

Siemens Financieringsmaatschappij N.V.

Annual Report 2007

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Siemens Financieringsmaatschappij N.V

Annual Report 2007

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Siemens Financieringsmaatschappij N.V

Statement of the Board of Directors

Herewith we present both the consolidated and the company financial statements of Siemens Financieringsmaatschappij N.V. as of September 30, 2007. These financial statements are prepared according to the International Financial Reporting Standards.

General

Siemens Financieringsmaatschappij N.V. ("Company" or "SFM") 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 ("Associates"). The Company is a 100% subsidiary of Siemens AG Berlin / Munich. Siemens Financieringsmaatschappij N.V. holds 100% of the shares in Siemens Finance B.V. a public company with limited liability registered at the same address. Siemens Finance B.V. has similar activities as the Company and held a EUR 2.5 billion convertible Note until mid August 2007. During reporting year 2005 - 2006 the shares in Siemens Capital B.V. were sold by the Company to Siemens AG.

Objectives

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

Strategy

The Company is the main funding party of the Associates and offers finance solutions mainly for general purposes of the borrower.

Interest risks and foreign exchange risks have to be covered by back to back funding, or effective hedging instruments have to be in place.

The needed funding is managed by borrowing from the money and capital markets by issuing loans, bonds, notes and commercial paper.

The Company will continue its activities as financing company within Siemens AG and Siemens AG Group companies. Given its interrelatedness with Siemens AG, management refrains from commenting on the activity level and expected results for the near future.

Risk management

The Board of Directors is responsible for the internal control and the management of risks within the Company and for the assessment of the effectiveness of these control systems. Such control systems were set up in cooperation with Siemens AG to identify and subsequently manage the credit, interest and foreign exchange rate risks which could endanger the realization of the objectives of the Company.

Interest rate risks and exchange rate risks related to loans and receivables are hedged if no back to back funding is in place. If the Company lends to other companies than Siemens AG the credit risk of these loans are in principle covered by a guarantee of Siemens AG.

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Business Review

In January 2007 the Company entered into an Advance Pricing Agreement with the Dutch Tax authorities. The agreement determines the at arm's length pricing for financing activities with the Associates for the reporting years 2007 to 2012.

The 2.5% 2001/2007 CHF 0.25 billion loan under the Medium Term Note Programme and the 5.5% 1997/2007 EUR 0.991 billion bond matured in the first half year of 2007.

On April 4, 2007 Siemens AG, Siemens Capital Company LLC and Siemens Financieringsmaatschappij N.V. have established an USD 9.0 billion Global Program for the issuance of commercial paper notes. The former EUR 3.0 billion Commercial Paper Program was not used by the Company since 1 October 2006 and closed with the start of the new program.

The Company issued 184 commercial papers under the USD 9.0 billion Siemens Global Commercial Paper Program totaling an amount of EUR 10.4 billion, covering revolving short term financing needs of the Associates. The outstanding amount at September 30, 2007 is EUR 1.1 billion (September 30, 2006 all transactions were matured).

In July 2007 Siemens Finance B.V. announced the early redemption of the 1.375% 2003/2010 EUR 2.5 billion Convertible Notes on August 17, 2007. During the reporting year 2006 - 2007 investors converted for an amount of EUR 0.6 billion notes into the shares of Siemens AG. Shortly before the date of early redemption Siemens Finance B.V. substituted for itself as principal debtor in respect of all obligations arising from or in connection with the convertible notes Siemens AG.

Other items

All personnel are employed by the regional company Siemens Nederland N.V.

The Hague, November 22, 2007

On behalf of the Board of Directors

B.G. Trompert
Managing Director

J.W. Hesselink
Managing Director

Siemens Financieringsmaatschappij N.V

Report of the Supervisory Board to the shareholders

General

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

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

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

Annual report 2007

Hereby we present both the consolidated financial statements and the Company financial statements of Siemens Financieringsmaatschappij N.V. and its wholly owned subsidiary Siemens Finance B.V. as of September 30, 2007, as prepared by the Board of Directors and adopted by the Supervisory Board, as well as all other legally required information concerning the Company. The financial statements for 2007 were audited by KPMG Accountants N.V., which issued an unqualified auditors' report, which can be found on the last pages of this report.

At the forthcoming Annual General Meeting of Shareholders we recommend that you approve the Annual Report for 2007 in accordance with the documents as presented. In compliance with Article 18, paragraph 6 of the Articles of Association, we propose to adopt the Annual report and discharge the members of the Supervisory Board and members of the Board of Directors. Furthermore we propose that you approve the proposal of the Board of Directors concerning the result appropriation.

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

The Hague, November 22, 2007

For the Supervisory Board

J.-C. Kieffer

H.P. Rupprecht

Siemens Financieringsmaatschappij N.V

CONSOLIDATED FINANCIAL STATEMENTS

As of September 30, 2007

(in thousands of EUR, except where otherwise stated)

Consolidated Statement of Income

		Year ended September 30,	
	Notes	2007	2006
Interest income	4	619,366	394,132
Interest expenses	4	(567,358)	(273,923)
Net balance of fair value measurement of financial instruments	5	<u>(54,638)</u>	<u>(214,957)</u>
Total operating income		(2,630)	(94,748)
Miscellaneous income and expenses	6	<u>(741)</u>	<u>(634)</u>
Profit before tax		(3,371)	(95,382)
Income tax expense	7	1,147	28,858
Profit for the period attributable to equity holders of the parent		(2,224)	(66,524)

Siemens Financieringsmaatschappij N.V

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(in thousands of EUR, except where otherwise stated)

Consolidated Balance Sheet (before appropriation of result)

ASSETS	Notes	September 30,	
		2007	2006
Current assets			
Receivables from Associates	9	9,397,679	9,958,231
Derivative assets	10	175,274	305,496
		9,572,953	10,263,727
Non-current assets			
Loans to Associates	11	-	2,496,700
Deferred tax assets	7	3,709	1,294
		3,709	2,497,994
Total assets		9,576,662	12,761,721

