SIEMENS

Siemens Magnet Technology Limited

Directors' report and financial statements

Registered number 2342055

30 September 2005

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COMPANIES HOUSE 14/07/2006

Contents

Directors' report

The directors present their annual report and the audited financial statements of the company for the year ended 30 September 2005.

Principal activities

The company's principal activity is the design, manufacture and sale of magnets and associated electronics for use in whole body magnetic resonance imaging.

Business review

Turnover increased from £115 million to £152 million.

Operating loss was £10,438,000 compared to £15,443,000 in the previous year, while the loss on ordinary activities before taxation decreased to £12,746,000 from £17,044,000.

The company made a loss for the year after taxation of £9,375,000 (2004: £12,052,000).

During the past year the main business activities of the company have remained unchanged. The directors anticipate that productivity enhancements should lead to a return to profitability in the short to medium term.

Proposed dividend

The directors do not recommend the payment of a dividend (2004:£Nil).

Directors and directors' interests

The directors who held office during the year were as follows:

H Kolem	(Chairman)
G Dombrowe	
D Kleinschmidt	
A Kaindl	
A McKelvey	(Resigned 21 December 2005)

The directors who were appointed after the year end were:

C Klaussner	(appointed 1 October 2005)

None of the directors holding office at 30 September 2005 had notified any beneficial interest in any contract to which the company or its subsidiary undertakings was a party during the financial year.

Research and development

Research and development is an integral part of the company's business. Expenditure on research and development is set out in note 3 to the financial statements.

Payment policy to creditors

It is the company's policy to negotiate terms with its suppliers in all sectors and to ensure that they know the terms on which payment will take place when the business is agreed. It is the company's policy to abide by these terms.

The number of days billings from suppliers outstanding at the end of the financial year was 32 days *(2004: 36 days)*.

Directors' report *(continued)*

Equal Opportunities

The Company is committed to equal opportunities for all, free of discrimination and harassment. Siemens values the contribution of all employees. All job applicants and employees, customers, visitors or contractors will receive equal treatment regardless of sex, race, disability, sexual orientation, religion or belief, age, colour, marital status, trade union membership, nationality or ethnic or national origins.

Within Siemens applicants and employees will be recruited, selected, trained and promoted on objective grounds, i.e. on the basis of their ability, skills and aptitudes and on the requirements of their job. This will enable them to develop to the best of their abilities and contribute most effectively to the success of the Company. Wherever possible, we will assist disabled employees to enable them to work for the Company and maximise their contribution and performance.

Employee Participation

The Directors continue to encourage employee participation within the Company. The Siemens Leadership Framework and Management Development Programmes underpin the various methods for encouraging an open and participative style of management and communication that has been introduced in recent years; these include team briefings, intranet information and notices, staff forums and employee elections to the Siemens Europe Committee, the European works council. We encourage suggestions and innovations for improving business performance through the 'Top Plus Board', business suggestion schemes and the staff dialogue process.

Charitable donations

Charitable donations amounting to £35,148 *(2004: £26,291)* were made during the year.

Auditor

In accordance with section 379A of the Companies Act 1985, the company has decided to dispense with the laying of reports and accounts before the members in a general meeting, the annual appointment of auditors and the holding of annual general meetings and accordingly KPMG Audit plc will therefore continue in office.

By order of the board

G T Gent
Company Secretary

Siemens House
Oldbury
Bracknell
Berkshire
RG12 8FZ

15 February **2006**

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

KPMG

KPMG Audit Plc
Arlington Business Park
Theale
Reading
RG7 4SD
United Kingdom

Report of the independent auditors to the members of Siemens Magnet Technology Limited

We have audited the financial statements on pages 5 to 19.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 September 2005 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Audit Plc

20/02/2006

KPMG Audit Plc
Chartered Accountants
Registered Auditor

Profit and loss account

for the year ended 30 September 2005

	Note	2005 £000	2004 £000
Turnover	2	**152,140**	115,255
Cost of sales		**(150,843)**	(119,898)
Gross profit		**1,297**	(4,643)
Distribution costs		**(3,937)**	(2,230)
Administrative expenses		**(7,798)**	(8,570)
Operating loss	3	**(10,438)**	(15,443)
Interest payable and similar charges	6	**(2,308)**	(1,601)
Loss on ordinary activities before taxation		**(12,746)**	(17,044)
Tax on loss on ordinary activities	7	**3,371**	4,992
Retained loss for the financial year	17	**(9,375)**	(12,052)

The group has no recognised gains or losses in either the current or preceding year other than those reported above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss for the financial year presented above and the historical cost equivalent.

