



Siemens Business Overview

Australia and New Zealand

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SIEMENS

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The information in this document contains general descriptions of the technical options available, which do not always have to be present in individual cases. The required features should therefore be specified in each individual case at the time of closing the contract.



Printed in Australia on recycled paper.



Albert Goller,
Chairman and Managing Director,
and Jeff Connolly,
Chief Financial Officer.

Executive message

According to demographic experts, we recently reached a significant global milestone. More of the world's population now lives in cities than in the country.

Increasing urbanisation along with changing demographics, globalisation and climate change are megatrends that present challenges as well as opportunities.

In Australia and New Zealand, Siemens is focused on opportunities arising from these megatrends to deliver technology based solutions.

The Siemens portfolio, offering solutions in water, energy, environment, healthcare, productivity, mobility, safety and security, is ideally suited to meet these challenges and lay the foundation for continued profitable growth. Business excellence combined with synergies across all segments deliver value to our customers and shareholders.

Recent examples of how our innovations solve problems arising from the megatrends can be found in all our solution areas. Siemens expertise and equipment was instrumental in developing the world's longest undersea cable which now transfers hydroelectric power from Tasmania to consumers on the Australian mainland.

Our Memcor microfiltration system to be installed in the Gippsland Water Factory in Victoria will treat up to 35 million litres of domestic and industrial water daily, providing 8 million litres of recycled water per day to local industry.

By looking towards the future we give our customers a competitive head start. Our people create innovative solutions that increase the benefits of the technologies our customers are already using.

Siemens employs the best and brightest people and empowers them to achieve the highest levels of performance. Our workforce of over 2,000 people creates and delivers leading-edge products and services to our customers from 87 locations in Australia and New Zealand. But they belong to a much bigger picture.

As part of one of the largest electrical engineering and electronic businesses in the world, Siemens Australia and New Zealand has access to the expertise, research and development of our 475,000 colleagues in over 190 other countries. With a combined research and development budget of A\$9 billion and over 10,000 invention reports last financial year, we offer access to the world's best solutions.

Our vision is to make the investments of our customers better, through people, technology, processes and financial strength.

Siemens has been creating and applying groundbreaking technology in Australia and New Zealand for more than 135 years. As the challenges change, we adapt to meet them, through the past and the future generations that the children of today will lead.

Siemens. Innovation for generations.

Kind regards,



Albert Goller
Chairman and Managing Director
Siemens Australia and New Zealand



Jeff Connolly
Chief Financial Officer
Siemens Australia and New Zealand

Recent successes

- Siemens delivered an impressive return on investment for South East Water (SEW) in Melbourne. Utility Services ('us') is an alliance between Siemens, Thiess Services and South East Water. 'us' provides maintenance services to SEW's water and sewer supply network which covers 3,640 square kilometres and services 1.3 million customers.
- In South Australia, Siemens acquired an industrial turbine servicing business to provide local customers with workshop and machine shop services. The acquisition will establish Siemens' Asia Pacific hub for servicing and refurbishing industrial power generation turbines.
- Siemens developed a comprehensive solution to improve safety and productivity at Ford's automotive robotic production facilities. The integrated safety system monitors all activity and parameters in real time and includes safety shutdowns and alarms. The groundbreaking achievement of integrating safety into the control structure was supported by the local Siemens Solution Provider which worked closely with Siemens Australia and New Zealand and the Competence Centre Automotive of Siemens in Nuremberg to deliver the solution.
- Siemens solutions were integral in enabling the commissioning of 10 ANZAC Class Frigates into the Royal Australian Navy. Siemens supplied the power generation, transmission and distribution systems for the frigates. In addition, Siemens supplied the platform control and monitoring systems, the power conversion equipment and the degaussing system.
- Siemens received the first order for a Siemens SOMATOM Definition Dual Source Computed Tomography system in New Zealand, which was provided to the Christchurch Radiology Group. It can capture a 3D body scan in 30 seconds, enabling a more accurate diagnosis for critically ill patients.
- Siemens new CombinoPLUS tram, an evolution of the original Combino tram now in use in more than 15 major cities worldwide, was trialled in Melbourne as part of our annual research and development program. The new tram is 6 metres longer than the trams currently in operation and incorporates a number of new, environmentally-friendly features.
- Siemens Active Front End converter technology improved the reliability and efficiency of rail car dumper and positioner systems for mining customers in the Pilbara region, Western Australia. The Siemens automation systems enable the unloading of more cars per day, delivering significant increases in productivity for customers.
- Pfizer Australia selected Siemens to supply a validated environmental control and monitoring system for its West Ryde manufacturing facility.

