

**SIEMENS**

# Annual Report

Siemens Financieringsmaatschappij N.V.

October 1, 2014 – September 30, 2015

# Siemens Financieringsmaatschappij N.V.

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# Siemens Financieringsmaatschappij N.V.

## Report of the Board of Directors

Herewith we present the Financial Statements of Siemens Financieringsmaatschappij N.V. (the “Company” or “SFM”) as of September 30, 2015. These Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) as adopted by the European Union as well as with Part 9 of Book 2 of the Dutch Civil Code.

### General

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

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

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

### Objectives

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

### Strategy

The Company is a funding party of the Associated Companies. Interest risks and foreign exchange risks are covered by mirror deals or hedging instruments. Credit risks over EUR 2 million are covered by agreements with Siemens AG. Funding is found by borrowing on the money and capital markets by issuing loans, bonds, notes and commercial paper. The Company has no participations.

The Company acts as part of the Siemens’ Division Financial Services (SFS). Given its interrelatedness with Siemens AG, management refrains from commenting on the activity level and expected results for the near future. In the next fiscal year the Company will continue its activities as financing company for Associated Companies.

# Siemens Financieringsmaatschappij N.V.

## **Risk management**

Under responsibility of the Board of Directors, systems for internal control and for the management of risks within the Company were set up, in cooperation with Siemens AG, to identify and subsequently manage the credit, interest and foreign exchange rate risks which could endanger the realization of the objectives of the Company. Interest rate risks and exchange rate risks related to loans and receivables are covered by mirror deals or hedging instruments. When the Company lends to Associated Companies, the credit risk over EUR 2 million of these loans is covered by a guarantee of Siemens AG. For this reason, a limited capital at risk agreement was entered into between the Company and Siemens AG. For further information see also Note 2 and Note 18.

## **Liquidity risk**

Liquidity risk results from the Company's potential inability to meet its financial liabilities when they become due, at reasonable costs and in a timely manner. As the Company participates as potential issuer in different programs guaranteed by Siemens AG this risk is considered to be low. For further information see also Note 18.

## **Business Review**

The Company participates as issuer in a EUR 15.0 billion program for the issuance of debt instruments (DIP) and in a USD 9.0 billion global commercial paper program, both established by Siemens AG. Siemens AG unconditionally and irrevocably guarantees all debt securities of the Company.

In May 2015, the Company issued instruments with a nominal amount of USD 7.75 billion and maturities between 3 and 30 years. In June 2015, the assignable loan amounting to EUR 333 million was redeemed.

In February 2012, the Company issued bonds in an aggregate volume of USD 3 billion. The bonds, issued by the Company, were complemented with warrants issued by Siemens AG. In August, 2015, Siemens AG made an exchange offer to institutional investors to replace the existing warrants relating to Siemens and OSRAM shares with new warrants relating only to Siemens shares. To facilitate the exchange, in total, floating-rate instruments of EUR 64 million were issued in September 2015.

The total nominal amount outstanding under the DIP was EUR 10.5 billion as of September 30, 2015.

As of September 30, 2015, the Company participates in three credit facility programs of Siemens AG. For further information see Note 14 to the Financial Statements.

The changes in the ineffective portion of the fair values of the hedging instruments contributed negatively to the Company's result where they contributed positively in earlier years, see Note 5.

# Siemens Financieringsmaatschappij N.V.

## **Tax**

In fiscal year 2014 a joint German Dutch tax audit was held by the German and Dutch authorities in order to discuss the remuneration to be earned by the Company for the fiscal years 2013 up to and including 2016. As a result the remuneration policy was established for the Company. The Statement of Comprehensive Income reflects the tax result of the fiscal year 2015.

In 2015, SFM received a refund of paid taxes for the years 2011-2014 in aggregate amount of EUR 154,641 with regards to VAT.

## **Other items**

All personnel are employed by the regional company Siemens Nederland N.V. For details on remuneration see Note 23.

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

## **Representation by the Board of Directors as required under section 5:25c, part 2, item c of the Dutch Financial Markets Supervision Act (WFT)**

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

The Hague, November 9, 2015

On behalf of the Board of Directors

G.J.J. van der Lubbe  
CEO

S. Galanzin  
CFO

# Siemens Financieringsmaatschappij N.V.

## Corporate Governance Statement

The Board of Directors is responsible for establishing and maintaining an adequate risk and internal control system for the Company. The risk and internal control systems are designed to manage rather than eliminate risk and to provide a degree of assurance, although not absolute assurance, that the organization's business objectives are being met and key risks are being adequately managed – for example that the organization's assets are safeguarded, financial reporting is reliable and laws and regulations are complied with. The risk and internal control system is based on an ongoing process designed to:

- identify and prioritize risks to achievement of business objectives;
- manage these risks efficiently and effectively, including the issuance of guidance and associated control requirements; and
- regularly review the risks being managed, including evaluating the achievement of control requirements and the effectiveness of key controls designed to mitigate these risks.

No risk and internal control system, including one determined to be effective, can ensure that the organization's business objectives are being met and key risks are being adequately managed. Instead, it can only provide a certain degree of assurance thereon, acknowledging that limitations exist in all systems of internal control, and that uncertainties and risks may exist, which no one can confidently predict with precision. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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

- Policy and Control Master book (PCMB): The Policy and Control Master book is a central reference point for all globally applicable Control Requirements mandated in Siemens Circulars and other existing Corporate policies and guidance. It provides a clear and consistent set of Control Requirements which assist management and staff to appropriately control areas for which they are responsible. Control Requirements are structured into the four categories strategic, operations, financial and compliance on the basis of the established and globally accepted COSO 'Enterprise Risk Management - Integrated Framework' to allow the organization to break down its control environment into manageable aspects and to work towards achieving its overall control objectives.
- Internal Control (IC) Process: An integrated IC Process considering the core elements of COSO. 'Internal Control - Integrated Framework' is in place to review the effectiveness of internal controls over strategic, operations, financial and compliance Control Requirements. The Control Requirements included in the PCMB form the basis for the annual assessment. Any internal control deficiencies identified through this process are evaluated and respective remediation activities are initiated by management.

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- Internal Certification Process: A quarterly certification process has been instituted, requiring management to internally certify various matters, providing the basis for the responsibility statement of the Siemens AG Managing Board and for the representation of the Siemens AG CEO, CFO and Corporate Controller to the external auditor.

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

The highest level of assurance has been provided through the integrated Control over Financial Reporting (ICFR) Process on reliability of financial reporting and through other Detailed Assessments in the IC Process that require independent testing and are primarily performed for anti-corruption topics.

The majority of remaining assessments in the IC Process were conducted in the form of Self Assessments or known issue reporting. Whilst these are subject to validation procedures, the level of comfort that is achieved is lower compared to Detailed Assessments.

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

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

The Hague, November 9, 2015

On behalf of the Board of Directors

G.J.J. van der Lubbe  
CEO

S. Galanzin  
CFO

# Siemens Financieringsmaatschappij N.V.

## Report of the Supervisory Board

### I. Submission

We hereby submit the Report of the Supervisory Board of Siemens Financieringsmaatschappij N.V. for the fiscal year 2015. The annual accounts have been audited by Ernst & Young Accountants LLP and were provided with an unqualified auditor's opinion on November 9, 2015. The Independent Auditors' Report can be found on page 47 of the Annual Report.

The Supervisory Board agrees with the proposal by the Board of Directors to distribute no dividends from the result for fiscal 2015 of EUR (14.8) million and to withdraw EUR 14.8 million from the Company's shareholder's equity. We recommend the General Meeting of Shareholders to adopt the annual accounts and to ratify the actions of the members of the Board of Directors.

### II. Position of Siemens Financieringsmaatschappij N.V. and significant developments

#### General, targets and strategy

Siemens Financieringsmaatschappij N.V. is one of the top players in the Siemens Group in the field of funding and financing of group companies. The activities not forming part of the core business have been outsourced to specialist parts of the Siemens Group in Germany and The Netherlands. This outsourcing has no effect on the responsibilities of the Board of Directors. During 2015 the strategy of outsourcing and checks thereon was evaluated with the Board of Directors.

Likewise the Supervisory Board discussed with the Board of Directors the risk management strategy, as well as the monitoring and the reporting of risk management to the Supervisory Board. Unambiguous agreements have been reached in this respect. Siemens Group experts have assisted the Supervisory Board.

Based on reports submitted by the Board of Directors, we discussed in detail the business transactions of major significance to the Company.

In order to examine independently the situation in the various parts of the Siemens Group that are involved in the Company's business processes, the Supervisory Board has been informed by these parts of the Siemens Group.

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

#### Special developments

The Company participates as issuer in a EUR 15.0 billion program for the issuance of debt instruments (DIP) and in a USD 9.0 billion global commercial paper program, both established by Siemens AG. Siemens AG unconditionally and irrevocably guarantees all debt securities of the Company.

In May 2015, the Company issued instruments with a nominal amount of USD 7.75 billion and maturities between 3 and 30 years. In June 2015, the Company redeemed a EUR 333 million assignable loan.

In February 2012, the Company issued bonds in an aggregate volume of USD 3 billion. The bonds, issued by the Company, were complemented with warrants issued by Siemens AG. In August, 2015, Siemens AG made an exchange offer to institutional investors to replace the existing warrants relating to Siemens and OSRAM shares



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with new warrants relating only to Siemens shares. To facilitate the exchange, in total, floating-rate instruments of EUR 64 million were issued in September 2015.

## **Financing and tax planning**

As a group financing company the planning of the Company's financing has been fully integrated with that of the parent company. The planning adhered to by the parent company is accepted as binding and followed by the Company.

In fiscal year 2014 a joint tax audit was held by the German and Dutch authorities in order to discuss the remuneration to be earned by the Company for the fiscal years from 2013 to 2016. As a result the tax payable in the Netherlands was adjusted. The Statement of Comprehensive Income reflects the tax result of this adjustments. The result of the audit was confirmed in an agreement of the tax offices of both countries.