Balance sheet
at 30 September 2005

	Note	2005		2004	
		£000	**£000**	£000	£000
Fixed assets					
Intangible assets	*9*		**250**		450
Tangible assets	*10*		**10,997**		10,049
			11,247		10,499
Current assets					
Stocks	*11*	**21,118**		19,782	
Debtors	*12*	**15,825**		15,007	
Cash at bank and in hand		**18**		-	
		36,961		34,789	
Creditors: amounts falling due within one year	*14*	**(65,724)**		(53,440)	
		(28,763)		(18,651)	
Net current liabilities – Due within one year		**(28,937)**		(18,651)	
Debtors: amounts falling due after more than one year	*12*	**174**		-	
			(28,763)		(18,651)
Total assets less current liabilities			**(17,516)**		(8,152)
Provisions for liabilities and charges	*15*		**(1,422)**		(1,411)
Net liabilities			**(18,938)**		(9,563)
Capital and reserves					
Called up share capital	*16*		**3,000**		3,000
Profit and loss account	*17*		**(21,938)**		(12,563)
Equity shareholders' funds	*17*		**(18,938)**		(9,563)

These financial statements were approved by the board of directors on 26 January 2006 and were signed on its behalf by:

A Kaindl
Director

Notes
(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards and the principal accounting policies applied set out below.

The financial statements have been prepared on the going concern basis which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on its parent company, Siemens AG, the company's ultimate parent entity. Siemens plc, the immediate parent entity, has for at least 12 months from the date of approval of these financial statements, undertaken to continue to make available such funds as are needed by the company and in particular will not seek repayment of the amounts currently made available. This should enable the company to continue to trade for the foreseeable future by meeting its liabilities as and when they become due. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue, although at the date of approval of these financial statements, the directors have no reason to believe that it will not do so. Based on this undertaking the directors believe that it remains appropriate to prepare the financial statements on a going concern basis. The financial statements do not include any adjustments that would result if such funds were not available.

The company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

The company is exempt from the requirement of Financial Reporting Standard No 1 (Revised) to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of Siemens AG, and its cash flows are included within the consolidated cash flow statement of that company.

The company has taken advantage of the exemption under Financial Reporting Standard No 8 for subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, and has not disclosed transactions with group companies.

Intangible assets and amortisation

Intangible assets are stated at cost less accumulated amortisation and are written off on a straight line basis over their estimated useful lives.

Amortisation is provided at the following annual rates:

Computer licences	-	33%

Tangible assets and depreciation

Tangible assets are stated at cost less accumulated depreciation and are written off on a straight line basis over their estimated useful lives to their residual values.

Depreciation is provided at the following annual rates:

Plant and machinery	-	10 - 20%
Fixtures, fittings, tools and equipment	-	10 - 33%
Motor vehicles	-	25%

Expenditure on capital items costing less than £500 each is charged to the profit and loss account as it is incurred. Leasehold improvements are included in fixtures and fittings, and depreciated over the life of the lease if shorter than ten years, or at 10% per annum if longer.

Notes *(continued)*

(forming part of the financial statements)

Operating leases, finance leases and HP contracts

Rentals under operating leases are charged to the profit and loss account in the periods to which they relate.

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost comprises purchase price or direct production costs, together with customs and excise duties, freight and manufacturing overheads as appropriate.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by Financial Reporting Standard No 19.

Turnover

Turnover represents the amounts receivable for goods sold and services provided during the year, excluding value added tax.

Research and development

Research and development expenditure is charged to the profit and loss account in the year in which it is incurred.

Foreign currency translation

Transactions in foreign currencies are converted into sterling at appropriate forward contract rates or the rate ruling on the date of transaction where no forward cover exists. Assets and liabilities denominated in foreign currencies are translated at the rates ruling at the balance sheet date or at the appropriate forward contract rates. Exchange profits and losses arising from the above are dealt with in the profit and loss account.

