goods is recognised in the income statement, provided that delivery and invoicing have taken place before the year-end and provided that the income can be measured reliably and is expected to be received.

Major construction contracts are recognised in revenue using the percentage-of-completion method. Consequently, income from and gains on contract work are recognised as production is carried through, implying that revenue corresponds to the market value of contracts completed in the year.

Other construction contracts are recognised in revenue once delivery and invoicing have taken place.

Income from service contracts is accrued and recognised in the income statement in the period to which it relates. Pre-invoiced services are measured as prepayments.

#### Production costs

Production costs comprise expenses, including amortisation/depreciation and wages/salaries, incurred to generate the year's revenue.

#### Selling expenses

Selling expenses comprise expenses related to the sale of goods and sales campaigns, etc. in the year. Expenses related to sales staff, advertising and exhibitions and amortisation/depreciation charges are recognised in selling expenses as well.

#### Administrative costs

Administrative expenses comprise expenses paid in the year to manage and administer the company, including expenses related to administrative staff, office expenses and amortisation/depreciation charges.

#### Other operating income

Other operating income comprises items of a secondary nature relative to the company's primary objective, including net income from property leasing and gains/losses on the sale of fixed assets and activities.

#### Income from investments in subsidiaries

The company's share of the pre-tax profit or loss of the individual subsidiaries is recognised in the income statement after full elimination of intra-group gains/losses.

#### Financial income and expenses

Financial income and expenses comprise interest income and expenses, capital gains and losses, foreign-currency payables and transactions, amortisation of financial assets and liabilities as well as surcharges and allowances under the advance-payment-of-tax scheme, etc.

#### Tax for the year

The company is subject to the Danish rules on joint taxation of the Siemens Group's Danish activities.

The parent acts as a management company for all jointly taxed entities and, in its capacity as such, pays all income taxes to the Danish tax authorities.

The current Danish income tax charge is allocated by settling the joint taxation contributions between the jointly taxed entities in proportion to their taxable income. Companies with a tax loss receive joint taxation contributions from companies that have been able to apply the loss to reduce their own taxable income.

Tax for the year, comprising the year's current tax, the year's joint taxation contributions and changes in deferred tax – including changes arising from changes in the tax rate – is recognised in the income statement as regards the portion that relates to the net profit/loss for the year and taken directly to

## || | D.2 Accounting policies

equity as regards the portion that relates to entries directly in equity.

### Balance sheet

#### Intangible assets

##### Goodwill

Goodwill is measured at the lower of cost, less accumulated amortisation, and the recoverable amount.

Goodwill is amortised over the expected economic life of the asset, measured by reference to management's experience in the individual business segments. The amortisation period is maximally 7 years and is longest for strategically acquired entities with a strong market position and a long earnings profile.

The carrying amount of goodwill is tested for impairment and any impairment losses are taken to the income statement in cases where the carrying amount exceeds the expected future net income from the business or the activity to which the goodwill relates.

The accounting treatment of disposal of activities or entities to which goodwill is related is described under 'Consolidation'.

##### Development projects and software

Development projects and software are measured at the lower of cost, less accumulated amortisation, and the recoverable amount.

Development projects and software are amortised over the estimated economic life, however maximum 3 years. The carrying amount of development projects and software is tested for impairment on a regular basis, and any impairment losses are taken to the income statement in cases where the carrying amount exceeds the expected future net income from the entity or the activity to which the development projects and software relate.

Gains and losses on the disposal of development projects and software are made up as the difference between the selling price less selling expenses and the carrying amount at the time of sale. Gains or losses are recognised in the income statement.

#### Property, plant and equipment

Land and buildings, leasehold improvements, fixtures and fittings, tools and equipment and plant under construction are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated.

The cost comprises the purchase price and any costs directly attributable to the acquisition until such time as the asset is available for use. The cost of self-constructed assets comprises direct and indirect costs of materials, components, sub-suppliers and wages.

Borrowing costs are not recognised in the cost.

Depreciation is provided on a straight-line basis over the expected useful life of the assets. The depreciation periods are:

Buildings	25–50 years
Leasehold improvements	Term of the lease
Plant and machinery	3–10 years

Depreciation is recognised in the income statement under 'Production costs', 'Selling expenses' and 'Administrative expenses', respectively.

Property, plant and equipment are written down to the lower of the recoverable amount and the carrying amount.

