PORSCHE SE

Half-yearly financial report

1 January – 30 June

2014

Investments of Porsche SE

PORSCHE SE

Stake of ordinary shares: 50.7 %
(Represents a stake of subscribed capital: 31.5 %)

VOLKSWAGEN
AKTIENGESELLSCHAFT

Audi
SEAT
ŠKODA

BENTLEY
BUGATTI
LAMBORGHINI
PORSCHE

DUCATI
Commercial Vehicles
SCANIA
MAN

VOLKSWAGEN FINANCIAL SERVICES
AKTIENGESELLSCHAFT

Status 30 June 2014

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Interim group management report

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Interim group management report

Porsche Automobil Holding SE (“Porsche SE” or the “company”), as the ultimate parent of the Porsche SE group, is a European Company (Societas Europaea) and is headquartered at Porscheplatz 1 in 70435 Stuttgart, Germany. As of 30 June 2014, the Porsche SE group had 35 employees (31 December 2013: 35 employees).

On the basis of the structures in connection with the investment in Volkswagen Aktiengesellschaft (“Volkswagen AG” or “Volkswagen”), which have been in place for several years, since August 2012 Porsche SE has gradually created the conditions in terms of organization and substance for the acquisition and management of new investments. To this end, clearly defined criteria and a systematic process have been created in order to identify and examine future investment opportunities.

Porsche SE’s principal criteria for future investments are the connection to the automotive value chain, and above-average growth potential based on macroeconomic trends and industry-specific trends derived from them.

The automotive value chain comprises the entire spectrum of basic technologies geared to supporting the development and production process through to vehicle- and mobility-related services. The relevant macro trends include, for example, sustainability and conservation of resources, demographic change, urbanization and the increasingly networked automotive world. The industry-specific trends derived from these include new materials and drive concepts, shorter product life cycles and rising customer demands regarding safety and connectivity.

Taking these criteria into account, Porsche SE’s investment focus is on strategic investments in midsize companies in Germany and abroad with experienced management. The main goal is to achieve sustainable value enhancement. Various potential investment opportunities are currently being examined.

Significant events and developments

Significant events and developments in the Porsche SE group

Significant events and developments in the Porsche SE group are presented in the following. The explanations refer to the events and developments in the second quarter of the fiscal year 2014, unless reference is made in this section to another time period.

Dilution of share in capital of Volkswagen AG
Volkswagen AG stated on 13 May 2014 that the voluntary public offer to the shareholders of Scania Aktiebolag (“Scania” or “Scania AB”) in effect since 17 March 2014 for the acquisition of all Scania shares will be executed. To partially refinance this offer, on 3 June 2014 Volkswagen AG resolved a capital increase through the issue of preference shares from authorized capital in exchange for cash contributions in which Porsche SE did not participate (for details on the capital increase at Volkswagen AG, we refer to the section “Significant events at the Volkswagen group”). Porsche SE’s share in Volkswagen AG’s capital decreased as a result from 32.2% to 31.5%. Explanations on the dilutive effects on the results of operations, financial position and net assets of the Porsche SE group in the first half of the fiscal year 2014 are presented in the section “Explanatory notes on results of operations, financial position and net assets”.

Annual general meeting
The annual general meeting of Porsche SE, which was attended by some 4,000 shareholders, took place in Stuttgart on 27 May 2014. The dividend approved for the fiscal year 2013 amounted to €2.010 per share to holders of preference shares and €2.004 per share to holders of ordinary shares. In the prior year, the dividend had also been €2.010 per preference share and €2.004 per ordinary share. The amount distributed for the fiscal year 2013 totaled €614,643,750, and therefore remained unchanged compared to the prior year. The executive board and supervisory board were exonerated.

