

Siemens Financieringsmaatschappij N.V.

# Interim Report 2014

October 2013 - March 2014

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**SIEMENS**

# Siemens Financieringsmaatschappij N.V.

## Interim Report 2014

Covering the period October 1, 2013 – March 31, 2014

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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 period ending March 31, 2014. These Financial Statements are prepared in accordance with the International Financial Reporting Standards as adopted by the European Union.

### 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 the Siemens' cross sector business 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.

### 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 are covered in principle 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 for Associated Companies. The Company forms part of SFS. Given its interrelatedness with Siemens AG, management refrains from commenting on the activities and expected results for the near future.

# 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 rate 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 of these loans is 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. Due to the high amount of liquid assets this risk is considered to be low.

## **Business Review**

The Company participates as issuer in a EUR 15.0 billion Programme 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 the six months ended March 31 2014, the Company issued USD floating-rate instruments under the Debt Issuance Program. For details concerning the Debt of the Company reference is made to the Financial Statements and footnotes.

## **Other items**

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

## **Management representation**

Management declares that, to the best of its knowledge, the Financial Statements prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations as adopted by the European Union 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 and the position of the Company.

The Hague, May 7, 2014

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, 2014

(in millions of EUR, except where otherwise stated)

### Statement of Comprehensive Income (unaudited)

	Six months ended March 31,	
	2014	2013
Interest income	176.4	152.3
Interest expenses	(157.1)	(145.6)
<b>Net interest income</b>	<b>19.3</b>	<b>6.7</b>
Fair value changes of financial instruments	31.9	9.7
Non-trading foreign exchange results	(49.8)	(15.9)
<b>Net operating income</b>	<b>1.4</b>	<b>0.5</b>
Other general expenses	(0.2)	(0.2)
<b>Profit (loss) before tax</b>	<b>1.2</b>	<b>0.3</b>
Income tax expense	0.9	0.0
<b>Profit (loss) after tax</b>	<b>2.1</b>	<b>0.3</b>
Other comprehensive income	-	-
Income tax relating to components of other comprehensive income	-	-
<b>Total other comprehensive income after tax</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive income for the period attributable to equity holders</b>	<b>2.1</b>	<b>0.3</b>

# Siemens Financieringsmaatschappij N.V.

## INTERIM FINANCIAL STATEMENTS

Period ended March 31, 2014

(in millions of EUR, except where otherwise stated)

### Statement of Financial Position (unaudited)

	March 31, 2014	Sept. 30, 2013
<b>ASSETS</b>		
Cash and cash equivalents	2,698.8	3,607.9
Receivables from Associated Companies	15,837.6	14,864.9
Tax receivables	1.0	-
Derivative financial instruments	1,179.8	1,282.1
Other financial assets	223.8	161.7
<b>Total assets</b>	<b>19,941.0</b>	<b>19,916.6</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Liabilities</b>		
Debt issued	19,554.4	19,569.2
Derivative financial instruments	6.4	22.1
Tax liabilities	-	0.2
Deferred tax liabilities	13.3	14.8
Other liabilities	273.7	218.7
<b>Total liabilities</b>	<b>19,847.8</b>	<b>19,825.0</b>
<b>Equity attributable to equity holders</b>		
Issued and paid in share capital	10.3	10.3
Share premium reserve	1.5	1.5
Retained earnings	79.3	79.3
Undistributed profit (loss)	2.1	0.5
<b>Total equity attributable to equity holders</b>	<b>93.2</b>	<b>91.6</b>
<b>Total liabilities and equity</b>	<b>19,941.0</b>	<b>19,916.6</b>

# Siemens Financieringsmaatschappij N.V.

## INTERIM FINANCIAL STATEMENTS

Period ended March 31, 2014

(in millions of EUR, except where otherwise stated)

### Statement of Cash Flows (unaudited)

	Six months ended March 31,	
	2014	2013
<b>Cash flows from operating activities:</b>		
Profit (loss) before tax	1.2	0.3
<i>Adjustments for non-cash income/ expenses:</i>		
Amortization (dis)agio	12.9	11.8
Amortization transaction cost	3.5	3.5
Non-trading foreign exchange results	49.8	15.9
Fair value change of debt in a hedging relationship	(108.3)	(228.4)
Change in derivative financial instruments	24.6	202.2
Change in interest accrual receivables	(8.2)	(35.7)
<i>Other movements from operations</i>		
Change in other liabilities	55.0	44.5
Net cash flows from receivables	(1,136.6)	(1,514.8)
Transaction cost paid	(0.2)	(6.8)
Income taxes received (paid)	(1.9)	(1.2)
<b>Net cash (used in) provided by operating activities</b>	<b>(1,108.2)</b>	<b>(1,508.7)</b>
<b>Cash flows from financing activities:</b>		
Proceeds from issuance of debt	217.8	3,479.7
Redemption of debt	(18.2)	(2,018.9)
Proceeds from issuance of commercial paper	-	792.1
Repayment of commercial paper	-	(733.0)
Dividends paid	(0.5)	(5.4)
<b>Net cash (used in) provided by financing activities</b>	<b>199.1</b>	<b>1,514.5</b>
<b>Net change in cash and cash equivalents</b>	<b>(909.1)</b>	<b>5.8</b>
Cash and cash equivalents at beginning of year	3,607.9	64.7
<b>Cash and cash equivalents at end of period</b>	<b>2,698.8</b>	<b>70.5</b>