Gains and losses on the disposal of items of property, plant and equipment are calculated as the difference between the selling price less selling costs and the carrying amount at the date of disposal. Gains or losses are recognised in the income statement under 'Other operating income' or 'Other operating expenses', respectively.

#### Leases

Leases are considered operating leases. Payments under operating leases and other rent agreements are recognised in the income statement the term of the lease. The company's aggregate liabilities relating to operating leases and other rent agreements are disclosed under 'Contingencies, etc.'

#### Investments in subsidiaries

Investments in subsidiaries are measured, based on the parent's accounting policies, at the company's proportionate share of the subsidiaries' net asset value less or plus unrealised intra-group gains and losses.

Subsidiaries with a negative net asset value are measured at DKK 0, and any receivable is written down by the parent's share of the negative net asset value to the extent that it is considered irrecoverable. If the negative equity value exceeds the receivable, the balance is recognised under 'Provisions' to the extent the parent has a legal or constructive obligation to cover a deficit in the subsidiary.



## || | D.2 Accounting policies

Net revaluations of investments in subsidiaries are taken to the net revaluation reserve according to the equity method to the extent the carrying amount exceeds the cost.

Additions of subsidiaries are accounted for using the purchase method of accounting; cf. the description under 'Consolidation'.

### Other securities

Securities are measured at the lower of cost and market.

### Inventories

Inventories are measured at cost according to the weighted average principle. Where the net realisable value is lower than the cost, inventories are written down to this lower value.

The cost of goods for resale and raw materials and consumables comprises the purchase price plus delivery costs.

The cost of finished goods and work in progress includes the cost of raw materials, consumables, direct cost of labour and production overheads. Production overheads include the indirect cost of material and labour as well as maintenance and depreciation of production machinery, buildings and equipment and expenses relating to plant administration and management. Borrowing costs are not recognised in the cost.

The net realisable value of inventories is determined as the selling price less costs of completion and costs incurred to effect the sale, taking into account marketability, obsolescence and developments in the expected selling price.

### Receivables

Receivables are measured at amortised cost. A provision is made for bad debts.

### Construction contracts

Major construction contracts are measured at the market value by reference to the stage of completion. The market value is measured according to the stage of completion at the balance sheet date and the expected, aggregate income from the individual construction contracts.

Other construction contracts are measured at cost, including materials, wages/salaries and production overheads.

Each construction contract is recognised in the balance sheet under 'Receivables' or 'Payables', depending on whether the net value of the order less amounts invoiced on account and prepayments is positive or negative.

When it is probable that the total contract costs will exceed the total contract revenue, a provision is made for the anticipated loss on the contract. The provision is expensed under production costs.

### Prepayments

Prepayments recognised under assets include expenses incurred relating to subsequent financial years.

### Equity

Dividend proposed for the year is recognised as a liability at the date it is adopted at the annual general meeting (declaration date). Dividend expected to be distributed for the year is shown as a separate item in equity.

### Provisions

Provisions comprise expected expenses relating to guarantee commitments, losses on construction contracts, reconstruction, etc. Provisions are recognised when the group has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

Guarantee commitments include expenses for remedial action in respect of the contract work within the guarantee period of 15 years. Provisions for guarantee commitments are measured and recognised based on experience gained from guarantee work.

### Income tax and deferred tax

The company and all its Danish group entities are jointly taxed.

Current tax liabilities and current tax receivables are recognised in the balance sheet as the estimated tax on the taxable income for the year, adjusted for tax on the taxable income for previous years as well as for tax paid on account.

Joint taxation contributions payable and receivable are recognised in the balance sheet under 'Balances with group entities'.

Deferred tax is measured using the balance sheet liability method on all temporary differences between the carrying amount and the tax value of assets and liabilities. However, no deferred tax is recognised as regards temporary differences regarding non-amortisable goodwill and office premises or other items in respect of which temporary differences – with the exception of corporate takeovers – have occurred at the time of acquisition without any resulting effect on the profit/loss for the year or the taxable income. Where alternative tax rules can be applied to determine the tax base, deferred tax is



## || | D.2 Accounting policies

measured based on the planned use of the asset or settlement of the liability, respectively.

Deferred tax assets are measured at the value at which they are expected to be utilised, either through elimination against tax on future earnings or through a set-off against deferred tax liabilities. Deferred tax assets are set off within the same legal tax entity and jurisdiction.

Deferred tax is measured on the basis of the tax rules which will, given the legislation in force at the balance sheet date, apply once the deferred tax is expected to crystallise as current tax. Changes in deferred tax due to changes in the tax rate are recognised in the income statement.

