



FINLAND



SIEMENS

annual review 2001

Global network of innovation

Siemens in Finland

The Siemens Osakeyhtiö Group is a technology and service company active in the information technology, communications, industry, energy and transportation sectors. During the year under review, the group had a turnover of €347 million and employed 1,677 people.

The group includes subsidiaries Siemens Metering Oy and Netron Oy, AS Siemens in Estonia, and its subsidiary AS Siemens Electroservices, Siemens SIA in Latvia, and its subsidiary Teka Telekom (75% interest) and UAB Siemens in Lithuania.

Wincor Nixdorf Oy is a joint venture owned by Wincor Nixdorf International GmbH (50.1%) and Siemens Osakeyhtiö (49.9%), PICS Automation Oy is owned by PI-Consulting Oyj (70%) and Siemens Osakeyhtiö (30%) and CoPower SIA by PVO Engineering Oy, Vantaa Energy and Siemens Osakeyhtiö (33%).

Other Siemens companies in Finland are BSH Kodinkoneet Oy, Epcos Nordic Oy, Fujitsu Siemens Computers Oy, Infineon Technologies Nordic Oy, Oy Osram Ab, Siemens Building Technologies Oy (Building Automation & HVAC Products and Security & Fire Systems), Siemens-Elema AB and Siemens Rahoitus Oy, which has a subsidiary in Estonia.

Siemens companies in Finland and the Baltics have a turnover of around €578 million and employ 2,154 people.

Siemens – Global network of innovation.

SIEMENS GROUP KEY FIGURES

€M	2001	2000	1999	1998	1997
New orders ¹⁾	412	419	390	349	247
Back orders ¹⁾	163	119	123	155	155
Invoicing ²⁾	367	437	419	315	349
Turnover	347	282	298	238	221
Operating profit	17	17	14	13	11
as % of turnover	5	6	5	6	5
Balance sheet total	150	134	162	140	130
Investments	8	8	7	14	8
Employees, average	1677	1292	1329	995	858

¹⁾ New orders and back orders also include commission sales

²⁾ Invoicing = turnover + turnover from commission sales

Siemens Osakeyhtiö - Business Groups

INFORMATION AND COMMUNICATIONS



INFORMATION AND COMMUNICATION MOBILE

Customers:

Mobile network and service operators, companies and consumers in Finland and in Siemens Group Worldwide's international projects.

Products and services:

Mobile systems (GSM, GPRS and UMTS) radio and main networks, value added service systems and turnkey solutions, mobile phones, multimedia terminals, wireless home phones, fixed network home phones, ISDN terminals, technical support and training.

SIEMENS BUSINESS SERVICES

Customers:

Forest and food industries, the electronics industry, telecom companies, the service industry and public administration.

Services:

Planning e-business models, business process description, mySAP.com consulting, logistics supply chain planning and optimisation, installation and deployment services for e-business applications, information systems operating services and training.



INDUSTRY

Customers:

Pulp and paper, metal, chemical and food industries, automation companies, manufacturers of machinery and equipment, retailers, electrical wholesalers and municipalities.

INDUSTRIAL SOLUTIONS AND SERVICES

Products and services:

Part and turnkey projects, systems and services throughout the lifecycle of an industrial plant, industrial IT systems, traffic control technology, parking control systems, low voltage devices, valves, actuators, software engineering, manufacture, installation, inauguration, automation service, maintenance, spare parts and equipment replacements

AUTOMATION AND DRIVES

Products and services:

Automation systems and equipment, electrical drives, power distribution systems, tool machine automation systems, AC frequency converters, low voltage switchgear, installation equipment, technical support and training.

INFORMATION AND COMMUNICATION NETWORKS

Customers:

Information and communication service providers, companies, public administration, entities and other organisations in Finland and in Siemens Group Worldwide's international projects.

Products and services:

Data networks (IP, ATM, FR) solutions ranging from the main network to access networks, voice and data convergence solutions, HiPath solutions to integrate voice and data into business processes, ISDN telephone exchanges, transmission systems (SDH/WDM), Contact Center solutions, Hicom communications servers, trading systems, technical support and training.



TRANSPORTATION

TRANSPORTATION SYSTEMS

Customers:

The Finnish Rail Administration (RHK), VR Group, Electric Rails Ltd, Helsinki City Transport (HKL), port authorities and railway authorities in the Baltics.

Products and services:

Signalling systems, railway control, track control and electrification systems and related project management, commissioning and maintenance services and rolling stock.

ENERGY



POWER GENERATION AND DISTRIBUTION

Customers:

Municipal power utilities, industrial power generation units, energy companies and producers of basic energy.

Products and services:

Power plants, steam and gas turbines, power plant automation, nuclear fuel, electricity substations, industrial and power plant electrification and maintenance services.

Sales of medical engineering by Siemens Medical Solutions business group to the Baltics come under Siemens Osakeyhtiö Group's organisation.

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Managing Director's report

The diversity of our customers' business is a major benefit to Siemens in a world of changing business conditions and in the timing of investment decisions. Our company has four strong business groups – Information and Communications, Industry, Energy and Transportation – which have all grown in line with targets. Overall, the financial year was an encouraging one for the Siemens Osakeyhtiö Group. Volumes rose and profitability was satisfactory. We had a successful year in the Baltics, where the turnover of our Baltic subsidiaries already accounts for around 30 per cent of the group's total turnover. The region continues to show growth potential because of an extensive need to modernise the infrastructure across all sectors.

Review of the business groups

Our back orders developed encouragingly and Siemens Business Services (SBS) concluded several major IT access agreements. SBS customers include all large Finnish forest industry companies. We secured an order from the Finnish Defence Forces for a mySAP.com project, one of the largest ever in Finland. Aside from consulting services, the delivery includes hardware solutions and development systems access services.

Our Information and Communication Networks (ICN) business group secured major orders from Finnet Logistiikka Oy, Lietuvos Telekomas in Lithuania and Lattelekom in Latvia.

Information and Communication Mobile (ICM) built on its market share through new sales channels, Mäkitorppayhtiöt and Telia, as well as through new products. Radiolinja chose Siemens to be its second UMTS network supplier. ICM was also chosen to deliver GSM networks to Latvia and Lithuania for Tele2 companies.

In our Industry business group, Automation and Drives (A&D) reported a sharp rise in sales during the year. In the Industrial Solutions and Services (I&S) business group, most progress was made in pulp and paper industry projects and the industrial services business. AvestaPolarit Stainless Oy placed a major order with us to deliver automation and electrification projects to the Tornio steel plant.

In our Energy business group, Power Generation and Distribution once again secured several orders for electricity substations and protective systems in Finland and the Baltics. Turnover was up and our back orders provide us with a sound platform for the future. AS Siemens Electroservices, a subsidiary of our Estonian subsidiary AS Siemens, made excellent progress in maintaining Eesti Energia's regional distribution and transmission network. Of our Finnish subsidiaries, Siemens Metering Oy achieved its targets and Netron Oy reported strong growth and improved profitability.

Active commitment to ongoing development

The year under review saw us put in place an extensive management training programme in which 120 persons took part. Change management was one of the programme's focus areas. Our own excellence has led to our success. This is why it is important to further build on the skills and abilities of our people and to foster in them the motivation required to learn new things. Major progress was also made on the recruitment, induction, leaving processes, customer thinking and financial awareness fronts. We are continuing to build on the work based on our values and vision. We are currently improving our reward schemes. We also seek to achieve environmental management certification in the foreseeable future.

At our Ulvila factory, we invested in a development unit on the mobile side in a bid to expand our own excellence on a regional level. We are located in Ulvila because of the availability of skilled labour. In addition to the manufacture of devices, Ulvila is now also home to high-tech development. Automation and Drives increased its e-business. Our business processes are being electrified in response to growing e-business. For example, all our invoice processing now takes place electronically.

Challenging year ahead

With no major telecommunications investments in sight, 2002 seems set to be a challenging year. Investments in mobile networks in particular have been postponed for much longer than envisaged. There is an increasingly marked shift in the focus of our fixed network business in Finland from PBX technology to optical transmission systems and IP-based routing and multi-service networks. We are delivering a considerable number of digital exchange extensions to Lietuvos Telekomas. In addition to this, we have also secured major data, broadband and transmission network projects in the Baltics.

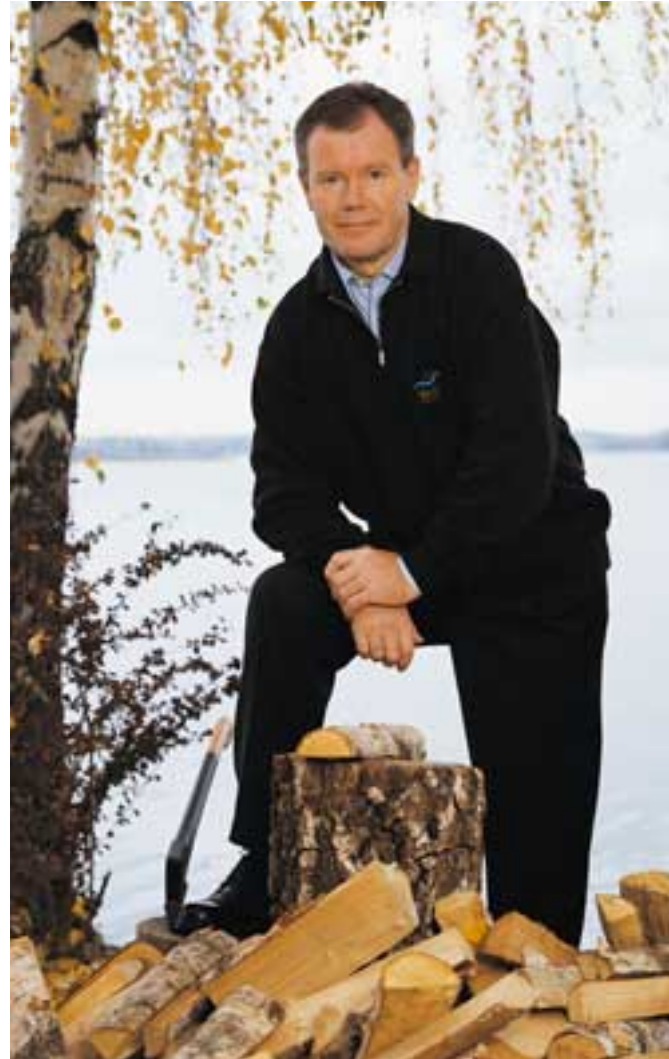
On the energy front, work continues on building the electricity grid infrastructure and the electricity substation business also looks promising. We expect demand for medical engineering to pick up in Latvia, where state-planned acquisitions have been shelved until 2002. Automation and Drives and Siemens Business Services are also expected to consolidate sales and marketing operations in the Baltics.

The service business currently accounts for 30 per cent of group business and is still showing dynamic growth. Given this trend, it is essential to build further on our own excellence.

I would particularly like to thank the forest, metal and communications industries and public administration for the confidence they have placed in us. I would also like to extend my thanks to our partners and retailers, and to our committed, motivated employees for their excellent contribution during the year.