Key financial data

Global		Australia / New Zealand	
(in millions of AUD: continuing operations)	FY 2006	(in millions of AUD: continuing operations)	FY 2006
Sales	\$147,588	Sales	\$1,725
New orders	\$162,687	New orders	\$1,386
Net income	\$5,126	Locations	87
Employees	475,000	Employees	2,153

Megatrends

By 2025, our planet will be home to nearly eight billion people – two billion more than today – mostly living in cities. In addition, life expectancy is continuously increasing in both the developing and industrialised nations.

In light of these developments, how can we meet the growing demand for energy without degrading the environment? How can we shape the future of manufacturing so that more and better goods can be produced using fewer natural resources? How can we safeguard and improve the mobility of people and goods? And how can we ensure the availability of high quality, affordable healthcare while keeping pace with advances in medical technology? Innovation can make a major contribution to mastering these challenges and this is precisely where our opportunities lie, since we already hold leading positions worldwide in many of the technologies required.

Siemens Australia and New Zealand – with its diverse portfolio and technological leadership – is strongly positioned to provide the solutions needed to meet the requirements of tomorrow's world. Our innovative products and services generate competitive advantages for our customers and lay the foundation for profitable growth.

Our solution areas

The Siemens Australia and New Zealand portfolio offers solutions in water, energy, environment, healthcare, productivity, mobility, security and safety.

Together the local solution areas provide the technology, services and infrastructure to solve challenges arising from the global megatrends – demographic change, urbanisation, climate change and globalisation.

The interconnectedness of the solution areas enables Siemens to offer a holistic approach to providing a wide range of products and services.

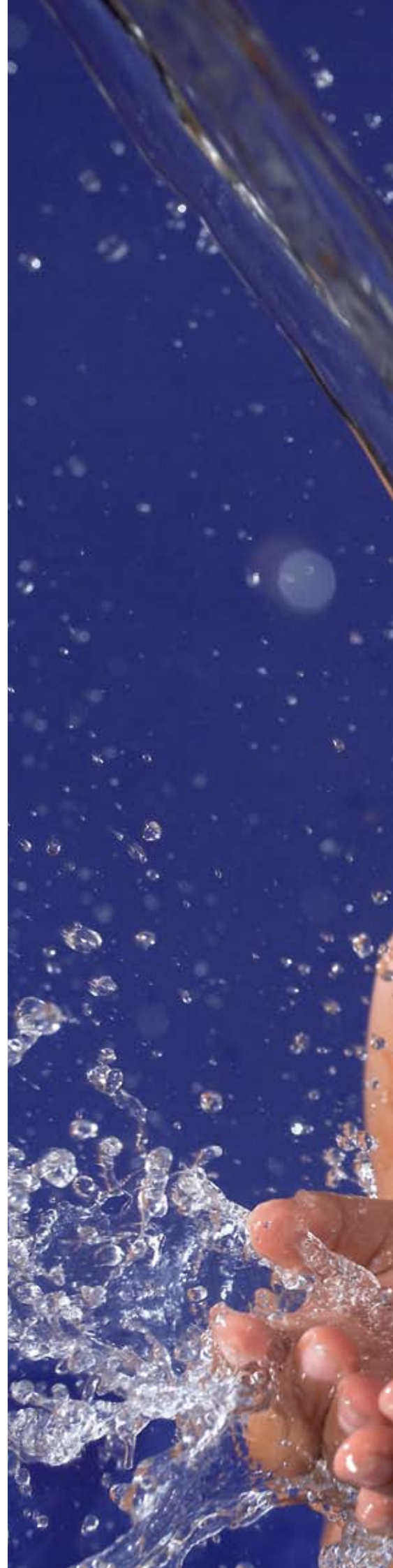
Water

In our world today, 1.7 billion people lack safe drinking water. If present patterns continue, it is estimated that two-thirds of the globe will experience water shortages by 2025.