### Liabilities

Financial liabilities are recognised on the raising of the loan at the proceeds received less transaction costs incurred. On subsequent recognition, the financial liabilities are measured at amortised cost, corresponding to the capitalised value using the effective interest method. Accordingly, the difference between the proceeds and the nominal value is recognised in the income statement over the term of the loan.

Financial liabilities also include capitalised residual lease commitments. Other liabilities are measured at amortised cost.

### Deferred income

Deferred income recognised as a liability comprises payments received concerning income in sub-sequent reporting years.

### Cash flow statement

The cash flow statement shows the group's net cash flow for the year, broken down by operating, investing and financing activities, and the group's cash and cash equivalents at the beginning and the end of the year. The cash flow effect of additions and disposals of entities is shown separately in 'Cash flow from investing activities'. The cash flow statement includes cash flows from acquired entities from the time of acquisition, and cash flows from sold entities are included until the date of sale.

### Cash flow from operating activities

Cash flows from operating activities are presented using the indirect method and are made up as the net profit or loss for the year, less operating expenses and adjusted for non-cash operating items, changes in working capital, paid net financials and extraordinary items and paid income taxes.

### Cash flow from investing activities

Cash flows from investing activities comprise payments related to the acquisition and sale of entities and activities, property, plant and equipment and securities related to investing activities.

### Cash flow from financing activities

Cash flows from financing activities comprise payments derived from changes in the size or composition of the company's share capital, dividend distributed as well as the raising and repayment of mortgage debt, other long-term liabilities and short-term bank debt.

### Cash

Cash and cash equivalents comprise cash and short-term securities whose remaining life is less than three months and which are readily convertible into cash and which are subject only to insignificant risks of changes in value.

## D.3 Income statement

### Group- and annual report 1 October – 30 September

DKK'000	Note	Group		Parent	
		2013/2014	2012/2013	2013/2014	2012/2013
<b>Revenue</b>	<b>1</b>	<b>3.506.720</b>	<b>3.645.606</b>	<b>3.311.412</b>	<b>3.512.774</b>
Production costs		-2.992.851	-3.201.491	-2.863.508	-3.101.624
<b>Gross margin</b>		<b>513.869</b>	<b>444.115</b>	<b>447.904</b>	<b>411.150</b>
Selling expenses		-332.370	-323.545	-282.792	-289.642
Administrative expenses		-26.408	-25.342	-18.361	-18.571
Profit before other operating expenses		<b>155.091</b>	<b>95.228</b>	<b>146.751</b>	<b>102.937</b>
Other operating expenses	<b>2</b>	-33	-3.058	-28	-3.049
Other operating income	<b>3</b>	25.519	57.391	28.783	57.391
<b>Profit before net financials</b>		<b>180.577</b>	<b>149.561</b>	<b>175.506</b>	<b>157.279</b>
Net profit/loss in subsidiaries	<b>6</b>	0	0	-2.047	-8.304
Financial income	<b>4</b>	184	365	142	365
Financial expenses	<b>5</b>	-4.107	-4.215	-3.520	-4.147
<b>Profit from ordinary activities</b>		<b>176.654</b>	<b>145.711</b>	<b>170.081</b>	<b>145.193</b>
Tax on profit from ordinary activities	<b>7</b>	-50.900	-42.359	-44.327	-41.841
<b>Profit for the year</b>		<b>125.754</b>	<b>103.352</b>	<b>125.754</b>	<b>103.352</b>
<b>Recommended appropriation of profit</b>					
Proposed dividend				322.000	103.000
Retained earnings				-196.246	352
				<b>125.754</b>	<b>103.352</b>