Risto Kortela,
Managing Director
Siemens Osakeyhtiö



Vision

*Our customers are winners. With us.
Siemens individual. I am an expert, I will learn, prosper and grow in value.
We are the best investment. A sought-after leading-edge company.*

Values



*Our business culture
fosters top results*



*We are committed to
good corporate citizenship*



*Profitable business
ensures continuity*



*New innovations
shape our future*



*Learning is the key
to continuous improvement*



*We will prosper
through outstanding cooperation*



*Our work is driven by
customer success*

Group executives

Corporate Management Committee

Risto Kortela
managing director

Pekka Eloholma
director IC and
business group director ICN

Michael Eidam
director, administration

Karl Lönngren
sales director ICN
Carrier Networks

Petteri Kleemola
business group director ICM

Jussi Grönholm
business group director SBS

Mauri Silfverberg
business group director
A & D

Jaakko Tennilä
business group director
I & S

Pertti Huhta
business group director
Energy,
Transportation

Leena Nurminen
director, human resources

Terttu Tiura
director,
corporate communications



Risto Kortela



Pekka Eloholma



Michael Eidam



Petteri Kleemola



Karl Lönngren



Jussi Grönholm



Mauri Silfverberg



Jaakko Tennilä



Pertti Huhta



Leena Nurminen



Terttu Tiura

Board of Directors

Risto Kortela, chairman, managing director

Pekka Eloholma, director

Michael Eidam, director, administration

Members of the Supervisory Board

Pentti Seppälä MSocSc, chairman (until November 2001)

Kimmo Kalela (chairman from November 2001),

senior executive vice president, Stora Enso Oyj

Thomas Ganswindt, deputy chairman, Siemens AG

Olli Martikainen, professor, managing director, Necsom Oy

Pekka Einamo (until November 2001),

senior executive vice president, Rautaruukki Oyj

Timo Rajala, president, CEO, PVO Group

Jürgen Radomski, member of Corporate

Executive Committee, Siemens AG

Kalevi Nikkilä (from November 2001), president,

Outokumpu Copper Products Oy

Pentti Hakkarainen LL.M, MSc (Econ & Bus Adm),

(from November 2001)

Dr. Wolfgang Thost (deputy member), director, Siemens AG

Auditors

KPMG Wideri Oy Ab:

Albrecht Hagert, authorised public accountant

Arja Talma, authorised public accountant (until May 2001)

Ulla Aaltonen, authorised public accountant (from May 2001)

Siemens – a partner in the Finnish forest industry

A partner in the Finnish forest industry, Siemens Osakeyhtiö is able to deliver the entire production process from field equipment to customer relationship management. Siemens has been delivering dependable engine, drive and automation technology to the Finnish pulp and paper industry for decades. Our Automation and Drives and Industrial Solutions and Services Automation business groups work with carefully chosen partners to deliver automation and electrical engineering projects and related projects and planning.

The forest industry also produces and consumes vast amounts of energy. Siemens Power Generation and Distribution business group is a forest industry partner on the energy front. The business group's excellence lies in its delivery of industrial turbine power plant automation, electrification and turnkey projects.

Forest companies also rely on Siemens for enterprise resource planning, access services and e-business solutions. Siemens Business Services (SBS) customers include Stora Enso, UPM-Kymmene, M-real and Myllykoski Paper. Siemens excellence in this industry and a deep insight into customer

processes have built a sound platform for long-term cooperation.

Siemens Group Worldwide has a presence in 190 countries. Our global network enables us to provide the best possible local service in process, production or enterprise resources planning to paper companies in the international arena.

Forest industry projects during the 2000-2001 financial year

IT services

Stora Enso Oyj, an SAP R/3 system extension covering financial and materials resources management, production maintenance and human resource management, excluding salary payment. The project is scheduled for completion in 2003. SBS is responsible for process consultation, SAP R/3 implementation and maintenance.

Metsäliitto Group, SAP R/3 system. An R/3 system was deployed during 2001 to replace an older earlier machine environment. Compared to the earlier system, there is just one integrated system in use instead of several smaller



ones, e-business readiness and capacity for demanding reporting (LIS, SIS, Business Information Warehouse). This joint project covers SAP R/3 modules, assessment and inauguration, integration with in-house and external systems and access services.

M-real, delivery of a complete paper and board sales and distribution system. The project includes full replacement of the sales and distribution system, Mill Execution System integration, SAP R/3 commissioning and SAP APO commissioning support.

M-real Packaging Group, mobile information portal for M-real's global business. Users can access the portal information via the internet and wireless terminals irrespective of time and place. The project includes utilisation of global information, personalisation of one-to-one information, detailed global project planning and management, documentation and configuration management, a BroadVision platform, production and pilot of a tailored application, administration and publication tools, inauguration, operation and maintenance application and platform and WAP and SMS support.

Mylykoski Paper, an integrated real-time financial resources management system. SBS is responsible for system functionality and function platform. The system entered productive service in June 2001. The project includes SAP R/3 modules, outsourcing the production and development environment, real-time financial resources management integration, commissioning and training.

UPM-Kymmene, Siemens Business Services and UPM-Kymmene are involved in a development project where a modern IT solution is to be commissioned to integrate and enhance enterprise resources planning and to exploit e-business potential. The first parts of the project were inaugurated during 2001. The project includes enterprise resources planning including resources and allocations management and prediction, orders and logistics, in-house and external e-business readiness and the commissioning of an

enterprise resources planning system based on SAP R/3 and i2 TradeMatrix technology.

Energy

UPM-Kymmene Jämsänkoski, JAVO-project. Siemens delivered power plant medium voltage equipment and distribution transformers.

UPM-Kymmene Kuusankoski, Siemens delivered the principal transformer for the ARTTI project.

UPM-Kymmene Rauma, medium voltage equipment.

Metsä-Botnia Joutseno Pulp, distribution transformers.

Stora Enso Summa, delivery of medium voltage equipment for power boosting.

Äänevoima Oy, a process tapped back pressure turbine unit and principle and distribution transformers. The proposed power station will produce process heat and power for production plants in the Äänekoski industrial cluster. The area is home to M-real and Metsä-Botnia's production plants. According to Äänevoima Oy's managing director Hannu Peltola, turbine performance was a major criteria in the choice made. "We compared various options and chose the best". Foster Wheeler is carrying out the power plant project on a turnkey basis. The power plant will enter service in autumn 2002.

Industry and projects

Stora Enso Oyj, electrical drives for the board and pulp drying machines at the Kaukopää mills. Siemens delivered an entirely new line drive, with motors, based on new AC technology for the board machine.

UPM-Kymmene Rauma, modernisation of electrical drives of Paper Machine PM3.

M-real Kyrö, WOLL2-project, electrical drives for the wall-paper base paper machine. A new generation of Master Drives inverters are being used as the motor input devices. These are integrated into Simatic S7-400 equipment in a Profibus bus.

Employees

The global economic situation and uncertain markets also impacted on human resources during the year under review. There was a marked fall in the competition and ongoing need for new experts typical of an economic boom and the focus of Siemens human resources policy shifted increasingly towards consolidating the excellence and the performance leadership of existing employees. Human resources services were systematised and modelled to support business in all respects and to generate added value.

Our recruiting concept ensures quality and efficiency in attracting new employees.

On the recruiting front, we also particularly addressed overhauling our recruiting concept. Key issues in this respect included developing tools to support managers in recruiting situations and the definition of qualitative goals and comparable indicators. For managers, we prepared a recruiting guide and guidelines in interviewing job applicants. Indicators sought to ascertain how smoothly the recruiting process is, the costs involved and how effective the channels used are. Other areas of development included a description of the recruiting process in accordance with quality objectives and actions and materials relating to revising employer image.

One of our aims in the coming year is to internalise the recruiting concept and to make it known in the business and service units. We will further systematise human resources planning based on the competence development and administration model already under development. This model will also play a major role in guiding recruitment. Siemens AG has decided to introduce an online recruiting platform in Siemens companies worldwide. Such a system can significantly improve and diversify the entire recruiting process.

Induction and leaving processes to support development of the organisation

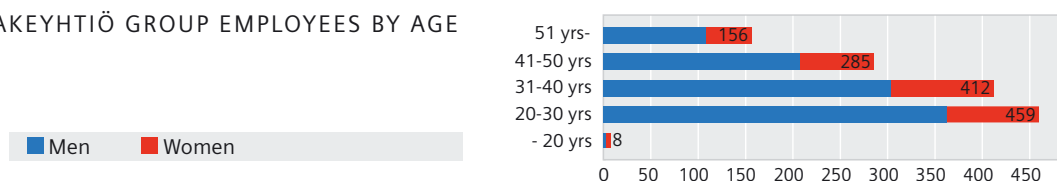
The year under review saw us complete commercialisation of the induction model began a year earlier. A special guide was made to assist managers and tutors to make it easier for them to ensure new employees are fully familiar with the company. This - together with a good induction plan, file and joint introductions to the company - helps new employees to rapidly embrace Siemens' corporate culture, values and ways of working. Several indicators will be used in future to monitor how successful employee induction has been.

We also made a major effort to revise the leaving process. Our new leaving concept includes systematic leaving interviews. This will enable us to gain valuable information about how well the organisation works and is managed, to rapidly identify any areas for improvement and to safeguard the information security of the organisation. It should also be remembered that a proper leaving process means that any employee leaves with a good impression of the company.

Values and strategy the basis of developing competence

Focus areas in employee training were driven by changes in the business environment. Employee training based on values and strategy highlighted a new way of customer thinking and financial awareness. High priority continued to be given to improving manager skills during the year under review. Almost all managers took part in a seven-day, three-part manager training course, the first part of which started by discussing Siemens' strategy. Other topics included interaction skills, communications and adapting values. In part two of the training course, participants thought about the role of a manager as coach and how teamwork

SIEMENS OSAKEYHTIÖ GROUP EMPLOYEES BY AGE



*Siemens people are responsible individuals,
team players with leading-edge skills.
A pleasure to work with.*

can be further developed. All managers on the course drafted a development programme for themselves based on 360 appraisals. The third part dealt with leadership and the kind of pressures a manager's job is subjected to as a result of a continuously changing environment. Additionally, issues relating to motivation and rewards were also considered, especially from the aspect of skills and performance leadership.

Outstanding cooperation at the annual Summer University

Early September saw the traditional Summer University being held for the fifth time. This year the theme was "Outstanding Cooperation", which is one of Siemens' values. The event was opened by giving awards to three projects that had been successfully achieved as a result of outstanding cooperation. Overall feedback about the Summer University was encouraging and it was thought the Outstanding Cooperation theme was an important one.

Good corporate culture and a practical management system – a sound platform for competitiveness

During the following financial year, focus areas in human resources will be increasingly related to supporting the management system and developing the organisation. The aim is to develop a practical competence development and management model, a comprehensive reward model and a job well-being model, which at best can be used in the line organisation as a tool in development appraisal discussions and development planning and in occupational healthcare in preventing early retirement.

