Siemens Financieringsmaatschappij N.V.

Annual Report 2008

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Siemens Financieringsmaatschappij N.V.

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Contents

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, 2008. These financial statements are prepared according to the International Financial Reporting Standards.

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 ("Associates"). The Company is a 100% subsidiary of Siemens AG Berlin / Munich. Until April 1, 2008 the Company held 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 August 2007. The de-consolidation of Siemens Finance B.V. took place as of April 1, 2008.

The Company forms part of the capital markets section of Siemens Financial Services which is responsible for safeguarding the Siemens Group's liquidity by establishing the necessary capital market instruments such as Commercial Paper and medium-term notes and for floating 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 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. Pricing of loans and deposits is in line with Siemens AG Group policy. Interest risks and foreign exchange risks are covered by effective hedging instruments or are 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 will continue its activities as financing company of Siemens AG and Siemens AG Group companies. The Company acts as part of the Siemens' cross sector activities. 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.

Siemens Financial Services established a program for process management. The Company has its processes integrated in this management system. All Company and generic processes are monitored by Siemens Financial Services on a centralized basis. The Company extended the enterprise risk management system by a new compliance toolkit assuring the compliancy of the Company with applicable laws and regulations and the guidelines of Siemens AG.

Business Review

As at April 1, 2008 the Company sold its shares held in Siemens Finance B.V. to Siemens International Holding B.V. The Hague. The consideration received was based on the net asset value as of April 1, 2008 and was settled in cash in April 2008.

Until September 30, 2007 the Company calculated interest for loans to Associates based on cost of funds plus an adequate margin. As of October 1, 2007 the Company adopted the Siemens AG world wide policy for fixing interest rates for loans and deposits with Associates at arms' length prices. As a consequence net interest income deviates from the past. The Company entered into an agreement with Siemens AG limiting the capital at risk for the Company and ruling the interest result for the Company. The settlement following this agreement is stated as interest related income.
In January 2008 the Advance Pricing Agreement with the Dutch tax authority dated January 24, 2007, ruling the arm's length pricing for financing activities with Associates was renewed.

During fiscal 2008 the capital and credit markets experienced extended volatility and disruption that have reached unprecedented levels. If as a consequence of the credit market crisis these levels of market volatility and disruption continue or worsen, there can be no assurance that the Company will not experience an adverse effect that may be material to our ability to access capital.
Widening credit spreads due to decreasing liquidity in the financial markets might lead to decreasing fair market values of our existing derivative financial instruments. In addition, we also see a risk of increasing refinancing costs if the turbulences in the global financial markets would persist.

In the year ended September 30, 2008 the Company issued 142 Commercial Papers under the USD 9.0 billion Siemens Global Commercial Paper Programme totaling to EUR 7.0 billion (2007, EUR 10.4 billion) and covering revolving short term financing needs of the Associates. At September 30, 2008 all transactions were matured. At September 30, 2007 the outstanding amount was EUR 1.1 billion.

During the year ended September 30, 2008 the Company issued the following bonds:
€ 500.0 million floating rate Extendible Note maturing June 29, 2009, extendible to 2010 and 2011;
€ 113.5 million 5.283% Assignable loan maturing June 12, 2013;
€ 370.0 million floating rate Assignable loan maturing June 12, 2013;
€ 283.5 million floating rate Assignable loan maturing June 12, 2015;
€ 333.0 million 5.435% Assignable loan maturing June 12, 2015;
€ 1.550 billion 5.25% Medium Term Note maturing December 12, 2011;
€ 1.0 billion 5.375% Medium Term Note maturing June11, 2014;
€ 1.6 billion 5.625% Medium Term Note maturing June 11, 2018.

Other items

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

The Hague, November 19, 2008

On behalf of the Board of Directors

B.G. Trompert	J.W. Hesselink
CEO	CFO

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 company. 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.

During the year informal contacts between the Supervisory Board and the Board of Directors took place on a regular basis.

Annual report 2008
Hereby we present both the consolidated financial statements and the company financial statements of Siemens Financieringsmaatschappij N.V. as prepared by the Board of Directors and adopted by the Supervisory Board, as well as all other legally required information concerning the Company as of September 30, 2008. As at April 1, 2008 the Company sold its shares held in Siemens Finance B.V. to Siemens International Holding B.V. The Hague. Siemens Finance B.V. is de-consolidated as of April 1, 2008.
The financial statements for 2008 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 2008 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.

The Hague, November 19, 2008

For the Supervisory Board

J.-C. Kieffer H.P. Rupprecht

(in thousands of EUR, except where otherwise stated)

Consolidated Statement of Income

	Notes	Year ended September 30, 2008	2007
Interest income	4	1,107,796	1,013,772
Interest expenses	4	(1,196,323)	(992,182)
Interest related income	5	55,736	-
Net balance of fair value changes of financial instruments	6	(60,189)	(23,805)
Net balance of other financial income and expenses	7	140,720	(415)
Total operating income		**47,740**	**(2,630)**
Miscellaneous income and expenses		(679)	(741)
Profit before tax		**47,061**	**(3,371)**
Income tax expense	8	(12,135)	1,147
Profit from ordinary activities after tax		**34,926**	**(2,224)**
Profit for the period attributable to equity holders		**34,926**	**(2,224)**

Siemens Financieringsmaatschappij N.V.

