SIEMENS AKTIENGESELLSCHAFT
Form 6-K
April 30, 2012
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16

of the Securities Exchange Act of 1934

April 30, 2012

Commission File Number: 1-15174

Siemens Aktiengesellschaft

(Translation of registrant s name into English)

Wittelsbacherplatz 2

80333 Munich

Federal Republic of Germany

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F x Form 40-F ¨

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes ¨ No x

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes ¨ No x

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes ¨ No x

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

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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 § 37w WpHG. The Condensed Interim 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 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 2011, which includes a detailed analysis of our operations and activities.

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.

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Key figures Q2 and first six months of fiscal 2012[1,2]

(unaudited; in millions of , except where otherwise stated)

Volume

					1st six months			
Continuing operations	**Q2 2012**	Q2 2011	Actual	% Change Adjusted[1]	**2012**	2011	Actual	% Change Adjusted[3]
New orders	17,880	20,651	(13)%	(16)%	37,689	41,488	(9)%	(10)%
Revenue	19,297	17,717	9%	7%	37,199	35,320	5%	5%

Earnings

				1st six months		
Total Sectors	**Q2 2012**	Q2 2011	% Change	**2012**	2011	% Change
Adjusted EBITDA	2,412	2,608	(7)%	4,436	5,156	(14)%
Total Sectors profit	1,929	3,695	(48)%	3,530	5,783	(39)%
in % of revenue (Total Sectors)	9.9%	20.7%		9.4%	16.3%	
Continuing operations						
Adjusted EBITDA	2,646	2,665	(1)%	4,765	5,699	(16)%
Income from continuing operations	1,053	3,174	(67)%	2,409	5,020	(52)%
Basic earnings per share (in [4])	1.16	3.58	(67)%	2.69	5.66	(52)%
Continuing and discontinued operations[5]						
Net income	1,015	2,836	(64)%	2,473	4,589	(46)%
Basic earnings per share (in [4])	1.12	3.20	(64)%	2.76	5.17	(46)%

Capital efficiency

	Q2 2012	Q2 2011	**1st six months 2012**	1st six months 2011
Continuing operations				
Return on capital employed (ROCE) (adjusted)	14.0%	42.7%	16.4%	33.3%
Continuing and discontinued operations[5]				
Return on capital employed (ROCE) (adjusted)	12.3%	36.9%	15.3%	29.9%

Cash performance

	Q2 2012	Q2 2011	**1st six months 2012**	1st six months 2011
Continuing operations				
Free cash flow	446	354	(583)	1,413
Cash conversion rate	0.42	0.11	(0.24)	0.28
Continuing and discontinued operations[5]				
Free cash flow	438	(62)	(781)	866
Cash conversion rate	0.43	(0.02)	(0.32)	0.19

Liquidity and capital structure

	March 31, 2012	September 30, 2011
Cash and cash equivalents	8,424	12,468
Total equity (Shareholders of Siemens AG)	31,574	31,530
Net debt	10,563	4,995
Adjusted industrial net debt	2,965	(1,534)

Employees in thousands

	March 31, 2012		September 30, 2011	
	Continuing operations	Total[7]	Continuing operations	Total[7]
Employees	367	408	360	402
Germany	119	129	116	127
Outside Germany	248	279	244	275

1 New orders; Adjusted or organic growth rates of revenue and new orders; Total Sectors profit; ROCE (adjusted); Free cash flow and cash conversion rate; Adjusted EBITDA; Net debt and adjusted industrial net debt are or may be non-GAAP financial measures. Definitions of these supplemental financial measures, a discussion of the most directly comparable IFRS financial measures, information regarding the usefulness of Siemens supplemental financial measures, the limitations associated with these measures and reconciliations to the most comparable IFRS financial measures are available on our Investor Relations website under *www.siemens.com/nonGAAP*

2 January 1 March 31, 2012 and October 1, 2011 March 31, 2012.

3 Adjusted for portfolio and currency translation effects.

4 Basic earnings per share attributable to shareholders of Siemens AG. For fiscal 2012 and 2011 weighted average shares outstanding (basic) (in thousands) for the second quarter amounted to 877,749 and 873,161 and for the first six months to 876,585 and 872,177 shares, respectively.

5 Discontinued operations primarily consist of OSRAM, Siemens IT Solutions motive.

6 Calculated by dividing adjusted industrial net debt as of March 31, 2012 and 2011 by annualized adjusted EBITDA.

7 Continuing and discontinued operations.

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INTERIM GROUP MANAGEMENT REPORT

OVERVIEW OF FINANCIAL RESULTS FOR THE SECOND QUARTER OF FISCAL 2012

(THREE MONTHS ENDED MARCH 31, 2012)

Revenue for the second quarter rose 9% year-over-year, to 19.297 billion, including increases in all Sectors and reporting regions as well as 11% growth in emerging markets.

Orders came in at 17.880 billion, 13% below the prior-year period which included a significantly higher volume from large orders, particularly in emerging markets. The book-to-bill ratio for the quarter was 0.93, and the order backlog was 100 billion.

Total Sectors profit was 1.929 billion, a strong increase from the first quarter of fiscal 2012 but well below the prior-year period which benefited from a 1.520 billion gain from the divestment of Siemens stake in Areva NP S.A.S. (Areva NP). Total Sectors profit in the current period included charges of 278 million in the power transmission business.

Income from continuing operations was 1.053 billion, held back by an equity investment loss of 640 million mainly resulting from restructuring at Nokia Siemens Networks B.V. (NSN). In contrast, the prior-year period benefited from the Areva NP gain mentioned above.

Free cash flow from continuing operations was up year-over-year, at 446 million, on higher cash flows in the Sectors.

Management s perspective on second-quarter results. As expected, the second quarter of fiscal 2012 was not easy. While we achieved clear growth in revenue, orders came in below the prior year due to lower volume from large orders. For fiscal 2012, we are on course to achieve our goals for revenue and orders. Profit for the quarter was below our expectations due to charges at power transmission projects in Germany. We are addressing the problems systematically.

Strong backlog drives continued revenue growth. Revenue grew 9% in the second quarter, including increases in all Sectors and in all three regions supported by Siemens strong order backlog. Orders came in 13% lower, due primarily to significantly lower volume from large orders compared to the prior-year period. On an organic basis, excluding currency translation and portfolio effects, revenue rose 7% and orders declined 16%. The backlog (defined as the sum of the order backlogs of the Sectors) was 100 billion at the end of the quarter.

Revenue rises in all Sectors and regions. All Sectors delivered revenue growth in the second quarter. Energy led with double-digit growth, supported by its strong order backlog. Industry and Healthcare generated clear increases on broad-based growth across their businesses, and Infrastructure & Cities contributed a solid increase. On a geographic basis, revenue rose in all three reporting regions led by the Americas. The region comprising Europe, the Commonwealth of Independent States (C.I.S.), Africa and the Middle East and the region Asia, Australia both posted solid increases. Emerging markets, as these markets are defined by the International Monetary Fund, on a global basis grew faster than revenue overall, at 11% year-over-year, and accounted for 6.168 billion, or 32%, of total revenue for the quarter.

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Lower volume from large orders in Energy. At the Sector level, the decline in orders was due primarily to Energy, which had a significantly lower volume from large orders in Germany. Infrastructure & Cities also recorded lower orders, while orders rose in Healthcare and Industry. On a geographic basis, lower order intake was most evident in Germany and emerging markets. Notable examples included a sharp drop in India and a less severe decline in China. Globally, orders in emerging markets accounted for 5.483 billion, or 31%, of total orders for the quarter.

Sector profit burdened by charges. Total Sectors profit declined to 1.929 billion, from 3.695 billion a year earlier. The main factor was Energy, which took project charges of 278 million in its power transmission business related primarily to grid connections to offshore wind-farms in Germany. In contrast, the prior-year period benefited from a 1.520 billion pretax gain on the sale of Energy s stake in Areva NP. As a result, second-quarter profit at Energy came in at 573 million compared to 2.369 billion a year earlier.

Industry led all Sectors with profit of 662 million, up from 630 million a year earlier. Infrastructure & Cities also increased its profit year-over-year, to 270 million. Healthcare s contribution to Total Sectors profit was lower year-over-year, at 424 million, including a strong earnings performance in the imaging and therapy systems business. The decline was due mainly to charges related to Healthcare s Agenda 2013 initiative.