Siemens Group Worldwide has begun to integrate its Leadership Excellence model extensively in all countries worldwide. This model aims at building an excellent corporate culture and developing the best executives. Work to this end is already underway in Finland.



Highlights during the financial year 2000/2001

3 October 2000

Siemens Information and Communications business groups' IT RoadShow tour took place from 9 to 16 October 2000, visiting Tampere, Vaasa, Oulu, Kuopio, Kotka and Turku. The tour was principally aimed at information management, IT and communications decision-makers and experts. The RoadShow featured an information systems control centre, information security products and IP technology enabling voice and data to be transmitted in the same network.

6 October 2000

Siemens announced its new HiPath solutions to integrate corporate telephone and information systems. HiPath opens the door for companies to develop mobile business using integrated application software. The suite of products includes Contact Center solutions, where calls, SMS messages, email and faxes are processed by the same multimedia workstation. HiPath makes it possible to share different applications. HiPath solutions can also be linked to telephone and information systems made by other manufacturers.

30 October 2000

On 27 October 2000, Siemens Osakeyhtiö and AtBusiness Communications signed a cooperation agreement to develop solutions based on metadirectories. A metadirectory is a data warehouse that, for example, links different application directories to each other. AtBusiness Communications has delivered directory-based solutions to Finland Post and companies in the bank and finance sector. Siemens' customers include Deutsche Bank, Daimler-Chrysler, the City of Stockholm nursing district and the Canadian government.

29 November 2000

Siemens Business Services (SBS) delivered an SAP R/3 enterprise resources planning system to Hyvinkää-based Saint-Gobain Isover Oy at record speed. Such rapid delivery of this extensive system was owing to the excellence of the experienced people employed in the early phase of the project. SAP and Siemens have been cooperating internationally for almost 30 years.

31 January 2001

Siemens Business Services (SBS) opened new IT Service offices in Oulu, Kuopio and Joensuu. IT Service units provide a local service to private and public sector customers. The IT Service units in Tampere, Turku, Jyväskylä, Vaasa and Mariehamn work in cooperation with local companies in the business.

7 February 2001

Siemens Osakeyhtiö's Energy business group worked with Estonian subsidiary AS Siemens to replace the electricity substation in Tartu. The project lasted ten months. The old substation was demolished and a new one built in its place. The project was an important one in Estonia, because the substation acts as a node in power transmission between Estonia, Latvia and Russia.

20 February 2001

Outokumpu and Siemens Osakeyhtiö agreed on cooperation to plan, implement and inaugurate SAP-based global administrative functions. The project includes extensive harmonisation of Outokumpu's administrative functions. The SAP R/3 system is used in the areas of financial, materials and human resources management.

28 February 2001

Siemens Osakeyhtiö and Mäkitorppa Yhtiöt Oy built on cooperation in the retail sales of mobile phones. Kama and Setele chains, which belong to Mäkitorppa Yhtiöt, have sold Siemens phones since June 2000. The agreement signed in late 2000, broadens cooperation.

12 March 2001

Siemens AG listed on the New York Stock Exchange.

16 March 2001

Siemens and Kuopio Telephone Plc supplied HiPath IP communications services to North Savo Polytechnic. The solution enables teachers and students' calls to be transmitted via the internet. Internet technology enables use of the telephone whilst processing text and images. This system puts North Savo Polytechnic at the leading edge of a new type of working.

20 April 2001

Siemens Osakeyhtiö's Information and Communication Mobile business group delivered 3G UMTS mobile systems to Radiolinja. Cooperation between Radiolinja and Siemens started in 1989 and Siemens is one of Radiolinja's present GSM/GPRS network suppliers.

26 April 2001

Siemens is supplying electrification and automation equipment to AvestaPolarit Oy's steel plant in Tornio. The order is part of a development project aimed at a major increase in production. Siemens Osakeyhtiö's Industry and Energy business groups are involved in this major project.

22 May 2001

Siemens Osakeyhtiö concluded a major contract with Finnet Logistiikka Oy to deliver fibre optic transmission networks to the Finnet Group. The transmission equipment is based on SDH and DWDM technology and enables extremely fast data transmission between telephone exchanges, base stations and data networks. DWDM technology is based on optical fibres. Data is transmitted through different coloured laser beams at speeds of up to 40 gigabits a beam.

25 June 2001

Owing to an 81 per cent improvement in the result for the previous year, Siemens AG decided to sell its shares to employees at a discounted rate. The Let's Share programme was implemented under the same principles in all countries. Siemens now has over 550 Finnish shareholders.

1 July 2001

Radiolinja made the first broadband call in a 3G pilot network supplied by Siemens. Harri Holkeri Counsellor of State (Hon) called from Radiolinja's new office building in Espoo to Transport and Communications minister Olli-Pekka Heino in Eurajoki.

23 July 2001

The Ford Motor Company and Siemens Information and Communication Networks (ICN) agreed on European communications technology and solutions deliveries to Ford. Siemens HiPath architecture also enables IP calls. This will

generate substantial annual savings for Ford. Since Ford has a presence throughout the world, it also required its partner to have a capacity to deliver on a global basis. The system is to be installed in 18 countries, including Finland, in line with local needs.

30 August 2001

Siemens Business Services (SBS) is also to implement an extensive mySAP.com-based enterprise resources planning system for the Finnish Defence Forces. Aside from consulting services, the delivery includes hardware solutions and development systems access services. The system covers the entire Finnish Defence Forces. The project got underway in September 2001 and the first part is scheduled to be operative in December 2002.

5 September 2001

Siemens Osakeyhtiö's Automation and Drives business group opened an online A&D Mall trading site which besides products also provides product information and user instructions. Customers can also track the status of their orders. A&D Mall is open on a 7/24-hour basis.

7 September 2001

UAB Siemens and Lietuvos Telekomas signed a delivery contract that includes improving the capacity of digital switches and the modernisation of traditional telephone exchanges in the Kaunas, Panevežys and Šiauliai areas. Lietuvos Telekomas aims at 80 per cent digitalisation by the end of 2002.

10 September 2001

Siemens is upgrading Lietuvos Energija electricity substations. The work is part of a project to upgrade four local distribution networks. Siemens Osakeyhtiö's Energy business group is supplying the 110 kV equipment, medium-voltage devices and auxiliary electrical systems. The deal also includes upgrading substation protection and controls and the delivery of two local remote control systems. Siemens Osakeyhtiö's business group Information and Communication Networks is delivering the radio links and multiplexers for the project.

Business Segments



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INFORMATION AND COMMUNICATIONS

The network business was slacker in anticipation of forthcoming investments in 3G technology. The Information and Communications group performed best in service operations. Siemens Business Services secured several major orders from companies and public administration.

There was a seasonal slow in the market growth of IC's network business. The industry is still in a state of technological change and investment decisions have been postponed. Despite the market situation, we see no reason to be pessimistic. Our performance has been reasonable and in the service business sector we have done excellently. During the year under review, IC had a turnover of €177 million and employed 705 people.

INFORMATION AND COMMUNICATION NETWORKS (ICN)

A technological breakthrough in the City Carriers business unit means IP-based (internet protocol) networks will become increasingly widespread. Likewise, the Enterprise Networks business unit is switching from PBX technology to IP technology. Many customers are still waiting for new solutions since at the change of millennium most PBXs were replaced in preparation for Y2K.

Major orders during the year under review

We concluded a major contract with Finnet Logistiikka Oy to deliver fibre optic transmission networks to the Finnet Group. Deliveries are to take place over a two-year period. We sold 90,000 digital EWSD lines to Lietuvos Telekomas as part of Lietuvos Telekomas' aim of 80 per cent digitalisation by the end of 2002.

The future

The arrival of technological advances and new solutions on the market highlight the importance of competence. We are committed to the ongoing development of our own competences to respond to the challenges of the day.

INFORMATION AND COMMUNICATION MOBILE (ICM)

The mobile network and terminal market is also currently in a state of transition. We are now well past the peak of building GSM networks. On the mobile network front, the main focus is on building GPRS (general packet radio service) networks. Pilot 3G networks have been built in preparation for the actual commercial launch of the networks.

Despite a general fall in the demand for mobile phones, we have been successfully increasing both our sales and our market share. With mobile phones we are positioned in the second place in Finland. We launched our GPRS phones in August 2001. A new generation of our cordless Gigaset phones, with extended functionality and design, was also launched.

Major orders during the year under review

Oy Radiolinja Ab chose Siemens Osakeyhtiö to be its other UMTS (universal mobile telephone system) supplier. We delivered GSM networks to Latvia and Lithuania for Tele2 as in Estonia earlier. Tele2 in Estonia and Exel in Kaliningrad, Russia have considerably expanded their networks. In addition, we delivered IN extensions and software to Radiolinja and Lietuvos Telekomas.

Radiolinja made the first broadband call in a 3G test network supplied by Siemens on 1 July 2001, when Counsellor of State Harri Holkeri called from Radiolinja's new business premises to Transport and Communications Minister Olli-Pekka Heinonen in Eurajoki.

The future

The focus in mobile networks will be on 3G technology.

Siemens is firmly committed to the further development of new technology systems in line with market requirements.

We have every confidence that we will witness a further strengthening of our market position. Our top quality products are enjoying increased recognition and we are adding several new products to our portfolio. The launch of multimedia terminals will also generate encouraging sales potential.

SIEMENS BUSINESS SERVICES (SBS)

The IT services market grew somewhat. On the consulting side, SBS turnover soared by 80 per cent on the same period a year earlier. SBS also increased its share of the market.

SBS's IT Service business rose by 25 per cent.

Major orders during the year under review

SBS strategically built on its industrial excellence in the forest industry and all major forest industry groups now rank among our customers. With Stora Enso Oyj we agreed on a cooperation project to implement Stora Enso's global operations model and associated SAP.com-based information

system. SBS is responsible for implementing the mySAP.com-based process, change, global financial and materials resources management, as well as maintenance functions. We signed major operating services agreements with UPM-Kymmene Corporation's Printing division, Metsäliitto Group and Myllykoski Corporation. On the public administration side, we secured one of Finland's largest mySAP.com projects as a result of the Finnish Defence Forces strengthening their financial and resource management system and e-business.

In the telecommunication business, SBS embarked on several cooperation projects with Sonera.

On the retail business side, we delivered a business warehouse system to Inex Partners Oy.

The future

We expect the consulting utilisation rate to remain good during the new financial year. The fastest growing consulting services in terms of percentage are supply chain management (SCM) planning and optimisation services and services relating to customer relationship management (CRM). We expect standard software operating services to grow further. The share of inauguration training will increase with large new projects.





SHARE OF GROUP BUSINESS



IC turnover in Finland and the Baltics €177 million, employees 705

IC global turnover, appr. €30 billion, appr. 117 000 employees worldwide

INDUSTRY

Automation and Drives significantly increased its sales and market share. AvestaPolarit Stainless Oy chose Industrial Solutions and Services to implement a major electrification and automation project. Service operations performed much better than expected.