LIABILITIES AND EQUITY	Notes	September 30,	
		2007	2006
Current liabilities			
Short term debt and current maturities of long term debt	12	1,134,357	1,161,181
Liabilities to Associates	13	6,820	39,005
Tax accruals	7	909	238
Other current financial liabilities	14	197,015	118,808
		1,339,101	1,319,232
Long term liabilities			
Long term debt	12	8,222,465	11,425,169
		8,222,465	11,425,169
Shareholders' equity			
Issued and paid in share capital	15	10,256	10,256
Share premium reserve	15	1,561	1,561
Retained earnings	15	5,503	72,027
Undistributed profit		(2,224)	(66,524)
		15,096	17,320
Total liabilities and equity		9,576,662	12,761,721

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(in thousands of EUR, except where otherwise stated)

Consolidated Statements of Cash Flows

		Year ended September 30,	
	Notes	2007	2006
Cash flows from operating activities:			
Profit before taxation		(3,371)	(95,382)
Proceeds from issuance of notes	12	-	6,703,235
Redemption of notes	12	(1,727,515)	(1,598,757)
Issuer substitution	12	(1,915,600)	-
Proceeds from issuance of commercial paper, net	12	1,134,357	(235,190)
Payment of transaction cost		-	(34,160)
(Increase) decrease in receivables from Associates	9	586,564	(4,847,237)
Increase (decrease) in liabilities to Associates	13	(32,184)	(24,785)
(Increase) decrease in derivative assets	10	130,222	101,322
(Increase) decrease in loans to Associates	11	2,496,700	3,300
Increase (decrease) in other current financial liabilities	16	78,207	26,610
Increase (decrease) in fair value of notes	12	(720,770)	30,194
Income taxes paid	7	(598)	(3,493)
Net cash provided by operating activities		26,012	25,657
Cash flows from investing activities:			
Divestment of subsidiary		-	2,100
Net cash provided by investing activities		-	2,100
Cash flows from financing activities:			
Dividend paid		-	(6,556)
Net cash (used in) provided by financing activities		-	(6,556)
Net (decrease) increase in cash and cash equivalents		26,012	21,201
Cash and cash equivalents at beginning of year		47,282	26,081
Cash and cash equivalents at end of year		73,294	47,282

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Consolidated Statement of Changes in Equity

	Issued and paid-in capital	Share premium reserve	Retained earnings	Un- distributed profit	Total
Balance as at October 1, 2005	10,256	1,561	3,964	74,619	90,400
Appropriation of undistributed profit	-	-	74,619	(74,619)	-
Dividend	-	-	(6,556)	-	(6,556)
Profit for the year ended September 30, 2006	-	-	-	(66,524)	(66,524)
Balance as at September 30, 2006	10,256	1,561	72,027	(66,524)	17,320
Appropriation of undistributed profit	-	-	(66,524)	66,524	-
Dividend	-	-	-	-	-
Profit for the year ended September 30, 2007	-	-	-	(2,224)	(2,224)
Balance as at September 30, 2007	10,256	1,561	5,503	(2,224)	15,096

Siemens Financieringsmaatschappij N.V

CONSOLIDATED FINANCIAL STATEMENTS

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(in thousands of EUR, except where otherwise stated)

Notes to the Consolidated Financial Statements

1. Basis of presentation

Reporting entity

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

The consolidated financial statements of the Company as at and for the year ended September 30, 2007 comprise the Company and its subsidiaries (together referred to as the "Group"). The Group primarily is involved in the financing of the Associates.

The financial statements were authorised for issue by the Managing Board on November 22, 2007.

Reporting standard

The accompanying Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union (EU).

The following new standards, amendments to standards and interpretations are not yet effective for the year ended September 30, 2007, and have not been applied in preparing these consolidated financial statements:

IFRS 7 Financial Instruments: Disclosures and the Amendment to IAS 1 Presentation of Financial Statements. Capital Disclosures require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which will become mandatory for the Company's 2007 - 2008 financial statements, will require extensive additional disclosures with respect to the Company's financial instruments and share capital.

IFRS 8 Operating Segments: introduces the "management approach" to segment reporting. IFRS 8, which becomes mandatory for the Group's 2009 - 2010 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Company's management board in order to assess each segment's performance and to allocate resources to them. Currently the Company presents geographical segment information in respect of its business (see note 4). Under the management approach, the Company will present segment information in respect of interest income and interest expenses.

Siemens Financieringsmaatschappij N.V

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(in thousands of EUR, except where otherwise stated)

2. Summary of significant accounting policies

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

Basis of consolidation—The Consolidated Financial Statements include the accounts of SFM and its subsidiaries which are directly or indirectly controlled. Control is generally conveyed by ownership of the majority of voting rights. Siemens Capital B.V. was consolidated up to the sale on July 26, 2006.

Associates—Siemens AG Group companies that are consolidated in the Siemens AG consolidated financial statements.

Transactions eliminated on consolidation—Intra-group balances, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the Consolidated Financial Statements.

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

Transactions in foreign currencies are recorded at the rates prevailing at the dates of the individual transactions. At the end of the accounting period the unsettled balances on foreign currency receivables and liabilities are valued at the rates of exchange prevailing at the year-end. Exchange rate differences arising on translation are recognised in the income statement.

The exchange rates of the significant currencies used in the preparation of the Consolidated Financial Statements were as follows:

Currency	ISO Code	Year-end exchange rate 1 EUR quoted into currencies specified below September 30,		Annual average rate 1 EUR quoted into currencies specified below reporting year ending	
		<u>2007</u>	<u>2006</u>	<u>2007</u>	<u>2006</u>
U.S. Dollar.....	USD	1.419	1.266	1.331	1.230
British pound.....	GBP	0.697	0.678	0.676	0.685
Swiss Franc	CHF	1.660	1.588	1.626	1.561

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

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

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

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

Financial instruments are recognized on the balance sheet when a Group entity 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.

Fair valuing principles—Interest rate and currency swaps are valued by using discounted cash flow models. Forward foreign exchange contracts are valued with the forward exchange rate. Changes in fair value are calculated by comparing this with the original amount calculated by using the contract forward rate prevailing at the beginning of the contract. Changes in fair value on these instruments are reported in the income statement.

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

Derivative instruments—Derivative financial instruments are measured at fair value. Derivative financial instruments are classified as held for trading unless they are designated as hedging instruments, for which hedge accounting is applied. Changes in the fair value of derivative financial instruments are recognized periodically in net income, net of applicable deferred income taxes. In accordance with its treasury policy, SFM does not hold or issue derivative financial instruments for speculative purposes.

