SIEMENS AKTIENGESELLSCHAFT
Form 6-K
May 06, 2004

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FORM 6-K

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934

For May 6, 2004

Commission File Number: 1-15174

Siemens Aktiengesellschaft

(Translation of registrant s name into English)

Wittelsbacherplatz 2
D-80333 Munich
Federal Republic of Germany
(Address of principal executive offices)

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

Form 20-F x Form 40-F o

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

Yes o No x

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

Yes o No x

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

Yes o No x

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

This report is incorporated by reference into the prospectuses contained in Registration Statements Nos. 333-13428 and 333-14294 on Form S-8 filed by the registrant under the Securities Act of 1933.

INTRODUCTION

We prepare the Interim Report as an update of our Annual Report, with a focus on the current reporting period. As such, the Interim Report should be read in conjunction with the Annual Report, which includes detailed analysis of our operations and activities.

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Key figures

	2nd quarter[1]		first six months[2]	
	2004	2003	**2004**	2003
Net income *(in millions of euros)*	**1,210**	568	**1,936**	1,089
Earnings per share [3] *(in euros)*	**1.36**	0.64	**2.17**	1.22
Net cash from operating and investing activities *(in millions of euros)*	**3,565**	*1,398*	**2,374**	261
therein: Net cash (used in) provided by operating activities	***2,175***	*1,957*	***1,578***	*1,272*
Net cash (used in) provided by investing activities	***1,390***	*(559)*	***796***	*(1,011)*
Supplemental contributions to pension trusts *(included in net cash from operating activities)*			***(1,255)***	*(442)*
Net proceeds from the sale of Infineon shares *(included in net cash from investing activities)*	***1,794***		***1,794***	
New orders *(in millions of euros)*	**19,716**	19,084	**40,206**	39,229
Sales *(in millions of euros)*	**17,794**	18,230	**36,123**	37,075

	March 31, 2004	September 30, 2003
Employees *(in thousands)*	**415**	417
Germany	**167**	170
International	**248**	247

(1) January 1 March 31, 2004 and 2003, respectively
(2) October 1, 2003 and 2002 March 31, 2004 and 2003, respectively
(3) Earnings per share basic

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MANAGEMENTS DISCUSSION AND ANALYSIS

OVERVIEW OF FINANCIAL RESULTS FOR THE SECOND QUARTER OF FISCAL 2004

Net income was 1.210 billion, up strongly from 568 million in the second fiscal quarter a year ago.

Net income was influenced by a pre-tax gain of 590 million on the sale of shares of Infineon Technologies AG, a goodwill impairment of 433 million related to Siemens Dematic (SD), and a reversal of 246 million in deferred tax liabilities arising as a consequence of the Infineon share sale. Excluding these effects, net income was 807 million, up 42% year-over-year, despite significant charges at Transportation Systems (TS) in its rolling stock business.

Orders of 19.716 billion were up 3% and sales of 17.794 billion were down 2% compared to the second quarter a year earlier. Excluding currency translation effects and the net effect of acquisitions and dispositions, orders increased 5% and sales rose 2%.

Net cash from operating and investing activities rose to 3.565 billion, including 1.794 billion in net proceeds from the sale of Infineon shares.

For the second quarter ended March 31, 2004, Siemens reported net income of 1.210 billion and basic earnings per share of 1.36, compared to 568 million and 0.64 in the second quarter a year earlier. A number of factors influenced net income in the current period. A pre-tax gain of 590 million on the sale of Infineon shares was partly offset by a goodwill impairment of 433 million related to Siemens 2001 acquisition of businesses from Atecs Mannesmann (Atecs), which were merged into Siemens Dematic. In addition, net income also included a reversal of 246 million in deferred tax liabilities arising as a consequence of the Infineon share sale.

In Operations, a majority of Siemens Groups achieved both double-digit profit growth and higher earnings margins compared to the prior-year period. The leading earnings contributors for the quarter included Power Generation (PG), Automation and Drives (A&D), Medical Solutions (Med), Siemens VDO Automotive (SV) and Osram. In contrast, TS recorded a Group profit of a negative 289 million primarily due to charges in its rolling stock business.

Second-quarter orders of 19.716 billion were up 3% from 19.084 billion in the second quarter a year earlier. Sales of 17.794 billion were down 2% from 18.230 billion in the prior-year quarter. Excluding currency translation effects and the net effect of acquisitions and dispositions (i.e., on a comparable basis), orders increased 5% and sales rose 2% year-over-year.

Net cash from operating and investing activities in the second quarter was 3.565 billion, including net proceeds of 1.794 billion from the sale of Infineon shares. Excluding this effect, net cash was still up sharply compared to 1.398 billion in the second quarter a year ago.

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RESULTS OF SIEMENS WORLDWIDE

Results of Siemens worldwide Second quarter of fiscal 2004 compared to second quarter of fiscal 2003

Orders in the second quarter of fiscal 2004 were 19.716 billion compared to 19.084 billion a year earlier, and sales were 17.794 billion compared to 18.230 billion. Excluding currency translation effects and the net effect of acquisitions and dispositions, orders rose 5% and sales were up 2% year-over-year.

Gross profit as a percentage of sales in the second quarter of fiscal 2004 increased to 28.6% from 28.3% in the prior year, driven by higher margins at a majority of Siemens Groups, particularly at PG. Significant charges resulted in a negative gross profit margin at TS.

Research and development (R&D) expense decreased from 1.278 billion to 1.246 billion compared to the prior-year quarter. R&D spending as a percentage of sales was 7.0%, level with the prior-year quarter. Marketing, selling and general administration expenses were 3.213 billion, or 18.1% of sales, compared to 3.232 billion, or 17.7% in the same period a year earlier.

Other operating income (expense), net was a negative 423 million, compared to a positive 69 million in the prior-year period. The current period includes a 433 million goodwill impairment related to the airport logistics and distribution and industry activities acquired from Atecs, while the prior-year period benefited from net gains from project cancellations at PG. Income (loss) from investments in other companies, net was 777 million compared to 24 million in the second quarter a year earlier. The current period included the pre-tax gain of 590 million from the sale of Infineon shares and higher equity earnings at BSH Bosch und Siemens Hausgeräte GmbH. The prior-year period included a negative 127 million from Siemens equity share of Infineon s quarterly net loss.

