SIEMENS

Interim Report

Second Quarter and First Half of Fiscal 2015

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B. Introduction

Siemens AG's Interim Report for the Siemens Group complies with the applicable legal requirements of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) regarding half-year financial reports, and comprises Condensed Interim Consolidated Financial Statements, an Interim Group Management Report and a Responsibility statement in accordance with section 37w WpHG. The Condensed Interim Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), as adopted by the European Union (EU). The Condensed Interim Consolidated Financial Statements also comply with IFRS as issued by the IASB. This Interim Report should be read in conjunction with our Annual Report for fiscal 2014, which includes a detailed analysis of our operations and activities.

C. Interim Group Management Report

C.1 Second quarter of fiscal 2015: Portfolio gains drive income

Management's perspective on second-quarter results: For business volume, we performed well in our markets. The profitability of our Industrial Business shows that we must still improve some businesses.

- Second-quarter orders up 16%, to €20.8 billion, including large orders in the rail business; on a comparable basis, excluding currency translation and portfolio effects, orders up 7%
- Revenue 8% higher at €18.0 billion, for a book-to-bill ratio of 1.15; revenue flat on a comparable basis
- Industrial Business profit 5% lower, at €1.7 billion, due largely to Power and Gas as expected
- Net income of €3.9 billion, including €1.6 billion, €1.4 billion and €0.2 billion, respectively, on the sale of the hearing aid business, Siemens' stake in BSH Bosch und Siemens Hausgeräte GmbH (BSH) and the hospital information business; resulting in basic earnings per share (EPS) of €4.70

Siemens

(in millions of €)	Q2 FY 2015	Q2 FY 2014	% Change Actual	% Change Comp.
Orders	20,754	17,858	16%	7%
Revenue	18,049	16,695	8%	0%
Profit Industrial Business	1,659	1,745	(5)%	
therein: severance	*(98)*			
Profit margin Industrial Business	9.0%	10.3%		
excl. severance	*9.6%*			
Income from continuing operations	1,997	1,131	77%	
Net income	3,908	1,153	>200%	
Basic earnings per share (in €)	4.70	1.33	>200%	
Free cash flow (continuing and discontinued activities)	(241)	1,402	n/a	
ROCE (continuing and discontinued activities)	42.1%	14.5%		

- Second-quarter volume growth influenced strongly by currency translation tailwinds from the weaker euro compared to a year earlier
- Higher volume from large orders particularly in Mobility with €1.7 billion order for regional trains and maintenance in Germany; in addition, double-digit order growth in Power and Gas, Healthcare, and Energy Management
- Industrial Business order backlog with new high at €109 billion, including €5 billion from currency translation
- Reported revenue higher in all Divisions, driven by favorable currency translation effects; double-digit increases in Healthcare and Energy Management
- Industrial Business profit lower due mainly to declines in Power and Gas as well as Process Industries and Drives which more than offset an improvement in Energy Management
- Continued planned increase in selling and R&D expenses particularly evident in Power and Gas
- Severance charges for continuing operations were €140 million, with the largest share taken in Power and Gas
- Income from continuing operations: increase due mainly to a gain of €1.4 billion from the sale of Siemens' stake in BSH, only partly offset by a loss of €0.2 billion related to Siemens' stake in Unify Holdings B.V. (Unify) and negative effects related to Corporate Treasury hedging instruments
- Net income: gains from sales of the hearing aid (€1.6 billion) and hospital information (€0.2 billion) businesses within discontinued operations
- Free cash flow: Industrial Business declined to €750 million from €1.779 billion in Q2 FY 2014, due primarily to Wind Power and Renewables as well as Power and Gas driven by a build-up of inventories; Corporate Treasury was negative due mainly to settlements of hedging instruments
- Cash inflows related to the sale of Siemens' stake in BSH, the hearing aid and hospital information businesses totaled €5.9 billion; payments were not part of Free cash flow
- Underfunding of Siemens' pension plans as of March 31, 2015: €11.0 billion (December 31, 2014: €9.6 billion); increased due mainly to a lower discount rate assumption

Power and Gas

	Q2		% Change	
(in millions of €)	FY 2015	FY 2014	Actual	Comp.
Orders	3,087	2,677	15%	4%
Revenue	3,045	2,929	4%	(6)%
Profit	392	594	(34)%	
therein: severance	*(57)*			
Profit margin	12.9%	20.3%		
excl. severance	*14.7%*			

- The Rolls-Royce Energy aero-derivative gas turbine and compressor business, which was acquired between the periods under review, contributed six percentage points to both order growth and revenue growth
- Orders up compared to the weak prior-year quarter on growth in the Middle East
- Revenue increase in the Americas due to currency translation; decline in Asia, Australia
- Lower margins in the large gas turbine and compression businesses; higher R&D expenses, in particular for the development of new gas turbines, and higher selling expenses, both in part due to the acquisition mentioned above
- Positive effects related to projects elevated profit margin in both periods; Q2 FY 2014 benefited from a €73 million gain on the sale of the turbo fan business
- Continuing challenges resulting in increased price pressure and production overcapacities

Wind Power and Renewables

	Q2		% Change	
(in millions of €)	FY 2015	FY 2014	Actual	Comp.
Orders	1,410	1,681	(16)%	(27)%
Revenue	1,263	1,183	7%	(1)%
Profit	(44)	(41)	(6)%	
therein: severance	*(1)*			
Profit margin	(3.5)%	(3.5)%		
excl. severance	*(3.4)%*			

- Lower volume from large orders, particularly in the offshore business
- Revenue growth in the offshore and service businesses; increase due to currency translation, mainly in the Americas; decline in Asia, Australia
- Losses in both periods from ongoing high production and installation costs as well as burdens related to inspecting and replacing main bearings; current period includes expenses for ramping-up commercial-scale production of a new turbine offering

Energy Management

	Q2		% Change	
(in millions of €)	FY 2015	FY 2014	Actual	Comp.
Orders	3,100	2,822	10%	2%
Revenue	2,810	2,469	14%	4%
Profit	93	(187)	n/a	
therein: severance	*(3)*			
Profit margin	3.3%	(7.6)%		
excl. severance	*3.4%*			

- Substantial order growth in the Americas, driven by the solutions and transformer businesses which won a large high-voltage direct current (HVDC) order
- Revenue up in all businesses, primarily solutions, as well as in all three reporting regions
- Profit development held back by a less favorable revenue mix due to a high proportion of projects with low profit margins
- Q2 FY 2014 included project charges of €310 million related primarily to two HVDC projects in Canada

Building Technologies

(in millions of €)	Q2 FY 2015	Q2 FY 2014	% Change Actual	% Change Comp.
Orders	1,464	1,337	9%	1%
Revenue	1,446	1,326	9%	1%
Profit	95	93	1%	
therein: severance	*(3)*			
Profit margin	6.6%	7.1%		
excl. severance	*6.8%*			

- Order growth due predominately to the U.S.
- Higher revenue in the service business and increase in the Americas mainly from currency translation effects
- As expected, profit held back by impacts from substantial appreciation of the Swiss franc; measures have been initiated to compensate in the medium term