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

## **Compliance with legislation and regulations**

Relevant legislation for the Company can be found in the Dutch Financial Markets Supervisory Act (WFT), and applicable laws in Luxembourg concerning stock market listing and prospectus guidelines. The Board of Directors demonstrated the Supervisory Board how compliance with the principal legislation and regulations is ensured. An external legal opinion was obtained in order to evaluate the Company's position with regards to rules and regulations. The Supervisory Board did not note any shortcomings in this respect.

## **III. Governance**

In connection with the listing of bonds at the Luxembourg Stock Exchange the Company is regarded as a "Public Interest Entity (Organisatie van Openbaar Belang (OOB)". The Supervisory Board considers itself responsible for compliance with the Dutch Corporate Governance Code (Code) parts III.5.4 (part a, b, c and f) and III.5.7 of the Code concerning the audit committee and principles V2 and V4 concerning the external auditor. The Supervisory Board supervises fulfillment of these provisions. Annually compliance with the best practice provisions is discussed with the Board of Directors. The Corporate Governance statement is included on page 5 of the Annual Report. The Supervisory Board approves the contents of this statement.

# Siemens Financieringsmaatschappij N.V.

## IV. Composition of Supervisory Board and Board of Directors

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

H.-P. Rupprecht (1954, German nationality, male)

Member of the Supervisory Board since: 24-11-2000

Chairman of the Supervisory Board

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

Secondary functions: Supervisory director of Siemens Bank GmbH

Chairman of the Supervisory Board of Siemens Finance B.V.

Supervisory Board - Vice - Chairman of UBS Real Estate Kapitalanlagegesellschaft mbH

Board of Directors - Chairman of Siemens Capital Company LLC

Board of Directors - Vice-Chairman of Siemens Financial Services Ltd

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

Member of the Supervisory Board since: 14-01-2011

Primary function: Chief Financial Officer of Siemens Treasury GmbH

Secondary function: Supervisory director of Siemens Finance B.V.

B.G. Trompert (1948, Dutch nationality, male)

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

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

Joint Managing Director of 2 not related companies.

The General Meeting of Shareholders, who also fixes their number, appoints the members of the Supervisory Board. These appointments are for an unlimited period. All the members of the Supervisory Board are independent.

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

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

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

Chairman of the Board of Directors

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

Sergej Galanzin (1981, German nationality, male)

Member of the Board of Directors since: 27-11-2014

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

# Siemens Financieringsmaatschappij N.V.

In October 2014 the CFO, Mr. M.L.M. van de Weijer retired services at Siemens. After the resignation of Mr. van de Weijer per October 17, 2014, Mr. G.J.J. van der Lubbe was the remaining member of the Board of Directors. In the Annual Meeting of Shareholders on November 26, 2014 the Shareholders appointed Mr. S. Galanzin as Managing Director of the Company and granted him the title of CFO.

## V. Meetings and other sessions

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

### Self-assessment by the Supervisory Board

In fiscal year 2013 the performance of the Supervisory Board as a whole has been assessed. The Supervisory Board aims for an appropriate combination of knowledge and experience among its members in relation to the character of the business of the Company.

## VI. Committees

The size of the Company enables the Supervisory Board to operate without separate committees. A supervisory director has been appointed to supervise in closer alliance with the Board of Directors..

Due to the size of the Company the Supervisory Board as a whole acts as Audit Committee and deals with the Company's risk management system including legal and regulatory risks.

The Audit Committee met once in the fiscal year. Furthermore the delegated supervisory director attended the quarterly closing meetings with the external auditor and met the Board of Directors on a regular basis for advice and information.

### Remuneration policy

When reviewing the Board of Directors' remuneration policy the standards that apply in the Siemens Group for comparable functions are applicable. The performance targets for the members of the Board of Directors are determined annually at the beginning of the year. The Supervisory Board determines whether performance conditions have been met and can adjust the pay-out of the annual cash incentive and the long-term incentive if the predetermined performance criteria were to produce an unfair result.

The Supervisory Board is of the opinion that the criteria emphasize short-term performance, as well as long-term performance, and are in line with the targets formulated.

### Risks and internal risk management systems

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

# Siemens Financieringsmaatschappij N.V.

In fiscal year 2015 the delegated supervisory director and the Board of Directors met several times to discuss the risks associated with the strategy and the nature of the business, as well as the effectiveness of the internal risk management systems. The operational and strategic risks relating to the business are described in the Report of the Board of Directors (page 2 in the Annual Report). The Board of Directors discussed the structure and operation as well as the results of the internal risk management systems with the Supervisory Board.

## Financial reporting

The reporting processes were clarified to the Supervisory Board. The Board of Directors informed the Supervisory Board how it monitors the quality of financial reporting. On the basis of this presentation and the reports from the external auditor, the Supervisory Board is of the opinion that the Board of Directors sufficiently meets its responsibilities in respect of the quality of financial information provided.

## Consultation with the external auditor

Prior to the accounting audit the audit approach for fiscal year 2015 was discussed with the external auditor, including the materiality used for preparing and auditing the annual Financial Statements and the boundary above which auditor's findings are reported to the Supervisory Board.

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

The Supervisory Board assessed the independence of the auditor in fiscal year 2015. It was concluded that, in view of the absence of non-audit services, there is no question of threats to independence. The Supervisory Board is of the opinion that the external auditor has provided the board with relevant information to enable it to exercise its supervisory role. The auditor reported no irregularities in the reporting.

## **VII. Relationship to the Shareholders**

Siemens AG owns all shares and 2 of the 3 members of the Supervisory Board are employed by Siemens.

## **VIII. Personnel / works council**

All personnel are employed by Siemens Nederland N.V. and deployed to the Company. Partly in view of the size of the business, the Company does not have an own works council.

## **IX. Diversity**

To foster diversity throughout the Siemens organization, Siemens AG launched a Diversity Initiative, which bundles targeted measures and projects for ensuring and further enhancing diversity at all levels of Siemens. Examples include the global network of about 160 Siemens Diversity Ambassadors, who identify diversity issues Company-wide.

# Siemens Financieringsmaatschappij N.V.

The Global Diversity Office coordinates strategies, measures and programs across Siemens following these Diversity-principles:

- we want to have the best person for every position;
- we want to provide opportunities for diversity of experience and interaction; and
- we want to achieve diversity of thinking across our Company.

Siemens Global networks promote and discuss diversity topics across the Company, such as the Global Leadership Organization of Women (GLOW), Diversity Ambassador and Generations Networks. In addition, Siemens has over 100 local employee networks worldwide with employees actively engaged in diversity-related programs and activities. The Board of Directors and the Supervisory Board of the Company fully support the Diversity Initiative and the Diversity-principles.

In preparing recommendations on the appointment of members of the Board of Directors or members of the Supervisory Board the Supervisory Board takes into account a candidate's professional qualifications, international experience and leadership qualities, the Board's plans for succession as well as the Board's diversity and, in particular, the appropriate consideration of women. Together with the regional company additional measures will be taken in order to improve the gender balance at a next occasion.

The size of the Company, with a Board of Directors consisting of two persons, and a Supervisory Board consisting of three persons, limits opportunities for diversity on the short term. Since 2012 no Board positions are held by women.

## **X. Special matters**

No special matters arose for which approval by the Supervisory Board is required by law, the articles of association or the Corporate Governance Code.

No transactions occurred which resulted in conflicting interests of directors, supervisory directors, shareholders and/or external auditor and which were of material importance for the Company and/or the relevant directors, supervisory directors, shareholders and/or external auditor.

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

The Hague, November 9, 2015

On behalf of the Supervisory Board

H.-P. Rupprecht  
Chairman

# Siemens Financieringsmaatschappij N.V.

## FINANCIAL STATEMENTS

Year ended September 30, 2015

(in millions of EUR, except where otherwise stated)

### Financial Statements

#### Statement of Comprehensive Income

	Fiscal year ended September 30,		
	Notes	2015	2014
Interest income	4	410.5	337.4
Interest expenses	4	(399.5)	(317.5)
<b>Net interest income (expenses)</b>		<b>11.0</b>	<b>19.9</b>
Fair value changes of financial instruments	5	(249.4)	(129.9)
Non-trading foreign exchange results	6	219.0	115.2
<b>Net operating income (loss)</b>		<b>(19.4)</b>	<b>5.2</b>
Other general expenses	7	(0.4)	(0.4)
<b>Profit (loss) before tax</b>		<b>(19.8)</b>	<b>4.8</b>
Income tax revenues (expenses)	8	5.0	(0.1)
<b>Profit (loss) after tax</b>		<b>(14.8)</b>	<b>4.7</b>
Other comprehensive income			-
Income tax relating to components of other comprehensive income			-
<b>Total other comprehensive income after tax</b>			<b>-</b>
<b>Total comprehensive income (loss) for the period attributable to equity holders</b>		<b>(14.8)</b>	<b>4.7</b>

# Siemens Financieringsmaatschappij N.V.

## FINANCIAL STATEMENTS

Year ended September 30, 2015

(in millions of EUR, except where otherwise stated)

### Statement of Financial Position

ASSETS	Notes	September 30,	
		2015	2014
Cash and cash equivalents	9	15.5	3,222.5
Receivables from Associated Companies	10	27,144.1	15,945.0
Tax receivables	8	-	0.2
Derivative financial instruments	11	1,045.5	1,151.6
Other financial assets	12	156.0	152.2
<b>Total assets</b>		<b>28,361.1</b>	<b>20,471.5</b>

