VOLKSWAGEN

AKTIENGESELLSCHAFT







Half-Yearly Financial Report

JANUARY – JUNE 2013





Key Figures

VOLKSWAGEN GROUP

Volume Data[1]	Q2 2013	Q2 2012	%	H1 2013	H1 2012	%
Deliveries to customers ('000 units)	2,484	2,343	+ 6.0	4,798	4,552	+ 5.4
of which: in Germany	329	331	– 0.8	596	620	– 3.9
abroad	2,156	2,012	+ 7.1	4,202	3,932	+ 6.9
Vehicle sales ('000 units)	2,498	2,385	+ 4.8	4,873	4,644	+ 4.9
of which: in Germany	323	328	– 1.5	617	644	– 4.1
abroad	2,175	2,056	+ 5.8	4,256	4,000	+ 6.4
Production ('000 units)	2,498	2,364	+ 5.7	4,886	4,681	+ 4.4
of which: in Germany	646	581	+ 11.2	1,253	1,232	+ 1.7
abroad	1,852	1,783	+ 3.9	3,632	3,449	+ 5.3
Employees ('000 on June 30, 2013/Dec. 31, 2012)				556.7	549.8	+ 1.3
of which: in Germany				252.9	249.5	+ 1.4
abroad				303.8	300.3	+ 1.2

Financial Data (IFRSs), € million	Q2 2013	Q2 2012[2]	%	H1 2013	H1 2012[2]	%
Sales revenue	52,122	48,052	+ 8.5	98,687	95,378	+ 3.5
Operating profit	3,437	3,375	+ 1.8	5,780	6,540	– 11.6
as a percentage of sales revenue	6.6	7.0		5.9	6.9	
Profit before tax	3,932	5,842	– 32.7	6,620	10,090	– 34.4
as a percentage of sales revenue	7.5	12.2		6.7	10.6	
Profit after tax	2,847	5,699	– 50.1	4,793	8,847	– 45.8
Profit attributable to shareholders of Volkswagen AG	2,832	5,666	– 50.0	4,858	8,794	– 44.8
Cash flows from operating activities	2,434	906	x	4,984	2,360	x
Cash flows from investing activities attributable to operating activities	3,340	2,208	+ 51.3	5,769	4,940	+ 16.8
Automotive Division[3]						
EBITDA[4]	5,589	5,208	+ 7.3	10,114	10,346	– 2.2
Cash flows from operating activities	4,904	3,810	+ 28.7	8,431	6,752	+ 24.9
Cash flows from investing activities attributable to operating activities[5]	3,259	2,230	+ 46.2	7,201	4,753	+ 51.5
of which: investments in property, plant and equipment	2,252	1,704	+ 32.1	3,924	3,400	+ 15.4
as a percentage of sales revenue	4.9	4.0		4.5	4.0	
capitalized development costs[6]	957	590	+ 62.1	1,635	1,055	+ 55.0
as a percentage of sales revenue	2.1	1.4		1.9	1.2	
Net cash flow	1,645	1,581	+ 4.0	1,231	1,999	– 38.4
Net liquidity at June 30				11,313	14,863	– 23.9

1 Volume data including the unconsolidated Chinese joint ventures. These companies are accounted for using the equity method. All figures shown are rounded, so minor discrepancies may arise from addition of these amounts. 2012 deliveries updated on the basis of statistical extrapolations.
2 Prior-year figures adjusted to reflect application of IAS 19R.
3 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
4 Operating profit plus net depreciation/amortization and impairment losses/reversals of impairment losses on property, plant and equipment, capitalized development costs, leasing and rental assets, goodwill and financial assets as reported in the cash flow statement.
5 Excluding acquisition and disposal of equity investments: Q2 €3,157 million (€2,242 million), H1 €5,365 million (€4,354 million).
6 See table on page 37.

Key Facts

> **Deliveries by Volkswagen Group to customers increase by 5.4% year-on-year to 4.8 million vehicles; continued strong growth in China**

> **Demand for Group vehicles outperforms the market as a whole worldwide; share of the passenger car market amounts to 12.7% (12.4%)**

> **Group sales revenue rises slightly year-on-year to €98.7 billion (€95.4 billion); negatively impacted by market situation in Europe**

> **Operating profit of €5.8 billion (€6.5 billion) in difficult market environment; impacted by contingency reserves affecting the areas of Passenger Cars and Power Engineering**

> **Earnings before tax of €6.6 billion (€10.1 billion); prior-year figure lifted by remeasurement of Porsche options**

> **Cash flows from operating activities in the Automotive Division higher than in the previous year, at €8.4 billion (€6.8 billion); ratio of investments in property, plant and equipment (capex) to sales revenue is 4.5% (4.0%)**

> **Net liquidity of €11.3 billion in the Automotive Division; capital base strengthened by successful placement of a mandatory convertible note**

> **New Group models captivate customers worldwide:**

- **Volkswagen Passenger Cars unveils the CrossBlue Coupé concept car at Auto Shanghai, giving a foretaste of the future design of the SUV family**
- **Audi presents the A3 saloon – the brand's first compact notchback saloon**
- **ŠKODA debuts the major revamp of the Superb**
- **Bentley launches the New Flying Spur in China**
- **Porsche unveils the second generation of the Panamera to the global public**
- **Scania celebrates the launch of its new V8 engine with Euro 6 approval**
- **MAN presents Euro 6 construction vehicles with a new look**

Key Events

MOTOR SHOWS AND EVENTS

The Volkswagen Group presented a wide range of new models at motor shows and events in the second quarter of 2013.

2013 Shanghai Auto Show

This year's Shanghai Auto Show in April marked an important anniversary for Volkswagen – its first Santana rolled off the production line there 30 years ago. Volkswagen celebrated the occasion with the unveiling of an exciting array of new models together with its Chinese joint venture.

Visitors to China's most important motor show were captivated by the world premiere of the CrossBlue Coupé study. Powered by a plug-in hybrid system that is just as sporty as it is efficient, the vehicle combines rugged looks with sporty proportions and elegant lines. The spectacular study provided a glimpse into the future design of the Volkswagen Passenger Cars brand's SUV family. Its V6 TSI and two electric motors have a combined maximum output of 305 kW (415 PS). The study boasts average fuel consumption of only 3.0 l per 100 km in the new European driving cycle and can cover up to 33 km in all-electric mode at a maximum speed of 120 km/h. Other highlights from the brand included the Chinese premier of the XL1 – the only one-liter series car in the world – and the new Gran Lavida, an estate version of the Lavida, which already has a firm foothold in the market. The iBeetle, a synthesis of Apple's iPhone and the Beetle, and the exclusive Phaeton Poltrona Frau study, with its elegant Italian leather interior, also attracted considerable attention.

Audi celebrated the motor show debut of the compact notchback saloon version of the A3, an extremely popular body form in China. Alongside its optical merits, the model features a relatively low weight thanks to its lightweight construction, highly efficient and dynamic drivetrains, as well as a range of infotainment solutions and assistance systems. Also on show in Shanghai was the premium 221 kW (300 PS) S3 saloon.

SEAT marked its first anniversary of entering the Chinese market with the unveiling of the new Leon. The brand also celebrated the sales launch of the Ibiza, which will be rolled out to dealers as a three-door, a five-door and an estate.

ŠKODA revealed its revamped Superb for the first time. The Czech brand's flagship model features a new front and rear, an updated interior, new technology and significantly improved fuel economy.

Bentley showcased the New Flying Spur – the brand's most powerful four-door yet – and Bugatti captivated motor show visitors with the Veyron 16.4 Grand Sport Vitesse, at 408.8 km/h the fastest open-top series sports car in the world.

As part of its 50th anniversary celebrations, Lamborghini presented the Aventador LP 720-4 50° Anniversario, a unique super sports car with exclusive features and technology. The anniversary model is limited to 100 numbered models worldwide and features a carbon-fiber monocoque, 12-cylinder engine technology and permanent all-wheel drive.

Porsche celebrated the world premiere of the second generation of the Panamera in Shanghai, featuring tighter lines, more pronounced contours and updated bodywork. The brand's pièce de résistance was the new Panamera S E-Hybrid – the world's first plug-in hybrid in the luxury class. Boasting a combined output of 306 kW (416 PS), acceleration from 0 to 100 km/h in only 5.5 seconds and a top speed of 270 km/h, it is a Porsche Gran Turismo through and through. Its fuel consumption is only 3.1 l per 100 km in the new European driving cycle, which translates to CO_2 emissions of only 72 g/km. Other highlights of the brand's lineup were the Panamera Executive models with a 15 cm longer wheelbase and air suspension for even greater comfort.

Vienna Motor Symposium

The Volkswagen Group gave industry audiences at the 34th Vienna Motor Symposium in April an insight into future drive technologies. The Group also announced that it is developing a fuel-efficient 10-speed direct shift gearbox and a high-performance diesel engine as part of its strategy to achieve ambitious consumption and emission targets. Volkswagen expects that, in the medium and long term, different drive concepts will exist side by side. Today's combustion engines and alternative drives such as natural gas and in particular plug-in hybrids have great potential, offering maximum efficiency and full flexibility.

Lake Wörthersee GTI festival

The highlight of the annual GTI fan festival at Lake Wörthersee in Austria was the Design Vision GTI – a 370 kW (503 PS) Golf of superlatives for the race track. The progressive design study, based on the seventh generation of the GTI, takes the icon's design and performance into the world of motorsport. Another attraction was the world premiere of the exclusive, special edition Scirocco Million, which celebrates the Scirocco passing the one million production mark. Audi unveiled the Audi TT ultra quattro concept at Lake Wörthersee. The technical study boasts a gross weight of only 1,111 kg and a dynamic 2.0 TFSI engine with 228 kW (310 PS) for maximum sportiness. Spanish brand SEAT showcased the sporty customized Leon SC and the Leon Cup Racer. The highlight of ŠKODA's stand was the Rapid SPORT – a decidedly dynamic and emotive version of the compact saloon. Volkswagen Commercial Vehicles made its mark with the Amarok Power Pickup study – over five meters long and two meters wide with a 200 kW (272 PS) V6 TDI engine.

International Trade Fair for Construction Machinery

The Volkswagen Group's commercial vehicle brands showcased a wide range of vehicles for the construction industry at the International Trade Fair for Construction Machinery (bauma 2013) in Munich.

Volkswagen Commercial Vehicles presented the Amarok SingleCab as a three-way tipper. This flatbed truck features lightweight construction and an electrohydraulic three-way tipper for optimally transporting bulk materials, among other things. The Amarok is a reliable construction vehicle with 4MOTION selectable all-wheel drive, as well as other features such as a rack for objects that extend beyond the roof.

Scania celebrated the world premiere of its new Euro 6 V8 engine. The brand completed its showing with eight further Euro 6 engines and an extensive range of Scania vehicles and services.

The new Euro 6 engines were also a focal point at MAN's stand. The Munich-based manufacturer debuted the new generation of engines in its tried-and-tested construction vehicles under the motto "Consistently Efficient". Other world premieres included the new driver's cabs with steel bumpers, the new crew cabs and a four-axle tipper for mining applications.

50 years of Lamborghini

Lamborghini commemorated its 50th anniversary with the unveiling of the Egoista, a sports car of superlatives that wows with its extreme, masculine design. The interior is extremely rational in contrast and is made for one person only. The one-off is powered by a 5.2 l V10 engine with 440 kW (600 PS).

AWARDS

The Volkswagen Group received a large number of prizes and awards in the second quarter of 2013.

The Volkswagen Group claimed a total of seven first places with its Volkswagen Passenger Cars, Audi, SEAT, ŠKODA and Porsche brands at the "Best Company Car 2013" awards in April 2013. Audi took top honors with three models – the A1 Sportback, the A4 Avant and the Q5. Specialist journal "Firmenauto" based the awards on in-depth practical tests of 82 models, involving 270 fleet managers. Volkswagen also topped the reader poll in the categories "good service for fleet customers", "most environmentally friendly car brand" and "leasing and financing".

The Volkswagen Group is Germany's most prestigious company, according to a consumer survey conducted by Reputation Institute in April. The management consulting firm polled over 115,000 consumers around the world to analyze the image of DAX companies. The Volkswagen Group's economic, environmental and social sustainability initiatives saw it overtake the competition to lead the market.

Magazines "Verkehrs-Rundschau" and "Trucker" presented the "Green Van" environmental award to the most environmentally friendly transporter in April. This year, the Crafter fought off 18 competitors to take first place, clinched by its low fuel consumption, as well as its rating under the European emission standards for commercial vehicles.

In May 2013, the Center of Automotive Management named the Volkswagen Group as the most innovative automotive group for the third consecutive year. The jury was won over by the high number and technological breadth of its innovations. The Volkswagen Group underlined its highly developed innovative expertise with additional wins in the "conventional drives", "alternative drives" and "information and communication systems" categories.

Industry forecaster IHS Automotive and specialist journal "Automobil Produktion" recognized the Volkswagen Passenger Cars brand's plans for the future with the "Volume Brand of the Future Award" in May. The jury sees the brand as being particularly well prepared to meet the challenges of the future on the back of the introduction of the toolkit architecture and the resulting efficiency gains in production.

In June, a jury of 87 motor industry journalists from around the world again awarded the prestigious "International Engine of the Year" title to Volkswagen's 1.4 TSI engine in the 1.0 to 1.4 liter category, making it the most successful powertrain in the history of the engine technology competition. The combination of TSI technology and automatic cylinder deactivation also secured the coveted "Best New Engine Award" for the best engine development in the last 12 months. Audi's 2.5 TFSI engine with turbocharged FSI direct injection was crowned the best in its class for the fourth year running. Porsche's 2.7 liter six-cylinder Boxer engine – found in the Boxster and the Cayman – also took top honors in its category, earning praise for its fuel efficiency and handling.

Volkswagen was again named Germany's "greenest" brand in the "Best Global Green Brands 2013" in June. The global sustainability rankings are conducted by management consultants Interbrand and analyze the environmental activities and public perception of green management.

Also in June, the Amarok was voted the SUV of the year – for the third time running – a prestigious prize awarded by the readers of 4x4 magazine "OFF ROAD".

Prominent market research institute J.D. Power singled out Volkswagen's CC as the winner of its segment in the Vehicle Ownership Satisfaction Study. The study polled around 18,000 drivers on their experiences with their car in terms of quality, appeal, service and maintenance costs. The Porsche brand placed first in J.D. Power's Initial Quality Study, which surveyed over 83,000 US car buyers on their satisfaction with the quality of their new car in the first three months after delivery. US customers also named the Porsche 911 and the Porsche Boxster as the vehicles with the highest customer satisfaction in their segment. Porsche was crowned the best European car brand in the J.D. Power Vehicle Dependability Study. This evaluated customers' experiences in the first three years of ownership in the categories vehicle exterior, driving experience, engine and transmission.

German magazine "AUTO TEST" declared the Golf as its overall winner after analyzing the results of a year's worth of tests and buying guides – over 500 in total. The study took into account vehicle quality, safety, economy and running costs, among other factors.

The Volkswagen Group received the Corporate Finance Award 2012 from financial journal "Börsenzeitung". The award recognizes outstanding transactions from a strategic and financial point of view. The prestigious jury cited the successful creation of the integrated automotive group with Porsche, the expansion of the commercial vehicles business by acquiring a majority stake in MAN SE and the successful issue of a mandatory convertible note as the reasons for its choice.

ANNIVERSARIES

The 1.5 millionth Touran left the assembly line at Volkswagen's Wolfsburg plant in April 2013. It quickly became the best-selling vehicle in its segment following its launch ten years ago and is still Germany's most successful family car.

The Wolfsburg plant celebrated a historical milestone on June 13, 2013 with the production of the 30 millionth Golf in the world. Since its launch in 1974, the Golf has democratized automotive progress – every generation of the Golf has introduced technologies that were previously only available in higher vehicle classes.

Porsche's Leipzig plant built its 100 thousandth Panamera in May 2013. Its launch in 2009 marked the start of a new Porsche series. The milestone vehicle was a plug-in hybrid, which marries efficiency, sporty looks and comfort with Porsche styling.

Lamborghini celebrated the production of its two-thousandth Aventador on June 6, 2013. This milestone was reached just two years after the model's launch thanks to ongoing productivity increases.

NEW PRODUCTION LOCATIONS IN MEXICO AND CHINA

Construction of Audi's first automobile factory in North America began in May 2013 in San José Chiapa, Mexico. The 400-hectare site will house a highly efficient production facility with a press shop, body shell production, paint shop and assembly line. It is expected to be completed by mid-2016 and will have an annual capacity of up to 150,000 vehicles. The successor to the popular Audi Q5 SUV is set to be produced here from 2016. The brand is creating 3,800 jobs with the investment.

In May 2013, we started construction of a vehicle plant in Changsha in central south China together with the Shanghai-Volkswagen joint venture. The end-to-end automobile production facility will include a press shop, body shell production, paint shop and assembly line, and is scheduled for completion by the end of 2015. The new plant will have an annual capacity of approximately 300,000 vehicles. In line with our responsibilities towards society and the environment, we are also following our "Think Blue. Factory." concept in China. The Changsha plant is one of seven new factories to be built in China this year and over the coming years and is part of the Chinese joint ventures' investment program from 2013 to 2015.