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## D.4 Balance sheet

### Group- and annual report 1 October – 30 September

Assets	DKK'000	Note	Group		Parent	
			2013/2014	2012/2013	2013/2014	2012/2013
<b>Fixed assets</b>						
<b>Intangible assets</b>		<b>8</b>				
Goodwill			118.279	26.618	0	0
Development projects and software			62.239	0	0	0
<b>Total intangible assets</b>			<b>180.518</b>	<b>26.618</b>	<b>0</b>	<b>0</b>
<b>Property, plant and equipment</b>		<b>9</b>				
Land and buildings			86.016	93.340	86.016	93.340
Leasehold improvements			26.212	8.915	26.212	8.915
Operating equipment, fixtures and fittings			87.191	64.743	71.600	64.552
Construction in progress			7.994	31.442	7.994	31.442
<b>Total property, plant and equipment</b>			<b>207.413</b>	<b>198.440</b>	<b>191.822</b>	<b>198.249</b>
<b>Investments</b>						
Investments in subsidiaries		<b>6</b>	0	0	152.019	6.271
Other securities		<b>10</b>	105	105	105	105
<b>Total investments</b>			<b>105</b>	<b>105</b>	<b>152.124</b>	<b>6.376</b>
<b>Total fixed assets</b>			<b>388.036</b>	<b>225.163</b>	<b>343.946</b>	<b>204.625</b>
<b>Current assets</b>						
Inventories			61.269	50.707	49.919	50.707
<b>Receivables</b>						
Trade receivables			569.238	501.857	550.754	495.912
Receivables from group entities			297.615	524.795	236.050	524.795
Construction contracts, net		<b>11</b>	295.617	205.671	295.617	205.671
Deferred tax asset		<b>12</b>	17.384	0	13.652	0
Income tax receivable, joint taxation			100.483	0	100.483	0
Financial receivable, jointly taxed entities			596	655.030	596	655.030
Other receivables			29.489	38.195	29.449	38.078
Prepayments		<b>13</b>	9.460	11.162	4.255	11.116
<b>Total receivables</b>			<b>1.319.882</b>	<b>1.936.710</b>	<b>1.230.856</b>	<b>1.930.602</b>
<b>Cash</b>			<b>242</b>	<b>0</b>	<b>242</b>	<b>0</b>
<b>Total current assets</b>			<b>1.381.393</b>	<b>1.987.417</b>	<b>1.281.017</b>	<b>1.981.309</b>
<b>Total assets</b>			<b>1.769.429</b>	<b>2.212.580</b>	<b>1.624.963</b>	<b>2.185.934</b>

## D.4 Balance sheet

### Group- and annual report 1 October – 30 September

Equity and liabilities		Group		Parent	
DKK'000	Note	2013/2014	2012/2013	2013/2014	2012/2013
<b>Equity</b>	<b>14</b>				
Share capital		151.000	151.000	151.000	151.000
Retained earnings		211.252	407.498	211.252	407.498
Proposed dividend		322.000	103.000	322.000	103.000
<b>Total equity</b>		<b>684.252</b>	<b>661.498</b>	<b>684.252</b>	<b>661.498</b>
<b>Provisions</b>					
Warranty commitments		89.831	78.351	86.835	78.351
Deferred tax	<b>15</b>	0	2.198	0	2.310
Other provisions		69.174	69.209	69.174	69.209
<b>Total provisions</b>		<b>159.005</b>	<b>149.758</b>	<b>156.009</b>	<b>149.870</b>
<b>Liabilities</b>					
<b>Long-term liabilities</b>					
Bonds		21.196	32.874	21.196	32.874
<b>Total long-term liabilities</b>		<b>21.196</b>	<b>32.874</b>	<b>21.196</b>	<b>32.874</b>
<b>Short-term liabilities</b>					
Bank debt		0	2	0	2
Financial debt, jointly taxed entities		109.451	7.934	0	0
Prepayments received from customers	<b>11</b>	163.654	206.117	160.019	206.117
Trade payables		129.195	138.880	125.663	133.031
Payables to group entities		146.654	16.258	151.191	17.732
Income tax payable, joint taxation		0	660.872	0	660.872
Other payables		279.761	261.623	255.335	251.020
Deferred income	<b>16</b>	76.261	76.764	71.298	72.918
<b>Total short-term liabilities</b>		<b>904.976</b>	<b>1.368.450</b>	<b>763.506</b>	<b>1.341.692</b>
<b>Total liabilities</b>		<b>926.172</b>	<b>1.401.324</b>	<b>784.702</b>	<b>1.374.566</b>
<b>Total equity and liabilities</b>		<b>1.769.429</b>	<b>2.212.580</b>	<b>1.624.963</b>	<b>2.185.934</b>
<b>Contractual obligations and contingencies</b>	<b>17</b>				
<b>Notes not referred to</b>	<b>21–25</b>				

## D.5 Statement of changes in equity

### Group- and annual report 1 October – 30 September

DKK'000	Group and parent			Total
	Share capital	Exchange adjustment relating to foreign subsidiary	Proposed dividend	
Equity at 1 October 2012	151.000	407.146	73.000	631.146
Dividends distributed	0	0	-73.000	-73.000
Profit for the year	0	352	103.000	103.352
<b>Equity at 30 September 2013</b>	<b>151.000</b>	<b>407.498</b>	<b>103.000</b>	<b>661.498</b>
Dividends distributed	0	0	-103.000	-103.000
Profit for the year	0	-196.246	322.000	125.754
<b>Equity at 30 September 2014</b>	<b>151.000</b>	<b>211.252</b>	<b>322.000</b>	<b>684.252</b>