LIABILITIES AND EQUITY	Notes	September 30,	
		2015	2014
<b>Liabilities</b>			
Liabilities to Associated Companies	13	893.7	795.5
Debt	14	26,975.2	19,317.8
Derivative financial instruments	11	132.1	41.5
Tax liabilities	8	0.1	-
Deferred tax liabilities	8	6.5	13.4
Other liabilities	15	277.2	207.5
<b>Total liabilities</b>		<b>28,284.8</b>	<b>20,375.7</b>
<b>Equity attributable to equity holders</b>			
Issued and paid in share capital	16	10.3	10.3
Share premium reserve	16	1.5	1.5
Retained earnings	16	79.3	79.3
Undistributed profit (loss)	16	(14.8)	4.7
<b>Total equity attributable to equity holders</b>		<b>76.3</b>	<b>95.8</b>
<b>Total liabilities and equity</b>		<b>28,361.1</b>	<b>20,471.5</b>

# Siemens Financieringsmaatschappij N.V.

## FINANCIAL STATEMENTS

Year ended September 30, 2015

(in millions of EUR, except where otherwise stated)

### Statement of Cash Flows

	Fiscal year ended September 30,		
	Notes	2015	2014
Profit (loss) before tax		(19.8)	4.8
<i>Adjustments for non-cash income/ expenses:</i>			
Amortization (dis)agio	4	29.6	25.7
Amortization transaction cost	4	7.6	6.8
Non-trading foreign exchange results	6	(219.0)	(115.2)
Fair value change of debt in a hedging relationship	5	(79.1)	(66.5)
Change in derivative financial instruments	11/12	192.9	159.4
Change in interest accrual receivables		(0.2)	(0.2)
<i>Other movements from operations:</i>			
Change in other liabilities		69.7	(11.2)
Net cash flows from receivables	6/10	(10,100.7)	(275.1)
Net cash flows from liabilities		(98.1)	795.5
Transaction cost paid		(28.2)	(0.6)
Income taxes received (paid)	8	(1.6)	(1.8)
<b>Net cash (used in) provided by operating activities</b>		<b>(10,050.7)</b>	<b>521.6</b>
<b>Net cash provided by investing activities</b>		<b>-</b>	<b>-</b>
Proceeds from issuance of debt		7,599.9	526.8
Redemption of debt		(751.5)	(1,433.3)
Proceeds from issuance of commercial paper		0.0	0.0
Repayment of commercial paper		0.0	0.0
Dividends paid		(4.7)	(0.5)
<b>Net cash (used in) provided by financing activities</b>		<b>6,843.7</b>	<b>(907.0)</b>
Net change in cash and cash equivalents		(3,207.0)	(385.4)
Cash and cash equivalents at beginning of fiscal year		3,222.5	3,607.9
<b>Cash and cash equivalents at end of fiscal year</b>	<b>9</b>	<b>15.5</b>	<b>3,222.5</b>



# Siemens Financieringsmaatschappij N.V.

## FINANCIAL STATEMENTS

Year ended September 30, 2015

(in millions of EUR, except where otherwise stated)

<b>Interest paid and received</b>	Fiscal year ended September 30,	
	<b>2015</b>	<b>2014</b>
Interest paid	(319.4)	(306.4)
Interest received	331.4	230.2
Interest related income received	78.9	107.0

# Siemens Financieringsmaatschappij N.V.

## FINANCIAL STATEMENTS

Year ended September 30, 2015

(in millions of EUR, except where otherwise stated)

### Statement of Changes in Equity

	Issued and paid- in capital	Share premium reserve	Retained earnings	Undis- tributed profit	Total
Balance as at October 1, 2013	10.3	1.5	79.3	0.5	91.6
Appropriation of undistributed profit	-	-	-	-	-
Dividends	-	-	-	(0.5)	(0.5)
Total comprehensive income (loss) for the fiscal year ended September 30, 2014	-	-	-	4.7	4.7
<b>Balance as at September 30, 2014</b>	<b>10.3</b>	<b>1.5</b>	<b>79.3</b>	<b>4.7</b>	<b>95.8</b>
Balance as at October 1, 2014	10.3	1.5	79.3	4.7	95.8
Appropriation of undistributed profit	-	-	-	-	-
Dividends	-	-	-	(4.7)	(4.7)
Total comprehensive income (loss) for the fiscal year ended September 30, 2015	-	-	-	(14.8)	(14.8)
<b>Balance as at September 30, 2015</b>	<b>10.3</b>	<b>1.5</b>	<b>79.3</b>	<b>(14.8)</b>	<b>76.3</b>

# Siemens Financieringsmaatschappij N.V.

NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

(in millions of EUR, except where otherwise stated)

## Notes to the Financial Statements

### 1. Basis of presentation

#### Reporting entity

Siemens Financieringsmaatschappij N.V. is a company domiciled in the Netherlands. The address of the Company's registered office is Prinses Beatrixlaan 800, 2595 BN The Hague, the Netherlands. The Company is registered in the Commercial Register at September 14, 1977, number 27092998. The Company has chosen Luxembourg as its home member state, pursuant to the law on transparency requirements for issuers of securities. The Company acts as a finance company for the benefit of Siemens AG and Siemens AG Group companies (Associated Companies). Since September 28, 1992, the Company is a 100% subsidiary of Siemens AG Berlin/Munich. The Company's Financial Statements are included in the Siemens AG Consolidated Financial Statements.

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

The Financial Statements were authorised for issue by the Board of Directors on November 9, 2015.

#### Reporting standard

The accompanying Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union as well as with Part 9 of Book 2 of the Dutch Civil Code. The Company applied all standards and interpretations that were effective as of October 1, 2014. The following standards and interpretations are mandatory and/or implemented for the first time:

- Improvements to International Financial Reporting Standards - 2010-2012 cycle, as effective for years beginning on or after July 1, 2014. The topics do not apply, as the Company does not have personnel, does not using business combinations, does not have operating business, does not have intangible assets, does not have property, plant or equipment. Therefore the impact of these improvements is none.
- Improvements to International Financial Reporting Standards - 2011-2013 cycle, as effective for years beginning on or after July 1, 2014. The topics do not apply, as the Company is not a first time IFRS adopter, does not using business combinations, does not have investment property. Therefore the impact of these improvements is none.
- Amendments to IAS 32 'Presentation – Offsetting Financial Assets and Financial Liabilities', effective for years beginning on or after January 1, 2014. This standard amends the disclosure requirements for offsetting. The impact of this measurement is none, as the Company did and does not have the intention to offset financial assets.
- Amendments to IAS 36 'Impairment of assets – Recoverable Amount Disclosures for Non-Financial Assets, effective for years beginning on or after January 1, 2014. The impact of this measurement is none, as the Company does not have non-financial assets.
- Amendments to IAS 39 'Financial Instruments: Recognition and Measurement': Novation of Derivatives

# Siemens Financieringsmaatschappij N.V.

## NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

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- and Continuation of Hedge Accounting, effective for years beginning on or after January 1, 2014. The impact is expected to be none, as the Company has all its derivatives with SAG as counterparty.
- IFRIC 21 'Levies', as effective for years beginning on or after January 1, 2014. The impact is expected to be none.
  - Amendments to IFRS 10 and 12 and IAS 27 "Investment Entities", as effective for years beginning on or after January 1, 2014, are not relevant for the Company. The topics do not apply, as the Company does not have interests in other entities.
  - Amendments to IAS 19 'Defined Benefit Plans: Employee contributions': The impact of this standard is none, as the Company does not have any employees.

A number of standards, amendments to standards and interpretations is not effective for the fiscal year beginning October 1, 2014 and has not been early adopted. The relevant (amendments to) standards and interpretations not adopted are:

- IFRS 9 'Financial Instruments', effective for years beginning on or after January 1, 2018. IFRS 9 introduces a single approach for the classification and measurement of financial assets according to their cash flow characteristics and the business model they are managed in, and provides a new impairment model based on expected credit losses. IFRS 9 also includes new regulations regarding the application of hedge accounting to better reflect an entity's risk management activities especially with regard to managing non-financial risks, starting October 1, 2018. Early adoption is not expected.
- IFRS 14 'Regulatory Deferral Accounts', effective for years beginning on or after January 1, 2016. The scope of IFRS is limited to first-time adopters. Therefore the impact of this measurement is none.
- Amendments to IFRS 7 'Mandatory effective date and transition disclosure', as effective for years beginning on or after January 1, 2015. Early adoption is not expected.
- Amendments to IFRS 7, IFRS 9, IAS 39: 'Hedge accounting', as effective for years beginning on or after January 1, 2018. These amendments apply when IFRS 9 is applied. The impact of the amendments will be further analyzed for the fiscal year, starting October 1, 2018.
- Amendments to IAS 16 and IAS 38: 'Clarification of acceptable methods of Depreciation of Amortisation', as effective for years beginning on or after January 1, 2016. The topics do not apply, as the Company, does not have property, plant or equipment or intangible assets. Therefore the impact of these improvements is none.
- Amendments to IFRS 11: 'Accounting for acquisition of interest in Joint Operations', as effective for years beginning on or after January 1, 2016. The topics do not apply, as the Company does not do any acquisition of interest in joint operations.
- Amendments to IAS 16 and IAS 41: 'Agriculture: Bearer Plants', as effective for years beginning on or after January 1, 2016. The impact of this standard is none, as the Company does not have any agriculture positions.
- IFRS 15: 'Revenue from contracts with customers', as effective for years beginning on or after January 1, 2017. The impact of this standard is none, as the Company does not have any operating business.
- Amendments to IAS 27: 'Equity method in separate financial statements', as effective for years beginning

# Siemens Financieringsmaatschappij N.V.

## NOTES to the FINANCIAL STATEMENTS

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- on or after January 1, 2016. The topics do not apply, as the Company does not have any investment positions in the financial statements.
- Amendments to IFRS 10 and IAS 28: 'Sale of Contribution of Assets between an Investor and its Associate or Joint Venture', as effective for years beginning on or after January 1, 2016. The impact of the topic does not apply as the Company does not have any Sale of Contribution of Assets.
  - Annual improvements to International Financial Reporting Standards - 2012-2014 cycle, as effective for years beginning on or after July 1, 2016.  
The impact of the Annual improvements are minor, while the company does not have any non-current Assets held for sale, servicing contracts or employee benefits. The impact of the amendment regarding disclosure information will be further analyzed for the fiscal year, starting October 1, 2016.
  - Amendments to IFRS 10 and 12 and IAS 28 'Investment Entities': applying the consolidation exception, as effective for years beginning on or after January 1, 2016, are not relevant for the Company. The topics do not apply, as the Company does not have interests in other entities.
  - Amendments to IAS 1: 'Disclosure Initiative', as effective for years beginning on or after January 1, 2016. These amendments include focus on improvements in the following areas; Materiality, Disaggregation and subtotals, notes structure, disclosure of accounting policies and presentation of items in OCI arising from equity accounted investments. The impact of the amendments will be further analyzed for the fiscal year, starting October 1, 2016.

