

Flender GmbH

Annual Financial Statements
as of September 30, 2017

Annual Financial Statements of
Flender GmbH
Bocholt

as of September 30, 2017

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A. Annual Financial Statements

A.1 Statement of income

(in €)	Note	Fiscal year	
		2017	2016
Revenue	1	2,313,742.02	2,260,424.04
Cost of sales	2	-835,900.39	-789,841.49
Gross profit		1,477,841.63	1,470,582.55
General administrative expenses		-43,569.00	-43,662.00
Other operating income		520.83	1,250.00
Operating result		1,434,793.46	1,428,170.55
Other interest and similar income	3	-283.90	-317.99
<i>thereof from affiliated companies</i>		<i>(-283.90)</i>	<i>(-317.99)</i>
<i>thereof negative interest from cash investment</i>		<i>(-283.90)</i>	<i>(-317.99)</i>
Interest and similar expenses	3	2,571.48	-259.51
<i>thereof to affiliated companies</i>		<i>(2,571.55)</i>	<i>(-259.51)</i>
<i>thereof positive interest from borrowing</i>		<i>(4,053.46)</i>	<i>(2,000.79)</i>
Result from business activities		1,437,081.04	1,427,593.05
Income taxes	4	-389,089.13	-337,189.00
Net income		1,047,991.91	1,090,404.05
Appropriation of profits			
Net income		1,047,991.91	1,090,404.05
Unappropriated net income ⁽¹⁾		1,047,991.91	1,090,404.05

⁽¹⁾ thereof distributable: €1,047,991.91

A.2 Balance sheet

(in €)	Note	September 30	
		2017	2016
Assets			
Fixed assets			
Property, plant and equipment			
Land, land rights and buildings, including buildings on third-party land		12,453,274.73	11,884,839.13
Advances to suppliers and construction in progress		7,082,499.63	270,300.00
	5	19,535,774.36	12,155,139.13
Financial assets			
Shares in affiliated companies		20,900.00	2,350.00
	5	19,556,674.36	12,157,489.13
Current assets			
Receivables and other assets			
Trade receivables		30,422.27	0.00
Other assets		15,360.28	9,043.46
	6	45,782.55	9,043.46
Total assets		19,602,456.91	12,166,532.59
Liabilities and equity			
Equity			
Issued capital		25,000.00	25,000.00
Capital reserve		8,350,000.00	8,350,000.00
Unappropriated net income		1,047,991.91	1,090,404.05
	7	9,422,991.91	9,465,404.05
Provisions			
Provisions for taxes	8	87,748.00	637,329.47
Other provisions		2,152.20	913.50
		89,900.20	638,242.97
Liabilities			
Trade payables		138,117.59	48,429.45
Liabilities to affiliated companies		2,611,550.76	1,789,391.34
Other liabilities		7,103,707.95	12,965.68
<i>thereof taxes</i>		<i>7,103,694.90</i>	<i>0.00</i>
	9	9,853,376.30	1,850,786.47
Deferred income		27,758.50	32,586.10
Deferred tax liabilities	10	208,430.00	179,513.00
Total liabilities and equity		19,602,456.91	12,166,532.59

A.3 Notes

A.3.1 General disclosures

Flender GmbH (which was named Siemens Immobilien Chemnitz-Voerde GmbH until July 9, 2017) has its registered office in Bocholt. The company is registered with the register of companies at the District Court of Coesfeld under registration number HRB 16929.

The Annual Financial Statements of Flender GmbH (which was named Siemens Immobilien Chemnitz-Voerde GmbH until July 9, 2017) are prepared in accordance with the provisions of the German Commercial Code (HGB) and the German Limited Liability Companies Act (GmbHG). Unless specified otherwise, the statements are reported in euros (€).

At the balance sheet date, Flender GmbH meets the criteria for being classified as a small corporation in accordance with Section 267 (1) of the German Commercial Code (HGB).

The reliefs and exemptions for small corporations are utilized in some cases.

This document is also available in an English translation; in the event of discrepancies, the German version of the document shall be authoritative and have precedence over the English translation.

A.3.2 Accounting policies

Proceeds from the leasing of commercial premises, granting of heritable building rights, and the provision of services are carried as **revenue**.