Mobility

(in millions of €)	Q2 FY 2015	Q2 FY 2014	% Change Actual	% Change Comp.
Orders	3,782	1,835	106%	95%
Revenue	1,836	1,698	8%	2%
Profit	157	154	2%	
therein: severance	*(3)*			
Profit margin	8.6%	9.1%		
excl. severance	*8.7%*			

- Sharply higher volume from large orders in Europe, including a €1.7 billion contract for regional trains and maintenance and an extension of an order worth €0.7 billion for high-speed trains and service
- Revenue growth driven by execution of turnkey projects and rail infrastructure business
- Revenue headwind expected in second half of fiscal 2015 due to timing of large projects
- Profit supported by higher revenue and a net positive effect related to certain high-speed train projects

Digital Factory

(in millions of €)	Q2 FY 2015	Q2 FY 2014	% Change Actual	% Change Comp.
Orders	2,569	2,392	7%	1%
Revenue	2,422	2,246	8%	2%
Profit	355	408	(13)%	
therein: severance	*(8)*			
Profit margin	14.7%	18.2%		
excl. severance	*15.0%*			

- Order development driven by growth in the motion control and industry software businesses, and increases in all three reporting regions including particular strength in the U.S.
- Revenue up in all businesses, primarily motion control and industry software, as well as in all three reporting regions
- Higher margin in industry software; lower margins in other businesses partly related to lower revenue share from high-margin products compared to the prior-year period

Process Industries and Drives

(in millions of €)	Q2 FY 2015	Q2 FY 2014	% Change Actual	% Change Comp.
Orders	2,442	2,691	(9)%	(13)%
Revenue	2,326	2,297	1%	(5)%
Profit	85	188	(55)%	
therein: severance	*(6)*			
Profit margin	3.7%	8.2%		
excl. severance	*3.9%*			

- Lower volume from large orders, particularly in Asia, Australia, and overall weaker demand in commodity-related industries, especially in oil & gas, mining, metals and cement
- Revenue development driven by growth in the U.S. and China due to currency translation tailwinds; lower revenue in higher-margin process automation business
- Weak profit margin mainly due to operational challenges, especially in the oil & gas and marine business and the large drives business, related partly to secondary impacts from oil price decline

Healthcare

(in millions of €)	Q2 FY 2015	Q2 FY 2014	% Change Actual	% Change Comp.
Orders	3,228	2,826	14%	4%
Revenue	3,212	2,854	13%	3%
Profit	526	536	(2)%	
therein: severance	*(17)*			
Profit margin	16.4%	18.8%		
excl. severance	*16.9%*			

- Orders and revenue up in all three reporting regions and across all businesses, with the largest increase coming from the imaging and therapy systems businesses
- Profit development included a €61 million gain from divestment of the microbiology business; Q2 FY 2014 benefited from €66 million gain related to the sale of a particle therapy installation

Financial Services

(in millions of €)	Q2 FY 2015	Q2 FY 2014
Income before income taxes	195	114
therein: severance	*(1)*	
ROE (after taxes)	28.0%	18.1%

(in millions of €)	Mar 31, 2015	Sep 30, 2014
Total assets	25,169	21,970

- Increase in income before income taxes driven by substantially higher contribution from the equity business, primarily including a net gain in connection with the sale of renewable energy projects
- Higher total assets compared to the end of fiscal 2014 due mainly to currency translation effects

Reconciliation to Consolidated Financial Statements

Profit

(in millions of €)	Q2 FY 2015	Q2 FY 2014
Centrally managed portfolio activities	1,172	50
Siemens Real Estate	38	18
Corporate items	(190)	(126)
Centrally carried pension expense	(119)	(96)
Amortization of intangible assets acquired in business combinations	(126)	(135)
Eliminations, Corporate Treasury and other reconciling items	(79)	3
Reconciliation to Consolidated Financial Statements	**697**	**(287)**

- Centrally managed portfolio activities (CMPA): includes a gain of €1.4 billion on disposal of Siemens' stake in BSH and a loss of €0.2 billion related to Siemens' stake in Unify; Q2 FY 2014 included equity investment income related to BSH
- Effective with the current quarter, CMPA includes the solar business which was formerly part of Wind Power and Renewables
- Corporate items: influenced by the fair value of warrants issued together with US$3 billion in bonds in fiscal 2012, which depends on the underlying Siemens and OSRAM share prices as well as their respective volatilities; therefore results are expected to remain volatile in coming quarters
- Eliminations, Corporate Treasury and other reconciling items: negative effects related to changes in the fair value of interest rate derivatives not qualifying for hedge accounting

C.2 Siemens Group in the first half of fiscal 2015

C.2.1 Results of operations

C.2.1.1 ORDERS AND REVENUE BY REGION

Orders (location of customer)

	Q1 - Q2		% Change	
(in millions of €)	FY 2015	FY 2014	Actual	Comp.
Europe, C.I.S., Africa, Middle East	19,971	20,364	(2)%	(3)%
therein: Germany	*6,258*	*5,516*	*13%*	*14%*
Americas	11,967	10,387	15%	4%
therein: U.S.	*7,879*	*7,149*	*10%*	*(4)%*
Asia, Australia	6,828	7,247	(6)%	(13)%
therein: China	*2,942*	*3,505*	*(16)%*	*(24)%*
Siemens	**38,766**	**37,998**	**2%**	**(3)%**
therein: emerging markets	*12,905*	*14,284*	*(10)%*	*(14)%*

Siemens worldwide

- Order development driven mainly by regional distribution of large orders and strongly influenced by the euro's weakness compared to a year earlier
- Book-to-bill ratio of 1.09
- Industrial Business order backlog with new high at €109 billion, including €5 billion from currency translation effects

Europe, C.I.S., Africa, Middle East

- Decline due to lower volume from large orders in Wind Power and Renewables; large orders in Mobility on the high level of the prior-year period
- Higher volume in Germany, where a €1.7 billion order for regional trains and maintenance more than offset lower volume from large wind orders

Americas

- Large orders in Energy Management
- U.S. growth in all Divisions influenced by favorable currency translation effects, except Wind Power and Renewables due to lower volume from large orders

Asia, Australia

- Lower volume from large orders in Mobility in China and decline in Process Industries and Drives in the region, offsetting growth in Power and Gas due to large service order in Malaysia

Revenue (location of customer)

	Q1 - Q2		% Change	
(in millions of €)	FY 2015	FY 2014	Actual	Comp.
Europe, C.I.S., Africa, Middle East	18,609	18,104	3%	2%
therein: Germany	*5,366*	*4,998*	*7%*	*7%*
Americas	9,797	8,604	14%	2%
therein: U.S.	*6,671*	*5,901*	*13%*	*(1)%*
Asia, Australia	7,058	6,563	8%	(1)%
therein: China	*3,219*	*2,854*	*13%*	*2%*
Siemens	**35,464**	**33,271**	**7%**	**1%**
therein: emerging markets	*11,655*	*11,030*	*6%*	*0%*

Siemens worldwide

- Higher revenue in all Divisions due in part to currency translation effects; double-digit growth in Mobility and Energy Management

Europe, C.I.S., Africa, Middle East

- Regional development includes nearly all Divisions, while Germany was driven by Wind Power and Renewables' offshore business

Americas

- Broad-based increase in Industrial Business, benefitting from favorable currency translation effects in the U.S.

