VOLKSWAGEN

AKTIENGESELLSCHAFT

Half-Yearly Financial Report

January - June

2015

Key Figures

VOLKSWAGEN GROUP

Volume Data[1]	Q2 2015	Q2 2014	%	H1 2015	H1 2014	%
Deliveries to customers ('000 units)	2,552	2,623	−2.7	5,039	5,066	−0.5
of which: in Germany	353	337	+ 4.7	668	626	+ 6.7
abroad	2,198	2,286	−3.8	4,371	4,440	−1.5
Vehicle sales ('000 units)	2,483	2,645	−6.1	5,090	5,207	−2.2
of which: in Germany	343	339	+ 1.3	668	644	+ 3.8
abroad	2,140	2,306	−7.2	4,422	4,563	−3.1
Production ('000 units)	2,593	2,669	−2.8	5,314	5,234	+ 1.5
of which: in Germany	693	653	+ 6.1	1,395	1,314	+ 6.2
abroad	1,900	2,016	−5.8	3,919	3,920	−0.0
Employees ('000 on June 30, 2015/Dec. 31, 2014)				597.8	592.6	+ 0.9
of which: in Germany				273.9	271.0	+ 1.0
abroad				324.0	321.5	+ 0.8

Financial Data (IFRSs), € million	Q2 2015	Q2 2014	%	H1 2015	H1 2014	%
Sales revenue	56,041	50,977	+ 9.9	108,776	98,808	+ 10.1
Operating profit before special items	3,662	3,330	+ 10.0	6,990	6,186	+ 13.0
Special items	−170	–	x	−170	–	x
Operating profit	3,492	3,330	+ 4.9	6,820	6,186	+ 10.3
as a percentage of sales revenue	6.2	6.5		6.3	6.3	
Profit before tax	3,696	4,420	−16.4	7,664	7,777	−1.5
as a percentage of sales revenue	6.6	8.7		7.0	7.9	
Profit after tax	2,731	3,249	−15.9	5,663	5,716	−0.9
Profit attributable to Volkswagen AG shareholders	2,671	3,186	−16.2	5,558	5,581	−0.4
Cash flows from operating activities	4,147	1,848	x	7,766	3,347	x
Cash flows from investing activities attributable to operating activities	3,668	3,312	+ 10.8	6,993	6,236	+ 12.1
Automotive Division[2]						
EBITDA[3]	6,019	5,710	+ 5.4	11,859	10,953	+ 8.3
Cash flows from operating activities	6,861	6,137	+ 11.8	11,553	8,388	+ 37.7
Cash flows from investing activities attributable to operating activities[4]	3,572	3,167	+ 12.8	6,761	5,469	+ 23.6
of which: capex	2,581	1,953	+ 32.1	4,652	3,578	+ 30.0
as a percentage of sales revenue	5.3	4.3		4.9	4.1	
capitalized development costs[5]	1,033	1,205	−14.3	2,170	2,396	−9.4
as a percentage of sales revenue	2.1	2.7		2.3	2.8	
Net cash flow	3,288	2,970	+ 10.7	4,791	2,919	+ 64.2
Net liquidity at June 30				21,489	13,979	+ 53.7

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. 2014 deliveries updated to reflect subsequent statistical trends.
2 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
3 Operating profit plus net depreciation/amortization and impairment losses/reversals of impairment losses on property, plant and equipment, capitalized development costs, lease assets, goodwill and financial assets as reported in the cash flow statement.
4 Excluding acquisition and disposal of equity investments: Q2 €3,518 million (€3,147 million), H1 €6,672 million (€5,849 million).
5 See table on page 35.

Key Facts

- **Volkswagen Group deliveries to customers on a level with the previous year at 5.0 million (5.1 million) vehicles; declines in Eastern Europe, South America and Asia Pacific – higher demand especially in Western Europe**
- **Group sales revenue up 10.1% on the prior-year figure at €108.8 billion; positive exchange rate effects**
- **Operating profit up €0.6 billion to €6.8 billion in a regionally very mixed market environment**
- **Special items relating to restructuring measures in the trucks business; operating profit before special items at €7.0 billion (€6.2 billion)**
- **Earnings before tax at €7.7 billion (€7.8 billion); share of profits of the equity-accounted Chinese joint ventures on a level with the previous year; fair value measurement effects reduce financial result**
- **Cash flows from operating activities in the Automotive Division up €3.2 billion year-on-year at €11.6 billion; ratio of capex to sales revenue is 4.9% (4.1%)**
- **Net liquidity in the Automotive Division at €21.5 billion; capital increase at Financial Services Division reduces liquidity, successful placement of hybrid notes strengthens Automotive Division's capital base**
- **Enthusiastic reception by customers for Group models:**
  - **Volkswagen Passenger Cars presents the new edition of the legendary Scirocco GTS and the progressive C Coupé GTE concept for the first time**
  - **World premiere of the Audi Q7 e-tron – the first plug-in hybrid featuring a petrol engine and the quattro drive system**
  - **ŠKODA celebrates Chinese debut of its new Superb and Fabia models**
  - **Debut appearance for Porsche's new Boxster Spyder in New York**
  - **Lamborghini celebrates its tenth anniversary in the Chinese market with the Aventador LP 750-4 Superveloce and the Aventador LP 700-4 Pirelli Edition**
  - **Volkswagen Commercial Vehicles unveils the sixth generation of the popular T model series**
  - **MAN's powerful special-edition TGX D38 "100 Years" meets an enthusiastic reception**

Key Events

MOTOR SHOWS AND EVENTS

The Volkswagen Group brands presented their new products at a wide range of motor shows and events in the first half of 2015.

New York International Auto Show

The Volkswagen Passenger Cars brand unveiled four new variants of its cult classic, the Beetle, at the New York International Auto Show – two coupés and two cabriolets. The new Golf Alltrack also marked its US debut.

Porsche kicked off the 2015 convertible season with the global launch of the new Boxster Spyder. This purist sports car is the new top-of-the-range model in the open-top two-seat Boxster range, and it retains the unique character of the previous Spyder, which has already attained cult status: its classic roadster top is opened and closed by hand and the model is only available with manual transmission.

Auto Shanghai 2015

Volkswagen Passenger Cars unveiled the new version of the legendary Scirocco GTS at Auto Shanghai 2015, marking its world premiere. The model was first launched in 1982 and was based on the Golf GTI. The new model is powered by a 162 kW (220 PS) TSI engine and, like its predecessor in 1982, is available with optional red stripes extending from the bonnet, over the roof to the tailgate. Another highlight of the stand was the C Coupé GTE concept, which was on show for the first time. Measuring in at over five meters long, this saloon is designed for the Chinese market and combines exclusivity with perfection and emotion, giving an insight into the future design of sporty saloons. The C Coupé GTE features an innovative plug-in hybrid drive that generates system power output of 180 kW (245 PS) and offers an impressive 500 Nm of torque. The Volkswagen Passenger Cars brand's appearance at the show was rounded off by the world debut of the Gran Santana, a model specially developed for the Chinese market, and a presentation of the Golf GTI manufactured in Foshan, southern China.

The Audi brand celebrated the global debut of three new models powered by innovative plug-in hybrid drives in Shanghai. The Audi Q7 e-tron 2.0 TFSI quattro is the first plug-in hybrid featuring a petrol engine and the quattro all-wheel drive system, and was specially developed for the markets in China, Singapore and Japan. The SUV's 270 kW (367 PS) output averages fuel consumption of just 2.5 l/100 km, with an overall range of 1,020 km. The Q7 e-tron can cover up to 53 km in all-electric driving. Audi also unveiled the A6 L e-tron, a spacious, environmentally friendly and at the same time sporty model developed exclusively for the Chinese market. Based on the long-wheelbase version of the A6, this saloon features a plug-in hybrid drive generating system power output of 180 kW (245 PS), with average fuel consumption of just 2.2 l/100 km. The A6 L e-tron will be manufactured at the FAW-Volkswagen joint venture's plant in Changchun. In addition to the production models, Audi turned heads with the debut of the prologue allroad concept. This five-door model recasts the standard offroad elements in a new, sporty light and hints at the brand's design future. Its quattro plug-in hybrid drive develops an impressive 540 kW (734 PS) of system power output.

The ŠKODA brand celebrated the Chinese debut of its Superb and Fabia models at Auto Shanghai. The Superb is the Czech brand's flagship model and has been at the forefront of its model range since 2001. For the Chinese market, this popular mid-range saloon will be available in three engine variants ranging from 110 kW (150 PS) to 162 kW (220 PS). All models come with direct shift gearboxes (DSG) as standard. The new Fabia marks the first time that ŠKODA has applied the brand's new, modern design language in a production model. Chinese customers have two engine variants to choose from – 66 kW (90 PS) and 81 kW (110 PS).

The SEAT brand's 20V20 concept was aimed primarily at younger show visitors. In particular, this powerful and dynamic SUV combines sportiness with versatility, and illustrates the systematic development of the Spanish brand's widely acclaimed design language. SEAT Connect Technology ensures that the vehicle is at home in an interconnected world, with a specific focus on voice command.

The Bentley brand's EXP 10 Speed 6 concept marked its Asian premiere in Shanghai following the model's successful debut in Geneva. The two-seat luxury sports car combines British design and detailed handcrafting with advanced technology and superlative performance. The show car shared the stage with the revamped Continental GT and Flying Spur models, as well as the Continental GT3 motorsport version.

The highlight of the Porsche stand was the global debut of the 911 Carrera and Boxster Style Edition variants, which impressed visitors with an attractive specification package and a wide range of optical extras. The brand's appearance was rounded off by the Asian premiere of the Porsche 911 GT3 RS and the Porsche Targa 4 GTS.

Italian sports car manufacturer Lamborghini is celebrating its tenth anniversary in the Chinese market in 2015. It marked the occasion in Shanghai by unveiling the Aventador LP 750-4 Superveloce – the brand's fastest and most emotional model – and the Aventador LP 700-4 Pirelli Edition, which is fitted with exclusive equipment and reflects the long-standing collaboration between the automaker and the Italian tire producer.

Commercial vehicle brands Scania and MAN were also represented at Auto Shanghai; they presented powerful tractor units for the particularly high mileages covered in the vast expanses of China. Scania's 353 kW (480 PS) G 480 6x2 was on show, while MAN displayed the TGX 28.480, also rated at 353 kW (480 PS).

Lake Wörthersee GTI festival

One of the main attractions for visitors to the annual meeting of GTI enthusiasts at Lake Wörthersee in Austria was the production-bound Golf GTI Clubsport concept. The model was created especially to celebrate the GTI's 40th anniversary next year, and it marked its world premiere in Austria. Packing 195 kW (265 PS) and with a boost function that can temporarily push its output by a further 10%, the GTI Clubsport 2016 is planned as the most powerful GTI ever to go into series production. The model's customized interior and specific bodywork features – such as completely new bumpers and an innovative roof spoiler – round off its exclusive appearance. A second world premiere was the unveiling of the Golf GTE Sport, a concept car that brings Volkswagen's GT tradition into the world of tomorrow. The innovative concept has a carbon fiber body and is fitted with a plug-in hybrid drive that generates 295 kW (400 PS) and propels the car to a top speed of 280 km/h. Apprentices from Volkswagen and Wolfsburg-based Sitech Sitztechnik collaborated to produce the Golf GTI Dark Shine, an impressive demonstration of the high-quality and practical education within the Group. The hand-painted car features a striking two-tone exterior. The color scheme continues inside the cabin, including the two bucket sports seats. The 2.0 TSI engine was custom modified for this model and generates 290 kW (395 PS). The Golf Estate Biturbo Edition and the ŠKODA FUNstar show cars, which were developed and presented by apprentices from Zwickau and Mladá Boleslav respectively, were also presented at the GTI festival.

Other Group brands were also represented at Lake Wörthersee: Audi presented its TT clubsport turbo concept which, with its pronounced wheel wells and powerful rear wing, offers a foretaste of the new Audi TT RS. An electric turbocharger and 441 kW (600 PS) of power catapult the muscular concept car from 0 to 100 km/h in just 3.6 seconds.

The ŠKODA brand presented the sporty ŠKODA Octavia Combi RD 230 and the ŠKODA Fabia R5 rally car, among others. The SEAT brand caused a sensation with the Leon ST CUPRA, the fastest estate to complete the Nürnburgring's north loop.

The MAN brand catered for a specific kind of premiere. The commercial vehicles manufacturer from Munich was represented at the event for the first time and presented the special-edition TGX D38 "100 Years", a 412 kW (560 PS) tractor unit with a characteristic flaming lion painted on the cabin. MAN celebrated 100 years of commercial vehicle production this year.

World premiere of the new T model series

The Volkswagen Commercial Vehicles brand unveiled a new version of its successful model in April: the sixth generation of the Transporter series was launched with a wide range of technical innovations that ensure greater safety, comfort and an improved driving experience together with lower fuel consumption and emissions. The available driver assistance systems include the Front Assist area monitoring system and Adaptive Cruise Control (ACC), as well as City Emergency Braking, a combination of these two systems. The adaptive Dynamic Cruise Control and an electrically operated tailgate add an extra level of comfort. The new engines are fitted with a start-stop system as standard and fuel consumption is reduced by an average of 15%. The new radio navigation system is fitted with a proximity sensor and can be connected to mobile online services.

Vienna Motor Symposium

At the 36th Vienna Motor Symposium, Volkswagen emphasized that CO_2 reduction, e-mobility and digitization are the key challenges in the automotive industry. Volkswagen's broad range of drive variants, spanning petrol and diesel engines through natural gas and plug-in hybrid drives down to pure-play electric traction – and potentially even fuel cells – demonstrates the Group's enormous potential for innovation. The optimization of the internal combustion engine remains a key development area; high rpm diesel engines and a new high-performance three-cylinder TSI engine are examples of this. The "laser roughening" coating technique that Volkswagen will use in future large-scale production contributes to reducing friction in the engine and to boosting performance. The new generation of the T series also saw the launch of a new 2.0 TDI engine for light commercial vehicles, developed on the basis of the Modular Diesel Toolkit (MDB). In addition, Volkswagen presented the new 447 kW (608 PS) 6.0 liter W12 TSI engine in Vienna, one of the world's most sophisticated premium drive systems.

AWARDS

The Volkswagen Passenger Cars brand was named best volume manufacturer for the fourth consecutive time in this year's "Schwacke MarkenMonitor". The brand performed particularly well in the vehicle quality, image and model range attractiveness categories. The ŠKODA brand won first prize in the major importer category. "Schwacke MarkenMonitor" is a dealer satisfaction survey in which approximately 1,000 telephone interviews with German car dealers are conducted and analyzed. The academic survey focuses on the quality of cooperation between manufacturers and dealers.

The Tiguan was named "All-wheel drive car of the year" in the SUV under €30,000 category in the reader poll conducted by "Auto Bild Allrad" magazine. The survey covered the complete range of all-wheel drive models available in the German market.

The Audi brand received the "2015 L.E.A.D.E.R. Award" in the original equipment manufacturer (OEM) category. Leading European automotive industry magazine "Automotive News Europe" and the Bilbao-based "Automotive Intelligence Center" award this prize to European companies and organizations that make outstanding contributions to development, excellence and research in the automotive industry. The jury highlighted Audi's groundbreaking work in the development of lightweight construction and piloted driving.

Automobile club Kraftfahrer-Schutz e.V. awarded the Energy and Environment Prize to the Volkswagen Group in June. The prize has been in existence for 35 years. The expert judges presented the award to the Golf GTE's plug-in hybrid drive system and the Audi A3 e-tron for their low fuel consumption, compelling performance and long range.

The Audi brand's 2.5 liter TFSI engine was named "International Engine of the Year" in the 2.0 to 2.5 liter category. This is the sixth consecutive year that an Audi engine has won the award. The international jury of 65 automotive journalists based their decision on the engine's reliability and excellent tuning.

The Volkswagen Commercial Vehicles brand's Amarok was named best pickup of the year for the fifth consecutive time in a reader poll conducted by "OFF ROAD" magazine. Over 38,000 readers took part in the survey.

The ŠKODA Superb received the top five-star rating in the Euro NCAP crash test. This result underscores the ŠKODA model range's high safety standards: all series currently in production were given a five-star rating as part of their market launch. The Euro NCAP assessment covers the categories adult and child occupant protection as well as pedestrian and safety assist technologies.