THE VOLKSWAGEN GROUP – COMMITTED TO THE ENVIRONMENT

Hand-in-hand with the expansion of its production capacity in China, Volkswagen is launching an environmental initiative in the Chinese market. Between 2013 and 2015, the Group's joint ventures – Shanghai-Volkswagen and FAW-Volkswagen – will invest over two-thirds of its €9.8 billion investment program in highly efficient products and resource conservation in production. The new Chinese locations are setting new ecological standards in sustainable automobile production in terms of resource conservation and waste reduction. Increasingly efficient combustion engines and alternative drives will reduce fleet consumption considerably. Building up local research and development expertise will also play a role.

The Volkswagen Group and the German Nature and Biodiversity Conservation Union (NABU) announced in June 2013 that they would extend and intensify their successful partnership. Both want to step up their commitment to conserving energy and resources, and to protecting wetlands as CO_2 reservoirs. All projects focus on wildlife and nature conservation.

CONTROL AND PROFIT AND LOSS TRANSFER AGREEMENT APPROVED

The shareholders of MAN SE agreed to the conclusion of the control and profit and loss transfer agreement, which Truck & Bus GmbH sought to enter into with MAN SE, at the company's Annual General Meeting on June 6, 2013. The agreement was entered in the commercial register on July 16, 2013 and has been effective since that date. Truck & Bus GmbH is a wholly-owned subsidiary of Volkswagen AG. Entering into the control and profit and loss transfer agreement is designed to enable Volkswagen and MAN to strengthen and simplify their cooperation, increasing the competitiveness of both companies.

TWELFTH LE MANS VICTORY FOR AUDI

The Audi R18 e-tron quattro has won the legendary 24-hour Le Mans race for the second year running. This was Audi's twelfth win out of a total of 15 appearances. Third and fifth place also went to Audi. Drivers Loïc Duval, Tom Kristensen and Allan McNish finished a lap ahead of the runners-up despite what were sometimes extreme weather conditions. Key to the victory was the efficiency and reliability of the hybrid racer, which completed the entire race with no technical problems.

VOLKSWAGEN GROUP OF AMERICA, MUSEUM OF MODERN ART (MOMA) AND MOMA PS1 EXTEND PARTNERSHIP

The Volkswagen Group of America, the Museum of Modern Art (MoMA) and the MoMA PS1 have extended their partnership, originally established in 2011, for at least another two years. The announcement was made at the opening of "EXPO 1: New York" in May, which explores ecological challenges in the context of economic and political instability. The project is one of the highlights of the cooperation between the internationally renowned cultural institution and the Volkswagen Group of America. The partnership reflects the Volkswagen Group's underlying "Think Blue." philosophy and is an important part of its commitment to promoting art and education in society.

SUPERVISORY BOARD MATTERS

Shareholder representative Jassim Al-Kuwari stepped down from the Supervisory Board of Volkswagen AG as of April 25, 2013. He was succeeded by Ahmad Al-Sayed, Doha (Qatar), who was appointed by the court to the Supervisory Board of Volkswagen AG effective June 28, 2013.

Volkswagen Shares

In the first weeks of the second quarter of 2013, the DAX initially continued the downward trend that began in mid-March. Despite the central banks' expansionary monetary policy, persistent uncertainty about the stability of the eurozone clouded investor sentiment. Worsening economic data from Germany and the United States fueled hopes on the financial markets of further interest rate cuts at the end of April. The ensuing price rise strengthened at the beginning of May, after the European Central Bank had cut its key interest rate to a record low of 0.5% and the USA reported positive economic data. The DAX closed at a new record high of 8,530.89 points on May 22, 2013. Profit taking, weaker economic data from China and speculation about the end of the expansionary US monetary policy led to falling share prices in the rest of the quarter. Share prices continued to drop following the US Federal Reserve's announcement of a return to tighter monetary policy. The markets only showed encouraging trends again at the end of the reporting period.

The DAX closed at 7,959 points at the end of June 2013, up 4.6% on the level at the end of 2012. The EURO STOXX Automobile & Parts stood at 353 points, up 4.4% compared with the 2012 closing price.

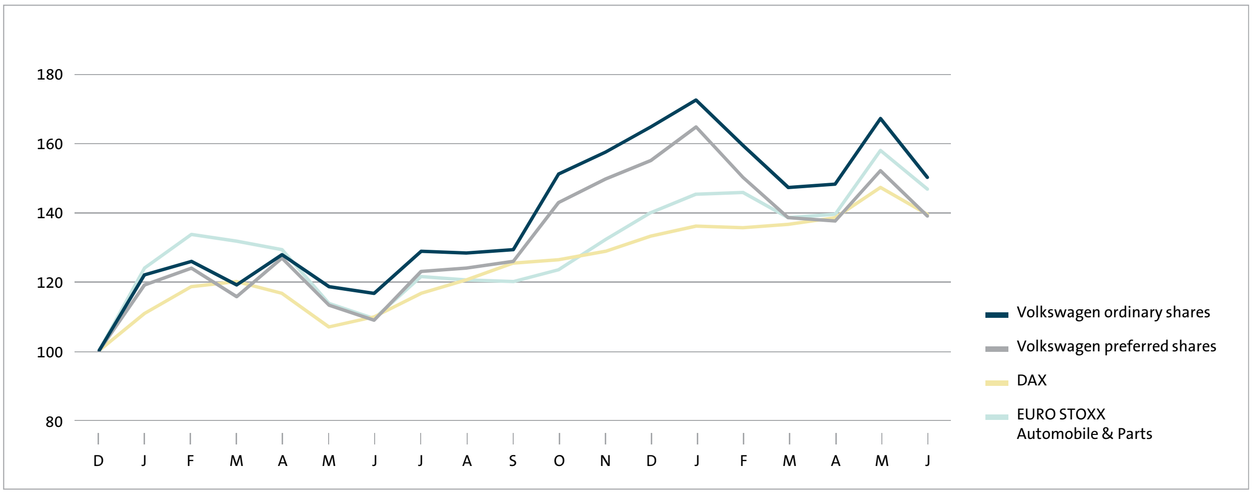
At the beginning of the second quarter, the prices of Volkswagen AG's preferred and ordinary shares could not escape the negative sentiment in the equity markets and continued their downward trend. From mid-April, Volkswagen share prices rose with the market as a whole amid greater volatility. The Company's reported sales figures, which exceeded market expectations, were one factor that increased demand for the shares. The upward trend came to a halt at the same time as the DAX's trend reversal at the end of May. Over the remainder of the reporting period, the prices for both share classes moved in lock-step with the market as a whole.

Volkswagen's preferred shares reached their highest daily closing price in the first six months of 2013 – €186.65 – on February 1, 2013. They recorded their lowest closing price of €138.50 on April 18, 2013. The preferred shares closed at €155.55 on the last trading day of the reporting period, 9.6% lower than at the end of 2012. Volkswagen AG's ordinary shares also reached their highest closing price in the first half of the year – €174.00 – on February 1, 2013. The shares hit their lowest daily closing price on April 18, 2013 at €132.60. The ordinary shares ended the first six months of the year at €149.75; this was a decrease of 8.0% as against the end of 2012.

Information and explanations on earnings per share can be found in the notes to the consolidated interim financial statements. Additional Volkswagen share data, plus corporate news, reports and presentations can be downloaded from our website at www.volkswagenag.com/ir.

SHARE PRICE DEVELOPMENT FROM DECEMBER 2011 TO JUNE 2013

Index based on month-end prices: December 31, 2011 = 100



Business Development

GENERAL ECONOMIC DEVELOPMENT

The global economy continued to be dominated by uncertainties and varying regional growth rates in the first half of 2013. Structural obstacles cast a shadow on the economic situation in the industrialized nations, while emerging market economies mainly recorded robust growth.

The effects of the debt crisis also impacted the situation in Western Europe in the first six months of 2013. Southern Europe remained in recession, and only a few northern European countries recorded positive growth rates.

The German economy, which had still proved to be comparably crisis-proof in 2012, did not register any growth in the reporting period. However, consumer sentiment and the labor market remained positive.

Although the crisis in the eurozone heavily influenced economic growth in Central and Eastern Europe, the overwhelming majority of countries in this region recorded positive growth rates. By contrast, growth in Russia was weaker than in recent years.

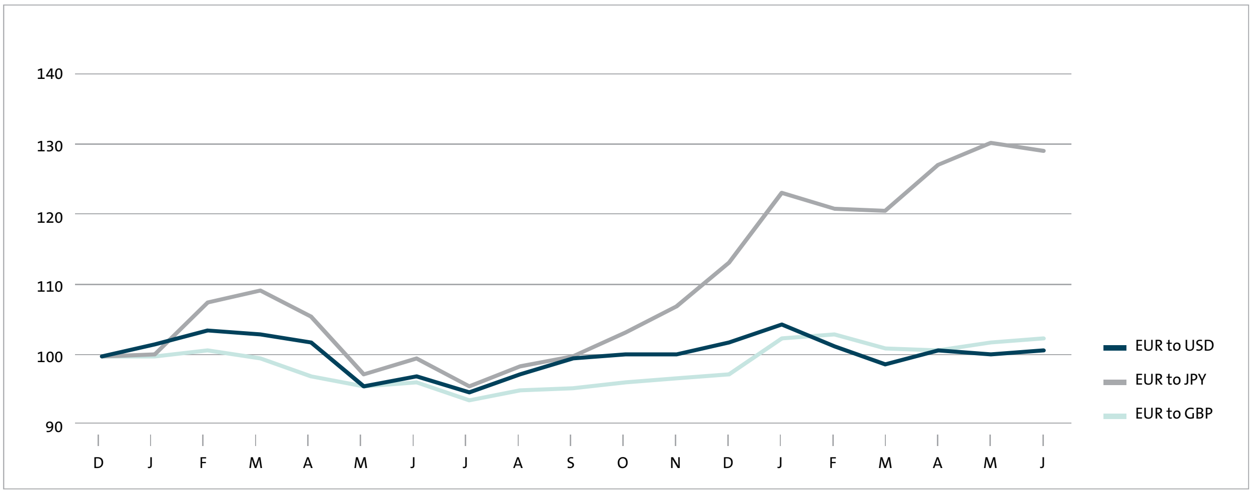
South Africa's economic output only grew at a slower pace in the first half of 2013 than in the previous year. Once again, structural deficits and muted global demand for raw materials had a negative effect.

The USA recorded moderate growth. Higher consumer confidence and the increasing availability of cheaper energy were offset by reduced government spending. Unemployment decreased slightly. The Mexican economy, which is highly dependent on the American economy, experienced positive growth, albeit at a slower pace than the previous year.

The low-level recovery that began in 2012 continued in Brazil and Argentina in the reporting period. However, political uncertainty and very high inflation negatively impacted the Argentinian economy in particular.

China again contributed significantly to global economic growth, despite slightly reduced momentum. By contrast, the Indian economy saw only muted growth, while inflation remained high. In Japan, the economic measures taken at the beginning of the year and the weaker yen led to a revival in the economy.

EXCHANGE RATE MOVEMENTS FROM DECEMBER 2011 TO JUNE 2013
Index based on month-end prices: December 31, 2011 = 100



TRENDS IN THE PASSENGER CAR MARKETS

Global demand for passenger cars in the period from January to June 2013 was up on the prior-year level. Growth in the individual markets was again mixed. The number of new passenger car registrations in Western Europe fell below the prior-year figure, in line with expectations. The Central and Eastern European markets also recorded a decrease in volumes in the reporting period. By contrast, the positive growth trajectory in the Asia-Pacific region and North America continued. Demand for passenger cars in South America in the first half of 2013 also exceeded the high prior-year figure.

The Western European passenger car market declined considerably in the first six months of 2013. The last time weaker overall market volume was seen in the first half of a year was in the 1980s. The unfavorable conditions as a result of the debt crisis in some eurozone countries led in part to double-digit sales slumps in the large markets. By contrast, new passenger car registrations in the United Kingdom rose markedly due to high private demand.

The lack of consumer confidence stemming from the weak economy in Western Europe also had a negative effect on the passenger car market in Germany. New registrations dropped to the second-lowest level for a first half-year period since German reunification in 1990.

The overall passenger car market in Central and Eastern Europe also slowed down. Passenger car market volumes were pushed below the high prior-year level in the reporting period, primarily by higher-than-average decreases in sales figures in Russia in the second quarter of 2013. The main reason for this was declining economic growth.

South Africa continued its upward trend in passenger car sales in the first half of 2013. Growth in demand continued to be driven by low credit interest rates in particular.

New registrations in the North American vehicle market increased from January to June for the fourth consecutive year. In the USA, demand reached the highest level for a six-month period since 2007; this was mainly due to increased consumer confidence, favorable financing conditions and higher replacement demand. While the Canadian market only exceeded the prior-year level by a small margin, sales in Mexico continued their dynamic growth trajectory and only just fell short of the level in the pre-crisis year 2008.

In South America, new passenger car registrations saw a slight positive trend in the first half of 2013 and beat the previous all-time high from the previous year. The main driver of growth in the region was the Brazilian passenger car market. The increase in demand there was boosted in particular by tax breaks being extended. In Argentina, a clear recovery in the second quarter of 2013 led to the passenger car market volume slightly exceeding the prior-year level after the first six months.

The Asia-Pacific region recorded the highest absolute increase in new passenger car registrations. This increase is almost exclusively attributable to the Chinese passenger car market, which saw double-digit growth from January to June 2013. By contrast, passenger car demand in India dropped clearly in the same period. High financing and fuel costs were significant reasons for this. New passenger car registrations in Japan also declined in the first half of 2013 compared with the previous year, in which the market was still buoyed by government incentive programs for fuel-efficient vehicles.

TRENDS IN THE MARKETS FOR COMMERCIAL VEHICLES

Global demand for light commercial vehicles increased moderately in the first half of 2013.

The business climate in Western Europe continued to be impacted by the unresolved eurozone debt crisis, resulting in an unfavorable environment for investing in fleets. Of the large markets, only the United Kingdom was able to record a significant boost to sales, while the other markets stagnated or declined. Eurozone crisis countries such as Spain and Italy once again reported considerable losses, but even markets like Germany and the Netherlands recorded a clear downturn.

Demand for light commercial vehicles was mixed in Central and Eastern European markets in the reporting period: some peripheral eurozone markets, including Hungary, Slovakia and Ukraine, saw considerable losses. By contrast, the Russian market exceeded the prior-year level; however, given the weaker economic growth and generally unfavorable business climate, the market was no longer able to build on the strong growth rates recorded in the past.

The positive trend in the North American markets continued from January to June 2013.

The number of new light commercial vehicle registrations in South America's core markets was above the previous year's figure in the first half of 2013. Buoyed by the extension of tax incentives for local manufacturers, the Brazilian market continued to pick up in the first six months. Demand for light commercial vehicles in Argentina also clearly exceeded the previous year's level.

Sales in China, the dominant market for light commercial vehicles in the Asia-Pacific region, declined slightly in the reporting period. Growth tailed off slightly in the Indian market in the second quarter, but volumes in the first half of the year were still considerably higher than the 2012 level. Most markets in the ASEAN region once again recorded substantial growth.

In the first six months of 2013, global demand for mid-sized and heavy trucks with a gross weight of more than six tonnes was lower year-on-year.

Sales declined significantly in the Western European market in the reporting period. Germany in particular, the largest market in Western Europe, experienced buyer restraint stemming from both the upcoming switch to the Euro 6 emission standard and the difficult market situation.

New registrations fell well below the prior-year level in Central and Eastern Europe, as well as in Russia, the largest truck market there. The lower oil price had a negative effect on Russia's state finances, which the government responded to primarily by cutting infrastructure projects. In addition, the truck market was impacted by unfavorable exchange rate trends and the introduction of a recycling fee on imported vehicles in September of last year.

In North America, figures from January to June 2013 were down significantly year-on-year. The drop in sales in the USA was mainly due to uncertainty about how the budget reform would progress and cautious investment spending by companies as a result of this.

New truck registrations in South America fell below the prior-year figure in the first half of 2013. Vehicle sales in South America's largest market, Brazil, were higher in the reporting period than in 2012. The number of new registrations increased particularly in the second quarter compared with the prior-year period, which had been dominated by the introduction of Euro 5 technology in 2012. The market recovery was driven especially by the heavy truck segment. The main factors behind the upward trend were more favorable financing conditions, supported by the Brazilian development bank, and higher transportation demand.

The Asia-Pacific region – excluding the Chinese market – recorded a substantial drop in sales in the first half of 2013. This was attributable mainly to the Indian market, which contracted as a result of the uncertain economic situation, rising diesel prices, the high budget deficit and widespread buyer restraint. Demand in the world's largest truck market, China, was up slightly year-on-year in the first six months of 2013.

New bus registrations declined worldwide in the first half of 2013 compared with the prior-year period.

TRENDS IN THE MARKETS FOR POWER ENGINEERING

The markets for power engineering are subject to differing regional and economic influences. Consequently, their business growth trends are generally independent of each other.

In the area of shipbuilding, competition was still dominated by overcapacity in the merchant fleet. This situation was further exacerbated by additional tonnage appearing in the market. However, orders for merchant ships increased slightly in the second quarter, and overall were marginally higher in the reporting period than the previous year. Specialized applications such as LNG tankers, cruise ships and offshore vessels recorded ongoing higher demand. The persistent weakness in the shipping industry spread from the new construction business to the after-sales business.