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NSN restructuring impacts income. Income from continuing operations was 1.053 billion, down from 3.174 billion a year earlier, and corresponding basic EPS declined to 1.16 compared to 3.58 a year earlier. The difference was mainly due to lower Total Sectors profit. Equity Investments recorded a loss of 594 million due primarily to a substantially larger equity investment loss from Siemens share in NSN. This was only partly offset by positive results at Corporate items.

Lower loss from discontinued operations. Net income was 1.015 billion compared to 2.836 billion a year earlier. Corresponding basic EPS declined to 1.12 compared to 3.20 a year earlier. The primary factor in the change is lower income from continuing operations as described above. Discontinued operations posted a loss of 38 million due mainly to a settlement with the Greek State related to former Communications (Com) activities which burdened income from discontinued operations by 142 million pretax. For comparison, the loss of 338 million within discontinued operations in the prior-year period included a loss of 345 million related to Siemens IT Solutions and Services which was divested between the periods under review. In the current period results from discontinued operations related to Siemens IT Solutions and Services was a positive 43 million. Income from discontinued operations attributable to OSRAM declined to 28 million compared to 87 million a year earlier, due primarily to measures to reduce its capacities for traditional lighting products and to lower operating results. These factors more than offset positive effects from cessation of depreciation. OSRAM reported an 8% revenue increase compared to the second quarter a year earlier, and a 2% growth on an organic basis.

Higher free cash flow at Sector level. Free cash flow from continuing operations rose to 446 million from 354 million in the second quarter a year earlier. The increase was due mainly to higher cash inflows at the Sector level driven by an increase in Infrastructure & Cities. For comparison, the prior-year period included higher cash outflows in connection with personnel-related expenses comprising the previously disclosed special remuneration for non-management employees. Free cash flow from discontinued operations was a negative 8 million, up from a negative 416 million in the prior-year quarter. The change year-over-year was due primarily to two factors. Cash outflows related to Siemens IT Solutions and Services were lower compared to the prior-year period, which included higher payments in connection with the establishing of Siemens IT Solutions and Services as a separate legal group. In addition, the current period included cash inflows relating to OSRAM, compared to cash outflows in the prior-year period.

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ROCE declines on lower income from continuing operations. On a continuing basis, ROCE (adjusted) declined to 14.0% in the second quarter of fiscal 2012, down from 42.7% a year earlier. The difference was due mainly to lower income from continuing operations. The results related to the divestment of Areva NP added 19.7 percentage points to ROCE in the prior-year period.

Pension plan underfunding increases. The estimated underfunding of Siemens pension plans (continuing operations) as of March 31, 2012 amounted to approximately 6.5 billion, compared to an underfunding of approximately 5.7 billion at the end of the first quarter. A positive actual return on plan assets and employer contributions partly offset a significant increase in Siemens defined benefit obligation (DBO). The DBO rose due to a decrease in the discount rate assumption as of March 31, 2012 and accrued service and interest costs. As of September 30, 2011, pension plan underfunding amounted to 6.2 billion.

Results of Siemens for the six months ended March 31, 2012

Orders and revenue

In the first six months of fiscal 2012, revenue increased to 37.199 billion, up 5% from the prior-year period, including increases in all Sectors and in all three reporting regions supported by Siemens strong order backlog. Orders decreased 9% year-over-year, due primarily to substantially lower volume from large orders compared to the prior-year period. This resulted in a book-to-bill ratio for Siemens of 1.01 for the first six months. Organic volume development was almost in line with reported figures.

	New orders (location of customer)					
	Six months ended March 31,		% Change		therein	
	2012	2011	Actual	Adjusted[1]	Currency	Portfolio
	(in millions of)					
Europe, C.I.S.[2], Africa, Middle East	19,409	22,595	(14)%	(15)%	0%	1%
therein Germany	*5,128*	*6,850*	*(25)%*	*(25)%*	*0%*	*0%*
Americas	10,789	10,667	1%	0%	1%	0%
therein U.S.	*8,084*	*7,660*	*6%*	*4%*	*1%*	*0%*
Asia, Australia	7,490	8,227	(9)%	(11)%	2%	0%
therein China	*2,777*	*3,129*	*(11)%*	*(15)%*	*4%*	*(1)%*
therein India	*754*	*1,996*	*(62)%*	*(59)%*	*(3)%*	*0%*
Siemens	**37,689**	**41,488**	**(9)%**	**(10)%**	**0%**	**1%**

(1) Excluding currency translation and portfolio effects.

(2) Commonwealth of Independent States.

Orders related to external customers declined 9% and were mixed in the first six months of fiscal 2012. Orders for Healthcare were up 4%, with most businesses contributing increases, and Industry was level. Order intake declined 22% in Energy and 6% in Infrastructure & Cities due primarily to a substantially lower volume from large orders compared to the prior-year period. Emerging markets on a global basis declined 15% and accounted for 12.674 billion, or 34%, of total orders for the first six months.

In the regions **Europe, C.I.S., Africa, Middle East and Asia, Australia**, orders declined year-over-year due mainly to the Energy Sector, which had a lower volume from large orders compared to the prior-year period. For example, the order decline of 62% in India was due largely to a major contract win in the prior-year period at Fossil Power Generation.

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As previously disclosed, Siemens has decided that, subject to certain limited exceptions, it will not enter into new contracts with customers in Iran and has issued group-wide policies establishing the details of its general decision. Under the original version of the policies, among other exceptions, which have been previously disclosed, products and services required to maintain the installed base (e.g. deliveries of spare parts, maintenance and assembly services) were permitted to be provided. However, in January 2012, Siemens resolved to amend the policies to provide that no new business with respect to products and services destined to maintain the installed base in Iran s oil & gas sector may be entered into under any circumstances. In addition, even outside the oil & gas sector, products and services for the installed base in Iran may be provided only in strictly limited circumstances which can be demonstrated to satisfy humanitarian purposes or private purposes serving the common good (e.g. water supply and healthcare of the civilian population).

	Revenue (location of customer)					
	Six months Ended March 31,		% Change		therein	
	2012	2011	Actual	Adjusted[1]	Currency	Portfolio
	(in millions of)					
Europe, C.I.S.[2], Africa, Middle East	19,388	18,732	4%	4%	0%	0%
therein Germany	*5,429*	*5,293*	*3%*	*3%*	*0%*	*0%*
Americas	10,645	9,886	8%	6%	1%	0%
therein U.S.	*7,821*	*7,103*	*10%*	*8%*	*2%*	*0%*
Asia, Australia	7,165	6,702	7%	6%	2%	(1)%
therein China	*2,801*	*2,939*	*(5)%*	*(7)%*	*4%*	*(2)%*
therein India	*1,299*	*1,073*	*21%*	*28%*	*(7)%*	*0%*
Siemens	**37,199**	**35,320**	**5%**	**5%**	**1%**	**0%**

(1) Excluding currency translation and portfolio effects.

(2) Commonwealth of Independent States.

Revenue related to external customers rose 5% compared to the first six months a year earlier, on growth in all Sectors. Revenue in Energy increased 11% year-over-year on conversion from its strong order backlog. Clear revenue growth for Industry included increases across the Sector s businesses. Reported revenue in Healthcare came in 4% higher compared to the prior-year period, on broad-based growth across its businesses. Revenue in the Infrastructure & Cities Sector increased slightly. Emerging markets on a global basis grew faster than revenue overall, at 9% year-over-year, and accounted for 11.916 billion, or 32%, of total revenue for the first six months.

Revenue in the **Americas** rose 8%, including contributions from all Sectors. Revenue rose 7% in the **Asia, Australia** region. Double-digit increases in Energy and Healthcare more than offset declines at Infrastructure & Cities and Industry in the region. The double-digit increase in India was driven by sharp growth at Energy.

Consolidated Statements of Income

	Six months ended March 31,		
	2012	2011	% Change
	(in millions of)		
Gross profit on revenue	10,653	11,170	(5)%
as percentage of revenue	*28.6%*	*31.6%*	

Gross profit for the six months ended March 31, 2012, decreased 5% compared to the same period a year earlier. On the Sector level, gross profit rose moderately in Healthcare and Industry. Mainly due to project charges of 481 million at Power Transmission, gross profit fell significantly in Energy. Gross profit was virtually flat in Infrastructure & Cities.