## 2. Summary of significant accounting policies

### Valuation principles

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

### Associated Companies

Associated Companies are Siemens AG and its subsidiaries which are directly or indirectly controlled by Siemens AG or companies in which Siemens AG has the ability to exercise significant influence over operating and financial policies (generally through direct or indirect ownership of 20% to 50% of the voting rights).

### Functional and presentational currency

These Financial Statements are presented in euro, which is the Company's functional and presentational currency. All financial information presented in euro has been rounded to the nearest million, unless otherwise stated. The consequence is that the rounded amounts may not add up to the rounded total in all cases.

Transactions in foreign currencies are initially recorded at the exchange rates prevailing at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using period-end exchange rates. All differences are taken to the Statement of Comprehensive Income.

# Siemens Financieringsmaatschappij N.V.

## NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

(in millions of EUR, except where otherwise stated)

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined.

The exchange rates of the significant currencies were as follows:

Currency	ISO Code	Year-end exchange rate		Annual average rate	
		2015	2014	2015	2014
U.S. Dollar.....	USD	1.1203	1.258	1.149	1.357
British Pound.....	GBP	0.7385	0.777	0.743	0.819

### Impairment of financial assets

The carrying amounts of the Company's financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. A financial asset or a group of financial assets is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset ('loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment of debt instruments may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganization and where observable data indicate that there is a measurable decrease in the estimated future cash flows. Impairment losses are recognized using separate allowance accounts.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the carrying amount of the asset and the present value of estimated future cash flows using the original effective interest rate. Impairment losses are recognized in the Statement of Comprehensive Income.

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

### Income Taxes

The Company applies IAS 12, Income Taxes. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to temporary differences between the statement of financial position carrying amounts of existing assets and liabilities and their respective tax bases. The effect on deferred tax assets and liabilities of a change in tax laws is recognized in the Statement of Comprehensive Income unless related to items directly recognized in equity in the period the new laws are substantively enacted. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilized.

# Siemens Financieringsmaatschappij N.V.

NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

(in millions of EUR, except where otherwise stated)

## Financial instruments

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

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

Initially, financial instruments are recognized at their fair value. Transaction costs directly attributable to the acquisition or issue of financial instruments are only recognized in determining the carrying amount, if the financial instruments are not measured at fair value through profit or loss. Subsequently, financial instruments are measured according to the category to which they are assigned.

A financial asset is derecognized when the rights to receive cash flows from the asset have expired, or if the Company has transferred its rights to receive cash flows from the asset. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled, settled or expired.

## Cash and cash equivalents

The Company considers the current account with Siemens AG to be cash equivalents. Cash and cash equivalents are measured at historical cost.

## Receivables

Financial assets classified as receivables are measured after initial measurement at amortized cost using the effective interest method. The amortization is included in "Interest income" in the Statement of Comprehensive Income. Impairment losses are recognized using separate allowance accounts. A receivable is derecognized when the rights to receive cash flows from the receivable have expired, or if the Company has transferred its rights to receive cash flows from the receivable.

## Financial liabilities

The Company measures financial liabilities, except for derivative financial instruments and debt designated in a fair value hedge relationship, at amortized cost using the effective interest method. The amortization is included in "Interest expenses" in the Statement of Comprehensive Income. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled, settled or expired.

## Derivative instruments

Derivative financial instruments, such as foreign currency exchange contracts and interest rate swap contracts, are measured at fair value. The fair value of interest rate swap contracts is estimated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument. The fair value of forward foreign exchange contracts is based on forward exchange rates.

# Siemens Financieringsmaatschappij N.V.

## NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

(in millions of EUR, except where otherwise stated)

Derivative financial instruments are classified as held-for-trading unless they are designated as hedging instruments in a fair value hedge relationship, for which hedge accounting is applied. Changes in the fair value of derivative financial instruments are recognized periodically in net income, net of applicable deferred income taxes. The Company does not hold or issue derivative financial instruments for speculative purposes.

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

### Hedge accounting

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

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

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

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

### Fair value hedges

The carrying amount of the hedged item is adjusted by the gain or loss attributable to the hedged risk. For designated and qualifying fair value hedges, the changes in the fair values of the hedging derivatives and the hedged items are recognized in the Statement of Comprehensive Income in 'fair value changes of financial instruments'.

For hedged items carried at amortized cost, the base adjustment is amortized such that it is fully amortized by maturity of the hedged item. The amortization is recognized in the Statement of Comprehensive Income in 'interest expenses'.



# Siemens Financieringsmaatschappij N.V.

NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

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If the hedging instrument expires or is sold, terminated or exercised, or where the hedge no longer meets the criteria for hedge accounting, the hedge relationship is terminated. For hedged items recorded at amortized cost, the difference between the carrying value of the hedged item on termination and the face value is amortized over the remaining term of the original hedge using the effective interest method. If the hedged item is derecognized, the unamortized fair value adjustment is recognized immediately in the Statement of Comprehensive Income.

## Related party transactions

The transactions of the Company mainly comprise transactions with Associated Companies and are executed on an “at arm’s length” basis, unless indicated otherwise. The Company did not enter into any transactions with members of the Board of Directors nor with members of the Supervisory Board.

## Revenue recognition

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

## Cost recognition

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

## Dividends

Dividends proposed by the Board of Directors are not recorded in the Financial Statements until the dividends are declared.

## Cash Pool

The form of the cash pools is zero-balancing where all account balances are automatically transferred to one control account held by Siemens AG. Funds moving into these accounts create intercompany balances between the Company and Siemens AG. In the Financial Statements, these intercompany balances are included in Cash and cash equivalents under the title of ‘current account’.

## Statement of Cash Flows

The Statement of Cash Flows shows how the cash and cash equivalents of the Company have changed during the course of the fiscal year as a result of cash inflows and cash outflows. Cash flows are classified into cash flows from operating, investing and financing activities.

The Company’s purpose is to assist the financing of the activities conducted by the Associated Companies. The assistance is considered to be an operating activity of the Company. The cash flows from operating activities are computed using the indirect method, starting from the profit before tax of the Company. Under this method, changes in assets and liabilities relating to operating activities are adjusted for currency translation effects. The cash flows from investing and financing activities are based on actual payments and receipts.

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

# Siemens Financieringsmaatschappij N.V.

NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

(in millions of EUR, except where otherwise stated)

## 3. Management estimates and judgments

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

### *Fair value of financial instruments*

There are three levels of fair value:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Where the fair value of financial assets and financial liabilities recorded in the Statement of Financial Position can not be derived from quoted prices in active markets (Level 2 and 3), they are determined using valuation techniques including the discounted cash flows model. The fair values of derivative interest rate contracts (e.g. interest rate swap agreements) are estimated by discounting expected future cash flows using current market interest rates (Reuters) and yield curve over the remaining term of the instrument. The fair value of forward foreign exchange contracts is based on forward exchange rates.

The inputs to these models are taken from observable markets where possible (Level 2), but where this is not feasible, a degree of judgment is required in establishing fair values (Level 3). The judgments include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments. See Note 17 for further information.

### *Impairment of financial assets*

The carrying amounts of the Company's financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. Since the Company's (current and non-current) receivables mainly consist of balances due from the Associated Companies, valuation and collectability of these receivables depends upon the financial position and creditworthiness of the involved companies and of the Siemens AG Group as a whole.

# Siemens Financieringsmaatschappij N.V.

NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

(in millions of EUR, except where otherwise stated)

## 4. Interest income and expenses

Details of interest income and expenses	Fiscal year ended September 30,	
	2015	2014
Interest income on receivables from Associated Companies	331.6	230.4
Interest related income <sup>1)</sup>	78.9	107.0
<b>Interest income</b>	<b>410.5</b>	<b>337.4</b>
Interest expenses on financial debt	(825.7)	(733.7)
<i>Therein:</i>		
<i>Amortization of transaction costs</i>	(7.6)	(6.8)
<i>Amortization of (dis)agio</i>	(29.6)	(25.7)
Interest expenses on liabilities to Associated Companies	(4.6)	(0.8)
Interest result on interest rate swaps <sup>2)</sup>	430.8	417.0
<b>Interest expenses</b>	<b>(399.5)</b>	<b>(317.5)</b>
<b>Net interest income (expenses) <sup>3)</sup></b>	<b>11.0</b>	<b>19.9</b>

<sup>1)</sup> The Company applies the Siemens AG worldwide policy for fixing interest rates for receivables from and liabilities to Associated Companies at arms' length prices. The Company entered into an agreement with Siemens AG limiting the capital at risk for the Company and determining the interest result for the Company. When the total actual interest result differs from the total agreed interest result the difference is settled following this agreement and stated as Interest related income.

<sup>2)</sup> As the interest rate swaps are used as interest hedging instruments for issued debt the interest income and expenses are displayed as a net value within the position 'interest expenses' in the Statement of Comprehensive Income.

<sup>3)</sup> The total interest result varies due to market interest changes, changes in portfolio of loans and borrowings and the agreement with SAG as mentioned in footnote 1.