AUTOMATION AND DRIVES (A&D)

A&D sells and markets a complete range of advanced competitive systems in line with the TIA concept. These systems range from low voltage equipment and installation accessories to drives and industrial automation systems including integration and process control. We make wide use of our extensive partner network to help us.

Growth was brisk during the financial year under review, although slowed towards the end of the financial year as industrial growth started to decline. We successfully increased our share of the market. A&D grew three times faster than market growth.

Our customers include major Finnish equipment manufacturers, who we supply with comprehensive electrification and automation solutions. The year under review saw us make strong progress in customer relationship manage-

ment (CRM). We have further built on customer relations and improved the acquisition of new customers. Customers are seeking to save costs by cutting down on the number of suppliers. Siemens is responding well to this challenge by offering an entire product and service suite from our own range.

E-commerce has become a major part of our logistics chain. Most of our orders will be made electronically in 2003.

We achieved our best result ever. Our portfolio of back orders broke a new record during the year under review and we are on track to exceed performance targets as volume grows.

The future

Economists predict a slower market. Our efforts in CRM and customer acquisition will ensure improved performance and enable us to further increase our share of the



market. For us, next year will witness a major advance in electronic commerce.

INDUSTRIAL SOLUTIONS AND SERVICES (I&S)

I&S delivers turnkey electrification and automation projects to the pulp & paper and metal industries. Our service covers the entire spectrum from preliminary design to plant maintenance. We use our excellence to tailor optimum solutions for our customers.

Finnish industry continued to invest in modernisation projects during the year under review. The market is now on hold, and no new major investments are in sight on the Finnish market.

Major orders during the year under review

We concluded an agreement with AvestaPolarit Stainless Oy to carry out electrification and automation projects on the walking beam furnace and RAP5 (Rolling Annealing and Pickling) line. These projects will last for two years and be carried out in collaboration with Siemens AG. Our Traffic Control Unit implemented a comprehensive parking control system, the first of its kind in Finland, at the Iso Omena shopping centre in Espoo. We worked together with Outokumpu Castform and Cimcorp to deliver several production line and equipment automation and electrification projects.

We carried out several projects in the pulp & paper industry including replacement of the electrical drive of paper machine PM3 at UPM-Kymmene Corporation's Rauma mill. We also replaced the electrical drive of paper machine PM 3 at M-real's Kyrö mill. Our equipment factory at Ulvila was also kept busy.



During the year under review, we addressed improving customer support and service by strengthening regional operations and by concentrating technical support and training resources on the same unit. Service operations made better progress than envisaged.

The future

Our back order position is satisfactory as we enter the new financial year and the outlook is encouraging. The start of projects depends on the economic trend. We can perhaps expect some production machinery modernisation projects in the forest industry. The utilisation rate in service projects and production is likely to remain good.

SHARE OF GROUP BUSINESS



Industry's turnover in Finland and the Baltics €108 million, employees 316

Industry's global turnover, appr. €22 billion, appr. 150 000 employees worldwide

POWER GENERATION AND DISTRIBUTION

Demand in the energy sector has picked up. We won new projects relating to power plant turbines and electricity substation deliveries. Projects were launched in Finland and the Baltics. Sales in the Baltics already account for almost half of the business group's turnover. We are also delivering two turbine generator units to Poland.

Power Generation and Distribution enjoyed a brisk year. We considerably increased sales in our market territory and thus built on our market share. During the year under review, the business group had a turnover of €45.2 million and employed 411 people.

Power utilities invested heavily in electricity substation protection and automation upgrades during the year. We delivered protective relays and control systems to electricity substations for use in power transmission and distribution. During the year under review, a higher than average number of power plant investments were made. Besides service projects, turbine plant deliveries also form an important part of our business.

The Baltics, especially Estonia and Latvia, invested heavily in the energy sector. Turnover in the Baltics now accounts for around half of our turnover. Strongest growth was in Latvia.

The year under review saw a reorganisation of our business group along the lines of team working. This means the same team is responsible for a project from beginning to end. Another aim is to draw on our existing resources in the entire area, irrespective of the project concerned. Comments from customers and employees alike have been extremely encouraging.

Major orders during the year under review

The turbine/generator unit delivered to Kokkola Voima's new district heating power plant is now at the commissioning stage. The plant will produce district heat and electricity for Kokkola Energy. In addition to the turbine unit, we are also supplying power plant automation and generator control, protective and periphery systems to Kokkola.

We secured an order to deliver two turbine/generator units and a 123 kV SF6 insulated switch plant to a district heating plant in Chorzow in Poland.



We delivered a process tapped back-pressure turbine unit to Äänevoima Oy in Äänekoski. The power plant supplies process and district heat and electricity to local industry and consumers.

Service projects included a basic overhaul of two gas turbine units at Helsinki Energy's Vuosaari plant. We modernised an industrial turbine plant for Kainuun Voima Oy and, under a service contract, completed an annual inspection for Nokian Lämpövoima Oy. Service projects during the year also included servicing the generator at Fortum's Naantali 2 plant and a service carried out under guarantee of an industrial turbine at Metsä-Botnia's Kemi mill.

We replaced medium voltage distribution devices at Avesta-Polarit's steel plant in Tornio and supplied break devices for power input into the arc and ladle furnaces. Delivery also includes 62 cast resin insulated distribution transformers and a 123 kV SF6 insulated GIS switch plant. The Avesta-Polarit project is the largest electrification project to be carried out in Finland.

Most of the growth in our market share was attributable to electricity substation protective relays and control systems, which we delivered to Turku Energy, Helsinki Energy's Salmisaari substation, four Fingrid (the national grid company) stations, 11 Eesti Energia substations and Latvenergo's six substations.

Later in the year, we secured an order for the Iloharju electricity substation project, which included protective and control systems for a 123 kV SF6 insulated switch plant.

In the Baltics, our largest project was delivery of equipment, with communication links, to four Lietuvos Energija substations.

Of projects implemented during the year under review, the most important was enlargement and revamping of Fingrid's Ventusneva electricity substation, which we handed over in January 2001.

The future

The market price of electricity in summer 2001 was almost double the price a year earlier. This impacts positively on the willingness to invest, especially if electricity consumption continues growing and prices remain at their current level.

There was a surge in the number of new orders in both power generation and power transmission and distribution. We enter the new financial year with a strong order book. Additionally, the next few months will see us negotiate several Finnish and export projects. The energy market may well make more decisions than average to go ahead with new power plants.

Any decision in respect of a new nuclear power plant is unlikely to affect investment decisions made by small and medium power utilities since industry and district heat utilities are investing more in combined heat and power (CHP) plants driven by biofuel. Next year sees the revision or continuation of the service agreement between Siemens Electroservices and Eesti Energia in Estonia.

SHARE OF GROUP BUSINESS



Energy's turnover in Finland and the Baltics €45 million, employees 411

Energy's global turnover, appr. €13 billion, appr. 47 000 employees worldwide

TRANSPORTATION SYSTEMS

We continued to deliver signalling and interlocking systems for various stretches of track in the railway network. We are delivering to Electric Rails Ltd components for track electrification projects in northern Finland. Our Finnish project excellence in transport technology has also generated interest abroad.

As far as major projects were concerned, the project-like nature of this business group meant that the year under review was largely one of completing projects begun during the previous year. Investments by the Finnish Railway Administration were much lower than in previous years.

Excellent progress was made in the product trade. During the year under review, the business group had a turnover of €6.2 million and employed 13 people.

Major orders during the year under review

The signalling equipment we supplied for the Tampere-Orivesi line has now been commissioned. The Tampere-Orivesi project was a continuation of an electronic interlocking system order completed earlier.

The year under review saw the northern track of the new city line between Helsinki and Leppävaara enter commercial service. We supplied an extension to the electronic interlocking system on the city line. The southern track of the city line began operating during the previous financial year.

During the year under review, Siemens AG supplied the technology needed to replace the train sorting incline automation at Kouvola. Employing state-of-the-art technology, this system will improve wagon sorting for departing trains in the shunting yard.



The future

We believe there will be increased demand for our services and products during the new financial year.

Of current projects underway, electrification of parts of the line in northern Finland, where Siemens supplies components to Electric Rails Ltd, is scheduled for the 2002 financial year. Likewise, next year will see new technology replace signalling equipment on less frequently trafficked lines.

Our Finnish project excellence in transportation technology is also exported.

SHARE OF GROUP BUSINESS



Transportation's turnover in Finland and the Baltics €6 million, employees 13

Transportation's global turnover, appr. €10 billion, appr. 59 000 employees worldwide

SUBSIDIARIES IN FINLAND

There was a marked improvement in Netron Oy's sales and profitability. The company gained many new customers during the year under review. One of the company's core projects was improving its expert services. Siemens Metering Oy grew modestly because of lack of growth of the company's market. The company was a subcontractor in many international projects carried out by major Finnish export companies.

NETRON OY

Netron is a comprehensive supplier of information networks and systems. Wholly owned by Siemens Osakeyhtiö, Netron has offices in Espoo, Turku, Jyväskylä and Nokia. Besides the parent company Siemens, Netron's partners include Cisco Systems, Enterasys Networks, Hewlett-Packard, Nokia Corporation, Compaq Computers, Fujitsu Siemens Computers and other Siemens companies.

The company posted a turnover of €13.5 million, up by 70 per cent on the year. Netron employed 29 people. We improved regional operations by setting up an office in Nokia and by taking aboard more staff in Jyväskylä and Turku. Tremendous progress was made with the development of expert services during the year under review. Other major areas in which the company moved forward included the opening of an online trading site for framework agreement customers.

Major orders during the year under review

During the year under review, Netron secured many new customers and received many major orders. This led to growth in the company's share of the market.

New information security solutions were built for Teleste Corporation. Netron delivered a network extension to Siemens Osakeyhtiö and concluded an installation service agreement. Netron was also responsible for upgrading AvestaPolarit Stainless Oy's research centre network and PC terminals in Tornio. The Orion Group placed an order with Netron for new hardware and information security solutions. Netron also delivered many servers to Helsinki City Education Department.

Once again, hospitals were among Netron's major customers. We delivered both hardware and services to Helsinki and Uusimaa Hospital District. Turku Central University Hospital placed an order with us to implement a network access system and Vaasa Central Hospital for a new trunk network, including project work. In the bank and finance sector, OKO Bank chose Netron to replace the LAN hardware in its branches. Netron delivered a new fault tolerant trunk network to Mandatum Bank Plc. In the retail sector, Tietokesko Oy ordered active hardware and maintenance services to extend a trunk network already implemented. During the year under review, we also delivered communication and information systems to many public administration organisations such as the Finnish Defence Forces, ministries and various educational establishments.

The future

The market is poised to grow, although the pace of technological development will slow in 2002. A major challenge in the near future is voice over internet protocol (VoIP), in other words the convergence of voice and data. Information security and demand for Wireless Local Area Networks are growing. WLAN solutions are ideal for large premises such as factories, airports and hotels.