Asia, Australia

- Mobility and Digital Factory drive growth for China and the region

C.2.1.2 INCOME

(in millions of €, earnings per share in €)	Q1 - Q2 FY 2015	FY 2014	% Change
Power and Gas	717	1,129	(36)%
Wind Power and Renewables	37	25	48%
Energy Management	201	(144)	n/a
Building Technologies	212	213	0%
Mobility	313	263	19%
Digital Factory	819	794	3%
Process Industries and Drives	240	351	(32)%
Healthcare	939	1,009	(7)%
Industrial Business	**3,478**	**3,641**	**(4)%**
Profit margin Industrial Business	9.6%	10.8%	
Financial Services (SFS)	341	224	52%
Reconciliation to Consolidated Financial Statements	289	(374)	n/a
Income from continuing operations before income taxes	**4,107**	**3,491**	**18%**
Income tax expenses	(1,004)	(1,011)	1%
Income from continuing operations	**3,103**	**2,479**	**25%**
Income from discontinued operations, net of income taxes	1,901	131	>200%
Net income	**5,004**	**2,610**	**92%**
Basic earnings per share	5.99	3.03	98%
ROCE	28.2%	16.6%	

Industrial Business

- Power and Gas: lower margins in several businesses, in particular the large gas turbine business; prior-year period benefited from a €73 million gain on the sale of the turbo fan business
- Energy Management: prior-year period included charges totaling €297 million related to two HVDC transmission line projects in Canada and charges totaling €90 million related mainly to grid connections to offshore wind-farms in Germany
- Process Industries and Drives: weak profit margin due to operational challenges, especially in the oil & gas and marine business related partly to secondary effects from oil price decline
- As planned, higher selling and R&D expenses in nearly all Divisions
- Severance charges for Industrial Business were €129 million

Income from continuing operations before income taxes

- Higher contribution at SFS from the equity business, primarily including a net gain in connection with the sale of renewable energy projects
- Gain of €1.4 billion on disposal of Siemens' stake in BSH
- Negative effects at Corporate Treasury related to changes in the fair value of interest rate derivatives not qualifying for hedge accounting; loss of €0.2 billion related to Siemens' stake in Unify
- Prior-year period benefited from equity investment income related to BSH
- Severance charges for continuing operations were €187 million

Income from continuing operations

- Tax rate: 24%
- Disposal of stake in BSH is mostly tax-free

Income from discontinued operations, net of income taxes

- Gains from the disposal of the hearing aid and hospital information businesses totaling €1.6 billion and €0.2 billion, respectively
- Prior-year period benefited from a positive €66 million tax effect related to former Communications activities

Net income, Basic earnings per share, ROCE

- Higher percentage increase in basic earnings per share than for Net income, due to share buybacks which reduced number of average shares outstanding; substantial benefit from disposal gains
- ROCE also benefited substantially from the disposal gains; average capital employed higher than in the prior-year period

C.2.2 Financial position

Cash flows

(in millions of €)	Q1 - Q2 FY 2015 Continuing operations	Discontinued operations	Continuing and discontinued operations
Cash flows from:			
Operating activities	594	(182)	412
Investing activities	(238)	2,890	2,651
therein: Additions to intangible assets and property, plant and equipment	*(756)*	*(40)*	*(796)*
Free cash flow	(163)	*(222)*	*(385)*
Financing activities	(2,802)	5	(2,797)

Cash flows from operating activities

- Conversion of income from continuing operations of €3.1 billion into cash held back by outflows of €1.8 billion for a build-up of operating net working capital; significant cash outflows related to settlements of hedging instruments
- Within this build-up of operating net working capital, the main factor was increased inventories in all Industrial Business Divisions, particularly Power and Gas
- Cash outflows from discontinued operations related primarily to the metals technologies business contributed into a joint venture with Mitsubishi-Hitachi Metals Machinery Inc.

Cash flows from investing activities

- Cash inflows of €3.1 billion for disposal of investments, intangibles and property, plant and equipment included €2.8 billion from sale of Siemens' stake in BSH
- Cash outflows of €1.4 billion for acquisitions of businesses, net of cash acquired, included payments totaling €1.3 billion related to the acquisition of Rolls-Royce Energy aero-derivative gas turbine and compressor business
- Cash outflows of €1.1 billion for increase in receivables from financing activities related to a net increase in business volume at SFS
- Cash inflows from discontinued operations included €1.9 billion from the sale of the hearing aid business and €1.2 billion from the sale of the hospital information business

Cash flows from financing activities

- Cash outflows of €2.8 billion for dividends paid
- Cash inflows of €1.3 billion from the change in short-term debt and other financing activities mainly due to issuance of US$-commercial paper, largely offset by cash outflows of €1.1 billion for the purchase of treasury shares under Siemens' share buyback program

For information with respect to portfolio activities, see Note 2 in D.6 Notes to Condensed Interim Consolidated Financial Statements.

C.2.3 Net assets position

(in millions of €)	Mar 31, 2015	Sep 30, 2014	% Change
Current assets	49,985	48,076	4%
therein: total liquidity	*9,945*	*8,938*	*11%*
Non-current assets	65,915	56,803	16%
Total assets	**115,900**	**104,879**	**11%**
Current liabilities	39,180	36,598	7%
Non-current liabilities	42,935	36,767	17%
Equity	33,786	31,514	7%
Total liabilities and equity	**115,900**	**104,879**	**11%**

Net asset position strongly influenced by weaker euro

Current assets

- Acquisition of the Rolls-Royce Energy aero-derivative gas turbine and compressor business resulted in an increase mainly in Trade and other receivables and in Inventories; large build-up of Inventories in Power and Gas
- Decrease in Assets classified as held for disposal due to the derecognition of assets resulting from contribution of the metals technologies business into the Primetals Technologies Ltd. joint venture, as well as sale of Siemens' stake in BSH and the hospital information and microbiology businesses

Non-current assets

- Acquisition of the Rolls-Royce Energy aero-derivative gas turbine and compressor business resulted in an increase mainly in Other intangible assets
- Investments accounted for using the equity method includes Siemens' share in Primetals Technologies Ltd.
- Increase in Other financial assets related to financing activities of SFS

Current liabilities

- Issuance of commercial paper increased Short-term debt and current maturities of long-term debt
- Decrease in Liabilities associated with assets classified as held for disposal due to the derecognition of liabilities related to the metals technologies business mentioned above, as well as sale of the hospital information and microbiology businesses

Non-current liabilities

- For information related to Long term debt, see Note 3 in D.6 Notes to Condensed Interim Consolidated Financial Statements
- Underfunding of Siemens' defined benefit plans as of March 31, 2015: €11.6 billion (September 30, 2014: €9.1 billion); therein underfunding of pension plans as of March 31, 2015: €11.0 billion (September 30, 2014: €8.5 billion); increase due mainly to a lower discount rate assumption; weighted-average discount rate as of March 31, 2015: 2.1% (September 30, 2014: 3.0%)

Equity

- Increase related to Net income and Other comprehensive income, net of income taxes partly offset by dividend payments and share buybacks

C.3 Outlook

We confirm our outlook. We believe that our business environment will be complex in fiscal 2015, among other things due to geopolitical tensions. We expect revenue on an organic basis to remain flat year-over-year, and orders to exceed revenue for a book-to-bill ratio above 1. Furthermore, we expect that gains from divestments will enable us to increase basic EPS from net income by at least 15% from €6.37 in fiscal 2014. For our Industrial Business, we expect a profit margin of 10% to 11%. This outlook excludes impacts from legal and regulatory matters.