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

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

Fair value hedges—In the case of fair value hedges, the carrying amount of the hedged instrument is adjusted by the gain or loss attributable to the hedged risk.

In accordance with its treasury policy, the Company does not hold or issue derivative financial instruments for speculative purposes. Derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Related party transactions—The transactions of the Company comprise mainly transactions with related parties (Associates) and are priced at an “arms length” basis, unless indicated otherwise.

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Cash and cash equivalents—The Company considers all highly liquid investments with less than three months maturity from the date of acquisition to be cash equivalents. Cash and cash equivalents are measured at cost.

Loans and receivables—Financial assets classified as loans and receivables are measured at amortized cost using the effective interest method.

As Siemens AG has undertaken to grant directly and irrevocably to each note-holder the right to convert the convertible notes, Siemens Finance B.V. has no obligation to convert the notes in accordance with the terms and conditions of the notes, only an obligation to pay interest and redeem the notes. Therefore Siemens Finance B.V. accounted for the convertible notes as a straight bond in prior years.

The Company lends the proceeds of all other notes and bonds to related parties on a short term basis. The carrying amount of these loans and receivables, net of allowances, approximates the fair value of the notes and bonds.

Financial liabilities—SFM measures financial liabilities, except for derivative financial instruments, at amortized cost using the effective interest method.

Revenue recognition—Interest revenues are recognized on a time proportion basis.

Cost recognition—Interest expenses and miscellaneous income and expenses, are accounted for in the period to which they relate.

Solvency—Given the objectives of the Company, the Company is economically interrelated with the ultimate holding company, Siemens AG, Germany. In assessing the solvency of the Company also the solvency of Siemens AG as a whole needs to be considered.

Dividends—Dividends proposed by the Board of Directors are not recorded in the financial statements until the Annual General meeting of the shareholders has approved the proposal.

Geographical segments—In accordance with IAS 14, the Company presents segment information. Segment information is presented in respect of the Company's business and geographical segments. Due to the fact that the Company's activities consist only of financing activities, the geographical segment is considered to be the primary format. The clients of the Company are based in Europe and the United States of America. Note 4 provides an overview of the interest income and interest expense per segment.

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

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

The Company's purpose is to assist the financing of the activities conducted by the Associates. The assistance is considered to be an operating activity of the Company. The cash flow from operating activities is computed using the indirect method, starting from the net income 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.

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Dispositions—July 26, 2006 the Company sold its interest in Siemens Capital B.V. to Siemens AG. Siemens Capital B.V, was consolidated in the Company's figures up to July 26, 2006.

The consideration received amounted to EUR 2.1 million which value was based on the net equity value of Siemens Capital B.V. as in July 2006. The transfer resulted in a book result of EUR 0.1 million.

The accounting policies set out above have been applied consistently to all periods presented in these consolidated financial statements, and have been applied consistently by Group entities.

3. Management estimates and judgments

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

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

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4. Interest income and expenses

The increase in interest income and expenses is due to new issued bonds at the end of reporting year 2005 – 2006 (see also note 12. Debt).

The interest income and expenses per segment are as follows:

Interest income per segment	Year ended September 30,	
	2007	2006
The Netherlands	61,904	16,883
Rest of Europe	293,920	207,180
United States of America	263,542	170,069
Total interest income	619,366	394,132

Interest expenses per segment	Year ended September 30,	
	2007	2006
The Netherlands	(1,019)	(1,279)
Rest of Europe	(565,927)	(271,886)
United States of America	(412)	(758)
Total interest expense	(567,358)	(273,923)

Interest income, net per segment	Year ended September 30,	
	2007	2006
The Netherlands	60,885	15,604
Rest of Europe	(272,007)	(64,706)
United States of America	263,130	169,311
Total interest net	52,008	120,209

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5. Net balance of fair value measurement of financial instruments

	Year ended September 30,	
	2007	2006
Ineffectiveness of designated hedges	(3,833)	1,630
Losses from interest derivatives since de-designation of hedge	(39,825)	(194,402)
Gains/Losses from interest derivatives until designation of hedge	(10,552)	7,017
Currency results	(233)	(42,481)
Other	(195)	13,279
	(54,638)	(214,957)

The losses from interest derivatives since de-designation of hedge relate to hedges started before October 2004, which were de-designated with the adoption of IFRS per October 1, 2004. For the 5.75% 2001/2011 EUR bond a new hedge was designated in March 2006.

After of the maturity in 2007 of the 2.5% 2001/2007 CHF bond and the 5.5% 1997/2007 EUR bond, only designated hedges exist as per September 30, 2007.

The gains/losses from interest derivatives until designation of hedge relate to the derivatives regarding the bonds issued in September 2006. The hedges regarding these bonds are designated per October 2, 2006. The loss in reporting year 2006 - 2007 relates to the period before designation.

The realized losses before designation of the hedges, will be compensated until maturity of the hedges in September 2016.

6. Miscellaneous income and expenses

The increase in miscellaneous income expenses of EUR 0.1 is mainly caused by an increase in staff and in tax advisory cost.

7. Income tax

Siemens Financieringsmaatschappij N.V. is the head of a fiscal unity for corporate income tax. As a consequence Siemens Financieringsmaatschappij N.V. is liable for any debt arising for any other member of the fiscal unity.

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

Income tax benefit consists of the following:

	Year ended September 30,	
	2007	2006
Current tax expense	1,269	2,872
Deferred tax income	(2,416)	(31,730)
Income tax benefit	(1,147)	(28,858)

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For reporting years ended September 30, 2007 and 2006, the Company was subject to Dutch corporate income tax. Tax rates have been reduced over the past years. The tax rates were computed as an average rate from the statutory tax rate in 2007 (25.5%), 2006 (29.6%) and 2005 (31.5%) at an average rate of 26.5% and 30.0% respectively.