Netron aims to develop its service business and to profitably expand business activities.

SIEMENS METERING OY

Siemens Metering Oy is our subsidiary specialising in measuring in the process industry and power and electricity distribution plants. The company's turnover rose by around four per cent on the year to reach €9.5 million. Siemens Metering employed 21 people.

The market remained unchanged during the year. Siemens Metering somewhat increased its share of the market in field equipment for the process industry. There was again a steady demand for energy measuring instruments.

Major orders during the year under review

Oy Alholmens Kraft Ab and Kokkolan Voima Oy placed orders for pressure, flow and level measurements and Stora-Enso Oyj flow and radiometric measurements for its Pulp 2001 project. We delivered measuring instruments to AvestaPolarit Stainless Oy in Tornio for projects already under way.

Exports play an important role in Siemens Metering's business. In its capacity as a subcontractor to Finnish engineering firms, Foster Wheeler Energia Oy, Fortum Corporation, Andritz-Ahlstrom Oy, Kværner Pulping Oy and Metso Automation Oy, Siemens Metering's entire product suite was represented in export projects to Germany, Romania, Brazil, China and Italy.

The future

Present estimates suggest the market is unlikely to show any particular growth, although this situation could rapidly change. Market development seems steady.

SUBSIDIARIES IN THE BALTICS

All our Baltic subsidiaries reported steady growth and already generate more than 30 per cent of Siemens Osakeyhtiö Group's turnover. Initially, business in the Baltics focused on building a communications and information technology infrastructure. Today, business has expanded into industrial and energy sectors and increasingly into services.

AS SIEMENS, ESTONIA

Estonian GDP is expected to grow by around five per cent by the end of 2001. AS Siemens, our Estonian subsidiary, successfully increased sales and further stabilised its market position. Our share of the market grew in almost all business areas. Sales of medical engineering systems were encouraging and Siemens is market leader in the field. AS Siemens had a turnover of €29 million and employed 49 people. The subsidiary AS Siemens Electroservices had a turnover of €10.2 million and employed 339 people.

Major projects during the year under review

Estonia's second largest GSM operator, Tele2, continued to expand the subscriber base of its GSM switching centre. Likewise work continued on hardware deliveries and building the network. Preparations began to offer IN and GPRS services to Tele2. Eesti Telefon placed an order for exten-

sions to its EWSD and SDH networks and AS Uninet for an ATM network extension.

AS Siemens is replacing the Sampo Panga telephone system and will install a Siemens Flexrouting system to replace the ACD (Automatic Call Distribution) system. This will enable Call Center services. Sales of integrated wireless telephone systems are developing well and have been delivered to Tallinn City Board, AS Klement and Hansa Bank.

Working together with IT Kolledziga, AS Siemens fitted out a classroom with VoIP (Voice over Internet Protocol) hardware. A PreStady project was delivered to Tallinn department store Tallinna Kaubamaja. AS Siemens concluded computer leasing agreements with KGMP Eesti, Tallinna Haigekassa and Tallinna Vesi. AS Siemens completed work on modernising Eesti Energia's 330 kV electricity substation at Tartu and delivered NxAir hardware to the 10 kV electricity substations at Rakvere and Loo. We also upgraded the 10 kV electricity

substation at Jõgeva and delivered electricity meters to Eesti Energia.

Projects carried out by Industry included process automation for Sauga Electricity Works, delivery of boiler automation systems to the Tallinna Soojus heating plant and automation systems for Kuressaare, Valga, Piira and Jõgeva wastewater treatment plants. We also delivered an Instabus building information system to Eesti Energia and parking automation hardware to security company ESS in Tartu.

Medical Engineering delivered a high field Magnetom Symphony, Somatom Volume Access CT and a BICOR Plus angiography system to the University of Tartu Hospital, as well as a Multix Pro x-ray system to Kohtla-Järve Hospital.

The future

Our principal business focus continues to be on communications, IT and industry. Demand for technical services and solutions is growing in all areas and is an increasingly important challenge as far the company's future is concerned. The new financial year is poised for a good start against a background of economic growth in Estonia and expansion of AS Siemens' business.

SIEMENS SIA, LATVIA

Latvian GDP is expected to have grown by over eight per cent by the end of 2001. During the year under review, Siemens SIA successfully increased sales by 25 per cent. The company posted a turnover of €36.5 million and employed 71 people. Teka Telekom, Siemens SIA's subsidiary, had a turnover of €2.1 million and employed 39 people.

Major orders during the year under review

As in previous years, IC deliveries accounted for most of our turnover in Latvia. The principal business focus was on data and access networks. The eastern frontier control project is on hold owing to the critical financial situation. The project, required by the European Union, is aimed at strengthening the external borders of EU candidate countries.

Siemens SIA delivered a considerable number of Newbridge routers to Lattelekom. During the year under review, sales

of xDSL lines also began to grow encouragingly. The past year also saw Tele2 launch an extensive project to build a mobile network. Initially the project is focusing on replacing old base stations primarily in the Riga area. The company is delivering optical fibre cables to Estonia, for one of the largest optical fibre projects in the Baltics.

On the energy front, the electricity substation business has performed well in a favourable market and Siemens SIA has achieved leadership in the Latvian substation market. Siemens SIA delivered eight 330 kV contact breakers to Latvenergo. A 110 kV substation at Hanza and 10 kV equipment at the Bastejkalns substation in the centre of Riga also entered service.

Although industry is slowly developing, it has no major impact on Siemens' business for the time being. The year under review also saw the completion of a building automation project at the Hotel Latvija, the largest hotel in the centre of Riga. On the healthcare front, the difficult economic situation has frozen investments.

The future

Siemens SIA expects sales to rise during the new financial year. Developments taking place in the energy market seem encouraging and we believe there will be greater demand for turnkey electricity substation projects. Forthcoming projects include the Valmiera power plant project, the Riga TEC heating plant project and a similar project in Liepaja.

It is thought Lattelekom will decide its 3G network solution during 2002. Siemens Business Services sees potential relating to the eastern frontier security project since conditions will seem better in 2002. The tragic events in the USA earlier in the autumn have put local authorities under more pressure to improve security.

UAB SIEMENS, LITHUANIA

The Lithuanian economy has peaked and started to decline. Economic growth was 3.4 per cent instead of 3.6 per cent as anticipated. Despite this, the Lithuanian business environment looks encouraging, although rising unemployment rates, currently at 11.5 per cent, might radically change prospects.

Major orders during the year under review

Despite a difficult economic climate, UAB Siemens reported a turnover of €31.6 million and new orders worth €36.2 million. The company employed 67 people.

UAB Siemens is exceptionally strongly placed in the Information and Communications sector. An expansion of UAB Lintel's Call Center was successfully completed to a tight schedule. UAB Siemens supplied more than 130,000 subscriber lines in a network expansion project for its principal customer, Lietuvos Telekomas. XDSL and VoIP pilot projects were launched in early 2001. The company delivered ADSL hardware to all major towns and cities in Lithuania. Siemens won a competition for a significant SDH transmission network contract with Lietuvos Energija.

A major mobile network agreement was signed with Lithuania GSM operator UAB Tele2. During the next two years, Siemens will deliver hardware and carry out network expansion. An extensive suite of products improved sales of mobile terminals. Siemens seeks to secure the second largest share of the market by the end of the financial year. UAB Siemens is enjoying profitable cooperation with all operators.

The Medical Solutions business unit is also a successful player in the Lithuanian market. UAB Siemens delivered a Magnetom Symphony magnetic resonance imaging system and a new generation digital ICONOS R200 x-ray system equipped with PACS, which enables digital archiving and

communication of diagnostic images, to the Vilnius University Santariskiu clinics.

On the Energy front, UAB Siemens successfully completed the upgrading of four transformer stations, one of the largest projects in 2001. An agreement was signed with Siemens Osakeyhtiö. The Automation and Drives business unit reported a 50 per cent increase in sales and performance.

The Industrial Solutions and Services (I&S) business group modernised and enlarged various building and surveillance systems. Customers included Kraft Foods Lietuva in Kaunas, UAB Philip Morris Lietuva in Klaipeda and AB Rokiskio Suris, which is Lithuania's largest cheese producer and exporter. UAB Siemens installed traffic control equipment in Vilnius, Klaipeda and Marijampole and a car parking payment system in Vilnius. I&S seeks to win the tender to deliver and install a turnkey electrical engineering project at the Baltijos Automobiliu Technika factory in Klaipeda. We also carried out challenging automation and control projects for the Vilnius, Kaunas, Klaipeda, Ingalina and Marijampole water companies.

The future

Given current estimates, UAB Siemens views the new financial year and foreseeable future as promising. We expect to see growth in almost all business sectors and cannot rule out the possibility of expansion through new business activities. UAB Siemens' experienced, well-motivated people make us well placed to respond to future challenges.



JOINT VENTURES

Wincor Nixdorf Oy started R&D on its mBusiness & Integration Platform (MIP) in Finland in 2001. MIP is aimed at systems integration and mobility. Development work is being done on the basis of information received from customers about the solutions they require. PICS Automation Oy took part in major Siemens industrial projects. The outlook in the automation industry is encouraging because even during economic slowdowns industry invests in improving production.

WINCOR NIXDORF OY

Wincor Nixdorf Oy is a joint venture owned by Wincor Nixdorf International GmbH (50.1%) and Siemens Osakeyhtiö (49.9%). The company provides IT solutions for the retail trade and banks. Other products include self-service automation, network business solutions, hardware, software and communication solutions. The company had a turnover of €9.6 million and employed 27 people. Wincor Nixdorf has 28 own subsidiaries and a presence in 40 countries.

There was moderate growth in home market in the retail sector in 2001. In the growing Baltic markets, Wincor Nixdorf successfully established its position with the delivery of SAP enterprise resources planning and point of sale systems for various customers. In the bank sector too, Wincor Nixdorf considerably increased its share of the market.

The past financial year saw customer launch major IT projects, such as SAP enterprise resource planning, self-service automation, multichannel and mobile projects.

In Finland, Wincor Nixdorf began R&D on an mBusiness & Integration Platform (MIP) product. Under agreements made, product distribution is expected to commence during the first half of 2002. R&D work aims at systems integration and mobility and is being done in the light of analyses conducted with customers of the new types of solutions they require. The project has also stimulated international interest.

Wincor Nixdorf delivered SAP enterprise resource planning systems and Calypso point of sale systems to Kesko in Estonia and Latvia. In Finland, we delivered internet kiosks to Anttila department stores. This is a pilot scheme of a

loyal customer project. Bulk deliveries are scheduled for 2002. The project may well spread to other chain stores.

Wincor Nixdorf internet and self-service automation kiosks provide consumers with access to a retail group's online services, loyal customer services, payment, recipe printouts and similar added value services in a store environment. The kiosks also have special features such as a CD on Demand function, which enables customers to select music and even games and to provide CDs on a self-service basis according to what music the user likes. Besides the retail trade, potential internet kiosk customers include public administration, insurance companies and travel agencies.