Significant developments and current status relating to litigation risks and legal disputes
For several years, Porsche SE has been involved in different legal proceedings. The essential developments of these proceedings in the first half-year of 2014 are described in the following:

12 plaintiffs who withdrew their appeal before the U.S. Court of Appeals for the Second Circuit in early March 2013, had already filed an action for damages against Porsche SE before the Regional Court of Braunschweig in 2011, which remains unaffected by the withdrawal of the appeal. In this action the plaintiffs last alleged overall damages of about €1.81 billion (plus interest) based on alleged market manipulation and alleged inaccurate information in connection with the acquisition of the shareholding in Volkswagen AG by Porsche SE, though it remained unclear to what extent the alleged damages were comprised of damages already asserted before the U.S. Court. After being referred, the matter is now pending before the Regional Court of Hanover. The Regional Court of Hanover scheduled a trial date for 14 October 2014, after originally having planned it for 24 June 2014. Porsche SE considers these claims to be without merit.

On 30 April 2013, 24 of 26 plaintiffs, whose actions have been dismissed by the New York State Supreme Court, as well as one more company filed a complaint against Porsche SE at the Regional

Court of Stuttgart and asserted claims for damages based on allegations of market manipulation and inaccurate information in connection with the acquisition of the shareholding in Volkswagen AG in 2008. The 25 plaintiffs include 11 plaintiffs who withdrew their appeal in an appellate proceeding before the U.S. Court of Appeals for the Second Circuit at the end of April 2013. After the withdrawal of the complaint by one plaintiff, merger of two other plaintiffs and after the partial correction of the alleged damage claim, the remaining 23 plaintiffs asserted claims for damages in an amount of around €1.36 billion (plus interest) in the proceeding before the Regional Court of Stuttgart. An oral hearing took place on 10 February 2014. The Regional Court of Stuttgart dismissed the action by decision of 17 March 2014. 19 of the 23 plaintiffs filed appeals against this decision on 22 April 2014. The four plaintiffs not filing appeals originally had asserted claims for damages in the amount of approximately €177 million (plus interest). Hence, the remaining claims for damages asserted in the appellate proceedings amount to approximately €1.18 billion (plus interest). Until now, neither has there been a decision about the appeals filed, nor has a trial date been set. Porsche SE considers the claims to be without merit.

In all five remaining proceedings before the Regional Court of Braunschweig, the plaintiffs who claim damages in an aggregate amount of around €2.16 billion (plus interest) based on alleged market manipulation and alleged inaccurate information in connection with the acquisition of the shareholding in Volkswagen AG by Porsche SE in 2008 had filed a motion to stay the proceedings with a view to the pending criminal proceedings against Porsche SE's former members of the executive board. In all proceedings the Regional Court of Braunschweig has refused to stay the proceedings. Three out of a total of four immediate appeals against such decision were dismissed by the Higher Regional Court of Braunschweig by decision dated 20 January 2014. The fourth immediate appeal was withdrawn by the plaintiff. In three of the proceedings oral hearings took place on 30 April 2014 and 14 May 2014. The Regional Court of Braunschweig dismissed one of these three actions by decision dated 30 July 2014. The period allowed for an appeal is one month. For another one of these three proceedings, the Regional Court of Braunschweig cancelled the date scheduled for rendition of a decision, originally set for 30 July 2014 due to a challenge on the grounds of bias against the presiding judge by the plaintiff. The court has not rendered a decision on the challenge on the grounds of bias yet. Regarding the third of these proceedings, the Regional Court of Braunschweig indicated on 30 July 2014 that, due to antitrust aspects asserted by the plaintiff, the Regional Court of Hanover could be the competent court. A decision on the competent court has not been made yet. Concerning the two remaining proceedings, the Regional Court of Braunschweig set trial dates for 10 December 2014 after substitution of the plaintiff’s representative. Porsche SE considers the alleged claims to be without merit.