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	Six months ended March 31,		
	2012	2011	% Change
	(in millions of)		
Research and development expenses	(2,053)	(1,831)	12%
as percentage of revenue	*5.5%*	*5.2%*	
Marketing, selling and general administrative expenses	(5,250)	(4,917)	7%
as percentage of revenue	*14.1%*	*13.9%*	
Other operating income	224	338	(34)%
Other operating expense	(130)	(286)	(55)%
Income (loss) from investments accounted for using the equity method, net	(366)	215	n/a
Interest income	1,110	1,091	2%
Interest expense	(865)	(854)	1%
Other financial income, net	19	1,410	(99)%

Research and development expenses and **marketing, selling and general administrative expenses** increased year-over-year on higher expenses in all sectors primarily associated with business expansion.

Other operating income for the first six months was lower than a year ago, due mainly to lower income from the disposals of real estate. In addition, the prior-year period included higher income from legal and regulatory matters, including 64 million related to a settlement of legal matters in connection with portfolio activities. **Other operating expense** was also lower than in the prior-year period, which included higher charges related to legal and regulatory matters. For additional information, see Notes 3 and 4 in Notes to Condensed Interim Consolidated Financial Statements within this Interim Report.

Income (loss) from investments accounted for using the equity method, net was a negative 366 million in the current reporting period, compared to a positive 215 million in the comparable period a year earlier. This sharp swing was due mainly to our equity investment in Nokia Siemens Networks B.V. (NSN), which resulted in a loss of 641 million in the period under review, compared to a loss of 88 million in the prior-year period. The current-year amount benefited from a gain on the sale of a stake in Bangalore International Airport Limited at SFS. The prior-year amount included a gain of 91 million on the sale of our interest in Krauss-Maffei Wegmann GmbH & Co. KG (KMW) to Wegmann Group.

Interest income was slightly higher than in the prior-year six-month period as higher interest from lending activities more than offset a lower expected return on plan assets. **Interest expense** was also slightly higher than in the prior-year period. For additional information, see Note 5 in Notes to Condensed Interim Consolidated Financial Statements within this Interim Report.

Other financial income, net was 19 million in the first half, compared to 1.410 billion in the same period a year earlier. The current year benefited from a 87 million gain from the sale of the 25% interest in OAO Power Machines in Russia. In addition, Siemens realized positive effects related to hedging activities that did not qualify for hedge accounting, partly offset by higher expenses for the accretion of provisions. In the first six months a year earlier, Siemens recognized a gain of 1.520 billion on the sale of its interest in Areva NP as mentioned above. For additional information, see Note 5 in Notes to Condensed Interim Consolidated Financial Statements within this Interim Report.

	Six months ended March 31,		
	2012	2011	% Change
	(in millions of)		
Income from continuing operations before income taxes	3,343	6,336	(47)%
Income taxes	(934)	(1,316)	(29)%
as percentage of income from continuing operations before income taxes	*28%*	*21%*	
Income from continuing operations	2,409	5,020	(52)%
Income (loss) from discontinued operations, net of income taxes	64	(431)	n/a
Net income	2,473	4,589	(46)%
Net income attributable to non-controlling interests	52	78	
Net income attributable to shareholders of Siemens AG	2,421	4,511	(46)%

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Income from continuing operations before income taxes decreased year-over-year due to the factors mentioned above. The effective tax rate was 28% in the first six months of fiscal 2012. For comparison, the 21% rate in the prior-year period benefited from the income tax treatment of the Areva NP gain, which was mostly tax-free. As a result, income from continuing operations was 2.409 billion in the current period, down from 5.020 billion in the same period a year earlier.

Discontinued operations primarily include OSRAM, which Siemens plans to list publicly. The timing of the public offering depends on capital market conditions. Siemens continues to be firmly committed to its plans and deems the listing to be highly probable within the calendar year 2012. In addition, discontinued operations include Siemens IT Solutions and Services, which was sold to Atos S.A. (AtoS) in the fourth quarter of fiscal 2011, and certain remaining items related to former activities that were disposed of in prior years. Income from discontinued operations in the first half of fiscal 2012 was a positive 64 million, compared to a negative 431 million in the same period a year earlier. The current-year amount includes pretax expenses of 142 million related to the settlement with Greece. Results related to Siemens IT Solutions and Services differed substantially year-over-year. In the current period under review, income was a positive 40 million, compared to a loss of 515 million in the first half of fiscal 2011. That loss included a pretax impairment charge of 464 million on non-current assets and a pretax goodwill impairment of 136 million. In the current six-month period, income from discontinued operations related to OSRAM came in lower, at 143 million compared to 199 million a year earlier, due primarily to measures to reduce its capacities for traditional lighting products and to lower operating results. These factors more than offset positive effects from the cessation of depreciation. For additional information, see Note 2 in Notes to Condensed Interim Consolidated Financial Statements within this Interim Report.

Net income for Siemens in the first half of fiscal 2012 declined to 2.473 billion, compared to 4.589 billion in the same period a year earlier. Net income attributable to shareholders of Siemens AG was 2.421 billion, down from 4.511 billion in the same period a year earlier.

Portfolio activities

In the first six months of fiscal 2012, Siemens completed certain portfolio transactions which are not significant individually. To further expand its global gas turbine manufacturing network, Siemens launched a subsidiary, Siemens Gas Turbine Technologies Holding B.V., during the first quarter of fiscal 2012. Siemens has a 65% stake in the subsidiary. In the first quarter of fiscal 2012, as part of the transaction, Siemens completed the sale of its 25% interest in OAO Power Machines, Russia, held by the Energy Sector. During the second quarter of fiscal 2012, Siemens completed the acquisitions of RuggedCom Inc., a provider of robust, industrial-quality Ethernet communication products and network solutions predominantly at the Industry Sector s Industry Automation Division, the NEM B.V. business, a specialist in heat recovery steam generators for combined-cycle (gas and steam) power plants at Energy Sector s Fossil Power Generation Division and eMeter Corporation, a meter data management specialist at Infrastructure & Cities Sector s Smart Grid Division.

Also during the second quarter of fiscal 2012, Siemens signed an agreement to acquire the Connectors & Measurement business of Expro Holdings, UK for a preliminary purchase price of approximately 470 million. With the acquisition of the business that engineers and manufactures subsea components such as cable connectors, sensors and measuring devices, Siemens intends to expand the Energy Sector s portfolio for subsea power grid solutions. The transaction is expected to close in the third quarter of fiscal 2012.

For further information on acquisitions and dispositions, see Note 2 in Notes to Condensed Interim Consolidated Financial Statements within this Interim Report.

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SEGMENT INFORMATION ANALYSIS FOR THE SIX MONTHS ENDED MARCH 31, 2012

Energy Sector

Sector	Six months ended March 31, 2012	2011	% Change Actual	Adjusted(1)	therein Currency	Portfolio
	(in millions of)					
Profit	1,054	3,121	(66)%			
Profit margin	8.1%	26.4%				
New orders	12,998	16,608	(22)%	(24)%	0%	2%
Revenue	13,064	11,814	11%	9%	0%	1%

(1) Excluding currency translation and portfolio effects.

Energy reported a profit of 1.054 billion in the six months ended March 31, 2012, including another strong earnings performance from Fossil Power Generation. Sector profit was held back by project charges totaling 481 million in the transmission business and higher functional costs resulting mainly from Energy s business expansion strategy. For comparison, profit of 3.121 billion in the first six months of fiscal 2011 benefited from the Areva NP gain of 1.520 billion mentioned earlier, only partly offset by the Sector s 60 million share of special employee remuneration costs (for further information, see Reconciliation to Consolidated Financial Statements Corporate items and pensions).

Revenue rose on conversion from the Sector s strong order backlog in all three reporting regions, including a substantial increase in Asia, Australia. Orders came in 22% lower compared to the prior-year period, when the Sector recorded a larger volume from major orders. This comparison effect was particularly notable in Europe, C.I.S., Africa, Middle East where the prior-year period included a particularly large contract for a combined- cycle power plant in Saudi Arabia and orders for three offshore wind-farms in Germany. The book-to-bill ratio was 0.99 and the Sector s order backlog was 56 billion at the end of the period. While Energy expects its market environment to remain highly competitive, the Sector expects a book-to-bill ratio above one for the full fiscal year.

Businesses	New orders					
	Six months ended March 31, 2012	2011	% Change Actual	Adjusted(1)	therein Currency	Portfolio
	(in millions of)					
Fossil Power Generation	5,294	7,122	(26)%	(30)%	0%	4%
Renewable Energy	2,155	2,912	(26)%	(26)%	0%	0%
Oil & Gas	2,603	2,784	(6)%	(9)%	0%	2%
Power Transmission	3,113	3,997	(22)%	(21)%	(1)%	0%

(1) Excluding currency translation and portfolio effects.