Demand for energy generation remained high, with a strong trend towards greater flexibility and decentralized availability, but the number of new orders placed was below the level of the previous year. The turbomachinery market was dominated by high long-term demand for primary materials as well as the encouraging trends in the oil and gas industry. However, there were still ongoing economic uncertainties, difficult financing conditions and tougher competitive pressure. Growth in offshore wind energy has again fallen well short of expectations.

DEMAND FOR FINANCIAL SERVICES

Global demand for automotive-related financial services was strong in the first six months of 2013. Although the situation in the new and used car markets in Europe remained strained, there was growing demand for automotive-related financial services. The leasing sector in Germany continued its growth trend in both the commercial vehicle and passenger car segments. Demand in North America remained high. The South American markets recorded steady growth, while the Asia-Pacific region clearly exceeded the prior-year volume.

VOLKSWAGEN GROUP DELIVERIES

The Volkswagen Group delivered 4,798,425 vehicles to customers in the reporting period. This corresponds to an increase of 5.4% or 246,337 units compared with the prior-year figure. Delivery figures in all six months were higher than in the same months of the previous year. Separate details for deliveries of passenger cars and commercial vehicles are provided in the following. Since January 1, 2013, the Volkswagen Commercial Vehicles brand has been reported under commercial vehicles together with Scania and MAN. The prior-year figures were adjusted accordingly.

VOLKSWAGEN GROUP DELIVERIES FROM JANUARY 1 TO JUNE 30*

	2013	2012	%
Passenger cars	4,424,898	4,181,596	+ 5.8
Commercial vehicles	373,527	370,492	+ 0.8
Total	**4,798,425**	**4,552,088**	**+ 5.4**

* Deliveries for 2012 have been updated and adjusted to reflect subsequent statistical trends and the new reporting structure.

PASSENGER CAR DELIVERIES WORLDWIDE

In the period from January to June 2013, the Volkswagen Group delivered 4,424,898 passenger cars worldwide, thereby surpassing the previous year's high. The rise of 5.8% was ahead of the market as a whole, which increased by 3.5% in the same period. This enabled us to extend our market position and gain additional market share. The Volkswagen Passenger Cars (+4.4%) and Audi (+6.4%) brands set new records in the first half of the year. At regional level, our passenger car sales grew fastest in North America and the Asia-Pacific region. Since August 1, 2012, the Group's delivery figures also include Porsche brand vehicles.

The table on the next page provides an overview of passenger car deliveries to customers by market and of the respective passenger car market shares in the reporting period.

Sales trends in the individual markets are as follows.

Deliveries in Europe/Remaining markets

In Western Europe, the Volkswagen Group delivered 1,418,586 units to customers in the first six months of this year, 3.3% fewer passenger cars than in the prior-year period. Our sales figures were down year-on-year in all major markets in this region, apart from the United Kingdom. They nevertheless outperformed the market as a whole, which declined by 6.7% in the same period. The Beetle, Golf, Audi A3, Audi Q3 and Audi Q5 were among the vehicles to see increases. The new ŠKODA Octavia saloon and SEAT Leon models met with a positive market reception. The Volkswagen Group increased its share of the passenger car market in Western Europe to 24.7% (23.8%).

In Germany, the Volkswagen Group sold 2.4% fewer passenger cars to customers in the first half of 2013 than in the previous year. The market as a whole declined by 8.1% in the same period. The up!, Polo, Golf, Tiguan, Touran, Passat, Audi A3, Audi A4, ŠKODA Octavia and SEAT Leon models experienced the strongest demand. The Volkswagen Group increased its share of the market in Germany to 38.9% (36.9%). Six Volkswagen Group models led the Kraftfahrtbundesamt (KBA – German Federal Motor Transport Authority) registration statistics in their respective segments for the reporting period: the up!, Polo, Golf, Passat, Touran and Tiguan. The Golf continued to dominate the list of the most popular passenger cars in Germany.

Demand for Group models in Central and Eastern Europe was down by a marginal 2.6% year-on-year in the first six months of 2013. We delivered more vehicles only in Poland and Hungary. Demand for the up!, Polo Sedan, Golf, Jetta, Audi A3, Audi Q3, Audi Q5, ŠKODA Citigo and SEAT Leon models was encouraging, while sales of the Touran, Golf Plus and ŠKODA Fabia declined year-on-year.

In South Africa, the Volkswagen Group's deliveries in the period from January to June 2013 exceeded the prior-year figure by 15.4%. The Group's share of the South African passenger car market rose to 24.8% (22.5%).

Deliveries in North America

In the first half of 2013, the Volkswagen Group lifted its deliveries to customers in the USA by 10.4%; the market as a whole grew by 7.6% in that period. Demand for the Beetle, Tiguan, Passat, Audi A5, Audi Q5, Audi A6 and Audi Q7 models developed positively. The Jetta saw the strongest demand.

In Canada, we lifted deliveries by 11.8% year-on-year. Demand increased for the Jetta, Tiguan, Touareg, Audi A5 and Audi Q5 models in particular.

In the Mexican market in the reporting period, the Group delivered 19.4% more vehicles to customers than in the same period last year. The Golf, Jetta, Audi A1, Audi A3 and Audi A4 models recorded the highest growth rates.

Deliveries in South America

In the South American markets, deliveries by the Volkswagen Group in the period from January to June 2013 were 6.8% down on the prior-year figure.

The Volkswagen Group registered a 6.9% drop in Brazil, where the Gol remained the market leader. The Volkswagen Group's share of the highly competitive Brazilian passenger car market was 20.4% (22.4%).

Our sales figures in Argentina dropped by 5.5% in the first half of 2013. The Bora experienced strong demand, while the Fox and Gol models recorded year-on-year declines. The Volkswagen Group's share of the passenger car market in Argentina decreased to 22.3% (25.7%).

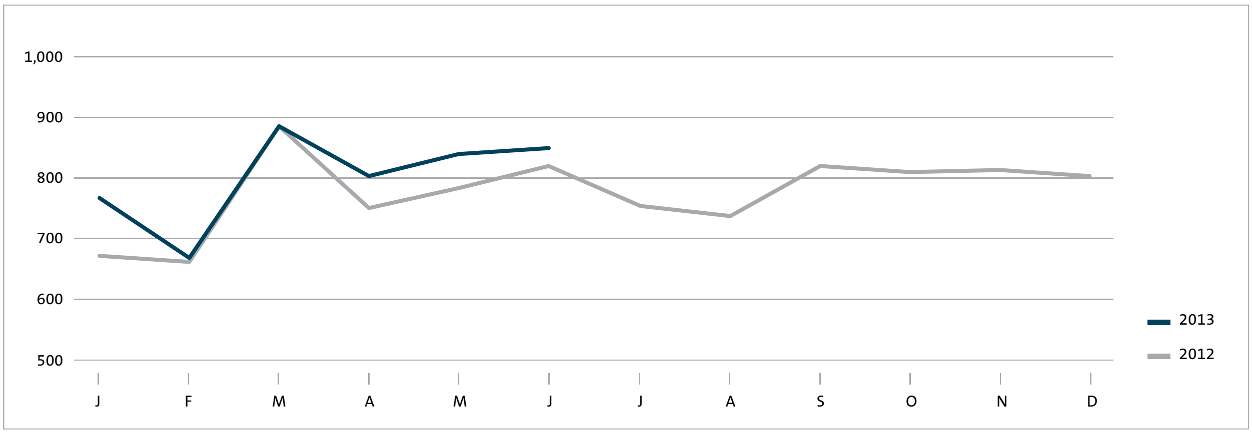
PASSENGER CAR DELIVERIES TO CUSTOMERS BY MARKET FROM JANUARY 1 TO JUNE 30[1]

	DELIVERIES (UNITS)		CHANGE	SHARE OF PASSENGER CAR MARKET (%)	
	2013	2012[2]	(%)	2013	2012
Europe/Remaining markets	**1,902,692**	**1,925,043**	**−1.2**		
Western Europe	**1,418,586**	**1,467,269**	**−3.3**	**24.7**	**23.8**
of which: Germany	529,891	543,104	−2.4	38.9	36.9
United Kingdom	233,993	208,448	+12.3	20.2	19.8
France	129,581	144,209	−10.1	14.0	13.7
Spain	97,404	100,436	−3.0	25.2	24.8
Italy	96,744	108,536	−10.9	13.5	13.2
Central and Eastern Europe	**293,979**	**301,814**	**−2.6**	**15.9**	**15.4**
of which: Russia	142,214	144,546	−1.6	11.5	11.0
Czech Republic	39,713	41,090	−3.4	49.1	43.4
Poland	38,053	36,802	+3.4	25.9	24.9
Remaining markets	**190,127**	**155,960**	**+21.9**		
of which: Turkey	55,528	42,213	+31.5	19.1	17.3
South Africa	54,333	47,086	+15.4	24.8	22.5
North America[3]	**433,298**	**386,025**	**+12.2**	**4.7**	**4.5**
of which: USA	303,925	275,217	+10.4	3.9	3.8
Mexico	85,760	71,815	+19.4	18.0	16.3
Canada	43,613	38,993	+11.8	4.9	4.5
South America	**374,233**	**401,744**	**−6.8**	**17.4**	**19.3**
of which: Brazil	275,306	295,718	−6.9	20.4	22.4
Argentina	79,759	84,377	−5.5	22.3	25.7
Asia-Pacific	**1,714,675**	**1,468,784**	**+16.7**	**12.6**	**11.5**
of which: China	1,541,778	1,298,763	+18.7	20.6	20.2
Japan	49,254	40,867	+20.5	2.1	1.6
India	49,175	60,877	−19.2	4.0	4.5
Worldwide	**4,424,898**	**4,181,596**	**+5.8**	**12.7**	**12.4**
Volkswagen Passenger Cars	2,910,674	2,787,049	+4.4		
Audi	780,467	733,216	+6.4		
ŠKODA	464,595	492,969	−5.8		
SEAT	182,136	163,310	+11.5		
Bentley	4,279	3,929	+8.9		
Lamborghini	1,166	1,109	+5.1		
Porsche	81,565	–	–		
Bugatti	16	14	+14.3		

1 Deliveries and market shares for 2012 have been updated to reflect subsequent statistical trends. The Porsche brand's deliveries are included as from August 1, 2012.
2 The prior-year figure was adjusted due to the new reporting structure.
3 Overall markets in the USA, Mexico and Canada include passenger cars and light trucks.

VOLKSWAGEN GROUP DELIVERIES BY MONTH

Vehicles in thousands



Deliveries in the Asia-Pacific region

The markets in the Asia-Pacific region grew by 6.8% in the reporting period. Volkswagen increased its sales in this region by 16.7% year-on-year, outperforming the market as a whole.

Growth in the Asia-Pacific region was again driven by the Chinese market, where we sold 18.7% more vehicles than in the first half of 2012. Virtually all Group models contributed to this success. With a market share of 20.6% (20.2%), the Volkswagen Group defended its leadership of the highly competitive Chinese market.

In Japan, the Group increased its sales by 20.5%, whereas the market as a whole declined by 8.5%. Demand was stronger for the Beetle, Tiguan, Audi A1, Audi A3 and Audi A4 models.

Group deliveries in India were down 19.2% year-on-year in a declining market. Demand for the Audi Q5 and Audi Q7 models recorded positive growth.

COMMERCIAL VEHICLE DELIVERIES

The Volkswagen Group delivered 373,527 commercial vehicles worldwide in the period from January to June 2013, surpassing the prior-year figure by 0.8%. Of this figure, 91,101 were trucks (+0.0%), and 11,732 were buses (+25.8%). Volkswagen Commercial Vehicles delivered 270,694 vehicles, a year-on-year increase of 0.2%. Scania increased its sales by 18.6% to 37,980 units. MAN handed over 64,853 vehicles to customers in the first half of 2013, 5.2% fewer than in the previous year.

In Western Europe, the Volkswagen Group brands delivered 167,187 commercial vehicles in the reporting period, a year-on-year decline of 7.1%. Light commercial vehicles accounted for 135,270 vehicles, and trucks for 30,210. The as yet unresolved sovereign debt crisis and the ensuing difficult market conditions in the eurozone had a negative impact. Group deliveries in Central and Eastern Europe fell by 7.2% to 31,512 units, of which 19,039 were light commercial vehicles and 11,934 were trucks. In Russia, 13,473 vehicles were handed over to customers (–6.1%). In addition to the cuts to government infrastructure projects, this was primarily attributable to the introduction of a recycling fee on imported vehicles in September of last year. In the Remaining markets, demand for Volkswagen Group commercial vehicles increased by 0.9% to 24,937 light commercial vehicles, 8,543 trucks and 1,117 buses.

In North America, the Volkswagen Group delivered 5,503 commercial vehicles (+14.8%), of which 4,553 units were light commercial vehicles and 169 were trucks.

In the South American markets, the Group's commercial vehicle brands sold a total of 118,949 vehicles, of which 76,288 were light commercial vehicles and 35,796 were trucks. The prior-year figure was exceeded by 15.3%. In Brazil, a total of 94,822 vehicles were handed over to customers (+16.1%). Light commercial vehicles accounted for 57,482 of this figure, trucks for 31,290 and buses for 6,050. Demand for light commercial vehicles benefited from the extension of the tax incentives introduced in mid-2012.

The rise in truck sales, particularly in the heavy segment, was attributable to higher demand for transportation as well as the support programs of the Brazilian development bank.

In the Asia-Pacific region, Group brands handed over 15,779 commercial vehicles (+9.3%), 10,607 of which were light commercial vehicles and 4,449 of which were trucks.

DELIVERIES IN THE POWER ENGINEERING SEGMENT

Orders in the Power Engineering segment are usually part of major investment projects. Lead times typically range from just under one year to several years, and partial deliveries as construction progresses are common. Accordingly, there is a time lag between incoming orders and sales revenue from the new construction business.

Sales revenue in the Power Engineering segment was largely driven by Engines & Marine Systems and Turbomachinery, which together generated about two-thirds of the overall revenue volume.

GROUP FINANCIAL SERVICES

Demand for Volkswagen Financial Services offerings remained high in the first half of 2013. Worldwide, 2.0 million new financing, leasing, service and insurance contracts were signed, 8.2% more than a year earlier. At 10.1 million, the total number of contracts at the end of June exceeded the number at the prior-year reporting date by 10.5%.

In Europe, 1.4 million new contracts were signed in the first six months of this year, an increase of 5.9% compared with the same period last year. The total number of contracts amounted to 7.2 million (+8.2%). The number of customer finance and leasing contracts was up by 6.8% to 4.1 million.

The number of contracts in North America grew by 19.4% year-on-year to 1.7 million as of June 30, 2013. Of this total, 1.3 million were customer finance and leasing contracts (+13.0%). At 360 thousand, the number of new contracts was up 15.7% on the prior-year figure.

The total number of contracts in South America rose by 12.9% year-on-year to 722 thousand at the end of the first half of 2013. Almost all of these were attributable to the customer finance and leasing area.

In the Asia-Pacific region, 107 thousand new contracts were signed in the reporting period (+6.4%). The total number of contracts as of the end of June 2013 was 516 thousand, up 14.1% on the prior-year reporting date. The number of customer finance and leasing contracts was 414 thousand (+32.0%).

COMMERCIAL VEHICLE DELIVERIES TO CUSTOMERS BY MARKET FROM JANUARY 1 TO JUNE 30*

	DELIVERIES (UNITS)		CHANGE
	2013	2012	(%)
Europe/Remaining markets	**233,296**	**248,134**	**–6.0**
Western Europe	167,187	179,884	–7.1
Central and Eastern Europe	31,512	33,968	–7.2
Remaining markets	34,597	34,282	+ 0.9
North America	**5,503**	**4,793**	**+ 14.8**
South America	**118,949**	**103,135**	**+ 15.3**
of which: Brazil	94,822	81,676	+ 16.1
Asia-Pacific	**15,779**	**14,430**	**+ 9.3**
of which: China	2,585	2,780	–7.0
Worldwide	**373,527**	**370,492**	**+ 0.8**
Volkswagen Commercial Vehicles	270,694	270,077	+ 0.2
Scania	37,980	32,032	+ 18.6
MAN	64,853	68,383	–5.2

* Deliveries for 2012 have been updated and adjusted to reflect subsequent statistical trends and the new reporting structure.

GLOBAL INVENTORY TRENDS

As of June 30, 2013, global inventories held by Group companies and the dealer organization were up compared with the end of 2012, but at the same level as of June 30, 2012.

UNIT SALES, PRODUCTION AND EMPLOYEES

The Volkswagen Group sold 4,873,393 vehicles to the dealer organization worldwide in the reporting period, a year-on-year increase of 4.9%. The Group sold 6.4% more vehicles outside Germany, due primarily to continuing strong demand for Group models in the Chinese and US markets. Domestic vehicle sales declined by 4.1% year-on-year. Vehicles sold in Germany accounted for 12.7% (13.9%) of the Group's overall sales.

The Volkswagen Group produced a total of 4,885,520 vehicles worldwide in the first half of 2013, surpassing the prior-year figure by 4.4%. A total of 1,253,047 units were produced in Germany, 1.7% more than a year earlier; the proportion of vehicles produced in Germany declined to 25.6% (26.3%).

The Volkswagen Group had 532,838 active employees on June 30 of this year. A further 9,566 employees were in the passive phase of their partial retirement and 14,311 young people were in apprenticeships. The Volkswagen Group had a total of 556,715 employees worldwide at the end of the reporting period. The increase of 1.3% compared with the December 31, 2012 figure is mainly attributable to the initial consolidation of international dealerships belonging to Porsche Holding Salzburg and the establishment of new production sites. A total of 252,931 people were employed in Germany (+1.4%), accounting for 45.4% (45.4%) of the total workforce.