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

	Year ended September 30,	
	2007	2006
Profit from ordinary activities before tax	(3,371)	(95,382)
Income Tax using weighted average corporate tax rate (26.5% - 30.0%)	(893)	(28,615)
Tax effect participation exemption	-	(383)
Difference due to changes in Corporate tax rate	89	140
Change (decrease) in accrual for old years	(343)	-
Income tax expenses (benefit)	(1,147)	(28,858)

There were no items charged or credited directly to equity. The increase in the income tax accrual consists of the following:

	September 30,	
	2007	2006
Balance at beginning of the year	238	911
Correction of accrual for reporting years < 2005 - 2006	(343)	-
Current income tax	1,612	2,872
Payments to tax authorities, net	(652)	(3,493)
Other	54	(52)
Balance at the end of the year	909	238

The correction of the accrual is caused by a recalculation of effective tax expenses in the years prior to reporting year 2005 - 2006.

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The increase in the deferred tax assets consists of the following:

Deferred tax assets (liabilities)

	September 30,	
	2007	2006
Balance at beginning of the year	1,294	(30,437)
Deferred tax assets for reporting year 2005 - 2006	(293)	31,487
Deferred tax assets for reporting year 2006 - 2007	2,797	-
Change in Corporate tax rate	(89)	140
Other	-	104
Balance at the end of the year	3,709	1,294

Deferred tax has been computed as an average rate from the statutory tax rate in 2007 (25.5%), 2006 (29.6%) and 2005 (31.5%) at an average rate of 26.5% and 30.0% respectively.

8. Remuneration Board of Directors and Supervisory Board

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

9. Receivables from Associates

	September 30,	
	2007	2006
Clearing account	40,361	21,770
Interest receivables	32,933	25,512
Loans < 1 year	9,324,385	9,910,949
Total	9,397,679	9,958,231

Receivables per segment

	September 30,	
	2007	2006
The Netherlands	2,214,023	450,861
Rest of Europe	2,951,175	4,767,862
United States of America	4,232,481	4,739,508
Total interest expense	9,397,679	9,958,231

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10. Derivative assets

	September 30,	
	2007	2006
Held for trading	-	46,880
In connection with fair value hedge	175,274	258,616
	175,274	305,496

The decrease under 'Held for trading', relates both to the bonds matured in reporting year 2006 - 2007 and to the 5.25% 2006/2066 EUR 0.9 billion bond and the 6.125% 2006/2066 GBP 0.75 billion bond issued in September 2006.

For these bonds the interest rate swap was designated as hedge accounting per October 2, 2006. The fair value of these interest rate swaps are reported under "In connection with fair value hedge" as per September 30, 2007 and 2006.

In general all derivatives are used for hedging purposes. As per September 30, 2007, all derivatives are designated in hedge accounting. Currently SFM has 7 hedge packages, hedging the interest rate risk for the following amounts:

- a) EUR 2 billion maturing July, 2011
- b) USD 0.75 billion maturing Feb., 2012
- c) USD 1.75 billion maturing Oct., 2016
- d) USD 1.75 billion maturing Aug., 2026
- e) USD 0.5 billion maturing March, 2016
- f) EUR 0.9 billion maturing Sept., 2016
- g) GBP 0.75 billion maturing Sept., 2016

11. Loans to Associates

	September 30,	
	2007	2006
Balance at beginning of the year	2,496,700	2,500,000
Repayments due to conversions	(581,100)	(3,300)
Decrease due to substitution of issuer	(1,915,600)	-
	-	2,496,700
Weighted average maturity period in years	-	3.68
Weighted average interest rate	1.4375%	1.4375%

The loans to Associates consisted of the proceeds out of the convertible loan Siemens Finance B.V. issued in 2003 (note 14), which was lend back-to-back to Siemens AG. In August 2007, the substitution of Siemens Finance B.V. as issuer took place for the remaining notes of the convertible (see also note 12).

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12. Debt

Short term debt and current maturities of long term debt

	September 30,	
	2007	2006
Notes and bonds	-	1,161,181
Commercial paper	1,134,357	-
	1,134,357	1,161,181

Notes and bonds

In reporting year 2006 - 2007, the Company redeemed the outstanding amounts of CHF 0.25 billion of the 2.5% 2001/2007 CHF-bond, which was due on February 28, 2007 and of EUR 0.991 billion of the 5.5% 1997/2007 EUR-bond, which was due on March 12, 2007.

In Notes and Bonds an amount of 12,279 refers to adjustments recognized under Dutch GAAP and retained for IFRS, which are carried forward and deferred over the remaining life of the related instrument.

Commercial paper

On April 4, 2007 Siemens AG, Siemens Capital Company LLC and Siemens Financieringsmaatschappij N.V. have established an USD 9.0 billion Global Program for the issuance of commercial paper notes. The EUR 3.0 billion Commercial Paper Program was not used by the Company since 1 October 2006 and closed with the start of the new program.

The Company issued 184 commercial papers under the USD 9.0 billion Siemens Global Commercial Paper Program totaling an amount of EUR 10.4 billion, covering revolving short term financing needs of the Associates. The outstanding amount at September 30, 2007 is EUR 1.1 billion (September 30, 2006 all transactions were matured). The interest rates of the commercial paper varied between 3.58% and 4.68% with durations between 1 week and 3 months.

Long term debt

	September 30,	
	2007	2006
Notes and bonds	8,207,959	11,242,721
Adjustment of carrying amount due to fair value hedge accounting	(53,009)	93,011
Other financial indebtedness (maturing 2007 - 2016)	67,515	89,437
Therein:		
<i>Adjustments recognized under Dutch GAAP and retained for IFRS</i>	120,665	149,890
<i>Unamortized portion of disagio</i>	(18,162)	(21,172)
<i>Unamortized portion of transaction costs</i>	(34,988)	(39,281)
	8,222,465	11,425,169

As of September 30, 2007, weighted-average interest rates for loans from banks and other financial indebtedness were 4.5% (2006: 4.1%).

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

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In August 2007, after substitution of the issuer for the remaining outstanding amount of EUR 1.9 billion of the 1.375% 2003/2010 EUR convertible note Siemens Finance B.V. had no longer obligations to the note holders.

Siemens AG has agreements with financial institutions under which it may issue up to EUR 5.0 billion in medium-term notes. The Company participates in this agreement as issuer. The Company issued USD 1.0 billion under this program comprising USD 500 million floating rate notes due March 2012, bearing interest of 0.15% above LIBOR and USD 500 million 5.625% notes due March 2016.