CONSOLIDATED FINANCIAL STATEMENTS
As of September 30, 2008
(in thousands of EUR, except where otherwise stated)

Consolidated Balance Sheet

(before appropriation of result)

		September 30,	
ASSETS	**Notes**	**2008**	**2007**
Current assets			
Receivables from Associates	10	18,453,075	9,397,679
Derivative financial instruments	11	38,362	33,049
Tax assets	8	692	-
		18,492,129	**9,430,728**
Non-current assets			
Derivative financial instruments	11	410,056	142,225
Deferred tax assets	8	-	3,709
		410,056	**145,934**
Total assets		**18,902,185**	**9,576,662**

		September 30,	
EQUITY AND LIABILITIES	**Notes**	**2008**	**2007**
Equity			
Issued and paid in share capital	12	10,256	10,256
Share premium reserve	12	1,561	1,561
Retained earnings	12	3,279	5,503
Undistributed profit	12	34,926	(2,224)
		50,022	**15,096**
Long term liabilities			
Long term debt	13	13,061,130	8,222,465
Derivative financial instruments	11	51,865	99,098
Deferred income tax	8	6,469	-
		13,119,464	**8,321,563**
Current liabilities			
Short term debt and current maturities of long term debt	13	1,024,076	1,134,357
Liabilities to Associates	14	4,212,197	6,820
Tax accruals	8	-	909
Derivative financial instruments	11	317,510	1,321
Other current financial liabilities	15	178,916	96,596
		5,732,699	**1,240,003**
Total equity and liabilities		**18,902,185**	**9,576,662**

(in thousands of EUR, except where otherwise stated)

Consolidated Statements of Cash Flows

		Year ended September 30,	
	Notes	**2008**	**2007**
Cash flows from operating activities:			
Profit before taxation		47,061	(3,371)
Proceeds from issuance of notes	13	5,756,447	-
Payment of transaction cost	13	(12,277)	-
Redemption of notes		-	(1,727,515)
Issuer substitution		-	(1,915,600)
Proceeds from issuance of Commercial Paper, net	13	(1,134,357)	1,134,357
(Increase) decrease in receivables from Associates (excluding cash equivalents)	10	(9,086,806)	586,564
Increase (decrease) in liabilities to Associates	14	4,205,377	(32,184)
Change in derivative financial instruments	11	(4,190)	130,222
(Increase) decrease in loans to Associates		-	2,496,700
Increase (decrease) in other current financial liabilities	15	82,320	78,207
Increase (decrease) in fair value of notes	13	118,572	(720,770)
Income taxes paid		(2,023)	(598)
Net cash provided by operating activities		**(29,876)**	**26,012**
Cash flows from investing activities:			
Divestment of subsidiary	9	(1,535)	-
Net cash provided by investing activities		**(1,535)**	**-**
Cash flows from financing activities:			
Dividend paid		-	-
Net cash (used in) provided by financing activities		**-**	**-**
Net (decrease) increase in cash and cash equivalents		**(31,411)**	**26,012**
Cash and cash equivalents at beginning of year		73,294	47,282
Cash and cash equivalents at end of year		**41,883**	**73,294**

(in thousands of EUR, except where otherwise stated)

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, 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
Appropriation of undistributed profit	-	-	(2,224)	2,224	-
Dividend	-	-	-	-	-
Profit for the year ended September 30, 2008	-	-	-	34,926	34,926
Balance as at September 30, 2008	10,256	1,561	3,279	34,926	50,022

Notes to the Consolidated Financial Statements

1. Basis of presentation

Reporting entity

Siemens Financieringsmaatschappij N.V. ("the Company") 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"). Since September 28, 1992, the Company is a 100% subsidiary of Siemens AG Berlin / Munich.

In April 2008 the only subsidiary of the Company, Siemens Finance B.V. was sold to Siemens International Holding B.V. The consolidated financial statements of the Company as at and for the year ended September 30, 2008 include Siemens Finance B.V. (together referred to as the "Group") until April 1, 2008.
The Group is primarily involved in the financing of the Associates.

The financial statements were authorised for issue by the Managing Board on November 19, 2008.

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 Company applied all standards and interpretations that were effective as of October 1, 2007.

2. Summary of significant accounting policies

Valuation principles

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 the Company and its subsidiaries which are directly or indirectly controlled. Control is generally conveyed by ownership of the majority of voting rights. Siemens Finance B.V. was de-consolidated as per April 1, 2008.

Associates

Siemens AG and its subsidiaries which are directly or indirectly controlled by Siemens AG.

Transactions eliminated on consolidation

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

(in thousands of EUR, except where otherwise stated)

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 Statement of Income.

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

		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	
Currency	**ISO Code**	**2008**	**2007**	**2008**	**2007**
U.S. Dollar	USD	1.430	1.418	1.504	1.331
British Pound	GBP	0.790	0.697	0.764	0.676
Swiss Franc	CHF	1.577	1.660	1.621	1.626

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 of 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 / collectability of these receivables depends upon the financial position and credit worthiness of the involved companies and of the Siemens AG Group as a whole.

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 Statement of Income unless related to items directly recognized in equity in the period the new laws are substantively enacted. Deferred tax assets are recognized to the extent that it is probable that future taxable income will be available against which the deductible temporary differences can be utilized.

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 – cash and cash equivalents, available-for-sale financial assets, loans and receivables, financial liabilities measured at amortized cost or financial assets and liabilities classified as held for trading – 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 the fair value 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 Statement of Income.

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

- **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, the Company 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 Associates and are priced at an “arms’ length” basis, unless indicated otherwise.

Cash and cash equivalents
The Company considers the current account and 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.

The Company lends the proceeds of notes and bonds to Associates 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
The Company 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. The interest income and interest expense per segment is specified under note 4:

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 Flows cash and cash equivalents are related to these inter-company balances.

Cash Flow
The Statement of Cash Flows shows how the cash and cash equivalents of the Company have changed during 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 flows from operating activities are 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.

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.

(in thousands of EUR, except where otherwise stated)

3. Management estimates and judgments

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

In assessing the possible realization 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.

4. Interest income and expenses

In previous years the interest income and interest expense on interest rate swaps were displayed as a net value. As from current reporting the interest income and interest expense on interest rate swaps are displayed separately. The comparative figures from previous reporting are adjusted accordingly.

Details of interest income and expenses	**Year ended September 30,**	
	2008	**2007**
Interest income on financial assets with Associates	621,110	550,465
Interest from third parties	11,316	-
Interest income on interest rate swaps	472,651	456,556
Interest income other	2,719	6,750
Interest expense on financial debt	(583,079)	(565,768)
Interest expense on interest rate swaps	(438,590)	(424,824)
Interest expense on financial liabilities with Associates	(174,655)	(1,589)
Interest margin	**(88,528)**	**21,590**

The interest expense on financial debt includes the amortization of transaction cost and the amortization of (discount) premium.