# Siemens Financieringsmaatschappij N.V.

## INTERIM FINANCIAL STATEMENTS

Period ended March 31, 2014

(in millions of EUR, except where otherwise stated)

<b>Interest paid and received</b>	<b>Six months ended March 31,</b>	
	<b>2014</b>	<b>2013</b>
Interest paid	(158.2)	(114.3)
Interest received	104.8	46.1
Interest related income received	63.4	70.5



# Siemens Financieringsmaatschappij N.V.

## INTERIM FINANCIAL STATEMENTS

Period ended March 31, 2014

(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, 2012	10.3	1.5	75.5	9.2	96.5
Appropriation of undistributed profit	-	-	3.8	(3.8)	-
Dividends	-	-	-	(5.4)	(5.4)
Total comprehensive income for the period ended March 31, 2013	-	-	-	0.3	0.3
Balance as at March 31, 2013	10.3	1.5	79.3	0.3	91.4
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 for the period ended March 31, 2014	-	-	-	2.1	2.1
<b>Balance as at March 31, 2014</b>	<b>10.3</b>	<b>1.5</b>	<b>79.3</b>	<b>2.1</b>	<b>93.2</b>

# Siemens Financieringsmaatschappij N.V.

NOTES to the INTERIM FINANCIAL STATEMENTS

Period ended March 31, 2014

(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 Company's financial statements are included in the Siemens AG consolidated financial statements.

The annual report of SFM for the period ending September 30, 2013 and this half yearly Report as per March 2014 are available at [www.siemens.com/sfm](http://www.siemens.com/sfm) and at request via Post Office Box 16068, 2500 BB Den Haag.

### 2. Declaration of conformity

The half yearly Financial Statements have been prepared 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 report 2013 of the Company, which has been prepared in accordance with International Financial Reporting Standards and its interpretations, as adopted by the European Union (EU).

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

### 3. Principles applied in preparing the Financial Statements

The half yearly Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and the interpretations, as adopted by the European Union. The principles applied in drawing up the half yearly Financial Statements of the Company are similar to those applied by drawing up the annual Financial Statements 2013 of the Company.

# Siemens Financieringsmaatschappij N.V.

NOTES to the INTERIM FINANCIAL STATEMENTS

Period ended March 31, 2014

(in millions of EUR, except where otherwise stated)

## 4. Adjustments and estimates

The preparation of the half yearly Financial Statements in conformity with IFRS requires that the management makes adjustments and estimates and specifies 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 the management in drawing up the half yearly Financial Statements are similar to those used by drawing up the annual Financial Statements 2013.

## 5. Debt

In March 2014, the Company issued USD 300 million privately placed floating-rate instruments under the Debt Issuance Program, maturing March 2019.

As of March 31, 2014, no commercial paper was outstanding.

In March 2014, the Company extended the two bilateral USD 500 million term loan facilities by one year until March 2019 with a remaining one-year extension option. These facilities are fully drawn and bear interest of 0.79% above three months London Interbank Offered Rate.

## 6. Income taxes

Income tax expense is recognized based on management's best estimate of the effective income tax rate for the fiscal year.

# Siemens Financieringsmaatschappij N.V.

NOTES to the INTERIM FINANCIAL STATEMENTS

Period ended March 31, 2014

(in millions of EUR, except where otherwise stated)

## 7. Dividends

In November 2013 dividends EUR 0.5 relating to the fiscal year ending September 30, 2013 were paid.

## 8. 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, 2014 and 2013.

<b>Receivables from Associated Companies</b> (in millions of EUR)		<b>Interest received</b>	<b>Loans on March 31</b>
Dutch Holdings	2014	3.0	1,763.5
	2013	1.2	1,230.9
Dutch Treasury Companies	2014	28.5	2,910.0
	2013	6.1	5,441.5
Siemens AG	2014	1.1	400.0
	2013	1.1	400.0
UK Treasury/ Holding Companies	2014	1.5	270.9
	2013	2.2	222.2
USA Treasury Companies	2014	79.0	10,453.7
	2013	71.2	11,428.4
<b>Interest related income</b> (in millions of EUR)		<b>Interest related income</b>	
Siemens AG	2014	63.4	
	2013	70.5	
<b>Interest rate swaps with Associated Companies</b> (in millions of EUR)		<b>Net Interest</b>	<b>Fair value on March 30</b>
Siemens AG	2014	186.7	875.5
	2013	205.2	1,249.6

# Siemens Financieringsmaatschappij N.V.

NOTES to the INTERIM FINANCIAL STATEMENTS

Period ended March 31, 2014

(in millions of EUR, except where otherwise stated)

<b>Currency swaps with Associated Companies</b> (in millions of EUR)		<b>Fair value</b> <b>changes</b>	<b>Fair value on</b> <b>March 30</b>
Siemens AG	2014	34.7	(6.4)
	2013	13.1	(132.0)

## 9. Events after the balance sheet date

Between March 31, 2014 and May 7, 2014 no events occurred that would have resulted in an adjustment to the book values of the Company.