A shareholder has filed an action of nullity and for annulment regarding the resolutions of the annual general meeting on 27 May 2014 as well as a precautionary action for determination that a shareholders' resolution has been adopted before the Regional Court of Stuttgart. Subject of the actions are the shareholders’ resolutions on the exoneration of the executive board and the supervisory board for the fiscal year 2013 as well as the resolution to refuse the motion to vote out the chairman of the general meeting. For reasons of precaution the shareholder additionally filed an action for determination that a shareholders' resolution has been adopted regarding the motion to vote out the chairman of the general meeting. A trial date has not been set yet. Porsche SE considers the action to be without merit.

For further explanations of the litigation described above, other damage claims asserted in the USA, England and Germany, the investigations of the Stuttgart public prosecutor and other proceedings regarding shareholders' actions, we refer to note [18] of the interim condensed consolidated financial statements.

Porsche SE considers all the damage claims asserted in the USA and England to be inadmissible and without merit and all the damage claims asserted in Germany to be without merit and is defending itself against them.

Significant events at the Volkswagen group

The following significant events occurred in the second quarter of the fiscal year 2014 at the Volkswagen group:

Voluntary tender offer for Scania successful
On 13 May 2014, Volkswagen announced that the voluntary tender offer starting on 17 March 2014 for all Scania shares would be completed since all of the conditions – including becoming the owner of more than 90% of all Scania shares – had been fulfilled. As of 30 June 2014, Volkswagen held a 99.57% interest in Scania's capital and 99.66% of the voting rights. The squeeze-out for the Scania shares not tendered in the offer has been initiated and Scania's shares were delisted from the NASDAQ OMX in Stockholm at the end of 5 June 2014. Volkswagen aims to create a leading commercial vehicles group through close operational cooperation between Scania, MAN and Volkswagen commercial vehicles.

Successful capital increase placed
On 3 June 2014, the board of management of Volkswagen AG resolved, with the consent of the supervisory board, to increase the company's capital by issuing new preference shares from authorized capital against cash contributions, while disapplying shareholders' preemptive rights. The implementation of the capital increase increased the share capital in accordance with the articles of association by a notional amount of approximately €26.8 million to approximately €1.2 billion. The placement price of the 10,471,204 new preference shares was set at €191.00 per share, generating gross proceeds of €2.0 billion.

A syndicate of banks undertook to subscribe for all of the new shares and place them with institutional investors in Germany and other countries, including a private placement for qualified institutional investors in the USA.

The new shares carry full dividend rights retrospectively from 1 January 2014. The issue proceeds will serve to partially refinance the voluntary tender offer made to the shareholders of Scania AB.

Business development

The following statements in this section on deliveries, sales, production and employees take into consideration operating developments at the Volkswagen group in the first half of 2014. For the business development of Porsche SE, please refer to the sections “Significant events and developments” and “Explanatory notes on results of operations, financial position and net assets” in this interim group management report.

General economic development
The global economy continued its slight recovery in the first half of 2014, although its strength has been mixed in the different regions. The economic situation in the industrialized nations improved despite the continued presence of structural obstacles. Economic growth in a number of emerging economies slowed due to currency fluctuations and structural deficits.

Trends in the passenger car markets
Global demand for passenger cars continued to grow between January and June 2014, despite a slight slowdown and mixed trends at a regional level. While the number of new registrations in the Asia-Pacific region, Western Europe, North America and Central Europe increased year-on-year, overall market demand in South America in particular as well as Eastern Europe was lower than in the first half of 2013. The weak currencies of key emerging economies pushed prices up and thus put pressure on demand.

Trends in the markets for commercial vehicles
Global demand for light commercial vehicles rose moderately year-on-year in the period from January to June 2014. Global demand for mid-sized and heavy trucks with a gross weight of more than six tonnes fell short of the 2013 figure in the first six months of 2014. New bus registrations worldwide were down on the previous year in the first half of 2014.