(in thousands of EUR, except where otherwise stated)

Interest income per segment	**Year ended September 30, 2008**	**2007**
The Netherlands	219,642	61,904
Rest of Europe	556,866	688,326
United States of America	331,288	263,541
Total interest income	**1,107,796**	**1,013,771**

Interest expenses per segment	**Year ended September 30, 2008**	**2007**
The Netherlands	(146,637)	(1,019)
Rest of Europe	(1,049,333)	(990,751)
United States of America	(354)	(412)
Total interest expense	**(1,196,324)**	**(992,182)**

Interest income, net per segment	**Year ended September 30, 2008**	**2007**
The Netherlands	73,005	60,885
Rest of Europe	(492,467)	(302,425)
United States of America	330,934	263,130
Total interest net	**(88,528)**	**21,590**

5. Interest related income

Until September 30, 2007 the Company calculated interest for loans to Associates based on cost of funds plus an adequate margin. As of October 1, 2007 the Company adopted the Siemens AG world wide policy for fixing interest rates for loans and deposits with Associates at arms' length prices. As a consequence net interest income deviates from the past. The Company entered into an agreement with Siemens AG limiting the capital at risk for the Company and ruling the interest result for the Company. The settlement following this agreement is stated as interest related income.

6. Changes in fair value of derivative financial Instruments

Derivatives	**Year ended September 30, 2008**	**2007**
Ineffective part of hedges	36,913	(3,833)
Losses from interest derivates non hedge accounting	-	(19,959)
Result of currency swaps	(97,102)	(13)
Total of changes	**(60,189)**	**(23,805)**

(in thousands of EUR, except where otherwise stated)

The ineffective part of hedges consists of the change in the fair values of the hedging instruments in 2008: EUR 313.2 million (2007: EUR 178.0 million negative) and the change in the fair values of the hedged items in 2008: EUR 276.3 million negative (2007: EUR 174.1 million).

For additional disclosures on derivative financial instruments see also note 17.

7. Net balance of other financial income and expenses

Currency results	**Year ended September 30, 2008**	**2007**
Currency result of assets	(103,391)	(539,262)
Currency result of debt	241,037	539,288
Currency result other	3,074	(441)
Total currency results	**140,720**	**(415)**

8. Income tax

The fiscal unity of the Company with Siemens Finance B.V. ended on April 1, 2008. Siemens Financieringsmaatschappij N.V. as of the head of a fiscal unity for corporate income tax remains liable for any debt arising from Siemens Finance B.V. related to the period ended March 31, 2008.

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	**Year ended September 30, 2008**	**2007**
Current tax (expense) benefit	(1,957)	(1,269)
Deferred tax (expense) income	(10,178)	2,416
Income tax (expense) benefit	**(12,135)**	**1,147**

For reporting years ended September 30, 2008 and 2007, the Company is subject to Dutch corporate income tax. Tax rates have been reduced over the past years. The tax rates were computed as an weighted average rate from the statutory tax rate in 2008 (25.5%), 2007 (25.5%) and 2006 (29.6%) at an weighted average rate of 25.5% and 26.5% respectively.

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

(in thousands of EUR, except where otherwise stated)

Reconciliation of the effective tax expense	**Year ended September 30,**	
	2008	**2007**
Profit (loss) from ordinary activities before tax	47,061	(3,371)
Income Tax using weighted average corporate tax rate (25.5% - 26.5%)	(12,001)	893
Difference due to changes in Corporate tax rate	(140)	(89)
Correction of accrual	6	343
Income tax (expenses) benefit	**(12,135)**	**1,147**

The movements in the accrual for income taxes are the following:

Current tax accrual	**September 30,**	
	2008	**2007**
Balance at beginning of the year	(909)	(238)
Correction of accrual	3	343
Current income tax	(1,773)	(1,612)
Payments to tax authorities, net	2,023	652
De-consolidation of Siemens Finance B.V.	1,307	-
Other	41	(54)
Balance at the end of the year	**692**	**(909)**

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

Deferred tax asset (liability)	**September 30,**	
	2008	**2007**
Balance at beginning of the year	3,709	1,294
Deferred tax assets (liabilities) for reporting year 2006 – 2007	-	2,797
Deferred tax assets (liabilities) for reporting year 2007 – 2008	(9,999)	-
Correction of deferred tax assets for old reporting years	(39)	(293)
Change in Corporate tax rate	(140)	(89)
Balance at the end of the year	**(6,469)**	**3,709**

Deferred tax has been computed as an weighted average rate from the statutory tax rate in 2008 (25.5%), 2007 (25.5%) and 2006 (29.6%) at an weighted average rate of 25.5% and 26.5% respectively.

(in thousands of EUR, except where otherwise stated)

9. Dispositions

On April 1, 2008 the Company sold its interest in Siemens Finance B.V. to Siemens International Holding B.V. Siemens Finance B.V was de-consolidated in the Company's figures as of April 1, 2008.

The consideration received in cash in April 2008 amounted to EUR 2.6 million which value was based on the net equity value of Siemens Finance B.V. as per April 1, 2008.

The Divestment of subsidiary in the Statement of Cash Flows consists of the following:

Divestment of subsidiary	**September 30, 2007**
Proceeds from the sale of Siemens Finance B.V.	2,663
Cash and cash equivalents of de-consolidated company	(4,198)
Divestment of subsidiary	**(1,535)**

10. Receivables from Associates

Receivables from Associates	**September 30,**	
	2008	**2007**
Current account	-	40,361
Interest receivables	41,883	32,933
Loans < 1 year	18,411,192	9,324,385
Total receivables from Associates	**18,453,075**	**9,397,679**

Receivables per geographical segment	**September 30,**	
	2008	**2007**
The Netherlands	5,903,934	2,214,023
Rest of Europe	369,773	2,951,175
United States of America	12,179,368	4,232,481
Total receivables per geographical segment	**18,453,075**	**9,397,679**

For additional disclosures on receivables see also note 17.

(in thousands of EUR, except where otherwise stated)

11. Derivative financial instruments

In previous years all derivatives were classified as Current assets and liabilities. As from current reporting the long term portion of the derivatives is re-classified as non-current. The comparative figures from previous reporting are in this line adjusted.