Businesses	Revenue					
	Six months ended March 31, 2012	2011	% Change Actual	Adjusted(1)	therein Currency	Portfolio
	(in millions of)					
Fossil Power Generation	5,473	4,992	10%	8%	0%	1%
Renewable Energy	2,303	1,799	28%	26%	2%	0%
Oil & Gas	2,523	2,189	15%	14%	0%	2%
Power Transmission	2,944	2,986	(1)%	(1)%	(1)%	0%

(1) Excluding currency translation and portfolio effects.

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Businesses

	Profit			Profit margin	
	Six months ended March 31,			Six months ended March 31,	
	2012	2011	% Change	2012	2011
	(in millions of)				
Fossil Power Generation	1,082	2,524	(57)%	19.8%	50.6%
Renewable Energy	64	84	(24)%	2.8%	4.7%
Oil & Gas	221	234	(6)%	8.8%	10.7%
Power Transmission	(314)	278		(10.7)%	9.3%

Fossil Power Generation generated profit of 1.082 billion on strong project performance and a continued high profit contribution from the service business. Profit also benefited from an 87 million gain from the sale of the 25% interest in OAO Power Machines, as part of the ongoing reorganization and expansion of the Division s manufacturing network and service activities in Russia. Sector profit was burdened by project charges of 51 million and 87 million related to the Olkiluoto project in Finland in the first half of fiscal 2012 and 2011, respectively. For comparison, profit in the same period a year earlier benefited from the 1.520 billion Areva NP gain mentioned above and a more favorable project mix in the component business. Revenue rose primarily on growth in Asia, Australia. Due to the lower volume from major orders mentioned above, orders were down 26%, on declines in all three reporting regions, with the largest decrease coming in Europe, C.I.S., Africa, Middle East.

The **Renewable Energy** business includes Siemens Wind Power and Solar & Hydro Divisions. Higher expenses for R&D, marketing and selling associated with expansion in a highly competitive market, a less favorable revenue mix, and increased pricing pressure resulted in lower profit year-over-year. While Renewable Energy recorded a loss in the first quarter, it returned to profitability in the second quarter. Revenue rose 28% year-over-year, due to conversion of large orders into current business mainly in Europe, C.I.S., Africa, Middle East, and, to a lesser degree, in the Americas. New orders were down 26% due to a lower volume from large orders in Germany. Challenging market conditions in Renewable Energy, including pricing pressure, are expected to continue in coming quarters.

Profit at **Oil & Gas** in the first six months of the year was slightly down from the prior-year period due primarily to recognition of a valuation allowance on receivables. Revenue increased primarily due to growth in Asia, Australia. Orders were down compared to the prior year on decreases in Asia, Australia and the Americas.

Power Transmission reported a loss of 314 million for the first six months of fiscal 2012. The major factor was 481 million in project charges related primarily to grid connections to technically complex offshore wind-farms in Germany. These charges were due to project delays resulting from a complex regulatory environment and the projects complex marine environment, which required revised estimates of resources and personnel. The Division was also impacted by a less favorable revenue mix, due in part to low-margin orders booked during prior periods with significant pricing pressure. These factors were only partly offset by the release of a provision of 64 million related to a successful project completion. For comparison, the prior-period profit included charges of 41 million associated with optimizing the Division s global manufacturing footprint. Order intake decreased 22% compared to the prior-year period, which included a higher volume from large orders, and a sharp drop in orders in the solutions business. All three reporting regions saw lower orders, with Asia, Australia and Europe, C.I.S., Africa, Middle East recording larger decreases than the Americas. The Division expects continuing challenges in coming quarters, including the technically complex grid-connection projects mentioned above and structural issues in certain businesses.

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Healthcare Sector

Sector	Six months ended March 31, 2012	2011	% Change Actual	Adjusted[1]	therein Currency	Portfolio
	(in millions of)					
Profit	788	832	(5)%			
Profit margin	12.1%	13.3%				
New orders	6,530	6,288	4%	2%	1%	0%
Revenue	6,513	6,252	4%	3%	1%	0%

(1) Excluding currency translation and portfolio effects.

For the first six months of fiscal 2012, profit in the **Healthcare** Sector was 788 million, influenced by a two-year global initiative Agenda 2013 aimed at improving the Sector s competitive position and expanding its capacity for innovation. The Sector took 110 million in charges related to this initiative in the first six months and expects additional charges in coming quarters. Profit development in the current period also included higher marketing, selling and general administrative expenses. For comparison, Healthcare profit of 832 million in the first six months a year earlier was held back by 32 million in charges related to the particle therapy business, a reserve of 19 million related to a customer loan and receivables in the audiology business, and the Sector s 43 million portion of the special employee remuneration mentioned earlier.

In connection with the Agenda 2013 initiative, Diagnostics took 56 million charges related to improving its cost position. As a result, profit came in at 134 million compared to 164 million in the first six months a year earlier. Purchase price allocation (PPA) effects related to past acquisitions at Diagnostics were 85 million in the first six months. A year earlier, Diagnostics recorded 86 million in PPA effects.

Healthcare revenue and orders were up, with most businesses contributing increases. On a regional basis, Asia, Australia was the primary growth driver for the Sector, including double-digit increases in China for both revenue and orders. The book-to-bill ratio was 1.00, and Healthcare s order backlog was 7 billion at the end of the first six months.

The Sector s Diagnostics business contributed to overall growth, with revenue of 1.901 billion and orders of 1.906 billion rising from 1.840 billion and 1.844 billion, respectively, in the prior-year period. On a geographic basis, Asia, Australia drove revenue and order growth, including double-digit increases in China.

Industry Sector

Sector	Six months ended March 31, 2012	2011	% Change Actual	Adjusted[1]	therein Currency	Portfolio
	(in millions of)					
Profit	1,218	1,272	(4)%			
Profit margin	12.5%	13.9%				
New orders	10,045	10,084	0%	(1)%	1%	0%
Revenue	9,772	9,117	7%	7%	1%	0%

(1) Excluding currency translation and portfolio effects.

In a robust business environment, **Industry** s short-cycle businesses continued to increase their revenue year-over-year and the Sector invested further in growth and innovation. Profit came in slightly below the prior- year level due to a number of factors, including higher expenses for R&D, marketing and selling associated with growth. In addition, the contribution from the Sector s renewable energy offerings was held back by ongoing market challenges. For comparison, first-half profit a year earlier for Industry was held back by the Sector s 75 million share of the special employee remuneration costs mentioned above.

Clear revenue growth year-over-year included increases across the Sector s businesses, while orders remained level with the prior-year period. On a geographic basis, Europe, C.I.S., Africa, Middle East and the Americas saw double-digit revenue growth and solid order growth. Revenue and orders declined in Asia, Australia. The Sector s book-to-bill ratio in the current period was 1.03 and its order backlog was 12 billion at the end of the first half of fiscal 2012.

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Businesses	New orders					
	Six months ended March 31,		% Change		therein	
	2012	2011	Actual	Adjusted(1)	Currency	Portfolio
	(in millions of)					
Industry Automation	4,871	4,434	10%	9%	1%	0%
Drive Technologies	4,808	5,142	(7)%	(7)%	1%	0%

(1) Excluding currency translation and portfolio effects.

Businesses	Revenue					
	Six months ended March 31,		% Change		therein	
	2012	2011	Actual	Adjusted(1)	Currency	Portfolio
	(in millions of)					
Industry Automation	4,583	4,267	7%	7%	1%	0%
Drive Technologies	4,584	4,288	7%	7%	1%	0%

(1) Excluding currency translation and portfolio effects.

Businesses	Profit			Profit margin	
	Six months ended March 31,			Six months ended March 31,	
	2012	2011	% Change	2012	2011
	(in millions of)				
Industry Automation	658	659	0%	14.4%	15.4%
Drive Technologies	474	515	(8)%	10.3%	12.0%

Profit at **Industry Automation** was nearly unchanged year-over-year, even after higher expenses for R&D and marketing and selling associated with growth and a less favorable business mix compared to the first half of fiscal 2011. Strong, broad-based demand drove double-digit order growth and clear revenue growth year-over- year, including increases in all three reporting regions. PPA effects related to the fiscal 2007 acquisition of UGS Corp. were 71 million in the current period and 70 million in the same period a year earlier.