The effective tax rate on income in the second quarter of fiscal 2004 was a positive 7%, impacted by a 246 million reversal in deferred tax liabilities arising as a consequence of the Infineon share sale, compared to an income tax expense rate of 27% in the second quarter a year ago.

Net income in the second quarter was 1.210 billion, compared to 568 million last year. Net income in the current period was influenced by the pre-tax gain on the sale of Infineon shares, the goodwill impairment and the reversal in deferred tax liabilities, mentioned above. Basic and diluted earnings per share were 1.36 and 1.30, respectively, for the second quarter of fiscal 2004. Basic and diluted earnings per share were 0.64 in the same quarter of fiscal 2003.

Results of Siemens worldwide First six months of fiscal 2004 compared to first six months of fiscal 2003

Orders for the first six months of fiscal 2004 were 40.206 billion, up 2% from 39.229 billion, and sales fell 3% to 36.123 billion from 37.075 billion a year earlier. Excluding currency translation effects and the net effect of acquisitions and dispositions, orders and sales were 6% and 2% higher, respectively. Sales in Germany for the first half of fiscal 2004 were 8.555 billion, up 3% compared to the first half a year earlier, while orders in Germany decreased 1% year-over-year, to 8.605 billion. International sales decreased 4% year-over-year, to 27.568 billion and international orders increased 4%, to 31.601 billion. On a comparable basis, international sales for the first half rose 2% and international orders climbed 8%.

Within international results, sales for the first half of fiscal 2004 in the U.S. of 6.182 billion were 22% lower compared to the same period a year earlier, due primarily to the end of the gas turbine boom in the U.S. Orders of 6.597 billion were 13% lower year-over-year. Excluding currency translation effects, U.S. sales were 9% lower and U.S. orders were up 2% year-over-year. Sales in Asia-Pacific for the first six months remained stable year-over-year, at 4.307 billion, and orders decreased 2%, to 4.819 billion. Excluding currency translation effects, sales in the

Asia-Pacific region rose 7% and orders rose 5%. Sales in China were 1.311 billion, 3% below the prior-year level, while orders reached 1.524 billion, up 16%. Excluding currency translation effects, sales rose 6% and orders climbed 27%.

Gross profit as a percentage of sales in the first half of fiscal 2004 increased to 29.2% from 28.2% in the prior-year period. The improvement resulted from higher margins in the current six months at a majority of Siemens Groups. TS reported a significant lower margin compared to the prior year. The prior-year period included higher allowances on inventory, particularly at PG, related in part to project cancellations.

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Other operating income (expense), net was a negative 324 million compared to a positive 284 million in the first half of fiscal 2003, which included significant net gains from project cancellations at PG. The current period primarily includes the 433 million goodwill impairment in the second quarter and gains from portfolio activities, particularly related to the sale of Med s Life Support Systems (LSS) business. Income (loss) from investments in other companies, net was a positive 882 million compared to a positive 28 million in the first half of the prior year. The current year included the pre-tax gain of 590 million from the sale of Infineon shares. In addition, the first half of fiscal 2004 includes higher equity earnings, particularly at BSH Bosch und Siemens Hausgeräte GmbH and Infineon, in which Siemens equity share of Infineon s results turned positive compared to a negative 144 million in the prior-year period.

The effective tax rate in the first half of fiscal 2004 was approximately 10%, positively impacted by the second quarter reversal in deferred tax liabilities and the sale of LSS by Med, compared to 32% in the same period a year ago.

Net income for the first six months of fiscal 2004 increased to 1.936 billion, up from 1.089 billion a year earlier. The current period improvement was primarily influenced by the factors noted above. Basic and diluted earnings per share were 2.17 and 2.08, respectively, for the first six months of this year. Basic and diluted earnings per share in the same period a year ago were 1.22.

As a result of the adoption of Statement of Financial Accounting Standards (SFAS) 143, *Accounting for Asset Retirement Obligations*, on October 1, 2002, the income in the first six months of fiscal 2003 includes 59 million (36 million net of income taxes, or 0.04 per share) which was recorded as a cumulative effect of a change in accounting principle.

DISPOSITION

In the first quarter of fiscal 2004, Med realized 116 million in gains from portfolio transactions. Included in this amount was a pre-tax gain of 100 million in connection with Med s sale of its LSS business to Getinge AB, Sweden. Net proceeds from the sale totaled 171 million as of March 31, 2004. As stipulated by the contribution agreement for the joint venture Draeger Medical AG & Co. KGaA (Draeger), Siemens contributed to Draeger these net proceeds less expected taxes on the sale.

SEGMENT INFORMATION ANALYSIS

Operations

Information and Communications

Information and Communication Networks (ICN)

	Second quarter ended March 31,				Six months ended March 31,			
			% Change				% Change	
(in millions)	2004	2003	Actual	Comparable*	2004	2003	Actual	Comparable**
Group profit	37	(147)			88	(298)		
Group profit margin	2.3%	(8.8)%			2.7%	(8.6)%		

Sales	1,618	1,679	(4)%	(1)%	3,318	3,483	(5)%	(2)%
New orders	1,773	1,689	5%	7%	3,622	3,629	0%	3%

* Excluding currency translation effects of (3)% on sales and currency translation effects of (3)% and portfolio effects of 1% on orders.

** Excluding currency translation effects of (3)% on sales and currency translation effects of (4)% and portfolio effects of 1% on orders.

ICN posted another sharply improved quarter year-over-year, reflecting the positive impact of previous restructuring efforts. The earnings turn-around was most evident in ICN s Carrier Networks and Services business, which recorded a 5 million profit on sales of 753 million compared to a loss of 180 million on sales of 797 million in the second quarter a year earlier. The Enterprise Networks division earned 46 million on sales of 867 million compared to 49 million on sales of 887 million in the prior-year quarter. For ICN overall, second-quarter sales were nearly level with the prior year on a comparable basis. Orders rose year-over-year, particularly at the Carrier Networks division.

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In the first half of fiscal 2004, ICN recorded Group profit of 88 million as the Carrier Networks and Services business was profitable and Enterprise Networks remained solidly in the black. The prior-year period loss of 298 million included significant charges for severance and asset write-downs. First-half sales were somewhat lower year-over-year and orders rose slightly compared to the same period a year earlier.