Negative interest from cash investment is carried as a deduction under **interest income**, while positive interest from borrowing is carried as a deduction under **interest expenses**.

The item **property, plant and equipment** is recognized at costs or the lower current values. In principle, depreciation of property, plant and equipment is calculated using the straight-line method. The declining-balance method is used in certain cases. In such cases, a switch is made to the straight-line method as soon as it results in higher depreciation. Depreciation is calculated on a pro rata temporis basis in the year of addition.

Movable fixed assets that can be used independently and are subject to depreciation are expensed immediately if they cost up to €50. Additions that cost more than €50, but no more than €110, are recognized as assets and written off in full in the year of their addition.

Useful lives of property, plant and equipment

Factory and office buildings	33 years
Tenant's improvements	10 years
Outdoor facilities	10 years

Financial assets: These are written down if the impairment in their value is expected to be permanent. This is the case if there are objective indications, in particular events or changes in circumstances, that point to a significant or lengthy impairment in their value.

Receivables are written down based on the likelihood of default and country-specific risks.

The **other provisions** include all discernible risks from contingent liabilities. They are recognized at the settlement amount dictated by prudent business practice.

Liabilities are recognized at their settlement amount.

Deferred taxes: An excess of deferred tax liabilities is recognized on differences between the carrying amount in the financial accounts and in the tax accounts for assets, liabilities and prepaid expenses and deferred income and including eligible loss carryforwards and interest carryforwards, if a net tax burden in future fiscal years can be assumed. If deferred tax assets match the existing deferred tax liabilities, the latter are presented after netting off. If there is a net tax credit, the option to recognize it as an asset pursuant to Section 274 (1) sentence 2 of the German Commercial Code (HGB) is not utilized.

Deferred taxes are measured on the basis of the applicable corporate tax rate and in accordance with the rates of assessment for trade tax.

Method of classification used in the financial statements: Flender GmbH groups individual items in the statement of income and balance sheet if they contain an amount that is not material in providing a true and fair view of circumstances and if greater clarity in the presentation is achieved by grouping them. Flender GmbH discloses these items separately in the notes. Value-added tax assets and value-added tax liabilities are netted off. The statement of income is prepared using the cost of sales (function of expense) method.

A.3.3 Disclosures on the statement of income

NUMBER 1 Revenue

The revenue of €2,313,742.02 (previous year: €2,260,424.04) is solely from proceeds from the leasing of commercial premises, granting of heritable building rights, and provision of services in connection with leasing.

NUMBER 2 Cost of sales

The cost of sales essentially comprises depreciation and amortization totaling €91,540.48 (previous year: €64,548.45), property taxes totaling €04,674.55 (previous year: €178,333.52) and costs of material used in connection with property management totaling €0,390.17 (previous year: €9,159.62).

NUMBER 3 Interest income, interest expenses

The interest income of €-283.90 (previous year: €-317.99) is negative interest from cash investment.

The negative interest expenses of €2,571.48 (previous year: €-259.51) are attributable to the interest expense from raising of liquid assets totaling €1,481.98 and interest income (positive interest from borrowing) totaling €4,053.46.

NUMBER 4 Income taxes

The income taxes recognized comprise corporate tax plus solidarity surcharge and trade tax totaling €60,172.13 (previous year: €32,676.00), as well as deferred taxes totaling €28,917.00 (previous year: €4,513.00).

A.3.4 Disclosures on the balance sheet

NUMBER 5 Fixed assets

Cost

	Cost					Accumulated depreciation/amortization							Carrying amounts	
	10/1/2016	Additions	Transfers	Retirements	9/30/2017	10/1/2016	Depreciation/ amortization	Reversals of write- downs	Additions	Transfers	Retirements	9/30/2017	9/30/2017	9/30/2016
(in €million)														
Property, plant and equipment														
Land, land rights and buildings, including buildings on third-party land	16.005	0.890	0.270	0.000	17.165	4.120	0.592	0.000	0.000	0.000	0.000	4.712	12.453	11.885
Advances to suppliers and construction in progress	0.270	7.082	- 0.270	0.000	7.082	0.000	0.000	0.000	0.000	0.000	0.000	0.000	7.082	0.270
Financial assets														
Shares in affiliated companies	0.002	0.019	0.000	0.000	0.021	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.021	0.002

Property, plant and equipment consists of an area comprising plots of land and buildings in Voerde. The construction in progress relates to real estate transfer tax, which is post-capitalized upon addition of the plots of land.