The Volkswagen Passenger Cars brand's "Das Auto.Magazin" won numerous prizes as part of the "Best of Corporate Publishing" awards. The expert jury awarded a gold medal for the powerful short documentary "Wege zur Freiheit" ("Roads to Freedom") about automotive designer Giorgetto Guigiaro, as well as for the magazine's mobile app, which in particular impressed the judges with its cross-media content. The print version of the magazine and the iPad app each received a silver medal in the "Automobile" and "Digital Media – Mobile" categories.

ANNIVERSARIES

The ŠKODA plant in Kvasiny celebrated the production of its 750,000th ŠKODA Superb in April 2015. The ŠKODA Superb has been thrilling customers in Europe, China and other non-European markets since 2001. The model's third generation was launched in June this year and is revolutionizing the ŠKODA design language, as well as adding new dimensions in comfort, spaciousness and technology. The new Superb features the Volkswagen Group's MQB technology, innovative assistance systems for safety, environmental care and comfort, a high-performance Euro 6 engine and ŠKODA's trademark "Simply Clever" features.

In June 2015, the Audi brand celebrated 50 years of Audi model production at the plant in Ingolstadt. Auto Union manufactured its first four-cylinder, four-stroke model in 1965, laying the foundations for the rebirth of the Audi brand. To mark the event, Audi entered ten classic cars in the "Danube Classic" vintage rally around Ingolstadt.

CAPACITIES AND CAPABILITIES

Volkswagen opened a new vehicle plant in Changsha, southern China, in May 2015. The plant has the capacity to produce a total of 300,000 Volkswagen Passenger Cars and ŠKODA brand models per year. The goal is for more than 4,000 jobs to be created at the plant, with a further 4,000 at the adjacent supplier park. The plant is the Shanghai-Volkswagen joint venture's first production facility to receive the "Triple-Star Green Building Design Award", China's highest state award for environmentally friendly factory planning. A dry painting system reduces water and energy consumption by more than 20%. In addition, the use of rainwater and recycled production water means that 20% less fresh water is used in production compared with conventional processes. The plant uses solar panels and local hydroelectricity for power, making production carbon neutral.

Volkswagen is investing approximately half a billion euros in a further body shell production facility at the Bratislava plant. The new hall will be equipped with state-of-the-art joining technology and the plan is to produce body shells for the Porsche Cayenne to begin in 2017.

The Audi brand intends to cooperate with Baidu and Huawei to give Chinese customers seamless and fast use of smartphones in cars and to drive forward the networking of vehicles with their surroundings and the Internet. The partnership with Baidu, China's leading search engine provider, covers the integration of smartphones for use in cars and the joint development of data, calculation processes and functions for vehicle navigation. Audi and Huawei, the world's largest network provider, are jointly developing a China-specific LTE module for rapid data transfer.

In June, Volkswagen signed a cooperation agreement in the area of e-mobility research with Chinese joint venture partner SAIC. This covers expanding Chinese joint venture SVW's main production facility in Anting to locally develop and produce plug-in hybrid and fully electric models.

CHARTER ON VOCATIONAL EDUCATION AND TRAINING ADOPTED

The Group Board of Management, the European Group Works Council and the Global Works Council of Volkswagen AG adopted the Volkswagen Group Charter on Vocational Education and Training in June 2015. Its objective is to ensure that apprentices throughout the Group have the opportunity to gain knowledge and expertise at the same high standard.

The Charter covers basic issues such as the selection process for apprentices, the duration and quality of vocational education and training, and the teaching of educational content. It also sets out policies concerning financial and nonfinancial support for apprentices, their working time, breaks and annual leave, their transition to post-apprenticeship employment and their representation. As a consequence, the different legal, social, economic and cultural aspects in the various countries will also be addressed.

The Volkswagen Group is taking responsibility for social issues and the future at its production locations worldwide through its commitment to young peoples' education and training. In addition, excellent vocational education is the prerequisite for a highly productive team, outstanding quality and top products.

VOLKSWAGEN CREATES AN INTEGRATED COMMERCIAL VEHICLES GROUP

Going forward, the Volkswagen Group will bundle the mid-sized truck, heavy truck and bus businesses under Truck & Bus GmbH as the holding company for commercial vehicle brands MAN and Scania. The brands will continue to retain their independence. Truck & Bus GmbH will manage the cooperation between the three commercial vehicles businesses – MAN Truck & Bus AG, MAN Latin America Ltda. And Scania AB. The company's management will be headed by Mr. Andreas Renschler, the member of the Group Board of Management responsible for Commercial Vehicles. The CEOs of the three commercial vehicles businesses, among others, will be represented in the company's management. The objective is for strategy, development, HR and purchasing to be agreed jointly across the brands, allowing the full potential for synergies between the brands to be leveraged. As a producer of light commercial vehicles, Volkswagen Commercial Vehicles will also form part of the integrated commercial vehicles group and will retain a close link with the Volkswagen Passenger Cars brand.

VICTORY AT LE MANS FOR PORSCHE AND AUDI

Teams fielded by Group companies Porsche and Audi wowed the more than 260,000 spectators at the legendary 24 Hours of Le Mans race with a close duel, and went on to dominate the podium. The Porsche teams took first and second place with the innovative Porsche 919 Hybrid – a double win for the brand. This was Porsche's 17th overall victory in the classic race. The Volkswagen Group's triple success was rounded off by last year's winner, Audi, which took third place with the Audi R18.

VFL WOLFSBURG WINS THE 2015 DFB CUP

VfL Wolfsburg won the DFB Cup for the first time in the club's history on May 30, 2015 in front of a crowd of roughly 75,000 at Berlin's Olympic Stadium. The match was broadcast live in 149 countries around the world, with almost 12 million viewers in Germany tuning in. The VfL Wolfsburg women's team had already won the DFB Cup on May 1, 2015 for the second time following their victory in 2013. This marked the first time in the competition's history that the men's and women's teams from the same club won the cup in the same season. Volkswagen congratulates the cup winners and appreciates the intense national and international media interest. VfL Wolfsburg-Fußball GmbH is a wholly owned Volkswagen Group company. Volkswagen's decades-long and ongoing commitment is a hallmark of the partnership. For the Group, VfL Wolfsburg is a global communications platform with high strategic value. It also plays a key role in raising the profile of Volkswagen AG's locations and the Wolfsburg region.

SUPERVISORY BOARD MATTERS

On April 30, 2015 Dr. Louise Kiesling and Ms. Julia Kuhn-Piëch were appointed to the Supervisory Board of Volkswagen AG as replacement shareholder representatives, effective the same day, by the court on the application of the Board of Management of Volkswagen AG in accordance with section 104 of the Aktiengesetz (AktG – German Stock Corporation Act). This was due to the resignations of Prof. Dr. Ferdinand K. Piëch and Ms. Ursula Piëch from the Supervisory Board on April 25, 2015.

The court appointed Mr. Uwe Hück, Chairman of the General and Group Works Councils of Dr. Ing. h.c. F. Porsche AG, to the Supervisory Board of Volkswagen AG as an employee representative, effective July 1, 2015. He replaces Mr. Jürgen Dorn, who stepped down as of June 30, 2015.

ANNUAL GENERAL MEETING

The 55th Annual General Meeting of Volkswagen AG was held at the Hanover Exhibition Grounds on May 5, 2015. With 91.93% of the voting capital present, the ordinary shareholders of Volkswagen AG approved the proposal by the Board of Management and the Supervisory Board to distribute a dividend of €4.80 per ordinary share and €4.86 per preferred share for fiscal year 2014. In addition, they formally approved the actions of the Board of Management and the Supervisory Board and the conclusion of an intercompany agreement. Mr. Hussain Ali Al-Abdulla's scheduled term of office on the Supervisory Board of Volkswagen AG expired at the end of the Annual General Meeting. The Annual General Meeting elected Mr. Al-Abdulla to the Supervisory Board for a further full term of office as a shareholder representative. Mr. Ahmad Al-Sayed stepped down as a shareholder representative on the Supervisory Board of Volkswagen AG as of the end of the Annual General Meeting. The Annual General Meeting elected Mr. Akbar Al Baker, Minister of State and Group Chief Executive of Qatar Airways, to replace him for the remainder of his term of office. In addition, the ordinary shareholders authorized the Board of Management to issue a total of up to 70 million new non-voting preferred bearer shares within the next five years. They also elected PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft, as the auditors for the single-entity and consolidated financial statements for fiscal year 2015 and as the auditors to review the condensed consolidated financial statements and interim management report for the first six months of 2015.

Volkswagen Shares

In the second quarter of 2015, prices in the international equity markets were unable to match the increase seen in the first three months of the year. The DAX also suffered from uncertainty, in particular as a result of the escalating debt situation in Greece.

After a slight increase at the beginning of the second quarter, the deteriorating situation in Greece and concerns about its effect on the European economy were the main triggers for falling prices. Healthy corporate results and expectations that the European Central Bank would continue its bond-buying program and the US Federal Reserve its loose monetary policy brought about a temporary recovery before the downward trend resumed in April. The DAX moved sideways amid significant price swings in May. Investors' hopes of a more expansionary monetary policy by the Chinese central bank and healthy labor market data from the USA supported prices in an environment that continued to be dominated by concerns over the situation in Greece. Prices declined in June amid volatility brought about by increasing fears of bankruptcy in Greece and growing uncertainty about whether it would remain in the eurozone.

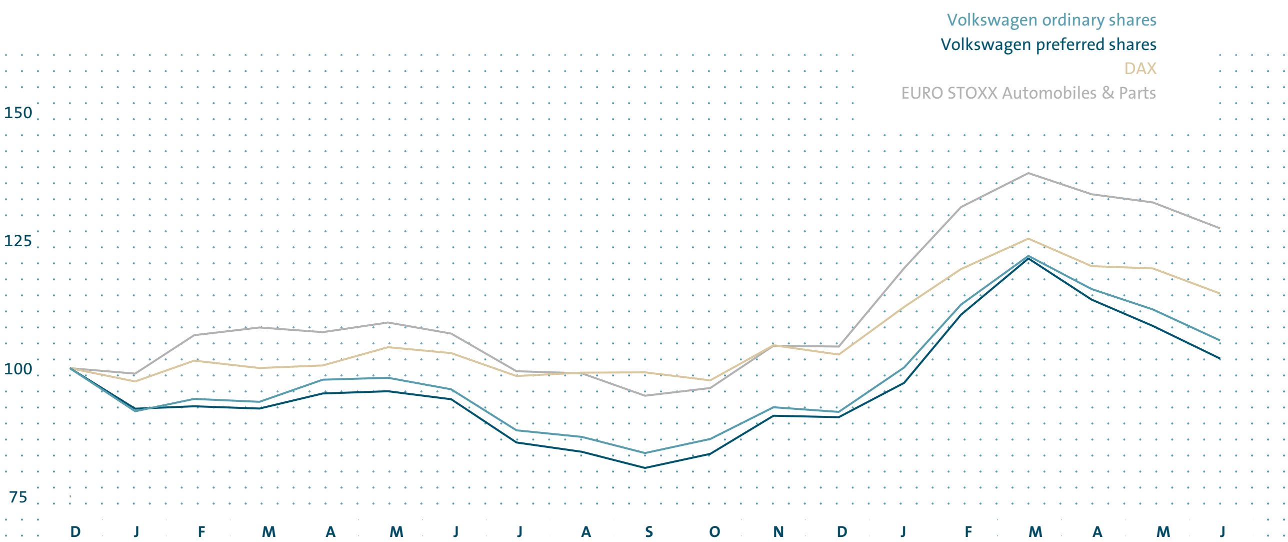
The DAX reached a new all-time high of 12,375 points on April 10, 2015 and closed the first half of 2015 at 10,945 points, up 11.6% on the 2014 year-end level. The EURO STOXX Automobiles & Parts stood at 585 points on June 30, 2015, up 22.2% compared with the 2014 closing price.

Volkswagen AG's preferred and ordinary share prices were unable to escape the declining trend in the equity markets in the second quarter of 2015. In addition, discussions about the composition of the Board of Management and the Supervisory Board, as well as increasing concerns about slower growth in demand for passenger cars due to the economic downturn in China influenced market participants. As a result, both classes of shares were more volatile than the market as a whole, trailing market growth. Compared with the preferred shares, the price of ordinary shares grew at a slightly faster pace in the second quarter.

Volkswagen AG's preferred shares recorded their highest daily closing price in the period from January to June 2015 (€255.20) on March 16, 2015, and with it an all-time high. They reached their lowest closing price of €176.30 on January 5, 2015. The preferred shares ended the reporting period at €208.00; this was an increase of 12.6% compared with the last closing price in 2014. Volkswagen's ordinary shares also recorded their highest daily closing price in the first six months of the year (€247.55) on March 16, 2015. They hit their lowest closing price on January 5, 2015 (€172.55). The ordinary shares recorded a daily closing price of €207.55 on June 30, 2015, up 15.2% on the closing price at the end of 2014.

Information and explanations on earnings per share can be found in the notes to the interim consolidated 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 2013 TO JUNE 2015
Index based on month-end prices: December 31, 2013 = 100



Business Development

GENERAL ECONOMIC DEVELOPMENT

The robust growth in the global economy lost momentum slightly in the first half of 2015. While the economic upturn continued in many industrialized nations, growth in some emerging economies remained below average. Although the comparatively low energy and raw materials prices had a negative impact on individual countries' economies, their effect on the global economy as a whole was supportive.

In Western Europe, the economic recovery continued in the reporting period. The northern European countries saw solid growth and there were increasing signs that the recession is coming to an end in most of the southern European countries.

The German economy continued to benefit from positive consumer sentiment and the strong labor market; the pace of growth rose slightly over the course of the year.

Economic growth was also positive in Central Europe in the first six months of 2015. The conflict between Russia and Ukraine contributed substantially to the recessionary trend in both of these economies and had a negative impact on the situation in Eastern Europe overall. In addition, falling energy prices hit the oil producing countries in this region in particular.

Structural deficits and social conflict dominated the situation in South Africa in the first half of 2015; nevertheless, economic growth was slightly stronger than in previous quarters.

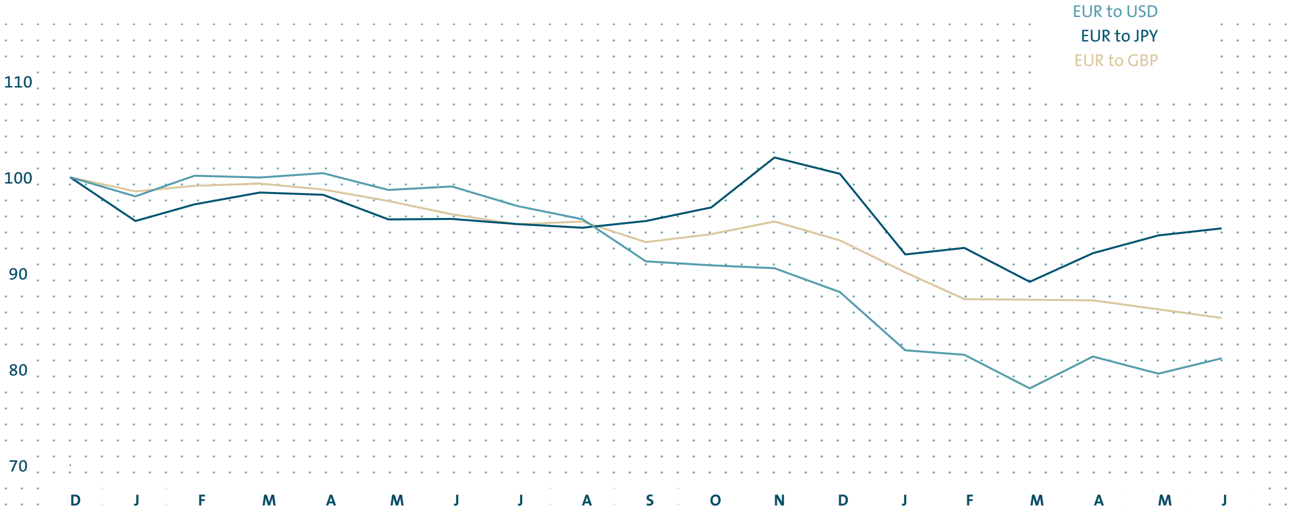
The US economy recorded solid growth on average in the period from January to June 2015. The further decline in unemployment, positive consumer sentiment and the continuing very loose monetary policy supported the economy. Mexico saw positive economic growth at an almost constant growth rate.

