VOLKSWAGEN

AKTIENGESELLSCHAFT

Half-Yearly Financial Report

JANUARY – JUNE 2010

Key Figures

VOLKSWAGEN GROUP

Volume Data[1]	Q2 2010	Q2 2009	%	Q1-2 2010	Q1-2 2009	%
Deliveries to customers ('000 units)	1,869	1,717	+ 8.8	3,613	3,119	+ 15.8
of which: in Germany	278	381	– 27.1	533	633	– 15.8
abroad	1,591	1,336	+ 19.1	3,080	2,486	+ 23.9
Vehicle sales ('000 units)	1,864	1,656	+ 12.6	3,566	3,008	+ 18.6
of which: in Germany	278	386	– 28.0	533	661	– 19.4
abroad	1,586	1,270	+ 24.9	3,033	2,346	+ 29.3
Production ('000 units)	1,852	1,570	+ 18.0	3,586	2,823	+ 27.0
of which: in Germany	550	510	+ 7.8	1,115	922	+ 21.0
abroad	1,302	1,060	+ 22.9	2,471	1,901	+ 30.0
Employees ('000 on June 30, 2010/Dec. 31, 2009)				377.1	368.5	+ 2.3
of which: in Germany				174.4	172.6	+ 1.0
abroad				202.6	195.9	+ 3.5

Financial Data (IFRSs), € million	Q2 2010	Q2 2009	%	Q1-2 2010	Q1-2 2009	%
Sales revenue	33,162	27,203	+ 21.9	61,809	51,202	+ 20.7
Operating profit	1,993	928	x	2,841	1,240	x
as a percentage of sales revenue	6.0	3.4		4.6	2.4	
Profit before tax	1,922	751	x	2,624	803	x
as a percentage of sales revenue	5.8	2.8		4.2	1.6	
Profit after tax	1,351	251	x	1,824	494	x
Profit attributable to shareholders of Volkswagen AG	1,251	283	x	1,674	547	x
Cash flows from operating activities[2]	3,515	3,654	– 3.8	6,663	6,925	– 3.8
Cash flows from investing activities[2]	1,554	1,816	– 14.4	4,576	2,135	x
Automotive Division[3]						
EBITDA[4]	4,084	2,451	+ 66.6	6,481	4,140	+ 56.5
Cash flows from operating activities[2]	4,220	3,556	+ 18.7	7,264	6,413	+ 13.3
Cash flows from investing activities[2, 5]	1,505	1,795	– 16.2	4,518	2,100	x
of which: investments in property, plant and equipment[2]	1,016	1,370	– 25.8	1,919	2,524	– 24.0
as a percentage of sales revenue	3.4	5.7		3.5	5.6	
capitalized development costs[6]	425	475	– 10.6	846	934	– 9.4
as a percentage of sales revenue	1.4	2.0		1.5	2.1	
Net cash flow	2,715	1,760	+ 54.2	2,746	4,313	– 36.3
Net liquidity at June 30				17,501	12,308	+ 42.2

1 Volume data including the vehicle production investments Shanghai-Volkswagen Automotive Company Ltd. and FAW-Volkswagen Automotive Company Ltd. These companies are accounted for using the equity method. All figures shown are rounded, so minor discrepancies may arise from addition of these amounts. 2009 deliveries updated on the basis of statistical extrapolations.
2 2009 adjusted.
3 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
4 Operating profit plus net depreciation/amortization and impairment losses/reversals of impairment losses on property, plant and equipment, capitalized development costs, leasing and rental assets, goodwill and financial assets as reported in the cash flow statement; Q3 2009: €1,818 million, Q4 2009: €2,047 million, Q1 2010: €2,396 million.
5 Excluding acquisition and disposal of equity investments: Q2 €1,358 million (€1,769 million), Q1–2 €2,608 million (€3,381 million).
6 See table on page 30.

Key Facts

- **Volkswagen Group performs significantly better than expected in the first half of 2010**
- **At €2.8 billion, operating profit up €1.6 billion on the weak prior-year figure**
- **Significant increase in profit before tax to €2.6 billion (€0.8 billion)**
- **Group sales revenue up 20.7% year-on-year at €61.8 billion**
- **Cash flows from operating activities in the Automotive Division increased by €0.9 billion year-on-year to €7.3 billion; ratio of investments in property, plant and equipment (capex) to sales revenue amounts to 3.5% (5.6%)**
- **Cash inflow of €1.1 billion in the second quarter of 2010 from the capital increase (total volume €4.1 billion)**
- **Automotive Division net liquidity remains at a high level of €17.5 billion**
- **Compelling Volkswagen Group models:**
  - **At 3.6 million vehicles, Group deliveries to customers 15.8% higher than in the previous year; global market share improves to 11.7% (11.6%)**
  - **Demand for Group models in China, Western Europe, North and South America remains high**
  - **The electrically powered Golf blue-e-motion and “Milano Taxi” concept cars demonstrate emission-free mobility**
  - **Volkswagen Passenger Cars brand celebrates world premieres of the new Touran and the new Jetta; updated Phaeton offers compelling technical innovations**
  - **Audi celebrates the launch of the new Audi A8 and unveils the Audi A8 L with long wheelbase and twelve-cylinder engine**
  - **Volkswagen Tiguan with extended wheelbase makes debut on the Chinese market; Polo saloon premieres in Russia**
  - **Successful launch of SEAT Ibiza ST**
  - **Amarok pick-up from Volkswagen Commercial Vehicles celebrates premiere in Germany**

Key Events

NEW GROUP MODELS UNVEILED

In the second quarter of 2010, the Volkswagen Group brands again presented many fascinating new models and model variants that thrilled customers and the trade press alike.

Auto Mobil International (AMI) Leipzig

The world premiere of the new Touran was the highlight unveiled by the Volkswagen Passenger Cars brand at the motor show in Leipzig. The next generation of the most successful German van, which has been redesigned in many areas, systematically reflects Volkswagen's current design language in terms of its look. New technical features such as Dynamic Light Assist – which is available for the first time in a vehicle of this class – and the new Park Assist 2.0 as well as low emission and consumption figures give the Touran even more of an edge over its competitors. With average consumption of 4.6 l per 100 km (121 g/km CO_2, combined), the new Touran 1.6 TDI BlueMotion Technology* sets a new record for a seven-seater van. In addition, the new generations of the Sharan, Touareg, Polo GTI*, CrossPolo and CrossGolf made their debut in Germany at the AMI Leipzig.

The highlights of the Audi brand's appearance in Leipzig were the world premiere of the refreshed Audi TT Roadster and Audi TT Coupé models, as well as the German premiere of the new Audi A1, the Audi A8 and the Audi RS 5 Coupé*. The design of the lightweight, mainly aluminum bodies and the interior of the two TT models have been further optimized, and new technologies are reducing their consumption and emissions. Visitors to the motor show were also particularly interested in the new Audi A1 which, as the first premium automobile in the small compact car segment, is appealing to entirely new customer groups for the brand.

The new Amarok from Volkswagen Commercial Vehicles celebrated its debut in Germany at the Leipzig motor show. This Volkswagen pick-up sets new standards in its segment by combining the robustness typical for this class with innovative technology, high safety standards and top marks in terms of consumption, comfort and ergonomics.

Auto China in Beijing

The Auto China show in Beijing saw the Volkswagen Passenger Cars brand celebrate the world premiere of its flagship, the new Phaeton, which has been perfected even further. Its completely revamped front section and many technical innovations in particular make the Phaeton a compelling vehicle. These innovations include a new brake system, Dynamic Light Assist and a navigation system that, if desired, integrates online data into the maps displayed. In addition, an optional front camera allows the new Phaeton to "see" traffic signs and display them in the multifunction instrument panel and on the touch screen in the center console. The Chinese premiere of the Tiguan, which is available with an extended wheelbase especially for the Chinese market, also attracted a great deal of attention.

The new Audi A8 L was another new model unveiled to the global public at Auto China. An extended wheelbase and a twelve-cylinder engine* enable this top-of-the-range Audi model to set new standards in luxury, dynamics and efficiency. The Audi A8 L's aluminum body is produced using the award-winning Audi Space Frame (ASF) design and weighs around 40% less than a comparable steel structure. Its technical highlights include full-LED headlights.

World premieres in Moscow and New York

The Volkswagen Passenger Cars brand also celebrated two other world premieres at exclusive events in the second quarter of 2010: the Polo saloon, which was developed especially for the Russian market and is produced at the Kaluga plant, was presented in Moscow at the beginning of June, and the new Jetta made its debut in Times Square, New York, on June 15.

The Polo saloon extends Volkswagen's product range in Russia. It meets all the Company's global quality standards and has a very attractive price. Meticulous development of the new model took into account both the special requirements of Russian drivers and the climate and road conditions in Russia.

The Jetta was completely redesigned for customers in North America and Europe. The model, which is particularly popular in the USA, is now more dynamic and sportier than ever before. Its design reflects Volkswagen's new image and now makes the Jetta a totally individual model. The extended wheelbase and greater vehicle length mean that it is more imposing, spacious and comfortable.

GROUP MODELS WIN PRIZES AND AWARDS

Volkswagen Group models and engines again collected numerous prizes and awards in the second quarter of 2010.

* Consumption and emission data can be found on page 11 of this Report.

After being voted "Car of the Year 2010" in March of this year, the new Polo was named "World Car of the Year 2010" just one month later, matching the success achieved by the Golf in the previous year. The award criteria included quality, value, safety and environmental compatibility. At the same time, Volkswagen's BlueMotion models won the "World Green Car Award 2010".

With twelve first places, the Volkswagen Group was again the most successful company at the "Fleet Awards 2010". More than 6,000 readers of motoring magazine "Autoflotte" voted for the best models in a total of 15 vehicle categories. Volkswagen Group brands came top eleven times. Three first places were awarded to Volkswagen Passenger Cars (for the Polo, Golf and Touran models), Audi (Audi A4, Audi Q5 and Audi A8) and Škoda (Fabia, Octavia and Superb); Volkswagen Commercial Vehicles won two categories with the Caddy and the Multivan/Transporter. This success was rounded off by Volkswagen Leasing GmbH, which was named best leasing company for the fifth successive time.

In June 2010, Volkswagen's new 1.4 TSI engine was voted "International Engine of the Year". This was Volkswagen's tenth award in total and the second accolade for the 1.4 TSI in the overall classification. Audi's 2.5 l TFSI was voted best engine in the 2.0 to 2.5 l category – the brand's sixth successive award.

The Volkswagen Group was the most successful company at the "Company Car of the Year 2010" awards presented by specialist journal "Firmenauto". Vehicles produced by the Volkswagen Passenger Cars, Audi, SEAT and Škoda brands took a total of six first places in the voting, which was based on a rating by around 150 fleet managers. In addition, the Group's brands collected three more pole positions in a separate vote by readers of the magazine.

ANNIVERSARIES

Volkswagen's Spanish subsidiary SEAT celebrated its 60th birthday on May 9, 2010. The company, which was established in 1950 and has its headquarters in Barcelona, has produced more than 16 million vehicles to date and employs over 13,000 people. SEAT's product range comprises five models – the Ibiza, Leon, Altea, Exeo and Alhambra – with numerous body and drive technology variants. Each model has an unmistakable design, thrills drivers with its sportiness and offers innovative technology and outstanding value for money.

Volkswagen has been manufacturing automobiles in the federal state of Saxony for 20 years. On May 21, 1990, a Polo was the first vehicle with a Volkswagen logo to roll off the assembly line in Zwickau. Today, around 3.6 million Volkswagen vehicles produced at the Zwickau, Chemnitz and Dresden plants have been delivered all over the world. With 7,700 staff, Volkswagen Sachsen GmbH is one of the largest employers in eastern Germany.