A 94% stake in the limited liability capital of VR-LEASING IKANA GmbH & Co. Immobilien KG, Eschborn, and a 100% stake, which was established in the fiscal year, in Flender S.P.R.L., Beersel, Belgium, are carried under the financial assets.

NUMBER 6 Receivables and other assets

(in €million)	Sept 30, 2017	of which	Sept 30, 2016	of which
		due in		due in
		more than		more than
		1 year		1 year
Trade receivables	0.031	0.000	0.000	0.000
Other assets	0.015	0.000	0.009	0.000
Receivables and other assets	0.046	0.000	0.009	0.000

The trade receivables relate to services provided for third parties. An input tax claim against the tax office is essentially carried under "Other assets".

NUMBER 7 Equity

The issued capital is €25,000.00 (previous year: €25,000.00). It is fully held by Siemens Aktiengesellschaft, Berlin and Munich.

The capital reserve of €8,350,000.00 is unchanged from the previous year.

NUMBER 8 Provisions for taxes

Provisions for taxes relate to corporate tax plus solidarity surcharge and trade tax for fiscal year 2017 totaling €87,748.00 (previous year: €605,515.00).

NUMBER 9 Liabilities

(in €)	Sept 30, 2017	of which	Sept 30, 2016	of which
		due in		due in
		up to 1 year		up to 1 year
Trade payables	138,117.59	138,117.59	48,429.45	48,429.45
Liabilities to affiliated companies	2,611,550.76	2,611,550.76	1,789,391.34	1,789,391.34
Other liabilities	7,103,707.95	7,103,707.95	12,965.68	12,965.68
Liabilities	9,853,376.30	9,853,376.30	1,850,786.47	1,850,786.47

The trade payables relate to various small invoices that are payable in the next fiscal year. The liabilities to affiliated companies relate to liabilities to the shareholder. The other liabilities essentially comprise real estate transfer tax.

NUMBER 10 Deferred tax liabilities

The resultant deferred tax liabilities are attributable to different carrying amounts for fixed assets in the financial accounts and in the tax accounts. Deferred taxes were measured using a tax rate of 31%.

A.3.5 Other disclosures

NUMBER 11 Personnel expenses

The company does not have any employees of its own.

NUMBER 12 Proposal for the appropriation of profits

Management proposes distributing the unappropriated net income of €1,047,991.91 (previous year: €1,090,404.05) in full.

NUMBER 13 Members of management

Stefan Tenbrock, Qualified Engineer (*Diplom-Ingenieur*), Bocholt (since June 29, 2017)
Dr. Ulrich Stock, Degree in Business Administration (*Diplom-Kaufmann*), Nuremberg (since June 29, 2017)
Paul Erdmann, Industrial Manager (*Industriekaufmann*), Raubling (until June 30, 2017)
Uwe Heßeling, Qualified Engineer (*Diplom-Ingenieur*), Bad Soden (until September 30, 2017)

NUMBER 14 List of subsidiaries and associated companies

(in €)	Net income in €	Equity in €	Equity interest in %
VR-LEASING IKANA GmbH & Co. Immobilien KG, Eschborn	31,085.95	4,415.08	94
Flender S.P.R.L., Beersel, Belgium	0.00	18,550.00	100

NUMBER 15 Group affiliation

The Annual Financial Statements of Flender GmbH are included in the Consolidated Financial Statements of Siemens Aktiengesellschaft, Berlin and Munich. In accordance with Section 291 (1) and Section 293 of the German Commercial Code (HGB), the company is exempted from the obligation to prepare consolidated financial statements.

The Consolidated Financial Statements and the Group Management Report of Siemens Aktiengesellschaft for fiscal year 2017 are prepared in accordance with the International Financial Reporting Standards (IFRS), are submitted to the operator of the Federal Gazette ("Bundesanzeiger") and, after being submitted, are published in the German Federal Gazette.

B. Further information

B.1 Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the Annual Financial Statements give a true and fair view of the net assets, financial position and results of operations of the company.

Bocholt, November 2, 2017

Flender GmbH

The Executive Management

[signed]

Stefan Tenbrock

[signed]

Dr. Ulrich Stock