PORSCHE AUTOMOBIL HOLDING SE

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Six-monthly financial report as of 30 June 2011

Porsche Automobil Holding SE
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Significant events

Capital increase at Porsche SE

Porsche Automobil Holding SE ("Porsche SE" or "the company") performed its capital increase in return for cash contributions in the period between 27 March and 13 April 2011. The holders of ordinary shares exercised all their subscription rights for the new ordinary shares. The subscription rate for the new preference shares was 99.72 percent. The new preference shares that were not subscribed pursuant to the subscription offer were sold by the underwriters over the stock exchange. With the entry of the implementation of the capital increase in the commercial register of the Stuttgart district court on 13 April 2011, the company's share capital was increased by 131,250,000.00 euro from 175,000,000.00 euro to 306,250,000.00 euro through the issuance of 65,625,000 new ordinary shares (no-par-value shares) and 65,625,000 new preference shares (no-par-value shares), with each no-par-value share representing a notional share of one euro in the share capital. Since then, Porsche SE's subscribed capital has comprised 153,125,000 ordinary shares and 153,125,000 preference shares.

The new ordinary shares and the new preference shares are each entitled to dividends as of 1 August 2010. The new preference shares were admitted to stock exchange trading on 13 April 2011. A subscription price of 38.00 euro was set for each new ordinary or preference share. Taking into account transaction costs of 94 million euro, there were net issue proceeds of 4,894 million euro. The company used the proceeds to repay liabilities to banks.

The capital increase is part of the concept agreed upon in the basic agreement on the creation of an integrated automotive group ("basic agreement") consisting of Porsche and Volkswagen and is a further precondition for the planned merger of Porsche SE into Volkswagen Aktiengesellschaft, Wolfsburg ("Volkswagen AG") (we refer to our statements in the section "Implementation of the basic agreement on the creation of an integrated automotive group").

Implementation of the basic agreement on the creation of an integrated automotive group

Porsche SE intends to create an integrated automotive group together with Volkswagen AG and Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart, ("Porsche AG").

In recent months, significant transaction steps have been implemented on the way to an integrated automotive group.

For example, as part of the concept agreed upon in the basic agreement, the family shareholders of Porsche Familienholding GmbH, Salzburg (formerly: Porsche Holding Gesellschaft m.b.H., Salzburg), resolved on 10 November 2010 to exercise the put option to sell the operating business of Porsche Gesellschaft m.b.H., Salzburg, to Volkswagen; the operating business of Porsche Gesellschaft m.b.H., Salzburg, had previously been transferred to Porsche Holding GmbH, Salzburg (formerly: Porsche Automotive Gesellschaft m.b.H, Salzburg), an affiliate of Porsche Familienholding GmbH. Porsche Holding GmbH, Salzburg, was transferred on 1 March 2011 at a price of 3.3 billion euro.

According to the basic agreement, the final stage in the creation of the integrated automotive group will be the merger of Porsche SE into Volkswagen AG. In the event that the required merger resolutions have not been adopted by the annual general meetings of Porsche SE and Volkswagen AG by 31 December 2011 or, if adopted, that approval proceedings have been unsuccessful and filed claims continue to prevent the entry of the merger in the commercial register ("failure of the merger as defined by the basic agreement"), Porsche SE and Volkswagen AG have granted each other put and call options. These options relate to the remaining 50.1 percent shareholding in Porsche Zwischenholding GmbH that is held by a trustee on behalf of Porsche SE and can be exercised at defined times within the period from 15 November 2012 to 31 January 2015.

Porsche SE is preparing everything required for the planned merger. The Regional Court of Stuttgart has appointed Rölfs RP AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, as joint merger auditor. Extraordinary general meetings of Porsche SE and Volkswagen AG are planned for December. In particular, these should pass resolutions on the approval of the intended merger agreement.

However, there are still uncertainties with regard to the tax framework for the merger. In addition, the effects that the claims for damages brought against Porsche SE in the USA and by various fund companies and a private individual in Germany will have on the merger cannot be conclusively assessed given the current status of the proceedings. The Stuttgart public prosecutor announced on 22 February 2011 that the investigations against two former executive board members of Porsche SE and against employees of Porsche SE, inter alia because of allegations of manipulating the market in Volkswagen shares, would take longer than anticipated.

The outcome of the investigations is relevant for the valuation of damage claims raised against Porsche SE and based on alleged share price manipulation. This valuation must be made for purposes of the merger of Porsche SE into Volkswagen AG (for more information on this point, and on the status of the legal proceedings, please see the section “Litigation risks and legal disputes”). Since the end of the investigations can be expected at the earliest at the beginning of 2012, in the executive board's view, the probability that the merger can be achieved under the timeline of the basic agreement – in other words, that the merger as defined by the basic agreement will not fail – remains unchanged at 50 percent, as in the company's consolidated financial statements as of 31 December 2010.

In the view of the Porsche SE executive board, the overall probability of the merger decreases in case of substantial delays in the merger process compared to the timeline of the basic agreement. Nevertheless, the executive board of Porsche SE is currently of the opinion that the legal and tax assessments of the merger of Porsche SE into Volkswagen AG to be made under the basic agreement can be finalized so timely that the merger can be achieved even after 2011.

The probability of the failure of the merger as defined by the basic agreement, and thus the theoretical probability of exercise of the put and call options granted to each other by Porsche Automobil Holding SE and Volkswagen AG will change considerably depending on the progress of the merger process in the course of the remaining months of the fiscal year 2011. This will lead to an adjustment of the value of the put and call options, which will affect the profit/loss of the Porsche SE group (Porsche SE and its subsidiaries) significantly (for further information on this point, we refer to our statements in the section “Forecast report and outlook”).

Repayment of indebtedness

Porsche SE’s liabilities to banks, which still amounted to 7.0 billion euro as of 31 March 2011, were significantly reduced by the end of the reporting period, mainly as a result of the capital increase performed in April 2011. The issue proceeds were used to repay in full and ahead of schedule the first tranche of the syndicated loan totaling 2.5 billion euro, which was to fall due on 30 June 2011. Any proceeds exceeding this figure were used to further reduce liabilities to banks. As a result of the partial repayment of the syndicated loan, the as yet unutilized revolving credit line increased from 1.5 billion euro to 1.9 billion euro pursuant to the loan terms agreed with the banking syndicate, according to which the overall credit line may not exceed 8.5 billion euro. As of 30 June 2011, Porsche SE’s liabilities to banks, following additional repayment from available liquidity, still came to a nominal amount of 2.0 billion euro. The collateral for the remaining loan has been provided primarily by pledging all of Porsche SE’s shares in Volkswagen AG.

Annual general meeting of Porsche SE

Around 4,000 shareholders attended the annual general meeting of Porsche SE held on 17 June 2011 at the Porsche Arena in Stuttgart. The dividend approved for the short fiscal year 2010 is 50 cents per old and new preference share. For the fiscal year 2009/10, the dividend was 9.4 cents per ordinary share and 10 cents per preference share. The significant increase in the dividend distribution to the holders of preference shares was made possible by the ordinary shareholders stating that they would not participate in the dividend distribution for the short fiscal year 2010 and that the dividend should be distributed exclusively to the holders of preference shares.

In addition, a resolution was passed at this general meeting to cancel the authorization of the issue of convertible bonds, participation rights, participating bonds or a combination of these instruments which was resolved at the general meeting on 30 November 2010, as well as the existing contingent capital and the existing authorized capital. These authorizations provided for the event that the capital increase resolved by the annual general meeting could not be performed on time or completely. The cancelation of the contingent capital and authorized capital became effective with the corresponding amendment of the articles of incorporation on 20 July 2011.

Litigation risks and legal disputes

To the knowledge of Porsche SE – which is not a party to the investigations and therefore has only limited knowledge of the subject matter and status of investigations – the Stuttgart public prosecutor has initiated investigations against the former members of the executive board Dr. Wendelin Wiedeking and Holger P. Härter in connection with allegations of manipulating the market in Volkswagen shares. According to the public prosecutor, the allegations involve public statements made by representatives of Porsche SE and the failure to make certain required statements regarding the acquisition of the shareholding in Volkswagen AG between 2007 and 2009. In addition, the public prosecutor is investigating the two former members of the executive board in connection with allegations of breach of fiduciary duty to the detriment of Porsche SE. According to the public prosecutor, there is reason to suspect that the two former members of the executive board may have taken risks jeopardizing the company's ability to continue as a going concern by entering into share price hedging transactions in the course of acquiring the shareholding in Volkswagen AG. Furthermore, the public prosecutor has launched investigations against Holger P. Härter and two employees of Porsche SE on suspicion of obtaining credit by deception in connection with a loan that has already been repaid. The Stuttgart public prosecutor announced in February 2011 that the investigations would take longer than anticipated and are not expected to be concluded before the start of 2012 (we refer to our statements in the section "Implementation of the basic agreement on the creation of an integrated automotive group"). Porsche SE considers the allegations made to be without merit.

In 2010, 46 plaintiffs filed six actions for damages against Porsche SE in the United States District Court for the Southern District of New York. The plaintiffs alleged damages of more than 2.5 billion US dollars. In three of the six actions, the former members of the executive board Dr. Wendelin Wiedeking and Holger P. Härter are also named as defendants. Plaintiffs alleged in their complaints that, in connection with its acquisition of a stake in Volkswagen AG during the year 2008, Porsche SE issued false and misleading statements and engaged in market manipulation in violation of the US Securities Exchange Act as well as in common law fraud. Porsche SE considers the complaints to be without merit and filed a motion to dismiss. On 30 December 2010, the US court granted the motion to dismiss the complaints in their entirety. Thirty-two of the original 46 plaintiffs have appealed this decision with the United States Court of Appeals for the Second Circuit.

Moreover, on 18 February 2011, three of the plaintiffs, and on 15 March 2011 a further 23 of the plaintiffs, filed two actions in New York state court. In their complaints, they assert claims for common law fraud and unjust enrichment on the basis of allegations similar to those made in their complaints in the actions referred to above. The plaintiffs claim to have lost at least 1.4 billion US dollars. Porsche SE considers these actions to be legally insufficient and without merit.