Australia is the world's driest continent, but it has one of the highest rates of water consumption and lowest water prices in the world. In addition, climate change has resulted in below average rainfall and a decrease in water supply in many parts of the country. These conditions require smarter thinking to create a sustainable future.

Siemens is a leader in providing technology across the entire water cycle from drinking water, industrial water and wastewater to water transport. Siemens solutions cover water treatment, plant automation, electrical systems and building technologies.

Thousands of communities around the globe use Siemens Water Technologies to provide safe drinking water to hundreds of millions of people. In addition to smart technological solutions, Siemens offers additional services to implement them – from financing, design and planning, commissioning, maintenance and emergency support to modernisation.









Energy

As the population grows, the demand for power is also increasing. It is estimated that global demand for energy will increase by 60 per cent by 2030. Energy use in Australia doubled between 1995 and 2005 and continues to grow. With climate change acknowledged as an emerging megatrend, the need for energy efficiency is becoming more crucial.

Siemens is at the forefront of innovation to achieve more with less energy. We apply this principle across the entire energy chain – from oil, gas and coal extraction and processing to power generation, distribution and transmission. The Siemens range of energy efficient solutions covers everything from cutting-edge combined-cycle power plants to refrigerators that consume 80 per cent less energy than earlier models.

In Australia and New Zealand, Siemens has been delivering innovative solutions for the generation, transport and distribution, and consumption of energy for over 120 years. We offer a broad spectrum of services – from full scale power stations, backup generators and small scale battery backup systems to energy automation, high voltage and medium voltage transmission and distribution technology.





Environment

Innovation in the environments in which we live and work is becoming more important as the world's population continues to grow. The trend towards megacities and urbanisation makes smart, sustainable building management systems increasingly crucial. Declining natural resources, geopolitical disturbances and climate change all increase the need for renewable energy solutions.

Siemens provides a comprehensive range of systems and services for energy efficient buildings, energy and waste management, clean technology and waste reduction. We find energy and operational savings to create performance-guaranteed solutions for buildings and industrial applications requiring environmental control.

Using the engineering and financial strength of Siemens, we create innovative solutions for customers to overcome capital expenditure issues for building services upgrades, while delivering energy and environmental benefits. Siemens also provides renewable energy solutions through wind generation, fuel cells, photovoltaic cells and turbine technology.

Healthcare

The megatrend of changing demographics will have a profound influence on healthcare around the world, with longer life expectancy resulting in a substantial increase in the number of people over 65. In Australia and New Zealand, the demand for healthcare services will grow while the resource base to provide them will decrease as a result of the declining proportion of people in working years. A smarter approach is required.

Siemens enables customers to increase efficiency by integrating their clinical, operational and financial processes. From reducing cycle times to increasing access to vital information, improving information security and controlling costs, Siemens solutions assist healthcare providers to do more with less.

Leveraging current and developing technologies is one way in which Siemens improves quality of patient care while reducing costs. Siemens is the first full-service diagnostics company in the world, combining the unique capabilities of expertise and technologies in diagnostic imaging, clinical information systems, workflow and patient management, consultancy services, laboratory diagnostics, radiography, cancer treatment and infrastructure, to lead the advancement of personalised healthcare.









Productivity

The world's growing population is generating greater demand for goods and services. Higher per capita incomes worldwide have created increased demand for quality products. As a result, manufacturers need to produce better goods that are tailored to the needs of diverse consumers. While demand is growing, natural resources are declining. Ensuring the affordability and availability of products requires efficient industrial production based on intelligent automation and the integration of all production processes.

In Australia and New Zealand, the decreasing proportion of people in the workforce and long distances to world markets makes productivity even more vital for competitiveness.

Siemens offers customers a broad range of innovative solutions that improve competitiveness in the processing and manufacturing industries as well as in infrastructure delivery. Complete systems deliver faster production, higher quality, more efficient logistics and cost savings.