Current financial instruments - assets	**September 30,**	
	2008	**2007**
Interest rate swaps – interest accrual	38,362	33,049
Total current financial instruments - assets	**38,362**	**33,049**

Non-current financial instruments - assets	**September 30,**	
	2008	**2007**
Held for trading	-	-
Interest rate swaps – market values	410,056	142,225
Total non-current financial instruments - assets	410,056	142,225

Current financial instruments - liabilities	**September 30,**	
	2008	**2007**
Interest rate swaps – accrued interest	(467)	(1,321)
Currency swaps – market value	(317,043)	-
Total current financial instruments - liabilities	**(317,510)**	**(1,321)**

Non-current financial instruments - liabilities	**September 30,**	
	2008	**2007**
Held for trading	-	-
Interest rate swaps – market values	(51,865)	(99,098)
Total non-current financial instruments - liabilities	**(51,865)**	**(99,098)**

(in thousands of EUR, except where otherwise stated)

The non-current derivative financial instruments – both assets and liabilities – represent the non-current portion of derivatives designated as hedging instruments, for which hedge accounting is applied.
As per September 30, 2008, all interest rate swaps are designated in hedge accounting. Currently the Company has 14 hedge packages, hedging the interest rate risk for the following amounts:

a)	EUR	2.000	billion	maturing	July,	2011
b)	USD	0.750	billion	maturing	Feb.,	2012
c)	USD	1.750	billion	maturing	Oct.,	2016
d)	USD	1.750	billion	maturing	Aug.,	2026
e)	USD	0.500	billion	maturing	March,	2016
f)	EUR	0.900	billion	maturing	Sept.,	2016
g)	GBP	0.750	billion	maturing	Sept.,	2016
h)	EUR	1.200	billion	maturing	Dec.,	2011
i)	EUR	0.350	billion	maturing	Dec.,	2011
j)	EUR	1.000	billion	maturing	June,	2014
k	EUR	1.200	billion	maturing	June,	2018
l)	EUR	0.400	billion	maturing	June,	2018
m)	EUR	0.114	billion	maturing	June,	2013
n)	EUR	0.333	billion	maturing	June,	2015

In all interest rate swaps Siemens AG is the counterparty. The arrangements have been entered into to swap the fixed interest on long term debt into floating interest on short term base.
For additional disclosures on financial instruments see also note 17.

12. 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 2007-2008 the Board of Directors proposes to pay a dividend of EUR 5,543,784.77. Payment of any dividend is contingent upon approval by the shareholders at the Annual Shareholders' Meeting.

(in thousands of EUR, except where otherwise stated)

13. Debt

Long term debt	**September 30,**	
	2008	**2007**
Notes and bonds	(12,768,803)	(8,207,959)
Adjustment of carrying amount due to fair value hedge accounting	(247,954)	53,009
Other financial indebtedness	(44,373)	(67,515)
Therein:		
Adjustments recognized under Dutch GAAP and retained for IFRS	*(90,355)*	*(120,665)*
Unamortized portion of disagio	*8,609*	*18,162*
Unamortized portion of transaction costs	*37,373*	*34,988*
Total long term debt	**(13,061,130)**	**(8,222,465)**

As of September 30, 2008, weighted average interest rates for loans from banks and other financial indebtedness were 5.6% (2007: 4.5%).
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.

Credit facilities and loans
The Company participates in two credit facility programs of Siemens AG under which the Company may draw up to USD 9.0 billion and EUR 450 million respectively. The Company did not use this facility so far.

In June 2008, the Company issued an assignable loan. The loan, totaling EUR 1.1 billion was issued in four tranches: EUR 370 million floating rate notes (EURIBOR + 0.55%) due June 12, 2013, EUR 113.5 million bearing interest of 5.283% notes due June 12, 2013, EUR 283.5 floating rate notes (EURIBOR + 0.70%) due June 12, 2015 and EUR 333 million bearing interest of 5.435% notes due June 12, 2015.

Notes and bonds
Siemens AG, Siemens Capital Company LLC and Siemens Financieringsmaatschappij N.V. updated the EUR 5 billion Programme for the issuance of debt instruments The Company participates in this Programme as issuer.
In June 2008, the Company issued EUR 3.4 billion fixed-interest notes under the Programme in three tranches
In August 2008, the Company issued an extension on the EUR 3.4 billion June 2008 issuance of EUR 0.75 billion notes under the Programme

Details on issuance of notes and bonds	**Year ended September 30, 2008 (millions of EUR)**
Proceeds from issuance of notes	5,756,447
Payment of issuance cost	(12,277)
Increase (decrease) in fair value of notes	118,572
Total issuance of notes and bonds	**5,862,742**

Details of the Company's notes and bonds

Amounts in Millions		September 30, 2008		September 30, 2007	
		(notional amount)	EUR [1]	(notional amount)	EUR [1]
5.75% 2001/2011 EUR bonds	EUR	2,000	2,088	2,000	2,067
USD LIBOR + 0.15% 2006/2012 USD notes	USD	500	349	500	351
5.625% 2006/2016 USD notes	USD	500	374	500	356
5.5% 2006/2012 USD notes [2]	USD	750	552	750	540
USD LIBOR + 0.05% 2006/2009 USD notes [2]	USD	750	524	750	529
5.75% 2006/2016 USD notes [2]	USD	1,750	1,323	1,750	1,259
6.125% 2006/2026 USD notes [2]	USD	1,750	1,366	1,750	1,251
5.25% 2006/2066 EUR bonds [3]	EUR	900	820	900	849
6.125% 2006/2066 GBP bonds [3]	GBP	750	928	750	1,020
EURIBOR + 0.23% 2008/2009 EUR bonds [4]	EUR	500	500	-	-
5.25% 2008/2011 EUR bonds I	EUR	1,200	1,204	-	-
5.25% 2008/2011 EUR bonds II	EUR	350	352	-	-
5.375% 2008/2014 EUR bonds	EUR	1,000	1,006	-	-
5.625% 2008/2018 EUR bonds I	EUR	1,200	1,202	-	-
5.625% 2008/2018 EUR bonds II	EUR	400	397	-	-
EURIBOR + 0.55% 2008/2013 EUR notes	EUR	370	370	-	-
5.283% 2008/2013 EUR notes	EUR	114	114	-	-
EURIBOR + 0.7% 2008/2015 EUR notes	EUR	284	283	-	-
5.435% 2008/2015 EUR notes	EUR	333	333	-	-
Total debt			**14,085**		**8,222**

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] 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 terms and conditions of the floating rate notes. 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 terms and conditions of the fixed rate notes.