In August 2006, the credit facility program under which Siemens may draw was extended with USD 4.0 billion, bringing the total facility at USD 9.0 billion. Besides that a separate facility of EUR 0.450 billion exists. No withdrawal by SFM has taken place so far ever.

Details of the company's notes and bonds

Amounts in Millions	September 30, 2007		September 30, 2006	
		(notional amount) EUR ¹⁾	(notional amount)	EUR ¹⁾
2.5% 2001/2007 CHF bonds	CHF	-	250	158
5.5% 1997/2007 EUR bonds	EUR	-	991	1,004
1,375% 2003/2010 EUR convertible notes ²⁾	EUR	-	2,497	2,497
5.75% 2001/2011 EUR bonds	EUR	2,000	2,067	2,142
USD LIBOR+0.15% 2006/2012 USD notes	USD	500	351	393
5.625% 2006/2016 USD notes	USD	500	356	398
5.5% 2006/2012 USD notes	USD	750	540	599
USD LIBOR 2006/2009 USD notes ³⁾	USD	750	529	592
5.75% 2006/2016 USD notes	USD	1,750	1,259	1,408
6.125% 2006/2026 USD notes	USD	1,750	1,251	1,419
5.25% 2006/2066 EUR bonds ⁴⁾	EUR	900	849	890
6.125% 2006/2066 GBP bonds ⁴⁾	GBP	750	1,020	1,086
		8,222		12,586

All bonds and notes are guaranteed by Siemens AG.

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

²⁾ In July 2007 Siemens Finance B.V. announced the early redemption of the 1.375% 2003/2010 EUR 2.5 billion Convertible Notes on August 17, 2007. During the reporting year 2006 - 2007 investors converted for an amount of EUR 0.6 billion notes into the shares of Siemens AG. Shortly before the date of early redemption Siemens Finance B.V. substituted for itself as principal debtor in respect of all obligations arising from or in connection with the convertible notes Siemens AG.

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³⁾ For the USD 750 million floating rate note, the Company may, on or after February 14, 2008, redeem all or some of the Notes at the early redemption amount, according to the conditions of the bond. For the fixed rate notes, the issuer may redeem at any time all or some of the notes at the early redemption amount (call) according to the conditions of the bond.

⁴⁾ The subordinated hybrid capital bond was issued in a EUR tranche of EUR 0.9 billion and a GBP tranche of GBP 0.75 billion, both with a legal final maturity on September 14, 2066 and with a call option for Siemens after 10 years or thereafter. The bonds bear a fixed interest rate (5.25% for the EUR tranche and 6.125% for the GBP tranche) until September 14, 2016, thereafter, floating rate interest according to the conditions of the bond.

As of September 30, 2007, the aggregate amounts of indebtedness maturing during the next five years and thereafter are as follows:

Reporting Year	(millions of EUR)
2007 – 2008	1,134
2008 – 2009	529
2009 – 2010	-
2010 – 2011	2,067
2011 – 2012	540
Thereafter	5,086
	9,356

13. Liabilities to Associates

	September 30,	
	2007	2006
loans from Associates < 1 yr	-	29,500
other liabilities to Associates	6,820	9,505
	6,820	39,005

14. Other current financial liabilities

	September 30,	
	2007	2006
Derivative liabilities in connection with fair value hedge	100,419	-
Interest payable	96,574	118,808
	196,993	118,808

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15. 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 paid in.

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.

For reporting year 2006 - 2007, the Board of Directors proposes not to pay any dividend. Not-payment of any dividend is contingent upon approval by the shareholders at the Annual Shareholders' Meeting.

16. Commitments and contingencies

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

	<u>September 30,</u> <u>2007</u>	<u>2006</u>
Guarantees		
Credit guarantees	2	1
Performance guarantees	29	39

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

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

17. 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 forward exchange contracts, spot contracts and cross currency swaps to limit foreign exchange risks. All such derivative financial instruments are recorded at fair value on the Consolidated Balance Sheet, either as Other current financial assets or Other current financial liabilities, and changes in fair values are charged to net income.

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18. Interest rate risk

Interest risks are covered by back to back funding, or by effective hedging instruments. The Company uses derivatives, such as interest-rate swaps and forward rate agreements to manage the exposure to movements in interest rates and thus to help achieve target levels of interest income or expense.

19. Liquidity risk

Liquidity risk results from the Company's potential inability to meet its financial liabilities when they come due, at reasonable costs and in a timely manner. The Company participates in a medium-term note program (EMTN) and in a commercial paper program, both established by Siemens AG. Siemens AG unconditionally and irrevocably guarantees all debt securities of the Company, including debt securities issued under the EMTN and the subordinated Hybrid Capital Bond, issued September 2006.

20. Credit risk

The Company is exposed to credit risk in connection with its significant size of loans granted to the Associates. Credit risk is defined as an unexpected loss in cash and earnings if the ultimate borrower is unable to pay its obligations in due time. Valuation / collectibility of these receivables depend upon the financial position and credit worthiness of the involved companies and of Siemens AG as a whole.

21. Subsequent events

In November 2007, the Company drew USD 3.1 billion under two new short term credit facilities.

22. Claims and litigations

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

23. Related parties

The Company is the main funding party of the Associates and offers finance solutions mainly for general purposes of the borrower. No amount is paid by the Company or any of the related parties other than in the line of business.