Information and Communication Mobile (ICM)

	Second quarter ended March 31,				Six months ended March 31,			
			% Change				% Change	
(in millions)	2004	2003	Actual	Comparable*	2004	2003	Actual	Comparable*
Group profit	109	55	98%		232	114	104%	
Group profit margin	4.1%	2.4%			4.1%	2.2%		
Sales	2,661	2,329	14%	17%	5,618	5,185	8%	11%
New orders	2,713	2,300	18%	20%	5,735	4,809	19%	22%

* Excluding currency translation effects.

ICM nearly doubled its second-quarter Group profit year-over-year, to 109 million, combining double-digit sales growth with higher earnings margins. The Mobile Networks division led the way with 76 million in profits on sales of 1.163 billion, compared to 44 million on sales of 1.067 billion a year earlier. The Mobile Phones division increased sales 26%, to 1.243 billion, and profits rose to 13 million from 2 million, despite a lower average selling price per unit compared to the prior-year quarter. Handset volume rose to 12.8 million units from 8.0 million in the same period a year earlier. Average selling price remained stable compared to the first quarter of this fiscal year (the seasonally strong Christmas quarter), when handset volume was 15.2 million units. For ICM as a whole, second-quarter sales rose 14% to 2.661 billion, and second-quarter orders climbed 18% to 2.713 billion.

In the first half of fiscal 2004, ICM more than doubled Group profit to 232 million from 114 million in the same period of fiscal 2003. The Mobile Networks division contributed the major portion of the increase, with earnings of 102 million compared to 20 million in the first half a year earlier, which included a net positive effect relating primarily to a reduction in customer financing exposure. The Mobile Phones division also improved first-half earnings year-over-year, to 77 million from 54 million. The division sold 28.0 million handsets in the first half compared to 19.0 million in the prior-year period, resulting in a 19% increase in sales, to 2.729 billion. For ICM overall, first-half sales rose 8% to 5.618 billion and orders rose 19%, to 5.735 billion, as the Group kept pace in an expanding market for wireless communications.

Siemens Business Services (SBS)

	Second quarter ended March 31,				Six months ended March 31,			
			% Change				% Change	

(in millions)	2004	2003	Actual	Comparable*	2004	2003	Actual	Comparable*
Group profit	26	25	4%		70	37	89%	
Group profit margin	2.3%	1.9%			3.0%	1.4%		
Sales	1,121	1,338	(16)%	(15)%	2,331	2,605	(11)%	(9)%
New orders	1,334	1,291	3%	5%	2,733	2,685	2%	4%

* Excluding currency translation effects.

Group profit of 26 million at SBS rose 4% compared to the second quarter a year earlier, as the Group countered volume-driven pressure on earnings with cost-reduction measures. Sales declined year-over-year, to 1.121 billion, while orders rose to 1.334 billion on the strength of large new contracts in Europe.

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SBS improved its Group profit for the first six months to 70 million from 37 million a year earlier. While sales were lower than in the prior-year period, first-half orders rose 2% year-over-year on the strength of large new contracts in Europe.

Automation & Control

Automation and Drives (A&D)

(in millions)	Second quarter ended March 31, 2004	2003	% Change Actual	% Change Comparable*	Six months ended March 31, 2004	2003	% Change Actual	% Change Comparable**
Group profit	235	184	28%		456	363	26%	
Group profit margin	11.2%	9.0%			11.0%	9.0%		
Sales	2,102	2,034	3%	5%	4,152	4,016	3%	6%
New orders	2,180	2,155	1%	3%	4,380	4,389	0%	3%

* Excluding currency translation effects of (3)% and portfolio effects of 1%.

** Excluding currency translation effects of (4)% and portfolio effects of 1%.

A&D continued to increase its operating leverage in the second quarter, achieving a 28% increase in Group profit, to 235 million, on a 3% rise in sales. As in recent quarters, higher productivity and a streamlined cost structure enabled A&D to increase earnings in a difficult market environment. The Industrial Automation Systems and Motion Control Systems divisions were leading contributors to Group profit, and improving profitability in the U.S. also contributed to A&D s earnings growth. Sales rose to 2.102 billion and orders were also up year-over-year, at 2.180 billion.

In the first half of fiscal 2004, A&D increased Group profit 26%, to 456 million, compared to the same period a year earlier. First-half sales rose 3% to 4.152 billion and orders were level year-over-year, at 4.380 billion. Excluding currency translation and portfolio effects, sales were up 6% and orders rose 3% for the first half-year.

Industrial Solutions and Services (I&S)

(in millions)	Second quarter ended March 31, 2004	2003	% Change Actual	% Change Comparable*	Six months ended March 31, 2004	2003	% Change Actual	% Change Comparable*
Group profit	26	4			41	(29)		
Group profit margin	2.6%	0.4%			2.1%	(1.5)%		

Sales	983	990	(1)%	2%	1,980	1,919	3%	6%
New orders	1,085	1,018	7%	10%	2,214	2,085	6%	10%

* Excluding currency translation effects.

I&S posted 26 million in Group profit in the second quarter, as the Group benefited from higher productivity resulting from previous restructuring efforts. Sales were level with the second quarter a year earlier, while orders rose 10% year-over-year on a comparable basis, benefiting from major new orders in China. I&S continues to streamline its business portfolio.

Group profit for the first six months was a positive 41 million compared to a negative 29 million a year earlier, which included 35 million in charges primarily for severance payments. First-half sales rose 3%, to 1.980 billion, and first-half orders increased 6% year-over-year, to 2.214 billion.

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Siemens Dematic (SD)

	Second quarter ended March 31,				Six months ended March 31,			
			% Change				% Change	
(in millions)	2004	2003	Actual	Comparable*	2004	2003	Actual	Comparable**
Group profit	(30)	12			(67)	24		
Group profit margin	(6.0)%	1.8%			(6.4)%	1.9%		
Sales	503	658	(24)%	(20)%	1,045	1,280	(18)%	(13)%
New orders	761	614	24%	35%	1,622	1,226	32%	40%

* Excluding currency translation effects of (5)% and (12)% on sales and orders, respectively, and portfolio effects of 1% on sales and orders.

** Excluding currency translation effects of (6)% and (10)% on sales and orders, respectively, and portfolio effects of 1% and 2% on sales and orders, respectively.

Group profit at SD was a negative 30 million in the second quarter, despite higher earnings on stronger sales at the Electronics Assembly division. Overall results for SD were driven by a combination of factors including excess capacity and project cost overruns. Following an extensive internal review of the outlook for the SD s airport logistics activities and distribution and industry activities, management concluded that goodwill related to SD was impaired. Because these businesses were acquired at the corporate level as part of Siemens Atecs Mannesmann transaction, the resulting goodwill impairment was taken centrally. For additional information see Corporate items, pensions and eliminations. Sales of 503 million for SD were substantially lower than in the same period a year earlier, while a major new contract with the U.S. Postal Service increased orders by 35% year-over-year on a comparable basis.