[3] The subordinated hybrid capital 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.

[4] The notes bear an interest rate of EURIBOR + 0.23% till June 2009. If the holders of the notes extend the term to June 2010, the interest rate will be EURIBOR + 0.25%. Another extension by the note holders is possible at an interest rate of EURIBOR + 0.27%.

(in thousands of EUR, except where otherwise stated)

As of September 30, 2008, the aggregate amounts of indebtedness maturing during the next five years and thereafter are as follows:

Reporting Year	**(millions of EUR)**
2008 – 2009	1,024
2009 – 2010	-
2010 – 2011	2,088
2011 – 2012	2,457
2012 – 2013	369
Thereafter	8,147
Total maturities	**14,085**

Short term debt and current maturities of long term debt	**September 30, 2008**	**2007**
Notes and bonds	(1,024,366)	-
Commercial Paper	-	(1,134,357)
Other financial indebtness	290	-
Total short term debt and current maturities of long term debt	**(1,024,076)**	**(1,134,357)**

Notes and bonds
In May 2008, the Company issued EUR 0.5 billion floating rate extendible notes initially maturing in June 2009. The maturity date can be extended by the note-holder to June 2010 and June 2011. The notes bear 0.23% interest above EURIBOR (0.25% and 0.27% above EURIBOR, respectively, subject to the extension option).

The USD 0.75 billion floating notes are due on August 14, 2009.

Commercial Paper
On April 4, 2007 Siemens AG, Siemens Capital Company LLC and Siemens Financieringsmaatschappij N.V. established an USD 9.0 billion Global Commercial Paper Programme for the issuance of Commercial Paper notes. In the reporting year the Company issued 142 Commercial Papers (2007: 184) under this Programme totaling an amount of EUR 7.0 billion (2007: EUR 10.4 billion), covering revolving short term financing needs of Associates. The outstanding amount at September 30, 2008 is EUR 0.0 billion (September 30, 2007: EUR 1.1 billion). The weighted average interest rate of the Commercial Paper was 4.29% and varied between 4.06 % and 4.68% with durations between 1 week and 3 months.

For additional disclosures on Debt see also note 17.

(in thousands of EUR, except where otherwise stated)

14. Liabilities to Associates

Liabilities to Associates	**September 30, 2008**	**2007**
Loans from Associates < 1 yr	(3,546,752)	-
Current account	(664,084)	-
Other liabilities to Associates	(1,361)	(6,820)
Total liabilities to Associates	**(4,212,197)**	**(6,820)**

Liabilities to Associates have increased substantially to fund short term loans to Associates (see note 10, Receivables from Associates).

15. Other current financial liabilities

Other current financial liabilities	**September 30, 2008**	**2007**
Accrued interest bond and notes	(178,884)	(96,574)
Miscellaneous	(32)	(22)
Total other current financial liabilities	**(178,916)**	**(96,596)**

16. Commitments and contingencies

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

Guarantees in Mio. EUR	**September 30, 2008**	**2007**
Credit guarantees	8	2
Performance guarantees	36	29
Total Commitments	**44**	**31**

Credit guarantees cover certain financial obligations of the Associates 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 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 an Associate.

(in thousands of EUR, except where otherwise stated)

Furthermore, the Company issued performance guarantees of the Associates, which include performance bonds and guarantees of advance 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. As of August 1, 2008 the Company discontinued the issuance of new guarantees.

17. Additional disclosures on financial instruments

This section gives a comprehensive overview of the significance of financial instruments for the Company and provides additional information on balance sheet items that contain financial instruments. The following table presents the carrying amounts of each category of financial assets and liabilities:

Financial assets, carrying amounts	**September 30,**	
	2008	**2007**
Receivables	18,453,075	9,397,681
Derivatives with a hedging relationship	448,418	175,274
Total financial assets, carrying amounts	**18,901,483**	**9,572,955**

Due to the fact that the receivables have a revolving character with a short term duration the Fair value of the receivables approximates the carrying amount.

Financial liabilities	**September 30,**	
	2008	**2007**
Financial liabilities measured at amortized cost	14,085,206	9,356,822
Financial liabilities held for trading (currency swaps)	317,043	-
Derivatives with a hedging relationship	52,332	100,419
Total financial liabilities	**14,454,581**	**9,457,241**

Financial liabilities measured at cost or amortized cost	**September 30, 2008**		**September 30, 2007**	
	Fair value	**Carrying amount**	**Fair value**	**Carrying amount**
Notes and bonds	14,140,549	14,085,206	8,252,029	8,222,465
Commercial Paper	-	-	1,134,357	1,134,357
Total financial liabilities measured at cost or amortized cost	**14,140,549**	**14,085,206**	**9,386,386**	**9,356,822**

The fair values of cash and cash equivalents, current receivables, other current financial liabilities and Commercial Paper approximate their carrying amount largely due to the short-term maturities of these instruments.

(in thousands of EUR, except where otherwise stated)

The fair value of quoted notes and bonds is based on price quotations at the balance sheet date.

Financial assets and liabilities measured at fair value are presented in the following table:

Financial assets measured at fair value	**September 30,**	
	2008	**2007**
Derivative financial instruments	448,418	175,274
Without hedging relationship	-	-
In connection with fair value hedges	*448,418*	*175,274*
Total derivative financial instruments assets	**448,418**	**175,274**

Financial liabilities measured at fair value	**September 30,**	
	2008	**2007**
Derivative financial instruments	(369,375)	(100,419)
Without hedging relationship	*(317,043)*	-
In connection with fair value hedges	*(52,332)*	*(100,419)*
Total derivative financial instruments liabilities	**(369,375)**	**(100,419)**

During the reporting year the Company entered into derivative financial instruments with Siemens AG only. The calculation of fair values for derivative financial instruments depends on the type of instruments:

Derivative interest rate contracts

The fair values of derivative interest rate contracts (e.g. interest rate swap agreements) are 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.