The situation in Brazil remained tense in the first half of 2015. The negative trend continued, in particular as a result of the country's weak domestic demand and the low global commodity prices. Economic output in Argentina also retreated in the reporting period as the very high rate of inflation persisted.

The high growth rate recorded in the Chinese economy weakened slightly in the first six months of 2015 due to economic uncertainties. In Japan, economic output remained almost unchanged compared with the prior-year quarter. The economies in India and the ASEAN region registered stable growth.

EXCHANGE RATE MOVEMENTS FROM DECEMBER 2013 TO JUNE 2015

Index based on month-end prices: December 31, 2013 = 100



TRENDS IN THE PASSENGER CAR MARKETS

In the period from January to June 2015, global new passenger car registrations were up 2.6% year-on-year, although demand varied from region to region. The growth drivers were the Asia-Pacific region, North America and Western Europe. In contrast, new passenger car registrations in Eastern Europe and South America declined drastically in some areas compared with the prior-year period.

The passenger car market in Western Europe benefited from the improved macroeconomic environment, positive consumer sentiment and lower fuel prices, and continued to recover in the first half of 2015. In June, the number of new registrations increased year-on-year for the 22nd time in a row. Demand for passenger cars in Italy and Spain saw double-digit percentage growth; however, market volumes were still down substantially on pre-crisis levels in both countries. The Spanish market continued to benefit from government stimulus measures. In the United Kingdom and France, growth rates were more moderate in the year to date.

In Germany, the number of new passenger car registrations in the first six months of 2015 was higher than in the prior-year period. Whereas private demand continued to decline, new business vehicle registrations saw a significant increase.

The passenger car market as a whole in Central and Eastern Europe declined sharply overall in the reporting period. Trends in the individual markets were very mixed: while the EU markets in Central Europe mainly recorded positive rates of change, there was a slump in passenger car sales in the Eastern European markets. This was primarily due to the drastic deterioration in market conditions in Russia and Ukraine resulting from the difficult economic and political situation in both countries.

The slight downward trend in the South African passenger car market continued in the first half of 2015. This was largely attributable to the unfavorable economic conditions and weak consumer confidence.

In North America, market growth in the period from January to June 2015 continued with slightly declining momentum. Sales figures for passenger cars and light commercial vehicles (up to 6.35 tonnes) in the USA reached their highest level for a first half-year period in the past ten years. Growth was driven in particular by models in the SUV and pickup segments. The increase was mainly due to high consumer confidence, in addition to favorable credit conditions and fuel prices and the low unemployment rate. Both the Canadian and the Mexican automotive markets recorded new highs in the reporting period.

In South America, the number of new passenger car registrations in the first half of 2015 was significantly below the prior-year period. Brazil recorded the lowest passenger car demand volumes seen since 2007. In addition to the tax increase on industrial products at the beginning of 2015, this was mainly due to overall economic decline and higher interest rates. The downward trend in the Argentinian passenger car market which began in the first quarter of 2014 continued in the reporting period, although the pace slowed. The lowest level of new registrations for a first half-year period since 2006 was recorded, in particular due to the poor state of the economy and a decline in real incomes.

Overall market volumes in the Asia-Pacific region recorded the highest absolute increase in the first six months of 2015. This was primarily attributable to the growth in demand for passenger cars in China; however, this declined significantly over the reporting period as a result of the economic slowdown, and even slid into negative territory in June. The strong demand for attractively priced entry-level models in the SUV segment continued and contributed substantially to growth. In Japan, the declining trend in new passenger car registrations also continued in the second quarter of 2015. In addition to pull-forward effects from the consumption tax increase on April 1, 2014, which had a positive impact in the previous year, the tax increase on mini vehicles (up to 660 cc) effective April 1 had a negative effect on demand over the course of 2015. The Indian passenger car market saw further growth. An improvement in consumer sentiment and lower interest rates and fuel prices boosted the ongoing recovery process.

The number of passenger cars sold in the ASEAN region in the period from January to June 2015 was below the prior-year figure. This was mainly attributable to the passenger car market in Indonesia, which saw a decline on the back of high inflation and higher borrowing costs, among other factors.

TRENDS IN THE MARKETS FOR COMMERCIAL VEHICLES

Global demand for light commercial vehicles was slightly below the prior-year level in the first half of 2015.

The economic stabilization in Western Europe made itself felt: new vehicle registrations significantly exceeded the prior-year figure.

In the Central and Eastern European markets, registrations were down considerably year-on-year in the first six months of 2015. Russia saw a significant drop in demand due to the political tensions and their impact.

In North America, light commercial vehicles up to 6.35 tonnes and passenger cars are reported as the “light vehicle market”.

In the period from January to June 2015, vehicle sales in South America were down on the previous year due to the continuing difficult economic conditions. In Brazil and Argentina, the region’s largest markets, sales of light commercial vehicles fell short of the prior-year figure.

Vehicle sales in the Asia-Pacific region were down slightly year-on-year. In China, the dominant market for light commercial vehicles in the region, new registrations did not reach the prior-year level. In the Indian market, demand grew moderately compared with the previous year. Sales volumes in Japan were down significantly year-on-year in the period from January to June 2015 due to the pull-forward effects of the consumption tax increase on April 1, 2014 in the first quarter of the previous year. In the first half of 2015, sales in the ASEAN region were on a level with the previous year.

In the period from January to June 2015, global demand for midsized and heavy trucks with a gross weight of more than six tonnes was significantly down on the previous year.

In Western Europe, higher demand in the United Kingdom, the Netherlands, Spain and Italy – due for the most part to the low prior-year level – resulted in an increase in registrations. Demand in Germany, the largest market in Western Europe, was down slightly on the prior-year period in the first six months of the year.

In the Central and Eastern European markets, registrations were down sharply year-on-year. This was primarily due to the tense and uncertain political situation, as well as currency weaknesses and the difficult financing conditions in Russia.

Momentum in the construction and energy sector and favorable financing conditions led to higher registration volumes in North America compared with the previous year.

In South America, the number of new vehicle registrations in the first half of 2015 was significantly below the prior-year figure. Vehicle sales in Brazil were down substantially on the previous year as a result of declining economic output and the restrictive financing conditions. The ongoing high inflation and recession in Argentina also contributed to the decline in demand.

The number of trucks sold in the Asia-Pacific region (excluding the Chinese market) increased significantly year-on-year. Demand in the Indian market recorded a clear increase due to replacement vehicles in the heavy truck segment, increased spending on infrastructure and a more favorable investment climate following the change of government in May 2014. Registration volumes in the world's largest truck market, China, were significantly lower than in the previous year. This was due to the pull-forward effects in 2014 from the introduction of the C4 emission standard and declining investment growth in China.

Demand for buses, both globally and in the markets that are relevant for the Volkswagen Group, was lower than in the previous year in the period from January to June 2015.

TRENDS IN THE MARKETS FOR POWER ENGINEERING

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

In the first half of 2015, the marine market saw a continuation of the muted order activity that was already noticeable during the course of 2014. In some cases, the market segments developed at different rates. While demand for liquid gas tankers and cruise ships increased slightly, the situation for freight and container ships remained tense. Demand for ships for offshore applications also dropped as a result of the low oil prices. The overall marine market declined significantly compared with the prior-year period.

In energy generation, demand for energy solutions remained high, with a strong trend towards greater flexibility and decentralized availability. The shift away from oil-fired power plants toward dual-fuel and gas-fired power plants continued. Order placements were delayed, in some cases significantly, due to continuing muted economic growth in the key emerging markets and developing countries, as well as the increasingly difficult financing conditions for customers. This affected major projects in particular. The energy generation market proved stable overall compared with the previous year.

The market for the construction of turbomachinery is mainly dominated by contracts awarded in connection with global investment projects in oil and chemical facilities. Project volumes declined in the oil and gas industry due to the low oil prices, which further increased competitive pressure. Demand for turbomachinery in the processing industry was at a low level overall between January and June 2015, and here, too, competition increased. Overall, the market for turbomachinery was at a low level, declining again slightly compared with the previous year.

DEMAND FOR FINANCIAL SERVICES

Global demand for automotive-related financial services remained high in the first half of 2015.

Business with financial services products was buoyed by the good overall market performance in Germany and the signs of recovery in Western and Central Europe. These offset the negative effects from lower unit sales volumes in Eastern Europe and South America.

Demand for automotive-related financial services in the North American region was up year-on-year, with leasing in particular further increasing its share.

The South American automotive markets continued to decline, with the downward trend also reflected in sales volumes for financial services products.

Demand for automotive-related financial services recorded positive growth in the Asia-Pacific region, with year-on-year increases in China despite the gloomier market conditions.

In the truck and bus business, demand for financial services products rose year-on-year despite lower overall demand for vehicles in the relevant markets. The significant decline in truck and bus unit sales in South America had a negative impact, particularly in the core Brazilian market. However, this was more than offset by positive business growth in Europe.

VOLKSWAGEN GROUP DELIVERIES

In the first half of 2015, the Volkswagen Group delivered 5,039,210 vehicles to customers, on a level with the previous year. The chart on page 12 shows the changes in deliveries by month. Separate details of deliveries of passenger cars and commercial vehicles are provided in the following.

VOLKSWAGEN GROUP DELIVERIES FROM JANUARY 1 TO JUNE 30*

	2015	2014	%
Passenger cars	4,729,383	4,751,927	−0.5
Commercial vehicles	309,827	313,758	−1.3
Total	**5,039,210**	**5,065,685**	**−0.5**

* Deliveries for 2014 have been updated to reflect subsequent statistical trends. Includes the Chinese joint ventures.

PASSENGER CAR DELIVERIES WORLDWIDE

In the period from January to June 2015, the Volkswagen Group delivered 4,729,383 passenger cars to customers worldwide, matching the prior-year level. The market as a whole grew by 2.6% in the same period. The Audi (+3.8%), ŠKODA (+4.2%), Porsche (+29.8%) and Lamborghini (+96.9%) brands reached new highs in the first half of the year. While demand for Volkswagen Group passenger cars rose in Western Europe, Central Europe and North America, and was slightly below the prior-year level in the Asia-Pacific region, deliveries to customers in South America and Eastern Europe were in some cases significantly lower year-on-year.

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

Below we explain the trends in our sales figures in the individual markets.

Deliveries in Europe/Other markets

In the growing passenger car market in Western Europe, we delivered 6.5% more vehicles to customers in the first half of 2015 than in the previous year, recording rising sales figures in all major markets in this region. The Polo, Golf Sportsvan and Passat models saw the highest growth in demand. The Golf, Tiguan, Audi A3, ŠKODA Octavia and Porsche Macan models were also very popular. The Audi Q7 and the ŠKODA Superb saloon were successfully launched on the market. In Western Europe, the Volkswagen Group achieved a 24.4% share of the passenger car market (24.7%).

In the German passenger car market, demand for Volkswagen Group models increased by 6.7% year-on-year in the reporting period. The market as a whole grew by 5.2% in the same period. The Golf Sportsvan, Passat and Audi TT Coupé models recorded the highest growth rates. Eight Group models led the Kraftfahrt-bundesamt (KBA – German Federal Motor Transport Authority) registration statistics in their respective segments: the up!, Polo, Golf, Touran, Tiguan, Passat, Audi TT and Audi A6. The Golf was again the most popular passenger car in Germany in terms of registrations in the first half of 2015.

In the overall sharply declining passenger car markets in Central and Eastern Europe, we sold 11.2% fewer vehicles between January and June of this year than in the prior-year period. While we recorded strong increases in demand in the Czech Republic, Hungary and Romania, our sales figures in Russia and Ukraine declined significantly as a result of the difficult economic and political situation in the two countries. There was a positive trend in demand for the Golf Sportsvan, ŠKODA Rapid, ŠKODA Octavia Combi and SEAT Leon ST models. The Volkswagen Group's share of the market in this region rose to 20.2% (17.3%).

In an overall declining market in South Africa, we handed over fewer passenger cars to customers in the first six months of 2015 than in the previous year (–12.3%).

Deliveries in North America

In North America, demand for Volkswagen Group vehicles increased by 6.0% year-on-year in the reporting period. The Group's share of the passenger car market amounted to 4.5% (4.4%). The Jetta remained the Group's bestselling model in North America.

In the US market, we delivered more vehicles to customers in the first half of 2015 than in the previous year (+2.4%). The market as a whole grew by 4.4% in the same period. Models in the SUV and pickup segments remained in particularly high demand. The Group's Golf, Jetta, Passat, Audi A3 saloon, Audi Q5 and Porsche Cayenne models were especially popular.

The Mexican market as a whole continued to show dynamic growth and Group sales in the reporting period were also sharply up on the prior-year figure (+9.9%). The Vento, Jetta and SEAT Ibiza models were particularly popular.

Demand for Group models in the growing Canadian market rose by 21.1% year-on-year between January and June 2015. The Golf, Audi A3 saloon and Audi Q3 were among the models to see the highest increases.

Deliveries in South America

Conditions in the highly competitive South American markets continued to deteriorate in the first six months of 2015. The number of deliveries made to Volkswagen Group customers in this period was down 20.3% on the low prior-year figure. The Group's share of the passenger car market in this region was 16.6% (17.2%).

In the sharply declining passenger car market in Brazil, demand for Volkswagen Group vehicles fell by 26.1% year-on-year between January and June 2015. The bestselling models were the up!, Fox, Gol, Golf, Saveiro and Audi A3.

In Argentina, the Group's sales recovered slightly in the reporting period, exceeding the low prior-year figure by 4.9%. The sharp downward trend in the market as a whole continued but weakened slightly. The Gol was the most sought-after Group model in Argentina.

Deliveries in the Asia-Pacific region

In the first half of 2015, Volkswagen Group passenger car sales in the Asia-Pacific region were down slightly on the previous year's level (–3.1%). The market as a whole grew by 3.8% in this period; the Group's market share was 12.5% (13.4%).

Growth in the Chinese passenger car market slowed significantly in the course of the reporting period and even slid into negative territory for one month in June. Demand remained particularly strong for attractively priced entry-level models in the SUV segment. In the reporting period, we delivered 3.9% fewer vehicles to customers in China than in the previous year. The Lavida, Jetta, Santana, Tiguan, Audi Q5, Audi A6 and Porsche Macan models recorded strong demand. The Lamando was successfully launched on the market.

In Japan, Group passenger car sales declined by 9.7% year-on-year between January and June 2015. The market as a whole also contracted in the same period. Demand for the Polo, Audi A3 and Audi Q3 models recorded positive growth.

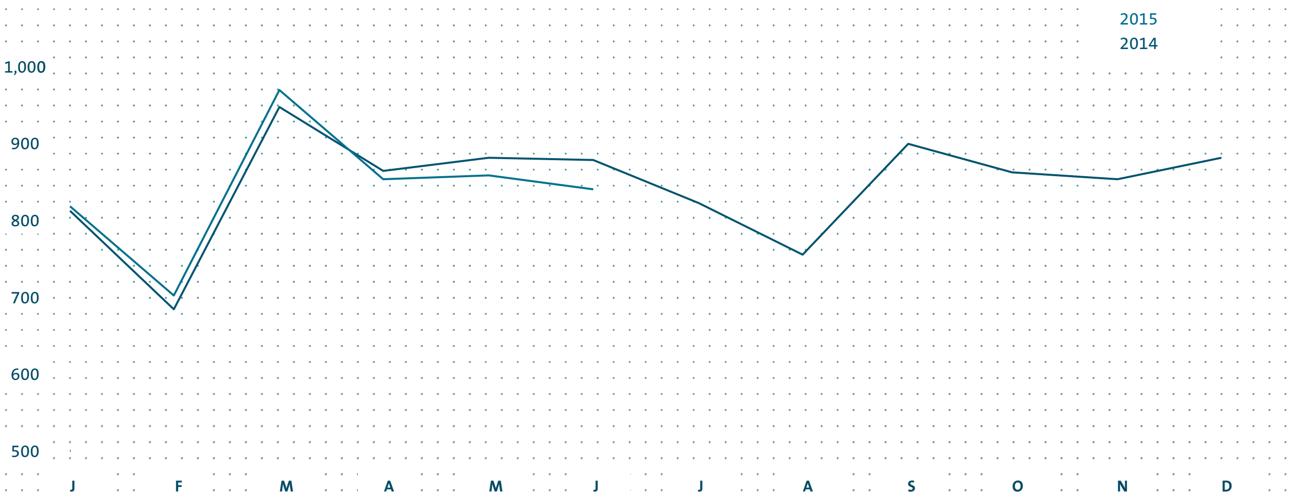
The Indian passenger car market continued to see moderate growth in the first six months of this year. The Volkswagen Group delivered 12.0% more vehicles to customers there than in the prior-year period. The most sought-after Group model was the Polo; the Vento, ŠKODA Rapid and ŠKODA Octavia models were also very popular.