SD posted a loss of 67 million, reflecting significant charges during the first six months of the current year, primarily related to major projects. Group profit was a positive 24 million in the first half a year earlier. Sales fell to 1.045 billion, primarily due to the Airport Logistics and the Distribution & Industry Logistics divisions. First-half orders increased substantially year-over-year, to 1.622 billion, benefiting from a large order in each of the two quarters of the current year.

Siemens Building Technologies (SBT)

	Second quarter ended March 31,				Six months ended March 31,			
			% Change				% Change	
(in millions)	2004	2003	Actual	Comparable*	2004	2003	Actual	Comparable**
Group profit	16	2			55	45	22%	

Group profit margin	1.6%	0.2%			2.7%	1.8%		
Sales	996	1,228	(19)%	(8)%	2,036	2,434	(16)%	(4)%
New orders	1,030	1,238	(17)%	(5)%	2,135	2,492	(14)%	(2)%

* Excluding currency translation effects of (4)% and (5)% on sales and orders, respectively, and portfolio effects of (7)% on sales and orders.

** Excluding currency translation effects of (5)% and portfolio effects of (7)%.

In the second quarter, SBT posted higher Group profit on lower sales year-over-year, reflecting the streamlining of its business portfolio between the periods under review. Sales and orders, at 996 million and 1.030 billion, respectively, were lower in comparison to the prior year primarily due to first-quarter divestiture of SBT s facility management activities, coupled with currency translation effects and a weak construction market in Europe.

Group profit for the first six months rose to 55 million from 45 million in the same period a year earlier, which included charges for severance and associated asset write-downs. Reflecting generally weak market conditions, negative currency translation effects, and the divestiture of businesses between the two periods under review, SBT s first-half sales fell to 2.036 billion and first-half orders decreased to 2.135 billion.

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Power

Power Generation (PG)

	Second quarter ended March 31,				Six months ended March 31,			
			% Change				% Change	
(in millions)	2004	2003	Actual	Comparable*	2004	2003	Actual	Comparable**
Group profit	274	262	5%		519	671	(23)%	
Group profit margin	16.0%	15.5%			14.4%	19.3%		
Sales	1,713	1,691	1%	(7)%	3,615	3,476	4%	(4)%
New orders	2,414	2,213	9%	(8)%	5,090	4,483	14%	1%

* Excluding currency translation effects of (5)% on sales and orders and portfolio effects of 13% and 22% on sales and orders, respectively.

** Excluding currency translation effects of (5)% on sales and orders and portfolio effects of 13% and 18% on sales and orders, respectively.

PG was the top earnings performer among Siemens Groups in the second quarter, posting Group profit of 274 million. Earnings rose 5% even though the prior-year period benefited from substantial cancellation gains. PG s service business continued to increase its earnings contribution year-over-year. The industrial turbine business acquired from Alstom between the periods under review also contributed to PG s positive earnings development. Higher sales for PG overall, 1.713 billion, reflect the new volume from Alstom partly offset by negative currency translation effects. The same factors influenced orders of 2.414 billion.

PG s Group profit for the first half of fiscal 2004 was 519 million compared to 671 million a year earlier. The difference is primarily due to substantial gains from project cancellations in the prior year. First-half sales rose 4% to 3.615 billion and orders climbed 14% year-over-year, to 5.090 billion, reflecting the volume contribution from the Alstom acquisition partly offset by negative currency translation effects.

Power Transmission and Distribution (PTD)

	Second quarter ended March 31,				Six months ended March 31,			
			% Change				% Change	
(in millions)	2004	2003	Actual	Comparable*	2004	2003	Actual	Comparable*
Group profit	63	50	26%		114	90	27%	
Group profit margin	7.9%	5.9%			7.1%	5.5%		

Sales	793	846	(6)%	(3)%	1,613	1,648	(2)%	3%
New orders	907	811	12%	18%	1,927	1,920	0%	7%

* Excluding currency translation effects.

PTD increased Group profit to 63 million in the second quarter, up 26% year-over-year, and improved its earnings margin by two full points compared to the prior-year quarter. The High Voltage division was a key earnings contributor. Sales were 793 million compared to 846 million in the prior-year quarter, while double-digit order growth year-over-year included new contracts in the Middle East, Africa and Asia-Pacific.

For the first six months, PTD increased Group profit 27% to 114 million. The High Voltage division drove the improvement, almost doubling its first-half earnings year-over-year. Sales of 1.613 billion and orders of 1.927 billion in the first six months reflect negative currency translation effects. Excluding these effects, sales rose 3% and orders increased 7%.

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Transportation

Transportation Systems (TS)

	Second quarter ended March 31,				Six months ended March 31,			
			% Change				% Change	
(in millions)	2004	2003	Actual	Comparable*	2004	2003	Actual	Comparable*
Group profit	(289)	64			(257)	132		
Group profit margin	(28.4)%	5.8%			(12.4)%	6.1%		
Sales	1,017	1,101	(8)%	(6)%	2,066	2,181	(5)%	(3)%
New orders	1,121	1,424	(21)%	(20)%	2,141	2,524	(15)%	(13)%

* Excluding currency translation effects.

In the second quarter, TS reported a loss of 289 million, primarily due to 364 million in charges. Within this total, the Mass Transit division accounted for 296 million of the charges, primarily in its light rail business (low-floor light rail vehicles marketed under the name Combino), while the Trains division accounted for the remaining 68 million. Sales of 1.017 billion were below the prior-year level due in part to delays in project completion. The decline in orders year-over-year reflects a number of factors, including multiple large orders in the prior-year period, a market slow-down, and a focus at TS on resolving technical issues in its rolling stock business. Depending on the outcome of the ongoing technical evaluation of the programs related to the body design of the Combino light rail vehicle and the resulting formulation of technical solutions, further charges may occur in future periods.

For the first half of fiscal 2004, TS had a loss of 257 million compared to Group profit of 132 million in first half of the prior year. The change year-over-year is due to the charges mentioned above combined with lower sales, which were 2.066 billion compared to 2.181 billion in the prior-year first half. Orders were 2.141 billion for the first six months compared to 2.524 billion a year earlier, when first-half orders included major new contracts in both Europe and Asia-Pacific.