Transition to the euro, modern technology and software have contributed to higher demand for bank ATMs and retail point of sale systems.

Demand for store systems is expected to grow since many major retail chains are poised to begin plans to upgrade their systems during 2002. Wincor Nixdorf provides Trading Post, a next system generation product based on the latest standard architectures and a Microsoft platform. The product is already in operation in major retail chains in Europe.

Wincor Nixdorf products are international. This, like the company's excellence in national applications, gives it a distinct competitive advantage. Bank of America ranks among the users of Wincor Nixdorf automation software. IBM is our partner in the United States and Canada.

It is expected EMV chip cards will be launched in late 2002. These will enable customers to pay at the checkout by inserting the chip card and entering the PIN into a card reader.

PICSI AUTOMATION OY

PICSI Automation is a joint venture owned by PI-Consulting Oyj (70%) and Siemens Osakeyhtiö (30%). The company's business focus is on power, instrumentation and automation systems engineering in investment, development and maintenance projects and on project management services. During the year under review, PICSI Automation Oy had a turnover of €3 million and employed 50 people.

Demand during the early part of the year was brisk, levelling off towards the end of the year. Projects during the year under review were related to major Siemens projects including automation of Cimcorp's picture tube line and AvestaPolarit Stainless Oy's walking beam furnace at the Tornio plant.

Although it would seem demand for investment projects is declining in the light of the recent economic trend, the automation sector has shown no signs of a slow. As utilisation rates fall, industrial plants invest in enhancing production in readiness for a new boom.

PICSI Automation's major project for 2002 is an extensive automation project of AvestaPolarit's cold rolling mill in Tornio. Siemens AG and Siemens Osakeyhtiö have already signed the contract with the customer. PICSI Automation is one of Siemens Osakeyhtiö's major subcontractors. The outlook for 2002 is bright and the current period of strong growth seems set to continue.

OTHER SIEMENS COMPANIES

Sales of medical engineering systems, financial services, building automation, fire and safety systems, lighting, IT and household appliances rose encouragingly during the year under review.

FUJITSU SIEMENS COMPUTERS OY

Fujitsu Siemens Computers' customers are companies and organisations, industry public administration, SMEs and consumers using information technology. The company's products are corporate micros, server hardware, laptops and consumer computers. During the year under review, the company had a turnover of around €92.8 million and employed 50 people.

A year ago, the market was expected to grow by around 13 per cent. However, current figures suggest that growth is likely to remain unchanged on the year. In Finland, we also expected digital TV, with its new features, to replace the PC. However, this has not been the case and digital TV is still under development.

Economic slowdown has not been reflected on the public administration front. Companies, too, have invested heavily in new IT. Sales by Fujitsu Siemens Computers grew faster than the market as a whole and the company successfully increased its market share. The distribution channels work well. New sales channels are GNT, the fastest growing wholesaler in Finland and the country's largest corporate reseller Atea.

A framework agreement with Metso Corporation had the greatest overall impact on growth. Metso chose Fujitsu Siemens Computers to be its principal computer supplier. The town of Mikkeli decided to go ahead with its largest ever investment in computer hardware and Fujitsu Siemens Computers is to supply Mikkeli with some 800 PCs. Major workstation deals were also signed with the Finnish Tax

Administration and the Pohjola Group On the server front, Metsäliitto Group is a major customer.

The new Unix suite of products was launched in 2001 and delivered to the forest industry and public administration.

Sales prospects are good. The company is addressing sales of server products and solutions, including mobile solutions. Likewise, we are also looking into how customers can benefit most from mobile solutions. Sales of portable PCs were up and the foreseeable future will also see the arrival of smaller mobile hardware such as Pocket PCs.

SIEMENS-ELEMA AB BRANCH IN FINLAND

Swedish-based Siemens-Elema AB is responsible for Medical Engineering sales in Finland. The company's customers include university and central hospitals, public health centres and private medical practices. Medical Engineering products and services are magnetic resonance imaging (MRI), intensive care and patient monitoring systems, information systems and technical UPTIME services. During the year under review, the division had a turnover of €16.9 million and employed 40 people.

The brisk market for imaging systems witnessed a year earlier continued during the year under review. Medical Engineering products include magnetic resonance imaging (MRI) systems, computer tomography (CT) systems, angiography systems, radiotherapy systems and image transmission networks (PACS). Demand for electrical medical engineering equipment remained fairly steady, although the prolonged doctors strike somewhat affected business. Next year will see continued strong interest in clinical (anaesthetic and intensive care) information systems and many customers have planned to purchase these systems.

Major orders during the year under review

Siemens-Elema secured an order from Helsinki and Uusimaa Hospital District (HUS) for two MRI systems, a CT system, an isotope camera, an x-ray system and a state-of-the-art operating theatre angiography system. Turku University Central Hospital (TYKS) placed an order for two x-ray systems Tampere University Central Hospital (TAYS) for an operating

theatre angiography system, which will be mainly used to examine blood vessels. We received an order from Porin Röntgen for a magnetic imaging system. Kuusankoski District Hospital ordered a Vertex FD flat panel detector radiography system. The system streamlines workflow and saves costs.

New projects have also resulted in ample delivery, installation and commissioning work for Technical Services.

The future

Siemens is paying increasing attention to ensuring that radiation doses received by patients are kept to an absolute minimum. This is one of our key aims in research and development. Workflow is becoming increasingly important in a faster moving world. We are committed to achieving more in less time and developing technology fast, effectively and economically to this end.

SIEMENS RAHOITUS OY

Siemens Financial Services is a global financing company serving customers and international businesses through its local companies. Siemens Rahoitus has a suite of four leasing products. IC leasing is aimed at clients who want to purchase information and telephone systems but are unwilling to tie up capital in new technology. Lease IT Easy is the ideal interest-free leasing solution for new workstations and servers. High Tech leasing has been engineered to finance production lines or parts thereof. The latest solution is Partner leasing, which is used to finance deliveries by a third party. For example, office equipment such as furnishings or coffee and spring water vending machines. Siemens Rahoitus has substantial joint projects with Siemens Business Services.

Siemens Rahoitus has a portfolio of around €40 million and employs a total of 13 people in Finland and the Baltics. Customers include suppliers, contract manufacturers, industry, companies, public administration and, indirectly, restaurants, for example.

Special Equipment financing secured a sound position during the year under review. Demand for computer controlled electronic and information boards is rising, as is the demand for financing them.

The shelving of investments in some sectors affects demand for financing but continuous advances made in technology may hasten financing decisions. Siemens Rahoitus works in cooperation with other Siemens financing companies in the Nordic countries. We have already been able to benefit from synergetic advantages. Credit status decisions are being automated in Scandinavia. This will free resources for sales work and improve our operations and customer service.

SIEMENS BUILDING TECHNOLOGIES OY

• Building Automation & HVAC Products

Building Automation & HVAC Products is active in the building automation field. During the year under review the building automation sector grew by around seven per cent, compared to 13-14 per cent a year earlier, when growth was driven by Y2K projects. The division reported a turnover of €28.9 million and employed 169 people. Profitability remains good.

The company's business activities are closely linked to new development and refurbishment volumes. Recently, the construction industry has begun to show signs of a slowdown.

Major orders during the year under review

Nokia Corporation's Kiinteistö Oy Helsingin Lepakko property in Porkkalankatu, Helsinki was Building Automation & HVAC Products' first major LON project. All the approximately 1,000 rooms in the building are to be fitted with Desigo RX controllers. The division secured an order from Karakallion Huolto Oy to link up 30 blocks of flats to a local surveillance scheme. Senate Properties, the former state real property agency, placed an order for building automation at Tampere University of Technology's IT Building. We also secured an order for building automation for the first phase of construction of Oyj Hartwall Abp's Lahti brewery. We will also install Building Automation & HVAC Products' Visonik system in Microsoft Oy and Intention Oy's new office building at Keilaniemi in Espoo, and in the Orion Group Noiro's new cosmetics factory. Germany-based Bauhaus also placed an order for building automation for its new building supplies store recently opened in Vantaa. Helsinki University of Technology also ordered building automation for the extension to its Magnet Building, as did Elisa Communications Corporation for its properties.

Other major customers of the division include heat exchanger manufacturers LPM and Cetetherm and oil burner manufacturer Oilon.

Finland's second largest shopping centre, Iso Omena, which has just recently been opened at Matinkylä in Espoo, also features Building Automation & HVAC Products building automation and Fire Safety and Security fire detection and security systems.

Exports accounted for around 20 per cent of turnover. Our own valve production and many export projects, the largest of which were in Russia, also contributed to this figure.

The future

The sector is still currently undergoing a technological breakthrough. The division expects moderate growth and stability during the new financial year. As in earlier years, turnover is expected to derive mostly from many small projects.

• Fire Safety and Security

Fire detection and security systems supplier Fire Safety and Security reported a turnover of €10.1 million. The business unit employed 66 people and has an approximately 35 per cent share of the fire detection systems market. The year under review saw Fire Safety and Security launch new innovative products on the fire detection and security front alike. Quality products and a growing need for protection contributed to higher demand for the unit's products. The unit has also successfully won many new customers in both the private sector and public administration.

Major orders during the year under review

Fire Safety and Security delivered systems to the forest industry, including one to Metsä-Botnia's Joutseno Pulp pulp mill. The unit was principally responsible for fire safety at SnowCastle in Kemi. VR-Group also ordered systems for difficult surveillance sites. We also delivered systems to the Port of Kotka. Helsinki City Transport also ordered protection systems from Fire Safety and Security for the metro.

Telerex, a cordless system, represents new technology and is believed will add to market potential. Fire Safety and Security has also started to offer financing through Siemens Rahoitus Oy.

The future

Demand for fire detection and security solutions is expected to grow even in the event of a slowdown in the construction industry. Digital recordings and PC technology are becoming increasingly widespread. In time, this will result in the disappearance of videotapes. Cameras capable of being linked to mobile phones are also on the horizon.

OY OSRAM AB

Osram's products include lamps, lighting and electronic connectors. The company's customers are electrical wholesalers and central grocery store firms. During the year under review, the company had a turnover of over €19.6 million and employed 17 people.

The electrical engineering wholesale market grew by around three per cent, roughly in line with GDP, during the year under review. Sales growth in all the Baltic states - Estonia, Latvia and Lithuania - was particularly pleasing. Demand was mostly for lamps.

The company is currently preparing to start using an SAP R/3 sales resources and logistics planning system. This is scheduled for 1 April 2002.

Demand is expected to slow in line with the decline of new development projects. Recent trends in the national economy would also seem to indicate a fall off in investment construction projects. On the other hand, we expect an increase in building repair projects. This would impact on the demand for Osram products.

BSH KODINKONEET OY

BSH Kodinkoneet services include spare parts, training and maintenance for Bosch, Siemens and Gaggenau household appliances. The company had a turnover of around €42 million and employed 45 people. BSH Kodinkoneet retailers are Tekniset, Expert, Musta Pörssi and fitted kitchen manufacturers Puustelli and Novart. New sales channels are hardware and builders supply chain K-Rauta and Anttila department stores.