Profit at **Drive Technologies** declined year-over-year due mainly to higher marketing and selling costs associated with growth and continuing increases in R&D expenses. Furthermore, the contribution from the Division s renewable energy offerings was held back by ongoing market challenges, particularly in the wind business. In contrast, in a robust business environment, the Division s short-cycle businesses improved profit year-over-year. While revenue increased across the Division s businesses, orders declined year-over-year due partly to lower volume from large orders compared to the prior-year period. On a regional basis, revenue and orders increased in the regions Europe, C.I.S., Africa, Middle East and the Americas but declined in the region Asia, Australia.

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Infrastructure & Cities

Sector	Six months ended March 31,		% Change		therein	
	2012	2011	Actual	Adjusted(1)	Currency	Portfolio
	(in millions of)					
Profit	470	558	(16)%			
Profit margin	5.7%	6.8%				
New orders	8,575	9,097	(6)%	(6)%	0%	0%
Revenue	8,312	8,189	1%	1%	0%	0%

(1) Excluding currency translation and portfolio effects.

Profit at **Infrastructure & Cities** for the first half declined year-over-year, held back by higher functional costs associated with growth initiatives, a charge of 69 million at a rolling stock project in Germany, and a less favorable business mix at the Low and Medium Voltage Division during the first quarter of the current period. For comparison, profit in the prior-year period included a 63 million share of the special employee remuneration mentioned earlier. While revenue increased slightly year-over-year, six-month orders for the Sector came in lower, despite increases at the Power Grid Solutions & Products business and the Building Technologies Division. The reason for the decline overall was a significantly higher volume from major orders at Transportation & Logistics in the prior-year period. On a regional basis, revenue increased in the regions Americas and Europe, C.I.S., Africa, Middle East while they declined in the region Asia, Australia. A decrease in orders in the regions Asia, Australia and Europe, C.I.S., Africa, Middle East was only partly offset by higher demand in the Americas. The Sector s book-to-bill ratio was 1.03 in the current period and its order backlog at the end of the quarter was 24 billion.

Businesses	New orders					
	Six months ended March 31,		% Change		therein	
	2012	2011	Actual	Adjusted(1)	Currency	Portfolio
	(in millions of)					
Transportation & Logistics	2,891	3,692	(22)%	(22)%	0%	0%
Power Grid Solutions & Products	3,047	2,812	8%	9%	(1)%	0%
Building Technologies	2,805	2,690	4%	3%	1%	0%

(1) Excluding currency translation and portfolio effects.

Businesses	Revenue					
	Six months ended March 31,		% Change		therein	
	2012	2011	Actual	Adjusted(1)	Currency	Portfolio
	(in millions of)					
Transportation & Logistics	2,808	2,986	(6)%	(7)%	1%	0%
Power Grid Solutions & Products	2,813	2,645	6%	7%	0%	0%
Building Technologies	2,812	2,643	6%	5%	1%	0%

(1) Excluding currency translation and portfolio effects.

Businesses	Profit	Profit margin
	Six months ended March 31,	Six months ended March 31,

	2012	2011	% Change	2012	2011
	(in millions of)				
Transportation & Logistics	102	193	(47)%	3.6%	6.5%
Power Grid Solutions & Products	183	200	(9)%	6.5%	7.5%
Building Technologies	162	163	(1)%	5.8%	6.2%

The **Transportation & Logistics** business, which includes Siemens Rail Systems Division and its Mobility and Logistics Division, posted a sharply lower profit year-over-year. The primary factor was a charge of 69 million related to delays in fulfilling a rolling stock order in Germany. In addition, earnings began to include the effect of lower margins associated with large, long-term contracts from prior periods, which are now being converted to current business. Revenue for the first half declined year-over-year including a reduction of 45 million related to the delays for the rolling stock order in Germany in the current period. As mentioned above, the current period included a lower volume from large orders, and as a result orders overall came in substantially below the prior-year level.

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The **Power Grid Solutions & Products** business includes Siemens Low and Medium Voltage Division and its Smart Grid Division. Profit for the first six months declined year-over-year due to a less favorable business mix mainly at the low voltage business during the first quarter of the current period and higher expenses for smart grid growth initiatives. Revenue and orders clearly increased compared to the prior-year period. While revenue growth in the Americas and Asia, Australia was partly offset by a decline in Europe, C.I.S., Africa, Middle East, all three reporting regions increased their orders year-over-year.

Profit for the first half for **Building Technologies** came in level year-over-year, held back by higher functional costs partially associated with growth initiatives. The Division increased both revenue and orders year-over-year on broad-based growth throughout the Division and in all three reporting regions.

Equity Investments

Equity Investments recorded a loss of 519 million, compared to a profit of 108 million in the first six months a year earlier. That prior-year period benefited from a gain of 91 million from the sale of Siemens 49% stake in KMW. The loss in the current period was due mainly to the equity investment result related to Siemens share in NSN, which was a negative 641 million compared to a negative 88 million in the prior-year period. NSN previously announced a global restructuring program aimed at maintaining its long-term competitiveness and improving profitability. NSN reported to Siemens that it booked restructuring charges and associated items totaling 795 million in the current period, compared to charges of 57 million in the same period a year earlier. Due to the nature of the restructuring program as well as prevailing uncertainty in macroeconomic conditions, the amount and timing of improvements in profitability is uncertain. Therefore, results from Equity Investments are expected to be volatile in coming quarters.

Financial Services (SFS)

	Six months ended March 31, 2012	Six months ended March 31, 2011	% Change
	(in millions of)		
Profit	274	216	27%
	March 31, 2012	**September 30, 2011**	
Total assets	16,031	14,602	10%

As previously announced, effective with the beginning of fiscal 2012, SFS realigned its resources and expertise in the capital business into two global business models: Project and Structured Finance as well as Commercial Finance.

In the first half of fiscal 2012, SFS recorded a profit (defined as income before income taxes) of 274 million, compared to a profit of 216 million a year earlier. While both interest result and operating expenses associated with SFS growth strategy increased, year-over-year, the current period was primarily affected by a 78 million gain in the first quarter on the sale of a stake in Bangalore International Airport Limited, a public-private partnership, reducing SFS equity participation from 40% to 26%. This gain was partly offset by burdens related to certain activities in the U.S. capital business. Total assets increased clearly, including positive currency translation effects, as SFS took advantage of a favorable environment to book new business, primarily in the first quarter of fiscal 2012. The resulting growth in new business reduced Siemens Total liquidity.

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Reconciliation to Consolidated Financial Statements

Reconciliation to Consolidated Financial Statements includes Centrally managed portfolio activities, Siemens Real Estate and various categories of items which are not allocated to the Sectors and to SFS because Management has determined that such items are not indicative of their respective performance.

Centrally managed portfolio activities

Centrally managed portfolio activities reported a profit of 6 million in the first six months of fiscal 2012, compared to 8 million in the same period a year earlier.

Siemens Real Estate

Income before income taxes at **Siemens Real Estate** was 5 million in the first six months of fiscal 2012, compared to 98 million in the same period a year earlier. This decrease is mainly attributable to significantly lower income related to the disposal of real estate.

Corporate items and pensions

Corporate items and pensions totaled a positive 30 million in the first six months of fiscal 2012 compared to a positive 198 million in the same period a year earlier. The difference was due mainly to Corporate items, which were a positive 44 million compared to a positive 150 million in the first half a year earlier. The current period benefited from positive effects related to legal and regulatory matters, compared to net expenses related to such matters in the prior-year period. In addition, the current reporting period includes an amount of 57 million related to reimbursements to AtoS. The prior-year period benefited from management s allocation of 267 million of personnel-related costs related to special employee remuneration, which had been accrued in Corporate items in fiscal 2010. Within this amount are 240 million that were allocated to the Sectors.

Centrally carried pension expense totaled a negative 14 million in the first half of fiscal 2012, compared to a positive 47 million in the prior-year period. The change is due primarily to a negative effect resulting from a lower expected return on plan assets and slightly higher interest costs.

Eliminations, Corporate Treasury and other reconciling items

Income before income taxes from **Eliminations, Corporate Treasury and other reconciling items** was a positive 17 million in the first half of fiscal 2012 compared to a negative 75 million in the same period a year earlier. The primary factor in the improvement was higher income from Corporate Treasury activities due mainly to changes in the fair market value of interest rate derivatives not qualifying for hedge accounting used for interest rate management.