## D.6 Cash flow statement

### Group- and annual report 1 October – 30 September

DKK'000	Note	Group	
		2013/2014	2012/2013
Revenue		3.506.720	3.645.606
Expenses		-3.326.143	-3.496.045
Adjustments	18	77.404	33.774
<b>Cash flow from operating activities before change in working capital</b>		<b>257.981</b>	<b>183.335</b>
Change in working capital	19	-182.060	29.035
Net financials		-3.923	-3.850
Income taxes paid and prior-year adjustments		-24.812	-28.569
<b>Cash flow from operating activities</b>		<b>47.186</b>	<b>179.951</b>
Additions of intangible assets	8	0	0
Additions of property, plant and equipment	9	-37.117	-33.930
Disposals of property, plant and equipment		6.707	6.130
Investments	20	-230.551	0
<b>Cash flow from investing activities</b>		<b>-260.961</b>	<b>-27.800</b>
Change in long-term liabilities		-11.678	-114
Change in bank debt		-2	2
Dividends distributed		-103.000	-73.000
<b>Cash flow from financing activities</b>		<b>-114.680</b>	<b>-73.112</b>
<b>Net cash flow for the year</b>		<b>-328.455</b>	<b>79.039</b>
Cash and cash equivalents at 1 October	11	516.861	437.822
<b>Cash and cash equivalents at 30 September</b>		<b>188.406</b>	<b>516.861</b>
Analysis of cash and cash equivalents:			
Receivable from group entities (Siemens Financial Services)		297.615	524.795
Financial debt to group entities		-109.451	-7.934
Other cash		242	0
		<b>188.406</b>	<b>516.861</b>

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## D.7 Notes

## | Group- and annual report 1 October – 30 September

DKK'000	Group		Parent	
	2013/2014	2012/2013	2013/2014	2012/2013
<b>1 - Revenue</b>				
Sale of goods and services, national	2.861.232	2.979.031	2.709.568	2.893.901
Sale of goods and services, international	645.488	666.575	601.844	618.873
	<b>3.506.720</b>	<b>3.645.606</b>	<b>3.311.412</b>	<b>3.512.774</b>
For competitive reasons, revenue is not broken down into segments.				
<b>2 - Other operating expenses</b>				
Loss on disposal of fixed assets	33	3.058	28	3.049
	<b>33</b>	<b>3.058</b>	<b>28</b>	<b>3.049</b>
<b>3 - Other operating income</b>				
Gain on disposal of fixed assets	633	6.109	493	6.109
Rental income	24.886	51.282	28.290	51.282
	<b>25.519</b>	<b>57.391</b>	<b>28.783</b>	<b>57.391</b>
<b>4 - Financial income</b>				
Interest receivable, other group entities	6	9	5	9
Other interest income	178	356	137	356
	<b>184</b>	<b>365</b>	<b>142</b>	<b>365</b>
<b>5 - Financial expenses</b>				
Interest payable, other group entities	528	425	41	369
Interest payable, bank debt and securities	528	984	518	972
Other interest expenses and guarantee commissions	3.051	2.806	2.961	2.806
	<b>4.107</b>	<b>4.215</b>	<b>3.520</b>	<b>4.147</b>

DKK'000	Parent	
	2013/2014	2012/2013
<b>6 - Investments in subsidiaries</b>		
Cost at 1 October	46.470	46.470
Additions in the year	147.795	0
<b>Cost at 30 September</b>	<b>194.265</b>	<b>46.470</b>
Adjustments at 1 October	-40.199	-31.895
Income from investments	-2.047	-8.304
<b>Adjustments at 30 September</b>	<b>-42.246</b>	<b>-40.199</b>
<b>Carrying amount at 30 September</b>	<b>152.019</b>	<b>6.271</b>

Name	Domicile	Share capital	Investment	Profit/loss for the year
Siemens Industry Software A/S	Ballerup	500	-5.159	678
Siemens Healthcare Diagnostics ApS	Ballerup	500	72.021	11.725
Acquired rights			62.239	-8.300
Goodwill on consolidation			22.918	-6.150
			<b>152.019</b>	<b>-2.047</b>
Both entities are wholly-owned subsidiaries of Siemens A/S.				