## 5. Fair value changes of financial Instruments

Derivatives	Fiscal year ended September 30,	
	2015	2014
<i>Change in fair value of interest rate swaps</i>	(109.2)	(70.3)
<i>Change in fair value of debt</i>	79.1	66.5
Ineffective portion of fair value hedges	(30.1)	(3.8)
Fair value changes of cross currency swaps	(219.3)	(126.1)
<b>Total of changes in derivatives</b>	<b>(249.4)</b>	<b>(129.9)</b>

# Siemens Financieringsmaatschappij N.V.

## NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

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The ineffective portion of fair value hedges consists of the change in the fair values of the hedging instruments (interest rate swaps) and the change in the fair values of the hedged items (notes and bonds and loans from banks). For additional disclosures on derivative financial instruments see also Note 11.

### 6. Non-trading foreign exchange results

Currency results	Fiscal year ended September 30,	
	2015	2014
Currency result on assets	1,098.2	804.8
Currency result on debt	(879.2)	(689.6)
<b>Total currency results</b>	<b>219.0</b>	<b>115.2</b>

The currency result of the Company is due to the positions in foreign currencies such as USD and GBP and the volatility in the currency exchange rates. The Company uses cross currency swaps and forward exchange rate contracts to limit foreign exchange risks. Therefore the currency result must also be seen in conjunction with the result on cross currency swaps and forward exchange rate contracts. For more information on foreign exchange rate risk management see also Note 18.

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

### 7. Other general expenses

The other general expenses mainly relate to cost from the regional company Siemens Nederland N.V. for staff, working for the Company.

The other general expenses include the costs for Ernst & Young Accountants LLP of EUR 41,250 excl. VAT (2014: EUR 34,632 excl. VAT). These costs regard completely to audit costs EUR 31,250 and audit related costs EUR 10,000.

# Siemens Financieringsmaatschappij N.V.

NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

(in millions of EUR, except where otherwise stated)

## 8. Income tax

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

Income tax revenues (expenses)	Fiscal year ended September 30,	
	2015	2014
Current tax expenses	(1.9)	(1.4)
Deferred tax expenses	6.9	1.3
<b>Total income tax revenues (expenses)</b>	<b>5.0</b>	<b>(0.1)</b>

For fiscal years ended September 30, 2015 and 2014, the Company is subject to Dutch corporate income tax. The statutory tax rate is 25.0% (2014: 25.0%).

Income tax expenses differ from the amounts computed by applying statutory Dutch income tax rates as follows:

Reconciliation of the income tax revenues (expenses)	Fiscal year ended September 30,	
	2015	2014
Profit (loss) before tax	(19.8)	4.8
Income tax using corporate tax rate of 25.0% (2014: 25.0%)	5.0	(1.2)
Discount for tax payment in advance	0.0	0.0
Adjustments related to tax assessments previous years <sup>1)</sup>	-	1.1
<b>Total income tax revenues (expenses)</b>	<b>5.0</b>	<b>(0.1)</b>

<sup>1)</sup> In fiscal years 2013 until 2014 a joint tax audit was conducted by the German and Dutch authorities in order to determine the remuneration to be earned by the Company. This resulted in a reduced amount of the tax payable in the Netherlands for the years 2013 and 2014. The Statement of Comprehensive Income reflects the tax impact of the adjustments made as a result of this tax audit.

The effective tax rate is 25.2% (2014: 1.3%, before adjustment of previous periods this is 24.6%).

# Siemens Financieringsmaatschappij N.V.

NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

(in millions of EUR, except where otherwise stated)

The change in the income tax consists of the following:

Tax receivable/payable (accrual)	September 30,	
	2015	2014
Balance at beginning of the fiscal year	0.2	(0.2)
Current income tax <sup>2)</sup>	(1.9)	(1.4)
Payments to tax authorities, net	1.6	1.8
<b>Balance at the end of the fiscal year</b>	<b>(0.1)</b>	<b>0.2</b>

<sup>2)</sup> In the current income tax an adjustment of 0.2 was booked in 2014 as a result of the aforementioned tax audit.

The deferred tax liability regards to the temporary difference in valuation of financial instruments for tax purposes.

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

Deferred tax liability	September 30,	
	2015	2014
Balance at beginning of the fiscal year	(13.4)	(14.8)
Adjustment related to tax assessments previous years	-	0.9
Deferred tax benefit/expense for fiscal year	6.9	0.5
<b>Balance at the end of the fiscal year</b>	<b>(6.5)</b>	<b>(13.4)</b>

Deferred tax has been computed at the statutory tax rate of 25.0% (2014: 25.0%).

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

# Siemens Financieringsmaatschappij N.V.

NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

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## 9. Cash and cash equivalents

Cash and cash equivalents relate completely to the current account with Siemens AG. As the Company participates in the Siemens cash pool, the bank balances of the Company are transferred to the Siemens cash pool on a daily basis. The balances remain at the disposal of the Company and are readily convertible to known amounts of cash.

Cash and cash equivalents	September 30,	
	2015	2014
Current account	15.5	3,222.5
<b>Total cash and cash equivalents</b>	<b>15.5</b>	<b>3,222.5</b>

## 10. Receivables from Associated Companies

Receivables from Associated Companies	September 30,	
	2015	2014
Interest receivables	31.7	31.4
Loans < 1 year	5,814.8	2,188.4
Loans > 1 year	21,297.6	13,725.2
<b>Total receivables from Associated Companies</b>	<b>27,144.1</b>	<b>15,945.0</b>

In fiscal years ended September 2015 and 2014 there was no impairment of receivables.

For additional disclosures on receivables see also Note 22.

# Siemens Financieringsmaatschappij N.V.

NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

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## 11. Derivative financial instruments

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

	September 30, 2015			September 30, 2014		
	Assets	Liabilities	Notional Amount	Assets	Liabilities	Notional Amount
<b>Derivatives not designated in a fair value hedge relationship</b>						
Currency swaps < 1 yr	-	-	-	-	(9.5)	397.4
Currency swaps > 1 yr	1.9	(132.1)	1,520.6	-	(32.0)	1,353.8
	1.9	(132.1)	1,520.6	-	(41.5)	1,751.2
<b>Derivatives used as fair value hedges</b>						
Interest rate swaps < 1 yr	85.4	-	2,361.9	10.6	-	333.0
Interest rate swaps > 1 yr	958.2	-	7,724.2	1,141.0	-	9,643.8
	1,043.6	-	10,086.1	1,151.6	-	9,976.8
<b>Total derivatives</b>	<b>1,045.5</b>	<b>(132.1)</b>	<b>11,606.7</b>	<b>1,151.6</b>	<b>(41.5)</b>	<b>11,728.0</b>

As per September 30, 2015, all interest rate swaps are designated as hedging instruments in a fair value hedge relationship. In most interest rate swap contracts Siemens AG is the counterparty. The arrangements have been entered into to swap the fixed interest on long term debt into floating interest on short term base. For additional disclosures on financial instruments see also Note 17.

## 12. Other financial assets

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

## 13. Liabilities to Associated Companies

Liabilities to Associated Companies	September 30,	
	2015	2014
Interest accruals	(1.1)	(0.8)
Borrowings > 1 year	(892.6)	(794.7)
Other liabilities to Associated Companies	0.0	-
<b>Total liabilities to Associated Companies</b>	<b>(893.7)</b>	<b>(795.5)</b>



# Siemens Financieringsmaatschappij N.V.

NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

(in millions of EUR, except where otherwise stated)

## 14. Debt

Debt	September 30,	
	2015	2014
Short-term (< 1 year)		
Notes and bonds	(456.2)	-
Loans from banks	(4.5)	(343.6)
Commercial paper	-	-
Long-term (> 1 year)		
Notes and bonds	(25,621.9)	(18,175.5)
Loans from banks	(892.6)	(798.7)
<b>Total debt</b>	<b>(26,975.2)</b>	<b>(19,317.8)</b>

### Commercial paper

On April 4, 2007 Siemens AG, Siemens Capital Company LLC and Siemens Financieringsmaatschappij N.V. established an USD 9.0 billion global commercial paper program for the issuance of commercial paper. In the fiscal year the Company issued no commercial papers (2014: 0) under this program.

As of September 30, 2015, the weighted average interest rate for loans from banks was 1.1% (2014: 2.3%) and the weighted average interest rate for notes and bonds was 3.5% (2014: 3.8%).

Debt carrying amount	September 30,	
	2015	2014
Notes, bonds and loans from banks	(26,121.3)	(18,365.1)
Adjustment of carrying amount due to fair value hedge accounting	(1,017.8)	(1,097.9)
Other financial indebtedness	163.9	145.2
<i>Therein:</i>		
<i>Unamortized portion of (dis-)agio</i>	114.4	116.4
<i>Unamortized portion of transaction costs</i>	49.5	28.8
Commercial paper	-	-
<b>Total debt</b>	<b>(26,975.2)</b>	<b>(19,317.8)</b>

# Siemens Financieringsmaatschappij N.V.

## NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

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### Debt Issuance Program

Together with Siemens AG and Siemens Capital Company LLC, the Company has agreements with financial institutions under which it may issue instruments up to EUR 15.0 billion. As of September 30, 2015 EUR 10.5 billion (2014: EUR 10.2 billion) in notional amounts were issued and outstanding.

### USD Bonds

In August 2006, the Company issued USD 5.0 billion of notes. These notes were issued in various tranches of which the following are outstanding as of September 30, 2015: USD 1.750 billion 5.75% notes due October 17, 2016 and USD 1.750 billion 6.125% notes due August 17, 2026.

In May 2015, the Company issued USD 7.75 billion of notes. These notes were issued in various tranches of which the following are outstanding as of September 30, 2015: USD 500 million floating-rate notes due May 25, 2018; USD 1.250 billion 1.45% notes due May 25, 2018; USD 1.0 billion 2.15% notes due May 27, 2020; USD 1.750 billion 2.9% notes due May 27, 2022; USD 1.5 billion 3.25% notes due May 27, 2025 and USD 1.750 billion 4.4% notes due May 27, 2045.