OPPORTUNITY AND RISK REPORT

There were no significant changes to the Volkswagen Group's opportunity and risk position compared with the information contained in the Risk Report and Report on Expected Developments chapters of the 2012 Annual Report.

Results of Operations, Financial Position and Net Assets

Since January 1, 2013, we have bundled the light commercial vehicles, trucks and buses, and power engineering businesses in a new Commercial Vehicles/Power Engineering Business Area within the Automotive Division.

IAS 19R changes the way employee benefits are accounted for. For the Volkswagen Group, this led to changes to bonus payments for partial retirement agreements in particular.

The corresponding prior-year figures in the income statement, the cash flow statement and the balance sheet have been adjusted.

Following the approval by the Annual General Meeting of MAN SE of the control and profit and loss transfer agreement, a liability in the total amount of €3.1 billion (€80.89 per share) was recognized in the balance sheet for the obligation to acquire the shares held by the remaining free float shareholders of MAN; equity was reduced accordingly.

RESULTS OF OPERATIONS OF THE GROUP

The Volkswagen Group generated sales revenue of €98.7 billion in the first half of 2013, an increase of 3.5% on the prior-year period (€95.4 billion). Negative effects from the slight decline in volumes – excluding the Chinese joint ventures – and deteriorations in exchange rates and the mix were offset by the initial full-year consolidation of Porsche AG. The Group generated 80.3% (79.2%) of its sales revenue outside of Germany.

At €18.4 billion, gross profit in the reporting period was up €0.2 billion on the prior-year period. However, this was impacted by higher depreciation changes as a result of increased capital expenditures and by contingency reserves. The gross margin declined to 18.6% (19.1%).

The Volkswagen Group's operating profit declined by €0.8 billion year-on-year to €5.8 billion in the period from January to June 2013. The operating return on sales was 5.9% (6.9%).

The Volkswagen Group recorded profit before tax of €6.6 billion in the first half of 2013 (previous year: €10.1 billion). The financial result in the prior-year period had been positively influenced by effects from the measurement of the Porsche options. Profit after tax amounted to €4.8 billion (€8.8 billion).

RESULTS OF OPERATIONS IN THE AUTOMOTIVE DIVISION

At €87.5 billion, sales revenue in the Automotive Division in the reporting period exceeded the prior-year figure by 2.0%. Declining volumes, negative exchange rate effects and deteriorations in the mix were more than offset by the consolidation of Porsche. As our Chinese joint ventures are accounted for using the equity method, the Group's positive business growth in the Chinese passenger car market is mainly reflected in the Group's sales revenue only by deliveries of vehicles and vehicle parts. Gross profit in the Automotive Division declined by €0.1 billion year-on-year to €15.9 billion. Positive effects from improved product costs and the consolidation of Porsche were offset by negative volume, mix and exchange rate effects, as well as by higher depreciation charges as a result of increased capital expenditures. Contingency reserves running into the hundreds of millions of euros were recognized in the areas of passenger cars and power engineering. Earnings were impacted by write-downs relating to purchase price allocations, but to a lesser extent than in the previous year, as expected.

Distribution and administrative expenses increased by 7.5% and 13.7% year-on-year respectively in the first half of 2013. The ratio of both distribution and administrative expenses to sales revenue was also higher than in the prior-year period. This increase was mainly due to the initial full-year inclusion of the companies consolidated in 2012. Tougher competition – particularly in Western Europe – also had a negative impact on distribution expenses. Currency-related factors saw other operating income improve to €0.8 billion (previous year: €0.6 billion).

The Automotive Division generated an operating profit of €5.0 billion (€5.8 billion) in the first six months of 2013. The operating return on sales declined to 5.7% (6.8%). The strong business performance of our Chinese joint ventures is not reflected in the operating profit, as these are accounted for using the equity method.

The financial result for the reporting period decreased to €0.8 billion (€3.5 billion). The prior-year figure had been positively impacted in particular by the updating of the underlying assumptions used in the valuation models for measuring the put/call rights relating to

Porsche Holding Stuttgart GmbH. Overall, income generated from the equity-accounted Chinese joint ventures included in the consolidated financial statements was up on the high prior-year figure.

Results of operations in the Passenger Cars Business Area and Commercial Vehicles/Power Engineering Business Area from January 1 to June 30

€ million	2013	2012*
Passenger Cars Business Area		
Sales revenue	70,345	68,755
Gross profit	13,829	13,567
Operating profit	4,877	5,462
Commercial Vehicles/Power Engineering Business Area		
Sales revenue	17,170	17,004
Gross profit	2,052	2,442
Operating profit	78	348

* Adjusted

RESULTS OF OPERATIONS IN THE FINANCIAL SERVICES DIVISION

Sales revenue in the Financial Services Division amounted to €11.2 billion in the first half of 2013, €1.6 billion higher than in the previous year. The increase was due to growth in business volumes, as well as the initial full-year consolidation of Porsche Financial Services.

At €2.5 billion, gross profit was up 15.7% on the same period of 2012.

Distribution and administrative expenses increased year-on-year in the reporting period, while the ratio of both distribution and administrative expenses to sales revenue remained constant.

Operating profit rose by 13.1% to €826 million.

FINANCIAL POSITION OF THE GROUP

The Volkswagen Group's gross cash flow was €13.2 billion (€11.8 billion) in the period from January to June 2013. Funds tied up in working capital amounted to €8.2 billion, €1.2 billion lower than in the prior-year period. At €5.0 billion, cash flows from operating activities more than doubled compared with the first half of 2012 (€2.4 billion).

Investing activities attributable to the Volkswagen Group's operating activities were up year-on-year in the first six months of 2013, at €5.8 billion (€4.9 billion). These included investments in property, plant and equipment, which exceeded the prior-year figure.

Cash inflows from financing activities amounted to €4.1 billion (€6.3 billion). Net liquidity was positively impacted by the issuance of a mandatory convertible note in June (€1.1 billion). The prior-year figure included the cash outflow from the increase in the stake in MAN SE of approximately €2.1 billion.

Cash and cash equivalents in the Volkswagen Group as reported in the cash flow statement amounted to €20.9 billion as of June 30, 2013, compared with €19.5 billion in the previous year.

The Group's net liquidity declined by €0.6 billion as against year-end 2012 to €–86.1 billion.

FINANCIAL POSITION IN THE AUTOMOTIVE DIVISION

Gross cash flow in the Automotive Division improved to €10.5 billion (€9.8 billion) in the reporting period. Funds tied up in working capital were down on the previous year at €2.1 billion (€3.1 billion). As a result, cash flows from operating activities increased by €1.7 billion to €8.4 billion.

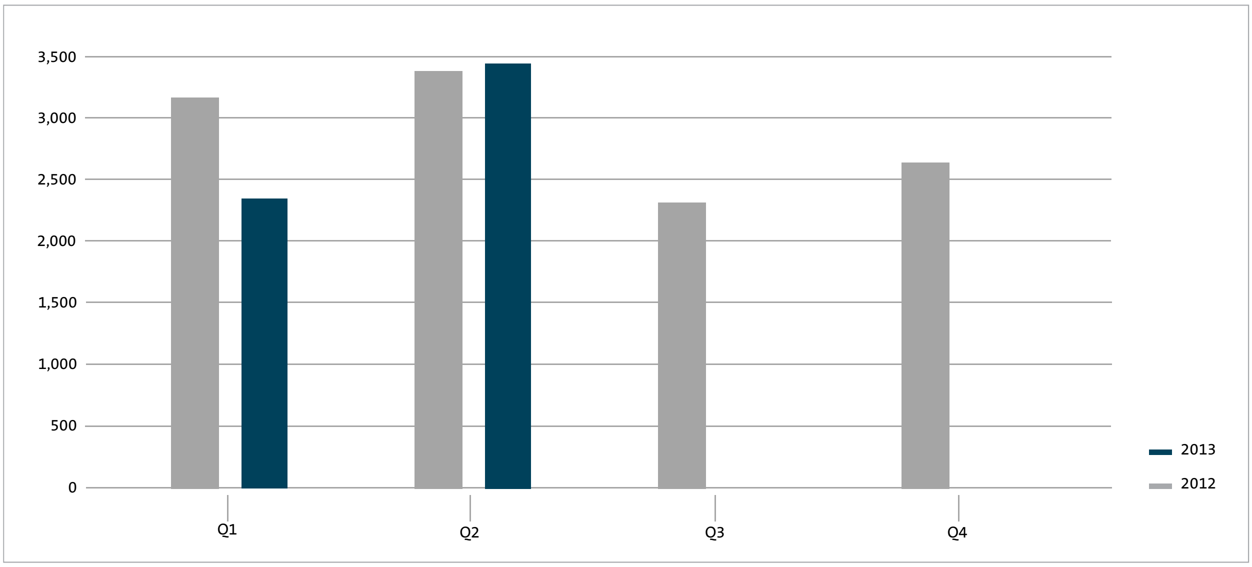
At €7.2 billion, investing activities attributable to operating activities in the first half of 2013 were €2.4 billion higher than in the previous year. Investments in property, plant and equipment rose to €3.9 billion (€3.4 billion); the ratio of investments in property, plant and equipment (capex) to sales revenue was 4.5% (4.0%). We invested primarily in our production facilities and in models to be launched in 2013 and 2014, as well as in the ecological focus of our model range. Capitalized development costs rose to €1.6 billion (€1.1 billion). Volkswagen Bank GmbH sold its 50% indirect interest in LeasePlan Corporation N.V. to Volkswagen AG for approximately €1.7 billion as part of internal restructuring measures designed to strengthen equity in the Financial Services Division. This reduced liquidity within investing activities attributable to the Automotive Division.

Net cash flow declined year-on-year to €1.2 billion (€2.0 billion) in the period from January to June 2013.

In June 2013, we successfully placed a mandatory convertible note with an aggregate principal amount of €1.2 billion – €1.1 billion of which was classified as a capital contribution and increased net liquidity – via Volkswagen International Finance N.V. Like the mandatory convertible note issued in November 2012, which it supplements, this has a coupon of 5.50% and matures on November 9, 2015, though the note terms and conditions provide for early conversion options.

OPERATING PROFIT BY QUARTER

Volkswagen Group in € million, prior-year figures adjusted to reflect application of IAS 19R.



A total dividend of €1.6 billion was paid out to shareholders of Volkswagen AG.

Net liquidity in the Automotive Division therefore amounted to €11.3 billion as of June 30, 2013, €0.7 billion higher than at year-end 2012.

Financial position in the Passenger Cars Business Area and the Commercial Vehicles/Power Engineering Business Area from January 1 to June 30

€ million	2013	2012*
Passenger Cars Business Area		
Gross cash flow	9,590	8,408
Change in working capital	–1,721	–1,715
Cash flows from operating activities	7,869	6,693
Cash flows from investing activities attributable to operating activities	–6,651	–4,033
Net cash flow	1,218	2,661
Commercial Vehicles/Power Engineering Business Area		
Gross cash flow	945	1,394
Change in working capital	–382	–1,336
Cash flows from operating activities	562	58
Cash flows from investing activities attributable to operating activities	–549	–720
Net cash flow	13	–662

* Adjusted

FINANCIAL POSITION IN THE FINANCIAL SERVICES DIVISION

Gross cash flow in the Financial Services Division was €2.7 billion in the reporting period, €0.7 billion higher than in the same period of 2012 due to earnings-related factors. Funds tied up in working capital declined by €0.3 billion to €6.1 billion. The sale of the interest of LeasePlan to Volkswagen AG in particular led to cash inflows from investing activities attributable to operating activities of €1.4 billion (previous year: cash outflows of €0.2 billion).

The Financial Services Division's negative net liquidity, which is common in the industry, amounted to €–97.4 billion at the end of June 2013, compared with €–96.1 billion on December 31, 2012.

CONSOLIDATED BALANCE SHEET STRUCTURE

At €319.1 billion, the Volkswagen Group's total assets as of June 30, 2013 were 3.1% higher than at the end of 2012. The equity ratio was 26.2% (26.5%).

AUTOMOTIVE DIVISION BALANCE SHEET STRUCTURE

At the end of the first half of 2013, noncurrent assets in the Automotive Division were on a level with December 31, 2012. Both intangible assets and property, plant and equipment remained virtually unchanged as against year-end 2012. Current assets rose by 13.3%.

Within this item, inventories and trade receivables rose by 6.3% and 21.3%, respectively. Cash and cash equivalents amounted to €19.1 billion (€15.5 billion) at the reporting date.

Balance sheet structure in the Passenger Cars Business Area and the Commercial Vehicles/Power Engineering Business Area

€ million	June 30, 2013	Dec. 31, 2012*
Passenger Cars Business Area		
Noncurrent assets	91,656	90,844
Current assets	51,397	42,949
Total assets	**143,054**	**133,794**
Equity	54,823	49,154
Noncurrent liabilities	54,368	54,608
Current liabilities	33,863	30,032
Commercial Vehicles/Power Engineering Business Area		
Noncurrent assets	27,826	28,807
Current assets	18,036	18,333
Total assets	**45,862**	**47,140**
Equity	15,337	19,473
Noncurrent liabilities	13,352	13,994
Current liabilities	17,173	13,673

* Adjusted

Following the approval by the Annual General Meeting of MAN SE of the control and profit and loss transfer agreement, a liability was recognized for the obligation to acquire the shares in the amount of €3.1 billion. This did not affect liquidity. Equity was reduced accordingly; the noncontrolling interests in MAN SE were derecognized. The remaining noncontrolling interests are largely attributable to Scania shareholders.

The Automotive Division's equity amounted to €70.2 billion at the end of the reporting period, up 2.2% on the 2012 year-end figure. Equity was reduced by the derecognition of the noncontrolling interests in MAN SE, dividend payments and foreign exchange differences. However, this decline was more than offset by growth in earnings, lower actuarial losses from the measurement of pension provisions, the issuance of a mandatory convertible note and positive effects from the measurement of derivatives.

At €67.7 billion, noncurrent liabilities declined as against December 31, 2012 (€68.6 billion).

Following the derecognition of the noncontrolling interests in MAN, a current liability in the amount of €3.1 billion was recognized under "Put options and compensation rights granted to noncontrolling interest shareholders" for the obligation to acquire the shares held by the remaining free float shareholders of MAN in accordance with the cash settlement offer. Overall, current liabilities rose by 16.8%. Reclassifications from noncurrent to current liabilities, in particular due to shorter remaining maturities, led to an increase in current financial liabilities. The figures for the Automotive Division also contain the elimination of intragroup transactions between the Automotive and Financial Services divisions. As the current financial liabilities for the primary Automotive Division were lower than the loans granted to the Financial Services Division, a negative amount was disclosed for the reporting period. The Automotive Division's total assets were €188.9 billion at the end of June 2013, an increase of 4.4% as against December 31, 2012.

FINANCIAL SERVICES DIVISION BALANCE SHEET STRUCTURE

The Financial Services Division's total assets were €130.2 billion on June 30, 2013, 1.2% higher than at the end of 2012.

Noncurrent and current financial services receivables increased, in particular because of volume-related factors. Equity-accounted investments declined due to the sale of the interest in LeasePlan; overall noncurrent assets exceeded the December 31, 2012 figure by 1.0%. Current assets rose by 1.5%. At the end of the first half of 2013, the Financial Services Division accounted for approximately 40.8% of the Volkswagen Group's assets.

At €13.4 billion, the Financial Services Division's equity was on a level with December 31, 2012. The equity ratio was 10.3% (10.4%). The shorter remaining maturities of financial liabilities in particular saw noncurrent liabilities decline by 6.9% as against year-end 2012, while current liabilities rose by 8.4%.

Deposits from direct banking business amounted to €24.7 billion, exceeding the December 31, 2012 figure (€23.9 billion); of this figure, €22.4 billion was attributable to Volkswagen Bank direct.

Outlook

The global economy only grew slightly in the first six months of 2013. We believe that global growth will continue over the course of the year, although economic uncertainties remain. The industrialized nations will probably record only low rates of expansion. We are expecting the recessionary trend in Southern Europe to continue throughout the year. The greatest drivers of global economic growth are likely to be China and the ASEAN countries.

Global demand for passenger cars rose at a slower pace in the reporting period than in the same period of the previous year. Growth in the global market for passenger cars is also likely to be weaker in full-year 2013 than in 2012. We are forecasting that the overall negative trend in the Western European market will continue, with the German market also remaining below its 2012 level. We believe that growth in Central and Eastern Europe will decline overall. The Asia-Pacific region is again expected to record higher-than-average growth rates in 2013. While we expect to see encouraging development in the North American market, demand in South America will stagnate.

We anticipate that, in 2013, the overall volume in the markets for light commercial vehicles, trucks and buses that are relevant for the Volkswagen Group will remain at the same level as in 2012.

Demand for mobility-related financial services is likely to rise further in 2013.

The Volkswagen Group's attractive brand portfolio covering almost all segments from motorcycles through subcompact cars to heavy trucks and buses, its steadily growing presence in all major markets in the world and its wide range of financial services give us decisive competitive advantages. Our expertise is unparalleled in the industry and we offer an extensive range of environmentally friendly, cutting-edge, high-quality vehicles for all regions and customer groups. In 2013, the Volkswagen Group's brands will launch a large number of fascinating new models and so help further expand our strong position in the global markets.