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Reconciliation to adjusted EBITDA (continuing operations)

The following table gives additional information on topics included in Profit and Income before income taxes and provides a reconciliation to adjusted EBITDA based on continuing operations.

For the six months ended March 31, 2012 and 2011

(in millions of)

	Profit[1]		Income (loss) from investments accounted for using the equity method, net[2]		Financial income (expense), net[3]		Adjusted EBIT[4]		Amortization [5]		Depreciation and impairments of property, plant and equipment and goodwill[6]		Adjusted EBITDA		Adjusted EBITDA margin	
	2012	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**	**2012**	**2011**
Sectors																
Energy Sector	**1,054**	**3,121**	**28**	**22**	**70**	**1,514**	**956**	**1,586**	**41**	**34**	**183**	**169**	**1,180**	**1,790**	**9.0%**	**15.1%**
therein: Fossil Power Generation	1,082	2,524	17	11	75	1,514	989	999	10	7	65	61	1,064	1,067		
Renewable Energy	64	84	(4)	(13)	(2)	2	70	95	12	9	41	34	122	139		
Oil & Gas	221	234			(2)	(2)	224	236	14	13	32	29	270	278		
Power Transmission	(314)	278	15	24	(1)	(1)	(328)	255	5	5	43	43	(280)	303		
Healthcare Sector	**788**	**832**	**4**	**2**	**(11)**	**5**	**795**	**824**	**207**	**159**	**175**	**166**	**1,177**	**1,149**	**18.1%**	**18.4%**
therein: Diagnostics	134	164			2	3	132	161	129	96	112	110	372	367		
Industry Sector	**1,218**	**1,272**	**6**	**12**	**(7)**	**1**	**1,219**	**1,258**	**128**	**129**	**150**	**146**	**1,497**	**1,533**	**15.3%**	**16.8%**
therein: Industry Automation	658	659	1	8	(3)		660	651	99	101	62	61	822	813		
Drive Technologies	474	515	5	5	(3)	1	472	509	24	23	82	77	578	609		
Infrastructure & Cities Sector	**470**	**558**	**11**	**7**	**9**	**3**	**450**	**548**	**54**	**57**	**78**	**79**	**582**	**684**	**7.0%**	**8.4%**
therein: Transportation & Logistics	102	193	5	3	(8)	5	105	185	6	7	22	22	133	214		
Power Grid Solutions & Products	183	200	5	4	(2)	(1)	179	197	19	22	32	34	231	254		
Building Technologies	162	163			(2)		163	163	28	27	23	23	215	213		
Total Sectors	**3,530**	**5,783**	**49**	**43**	**62**	**1,523**	**3,420**	**4,216**	**430**	**379**	**586**	**560**	**4,436**	**5,156**		
Equity Investments	**(519)**	**108**	**(526)**	**94**	**4**	**9**	**3**	**5**					**3**	**5**		
Financial Services (SFS)	**274**	**216**	**115**	**43**	**194**	**150**	**(35)**	**23**	**3**	**4**	**135**	**143**	**103**	**170**		
Reconciliation to Consolidated Financial Statements																
Centrally managed portfolio activities	6	8	3	4	1		2	4	1	2	1	3	4	9		

Siemens Real Estate (SRE)	5	98			(60)	(35)	64	134	1	1	154	130	219	264
Corporate items and pensions	30	198			(6)	54	36	144	7	6	24	22	67	172
Eliminations, Corporate Treasury and other reconciling items	17	(75)	(7)	31	70	(55)	(46)	(51)			(21)	(26)	(67)	(78)
Siemens	**3,343**	**6,336**	**(366)**	**215**	**264**	**1,647**	**3,445**	**4,475**	**442**	**391**	**878**	**833**	**4,765**	**5,699**

(1) Profit of the Sectors as well as of Equity Investments and Centrally managed portfolio activities is earnings before financing interest, certain pension costs and income taxes. Certain other items not considered performance indicative by Management may be excluded. Profit of SFS and SRE is Income before income taxes. Profit of Siemens is Income from continuing operations before income taxes. For a reconciliation of Income from continuing operations before income taxes to Net income see Consolidated Statements of Income.

(2) Includes impairments and reversals of impairments of investments accounted for using the equity method.

(3) Includes impairment of non-current available-for-sale financial assets. For Siemens, Financial income (expense), net comprises Interest income, Interest expense and Other financial income (expense), net as reported in the Consolidated Statements of Income.

(4) Adjusted EBIT is Income from continuing operations before income taxes less Financial income (expense), net and Income (loss) from investments accounted for using the equity method, net.

(5) Amortization and impairments, net of reversals, of intangible assets other than goodwill.

(6) Depreciation and impairments of property, plant and equipment, net of reversals. Includes impairments of goodwill of million in the current period and million in the prior-year period, respectively.

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LIQUIDITY, CAPITAL RESOURCES AND REQUIREMENTS

Cash flows First six months of fiscal 2012 compared to first six months of fiscal 2011

The following discussion presents an analysis of our cash flows from operating, investing and financing activities for the first six months of fiscal 2012 and 2011 for both continuing and discontinued operations. Discontinued operations include primarily OSRAM and Siemens IT Solutions and Services, which were classified as discontinued operations during the second quarter of fiscal 2011. Siemens IT Solutions and Services was sold to AtoS in the fourth quarter of 2011.

Cash flows		**Continuing operations**		**Discontinued operations**		**Continuing and discontinued operations**	
		Six months ended March 31,					
		2012	**2011**	**2012**	**2011**	**2012**	**2011**
		(in millions of)					
Net cash provided by (used in):							
Operating activities	**A**	**351**	**2,175**	**(117)**	**(297)**	**234**	**1,878**
Investing activities		**(2,618)**	**1,287**	**(408)**	**(253)**	**(3,026)**	**1,034**
therein: Additions to intangible assets and property, plant and equipment	*B*	*(934)*	*(762)*	*(81)*	*(250)*	*(1,015)*	*(1,012)*
Free cash flow	**A+B**	**(583)**	**1,413**	**(198)**	**(547)**	**(781)**	**866**
Financing activities		**(1,836)**	**(2,629)**	**525**	**550**	**(1,311)**	**(2,079)**

Cash flows from operating activities Continuing operations provided net cash of 351 million in the first half of fiscal 2012, compared to net cash provided of 2.175 billion in the same period a year earlier. In the current period income from continuing operations was 2.409 billion. Therein included are amortization, depreciation and impairments of 1.320 billion. A build-up of operating net working capital (defined as inventories less advance payments received plus trade and other receivables minus trade payables and minus billings in excess of costs and estimated earnings on uncompleted contracts and related advances) reduced the cash inflows by 1.9 billion. The increase in operating net working capital is due mainly to a build-up in inventories primarily at the Energy Sector. The current period also included substantial cash outflows due to a decrease of liabilities including bonus payments to our employees and of 0.3 billion related to Healthcare s particle therapy business. In the prior-year period income from continuing operations was 5.020 billion. Therein included are amortization, depreciation and impairments of 1.224 billion. Income from continuing operations also included the Areva NP disposal gain of 1.520 billion, which has been deducted in the consolidated statements of cash flow within the line item gains on sales of investments, net. A build-up of operating net working capital in the prior-year period reduced cash inflows by 1.2 billion. The prior-year period also included substantial cash outflows due to a decrease of liabilities including bonus payments to our employees, which were higher than in the current period.

Discontinued operations used net cash of 117 million in the first half of fiscal 2012, compared to net cash used of 297 million in the prior-year period. The decrease in cash outflows year-over-year is due mainly to lower cash outflows related to Siemens IT Solutions and Services, which a year earlier included higher payments in connection with the establishment of Siemens IT Solutions and Services as a separate legal group.

Cash flows from investing activities Net cash used in investing activities for continuing operations amounted to 2.618 billion in the first half compared to net cash provided of 1.287 billion in the prior-year period. The change in cash flows from investing activities is due mainly to lower proceeds from sales of investments, intangibles and property, plant and equipment of 2.136 billion; to the higher build-up in receivables from financing activities of 1.064 billion relating to SFS s capital business associated with its growth strategy; and to higher acquisitions, net of cash acquired, of 575 million. Proceeds of 401 million in the first half of fiscal 2012 from the sales of investments, intangibles and property, plant and equipment included the sale of a 25% interest in OAO Power Machines, held by the Energy Sector. In the first half a year earlier, proceeds from sales of investments, intangibles and property, plant and equipment provided net cash of 2.537 billion. This total included proceeds from the sale of investments of 2.215 billion, mainly related to the sale of our stake in Areva NP for 1.7 billion and the sale of our 49% minority stake in KMW, and also proceeds from real estate disposals at SRE of 299 million. Acquisitions, net of cash acquired, increased to 741 million from 166 million in the prior-year period, comprising several acquisitions of entities within the Sectors to optimize our business portfolio. In the current period, cash outflows for the purchase of investments of 140 million included the second installment payment in connection with our equity investment in A2SEA A/S, a supplier of installation services for the construction of offshore wind-farms. The equity investment is held by the Energy Sector. For comparison, purchase of investments of 293 million in the prior-year period included cash outflows relating to the

solar thermal business and the first installment payment for our equity investment in A2SEA A/S.