### Hybrid Capital Bond

In September 2006, the Company issued a subordinated Hybrid Capital Bond, which is on a subordinated basis guaranteed by Siemens AG. The subordinated bond was issued in a tranche of EUR 900 million and a tranche of GBP 750 million (EUR 1.015 billion), both with a legal final maturity on September 14, 2066 and with a call option for Siemens in 2016 or thereafter. The bonds bear fixed rate interests until September 14, 2016, thereafter, floating rate interest according to the conditions of the bond. Due to its characteristics such as long maturity date and subordination this instrument bears the character of both debt and equity, hence the term "Hybrid". This term is also used in the prospectus of the instruments. In accordance to the accounting policies of the Company, these bonds are fully classified as financial liabilities.

### Bonds complemented with warrants issued by Siemens AG

In February 2012, Siemens issued USD bonds with warrant units in an aggregate principal amount of USD 3 billion in two tranches. The bonds issued by the Company are guaranteed by Siemens AG and complemented with warrants issued by Siemens AG. The bonds due in August 2017 have a volume of USD 1.5 billion and a coupon of notional 1.05 % per annum; the bonds due in August 2019 have a volume of USD 1.5 billion and a coupon of notional 1.65% per annum.

In September 2015, Siemens issued EUR bonds with warrant units in an aggregate principal amount of EUR 64 million in two tranches. The bonds issued by the Company are guaranteed by Siemens AG and complemented with warrants issued by Siemens AG. Floating-rate notes due in September 2017 have a volume of EUR 32.6 million and floating-rate notes due September 2017 have a volume of EUR 31.4 million

# Siemens Financieringsmaatschappij N.V.

## NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

(in millions of EUR, except where otherwise stated)

Details of the Company's instruments			September 30,			
			2015		2014	
			notional amount	carrying amount EUR	notional amount	carrying amount EUR
5.625% 2006/2016 USD fixed-rate instruments	2)	USD	500.0	456.2	500.0	424.5
5.625% 2008/2018 EUR fixed-rate instruments	2)	EUR	1,600.0	1,790.4	1,600.0	1,848.7
5.125% 2009/2017 EUR fixed-rate instruments	2)	EUR	2,000.0	2,084.7	2,000.0	2,113.2
USD 3m Libor + 1.4% 2012/2019 USD floating-rate instruments <sup>1)</sup>		USD	400.0	356.8	400.0	317.6
3.75% 2012/2042 GBP fixed-rate instruments	1)	GBP	650.0	865.5	650.0	821.6
2.75% 2012/2025 GBP fixed-rate instruments	1)	GBP	350.0	472.2	350.0	448.5
1.5% 2012/2020 EUR fixed-rate instruments	2)	EUR	1,000.0	1,048.4	1,000.0	1,047.9
1.75% 2013/2021 EUR fixed-rate instruments	1)	EUR	1,250.0	1,244.1	1,250.0	1,243.0
2.875% 2013/2028 EUR fixed-rate instruments	1)	EUR	1,000.0	996.1	1,000.0	995.8
1.50% 2013/2018 USD fixed-rate instruments	1)	USD	500.0	445.0	500.0	395.7
3.50% 2013/2028 USD fixed-rate instruments	1)	USD	100.0	86.9	100.0	77.2
2013/2020 USD floating-rate instruments <sup>1)</sup>		USD	400.0	356.5	400.0	317.2
2014/2019 USD floating-rate instruments <sup>1)</sup>		USD	300.0	267.3	300.0	237.8
2014/2021 USD floating-rate instruments <sup>1)</sup>		USD	400.0	356.7	400.0	317.5
<i>Total Debt Issuance Program</i>				<i>10,826.8</i>		<i>10,606.2</i>
5.75% 2006/2016 USD fixed-rate instruments	2)	USD	1,750.0	1,641.0	1,750.0	1,517.5
6.125% 2006/2026 USD fixed-rate instruments	2)	USD	1,750.0	2,076.3	1,750.0	1,769.3
USD 3m Libor+0.28% 2015/2018 USD floating-rate instruments <sup>1)</sup>		USD	500.0	445.5	-	-
2.15% 2015/2020 USD fixed-rate instruments	1)	USD	1,000.0	889.0	-	-
2.9% 2015/2022 USD fixed-rate instruments	1)	USD	1,750.0	1,557.0	-	-
3.25% 2015/2025 USD fixed-rate instruments	1)	USD	1,500.0	1,330.6	-	-
4.4% 2015/2045 USD fixed-rate instruments	1)	USD	1,750.0	1,539.0	-	-
1.45% 2015/2018 USD fixed-rate instruments	1)	USD	1,250.0	1,113.6	-	-
<i>Total USD Bonds</i>				<i>10,592.0</i>		<i>3,286.8</i>
5.25% 2006/2066 EUR fixed-rate instruments	2)	EUR	900.0	933.9	900.0	959.8
6.125% 2006/2066 GBP fixed-rate instruments	2)	GBP	750.0	1,055.3	750.0	1,024.9
<i>Total Hybrid Capital Bond</i>				<i>1,989.2</i>		<i>1,984.7</i>
1.05% 2012/2017 USD fixed-rate instruments	1)	USD	1,500.0	1,314.0	1,500.0	1,158.1
1.65% 2012/2019 USD fixed-rate instruments	1)	USD	1,500.0	1,292.2	1,500.0	1,139.7
3m Euribor+0.2% 2015/2017 EUR floating-rate instruments <sup>1)</sup>		EUR	32.6	32.5	-	-
3m Euribor+0.2% 2015/2017 EUR floating-rate instruments <sup>1)</sup>		EUR	31.4	31.4	-	-
<i>Total Bonds complemented with warrants issued by SAG</i>				<i>2,670.1</i>		<i>2,297.8</i>
<b>Total instruments</b>			<b>26,078.1</b>		<b>18,175.5</b>	

# Siemens Financieringsmaatschappij N.V.

## NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

(in millions of EUR, except where otherwise stated)

<sup>1)</sup> instruments not designated in a hedge accounting relationship measured at amortized cost

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

All instruments are guaranteed by Siemens AG.

### Assignable and term loans

In fiscal 2013 the Company signed two bilateral USD 500 million floating-rate term loan facilities. In fiscal 2015, the Company extended these facilities by one year until March 26, 2020 with no extension option remaining. Both facilities are fully drawn and bear interest of 0.79% above the 3 month USD London Inter Bank Offered Rate. In June 2015, Siemens redeemed a EUR 333 million assignable loan.

Details of assignable and term loans		September 30,			
		2015		2014	
		notional amount	carrying amount	notional amount	carrying amount
		EUR		EUR	
5.435% 2008/2015 EUR instruments	EUR	-	-	333.0	343.6
USD LIBOR 3M + 0.79% 2013/2020 USD term loan	USD	500.0	446.3	500.0	397.4
USD LIBOR 3M + 0.79% 2013/2020 USD term loan	USD	500.0	446.3	500.0	397.4
<b>Total assignable and term loans</b>		<b>892.6</b>		<b>1,138.4</b>	

### Credit facilities

As of September 30, 2015, the Company participates in three credit facility programs of Siemens AG under which the Company may draw up to USD 3.0 billion, EUR 4.0 billion and EUR 450 million respectively. Furthermore, the Company's revolving EUR 450 million credit facility was extended with one year in September 2015. The Company did not use these facilities so far.

For additional disclosures on Debt see also Note 17.

### 15. Other liabilities

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

Other liabilities	September 30,	
	2015	2014
Other financial liabilities	(277.2)	(207.4)
Current liabilities	-	(0.1)
<b>Total other liabilities</b>	<b>(277.2)</b>	<b>(207.5)</b>

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

# Siemens Financieringsmaatschappij N.V.

NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

(in millions of EUR, except where otherwise stated)

## 16. Equity

The Company's authorized share capital is divided in 50,000 shares with a nominal value of EUR 1 thousand each, of which 10,256 shares have been issued and fully paid in. All shares are held by Siemens AG. During the fiscal year, there were no movements in the number of shares. The share premium reserve comprises additional paid-in capital on the issue of the shares.

Retained earnings are available for distribution upon decision of the general meeting of shareholders. The holders of the shares are entitled to execute the rights under the Netherlands Civil Code without any restrictions.

Undistributed profit comprises the profit for the actual period.

For the fiscal year 2015, the Board of Directors proposes to pay no dividend. Payment of any dividend is contingent upon approval by the shareholders at the Annual Shareholders' Meeting. In fiscal year 2015 a dividend of EUR 4.7 million was paid as profit distribution for the fiscal year ended September 30, 2014.

### *Solvency*

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

### *Capital Management*

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

The Company did not change its objectives, policies and processes for capital management during the fiscal year.

# Siemens Financieringsmaatschappij N.V.

NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

(in millions of EUR, except where otherwise stated)

## 17. Additional disclosures on financial instruments

This section gives a comprehensive overview of the significance of financial instruments for the Company and provides additional information on Statement of Financial Position items that contain financial instruments.