Net gains (losses) of financial instruments	**September 30,**	
	2008	**2007**
Derivative assets and liabilities	307,971	(178,145)
Financial liabilities measured at amortized cost	(269,199)	174,117
Currency result	-	195
Interest derivatives non-hedge accounting	-	(19,959)
Financial assets and liabilities held for trading	(149,692)	(13)
Total net gains (losses) of financial instruments	**(110,920)**	**(23,805)**

Net gains (losses) on derivative assets and liabilities consist of the ineffective portion of fair value hedges.
Net losses/gains on financial liabilities measured at amortized cost are comprised of the ineffective portion of fair value hedges.
Net gains (losses) on financial assets and liabilities held for trading consist of changes in the fair value of derivative financial instruments, for which hedge accounting is not applied.

(in thousands of EUR, except where otherwise stated)

18. Derivative financial instruments and hedging activities

As part of the Company's risk management program, a variety of derivative financial instruments are used to reduce risks resulting primarily from fluctuations in foreign currency exchange rates and interest rates. For additional information on the Company's risk management strategies, including the use of derivative financial instruments to mitigate or eliminate certain of these risks, see also note 19.
The fair values of each type of derivative financial instruments are as follows:

Fair values of derivative financial instruments	**September 30, 2008**		**September 30, 2007**	
	Asset	**Liability**	**Asset**	**Liability**
Currency swaps	-	(317,043)	-	-
Interest rate swaps	410,056	(51,865)	142,225	(99,098)

See also note 11.

Foreign currency exchange risk management
The Company manages its risks associated with fluctuations in foreign-currency denominated receivables and debt through cross currency swaps. As the Company did not designate foreign-currency cash flow hedges, the cross currency swaps do not qualify for hedge accounting treatment under IAS 39. Therefore, all such derivative financial instruments are recorded at fair value, either as *Other current financial assets* or *Other current financial liabilities*, and changes in fair values are charged to net income.

Interest rate risk management
Interest rate risk arises from the sensitivity of financial assets and liabilities to changes in market rates of interest. The Company seeks to mitigate such risk by entering into interest rate derivative financial instruments such as interest rate swaps.
Under the interest rate swap agreements outstanding during the year ended September 30, 2008, the Company agrees to pay a variable rate of interest multiplied by a notional principle amount, and receive in return an amount equal to a specified fixed rate of interest multiplied by the same notional principal amount. These interest rate swap agreements offset an impact of future changes in interest rates on the fair value of the underlying fixed-rate debt obligations. The interest rate swap contracts are reflected at fair value in the Company's consolidated balance sheet and the related portion of fixed-rate debt being hedged is reflected at an amount equal to the sum of its carrying amount plus an adjustment representing the change in fair value of the debt obligations attributable to the interest rate risk being hedged. Changes in the fair value of interest rate swap contracts and the offsetting changes in the adjusted carrying amount of the related portion of fixed-rate debt being hedged, are recognized as adjustments to the line item *'net balance of fair value changes of financial instruments'* in the consolidated statements of income. The net effect recognized in *'net balance of fair value changes of financial instruments'*, representing the ineffective portion of the hedging relationship, amounted to EUR 29,819 in fiscal 2008. Net cash receipts and payments relating to such interest rate swap agreements are recorded as interest income and interest expense in the consolidated statements of income.
The Company had interest rate swap contracts to pay variable rates of interest (average rate of 5.23% and 5.94% as of September 30, 2008 and 2007 respectively) and received fixed rates of interest (average rate of 5.63% and 6.38% as of September 30, 2008 and 2007 respectively). The notional amount of indebtedness hedged as of September 30, 2008 and 2007 was EUR 11,716,988 and EUR 7,326,374 respectively. This resulted in 100% of the Company's underlying notes and bonds being subject to variable interest rates. The notional amounts of these contracts mature at varying dates based on the maturity of the underlying hedged items. The net fair value of interest rate swap contracts (excluding accrued interest) used to hedge indebtedness as of September 30, 2008 and 2007 was EUR 351,098 and EUR 43,127 respectively.

19. Financial risk management

Foreign currency exchange rate risk
Foreign exchange rate fluctuations may create unwanted and unpredictable earnings and cash flow volatility. In order to minimize exchange rate risks the Company seeks to lend and borrow in the same functional currency. Furthermore the Company uses cross currency swaps to limit foreign exchange risks. All such derivative financial instruments are recorded at fair value on the Consolidated Balance Sheet, either as Other current financial assets or Other current financial liabilities, and changes in fair values are charged to net income.

Interest rate risk
The Company's interest rate risk exposure is mainly related to fixed rated bonds and notes. The Company limits this risk through the use of derivative instruments which allow it to hedge fair value changes by swapping the fixed interest rates into variable rates of interest. In cases were the Company is lending to Associates with a duration that differs from the duration of the bonds and notes including the swap a mismatch could lead to an interest rate risk. A limited capital at risk agreement between Siemens AG and the Company mitigates this risk.

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 an EUR 5 billion Programme for the issuance of debt instruments (EMTN) and in a USD 9 billion global Commercial Paper program, both established by Siemens AG. Siemens AG unconditionally and irrevocably guarantees all debt securities of the Company.

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 / collectability of these receivables depend upon the financial position and credit worthiness of the involved companies and of Siemens AG as a whole. Loans to Associates are covered by a limited capital at risk agreement between Siemens AG and the Company mitigating the credit risk for the Company.

20. Subsequent events

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

21. Claims and litigations

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

22. 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 Associates other than in the line of business.