We expect that the Volkswagen Group will outperform the market as a whole in a challenging environment and that deliveries to customers will increase year-on-year. However, we are not completely immune to the intense competition and the impact this has on business. The modular toolkit system, which is being continuously expanded, will have an increasingly positive effect on the Group's cost structure.

We expect the Volkswagen Group's 2013 sales revenue to exceed the prior-year figure. Given the ongoing uncertainty in the economic environment, the Group's goal for operating profit is to match the prior-year level in 2013. This applies equally to the Passenger Cars Business Area, the Commercial Vehicles/Power Engineering Business Area – which remains affected by high write-downs relating to purchase price allocation, among other things – and the Financial Services Division. While we shall see positive effects from our attractive model range and strong market position, there will also be increasingly stiff competition in a challenging market environment. Disciplined cost and investment management and the continuous optimization of our processes remain integral elements of our Strategy 2018.

This report contains forward-looking statements on the business development of the Volkswagen Group. These statements are based on assumptions relating to the development of the economic and legal environment in individual countries and economic regions, and in particular for the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given entail a degree of risk, and the actual developments may differ from those forecast. Consequently, any unexpected fall in demand or economic stagnation in our key sales markets, such as Western Europe (and especially Germany), the USA, Brazil, China, or Russia will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates, mostly against the euro and primarily in US dollars, sterling, Chinese renminbi, Russian rubles, Swedish kronor, Mexican pesos, Australian dollars and Korean won. In addition, expected business development may vary if the assessments of value-enhancing factors and risks presented in the 2012 Annual Report develop in a way other than we are currently expecting, or additional risks or other factors emerge that adversely affect the development of our business.

Brands and Business Fields

SALES REVENUE AND OPERATING PROFIT BY BRAND AND BUSINESS FIELD

The Volkswagen Group's sales revenue amounted to €98.7 billion between January and June 2013, slightly exceeding the figure for the same period in the previous year by 3.5%. Operating profit declined by €0.8 billion year-on-year to €5.8 billion.

Vehicle sales by the Volkswagen Passenger Cars brand in the reporting period amounted to 2.4 million vehicles, down 1.7% on the first half of 2012. The up! and Beetle models, and the Passat for the US market, recorded the highest growth rates. Demand for the new Golf and the new Beetle Cabrio developed extremely positively. Sales revenue declined by 4.5% to €50.4 billion due to volume-related and exchange rate factors. At €1.5 billion, operating profit was €0.8 billion lower than the same period in 2012. Deterioration in volumes and the mix, as well as upfront expenditures for new technologies, had a negative effect on profit.

Vehicle sales by the Audi brand in the first half of 2013 amounted to 692 thousand vehicles, up 2.1% on the previous year; the FAW-Volkswagen Chinese joint venture sold a further 197 thousand Audi vehicles. The A1 Sportback, Q3 and Q5 models recorded the highest growth rates, and the new A3 also experienced strong demand. Sales revenue reached the high level of the previous year at €25.2 billion, despite the challenging market environment. Cost-intensive upfront expenditures for new products, technologies and the expansion of global production structures impacted operating profit, which declined by 7.9% to €2.6 billion. The financial key performance indicators for the Audi brand include the financial figures for the Lamborghini and Ducati brands. Ducati sold 30,385 motorcycles in the reporting period.

In the first six months of 2013, the ŠKODA brand sold 362 thousand vehicles, 11.1% fewer than in the previous year. The decline is largely attributable to the changeover of the most important model, the Octavia, and the ongoing sales crisis in Europe. The Citigo model and the new Rapid produced in Europe experienced growing demand. At €5.0 billion, sales revenue was down 13.1% on the prior-year figure. Negative volume, mix and exchange rate effects as well as launch costs for the new products caused operating profit to decrease by €206 million to €243 million.

The SEAT brand sold 244 thousand vehicles worldwide from January to June 2013, an increase of 12.1% compared with the prior year. This sales figure includes the Q3 manufactured for Audi. In particular, the markets in Germany, the United Kingdom and Mexico performed positively. Demand increased for the new Leon and the new Toledo. The higher volumes are reflected in the sales revenue, which amounted to €3.6 billion, exceeding the prior-year figure by 8.3%. The operating loss improved in comparison with the previous year, decreasing by 6.0% to €40 million; the increased volumes were a positive factor, while launch costs for the new models had an offsetting effect.

Sales by the Bentley brand declined by 12.3% to 4,222 vehicles (previous year: 4,816) in the first six months of the year. The brand's sales revenue decreased by 8.8% to €690 million. At €58 million, operating profit increased by 1.4% year-on-year. Declining volumes were more than offset by positive exchange rate effects and efficient cost management.

VOLKSWAGEN GROUP

Division	AUTOMOTIVE									FINANCIAL SERVICES
Brand/ Business Field	Volkswagen Passenger Cars	Audi	ŠKODA	SEAT	Bentley	Porsche	Volkswagen Commercial Vehicles	Scania	MAN	Other	Dealer and customer financing Leasing Direct bank Insurance Fleet business Mobility offerings

The Porsche brand sold 78 thousand vehicles in the reporting period. Sales revenue amounted to €7.0 billion and operating profit was €1.3 billion. Demand was particularly high for the Cayenne, Boxster and 911. Porsche has been consolidated since August 1, 2012.

Volkswagen Commercial Vehicles sold 220 thousand vehicles in the first half of the year, down 3.6% on the previous year; this was primarily attributable to the declining European markets. Demand for the Amarok increased. Sales revenue decreased by 1.5% to €4.8 billion. Operating profit was €246 million, up 1.5% year-on-year; deterioration in volumes was more than offset by positive price and mix effects.

In the period from January to June 2013, the Scania brand recorded a sales increase of 18.6% to 38 thousand vehicles; this positive performance was due in large part to the South American market. Demand for services remained stable. The positive volume effect was reflected in sales revenue, which rose 10.7% to €5.1 billion. Increased pressure on margins led to a €13 million decrease in operating profit to €464 million.

The MAN brand sold 65 thousand vehicles in the first six months of the year, falling short of the prior-year figure by 5.2%. Sales revenue amounted to €7.6 billion, a decrease of 2.3% year-on-year. Lower volumes, the declining after-sales business and the recognition of project-specific contingency reserves in the Power Engineering area were significant factors in the €479 million decrease in operating profit, resulting in an operating loss of €124 million.

Volkswagen Financial Services recorded a rise in operating profit of 4.9% compared with the previous year to €696 million due to higher volumes and improved margins.

KEY FIGURES BY BRAND AND BUSINESS FIELD FROM JANUARY 1 TO JUNE 30[1]

	VEHICLE SALES		SALES REVENUE		SALES TO THIRD PARTIES		OPERATING RESULT	
thousand vehicles/€ million	2013	2012	2013	2012	2013	2012	2013	2012[2]
Volkswagen Passenger Cars	2,376	2,416	50,367	52,746	36,881	39,345	1,494	2,265
Audi	692	678	25,234	25,022	17,392	17,247	2,644	2,871
ŠKODA	362	408	4,966	5,715	2,381	2,982	243	449
SEAT	244	218	3,629	3,349	1,569	1,459	−40	−42
Bentley	4	5	690	757	459	705	58	57
Porsche[3]	78	–	7,025	–	6,536	–	1,294	–
Volkswagen Commercial Vehicles	220	228	4,777	4,848	2,430	2,625	246	242
Scania[3]	38	32	5,097	4,606	5,097	4,606	464	477
MAN[3]	65	68	7,629	7,810	7,583	7,770	−124	355
VW China[4]	1,517	1,255	–	–	–	–	–	–
Other	−724	−664	−20,413	−18,333	9,483	10,550	−1,195[5]	−798[5]
Volkswagen Financial Services	–	–	9,688	8,858	8,875	8,088	696	663
Volkswagen Group	**4,873**	**4,644**	**98,687**	**95,378**	**98,687**	**95,378**	**5,780**	**6,540**
Automotive Division	4,873	4,644	87,515	85,759	88,433	86,571	4,955	5,810
of which: Passenger Cars Business Area[6]	4,551	4,315	70,345	68,755	73,791	71,938	4,877	5,462
Commercial Vehicles/ Power Engineering Business Area[6]	323	329	17,170	17,004	14,642	14,633	78	348
Financial Services Division	–	–	11,173	9,619	10,255	8,807	826	730

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.
2 Prior-year figures adjusted to reflect application of IAS 19R.
3 Including financial services; Porsche as from August 1, 2012.
4 The sales revenue and operating profit of the joint venture companies in China are not included in the figures for the Group. The Chinese companies are accounted for using the equity method and recorded an operating profit (proportionate) of €2,370 million (€1,778 million).
5 Mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits; the figure includes depreciation and amortization of identifiable assets as part of purchase price allocation for Scania, Porsche Holding Salzburg, MAN and Porsche.
6 Volkswagen Commercial Vehicles has been reported within the Automotive Division under commercial vehicles since January 1, 2013; the prior-year figures have been adjusted.

UNIT SALES AND SALES REVENUE BY MARKET

In the first half of 2013, Volkswagen Group unit sales in the Europe/Remaining markets region declined by 3.0% year-on-year to 2.1 million vehicles due to market-related factors. Sales revenue was close to the level of the previous year at €59.0 billion.

In North America, the Group continued to register demand in excess of the market. At 450 thousand vehicles, we sold 7.3% more vehicles than in the previous year. The significant volume improvements and more favorable mix effects – chiefly as a result of the initial full-year consolidation of Porsche – led to sales revenue growing by €2.5 billion to €13.9 billion.

Group unit sales in the South America region rose by 2.6% to 485 thousand vehicles from January to June 2013. As a result, sales revenue grew by 5.4% to €9.0 billion due to volume and model mix-related factors; worsening exchange rates had an offsetting effect.

In the reporting period, we benefited from the positive trend in the Asia-Pacific markets. Including the Chinese joint ventures, we sold a total of 1.8 million vehicles, up 16.2% on the prior-year period. Sales revenue increased by 3.4% year-on-year to €16.9 billion. Since our Chinese joint ventures are accounted for using the equity method, this figure does not include their sales revenue.

KEY FIGURES BY MARKET FROM JANUARY 1 TO JUNE 30[1]

	VEHICLE SALES		SALES REVENUE	
thousand vehicles/€ million	2013	2012	2013	2012
Europe/Remaining markets	2,129	2,195	58,950	59,188
North America	450	419	13,858	11,320
South America	485	473	9,022	8,563
Asia-Pacific[2]	1,810	1,558	16,856	16,306
Volkswagen Group[2]	**4,873**	**4,644**	**98,687**	**95,378**

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

2 The sales revenue of the joint venture companies in China is not included in the figures for the Group and the Asia-Pacific market.

VOLKSWAGEN FINANCIAL SERVICES

Volkswagen Financial Services performed positively in the first half of 2013. With its innovative products along the automotive value chain, the division supported the Volkswagen Group's strong sales performance.

In April, Volkswagen Autoversicherung AG – a partnership between Volkswagen Financial Services AG and Allianz SE – was successfully launched in the market. It offers car insurance at attractive conditions to customers of the Volkswagen Group's brands.

In Brazil, Banco Volkswagen Brazil launched the new Operational Leasing and Fleet Management product at the end of April. This combination, which is already available in Europe, is an innovative offering in the Brazilian market; the company is assuming a pioneering role in this area.

Volkswagen Financial Services AG expanded its activities in the area of New Mobility in May, acquiring an interest in the Dutch carsharing provider Collect Car B.V. To do this, Volkswagen Financial Services AG established a joint venture with its partner Pon Holdings B.V., the Dutch importer of vehicles made by the Volkswagen Group's brands. Volkswagen Financial Services AG holds 60% of the joint venture's shares, with Pon Holdings taking a 40% interest. The objective of the joint investment in Collect Car B.V. – better known as Greenwheels – is to enhance the business model and roll it out in other European countries. Greenwheels is a market leader in the Netherlands and has had a market presence there since 1995; the company has a fleet of 2,000 vehicles throughout Europe. The new acquisition will expand carsharing activities considerably to better meet the mobility needs of customers.

Volkswagen Financial Services Russia celebrated its tenth anniversary in May 2013. Started in 2003 as a leasing company for fleet operators, it saw rapid growth and later added dealer financing and loan financing for private customers to its offering.

In the future, Volkswagen Financial Services will be offering its customers in Germany high-quality green energy: Volkswagen Bank and energy utility LichtBlick, which provides exclusively green energy, began working together in May. Customers will be informed about electricity tariffs as part of the market launch of electric vehicles; Volkswagen Bank will additionally offer green energy through selected distribution channels.

In June 2013, Volkswagen Financial Services AG established the "Financial Services Akademie" to provide further qualifications for its employees. This academy aims to unite qualification and work processes by enabling specialists to systematically pass on their knowledge and experience. Additional forms of learning will also be developed. The objective is to improve the quality of products, services and processes.

A total of 2.0 million new financing, leasing, service and insurance contracts were signed in the first half of 2013, an increase of 8.2% on the prior-year period. The total number of contracts as of June 30, 2013 exceeded the number as of December 31, 2012 by 4.8%. The Customer Financing/Leasing area recorded a 3.9% rise in the number of contracts to 6.6 million. The number of contracts in the Service/Insurance area was up 6.6% compared with year-end 2012 to 3.5 million. Leased or financed vehicles accounted for 27.7% (26.9%) of total Group deliveries worldwide, based on unchanged credit eligibility criteria. Compared with December 31, 2012, receivables relating to dealer financing increased by 1.0% in the reporting period.

As of June 30, 2013, the number of accounts managed by Volkswagen Bank direct was approximately 1.4 million, on a level with the number at year-end 2012. Volkswagen Financial Services had 10,569 employees at the end of the reporting period.

Interim Financial Statements (Condensed)

Income Statement for the Period January 1 to June 30

€ million	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE[1]		FINANCIAL SERVICES	
	2013	2012[2]	2013	2012[2]	2013	2012[2]
Sales revenue	**98,687**	**95,378**	**87,515**	**85,759**	**11,173**	**9,619**
Cost of sales	−80,293	−77,195	−71,635	−69,749	−8,659	−7,446
Gross profit	**18,394**	**18,183**	**15,880**	**16,010**	**2,514**	**2,173**
Distribution expenses	−9,616	−8,923	−9,121	−8,484	−495	−440
Administrative expenses	−3,267	−2,867	−2,646	−2,327	−621	−540
Other operating income/expense	270	148	841	611	−572	−463
Operating profit	**5,780**	**6,540**	**4,955**	**5,810**	**826**	**730**
Share of profits and losses of equity-accounted investments	1,841	1,851	1,790	1,770	52	82
Other financial result	−1,002	1,699	−1,014	1,750	12	−51
Financial result	**839**	**3,550**	**776**	**3,520**	**63**	**30**
Profit before tax	**6,620**	**10,090**	**5,731**	**9,330**	**889**	**760**
Income tax expense	−1,827	−1,243	−1,536	−1,091	−291	−152
Profit after tax	**4,793**	**8,847**	**4,195**	**8,239**	**598**	**608**
Noncontrolling interests	−65	53	−76	42	10	11
Profit attributable to shareholders of Volkswagen AG	**4,858**	**8,794**	**4,271**	**8,197**	**587**	**598**
Basic earnings per ordinary share (€)[3]	**10.05**	**18.88**				
Diluted earnings per ordinary share (€)[3]	**10.05**	**18.88**				
Basic earnings per preferred share (€)[3]	**10.11**	**18.94**				
Diluted earnings per preferred share (€)[3]	**10.11**	**18.94**				

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Prior-year figures adjusted to reflect application of IAS 19R.
3 Explanatory notes on earnings per share are presented in note 4.

Statement of Comprehensive Income for the Period January 1 to June 30[1]

€ million	2013	2012[2]
Profit after tax	**4,793**	**8,847**
Actuarial gains/losses		
Actuarial gains/losses, before tax	1,696	−2,092
Deferred taxes relating to actuarial gains/losses	−492	614
Actuarial gains/losses, net of tax	1,204	−1,478
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	−4	−60
Items that will not be reclassified to profit or loss	**1,200**	**−1,538**
Exchange differences on translating foreign operations		
Unrealized currency translation gains/losses	−993	234
Transferred to profit or loss	–	–
Exchange differences on translating foreign operations, before tax	−993	234
Deferred taxes relating to exchange differences on translating foreign operations	0	0
Exchange differences on translating foreign operations, net of tax	−992	234
Cash flow hedges		
Fair value changes recognized in other comprehensive income	949	−1,210
Transferred to profit or loss	−11	400
Cash flow hedges, before tax	938	−810
Deferred taxes relating to cash flow hedges	−282	238
Cash flow hedges, net of tax	656	−572
Available-for-sale financial assets		
Fair value changes recognized in other comprehensive income	−254	−28
Transferred to profit or loss	0	24
Available-for-sale financial assets, before tax	−254	−4
Deferred taxes relating to available-for-sale financial assets	0	−4
Available-for-sale financial assets, net of tax	−253	−8
Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax	19	−23
Items that may be reclassified subsequently to profit or loss	**−571**	**−369**
Other comprehensive income, before tax	1,402	−2,755
Deferred taxes relating to other comprehensive income	−773	848
Other comprehensive income, net of tax	**629**	**−1,906**
Total comprehensive income	**5,421**	**6,941**
of which attributable to		
noncontrolling interests	−147	7
shareholders of Volkswagen AG	5,568	6,933

1 Presentation adjusted to reflect application of IAS 1R.
2 Prior-year figures adjusted to reflect application of IAS 19R.