Post-retirement benefits

Defined contribution plan

The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period and represents the full extent of the company's liability.

Defined benefits plan

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company. Contributions to the scheme are charged to the profit and loss account over the periods benefiting from the employees' service.

2 Analysis of turnover

Geographical analysis of the company's turnover and turnover by business sector is not presented since, in the opinion of the directors, the disclosure would be seriously prejudicial to the interests of the company.

Notes *(continued)*

3 Operating loss

	2005	2004
	£000	£000
Operating loss is stated:		
After charging		
Depreciation	**3,507**	2,787
Amortisation of intangible assets	**200**	150
Loss on disposal of fixed assets	**592**	-
Rentals payable under operating leases:		
Hire of plant and machinery	**81**	34
Other operating leases	**1,847**	1,991
Auditor's remuneration:		
Audit	**50**	46
Research and development costs	**6,038**	7,242
After crediting		
Exchange gains	**351**	266

4 Remuneration of directors

	2005	2004
	£000	£000
Directors' emoluments	**243**	**406**

	Number of directors	
	2005	2004
Retirement benefits are accruing to the following number of directors under:		
Defined benefit schemes	**2**	2

The aggregate of emoluments and amounts receivable under long-term incentive schemes of the highest paid director was £124,504 (2004: £213,531). The highest paid director under which the accrued pension at the year-end was £71,388 (2004: £61,857) and his lump sum was £148,873 (2004: £133,301).

Two of the company's directors H Kolem and D Kleinschmidt are remunerated by Siemens AG, and one of the company's directors, G Dombrowe, is remunerated by Siemens plc. Where appropriate, their emoluments are disclosed in the financial statements of Siemens AG and Siemens plc respectively. The above emoluments are paid to the directors directly by Siemens Magnet Technology Limited.

Notes *(continued)*

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	2005	2004
Manufacturing services	**594**	527
Sales, marketing and administration	**69**	64
Research and development	**78**	96
	741	687

The aggregate payroll costs of these persons were as follows:

	2005	2004
	£000	£000
Wages and salaries	**20,196**	21,573
Social security costs	**2,079**	1,980
Other pension costs (note 19)	**3,327**	2,586
	25,602	26,139

6 Interest payable and similar charges

	2005	2004
	£000	£000
On all other loans	**2,308**	1,601

All of the above amounts were payable to group undertakings.

7 Tax on loss on ordinary activities

Analysis of charge/(credit) in period

	2005	2004
	£000	£000
UK corporation tax		
Current tax on income for the period	**(2,725)**	(4,356)
Adjustments in respect of prior periods	**(150)**	32
Total current tax	**(2,875)**	(4,324)
Deferred tax		
Origination/reversal of timing differences	**(537)**	(668)
Adjustments in respect of prior periods	**41**	-
Tax on loss on ordinary activities	**(3,371)**	(4,992)

Notes *(continued)*

7 Tax on loss on ordinary activities (continued)

Factors affecting the tax charge/(credit) for the current period

	2005	2004
	£000	£000
Current tax reconciliation		
Loss on ordinary activities before tax	**(12,746)**	(17,044)
Current tax at 30% (2004: 30%)	**(3,824)**	(5,113)
Effects of:		
Expenses not deductible for tax purposes	**562**	81
Capital allowances for period in excess of depreciation	**110**	(75)
Tax losses not utilised	**-**	431
Movement in provisions	**427**	320
Adjustments to tax charge in respect of previous periods	**(150)**	32
Total current tax charge/(credit) (see above)	**(2,875)**	(4,324)

8 Fixed asset investments

The companies in which the company's interest at the year end is more than 20% are as follows:

Subsidiary undertakings	*Country of incorporation*	*Principal activity*	*Class and percentage of shares held*
Siemens Magnet Technology Pension Trustee Limited (formerly Oxford Magnet Technology Pension Trustee Limited)	England	Trustee of the pension fund	Ords. £1 100%

Group financial statements have not been prepared as the company is a subsidiary of Siemens Plc.