Siemens productivity offerings include real-time management, process automation, factory automation, quality management, patient throughput and asset management.

Mobility

Mobility is the foundation of economic growth and prosperity in our globalised world. Urbanisation, changing demographics and climate change make energy-efficient, large-scale mobility solutions increasingly crucial. More people and products will need to move locally and globally while using fewer resources and producing less waste.

Australia's large and growing population centres separated by vast distances present unique challenges in delivering mobility solutions which are energy-efficient and economically feasible.

Siemens delivers end-to-end solutions to enhance the safety, reliability and sustainability of Australia and New Zealand's transport infrastructure. This covers the entire spectrum of transportation products and services – from rolling stock for passengers and freight, to intelligent systems for rail, road and airport infrastructure.









Safety

Increasing global competition calls for higher productivity. In Australia and New Zealand, more and more companies recognise that safety is a prerequisite for productivity and long-term success.

Integrated safety solutions by Siemens protect people, equipment and the environment against potential safety hazards.

In the past, safety control systems were localised and were not incorporated in master monitoring and control structures. Increased automation requires reliable alarms and fast shutdown to protect personnel, machinery and the environment. Siemens closely examines the big picture to ensure that sensitive technologies enable safe production without compromising productivity.



Security

As cities grow, the need for secure and reliable infrastructure also increases. Security is a basic need that affects all areas of our lives. It makes it possible for companies to operate in a global economy by safeguarding against a wide range of threats.

Siemens breadth of experience in Australia, New Zealand and around the world enables us to undertake projects across diverse industry and government sectors. Adopting a convergent approach to security and risk management provides a comprehensive view of each organisation's risk. This approach creates cost savings in the implementation of controls, while improving response to incidents and allowing for easier monitoring of security control effectiveness.

Siemens offers integrated security solutions, open platform security, security and risk consulting, surveillance, access management, secure IT services, as well as intrusion and detection products.

Research and development

Solving the global challenges facing society, remaining competitive and creating value for our customers and shareholders requires innovation.

Globally, Siemens invests seven per cent of its total turnover in research and development and holds a portfolio of over 60,000 patents. Each day, almost 50,000 researchers and developers create an average of 33 new inventions and apply for more than 12 patents.

In Australia and New Zealand, Siemens actively participates in world class research and development including:

- Smarter logistics using radio frequency identification (RFID) in warehousing
- Product enhancement through finite element analysis of steel frame storage facilities
- Water purification using finer suls-microfiltration technology
- Smarter Video Surveillance using intelligent video software
- Intelligent transportation systems for long haul transport which are being trialled with toll operators
- SiPass, which was developed in Australia for customers worldwide, offering advanced security access and monitoring

Siemens in Australia and New Zealand has been recognised under the Australian Federal Government's Partnership for Development program for investing A\$140 million in research and development and for exporting A\$235 million of goods and services since 1994.







Innovation achievements

The Siemens Innovation Forum is a new initiative that engages, inspires and challenges participants with scenarios and solutions spanning the spectrum of everyday life. The Forum is an interactive and multi-sensory experience which shows how Siemens is responding to global and local challenges.

Following are some of our most recent innovation achievements over the past year.