Income Statement for the Period April 1 to June 30

	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE[1]		FINANCIAL SERVICES	
€ million	2013	2012[2]	2013	2012[2]	2013	2012[2]
Sales revenue	**52,122**	**48,052**	**46,386**	**43,129**	**5,737**	**4,923**
Cost of sales	−42,007	−38,777	−37,534	−34,923	−4,473	−3,854
Gross profit	**10,116**	**9,275**	**8,852**	**8,206**	**1,264**	**1,069**
Distribution expenses	−4,998	−4,824	−4,756	−4,610	−241	−214
Administrative expenses	−1,648	−1,486	−1,367	−1,230	−281	−256
Other operating income/expense	−33	410	299	622	−332	−212
Operating profit	**3,437**	**3,375**	**3,027**	**2,988**	**409**	**387**
Share of profits and losses of equity-accounted investments	949	899	942	864	7	35
Other financial result	−454	1,568	−494	1,587	40	−20
Financial result	**495**	**2,467**	**448**	**2,451**	**47**	**15**
Profit before tax	**3,932**	**5,842**	**3,476**	**5,439**	**456**	**403**
Income tax expense	−1,085	−143	−966	−61	−119	−82
Profit after tax	**2,847**	**5,699**	**2,510**	**5,378**	**337**	**321**
Noncontrolling interests	14	33	10	27	4	6
Profit attributable to shareholders of Volkswagen AG	**2,832**	**5,666**	**2,500**	**5,351**	**332**	**315**
Basic earnings per ordinary share (€)[3]	**5.86**	**12.18**				
Diluted earnings per ordinary share (€)[3]	**5.86**	**12.18**				
Basic earnings per preferred share (€)[3]	**5.86**	**12.18**				
Diluted earnings per preferred share (€)[3]	**5.86**	**12.18**				

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Prior-year figures adjusted to reflect application of IAS 19R.
3 Explanatory notes on earnings per share are presented in note 4.

Statement of Comprehensive Income for the Period April 1 to June 30[1]

€ million	2013	2012[2]
Profit after tax	**2,847**	**5,699**
Actuarial gains/losses		
Actuarial gains/losses, before tax	862	–515
Deferred taxes relating to actuarial gains/losses	–249	161
Actuarial gains/losses, net of tax	613	–355
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	–4	–60
Items that will not be reclassified to profit or loss	**608**	**–415**
Exchange differences on translating foreign operations		
Unrealized currency translation gains/losses	–1,430	168
Transferred to profit or loss	–	–
Exchange differences on translating foreign operations, before tax	–1,430	168
Deferred taxes relating to exchange differences on translating foreign operations	0	0
Exchange differences on translating foreign operations, net of tax	–1,430	168
Cash flow hedges		
Fair value changes recognized in other comprehensive income	1,663	–2,732
Transferred to profit or loss	–14	237
Cash flow hedges, before tax	1,649	–2,496
Deferred taxes relating to cash flow hedges	–479	713
Cash flow hedges, net of tax	1,169	–1,782
Available-for-sale financial assets		
Fair value changes recognized in other comprehensive income	–69	–316
Transferred to profit or loss	33	72
Available-for-sale financial assets, before tax	–37	–244
Deferred taxes relating to available-for-sale financial assets	–2	3
Available-for-sale financial assets, net of tax	–38	–241
Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax	–57	–90
Items that may be reclassified subsequently to profit or loss	**–356**	**–1,945**
Other comprehensive income, before tax	983	–3,237
Deferred taxes relating to other comprehensive income	–730	877
Other comprehensive income, net of tax	**253**	**–2,360**
Total comprehensive income	**3,099**	**3,339**
of which attributable to		
noncontrolling interests	–135	–10
shareholders of Volkswagen AG	3,234	3,349

1 Presentation adjusted to reflect application of IAS 1R.
2 Prior-year figures adjusted to reflect application of IAS 19R.

Balance Sheet as of June 30, 2013 and December 31, 2012

	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE[1]		FINANCIAL SERVICES	
€ million	2013	2012[2]	2013	2012[2]	2013	2012[2]
Assets						
Noncurrent assets	**197,079**	**196,457**	**119,482**	**119,651**	**77,597**	**76,805**
Intangible assets	58,796	59,112	58,571	58,890	225	222
Property, plant and equipment	39,667	39,424	38,203	38,004	1,464	1,420
Leasing and rental assets	21,157	20,034	2,414	2,667	18,743	17,367
Financial services receivables	50,441	49,785	−600	−602	51,040	50,387
Noncurrent investments, equity-accounted investments and other equity investments, other receivables and financial assets	27,018	28,101	20,894	20,693	6,124	7,409
Current assets	**122,013**	**113,061**	**69,433**	**61,282**	**52,580**	**51,779**
Inventories	30,063	28,674	27,507	25,868	2,556	2,806
Financial services receivables	37,803	36,911	−837	−911	38,640	37,822
Other receivables and financial assets	25,217	21,555	18,398	15,166	6,819	6,389
Marketable securities	7,292	7,433	5,301	5,697	1,992	1,736
Cash, cash equivalents and time deposits	21,639	18,488	19,064	15,462	2,574	3,026
Total assets	**319,092**	**309,518**	**188,915**	**180,934**	**130,177**	**128,584**
Equity and Liabilities						
Equity	**83,593**	**81,995**	**70,160**	**68,627**	**13,433**	**13,369**
Equity attributable to shareholders of Volkswagen AG	81,386	77,682	68,327	64,707	13,059	12,975
Noncontrolling interests[3]	2,206	4,313	1,832	3,919	374	394
Noncurrent liabilities	**117,439**	**121,996**	**67,720**	**68,603**	**49,719**	**53,394**
Noncurrent financial liabilities	60,271	63,603	15,346	15,069	44,926	48,534
Provisions for pensions	22,338	23,939	22,047	23,628	290	312
Other noncurrent liabilities	34,830	34,454	30,327	29,907	4,504	4,548
Current liabilities	**118,061**	**105,526**	**51,036**	**43,704**	**67,025**	**61,822**
Put options and compensation rights granted to noncontrolling interest shareholders[3]	3,125	–	3,125	–	–	–
Current financial liabilities	61,047	54,060	−696	−2,544	61,742	56,604
Trade payables	18,245	17,268	16,602	15,663	1,643	1,606
Other current liabilities	35,644	34,198	32,004	30,586	3,639	3,612
Total equity and liabilities	**319,092**	**309,518**	**188,915**	**180,934**	**130,177**	**128,584**

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions, primarily intragroup loans.
2 Prior-year figures adjusted to reflect application of IAS 19R.
3 Following the approval by the Annual General Meeting of MAN SE of the conclusion of a control and profit and loss transfer agreement on June 6, 2013, the noncontrolling interests in the equity of MAN SE were derecognized from Group equity as a capital transaction involving a change in ownership interest. At the same time, a liability was recognized as a separate item of current liabilities in accordance with the cash settlement offer.

Statement of Changes in Equity

€ million	Subscribed capital	Capital reserves	Retained earnings	OTHER RESERVES Currency translation reserve
Unadjusted balance at Jan. 1, 2012	**1,191**	**9,329**	**48,898**	**–332**
Changes in accounting policy to reflect IAS 19R	–	–	172	–
Adjusted balance at Jan. 1, 2012	**1,191**	**9,329**	**49,069**	**–332**
Profit after tax[1]	–	–	8,794	–
Other comprehensive income, net of tax	–	–	–1,445	246
Total comprehensive income[1]	**–**	**–**	**7,349**	**246**
Capital increase	–	–	–	–
Dividend payment	–	–	–1,406	–
Capital transactions involving a change in ownership interest[2]	–	–	–737	–
Other changes	–	–	–17	–
Balance at June 30, 2012[1]	**1,191**	**9,329**	**54,259**	**–86**
Unadjusted balance at Jan. 1, 2013	**1,191**	**11,509**	**64,429**	**–539**
Changes in accounting policy to reflect IAS 19R	–	–	167	–
Adjusted balance at Jan. 1, 2013	**1,191**	**11,509**	**64,596**	**–539**
Profit after tax	–	–	4,858	–
Other comprehensive income, net of tax	–	–	1,182	–890
Total comprehensive income	**–**	**–**	**6,040**	**–890**
Capital increase[3]	0	1,149	–	–
Dividend payment	–	–	–1,639	–
Capital transactions involving a change in ownership interest[2]	–	–	–1,397	39
Other changes	–	–	–8	–
Balance at June 30, 2013	**1,191**	**12,658**	**67,592**	**–1,390**

1 Figures adjusted to reflect application of IAS 19R.

2 The capital transactions involving a change in ownership interest are attributable in the previous year in particular to the increase in the equity interest in MAN SE and, in the reporting period, to the derecognition of the noncontrolling interests in the equity of MAN SE and the interest in Scania AB attributable to these noncontrolling interest shareholders, amounting to a total of €1,759 million.

3 Volkswagen AG recorded an inflow of cash funds amounting to €1,200 million, plus the premium and deferred interest (€69 million) and less transaction costs (€14 million), from the mandatory convertible note placed in June 2013. Additionally, there are noncash effects from the deferral of taxes amounting to €49 million. €1,149 million of the total amount is required to be classified as equity instruments granted. The residual amount is classified as debt.

Cash flow hedges	Available-for-sale financial assets	Equity-accounted investments	Equity attributable to shareholders of VW AG	Noncontrolling interests	Total equity
–1,437	**176**	**–286**	**57,539**	**5,815**	**63,354**
–	–	–	172	3	174
–1,437	**176**	**–286**	**57,710**	**5,817**	**63,528**
–	–	–	8,794	53	8,847
–571	–8	–83	–1,861	–46	–1,906
–571	**–8**	**–83**	**6,933**	**7**	**6,941**
–	–	–	–	–	–
–	–	–	–1,406	–265	–1,671
–	–	–	– 737	– 1,346	– 2,083
–	–	–	–17	27	10
–2,007	**168**	**–370**	**62,484**	**4,241**	**66,725**
360	**624**	**–59**	**77,515**	**4,310**	**81,825**
–	–	–	167	4	171
360	**624**	**–59**	**77,682**	**4,313**	**81,995**
–	–	–	4,858	–65	4,793
657	–253	14	710	–81	629
657	**–253**	**14**	**5,568**	**–147**	**5,421**
–	–	–	1,149	–	1,149
–	–	–	–1,639	–209	–1,848
– 8	0	1	– 1,366	– 1,759	– 3,125
–	–	–	–8	8	0
1,009	**370**	**–43**	**81,386**	**2,206**	**83,593**

Cash Flow Statement for the Period January 1 to June 30

	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE[1]		FINANCIAL SERVICES	
€ million	2013	2012[2]	2013	2012[2]	2013	2012[2]
Cash and cash equivalents at beginning of period	**17,794**	**16,495**	**14,788**	**12,668**	**3,005**	**3,827**
Profit before tax	6,620	10,090	5,731	9,330	889	760
Income taxes paid	–2,036	–2,161	–1,814	–1,924	–222	–237
Depreciation and amortization expense	7,056	5,956	5,159	4,535	1,897	1,421
Change in pension provisions	109	25	103	22	6	3
Other noncash income/expense and reclassifications[3]	1,469	–2,085	1,356	–2,161	112	76
Gross cash flow	**13,217**	**11,826**	**10,535**	**9,802**	**2,682**	**2,023**
Change in working capital	**–8,234**	**–9,465**	**–2,104**	**–3,051**	**–6,130**	**–6,415**
Change in inventories	–1,869	–2,137	–2,112	–1,786	242	–351
Change in receivables	–3,226	–2,715	–2,665	–2,689	–561	–26
Change in liabilities	2,973	2,016	2,467	1,555	506	461
Change in other provisions	379	265	290	122	88	143
Change in leasing and rental assets (excluding depreciation)	–3,286	–2,713	–3	–332	–3,283	–2,380
Change in financial services receivables	–3,203	–4,182	–81	80	–3,122	–4,262
Cash flows from operating activities	**4,984**	**2,360**	**8,431**	**6,752**	**–3,448**	**–4,392**
Cash flows from investing activities attributable to operating activities	–5,769	–4,940	–7,201	–4,753	1,432	–187
of which: acquisition of property, plant and equipment	–4,042	–3,472	–3,924	–3,400	–118	–72
capitalized development costs	–1,635	–1,055	–1,635	–1,055	–	–
acquisition and disposal of equity investments	–323	–517	–1,835	–399	1,512	–119
Net cash flow [4]	***–785***	***–2,580***	***1,231***	***1,999***	***–2,016***	***–4,579***
Change in investments in securities and loans	–63	–826	444	632	–507	–1,459
Cash flows from investing activities	**–5,832**	**–5,766**	**–6,757**	**–4,120**	**925**	**–1,646**
Cash flows from financing activities	**4,100**	**6,318**	**1,975**	**1,281**	**2,124**	**5,037**
of which: capital transactions with noncontrolling interests	0	–2,083	0	–2,083	–	–
Capital contributions/capital redemptions	1,099	–	1,093	–671	7	671
Changes in cash and cash equivalents due to exchange rate changes	–116	43	–72	59	–44	–16
Net change in cash and cash equivalents	**3,135**	**2,955**	**3,578**	**3,971**	**–443**	**–1,016**
Cash and cash equivalents at June 30	**20,928**	**19,450**	**18,366**	**16,639**	**2,562**	**2,811**
Securities, loans and time deposits	14,297	12,584	7,597	7,922	6,700	4,662
Gross liquidity	**35,225**	**32,034**	**25,963**	**24,561**	**9,262**	**7,474**
Total third-party borrowings	–121,318	–105,826	–14,650	–9,698	–106,668	–96,128
Net liquidity at June 30	**–86,093**	**–73,791**	**11,313**	**14,863**	**–97,406**	**–88,654**
For information purposes: at January 1	–85,517	–64,875	10,573	16,951	–96,090	–81,826

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Figures adjusted to reflect application of IAS 19R.
3 These relate mainly to the fair value measurement of financial instruments, application of the equity method and reclassification of gains/losses on disposal of noncurrent assets to investing activities.
4 Net cash flow: cash flows from operating activities, net of cash flows from investing activities attributable to operating activities.

Notes to the Consolidated Financial Statements

Accounting in accordance with International Financial Reporting Standards (IFRSs)

In accordance with Regulation No. 1606/2002 of the European Parliament and of the Council, Volkswagen AG prepared its consolidated financial statements for 2012 in compliance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. These Interim Consolidated Financial Statements for the period ended June 30, 2013 were therefore also prepared in accordance with IAS 34 and are condensed in scope compared with the consolidated financial statements.

All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

In addition to the reportable segments, the Automotive and Financial Services divisions are presented in the condensed group interim financial report for explanatory purposes alongside the income statement, balance sheet and cash flow statement for the Volkswagen Group. This supplemental presentation is not required by IFRSs. Eliminations of intragroup transactions between the Automotive and Financial Services divisions are allocated to the Automotive Division.

The accompanying interim consolidated financial statements were reviewed by auditors in accordance with section 37w(5) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act).

Accounting policies

Volkswagen AG has applied all accounting pronouncements adopted by the EU and effective for periods beginning on or after January 1, 2013. The amendments relate primarily to IAS 1, Presentation of Financial Statements (IAS 1R) and IAS 19, Employee Benefits (IAS 19R).

IAS 1R revises the way that the reconciliation of comprehensive income for the period is presented. It requires items of other comprehensive income to be presented separately by items that will never be reclassified to profit or loss and items that may be reclassified subsequently to profit or loss if certain conditions are met. In addition, the related tax effects must be allocated to these two groups of items. Volkswagen AG has modified the statement of comprehensive income in these interim consolidated financial statements in line with this. The other amendments to IAS 1 do not affect the presentation of the Volkswagen Group's net assets, financial position and results of operations.

The statement of changes in equity was also modified in this context. In these interim consolidated financial statements, the retained earnings are composed of other retained earnings and actuarial gains and losses. The other items are classified as "Other reserves".

IAS 19R changes the way employee benefits are accounted for. This results in the following changes in particular in Volkswagen AG's interim consolidated financial statements:

- Bonus payments for partial retirement agreements are attributed to the periods of service over the accumulation period in the block model used in the Volkswagen Group.
- Past service cost for defined benefit obligations is recognized directly in profit or loss.
- The defined benefit obligation and plan assets are discounted using the same discount rate (net interest approach).

The following tables present the material effects of applying IAS 19R.