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COMPANY FINANCIAL STATEMENTS

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Company Statement of Income

		Year ended September 30,	
	Notes	2007	2006
Interest income	4	594,945	356,115
Interest expenses	4	(544,224)	(237,715)
Net balance of fair value measurement of financial instruments	5	<u>(54,638)</u>	<u>(214,957)</u>
Total operating income		(3,917)	(96,557)
Miscellaneous income and expenses	6	<u>(629)</u>	<u>(551)</u>
Profit before tax		(4,546)	(97,108)
Income tax expense	7	1,458	29,347
Profit from ordinary activities after tax		(3,088)	(67,761)
Result from Participations		1,137	1,277
Profit for the period attributable to equity holders of the parent		(1,951)	(66,484)

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COMPANY FINANCIAL STATEMENTS

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Company Balance Sheet (before appropriation of result)

ASSETS	Notes	September 30,	
		2007	2006
Current assets			
Receivables from Associates	9	9,386,681	9,942,906
Tax receivable	7	398	758
Derivative assets	10	175,274	305,496
		9,562,353	10,249,160
Non-current assets			
Investments in Associates	11	2,000	2,000
Deferred tax assets	7	3,709	1,294
		5,709	3,294
Total assets		9,568,062	10,252,454
LIABILITIES AND EQUITY	Notes	September 30,	
		2007	2006
Current liabilities			
Short term debt and current maturities of long term debt	12	1,134,357	1,161,181
Liabilities to Associates	13	-	39,005
Other current financial liabilities	14	197,008	107,616
		1,331,365	1,307,802
Long term liabilities			
Long term debt	12	8,222,465	8,928,469
		8,222,465	8,928,469
Shareholders' equity			
Issued and paid in share capital	15	10,256	10,256
Share premium reserve	15	1,561	1,561
Retained earnings	15	4,366	70,850
Undistributed profit		(1,951)	(66,484)
		14,232	16,183
Total liabilities and equity		9,568,062	10,252,454

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Company Statements of Cash Flows

	Notes	Year ended September 30,	
		2007	2006
Cash flows from operating activities:			
Profit before taxation		(4,546)	(97,108)
Proceeds from issuance of notes	12	-	6,703,235
Redemption of notes	12	(1,146,415)	(1,595,457)
Proceeds from issuance of commercial paper, net	12	1,134,357	(235,189)
Payment of transaction cost		-	(34,160)
(Increase) decrease in receivables from Associates	9	593,565	(4,885,430)
Increase (decrease) in liabilities to Associates	13	(39,005)	19,061
(Increase) decrease in derivative assets	10	130,222	101,322
Increase (decrease) in other current financial liabilities	14	89,392	26,625
Increase (decrease) in fair value of notes	12	(720,770)	30,194
Dividend received		1,137	1,177
Income taxes paid	7	(598)	(3,493)
Net cash provided by operating activities		37,339	30,777
Cash flows from investing activities:			
Divestment of subsidiary (deconsolidation)		-	2,100
Net cash provided by investing activities		-	2,100
Cash flows from financing activities:			
Dividend paid		-	(6,556)
Net cash (used in) provided by financing activities		-	(6,556)
Net (decrease) increase in cash and cash equivalents		37,339	26,321
Cash and cash equivalents at beginning of year		35,456	9,135
Cash and cash equivalents at end of year		72,795	35,456

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Company Statement of Changes in Equity

	Issued and paid-in capital	Share premium reserve	Retained earnings	Un- distributed profit	Total
Balance as at October 1, 2005	10,256	1,561	3,964	73,442	89,223
Appropriation of undistributed profit	-	-	73,442	(73,442)	-
Dividend	-	-	(6,556)	-	(6,556)
Profit for the year ended September 30, 2006	-	-	-	(66,484)	(66,484)
Balance as at September 30, 2006	10,256	1,561	70,850	(66,484)	16,183
Appropriation of undistributed profit	-	-	(66,484)	66,484	-
Dividend	-	-	-	-	-
Profit for the year ended September 30, 2007	-	-	-	(1,951)	(1,951)
Balance as at September 30, 2007	10,256	1,561	4,366	(1,951)	14,232

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Notes to the Company Financial Statements

1. Basis of presentation

Reporting entity

Siemens Financieringsmaatschappij N.V. ("Company" or "SFM") is a company domiciled in the Netherlands. The address of the Company's registered office is Prinses Beatrixlaan 800, 2595 BN, The Hague, Netherlands. The Company is registered in the Commercial Register at September 14, 1977, number 27092998. The Company acts as a finance company for the benefit of Siemens AG and Siemens AG Group companies ("Associates"). As at September 30, 2006, the Company is a 100% subsidiary of Siemens AG Berlin / Munich.

The Company financial statements as at and for the year ended September 30, 2007 comprises the Company. The Company primarily is involved in the financing of the Associates.

The financial statements were authorised for issue by the Managing Board on November 22, 2007.

Reporting standard

The accompanying Company Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations issued by the International Accounting Standards Board (IASB), as adopted by the European Union (EU).

The following new standards, amendments to standards and interpretations are not yet effective for the year ended September 30, 2007, and have not been applied in preparing these consolidated financial statements:

IFRS 7 Financial Instruments: Disclosures and the Amendment to IAS 1 Presentation of Financial Statements. Capital Disclosures require extensive disclosures about the significance of financial instruments for an entity's financial position and performance, and qualitative and quantitative disclosures on the nature and extent of risks. IFRS 7 and amended IAS 1, which will become mandatory for the Company's 2007 financial statements, will require extensive additional disclosures with respect to Group's financial instruments and share capital.

IFRS 8 Operating Segments: introduces the "management approach" to segment reporting. IFRS 8, which becomes mandatory for the Company's 2009 financial statements, will require the disclosure of segment information based on the internal reports regularly reviewed by the Company's management board in order to assess each segment's performance and to allocate resources to them. Currently the Company presents geographical segment information in respect of its business (see note 4). Under the management approach, the Company will present segment information in respect of Interest income and interest expenses.

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2. Summary of significant accounting policies

The accounting principles of Siemens Financieringsmaatschappij N.V. Company financial statements correspond with the accounting principles used in the Consolidated financial statements of Siemens Financieringsmaatschappij N.V.

The Company carries its investments in Group- and Associated companies at historic cost less provision for any diminution in value deemed to be of a permanent nature. These provisions are determined on the following basis:

- Provisions for losses on disposal or liquidation of an investment are made when such losses can reasonably be foreseen.
- The value of the Company's investments, other than companies intended for disposal or liquidation, is assessed each year on an individual basis and any impairment loss is recognised on this basis.

Associates

See the summary of significant accounting policies of the Consolidated Financial statements.

Functional and presentation currency

See the summary of significant accounting policies of the Consolidated Financial statements.

Impairment

See the summary of significant accounting policies of the Consolidated Financial statements.

Income Taxes

See the summary of significant accounting policies of the Consolidated Financial statements.