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

	DELIVERIES (UNITS)		CHANGE
	2015	2014	(%)
Europe/Other markets	**2,092,239**	**2,012,001**	**+ 4.0**
Western Europe	**1,619,156**	**1,519,781**	**+ 6.5**
of which: Germany	594,274	557,218	+ 6.7
United Kingdom	278,735	266,068	+ 4.8
France	136,114	132,292	+ 2.9
Spain	135,966	115,414	+ 17.8
Italy	114,558	104,002	+ 10.1
Central and Eastern Europe	**277,418**	**312,508**	**–11.2**
of which: Russia	79,534	130,633	–39.1
Czech Republic	63,595	50,253	+ 26.5
Poland	54,196	52,853	+ 2.5
Other markets	**195,665**	**179,712**	**+ 8.9**
of which: Turkey	80,231	52,757	+ 52.1
South Africa	43,507	49,603	–12.3
North America	**447,255**	**421,982**	**+ 6.0**
of which: USA	294,992	287,953	+ 2.4
Mexico	98,609	89,726	+ 9.9
Canada	53,654	44,303	+ 21.1
South America	**263,467**	**330,701**	**–20.3**
of which: Brazil	193,934	262,286	–26.1
Argentina	51,861	49,451	+ 4.9
Asia-Pacific	**1,926,422**	**1,987,243**	**–3.1**
of which: China	1,739,904	1,811,195	–3.9
Japan	48,740	53,981	–9.7
India	36,585	32,651	+ 12.0
Worldwide	**4,729,383**	**4,751,927**	**–0.5**
Volkswagen Passenger Cars	2,945,709	3,065,899	–3.9
Audi	902,389	869,357	+ 3.8
ŠKODA	544,300	522,499	+ 4.2
SEAT	216,463	200,140	+ 8.2
Bentley	4,639	5,254	–11.7
Lamborghini	1,882	956	+ 96.9
Porsche	113,984	87,803	+ 29.8
Bugatti	17	19	–10.5

* Deliveries for 2014 have been updated to reflect subsequent statistical trends. Includes the Chinese joint ventures.

VOLKSWAGEN GROUP DELIVERIES BY MONTH
Vehicles in thousands



COMMERCIAL VEHICLE DELIVERIES

The Volkswagen Group delivered a total of 309,827 commercial vehicles worldwide in the first half of 2015, 1.3% fewer than in the prior-year period. Of these, 78,800 were trucks (–8.4%) and 8,065 were buses (–19.0%). Volkswagen Commercial Vehicles increased its deliveries by 2.4% year-on-year to 222,962 units. In the period from January to June 2015, the number of vehicles delivered by the Scania brand was down 3.7% year-on-year to 36,989. MAN delivered 49,876 units to customers in the reporting period, 13.5% fewer than in the previous year.

In the Western European markets, demand for the Volkswagen Group's commercial vehicles in the first six months of 2015 was up 9.4% on the prior-year figure to 191,696 units on the back of the economic recovery. Of the vehicles delivered, 151,066 were light commercial vehicles, 38,445 were trucks and 2,185 were buses. The Caddy and the Transporter were particularly popular.

In Central and Eastern Europe, the Volkswagen Group's commercial vehicle brands sold a total of 26,540 units (–15.4%). Of these, 15,241 were light commercial vehicles, 10,832 were trucks and 467 were buses. The Caddy and the Transporter were the most sought-after Group models. At 4,717 units, deliveries to customers in Russia were down 60.4% on the prior-year figure as a result of the persistently weak ruble due to the tense political situation linked to the Ukraine crisis and the low oil price.

In the Other markets, the Group sold a total of 36,677 commercial vehicles in the period from January to June 2015: 24,153 light commercial vehicles, 11,134 trucks and 1,390 buses.

At 3,986, the Volkswagen Group delivered 2.7% more units to customers in North America than in the prior-year period. 2,891 light commercial vehicles, 165 trucks and 930 buses were sold.

Deliveries in the South American markets fell by 36.1% to 33,862 commercial vehicles. Of the units sold, 17,876 were light commercial vehicles, 13,829 were trucks and 2,157 were buses. The Amarok was the most sought-after Group model. Demand for commercial vehicles in Brazil suffered due to further deterioration in the macroeconomic environment and the more difficult financing conditions. Sales figures were down 53.9% in the first half of 2015, to 17,855 vehicles.

In the Asia-Pacific region, demand for Volkswagen Group commercial vehicles was on a level with the previous year, at 17,066 units. 11,735 light commercial vehicles, 4,395 trucks and 936 buses were delivered. The Amarok and the Transporter were in particularly high demand there.

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

	DELIVERIES (UNITS)		CHANGE
	2015	2014	(%)
Europe/Other markets	**254,913**	**239,882**	**+ 6.3**
Western Europe	191,696	175,202	+ 9.4
Central and Eastern Europe	26,540	31,374	−15.4
Other markets	36,677	33,306	+ 10.1
North America	**3,986**	**3,881**	**+ 2.7**
South America	**33,862**	**52,985**	**−36.1**
of which: Brazil	17,855	38,761	−53.9
Asia-Pacific	**17,066**	**17,010**	**+ 0.3**
of which: China	3,088	2,871	+ 7.6
Worldwide	**309,827**	**313,758**	**−1.3**
Volkswagen Commercial Vehicles	222,962	217,732	+ 2.4
Scania	36,989	38,391	−3.7
MAN	49,876	57,635	−13.5

* Deliveries for 2014 have been updated to reflect subsequent statistical trends.

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.

In the first six months of 2015, sales revenue in the Power Engineering segment was largely driven by Engines & Marine Systems and Turbomachinery, which together generated nearly three-quarters of overall sales revenue.

GROUP FINANCIAL SERVICES

The Financial Services Division combines the Volkswagen Group's dealer and customer financing, leasing, banking and insurance activities, fleet management and mobility offerings. The division comprises Volkswagen Financial Services and the financial services activities of Scania, Porsche and Porsche Holding Salzburg.

Demand for the Financial Services Division's products and services remained strong in the first half of 2015. The number of new financing, leasing, service and insurance contracts signed worldwide rose by 6.8% year-on-year to 2.7 million. At 13.5 million, the total number of contracts as of June 30, 2015 was up 1.1% on the figure for year-end 2014. In the first six months of the year, the ratio of leased or financed vehicles to Group deliveries (penetration rate) in the Financial Services Division's markets was level year-on-year at 29.7% (29.8%).

A total of 2.0 million new contracts were signed in the Europe/Other markets region between January and June 2015 (+10.0%). The total number of contracts amounted to 9.6 million as of June 30, 2015, up 2.7% on the figure recorded at the end of 2014. The Customer Financing/Leasing area accounted for 5.2 million contracts (+2.1%).

The number of contracts in North America was 2.0 million at the end of the reporting period, falling 5.6% short of the figure for year-end 2014. The Customer Financing/Leasing area accounted for 1.6 million contracts, up 2.5% compared with December 31, 2014. The number of new contracts signed as of June 30, 2015 amounted to 375 thousand (385 thousand).

In South America, the number of new contracts signed in the first half of 2015 was 133 thousand, a decline of 9.6% on the prior-year period. The total number of contracts decreased to 780 thousand at the end of the reporting period, down 5.7% on the figure for the end of 2014. The contracts mainly related to the Customer Financing/Leasing area.

In the Asia-Pacific region, the number of new contracts signed in the first six months of the year amounted to 257 thousand (+8.2%). At 1.1 million, the total number of contracts as of June 30, 2015 was up 4.7% on the year-end figure. The Customer Financing/Leasing area accounted for 931 thousand contracts (+8.0%).

SALES TO THE DEALER ORGANIZATION

The Volkswagen Group's unit sales to the dealer organization – including the Chinese joint ventures – amounted to 5,090,239 vehicles in the first half of 2015, 2.2% fewer than at the prior-year reporting date. The increase in demand for Group models in Western Europe, Central Europe and North America was not enough to offset the declines in the Chinese, Brazilian and Russian markets. Unit sales outside Germany decreased by 3.1%, while unit sales in Germany recorded a 3.8% rise. As a consequence, vehicles sold in Germany as a proportion of overall sales increased to 13.1% (12.4%).

PRODUCTION

The Volkswagen Group produced 5,313,568 vehicles in the first six months of 2015, an increase of 1.5% year-on-year. Production in Germany increased by 6.2% to 1,394,816 units. The proportion of vehicles produced in Germany rose to 26.3% (25.1%).

INVENTORIES

Global inventories at Group companies and in the dealer organization were higher at the end of the reporting period than at year-end 2014 and at June 30, 2014.

EMPLOYEES

The Volkswagen Group had 575,621 active employees at the end of the first half of 2015. A further 6,620 employees were in the passive phase of their partial retirement, and 15,608 young people were in vocational traineeships. The Volkswagen Group had a total of 597,849 employees worldwide at the end of the first half of 2015, up 0.9% on the number as of December 31, 2014. The expansion of the workforce was primarily attributable to the recruitment of specialists and experts, the transfer of temporary workers to permanent contracts and the expansion of the production facilities in Mexico and Poland. At 273,852, the number of employees in Germany was up 1.0% on year-end 2014. The proportion of employees in Germany was 45.8% (45.7%).

Results of Operations, Financial Position and Net Assets

RESULTS OF OPERATIONS OF THE GROUP

The Volkswagen Group generated sales revenue of €108.8 billion in the first half of 2015, 10.1% more than a year earlier. The rise was primarily due to a favorable trend in exchange rates and positive mix effects. The proportion of the Group's sales revenue generated outside Germany was 79.2% (79.6%).

At €21.7 billion in the reporting period, gross profit was €3.0 billion higher than in the previous year. The gross margin was 19.9% (19.0%).

Despite lower vehicle volumes and higher fixed costs, the Volkswagen Group's operating profit improved to €7.0 billion (€6.2 billion) before special items in the first six months of 2015 due to optimized product costs as well as exchange rate and mix effects. Restructuring measures in the trucks business resulted in special items of €–170 million in the reporting period. Operating profit was €6.8 billion (€6.2 billion) and the operating return on sales stood at 6.3% (6.3%).

Profit before tax was down slightly on the prior-year figure to €7.7 billion (€7.8 billion). Profit after tax was on a level with the previous year at €5.7 billion (€5.7 billion).

Results of operations in the Automotive Division

Sales revenue in the Automotive Division was €7.0 billion higher than in the previous year, at €94.1 billion in the period from January to June 2015. In particular, the favorable trend in exchange rates and mix effects had a positive impact. Sales revenue in both the Passenger Cars Business Area and the Commercial Vehicles/Power Engineering Business Area exceeded the prior-year figure. As our Chinese joint ventures are accounted for using the equity method, the Group's business performance in the Chinese passenger car market is mainly reflected in its sales revenue only by deliveries of vehicles and vehicle parts.

Cost of sales was negatively impacted by increased depreciation charges as a result of high capital expenditures, greater fixed costs due to growth factors, higher research and development costs, in particular for new drive concepts, and exchange rate effects, while improved product costs had a positive effect. The ratio of cost of sales to sales revenue declined; gross profit in the Automotive Division climbed to €18.7 billion (€16.0 billion).

Distribution expenses in the first half of 2015 were 2.7% higher and administrative expenses 3.5% higher than a year earlier due to factors including exchange rate effects, although the ratio of both distribution and administrative expenses to sales revenue declined. In addition to negative exchange rate effects, other operating income was depressed by the special items resulting from restructuring measures in the trucks business, declining by €1.9 billion year-on-year to €–0.3 billion.

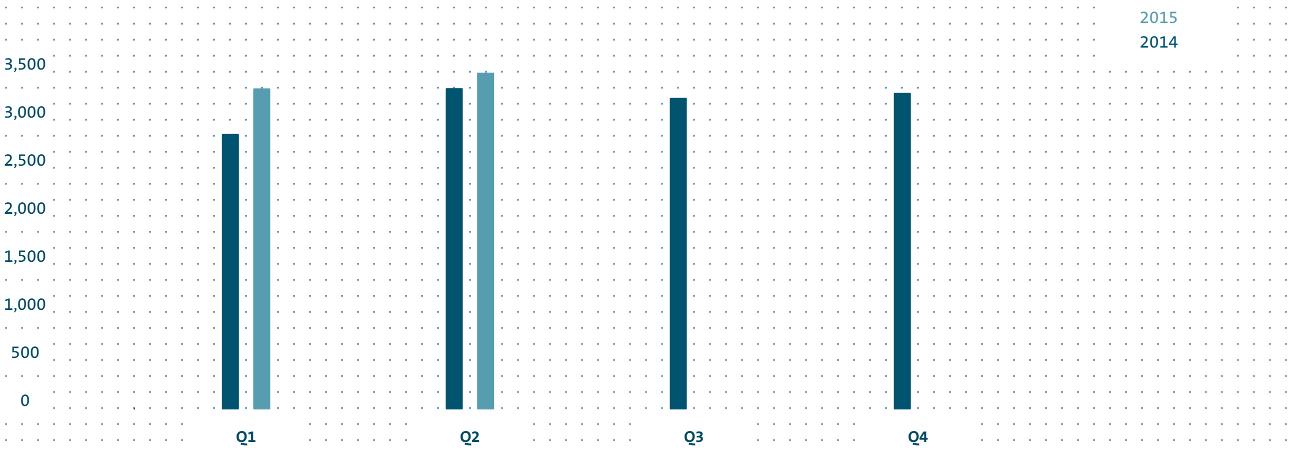
At €5.7 billion, the Automotive Division's operating profit for the reporting period exceeded the prior-year figure by €0.4 billion or 8.3%, as higher fixed costs and special items were more than offset by optimized product costs, overall positive effects from exchange rates and an improved mix. The operating return on sales rose to 6.1% (6.0%). Excluding the special items in the Commercial Vehicles/Power Engineering Business Area, operating profit amounted to €5.9 billion (€5.3 billion). Since the profit recorded by the joint venture companies is accounted for in the financial result using the equity method, the business performance of our Chinese joint ventures is mainly reflected in the Group's operating profit only by deliveries of vehicles and vehicle parts as well as license revenue.

The financial result decreased by €0.7 billion to €0.8 billion; the decline was primarily due to expenses from the measurement of derivative financial instruments at the reporting date. Income from the Chinese joint ventures was on a level with the previous year.

RESULTS OF OPERATIONS IN THE PASSENGER CARS BUSINESS AREA AND COMMERCIAL VEHICLES/POWER ENGINEERING BUSINESS AREA FROM JANUARY 1 TO JUNE 30

€ million	2015	2014
Passenger Cars		
Sales revenue	77,129	70,711
Gross profit	15,834	13,466
Operating profit	5,346	4,748
Operating return on sales (%)	6.9	6.7
Commercial Vehicles/Power Engineering		
Sales revenue	16,964	16,333
Gross profit	2,832	2,561
Operating profit	354	514
Operating return on sales (%)	2.1	3.1

OPERATING PROFIT BY QUARTER
Volkswagen Group in € million



Results of operations in the Financial Services Division

The Financial Services Division generated sales revenue of €14.7 billion in the period from January to June 2015. The year-on-year increase of 24.8% is mainly the result of higher business volumes and positive exchange rate effects.

Gross profit rose by €0.3 billion year-on-year to €3.0 billion.

Due to the rise in volumes and, above all, compliance with regulatory requirements, both distribution and administrative expenses were higher than in the first half of 2014. The ratio of both administrative and distribution expenses to sales revenue declined.

Operating profit rose by 21.3% year-on-year to €1.1 billion and the operating return on sales stood at 7.6% (7.9%).