9 Intangible assets

	Software licences
Cost	£000
Brought forward	600
At end of year	600
Accumulated depreciation	
Brought forward	150
Charge	200
At end of year	350
Net book value	
At 30 September 2005	**250**
At 30 September 2004	450

Notes *(continued)*

10 Tangible fixed assets

	Motor vehicles £000	Fixtures, fittings, tools and equipment £000	Plant and machinery £000	Construction in progress £000	Total £000
Cost					
At beginning of year	386	13,381	12,251	2,718	28,736
Additions	24	716	2,818	2,063	5,621
Disposals	(238)	(4,086)	(8,926)	(4)	(13,254)
Transfers	53	(2,100)	4,761	(2,714)	-
At end of year	225	7,911	10,904	2,063	21,103
Accumulated depreciation					
At beginning of year	327	9,761	8,599		18,687
Charge for year	35	780	2,692	-	3,507
Disposals	(182)	(3,753)	(8,153)	-	(12,088)
Transfers	-	(1,436)	1,436		-
At end of year	180	5,352	4,574	-	10,106
Net book value					
At 30 September 2005	**45**	**2,559**	**6,330**	**2,063**	**10,997**
At 30 September 2004	59	3,620	3,652	2,718	10,049

No depreciation is charged on assets under construction. These assets are transferred to the relevant categories when completed and depreciated in line with the given rates.

Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	2005 £000	2004 £000
Contracted	**66**	593

Notes *(continued)*

11 Stocks

	2005	2004
	£000	£000
Raw materials and consumables	**6,093**	13,859
Work in progress	**14,194**	5,710
Finished goods and goods for resale	**831**	213
	21,118	19,782

There is no material difference between the stock valuation in the balance sheet and the equivalent replacement value.

12 Debtors

	2005	2004
	£000	£000
Trade debtors	**1,959**	3,537
Amounts owed by group undertakings	**3,481**	3,452
Other debtors	**4,925**	1,573
Pension Prepayment	**671**	-
Prepayments and accrued income	**86**	794
Net deferred tax asset (note 13)	**1,814**	1,318
Corporation Tax receivable	**2,715**	4,333
	15,651	15,007
Amounts falling due after one year:		
Other debtors	**174**	-
	15,825	15,007

Notes *(continued)*

13 Deferred tax asset

The elements of deferred taxation are as follows:

	2005 £000	2004 £000
Accelerated capital allowances	**315**	240
Short term timing differences	**774**	345
Tax losses carried forward	**725**	733
Deferred tax asset	**1,814**	1,318
Asset at start of year	**1,318**	650
Deferred tax credit in profit and loss account	**496**	668
Asset at end of year	**1,814**	1,318

Deferred tax asset has been recognised on the basis that the company will have taxable profits going forward.

There are no unprovided deferred tax assets or liabilities in the current year

14 Creditors: amounts falling due within one year

	2005 £000	2004 £000
Trade creditors	**14,505**	11,652
Amounts owed to group undertakings	**49,247**	37,190
Taxation and social security	**65**	509
Other creditors	**125**	181
Accruals and deferred income	**1,782**	3,908
	65,724	53,440

15 Provisions for liabilities and charges

	Warranty provision £000
At beginning of year	1,411
Utilised during the year	(1,002)
Provided during the year	1,013
At end of year	**1,422**

It is expected that most of the above provision will be incurred as expenditure in the next two years and all within three years of the balance sheet date.

Notes *(continued)*

16 Called up share capital

	2005	2004
	£000	£000
Authorised, allotted, called up and fully paid		
Ordinary shares of £1 each	**3,000**	3,000

17 Reconciliation of movements in shareholders' funds

	Share capital £000	**Profit and loss account £000**	**Total Shareholders' Funds 2005 £000**	Total Shareholders' funds 2004 £000
Opening shareholders' funds	**3,000**	**(12,563)**	**(9,563)**	2,489
Retained loss for the financial year	**-**	**(9,375)**	**(9,375)**	(12,052)
Closing shareholders' funds	**3,000**	**(21,938)**	**(18,938)**	(9,563)

18 Leasing commitments

At 30 September 2005 the company has annual commitments under operating leases for land and buildings and motor vehicles as set out below:

	2005		2004	
	Land and Buildings	**Other**	Land and buildings	Other
	£000	**£000**	£000	£000
Operating leases which expire:				
Within one year	**-**	**-**	-	1
In the second to fifth years inclusive	**-**	**9**	194	5
Over five years	**1,456**	**-**	1,456	-
	1,456	**9**	1,650	6

Notes *(continued)*

19 Pension scheme

Siemens Magnet Technology Limited operates one funded defined benefit scheme in the UK and additionally participates in the Siemens Benefits Scheme, which comprises both defined benefit and defined contribution plans.