In 2009 and 2010, institutional investors in Germany applied for conciliatory proceedings against Porsche SE with regard to the assertion of claims for damages on the basis of alleged breaches of statutory capital market regulations in connection with the acquisition of a shareholding in Volkswagen

AG. Various investors have filed further applications for conciliatory proceedings against Porsche SE based on the same claims; the company received these applications on 11 April 2011. The new applications are also directed against Volkswagen AG. All of the alleged claims relate to alleged lost profits, estimated by the investors to total approximately 2.98 billion euro. Porsche SE still considers the alleged claims to be without merit and has not taken part in the conciliatory proceedings.

In January 2011, a private investor filed a claim for damages against Porsche SE and another defendant in the amount of approximately three million euro. The plaintiff claims to have entered into options relating to shares in Volkswagen AG in 2008 on the basis of inaccurate information and the omission of information as well as market manipulation by Porsche SE and to have incurred losses from these options due to the share price development in 2008 in the amount claimed. The action was referred by the Regional Court of Stuttgart to the Regional Court of Braunschweig. Porsche SE considers the alleged claim to be without merit and will defend itself against it.

In 2010, the appointment of a special auditor was applied for before the Regional Court of Stuttgart. The application related to the examination of the management activities of the company's executive board and supervisory board in connection with hedging transactions relating to shares in Volkswagen AG that were aimed at creating the conditions to enable the company to purchase Volkswagen AG shares at economically secured conditions, if it later decided to purchase them, as well as payment agreements with, and severance payments to, former members of Porsche SE's executive board. All the applicants withdrew their applications in May 2011, thereby ending the proceedings.

The company believes that adequate provisions have been recognized for the anticipated attorneys' fees and litigation expenses arising from the above cases.

Significant events at the Porsche Zwischenholding GmbH group

At its meeting of 15 March 2011, the supervisory board of Porsche AG appointed Uwe-Karsten Städter to the executive board of Porsche AG, effective as of 1 April 2011. He took up the newly created procurement function. Before, procurement had been part of the finance and business administration function. Uwe-Karsten Städter had been head of group procurement for electrics/electronics at Volkswagen AG since 2007, after heading up group procurement for exteriors from 2002.

At its meeting of 15 March 2011, the supervisory board of Porsche AG also approved the executive board's decision to develop the Leipzig plant into a full-fledged production location, including body shell production and paint shop, for the production of the planned new model with the working title "Cajun".

To ensure its liquidity, in early June 2011 Porsche AG renegotiated a syndicated line of credit of up to 2.5 billion euro with a banking syndicate which falls due at the end of June 2013, or, if Porsche AG exercises a unilateral option to prolong it, at the end of June 2014 or the end of March 2015.

Significant events at the Volkswagen group

Mandatory offer for MAN SE published

On 9 May 2011, Volkswagen AG announced that its share of the voting rights in MAN SE, Munich, had exceeded the threshold of 30 percent and amounted to 30.47 percent. In accordance with German takeover law, on 31 May 2011 Volkswagen therefore issued a mandatory public offer to all external shareholders of MAN SE to purchase their shares of MAN SE. The offer price was 95.00 euro per ordinary share and 59.90 euro per preferred share; the acceptance period expired on 29 June 2011. Shareholders tendered 35,857,607 ordinary shares and 164,613 preferred shares to Volkswagen as a result of this offer. Once the required official approvals have been granted – some of which were outstanding at the reporting date – Volkswagen will hold a total of 55.90 percent of the voting rights or 53.71 percent of the share capital of MAN SE.

This means that Volkswagen has reached an important milestone on the way to creating an integrated commercial vehicle group and is closer to its goal of leveraging substantial synergies between MAN, Scania and Volkswagen in the interests of all its shareholders, employees and customers.

Volkswagen group expands its capacity

The Škoda brand will increase capacity at its plant in Mladá Boleslav by mid-2012. The ground-breaking ceremony for the construction work took place on 15 April 2011 during the celebrations to mark the Czech brand's 20 years as part of the Volkswagen group. Once construction is completed, the Škoda brand's main plant will produce a third series in addition to the Fabia and Octavia models. The Octavia assembly line's capacity will also be increased from the current 800 to 1,200 units per day. Škoda aims to sell at least 1.5 million vehicles per year by 2018, and the construction work in Mlada Boleslav is a key element of this growth strategy.

Volkswagen's Wolfsburg plant is also extending its production capacity. By fall 2011, daily manufacturing capacity for the Tiguan will be increased from the present 700 to 1,000 vehicle bodies to meet the continuing high demand for this popular SUV. The total investment will be around 56 million euro.

On 24 May 2011, the Volkswagen group took an important step towards achieving profitable growth in North America by opening its new plant in Chattanooga in the US state of Tennessee. More than 2,000 employees in Chattanooga will produce a Passat that is specially tailored to the needs of American customers. Capacity at the plant, in which Volkswagen has invested a total of approximately 1 billion US dollars, is 150,000 vehicles per year. State-of-the-art production technology and environmentally friendly measures such as rainwater treatment and the use of LED lighting make the location one of the world's most resource-friendly and sustainable automotive plants.

On 14 June 2011, Volkswagen and Russian automobile manufacturer GAZ signed an agreement to produce Volkswagen passenger cars and Škoda brand models on a contract basis at the GAZ plant in Nizhny Novgorod. To meet the fast growing demand in the Russian passenger car market, the factory aims to manufacture up to 110,000 Volkswagen Jetta, Škoda Octavia and Škoda Yeti vehicles per year in the future. These operations will start with the Škoda Yeti, production of which is due to begin at the end of 2012. In addition, capacity at the Volkswagen plant in Kaluga will be increased to take advantage of the trend on the Russian growth market.

In June, the Audi brand completed the expansion of the factory in Changchun, China. The assembly facility, which was only opened in 2009, has created new capacity to produce the Audi Q5 and the long wheelbase version of the Audi A4. Body construction and the paint shop were also extended, giving the location a current annual capacity of 300,000 vehicles.

The Chinese government has granted final approvals for the construction of two automobile factories at Yizheng and Foshan. The relevant declarations were signed in Berlin on 28 June 2011 after the first signatures for these projects were obtained in summer 2010. Volkswagen will build the plant in Yizheng, Eastern China, together with its partner Shanghai Volkswagen. The factory in Foshan, Southern China, will be constructed in cooperation with the FAW-Volkswagen joint venture. The two locations, which will each have an annual capacity of 300,000 vehicles, are scheduled to begin production in 2013.

Business development

Increase in sales at significant investments

Thanks to its highly attractive range of models, the Porsche Zwischenholding GmbH group (Porsche Zwischenholding GmbH and Porsche AG and its subsidiaries) benefited from high worldwide demand for premium vehicles in the first half of the fiscal year 2011, increasing sales by 26.3 percent compared to the first six months of 2010 to 56,272 vehicles. The greatest market success was the Cayenne sporty off-roader, sales of which rose by around 102 percent to 28,405 vehicles. Porsche sold 11,567 Gran Turismo Panamera vehicles in the first six months of 2011, a fall of 3.2 percent on the comparative prior-year period. Sales of the 911 model series fell during the reporting period for life cycle reasons, with sales down by 13.1 percent to 10,101 vehicles. The Boxster model series, including the Cayman models, recorded sales of 6,199 vehicles, a drop of 10.2 percent. Of these, 3,860 vehicles were Boxsters and 2,339 Caymans.

The Volkswagen group also increased its unit sales. 2,206,718 of the 4,133,330 vehicles sold around the globe in the period from 1 January to 30 June 2011 were from the Volkswagen passenger car brand (prior year: 1,940,138 out of a total of 3,566,121 vehicles sold). The Polo, Tiguan, Touareg, Jetta, Passat Variant and Sharan models accounted for the highest growth rates. The Audi brand achieved sales of 761,818 vehicles in the period from 1 January to 30 June 2011 (prior year: 660,458 vehicles). While demand for the Audi Q5 and Audi Q7 models was particularly high in this period, the new Audi A1, the Audi A5 Sportback and the Audi A8 were also well received by customers. Audi's sales figures include the numbers for the Lamborghini brand. The Škoda brand sold 361,873 vehicles between 1 January and 30 June 2011, compared to 298,234 vehicles in the comparative period. Unit sales of all of the brand's model series exceeded the respective prior-year figure. 187,957 SEAT vehicles were sold during the reporting period, compared to 186,042 in the prior year. The new Ibiza ST and Alhambra were well received in the market.

Volkswagen commercial vehicles sold 217,843 vehicles in the first half of the year after 159,141 vehicles in the prior year. The sales figures for Scania were 40,300 vehicles in the reporting period, compared to 28,321 in the prior year.

Regional differences

The Porsche Zwischenholding GmbH group increased its sales in all significant sales regions in the first six months of the fiscal year 2011. However, there were marked differences in growth rates across the regions. Sales rose most sharply in China, which saw 47.1 percent year-on-year growth to 11,712 vehicles. In the German market, Porsche achieved an increase of 0.9 percent to 6,734 units. The overall increase in the Asia/rest of the world region was 43.7 percent to 20,400 vehicles, and in Europe 10.5 percent to 18,853 vehicles. In America, the Porsche Zwischenholding GmbH group achieved growth of 27.9 percent to 17,019 vehicles. North America alone accounted for 15,466 units, up 25.1 percent on the comparative prior-year period.

The Volkswagen group sold 2,081,120 vehicles in the period from 1 January to 30 June 2011 in the Europe/other markets region (prior year: 1,857,918 vehicles). 317,030 units were sold in North America (prior year: 265,060 vehicles). In the South American markets, Volkswagen sold a total of 460,773 vehicles in the reporting period (prior year: 427,394 vehicles). The Volkswagen group's unit sales in markets in the Asia-Pacific region (including the Chinese joint ventures) amounted to 1,274,407 units, after 1,015,749 vehicles in the comparative prior-year period.