Siemens VDO Automotive (SV)

	Second quarter ended March 31,				Six months ended March 31,			
			% Change				% Change	
(in millions)	2004	2003	Actual	Comparable*	2004	2003	Actual	Comparable**
Group profit	128	119	8%		228	192	19%	
Group profit margin	5.9%	5.4%			5.4%	4.4%		

Sales	2,162	2,185	(1)%	8%	4,201	4,318	(3)%	8%
New orders	2,160	2,185	(1)%	8%	4,199	4,318	(3)%	8%

* Excluding currency translation effects of (3)% and portfolio effects of (6)%.

** Excluding currency translation effects of (4)% and portfolio effects of (7)%.

SV recorded second-quarter Group profit of 128 million, up 8% year-over-year, on the strength of higher profitability at the Interior and Infotainment division. Second-quarter sales and orders of 2.162 billion and 2.160 billion, respectively, were nearly level year-over-year. Excluding currency translation effects and primarily the divestiture of SV s cockpit module business between the periods under review, second-quarter sales and orders rose 8% year-over-year. After the close of the second quarter, Siemens completed its acquisition of certain U.S. automotive electronics manufacturing activities of DaimlerChrysler AG located in Huntsville, Alabama, and will consolidate them into Siemens worldwide as of April 1, 2004.

SV increased its first-half Group profit 19% year-over-year, to 228 million, as cost-reduction and productivity improvement programs strengthened the Group s earnings margins and operating leverage, primarily evident at the Interior and Infotainment division. Sales and orders for the first six months were 4.201 billion and 4.199 billion, respectively, reflecting the divestiture mentioned above and negative currency translation effects. On a comparable basis, sales and orders rose 8% for the first half year-over-year.

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Medical

Medical Solutions (Med)

	Second quarter ended March 31,				Six months ended March 31,			
			% Change				% Change	
(in millions)	2004	2003	Actual	Comparable*	2004	2003	Actual	Comparable**
Group profit	228	255	(11)%		555	500	11%	
Group profit margin	13.3%	13.9%			16.5%	13.7%		
Sales	1,708	1,830	(7)%	5%	3,356	3,661	(8)%	5%
New orders	1,736	1,845	(6)%	6%	3,627	3,803	(5)%	9%

* Excluding currency translation effects of (7)% and portfolio effects of (5)%.

** Excluding currency translation effects of (8)% and (9)% on sales and orders, respectively, and portfolio effects of (5)%.

Med was once again a leading earnings contributor, with 228 million in Group profit for the second quarter. Med s core diagnostics imaging businesses held their own in a competitive market, maintaining their earnings levels and driving the Group s sales and orders higher year-over-year on a comparable basis. Second-quarter sales of 1.708 billion and orders of 1.736 billion reflect currency translation effects, as well as the sale of Med s Life Support Systems business and the transfer of a portion of its electromedical systems business into a joint venture between the periods under review.

For the first six months, Med posted Group profit of 555 million, benefiting from 116 million in gains in the first quarter of fiscal 2004 from the portfolio transactions mentioned above. Portfolio transactions, combined with currency translation effects, explained Med s first-half sales and orders compared to the prior-year period, of 3.356 billion and 3.627 billion, respectively. Excluding the portfolio and currency translation effects, sales rose 5% and orders climbed 9%.

Lighting

Osram

	Second quarter ended March 31,				Six months ended March 31,			
			% Change				% Change	
(in millions)	2004	2003	Actual	Comparable*	2004	2003	Actual	Comparable*

Group profit	116	101	15%		225	207	9%	
Group profit margin	10.7%	9.5%			10.4%	9.5%		
Sales	1,088	1,063	2%	10%	2,161	2,186	(1)%	7%
New orders	1,088	1,063	2%	10%	2,161	2,186	(1)%	7%

* Excluding currency translation effects.

Osram achieved a 15% increase in second-quarter Group profit, to 116 million, on the strength of higher profitability combined with higher sales at the Automotive Lighting and Opto Semiconductors divisions. At 1.088 billion, sales and orders were up 10% year-over-year excluding currency translation effects. Top-line growth was well balanced geographically on a currency-adjusted basis, highlighted by strengthening demand in Eastern Europe and Asia-Pacific.

Osram s Group profit for the first six months was 225 million, up 9% from the same period a year earlier, as most divisions improved its earnings. Sales and orders were 2.161 billion for the first half-year, reflecting negative currency translation effects. Excluding these effects, sales and orders for the first six months rose 7% year-over-year.

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Other operations

Other operations consist of centrally held equity investments and other operating businesses not related to a Group. These activities resulted in 137 million in Group profit in the second quarter, up from 87 million in the same period a year earlier. The improvement was driven by higher equity earnings in the current quarter, mostly from BSH Bosch und Siemens Hausgeräte GmbH. These equity earnings and positive results from investments in associated companies drove the increase for the first six months, to 178 million in Group profit compared to 122 million in the same period a year earlier.

Corporate items, pensions and eliminations

Corporate items, pensions and eliminations were a negative 108 million in the second quarter, compared to a negative 386 million in the same period a year earlier. In the prior-year period, Corporate items included a negative 127 million representing Siemens equity share of Infineon s net loss for the quarter. In the second quarter of fiscal 2004, the Company reduced its ownership in Infineon to 18.9% and, accordingly, ceased accounting for its equity interest in Infineon under the equity method. For further information, see Note 3 to Consolidated Financial Statements. The current period includes a pre-tax gain of 590 million on the sale of Infineon shares, partly offset by the 433 million goodwill impairment related to the airport logistics and distribution and industry activities of SD. Because these businesses were acquired at the corporate level as part of Siemens Atecs Mannesmann transaction, this goodwill impairment was taken centrally. For further information, see Note 8 to Consolidated Financial Statements. Centrally carried pension expense was 183 million in the second quarter compared to 187 million in the same period a year ago.

The improvement in the Corporate items, pensions and eliminations from a negative 879 million in the first half of fiscal 2003 to a negative 465 million in the first half of fiscal 2004 resulted primarily from the factors noted above. The current six-month period does not include domestic pension service costs, which were included in centrally carried pension expense in the prior year but have been allocated to the Groups effective with the beginning of fiscal 2004.