The following table presents the carrying amounts of each category of financial assets and liabilities:

Financial assets	September 30, 2015		September 30, 2014	
	Fair value	Carrying amount	Fair value	Carrying amount
Cash and cash equivalents <sup>1)</sup>	15.5	15.5	3,222.5	3,222.5
Receivables from Associated Companies <sup>1)</sup>	29,097.6	27,144.1	16,573.5	15,945.0
Derivatives without a hedging relationship <sup>3)</sup>	1.9	1.9	-	-
Derivatives with a hedging relationship <sup>3)</sup>	1,043.6	1,043.6	1,151.6	1,151.6
Other financial assets <sup>1)</sup>	156.0	156.0	152.2	152.2
<b>Total financial assets</b>	<b>30,314.6</b>	<b>28,361.1</b>	<b>21,099.8</b>	<b>20,471.3</b>
<b>Financial liabilities</b>				
Liabilities to Associated Companies	(901.8)	(893.7)	(804.6)	(795.5)
Notes and bonds <sup>1/2)</sup>	(27,781.7)	(26,078.1)	(18,574.8)	(18,175.5)
Loans from banks <sup>1/2)</sup>	(928.2)	(897.1)	(1,170.2)	(1,142.3)
Commercial paper <sup>1)</sup>	-	-	-	-
Derivatives without a hedging relationship <sup>3)</sup>	(132.1)	(132.1)	(41.5)	(41.5)
Other financial liabilities <sup>1)</sup>	(277.2)	(277.2)	(207.4)	(207.4)
<b>Total financial liabilities</b>	<b>(30,021.0)</b>	<b>(28,278.2)</b>	<b>(20,798.5)</b>	<b>(20,362.2)</b>

### <sup>1)</sup> Carrying amounts measured at amortized cost

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

### <sup>2)</sup> Carrying amounts measured at amortized costs with a fair value basis adjustment for the hedged risk

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

# Siemens Financieringsmaatschappij N.V.

NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

(in millions of EUR, except where otherwise stated)

### <sup>3)</sup> Carrying amounts measured at fair value

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

#### Derivative interest rate contracts

The fair values of derivative interest rate contracts (e.g. interest rate swap agreements) are calculated by discounting expected future cash flows using current market interest rates and yield curve over the remaining term of the instrument.

#### Derivative currency contracts

The fair value of forward foreign exchange contracts is based on forward exchange rates.

The following tables allocate the financial assets and liabilities measured at fair value to the three levels of the fair value hierarchy as per September 30, 2015 and 2014.

<b>September 30, 2015</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets measured at fair value				
Derivative financial instruments	-	1,045.5	-	1,045.5
Financial liabilities measured at fair value				
Derivative financial instruments	-	(132.1)	-	(132.1)

  

<b>September 30, 2014</b>	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>	<b>Total</b>
Financial assets measured at fair value				
Derivative financial instruments	-	1,151.6	-	1,151.6
Financial liabilities measured at fair value				
Derivative financial instruments	-	(41.5)	-	(41.5)

The levels of the fair value hierarchy and its application to our financial assets and liabilities are described below:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

As per September 30, 2015, no Level 3 investments are held, the movement analysis and sensitivity analyses on Level 3 investments are not applicable.

# Siemens Financieringsmaatschappij N.V.

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Net gains (losses) of financial instruments	September 30,	
	2015	2014
Derivative financial instruments in connection with fair value hedges	(109.2)	(70.3)
Notes, bonds and loans from banks	79.1	66.5
Derivative financial instruments not designated in a hedge accounting relationship	(219.3)	(126.1)
<b>Total net gains (losses) of financial instruments</b>	<b>(249.4)</b>	<b>(129.9)</b>

Net gains (losses) on derivative financial instruments in connection with fair value hedges and net losses/gains on notes, bonds and loans from banks together present the ineffective portion of fair value hedges.

Net gains (losses) on derivative financial instruments not designated in a hedge accounting relationship consist of changes in the fair value of derivative financial instruments, for which hedge accounting is not applied.

## 18. Financial risk management

As part of the Company's risk management program, a variety of derivative financial instruments is used to reduce risks resulting primarily from fluctuations in foreign exchange rates and interest rates. In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for speculative purposes. For more information on these derivatives see also Notes 11 and 17.

The Company has exposure to the following risks:

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

### Foreign currency exchange rate risk

Foreign exchange rate fluctuations may create unwanted and unpredictable earnings and cash flow volatility. In order to minimize exchange rate risks the Company seeks to lend and borrow in the same functional currency. Furthermore the Company uses cross currency swaps to limit foreign exchange risks. All such derivative financial instruments are recorded at fair value on the Statement of Financial Position and changes in fair values are charged to net income. The USD position is caused by loans to Associated Companies in the United States, in particular Siemens Capital Company LLC. Some loans are financed by borrowings in EUR. For the loans financed by EUR debt, the Company entered into cross currency swaps, with Siemens AG as counterparty. The swaps match the maturity and nominal values of the respective loans. The remaining exposure is therefore relatively low. The GBP position is caused by several bonds that serve to finance several loans in GBP to Associated Companies that totals to approximately the full value of the bond. Therefore the remaining GBP exposure is low. As a result of the low currency positions, the foreign currency exchange risk is considered low.



# Siemens Financieringsmaatschappij N.V.

## NOTES to the FINANCIAL STATEMENTS

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

Currency	30 September 2015 before swaps	Currency swaps	30 September 2015 net position <sup>1)</sup>	Effects of 10% rise in EUR	Effects of 10% decline in EUR	30 September 2014 net position <sup>1)</sup>
GBP	(1.2)	-	(1.2)	0.1	(0.2)	6.6
USD	1,708.4	(1,703,5)	4.9	(0.4)	0.5	14.2

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

The Company did not designate the cross currency swaps for cash flow hedges, therefore the Company is not allowed to apply cash flow hedge accounting under IAS 39. All such derivative financial instruments are recorded at fair value and changes in fair values are charged to net income.

As the Company entered into an agreement with Siemens AG limiting the capital at risk for the Company and ruling the interest result (including the result out of currency exchange rate movements) for the Company, the sensitivity of the Company's results to changes in currency exchange rates is mitigated. For more information on the settlements for the capital at risk agreement see also Note 4.

### Interest rate risk

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

Under the interest rate swap agreements the Company agrees to pay a variable rate of interest multiplied by a notional principle amount, and receive in return an amount equal to a specified fixed rate of interest multiplied by the same notional principal amount.

The Company had interest rate swap contracts to pay variable rates of interest (average rate of 1.07% and 1.16% as of September 30, 2015 and 2014 respectively) and received fixed rates of interest (average rate of 5.22% and 5.19% as of September 30, 2015 and 2014 respectively). The notional amount of indebtedness hedged as of September 30, 2015 amounts to EUR 10.1 billion (2014: EUR 10.0 billion). The notional amounts of these interest rate swap contracts mature at varying dates based on the maturity of the underlying hedged items.

In cases where the Company is lending to Associated Companies with a duration that differs from the duration of the notes and bonds including the swap a mismatch could lead to an interest rate risk. The average interest rate on receivables in the fiscal year ended September 30, 2015 was 1.49% (2014: 1.44%). As the Company entered into an agreement with Siemens AG limiting the capital at risk for the Company and ruling the interest result (including the result out of currency exchange rates) for the Company, the sensitivity of the Company's results to changes in market interest rates is mitigated. For more information on the settlements for the capital at risk agreement see also Note 4.

# Siemens Financieringsmaatschappij N.V.

## NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

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Assuming historical volatilities and correlations, a ten day holding period and a confidence level of 99.5% the interest rate VaR was EUR 1.7 as of September 30, 2015 (2014: EUR 1.3). The interest rate risk results from the unrealized gains and losses out of hedge packages, which is not covered by the limited capital at risk agreement with Siemens AG. Although VaR is an important tool for measuring risk, the assumptions on which the model is based give rise to some limitations including the following. A ten day holding period assumes that it is possible to dispose of the underlying positions within this period. While this is considered to be a realistic assumption in almost all cases, it may not be valid during prolonged periods of severe market illiquidity. A 99.5% confidence level does not reflect losses that may occur beyond this level. There is a 0.5% statistical probability that losses could exceed the calculated VaR. The use of historical data as a basis for estimating the statistic behavior of the relevant markets and finally determining the possible range of the future outcomes on the basis of this statistic behavior may not always cover all possible scenarios, especially those of an exceptional nature.

### Liquidity risk

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

The tables below summarize the maturity profile of the Company's financial assets and liabilities, including derivative financial instruments as of September 30, 2015 and 2014 respectively, based on undiscounted cash flows for the respective upcoming fiscal years. The amounts include interest.

September 30, 2015	Receivables from Associated Companies	Liabilities to Associated Companies	Bonds & notes	Bank loans	Interest Rate Swaps
Maturing during:					
2015 – 2016	6,315.5	(4.7)	(3,519.0)	(14.5)	486.4
2016 – 2017	3,273.6	(4.7)	(5,562.8)	(10.0)	274.8
2017 – 2018	3,695.3	(4.7)	(4,112.1)	(10.0)	153.9
2018 – 2019	3,134.6	(896.4)	(2,381.0)	(10.0)	104.7
2019 – 2020	2,673.9	-	(2,628.0)	(897.5)	104.5
Thereafter	13,281.2	-	(13,700.8)	-	453.1
<b>Total</b>	<b>32,374.1</b>	<b>(910.5)</b>	<b>(31,903.7)</b>	<b>(942.0)</b>	<b>1,577.4</b>

# Siemens Financieringsmaatschappij N.V.

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September 30, 2014	Receivables from Associated Companies	Liabilities to Associated Companies	Bonds & notes	Bank loans	Interest Rate Swaps
Maturing during:					
2014 – 2015	2,455.6	(3.8)	(861.5)	(359.5)	491.6
2015 – 2016	629.0	(3.8)	(2,896.6)	(12.1)	429.6
2016 – 2017	2,896.7	(3.8)	(4,964.0)	(8.1)	210.1
2017 – 2018	1,730.2	(3.8)	(2,293.1)	(8.1)	126.1
2018 – 2019	2,632.3	(797.8)	(1,971.6)	(798.8)	94.7
Thereafter	7,882.9	-	(8,358.1)	-	498.7
<b>Total</b>	<b>18,266.7</b>	<b>(813.0)</b>	<b>(21,344.9)</b>	<b>(1,186.6)</b>	<b>1,850.8</b>

## Credit risk

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

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

## 19. Events after reporting date

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

## 20. Claims and litigations

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

# Siemens Financieringsmaatschappij N.V.

NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

(in millions of EUR, except where otherwise stated)

## 21. Segment information

The Company has only a single reportable segment. The Company provides funding to Associated Companies. The main funding partners are a USA treasury company and a Dutch treasury company. The USA treasury company represents approximately 72% (2014: 74%) of the Company's loans to and receivables from Associated Companies at year end and approximately 81% (2014: 71%) of the Company's interest income from Associated Companies. The Dutch treasury company represents approximately 27% (2014: 18%) of the Company's loans to and receivables from Associated Companies at year end and approximately 18% (2014: 25%) of the Company's interest income from Associated Companies.