The household appliances market has fluctuated intensely during 2001. Retail chains are still in a state of transformation and international chains have arrived in Finland to stay. Nevertheless, BSH Kodinkoneet sales rose by 10 per cent on the year, compared with a market growth of around four per cent.

There is growing demand for quality household appliances, with fastest growth evidenced in the sale of dishwashers and refrigeration appliances. There was also higher demand for washing machines and tumble-driers. Sales of small appliances and vacuum cleaners were also up.

International chains will continue to transform the market. BSH Kodinkoneet is starting the new financial year on a positive note. Dependable products, at the right price-quality ratio, will consolidate market potential. BSH Kodinkoneet will launch sales operations in the Baltics in 2002 and later set up subsidiaries in Estonia, Latvia and Lithuania.

INFINEON TECHNOLOGIES NORDIC OY

Infineon manufactures semiconductors and its largest customers are communications producers. The semiconductor industry is extremely sensitive to business cycles and sharp fluctuations in demand are typical. All semiconductor companies felt the pressure because of weak prices. It is thought the nadir has now been reached and that there are signs of recovery. Infineon successfully increased its turnover somewhat during the year under review. The company employed 16 people.

Key customers ensured that demand for Infineon's semiconductors remained good. The company also enhanced its share of the market. It is thought the downturn will return to an upswing with the innovative components required by new technologies. The computer industry may be the first to impact on growth, followed by investments in 3G mobile networks and an increase in the use of digital TV.

Siemens companies in figures

Siemens companies:	Turnover, €M	Employees, average
Siemens Osakeyhtiö Group	346.7	1677
Wincor Nixdorf Oy	9.6	27
Oy Osram Ab	19.6	17
Siemens Building Technologies Oy	39.0	235
Building Automation & HVAC Products	28.9	169
Fire Safety and Security	10.1	66
Siemens-Elema AB Branch in Finland	16.9	40
Fujitsu Siemens Computers Oy (31 March 2001)	92.8	50
Siemens Rahoitus Oy Group	8.6	13
BSH Kodinkoneet Oy	(est) 42.0	(est) 45
PICSI Automation Oy	3.0	50
Siemens companies in Finland and the Baltics¹⁾	578	2154

¹⁾ Excl. Infineon and Epcos

Siemens Osakeyhtiö Group:	Turnover, €M	Employees, average
Siemens Osakeyhtiö	241.1	1062
Siemens Metering Oy	9.5	21
Netron Oy	13.5	29
AS Siemens	29.0	49
AS Siemens Electroservices	10.2	339
Siemens SIA	36.5	71
Teka Telekom	2.1	39
UAB Siemens	31.6	67
Siemens Osakeyhtiö Group²⁾	346.7	1677

²⁾ Consolidated figures

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Board of Directors' report

Organisation

Siemens Osakeyhtiö comprised the following business groups: Information and Communication Networks, Information and Communication Mobile, Siemens Business Services, Automation and Drives, Industrial Solutions and Services, Power Generation and Distribution, Transportation Systems and electronic components, which is part of Siemens Nordic sales group.

PARENT COMPANY

New orders and turnover

New (comparable) orders rose by 23 per cent on the year to €283 million. The figures for the incorporated components business have been eliminated from the comparable figures for the previous year.

Siemens Business Services, Automation and Drives, Industrial Solutions and Services, Power Generation and Distribution in particular reported a rise in new orders. Only Information and Communication Networks reported a significant fall in new orders. This was owing to a general hold on investments throughout the telecommunications industry.

The company's turnover rose by 20 per cent to €241 million. Siemens Business Services, Automation and Drives, Industrial Solutions and Services, Power Generation and Distribution witnessed the greatest rise in turnover. Turnover fell in the Information and Communications business groups in line with falling market volumes.

Result

The company's result before exceptional items was down by 24 per cent to €9.1 million. The result includes charges of €1 million arising from Siemens Worldwide's share pur-

chase scheme. Additionally, the figure for the previous year included gains of €1.9 million received for business operations transferred.

The company's operating profit down 25 per cent to €9.0 million. The relative operating profit fell from 6 per cent to 4 per cent. An examination of the operating profit of €10.0, excluding the costs of the share scheme, in relation to the result a year earlier, excluding the gains made on businesses transferred, shows a fall in the relative operating profit from 5 per cent to 4 per cent.

Future prospects

The Board of Directors expects new orders and turnover to rise during the new financial year. Nevertheless, increasing uncertainty is also felt in Siemens Osakeyhtiö's business groups in the wake of the tragic international events taking place this autumn.

Investments

Investments fell from €7 million to €6 million. Investments were largely in new computers and refurbishment of the office premises at Perkkää.

Financing

The company's cash flow was €10 million in the black. The amounts owed to the parent company by group undertakings fell sharply during the year. This resulted in the equity ratio rising to 57 per cent.

Corporate governance

No changes took place in the composition of the company's Board of Directors during the year under review. The company's Board of Directors comprised managing director Risto Kortela, Michael Eidam and Pekka Eloholma. The

Supervisory Board comprised Pentti Seppälä, chairman, Roland Koch, deputy chairman until 31 July 2001, Jürgen Radomski, Kimmo Kalela, Timo Rajala, Pekka Einamo and Olli Martikainen. Wolfgang Thost was deputy member of the Supervisory Board.

Recommendation by the Board of Directors for the disposal of profit

The Board of Directors recommends a total dividend payment of €9,903,000 out of the profit of €6,101,579.48 and the contingency fund of €11,758,030.36.

GROUP

Group structure

Besides the parent company Siemens Osakeyhtiö, the group comprises the subsidiaries AS Siemens in Estonia, Siemens SIA in Latvia and UAB Siemens in Lithuania. The Estonian subsidiary AS Siemens also has a subsidiary, AS Siemens Electroservices. In Latvia, Siemens SIA increased its stake in Latvia-based Teka Telekom SIA to 75 per cent. In addition, Siemens Osakeyhtiö owns a third of Latvia-based CoPower SIA, a joint marketing company.

In Finland, Siemens Osakeyhtiö's subsidiaries are Siemens Metering Oy, which is active in the electricity meter and field equipment business, and Netron Oy, which specialises in data network design and installation. Siemens Osakeyhtiö has a 49.99 per cent interest in Wincor Nixdorf Oy and a 30 per cent stake in PICS Automation Oy.

New orders and turnover

New (comparable) orders rose by 29 per cent on the year to €412 million. The figures for the incorporated components

business have been eliminated from the comparable figures for the previous year.

Turnover rose by 23 per cent to €347 million. Turnover in the Baltics rose faster than that of the parent company and the Baltics now account for one third of group turnover. Information and Communications had a very good year in the Baltics, and this is also reflected in a rise in turnover of these business groups at the group level.

Result

Despite turnover growth, group operating profit fell by €0.2 million to €17.2 million. The result for the previous year included a gain of €1.8 million arising from business transfers. Additionally, during the financial year just ended, the group incurred a non-recurring charge of €1 million to support the purchase of shares. This was paid on the basis of Siemens AG Group's result for the previous year.

Future prospects

New orders and turnover are expected to improve throughout the entire group and in the Baltics.

Siemens Group profit and loss account

(€1000)	1 Oct 2000-30 Sept 2001		1 Oct 1999-30 Sept 2000	
Net turnover		346 666		281 862
Change in stocks of finished goods and work in progress		-3 939		-1 835
Own work capitalised				1
Other operating income		11 634		10 568
Materials and services				
Raw materials and consumables:				
Purchases during the financial year	-195 850		-164 433	
Change in stocks	2 036		298	
External services	-31 721	-225 535	-19 533	-183 668
Staff costs				
Wages and salaries	-55 708		-46 503	
Social security costs				
Pensions costs	-6 865		-4 992	
Other social security costs	-6 056	-68 629	-4 872	-56 367
Depreciation and value adjustments				
Planned depreciation	-6 763		-6 696	
Depreciation of goodwill consolidation	-1 092	-7 855	-1 082	-7 778
Other operating charges		-35 156		-25 405
Operating profit		17 186		17 378
Financial income and charges:				
Other fixed asset investment charges	-44			
Share of associate's result	178		272	
Other interest receivable and similar income				
From group undertakings	1 472		2 705	
From others	1 506		2 294	
Interest payable and other financial charges				
To group undertakings	-2 901		-2 263	
To others	-1 451	-1 240	-2 457	551
Profit before appropriations and taxes		15 946		17 929
Income tax				
For the financial year	-5 432		-3 937	
Other direct taxes	82		-18	
For previous years	-581		-720	
Deferred income tax	1 541	-4 390	-1 718	-6 393
Minority interests		-11		
Profit for the financial year		11 544		11 536

Siemens Group balance sheet

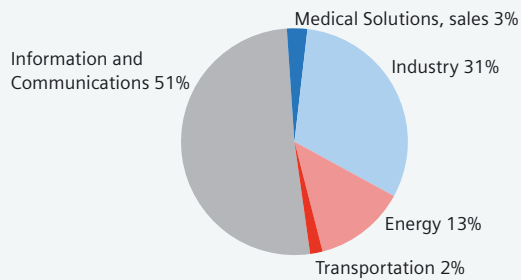
Assets (€1000)	30 Sept 2001	30 Sept 2000	Shareholders' equity and liabilities (€1000)	30 Sept 2001	30 Sept 2000
Fixed assets			Shareholders' equity		
Intangible assets			Subscribed capital	18 870	18 870
Intangible rights	29	0	Revaluation reserve	572	572
Goodwill	381	444	Other reserves	4 261	4 258
Other long-term expenditure	888	687	Contingency fund / Accrued earnings	25 907	22 850
	1 298	1 131	Profit for the financial year	11 544	11 536
Goodwill on consolidation	1 614	2 706	Shareholders' equity, total	61 155	58 086
Tangible assets			Minority interests	43	
Land and water	2 318	2 318	Provisions for liabilities and charges		
Buildings	31 610	31 497	Provisions for pensions	1 738	1 725
Machinery and equipment	9 018	9 895	Other provisions	4 423	2 041
Other tangible assets	450	80		6 161	3 766
	43 396	43 790	Creditors		
Financial assets			Long-term		
Shares in group undertakings	0	46	Pension loans	351	371
Participating interests	1 581	1 542	Other long-term liabilities	74	337
Other investments	979	1 057	Deferred tax liability	1 687	3 228
	2 560	2 645		2 112	3 936
Fixed assets, total	48 868	50 272	Short-term		
Current assets			Loans from financial institutions	16	
Stocks			Pension loans	21	22
Raw materials and consumables	451	673	Trade creditors	17 664	10 007
Work in progress	592	514	Amounts owed to group undertakings	36 622	36 856
Finished goods and goods for resale	11 945	11 834	Other creditors	9 946	9 188
Other stocks	32 757	23 993	Accruals and deferred income	16 621	12 326
Payments on account	2 162	4 147		80 890	68 399
- Advances received	-11 146	-21 620	Creditors, total	83 002	72 335
	36 761	19 541			
Debtors					
Long-term					
Trade debtors	241	690			
Loan receivables	262	707			
	503	1 397			
Short-term					
Trade debtors	53 994	40 439			
Amounts owed by group undertakings	545	13 020			
Amounts owed by participating interests	431	293			
Loan receivables	422	1 128			
Other debtors	2 845	3 287			
Prepayments and accrued income	2 359	279			
	60 596	58 446			
Debtors, total	61 098	59 843			
Investments	17	13			
Cash at bank and in hand	3 617	4 518			
Current assets, total	101 493	83 915			
ASSETS	150 361	134 186	SHAREHOLDERS' EQUITY AND LIABILITIES	150 361	134 186