- Siemens is helping Sydney Water to clean local waterways with a 'bio-sludge' digester – bio-sludge is the debris and rubbish captured in metropolitan waterways. The Siemens Water Technologies solution stores and digests bio-sludge in a futuristic-looking dome, resulting in lower capital and installation costs, greater storage capacity and lower maintenance costs than alternatives.
- The Siemens PROFINet integrated safety system combines control and safety functions so a single Programmable Logic Controller (PLC) can perform all functions. PROFINet automatically checks functionality to ensure safe operation.
- Siemens implemented a security, building control and fire safety solution for Melbourne's Federation Square. The access control system restricts entry to non-public areas. The Siemens CCTV system provides instantaneous views to monitors in a manned control room. The fire safety system is integrated with the building control system. In case of fire, the air conditioning is automatically isolated to fire-affected areas.
- In 2007, Siemens formed a partnership with the Australian Nuclear Science and Technology Organisation (ANSTO) to build a molecular imaging biomarker production facility in Sydney. The new facility will increase the capacity of several Australian hospitals to diagnose and treat patients with life-threatening diseases. Siemens innovation and technology will improve the overall accuracy and efficacy of medical diagnosis and treatment.
- Points operating equipment is used to safely change the lie of railway turnouts to allow trains to change tracks. Traditional equipment hinders the use of high production machines and results in long-term maintenance and reliability problems. The OneTrough Point Operating System, designed and built by Siemens Australia, integrates all points equipment in one hollow sleeper, delivering cost savings to customers.
- Siemens designed and built flat sorting machines to help Australia Post keep up with a growing volume of mail. The machines, which operate in all capital cities, find and read addresses on flat envelopes and compare them to a database of 20 million addresses in split seconds. The sorting solution can process up to 27,000 mail pieces per hour.
- Sydney Hilton's investment in Siemens building management technology has delivered large savings in energy costs. The new, fully automated building management system incorporates the latest Siemens technology to control the heating and cooling for the entire hotel. The system instantly adjusts air temperature upon guest check-in and departure and is integrated with other building services.







Corporate governance

We believe that business, ethical, environmental and social principles are vital for long-term success.

At Siemens Australia and New Zealand, corporate responsibility is a strategic managerial process aimed at integrating business, environmental and social performance to create greater value and enduring benefits within a framework of ethical practices.

Financial transparency, compliance with all rules and regulations of financial reporting and open communication with shareholders ensure sound corporate governance. Siemens has clear rules governing ethical behaviour towards customers, business partners, employees, public entities and society as a whole.

Our values are the foundations of our actions. We conduct our business responsibly and in compliance with the local and international laws and regulations. The company does not tolerate illegal and unethical behaviour.

Sustainability means that our activities today do not jeopardise our success tomorrow. We comply with local environmental regulations and apply Siemens global regulations and standards to ensure production practices are environmentally friendly and energy efficient.

In Australia and New Zealand, we are a part of the communities which we serve. We focus on educational initiatives which foster the development of young people and participate in social and charitable work to help people in need.

Educational initiatives

Siemens *Generation21*, a worldwide initiative, supports many education activities including university prizes, student exchange programs, *The Siemens Science Experience* and *The Siemens RMIT Fine Arts Scholarship*.

The Siemens Science Experience is an exciting, three-day hands-on workshop and lecture program that encourages students entering Year 10 to enrol in science and engineering courses in late secondary and early tertiary years. Featured speakers at *The Siemens Science Experience* have included Professor Barry Marshall, Australian of the Year Dr Fiona Wood and Dr Karl Kruszelnicki. Over 50,000 students have discovered the wonders of science and engineering since Siemens began sponsoring the program in 1993.

The Siemens RMIT Fine Arts Scholarship is one of the most progressive scholarship programs of its kind in Australia. Since 1999, the scholarship program has enabled RMIT students to further their fine arts careers by assisting them with study and production costs.

Siemens partnership with RMIT demonstrates dedication to innovation, knowledge and excellence.







Our people

A highly qualified and motivated workforce is the key to our success. Changing demographics will see a smaller proportion of the population in the workforce in the future. Innovative thinking and practices are needed to attract and retain the best people to work for us.

Only if our people are highly qualified and intensely committed can we offer world class products, services and solutions. In Siemens Australia and New Zealand the training and education to develop the skills and knowledge of employees is a top priority. Employee development is crucial for the creation and implementation of technology-based solutions for our customers.

Our corporate culture is defined by our values:

- We respect people and act with integrity
- We build lasting customer partnerships
- We take ownership
- We have a passion for winning with clear goals, concrete measures and rigorous performance recognition
- We promote both individual and team development

As a global company, we experience diversity every day. We regard the diversity of our workforce as an invaluable source of creativity and experience that makes us more competitive.

Internal and external collaboration is a cornerstone of Siemens success. Locally and globally, employees in diverse businesses work cooperatively with each other to create synergies across our broad portfolio of products and services.