€ million	December 31, 2012 Unadjusted	Adjustment	Adjusted	January 1, 2012 Unadjusted	Adjustment	Adjusted
Total assets	**309,644**	**–126**	**309,518**	**253,769**	**–61**	**253,708**
of which: deferred tax assets	7,915	–79	7,836	6,333	–61	6,273
of which: intangible assets	59,158	–46	59,112	22,176	–	22,176
Total liabilities and provisions	**227,819**	**–296**	**227,523**	**190,416**	**–235**	**190,181**
of which: other provisions, pension provisions	55,032	–296	54,735	46,027	–235	45,792
Total equity	**81,825**	**171**	**81,995**	**63,354**	**174**	**63,528**
of which: retained earnings	64,429	167	64,596	48,898	172	49,069

€ million	Six months ended June 30, 2012 Unadjusted	Adjustment	Adjusted
Profit before tax	**10,056**	**34**	**10,090**
of which: other financial result	1,713	–14	1,699
Income tax expense	1,229	14	1,243
Profit after tax	**8,827**	**21**	**8,847**
Profit attributable to shareholders of Volkswagen AG	8,774	21	8,794
Basic earnings per ordinary share (€)	18.84	0.04	18.88
Diluted earnings per ordinary share (€)	18.84	0.04	18.88
Basic earnings per preferred share (€)	18.90	0.04	18.94
Diluted earnings per preferred share (€)	18.90	0.04	18.94

On August 1, 2012, Porsche Automobil Holding SE, Stuttgart (Porsche SE), contributed its holding company operating business to Volkswagen AG by way of singular succession in the course of a capital increase with a mixed noncash contribution. Volkswagen accounted for this transaction in accordance with IFRS 3. Partial retirement obligations were also assumed in this connection. The changes resulting from the application of IAS 19R must be applied retrospectively, i.e. as if the new accounting policy had always been applied. For this reason, the adjustment resulting from application of IAS 19R to the recognition and measurement of the partial retirement obligations must be charged to goodwill at the acquisition date. This resulted in the following adjustments as of August 1, 2012: deferred tax assets were reduced by €20 million, intangible assets were reduced by €46 million and liabilities and provisions were reduced by €66 million.

The other amendments to IAS 19 do not materially affect the presentation of the Volkswagen Group’s net assets, financial position and results of operations in its interim consolidated financial statements.

IFRS 13 sets out general requirements for measuring fair value in a separate standard. Volkswagen applies the requirements of IFRS 13 governing fair value measurement. There were no material effects on the presentation of the net assets, financial position and results of operations in Volkswagen AG's interim consolidated financial statements.

The other accounting pronouncements required to be applied for the first time in fiscal year 2013 are insignificant for the presentation of the Volkswagen Group's net assets, financial position and results of operations in its interim consolidated financial statements. A detailed breakdown of these accounting pronouncements is provided in the notes to the consolidated financial statements in the 2012 Annual Report.

A discount rate of 3.6% (December 31, 2012: 3.2%) was applied to German pension provisions in the accompanying interim consolidated financial statements. The increase in the discount rate reduced the actuarial losses for pension provisions that are recognized in retained earnings.

The income tax expense for the interim reporting period was calculated on the basis of the average annual tax rate that is expected for the entire fiscal year, in accordance with IAS 34, Interim Financial Reporting.

In other respects, the same accounting policies and consolidation methods that were used for the 2012 consolidated financial statements are generally applied to the preparation of the interim consolidated financial statements and the measurement of the prior-year comparatives. A detailed description of the methods applied is published in the notes to the consolidated financial statements in the 2012 Annual Report. This can also be accessed on the Internet at www.volkswagenag.com/ir.

Basis of consolidation

In addition to Volkswagen AG, which is domiciled in Wolfsburg and entered in the commercial register at the Braunschweig Local Court under no. HRB 100484, the consolidated financial statements comprise all significant companies at which Volkswagen AG is able, directly or indirectly, to govern the financial and operating policies in such a way that the companies of the Group obtain benefits from the activities of these companies (subsidiaries).

CONSOLIDATED SUBSIDIARIES

The application of IAS 19R affects the presentation of the contribution of Porsche SE's holding company operating business as of August 1, 2012. The adjustments are explained in the accounting policies. After adjustment to reflect the application of IAS 19R, the business combination generated goodwill of €18,825 million (originally €18,871 million).

Following the approval by the Annual General Meeting of MAN SE on June 6, 2013 and its entry in the commercial register on July 16, 2013, the control and profit and loss transfer agreement in accordance with section 291 of the Aktiengesetz (AktG – German Stock Corporation Act) between MAN SE, as the controlled company, and Truck & Bus GmbH, a wholly owned subsidiary of Volkswagen AG, as the controlling company, entered into force. The obligation to transfer profits is effective as of the fiscal year beginning on January 1, 2014; the obligation to absorb losses is effective for the first time as of fiscal year 2013.

The agreement sets out that the noncontrolling interest shareholders of MAN SE are entitled to either a cash settlement in accordance with section 305 of the AktG amounting to €80.89 per tendered ordinary or preferred share, or cash compensation in accordance with section 304 of the AktG in the current amount of €3.07 per ordinary or preferred share (after corporate taxes, before the shareholder's individual tax liability) for each full fiscal year. For the current fiscal year, Truck & Bus GmbH is guaranteeing the noncontrolling interest shareholders of MAN SE a minimum dividend in line with the cash compensation.

Following the approval by the Annual General Meeting of MAN SE of the conclusion of the control and profit and loss transfer agreement, Volkswagen is no longer able to avoid its obligation to make a cash settlement. For this reason, the noncontrolling interests in the equity of MAN SE and the interest in Scania AB attributable to these noncontrolling interest shareholders, amounting to a total of €1,759 million, were derecognized from Group equity as of this date as a capital transaction involving a change in ownership interest. At the same time, a liability was recognized in accordance with the cash settlement offer for the obligation to acquire the shares in the amount of €3,125 million. The resulting difference of €1,366 million reduces the retained earnings attributable to the shareholders of Volkswagen AG. From now on, MAN SE's profit or loss will be attributed in full to the shareholders of Volkswagen AG.

Following the derecognition of the noncontrolling interests in the equity of MAN SE from Group equity, all shares of Scania AB that are held by MAN SE are attributable to the Volkswagen Group. The interest in the capital of Scania AB attributable to the shareholders of Volkswagen AG has increased to 62.64% (December 31, 2012: 59.13%).

INTERESTS IN JOINT VENTURES

The Volkswagen Group holds a 50% indirect interest in the joint venture LeasePlan Corporation N.V., Amsterdam, the Netherlands, via its 50% stake in the joint venture Global Mobility Holding B.V., Amsterdam, the Netherlands. Volkswagen agreed with Fleet Investments B.V., Amsterdam, the Netherlands, an investment company belonging to the von Metzler family, that Fleet Investments would become the new co-investor in Global Mobility Holding in 2010 for an initial period of two years. The agreement was prolonged until January 2, 2014. The previous co-investors were instructed by Volkswagen AG to transfer their shares to Fleet Investments B.V. on February 1, 2010 for the purchase price of €1.4 billion. Volkswagen AG granted the new co-investor a put option on its shares. If this option is exercised, Volkswagen must pay the original purchase price plus accumulated pro rata preferred dividends or the higher fair value. The put option is accounted for at fair value.

In addition, Volkswagen has pledged claims under certificates of deposit with Bankhaus Metzler in the amount of €1.4 billion to secure a loan granted to Fleet Investments B.V. by Bankhaus Metzler. This pledge does not increase the Volkswagen Group's risk arising from the above-mentioned short position.

INVESTMENTS IN ASSOCIATES

There were no significant changes compared with the disclosures in the 2012 Annual Report.

Disclosures on the consolidated financial statements

1 | Sales revenue

STRUCTURE OF GROUP SALES REVENUE

€ million	H1 2013	2012
Vehicles	68,105	68,354
Genuine parts	6,731	5,178
Used vehicles and third-party products	4,009	3,812
Engines, powertrains and parts deliveries	4,089	4,465
Power Engineering	1,827	1,967
Motorcycles	315	–
Rental and leasing business	7,086	5,688
Interest and similar income	3,121	3,130
Other sales revenue	3,406	2,783
	98,687	**95,378**

2 | Cost of sales

Cost of sales includes interest expenses of €1,086 million (previous year: €1,333 million) attributable to the financial services business.

In addition to depreciation and amortization expenses, cost of sales also includes impairment losses on intangible assets, items of property, plant and equipment, and leasing and rental assets. The impairment losses identified on the basis of updated impairment tests amount to a total of €93 million (previous year: €117 million).

3 | Research and development costs in the Automotive Division

€ million	H1 2013	2012	%
Total research and development costs	5,571	4,432	25.7
of which: capitalized development costs	1,635	1,055	55.0
Capitalization ratio in %	29.4	23.8	
Amortization of capitalized development costs	1,118	867	29.0
Research and development costs recognized in the income statement	**5,054**	**4,244**	**19.1**

4 | Earnings per share

Basic earnings per share are calculated by dividing profit attributable to shareholders of Volkswagen AG by the weighted average number of ordinary and preferred shares outstanding during the reporting period.

The Annual General Meeting on April 22, 2010 resolved to create contingent capital in the amount of up to €102.4 million expiring on April 21, 2015 that can be used to issue up to €5 billion in bonds with warrants and/or convertible bonds. To date, Volkswagen has used this contingent capital as follows:

In November 2012, Volkswagen placed a €2.5 billion mandatory convertible note that entitles and obliges holders to subscribe for Volkswagen preferred shares. The preemptive rights of existing shareholders were disapplied. The convertible note bears a coupon of 5.50% and matures on November 9, 2015. In June 2013, another mandatory convertible note in the principal amount of €1.2 billion was issued to supplement the original mandatory convertible note. The features of the new mandatory convertible note correspond to those of the mandatory convertible note issued in November 2012. It was issued at a price of 105.64% of the principal amount. Additionally, accrued interest (€1 million) was received and deferred. The new mandatory convertible note also matures on November 9, 2015. Because of the fixed conversion ratio, the mandatory convertible note is recognized in the capital reserves at an amount of €1,149 million, including a premium and deferred interest (€69 million), net of transaction costs (€14 million) and the deferral of taxes (€49 million), and in the financial liabilities at an amount of €156 million.

The current minimum conversion price is €150.81, and the maximum conversion price is €180.97. The conversion price will be adjusted if certain events occur. The convertible notes will be settled by issuing new preferred shares no later than at maturity. Volkswagen is entitled to convert the mandatory convertible notes at any time at the minimum conversion price. The note terms and conditions also provide for early conversion options. This discretionary conversion right was exercised in the reporting period, with a total of €1 million of the notes being converted into 5,393 newly created preferred shares at the effective maximum conversion price at the conversion date.

IAS 33.23 sets out that all potential shares that will be issued upon the conversion of a mandatory convertible note must be accounted for as issued shares and included in the calculation of basic and diluted earnings per share. The number of outstanding preferred shares is therefore increased by the potential preferred shares that would be issued if the mandatory convertible note issued in November were actually to be converted. The average number of preferred shares not yet converted that have to be included is calculated based on the maximum conversion ratio resulting from the minimum conversion price of €150.81. In total, the existing mandatory convertible notes still entitle the holders to subscribe for a maximum of 24,527,551 no-par value preferred shares of Volkswagen AG.

		Q2		H1	
		2013	2012*	2013	2012*
Weighted average number of shares outstanding					
Ordinary shares: basic	million	295.1	295.1	295.1	295.1
diluted	million	295.1	295.1	295.1	295.1
Preferred shares: basic	million	188.0	170.1	187.3	170.1
diluted	million	188.0	170.1	187.3	170.1
Profit after tax	€ million	2,847	5,699	4,793	8,847
Noncontrolling interests	€ million	14	33	–65	53
Profit attributable to shareholders of Volkswagen AG	€ million	2,832	5,666	4,858	8,794
Earnings per share					
Ordinary shares: basic	€	5.86	12.18	10.05	18.88
diluted	€	5.86	12.18	10.05	18.88
Preferred shares: basic	€	5.86	12.18	10.11	18.94
diluted	€	5.86	12.18	10.11	18.94

* Prior-year figures adjusted to reflect application of IAS 19R.

5 | Noncurrent assets

CHANGES IN SELECTED NONCURRENT ASSETS BETWEEN JANUARY 1 AND JUNE 30, 2013

€ million	Carrying amount at Jan. 1, 2013*	Additions/ Changes in consolidated Group	Disposals/ Other changes	Depreciation and amortization	Carrying amount at June 30, 2013
Intangible assets	59,112	1,746	271	1,792	58,796
Property, plant and equipment	39,424	4,068	601	3,225	39,667
Leasing and rental assets	20,034	6,333	3,171	2,038	21,157

* Prior-year figures adjusted to reflect application of IAS 19R.

6 | Inventories

€ million	June 30, 2013	Dec. 31, 2012
Raw materials, consumables and supplies	3,763	3,506
Work in progress	3,359	3,504
Finished goods and purchased merchandise	18,898	18,015
Current leased assets	3,880	3,477
Payments on account	163	172
	30,063	**28,674**

There was no requirement to recognize or reverse significant impairment losses on inventories in the reporting period.

7 | Current other receivables and financial assets

€ million	June 30, 2013	Dec. 31, 2012
Trade receivables	12,420	10,099
Miscellaneous other receivables and financial assets	12,797	11,456
	25,217	**21,555**

In the period January 1, 2013 to June 30, 2013, impairment losses and reversals of impairment losses on noncurrent and current financial assets reduced operating profit by €359 million (previous year: €291 million).

8 | Equity

In November 2012, Volkswagen AG successfully placed a €2.5 billion mandatory convertible note. This led to a €2,181 million increase in equity for the Volkswagen Group. The placement of a new mandatory convertible note in the amount of €1.2 billion in June 2013 increased the Volkswagen Group's equity by €1,149 million.

Following the approval by the Annual General Meeting of MAN SE of the conclusion of a control and profit and loss transfer agreement on June 6, 2013, the noncontrolling interests in the equity of MAN SE were derecognized from Group equity as a capital transaction involving a change in ownership interest. At the same time, a liability was recognized as a separate item of current liabilities in accordance with the cash settlement offer. This reduces the Volkswagen Group's equity by a total of €3,125 million. For more information, please see the disclosures on the basis of consolidation.

The subscribed capital is composed of 295,089,818 no-par value ordinary shares and 170,148,171 preferred shares, and amounts to €1,191 million (December 31, 2012: €1,191 million). In the first quarter of 2013, Volkswagen AG issued 5,393 newly created preferred shares (notional value: €13,806) resulting from the exercise of mandatory convertible bonds.

Volkswagen AG paid a dividend of €1,639 million in the reporting period (previous year: €1,406 million). €1,033 million of this amount (previous year: €885 million) was attributable to ordinary shares and €606 million (previous year: €521 million) to preferred shares.

9 | Noncurrent financial liabilities

€ million	June 30, 2013	Dec. 31, 2012
Bonds, commercial paper and notes	49,487	49,570
Liabilities to banks	8,036	10,621
Deposit business	1,277	1,943
Other financial liabilities	1,471	1,470
	60,271	**63,603**

10 | Current financial liabilities

€ million	June 30, 2013	Dec. 31, 2012
Bonds, commercial paper and notes	25,702	22,028
Liabilities to banks	11,589	9,670
Deposit business	23,425	21,974
Other financial liabilities	330	388
	61,047	**54,060**

11 | Fair value disclosures

The principles and techniques used for fair value measurement remained unchanged year-on-year. Detailed explanations of the measurement principles and techniques can be found in the 2012 Annual Report.

Fair value generally corresponds to the market or quoted market price. If no active market exists, fair value is determined using valuation techniques, such as by discounting the future cash flows at the market interest rate, or by using recognized option pricing models.

Assets and liabilities measured at fair value through profit or loss consist of derivatives or components of derivatives that are not included in hedge accounting. These relate primarily to the interest component of currency forwards used to hedge sales revenue, commodity futures and currency forwards relating to commodity futures.

Available-for-sale financial assets (marketable securities) are carried at fair value. Changes in fair value are recognized directly in equity, net of deferred taxes.

Shares in unconsolidated subsidiaries and other equity investments that are not accounted for using the equity method are also classified as available-for-sale financial assets. They are recognized at cost in the consolidated financial statements if there is no active market for those companies and fair values cannot be reliably ascertained without undue cost or effort. Fair values are recognized if there are indications that fair value is lower than cost. There is currently no intention to sell these financial assets.

Items are measured using uniform measurement techniques and inputs. The fair value of Level 2 and 3 financial instruments is measured in the individual divisions on the basis of Group-wide specifications.

The following table contains an overview of the balance sheet items measured at fair value:

BALANCE SHEET ITEMS MEASURED AT FAIR VALUE

€ million	Dec. 31, 2012	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Derivatives	3,057	–	2,939	119
Available-for-sale financial assets				
Other equity investments	2,606	2,606	–	–
Marketable securities	7,433	7,419	14	–
Financial assets measured at fair value	**13,096**	**10,025**	**2,953**	**119**
Financial liabilities at fair value through profit or loss				
Derivatives	2,818	–	2,757	60
Financial liabilities measured at fair value	**2,818**	**–**	**2,757**	**60**

€ million	June 30, 2013	Level 1	Level 2	Level 3
Financial assets at fair value through profit or loss				
Derivatives	3,403	–	3,363	40
Available-for-sale financial assets				
Other equity investments	2,355	2,355	–	–
Marketable securities	7,292	7,292	0	–
Financial assets measured at fair value	**13,051**	**9,647**	**3,363**	**40**
Financial liabilities at fair value through profit or loss				
Derivatives	2,483	–	2,339	144
Financial liabilities measured at fair value	**2,483**	**–**	**2,339**	**144**

The allocation of fair values to the three levels in the fair value hierarchy is based on the availability of observable market prices in an active market. Level 1 is used to report the fair value of financial instruments for which a quoted price is available. Examples include marketable securities and other equity investments measured at fair value. Fair values in Level 2, e.g. of derivatives, are measured on the basis of market inputs such as exchange rates or yield curves using market-based valuation techniques. Level 3 fair values are calculated using valuation techniques that incorporate inputs that are not directly observable in active markets. In the Volkswagen Group, Level 3 fair values comprise long-term commodity futures because the prices available on the market must be extrapolated for measurement purposes. Options on equity instruments and residual value protection models are also reported in Level 3.