Production expanded

In the reporting period, 64,951 vehicles were produced in the Porsche Zwischenholding GmbH group, an increase of 45.8 percent in comparison to the comparative prior-year period. In Leipzig, 31,661 units of the Cayenne series were built in the first six months of 2011, 144 percent more than in the prior year. 13,933 Panamera vehicles were produced, up 1.2 percent on the first six months of 2010. At the plant in Zuffenhausen, a 1.6 percent increase in production of the 911 model series resulted in 11,280 units being produced. Production of the Boxster series (including the Cayman models) increased 20.6 percent to 8,077 units. Of these, 5,380 vehicles were Boxsters and 2,697 Caymans. 2,015 units were built in Finland.

The Volkswagen group produced 4,184,350 vehicles over the period from 1 January to 30 June 2011, after producing 3,586,070 vehicles in the period from 1 January to 30 June 2010. At the end of the first half of 2011, global inventories held by group companies and the dealer organization were up on the levels recorded at the end of 2010 and as of 30 June 2010.

New jobs

As of 30 June 2011, the Porsche SE group had 32 employees (31 December 2010: 36 employees).

As of 30 June 2010, the headcount at the Porsche Zwischenholding GmbH group of 13,908 employees was up 5.7 percent on the figure seen as of 31 December 2010. In Germany, the Porsche Zwischenholding GmbH group employed 11,933 as of 30 June 2011. This means that Germany accounts for 85.8 percent of the total workforce.

The Volkswagen group employed 435,279 people as of 30 June 2011. This was 9.0 percent more than as of 31 December 2010 (399,381). Besides the development of new production facilities and the expanded production volume in Germany and abroad, this increase can be attributed primarily to the acquisition of the trading business of Porsche Holding Salzburg on 1 March 2011. The number of people employed in Germany was 186,656; this is equivalent to 42.9 percent of the total headcount.

Related parties

With regard to significant transactions with related parties, reference is made to the note [17] of these interim condensed consolidated financial statements.

New launches by the Porsche Zwischenholding GmbH group

The reporting period saw the world premiere of the new Panamera S Hybrid*. The parallel full hybrid model was the focus for Porsche at the Geneva International Motor show in March 2011. With fuel consumption of just 6.8 liters per 100 km in the best-case scenario (according to the NEDC (New European Driving Cycle), which is equivalent to CO_2 emissions of 159 g/km, the new Gran Turismo is the most economical Porsche of all time. Panamera S Hybrid achieved these figures with the optional all-season low-rolling-resistance tires from Michelin.

The vehicle is powered by a three-liter supercharged V6 engine delivering 333 horsepower (245 kW), which is supported by a 47-horsepower (34 kW) electric motor. Both machines are capable of powering the Panamera S Hybrid either alone or in combination. The electric motor is connected to a nickel metal hydride battery that stores the electrical energy recovered from braking and driving. Depending on driving conditions, speeds of up to 85 km/h can be reached in electric drive alone. Its top speed is 270 km/h. The market launch was in June 2011.

The Panamera Turbo S* has also been on sale since June 2011. The new top-of-the-range model, with a twin-turbocharged 4.8 liter V8 engine delivering 550 horsepower (404 kW) and enabling a top speed of 306 km/h, has moderate fuel consumption of 11.5 liters per 100 kilometers. With rolling resistance-optimized tires, this figure drops to 11.3 liters. The ten-percent increase in power compared to the Panamera is due to an improved turbocharger with titanium/aluminum turbine wheels and a modified engine control system.

* Fuel consumption and emission data can be found on page 10 of this report.

The third new Panamera model is the Panamera Diesel*. The vehicle is an ideal Gran Turismo, with a range of over 1,200 kilometers from an 80-liter tank, and fuel consumption of just 6.3 liters of diesel per 100 kilometers with the optional low-friction tires. This is equivalent to CO_2 emissions of 167 g/km. The smooth-running 250-horsepower (184-kW) three-liter V6 engine represents the state of the art in diesel technology. Auto start/stop functionality is included as standard. The Panamera with the lettering “diesel” on its front doors will go on sale in August 2011.

Porsche has broadened the top end of the Carrera range and has introduced the all-wheel-drive 911 Carrera 4 GTS* coupé and convertible models. The models are powered by the 3.8 liter six-cylinder engine of the Carrera S, with a power upgrade of 23 horsepower to 408 horsepower (300 kW). All-wheel drive delivers even greater driving stability and agile handling. The 911 Carrera 4 GTS coupé and convertible have been on sale since July 2011.

The 911 GT3 RS 4.0* was limited to 600 vehicles. The 500 horsepower (368 kW) four-liter engine enables it to reach 100 km/h in 3.9 seconds from a standing start. The market launch of the 911 GT3 RS 4.0 with its wide track, low vehicle position, large rear wing and central twin tailpipe kicked off in July 2011.

New launches by the Volkswagen group

Together with its Chinese joint ventures, Volkswagen unveiled the world premieres of impressive new models at Auto China in Shanghai. The first of these was the successor to a motoring icon: the New Beetle. Dynamic proportions, sporty design and state-of-the-art communication technology help the New Beetle write the next chapter in an automotive success story. Its most striking features compared with its predecessor are an extended bonnet, a set-back windshield and larger wheelbase. The longer roof also gives the vehicle an improved feeling of space inside. The New Beetle was unveiled almost simultaneously at the MTV World Stage concerts in New York and Berlin. Another premiere in Shanghai was the new Passat for the Chinese market. This vehicle, which will initially be offered with 1.8 liter and 2.0 liter TSI engines, is a key element of Volkswagen’s growth strategy in China and is designed to give a new face to the country’s mid-range segment. Alongside its automobile presentations, Volkswagen’s emission-free e-Scooter concept caused a stir. Combined with an innovative rental concept, the e-Scooter is an environmentally friendly mobility solution that offers flexibility, fun and sustainability when getting around today’s megacities.

The debut of the new Audi Q3, which marks Audi’s entry into the compact SUV segment, was the highlight of the brand’s appearance in Shanghai. Its coupé-esque lines give the youngest member of the Q family a sporty and progressive design. The Q3’s range of powerful, efficient TDI and TFSI engines and its seven-speed S tronic gearbox ensure maximum driving pleasure. The redesigned Q steering wheel – now available in all Q series models – and the folding front passenger seat are brand new interior features. Audi also demonstrated its technological expertise with the Audi A3 e-tron concept. This four-seater notchback saloon has a plug-in hybrid drive, and its lithium-ion batteries give the vehicle a range of 50 kilometers when powered solely by electricity. An optimized MMI (Multi Media Interface) operating system and a high-end infotainment package round off this innovative vehicle concept.

SEAT celebrated a special premiere in Shanghai. The brand’s appearance marked its debut at Auto China and enabled it to present the Ibiza and Leon models. The Chinese passenger car market is an opportunity for SEAT to continue its international expansion. The Spanish brand’s first step will be to increase awareness among potential Chinese customers.

* Fuel consumption and emission data can be found on page 10 of this report.

Consumption and emissions

Model	Output kW (hp)	Fuel consumption urban (l/100km)	Fuel consumption extra-urban (l/100km)	Fuel consumption combined (l/100km)	CO_2 emissions combined (g/km)
Porsche Panamera S Hybrid*	279 (380)	7.4	6.6	6.8	159
Porsche Panamera S Hybrid	279 (380)	7.6	6.8	7.1	167
Porsche Panamera Turbo S*	404 (550)	16.7	8.3	11.3	265
Porsche Panamera Turbo S	404 (550)	17.0	8.4	11.5	270
Porsche Panamera Diesel*	184 (250)	7.8	5.5	6.3	167
Porsche Panamera Diesel	184 (250)	8.1	5.6	6.5	172
Porsche 911 Carrera 4 GTS	300 (408)	16.5	7.9	11.0	259
Porsche 911 Carrera 4 GTS PDK	300 (408)	15.8	7.5	10.5	247
Porsche 911 Carrera 4 GTS convertible	300 (408)	16.8	8.0	11.2	263
Porsche 911 Carrera 4 GTS convertible PDK	300 (408)	16.1	7.7	10.7	251
Porsche 911 GT3 RS 4.0	368 (500)	20.4	9.9	13.8	326

* optional low-rolling-resistance tires

Net assets, financial position and results of operations

Porsche SE functions as a holding company for its investments in the operating companies Porsche Zwischenholding GmbH and Volkswagen AG. After the change of the fiscal year at Porsche SE in 2010, the fiscal year runs concurrently with the calendar year.

Net assets

The total assets of the Porsche SE group stood at 31,185 million euro as of 31 December 2010, which is an increase of 1,519 million euro compared to the figure as of 31 December 2010 (29,666 million euro).

The non-current assets of the Porsche SE group totaling 30,438 million euro (31 December 2010: 28,733 million euro) essentially pertain to the shares in Porsche Zwischenholding GmbH and Volkswagen AG accounted for at equity. The carrying amount of the investment in Volkswagen AG accounted for at equity increased by a total of 1,681 million euro to 22,390 million euro, while the carrying amount of the investment in Porsche Zwischenholding GmbH accounted for at equity rose by a total of 327 million euro to 3,876 million euro. The increase in the at equity carrying amounts is primarily attributable to the positive business development of both investments. Other non-current receivables and assets as of the end of the reporting period of 4,172 million euro (31 December 2010: 4,475 million euro) relate primarily to non-current other receivables from loans granted to Porsche Zwischenholding GmbH and Porsche AG. In addition, the other non-current receivables and assets contain a positive fair value totaling 156 million euro (31 December 2010: 459 million euro) for the put option Porsche SE received from Volkswagen under the basic agreement for the remaining shares that it holds in Porsche Zwischenholding GmbH.

Non-current assets expressed as a percentage of total assets increased from 96.9 percent as of 31 December 2010 to 97.6 percent as of 30 June 2011.

Current assets decreased by 186 million euro in comparison to 31 December 2010 to 747 million euro. This figure mainly contains cash and cash equivalents of Porsche SE and its subsidiaries as well as income tax receivables that primarily relate to reimbursement claims for tax on investment income from dividends received. As a percentage of total assets, current assets fell from 3.1 percent as of 31 December 2010 to 2.4 percent as of 30 June 2011.

As of 30 June 2011, the equity of the Porsche SE group increased, mostly on account of the capital increase performed in April 2011, to 22,660 million euro (as of 31 December 2010: 17,214 million euro). The equity ratio (taking hybrid capital into account) increased from 58.0 percent in the prior year to 72.7 percent as of 30 June 2011 set against a slight rise in total assets.