FINANCIAL POSITION OF THE GROUP

The Volkswagen Group's gross cash flow increased by €4.7 billion year-on-year to €18.2 billion in the first six months of 2015. Funds tied up in working capital were 3.1% higher than in the previous year at €10.5 billion. As a result, cash flows from operating activities more than doubled to €7.8 billion (€3.3 billion).

At €7.0 billion in the reporting period, investing activities attributable to the Volkswagen Group's operating activities were €0.8 billion higher than in the first half of 2014. Within investing activities, investments in property, plant and equipment, investment property and intangible assets, excluding capitalized development costs (capex) increased, while capitalized development costs declined.

Cash inflows from financing activities amounted to €1.0 billion (€0.3 billion).

The Group's net liquidity was €–99.3 billion at the end of the reporting period; at December 31, 2014, it had stood at €–96.5 billion.

FINANCIAL POSITION IN THE PASSENGER CARS BUSINESS AREA AND THE COMMERCIAL VEHICLES/POWER ENGINEERING BUSINESS AREA FROM JANUARY 1 TO JUNE 30

€ million	2015	2014
Passenger Cars		
Gross cash flow	12,506	9,507
Change in working capital	−2,495	−807
Cash flows from operating activities	10,011	8,699
Cash flows from investing activities attributable to operating activities	−5,757	−5,326
Net cash flow	4,254	3,374
Commercial Vehicles/Power Engineering		
Gross cash flow	1,499	1,150
Change in working capital	43	−1,462
Cash flows from operating activities	1,542	−312
Cash flows from investing activities attributable to operating activities	−1,005	−143
Net cash flow	537	−455

Financial position in the Automotive Division

The gross cash flow generated by the Automotive Division in the first half of 2015 was €3.3 billion higher than in the previous year at €14.0 billion. Funds tied up in working capital amounted to €2.5 billion (€2.3 billion). In the previous year, the higher dividends receivable from the Chinese joint ventures had a positive effect on gross cash flow but also increased funds tied up in working capital because of the undistributed amounts. As a result, cash flows from operating activities rose to €11.6 billion (€8.4 billion).

Investing activities attributable to operating activities increased year-on-year to €6.8 billion (€5.5 billion) in the period from January to June 2015. Capex rose to €4.7 billion (€3.6 billion), producing a capex ratio of 4.9% (4.1%). We invested primarily in our production facilities and in models to be launched in 2015 and 2016, as well as in the ecological focus of the model range. At €2.2 billion (€2.4 billion), capitalized development costs were lower than in the prior-year period. The year-on-year comparison of investing activities is impacted by MAN SE's sale of MAN Finance International GmbH to Volkswagen Financial Services AG in 2014.

The Automotive Division's net cash flow rose €1.9 billion above the prior-year figure to €4.8 billion in the reporting period.

A capital increase carried out by Volkswagen AG at Volkswagen Financial Services AG at the beginning of the year in order to finance the growth in business volumes and meet regulatory capital requirements resulted in outflows from financing activities of €1.1 billion. In May, a dividend of €2.3 billion in total, €0.4 billion higher than in the previous year, was distributed to Volkswagen AG shareholders. Conversely, the successful placement of dual-tranche hybrid notes with an aggregate principal amount of €2.5 billion via Volkswagen International Finance N.V. in March resulted in a cash inflow. They consist of a €1.1 billion note that carries a coupon of 2.5% and has a first call date after seven years, and a €1.4 billion note that carries a coupon of 3.5% and has a first call date after 15 years. Both tranches are perpetual and increase equity by the full amount, net of transaction costs. €2.5 billion of the hybrid notes was classified as a capital contribution, which increased net liquidity. Overall, cash outflows from financing activities amounted to €3.3 billion (€5.6 billion). In the previous year, the figure included the acquisition of Scania shares, a capital increase and the issuance of hybrid notes.

The Automotive Division recorded net liquidity of €21.5 billion as of June 30, 2015; at year-end 2014, it was €17.6 billion.

Financial position in the Financial Services Division

The Financial Services Division's gross cash flow rose by €1.4 billion to €4.2 billion in the first six months of 2015 as a result of improved earnings quality. Due in particular to growth in business volumes, funds tied up in working capital increased slightly compared with the first half of 2014 to €8.0 billion (€7.9 billion). At €0.2 billion (€0.8 billion), investing activities attributable to operating activities were significantly lower than in the previous year, when the figure reflected the intragroup acquisition of MAN Finance International GmbH from MAN SE.

The Financial Services Division's negative net liquidity, which is common in the industry, stood at €–120.8 billion at the end of June 2015; at December 31, 2014, it had amounted to €–114.1 billion.

CONSOLIDATED BALANCE SHEET STRUCTURE

Due partly to currency factors, in particular relating to the US dollar, sterling and the Chinese renminbi, the Volkswagen Group's total assets amounted to €374.0 billion at the end of the reporting period, exceeding the figure at December 31, 2014 by 6.5%. The Group's equity rose to €96.2 billion (€90.2 billion) and the equity ratio was 25.7% (25.7%).

Automotive Division balance sheet structure

In the Automotive Division, property, plant and equipment increased slightly compared with December 31, 2014 and intangible assets remained almost unchanged. While equity-accounted investments declined as a result of the dividend distributions resolved by the Chinese joint ventures, deferred taxes increased. This was due in particular to the measurement of derivative financial instruments. At the end of June 2015, noncurrent assets were 2.5% higher overall than at year-end 2014. Current assets rose by 13.9%; the inventories contained within this item increased due to production-related and exchange rate factors, while other receivables and financial assets include the unpaid dividends of the Chinese joint ventures. Cash and cash equivalents in the Automotive Division amounted to €15.5 billion (€16.5 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, 2015	Dec. 31, 2014
Passenger Cars		
Noncurrent assets	104,102	101,459
Current assets	61,060	52,869
Total assets	**165,162**	**154,328**
Equity	61,954	58,708
Noncurrent liabilities	57,717	54,366
Current liabilities	45,490	41,254
Commercial Vehicles/Power Engineering		
Noncurrent assets	27,327	26,772
Current assets	17,748	16,311
Total assets	**45,075**	**43,083**
Equity	14,707	14,107
Noncurrent liabilities	11,922	12,072
Current liabilities	18,447	16,904

The Automotive Division's equity was €76.7 billion at the end of the first half of 2015, 5.3% higher than at December 31, 2014. It was positively impacted by healthy earnings growth, the hybrid notes issued in March, currency translation and lower actuarial losses from the measurement of pension provisions. The amounts recognized in other comprehensive income from measurement of derivatives and the dividend payment to Volkswagen AG shareholders reduced the Automotive Division's equity. The noncontrolling interests are mainly attributable to RENK AG and AUDI AG. These were lower overall than the noncontrolling interests attributable to the Financial Services Division, so the figure for the Automotive Division, where the deduction was recognized, was negative.

Noncurrent liabilities increased by 4.8% compared with December 31, 2014; the other financial liabilities contained within this item rose due to exchange rate factors and negative effects from the measurement of derivatives. Pension provisions decreased due to the change in the discount rate. Current liabilities rose by 9.9%. Other liabilities were higher than at year-end 2014 as a result of exchange rates, the measurement of derivatives and growth in business. 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 item "Put options and compensation rights granted to noncontrolling interest shareholders" primarily comprises the liability for the obligation to acquire the shares held by the remaining free float shareholders of MAN.

At €210.2 billion as of June 30, 2015, the Automotive Division's total assets were higher than at December 31, 2014 (€197.4 billion).

Financial Services Division balance sheet structure

The Financial Services Division recorded total assets of €163.8 billion at the end of the reporting period, 6.5% higher than at December 31, 2014.

Lease assets and noncurrent financial services receivables increased due to the positive business performance and exchange rate factors. Overall, noncurrent assets rose by 7.8% compared with year-end 2014. The 4.6% rise in current assets was also attributable to higher volumes and exchange rate effects. The Financial Services Division accounted for approximately 43.8% of the Volkswagen Group's assets at June 30, 2015.

At €19.5 billion, the Financial Services Division's equity at the end of the reporting period exceeded the figure at December 31, 2014 by 12.2%. In addition to earnings growth and currency translation, equity was pushed up by the capital increase carried out by Volkswagen AG at the beginning of the year in order to finance the growth in business and meet regulatory capital requirements. The equity ratio was 11.9% (11.3%). Noncurrent liabilities increased by 6.8% and current liabilities by 4.9% compared with December 31, 2014. These increases are attributable respectively to the funding of the growth in volumes and exchange rate effects.

At €24.8 billion, deposits from direct banking business were down slightly on December 31, 2014 (€25.3 billion).

REPORT ON EXPECTED DEVELOPMENTS, RISKS AND OPPORTUNITIES

We have adjusted our expected deliveries to customers due to the weaker global economic growth and the tense situation in the Chinese, Brazilian and Russian vehicle markets. Beyond this, there were no significant changes in the reporting period compared with the disclosures on the Volkswagen Group's expected development in fiscal year 2015 in the "Report on Expected Developments" and "Report on Risks and Opportunities" chapters of the 2014 Annual Report.

Outlook

The robust growth in the global economy lost momentum slightly in the first half of 2015. While the economic upturn held steady in many industrialized nations, some emerging economies continued to record below-average growth. The Volkswagen Group's Board of Management expects the global economy to record the same level of growth in 2015 as in the previous year, despite some uncertainties. The financial markets still entail risks resulting above all from the strained debt situation of many countries. In addition, growth prospects are being hurt by geopolitical tensions and conflicts. The emerging economies in Asia will probably record the highest growth rates. While we expect to see an economic upturn in the major industrialized nations, the rates of expansion will remain moderate.

In the period from January to June 2015, global new passenger car registrations were up year-on-year, although demand varied from region to region. We also expect trends in the passenger car markets in the individual regions to be mixed for the full year. Overall, growth in global demand for new vehicles will probably be slower than in the previous year. We anticipate a slight increase in demand for automobiles in Western Europe and expect to see slight growth in the German market as well. The Central and Eastern European markets are likely to be down sharply year-on-year due primarily to the substantial fall in demand in Russia. In North America, we expect last year's positive trend to continue at a noticeably weaker pace. We assume that the South American passenger car markets will fall appreciably short of the prior-year level. The markets in the Asia-Pacific region that are strategically important for the Volkswagen Group will probably continue to grow at a slower pace.

Global demand for light commercial vehicles will probably see a moderate increase in 2015. We expect trends to vary from region to region.

In the markets for trucks and buses that are relevant for the Volkswagen Group, new registrations in 2015 will probably be noticeably lower than in the previous year.

We expect automotive financial services to continue to grow in importance worldwide in 2015.

The Volkswagen Group is optimally positioned to deal with the mixed developments in the global automotive markets. The Company's strengths include in particular its unique brand portfolio, its diverse range of models, its steadily growing presence in all major world markets and its wide selection of financial services. We offer an extensive array of attractive, environmentally friendly, cutting-edge, high-quality vehicles for all markets and customer groups. This ranges from motorcycles through compact, sports and luxury cars to heavy trucks and buses, and covers almost all segments. The Volkswagen Group's brands will press ahead with their product initiative in 2015, modernizing and expanding their offering by introducing new models. Our goal is to offer all customers the products and innovations they need, sustainably strengthening our competitive position in the process.

We expect the Volkswagen Group's deliveries to customers in 2015 to remain on a level with the previous year in a persistently challenging market environment.

The difficult market environment, fierce competition, interest rate and exchange rate volatility, and fluctuations in raw materials prices all pose challenges. We anticipate a positive effect from the efficiency programs implemented by all brands and, increasingly, from the modular toolkits.

Depending on the economic conditions, we expect 2015 sales revenue for the Volkswagen Group and its business areas to increase by up to 4% above the prior-year figure. However, economic trends in Latin America and Eastern Europe will need to be continuously monitored in the Commercial Vehicles/Power Engineering Business Area.

In terms of the Group's operating profit, we anticipate an operating return on sales of between 5.5% and 6.5% in 2015 in light of the challenging economic environment. The operating return on sales is expected to be in the 6.0% to 7.0% range in the Passenger Cars Business Area and between 2.0% and 4.0% in the Commercial Vehicles/Power Engineering Business Area. For the Financial Services Division, we are forecasting an operating profit at the prior-year level. Disciplined cost and investment management and the continuous optimization of our processes remain integral elements of the Volkswagen Group's 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 actual developments may differ from those forecast. Any changes in significant parameters relating to our key sales markets, or any significant shifts in exchange rates relevant to the Volkswagen Group, will have a corresponding effect on the development of our business. In addition, expected business development may vary if the assessments of the factors influencing sustainable value enhancement, as well as risks and opportunities presented in the 2014 Annual Report develop in a way other than we are currently expecting, or additional risks and opportunities or other factors emerge that affect the development of our business.

Brands and Business Fields

SALES REVENUE AND OPERATING PROFIT BY BRAND AND BUSINESS FIELD

The Volkswagen Group generated sales revenue of €108.8 billion in the first half of 2015, up 10.1% on the prior-year figure of €98.8 billion. Operating profit rose by 10.3% to €6.8 billion. Excluding the special items of €–170 million for restructuring measures, operating profit amounted to €7.0 billion (€6.2 billion).

Sales by the Volkswagen Passenger Cars brand amounted to 2.3 million vehicles (2.3 million) in the reporting period. The Sportsvan, Golf and new Passat models proved particularly popular. Sales revenue rose by 8.8% year-on-year to €53.6 billion. Operating profit rose to €1.4 billion (€1.0 billion) due to sales revenue and cost optimization in addition to positive exchange rate effects. Although the markets in South America and Russia were negative factors, there were positive effects from the efficiency program.

The Audi brand sold 784 thousand vehicles worldwide between January and June 2015, 4.5% more than in the previous year. A further 240 thousand (248 thousand) Audi vehicles were sold by the FAW-Volkswagen Chinese joint venture. The compact models in the A3 family, the SUV models and the new TT were particularly popular with customers. Sales revenue increased by €3.1 billion year-on-year to €29.8 billion. Operating profit improved by 9.1% to €2.9 billion due to the growth in unit sales and positive exchange rate effects. By contrast, high upfront investments in new products and technologies, as well as the expansion of the international production network, weighed on earnings. The financial key performance indicators for the Audi brand also include the Lamborghini and Ducati brands. A total of 35,248 Ducati motorcycles were sold in the first six months of 2015 (+18.1%).

The ŠKODA brand's unit sales remained level with the prior-year figure in the first half of 2015, at 421 thousand (426 thousand) vehicles. There was increasing demand for the Octavia and the new Fabia. Sales revenue rose by 7.5% to €6.4 billion. Operating profit increased by 22.8% to €522 million, primarily due to improvements in mix and exchange rates, as well as lower material costs.

The SEAT brand's positive growth trend continued in the first half of 2015, with sales of 286 thousand vehicles, up 10.5% year-on-year. This figure includes the Q3 manufactured for Audi. There was strong customer demand for the models in the Leon family and for the Ibiza. Sales revenue rose by 13.2% to €4.5 billion. SEAT generated an operating profit of €52 million, an improvement of €89 million on the prior-year figure. This was primarily due to increased volumes, positive exchange rate effects and cost optimization.

The Bentley brand's unit sales declined by 10.9% to 5,016 vehicles in the reporting period; by contrast, sales revenue rose by 5.9% year-on-year to €939 million due to exchange rate factors. Positive exchange rate effects and lower costs were insufficient to offset the reduced volumes and higher upfront investments in new products; as a result, operating profit decreased to €54 million (€95 million).

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 109 thousand vehicles worldwide between January and June 2015, an increase of 23.1% year-on-year. Sales revenue amounted to €10.8 billion, up 32.9% on the figure for the first half of 2014. Operating profit improved to €1.7 billion (€1.4 billion), with positive volume and exchange rate effects more than offsetting the negative impact of changes to the mix, increased structural costs and higher development costs for future projects and technologies. The Macan and the new 911 derivatives were particularly popular with customers.

Volkswagen Commercial Vehicles sold 231 thousand (221 thousand) vehicles in the reporting period. There was strong customer demand for the Multivan/Transporter and the Caddy. At €5.2 billion (€4.7 billion), sales revenue was up 10.6% year-on-year. However, higher volumes and more advantageous exchange rates were unable to offset the year-on-year increase in costs incurred for the renewal of the product range; as a result, operating profit declined by 4.1% to €268 million.