CHANGES IN BALANCE SHEET ITEMS MEASURED AT FAIR VALUE BASED ON LEVEL 3

€ million	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance at Jan. 1, 2013	**119**	**60**
Foreign exchange differences	0	0
Total comprehensive income	–68	–117
recognized in profit or loss	–60	–100
recognized in other comprehensive income	–8	–17
Additions (purchases)	–	–
Sales and settlements	–3	18
Transfers into Level 2	–8	–15
Balance at June 30, 2013	**40**	**144**
Total gains or losses recognized in profit or loss	**–60**	**–100**
Net other operating expense/income	–58	–131
of which attributable to assets/liabilities held at the reporting date	58	131
Financial result	–2	31
of which attributable to assets/liabilities held at the reporting date	4	–33

The transfers between the levels of the fair value hierarchy are reported at the respective reporting dates. The transfers out of Level 3 into Level 2 comprise commodity futures for which observable quoted prices are now available for measurement purposes due to the decline in their remaining maturities; consequently, no extrapolation is required. There were no transfers between other levels of the fair value hierarchy.

Commodity prices are the key risk variable for the fair value of commodity futures. Sensitivity analyses are used to present the effect of changes in commodity prices on profit after tax and equity.

If commodity prices for commodity futures classified as Level 3 had been 10% higher (lower) as of June 30, 2013, profit would have been €5 million higher (lower) and equity would have been €8 million higher (lower).

The key risk variable for measuring options on equity instruments held by the Company is the relevant enterprise value. Sensitivity analyses are used to present the effect of changes in risk variables on profit.

If the assumed enterprise values had been 10% higher, profit would have been €2 million higher. If the assumed enterprise values had been 10% lower, profit would have been €9 million lower.

Residual value risks result from hedging agreements with dealers under which earnings effects caused by market-related fluctuations in residual values that arise from buy-back obligations under leases are borne in part by the Volkswagen Group.

The key risk variable influencing the fair value of the options relating to residual value risks is used car prices. Sensitivity analyses are used to quantify the effects of changes in used car prices on earnings after tax.

If the prices for the used cars covered by the residual value protection model had been 10% higher as of June 30, 2013, profit after tax would have been €228 million higher. If the prices for the used cars covered by the residual value protection model had been 10% lower as of June 30, 2013, profit after tax would have been €228 million lower.

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS

The following table shows the reconciliation of the balance sheet items to the relevant classes of financial instruments, broken down by carrying amount and fair value of the financial instruments.

The fair value of financial instruments measured at amortized cost, such as receivables and liabilities, is calculated by discounting using a market rate of interest for a similar risk and matching maturity. For reasons of materiality, the fair value of current balance sheet items is generally deemed to be their carrying amount.

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2012

€ million	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	BALANCE SHEET ITEM AT DEC. 31, 2012
	Carrying amount	Carrying amount	Fair value	Carrying amount	
Noncurrent assets					
Equity-accounted investments	–	–	–	7,309	7,309
Other equity investments	2,606	1,265	1,265	–	3,870
Financial services receivables	–	49,785	50,491	–	49,785
Other financial assets	2,226	4,206	4,279	–	6,431
Current assets					
Trade receivables	–	10,099	10,099	–	10,099
Financial services receivables	–	36,911	36,911	–	36,911
Other financial assets	832	5,041	5,041	–	5,872
Marketable securities	7,433	–	–	–	7,433
Cash, cash equivalents and time deposits	–	18,488	18,488	–	18,488
Noncurrent liabilities					
Noncurrent financial liabilities	–	63,603	66,183	–	63,603
Other noncurrent financial liabilities	1,587	810	816	–	2,397
Current liabilities					
Put options and compensation rights granted to noncontrolling interest shareholders	–	–	–	–	–
Current financial liabilities	–	54,060	54,060	–	54,060
Trade payables	–	17,268	17,268	–	17,268
Other current financial liabilities	1,230	3,195	3,195	–	4,425

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF JUNE 30, 2013

€ million	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	BALANCE SHEET ITEM AT JUNE 30, 2013
	Carrying amount	Carrying amount	Fair value	Carrying amount	
Noncurrent assets					
Equity-accounted investments	–	–	–	6,463	6,463
Other equity investments	2,355	1,516	1,516	–	3,871
Financial services receivables	–	50,441	52,128	–	50,441
Other financial assets	2,165	4,403	4,426	–	6,568
Current assets					
Trade receivables	–	12,420	12,420	–	12,420
Financial services receivables	–	37,803	37,803	–	37,803
Other financial assets	1,238	5,132	5,132	–	6,370
Marketable securities	7,292	–	–	–	7,292
Cash, cash equivalents and time deposits	–	21,639	21,639	–	21,639
Noncurrent liabilities					
Noncurrent financial liabilities	–	60,271	62,302	–	60,271
Other noncurrent financial liabilities	1,312	928	950	–	2,240
Current liabilities					
Put options and compensation rights granted to noncontrolling interest shareholders	–	3,125	3,125	–	3,125
Current financial liabilities	–	61,047	61,047	–	61,047
Trade payables	–	18,245	18,245	–	18,245
Other current financial liabilities	1,171	2,901	2,901	–	4,072

12 | Cash flow statement

The cash flow statement presents the cash inflows and outflows in the Volkswagen Group and in the Automotive and Financial Services divisions. Cash and cash equivalents comprise cash at banks, checks, bills, cash-in-hand and call deposits.

€ million	June 30, 2013	June 30, 2012
Cash, cash equivalents and time deposits as reported in the balance sheet	21,639	20,176
of which: time deposits and restricted cash	−710	−726
Cash and cash equivalents as reported in the cash flow statement	**20,928**	**19,450**

Cash inflows from financing activities in the current year are attributable primarily to the issuance of bonds in the amount of €12,637 million (previous year: €11,816 million), the change in other financial liabilities in the amount of €672 million (previous year: €5,716 million) and inflows from the issuance of a mandatory convertible note in the amount of €1,099 million (see note 4). They are offset mainly by cash outflows from the repayment of bonds amounting to €8,462 million (previous year: €7,500 million) and capital transactions with noncontrolling interests in the amount of €0 million (previous year: €2,083 million).

13 | Segment reporting

Segments are identified on the basis of the Volkswagen Group's internal management and reporting. In line with the Group's multibrand strategy, each of its brands is managed by its own board of management. The Group targets and requirements laid down by the Board of Management of Volkswagen AG or the Group Board of Management must be complied with to the extent permitted by law. Segment reporting comprises four reportable segments: Passenger Cars, Commercial Vehicles, Power Engineering and Financial Services. Due to a change to the internal reporting structure as of January 1, 2013, light commercial vehicles are no longer allocated to the Passenger Cars and Light Commercial Vehicles segment, but are reported together with trucks and buses in the new Commercial Vehicles segment. The segment designations and prior-year figures were adjusted accordingly. The prior-year figures were also adjusted to reflect the application of IAS 19R.

The activities of the Passenger Cars segment cover the development of vehicles and engines, the production and sale of passenger cars, and the corresponding genuine parts business. As a rule, the Volkswagen Group's individual passenger car brands are combined on a consolidated basis into a single reportable segment.

The Commercial Vehicles segment primarily comprises the development, production and sale of light commercial vehicles, trucks and buses, the corresponding genuine parts business and related services.

The activities of the Power Engineering segment consist of the development and production of large-bore diesel engines, turbo compressors, industrial turbines and chemical reactor systems, as well as the production of gear units, propulsion components and testing systems.

The activities of the Financial Services segment comprise dealer and customer financing, leasing, banking and insurance activities, as well as fleet management.

In the segment structure, purchase price allocation for companies acquired is allocated directly to the corresponding segments.

The business of Porsche AG acquired in fiscal year 2012 is allocated to the Passenger Cars segment, with the exception of Porsche's financial services activities, which are presented in the Financial Services segment. The Ducati Group, which was also acquired in fiscal year 2012, is allocated to the Audi operating segment and is thus presented in the Passenger Cars reporting segment.

At Volkswagen, segment profit or loss is measured on the basis of operating profit or loss.

The reconciliation contains activities and other operations that by definition do not constitute segments. It also includes the unallocated Group financing activities. Consolidation adjustments between the segments are also contained in the reconciliation.

As a matter of principle, business relationships between the companies within the segments of the Volkswagen Group are transacted at arm's length prices.

REPORTING SEGMENTS: H1 2012*

€ million	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Recon-ciliation	Volkswagen Group
Sales revenue from external customers	71,861	12,666	1,967	8,807	95,301	77	95,378
Intersegment sales revenue	4,905	2,363	8	812	8,088	−8,088	–
Total sales revenue	76,766	15,029	1,975	9,619	103,389	−8,011	95,378
Segment profit or loss (operating profit or loss)	5,796	361	−13	730	6,874	−334	6,540

* Figures adjusted.

REPORTING SEGMENTS: H1 2013

€ million	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Recon-ciliation	Volkswagen Group
Sales revenue from external customers	73,699	12,815	1,827	10,255	98,596	92	98,687
Intersegment sales revenue	4,836	2,525	3	918	8,282	−8,282	–
Total sales revenue	78,535	15,340	1,830	11,173	106,878	−8,190	98,687
Segment profit or loss (operating profit or loss)	5,522	426	−348	826	6,425	−645	5,780

RECONCILIATION*

€ million	H1 2013	2012
Segment profit or loss (operating profit or loss)	**6,425**	**6,874**
Unallocated activities	83	114
Group financing	−22	−3
Consolidation adjustments	−706	−444
Operating profit	**5,780**	**6,540**
Financial result	**839**	**3,550**
Consolidated profit before tax	**6,620**	**10,090**

* Prior-year figures adjusted.

14 | Related party disclosures

At 50.73%, Porsche SE holds the majority of the voting rights in Volkswagen AG.

The creation of rights of appointment for the State of Lower Saxony was resolved at the Extraordinary General Meeting of Volkswagen AG on December 3, 2009. As a result, Porsche SE can no longer appoint the majority of the members of Volkswagen AG's Supervisory Board for as long as the State of Lower Saxony holds at least 15% of Volkswagen AG's ordinary shares. However, Porsche SE continues to have the power to participate in the operating policy decisions of the Volkswagen Group.

€ million	SUPPLIES AND SERVICES RENDERED H1 2013	2012	SUPPLIES AND SERVICES RECEIVED H1 2013	2012
Porsche SE	4	1	8	–
Supervisory Board members	1	1	2	0
Unconsolidated subsidiaries	438	530	272	375
Joint ventures and their majority interests*	6,725	7,731	571	1,004
Associates and their majority interests	135	182	155	276
State of Lower Saxony, its majority interests and joint ventures	3	4	1	1

* Porsche Zwischenholding GmbH, Stuttgart, and its majority interests until July 31, 2012.

€ million	RECEIVABLES (INCL. COLLATERAL RECEIVED) FROM June 30, 2013	Dec. 31, 2012	LIABILITIES (INCL. OBLIGATIONS) TO June 30, 2013	Dec. 31, 2012
Porsche SE	371	862	521	896
Supervisory Board members	1	0	167	215
Unconsolidated subsidiaries	1,029	950	553	456
Joint ventures and their majority interests*	5,941	4,958	1,900	1,752
Associates and their majority interests	32	40	49	72
State of Lower Saxony, its majority interests and joint ventures	1	0	0	0

* Prior-year figures adjusted.

The goods and services received from joint ventures in the first six months do not include resolved dividend distributions amounting to €2,744 million (previous year: €2,049 million).

The supplies and services received from Porsche SE relate, among other things, to standard market liability compensation for guarantees assumed. The supplies and services rendered to Porsche SE relate mainly to interest income on loans granted.

The receivables from Porsche SE comprise a receivable under a loan agreement and receivables from land transfer taxes. The obligations to Porsche SE consist mainly of term deposits and interest payable.

Obligations to members of the Supervisory Board amounting to €167 million relate primarily to interest-bearing bank balances of Supervisory Board members that were invested at standard market terms and conditions at Volkswagen Group companies.

Obligations to joint ventures contain miscellaneous other financial obligations under an irrevocable credit commitment in the amount of €1.3 billion to LeasePlan Corporation N.V., Amsterdam, the Netherlands, a Volkswagen Group joint venture, with a term until December 2015.

15 | Litigation

The Volkswagen Group's 2012 Annual Report contains information on legal proceedings in respect of irregularities in the course of the handover of four-stroke marine diesel engines by MAN Diesel & Turbo. In this connection, the Augsburg Local Court imposed an administrative fine in the single-digit millions on MAN Diesel & Turbo SE. The investigations by the Augsburg Public Prosecution Office into MAN Diesel & Turbo SE were terminated on payment of this amount.

There have been no other significant changes since the publication of the 2012 Annual Report.

16 | Contingent assets and liabilities

There were no significant changes as of June 30, 2013 in the contingent assets and liabilities described in the 2012 Annual Report.

17 | Other financial obligations

The other financial obligations increased by €2,162 million compared with the 2012 consolidated financial statements to €24,266 million, due in particular to an increase in purchase commitments for items of property, plant and equipment, and intangible assets, because of initiated or planned investment projects.

German Corporate Governance Code

The current declarations in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) on the German Corporate Governance Code by the Board of Management and Supervisory Board of Volkswagen AG, AUDI AG, MAN SE and Renk AG are permanently available on the Internet at www.volkswagenag.com/ir, www.audi.com, www.man.eu and www.renk.biz respectively.

Significant events after the balance sheet date

By way of a letter dated July 25, 2013, the Munich Regional Court (I) served Truck & Bus GmbH, a wholly owned subsidiary of Volkswagen AG, with an application in accordance with section 1 no. 1 of the Spruchverfahrensgesetz (SpruchG – German Award Proceedings Act) for judicial review of the appropriateness of the cash settlement in accordance with section 305 of the Aktiengesetz (AktG – German Stock Corporation Act) and the cash compensation in accordance with section 304 of the AktG for the noncontrolling interest shareholders of MAN SE attributable to the control and profit and loss transfer agreement between MAN SE and Truck & Bus GmbH, which was entered in MAN SE's commercial register on July 16, 2013. As a result of the award proceedings, the obligation to the noncontrolling interest shareholders must be reassessed and the expected present value of the minimum statutory interest rate in accordance with section 305 of the AktG must be recognized as a liability. Assuming the award proceedings take seven years, this is expected to impact the financial result by €0.5 billion. It is not currently possible to predict the exact duration of the proceedings.

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Wolfsburg, July 31, 2013

Volkswagen Aktiengesellschaft

The Board of Management

Martin Winterkorn	Francisco Javier Garcia Sanz	Jochem Heizmann
Christian Klingler	Michael Macht	Horst Neumann
Leif Östling	Hans Dieter Pötsch	Rupert Stadler

Review Report

This report was originally prepared in German. In case of ambiguities the German version shall prevail:

Review Report

To VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg

We have reviewed the condensed consolidated interim financial statements – comprising the condensed income statement and condensed statement of comprehensive income, the condensed balance sheet, the condensed statement of changes in equity, the condensed cash flow statement and selected explanatory notes – and the interim group management report of VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, for the period from January 1 to June 30, 2013, which are part of the half-yearly financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRSs applicable to interim financial reporting, as adopted by the EU, and of the interim group management report in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports is the responsibility of the parent Company's Board of Management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the interim group management report in accordance with German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRSs applicable to interim financial reporting, as adopted by the EU, and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS, applicable to interim financial reporting, as adopted by the EU, nor that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim group management reports.

Hanover, July 31, 2013

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Harald Kayser
German Public Auditor

Martin Schröder
German Public Auditor

Contact Information

PUBLISHED BY

Volkswagen AG
Finanzpublizität
Brieffach 1848-2
38436 Wolfsburg
Germany
Phone +49 5361 9-0
Fax +49 5361 9-28282

INVESTOR RELATIONS

Volkswagen AG
Investor Relations
Brieffach 1849
38436 Wolfsburg
Germany
Phone +49 5361 9-86622 IR Hotline
Fax +49 5361 9-30411
E-mail investor.relations@volkswagen.de
Internet www.volkswagenag.com/ir

Volkswagen AG
Investor Relations
17C Curzon Street
London W1J 5HU
United Kingdom
Phone +44 20 7290 7820

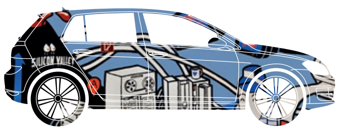
Volkswagen Group China
No. 3A, Xi Liu Jie, Sanlitun Road
Chaoyang District
Beijing 100027, P.R. China
Phone +86 10 6531 3000

Volkswagen Group of America, Inc.
Investor Relations Liaison Office
(Questions relating to American
Depositary Receipts)
2200 Ferdinand Porsche Drive
Herndon, Virginia 20171
USA
Phone +1 703 364 7000

This Interim Report is also available on the
Internet, in German and English, at: www.volkswagenag.com/ir

Printed in Germany
358.809.546.20

Financial Calendar
October 30, 2013 Interim Report January – September 2013
March 13, 2014 Volkswagen AG Annual Media Conference and Investor Conference


SILICON VALLEY