On June 1, 2010, the Autostadt celebrated its 10th birthday with an impressive party. More than 300 artists from all over the world put on a colorful show featuring a mix of theater, music, cabaret, acrobatics and pyrotechnics. The Autostadt – a pioneer of automobile themed experiences since it was opened in 2000 – looks at human mobility from new perspectives every day, reflecting its motto: "People, cars and what moves them". With more than 20 million visitors already, the experience and theme park is one of Germany's most popular tourist destinations.

The Volkswagen plant in Salzgitter, which produces around 7,000 petrol and diesel engines a day in more than 370 variants, celebrated 40 years of operations. The engines, which range from 3 to 16 cylinders in size, are used in a large number of Group models. To mark its 40th anniversary, the Salzgitter plant held an open day with a big family festival.

RECORD VICTORY FOR AUDI IN LE MANS

Audi won the legendary and demanding Le Mans 24 Hours for the ninth time in June 2010, a race in which efficiency and reliability are the key factors. The three Audi R15 TDIs covered the entire distance without the slightest problem and took the first three places in the fastest Le Mans race of all time. The winning vehicle completed a total of 397 laps and its aggregate distance of 5,410 km broke the record set in 1971.

VOLKSWAGEN INCREASES CAPACITY IN CHINA, SOUTH AFRICA AND MEXICO

The Volkswagen Group is increasing its ongoing investment program in China by €1.6 billion in response to the dynamic growth in the Chinese automotive market. The Group aims to maintain and further extend its leading position in one of the most important sales markets in the automotive industry by investing a total of €6 billion in the period to 2012. As part of its long-term growth strategy, the Group will double production capacity in China each year to around three million vehicles by 2013/2014. The investment program will be funded from the cash flow of the Shanghai Volkswagen and FAW-Volkswagen joint ventures. Volkswagen has also signed contracts to construct two further production facilities in China. According to current forecasts, the new plants in Foshan and Yizheng will begin vehicle production from 2013 and will each employ around 4,000 people. The maximum annual capacity at each plant is designed to be 300,000 vehicles. Both locations will comprise full production with a press shop, body construction, a paintshop and assembly facilities.

The Volkswagen Group is also extending its activities in South Africa as part of its Strategy 2018. The Uitenhage plant will therefore be strengthened by investing approximately €50 million to renew and expand the press shop. In addition, a new logistics center in Centurion near Pretoria, in which a further €23 million was invested, was opened in June. These investments will enable Volkswagen to further extend its position as the market leader in South Africa.

Volkswagen is also expanding its production capacity in Mexico. Following the opening of a new section in July 2010, the Puebla plant is now one of the Group's largest production facilities with an annual capacity of 525,000 vehicles. The Group has additional plans to invest up to USD 1 billion in Mexico in the next three years.

NATIONAL ELECTROMOBILITY PLATFORM

Volkswagen presented two innovative concept cars – the Golf blue-e-motion and the "Berlin Taxi" – at the launch event for the "National Electromobility Platform" in May 2010 in Berlin. Both models are powered only by electricity and impressively demonstrate the Volkswagen Group's potential when it comes to emission-free mobility.

The Golf blue-e-motion is driven silently by an electric motor integrated in the engine compartment with an output of 85 kW and can accelerate to up to 140 km/h. The electricity used to power the electric motor is stored in a lithium ion battery pack with a capacity of 26.5 kWh, whose components are fitted in the boot (trunk), under the rear seat bench and in the center tunnel of the underbody. Depending on driving style and conditions, the Golf blue-e-motion can cover up to 150 km – a distance that should meet the needs of many city drivers and commuters in most cases. Volkswagen's "Berlin Taxi" concept car, which is identical to the "Milano Taxi" concept car that was unveiled in April, shows how an electrically powered series production taxi could look in the future. The vehicle is similar in appearance to the legendary 1950s Volkswagen Samba Bus, and its compact dimensions would make it ideal for use in the world's major cities. Nevertheless, the interior is generously sized, offering room for the driver and two passengers. The concept car, which can reach up to 120 km/h, is powered by an 85 kW electric motor. Its batteries have a storage capacity of 45 kWh – enough for up to 300 km depending on driving style.

VOLKSWAGEN ACQUIRES A MAJORITY INTEREST IN ITALDESIGN GIUGIARO

The Volkswagen Group and Italdesign Giugiaro S.p.A. (IDG), Turin, Italy, will intensify their successful cooperation spanning several decades and place it on a new footing. In this context, the Volkswagen Group acquired a 90.1% interest in IDG, including brand name rights and patents. The shares were acquired by Automobili Lamborghini Holding S.p.A., a subsidiary of AUDI AG; the remaining shares will be retained by the Giugiaro family, who have owned the company to date. In IDG, Volkswagen is investing in a highly renowned design and development company with one of the richest traditions in the automotive industry. In the 1970s, Giugiaro's Golf I design laid down a new marker for the design language of Volkswagen models.

SUPERVISORY BOARD MATTERS

David McAllister, Minister-President of the Federal State of Lower Saxony, was appointed by the court as a member of the Supervisory Board of Volkswagen AG on July 1, 2010. He succeeds Christian Wulff, who was elected Federal President on June 30, 2010 and therefore left the Supervisory Board.

GROUP BOARD OF MANAGEMENT EXPANDED

As a result of its Strategy 2018, the Volkswagen Group is expanding its Board of Management. Effective October 1, 2010, Prof. Dr. Jochem Heizmann, who is currently responsible for Group Production, will take over the newly created Group Commercial Vehicles Board of Management function and manage the Group's truck activities going forward. Michael Macht, who is currently CEO of Dr. Ing. h.c. F. Porsche AG, will join the Group Board of Management as Prof. Dr. Heizmann's successor.

Volkswagen Shares

The international equity markets proved to be very volatile in the second quarter of 2010. Positive momentum from good corporate results was overshadowed in April and May by the difficult financial situation in some eurozone countries and the accompanying fear of a possible collapse of the euro zone. Sentiment among market participants improved at the end of May. Encouraging corporate and economic news and the efforts by governments to stabilize the financial markets were the main factors that led to increasing share prices into June. Towards the end of the reporting period, however, share prices dropped again in light of the ongoing debate on the budget situation in industrial countries.

In the second quarter of 2010, the DAX hovered around the 6,000 point mark, accompanied by some more pronounced movements up and down and stood at 5,966 points on June 30, 2010. This was close to the level on December 31, 2009. At the end of the reporting period, the DJ Euro STOXX Automobile closed at 244 points, 5.1% higher than at the end of 2009.

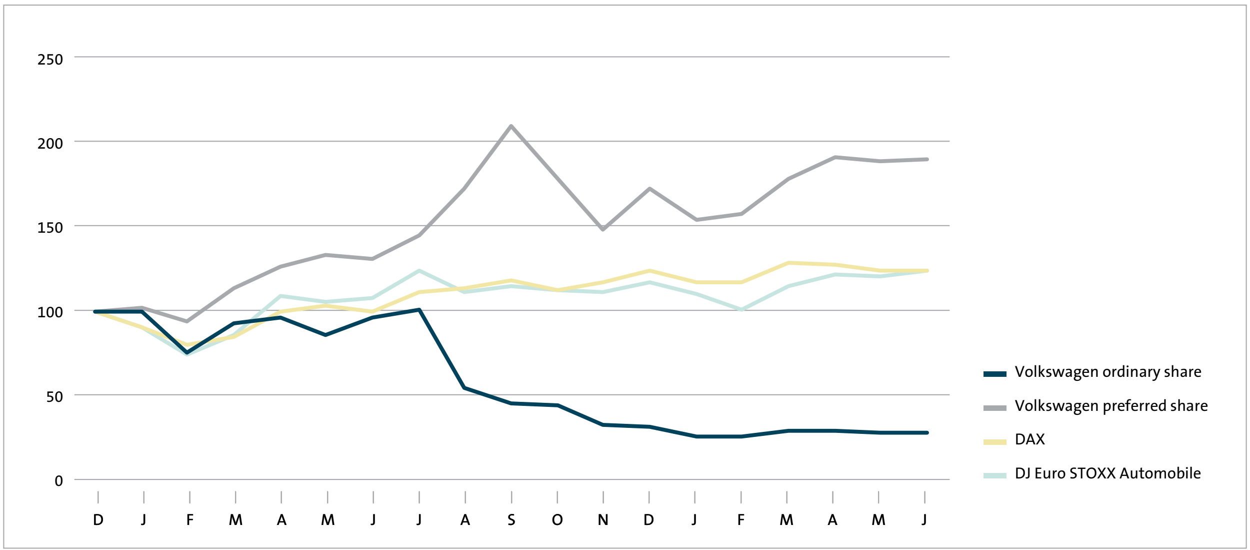
The performance of Volkswagen AG shares in the second quarter differed from the overall market. The price of the preferred shares recorded a clear upward trend after the successful completion of the capital increase and after a phase that was dominated by substantial fluctuations in April and May, leading to new year-to-date highs at the end of June. The increase resulted, among other things, from the Company's announcement that, due to the positive business performance, unit sales and operating profit in 2010 will be significantly higher than the previous year's figures. In view of the capital increase, the increased market price also demonstrates the Company's stable performance. Volkswagen's ordinary share price moved sideways with strong fluctuations in the period from April to June 2010.

On June 21, 2010, Volkswagen AG's preferred shares recorded their highest daily closing price in the first six months, namely €77.73. At their low on February 15, 2010, the shares traded at €55.83. The preferred shares closed at €72.38 at the end of the second quarter, 10.1% higher than the level on December 31, 2009. Volkswagen AG's ordinary shares reached their peak daily closing price of €76.11 for the period from January to June on January 11, 2010. At their low on February 12, 2010, the shares traded at €62.30. On June 30, 2010, the ordinary shares closed at €69.96, 9.1% lower than the level on December 31, 2009.

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

SHARE PRICE DEVELOPMENT FROM DECEMBER 2008 TO JUNE 2010

Index based on month-end prices: December 31, 2008 = 100



Business Development

GENERAL ECONOMIC DEVELOPMENT

The global economy performed distinctly positively in the first six months of 2010. Growth in the emerging markets, in particular in China, India and Brazil, was especially strong. There was a stronger recovery than expected in the USA and Japan, while the debt crisis had a negative effect on growth in Western Europe.

The economic upturn in the USA continued in recent months, although the unemployment rate remained at a high level. The US dollar continued to appreciate against the euro. The Mexican economy, supported by the recovery in the USA, also recorded significant growth.

Brazil's fast pace of growth at the beginning of the year slowed somewhat over the past months. The Argentinian economy has been on the path to recovery since the fourth quarter of 2009. However, high foreign debt, ongoing political uncertainty and high inflation continue to be adverse factors.

Strong economic growth continued in China, India and most other emerging Asian markets in the reporting period. In light of the increasing danger of the economy overheating, measures have now been taken, in particular by the Chinese government, to cool the economy. The upturn in Japan has stabilized thanks to positive export growth and robust domestic demand. However, high government debt and ongoing deflation continue to have a negative effect.