Financing and Real Estate

Siemens Financial Services (SFS)

	Second quarter ended March 31,				Six months ended March 31,			
			% Change				% Change	
(in millions)	2004	2003	Actual	Comparable*	2004	2003	Actual	Comparable*
Income before income taxes	66	58	14%		123	142	(13)%	
Sales	145	139	4%	8%	277	275	1%	6%

* Excluding currency translation effects.

Income before income taxes at SFS was 66 million compared to 58 million in the second quarter a year earlier.

For the first six months, income before income taxes declined year-over-year due to higher provisions for receivables at the Equipment and Sales Financing division and lower income at the Equity division.

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Siemens Real Estate (SRE)

	Second quarter ended March 31,				Six months ended March 31,			
			% Change				% Change	
(in millions)	2004	2003	Actual	Comparable*	2004	2003	Actual	Comparable*
Income before income taxes	45	55	(18)%		99	110	(10)%	
Sales	399	395	1%	2%	784	791	(1)%	0%

* Excluding currency translation effects.

Income before income taxes at SRE was 45 million in the second quarter compared to 55 million in the same period a year earlier, due primarily to a weaker market for sales of commercial real estate. The same conditions resulted in lower income before income tax on a consecutive-quarter basis. SRE has put a property development project in Frankfurt, Germany on hold pending an updated analysis of prevailing market conditions.

First-half income before income taxes at SRE declined compared to the same period a year earlier, due to market weakness.

Eliminations, Reclassifications and Corporate Treasury

Income before income taxes from Eliminations, reclassifications and Corporate Treasury was 128 million, in the second quarter of fiscal 2004 compared to 28 million in the same period a year ago. The difference is primarily the result of positive mark-to-market effects at Corporate Treasury from interest rate derivative contracts not qualifying for hedge accounting, and higher interest income.

For the first six months, Income before income taxes from Eliminations, reclassifications and Corporate Treasury was 126 million, compared to 101 million in the same period a year ago. The current period includes primarily higher interest income as the negative mark-to-market effects from interest rate derivative contracts not qualifying for hedge accounting in the first quarter of fiscal 2004 were more than offset by the positive effects in the second quarter described above.

LIQUIDITY AND CAPITAL RESOURCES

Cash flow First six months of fiscal 2004 compared to first six months of fiscal 2003

The following discussion adheres to our component model of reporting and includes an analysis of cash flow and related balance sheet effects in our Operations component, our Financing and Real Estate component, as well as Siemens worldwide.

Net cash provided by operating activities of the Operations component for the first six months of fiscal 2004 was 230 million compared to 469 million in the prior year. Both periods in fiscal 2004 and 2003 included supplemental pension contributions, totaling 1.255 billion and 442 million, respectively. Changes in net working capital (current assets less current liabilities) within Operations used cash of 1.037 billion in the first six months of fiscal 2004, down from cash used of 1.749 billion in the same period of fiscal 2003. The current six months reflect an increase in net inventories, particularly at TS, ICN and ICM. Furthermore, the current year was impacted by a decrease in other current liabilities, but at a lower level than the prior year. The prior year reflects a significant reduction in advance payments from orders in the U.S. at PG.

Net cash provided by investing activities within Operations was 996 million, compared to net cash used of 850 million a year earlier. The current period was positively influenced by 1.794 billion in net proceeds from the sale of Infineon shares.

Net cash provided by operating activities within the Financing and Real Estate component was 683 million for the first six months of fiscal 2004 compared to 195 million in the same period a year ago. The current fiscal year was positively influenced by 247 million in repayment of notes receivable at SFS, while the prior year was impacted by a decrease in other current liabilities.

Net cash used in investing activities within the Financing and Real Estate component was 23 million, compared to 142 million in the same period a year ago, primarily due to lower equipment and sales financing in the current year.

Net cash provided by operating activities of Siemens worldwide was 1.578 billion for the first six months of fiscal 2004 compared to 1.272 billion for the same period in the prior year.

Net cash provided by investing activities of Siemens worldwide totaled 796 million in fiscal 2004, compared to net cash used of 1.011 billion for fiscal 2003.

Net cash used in financing activities for Siemens worldwide was 1.201 billion compared to net cash used of 2.077 billion in the prior-year period, which included the buyback of a notional 500 million of a bond exchangeable into shares of Infineon. During the current six-month period, 978 million in dividends were paid to shareholders. In the prior six-month period, 888 million in dividends were paid to shareholders.

Capital Resources and Capital Requirements

Equity

At the Annual Shareholders Meeting on January 22, 2004, our shareholders gave authorization to repurchase up to 10% of the 2.673 billion common stock until July 21, 2005. Such stock may be (i) retired with the approval of the Supervisory Board, (ii) used to satisfy the Company s obligations under the 1999 and the 2001 Siemens Stock Option Plans, (iii) offered for purchase by employees of the Company and (iv) used to service the conversion or option rights granted by the Company in connection with the issuance of bonds. In addition, the Supervisory Board shall be authorized to transfer treasury stock repurchased by the Company to members of the Managing Board of Siemens AG as stock-based compensation with a holding period of at least two years. For further information with respect to the repurchase of shares for purchase by employees see Notes to the Consolidated Financial Statements.

In addition, Authorized Capital 2001/I of 400 million (representing 133 million shares) and Authorized Capital 2003 of 250 million (representing 83 million shares) were replaced by resolution of the Annual Shareholders Meeting on January 22, 2004. The Company s shareholders authorized the Managing Board with the approval of the Supervisory Board to increase the capital stock by up to 600 million through the issuance of up to 200 million new shares against cash contributions and/or contributions in kind (Authorized Capital 2004). The Managing Board is authorized to determine, with the approval of the Supervisory Board, the further content of the rights embodied in the shares and the conditions of the share issue. The Managing Board is authorized, with the approval of the Supervisory Board, to exclude preemptive rights of shareholders in the event of capital increases against contributions in kind and in certain pre-stipulated circumstances against cash. The Authorized Capital 2004 will expire on January 21, 2009.

By resolution of the Annual Shareholders Meeting on January 22, 2004, Conditional Capital 2003 of 267 million (representing 89 million shares) was terminated. The Company s shareholders authorized the Managing Board to issue bonds in an aggregate principal amount of up to 11.250 billion with conversion rights (convertible bonds) or with warrants entitling the holders to subscribe to up to 200 million new shares of Siemens AG, representing a pro rata amount of up to 600 million of the capital stock. Since the Conditional Capital 2003 has partly been utilized, the new Conditional Capital 2004 permits the issuance of shares under the new authorization and the issuance of shares to service bonds issued under the old authorization. Therefore, total Conditional Capital 2004 allows the issuance of up to 734 million representing 245 million shares of Siemens AG. The authorization will expire on January 21, 2009.