We invest in our people to ensure we live our vision of making the investment of our customers better.

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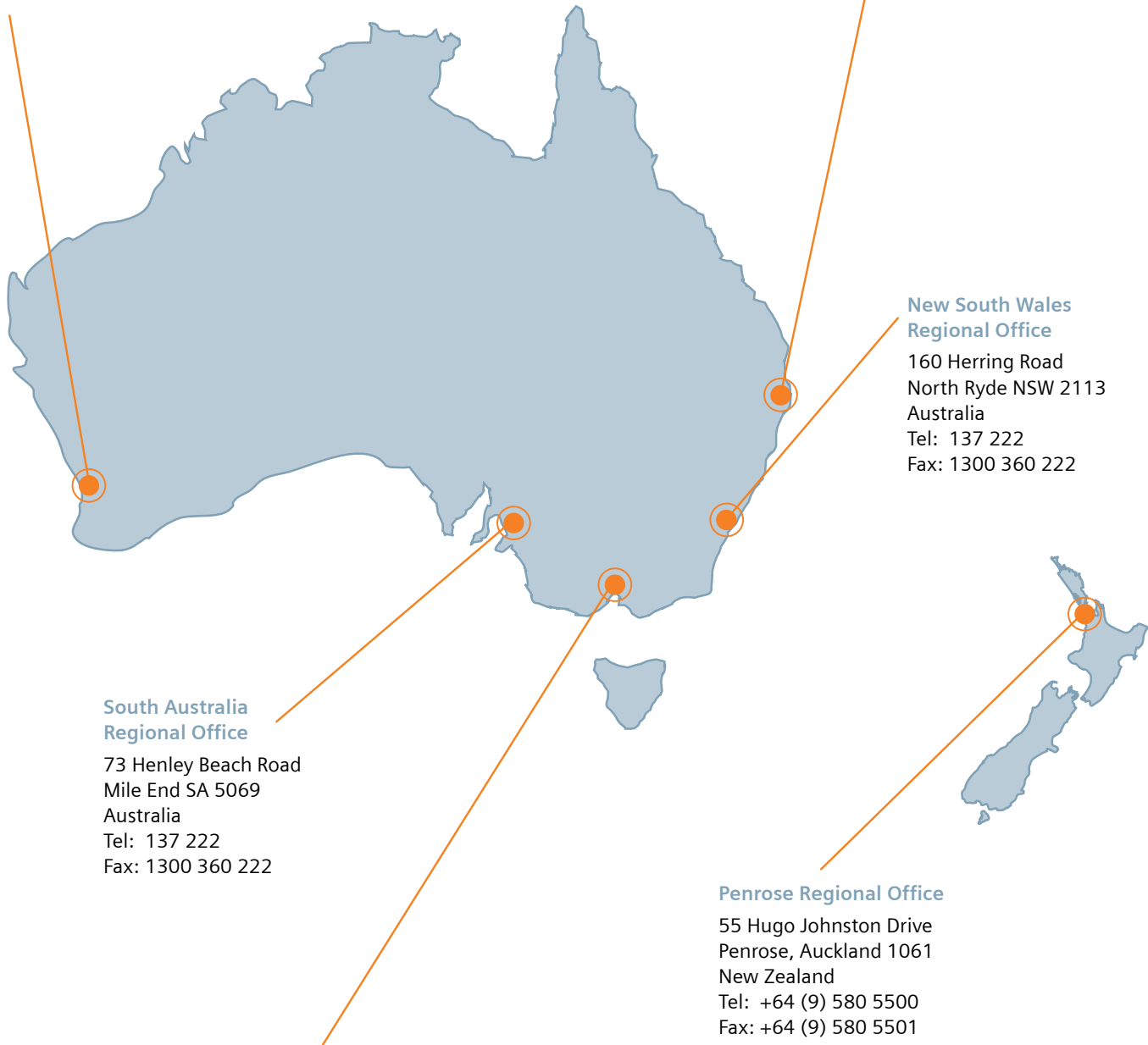
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Produced by Siemens

Corporate Communications

Australia and New Zealand

Order # CCAU/busover001/0807