Financial instruments

See the summary of significant accounting policies of the Consolidated Financial statements.

Fair valuing principles

See the summary of significant accounting policies of the Consolidated Financial statements.

Derivative instruments

See the summary of significant accounting policies of the Consolidated Financial statements.

Derivative interest rate contracts

See the summary of significant accounting policies of the Consolidated Financial statements.

Derivative currency contracts

See the summary of significant accounting policies of the Consolidated Financial statements.

Fair value hedges

See the summary of significant accounting policies of the Consolidated Financial statements.

Related party transactions

See the summary of significant accounting policies of the Consolidated Financial statements.

Cash and cash equivalents

See the summary of significant accounting policies of the Consolidated Financial statements.

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Loans and receivables

See the summary of significant accounting policies of the Consolidated Financial statements.

Financial liabilities

See the summary of significant accounting policies of the Consolidated Financial statements.

Revenue recognition

See the summary of significant accounting policies of the Consolidated Financial statements.

Cost recognition

See the summary of significant accounting policies of the Consolidated Financial statements.

Solvency

See the summary of significant accounting policies of the Consolidated Financial statements.

Dividends

See the summary of significant accounting policies of the Consolidated Financial statements.

Geographical segments

See the summary of significant accounting policies of the Consolidated Financial statements.
Note 4 provides an overview of the interest income and interest expense per segment.

Cash Pool

See the summary of significant accounting policies of the Consolidated Financial statements.

Cash Flow

See the summary of significant accounting policies of the Consolidated Financial statements.

Dispositions— in July 2006 the Company sold its interest in Siemens Capital B.V. to Siemens AG. In reporting year 2005 - 2006 a dividend of EUR 112 over reporting year 2004 – 2005 was received from Siemens Capital B.V.. Siemens Capital B.V. has been disposed from the Fiscal Unity as from October 1, 2005.

3. Management estimates and judgments

See the summary of Management estimates and judgments of the Consolidated Financial statements.

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4. Interest income and expenses

The increase in interest income and expenses is due to new issued bonds at the end of reporting year 2005 - 2006.

The interest income and expenses per segment are as follows:

	Year ended September 30,	
	2007	2006
Interest income per segment		
The Netherlands	61,904	15,990
Rest of Europe	269,499	170,056
United States of America	263,542	170,069
Total interest income	594,945	356,115
Interest expenses per segment		
	Year ended September 30,	2006
	2007	
The Netherlands	(1,019)	(477)
Rest of Europe	(542,792)	(236,480)
United States of America	(413)	(758)
Total interest expense	(544,224)	(237,715)
Interest Income, net per segment		
	Year ended September 30,	2006
	2007	
The Netherlands	62,923	16,467
Rest of Europe	812,291	406,536
United States of America	263,955	170,827
Total interest net	1,139,169	593,830

5. Net balance of fair value measurement of financial instruments

See note 5. of the Consolidated Financial statements.

6. Miscellaneous income and expenses

See note 6. of the Consolidated Financial statements.

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7. Income tax expense

Siemens Financieringsmaatschappij N.V. is the head of a fiscal unity for corporate income tax. As a consequence Siemens Financieringsmaatschappij N.V. is liable for any debt arising for any other member of the fiscal unity.

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

Income tax benefit consists of the following:

	Year ended September 30,	
	2007	2006
Current tax expense	957	2,383
Deferred tax income	(2,415)	(31,730)
Income tax benefit	(1,458)	(29,347)

For reporting years ended September 30, 2007 and 2006, the Company was subject to Dutch corporate income tax. Tax rates have been reduced over the past years. The tax rates were computed as an average rate from the statutory tax rate in 2007 (25.5%), 2006 (29.6%) and 2005 (31.5%) at an average rate of 26.5% and 30.0% respectively.

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

Reconciliation of the effective tax expense

	Year ended September 30,	
	2007	2006
Profit from ordinary activities before tax	(4,546)	(97,108)
Income Tax using weighted average corporate tax rate (26.5% - 30.0%)	(1,204)	(29,132)
Tax effect participation exemption	-	(383)
Difference due to changes in future corporate tax rate	89	168
Change (decrease) in accrual for old years	(343)	-
Income tax expenses	(1,458)	(29,347)

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There were no items charged or credited directly to equity. The decrease in the income tax receivable consists of the following:

Tax receivable (accrual)	September 30,	
	2007	2006
Balance at beginning of the year	758	(351)
Current income tax	(1,301)	(2,384)
Payments to tax authorities, net	652	3,493
Correction of accrual for reporting years < 2005 – 2006	343	-
Other	(54)	-
Balance at the end of the year	398	758

For the increase in the deferred tax assets see note 7. of the Consolidated Financial statements.

8. Remuneration Board of Directors and Supervisory Board

See note 10. of the Consolidated Financial statements.

9. Receivables from Associates

	September 30,	
	2007	2006
Clearing account	39,866	18,801
Interest receivables	32,929	16,655
Loans < 1 year	9,313,886	9,907,450
	9,386,681	9,942,906

The table presents the fair value and carrying amounts of the financial Instruments measured at cost or amortized cost.

Receivables per segment

	September 30,	
	2007	2006
The Netherlands	2,214,023	450,861
Rest of Europe	2,940,177	4,752,537
United States of Amerika	4,232,481	4,739,508
	9,386,681	9,942,906

10. Derivative Assets

See note 10. of the Consolidated Financial statements.

Siemens Financieringsmaatschappij N.V

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As of September 30, 2007

(in thousands of EUR, except where otherwise stated)

11. Investments in Associates

The investments in Associates consist of the wholly owned subsidiary Siemens Finance B.V.

12. Debt

Short term debt and current maturities of long term debt

	September 30, 2007	2006
Notes and bonds (face value)	-	1,161,181
Commercial paper	1,134,357	-
	1,134,357	1,161,181

Notes and bonds

In reporting year 2006 - 2007, the Company redeemed the outstanding amounts of CHF 0.25 billion of the 2.5% 2001/2007 CHF-bond, which was due on February 28, 2007 and of EUR 0.991 billion of the 5.5% 1997/2007 EUR-bond, which was due on March 12, 2007.