## D.7 Notes

### Group- and annual report 1 October – 30 September

DKK'000	Group		Parent	
	2013/2014	2012/2013	2013/2014	2012/2013
<b>7 - Tax on profit/loss from ordinary activities</b>				
<b>Tax for the year</b>	<b>50.900</b>	<b>42.359</b>	<b>44.327</b>	<b>41.841</b>
Analysed as follows:				
Tax for the year	64.038	42.223	60.582	42.434
Prior-year adjustment	-3.148	1.253	-676	1.250
Adjustment of deferred tax	-9.990	-1.117	-15.579	-1.843
	<b>50.900</b>	<b>42.359</b>	<b>44.327</b>	<b>41.841</b>

	Group			Total
	Goodwill	Acquired rights	Software	
<b>8 - Intangible assets</b>				
Cost at 1 October 2013	269.868	0	1.031	270.899
Addition, corporate takeover	112.791	70.539	0	183.330
Cost at 30 September 2014	<b>382.659</b>	<b>70.539</b>	<b>1.031</b>	<b>454.229</b>
Amortisation at 1 October 2013	-243.250	0	-1.031	-244.281
Amortisation in the year	-21.130	-8.300	0	-29.430
Amortisation at 30 September 2014	<b>-264.380</b>	<b>-8.300</b>	<b>-1.031</b>	<b>-273.711</b>
<b>Carrying amount at 30 September 2014</b>	<b>118.279</b>	<b>62.239</b>	<b>0</b>	<b>180.518</b>
Carrying amount at 30 September 2013	<b>26.618</b>	<b>0</b>	<b>0</b>	<b>26.618</b>
Amortised over	<b>Max. 7 years</b>	<b>Max. 7 years</b>	<b>3 years</b>	

	Parent			Total
	Goodwill		Software	
Cost at 1 October 2013	204.079		1.031	205.110
Disposals in the year	0		-11	-11
<b>Cost at 30 September 2014</b>	<b>204.079</b>		<b>1.020</b>	<b>205.099</b>
Amortisation at 1 October 2013	-204.079		-1.031	-205.110
Disposals in the year	0		11	11
Amortisation at 30 September 2014	<b>-204.079</b>		<b>-1.020</b>	<b>-205.099</b>
<b>Carrying amount at 30 September 2014</b>	<b>0</b>		<b>0</b>	<b>0</b>
Carrying amount at 30 September 2013	<b>0</b>		<b>0</b>	<b>0</b>
Amortised over	<b>Max. 7 years</b>		<b>3 years</b>	

## D.7 Notes

## | Group- and annual report 1 October – 30 September

DKK'000	Group				Total
	Land and buildings	Leasehold improvements	Operating equipment, fixtures and fittings	Construction in progress	
<b>9 - Property, plant and equipment</b>					
Cost at 1 October 2013	165.788	22.760	159.444	31.442	379.434
Addition, corporate takeover	0	0	18.362	0	18.362
Additions in the year	0	6.301	24.243	6.573	37.117
Disposals in the year	-754	-18.729	-17.315	-2	-36.800
Reclassification	5.734	22.132	2.153	-30.019	0
Cost at 30 September 2014	<b>170.768</b>	<b>32.464</b>	<b>186.887</b>	<b>7.994</b>	<b>398.113</b>
Depreciation at 1 October 2013	-72.448	-13.845	-94.701	0	-180.994
Depreciation in the year	-13.058	-2.782	-23.959	0	-39.799
Disposals in the year	754	10.375	18.964	0	30.093
Depreciation at 30 September 2014	<b>-84.752</b>	<b>-6.252</b>	<b>-99.696</b>	<b>0</b>	<b>-190.700</b>
<b>Carrying amount at 30 September 2014</b>	<b>86.016</b>	<b>26.212</b>	<b>87.191</b>	<b>7.994</b>	<b>207.413</b>
Carrying amount at 30 September 2013	<b>93.340</b>	<b>8.915</b>	<b>64.743</b>	<b>31.442</b>	<b>198.440</b>
Depreciated over	<b>25–50 years</b>	<b>Lease term</b>	<b>3–10 years</b>		

Assets held under leases have been recognised under 'Operating equipment, fixtures and fittings' at an amount of DKK 15,417 thousand.