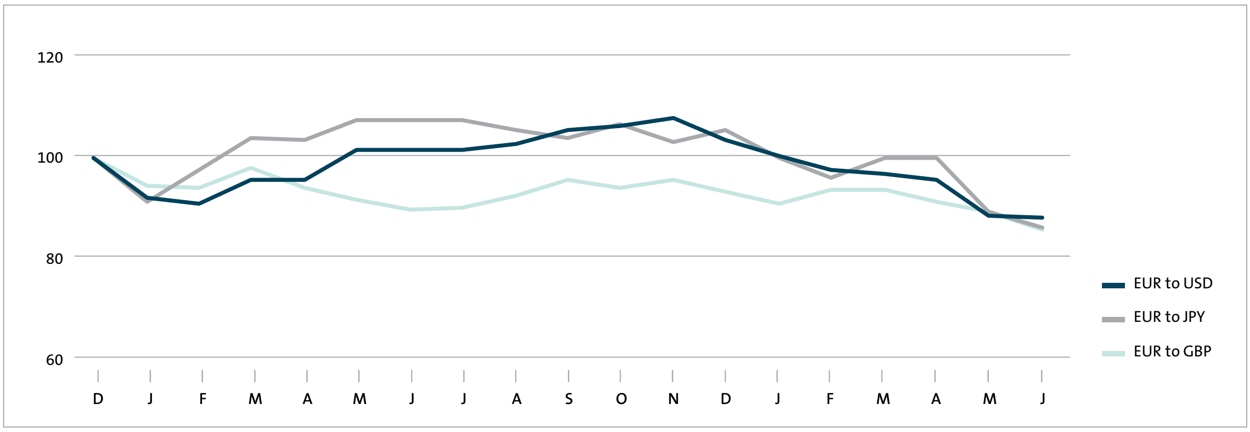
In Western Europe, growth remained weak from January to June 2010. In Central and Eastern Europe, some countries recovered significantly in the first half of the year. However, the high dependency on growth in Western Europe only allows a slow pace of expansion.

Following last year's recession, moderate growth has established itself in South Africa. Inflationary pressures have been noticeably reduced.

The economy in Germany slowed considerably in the winter of 2009/2010 but strengthened significantly in the second quarter of 2010. The main drivers were still from exports, in particular from the Asian sales markets. Although the labor market performed better than expected, domestic demand remained muted. Retail spending was impacted in particular by the expiration of government economic stimulus programs, uncertainty due to the debt crisis and only slight rises in income levels.

EXCHANGE RATE MOVEMENTS FROM DECEMBER 2008 TO JUNE 2010

Index based on month-end prices: December 31, 2008 = 100



DEVELOPMENT OF AUTOMOTIVE MARKETS

In the first half of 2010, new passenger car registrations worldwide were substantially higher than in the prior-year period. The main drivers of automotive demand were the Asia-Pacific region and the US market, which recorded above-average growth rates. In Western Europe, the market as a whole was only slightly above the previous year's level overall after the expiry of scrapping premiums in some countries. In Central and Eastern Europe, passenger car sales were even below the weak figures for the first six months of 2009.

Vehicle sales in the North America region increased sharply in the period from January to June 2010. In the US market, demand continued to grow due to the economic recovery and the low level in 2009. June was the eighth month in a row to see a year-on-year increase in new car sales. New car registrations in Canada and Mexico also improved in the first six months of 2010.

In the Brazilian passenger car market, sales rose slightly during the reporting period. Buyers of new cars benefited from the government's tax breaks until March 2010. In Argentina, new passenger car registrations were significantly higher than the prior-year figure and also exceeded the previous record for the first six months, set in 2008.

In the first half of 2010, the Asian markets were again the main growth drivers of global automotive demand. In China, passenger car sales, which were primarily boosted by government incentives to buy new cars, grew significantly but slowed down in the course of the year. The volume of new registrations in the Japanese passenger car market rose appreciably in the reporting period. Customers benefited in particular from tax breaks and scrapping premiums, which are expected to be offered until the end of September 2010. In India, passenger car sales saw a sharp increase compared with the previous year. High economic growth, increasing income levels and the improved availability of loans provided at favorable interest rates led to a new sales record.

In Western Europe, new passenger car registrations in the first six months of 2010 were only slightly higher overall. While demand in the first quarter recorded double-digit growth due to the positive effects of government support measures, passenger car sales were down year-on-year in all months of the second quarter. The number of new passenger car registrations in Central and Eastern Europe decreased further during the reporting period. The highest absolute declines were experienced by the passenger car markets in Hungary, Romania and Ukraine. In Russia, the decline in sales in the first three months was more than offset by the government's incentive program, which was launched in March 2010.

In South Africa, the passenger car market volume grew substantially year-on-year in the reporting period.

In the period from January to June 2010, the buyer reluctance in Germany expected after the expiry of the scrapping premium that had been offered since January 2009 led to the lowest number of new passenger car registrations since reunification.

VEHICLE DELIVERIES WORLDWIDE

Deliveries to Volkswagen Group customers worldwide amounted to 3,613,044 vehicles in the first half of 2010. This represented an increase of 15.8% compared with the prior-year period, in which demand was hit particularly hard by the financial and economic crisis. With the exception of Lamborghini and Bugatti, all Group brands increased their sales figures. The Volkswagen Passenger Cars (+16.2%), Audi (+19.1%) and Škoda (+14.9%) brands recorded the highest growth rates. We saw continuously high demand for Group models in the Asia-Pacific region.

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

DELIVERIES TO CUSTOMERS BY MARKET FROM JANUARY TO JUNE[1]

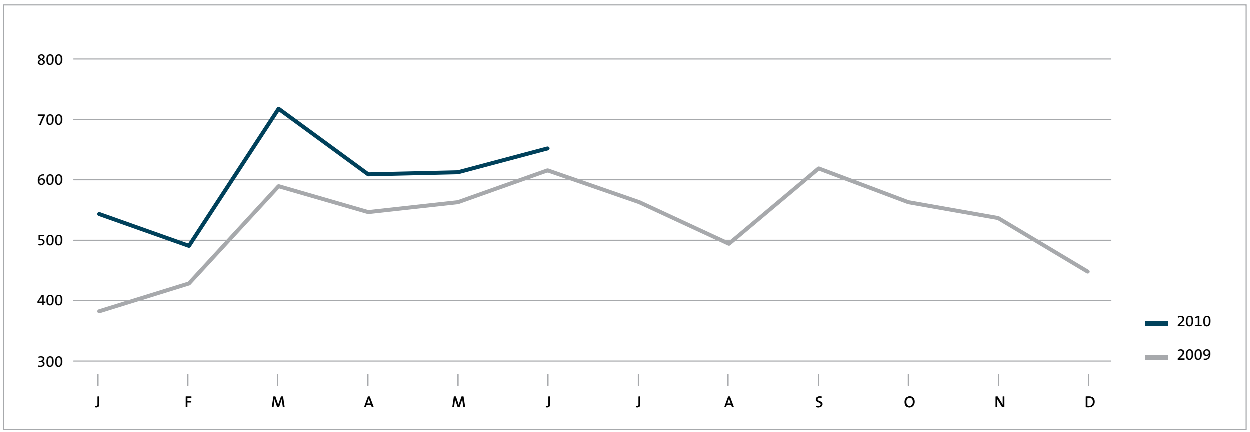
	DELIVERIES (UNITS)		CHANGE	SHARE OF PASSENGER CAR MARKET (%)	
	2010	2009	(%)	2010	2009
Europe/Remaining markets	**1,876,173**	**1,769,120**	**+ 6.1**		
Western Europe	**1,552,526**	**1,472,411**	**+ 5.4**	**20.7**	**21.3**
of which: Germany	532,944	633,091	– 15.8	36.0	33.5
United Kingdom	211,339	160,343	+ 31.8	17.4	16.4
Spain	151,512	107,669	+ 40.7	24.1	24.2
France	141,655	132,814	+ 6.7	10.8	11.9
Italy	134,344	126,418	+ 6.3	11.1	10.5
Central and Eastern Europe	**199,169**	**200,258**	**– 0.5**	**14.2**	**13.2**
of which: Russia	56,236	52,278	+ 7.6	7.3	6.8
Czech Republic	42,822	37,033	+ 15.6	45.6	40.6
Poland	38,497	40,211	– 4.3	22.3	21.7
Remaining markets	**124,478**	**96,451**	**+ 29.1**		
of which: Turkey	36,921	25,816	+ 43.0	14.5	10.4
South Africa	35,980	26,599	+ 35.3	21.2	20.0
North America[2]	**263,539**	**222,031**	**+ 18.7**	**3.9**	**3.7**
of which: USA	175,323	135,750	+ 29.2	3.1	2.8
Mexico	57,898	61,847	– 6.4	15.5	17.3
Canada	30,318	24,434	+ 24.1	3.8	3.4
South America	**419,924**	**402,058**	**+ 4.4**	**20.3**	**22.0**
of which: Brazil	333,397	339,264	– 1.7	22.9	26.2
Argentina	67,464	50,777	+ 32.9	25.7	25.1
Asia-Pacific	**1,053,408**	**726,006**	**+ 45.1**	**9.8**	**9.0**
of which: China	950,729	652,435	+ 45.7	17.9	17.9
Japan	33,885	26,410	+ 28.3	1.5	1.4
India	17,436	8,156	x	1.7	1.0
Worldwide	**3,613,044**	**3,119,215**	**+ 15.8**	**11.7**	**11.6**
Volkswagen Passenger Cars	2,263,733	1,947,463	+ 16.2		
Audi	554,939	465,804	+ 19.1		
Škoda	378,747	329,641	+ 14.9		
SEAT	181,832	173,386	+ 4.9		
Bentley	2,489	2,241	+ 11.1		
Lamborghini	674	825	– 18.3		
Volkswagen Commercial Vehicles	202,288	179,165	+ 12.9		
Scania	28,321	20,667	+ 37.0		
Bugatti	21	23	– 8.7		

1 Deliveries and market shares for 2009 have been updated to reflect subsequent statistical trends.

2 Overall markets in the USA, Mexico and Canada include passenger cars and light trucks.

VOLKSWAGEN GROUP DELIVERIES BY MONTH

Vehicles in thousands



Sales trends in the individual markets are as follows.

DELIVERIES IN EUROPE/REMAINING MARKETS

During the reporting period, our deliveries in the Western Europe passenger car market increased by 5.4% compared with the prior-year figure. The proportion of units sold there was 43.0% (47.2%), measured in terms of the Group's total deliveries. All of the Group's volume brands increased sales to customers as against the previous year. The Polo, Golf Plus, Passat saloon, Škoda Octavia, SEAT Leon and SEAT Altea models recorded the highest growth rates. The new Audi A4 allroad quattro, Audi A5 Sportback, Škoda Yeti, Škoda Superb Estate and SEAT Exeo ST models also experienced strong demand. The market share held by the Volkswagen Group in Western Europe was 20.7% (21.3%).

In the German passenger car market, we sold 15.8% fewer vehicles in the first half of 2010 than in the prior-year period, which was particularly affected by the government scrapping premium. The Golf Plus, Audi Q5, Audi Q7, SEAT Leon and SEAT Altea models recorded rising sales, however. The new Touareg, Audi A4 allroad quattro, Audi A5 Sportback, Škoda Yeti, Škoda Superb Estate and SEAT Exeo ST models were increasingly popular. Six Group models led the Kraftfahrtbundesamt (KBA – German Federal Motor Transport Authority) registration statistics in their respective segments during the first half of 2010: the Polo, Golf, Passat, Touran, Tiguan and Multivan/Transporter. The Golf remains the undisputed leader among newly registered vehicles in the passenger car market in Germany. At 36.0% (33.5%), the Volkswagen Group's market share in Germany remained at a high level in the first half of 2010.

Deliveries to customers in Central and Eastern Europe declined by 0.5% year-on-year in the reporting period. However, we recorded increased sales figures in the Czech Republic (+15.6%) and Russia (+7.6%). Demand for the Polo, Tiguan, Audi A3, Audi Q5, Škoda Octavia and SEAT Leon models was higher than in the first half of 2009.

The local passenger car market in South Africa recorded a clearly positive performance following the impact of the financial and economic crisis. The Volkswagen Group increased its deliveries in the period from January to June 2010 by an above-average 35.3% and lifted its market share in South Africa to 21.2% (20.0%).