23. Remuneration Board of Directors and Supervisory Board

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

Siemens Financieringsmaatschappij N.V

COMPANY FINANCIAL STATEMENTS
As of September 30, 2008
(in thousands of EUR, except where otherwise stated)

Company Statement of Income

	Notes	Year ended September 30, 2008	2007
Interest income	4	1,078,661	989,351
Interest expenses	4	(1,173,333)	(969,048)
Interest related income	5	54,822	-
Net balance of fair value changes of financial instruments	6	(110,920)	(23,805)
Net balance of other financial income and expenses	7	197,587	(415)
Total operating income		**46,817**	**(3,917)**
Miscellaneous income and expenses		(646)	(629)
Profit before tax		**46,171**	**(4,546)**
Income tax expense	8	(11,908)	1,458
Profit from ordinary activities after tax		**34,263**	**(3,088)**
Result from Participations		864	1,137
Result from Divestment	12	663	-
Profit for the period attributable to equity holders		**35,790**	**(1,951)**

Siemens Financieringsmaatschappij N.V

COMPANY FINANCIAL STATEMENTS
As of September 30, 2008
(in thousands of EUR, except where otherwise stated)

Company Balance Sheet

(before appropriation of result)

ASSETS	Notes	September 30, 2008	2007
Current assets			
Receivables from Associates	10	18,453,075	9,386,681
Derivative financial instruments	11	38,362	33,049
Tax assets	8	692	398
		18,492,129	**9,420,127**
Non-current assets			
Investments in Associates	12	-	2,000
Derivative financial instruments	11	410,056	142,225
Deferred tax assets	8	-	3,709
		410,056	**147,934**
Total assets		**18,902,185**	**9,568,062**

EQUITY AND LIABILITIES	Notes	September 30, 2008	2007
Equity			
Issued and paid in share capital	13	10,256	10,256
Share premium reserve	13	1,561	1,561
Retained earnings	13	2,415	4,366
Undistributed profit	13	35,790	(1,951)
		50,022	**14,232**
Long term liabilities			
Long term debt	14	13,061,130	8,222,465
Derivative financial instruments	11	51,865	99,098
Deferred tax liabilities	8	6,469	-
		13,119,464	**8,321,563**
Current liabilities			
Short term debt and current maturities of long term debt	14	1,024,076	1,134,357
Liabilities to Associates	15	4,212,197	-
Derivative financial instruments	11	317,510	1,321
Other current financial liabilities	16	178,916	96,589
		5,732,699	**1,232,267**
Total equity and liabilities		**18,902,185**	**9,568,062**

(in thousands of EUR, except where otherwise stated)

Company Statements of Cash Flows

	Notes	Year ended September 30, 2008	2007
Cash flows from operating activities:			
Profit before taxation		46,171	(4,546)
Proceeds from issuance of notes	14	5,756,447	-
Payment of transaction cost		(12,277)	-
Redemption of notes		-	(1,146,415)
Proceeds from issuance of Commercial Paper, net	14	(1,134,357)	1,134,357
(Increase) decrease in receivables from Associates (excluding cash equivalents)	10	(9,097,306)	593,565
Increase (decrease) in liabilities to Associates	15	4,212,197	(39,005)
Change in derivative financial instruments	11	(4,190)	230,641
Increase (decrease) in other current financial liabilities	16	82,328	(11,027)
Increase (decrease) in fair value of notes	13	118,572	(720,770)
Dividend received		864	1,137
Income taxes paid	8	(2,023)	(598)
Net cash provided by operating activities		**(33,574)**	**37,339**
Cash flows from investing activities:			
Divestment of subsidiary	12	2,663	-
Net cash provided by investing activities		**2,663**	**-**
Cash flows from financing activities:			
Dividend paid		-	-
Net cash (used in) provided by financing activities		**-**	**-**
Net (decrease) increase in cash and cash equivalents		**(30,911)**	**37,339**
Cash and cash equivalents at beginning of year		72,794	35,455
Cash and cash equivalents at end of year		**41,883**	**72,794**

(in thousands of EUR, except where otherwise stated)

Company Statement of Changes in Equity

	Issued and paid-in capital	Share premium reserve	Retained earnings	Un-distributed profit	Total
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
Appropriation of undistributed profit	-	-	(1,951)	1,951	-
Dividend	-	-	-	-	-
Profit for the year ended September 30, 2008	-	-	-	35,790	35,790
Balance as at September 30, 2008	10,256	1,561	2,415	35,790	50,022

Notes to the Company Financial Statements

1. Basis of presentation

Reporting entity

Siemens Financieringsmaatschappij N.V. ("the Company") 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"). Since September 28, 1992, the Company is a 100% subsidiary of Siemens AG Berlin / Munich.

The Company financial statements as at and for the year ended September 30, 2008 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 19, 2008.

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 Company applied all standards and interpretations that were effective as of October 1, 2007.

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 Associates 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.

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.

(in thousands of EUR, except where otherwise stated)

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

Dispositions
At April 1, 2008 the Company sold its interest in Siemens Finance B.V. to Siemens International Holding B.V. In reporting year 2007 - 2008 a dividend of EUR 864 thousand over reporting year 2006 – 2007 was received from Siemens Finance B.V.
Siemens Finance B.V. has been disposed from the Fiscal Unity as of April 1, 2008.
The de-consolidation took place as of April 1, 2008.

3. Management estimates and judgments

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

4. Interest income and expenses

In previous years the interest income and interest expense on interest rate swaps were displayed as a net value. As from current reporting the interest income and interest expense on interest rate swaps are displayed separately. The comparative figures from previous reporting are adjusted accordingly.

Details of interest income and expenses	**Year ended September 30,**	
	2008	**2007**
Interest income on financial assets with Associates	603,291	526,045
Interest income on interest rate swaps	472,651	456,556
Interest income other	2,719	6,750
Interest expense on financial debt	(582,725)	(542,638)
Interest expense on interest rate swaps	(438,589)	(424,824)
Interest expense on financial liabilities with Associates	(152,019)	(1,586)
Interest margin	**(94,672)**	**20,303**

The interest expense on financial debt includes the amortization of transaction cost and the amortization of (discount) premium.