C.4 Risks and opportunities

In our Annual Report for fiscal 2014 we described certain risks, which could have a material adverse effect on our business, financial condition (including effects on assets, liabilities and cash flows), results of operations and reputation, our most significant opportunities as well as the design of our risk management system.

During the reporting period, we identified no further significant risks and opportunities besides those presented in our Annual Report for fiscal 2014, in this Interim Group Management Report and in legal proceedings in Note 5 in D.6 Notes to Condensed Interim Consolidated Financial Statements. Additional risks and opportunities not known to us or that we currently consider immaterial could also affect our business operations. We do not expect to incur any risks that either individually or in combination could endanger our ability to continue as a going concern. We refer also to E.2 Notes and forward-looking statements.

D. Condensed Interim Consolidated Financial Statements

D.1 Consolidated Statements of Income

(in millions of €, per share amounts in €)	Note	Q2 FY 2015	Q2 FY 2014	Q1 - Q2 FY 2015	Q1 - Q2 FY 2014
Revenue		18,049	16,695	35,464	33,271
Cost of sales		(12,664)	(11,955)	(24,906)	(23,556)
Gross profit		5,385	4,740	10,557	9,715
Research and development expenses		(1,112)	(994)	(2,097)	(1,888)
Selling and general administrative expenses		(2,756)	(2,460)	(5,375)	(4,903)
Other operating income		119	131	211	444
Other operating expenses		(95)	(90)	(165)	(254)
Income from investments accounted for using the equity method, net		1,321	195	1,376	349
Interest income		312	255	606	511
Interest expenses		(185)	(183)	(361)	(371)
Other financial income (expenses), net		(440)	(21)	(645)	(112)
Income from continuing operations before income taxes		**2,550**	**1,572**	**4,107**	**3,491**
Income tax expenses		(554)	(441)	(1,004)	(1,011)
Income from continuing operations		**1,997**	**1,131**	**3,103**	**2,479**
Income from discontinued operations, net of income taxes	2	1,912	22	1,901	131
Net income		**3,908**	**1,153**	**5,004**	**2,610**
Attributable to:					
Non-controlling interests		21	29	38	54
Shareholders of Siemens AG		3,887	1,124	4,966	2,556
Basic earnings per share					
Income from continuing operations		2.39	1.30	3.70	2.87
Income from discontinued operations		2.31	0.03	2.29	0.16
Net income		**4.70**	**1.33**	**5.99**	**3.03**
Diluted earnings per share					
Income from continuing operations		2.36	1.29	3.66	2.84
Income from discontinued operations		2.29	0.03	2.27	0.15
Net income		**4.65**	**1.32**	**5.93**	**3.00**

D.2 Consolidated Statements of Comprehensive Income

(in millions of €)	Q2 FY 2015	Q2 FY 2014	Q1 - Q2 FY 2015	Q1 - Q2 FY 2014
Net income	3,908	1,153	5,004	2,610
Remeasurements of defined benefit plans	(817)	(607)	(1,489)	(232)
therein: Income tax effects	*525*	*221*	*870*	*108*
Items that will not be reclassified to profit or loss	**(817)**	**(607)**	**(1,489)**	**(232)**
therein: Income (expenses) from investments accounted for using the equity method	*(16)*	*6*	*(20)*	*7*
Currency translation differences	2,171	(142)	2,374	(510)
Available-for-sale financial assets	183	101	346	324
therein: Income tax effects	*(11)*	*(7)*	*(15)*	*(7)*
Derivative financial instruments	(230)	(33)	(293)	(24)
therein: Income tax effects	*95*	*11*	*106*	*6*
Items that may be reclassified subsequently to profit or loss	**2,123**	**(74)**	**2,427**	**(211)**
therein: Income (expenses) from investments accounted for using the equity method	*86*	*(30)*	*67*	*(79)*
Other comprehensive income, net of income taxes	**1,307**	**(682)**	**938**	**(442)**
Total comprehensive income	**5,215**	**471**	**5,941**	**2,168**
Attributable to:				
Non-controlling interests	82	29	106	55
Shareholders of Siemens AG	5,133	442	5,835	2,113

D.3 Consolidated Statements of Financial Position

(in millions of €)	Note	Mar 31, 2015	Sep 30, 2014
Assets			
Cash and cash equivalents		8,844	8,013
Available-for-sale financial assets		1,100	925
Trade and other receivables		15,607	14,526
Other current financial assets		4,729	3,710
Inventories		17,576	15,100
Current income tax assets		622	577
Other current assets		1,406	1,290
Assets classified as held for disposal	2	100	3,935
Total current assets		**49,985**	**48,076**
Goodwill		19,628	17,783
Other intangible assets		5,410	4,560
Property, plant and equipment		10,092	9,638
Investments accounted for using the equity method		3,032	2,127
Other financial assets		22,238	18,416
Deferred tax assets		4,181	3,334
Other assets		1,336	945
Total non-current assets		**65,915**	**56,803**
Total assets		**115,900**	**104,879**

Liabilities and equity			
Short-term debt and current maturities of long-term debt	3	4,236	1,620
Trade payables		7,245	7,594
Other current financial liabilities		2,499	1,717
Current provisions		4,357	4,354
Current income tax liabilities		2,028	1,762
Other current liabilities		18,783	17,954
Liabilities associated with assets classified as held for disposal	2	32	1,597
Total current liabilities		**39,180**	**36,598**
Long-term debt	3	20,361	19,326
Post-employment benefits		12,106	9,324
Deferred tax liabilities		512	552
Provisions		5,145	4,071
Other financial liabilities		2,576	1,620
Other liabilities		2,234	1,874
Total non-current liabilities		**42,935**	**36,767**
Total liabilities		**82,114**	**73,365**
Equity	4		
Issued capital, no par value		2,643	2,643
Capital reserve		5,571	5,525
Retained earnings		26,441	25,729
Other components of equity		3,162	803
Treasury shares, at cost		(4,641)	(3,747)
Total equity attributable to shareholders of Siemens AG		**33,176**	**30,954**
Non-controlling interests		610	560
Total equity		**33,786**	**31,514**
Total liabilities and equity		**115,900**	**104,879**