## 22. Related parties

The Company is the main funding party of the Associated Companies and offers finance solutions mainly for general purposes of the borrower. No amount is paid by the Company or any of the Associated Companies other than in the line of business. The Company lends the proceeds of issuances of bonds, notes and loans from banks to related parties only and are executed on an "at arm's length" basis. Receivables from Associated Companies are covered by a limited capital at risk agreement between Siemens AG and the Company mitigating the credit risk for the Company. The limited capital at risk agreement reduces the credit risk of the Company to a maximum of EUR 2 million and determines the interest result for the Company. The determination is made by comparing actual result with the agreed interest result (the target margin). The target margin is calculated based on the agreed interest on Equity and the margin on average Financial Debt over the year. When the total actual interest result differs from the total agreed interest result the difference is settled following this agreement and stated as Interest related income. See also Note 4.

# Siemens Financieringsmaatschappij N.V.

## NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

(in millions of EUR, except where otherwise stated)

The following table provides information regarding loans to, deposits from, interest related income and derivatives with related parties for the fiscal year ending September 30, 2015.

<b>Cash equivalents</b> (in millions of EUR)		<b>Cash equivalents on September 30</b>	
Siemens AG	2015		15.5
	2014		3,222.5
<b>Receivables from Associated Companies</b> (in millions of EUR)		<b>Interest income</b>	<b>Loans on September 30</b>
Dutch holding companies	2015	1.4	90.0
	2014	4.9	982.5
Dutch treasury companies	2015	58.9	7,407.0
	2014	57.0	2,929.0
Siemens AG	2015	-	-
	2014	2.0	-
UK treasury / holding companies	2015	2.7	115.1
	2014	3.2	282.2
USA treasury companies	2015	268.5	19,500.4
	2014	163.3	11,719.8
<b>Liabilities to Associated Companies</b> (in millions of EUR)		<b>Interest expenses</b>	<b>Deposits on September 30</b>
Dutch treasury companies	2015	(4.6)	(893.6)
	2014	(0.8)	(795.5)
<b>Interest related income</b> (in millions of EUR)		<b>Interest related income</b>	
Siemens AG	2015	78.9	
	2014	107.0	

# Siemens Financieringsmaatschappij N.V.

NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

(in millions of EUR, except where otherwise stated)

<b>Interest rate swaps with Associated Companies</b> (in millions of EUR)		<b>Net interest</b>	<b>Fair value on September 30</b>
Siemens AG	2015	370.8	660.0
	2014	367.3	867.4

<b>Currency swaps with Associated Companies</b> (in millions of EUR)		<b>Fair value changes</b>	<b>Fair value on September 30</b>
Siemens AG	2015	(219.3)	(131.8)
	2014	(126.1)	(41.5)

Geographic allocation of related parties:

<b>Receivables from Associated Companies</b> (in millions of EUR)		<b>Interest income</b>	<b>Loans on September 30</b>
Netherlands	2015	60.3	7,497
	2014	61.9	3,911.5
Germany	2015	-	-
	2014	2.0	-
Great Britain	2015	2.7	115.1
	2014	3.2	282.2
United States of America	2015	268.5	19,500.4
	2014	163.3	11,719.8

<b>Liabilities to Associated Companies</b> (in millions of EUR)		<b>Interest expenses</b>	<b>Deposits on September 30</b>
Netherlands	2015	(4.6)	(893.6)
	2014	(0.8)	(795.5)

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

# Siemens Financieringsmaatschappij N.V.

NOTES to the FINANCIAL STATEMENTS

Year ended September 30, 2015

(in millions of EUR, except where otherwise stated)

## 23. Remuneration Board of Directors and Supervisory Board

The members of the Supervisory Board, received a remuneration of in total EUR 20,000 (2014: EUR 20,000) for account of the Company during the fiscal year. The members of the Board of Directors received no remuneration for account of the Company during the fiscal year.

The Hague, November 9, 2015

The Hague, November 9, 2015

The Supervisory Board

The Board of Directors

H.-P. Rupprecht

G.J.J. van der Lubbe

Dr. H. Bernhöft

S. Galanzin

B.G. Trompert

# Siemens Financieringsmaatschappij N.V.

## Independent auditor's report

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

### Report on the audit of the financial statements for the year end 30 September 2015

#### Our opinion

We have audited the financial statements for the year ended 30 September 2015 of Siemens Financieringsmaatschappij N.V. (the company), based in The Hague.

In our opinion the financial statements give a true and fair view of the financial position of Siemens Financieringsmaatschappij N.V. as at 30 September 2015 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

The financial statements comprise:

- The statements of financial position as at 30 September 2015.
- The following statements for the year ended 30 September 2015: the statements of comprehensive income, changes in equity and cash flows.
- The notes comprising a summary of the significant accounting policies and other explanatory information.

#### Basis for our opinion

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

We are independent of Siemens Financieringsmaatschappij N.V. in accordance with the *Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten* (ViO) and other relevant independence regulations in the

Netherlands. Furthermore, we have complied with the *Verordening gedrags- en beroepsregels accountants* (VGBA).

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

#### Materiality

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

Based on our professional judgment, we determined the materiality for the financial statements as a whole at € 3.3 million. The materiality is based on 1% of interest income. We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the supervisory board that misstatements in excess of € 166 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

#### Our key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the



# Siemens Financieringsmaatschappij N.V.

supervisory board. The key audit matters are not a comprehensive reflection of all matters discussed.

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

## Use of shared service center

The company has outsourced cash management, investor reporting, valuation and treasury and IT processes to shared service center of Siemens AG. Management is responsible for these processes as they relate to the financial statements of the company. For the purpose of obtaining assurance regarding these processes and related accounts (in particular the receivables from/to associated companies, the derivative financial instruments, the debts and the other assets and liabilities and the related interest income, interest expense and the fair value change of financial instruments as disclosed in notes 10, 11, 12, 13, 14 and 15 of the financial statements) we relied on procedures performed by the auditor of Siemens AG to the extent required for our audit of the financial statements. We have issued instructions and reviewed the related procedures performed and conclusions reached by the auditor concerning to the assessment of the operating effectiveness of internal controls of the processes of the shared service center.

## Valuation of financial instruments

Refer to note 2 Summary of significant accounting policies, and the notes 11,14 and 17 Additional disclosures on financial instruments.

The company holds significant positions in derivative financial instruments and issued bonds, and applies hedge accounting relating to these positions. The valuation of these instruments is performed by the Siemens AG shared service centre. Management remains responsible for the valuation and hedge accounting applied in the financial statements of the company (refer to paragraph Use of the shared service centre).

The auditor of Siemens AG involves valuation specialists in the audit procedures regarding the valuation of derivatives and other financial instruments. We have issued instructions and reviewed the related procedures performed and conclusions reached by the auditor including the procedures performed by these specialists. Furthermore, we assessed whether the disclosures in the financial statements in relation to the valuation of financial instruments are compliant with the relevant reporting requirements.

## Related party transactions

Refer to note 22 Related parties

The company enters into significant related party transactions related to lending and treasury activities with Siemens AG group companies. The associated transaction pricing can be a subjective area and comprises various assumptions. The use of different assumptions could produce significantly different pricing for these transactions. Siemens AG applies principles which are aimed to ensure that these are executed on an “at arm’s length” basis consistent with the applicable advanced pricing agreement. For the purpose of obtaining assurance regarding the consistency with the advanced pricing agreement, we involved tax specialists in our team. Finally, we assessed whether the disclosures in the financial statements in relation to the related parties are compliant with the relevant accounting requirements.

## Responsibilities of management and the Supervisory Board for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with EU-IFRS and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Report of the Board of Directors in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

# Siemens Financieringsmaatschappij N.V.

As part of the preparation of the financial statements, management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

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

## **Our responsibilities for the audit of the financial statements**

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

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

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

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion.  
Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company ceasing to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures.
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

We provide the supervisory board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on

# Siemens Financieringsmaatschappij N.V.

our independence, and where applicable, related safeguards.

From the matters communicated with the supervisory board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore

the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

## Report on other legal and regulatory requirements

Report on the Report of the Board of Directors and the other information

Pursuant to legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the Report of the Board of Directors and other information):

- We have no deficiencies to report as a result of our examination whether the Report of the Board of Directors, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the Report of the Board of Directors, to the extent we can assess, is consistent with the financial statements.

### Engagement

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

Amsterdam, 9 November 2015  
Ernst & Young Accountants LLP

signed by O.E.D. Jonker

# Siemens Financieringsmaatschappij N.V.

## Profit appropriation according to the Articles of Association

Article 19 of the articles of association reads as follows:

1. Any reserves determined by the Supervisory Board shall be made out of the profit less the annual depreciation. The remaining profit after such amounts have been reserved shall be at the disposal of the General Meeting of Shareholders to pay out dividends or for other purposes to be determined by the meeting.
2. The Company may make payments, out of the distributable profit, to shareholders and other persons entitled to such payment, only if and to the extent that the Company's authorised capital is in excess of the paid-up share of the capital plus the reserves that must be maintained by virtue of the law and these Articles of Association.
3. Payments of profit shall be made after confirmation of the annual accounts showing that such payment is permissible.
4. Upon prior approval of the Supervisory Board, the Board of Directors may resolve, prior to the confirmation of the annual accounts in any fiscal year, upon payment of one or more interim-dividend(s) based on the dividend to be expected, always provided that the provision laid down in paragraph 2 with regard to the Company's authorised capital has been satisfied, which shall appear from an interim capital report signed by the Board of Directors.

### Proposal for appropriation of the result

Pursuant to article 19 of the Articles of Association, it is proposed to appropriate the results of the fiscal year 2015 as follows:

Distribution of dividends	EUR	-
Adding to (extracting from) retained earnings	EUR	(14,788,231.15)