Provisions decreased from 247 million euro at the end of the short fiscal year 2010 to 217 million euro as of 30 June 2011.

Financial liabilities decreased compared to 31 December 2010 by a total of 4,972 million euro to 5,872 million euro as of the reporting date. This decrease is attributable to the partial repayment of the liabilities to banks presented in current financial liabilities totaling 5,000 million euro, which was undertaken using the issue proceeds from the capital increase performed in April 2011 as well as using other available liquidity. As on 31 December 2010, the non-current financial liabilities pertain to liabilities to companies belonging to the Porsche Zwischenholding GmbH group of 3,880 million euro. Other liabilities increased from 1,093 million euro at the end of the prior fiscal year to 2,429 million euro as of 30 June 2011. Non-current other liabilities contain a negative fair value of 2,276 million euro (31 December 2010: 942 million euro) for Volkswagen AG's call option pursuant to the basic agreement for the remaining shares held by Porsche SE in Porsche Zwischenholding GmbH.

Financial position

Cash flow from operating activities came to 57 million euro in the first half of the fiscal year 2011 (first half of 2010: 137 million euro). This positive cash flow is essentially attributable to dividends received from the investments in Porsche Zwischenholding GmbH of 57 million year (first half of 2010: 64 million euro) and in Volkswagen AG of 243 million euro (first half of 2010: 176 million euro) as well as income tax refunds of 161 million euro (first half of 2010: 23 million euro). These effects were counterbalanced in particular by income tax payments of 235 million euro (first half of 2010: 59 million euro). Interest paid in the first six months of the fiscal year 2011 came to 210 million euro (first half of 2010: 225 million euro); interest received came to 94 million euro (first half of 2010: 92 million euro). The non-cash income and expenses mainly contain the profit contributions from investments accounted for at equity as well as changes in the value of the options for the remaining 50.1 percent of shares in Porsche Zwischenholding GmbH.

There was a cash inflow from investing activities of 116 million euro in the first six months of the fiscal year 2011, compared to a cash outflow of 20 million euro in the comparative period. The cash inflow from investing activities in the reporting year pertain to the change in time deposits with an original term of more than three months.

Cash outflows used in financing activities came to 19 million euro in the comparative period and to 184 million euro in the first half of 2011. The cash flow from financing activities in the reporting period contains in particular the gross issue proceeds of 4,988 million euro from the capital increase performed in April 2011, excluding related transaction costs of 94 million euro invoiced by 30 June 2011, of which 10 million euro was already paid out in the short fiscal year 2010. In addition, the cash flow from financing activities includes the payments from the repayment of liabilities to banks of 5,000 million euro as well as the dividend payments to the shareholders of Porsche SE and its hybrid capital investors.

Compared to 31 December 2010, cash funds fell by 11 million euro to 395 million euro.

Gross liquidity, i.e., cash and cash equivalents, fell from 622 million euro as of 31 December 2010 to 495 million euro.

The net liquidity of the Porsche SE group, i.e., cash and cash equivalents less liabilities to banks, came to minus 1,497 million euro as of 30 June 2011 (31 December 2010: minus 6,342 million euro).

Results of operations

In the first half of 2011, the Porsche SE group achieved a profit after tax of 149 million euro, following a loss of 1,623 million euro in the comparative prior-year period.

Other operating income decreased in the period from 1 January 2011 to 30 June 2011 from 169 million euro to 10 million euro in comparison to the corresponding prior-year period and in particular contains income from the reversal of provisions in the first half of the fiscal year 2011. In the comparative period, other operating income still comprised income from stock price hedging as well as income from the valuation of the put option for the remaining shares held by Porsche SE in Porsche Zwischenholding GmbH at fair value.

As in the comparative prior-year period, personnel expenses of the Porsche SE group come to 7 million euro.

Other operating expenses increased from 292 million euro to 1,650 million euro. In the first half of 2011, they mainly contain the effect from the valuation of the put and call options for the shares in Porsche Zwischenholding GmbH remaining with Porsche SE at a fair value totaling minus 1,637 million euro. The change in the value of the options is attributable to updated assumptions underlying their valuations. In particular, an update of the business planning of Porsche Zwischenholding GmbH in light of the improved overall economic and industry outlook, and the inclusion of an additional model series in the sporty offroader segment (under the working title "Cajun") in the planning resulted in an increase in the enterprise value. The counterbalancing effect resulting from the increase in the general interest level only partially compensated for these developments. The probability of a merger with Volkswagen AG within the timeframe provided for in the basic agreement is assessed at 50 percent and remains unchanged compared to 31 December 2010.

Profit/loss from investments accounted for at equity comes to 1,926 million euro (first half of 2010: minus 1,175 million euro). An amount of 202 million euro thereof stems from the Porsche Zwischenholding GmbH group (first half of 2010: minus 18 million euro) and 1,724 million euro from the Volkswagen group (first half of 2010: minus 1,157 million euro). The profit/loss from investments accounted for at equity in the comparative period was negatively influenced in particular by the dilutive effect of 1,440 million euro arising from the capital increase performed at Volkswagen AG in March 2010, in which Porsche SE did not participate. The contributions to profit also include effects of amortization of the purchase price allocations performed at the time of inclusion of Porsche Zwischenholding GmbH as a joint venture and Volkswagen AG as an associate. The profit/loss from investments accounted for at equity – and therefore the Porsche SE group's profit after tax – was reduced by some 247 million euro in total (first half of 2010: 495 million euro) by the effects of the subsequent measurement of the purchase price allocations for the Porsche Zwischenholding GmbH and Volkswagen groups, i.e., the amortization of hidden reserves and burdens identified in the process.

In the reporting period, the financial result improved from minus 206 million euro to minus 129 million euro. On the one hand, this is attributable to lower interest payments to banks, which resulted from the reduction of the average level of liabilities to banks in the reporting period compared to the comparative prior-year period. On the other hand, the financial result of the prior-year period was still negatively influenced by expenses from interest on deferred payments for tax liabilities.

The profit before tax totals 150 million euro (first half of 2010: minus 1,511 million euro). The tax expense in the first half of 2011 was 1 million euro compared to 112 million euro in the comparative period. In the comparative period, the revaluation of deferred tax assets with regard to the possibility of using tax loss carryforwards resulted in a deferred tax expense of 111 million euro.

Profit after tax of the Porsche SE group amounted to 149 million euro in the first half of the fiscal year 2010 (first half of 2010: loss of 1,623 million euro).

Operating result of significant equity investments

The following statements relate to the ongoing operating business of the Porsche Zwischenholding GmbH group, which comprises Porsche AG and its subsidiaries (Porsche AG group), and of the Volkswagen group. Effects from inclusion in the consolidated financial statements of Porsche SE, i.e., particularly relating to amortization of the hidden reserves and liabilities identified in the course of the purchase price allocations are not taken into consideration.

The Porsche Zwischenholding GmbH group sold 56,272 vehicles in the first half of 2011. Revenue came to 5,224 million euro. The operating result of the Porsche Zwischenholding GmbH group for the first six months of the current fiscal year 2011 comes to 1,070 billion euro. The Porsche Zwischenholding GmbH group reports a healthy double-digit return on sales.

The Volkswagen group sold 4,133,330 vehicles in the period from 1 January to 30 June 2011. With revenue of 77,767 million euro, the operating result came to 6,086 million euro in that period.

Opportunities and risks of future development

Opportunities and risks at Porsche SE

In addition to the details of the capital increase and repayment of indebtedness, the current status of the legal proceedings in the section “Significant events” of this six-monthly financial report, and the special effects to be expected from the adjustment through profit or loss of the valuation of the put and call options for the remaining shares held by Porsche SE in Porsche Zwischenholding GmbH in the section “Forecast report and outlook", the risk report of the Porsche SE group in the annual report of Porsche SE for the short fiscal year 2010 must now be updated with regard to liquidity risks as follows:

Following the repayment in full of the first and the partial repayment of the second tranche of the syndicated loan, Porsche SE has a total loan facility of 3.9 billion euro, of which 2.0 billion euro has currently been drawn. The still outstanding part of the second tranche of the syndicated loan amounting to 2.0 billion euro and the currently undrawn revolving loan of 1.9 billion euro fall due for payment on 31 December 2011. The company can, under certain circumstances, request that the maturity date be postponed until 31 December 2012.

The cash and cash equivalents of the Porsche SE group totaled 0.5 billion euro as of 30 June 2011. In principle, Porsche SE additionally has at its disposal the aforementioned, currently undrawn, line of credit of 1.9 billion euro. Taking into account the option to extend the syndicated loan, this means that the liquidity of the Porsche SE group is ensured until 31 December 2012, even in the event of the failure of the merger.

Opportunities and risks in the Porsche Zwischenholding GmbH group

The following comments must now be added to the risk report of the Porsche Zwischenholding GmbH group in the annual report of Porsche SE for the short fiscal year 2010:

With regard to the natural disasters in Japan and their potential consequences, at the time of this six-monthly report Porsche Zwischenholding GmbH group expects that, while individual effects cannot be ruled out, the resulting effects for the group remain limited.

To ensure its liquidity, in early June 2011 Porsche AG renegotiated a syndicated line of credit of up to 2.5 billion euro with a banking syndicate which falls due at the end of June 2013 or, if Porsche AG exercises a unilateral option to prolong it, at the end of June 2014 or the end of March 2015.

Opportunities and risks in the Volkswagen group

There were no significant changes to the opportunity position of the Volkswagen group compared with the information contained in the forecast report in the annual report of Porsche SE for the short fiscal year 2010. The natural disasters in Japan and their potential consequences can now be assessed with a greater degree of certainty. Volkswagen therefore believes that the overall impact of these events will remain limited, although specific effects cannot be ruled out.

Subsequent events

On 27 July 2011, Porsche Financial Services GmbH, a wholly owned subsidiary of Porsche AG, successfully placed a debenture bond for 500 million euro in the euro capital market. The debenture bond is guaranteed by Porsche AG and Porsche Zwischenholding GmbH. The debenture bond replaces existing loans. The more favorable renegotiated terms and the higher lending volume ensure the long-term growth of the financial services business.