The interest income and expenses per segment are as follows:

Interest income per segment	**Year ended September 30,**	
	2008	**2007**
The Netherlands	219,642	61,904
Rest of Europe	527,731	663,905
United States of America	331,288	263,542
Total interest income	**1,078,661**	**989,351**

(in thousands of EUR, except where otherwise stated)

Interest expenses per segment	**Year ended September 30, 2008**	**2007**
The Netherlands	(146,637)	(1,019)
Rest of Europe	(1,026,342)	(410,175)
United States of America	(354)	(557,854)
Total interest expense	**(1,173,333)**	**(969,048)**

Interest Income, net per segment	**Year ended September 30, 2008**	**2007**
The Netherlands	73,005	60,885
Rest of Europe	(498,611)	253,730
United States of America	330,934	(294,312)
Total interest net	**(94,672)**	**20,303**

5. Interest related income

See note 5. of the Consolidated Financial statements.

6. Changes in fair values of derivative financial instruments

See note 6. of the Consolidated Financial statements.

7. Net balance of other financial income and expenses

See note 7. of the Consolidated Financial statements.

8. Income tax

The fiscal unity of the Company with Siemens Finance B.V. ended on April 1, 2008. Siemens Financieringsmaatschappij N.V. as of the head of a fiscal unity for corporate income tax remains liable for any debt arising from Siemens Finance B.V. related to the period ended March 31, 2008.

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.

(in thousands of EUR, except where otherwise stated)

Income tax benefit	**Year ended September 30,**	
	2008	**2007**
Current tax expense	(1,730)	(957)
Deferred tax income	(10,178)	2,415
Income tax (expense) benefit	**(11,908)**	**1,458**

For reporting years ended September 30, 2008 and 2007, the Company is subject to Dutch corporate income tax. Tax rates have been reduced over the past years. The tax rates were computed as an weighted average rate from the statutory tax rate in 2008 (25.5%), 2007 (25.5%) and 2006 (29.6%) at an weighted average rate of 25.5% and 26.5% 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,**	
	2008	**2007**
Profit from ordinary activities before tax	46,171	(4,546)
Income Tax using weighted average corporate tax rate (25.5% - 30.0%)	(11,774)	1,204
Difference due to changes in future corporate tax rate	(140)	(89)
Change (decrease) in accrual for old years	6	343
Income tax (expense) benefit	**(11,908)**	**1,458**

The change in the income tax receivable consists of the following:

Tax receivable (accrual)	**September 30,**	
	2008	**2007**
Balance at beginning of the year	398	758
Current income tax	(1,773)	(1,301)
Payments to tax authorities, net	2,023	652
Correction of accrual for reporting years < 2005 – 2006	3	343
Other	41	(54)
Balance at the end of the year	**692**	**398**

For the increase in the deferred tax assets see note 8. of the Consolidated Financial statements.

9. Remuneration Board of Directors and Supervisory Board

See note 23. of the Consolidated Financial statements.

(in thousands of EUR, except where otherwise stated)

10. Receivables from Associates

Receivables from Associates	September 30, 2008	2007
Current account	-	39,866
Interest receivables	41,883	32,929
Loans < 1 year	18,411,192	9,313,886
Total receivables from Associates	**18,453,075**	**9,386,681**

Receivables per geographical segment	September 30, 2008	2007
The Netherlands	5,903,934	2,214,023
Rest of Europe	369,773	2,940,177
United States of America	12,179,368	4,232,481
Total receivables per geographical segment	**18,453,075**	**9,386,681**

11. Derivative financial instruments

See note 11 of the Consolidated Financial statements.

12. Investment in Associates

On April 1, 2008 the Company sold the shares of Siemens Finance B.V. to Siemens International Holding B.V. for EUR 2,663.

The Divestment of subsidiary in the Statement of Cash Flows consists of the following:

Divestment of subsidiary	September 30, 2007
Gain on sale of Siemens Finance B.V.	663
Decrease of investments	2,000
Total dispositions	**(2,663)**

13. Equity

See note 12. of the Consolidated Financial statements.

(in thousands of EUR, except where otherwise stated)

14. Debt

See note 13 of the Consolidated Financial statements

15. Liabilities to Associates

Liabilities to Associates	**September 30,**	
	2008	**2007**
Loans from Associates < 1 yr	(3,546,752)	-
Current account	(664,084)	-
Other liabilities to Associates	(1,361)	-
Total liabilities to Associates	**(4,212,197)**	**-**

Liabilities to Associates have increased substantially to fund short term loans to Associates (see note 10, Receivables from Associates).

16. Other current financial liabilities

Other current financial liabilities	**September 30,**	
	2008	**2007**
Accrued interest bond and notes	(178,884)	(96,574)
Miscellaneous	(32)	(15)
Total other current financial liabilities	**(178,916)**	**(96,589)**

17. Commitments and contingencies

See note 16. of the Consolidated Financial statements.

18. Additional disclosures on financial instruments

See note 17. of the Consolidated Financial statements.

19. Derivative financial instruments and hedging activities

See note 18. of the Consolidated Financial statements.

20. Financial risk management

See note 19. of the Consolidated Financial statements.

(in thousands of EUR, except where otherwise stated)

21. Subsequent events

See note 20. of the Consolidated Financial statements.

22. Claims and litigations

See note 21. of the Consolidated Financial statements.

23. Related parties

See note 22. of the Consolidated Financial statements.

The Hague, November 19, 2008		The Hague, November 19, 2008	
Supervisory Board		Board of Directors	
J.-C. Kieffer	H.P. Rupprecht	B.G. Trompert	J.W. Hesselink

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 2007 - 2008 as follows:

Distribution of dividend	EUR	5,543,784.77
Adding to the general reserve	EUR	30,246,489.83

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, 2008 of Siemens Financieringsmaatschappij N.V. (‘the Company’), The Hague. The financial statements consist of the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at September 30, 2008, the consolidated profit and loss account, consolidated statement of changes in equity and consolidated cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory notes. The company financial statements comprise the company balance sheet as at September 30, 2008, the company profit and loss account, company statement of changes in equity and company cash flow statement for the year then ended and the notes.

Management's responsibility

Management 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.

Siemens Financieringsmaatschappij N.V

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, 2008, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

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 management board report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, November 19, 2008

KPMG ACCOUNTANTS N.V.

T.A. Kalmár RA