DELIVERIES IN NORTH AMERICA

In the first six months of 2010, the Volkswagen Group's sales figures rose by 29.2% in the growing US passenger car market (+16.7%). The New Beetle, Golf, Tiguan, Jetta, Passat CC, Audi A4, Audi A5 Coupé and Audi Q5 models recorded the highest growth rates.

In the Canadian passenger car market, we delivered 24.1% more vehicles to customers than in the first half of 2009. Particularly strong demand was recorded for the Golf, Tiguan, Audi A4 and Audi Q5 models. The Group's sales in Mexico were down 6.4% on the previous year. However, the Tiguan, Jetta, Audi A4, SEAT Altea and SEAT Leon models enjoyed increasing popularity.

DELIVERIES IN SOUTH AMERICA

The reporting period saw higher demand for vehicles in the South American passenger car markets than in the previous year. The Volkswagen Group's deliveries there were up 4.4%. The sales figures for the Volkswagen Group in Brazil dropped by 1.7% year-on-year, although demand for the Fox and Saveiro models was stronger than in 2009. The total delivery figures also include the Saveiro and T2 light commercial vehicles. We sold a total of 58.7% more of these models in the Brazilian passenger car market than in the first half of 2009.

In Argentina's passenger car market, demand for Group models was significantly stronger than the overall market during the reporting period, rising 32.9% year-on-year. The Fox MPV, Gol, Voyage and Jetta models recorded the highest growth rates. The new Amarok also experienced strong demand. The Volkswagen Group remains the market leader in Argentina, with a market share of 25.7% (25.1%).

DELIVERIES IN THE ASIA-PACIFIC REGION

The positive trend in the passenger car markets in the Asia-Pacific region continued in the first half of 2010. Demand soared in China in particular. The Volkswagen Group delivered a total of 45.1% more vehicles to customers in the Asia-Pacific region than in the first six months of 2009. In China, the Group's sales figures were 45.7% higher than in 2009. Almost all models contributed to this increase. We defended our leadership position in the highly competitive Chinese passenger car market, with a market share of 17.9% (17.9%). Deliveries to customers in Japan rose by 28.3% year-on-year in the reporting period. Particularly strong demand was recorded for the Polo, Golf and Audi A3 models.

The positive growth in our sales figures also continued in the remaining markets in the Asia-Pacific region, such as Australia. Deliveries in India were more than twice as high as in the first half of 2009.

DELIVERIES OF HEAVY COMMERCIAL VEHICLES

Sales by the Scania brand were up 37.0% on the prior-year period, at 28,321 heavy commercial vehicles. Scania delivered 9,285 units in South America (+116.9%). Demand in Brazil and the Asia-Pacific markets in particular was significantly higher year-on-year.

WORLDWIDE DEVELOPMENT OF INVENTORIES

Global inventories held by Group companies and the dealer organization as of June 30, 2010 were down on the end of 2009 but up as against June 30, 2009.

UNIT SALES, PRODUCTION AND EMPLOYEES

In the first half of 2010, the Volkswagen Group sold 3,566,121 vehicles to the dealer organization worldwide. This represents an increase of 18.6% compared with the same period of 2009, which was heavily impacted by the financial and economic crisis. The number of units sold outside Germany increased by 29.3%. The figure for vehicles sold in Germany was down by 19.4%; the proportion of total sales generated in Germany was 15.0% (22.0%).

The Volkswagen Group produced 3,586,070 vehicles in the first six months of 2010, an increase of 27.0% compared to the difficult first half of 2009. The proportion of units produced in Germany was 31.1% (32.7%).

The Volkswagen Group had 363,614 active employees at the end of the first half of the year. 5,607 employees were in the passive phase of their early retirement and 7,853 people were in apprenticeships. In total, the Volkswagen Group had 377,074 employees as of June 30 of this year, 2.3% more than on December 31, 2009. The number of employees in Germany was 174,434 (+1.0%). Measured in terms of the total headcount, this figure represents 46.3%.

OPPORTUNITY AND RISK REPORT

There were no significant changes to the opportunity and risk position compared with the presentation in the “Risk Report” and “Report on Expected Developments” in the 2009 Annual Report. An exception to this are the positive changes in our expectations with regard to the Group’s unit sales and earnings growth in 2010, which are presented in the Outlook on page 15 of this report.

CONSUMPTION AND EMISSION DATA

In accordance with Pkw-EnVKV (German Passenger Car Fuel Consumption and CO_2 Emissions Information Regulation)

MODEL	OUTPUT kW (PS)	FUEL CONSUMPTION (l/100km) urban	extra-urban	combined	CO_2 EMISSIONS (g/km) combined
Audi A8 L W12 quattro	368 (500)	18.2	9.0	12.4	290
Audi RS5 Coupé	331 (450)	14.9	8.5	10.8	252
Volkswagen Polo GTI	132 (180)	7.5	5.1	5.9	139
Volkswagen Touran 1.6 TDI BlueMotion Technology	77 (105)	5.5	4.1	4.6	121

Net Assets, Financial Position and Results of Operations

In accordance with the amended IAS 7, we report liquidity movements resulting from changes in leasing and rental assets in cash flows from operating activities (previously reported in cash flows from investing activities). Accordingly, changes in financial services receivables are also classified as cash flows from operating activities. Prior-year figures have been adjusted accordingly.

AUTOMOTIVE DIVISION BALANCE SHEET STRUCTURE

In December 2009, Volkswagen AG acquired 49.9% of the shares of Porsche Zwischenholding GmbH, Stuttgart, which in turn holds 100% of the shares of Dr. Ing. h c. F. Porsche AG, Stuttgart. On the basis of the agreements under company law with Porsche Automobil Holding SE, Stuttgart, Volkswagen shares control of Porsche Zwischenholding GmbH and its direct and indirect subsidiaries. The shares of Porsche Zwischenholding GmbH are accounted for using the equity method. The precise allocation of the purchase price to that company's assets and liabilities is still preliminary because of the ongoing analysis.

Effective January 15, 2010, Volkswagen acquired 19.89% of the shares of the Suzuki Motor Corporation, Tokyo, for €1.7 billion. Following the exercise of outstanding convertible bonds of other investors, Volkswagen's interest in Suzuki declined to 19.37%, but was restored to 19.89% as of June 30, 2010 by purchasing additional shares. The shares are accounted for using the equity method. Allocation of the purchase price to Suzuki's assets and liabilities has only been preliminary so far.

On June 30, 2010, noncurrent assets in the Automotive Division were 9.4% higher than at the end of 2009. This was due, among other things, to the acquisition of the equity interest in Suzuki. The carrying amount of property, plant and equipment rose by 1.1%. Current assets were up by 11.3% compared with December 31, 2009, due to volume-related factors.

The Automotive Division's equity attributable to shareholders of Volkswagen AG amounted to €29.8 billion at the end of the first half of the year. This figure was €2.5 billion higher than at the end of December 2009, mainly due to the capital increase. Conversely, higher actuarial losses for pension provisions recognized directly in other comprehensive income, and the decline in the fair values of derivative financial instruments had a negative effect. Including minority interests, which chiefly relate to minority interests in Scania, equity amounted to €32.0 billion (€29.3 billion). At €41.6 billion, noncurrent liabilities were 5.2% higher than on December 31, 2009. Current liabilities rose by 18.3%, due among other things to the positive trend in business. The figures for the Automotive Division also contain the elimination of intra-Group transactions between the Automotive and Financial Services divisions. As the current financial liabilities for the primary Automotive Division were lower than the loans granted to the Financial Services Division, a negative amount was disclosed for the reporting period.

The Automotive Division's total assets as of June 30, 2010 were €106.6 billion, 10.3% higher than at the end of 2009. This was due in particular to the capital increase and the expansion of the business.

FINANCIAL SERVICES DIVISION BALANCE SHEET STRUCTURE

The Financial Services Division recorded total assets of €86.3 billion at the end of June 2010, up 7.3% on the figure for December 31, 2009.

Noncurrent assets increased by 8.8%, principally because of higher financial services receivables and rental assets due to exchange rate effects. Current assets were up

5.2% on year-end 2009. Exchange rate effects in particular led to increasing financial services receivables within the current assets item. The Financial Services Division accounted for approximately 45% of the Volkswagen Group's assets as of June 30, 2010.

The Financial Services Division's equity amounted to €8.9 billion at the end of the reporting period. This increase of 9.3% versus December 31, 2009 was due to the profit for the period and positive effects from foreign currency translation. Higher financial liabilities resulted in a rise in both noncurrent liabilities (+6.3%) and current liabilities (+7.6%).

Deposits at Volkswagen Bank *direct* amounted to €18.8 billion (€18.3 billion) at the end of the first half of 2010.

INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT, AND CASH FLOW IN THE AUTOMOTIVE DIVISION

Investments in property, plant and equipment in the Automotive Division fell by 24.0% year-on-year to €1.9 billion in the reporting period. They primarily related to the new production facilities, models to be launched in 2010 and 2011 and the ecological alignment of our model range. The ratio of investments in property, plant and equipment to sales revenue (capex) was 3.5% (5.6%).

At €6.0 billion, the Automotive Division's gross cash flow was €2.6 billion up on the prior-year figure. This was attributable in particular to the positive trend of business in the first half of the year. Following a cash inflow of €1.3 billion in working capital, which was €1.8 billion lower than in the first six months of 2009, cash flows from operating activities improved to €7.3 billion (€6.4 billion). The acquisition of the equity interest in Suzuki resulted in a cash outflow from investing activities. This was €2.4 billion higher than in the prior-year period, when the sale of the Brazilian commercial vehicles business to the MAN Group had a positive effect. The Automotive Division's net cash flow therefore fell by €1.6 billion to €2.7 billion.

NET LIQUIDITY

After the cash inflow of approximately €3.0 billion from the capital increase from authorized capital in March, there was a further cash inflow of approximately €1.1 billion in April. This figure, which corresponded to around 27% of the total volume of the placement, resulted from the exercise of preemptive rights, which were settled by the underwriting banks withholding a corresponding number of shares from the pre-placement so that they could be made available to the shareholders.

On June 30, 2010, the Automotive Division's net liquidity was €17.5 billion, €6.9 billion higher than at the end of 2009.

The negative net liquidity in the Financial Services Division – common to the sector – widened by €4.4 billion to €67.1 billion as against December 31, 2009 due to volume-related factors.

The Volkswagen Group recorded net liquidity of €–49.6 billion at the end of June 2010, an improvement of €2.4 billion as against the end of December 2009.

VOLKSWAGEN GROUP SALES REVENUE

In the first six months of 2010, the Volkswagen Group generated sales revenue of €61.8 billion, an increase of 20.7% compared with the figure for 2009. In addition to higher volumes, positive exchange rates also supported this growth. In the reporting period, the Automotive Division generated sales revenue of €55.0 billion, 22.6% more than in 2009. As our Chinese joint ventures are accounted for using the equity method, the Group's sales revenue only reflects the positive business development in the Chinese car market, in particular in the form of deliveries of vehicle parts. The Financial Services Division recorded sales revenue of €6.8 billion (+7.2%) in the reporting period. The proportion of the Group's sales revenue generated outside Germany was 78.1% (69.6%).

EARNINGS DEVELOPMENT

In the period from January to June 2010, the Volkswagen Group recorded gross profit of €10.0 billion, 54.6% above the weak prior-year figure, mainly as a result of higher unit sales. The gross margin improved to 16.1% (12.6%).

The Automotive Division generated gross profit of €8.3 billion, €3.1 billion higher than the previous year. The Financial Services Division's gross profit rose by 38.1% year-on-year to €1.6 billion.