Siemens Magnet Technology Defined Benefit Scheme

The most recent valuation of the Siemens Magnet Technology Pension Scheme was carried out by a qualified actuary as at 5 April 2004 using the attained age method.

The principal assumptions adopted in this valuation were that the rate of return on investments would be 7.5% per annum pre-retirement and 5.5% per annum post-retirement, that general salary increases would average 4.5% per annum and that the rate of increase of pensions in payment would be 2.8% per annum. At the date of the actuarial valuation, the market value of the scheme's assets was £26.0m. These assets represented 77% of the value of the benefits which had accrued to members at the valuation date after allowing for future increases in earnings. The company has acknowledged the deficit in the scheme which is being dealt with through a revised funding plan, effective 1 October 2004.

The total pension cost for the year was £1,463,000 (2004: £899,000). For the period 1 October 2004 to 30 September 2005, the Company has been contributing to the Siemens Magnet Technology Pension Scheme at an average rate of 35.9% (2004: 18%) of Pensionable Salaries (including 3.3% (2004: 1.7%) of Pensionable Salaries in respect of administration costs and insuring death in service lump sum benefits). With effect from 1 October 2005, contributions from the Company will be paid at an average of 20.9% of Pensionable Salaries (including 3.2% (2004: 3.3%) of Pensionable Salaries in respect of administration costs and insuring death in service lump sum benefits). In addition, monthly contributions of £164,000 will be paid in respect of the deficit in the Scheme.

Whilst the company continues to account for pensions costs in accordance with Statement of Standard Accounting Practice 24 "Accounting for Pension Costs", under Financial Reporting Standard 17 "Retirement benefits" the following transitional disclosures are required.

The numbers shown in this disclosure have been based on the results of the most recent actuarial valuation of the Scheme as at 5 April 2004 updated by an independent qualified actuary to take account of the requirements of FRS 17 in order to assess the liabilities of the Scheme at 30 September 2005 The Scheme's assets are stated at their market values at 30 September 2005

As the Scheme is closed to new members, under the projected unit method, the current service cost will increase as the members of the scheme approach retirement.

The major assumptions used by the actuary were (in nominal terms):

	2005	2004	2003
Rate of increase in salaries	**3.90%**	4.10%	3.95%
Rate of increase in pensions in payment and deferred pensions			
Accrued pre 6/4/97	**2.20%**	2.20%	2.10%
Accrued post 6/4/97	**2.80%**	2.70%	2.60%
Discount rate applied to scheme liabilities	**5.00%**	5.50%	5.40%
Inflation assumption	**2.90%**	2.90%	2.70%

Notes *(continued)*

19 Pension schemes *(continued)*

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions, which, due to the timescale covered, may not necessarily be borne out in practice.

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Long term rate of return 2005	**Value at 2005 £000**	Long term rate of return 2004	Value at 2004 £000	Long term rate of return 2003	Value at 2003 £000
Equities	**7.3%**	**27,264**	7.7%	22,225	7.7%	19,783
Bonds	**4.5%**	**5,505**	4.9%	3,945	4.7%	3,573
Total market value of assets		**32,769**		26,170		23,356
Present value of scheme liabilities		**(51,314)**		(38,275)		(34,971)
Deficit in the scheme		**(18,545)**		(12,105)		(11,615)
Related deferred tax asset		**5,564**		3,631		3,485
Net pension liability		**(12,981)**		(8,474)		(8,130)

The amount of this net pension liability would have a consequential effect on reserves.

Movement in deficit during the year

	2005 £000	2004 £000	2003 £000
Deficit in Scheme at beginning of year	**(12,105)**	(11,615)	(10,733)
Movement in year:			
Current service cost	**(872)**	(1,099)	(1,059)
Contributions	**1,463**	899	1,172
Past Service costs	-	-	(100)
Other finance income	**(178)**	(201)	(333)
Actuarial loss	**(6,853)**	(89)	(562)
Deficit in Scheme at end of year	**(18,545)**	(12,105)	(11,615)

The increased pension charge during the year reflects the general increase in the funding of the scheme.