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Discontinued operations used net cash of 408 million in the first half of fiscal 2012, compared to net cash used of 253 million in the prior-year period. These higher cash outflows related primarily to Siemens IT Solutions and Services, including payments for the cash purchase price adjustment relating to the net debt and net working capital of Siemens IT Solutions and Services.

Free cash flow from continuing operations amounted to a negative 583 million in the first half of fiscal 2012, compared to a positive 1.413 billion a year earlier. The change year-over-year was due primarily to cash flows from operating activities as discussed above. Additions to intangible assets and property, plant and equipment increased in the current six months, mainly due to increased investments within the Sectors.

On a sequential basis, Free cash flow during the first half of fiscal 2012 and during fiscal 2011 was as follows:

Cash flows from financing activities Continuing operations used net cash of 1.836 billion in the first half of fiscal 2012, compared to net cash used of 2.629 billion in the same period a year earlier. The decrease in cash outflows in the current period was due primarily to the proceeds from the issuance of long-term debt of 2.473 billion, including the issuance of US$3.0 billion bonds with warrant units and cash inflows from the change in short-term debt and other financing activities of 2.2 billion primarily including net cash inflows from the issuance of commercial paper. These cash inflows were partly offset by the repayment of long-term debt of 3.189 billion relating to the redemption of 1.55 billion in 5.25%-fixed-rate-instruments, 0.7 billion in floating rate assignable loans, US$0.5 billion in floating rate notes and US$0.75 billion in 5.5% notes. For comparison, the prior-year period included cash inflows of 291 million from the change in short-term debt and other financing activities, 113 million proceeds from the issuance of long-term debt and 25 million from repayment of long-term debt. Both periods included cash outflows for dividends, which were 2.629 billion (for fiscal 2011) in the first half of fiscal 2012 compared to 2.356 billion in the prior-year period (for fiscal 2010).

Capital resources and requirements

We have a US$9.0 billion (6.7 billion) global multi-currency commercial paper program in place. As of March 31, 2012, we had US$2.5 billion (1.8 billion) in commercial paper outstanding.

Under the Debt Issuance Program, we issued fixed rated instruments with an aggregate amount of 3.4 billion comprising three tranches in June 2008. In August 2008, we increased two tranches of the 3.4 billion instruments by 750 million. The first tranche of 1.55 billion in 5.25%-fixed-rate-instruments, matured in December 2011 and was redeemed at face value.

In June 2008, we issued assignable loans. The loans totaling 1.1 billion were issued in four tranches. Two floating rate tranches of 370 million, original maturity in June 2013, and 283.5 million, original maturity in June 2015, were called in August 2011 and were redeemed in December 2011 at face value.

In August 2006, we issued notes totaling US$5.0 billion in four tranches. US$750 million in 5.5% notes matured in February 2012 and were redeemed at face value.

In March 2006, we issued US$1.0 billion in notes in two tranches. The first tranche of US$500 million in floating rate notes matured in March 2012 and was redeemed at face value.

In February 2012, Siemens issued US$ bonds with warrant units in an aggregate principal amount of US$3.0 billion in two tranches. The bonds due in August 2017 have a volume of US$1.5 billion and a coupon of notional 1.05% per annum; the bonds due in August 2019 have a volume of US$1.5 billion and a coupon of notional 1.65% per annum. The exercise price was fixed at 137.5% of the reference price. On that basis, the exercise price amounts to 104.0018 per share. At issuance, one warrant will entitle its holder to receive 1,806.1496 Siemens AG shares. The warrants result in option rights relating to a total of about 21.7 million Siemens AG shares. The nominal amount of these bonds outstanding as of March 31, 2012 was 2.2 billion.

In February 2012, Siemens also issued US$400 million in floating rate notes, maturing in February 2019. The nominal amount outstanding as of March 31, 2012 was 0.3 billion.

In March 2012, a US$5.0 billion syndicated multi-currency revolving credit facility expired. In April 2012, after the end of the second quarter, the Company signed a 4.0 billion syndicated multi-currency revolving credit facility replacing the Company s US$5.0 billion credit facility. The 4.0 billion credit facility has a tenor of five years with two one-year extension options.

Capital structure A key consideration for us is maintenance of ready access to the capital markets through various debt products and preservation of our ability to repay and service our debt obligation over time.

The capital structure ratio is defined as the item Adjusted industrial net debt divided by the item Adjusted EBITDA (continuing operations). As of March 31, 2012 and September 30, 2011 the ratios were as follows:

	March 31, 2012	September 30, 2011
	(in millions of)	
Short-term debt and current maturities of long-term debt[1]	4,799	3,660
Plus: Long-term debt[1]	14,731	14,280
Less: Cash and cash equivalents	(8,424)	(12,468)
Less: Current available-for-sale financial assets	(542)	(477)
Net debt	**10,563**	**4,995**
Less: SFS debt	(13,303)	(12,075)
Plus: Pension plans and similar commitments	7,492	7,307
Plus: Credit guarantees	587	591
Less: 50% nominal amount hybrid bond[2]	(900)	(883)
Less: Fair value hedge accounting adjustment[3]	(1,474)	(1,470)
Adjusted industrial net debt	**2,965**	**(1,534)**
Adjusted EBITDA (continuing operations)	**4,765**	**10,596**
Adjusted industrial net debt / adjusted EBITDA (continuing operations)[4]	**0.31**	**(0.14)**

(1) The item Short-term debt and current maturities of long-term debt as well as the item Long-term debt included in total fair value hedge accounting adjustments of 1,474 million as of March 31, 2012 and 1,470 million as of September 30, 2011.

(2)

The adjustment for our hybrid bond considers the calculation of this financial ratio applied by rating agencies to classify 50% of our hybrid bond as equity and 50% as debt. This assignment reflects the characteristics of our hybrid bond such as a long maturity date and subordination to all senior and debt obligations.

(3) Debt is generally reported with a value representing approximately the amount to be repaid. However for debt designated in a hedging relationship (fair value hedges), this amount is adjusted by changes in market value mainly due to changes in interest rates. Accordingly we deduct these changes in market value in order to end up with an amount of debt that approximately will be repaid. We believe, this is a more meaningful figure for the calculation presented above. For further information on fair value hedges see D.6 Notes to Consolidated Financial Statements in our Annual Report for fiscal 2011.

(4) In order to calculate this ratio, adjusted EBITDA (continuing operations) needs to be annualized.

The following discussion presents an analysis of changes in the item Adjusted industrial net debt in the first half of fiscal 2012.

Within the line item Adjusted industrial net debt, the item Short-term debt and current maturities of long-term debt increased by 1.139 billion compared to the end of the prior fiscal year, due mainly to the issuance of commercial paper of 1.8 billion and the reclassification of 2.0 billion in 4.125% instruments due in February 2013, partly offset by the redemption of 1.55 billion in 5.25%-fixed-rate-instruments, 0.7 billion in floating rate assignable loans, US$0.5 billion in floating rate notes and US$0.75 billion in 5.5% notes. Long-term debt

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increased by 451 million due mainly to the issuance of US$3.0 billion bonds with warrant units partly offset by the above mentioned reclassification. Associated with SFS s growth strategy, SFS debt increased by 1.228 billion compared to the end of the prior fiscal year, including foreign currency effects. For further information regarding the decrease in the item Cash and cash equivalents please see Cash flows above.

Funding of pension plans and similar commitments

Unless otherwise stated all numbers presented below refer only to continuing operations.