Long-term Corporate Credit Rating

On January 23, 2004, Moody s Investor Service affirmed the rating of our long-term corporate credit of Aa3 and changed the outlook from negative to stable. The Standard & Poor s rating of AA remains unchanged from September 30, 2003.

Customer Financing

Siemens approved and contractually committed customer financing requiring approval of Siemens Corporate Executive Committee of the Managing Board at March 31, 2004, amounted to 1.594 billion compared to 1.378 billion at September 30, 2003. The approved and contractually committed financing includes utilized and unutilized credits to suppliers or guarantees from Siemens to banks in support of loans to Siemens customers. The increase is primarily due to a new commitment relating to PG for a new order in Finland.

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Pension Plan Funding

At the end of the first six months of fiscal 2004, the combined funding status of Siemens principal pension plans showed an underfunding of 3.1 billion, compared to an underfunding of 5.0 billion at the end of fiscal 2003. The improvement was due primarily to supplemental contributions and higher than expected investment returns.

The fair value of plan assets of Siemens principal funded pension plans on March 31, 2004 was 18.1 billion, compared to 15.9 billion on September 30, 2003.

In the first six months of fiscal 2004, the supplemental cash contribution of 1.255 billion included 700 million to the Siemens German Pension Trust and 555 million to the pension plan in the U.S. In fiscal 2003, supplemental contributions included 1.192 billion in cash (thereof 442 million during the first six months of fiscal 2003) and 377 million in real estate (during the first six months of fiscal 2003). Beginning in fiscal 2004, regular funding is based generally on the level of service costs incurred, taking into account minimum funding requirements abroad. For the first six months of fiscal 2004, regular employer contributions amounted to 307 million.

During the first six months of fiscal 2004, the total actual return on plan assets of Siemens principal funded pension plans worldwide amounted to 1.012 billion, representing a 12.0% return on an annualized basis, well above the expected annual return of 6.7%.

The estimated projected benefit obligation (PBO), which considers future compensation increases, for Siemens principal pension plans amounted to 21.2 billion on March 31, 2004, an increase of approximately 300 million compared to the PBO of 20.9 billion on September 30, 2003, due to the net of pension service and interest costs less benefits paid during the six-month period.

For more information on Siemens pension plans see Notes to the Consolidated Financial Statements.

EVA PERFORMANCE

Economic Value Added (EVA) for Siemens worldwide improved significantly in the first half compared to the positive EVA in the first half of the prior year. The improvement in EVA was driven by higher earnings, and excludes the goodwill impairment related to the former Atecs businesses and fiscal 2004 effects related to Infineon.

Siemens ties a portion of its executive incentive compensation to achieving economic value added (EVA) targets. EVA measures the profitability of a business (using Group profit for the Operating Groups and income before income taxes for the Financing and Real estate businesses as a base) against the additional cost of capital used to run a business, (using net capital employed for the Operating Groups and risk-adjusted equity for the Financing and Real estate businesses as a base). A positive EVA means that a business has earned more than its cost of capital, and is therefore defined as value-creating. A negative EVA means that a business is earning less than its cost of capital and is therefore defined as value-destroying. Other organizations that use EVA may define and calculate EVA differently.

LEGAL PROCEEDING

As previously reported, an Italian prosecutor is conducting an investigation regarding allegations that certain companies, including Siemens, provided improper benefits to former employees of Enel in connection with the awarding of Enel contracts. On April 28, 2004, an Italian investigating magistrate announced a preliminary injunction in this matter. The preliminary injunction, as subsequently modified on May 5, 2004, imposes a one year ban prohibiting Siemens AG (but not its subsidiaries) from entering into delivery contracts for gas turbines with the Italian public administration. We intend to appeal the magistrate s ruling.

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This Interim Report contains forward-looking statements based on beliefs of Siemens management. We use the words anticipate, believe, estimate, expect, intend, should, plan and project to identify forward-looking statements. Such statements reflect our current views with respect to future events and are subject to risks and uncertainties. Many factors could cause the actual results to be materially different, including, among others, changes in general economic and business conditions, changes in currency exchange rates and interest rates, introduction of competing products, lack of acceptance of new products or services and changes in business strategy. Actual results may vary materially from those projected here. Please refer to the discussion of Siemens risk factors in our Form 20-F. Siemens does not intend or assume any obligation to update these forward-looking statements. It is our policy to disclose material information on an open, nonselective basis.

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SIEMENS AG

CONSOLIDATED STATEMENTS OF INCOME (unaudited)
For the three months ended March 31, 2004 and 2003
(in millions of , per share amounts in)

	Siemens worldwide		Eliminations, reclassifications and Corporate Treasury		Operations		Financing and Real Estate	
	2004	2003	2004	2003	2004	2003	2004	2003
Net sales	17,794	18,230	(365)	(415)	17,618	18,113	541	532
Cost of sales	(12,705)	(13,062)	365	415	(12,637)	(13,079)	(433)	(398)
Gross profit on sales	5,089	5,168			4,981	5,034	108	134
Research and development expenses	(1,246)	(1,278)			(1,246)	(1,278)		
Marketing, selling and general administrative expenses	(3,213)	(3,232)		1	(3,151)	(3,157)	(62)	(76)
Other operating income (expense), net	(423)	69	(17)	(21)	(426)	69	20	21
Income (loss) from investments in other companies, net	777	24			762	3	15	21
Income (expense) from financial assets and marketable securities, net	113	10	79	11	43	8	(9)	(9)
Interest income (expense) of Operations, net	5	8			5	8		
Other interest income (expense), net	72	35	66	37	(33)	(24)	39	22
Income before income taxes	1,174	804	128	28	935	663	111	113
Income taxes	84	(216)	(14)	(5)	88	(182)	10	(29)
Minority interest	(48)	(20)			(48)	(20)		
Net income	1,210	568	114	23	975	461	121	84

Basic earnings per share	1.36	0.64
Diluted earnings per share	1.30	0.64

The accompanying notes are an integral part of these consolidated financial statements.