The Volkswagen group's intended cooperation with Suzuki is developing more slowly than expected and is currently not being implemented with the desired intensity. After the reporting date, Volkswagen entered into a valuation of the partnership which has not yet been completed.

Forecast report and outlook

Anticipated development of significant investments

The Porsche Zwischenholding GmbH group expects that sales and revenue will continue to grow in the fiscal year 2011 in comparison to the calendar year 2010. This growth is likely to be driven by continued high demand for Porsche vehicles in China and other emerging markets. Moreover, the Porsche Zwischenholding GmbH group expects its attractive product range to fuel further growth in demand in the main markets of Europe and North America.

In the current fiscal year 2011, this development and the strong competitiveness of the Porsche Zwischenholding GmbH group and the Porsche brand should have a positive impact on revenue and on income from ordinary activities, as well as on cash flow from operating activities. In addition, the group aims to increase sales and revenue for the coming two years and to maintain the double-digit return on sales.

The Volkswagen group's key competitive advantages are its unique brand portfolio and its continually growing presence in all key regions of the world. Thanks to the group's expertise in technology and design, it has a diverse, attractive and environmentally friendly range of products that meets all customer desires and needs. In addition, the modular toolkit system, which Volkswagen is continually optimizing, will have an increasingly positive effect on the group's cost structure. In the second half of 2011, the Volkswagen group's nine brands will once again introduce a large number of fascinating new models to the market, thus further expanding the group's strong position in the global markets. Volkswagen therefore expects its full-year deliveries to customers to increase as against the previous year.

The Volkswagen group expects its sales revenue and operating profit in 2011 to be significantly higher than in the previous year. However, the continuing volatility in interest and exchange rates and commodities prices will weaken the positive volume effect. Disciplined cost and investment management and the continuous optimization of processes remain core components of the Volkswagen group's “Strategy 2018”.

Anticipated development of the Porsche SE group

The Porsche SE group's profit/loss is largely dependent on the results of operations and the profit/loss attributable to Porsche SE from the significant investments in Porsche Zwischenholding GmbH and Volkswagen AG, which are accounted for at equity, apart from reflecting special effects.

In view of the positive expectations of its significant investments regarding future developments, Porsche SE continues to expect the profit/loss attributable to it from investments accounted for at equity to develop positively in 2011. The profit/loss attributable to it from investments accounted for at equity will, however, continue to include the effects resulting from amortization of the purchase price allocations performed at the time of inclusion of Porsche Zwischenholding GmbH as a joint venture and Volkswagen AG as an associate. After the partial repayment of the existing syndicated loan, the associated interest expenses have fallen considerably. In addition, special effects will have a major impact on the consolidated profit/loss of Porsche SE in the fiscal year 2011.

These special effects can arise in particular from an adjustment through profit or loss of the valuation of the put and call options for the remaining shares held by Porsche SE in Porsche Zwischenholding GmbH. At the time of publishing this interim group management report, it is not possible to conclusively assess the amount of such an adjustment. The factors underlying the valuation are not wholly within the control of Porsche SE and may change over time. This concerns above all the probability that the merger as defined by the basic agreement will fail, i.e., the theoretical probability of the exercise of the options (we refer to our explanations in the section “Implementation of the basic agreement on the creation of an integrated automotive group" under "Significant events" in this interim group management report), as well as the actual enterprise value of Porsche Zwischenholding GmbH, which in turn depends to a large extent on the underlying planning and the cost of capital derived as of the respective valuation date.

An update of the business planning of Porsche Zwischenholding GmbH, in light of the improved overall economic and industry outlook, and the inclusion of an additional model series in the sporty offroader segment (under the working title "Cajun") in the planning resulted in an increase in the enterprise value in the first six months of the fiscal year 2011 and thus in an adjustment in the valuation of the put and call options that reduces the profit for the year. On the other hand, the increase in the general interest level only partially compensated for these developments.

If the enterprise value of Porsche Zwischenholding GmbH were to fall in the future, this would, in turn, have a positive impact on the net valuation result from the point of view of Porsche SE. An increase in the capital costs within the scope of the determination of the enterprise value could positively influence the net valuation result in the future; a decrease in the capital costs would negatively affect the net valuation result. If a high probability of a merger as defined by the basic agreement can be assumed at the end of 2011, the theoretical probability of the exercise of the options used in the valuation of the put and call options would fall considerably. Overall, this adjustment would have a strong positive effect on the profit/loss of the Porsche SE group. By contrast, if the merger as defined by the basic agreement were to fail and the theoretical probability of the exercise of the options were to increase to 100 percent, this would lead to an adjustment of the valuation of the put and call options which would have a strong negative impact on the profit/loss of the Porsche SE group. In this case, there would be effects on profit/loss from the valuation of the put and call options which could overall lead to a net loss at group level.

Porsche SE is preparing everything required for the planned merger. The Regional Court of Stuttgart has appointed Rölfs RP AG Wirtschaftsprüfungsgesellschaft, Düsseldorf, as joint merger auditor. Extraordinary general meetings of Porsche SE and Volkswagen AG are planned for December. In particular, these should pass resolutions on the approval of the intended merger agreement.

However, there are still uncertainties with regard to the tax framework for the merger. In addition, the effects that the claims for damages brought against Porsche SE in the USA and by various fund companies and a private individual in Germany will have on the merger cannot be conclusively assessed given the current status of the proceedings. The Stuttgart public prosecutor announced on 22 February 2011 that the investigations against two former executive board members of Porsche SE, inter alia because of allegations of manipulating the market in Volkswagen shares, would take longer than anticipated. The outcome of the investigations is relevant for the valuation, for purposes of the merger of Porsche SE into Volkswagen AG, of the damage claims raised against Porsche SE based on allegations of market manipulation (we also refer to our statements in the sections "Implementation of the basic agreement on the creation of an integrated automotive group" and "Litigation risks and legal disputes" under "Significant events" in this interim group management report). In the executive board's view, the probability that the merger can be achieved under the timeline of the basic agreement – which requires that the necessary shareholder resolutions of both companies on the merger are made in 2011 – is therefore unchanged at 50 percent.

In the view of the Porsche SE executive board, the overall probability of the merger decreases in case of substantial delays in the merger process compared to the timeline of the basic agreement.

Nevertheless, the executive board of Porsche SE is currently of the opinion that the assessments can be finalized so timely that the merger can be achieved even after 2011.

Stuttgart, 1 August 2011

Porsche Automobil Holding SE
The executive board

Prof. Dr. Martin Winterkorn	Hans Dieter Pötsch	Matthias Müller	Thomas Edig

Interim condensed consolidated financial statements as of 30 June 2011

Consolidated income statement of the Porsche group for the period from 1 January to 30 June 2011

€ million	Note	1st half of 2011	1st half of 2010
Other operating income	[1]	10	169
Personnel expenses	[2]	– 7	– 7
Other operating expenses	[3]	– 1,650	– 292
Profit/loss from investments accounted for at equity	[4]	1,926	– 1,175
Profit/loss before financial result		**279**	**– 1,305**
Finance costs	[5]	– 223	– 304
Finance revenue	[6]	94	98
Financial result		**– 129**	**– 206**
Profit/loss before tax		**150**	**– 1,511**
Income tax expense	[7]	– 1	– 112
Profit/loss for the year		**149**	**– 1,623**
thereof profit attributable to non-controlling interests – hybrid capital investors	[8]	11	11
thereof profit/loss attributable to shareholders of Porsche SE	[8]	138	– 1,634
Earnings per ordinary share (basic)	[8]	0.56	– 8.44
Earnings per preference share (basic)	[8]	0.57	– 8.43
Earnings per ordinary share (diluted)	[8]	0.56	– 8.44
Earnings per preference share (diluted)	[8]	0.57	– 8.43

Consolidated statement of comprehensive income of the Porsche group for the period from 1 January 2011 to 30 June 2011

€ million	1st half of 2011	1st half of 2010
Profit/loss for the year	**149**	**– 1,623**
Other comprehensive income from investments accounted for at equity (after tax)	489	244
Other comprehensive income after taxes	**489**	**244**
Total comprehensive income	**638**	**– 1,379**
thereof attributable to		
shareholders of Porsche Automobil Holding SE	627	– 1,390
non-controlling interests – hybrid capital investors	11	11

Consolidated balance sheet of the Porsche group as of 30 June 2011

€ million	Note	30/6/2011	31/12/2010
Assets			
Investments accounted for at equity	[9]	26,266	24,258
Other receivables and assets	[10]	4,172	4,475
Non-current assets		**30,438**	**28,733**
Other receivables and assets	[10]	19	25
Income tax assets		233	286
Cash and cash equivalents		495	622
Current assets		**747**	**933**
		31,185	**29,666**
Equity and liabilities			
Subscribed capital	[11]	306	175
Capital reserves	[11]	4,885	122
Retained earnings	[11]	17,124	16,572
Equity before non-controlling interests	**[11]**	**22,315**	**16,869**
Non-controlling interests – hybrid capital	[11]	345	345
Equity		**22,660**	**17,214**
Provisions for pensions and similar obligations		7	7
Other provisions		10	17
Financial liabilities	[12]	3,880	3,880
Other liabilities	[13]	2,424	1,088
Non-current liabilities		**6,321**	**4,992**
Income tax provisions		148	148
Other provisions		52	75
Trade payables		7	33
Financial liabilities	[12]	1,992	6,964
Income tax liabilities		0	235
Other liabilities	[13]	5	5
Current liabilities		**2,204**	**7,460**
		31,185	**29,666**

Consolidated statement of cash flows of the Porsche group for the period from 1 January to 30 June 2011

€ million	1st half of 2011	1st half of 2010
1. Operating activities		
Profit/loss after tax for the year	149	– 1,623
Change in other provisions	– 30	60
Current income tax expense	1	2
Change in deferred taxes	0	111
Income taxes paid	– 235	– 59
Income taxes received	161	23
Gains/losses from the disposal of stock options	0	41
Non-cash expenses and income	– 258	1,245
Dividends received from investments accounted for at equity	300	240
Change in other assets	– 6	129
Change in trade payables and other liabilities (without tax provisions and other provisions)	– 25	– 32
Cash flow from operating activities	**57**	**137**
2. Investing activities		
Changes in stock options	0	– 20
Cash flow from investing activities before investments in time deposits	**0**	**– 20**
Change in investments in time deposits	116	0
Cash flow from investing activities	**116**	**– 20**
3. Financing activities		
Cash paid to shareholders	– 77	– 8
Cash paid to non-controlling interests – hybrid capital	– 11	– 11
Cash paid for the settlement of loans	– 5,000	0
Cash received from capital increase	4,904	0
Cash flow from financing activities	**– 184**	**– 19**
4. Cash funds		
Change in cash funds (subtotal of 1 to 3)	– 11	98
Cash funds as of 1 January 2011 and 1 January 2010	**406**	**771**
Cash funds as of 30 June 2011 and 30 June 2010	**395**	**869**

Note [14] contains further explanations on the statement of cash flows.