The ratio of Group distribution expenses – which were higher due to volume-related factors – to sales revenue was maintained in the reporting period, while the ratio of administrative expenses to sales revenue declined. At €0.5 billion, the Group's other operating income was €0.7 billion lower than the figure in 2009. The latter included proceeds of €0.6 billion from the sale of the Brazilian commercial vehicles business to the MAN Group.

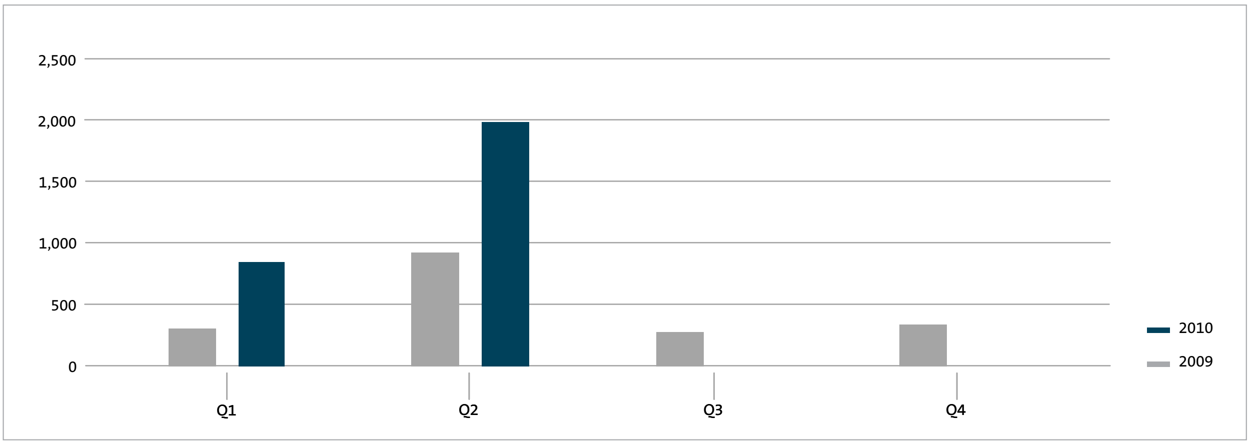
After the first half of 2009, heavily impacted by the financial and economic crisis, the Volkswagen Group increased its operating profit in the reporting period by €1.6 billion year-on-year to €2.8 billion. The extremely positive business performance of our Chinese joint ventures is not reflected in the Group's operating profit, as these are accounted for using the equity method.

The financial result – which was, as in the previous year, affected by high finance costs – improved by €220 million to €–217 million. This is primarily due to higher income from equity-accounted investments – and especially the Chinese joint ventures.

In the reporting period, the Volkswagen Group's profit before tax increased to €2.6 billion (€0.8 billion). Profit after tax amounted to €1.8 billion, up €1.3 billion on the figure for the first half of 2009.

OPERATING PROFIT BY QUARTERS

Volkswagen Group in € million



Outlook

The global automotive markets continued the mainly positive trend of the first three months in the second quarter of 2010. Almost all key markets exceeded the level of the weak prior-year period, with the exception of Germany, Central and Eastern Europe, and Turkey.

After the strong recovery in the first half of 2010, a slight slowdown in the pace of growth in the coming months cannot be ruled out. There will still be distinct differences between economic growth in the emerging markets and the industrialized nations. In Western Europe, the planned austerity programs and the continuing challenges in the banking and financial sector will only enable weak economic growth. Exports will continue to be the growth driver, while domestic demand, in particular retail spending, will only pick up slightly. Although a process of economic recovery has established itself in most countries, stable and sustainable growth has not yet taken root.

The total volume of the global automotive markets in 2010 is expected to be above the weak prior-year level, primarily due to the strong growth in the Chinese market. However, the ongoing uncertainty surrounding economic developments could have a negative effect on demand. The performance of the large automotive markets will vary considerably. In Western Europe, particularly Germany, we expect demand to be much weaker in the second half of the year than in the second six months of 2009. We also anticipate that the overall market in Central and Eastern Europe will be below its prior-year level and that the recovery in North America will continue. We assume that the South American market will exceed the high volume recorded in 2009. However, the automotive year 2010 will remain challenging, primarily due to intense competition and a persistently difficult operating environment.

Our presence in all the key regions around the world, the multi-brand strategy, our technological expertise and the most up-to-date, most environmentally friendly and broadest vehicle range that has resulted from that expertise are key advantages for our Company. The Volkswagen Group's nine brands will again unveil a large number of new models in the second half of 2010, thus systematically extending our position in the global markets. We therefore anticipate that our deliveries to customers will be significantly higher than in 2009, due among other factors to the positive business growth in China.

The dynamic growth in the Volkswagen Group's sales revenue and earnings in the first half of 2010 will not continue undiminished in the second half of the year. Nevertheless, we believe that our sales revenue and the Group's operating profit in 2010 will be significantly higher than last year's figures, despite shifts in volumes between the markets. In addition, exchange rate effects will have a positive effect on earnings. We will also continue to focus on disciplined cost and investment management and the continuous optimization of our processes. In doing so, we will systematically pursue the core elements of the "18 plus" strategy – ecological relevance and the return on our vehicle projects.

This report contains forward-looking statements on the business development of the Volkswagen Group. These statements are based on assumptions relating to the development of the economic and legal environment in individual countries and economic regions, and in particular for the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given entail a degree of risk, and the actual developments may differ from those forecast. Consequently, any unexpected fall in demand or economic stagnation in our key sales markets, such as Western Europe (and especially Germany) or in the USA, Brazil, China, or Russia will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates relative to the US dollar, sterling, Russian ruble, Mexican peso, Swedish krona, Australian dollar, Swiss franc, Japanese yen, Brazilian real, Polish zloty, Chinese renminbi and Czech koruna. In addition, expected business development may vary if the assessments of value-enhancing factors and risks presented in the 2009 Annual Report develop in a way other than we are currently expecting, or additional risks or other factors emerge that adversely affect the development of our business.

Brands and Business Fields

SALES REVENUE AND OPERATING PROFIT BY BRAND AND BUSINESS FIELD

The Volkswagen Group generated sales revenue of €61.8 billion in the first half of 2010. This year-on-year increase of 20.7% was due primarily to higher volumes and more favorable exchange rates. Consequently, operating profit increased by €1.6 billion to €2.8 billion. The prior-year figure included the proceeds of €0.6 billion from the sale of the Brazilian commercial vehicles business to the MAN Group.

The Volkswagen Passenger Cars brand sold 1.9 million vehicles in the first six months of 2010, a year-on-year increase of 17.5%. The Polo, New Beetle, Tiguan and Touareg models, the Golf derivatives and the Jetta and Passat versions available in China saw the highest growth rates. Due to the increase in volumes, sales revenue was up 26.2% on the prior-year figure at €39.2 billion. Operating profit rose by €0.8 billion to €1.0 billion.

The Audi brand recorded unit sales of 660 thousand vehicles in the reporting period, a year-on-year increase of 16.4%. While demand was especially high for the Audi A4 allroad quattro, Audi Q5 and Audi Q7 models, the new Audi A5 Sportback and the new Audi A8 were also very popular with customers. Due to volume-related factors, sales revenue was 20.9% higher year-on-year at €17.6 billion. Thanks to continuous process improvements and systematic cost optimization, operating profit rose at a faster rate of 61.6% to €1.3 billion. The figures for the Lamborghini brand are included in the key figures for the Audi brand.

The Škoda brand sold 298 thousand vehicles in the first half of 2010, 13.7% more units than in the same period of the previous year. Demand for the Octavia and Superb saloon models and the new Superb Estate and Yeti models showed encouraging growth. At €4.3 billion, sales revenue was 29.6% higher year-on-year. Operating profit increased by €92 million to €227 million. In addition to higher unit sales, this was due to lower costs and more favorable exchange rates.

Due to clear signs of recovery in the Spanish passenger car market, the SEAT brand was able to lift unit sales by 17.7% year-on-year to 186 thousand vehicles in the reporting period. While all models contributed to this increase, demand for the Exeo was particularly strong. Sales revenue rose by 17.0% to €2.6 billion. At €157 million, the operating loss was €2 million lower than in the first half of 2009. Upfront expenditures for new products and measures to promote higher sales after the expiry of government incentive programs had a negative impact.

VOLKSWAGEN GROUP

Division	Automotive Division								Financial Services Division
Brand/Business Field	Volkswagen Passenger Cars	Audi	Škoda	SEAT	Bentley	Volkswagen Commercial Vehicles	Scania	Other	Dealer and customer financing Leasing Directbank Insurance Fleet business

The luxury segment recorded a slight improvement in operating conditions in the first half of 2010. The Bentley brand increased its unit sales compared with the prior-year period. At €320 million, sales revenue was 34.5% higher than in the first half of 2009. Due to changes in the market and product mix, the operating result could not be improved to the same extent as sales revenue. The operating loss narrowed by €5 million to €109 million.

Volkswagen Commercial Vehicles sold 159 thousand vehicles in the reporting period, a year-on-year increase of 18.3%. As the Brazilian commercial vehicles business was sold to the MAN Group in the first quarter of 2009, the January and February sales figures for heavy commercial vehicles are included in the prior-year figures. Sales revenue increased by 33.3% to €3.5 billion. The operating profit of €118 million was significantly lower than the figure recorded in the first half of 2009. Adjusted to include the proceeds of €0.6 billion received in the previous year from the sale of the Brazilian commercial vehicles business, the operating result recorded an increase.

The Scania brand sold 28 thousand vehicles in the reporting period. This year-on-year increase of 37.0% was due in particular to positive demand in Brazil and the Asia-Pacific markets. Sales revenue increased by 25.4% to €3.9 billion. At €577 million, operating profit was significantly higher than in the first half of 2009, when the commercial vehicles business experienced tough operating conditions.

Volkswagen Financial Services saw its operating profit increase by €41 million year-on-year to €362 million in the first six months of 2010.

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

	VEHICLE SALES		SALES REVENUE		SALES TO THIRD PARTIES		OPERATING RESULT	
thousand vehicles/€ million	2010	2009	2010	2009	2010	2009	2010	2009
Volkswagen Passenger Cars	1,940	1,651	39,222	31,077	30,565	25,394	1,027	216
Audi	660	567	17,565	14,527	12,243	10,030	1,331	823
Škoda	298	262	4,266	3,291	2,734	2,500	227	135
SEAT	186	158	2,635	2,252	1,911	1,667	–157	–159
Bentley	2	2	320	238	305	231	–109	–114
Volkswagen Commercial Vehicles	159	135	3,539	2,656	2,362	1,953	118	463[2]
Scania[3]	28	21	3,915	3,122	3,915	3,122	577	48
VW China[4]	861	618	–	–	–	–	–	–
Other	–570	–406	–16,220	–12,057	1,316	561	–534[5]	–493[5]
Volkswagen Financial Services			6,567	6,096	6,459	5,744	362	321
Volkswagen Group	**3,566**	**3,008**	**61,809**	**51,202**	**61,809**	**51,202**	**2,841**	**1,240**
of which: Automotive Division	3,566	3,008	55,009	44,857	55,118	45,209	2,474	920
Financial Services Division			6,800	6,345	6,691	5,993	367	320

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.
2 Including the proceeds from the sale of Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda., Resende.
3 Vehicles & Services and Financial Services.
4 The sales revenue and operating profit of the joint venture companies in China are not included in the figures for the Group. The Chinese companies are accounted for using the equity method and recorded an operating profit (proportionate) of €804 million (€294 million).
5 Mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits, and including depreciation and amortization of identifiable assets as part of the purchase price allocation for Scania.