The Scania brand sold 38 thousand (38 thousand) vehicles in the first half of 2015. While volumes in Western Europe saw positive growth, the difficult conditions in Brazil and Russia had a negative impact. At €5.2 billion (€5.1 billion), sales revenue was up slightly year-on-year. Operating profit improved to €503 million (€476 million). In particular, exchange rate trends were positive and there was healthy growth in the service business.

Unit sales by the MAN brand were down 13.5% in the first six months of 2015 to 50 thousand vehicles. At €6.7 billion (€6.7 billion), sales revenue remained at the prior-year level. Operating profit before special items was weighed down by the negative trend in the commercial vehicles business in South America, and amounted to €185 million (€222 million). Restructuring measures resulted in special items of €–170 million.

Volkswagen Financial Services generated an operating profit of €970 million in the first half of 2015, up 25.1% year-on-year on the back of positive volume and exchange rate effects.

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 units/€ million	2015	2014	2015	2014	2015	2014	2015	2014
Volkswagen Passenger Cars	2,251	2,302	53,578	49,259	36,426	34,263	1,428	1,012
Audi	784	750	29,784	26,690	19,775	17,668	2,914	2,671
ŠKODA	421	426	6,421	5,974	3,227	2,950	522	425
SEAT	286	258	4,469	3,948	1,873	1,700	52	−37
Bentley	5	6	939	887	621	561	54	95
Porsche[2]	109	89	10,850	8,162	9,912	7,541	1,698	1,398
Volkswagen Commercial Vehicles	231	221	5,223	4,724	2,487	2,340	268	280
Scania[2]	38	38	5,182	5,067	5,182	5,067	503	476
MAN	50	58	6,719	6,699	6,593	6,626	185	222
VW China[3]	1,743	1,847	–	–	–	–	–	–
Other	−827	−788	−27,407	−23,026	10,816	10,585	−1,605[4]	−1,132[4]
Volkswagen Financial Services	–	–	13,018	10,423	11,862	9,508	970	776
Volkswagen Group before special items	**–**	**–**	**–**	**–**	**–**	**–**	**6,990**	**6,186**
Special items	–	–	–	–	–	–	−170	–
Volkswagen Group	**5,090**	**5,207**	**108,776**	**98,808**	**108,776**	**98,808**	**6,820**	**6,186**
Automotive Division[5]	5,090	5,207	94,093	87,044	95,412	88,086	5,700	5,262
of which: Passenger Cars Business Area	4,772	4,890	77,129	70,711	81,449	74,333	5,346	4,748
Commercial Vehicles/Power Engineering Business Area	318	317	16,964	16,333	13,963	13,754	354	514
Financial Services Division	–	–	14,683	11,764	13,364	10,722	1,120	924

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.
2 Including financial services.
3 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 a proportionate operating profit of €2,744 million (€2,622 million).
4 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.
5 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

UNIT SALES AND SALES REVENUE BY MARKET

The Volkswagen Group sold 2.3 million vehicles in the Europe/Other markets region in the first half of the year, up 1.9% on the prior-year period. Sales revenue rose by 9.2% to €67.6 billion on the back of volume, mix and exchange rate effects.

A total of 457 thousand vehicles were sold in the North American market in the reporting period, an increase of 8.2% year-on-year. Sales revenue rose by 34.9% to €17.4 billion, primarily due to the increase in volumes, the strong US dollar and positive mix effects.

Conditions in South America increasingly deteriorated in the first six months of 2015; the Volkswagen Group sold 283 thousand vehicles in these markets, 23.3% fewer than in the prior-year period. The decline in volumes and the negative exchange rate trend caused sales revenue to decrease by 17.6% to €5.4 billion.

The Volkswagen Group's unit sales in the Asia-Pacific region were down year-on-year between January and June 2015 in light of the sharp decline in momentum in the Chinese passenger cars market. Including the Chinese joint ventures, 2.0 million vehicles were sold, 5.0% fewer than in the prior-year period. At €18.4 billion, sales revenue exceeded the prior-year figure by 5.2% due to exchange rate effects. This figure does not include our Chinese joint ventures, which are accounted for using the equity method.

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

	VEHICLE SALES		SALES REVENUE	
thousand units/€ million	2015	2014	2015	2014
Europe/Other markets	2,321	2,279	67,568	61,868
North America	457	422	17,414	12,905
South America	283	368	5,365	6,510
Asia-Pacific[2]	2,030	2,138	18,429	17,525
Volkswagen Group[2]	**5,090**	**5,207**	**108,776**	**98,808**

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 supported the Volkswagen Group brands' unit sales in the first half of 2015 with its innovative products and services along the entire automotive value chain.

In Puerto Rico, Volkswagen Credit, Inc. entered into a partnership with Reliable Financial Services, the largest local automotive financing company. This enables Volkswagen Passenger Cars and Audi dealers to offer attractive financing opportunities to customers in Puerto Rico buying new vehicles.

In Germany, Volkswagen Bank GmbH was named best automotive bank for the fourth consecutive time by the readers of "Auto Bild" magazine. Over 32,000 people took part in the reader poll, assessing areas including the quality of financial services products.

In April 2015, Volkswagen Financial Services AG's environmental management system at its Braunschweig site was certified in accordance with ISO 14001 by certification organization TÜV Nord. The system enables the company to track and systematically optimize its environmental footprint at all central and decentralized units.

In Germany, Volkswagen Financial Services trainees supported the project run by Naturschutzbund Deutschland e.V. (NABU) for the ecological restoration of the Lower Havel river. Old and defective mobile phones were collected and professionally recycled, and the proceeds were donated to the project.

The main refinancing sources for Volkswagen Financial Services are unsecured bonds placed on the capital markets, auto asset-backed securities (ABS) transactions and deposits from the direct banking business. Securitized financing agreements with a volume of approximately €481 million were placed on the French market for the second time as part of the Driver France Two transaction, marking the successful continuation of the ABS program in the reporting period. In April 2015, Volkswagen Leasing GmbH securitized leasing contracts with a volume of approximately €1.03 billion as part of its 21st ABS transaction – VCL 21, which was awarded the "Certified by TSI - deutscher Verbriefungsstandard" seal of quality by True Sale International (TSI) GmbH. TSI certification is awarded to transactions that are clearly defined and meet strict transparency, disclosure, lending and loan processing standards.

Volkswagen Financial Services AG implemented further international capital market transactions for funding purposes. A dual-tranche euro-denominated benchmark note with a total volume of €1.25 billion was placed in April, and local activities in Brazil and South Korea were supported by bonds of approximately €130 million and €140 million that saw a high level of oversubscription.

The number of new financing, leasing, service and insurance contracts signed between January and June 2015 rose by 6.4% year-on-year to 2.5 million. At 12.6 million, the total number of contracts at the end of the first half of 2015 was up 1.7% on the figure as of December 31, 2014. The number of contracts in the Customer Financing/Leasing area amounted to 8.0 million contracts, up 2.1% on the year-end figure 2014. In the Service/Insurance area, the number of contracts rose slightly to 4.6 million (+1.0%) in the reporting period. The ratio of leased or financed vehicles to Group deliveries (penetration rate) declined to 29.5% (29.7%) in Volkswagen Financial Services' markets in the first half of 2015, with credit quality requirements remaining unchanged.

Volkswagen Bank's direct banking business had approximately 1.4 million (1.4 million) accounts as of June 30, 2015.

Volkswagen Financial Services employed a total of 13,174 people at the end of the first half of 2015, up 2.8% compared with the figure for the end of 2014.

Interim Consolidated Financial Statements (Condensed)

INCOME STATEMENT FOR THE PERIOD JANUARY 1 TO JUNE 30

	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE[1]		FINANCIAL SERVICES	
€ million	2015	2014	2015	2014	2015	2014
Sales revenue	**108,776**	**98,808**	**94,093**	**87,044**	**14,683**	**11,764**
Cost of sales	– 87,078	– 80,075	– 75,427	– 71,018	– 11,651	– 9,058
Gross profit	**21,698**	**18,733**	**18,666**	**16,027**	**3,032**	**2,706**
Distribution expenses	– 10, 431	– 10,138	– 9,819	– 9,563	– 613	– 575
Administrative expenses	– 3,626	– 3,427	– 2,818	– 2,723	– 808	– 705
Other operating income/expense	– 821	1,019	– 330	1,521	– 491	– 502
Operating profit	**6,820**	**6,186**	**5,700**	**5,262**	**1,120**	**924**
Share of profits and losses of equity-accounted investments	2,241	2,143	2,222	2,127	19	16
Other financial result	– 1,397	– 552	– 1,437	– 608	39	56
Financial result	**843**	**1,591**	**785**	**1,520**	**58**	**71**
Profit before tax	**7,664**	**7,777**	**6,485**	**6,782**	**1,179**	**995**
Income tax expense	– 2,000	– 2,061	– 1,603	– 1,808	– 397	– 253
Profit after tax	**5,663**	**5,716**	**4,882**	**4,974**	**781**	**742**
of which attributable to						
Noncontrolling interests	7	75	– 5	51	12	24
Volkswagen AG hybrid capital investors	99	60	99	60	–	–
Volkswagen AG shareholders	5,558	5,581	4,789	4,863	770	718
Basic earnings per ordinary share (€)[2]	**11.06**	**11.32**				
Diluted earnings per ordinary share (€)[2]	**11.06**	**11.32**				
Basic earnings per preferred share (€)[2]	**11.12**	**11.38**				
Diluted earnings per preferred share (€)[2]	**11.12**	**11.38**				

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Explanatory information on earnings per share is presented in note 4. Prior-year figures adjusted to reflect application of IAS 33.26.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD JANUARY 1 TO JUNE 30

€ million	2015	2014
Profit after tax	**5,663**	**5,716**
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	1,773	– 2,657
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	– 523	779
Pension plan remeasurements recognized in other comprehensive income, net of tax	1,250	– 1,878
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	– 3	– 3
Items that will not be reclassified to profit or loss	**1,248**	**– 1,881**
Exchange differences on translating foreign operations		
Unrealized currency translation gains/losses	1,829	150
Transferred to profit or loss	0	0
Exchange differences on translating foreign operations, before tax	1,829	150
Deferred taxes relating to exchange differences on translating foreign operations	0	0
Exchange differences on translating foreign operations, net of tax	1,829	150
Cash flow hedges		
Fair value changes recognized in other comprehensive income	– 7,589	– 1,218
Transferred to profit or loss	2,243	– 133
Cash flow hedges, before tax	– 5,346	– 1,351
Deferred taxes relating to cash flow hedges	1,576	403
Cash flow hedges, net of tax	– 3,770	– 947
Available-for-sale financial assets		
Fair value changes recognized in other comprehensive income	588	431
Transferred to profit or loss	– 182	22
Available-for-sale financial assets, before tax	406	453
Deferred taxes relating to available-for-sale financial assets	50	– 29
Available-for-sale financial assets, net of tax	456	424
Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax	473	– 103
Items that may be reclassified subsequently to profit or loss	**– 1,011**	**– 476**
Other comprehensive income, before tax	– 867	– 3,511
Deferred taxes relating to other comprehensive income	1,104	1,154
Other comprehensive income, net of tax	**237**	**– 2,357**
Total comprehensive income	**5,900**	**3,359**
of which attributable to		
Noncontrolling interests	8	13
Volkswagen AG hybrid capital investors	99	60
Volkswagen AG shareholders	5,794	3,286

INCOME STATEMENT FOR THE PERIOD APRIL 1 TO JUNE 30

	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE[1]		FINANCIAL SERVICES	
€ million	2015	2014	2015	2014	2015	2014
Sales revenue	**56,041**	**50,977**	**48,287**	**44,990**	**7,754**	**5,987**
Cost of sales	– 44,652	– 41,207	– 38,454	– 36,586	– 6,198	– 4,621
Gross profit	**11,389**	**9,771**	**9,832**	**8,405**	**1,557**	**1,366**
Distribution expenses	– 5,455	– 5,374	– 5,144	– 5,078	– 311	– 296
Administrative expenses	– 1,811	– 1,774	– 1,399	– 1,429	– 412	– 346
Other operating income/expense	– 631	708	– 446	939	– 186	– 231
Operating profit	**3,492**	**3,330**	**2,844**	**2,837**	**648**	**493**
Share of profits and losses of equity-accounted investments	1,095	1,150	1,086	1,143	8	6
Other financial result	– 891	– 60	– 917	– 89	26	29
Financial result	**204**	**1,089**	**170**	**1,055**	**34**	**35**
Profit before tax	**3,696**	**4,420**	**3,014**	**3,892**	**682**	**528**
Income tax expense	– 965	– 1,171	– 687	– 1,043	– 278	– 128
Profit after tax	**2,731**	**3,249**	**2,328**	**2,849**	**404**	**400**
of which attributable to						
Noncontrolling interests	5	24	– 1	15	6	9
Volkswagen AG hybrid capital investors	56	38	56	38	–	–
Volkswagen AG shareholders	2,671	3,186	2,273	2,796	398	391
Basic earnings per ordinary share (€)[2]	**5.33**	**6.46**				
Diluted earnings per ordinary share (€)[2]	**5.33**	**6.46**				
Basic earnings per preferred share (€)[2]	**5.33**	**6.46**				
Diluted earnings per preferred share (€)[2]	**5.33**	**6.46**				

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Explanatory information on earnings per share is presented in note 4. Prior-year figures adjusted to reflect application of IAS 33.26.

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD APRIL 1 TO JUNE 30

€ million	2015	2014
Profit after tax	**2,731**	**3,249**
Pension plan remeasurements recognized in other comprehensive income		
Pension plan remeasurements recognized in other comprehensive income, before tax	7,281	– 1,322
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	– 2,159	384
Pension plan remeasurements recognized in other comprehensive income, net of tax	5,123	– 938
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	0	0
Items that will not be reclassified to profit or loss	**5,123**	**– 938**
Exchange differences on translating foreign operations		
Unrealized currency translation gains/losses	– 697	276
Transferred to profit or loss	0	0
Exchange differences on translating foreign operations, before tax	– 697	276
Deferred taxes relating to exchange differences on translating foreign operations	0	0
Exchange differences on translating foreign operations, net of tax	– 697	276
Cash flow hedges		
Fair value changes recognized in other comprehensive income	1,854	– 1,108
Transferred to profit or loss	1,100	– 53
Cash flow hedges, before tax	2,955	– 1,161
Deferred taxes relating to cash flow hedges	– 845	348
Cash flow hedges, net of tax	2,110	– 814
Available-for-sale financial assets		
Fair value changes recognized in other comprehensive income	168	521
Transferred to profit or loss	– 142	– 36
Available-for-sale financial assets, before tax	26	484
Deferred taxes relating to available-for-sale financial assets	61	– 9
Available-for-sale financial assets, net of tax	87	475
Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax	– 158	12
Items that may be reclassified subsequently to profit or loss	**1,342**	**– 50**
Other comprehensive income, before tax	9,406	– 1,711
Deferred taxes relating to other comprehensive income	– 2,942	723
Other comprehensive income, net of tax	**6,464**	**– 988**
Total comprehensive income	**9,196**	**2,261**
of which attributable to		
Noncontrolling interests	6	– 6
Volkswagen AG hybrid capital investors	56	38
Volkswagen AG shareholders	9,134	2,228

BALANCE SHEET AS OF JUNE 30, 2015 AND DECEMBER 31, 2014

	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE*		FINANCIAL SERVICES	
€ million	2015	2014	2015	2014	2015	2014
Assets						
Noncurrent assets	**230,444**	**220,106**	**131,429**	**128,231**	**99,015**	**91,875**
Intangible assets	60,363	59,935	60,126	59,697	236	237
Property, plant and equipment	47,462	46,169	45,239	44,080	2,223	2,089
Lease assets	30,743	27,585	2,958	2,815	27,785	24,770
Financial services receivables	61,822	57,877	–	–	61,822	57,877
Investments, equity-accounted investments and other equity investments, other receivables and financial assets	30,054	28,541	23,106	21,639	6,948	6,902
Current assets	**143,575**	**131,102**	**78,808**	**69,180**	**64,767**	**61,923**
Inventories	35,262	31,466	32,210	28,269	3,052	3,197
Financial services receivables	46,861	44,398	– 538	– 464	47,399	44,862
Other receivables and financial assets	28,760	25,254	19,466	15,677	9,294	9,577
Marketable securities	15,095	10,861	12,191	9,197	2,904	1,664
Cash, cash equivalents and time deposits	17,598	19,123	15,479	16,499	2,119	2,624
Total assets	**374,019**	**351,209**	**210,237**	**197,411**	**163,782**	**153,798**
Equity and Liabilities						
Equity	**96,162**	**90,189**	**76,661**	**72,815**	**19,501**	**17,374**
Equity attributable to Volkswagen AG shareholders	88,442	84,950	69,192	67,828	19,250	17,122
Equity attributable to Volkswagen AG hybrid capital investors	7,513	5,041	7,513	5,041	–	–
Equity attributable to Volkswagen AG shareholders and hybrid capital investors	95,955	89,991	76,705	72,870	19,250	17,122
Noncontrolling interests	207	198	– 44	– 55	251	253
Noncurrent liabilities	**137,833**	**130,314**	**69,639**	**66,438**	**68,195**	**63,876**
Financial liabilities	71,889	68,416	10,343	10,643	61,546	57,773
Provisions for pensions	28,221	29,806	27,798	29,361	423	445
Other liabilities	37,723	32,092	31,497	26,434	6,226	5,658
Current liabilities	**140,024**	**130,706**	**63,937**	**58,158**	**76,086**	**72,547**
Put options and compensation rights granted to noncontrolling interest shareholders	3,632	3,703	3,632	3,703	–	–
Financial liabilities	67,489	65,564	– 2,269	– 847	69,758	66,411
Trade payables	20,511	19,530	18,338	17,838	2,173	1,692
Other liabilities	48,392	41,909	44,237	37,465	4,155	4,444
Total equity and liabilities	**374,019**	**351,209**	**210,237**	**197,411**	**163,782**	**153,798**

* Including allocation of consolidation adjustments between the Automotive and Financial Services divisions, primarily intragroup loans.