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SIEMENS AG

CONSOLIDATED STATEMENTS OF INCOME (unaudited)
For the six months ended March 31, 2004 and 2003
(in millions of , per share amounts in)

	Siemens worldwide		Eliminations, reclassifications and Corporate Treasury		Operations		Financing and Real Estate	
	2004	**2003**	**2004**	**2003**	**2004**	**2003**	**2004**	**2003**
Net sales	36,123	37,075	(751)	(786)	35,818	36,801	1,056	1,060
Cost of sales	(25,576)	(26,625)	751	787	(25,498)	(26,614)	(829)	(798)
Gross profit on sales	10,547	10,450		1	10,320	10,187	227	262
Research and development expenses	(2,492)	(2,573)			(2,492)	(2,573)		
Marketing, selling and general administrative expenses	(6,563)	(6,740)	(1)		(6,436)	(6,593)	(126)	(147)
Other operating income (expense), net	(324)	284	(35)	(37)	(337)	266	48	55
Income (loss) from investments in other companies, net	882	28			854	(15)	28	43
Income (expense) from financial assets and marketable securities, net	75	37	37	42	59	(2)	(21)	(3)
Interest income (expense) of Operations, net	4	21			4	21		
Other interest income (expense), net	124	111	125	95	(67)	(26)	66	42
Income before income taxes	2,253	1,618	126	101	1,905	1,265	222	252
Income taxes[1]	(236)	(518)	(13)	(32)	(200)	(405)	(23)	(81)
Minority interest	(81)	(47)			(81)	(47)		
Income before cumulative effect of change in accounting principle	1,936	1,053	113	69	1,624	813	199	171

Cumulative effect of change in accounting principle, net of income taxes		36				39		(3)
Net income	1,936	1,089	113	69	1,624	852	199	168
Basic earnings per share								
Income before cumulative effect of change in accounting principle	2.17	1.18						
Cumulative effect of change in accounting principle, net of income taxes		0.04						
Net income	2.17	1.22						
Diluted earnings per share								
Income before cumulative effect of change in accounting principle	2.08	1.18						
Cumulative effect of change in accounting principle, net of income taxes		0.04						
Net income	2.08	1.22						

(1) The income taxes of **Eliminations**, **reclassifications and Corporate Treasury**, **Operations**, and **Financing and Real Estate** are based on the consolidated effective corporate tax rate applied to income before income taxes.

The accompanying notes are an integral part of these consolidated financial statements.

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SIEMENS AG

CONSOLIDATED BALANCE SHEETS (unaudited)
As of March 31, 2004 and September 30, 2003
(in millions of)

	Siemens worldwide		Eliminations, reclassifications and Corporate Treasury		Operations		Financing and Real Estate	
	3/31/04	**9/30/03**	**3/31/04**	**9/30/03**	**3/31/04**	**9/30/03**	**3/31/04**	**9/30/03**
ASSETS								
Current assets								
Cash and cash equivalents	13,233	12,149	12,603	11,345	593	725	37	79
Marketable securities	2,233	650	21	101	2,193	529	19	20
Accounts receivable, net	14,053	14,511	(5)	(9)	10,626	10,894	3,432	3,626
Intracompany receivables			(10,980)	(10,777)	10,948	10,742	32	35
Inventories, net	10,979	10,366	(4)	(4)	10,915	10,284	68	86
Deferred income taxes	1,147	1,063	93	77	971	909	83	77
Other current assets	4,515	4,750	614	736	2,870	3,143	1,031	871
Total current assets	46,160	43,489	2,342	1,469	39,116	37,226	4,702	4,794
Long-term investments	4,283	5,992	19	19	3,945	5,636	319	337
Goodwill	6,078	6,501			5,994	6,421	84	80
Other intangible assets, net	2,192	2,358			2,175	2,338	17	20
Property, plant and equipment, net	10,306	10,756	1	1	6,738	7,114	3,567	3,641
Deferred income taxes	4,256	4,359	1,120	1,127	3,071	3,165	65	67
Other assets	4,068	4,150	69	131	1,430	1,371	2,569	2,648
Other intracompany receivables			(1,183)	(1,204)	1,183	1,204		
Total assets	77,343	77,605	2,368	1,543	63,652	64,475	11,323	11,587
LIABILITIES AND SHAREHOLDERS EQUITY								
Current liabilities								
Short-term debt and current maturities of long-term debt	1,645	1,745	918	977	619	646	108	122
Accounts payable	8,469	8,404	(7)	4	8,281	8,216	195	184

Intracompany liabilities			(6,563)	(7,426)	1,202	1,771	5,361	5,655
Accrued liabilities	8,876	8,884	5	6	8,666	8,748	205	130
Deferred income taxes	939	870	(272)	(271)	926	877	285	264
Other current liabilities	11,564	12,125	328	284	10,932	11,578	304	263
Total current liabilities	31,493	32,028	(5,591)	(6,426)	30,626	31,836	6,458	6,618
Long-term debt	11,298	11,433	10,131	10,176	692	748	475	509
Pension plans and similar commitments	4,769	5,843			4,738	5,813	31	30
Deferred income taxes	497	534	171	182	222	250	104	102
Other accruals and provisions	3,694	3,418	26	21	3,352	3,101	316	296
Other intracompany liabilities			(2,369)	(2,410)	365	378	2,004	2,032
	51,751	53,256	2,368	1,543	39,995	42,126	9,388	9,587
Minority interests	635	634			635	634		
Shareholders equity								
Common stock, no par value								
Authorized: 1,113,237,881 and 1,129,742,969 shares, respectively	2,673	2,673						
Issued: 891,027,881 and 890,866,301 shares, respectively								
Additional paid-in capital	5,085	5,073						
Retained earnings	23,978	23,020						
Accumulated other comprehensive income (loss)	(6,779)	(7,051)						
Treasury stock, at cost 27 and 1,184 shares, respectively								
Total shareholders equity	24,957	23,715			23,022	21,715	1,935	2,000
Total liabilities and shareholders equity	77,343	77,605	2,368	1,543	63,652	64,475	11,323	11,587

The accompanying notes are an integral part of these consolidated financial statements.

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SIEMENS AG

CONSOLIDATED STATEMENTS OF CASH FLOW (unaudited)
For the six months ended March 31, 2004 and 2003
(in millions of)

	Siemens worldwide		Eliminations, reclassifications and Corporate Treasury		Operations		Financing and Real Estate	
	2004	**2003**	**2004**	**2003**	**2004**	**2003**	**2004**	**2003**
Cash flows from operating activities								
Net income (loss)	1,936							