D.4 Consolidated Statements of Cash Flows

(in millions of €)	Q1 - Q2 FY 2015	FY 2014
Cash flows from operating activities		
Net income	5,004	2,610
Adjustments to reconcile net income to cash flows from operating activities - continuing operations		
(Income) from discontinued operations, net of income taxes	(1,901)	(131)
Amortization, depreciation and impairments	1,195	1,181
Income tax expenses	1,004	1,011
Interest (income) expenses, net	(245)	(140)
(Income) loss related to investing activities	(1,554)	(577)
Other non-cash (income) expenses	(162)	281
Change in operating net working capital		
Inventories	(1,156)	(925)
Trade and other receivables	1	394
Trade payables	(964)	(662)
Billings in excess of costs and estimated earnings on uncompleted contracts and related advances	364	443
Additions to assets leased to others in operating leases	(185)	(175)
Change in other assets and liabilities	(700)	(1,360)
Income taxes paid	(980)	(977)
Dividends received	325	118
Interest received	546	465
Cash flows from operating activities - continuing operations	**594**	**1,556**
Cash flows from operating activities - discontinued operations	(182)	(104)
Cash flows from operating activities - continuing and discontinued operations	**412**	**1,452**
Cash flows from investing activities		
Additions to intangible assets and property, plant and equipment	(756)	(713)
Acquisitions of businesses, net of cash acquired	(1,396)	–
Purchase of investments	(334)	(146)
Purchase of current available-for-sale financial assets	(361)	(216)
Change in receivables from financing activities	(1,113)	(1,139)
Disposal of investments, intangibles and property, plant and equipment	3,141	260
Disposal of businesses, net of cash disposed	382	90
Disposal of current available-for-sale financial assets	199	37
Cash flows from investing activities - continuing operations	**(238)**	**(1,828)**
Cash flows from investing activities - discontinued operations	2,890	408
Cash flows from investing activities - continuing and discontinued operations	**2,651**	**(1,419)**
Cash flows from financing activities		
Purchase of treasury shares	(1,092)	–
Other transactions with owners	2	(19)
Issuance of long-term debt	61	218
Repayment of long-term debt (including current maturities of long-term debt)	(11)	(28)
Change in short-term debt and other financing activities	1,280	2,101
Interest paid	(250)	(241)
Dividends paid to shareholders of Siemens AG	(2,728)	(2,533)
Dividends attributable to non-controlling interests	(65)	(79)
Cash flows from financing activities - continuing operations	**(2,802)**	**(582)**
Cash flows from financing activities - discontinued operations	5	–
Cash flows from financing activities - continuing and discontinued operations	**(2,797)**	**(582)**
Effect of changes in exchange rates on cash and cash equivalents	544	(98)
Change in cash and cash equivalents	810	(648)
Cash and cash equivalents at beginning of period	8,034	9,234
Cash and cash equivalents at end of period	8,845	8,586
Less: Cash and cash equivalents of assets classified as held for disposal and discontinued operations at end of period	–	1
Cash and cash equivalents at end of period (Consolidated Statements of Financial Position)	**8,844**	**8,585**

D.5 Consolidated Statements of Changes in Equity

(in millions of €)	Issued capital	Capital reserve	Retained earnings	Currency translation differences	Available-for-sale financial assets	Derivative financial instruments	Treasury shares at cost	Total equity attributable to share-holders of Siemens AG	Non controlling interests	Total equity
Balance as of October 1, 2013	2,643	5,484	22,663	(160)	428	(1)	(2,946)	28,111	514	28,625
Net income	–	–	2,556	–	–	–	–	2,556	54	2,610
Other comprehensive income, net of income taxes	–	–	(232)	(510)	324	(25)	–	(443)	1	(442)
Dividends	–	–	(2,533)	–	–	–	–	(2,533)	(75)	(2,609)
Share-based payment	–	(60)	(16)	–	–	–	–	(76)	–	(76)
Re-issuance of treasury shares	–	25	–	–	–	–	242	267	–	267
Transactions with non-controlling interests	–	–	(17)	–	–	–	–	(17)	(11)	(28)
Other changes in equity	–	–	(10)	–	–	–	–	(10)	(2)	(12)
Balance as of March 31, 2014	**2,643**	**5,449**	**22,412**	**(671)**	**752**	**(25)**	**(2,704)**	**27,856**	**480**	**28,336**
Balance as of October 1, 2014	2,643	5,525	25,729	745	373	(314)	(3,747)	30,954	560	31,514
Net income	–	–	4,966	–	–	–	–	4,966	38	5,004
Other comprehensive income, net of income taxes	–	–	(1,489)	2,302	346	(289)	–	869	68	938
Dividends	–	–	(2,728)	–	–	–	–	(2,728)	(71)	(2,799)
Share-based payment	–	27	(37)	–	–	–	–	(9)	–	(9)
Purchase of treasury shares	–	–	–	–	–	–	(1,078)	(1,078)	–	(1,078)
Re-issuance of treasury shares	–	18	–	–	–	–	184	202	–	202
Transactions with non-controlling interests	–	–	(9)	–	–	–	–	(9)	13	4
Other changes in equity	–	–	9	–	–	–	–	9	1	10
Balance as of March 31, 2015	**2,643**	**5,571**	**26,441**	**3,047**	**718**	**(603)**	**(4,641)**	**33,176**	**610**	**33,786**

D.6 Notes to Condensed Interim Consolidated Financial Statements

NOTE 1 Basis of presentation

The accompanying Condensed Interim Consolidated Financial Statements (Interim Consolidated Financial Statements) as of March 31, 2015 present the operations of Siemens AG and its subsidiaries (the Company or Siemens). These Interim Consolidated Financial Statements are in accordance with IFRS applicable to interim financial reporting as issued by the IASB and as adopted by the EU and shall be read in conjunction with the Siemens Consolidated Financial Statements as of September 30, 2014. The interim financial statements apply the same accounting principles and practices as those used in the 2014 annual financial statements. Results for the interim reporting period are not necessarily indicative of future results. In interim periods, tax expense is based on the current estimated annual effective tax rate of Siemens. The presentation of certain prior-year information has been reclassified to conform to the current year presentation. The Interim Consolidated Financial Statements are unaudited and were authorized for issue by the Managing Board on May 6, 2015.

NOTE 2 Acquisitions, dispositions and discontinued operations

Acquisitions

In December 2014, Siemens acquired the Rolls-Royce Energy aero-derivative gas turbine and compressor business of Rolls-Royce plc, U.K. (Rolls-Royce). The acquired business will be integrated in the Division Power and Gas. The contractually agreed purchase price amounts to £785 million (€990 million). That amount is subject to post-closing adjustments amounting to £29 million (€37 million). In addition, as part of the transaction, Siemens paid Rolls-Royce £200 million (€252 million) for a 25 year technology licensing agreement granting exclusive access to future Rolls-Royce aero-turbine technology developments in the four to 85 megawatt power output range as well as preferred access to supply and engineering services of Rolls-Royce. The following figures result from the preliminary purchase price allocation as of the acquisition date: Other intangible assets €765 million, Property, plant and equipment €147 million, Trade and other receivables €260 million, Inventories €424 million, Provisions €203 million, Trade payables €218 million and Other current liabilities €196 million. Other intangible assets mainly relate to acquired technology including licences and similar rights of €477 million (with a useful life of three to 25 years) and customer-related intangible assets of €275 million (with a useful life of five to 11 years). Preliminary goodwill of €328 million comprises intangible assets that are not separable such as employee know-how and expected synergy effects. Including earnings effects from purchase price allocation and integration costs, the acquired business contributed revenues of €251 million and a net income of €5 million to Siemens for the period from acquisition to March 31, 2015. If the acquired business had been included as of October 1, 2014, the impact on consolidated revenues and consolidated net income for the six months ended March 31, 2015 would have been €467 million and €(13) million, respectively.

