

Siemens Financieringsmaatschappij N.V.

Interim Report 2011

October 2010 - March 2011

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Siemens Financieringsmaatschappij N.V.

Interim Report 2011

Covering the period October 1, 2010 – March 31, 2011

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Siemens Financieringsmaatschappij N.V.

Report of the Board of Directors

Herewith we present the half-yearly financial statements of Siemens Financieringsmaatschappij N.V. for the six months ended March 31, 2011.

General

Siemens Financieringsmaatschappij N.V. ("the Company") 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 Financial Services 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, giving securities and doing all such further actions and taking measures as are consequential or may be conducive thereto in the broadest sense.

Strategy

The Company is the main funding party of the Associated Companies. Interest risks and foreign exchange risks are covered by hedging instruments. Credit risk is covered by agreements with Siemens AG. The needed funding is managed by borrowing from the money and capital markets by issuing loans, bonds, notes and commercial paper. The Company has no participations.

The Company will continue its activities as financing company of Associated Companies. The Company acts as part of the Siemens' Cross Sector Business Financial Services ("SFS"). Given its interrelatedness with Siemens AG, management refrains from commenting on the activity level and expected results for the near future.

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

Siemens Financieringsmaatschappij N.V.

Company. Interest rate risks and exchange rate risks related to loans and receivables are hedged. 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. For this reason, a limited capital at risk agreement was entered into between the Company and Siemens AG.

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 Programme 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.

Business Review

In November 2010 Siemens Financieringsmaatschappij N.V. received a long-term USD 200 million bank loan.

In the second quarter, management was informed about an error in the valuation of debt issued leading to an overstatement of debt and an understatement of net operating income, deferred tax and equity, during the period January 2010 through December 2010. In this interim report, the financial statements as of March 31, 2010 and September 30, 2010 are restated.

Other items

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

Management representation

Management declares that, to the best of their knowledge, the financial statements prepared in accordance with the applicable standards of IFRS as adopted by the European Union give a true and fair view of the assets, liabilities, financial position and results of the Company. The management report includes a fair review of the development and performance of the business and the position of the Company.

The Hague, April 28, 2011

On behalf of the Board of Directors

G.J.J. van der Lubbe
CEO

Siemens Financieringsmaatschappij N.V.

INTERIM FINANCIAL STATEMENTS

Period ended March 31, 2011

(in millions of EUR, except where otherwise stated)

Statement of Comprehensive Income (unaudited)

	Six months ended March 31,	
	2011	2010
Interest income	586.9	930.0
Interest expenses	(577.5)	(937.7)
Net interest income	9.4	(7.7)
Fair value changes of financial instruments	196.8	(556.2)
Non-trading foreign exchange results	(234.8)	573.9
Net operating income	(28.6)	10.0
Other general expenses	(0.1)	(0.2)
Profit before tax	(28.7)	9.8
Income tax expense	7.3	(2.5)
Profit after tax	(21.4)	7.3
Other comprehensive income	-	-
Income tax relating to components of other comprehensive income	-	-
Total comprehensive income after tax	-	-
Total comprehensive income for the period attributable to equity holders	(21.4)	7.3

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INTERIM FINANCIAL STATEMENTS

Period ended March 31, 2011

(in millions of EUR, except where otherwise stated)

Statement of Financial Position (unaudited)

	March 31, 2011	Sept. 30, 2010
ASSETS		
Receivables from Associated Companies	17,010.2	16,866.8
Derivative financial instruments	1,080.4	1,912.8
Tax receivables	0.8	-
Other financial assets	313.8	276.7
Total assets	18,405.2	19,056.3
LIABILITIES AND EQUITY		
Liabilities		
Liabilities to Associated Companies	299.1	-
Debt issued	17,613.0	18,488.6
Derivative financial instruments	46.9	126.4
Deferred tax liabilities	13.0	21.6
Other financial liabilities	364.8	323.9
Total liabilities	18,336.8	18,960.5
Equity attributable to equity holders		
Issued and paid in share capital	10.3	10.3
Share premium reserve	1.5	1.5
Retained earnings	78.0	51.2
Undistributed profit	(21.4)	32.8
Total equity attributable to equity holders	68.4	95.8
Total liabilities and equity	18,405.2	19,056.3