UNIT SALES AND SALES REVENUE BY MARKET

The Volkswagen Group sold 1.9 million vehicles in the passenger car markets in the Europe/Remaining markets region in the first half of 2010, exceeding the prior-year figure by 10.4%. At €41.4 billion, sales revenue was up 10.5% on the first six months of 2009.

In North America, the Volkswagen Group sold 265 thousand vehicles in the reporting period, 24.6% more than in the previous year. Unit sales grew at a substantially faster pace than that experienced by the market as a whole. Sales revenue increased by €1.7 billion to €7.3 billion due to volume and exchange rate-related factors.

In the South American markets, we sold 427 thousand vehicles in the first six months of 2010, exceeding prior-year unit sales by 5.2%. Sales revenue rose to €6.0 billion, an increase of €1.6 billion compared with the previous year, when it still included the Brazilian commercial vehicles business for January and February. In addition to the volume, the exchange rate effects had a positive effect.

In the passenger car markets in the Asia-Pacific region, including its joint ventures in China, the Volkswagen Group sold a total of 1.0 million vehicles in the reporting period, an increase of 44.1%. At €7.0 billion, sales revenue was almost twice as high as in the prior-year period. This figure does not include the sales revenue of our Chinese joint ventures, as these are accounted for using the equity method.

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

	VEHICLE SALES		SALES REVENUE	
thousand vehicles/€ million	2010	2009	2010	2009
Europe/Remaining markets	1,858	1,684	41,432	37,511
North America	265	213	7,325	5,661
South America	427	406	6,042	4,458
Asia-Pacific[2]	1,016	705	7,010	3,572
Volkswagen Group[2]	**3,566**	**3,008**	**61,809**	**51,202**

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 are not included in figures for the Group and the Asia-Pacific market.

VOLKSWAGEN FINANCIAL SERVICES

The innovative products offered by Volkswagen Financial Services along the automotive value chain met with a good response from customers in the first half of 2010, enabling Volkswagen Financial Services to make another positive contribution to the Group's sales situation.

With its "Environment Program", Volkswagen Leasing GmbH is leading the way in environmentally compatible fleet management. It offers finance leases for Group models with reduced CO_2 emissions and, in cooperation with the Group brands, makes a contribution to Naturschutzbund Deutschland e.V. (Nature and Biodiversity Conservation Union), which is used entirely to finance conservation and environmental projects.

In April 2010, fleet experts awarded Volkswagen Leasing GmbH the "Flotten-Award" presented by trade journal "Autoflotte" for the fifth time in succession.

In July 2010, Volkswagen Financial Services AG established a subsidiary in South Korea. Operating under the name "Volkswagen Financial Services Korea Co., Ltd.", the new company will offer financial services for the Volkswagen Passenger Cars, Audi and Bentley brands.

At 1.3 million, the number of new finance, leasing and insurance contracts signed in the first half of 2010 was up 6.8% on the same period of 2009. The prior-year figures were adjusted to reflect the current definition. The total number of contracts as of June 30, 2010 increased by 0.7% as against the end of 2009. The number of contracts in the Customer Financing/Leasing area was up 1.1% to 5.1 million and the number of contracts in the Service/Insurance area was down 0.3% on the previous year. The proportion of total vehicle deliveries by the Group worldwide accounted for by leased or financed vehicles was 33.4% (33.0%), based on unchanged credit eligibility criteria. As of June 30, 2010, receivables relating to dealer financing exceeded the figure at December 31, 2009 by 0.8%.

Volkswagen Bank *direct* managed 1.3 million accounts at the end of the reporting period, a year-on-year decrease of 5.4%. Volkswagen Financial Services employed 7,589 people as of June 30, 2010.

The number of contracts in our fleet management business in the first half of 2010 was on a level with year-end 2009. Our LeasePlan joint venture managed around 1.3 million vehicles at the end of June 2010.

Interim Financial Statements (Condensed)

Income Statement for the Period January 1 to June 30

€ million	VOLKSWAGEN GROUP 2010	VOLKSWAGEN GROUP 2009	DIVISIONS AUTOMOTIVE[1] 2010	DIVISIONS AUTOMOTIVE[1] 2009	DIVISIONS FINANCIAL SERVICES 2010	DIVISIONS FINANCIAL SERVICES 2009
Sales revenue	**61,809**	**51,202**	**55,009**	**44,857**	**6,800**	**6,345**
Cost of sales	–51,846	–44,757	–46,675	–39,591	–5,171	–5,166
Gross profit	**9,963**	**6,445**	**8,334**	**5,266**	**1,629**	**1,179**
Distribution expenses	–6,103	–5,075	–5,752	–4,841	–351	–234
Administrative expenses	–1,494	–1,311	–1,184	–1,079	–310	–232
Other operating income/expense	475	1,181	1,075	1,574	–600	–393
Operating profit	**2,841**	**1,240**	**2,474**	**920**	**367**	**320**
Share of profits and losses of equity-accounted investments	734	278	677	242	58	36
Other financial result	–951	–716	–1,005	–697	54	–18
Financial result	**–217**	**–437**	**–328**	**–455**	**111**	**18**
Profit before tax	**2,624**	**803**	**2,146**	**464**	**478**	**339**
Income tax expense	–800	–309	–685	–202	–116	–107
Profit after tax	**1,824**	**494**	**1,462**	**262**	**362**	**232**
Minority interests	150	–53	148	–52	3	–1
Profit attributable to shareholders of Volkswagen AG	**1,674**	**547**	**1,314**	**314**	**360**	**233**
Earnings per ordinary share (€)[2]	**3.83**	**1.34**				
Diluted earnings per ordinary share (€)[2]	**3.83**	**1.34**				
Earnings per preferred share (€)[2]	**3.89**	**1.40**				
Diluted earnings per preferred share (€)[2]	**3.89**	**1.40**				

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 The prior-year figures were adjusted. Explanatory notes on earnings per share are presented in note 4.

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

€ million	2010	2009
Profit after tax	**1,824**	**494**
Exchange differences on translating foreign operations:		
Fair value changes recognized in other comprehensive income	1,824	463
Transferred to profit or loss	–	58
Actuarial gains/losses	–1,331	–567
Cash flow hedges:		
Fair value changes recognized in other comprehensive income	–3,707	9
Transferred to profit or loss	–197	–552
Available-for-sale financial assets (marketable securities):		
Fair value changes recognized in other comprehensive income	–7	13
Transferred to profit or loss	4	93
Deferred taxes	1,526	267
Equity-accounted investments, net of tax	238	9
Other comprehensive income, net of tax	**–1,650**	**–208**
Total comprehensive income	**174**	**286**
of which attributable to		
shareholders of Volkswagen AG	–129	249
minority interests	303	37

CHANGE IN TAX EFFECTS RELATING TO OTHER COMPREHENSIVE INCOME

€ million	AMOUNT BEFORE TAXES	TAXES	AMOUNT AFTER TAXES	AMOUNT BEFORE TAXES	TAXES	AMOUNT AFTER TAXES
			2010			2009
Exchange differences on translating foreign operations:	1,824	–	1,824	520	–	520
Actuarial gains/losses	–1,331	391	–939	–567	162	–405
Cash flow hedges	–3,904	1,133	–2,771	–543	136	–407
Available-for-sale financial instruments (marketable securities)	–3	1	–2	106	–31	75
Equity-accounted investments, net of tax	238	–	238	9	–	9
Other comprehensive income	**–3,176**	**1,526**	**–1,650**	**–474**	**267**	**–208**

Income Statement for the Period April 1 to June 30

€ million	VOLKSWAGEN GROUP 2010	VOLKSWAGEN GROUP 2009	DIVISIONS AUTOMOTIVE[1] 2010	DIVISIONS AUTOMOTIVE[1] 2009	DIVISIONS FINANCIAL SERVICES 2010	DIVISIONS FINANCIAL SERVICES 2009
Sales revenue	**33,162**	**27,203**	**29,555**	**23,934**	**3,608**	**3,269**
Cost of sales	–27,304	–23,285	–24,517	–20,614	–2,787	–2,671
Gross profit	**5,859**	**3,919**	**5,038**	**3,320**	**820**	**598**
Distribution expenses	–3,387	–2,708	–3,202	–2,612	–185	–96
Administrative expenses	–794	–685	–624	–567	–170	–118
Other operating income/expense	315	402	580	627	–265	–225
Operating profit	**1,993**	**928**	**1,793**	**768**	**200**	**160**
Share of profits and losses of equity-accounted investments	530	207	495	180	35	27
Other financial result	–602	–384	–631	–366	29	–18
Financial result	**–72**	**–176**	**–136**	**–186**	**64**	**9**
Profit before tax	**1,922**	**751**	**1,657**	**582**	**265**	**169**
Income tax expense	–571	–501	–537	–441	–33	–60
Profit after tax	**1,351**	**251**	**1,120**	**141**	**231**	**109**
Minority interests	101	–32	98	–30	3	–3
Profit attributable to shareholders of Volkswagen AG	**1,251**	**283**	**1,022**	**171**	**228**	**112**
Earnings per ordinary share (€)[2]	**2.67**	**0.70**				
Diluted earnings per ordinary share (€)[2]	**2.67**	**0.70**				
Earnings per preferred share (€)[2]	**2.73**	**0.70**				
Diluted earnings per preferred share (€)[2]	**2.73**	**0.70**				

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 The prior-year figures were adjusted. Explanatory notes on earnings per share are presented in note 4.

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

€ million	2010	2009
Profit after tax	**1,351**	**251**
Exchange differences on translating foreign operations:		
Fair value changes recognized in other comprehensive income	848	383
Transferred to profit or loss	–	1
Actuarial gains/losses	–690	–544
Cash flow hedges:		
Fair value changes recognized in other comprehensive income	–2,934	385
Transferred to profit or loss	10	–375
Available-for-sale financial assets (marketable securities):		
Fair value changes recognized in other comprehensive income	–21	97
Transferred to profit or loss	2	47
Deferred taxes	1,053	101
Equity-accounted investments, net of tax	226	–17
Other comprehensive income, net of tax	**–1,506**	**77**
Total comprehensive income	**–155**	**328**
of which attributable to		
shareholders of Volkswagen AG	–302	293
minority interests	147	35

CHANGE IN TAX EFFECTS RELATING TO OTHER COMPREHENSIVE INCOME

€ million	AMOUNT BEFORE TAXES	TAXES	AMOUNT AFTER TAXES	AMOUNT BEFORE TAXES	TAXES	AMOUNT AFTER TAXES
			2010			2009
Exchange differences on translating foreign operations:	848	–	848	384	–	384
Actuarial gains/losses	–690	202	–488	–544	157	–388
Cash flow hedges	–2,924	846	–2,078	10	–16	–6
Available-for-sale financial instruments (marketable securities)	–19	5	–14	144	–40	104
Equity-accounted investments, net of tax	226	–	226	–17	–	–17
Other comprehensive income	**–2,559**	**1,053**	**–1,506**	**–24**	**101**	**77**