Dispositions and discontinued operations

Dispositions not qualifying for discontinued operations – closed transactions

In January 2015, Siemens completed the sale of its 50% stake in the joint venture BSH Bosch und Siemens Hausgeräte GmbH (BSH) to Robert Bosch GmbH. As of the closing date, Siemens derecognized the equity investment and recognized a pretax gain on disposal of €1.4 billion.

In January 2015, Siemens completed the sale of its microbiology business to Beckman Coulter Inc., a subsidiary of Danaher Corporation. As of the closing date, assets and liabilities amounting to €345 million and €13 million, respectively, were derecognized. Healthcare recognized a pretax gain on disposal of €61 million.

Discontinued operations – closed transactions

In January 2015, Siemens completed the sale of its hearing aid business – presented as held for disposal and discontinued operations since Q1 2015 – to the investment company EQT and the German entrepreneurial family Strüngmann as co-investors. The transaction volume is €2.15 billion plus earn-out components and includes that the sold entities will also be allowed to continue using the Siemens product brand for the hearing aid business over the medium term. As of the closing date, assets and liabilities amounting to €624 million and €304 million, respectively, were derecognized. Siemens recognized a preliminary pretax gain on disposal of €1.7 billion.

In January 2015, Siemens completed the contribution of its metals technologies business into a joint venture with Mitsubishi-Hitachi Metals Machinery Inc. (majority-owned by Mitsubishi Heavy Industries Ltd.). As of the closing date, assets and liabilities amounting to €1,709 million and €1,170 million, respectively, were derecognized. Siemens initially recognized the new investment in Primetals Technologies Ltd. at fair value.

In February 2015, Siemens completed the sale of its hospital information business to Cerner Corp. As of the closing date, assets and liabilities amounting to €814 million and €210 million, respectively, were derecognized. Siemens recognized a pretax gain on disposal of €477 million.

NOTE 3 Debt and contingencies

Debt

(in millions of €)	Current debt Mar 31, 2015	Current debt Sep 30, 2014	Non-current debt Mar 31, 2015	Non-current debt Sep 30, 2014
Notes and bonds	486	–	19,049	18,165
Loans from banks	717	773	1,141	968
Other financial indebtedness	2,988	826	86	85
Obligations under finance leases	45	21	85	108
Total debt	**4,236**	**1,620**	**20,361**	**19,326**

In the six months ended March 31, 2015, the two bilateral US$500 million term loan facilities (in aggregate €929 million as of March 31, 2015) have been extended by one year until March 26, 2020 with no more extension options remaining. As of March 31, 2015, US$3.1 billion (€2.9 billion) in commercial paper were outstanding; as of September 30, 2014, US$1.0 billion (€795 million) were outstanding.

Contingencies

Contingencies increased due to total changes in guarantees of third-party performance, Herkules obligations and indemnifications issued in connection with dispositions of businesses. This resulted in the Company accruing €481 million in the six months ended March 31, 2015.

NOTE 4 Shareholders' equity

In the six months ended March 31, 2015, Siemens repurchased 11,907,278 treasury shares at average costs per share of €90.53. Siemens transferred a total of 2,211,154 and 3,126,473 of treasury stock, respectively, in connection with share-based payment plans in the six months ended March 31, 2015 and 2014.

At the Annual Shareholders' Meeting on January 27, 2015, the shareholders approved a dividend of €3.30 per share, representing a €2.7 billion dividend payment. The dividend was paid on January 28, 2015. As resolved at the Annual Shareholders' Meeting, until January 26, 2020, treasury shares of up to 10% of capital stock may be repurchased and used in accordance with the German Stock Corporation Act. Additionally, Conditional Capital 2015 was authorized, serving the issuance of bonds of up to €15 billion until January 26, 2020, entitling the holders to subscribe to up to 80 million Siemens shares representing a conditional capital stock increase of up to €240 million.

NOTE 5 Legal proceedings

Proceedings out of or in connection with alleged breaches of contract

As previously reported, Essent Wind Nordsee Ost Planungs- und Betriebsgesellschaft mbH filed a request for arbitration against Siemens AG in October 2013 alleging breaches of a contract for the delivery of a high-voltage substation entered into by the parties in 2010. The parties settled the dispute in December 2014.

Proceedings out of or in connection with alleged compliance violations

As previously reported, Siemens AG agreed on a settlement with nine out of eleven former members of the Managing and Supervisory Board in January 2010 relating to claims of breaches of organizational and supervisory duties. In January 2013, Siemens AG agreed on a settlement with Dr. Thomas Ganswindt. In August 2014, Siemens AG reached a settlement with Mr. Joachim Neubürger. The Annual Shareholders' Meeting of Siemens AG approved the proposed settlement between the Company and Mr. Neubürger on January 27, 2015.

As previously reported, in June 2008 the Republic of Iraq filed an action requesting unspecified damages against 93 named defendants with the United States District Court for the Southern District of New York on the basis of findings made in the »Report of the Independent Inquiry Committee into the United Nations Oil-for-Food Programme«. Siemens S.A.S. France, Siemens Sanayi ve Ticaret A.S., Turkey, and the former Siemens subsidiary OSRAM Middle East FZE, Dubai, are among the 93 named defendants. In February 2013, the trial court dismissed the Republic of Iraq's action. The Republic of Iraq appealed the decision, which was then affirmed by the court of appeals. The Republic of Iraq thereafter petitioned for an »en banc« review of the appellate decision. The court of appeals rejected the Republic of Iraq's request in December 2014. In March 2015, the Republic of Iraq filed a petition for U.S. Supreme Court review.

As previously reported, several authorities in Brazil opened proceedings in connection with alleged anticompetitive irregularities in metro and urban train projects, in which Siemens Ltda., Brazil, and partially Siemens AG, as well as a number of other companies participated. As previously reported, in May 2014 the Public Affairs Office (Ministério Público) São Paulo initiated a lawsuit against Siemens Ltda. as well as other companies and several individuals claiming, inter alia, damages in an amount of BRL2.5 billion (approximately €715 million as of March 2015) plus adjustments to inflation and related interest in relation to train refurbishment contracts entered into between 2008 and 2011. A technical note issued by the Brazilian cartel authority CADE earlier in calendar year 2014 had not identified evidence suggesting Siemens Ltda.'s involvement in anticompetitive conduct in relation to these refurbishment contracts. In January 2015 the district court of São Paulo admitted a lawsuit of the State of São Paulo and two customers against Siemens Ltda., Siemens AG and other companies and individuals claiming damages in an unspecified amount. In March 2015, the district court of São Paulo admitted a lawsuit of the Public Affairs Office (Ministério Público) São Paulo against Siemens Ltda. and other companies claiming, inter alia, damages in an amount of BRL487 million (approximately €139 million as of March 2015) plus adjustments to inflation and related interest in relation to train maintenance contracts entered into in 2000 and 2002. Siemens will defend itself against these actions. It cannot be excluded that further significant damage claims will be brought by customers or the state against Siemens.