STATEMENT OF CHANGES IN EQUITY

€ million	Subscribed capital	Capital reserves	Retained earnings	OTHER RESERVES Currency translation reserve
Balance at Jan. 1, 2014	**1,191**	**12,658**	**72,341**	**– 2,799**
Profit after tax	–	–	5,581	–
Other comprehensive income, net of tax	–	–	– 1,870	204
Total comprehensive income	**–**	**–**	**3,711**	**204**
Capital increase[1]	27	1,959	–	–
Dividend payment	–	–	– 1,871	–
Capital transactions involving a change in ownership interest[2]	–	–	– 4,484	– 45
Other changes	–	–	– 109	0
Balance at June 30, 2014	**1,218**	**14,616**	**69,587**	**– 2,641**
Balance at Jan. 1, 2015	**1,218**	**14,616**	**71,197**	**– 1,777**
Profit after tax	–	–	5,558	–
Other comprehensive income, net of tax	–	–	1,250	1,828
Total comprehensive income	**–**	**–**	**6,809**	**1,828**
Capital increase[1]	0	0	–	–
Dividend payment	–	–	– 2,294	–
Capital transactions involving a change in ownership interest	–	–	0	–
Other changes	–	–	– 7	–
Balance at June 30, 2015	**1,218**	**14,616**	**75,704**	**51**

1 Volkswagen AG recorded an inflow of cash funds amounting to €3,000 million, less a discount of €29 million and transaction costs of €19 million, from the hybrid capital issued in March 2014. Additionally, there were noncash effects from the deferral of taxes amounting to €13 million. The hybrid capital is required to be classified as equity instruments granted. Volkswagen AG recorded an inflow of cash funds amounting to €2,000 million, less transaction costs (€20 million), from the capital increase implemented in June 2014 by issuing new preferred shares. Additionally, there are noncash effects from the deferral of taxes amounting to €6 million. Volkswagen AG recorded an inflow of cash funds amounting to €2,500 million, less a discount of €29 million and transaction costs of €14 million, from the hybrid capital issued in March 2015. Additionally, there were noncash effects from the deferral of taxes amounting to €11 million. The hybrid capital is required to be classified as equity instruments granted.

2 The capital transactions involving a change in ownership interest in 2014 are attributable to the derecognition of the noncontrolling interests in the equity of Scania AB.

Cash flow hedges	Available-for-sale financial assets	Equity-accounted investments	Equity attributable to Volkswagen AG hybrid capital investors	Equity attributable to Volkswagen AG shareholders and hybrid capital investors	Noncontrolling interests	Total equity
1,845	**724**	**– 229**	**2,004**	**87,733**	**2,304**	**90,037**
–	–	–	60	5,641	75	5,716
– 947	424	– 106	–	– 2,295	– 62	– 2,357
– 947	**424**	**– 106**	**60**	**3,346**	**13**	**3,359**
–	–	–	2,965	4,951	–	4,951
–	–	–	–	– 1,871	– 4	– 1,875
2	–	0	–	– 4,527	– 2,123	– 6,650
0	–	–	–	– 109	0	– 109
900	**1,147**	**– 334**	**5,028**	**89,524**	**190**	**89,714**
– 1,715	**1,263**	**148**	**5,041**	**89,991**	**198**	**90,189**
–	–	–	99	5,657	7	5,663
– 3,769	456	470	–	235	1	237
– 3,769	**456**	**470**	**99**	**5,892**	**8**	**5,900**
–	–	–	2,469	2,469	–	2,469
–	–	–	– 128	– 2,422	– 6	– 2,429
–	–	–	–	0	0	0
–	–	–	32	25	7	32
– 5,485	**1,719**	**618**	**7,513**	**95,955**	**207**	**96,162**

CASH FLOW STATEMENT FOR THE PERIOD JANUARY 1 TO JUNE 30

	VOLKSWAGEN GROUP		DIVISIONS			
			AUTOMOTIVE[1]		FINANCIAL SERVICES	
€ million	2015	2014	2015	2014	2015	2014
Cash and cash equivalents at beginning of period	**18,634**	**22,009**	**16,010**	**19,285**	**2,624**	**2,724**
Profit before tax	7,664	7,777	6,485	6,782	1,179	995
Income taxes paid	– 1,924	– 2,531	– 1,841	– 2,227	– 83	– 304
Depreciation and amortization expense[2]	8,947	7,822	6,159	5,690	2,788	2,132
Change in pension provisions	209	116	200	110	9	5
Other noncash income/expense and reclassifications[3]	3,334	309	3,002	301	332	8
Gross cash flow	**18,230**	**13,493**	**14,005**	**10,657**	**4,225**	**2,837**
Change in working capital	**– 10,464**	**– 10,147**	**– 2,452**	**– 2,269**	**– 8,012**	**– 7,878**
Change in inventories	– 2,797	– 2,689	– 2,967	– 2,706	170	17
Change in receivables	– 3,505	– 3,829	– 3,545	– 3,181	40	– 648
Change in liabilities	3,376	4,275	2,964	3,568	412	707
Change in other provisions	1,425	677	1,412	591	12	86
Change in lease assets (excluding depreciation)	– 4,845	– 4,143	– 391	– 467	– 4,454	– 3,676
Change in financial services receivables	– 4,118	– 4,439	74	– 74	– 4,192	– 4,365
Cash flows from operating activities	**7,766**	**3,347**	**11,553**	**8,388**	**– 3,787**	**– 5,041**
Cash flows from investing activities attributable to operating activities	**– 6,993**	**– 6,236**	**– 6,761**	**– 5,469**	**– 231**	**– 767**
of which: Investments in intangible assets (excluding capitalized development costs), property, plant and equipment, and investment property	– 4,823	– 3,779	– 4,652	– 3,578	– 171	– 201
capitalized development costs	– 2,170	– 2,396	– 2,170	– 2,396	–	–
acquisition and disposal of equity investments	– 166	– 195	– 89	380	– 77	– 576
Net cash flow [4]	***773***	***– 2,889***	***4,791***	***2,919***	***– 4,018***	***– 5,808***
Change in investments in securities and loans	– 3,944	– 1,235	– 3,121	– 815	– 823	– 420
Cash flows from investing activities	**– 10,937**	**– 7,471**	**– 9,882**	**– 6,284**	**– 1,055**	**– 1,187**
Cash flows from financing activities	**999**	**306**	**– 3,283**	**– 5,567**	**4,282**	**5,873**
Effect of exchange rate changes on cash and cash equivalents	444	21	401	– 30	43	51
Net change in cash and cash equivalents	**– 1,728**	**– 3,797**	**– 1,212**	**– 3,493**	**– 516**	**– 304**
Cash and cash equivalents at June 30	**16,906**	**18,213**	**14,798**	**15,792**	**2,108**	**2,421**
Securities, loans and time deposits	23,166	18,105	14,765	10,187	8,401	7,918
Gross liquidity	**40,072**	**36,318**	**29,563**	**25,980**	**10,509**	**10,338**
Total third-party borrowings	– 139,378	– 126,332	– 8,074	– 12,001	– 131,304	– 114,331
Net liquidity at June 30	**– 99,306**	**– 90,014**	**21,489**	**13,979**	**– 120,796**	**– 103,993**
For information purposes: at Jan. 1	– 96,453	– 82,318	17,639	16,869	– 114,092	– 99,186

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Net of impairment reversals.
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.

Explanatory notes on the cash flow statement are presented in note 12.

Notes to the Interim 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 2014 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, 2015 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 interim group 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, 2015.

A number of amendments to International Financial Reporting Standards resulting from the Annual Improvements Project 2013 became effective on January 1, 2015. These relate to changes to IFRS 1, IFRS 3, IFRS 13 and IAS 40, and do not materially affect the Volkswagen Group's net assets, financial position and results of operations.

IFRIC 21 has also been required to be applied since January 1, 2015. IFRIC 21 governs the accounting for levies that do not fall within the scope of IAS 12 "Income Taxes". In particular, it provides guidance on when a liability has to be recognized for payment of a levy. This Interpretation also does not materially affect the Volkswagen Group's net assets, financial position and results of operations.

A discount rate of 2.6% (December 31, 2014: 2.3%) was applied to German pension provisions in the accompanying interim consolidated financial statements. The increase in the discount rate decreased pension provisions and deferred taxes attributable to pension provisions and also decreased 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 2014 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 policies and methods applied is published in the notes to the consolidated financial statements in the 2014 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 German and non-German subsidiaries, including structured entities, that are controlled directly or indirectly by Volkswagen AG. This is the case if Volkswagen AG obtains power over the potential subsidiaries directly or indirectly from voting rights or similar rights, is exposed, or has rights to, positive or negative variable returns from its involvement with the subsidiaries, and is able to influence those returns.

INTERESTS IN JOINT VENTURES

Through its 50% interest in the joint venture Global Mobility Holding B.V., Amsterdam, the Netherlands, the Volkswagen Group holds a 50% indirect stake in the joint venture's subsidiary, LeasePlan Corporation N.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. 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 has granted the new co-investor a put option on its shares. If this option is exercised, Volkswagen must pay the original purchase price, less purchase price reductions, plus accumulated pro rata preferred dividends. Additionally, Volkswagen AG has a preemptive right of purchase at any applicable 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 €1.3 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.

In fiscal year 2013, the put option and the certificates of deposit were prolonged by two years until January 2016.

DISCLOSURES ON THE CONSOLIDATED FINANCIAL STATEMENTS

1. Sales revenue

STRUCTURE OF GROUP SALES REVENUE

€ million	H1 2015	H1 2014
Vehicles	71,823	66,543
Genuine parts	7,237	6,650
Used vehicles and third-party products	5,509	4,963
Engines, powertrains and parts deliveries	4,672	4,697
Power Engineering	1,812	1,633
Motorcycles	361	308
Leasing business	10,170	7,575
Interest and similar income	3,409	3,097
Other sales revenue	3,783	3,343
	108,776	**98,808**

2. Cost of sales

Cost of sales includes interest expenses of €972 million (previous year: €936 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 lease assets. The impairment losses identified on the basis of updated impairment tests amount to a total of €260 million (previous year: €101 million).

3. Research and development costs in the Automotive Division

€ million	H1 2015	H1 2014	%
Total research and development costs	6,648	6,478	2.6
of which: capitalized development costs	2,170	2,396	– 9.4
Capitalization ratio in %	32.6	37.0	
Amortization of capitalized development costs	1,521	1,391	9.3
Research and development costs recognized in the income statement	**5,999**	**5,474**	**9.6**

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.

In 2012 and 2013, Volkswagen AG placed two mandatory convertible notes with identical features and an aggregate principal amount of €3.7 billion via a subsidiary, Volkswagen International Finance N.V. Amsterdam (issuer). Both mandatory convertible notes mature on November 9, 2015. The current minimum conversion price is €144.50, and the corresponding maximum conversion price is €173.40. 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. The issuer 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 voluntary conversion right was exercised in the reporting period, with a total of €100 thousand of the notes being converted into 564 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 notes issued 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 current minimum conversion price of €144.50. The terms and conditions require the minimum conversion price to be adjusted following the distribution of dividends. The number of potential preferred shares was calculated retrospectively at the new minimum conversion price in accordance with IAS 33.26, including for the previous year. The finance costs associated with the mandatory convertible notes are not included in the calculation of consolidated profit because the interest component was recognized in other comprehensive income when the note was issued, and interest expense arises only from the amount of compound interest. Since the number of basic and diluted shares is identical, basic earnings per share also correspond to diluted earnings per share. In total, the existing mandatory convertible notes still entitle the holders to subscribe for a maximum of 25,570,242 no-par value preferred shares of Volkswagen AG, based on the current maximum conversion ratio.

		Q2		H1	
		2015	2014*	2015	2014*
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	206.2	198.0	206.2	196.8
diluted	million	206.2	198.0	206.2	196.8
Profit after tax	€ million	2,731	3,249	5,663	5,716
Noncontrolling interests	€ million	5	24	7	75
Profit attributable to Volkswagen AG hybrid capital investors	€ million	56	38	99	60
Profit attributable to Volkswagen AG shareholders	€ million	2,671	3,186	5,558	5,581
Earnings per share					
Ordinary shares: basic	€	5.33	6.46	11.06	11.32
diluted	€	5.33	6.46	11.06	11.32
Preferred shares: basic	€	5.33	6.46	11.12	11.38
diluted	€	5.33	6.46	11.12	11.38

* Prior-year figures adjusted to reflect application of IAS 33.26.

5. Noncurrent assets

CHANGES IN SELECTED NONCURRENT ASSETS BETWEEN JANUARY 1 AND JUNE 30, 2015

€ million	Carrying amount at Jan. 1, 2015	Additions/ Changes in consolidated Group	Disposals/ Other changes	Depreciation and amortization	Carrying amount at June 30, 2015
Intangible assets	59,935	2,324	– 137	2,032	60,363
Property, plant and equipment	46,169	4,677	– 522	3,906	47,462
Lease assets	27,585	8,389	2,221	3,009	30,743

6. Inventories

€ million	June 30, 2015	Dec. 31, 2014
Raw materials, consumables and supplies	4,209	3,941
Work in progress	3,686	3,552
Finished goods and purchased merchandise	22,991	20,156
Current lease assets	4,233	3,679
Prepayments	143	139
	35,262	**31,466**

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, 2015	Dec. 31, 2014
Trade receivables	12,628	11,472
Miscellaneous other receivables and financial assets	16,132	13,782
	28,760	**25,254**

In the period January 1 to June 30, 2015, impairment losses and reversals of impairment losses on noncurrent and current financial assets reduced operating profit by €386 million (previous year: €250 million).

8. Equity

Following the approval by the Annual General Meeting of MAN SE of the conclusion of the control and profit and loss transfer agreement between MAN SE and Truck & Bus GmbH on June 6, 2013, Volkswagen is obliged to pay a cash settlement to the remaining noncontrolling interest shareholders of MAN SE. For this reason, the noncontrolling interests in the equity of MAN SE and the interest in Scania AB attributable to those noncontrolling interest shareholders were derecognized from Group equity as of this date. At the same time, a liability was recognized in accordance with the cash settlement offer for the obligation to acquire the shares. MAN SE's profit or loss is attributed in full to the shareholders of Volkswagen AG. As of June 30, 2015, a total of 360,020 ordinary shares and 117,656 preferred shares had been tendered.