Statement of changes in equity of the Porsche group for the period from 1 January to 30 June 2011

€ million	Subscribed capital	Capital reserves	Retained earnings: Accumulated profit	Retained earnings: Investments accounted for at equity	Equity before non-controlling interests	Non-controlling interests – hybrid capital investors	Group equity
As of 1 January 2010	**175**	**122**	**15,814**	**– 58**	**16,053**	**345**	**16,398**
Profit/loss for the year			– 1,634		– 1,634	11	– 1,623
Other comprehensive income after taxes				244	244		244
Total comprehensive income for the period			– 1,634	244	– 1,390	11	– 1,379
Dividends paid			– 8[1]		– 8	– 11	– 19
Other changes			1	0	1		1
As of 30 June 2010	**175**	**122**	**14,173**	**186**	**14,656**	**345**	**15,001**
As of 1 January 2011	**175**	**122**	**15,513**	**1,059**	**16,869**	**345**	**17,214**
Profit/loss for the year			138		138	11	149
Other comprehensive income after taxes				489	489		489
Total comprehensive income for the period			138	489	627	11	638
Capital increase against cash contributions	131	4,857			4,988		4,988
Transaction cost		– 94			– 94		– 94
Dividends paid			– 77[2]		– 77	– 11	– 88
Other changes			2		2		2
As of 30 June 2011	**306**	**4,885**	**15,576**	**1,548**	**22,315**	**345**	**22,660**

1 Distribution of a dividend of €0.044 per ordinary share; total €3,850,000
Distribution of a dividend of €0.05 per preference share; total €4,375,000
2 Distribution of a dividend of €0.50 per preference share; total €76,562,500

Basis of presentation

Porsche Automobil Holding SE ("Porsche SE") is a European Company (Societas Europaea) and is headquartered in Stuttgart, Germany. The business objective of Porsche SE is the management of companies and the administration of investments in companies, in particular companies active in the following business fields: the development, design, manufacture and distribution of vehicles, engines of all kinds and other technical products as well as of parts and components thereof. The company may engage in all kinds of business and take all measures that are related to the business purpose or that it deems directly or indirectly useful for achieving that purpose. This also includes financial services, consisting of financing, leasing and insurance services particularly for customers and dealers.

Following the change in 2010 of the fiscal year to run concurrently with the calendar year, Porsche SE is for the first time reporting on a period from 1 January to 30 June in its six-monthly financial report. A comparative period from 1 January 2010 to 30 June 2010 was prepared for the first time for the purpose of this consolidated interim report in order to allow comparisons to the first half of the year 2011.

The interim condensed consolidated financial statements of Porsche SE for the first six months of the 2011 fiscal year were prepared in accordance with IAS 34 "Interim Financial Reporting". All International Financial Reporting Standards (IFRSs) applied by Porsche SE were endorsed by the EU commission for application within the EU. In accordance with IAS 34, the interim condensed consolidated financial statements do not contain all the information and disclosures required for consolidated financial statements.

The accounting policies applied in preparing the interim condensed consolidated financial statements as of 31 December 2010 have been applied unchanged. For further information about the accounting policies applied, please refer to the consolidated financial statements of Porsche SE as of 31 December 2010. The group's presentation currency is the euro. Unless otherwise stated, all figures are presented in millions of euro (€ million).

The responsibility statement has been made in accordance with German Accounting Standard No. 16 (GAS 16) Interim Financial Reporting of the German Accounting Standards Committee (GASC).

The interim condensed consolidated financial statements were reviewed by the auditor of the consolidated financial statements, Ernst & Young GmbH, Wirtschaftsprüfungsgesellschaft, Stuttgart.

The interim condensed consolidated financial statements and the interim group management report of Porsche SE for the first six months of 2011 were discussed with the supervisory board's audit committee before publication.

Consolidated group

The interim condensed consolidated financial statements of Porsche SE for the first six months of 2011 include all material companies in which Porsche SE has the power to govern the financial and operating policy, either directly or indirectly, so as to obtain benefits from its activities (control concept). Initial consolidation is performed as of the date on which the acquirer obtains the possibility of control. A company is no longer consolidated upon loss of control.

Material companies where Porsche SE is able, directly or indirectly, to significantly influence financial and operating policy decisions (associates), or where Porsche SE shares joint control together with another party (joint ventures), are accounted for at equity.

Joint ventures and associates also include companies in which the Porsche SE group holds the majority of voting rights, but whose articles of association or partnership agreements stipulate that important decisions may not be made without the approval of the other entity or where Porsche SE does not have control as defined by IFRSs for other reasons.

The number of companies included in the interim condensed consolidated financial statements of Porsche SE as of the reporting date is shown in the following table:

	30/6/2011	31/12/2010
Fully consolidated subsidiaries		
Germany	1	1
International	1	1
Subsidiaries accounted for at cost		
Germany	1	1
International	0	0
Associates and joint ventures		
Germany	2	2
International	0	0
	5	**5**

New accounting standards

The group has adopted the following new and revised IFRSs and interpretations during the reporting period for the first time

<u>IAS 24 "Related Party Disclosures" and IFRS 8 "Operating Segments"</u>

The revised IAS 24 contains revised definitions of related parties and eliminates any associated inconsistencies. In addition, it introduces new disclosure requirements for entities that are controlled or significantly influenced by a government in their relationship to other entities controlled or significantly influenced by the same government.

<u>Annual Improvements Project III</u>

The IASB published the "Improvements to IFRSs 2008-2010" on 6 May 2010. This standard contains changes to six International Financial Reporting Standards (IFRSs) and one interpretation (IFRIC).

<u>Amendments to IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"</u>

The amendments to IFRIC 14 are relevant in the rare event that an entity is subject to minimum funding requirements and makes prepayments to satisfy these minimum funding requirements. The amendment allows entities to recognize the economic benefit from such prepayment as an asset.

None of the amendments had an effect on the interim condensed consolidated financial statements.

[1] Other operating income

Other operating income breaks down as follows:

€ million	1st half of 2011	1st half of 2010
Income from stock price hedging derivatives	0	113
Income from reversal of provisions and accruals	9	0
Income from valuation of options on non-stock company shares	0	51
Sundry operating income	1	5
	10	**169**

The income from valuation of options on non-stock company shares in the comparative period contains the change in the fair value of Porsche SE's put option relating to the shares in Porsche Zwischenholding GmbH remaining at Porsche SE.

The income from stock price hedging derivatives in the comparative period results from cash-settled stock option transactions relating to Volkswagen AG shares, which in the past served to hedge the increase in the investment in Volkswagen AG. All stock options were disposed of as of 31 December 2010.

[2] Personnel expenses

€ million	1st half of 2011	1st half of 2010
Wages and salaries	7	7
Social security contributions, pension and other benefit costs	0	0
	7	**7**

[3] Other operating expenses

Other operating expenses consist of:

€ million	1st half of 2011	1st half of 2010
Expenses from stock price hedging derivatives	0	154
Expenses from valuation of options on non-stock company shares	1,637	66
Legal and consulting fees	3	49
Sundry operating expenses	10	23
	1,650	**292**

Expenses from valuation of options on non-stock company shares contain the change in the fair value of the put and call options relating to the shares in Porsche Zwischenholding GmbH remaining at Porsche SE. The change in the value of the options is attributable to updated assumptions underlying their valuations. In particular, an update of the corporate planning of Porsche Zwischenholding GmbH in light of the improved overall economic and industry outlook, and an additional model series in the sporty offroader segment (under the working title "Cajun") in the planning, resulted in an increase in the enterprise value. On the other hand, the increase in the general interest level only partially offset these developments. The probability of a merger with Volkswagen AG within the timeframe provided for in the basic agreement is assessed at 50% and remains unchanged compared to 31 December 2010.

If the enterprise value of Porsche Zwischenholding GmbH as of 30 June 2011 had been 10% higher, the group's profit would have been €425 million lower. If the enterprise value as of 30 June 2011 had been 10% lower, the group's profit would have been €425 million higher.

If the theoretical probability of exercise of the options had been 70% as of 30 June 2011 instead of 50%, the group's profit would have been €848 million lower. If the theoretical probability of exercise of the options had been 30% as of 30 June 2011 instead of 50%, the group's profit would have been €848 million higher.

This is partly offset by the accounting for the investment in Volkswagen AG at equity, as the accounting for the options at the level of Volkswagen AG has the opposite effect on the pro rata profit/loss attributable to Porsche SE in accordance with its share in capital held in Volkswagen AG.

The expenses from stock price hedging derivatives in the comparative period result from cash-settled stock option transactions relating to Volkswagen AG shares, which in the past served to hedge the increase in the investment in Volkswagen AG. All stock options were disposed of as of 31 December 2010.

[4] Profit/loss from investments accounted for at equity

The profit or loss from investments accounted for at equity breaks down as follows:

€ million	1st half of 2011	1st half of 2010
Profit from ongoing equity accounting (before purchase price allocation)	2,173	760
Effects from purchase price allocation	– 247	– 495
Profit from ongoing equity accounting	1,926	265
Dilutive effect from increase in capital	0	– 1,440
	1,926	**– 1,175**

The profit/loss from investments accounted for at equity consists of the profit or loss contribution from the investments in Porsche Zwischenholding GmbH and Volkswagen AG of €202 million and €1,724 million (first half of 2010: €-18 million and €-1,157 million respectively).