For legal proceedings, information required under IAS 37, Provisions, Contingent Liabilities and Contingent Assets is not disclosed if the Company concludes that the disclosure can be expected to seriously prejudice the outcome of the litigation.

NOTE 6 Financial instruments

In the six months ended March 31, 2015, increasing share prices resulted in higher fair values of Available-for-sale equity instruments; the weakening of the euro impacted the fair value of derivative financial instruments and of foreign currency denominated financial assets and liabilities; the overall decrease in interest rates impacted the fair value of financial assets and liabilities.

Financial instruments measured at cost or amortized cost for which the carrying amount does not approximate fair value:

	Mar 31, 2015		Sep 30, 2014	
(in millions of €)	Fair value	Carrying amount	Fair Value	Carrying amount
Notes and bonds	20,636	19,535	18,787	18,165
Loans from banks, other financial indebtedness and finance leases	5,099	5,062	2,821	2,782

The following table allocates financial assets and liabilities measured at fair value to the three levels of the fair value hierarchy:

				Mar 31, 2015
(in millions of €)	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value, thereof:	**1,975**	**4,947**	**346**	**7,268**
Available-for-sale financial assets: equity instruments	*1,975*	*1*	*301*	*2,277*
Available-for-sale financial assets: debt instruments	-	*1,043*	*2*	*1,045*
Derivative financial instruments	-	*3,903*	*43*	*3,946*
Financial liabilities measured at fair value – Derivative financial instruments	**-**	**3,234**	**-**	**3,234**

				Sep 30, 2014
(in millions of €)	Level 1	Level 2	Level 3	Total
Financial assets measured at fair value, thereof:	**1,527**	**3,272**	**307**	**5,105**
Available-for-sale financial assets: equity instruments	*1,527*	*1*	*307*	*1,834*
Available-for-sale financial assets: debt instruments	-	*702*	-	*702*
Derivative financial instruments	-	*2,569*	-	*2,569*
Financial liabilities measured at fair value – Derivative financial instruments	**-**	**1,749**	**-**	**1,749**

NOTE 7 Segment information

(in millions of €)	Orders[1] Q1 - Q2 FY 2015	Orders[1] Q1 - Q2 FY 2014	External revenue Q1 - Q2 FY 2015	External revenue Q1 - Q2 FY 2014	Intersegment Revenue Q1 - Q2 FY 2015	Intersegment Revenue Q1 - Q2 FY 2014	Total revenue Q1 - Q2 FY 2015	Total revenue Q1 - Q2 FY 2014	Profit Q1 - Q2 FY 2015	Profit Q1 - Q2 FY 2014	Assets Mar 31, 2015	Assets Sep 30, 2014	Free cash flow Q1 - Q2 FY 2015	Free cash flow Q1 - Q2 FY 2014	Additions to intangible assets and property, plant & equipment Q1 - Q2 FY 2015	Additions to intangible assets and property, plant & equipment Q1 - Q2 FY 2014	Amortization, depreciation & impairments Q1 - Q2 FY 2015	Amortization, depreciation & impairments Q1 - Q2 FY 2014
Power and Gas	6,820	6,167	5,873	5,860	58	15	5,931	5,875	717	1,129	1,970	(275)	59	537	67	76	141	116
Wind Power and Renewables	2,727	3,942	2,739	2,504	2	1	2,740	2,505	37	25	(39)	(146)	(119)	(23)	42	60	63	66
Energy Management	6,202	5,403	5,204	4,746	281	266	5,485	5,012	201	(144)	4,738	3,986	(303)	(332)	79	68	106	102
Building Technologies	2,893	2,685	2,768	2,618	55	48	2,823	2,666	212	213	1,404	1,250	192	189	23	22	42	40
Mobility	5,054	5,283	3,682	3,280	12	7	3,694	3,287	313	263	2,133	2,102	245	9	67	26	62	59
Digital Factory	4,959	4,691	4,361	4,028	442	382	4,804	4,410	819	794	5,211	4,652	676	432	73	73	131	177
Process Industries and Drives	4,721	5,146	3,767	3,693	889	822	4,656	4,515	240	351	2,381	2,169	89	89	61	54	118	104
Healthcare	6,208	5,640	6,047	5,536	16	12	6,062	5,548	939	1,009	11,877	10,822	494	649	160	117	263	265
Industrial Business	**39,583**	**38,956**	**34,441**	**32,266**	**1,755**	**1,553**	**36,196**	**33,819**	**3,478**	**3,641**	**29,674**	**24,559**	**1,333**	**1,550**	**572**	**496**	**926**	**929**
Financial Services (SFS)	501	463	406	371	96	91	501	463	341	224	25,169	21,970	467	298	7	18	108	103
Reconciliation to Consolidated Financial Statements	(1,318)	(1,421)	617	634	(1,851)	(1,644)	(1,234)	(1,011)	289	(374)	61,057	58,351	(1,962)	(1,005)	176	199	161	149
Siemens (continuing operations)	**38,766**	**37,998**	**35,464**	**33,271**	**–**	**–**	**35,464**	**33,271**	**4,107**	**3,491**	**115,900**	**104,879**	**(163)**	**843**	**756**	**713**	**1,195**	**1,181**

[1] This supplemental information on Orders is provided on a voluntary basis. It is not part of the Interim Consolidated Financial Statements subject to the review opinion.

As of October 1, 2014, Siemens realigned its organizational structure. Siemens eliminated the Sector level and arranged its business primarily based on its Divisions managing Healthcare separately. Instead of the previously six reportable segments composed of the four Sectors Energy, Healthcare, Industry and Infrastructure & Cities, and of SFS and Equity Investments, Siemens has nine reportable segments as of October 1, 2014, being:

- Power and Gas (PG), which offers products and solutions for generating electricity from fossil and renewable fuels and for transporting oil and natural gas,
- Wind Power and Renewables (WP), a provider of solutions for on- and offshore wind power,
- Energy Management (EM), a supplier of products, systems, solutions and services for transmission and distribution of electrical energy,
- Building Technologies (BT), a provider of save, secure and energy-efficient buildings and infrastructure systems,
- Mobility (MO), a provider of passenger and freight transportation systems and solutions,
- Digital Factory (DF), which offers automation technology, industrial switchgear, industry software and services primarily to the manufacturing industry,
- Process Industries and Drives (PD), which offers products, systems, solutions and services to industry sectors,
- Healthcare (HC), a technology supplier to the healthcare industry with products in medical imaging, laboratory diagnostics and IT solutions,
- Financial Services (SFS), a provider of business-to-business financial solutions.

The reportable segments HC and SFS primarily remained unchanged; Equity Investments ceased to be a reportable segment and became part of the reconciling item Centrally managed portfolio activities. Prior period information has been reclassified to correspond to the new reporting structure.

Goodwill has been reallocated to the reorganized reporting structure generally based on relative values. The reallocation did not result in goodwill impairments. As of October 1, 2014, for goodwill impairment testing purposes, Siemens' groups of cash-generating units are generally the segments. The groups of cash-generating units of HC remained unchanged and are represented by its operations one level below the segment.