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INTERIM FINANCIAL STATEMENTS

Period ended March 31, 2011

(in millions of EUR, except where otherwise stated)

Statement of Cash Flows (unaudited)

	Six months ended March 31,	
	2011	2010
Cash flows from operating activities:		
Profit before tax	(28.7)	9.8
(Increase) decrease in receivables from Associated Companies *	(143.8)	(1,203.6)
Increase (decrease) in liabilities to Associated Companies	299.1	351.9
Fair value change in derivative fin. instruments w/o hedging relationship	(109.4)	450.0
Increase (decrease) in other financial liabilities	45.4	50.0
Increase (decrease) in debt	(1,008.0)	379.6
Income taxes paid	(2.0)	(2.1)
Net cash provided by operating activities	(947.4)	35.6
Cash flows from financing activities:		
Fair value change in derivative fin. instruments designated as hedge instrument	820.7	(115.4)
Proceeds from issuance of long-term debt	151.2	-
Repayment of long-term debt	(18.9)	-
Proceeds from issuance of Commercial Paper	-	324.9
Repayment of Commercial Paper	-	(324.9)
Dividends paid	(6.0)	(5.0)
Net cash (used in) provided by financing activities	947.0	(120.4)
Net (decrease) increase in cash and cash equivalents	(0.4)	(84.8)
Cash and cash equivalents at beginning of year	10.7	91.3
Cash and cash equivalents at end of period	10.3	6.5

* excluding cash equivalents

	Six months ended March 31,	
	2011	2010
Interest paid and received		
Interest paid	523.1	525.6
Interest received	413.4	408.6

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INTERIM FINANCIAL STATEMENTS

Period ended March 31, 2011

(in millions of EUR, except where otherwise stated)

Statement of Changes in Equity (unaudited)

	Issued and paid-in capital	Share premium reserve	Retained earnings	Un- distributed profit	Total
Balance as at October 1, 2009	10.3	1.5	32.6	23.6	68.0
Appropriation of undistributed profit	-	-	18.6	(18.6)	-
Dividend	-	-	-	(5.0)	(5.0)
Total comprehensive income for the year ended September 30, 2010	-	-	-	32.8	32.8
Balance as at September 30, 2010	10.3	1.5	51.2	32.8	95.8
Appropriation of undistributed profit	-	-	26.8	(26.8)	-
Dividend	-	-	-	(6.0)	(6.0)
Total comprehensive income for the period ended March 31, 2011	-	-	-	(21.4)	(21.4)
Balance as at March 31, 2011	10.3	1.5	78.0	(21.4)	68.4

Siemens Financieringsmaatschappij N.V.

NOTES to the INTERIM FINANCIAL STATEMENTS

Period ended March 31, 2011

(in millions of EUR, except where otherwise stated)

Notes to the half yearly Financial Statements

1. Basis of presentation

Reporting entity

Siemens Financieringsmaatschappij N.V. ("the 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 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 annual report for the period ended September 30, 2010 of SFM and this half yearly Report as per March 2011 are available at www.siemens.com/sfm and at request via Post Office Box 16068, 2500 BB Den Haag.

2. Declaration of conformity

The half yearly accounts have been drawn up in accordance with International Financial Reporting Standard IAS 34 'Interim Financial Reporting'. It does not contain all the information that is required for a full year financial report and needs to be read in combination with the annual accounts 2010 of the Company, which have been prepared in accordance with IFRS.

No segment information is included as the Company can not be divided into segments.

3. Principles applied in drawing up financial statements

The half yearly financial statements have been drawn up in accordance with International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB) and approved by the European Commission and the interpretations of these standards by the IASB. The principles applied in drawing up the half yearly accounts of the Company are similar to those applied by drawing up the annual accounts 2010 of the Company.

Siemens Financieringsmaatschappij N.V.