The expense from the dilutive effect arising from the capital increase in the comparative period was due to the capital increase performed at Volkswagen AG in March 2010, in which Porsche SE did not participate.

[5] Finance costs

€ million	1st half of 2011	1st half of 2010
Loan interest	182	215
Interest from using the effective interest rate method	28	25
Interest on deferred payments	1	55
Other interest and similar expenses	12	9
	223	**304**

[6] Finance revenue

€ million	1st half of 2011	1st half of 2010
Income from joint ventures	92	91
Other interest and similar income	2	7
	94	**98**

The interest income from joint ventures mainly pertains to interest income from loans to joint ventures.

[7] Income tax

The income tax income (-) and expense (+) disclosed breaks down into:

€ million	1st half of 2011	1st half of 2010
Current taxes	1	1
Deferred taxes	0	111
	1	**112**

In the comparative period, the revaluation of deferred tax assets on account of the reassessment of the ability to use unused tax losses resulted in a deferred tax expense of €111 million.

[8] Earnings per share

		1st half of 2011	1st half of 2010
Profit/loss after tax for the year	€ million	149	– 1,623
Profit attributable to non-controlling interests – hybrid capital investors	€ million	11	11
Profit/loss attributable to shareholders of Porsche SE	€ million	138	– 1,634
Profit/loss attributable to ordinary shares (basic)	€ million	68.5	– 817.3
Profit/loss attributable to preference shares (basic)	€ million	69.5	– 816.7
Profit/loss attributable to ordinary shares (diluted)	€ million	68.5	– 817.3
Profit/loss attributable to preference shares (diluted)	€ million	69.5	– 816.7
Average number of ordinary shares outstanding	Number	121,577,410	96,901,572
Average number of preference shares outstanding	Number	121,577,410	96,901,572
Earnings per ordinary share (basic)	€	0.56	– 8.44
Earnings per preference share (basic)	€	0.57	– 8.43
Earnings per ordinary share (diluted)	€	0.56	– 8.44
Earnings per preference share (diluted)	€	0.57	– 8.43

Earnings per share are calculated by dividing the profit/loss attributable to the shareholders of Porsche SE by the total number of shares outstanding in the first half of the year.

The new ordinary and preference shares with retroactive profit participation as of 1 August 2010 that were issued within the scope of the capital increase performed in April 2011 were included pro rata in the calculation of the earnings per share. As the subscription price of these new ordinary and preference shares was below their fair value on the date of issue of the subscription rights, it was necessary to adjust the average number of shares for the reporting period and the comparative period.

There were no dilutive effects.

[9] Investments accounted for at equity

The investments accounted for at equity comprise a carrying amount of the investment in Volkswagen AG of €22,390 million (31 December 2010: €20,709 million) and a carrying amount for the investment in Porsche Zwischenholding GmbH of €3,876 million (31 December 2010: €3,549 million).

All of the ordinary and preference shares in Volkswagen AG held by Porsche SE were pledged as collateral on liabilities and other obligations of Porsche SE until they are settled or dispensed with in some other way. Until the liabilities with first-rank security have been partly repaid, the ordinary and preference shares cannot be sold without the prior written approval of a trustee of the collateral. However, Porsche SE can still exercise its voting rights and is also entitled to dividends from the ordinary and preference shares subject to the creditors' right to issue instructions otherwise in restrictively defined, exceptional cases. In addition, Porsche SE may sell subscription rights associated with the shares.

The investment in Porsche Zwischenholding GmbH has been assigned as collateral to a trustee. The trustee holds the investment in trust for Porsche SE and as collateral for the financing banks of Porsche SE. Porsche SE remains the economic owner, exercises voting rights and receives the profit distributions. The investment in Porsche Zwischenholding GmbH was also pledged as collateral for financial liabilities. The right of lien cannot be exercised before Volkswagen AG has had the opportunity to acquire the investment for €3.9 billion arranged as consideration in connection with the put option.

[10] Other receivables and assets

€ million	30/6/2011	31/12/2010
Derivative financial instruments	156	459
Other receivables and assets from joint ventures	4,027	4,027
Non-income tax assets	0	1
Sundry receivables and assets	3	12
Prepaid expenses	5	1
	4,191	**4,500**
thereof non-current	4,172	4,475
thereof current	19	25

Receivables from joint ventures are due from companies of the Porsche Zwischenholding GmbH group. They are accompanied by other financial liabilities of €3,880 million, which are unchanged compared to 31 December 2010.

The item derivative financial instruments includes Porsche SE's put option for its remaining 50.1% of shares in Porsche Zwischenholding GmbH. Please refer to note [3] with regard to changes in measurement of the put option.

[11] Equity and other non-controlling interests

The development of equity and of non-controlling interests is presented in the statement of changes in equity and the statement of comprehensive income.

Subscribed capital

On 30 November 2010, the annual general meeting of Porsche SE adopted resolutions on a capital increase in return for cash contributions, on the authorization to issue convertible bonds, participation rights, participating bonds or a combination of these instruments, and on the creation of contingent capital and new authorized capital. The resolutions were to prepare for a capital increase which was part of the concept agreed in the basic agreement for the creation of an integrated automotive group consisting of Porsche and Volkswagen, and a further precondition for the planned merger of Porsche SE into Volkswagen AG.

The capital increase in return for cash contributions was performed in the period between 27 March and 13 April 2011. Effective 13 April 2011, the company's share capital was increased by €131,250,000.00 from €175,000,000.00 to €306,250,000.00 through the issuance of 65,625,000 new ordinary shares (no-par-value shares) and 65,625,000 new preference shares (no-par-value shares), with each no-par-value share representing a notional share of €1.00 in the share capital. Since then, Porsche SE's subscribed capital has comprised 153,125,000 ordinary shares and 153,125,000 preference shares.

A subscription price of €38.00 was set for each new ordinary or preference share. The new ordinary shares and the new preference shares are each entitled to dividends as of 1 August 2010. The new preference shares were admitted to stock exchange trading on 13 April 2011. Taking into account transaction costs of €94 million, the net issue proceeds came to €4,894 million.

The annual general meeting on 17 June 2011 passed a resolution to cancel the authorization of the issue of convertible bonds, participation rights, participating bonds or a combination of these instruments which was resolved at the annual general meeting on 30 November 2010, as well as the existing contingent capital and the existing authorized capital. The changes to the articles of association were entered in the commercial register on 20 July 2011.

Reserves for investments accounted for at equity

Due to the capital increase performed at Volkswagen AG in March 2010, in which Porsche SE did not participate, and the resulting dilution of the capital share held in Volkswagen AG by Porsche SE, €22 million was derecognized from the reserve through profit or loss.

Non-controlling interests – hybrid capital

The hybrid capital disclosed as of the reporting date has a nominal volume of €360 million (31 December 2010: €360 million). It has an indefinite term to maturity. According to IAS 32, it represents group equity.

Dividends paid

On 17 June 2011, the annual general meeting of Porsche SE passed a resolution to distribute a dividend of €0.50 per preference share. On 5 May 2011, the ordinary shareholders stated to the company that they will not participate in the dividend distribution for the short fiscal year 2010 and that the dividend should be distributed exclusively to the holders of preference shares. As a result, a total of €76,562,500.00 was distributed to the holders of preference shares in the reporting period.

On 29 January 2010, the annual general meeting of Porsche SE passed a resolution to distribute a dividend for the fiscal year 2008/09 of €0.044 per ordinary share and €0.05 per preference share. As a result, a total of €8,225,000.00 was distributed in the comparative period.

[12] Financial liabilities

All liabilities which can be allocated to financing activity are shown in the financial liabilities:

€ million	Total	Current	Non-current
30 June 2011			
Liabilities to banks	1,992	1,992	0
Financial liabilities to joint ventures	3,880	0	3,880
	5,872	**1,992**	**3,880**
31 December 2010			
Liabilities to banks	6,964	6,964	0
Financial liabilities to joint ventures	3,880	0	3,880
	10,844	**6,964**	**3,880**

Porsche SE used the issue proceeds of approximately €4.9 billion from the capital increase in return for cash contributions, as well as an additional €0.1 billion from available liquidity, to repay liabilities to banks. In particular, the first tranche of the syndicated loan totaling €2.5 billion, which was to fall due on 30 June 2011, was repaid in full ahead of schedule. The remaining liabilities to banks nominally amounted to €2.0 billion as of the reporting date.

Financial liabilities from joint ventures are due from companies in the Porsche Zwischenholding GmbH group. These are accompanied by other loan receivables of €4,016 million disclosed under other receivables and assets.

[13] Other liabilities

As of the end of the reporting period, other liabilities break down as follows:

€ million	30/6/2011	31/12/2010
Other tax liabilities	3	2
Other liabilities to joint ventures	0	1
Derivative financial instruments	2,276	942
Sundry liabilities	150	148
	2,429	**1,093**
thereof non-current	2,424	1,088
thereof current	5	5

The item derivative financial instruments includes the call option of Volkswagen AG for the remaining 50.1% of shares in Porsche Zwischenholding GmbH. With regard to the change in measurement of the call option please refer to note [3].

[14] Statement of cash flows

The cash flow from operating activities includes:

€ million	1st half of 2011	1st half of 2010
Interest paid	210	225
Interest received	94	92

The non-cash income and expenses presented in the statement of cash flows in the cash flows from operating activities mainly contains the profit contributions from investments accounted for at equity as well as changes in the value of the options to the remaining 50.1% of shares in Porsche Zwischenholding GmbH.

The table below reconciles cash and cash equivalents to cash funds reported in the statement of cash flows:

€ million	30/6/2011	30/6/2010
Cash and cash equivalents	495	915
– time deposits	– 100	0
– restricted cash and cash equivalents	0	– 46
Cash funds according to statement of cash flows	**395**	**869**

Cash and cash equivalents in the comparative period that were not available for use by the group were deposited as collateral in connection with the cash-settled stock option transactions used to secure stock prices and are therefore not included in cash and cash equivalents reported in the statement of cash flows. The changes in cash and cash equivalents that are not available for use by the group are presented in the statement of cash flows, as are the cash flows from these stock options, in the cash flows from investing activities.