Segment information is presented for continuing operations. Accounting policies and segment measurement principles are the same as those described in the September 30, 2014 Annual Report, except for Profit. Commencing with fiscal 2015, Profit of reportable segments retrospectively excludes amortization expenses of intangible assets acquired in business combinations.

Reconciliation to Consolidated Financial Statements

Profit

	Q1 - Q2	
(in millions of €)	FY 2015	FY 2014
Centrally managed portfolio activities	1,103	149
Siemens Real Estate	105	149
Corporate items	(249)	(240)
Centrally carried pension expense	(216)	(194)
Amortization of intangible assets acquired in business combinations	(244)	(272)
Eliminations, Corporate Treasury, and other reconciling items	(210)	35
Reconciliation to Consolidated Financial Statements	**289**	**(374)**

In the six months ended March 31, 2015, asset retirement obligations for environmental clean-up costs included in Centrally managed portfolio activities resulted in a loss of €591 million primarily due to a decrease in the discount rate and a gain of €310 million from related interest rate swaps not designated in a hedging relationship, both reported in Other financial income (expenses), net, as well as a gain of €260 million reported in Cost of sales which is attributable to a reduced assumed inflation rate.

In January 2015, Siemens committed itself to provide additional funding of €293 million to Unify Holdings B.V. disclosed in Centrally managed portfolio activities. Part of the funding was paid out to Unify in the second quarter of fiscal 2015. As a consequence of the commitment, Siemens recognized prior and current period's proportionate losses of €212 million in Income from investments accounted for using the equity method, net, in the six months ended March 31, 2015.

In the six months ended March 31, 2015 and 2014, Corporate items includes a loss of €106 million and €163 million, respectively, from fair value changes of warrants issued with US$ bonds due to increases in underlying share prices and due to increases in implied volatilities.

Assets

(in millions of €)	Mar 31, 2015	Sep 30, 2014
Assets Centrally managed portfolio activities	1,475	2,116
Assets Siemens Real Estate	4,934	4,696
Assets Corporate items and pensions	(1,493)	(1,779)
Asset-based adjustments:		
Intragroup financing receivables and investments	41,967	42,129
Tax-related assets	4,656	3,781
Liability-based adjustments	41,083	37,779
Eliminations, Corporate Treasury, other items	(31,565)	(30,372)
Reconciliation to Consolidated Financial Statements	**61,057**	**58,351**

NOTE 8 Related party transactions

Siemens has relationships with many joint ventures and associates in the ordinary course of business whereby Siemens buys and sells a wide variety of products and services generally on arm's length terms. The transactions with joint ventures and associates were as follows:

	Sales of goods and services and other income		Purchases of goods and services and other expenses	
	Q1 - Q2		Q1 - Q2	
(in millions of €)	FY 2015	FY 2014	FY 2015	FY 2014
Joint ventures	126	161	12	4
Associates	301	399	78	90
	427	**560**	**90**	**94**

	Receivables		Liabilities	
(in millions of €)	Mar 31, 2015	Sep 30, 2014	Mar 31, 2015	Sep 30, 2014
Joint ventures	39	198	155	72
Associates	154	82	589	255
	194	**280**	**743**	**327**

As of March 31, 2015 and September 30, 2014, guarantees to joint ventures and associates amounted to €3,099 million and €2,904 million, respectively, including the HERKULES obligations of €1,090 million and €1,490 million, respectively.

NOTE 9 Board Member Changes

At its meeting on January 26, 2015, the Supervisory Board appointed Janina Kugel to the Managing Board as Head of Human Resources and Labor Director of Siemens AG. Siegfried Russwurm is the Board-level partner for the separately managed Healthcare business and kept his responsibilities for the regions CIS and Middle East and as Chief Technology Officer. Hermann Requardt resigned from the Managing Board and serves as advisor. All changes became effective on February 1, 2015.

Gerd von Brandenstein, Peter Gruss and Berthold Huber resigned from the Supervisory Board. Nathalie von Siemens and Norbert Reithofer were elected as new shareholder representatives and Reinhard Hahn was appointed to succeed Berthold Huber by court resolution as an employee representative of the Supervisory Board; Birgit Steinborn was elected to succeed Berthold Huber as Deputy Chairperson of the Supervisory Board and Jürgen Kerner joined the Chairman's Committee of the Supervisory Board as an employee representative. All changes became effective as of the end of the Annual Shareholders´Meeting on January 27, 2015.

E. Additional information

E.1 Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the Interim Consolidated Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the Interim Management Report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.

Munich, May 6, 2015

Siemens Aktiengesellschaft

The Managing Board

Joe Kaeser

Dr. Roland Busch	Lisa Davis	Klaus Helmrich
Janina Kugel	Prof. Dr. Siegfried Russwurm	Dr. Ralf P. Thomas

E.2. Review report

To Siemens Aktiengesellschaft, Berlin and Munich

We have reviewed the condensed interim consolidated financial statements comprising the consolidated statements of income, comprehensive income, financial position, cash flows and changes in equity, and notes to the condensed interim consolidated financial statements, and the interim group management report, of Siemens Aktiengesellschaft, Berlin and Munich for the period from October 1, 2014 to March 31, 2015 which are part of the half-year financial report pursuant to Sec. 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed interim consolidated financial statements in accordance with IFRS applicable to interim financial reporting as issued by the IASB and as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and the interim group management report based on our review.

We conducted our review of the condensed interim consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW - Institute of Public Auditors in Germany) and in supplementary compliance with International Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IFRS applicable to interim financial reporting as issued by the IASB and as adopted by the EU, and that the interim group management report is not prepared, in all material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed a financial statement audit and, accordingly, we do not express an audit opinion.

Based on our review nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements are not prepared, in all material respects, in accordance with IFRS applicable to interim financial reporting as issued by the IASB and as adopted by the EU or that the interim group management report is not prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

Munich, May 6, 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Spannagl Wirtschaftsprüfer	Prof. Dr. Hayn Wirtschaftsprüfer

E.3 Notes and forward-looking statements

This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as "expect," "look forward to," "anticipate" "intend," "plan," "believe," "seek," "estimate," "will," "project" or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens' management, of which many are beyond Siemens' control. These are subject to a number of risks, uncertainties and factors, including, but not limited to those described in disclosures, in particular in the chapter Risks in the Annual Report. Should one or more of these risks or uncertainties materialize, or should underlying expectations not occur or assumptions prove incorrect, actual results, performance or achievements of Siemens may (negatively or positively) vary materially from those described explicitly or implicitly in the relevant forward-looking statement. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

This document includes – in IFRS not clearly defined – supplemental financial measures that are or may be non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens' net assets and financial positions or results of operations as presented in accordance with IFRS in its Consolidated Financial Statements. Other companies that report or describe similarly titled financial measures may calculate them differently.

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

This document is an English language translation of the German document. In case of discrepancies, the German language document is the sole authoritative and universally valid version.

For technical reasons, there may be differences between the accounting records appearing in this document and those published pursuant to legal requirements.

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