NOTES to the INTERIM FINANCIAL STATEMENTS

Period ended March 31, 2011

(in millions of EUR, except where otherwise stated)

4. Correction of error

The historical financial information in this interim report differs from the statutory financial statements for the year ended September 30, 2010, dated December 17, 2010 and filed on December 17, 2010, for the reason of information that became known to management of the Siemens Financieringsmaatschappij N.V. subsequent to filing of the statutory financial statements for the year ended September 30, 2010. In the valuation of debt issued errors occurred leading to an overstatement of debt and an understatement of net operating profit, deferred tax and equity.

The effect of the restatement on the financial statements of March 31, 2010 and September 30, 2010 is summarized below.

	Adjustment March 31, 2010	Adjustment Sept. 30, 2010
Increase in Fair value changes of financial instruments	6.2	10.7
(Increase) in Income tax expense	(1.6)	(2.7)
Increase in Profit after tax	4.6	8.0
Increase in Total comprehensive income for the period attributable to equity holders	4.6	8.0
(Decrease) in Debt	(6.2)	(10.7)
Increase in Deferred tax liabilities	1.6	2.7
Increase in Equity	4.6	8.0

5. Adjustments and estimates

The preparation of the half yearly financial statements in conformity with IFRS requires that the management makes adjustments and estimates and should specify the assumptions that influence the application of the accounting policies and the reported value of assets and liabilities, and of income and expenses. The actual results may deviate from these estimates.

Unless explained otherwise, the estimates made by management in drawing up the half yearly statements are similar to those used by drawing up the annual accounts 2010.

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NOTES to the INTERIM FINANCIAL STATEMENTS

Period ended March 31, 2011

(in millions of EUR, except where otherwise stated)

6. Cash and cash equivalents

For the purpose of the half yearly cash flow statement, cash and cash equivalents are comprised of the following:

Cash and cash equivalents	March 31, 2011	March 31, 2010
Current account (account with Siemens AG)	1.8	-
Interest receivables	8.5	6.5
Total cash and cash equivalents	10.3	6.5

7. Income taxes

Income tax expense is recognized based on management's best estimate of the effective income tax rate for the complete fiscal year. The estimated effective tax rate used for the year to September 30, 2011 is 25,13%.

8. Dividends

In December 2010 a dividend of EUR 6.0 relating to the fiscal year ended September 30, 2010 was paid.

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NOTES to the INTERIM FINANCIAL STATEMENTS

Period ended March 31, 2011

(in millions of EUR, except where otherwise stated)

9. Commitments and contingencies

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

Guarantees	March 31, 2011	Sept. 30, 2010
Credit guarantees	22.0	23.1
Performance guarantees	0.2	0.2
Total guarantees	22.2	23.3

Credit guarantees cover certain financial obligations of the Associated Companies and of 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 provided credit guarantees generally as credit-line guarantees with variable utilization to the Associated Companies. 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 Associated Companies or by means of explicit counter guarantees in case of third party guarantees on request of an Associated Company.

Furthermore, the Company issued performance guarantees of the Associated Companies, which include performance bonds and guarantees of advance payments in cases where Associated Companies 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. As of August 1, 2008 the Company discontinued the issuance of new guarantees.

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NOTES to the INTERIM FINANCIAL STATEMENTS

Period ended March 31, 2011

(in millions of EUR, except where otherwise stated)

10. Related party transactions

During the first 6 months of this fiscal year, the Company lent the proceeds of issuances of notes and bonds to related parties only. The following table provides information regarding loans to and deposits from related parties during the six months ended March 31, 2011 and 2010.

Receivables from Associated Companies (in millions of EUR)		Interest received	Loans on March 31
Dutch Holdings	2011	9.7	2,171.0
	2010	7.4	2,531.5
Dutch Treasury Companies	2011	15.2	4,215.0
	2010	6.9	2,779.2
UK Treasury Companies	2011	0.8	371.4
	2010	0.4	11.2
USA Treasury Companies	2011	26.4	10,219.1
	2010	23.7	12,128.7
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Liabilities to Associated Companies (in thousands of EUR)		Interest received	Loans on March 31
Dutch Treasury Companies	2011	55.4	-
	2010	65.8	-

11. Events after the balance sheet date

Between March 31, 2011 and April 28, 2011 no events occurred that would have resulted in an adjustment to the book values of the Company.