Balance Sheet as of June 30, 2010 and December 31, 2009

€ million	VOLKSWAGEN GROUP 2010	VOLKSWAGEN GROUP 2009	DIVISIONS AUTOMOTIVE[1] 2010	DIVISIONS AUTOMOTIVE[1] 2009	DIVISIONS FINANCIAL SERVICES 2010	DIVISIONS FINANCIAL SERVICES 2009
Assets						
Noncurrent assets	**108,425**	**99,402**	**57,318**	**52,411**	**51,107**	**46,992**
Intangible assets	12,864	12,907	12,756	12,790	108	117
Property, plant and equipment	24,727	24,444	24,322	24,064	405	380
Leasing and rental assets	11,713	10,288	285	324	11,428	9,964
Financial services receivables	35,476	33,174	–	–	35,476	33,174
Noncurrent investments and other financial assets[2]	23,646	18,589	19,956	15,233	3,691	3,356
Current assets	**84,535**	**77,776**	**49,309**	**44,296**	**35,226**	**33,480**
Inventories	16,385	14,124	15,243	13,375	1,142	749
Financial services receivables	28,826	27,403	–136	–161	28,963	27,564
Current receivables and other financial assets	14,368	12,381	11,281	9,193	3,087	3,188
Marketable securities	4,046	3,330	3,950	3,231	96	98
Cash and cash equivalents	20,909	20,539	18,970	18,658	1,938	1,881
Total assets	**192,960**	**177,178**	**106,627**	**96,707**	**86,333**	**80,471**
Equity and Liabilities						
Equity	**40,940**	**37,430**	**32,003**	**29,253**	**8,937**	**8,177**
Equity attributable to shareholders of Volkswagen AG	38,527	35,281	29,819	27,321	8,708	7,960
Minority interests	2,413	2,149	2,184	1,932	229	217
Noncurrent liabilities	**74,222**	**70,215**	**41,567**	**39,508**	**32,655**	**30,707**
Noncurrent financial liabilities	36,422	36,993	7,254	9,272	29,169	27,721
Provisions for pensions	15,338	13,936	15,178	13,793	161	142
Other noncurrent liabilities[3]	22,461	19,286	19,136	16,443	3,326	2,843
Current liabilities	**77,798**	**69,534**	**33,057**	**27,947**	**44,740**	**41,587**
Current financial liabilities	41,309	40,606	–179	2,156	41,488	38,450
Trade payables	12,644	10,225	11,814	9,734	829	491
Other current liabilities	23,845	18,703	21,422	16,057	2,423	2,645
Total equity and liabilities	**192,960**	**177,178**	**106,627**	**96,707**	**86,333**	**80,471**

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions, primarily intra-Group loans.
2 Including equity-accounted investments and deferred taxes.
3 Including deferred taxes.

Statement of Changes in Equity

			ACCUMULATED COMPREHENSIVE INCOME								
€ million	Subscribed capital	Capital reserves	Retained earnings	Currency translation reserve	Reserve for actuarial gains/losses	Cash flow hedge reserve	Fair value reserve for securities	Equity-accounted investments	Equity attributable to shareholders of VW AG	Minority interests	Total equity
Balance at Jan. 1, 2009	**1,024**	**5,351**	**31,522**	**−2,721**	**−672**	**1,138**	**−192**	**−439**	**35,011**	**2,377**	**37,388**
Capital increase	0	1	–	–	–	–	–	–	1	–	1
Dividend payment	–	–	−779	–	–	–	–	–	−779	−95	−874
Capital transactions involving a change in ownership interest	–	–	−76	–	–	–	–	–	−76	−316	−392
Total comprehensive income	–	–	547	483	−401	−463	75	9	249	37	286
Other changes	–	–	0	–	2	–	–	–	2	4	6
Balance at June 30, 2009	**1,024**	**5,352**	**31,214**	**−2,238**	**−1,072**	**675**	**−118**	**−430**	**34,409**	**2,007**	**36,415**
Balance at Jan. 1, 2010	**1,025**	**5,356**	**31,607**	**−1,881**	**−1,274**	**860**	**−1**	**−409**	**35,281**	**2,149**	**37,430**
Capital increase	166	3,968	–	–	–	–	–	–	4,134	–	4,134
Dividend payment	–	–	−754	–	–	–	–	–	−754	−43	−798
Capital transactions involving a change in ownership interest	–	–	–	–	–	–	–	–	–	0	0
Total comprehensive income	–	–	1,674	1,674	−934	−2,778	−2	238	−129	303	174
Other changes	–	–	−4	–	–	–	–	–	−4	4	0
Balance at June 30, 2010	**1,191**	**9,323**	**32,522**	**−207**	**−2,208**	**−1,919**	**−3**	**−172**	**38,527**	**2,413**	**40,940**

Cash Flow Statement for the Period January 1 to June 30[1]

€ million	VOLKSWAGEN GROUP 2010	VOLKSWAGEN GROUP 2009	DIVISIONS: AUTOMOTIVE[2] 2010	DIVISIONS: AUTOMOTIVE[2] 2009	DIVISIONS: FINANCIAL SERVICES 2010	DIVISIONS: FINANCIAL SERVICES 2009
Profit before tax	2,624	803	2,146	464	478	339
Income taxes paid	−522	−140	−408	−42	−114	−98
Depreciation and amortization expense	5,160	4,316	4,006	3,220	1,154	1,096
Change in pension provisions	51	68	51	65	1	3
Other noncash income/expense and reclassifications[3]	380	−137	201	−330	178	193
Gross cash flow	**7,694**	**4,909**	**5,997**	**3,376**	**1,698**	**1,533**
Change in working capital	**−1,031**	**2,016**	**1,267**	**3,037**	**−2,298**	**−1,021**
Change in inventories	−1,254	2,516	−1,023	2,297	−230	219
Change in receivables	−2,468	−417	−2,368	−189	−100	−227
Change in liabilities	3,296	801	3,023	559	273	242
Change in other provisions	1,784	388	1,698	375	86	13
Change in leasing and rental assets (excluding depreciation)	−1,557	−1,163	16	−14	−1,573	−1,149
Change in financial services receivables	−832	−110	−79	8	−753	−118
Cash flows from operating activities	**6,663**	**6,925**	**7,264**[4]	**6,413**[4]	**−601**	**512**
Cash flows from investing activities	**−4,576**	**−2,135**	**−4,518**	**−2,100**	**−59**	**−36**
of which: acquisition of property, plant and equipment	−1,970	−2,561	−1,919	−2,524	−51	−36
capitalized development costs	−846	−934	−846	−934	–	–
acquisition and disposal of equity investments	−1,920	1,279	−1,910	1,282	−11	−2
Net cash flow	**2,087**	**4,790**	**2,746**	**4,313**	**−659**	**476**
Change in investments in securities and loans	−2,020	1,052	−2,001	684	−18	368
Cash flows from financing activities	**−181**	**5,635**	**−859**	**4,881**	**677**	**754**
of which: capital increase by new preferred shares	4,098	–	4,098	–	–	–
Changes in cash and cash equivalents due to exchange rate changes	409	130	369	115	40	15
Net change in cash and cash equivalents	**295**	**11,607**	**255**	**9,994**	**40**	**1,613**
Cash and cash equivalents at June 30 (excluding time deposit investments)	**18,530**	**21,050**	**16,618**	**17,633**	**1,912**	**3,417**
Securities and loans (including time deposit investments)	9,587	6,826	7,958	5,270	1,629	1,557
Gross liquidity	**28,117**	**27,876**	**24,576**	**22,902**	**3,542**	**4,974**
Total third-party borrowings	−77,731	−77,123	−7,075	−10,594	−70,656	−66,529
Net liquidity at June 30	**−49,614**	**−49,247**	**17,501**	**12,308**	**−67,115**	**−61,555**
For information purposes: at January 1	−52,052	−52,237	10,636	8,039	−62,688	−60,276

1 The prior-year figures were adjusted. Further details are published in the notes to the consolidated financial statements in the 2009 Annual Report.
2 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
3 These relate mainly to 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 Before consolidation of intra-Group transactions €7,783 million (previous year: €6,820 million).

Notes to the 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 2009 in compliance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. This Half-Yearly Financial Report for the period ended June 30, 2010 was therefore also prepared in accordance with IAS 34.

All figures shown are rounded in accordance with standard business rounding principles, so minor discrepancies may arise from addition of these amounts.

In addition to the reportable segments, the Automotive and Financial Services divisions are presented for explanatory purposes alongside the income statement, balance sheet and cash flow statement for the Volkswagen Group.

This Half-Yearly Financial Report of the Group was reviewed by auditors in accordance with section 37w(5) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act).

Accounting policies

Volkswagen AG has complied with all the accounting pronouncements adopted by the EU and effective for periods beginning on or after January 1, 2010.

The revisions to IAS 27/IFRS 3 result in a change in the way future business combinations are presented. Changes in the interest held in existing consolidated subsidiaries that do not lead to a loss of control will continue to be recognized directly in equity.

The other accounting pronouncements required to be applied for the first time in fiscal year 2010 are insignificant for the presentation of the Volkswagen Group's net assets, financial position and results of operations. A detailed breakdown of these accounting pronouncements is provided in the notes to the consolidated financial statements in the 2009 Annual Report.

A discount rate of 4.8% (December 31, 2009: 5.4%) was applied to German pension provisions in the accompanying interim financial statements. The decrease in the discount rate increased actuarial losses for pension provisions that are recognized in other comprehensive income.

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 2009 consolidated financial statements are generally applied to the preparation of the Interim Report and the presentation of the prior-year comparatives. A detailed description of the methods applied is published in the notes to the consolidated financial statements in the 2009 Annual Report. This can also be accessed on the Internet at www.volkswagenag.com/ir.

Basis of consolidation

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

CONSOLIDATED SUBSIDIARIES

Several German and foreign companies that were not consolidated in the previous year were initially consolidated in the reporting period. The initial inclusion of these subsidiaries, either individually or collectively, did not have a significant effect on the presentation of the Company's situation.

INTERESTS IN JOINT VENTURES

In December 2009, Volkswagen AG acquired 49.9% of the shares of Porsche Zwischenholding GmbH, Stuttgart. Porsche Zwischenholding GmbH holds 100% of the shares of Dr. Ing. h.c. F. Porsche AG, Stuttgart. On the basis of the agreements under company law with Porsche Automobil Holding SE, Stuttgart, Volkswagen shares control of Porsche Zwischenholding GmbH and its direct and indirect subsidiaries. The shares of Porsche Zwischenholding GmbH are accounted for using the equity method. The precise allocation of the purchase price to that company's assets and liabilities is still only preliminary because of the ongoing analysis.

The Volkswagen Group holds a 50% indirect interest in the joint venture LeasePlan Corporation N.V., Amsterdam, the Netherlands, via its 50% stake in the joint venture Global Mobility Holding B.V., Amsterdam, the Netherlands. Volkswagen has agreed with Fleet Investments B.V., Amsterdam, the Netherlands, an investment company belonging to the von Metzler family, that Fleet Investments will become the new co-investor in Global Mobility Holding for an initial period of two years. On the basis of an agreement entered into in September 2009, the previous co-investors were instructed by Volkswagen AG to transfer their shares to Fleet Investments B.V. on February 1, 2010 for the same purchase price of €1.4 billion. Volkswagen AG granted the new co-investor a put option on its shares. If this option is exercised, Volkswagen must pay the original purchase price plus accumulated pro rata preferred dividends or the higher fair value. The put option is accounted for at fair value.

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

INVESTMENTS IN ASSOCIATES

Effective January 15, 2010, Volkswagen acquired 19.89% of the shares of Suzuki Motor Corporation, Tokyo, Japan, for €1.7 billion. Following the exercise of outstanding convertible bonds by other investors, Volkswagen’s interest in Suzuki fell to 19.37%. After acquiring additional shares, Volkswagen increased its interest to 19.89% as of June 30, 2010. The shares are measured using the equity method. Allocation of the purchase price to Suzuki’s assets and liabilities has only been preliminary so far.

Disclosures on the consolidated financial statements

1 | Sales revenue

STRUCTURE OF GROUP SALES REVENUE

€ million	Q1–2 2010	Q1–2 2009
Vehicles	46,335	38,149
Genuine parts	4,286	3,746
Other sales revenue	4,506	3,359
Rental and leasing business	4,119	3,520
Interest and similar income	2,563	2,429
	61,809	**51,202**

2 | Cost of sales

Cost of sales includes interest expenses of €1.2 billion (previous year: €1.5 billion) attributable to the financial services business.