	Parent				Total
	Land and buildings	Leasehold improvements	Operating equipment, fixtures and fittings	Construction in progress	
Cost at 1 October 2013	165.788	22.760	158.867	31.442	378.857
Additions in the year	0	6.301	24.027	6.573	36.901
Disposals in the year	-754	-18.729	-15.665	-2	-35.150
Reclassification	5.734	22.132	2.153	-30.019	0
Cost at 30 September 2014	<b>170.768</b>	<b>32.464</b>	<b>169.382</b>	<b>7.994</b>	<b>380.608</b>
Depreciation at 1 October 2013	-72.448	-13.845	-94.315	0	-180.608
Depreciation in the year	-13.058	-2.782	-18.979	0	-34.819
Disposals in the year	754	10.375	15.512	0	26.641
Depreciation at 30 September 2014	<b>-84.752</b>	<b>-6.252</b>	<b>-97.782</b>	<b>0</b>	<b>-188.786</b>
<b>Carrying amount at 30 September 2014</b>	<b>86.016</b>	<b>26.212</b>	<b>71.600</b>	<b>7.994</b>	<b>191.822</b>
Carrying amount at 30 September 2013	<b>93.340</b>	<b>8.915</b>	<b>64.552</b>	<b>31.442</b>	<b>198.249</b>
Depreciated over	<b>25–50 years</b>	<b>Lease term</b>	<b>3–10 years</b>		

No assets held under leases have been recognised under 'Operating equipment, fixtures and fittings'.

## D.7 Notes

### Group- and annual report 1 October – 30 September

DKK'000	Group		Parent	
	2013/2014	2012/2013	2013/2014	2012/2013
<b>10 - Other securities</b>				
Cost at 1 October	133	133	133	133
Cost at 30 September	133	133	133	133
Adjustments at 1 October	-28	-28	-28	-28
Adjustments at 30 September	-28	-28	-28	-28
<b>Carrying amount at 30 September</b>	<b>105</b>	<b>105</b>	<b>105</b>	<b>105</b>
<b>11 - Construction contracts, net</b>				
Construction contracts	1.624.550	1.685.596	1.624.550	1.685.596
Prepayments received from customers, net	-1.492.587	-1.686.042	-1.488.952	-1.686.042
	131.963	-446	135.598	-446
Distributed as follows in the balance sheet:				
Construction contracts, net	295.617	205.671	295.617	205.671
Prepayments received from customers, net	-163.654	-206.117	-160.019	-206.117
	131.963	-446	135.598	-446
<b>12 - Deferred tax asset</b>				
Deferred tax asset at 1 October	0	0	0	0
Addition, corporate takeover	7.184	0	0	0
Deferred tax adjustment resulting from a change of the Danish corporate income tax rate	-69	0	197	0
Prior-year adjustment	-64	0	383	0
Deferred tax adjustments in the year	10.333	0	13.072	0
<b>Deferred tax asset at 30 September</b>	<b>17.384</b>	<b>0</b>	<b>13.652</b>	<b>0</b>
The deferred tax asset relates to the following:				
Intangible assets	3.390	0	385	0
Property, plant and equipment	-4.816	0	-5.201	0
Current assets	-5.835	0	-5.984	0
Provisions and liabilities	24.645	0	24.452	0
<b>Total deferred tax</b>	<b>17.384</b>	<b>0</b>	<b>13.652</b>	<b>0</b>
<b>13 - Prepayments</b>				
Prepayments recognised as assets include expenses incurred concerning subsequent financial years.				
<b>14 - Equity</b>				
The share capital consists of 1,510,000 shares of DKK 100 each.				

## D.7 Notes

### Group- and annual report 1 October – 30 September

DKK'000	Group		Parent	
	2013/2014	2012/2013	2013/2014	2012/2013
<b>15 - Deferred tax</b>				
Deferred tax at 1 October	2.198	2.802	2.310	2.930
Deferred tax adjustment resulting from a change of the Danish corporate income tax rate	0	18	0	-83
Prior-year adjustment	0	513	0	1.223
Deferred tax adjustments in the year	-2.198	-1.135	-2.310	-1.760
<b>Deferred tax at 30 September</b>	<b>0</b>	<b>2.198</b>	<b>0</b>	<b>2.310</b>
Deferred tax relates to the following:				
Intangible assets	0	-571	0	-571
Property, plant and equipment	0	7.140	0	7.246
Current assets	0	24.201	0	24.201
Provisions and liabilities	0	-28.572	0	-28.566
<b>Total deferred tax</b>	<b>0</b>	<b>2.198</b>	<b>0</b>	<b>2.310</b>

### 16 - Deferred income

Deferred income recognised as a liability comprises payments received concerning income in sub-sequent reporting years.