At the end of the first six months of fiscal 2012, the combined funded status of Siemens pension plans showed an underfunding of 6.5 billion, compared to an underfunding of 6.2 billion at the end of fiscal 2011. A positive actual return on plan assets and employer contributions largely offset a significant increase in Siemens defined benefit obligation (DBO). The DBO rose primarily due to a decrease in the discount rate assumption as of March 31, 2012 and from accrued service and interest costs. The actual return on plan assets of Siemens funded pension plans for the first six months of fiscal 2012 amounted to 2.1 billion, resulting from both equity and fixed income investments. The expected return for the first six months amounted to 649 million, which corresponds to a 6.3% annual return.

The fair value of Siemens funded pension plan assets as of March 31, 2012, was 23.0 billion compared to 21.0 billion on September 30, 2011. In the first six months of fiscal 2012, employer contributions amounted to 382 million compared to 561 million in the prior-year period (which included amounts related to Siemens IT Solutions and Services and to OSRAM). In addition to the actual return on plan assets and employer contributions, the increase in plan assets was due also to a positive impact from currency translation effects. The aforementioned positive effects were partly offset by benefits paid during the six-month period ended March 31, 2012.

The estimated DBO of Siemens pension plans, which considers future compensation and pension increases, amounted to 29.5 billion on March 31, 2012, 2.4 billion higher than the DBO of 27.1 billion on September 30, 2011. The increase is due to a decrease in the discount rate assumption as of March 31, 2012, a negative impact from currency translation effects and, to a minor extent, due to the net of service and interest cost less benefits paid during the six-month period ended March 31, 2012. The decrease in the discount rate assumption is to a noticeable extent due to the specific determination method for the discount rate for the EURO-zone which is highly sensitive to changes in the composition of the underlying corporate bond index.

The combined funded status of Siemens predominantly unfunded other post-employment benefit plans amounted to an underfunding of 0.8 billion, both at the end of the first six months of fiscal 2012 and as of September 30, 2011.

For more information on Siemens pension plans and similar commitments, see Note 9 in Notes to Condensed Interim Consolidated Financial Statements.

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Report on risks and opportunities

Within the scope of its entrepreneurial activities and the variety of its operations, Siemens encounters numerous risks and opportunities which could negatively or positively affect business development. For the early recognition and successful management of relevant risks and opportunities we employ a number of coordinated risk management and control systems. Risk management facilitates the sustainable protection of our future corporate success and is an integral part of all our decisions and business processes.

In our Annual Report for fiscal 2011 we described certain risks which could have a material adverse effect on our financial condition, including effects on assets, liabilities and cash flows, and results of operations, certain opportunities as well as the design of our risk management system.

As previously disclosed, business with customers in Iran is subject to export control regulations, embargoes, sanctions or other forms of trade restrictions imposed by the U.S., the European Union and other countries or organizations. The regulatory limitations have recently been further tightened by Executive Order 13590 issued by President Obama targeting Iran s petroleum and petrochemical sectors and by Council Regulation (EU) No. 267/2012 of March 23, 2012 concerning restrictive measures against Iran and repealing Regulation (EU) No. 961/2010. Siemens has adopted internal restrictive policies on the conduct of business with Iran, which we continually review and have recently tightened, as described in more detail in Results of Siemens. Under certain limited circumstances, however, we continue to conduct certain business activities and provide products and services to customers in Iran. We believe that such activities to date have not had a material adverse impact on our reputation and share value. Going forward, divestment or similar initiatives adopted or proposed in various jurisdictions with respect to Iran, as well as new or tightened export control regulations, sanctions, embargos or other forms of trade restrictions imposed on Iran may result in a further curtailment of our existing business in Iran or in a further adaptation of our policies. In addition, the termination of our activities in Iran may expose us to customer claims and other actions.

We have previously disclosed that our business, financial condition and results of operations may be adversely affected by cost overruns or additional payment obligations related to the management of our long-term, fixed price or turnkey projects. Since we operate globally and perform projects in various complex political and regulatory environments there is a risk that our project business may be impacted by relevant political and regulatory environments and potential political and regulatory changes that occur during the term of projects which in turn may impact our business, financial condition and results of operations.

During the first six months of fiscal 2012 we identified no further significant risks and opportunities besides those presented in our Annual Report for fiscal 2011 and in the sections of this Interim Report entitled Overview of financial results for the second quarter of fiscal 2012, Segment information analysis, and Legal proceedings. Additional risks currently not known to us or that we currently consider immaterial could also impair our business operations. We do not expect to incur any risks that alone or in combination would appear to jeopardize the continuity of our business.

We refer also to Notes and forward-looking statements at the end of this Interim group management report.

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Legal proceedings

For information on legal proceedings, see Notes to Condensed Interim Consolidated Financial Statements.

Outlook for fiscal 2012

For fiscal 2012 we confirm our expectations of moderate organic revenue growth compared to fiscal 2011, and orders again exceeding revenues for a book-to-bill above 1. We continue to anticipate strong earnings performances in most of our businesses, including our industrial short-cycle businesses. Challenges, mostly in our power transmission business, impact the level of income from continuing operations we originally expected to achieve in fiscal 2012, 6.0 billion, by an estimated 0.6 to 0.8 billion.

This outlook excludes significant portfolio effects and impacts related to legal and regulatory matters in the second half of the fiscal year.

NOTES AND FORWARD-LOOKING STATEMENTS

This document includes supplemental financial measures that are or may be non-GAAP financial measures. New orders and order backlog; adjusted or organic growth rates of revenue and new orders; book-to- bill ratio; Total Sectors profit; return on equity (after tax), or ROE (after tax); return on capital employed (adjusted), or ROCE (adjusted); Free cash flow, or FCF; cash conversion rate, or CCR; adjusted EBITDA; adjusted EBIT; adjusted EBITDA margins, earnings effects from purchase price allocation, or PPA effects; net debt and adjusted industrial net debt are or may be such non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation as alternatives to measures of Siemens financial condition, results of operations or cash flows 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. Definitions of these supplemental financial measures, a discussion of the most directly comparable IFRS financial measures, information regarding the usefulness of Siemens supplemental financial measures, the limitations associated with these measures and reconciliations to the most comparable IFRS financial measures are available on Siemens Investor Relations website at www.siemens.com/nonGAAP. For additional information, see supplemental financial measures and the related discussion in Siemens most recent annual report on Form 20-F, which can be found on our Investor Relations website or via the EDGAR system on the website of the United States Securities and Exchange Commission.

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 expects, looks forward to, anticipates, intends, plans, believes, seeks, estimates, will, project or words of similar meaning. We may also make forward-looking in other reports, in presentations, in material delivered to stockholders 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, and are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond Siemens control, affect Siemens operations, performance, business strategy and results and could cause the actual results, performance or achievements of Siemens to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements or anticipated on the basis of historical trends. These factors include in particular, but are not limited to, the matters described in Item 3: Risk factors of our most recent annual report on Form 20-F filed with the SEC, in the chapter Risks of our most recent annual report prepared in accordance with the German Commercial Code, and in the chapter Report on risks and opportunities of our most recent interim report.

Further information about risks and uncertainties affecting Siemens is included throughout our most recent annual, and interim reports as well as our most recent earnings release, which are available on the Siemens website, www.siemens.com, and throughout our most recent annual report on Form 20-F and in our other filings with the SEC, which are available on the Siemens website, www.siemens.com, and on the SEC s website, www.sec.gov. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements of Siemens may vary materially from those described in the relevant forward-looking statement as being expected, anticipated, intended, planned, believed, sought, estimated or projected. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

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.

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SIEMENS

CONSOLIDATED STATEMENTS OF INCOME (unaudited)

For the three and six months ended March 31, 2012 and 2011

(in millions of , per share amounts in)

	Note	Three months ended March 31,		Six months ended March 31,	
		2012	2011	2012	2011
Revenue		19,297	17,717	37,199	35,320
Cost of goods sold and services rendered		(13,725)	(12,195)	(26,545)	(24,150)
Gross profit		5,572	5,522	10,653	11,170
Research and development expenses		(1,066)	(967)	(2,053)	(1,831)
Marketing, selling and general administrative expenses		(2,612)	(2,506)	(5,250)	(4,917)
Other operating income	3	110	78	224	338
Other operating expense	4	(29)	(72)	(130)	(286)
Income (loss) from investments accounted for using the equity method, net		(563)	92	(366)	215
Interest income	5	548	543	1,110	1,091
Interest expense	5	(433)	(435)	(865)	(854)
Other financial income (expense), net	5	(29)	1,482	19	1,410
Income from continuing operations before income taxes		**1,497**	**3,737**	**3,343**	**6,336**
Income taxes		(444)	(563)	(934)	(1,316)