Amount (£'000)	**(973)**	951	324
Percentage of the present value of the scheme liabilities	**(2%)**	2%	1%
Total amount recognised in statement of total recognised gains and losses:			
Amount (£'000)	**(6,853)**	(89)	(562)
Percentage of the present value of the scheme liabilities	**(13%)**	(0%)	(2%)

Notes *(continued)*

19 Pension schemes *(continued)*

History of experience gains and losses

	2005	2004	2003	2002
Difference between the expected and actual return on scheme assets:				
Amount (£'000)	**3,839**	957	1,658	(4,187)
Percentage of scheme assets	**12%**	4%	7%	(22%)
Experience gains and losses on scheme liabilities:				

Analysis of the amount charged to operating profit:

	2005 **£000**	2004 £000	2003 £000
Current service cost	**872**	1,099	1,059
Past service cost	-	-	100
Curtailment following scheme redesign	-	-	-
	872	1,099	1,159

Analysis of the amount credited to other finance income

	2005 **£000**	2004 £000	2003 £000
Expected return on pension scheme assets	**1,934**	1,697	1,313
Interest on pension scheme liabilities	**(2,112)**	(1,898)	(1,646)
	(178)	(201)	(333)

Analysis of amount to be recognised in statement of total recognised gains and losses (STRGL)

	2005 **£000**	2004 £000	2003 £000
Actual return less expected return on scheme assets	**3,839**	957	1,658
Experience gains and losses arising on scheme liabilities	**(973)**	951	324
Changes in assumptions underlying the present value of scheme liabilities	**(9,719)**	(1,997)	(2,544)
Actuarial loss recognised in statement of total recognised gains and losses	**(6,853)**	(89)	(562)

Notes *(continued)*

19 Pension schemes *(continued)*

Siemens Benefit Scheme - Defined benefit plan

The most recent valuation of the Siemens Benefits Scheme Defined benefit plan was carried out by a qualified actuary as at 30 June 2005 using the projected unit method.

The principal assumptions adopted in this valuation were that the rate of return on investments would be 4.9% per annum, that general salary increases would average 3.7% per annum and that the rate of increase of pensions in payment would be 2.7% per annum. At the date of the actuarial valuation, the market value of the scheme's assets was £1,380.1m. These assets represented 72% of the value of the benefits which had accrued to members at the valuation date after allowing for future increases in earnings. The company has acknowledged the deficit in the scheme which is being dealt with through a revised funding plan.

The total pension cost for the year, which has been assessed in accordance with the advice of a qualified actuary, was £1,635,000 (2004: £1,471,000). For the period 1 October 2004 to 30 September 2005, businesses have been contributing to the Siemens Benefits Scheme at an average rate of 20.8% of Pensionable Salaries (including 1% of Pensionable Salaries in respect of administration costs) and in addition total scheme contributions of £95.1m per annum have been paid. With effect from 1 October 2005, contributions from businesses will increase to an average of 23.4% of Pensionable Salaries (including 1% of Pensionable Salaries in respect of administration costs) and in addition a minimum total scheme contribution for 2005/06 of £55m will be paid.

For the purposes of FRS17, because Siemens Magnet Technology Limited is one of several employers participating in the Siemens Benefits Scheme and is unable to identify its share of the underlying assets and liabilities, the annual cost would be taken as equal to the employer contributions paid. Further disclosures in connection with FRS17 can be found in the financial statements of Siemens plc for the year ended 30 September 2005.

Siemens Benefit Scheme - Defined contribution plan

The defined contribution pension plan commenced on 1 January 2003. The pension cost charge for the period represents contributions payable by the company to the scheme and amounted to £228,899 (2004: £113,666).

There were no outstanding or prepaid contributions at the end of the financial year (2004: £Nil).

20 Parent company

The ultimate parent undertaking is Siemens AG, incorporated in Germany. Siemens AG is the only group undertaking of which the Company is a member for which group accounts are prepared. Copies of the group accounts are available on the internet at www.siemens.com or obtained from:

Siemens AG
Wittelsbacherplatz 2
D-80333 Munich
Germany

The immediate parent undertaking is Siemens plc, a company incorporated in England and Wales.