<b>17 - Contractual liabilities</b>				
Performance bonds vis-à-vis third parties	1.294.986	1.065.518	1.294.894	1.065.518
Hereof guaranteed by group entity	142.782	174.968	142.782	174.968
Rent obligations	176.597	253.684	176.597	253.684
Other lease liabilities	34.110	35.582	28.119	31.846

The company is jointly and severally liable together with other jointly taxed entities for payment of income tax for the income years after 2013 and for payment of withholding tax falling due for payment on or after 1 July 2012 in the group of jointly taxed entities.

DKK'000	2013/2014	2012/2013
<b>18 - Cash flow statement – adjustment</b>		
Amortisation/depreciation	69.229	39.994
Gain on disposal of fixed assets	-551	-3.051
Change in warranty provisions	7.943	2.958
Changes in other provisions	-35	-6.127
Gain on disposal of activities	818	0
	<b>77.404</b>	<b>33.774</b>
<b>19 - Change in working capital</b>		
Change in inventories	13.604	34.025
Change in receivables	-127.751	-100.973
Change in trade payables, etc.	-67.913	95.983
	<b>-182.060</b>	<b>29.035</b>
<b>20 - Addition of activities and investments</b>		
Intangible assets	95.831	0
Property, plant and equipment	18.362	0
Inventories	24.166	0
Receivables	23.660	0
Deferred tax asset	7.184	0
Trade payables	-886	0
Provisions	-3.170	0
Other payables	-22.095	0
	<b>143.052</b>	<b>0</b>
Goodwill / Acquired rights	87.499	0
Purchase sum	<b>230.551</b>	<b>0</b>

## D.8 Notes not referred to

### Group- and annual report 1 October – 30 September

DKK'000	Group		Parent	
	2013/2014	2012/2013	2013/2014	2012/2013
<b>21 - Staff costs</b>				
Remuneration to the supervisory board, parent	676	680	676	680
Remuneration to the executive board, parent	9.403	10.379	9.403	10.379
Other wages and salaries	783.132	793.215	723.808	748.929
Pensions	81.564	81.643	76.054	78.321
Other social security costs	13.643	11.546	13.082	11.287
Other staff costs	1.852	0	0	0
	<b>890.270</b>	<b>897.463</b>	<b>823.023</b>	<b>849.596</b>
Average number of employees	<b>1.325</b>	<b>1.323</b>	<b>1.238</b>	<b>1.280</b>
<b>22 - Fee to the auditors appointed by the general meeting</b>				
	<b>1.082</b>	<b>1.108</b>	<b>940</b>	<b>1.031</b>
Analysed as follows:				
Fee for statutory audit	947	964	829	899
Fee for assurance assistance	91	100	91	112
Fee for services other than audit	44	44	20	20
	<b>1.082</b>	<b>1.108</b>	<b>940</b>	<b>1.031</b>

### 23 - Use of derivative financial instruments

As part of the company's hedging of recognised and non-recognised transactions, Siemens A/S makes use of forward exchange contracts.

#### Recognised transactions

Hedging of recognised transactions includes the most significant receivables and payables.

#### Exchange-rate risks

	Currency Payment/Maturity	Receivable	Payable	Hedged through for- ward exchange contracts	Net position
USD	<1 year	678	-820	0	-142
EUR	<1 year	318.339	-18.632	-12.135	287.572
NOK	<1 year	35	-48	0	-13
GBP	<1 year	801	-119	0	682
CHF	<1 year	463	-100	0	363
SEK	<1 year	45	-181	1.445	1.309
PLN	<1 year	0	-2	0	-2
		<b>320.361</b>	<b>-19.902</b>	<b>-10.690</b>	<b>289.769</b>

At 30 September 2014, unrealised net losses on derivative financial instruments entered into for foreign currency hedging purposes totalled DKK 9 thousand, which has been recognised in the income statement.

### 24 - Related parties and related party transactions

The company's related parties include members of the supervisory and executive boards, executive officers and their family members. Related parties also include entities in the Siemens AG Group.

Siemens A/S' ultimate parent is Siemens AG, Wittelbacherplatz 2, Munich, Germany. The consolidated financial statements for Siemens AG may be obtained from the company.

### 25 - Pending legal actions

The company is not a party to any significant pending legal actions.

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