Commercial paper

On April 4, 2007 Siemens AG, Siemens Capital Company LLC and Siemens Financieringsmaatschappij N.V. have established an USD 9.0 billion Global Program for the issuance of commercial paper notes. The EUR 3.0 billion Commercial Paper Program was not used by the Company since 1 October 2006 and closed with the start of the new program.

The Company issued 184 commercial papers under the USD 9.0 billion Siemens Global Commercial Paper Program totaling an amount of EUR 10.4 billion, covering revolving short term financing needs of the Associates. The outstanding amount at September 30, 2007 is EUR 1.1 billion (September 30, 2006 all transactions were matured). The interest rates of the commercial paper varied between 3.58% and 4.68% with durations between 1 week and 3 months.

Long term debt

	September 30, 2007	2006
Notes and bonds	8,207,959	8,746,021
Adjustment of carrying amount due to fair value hedge accounting	(53,009)	93,011
Other financial indebtedness (maturing 2007 - 2019)	67,515	89,437
Therein:		
<i>Adjustments recognized under Dutch GAAP and retained for IFRS</i>	120,665	149,890
<i>Unamortized portion of disagio</i>	(18,162)	(21,172)
<i>Unamortized portion of transaction costs</i>	(34,988)	(39,281)
	8,222,465	8,928,469

As of September 30, 2007, weighted-average interest rates for loans from banks and other financial indebtedness were 5.4% (2006: 5.4%).

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

Siemens AG has agreements with financial institutions under which it may issue up to EUR 5.0 billion in medium-term notes. The Company participates in this agreement as issuer. The Company issued USD 1.0 billion under this program comprising USD 500 million floating rate notes due March 2012, bearing interest of 0.15% above LIBOR and USD 500 million 5.625% notes due March 2016.

In August 2006, the credit facility program under which Siemens may draw was extended with USD 4.0 billion, bringing the total facility at USD 9.0 billion. Besides that a separate facility of EUR 0.450 billion exists. No withdrawal has taken place so far ever.

Details of the company's notes and bonds

Amounts in Millions	September 30, 2007		September 30, 2006	
	(notional amount)	EUR ¹⁾	(notional amount)	EUR ¹⁾
2.5% 2001/2007 CHF bonds	CHF	-	250	158
5.5% 1997/2007 EUR bonds	EUR	-	991	1,004
5.75% 2001/2011 EUR bonds	EUR	2,000	2,067	2,142
USD LIBOR+0.15% 2006/2012 USD notes	USD	500	351	500
5.625% 2006/2016 USD notes	USD	500	356	500
5.5% 2006/2012 USD notes	USD	750	540	750
USD LIBOR 2006/2009 USD notes ²⁾	USD	750	529	750
5.75% 2006/2016 USD notes	USD	1,750	1,259	1,750
6.125% 2006/2026 USD notes	USD	1,750	1,251	1,750
5.25% 2006/2066 EUR bonds ³⁾	EUR	900	849	900
6.125% 2006/2066 GBP bonds ³⁾	GBP	750	1,020	750
		8,222		10,089

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

²⁾ For the USD 750 million floating rate note, the Company may, on or after February 14, 2008, redeem all or some of the Notes at the early redemption amount, according to the conditions of the bond. For the fixed rate notes, the issuer may redeem at any time all or some of the notes at the early redemption amount (call) according to the conditions of the bond.

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

Siemens Financieringsmaatschappij N.V

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As of September 30, 2007

(in thousands of EUR, except where otherwise stated)

As of September 30, 2007, the aggregate amounts of indebtedness maturing during the next five years and thereafter are as follows:

Reporting Year	(millions of EUR)
2007 – 2008	1,134
2008 – 2009	529
2009 – 2010	-
2010 – 2011	2,067
2011 – 2012	540
Thereafter	5,086
	9,356

13. Liabilities to Associates

	September 30,	
	2007	2006
Loans from Associates < 1 yr	-	29,500
Other liabilities to Associates	-	9,505
	-	39,005

14. Other current financial liabilities

	September 30,	
	2007	2006
Derivative liabilities in connection with fair value hedge	100,419	-
Interest payable	96,574	107,616
	196,993	107,616

15. Equity

See note 15. of the Consolidated Financial statements.

15. Commitments and contingencies

See note 16. of the Consolidated Financial statements.

16. Foreign currency exchange rate risk

See note 17. of the Consolidated Financial statements.

17. Interest rate risk

See note 18. of the Consolidated Financial statements.

Siemens Financieringsmaatschappij N.V
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As of September 30, 2007
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18. Liquidity risk

See note 19. of the Consolidated Financial statements.

19. Credit risk

See note 20. of the Consolidated Financial statements.

20. Subsequent events

See note 21. of the Consolidated Financial statements.

21. Claims and litigations

See note 22. of the Consolidated Financial statements.

22. Related parties

See note 23. of the Consolidated Financial statements.

The Hague, November 22, 2007

the Supervisory Board

The Hague, November 22, 2007

the Board of Directors

J.-C. Kieffer

H.P. Rupprecht

B.G. Trompert

J.W. Hesselink

Siemens Financieringsmaatschappij N.V

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Other Information

Profit appropriation according to the Articles of Association

Article 19 of the articles of association reads as follows:

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

Proposal for appropriation of the result

Pursuant to article 19 of the articles of association, it is proposed to appropriate the results of the reporting year 2006 - 2007 as follows:

Distribution of dividend	EUR	0.00
Adding to the general reserve	EUR	(1,950,914.84)

It is proposed not to distribute the profit for the reporting year 2006 – 2007.

Siemens Financieringsmaatschappij N.V

To: the Shareholders of Siemens Financieringsmaatschappij N.V.

AUDITOR'S REPORT

Report on the financial statements

We have audited the accompanying financial statements for the year ended September 30, 2007 of Siemens Financieringsmaatschappij N.V. ('the Company'), The Hague, which comprise the consolidated and company balance sheet as at September 30, 2007, the statement of income, statement of changes in equity and statement of cash flow for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Siemens Financieringsmaatschappij N.V. as at September 30, 2007, and of its result and its cash flow for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Siemens Financieringsmaatschappij N.V

Report on other legal and regulatory requirements

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

Rotterdam, November 22, 2007

KPMG ACCOUNTANTS N.V.

T.A. Kalmár RA