On March 14, 2014, Volkswagen AG published an offer to the shareholders of Scania Aktiebolag, Södertälje, ("Scania") to acquire all Scania shares. The offer was completed on May 13, 2014 and Volkswagen initiated a squeeze-out for the Scania shares that were not tendered in the course of the offer. Scania shares were delisted from the NASDAQ OMX Stockholm at the end of June 5, 2014. The Group's retained earnings were reduced by the total value of the offer amounting to €6,650 million as a capital transaction with noncontrolling interest shareholders recognized directly in equity. At the same time, the equity interest in Scania previously attributable to the noncontrolling interest shareholders in Scania amounting to €2,123 million was reclassified from noncontrolling interests to the reserves attributable to the shareholders of Volkswagen AG. The remaining noncontrolling interests are largely attributable to shareholders of RENK AG and AUDI AG.

In March 2015, Volkswagen AG placed unsecured subordinated hybrid notes with an aggregate principal amount of €2.5 billion via a subsidiary, Volkswagen International Finance N.V. Amsterdam (issuer). The perpetual hybrid notes were issued in two tranches and can be called by the issuer. The first call date for the first tranche (€1.1 billion and a coupon of 2.50%) is after seven years, and the first call date for the second tranche (€1.4 billion and a coupon of 3.50%) is after 15 years. Under IAS 32, the hybrid notes must be classified in their entirety as equity. The capital raised was recognized in equity, less a discount and transaction costs and net of deferred taxes. The interest payments payable to the noteholders will be recognized directly in equity, net of income taxes.

In the first six months of the fiscal year, Volkswagen AG issued 564 newly created preferred shares (notional value: €1,443.84) resulting from the exercise of mandatory convertible notes. The subscribed capital is composed of 295,089,818 no–par value ordinary shares and 180,642,042 preferred shares, and amounts to €1,218 million (December 31, 2014: €1,218 million).

Volkswagen AG paid a dividend of €2,294 million in the reporting period (previous year: €1,871 million). €1,416 million of this amount (previous year: €1,180 million) was attributable to ordinary shares and €878 million (previous year: €691 million) to preferred shares.

9. Noncurrent financial liabilities

€ million	June 30, 2015	Dec. 31, 2014
Bonds, commercial paper and notes	58,662	56,639
Liabilities to banks	10,923	9,692
Deposit business	892	980
Other financial liabilities	1,412	1,105
	71,889	**68,416**

10. Current financial liabilities

€ million	June 30, 2015	Dec. 31, 2014
Bonds, commercial paper and notes	32,935	29,639
Liabilities to banks	10,242	11,109
Deposit business	23,861	24,353
Other financial liabilities	451	463
	67,489	**65,564**

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 2014 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.

Uniform valuation techniques and inputs are used to measure fair value. The fair value of Level 2 and 3 financial instruments is measured in the individual divisions on the basis of Group-wide specifications. The fair value of put options and compensation rights granted to noncontrolling interest shareholders is calculated using a present value model based on the contractually agreed cash settlement, including cash compensation, as well as the minimum statutory interest rate and a risk-adjusted discount rate for a matching maturity.

The following table contains an overview of the financial assets and liabilities measured at fair value:

FINANCIAL ASSETS AND LIABILITIES MEASURED AT FAIR VALUE BY LEVEL

€ million	Dec. 31, 2014	Level 1	Level 2	Level 3
Noncurrent assets				
Other equity investments	2,922	2,922	–	–
Other financial assets	2,047	–	2,023	24
Current assets				
Other financial assets	1,551	–	1,543	9
Marketable securities	10,861	10,861	–	–
Noncurrent liabilities				
Other noncurrent financial liabilities	2,390	–	2,216	174
Current liabilities				
Other current financial liabilities	2,991	–	2,916	75

€ million	June 30, 2015	Level 1	Level 2	Level 3
Noncurrent assets				
Other equity investments	3,500	3,500	–	–
Other financial assets	2,240	–	2,217	23
Current assets				
Other financial assets	1,758	–	1,752	7
Marketable securities	15,095	15,095	–	–
Noncurrent liabilities				
Other noncurrent financial liabilities	5,822	–	5,643	179
Current liabilities				
Other current financial liabilities	5,656	–	5,576	80

The allocation of fair values to the three levels in the fair value hierarchy is based on the availability of observable market prices. Level 1 is used to report the fair value of financial instruments for which a price is directly available in an active market. Examples include marketable securities and other equity investments measured at fair value. Fair values in Level 2, for example of derivatives, are measured on the basis of market inputs using market-based valuation techniques. In particular, the inputs used include exchange rates, yield curves and commodity prices that are observable in the relevant markets and obtained through pricing services. Level 3 fair values are calculated using valuation techniques that incorporate inputs that are not directly observable in active markets. In the Volkswagen Group, long-term commodity futures are allocated to Level 3 because the prices available on the market must be extrapolated for measurement purposes. This is done on the basis of observable inputs obtained for the different commodities through pricing services. Options on equity instruments and residual value protection models are also reported in Level 3. Equity instruments are measured primarily using the relevant business plans and entity-specific discount rates. The significant inputs used to measure fair value for the residual value protection models include forecasts and estimates of used vehicle residual values for the appropriate models.

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, 2014	**32**	**218**
Foreign exchange differences	0	0
Total comprehensive income	30	14
recognized in profit or loss	25	14
recognized in other comprehensive income	4	1
Additions (purchases)	–	–
Sales and settlements	– 5	– 19
Transfers into Level 2	– 6	– 9
Balance at June 30, 2014	**51**	**205**
Total gains or losses recognized in profit or loss	**25**	**– 14**
Net other operating expense/income	–	–
of which attributable to assets/liabilities held at the reporting date	–	–
Financial result	25	– 14
of which attributable to assets/liabilities held at the reporting date	21	– 9

€ million	Financial assets measured at fair value	Financial liabilities measured at fair value
Balance at Jan. 1, 2015	**32**	**249**
Foreign exchange differences	–	0
Total comprehensive income	1	66
recognized in profit or loss	0	62
recognized in other comprehensive income	1	4
Additions (purchases)	–	–
Sales and settlements	– 4	– 36
Transfers into Level 2	0	– 20
Balance at June 30, 2015	**30**	**259**
Total gains or losses recognized in profit or loss	**0**	**– 62**
Net other operating expense/income	–	–
of which attributable to assets/liabilities held at the reporting date	–	–
Financial result	0	– 62
of which attributable to assets/liabilities held at the reporting date	0	– 47

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 further 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, 2015, profit after tax would have been €13 million higher (lower) and equity would have been €2 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 after tax.

If the assumed enterprise values had been 10% higher, profit after tax would have been €1 million higher. If the assumed enterprise values had been 10% lower, profit after tax would have been €1 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 profit after tax.

If the prices for the used cars covered by the residual value protection model had been 10% higher as of June 30, 2015, profit after tax would have been €208 million higher. If the prices for the used cars covered by the residual value protection model had been 10% lower as of June 30, 2015, profit after tax would have been €208 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 the 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. In the reconciliation presented in the following tables, equity instruments recognized at their carrying amount are allocated to Level 3 of the fair value hierarchy.

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF DECEMBER 31, 2014

	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	BALANCE SHEET ITEM AT DEC. 31, 2014
€ million	Carrying amount	Carrying amount	Fair value	Carrying amount	
Noncurrent assets					
Equity-accounted investments	–	–	–	9,874	9,874
Other equity investments	2,922	761	761	–	3,683
Financial services receivables	–	57,877	60,052	–	57,877
Other financial assets	2,047	4,451	4,496	–	6,498
Current assets					
Trade receivables	–	11,472	11,472	–	11,472
Financial services receivables	–	44,398	44,398	–	44,398
Other financial assets	1,551	6,141	6,141	–	7,693
Marketable securities	10,861	–	–	–	10,861
Cash, cash equivalents and time deposits	–	19,123	19,123	–	19,123
Noncurrent liabilities					
Noncurrent financial liabilities	–	68,416	70,238	–	68,416
Other noncurrent financial liabilities	2,390	1,564	1,568	–	3,954
Current liabilities					
Put options and compensation rights granted to noncontrolling interest shareholders	–	3,703	3,822	–	3,703
Current financial liabilities	–	65,564	65,564	–	65,564
Trade payables	–	19,530	19,530	–	19,530
Other current financial liabilities	2,991	4,652	4,652	–	7,643

RECONCILIATION OF BALANCE SHEET ITEMS TO CLASSES OF FINANCIAL INSTRUMENTS AS OF JUNE 30, 2015

	MEASURED AT FAIR VALUE	MEASURED AT AMORTIZED COST		NOT WITHIN SCOPE OF IFRS 7	BALANCE SHEET ITEM AT JUNE 30, 2015
€ million	Carrying amount	Carrying amount	Fair value	Carrying amount	
Noncurrent assets					
Equity-accounted investments	–	–	–	8,288	8,288
Other equity investments	3,500	865	865	–	4,365
Financial services receivables	–	61,822	64,267	–	61,822
Other financial assets	2,240	4,595	4,636	–	6,835
Current assets					
Trade receivables	–	12,628	12,628	–	12,628
Financial services receivables	–	46,861	46,861	–	46,861
Other financial assets	1,758	7,384	7,384	–	9,142
Marketable securities	15,095	–	–	–	15,095
Cash, cash equivalents and time deposits	–	17,598	17,598	–	17,598
Noncurrent liabilities					
Noncurrent financial liabilities	–	71,889	73,223	–	71,889
Other noncurrent financial liabilities	5,822	1,760	1,766	–	7,582
Current liabilities					
Put options and compensation rights granted to noncontrolling interest shareholders	–	3,632	3,533	–	3,632
Current financial liabilities	–	67,489	67,489	–	67,489
Trade payables	–	20,511	20,511	–	20,511
Other current financial liabilities	5,656	5,609	5,609	–	11,264

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, 2015	June 30, 2014
Cash, cash equivalents and time deposits as reported in the balance sheet	17,598	20,002
Time deposits	– 691	– 1,789
Cash and cash equivalents as reported in the cash flow statement	**16,906**	**18,213**

Cash inflows and outflows from financing activities are presented in the following table:

	H1	
€ million	2015	2014
Capital contributions	2,457	4,932
Dividends paid	– 2,429	– 1,875
Capital transactions with noncontrolling interest shareholders	0	– 6,535
Other changes	– 2	– 45
Proceeds from issuance of bonds	12,963	14,874
Repayment of bonds	– 10,204	– 11,961
Change in other financial liabilities	– 1,771	917
Lease payments	– 16	– 1
	999	**306**

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 (operating segments) 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. Segment reporting comprises four reportable segments: Passenger Cars, Commercial Vehicles, Power Engineering and Financial Services. The operating segments are combined into reportable segments based on similar economic characteristics (in particular the nature of the products or services, integration in the development, production and sales processes, and similar customer groups).

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, fleet management and mobility services.

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

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 2014

€ million	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	74,112	12,121	1,632	10,722	98,587	221	98,808
Intersegment sales revenue	6,324	2,578	2	1,042	9,947	– 9,947	–
Total sales revenue	80,437	14,699	1,634	11,764	108,533	– 9,725	98,808
Segment profit or loss (operating profit or loss)	5,528	509	4	924	6,965	– 780	6,186

REPORTING SEGMENTS: H1 2015

€ million	Passenger Cars	Commercial Vehicles	Power Engineering	Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	81,358	12,150	1,812	13,364	108,684	92	108,776
Intersegment sales revenue	7,760	3,001	1	1,319	12,081	– 12,081	–
Total sales revenue	89,118	15,151	1,813	14,683	120,765	– 11,989	108,776
Segment profit or loss (operating profit or loss)	6,215	349	5	1,120	7,689	– 868	6,820

RECONCILIATION

€ million	H1 2015	H1 2014
Segment profit or loss (operating profit or loss)	**7,689**	**6,965**
Unallocated activities	113	74
Group financing	10	15
Consolidation	– 991	– 869
Operating profit	**6,820**	**6,186**
Financial result	**843**	**1,591**
Consolidated profit before tax	**7,664**	**7,777**

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 cannot 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.

	SUPPLIES AND SERVICES RENDERED		SUPPLIES AND SERVICES RECEIVED	
	H1		H1	
€ million	2015	2014	2015	2014
Porsche SE	5	10	2	3
Supervisory Board members	3	2	2	2
Unconsolidated subsidiaries	571	425	353	295
Joint ventures and their majority interests	6,367	7,174	566	577
Associates and their majority interests	59	73	311	145
State of Lower Saxony, its majority interests and joint ventures	2	2	1	2

	RECEIVABLES (INCLUDING COLLATERAL) FROM		LIABILITIES (INCLUDING OBLIGATIONS) TO	
€ million	June 30, 2015	Dec. 31, 2014	June 30, 2015	Dec. 31, 2014
Porsche SE	348	356	12	14
Supervisory Board members	0	0	154	218
Unconsolidated subsidiaries	837	673	874	815
Joint ventures and their majority interests	7,808	6,295	2,178	2,127
Associates and their majority interests	64	69	291	168
State of Lower Saxony, its majority interests and joint ventures	0	0	1	1

The supplies and services received from joint ventures and associates in the first six months do not include resolved dividend distributions amounting to €4,589 million (previous year: €2,925 million).

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 liability compensation for guarantees.

Obligations to members of the Supervisory Board amounting to €154 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 and their majority interests contain miscellaneous financial obligations under an irrevocable credit commitment in the amount of €1.3 billion to LeasePlan Corporation N.V., Amsterdam, the Netherlands, with a term until December 2018.

15. Litigation

Volkswagen AG's Annual Report for fiscal year 2014 contains detailed information on litigation and other legal proceedings.

There were no significant changes compared with the situation described there.

16. Contingent assets and liabilities

There were no significant changes as of June 30, 2015 in the contingent assets and liabilities described in the 2014 Annual Report.

17. Other financial obligations

The other financial obligations increased by €875 million compared with the 2014 consolidated financial statements to €28,161 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/cgk-declaration, www.corporate.man.eu/en and www.renk.biz/corporated-governance.html respectively.

Significant events after the balance sheet date

On July 23, 2015, Global Mobility Holding B.V., Amsterdam, Netherlands, sold its 100% interest in LeasePlan Corporation N.V., Amsterdam, the Netherlands, (LeasePlan) to a consortium of international investors. The legal transfer of the shares is subject to the condition precedent that the necessary official approvals are issued during the further course of the sale. The Volkswagen Group assumes that the approvals will be issued in the second half of 2015 and that the transaction can be completed. The total value of the transaction is approximately €3.7 billion. It is expected that a gain in the low triple-digit millions of euros will be reported in the Volkswagen Group's financial result.

Volkswagen AG did not grant additional credit lines either to the consortium of investors or to LeasePlan in connection with the intended sale of the indirect interest in LeasePlan. On completion of the transaction, the existing credit line of €1.3 billion provided by the Volkswagen Group will be terminated and replaced by a facility commitment by a banking syndicate.

For a description of the previous arrangements under company law, please refer to our explanations on "Interests in joint ventures" in the "Basis of consolidation" section.

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 in accordance with German accepted accounting principles, 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 29, 2015

Volkswagen Aktiengesellschaft

The Board of Management

Martin Winterkorn	Herbert Diess	Francisco Javier Garcia Sanz
Jochem Heizmann	Christian Klingler	Matthias Müller
Horst Neumann	Hans Dieter Pötsch	Andreas Renschler
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, condensed balance sheet, condensed statement of changes in equity, condensed statement of cash flows and selected explanatory notes - and the interim group management report of VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, for the period from January 1 to June 30, 2015, 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 IFRSs 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 29, 2015

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Norbert Winkeljohann	Frank Hübner
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(German Public Auditor)

Contact Information

PUBLISHED BY
Volkswagen AG
Financial Publications
Letterbox 1848-2
38436 Wolfsburg
Germany
Phone +49 (0) 5361 9-0
Fax +49 (0) 5361 9-28282

INVESTOR RELATIONS
Volkswagen AG
Investor Relations
Letterbox 1849
38436 Wolfsburg
Germany
Phone +49 (0) 5361 9-86622 IR hotline
Fax +49 (0) 5361 9-30411
E-mail investor.relations@volkswagen.de
Internet www.volkswagenag.com/ir

FINANCIAL CALENDAR

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Interim Report January – September 2015

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