The cash inflow from investing activities pertain to the change in time deposits with an original term of more than three months.

The cash received from the capital increase contains the gross issue proceeds of €4,988 million from the capital increase performed in April 2011, excluding related transaction costs of €94 million, of which €10 million were already paid out in the short fiscal year 2010 and therefore does not affect cash in the reporting period.

[15] German Corporate Governance Code

The current declaration of the executive board and supervisory board of Porsche SE pursuant to Sec. 161 AktG on the German Corporate Governance Code is accessible on the internet page of www.porsche-se.com.

[16] Contingent liabilities

€ million	30/6/2011	31/12/2010
Guarantees	0	0
Warranties	0	0
Collateral for third-party liabilities	0	0
Other contingent liabilities	0	0

Litigation

To the knowledge of Porsche SE – which is not a party to the investigations and therefore has only limited knowledge of the subject matter and status of investigations – the Stuttgart public prosecutor has initiated investigations against the former members of the executive board Dr. Wendelin Wiedeking and Holger P. Härter in connection with allegations of manipulating the market in Volkswagen shares. According to the public prosecutor, the allegations involve public statements made by representatives of Porsche SE and the failure to make certain required statements regarding the acquisition of the shareholding in Volkswagen AG between 2007 and 2009. In addition, the public prosecutor is investigating the two former members of the executive board in connection with allegations of breach of fiduciary duty to the detriment of Porsche SE. According to the public prosecutor, there is reason to suspect that the two former members of the executive board may have taken risks jeopardizing the company's ability to continue as a going concern by entering into share price hedging transactions in the course of acquiring the shareholding in Volkswagen AG. Furthermore, the public prosecutor has launched investigations against Holger P. Härter and two employees of Porsche SE on suspicion of obtaining credit by deception in connection with a loan that has already been repaid. The Stuttgart public prosecutor announced in February 2011 that the investigations would take longer than anticipated and are not expected to be concluded before the start of 2012 (we refer to our statements in the section "Implementation of the basic agreement for the creation of an integrated automotive group"). Porsche SE considers the allegations made to be without merit.

In 2010, 46 plaintiffs filed six actions for damages against Porsche SE in the United States District Court for the Southern District of New York. The plaintiffs allege damages of more than USD 2.5 billion. In three of the six actions, the former members of the executive board Dr. Wendelin Wiedeking and Holger P. Härter are also named as defendants. Plaintiffs alleged in their complaints that Porsche SE's activities in connection with its acquisition of a stake in Volkswagen AG during the year 2008 issued false and misleading statements and engaged in market manipulation in violation of the US Securities Exchange Act as well as in common law fraud. Porsche SE considers the complaints to be without merit and filed a motion to dismiss. On 30 December 2010, the US court granted the motion to dismiss the complaints in their entirety. Thirty-two of the original 46 plaintiffs have appealed this decision with the United States Court of Appeals for the Second Circuit.

Moreover, on 18 February 2011, three of the plaintiffs, and on 15 March 2011 a further 23 of the plaintiffs, filed two actions in New York state court. In their complaints, they assert claims for common law fraud and unjust enrichment on the basis of allegations similar to those made in their complaints in the actions referred to above. The plaintiffs claim to have lost at least USD 1.4 billion. Porsche SE considers these actions to be legally insufficient and without merit.

In 2009 and 2010, institutional investors in Germany applied for conciliatory proceedings against Porsche SE with regard to the assertion of claims for damages on the basis of alleged breaches of statutory capital market regulations in connection with the acquisition of a shareholding in Volkswagen AG. Various investors have filed further applications for conciliatory proceedings against Porsche SE based on the same claims; the company received these applications on 11 April 2011. The new applications are also directed against Volkswagen AG. All of the alleged claims relate to alleged lost profits, estimated by the investors to total approximately € 2.98 billion. Porsche SE considers the alleged claims to be without merit and has not taken part in the conciliatory proceedings.

In January 2011, a private investor filed a claim for damages against Porsche SE and another defendant in the amount of approximately three million euro. The plaintiff claims to have entered into options relating to shares in Volkswagen AG in 2008 on the basis of inaccurate information and the omission of information as well as market manipulation by Porsche SE and to have incurred losses from these options due to the share price development in 2008 in the amount claimed. The claim was referred by the Regional Court of Stuttgart to the Regional Court of Braunschweig. Porsche SE considers the alleged claim to be without merit and will defend itself against it.

In 2010, the appointment of a special auditor was applied for before the Regional Court of Stuttgart. The application related to the examination of the management activities of the company's executive board and supervisory board in connection with hedging transactions relating to shares in Volkswagen AG that were aimed at creating the conditions to enable the company to purchase Volkswagen AG shares at economically secured conditions, if it later decided to purchase them, as well as payment agreements with, and severance payments to, former members of Porsche SE's executive board. All the applicants withdrew their applications in May 2011, thereby ending the proceedings.

The company believes that adequate provisions have been recognized for the anticipated attorneys' fees and litigation expenses arising from the above cases.

[17] Related parties

In accordance with IAS 24, persons or entities which are in control of or controlled by Porsche SE must be disclosed. Pursuant to a consortium agreement, the Porsche and Piëch families have direct and indirect control respectively of Porsche SE.

The Porsche and Piëch families, in their capacity as holders of ordinary shares in Porsche SE, added €2,494 million by subscribing for new ordinary shares in the course of the capital increase. This contribution is presented under supplies and services rendered. Apart from that, there were only immaterial trade transactions between the Porsche SE group and the Porsche and Piëch families and their affiliated companies.

The disclosure requirements under IAS 24 also encompass persons who have the power to exercise significant influence over the entity, i.e., who have the power to participate in the financial and operating policies of the entity, but do not control it, including their close family members. In the first half of 2011 and in the comparative period, this concerns members of the supervisory board and the executive board of Porsche SE as well as their close family members. No transactions requiring disclosure were conducted by entities of the Porsche SE group with members of the supervisory board or executive board as key management personnel or with any other entities having these persons on their executive or supervisory board. The same applies for close family members of these persons.

The disclosure requirements in the consolidated financial statements of Porsche SE as of 31 January 2010 pursuant to IAS 24 also include persons and entities on which the Porsche group can exercise a significant influence or joint control.

Porsche SE exercises a significant influence on the Volkswagen group and jointly controls the Porsche Zwischenholding GmbH group. There are relations of a financial nature. Without exception, they were charged at arm's length conditions. Supplies and services rendered include dividends and profit distributions totaling €407 million received from these groups (comparative period: €327 million). In addition, revenue totaling €92 million (comparative period: €93 million) from these relations is included in finance revenue; this is counterbalanced by purchased services of €87 million (comparative period: €94 million).

Moreover, Porsche SE and Volkswagen AG have also arranged mutually exercisable put and call options for the remaining 50.1% of shares in Porsche Zwischenholding GmbH in the event that the merger of the two companies intended by the basic agreement between Porsche SE and Volkswagen AG were not to take place. The changes in the value of these options since 31 December 2010 are recorded under supplies and services received from associates (comparative period: under supplies and services rendered or supplies and services received) (for further details, reference is made to notes [1] and [3]).

Related parties

€ million	Supplies and services rendered 1st half of 2011	Supplies and services rendered 1st half of 2010	Supplies and services received 1st half of 2011	Supplies and services received 1st half of 2010
Porsche and Piëch families	2,494	0	0	0
Associates	330	281	1,639	90
Joint ventures	170	180	88	95
	2,994	**461**	**1,727**	**185**

€ million	Receivables 30/6/2011	Receivables 31/12/2010	Liabilities 30/6/2011	Liabilities 31/12/2010
Associates	156	459	2,276	942
Joint ventures	4,027	4,027	3,880	3,881
	4,183	**4,486**	**6,156**	**4,823**

[18] Subsequent events

On 27 July 2011, Porsche Financial Services GmbH, a wholly owned subsidiary of Porsche AG, successfully placed a debenture bond for €500 million in the euro capital market. The debenture bond is guaranteed by Dr. Ing. h.c. F. Porsche AG and Porsche Zwischenholding GmbH. The debenture bond replaces existing loans. The more favorable renegotiated terms and the higher lending volume ensure the long-term growth of the financial services business.

The Volkswagen group's intended cooperation with Suzuki is developing more slowly than expected and is currently not being implemented with the desired intensity. After the reporting date, Volkswagen entered into a valuation of the partnership which has not yet been completed.

Stuttgart, 1 August 2011

Porsche Automobil Holding SE

The executive board

Prof. Dr. Martin Winterkorn Hans Dieter Pötsch Matthias Müller Thomas Edig

Responsibility statement

To the best of our knowledge, we assure that, in accordance with the applicable reporting principles, the interim condensed consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the group management report includes a fair review of the development and performance of the business and the position of the group, together with a description of the principal opportunities and risks associated with the expected development of the group.

Stuttgart, 1 August 2011

Porsche Automobil Holding SE

The executive board

Prof. Dr. Martin Winterkorn   Hans Dieter Pötsch   Matthias Müller   Thomas Edig

Review report

"We have reviewed the interim condensed consolidated financial statements, prepared by Porsche Automobil Holding SE, Stuttgart, comprising the income statement, the statement of comprehensive income, the balance sheet, the statement of cash flows, the statement of changes in equity and selected explanatory notes to the financial statements, and the interim group management report for the period from 1 January 2011 to 30 June 2011, which are part of the six-monthly financial report pursuant to Sec. 37w WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. The preparation of the interim condensed consolidated financial statements in accordance with IFRSs on interim financial reporting as adopted by the EU and of the interim group management report in accordance with the requirements of the WpHG applicable to interim management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and 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 to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with IFRSs on 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 WpHG applicable to interim management reports. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review, nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements have not been prepared, in all material respects, in accordance with IFRSs for 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 requirements of the WpHG applicable to interim management reports."

Stuttgart, 1 August 2011

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Wollmert	Matischiok
Wirtschaftsprüfer	Wirtschaftsprüfer
[German Public Auditor]	[German Public Auditor]

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