In addition to depreciation and amortization expenses, cost of sales also includes impairment losses on intangible assets, items of property, plant and equipment, and leasing and rental assets. The impairment losses identified on the basis of updated impairment tests amount to a total of €0.7 billion (previous year: €0.3 billion).

3 | Research and development costs in the Automotive Division

€ million	Q1–2 2010	Q1–2 2009	%
Total research and development costs	3,084	3,055	0.9
of which capitalized development costs	846	934	–9.4
Capitalization ratio in %	27.4	30.6	
Amortization of capitalized development costs	1,253	788	59.0
Research and development costs recognized in the income statement	**3,491**	**2,910**	**20.0**

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. Earnings per share are diluted by potential shares. These include stock options, although these are only dilutive if they result in the issuance of shares at a value below the average market price of the shares. A potential dilutive effect only arose from the seventh tranche of the stock option plan in the reporting period.

As the new preferred shares issued in the first quarter of 2010 carry retrospective dividend rights from January 1, 2009 and their subscription price was below their fair value, the number of shares in the previous year was partially adjusted retrospectively. This also resulted in a retrospective adjustment of earnings per share for the first half of 2009.

		Q2		Q1–2	
		2010	2009	2010	2009
Weighted average number of shares outstanding					
Ordinary shares: basic	million	295.0	294.9	295.0	294.9
diluted	million	295.0	295.1	295.0	295.1
Preferred shares: basic*	million	170.1	107.7	139.4	107.7
diluted*	million	170.1	107.7	139.4	107.7
Profit after tax	€ million	1,351	251	1,824	494
Minority interests	€ million	101	–32	150	–53
Profit attributable to shareholders of Volkswagen AG	€ million	1,251	283	1,674	547
Earnings per share					
Ordinary shares: basic*	€	2.67	0.70	3.83	1.34
diluted*	€	2.67	0.70	3.83	1.34
Preferred shares: basic*	€	2.73	0.70	3.89	1.40
diluted*	€	2.73	0.70	3.89	1.40

* The prior-year figures were adjusted.

5 | Noncurrent assets

CHANGES IN SELECTED NONCURRENT ASSETS BETWEEN JANUARY 1 AND JUNE 30, 2010

€ million	Carrying amount at Jan. 1, 2010	Additions/ Changes in consolidated Group	Disposals/ Other changes	Depreciation and amortization	Carrying amount at June 30, 2010
Intangible assets	12,907	887	–491	1,421	12,864
Property, plant and equipment	24,444	1,942	–840	2,499	24,727
Leasing and rental assets	10,288	3,471	868	1,179	11,713

6 | Inventories

€ million	June 30, 2010	Dec. 31, 2009
Raw materials, consumables and supplies	2,330	2,030
Work in progress	1,671	1,590
Finished goods and purchased merchandise	9,718	8,842
Current leased assets	2,657	1,575
Payments on account	8	86
	16,385	**14,124**

7 | Current receivables and other financial assets

€ million	June 30, 2010	Dec. 31, 2009
Trade receivables	7,980	5,692
Miscellaneous other receivables and financial assets	6,388	6,689
	14,368	**12,381**

8 | Equity

In the first half of 2010, Volkswagen AG issued 64,904,498 new preferred shares (with a notional value of €0.2 billion) as part of a capital increase. The subscribed capital is thus composed of 295,015,297 ordinary shares and 170,142,778 preferred shares, and amounts to €1.2 billion (previous year: €1.0 billion). Volkswagen AG recorded a cash inflow of €3.0 billion in March – net of the placement costs – from the capital increase. There was an additional cash inflow of €1.1 billion in April. This figure, which corresponded to around 27% of the total volume of the placement, resulted from the exercise of preemptive rights, which were settled by the underwriting banks withholding a corresponding number of shares so that they could be made available to the shareholders. The capital reserves increased by €4.0 billion due to the premium received from the capital increase amounting to €4.1 billion less the net effect of the issue costs amounting to €0.1 billion.

Volkswagen AG paid a dividend of €754 million in the reporting period, of which €472 million is attributable to ordinary shares and €282 million to preferred shares.

9 | Noncurrent financial liabilities

€ million	June 30, 2010	Dec. 31, 2009
Bonds, commercial paper and notes	23,383	25,645
Liabilities to banks	7,741	6,864
Deposits from direct banking business	3,880	3,041
Other financial liabilities	1,419	1,442
	36,422	**36,993**

10 | Current financial liabilities

€ million	June 30, 2010	Dec. 31, 2009
Bonds, commercial paper and notes	19,644	18,397
Liabilities to banks	5,571	5,878
Deposits from direct banking business	14,931	15,268
Other financial liabilities	1,162	1,064
	41,309	**40,606**

11 | 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, cash-in-hand and call deposits.

€ million	June 30, 2010	June 30, 2009
Cash and cash equivalents as reported in the balance sheet	20,909	22,311
Time deposit investments	–2,379	–1,261
Cash and cash equivalents as reported in the cash flow statement	**18,530**	**21,050**

12 | Segment reporting

The segment reporting comprises the three reportable segments Passenger Cars and Light Commercial Vehicles, Scania and Volkswagen Financial Services.

The activities of the Passenger Cars and Light Commercial Vehicles segment cover the development of vehicles and engines, the production and sale of passenger cars and commercial vehicles, and the genuine parts business. The individual passenger car brands and light commercial vehicles of the Volkswagen Group are combined on a consolidated basis in this segment.

The Scania segment comprises in particular the development, production and sale of heavy commercial vehicles, the corresponding genuine parts business and the financial services offering.

The activities of the Volkswagen Financial Services segment comprise dealer and customer financing, leasing, banking and insurance activities, as well as fleet management for the Passenger Cars and Light Commercial Vehicles segment.

At Volkswagen, segment profit or loss is measured on the basis of operating profit or loss. The assets of the segments comprise all of the assets allocated to the individual activities.

The reconciliation contains activities that do not by definition form part of the segments. It also contains all of the unallocated Group financing activities. Consolidation adjustments between the segments (including the purchase price allocation for Scania and the holding company functions) are also contained in the reconciliation.

OPERATING SEGMENTS: Q1–2 2009

€ million	Passenger Cars and Light Commercial Vehicles	Scania	Volkswagen Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	41,776	3,122	5,744	50,642	561	51,202
Intersegment sales revenue	2,335	–	352	2,687	–2,687	–
Total sales revenue	44,111	3,122	6,096	53,329	–2,126	51,202
Segment profit or loss (operating profit or loss)	1,252	48	321	1,621	–381	1,240
Segment assets	84,553	9,202	76,818	170,573	3,995	174,568

OPERATING SEGMENTS: Q1–2 2010

€ million	Passenger Cars and Light Commercial Vehicles	Scania	Volkswagen Financial Services	Total segments	Reconciliation	Volkswagen Group
Sales revenue from external customers	50,119	3,915	6,459	60,493	1,316	61,809
Intersegment sales revenue	4,127	–	109	4,235	–4,235	–
Total sales revenue	54,246	3,915	6,567	64,728	–2,919	61,809
Segment profit or loss (operating profit or loss)	2,183	577	362	3,123	–282	2,841
Segment assets	95,845	10,006	82,373	188,225	4,735	192,960

RECONCILIATION

€ million	Q1–2 2010	2009
Segment profit or loss (operating profit or loss)	**3,123**	**1,621**
Unallocated activities	104	84
Group financing	1	7
Consolidation adjustments	–387	–473
Operating profit	**2,841**	**1,240**
Financial result	**–217**	**–437**
Profit before tax	**2,624**	**803**

13 | Related party disclosures

At 50.74%, Porsche Automobil Holding 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 Automobil Holding SE can no longer appoint the majority of the members of Volkswagen AG's Supervisory Board for as long as the State of Lower Saxony holds at least 15% of Volkswagen AG's ordinary shares. This resolution had not yet been entered in the commercial register by the end of the reporting period. However, Porsche Automobil Holding 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	
	Q1–2		Q1–2	
€ million	2010	2009	2010	2009
Porsche Automobil Holding SE	0	0	–	392
Unconsolidated subsidiaries of VW AG	857	681	481	326
Joint ventures[1]	3,077	1,301	282	176
Associates	71	1,334	95	88
Porsche[2]	1,987	1,933	83	154
State of Lower Saxony and majority interests	9	2	0	0

1 From Q1 2010 including Porsche Zwischenholding GmbH, Stuttgart, and its subsidiaries (supplies and services rendered in the reporting period: €414 million, supplies and services received: €53 million).
2 Includes in particular Porsche Holding Gesellschaft m. b. H., Salzburg/Austria, and its subsidiaries as well as Dr. Ing. h.c. F. Porsche AG, Stuttgart, and its subsidiaries for H1 2009.

	RECEIVABLES FROM		PAYABLES TO	
€ million	June 30, 2010	Dec. 31, 2009	June 30, 2010	Dec. 31, 2009
Porsche Automobil Holding SE	–	–	–	–
Unconsolidated subsidiaries of VW AG	606	653	295	303
Joint ventures	2,953	2,395	173	309
Associates	21	24	12	16
Porsche*	185	155	10	10
State of Lower Saxony and majority interests	0	1	0	0

* Of this amount, receivables totaling €98 million (previous year: €47 million) are collateralized by Porsche Holding Gesellschaft m. b. H., Salzburg/Austria.

Factoring finance of €0.2 billion extended to a subsidiary of Porsche Zwischenholding GmbH at arm's length conditions and collateral requirements was outstanding as of June 30, 2010; €38 million of this amount was granted in the reporting period.

In the reporting period, Porsche Corporate Finance GmbH Zurich branch, Salzburg, Austria, subscribed for seven commercial paper issues by Volkswagen AG, Volkswagen International Finance N.V., Amsterdam, the Netherlands, and Volkswagen Group Services S.A., Brussels, Belgium; these have a total volume of €0.1 billion and are guaranteed by Volkswagen AG.

14 | Contingent assets and liabilities

Contingent liabilities increased by €1.4 billion compared with the amount disclosed in the 2009 consolidated financial statements because of the pledge of certificates of deposit with Bankhaus Metzler to secure a loan granted to Fleet Investments B.V., Amsterdam, the Netherlands, by Bankhaus Metzler. Fleet Investment B.V. is the co-investor in Global Mobility Holding B.V., Amsterdam, the Netherlands, a joint venture of the Volkswagen Group.

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, as well as those by the Board of Management and Supervisory Board of AUDI AG, are permanently available on the Internet at www.volkswagenag.com/ir and www.audi.com respectively.

Significant events after the balance sheet date

Effective July 27, 2010, Automobili Lamborghini Holding S.p.A., Sant'Agata Bolognese, Italy, a subsidiary of AUDI AG, Ingolstadt, acquired an interest of 90.1% in Italdesign Giugiaro S.p.A., Turin, Italy, a renowned provider of design and automotive development services. The remaining shares of Italdesign Giugiaro S.p.A. will be retained by the Giugiaro family, who have owned the company to date. The acquisition of this interest does not materially affect the Volkswagen Group's net assets, financial position and results of operations.

Responsibility Statement

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

Wolfsburg, July 29, 2010

Volkswagen Aktiengesellschaft

The Board of Management

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

Review Report

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

Review Report

To VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg

We have reviewed the condensed consolidated interim financial statements – comprising the condensed income statement and condensed statement of comprehensive income, the condensed balance sheet, the condensed statement of changes in equity, the condensed cash flow statement and selected explanatory notes – and the interim Group management report of VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, for the period from January 1 to June 30, 2010, 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, 2010
PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Harald Kayser
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October 27, 2010
Interim Report January – September 2010

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