Siemens Group cash flow statement

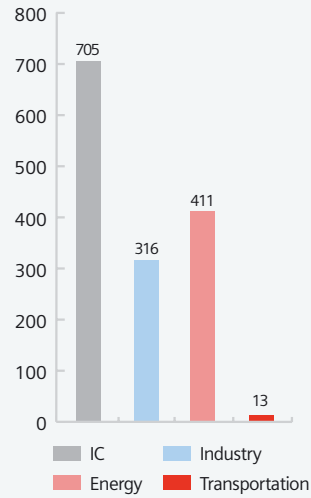
(€1000)	1 Oct 2000-30 Sept 2001	1 Oct 1999-30 Sept 2000
Cash inflow from operating activities		
Operating profit	17 186	17 378
Adjustments:		
Planned depreciation	7 855	7 778
Change in provisions for liabilities and charges	2 395	-5 278
Financial income and charges	-693	1 846
	26 743	21 724
Change in working capital		
Change in receivables	-13 790	1 379
Change in stock	-17 220	11 776
Short-term creditors	19 333	-895
	-11 677	12 260
Cash flow from operating activities before financial items and taxes	15 066	33 984
Interest paid and payment of other financial charges	-1 398	-2 893
Interest received from operating activities	717	1 326
Dividends received from operating activities	169	
Direct taxes paid	-5 931	-4 676
	-6 443	-6 243
Cash inflow from operating activities	8 623	27 741
Cash flow from investment activities		
Fixed asset investments	-7 409	-7 426
Participating interests acquired		-1 270
Value adjustments of fixed asset investments	-44	
Divestment of fixed assets	886	385
	-6 567	-8 311
Cash flow from financing activities		
Repayment of long-term loans	-22	-23
Change in financing receivables	12 535	12 352
Change in financing liabilities	-7 105	-16 495
Payment of dividends	-8 458	-18 750
	-3 050	-22 916
Changes in group structure	95	333
Change in liquid resources	-898	-3 154
Liquid resources at 1 Oct	4 518	7 672
Liquid resources at 30 Sept	3 620	4 518

Group financial summary

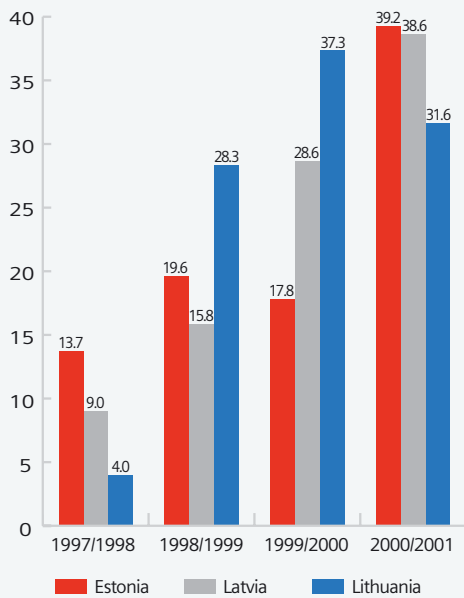
TURNOVER BY BUSINESS SEGMENT



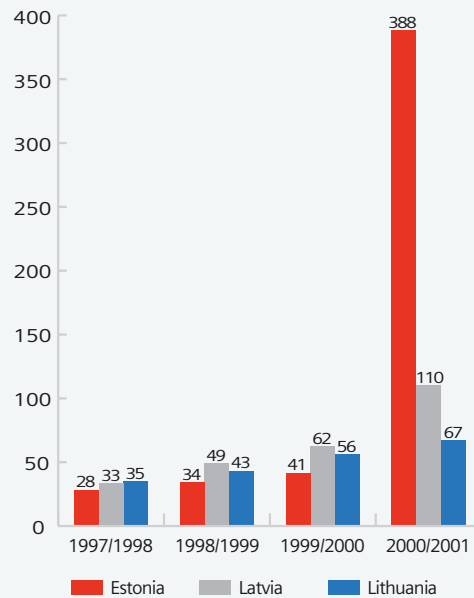
EMPLOYEES BY BUSINESS SEGMENT



TURNOVER IN THE BALTICS, € MILLION



EMPLOYEES OF CONSOLIDATED COMPANIES IN THE BALTICS



The figures for 2000/2001 include the employees and turnover of AS Siemens Electrocervices and Teka Telekom SIA.

Siemens Group Worldwide

Siemens Group Worldwide has a presence in 190 countries and at 30 September 2001 had 450,000 employees throughout the world.

Siemens Group Worldwide's turnover was €82.2 billion. New orders totalled €88.9 billion. These figures exclude semi components manufacturer Infineon, in which Siemens AG has a 53 per cent stake. Around 80 per cent of turnover was derived from international activities, those outside Germany. The post-tax profit was €2.1 billion. Investments amounted to €11.7 billion and Siemens AG spent some €6.6 billion on R&D.

Diversity an advantage

Both the diversity of Siemens customers' business and Siemens' diverse businesses have helped maintained the equilibrium of Siemens Group Worldwide's financial development. With the shelving of investments in the information and communications sector and a weakening business climate, the healthy back orders and strong performance of Siemens' industry, transportation, medical engineering and energy business segments have contributed to a growth in turnover and operating profit.

Reorganisation within the Information and Communications segments are underway and Dr Heinrich von Pierer, Siemens AG's President and Chief Executive Officer, believes these moves will later contribute to improved earnings performance.

Growth in the USA and Asia-Pacific Rim

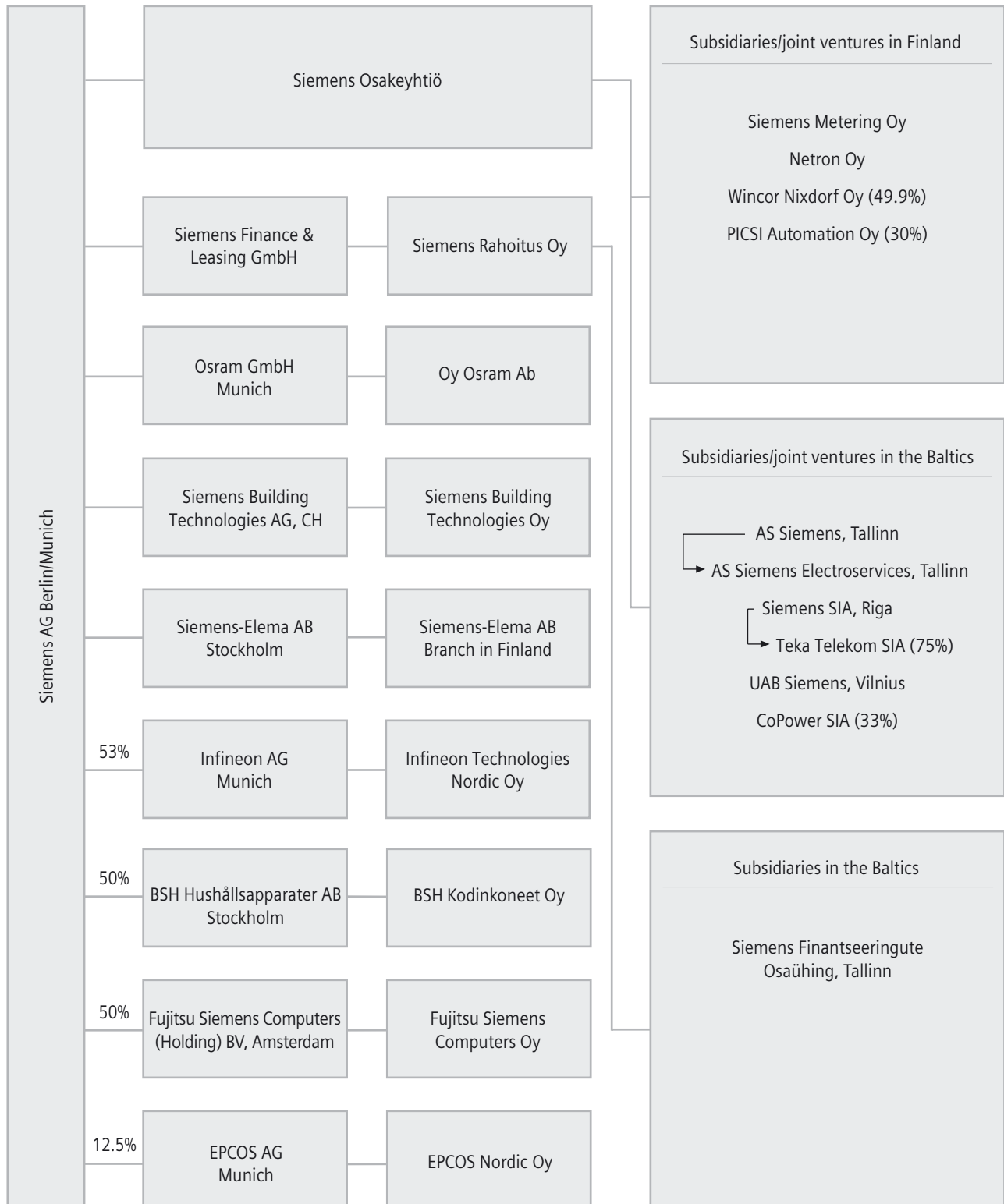
New orders were up by 38 per cent in the USA and by 10 per cent in the Asia-Pacific Rim. Highest growth was once again witnessed in China, where turnover and new orders were both up by 11 per cent. The tragic events of 11 September 2001 make it even harder to estimate performance in the new financial year since they have already had a serious impact on the development of the global economy.



Growing e-business

Siemens Group Worldwide has made further progress with electrifying its business processes. The Group seeks to be a top e-company in the foreseeable future. A new unit, Corporate Information and Operations, was established to consolidate this aim. Last year online purchases were up by 50 per cent and electronic orders by 20 per cent. The Information and Knowledge Management unit coordinates IT standards throughout the Group. It is responsible for information security and was tasked with taking the Group further on its path to becoming an information-based company. Siemens Group Worldwide currently has 300,000 networked workplaces and 85 per cent of Siemens people already have a direct link to the internet. Around 50,000 gigabit of data are processed in Siemens Group Worldwide's network every month. This also includes around 1 million emails a day. Electronically networking business activities and information transmission also generates considerable cost savings, speeds up operations and supports a leaner decision-making structure.

Group Structure



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