Employees in the Volkswagen group
The Volkswagen group had 575,804 employees worldwide at the end of the reporting period, up 0.5% on the number as of 31 December 2013. The expansion of the workforce is attributable to the increase in production volume and the recruitment of specialists and experts. At 262,187, the number of employees in Germany was 0.7% higher than the 2013 year-end figure; the proportion of employees in Germany remained on a level with the previous year, at 45.5%.

Sales and production in the Volkswagen group
Including the Chinese joint ventures, the Volkswagen group sold 5,206,840 vehicles to the dealer organization from January to June 2014, 6.8% more than in the comparable prior-year period. The Volkswagen group produced 5,234,123 vehicles, 7.1% more than in the prior-year period. Of this total, 1,313,629 vehicles were produced in Germany, thereby exceeding the prior-year figure by 4.8%. The proportion of vehicles produced in Germany declined from 25.6% to 25.1%.

The following graphic presents the Volkswagen group's deliveries by region and by brand.

Deliveries of passenger cars, light commercial vehicles, trucks and buses from 1 January to 30 June[1]

€ million	**2014**	2013	Change %
Regions			
Europe/Other markets	2,251,850	2,134,964	5.5
North America	425,862	438,801	–2.9
South America	383,689	493,127	–22.2
Asia-Pacific	2,004,257	1,730,455	15.8
Worldwide	**5,065,658**	**4,797,347**	**5.6**
by brands			
Volkswagen passenger cars	3,065,828	2,953,613	3.8
Audi	869,355	780,467	11.4
ŠKODA	522,499	464,595	12.5
SEAT	200,153	182,181	9.9
Bentley	5,254	4,279	22.8
Lamborghini	956	1,166	–18.0
Porsche	87,803	81,565	7.6
Bugatti	19	16	18.8
Volkswagen commercial vehicles	217,765	226,632	–3.9
Scania	38,391	37,980	1.1
MAN	57,635	64,853	–11.1

1 The deliveries for 2013 have been updated to reflect subsequent statistical trends. Including the Chinese joint ventures. The Saveiro model, which is sold mainly in South America, is reported in the Volkswagen passenger cars brand retrospectively as of 1 January 2013.

Explanatory notes on results of operations, financial position and net assets

In the following explanations, the main indicators of results of operations as well as the financial position and net assets for the first six months of the fiscal year 2014 and 30 June 2014 are compared to the corresponding comparative figures for the period from 1 January to 30 June 2013 (results of operations and financial position) and as of 31 December 2013 (net assets and financial position).

Results of operations

In the period from 1 January to 30 June 2014, the Porsche SE group recorded a profit/loss for the period of €1,739 million (first half of 2013: €1,469 million). This result was significantly influenced by the profit/loss from investments accounted for at equity of €1,766 million (first half of 2013: €1,491 million).

Other operating income decreased over the period from 1 January to 30 June 2014 from €6 million to €2 million in comparison to the corresponding prior-year period. This item primarily contains income from the reversal of provisions and accruals.

Personnel expenses of the Porsche SE group came to €8 million in the reporting period (first half of 2013: €7 million).

Other operating expenses decreased from €18 million in the comparative period to €10 million in the first half of 2014. They mainly pertain to legal and consulting fees of €3 million (first half of 2013: €10 million) and expenses from other external services totaling €4 million (first half of 2013: €6 million).

Profit/loss from investments accounted for at equity increased, compared to the corresponding prior-year period, from €1,491 million to €1,766 million. This contains a profit contribution from the Volkswagen group, which as of the first half of 2014 comprised profit/loss from ongoing equity accounting amounting to €1,794 million (first half of 2013: €1,570 million) as well as effects from the dilution of the share in capital and from the purchase price allocation. On 3 June 2014, Volkswagen AG resolved a capital increase through the issue of preference shares from authorized capital in exchange for cash contributions in which Porsche SE did not participate. As a result, the share of Porsche SE in the capital of Volkswagen AG decreased from 32.2% to 31.5%. By contrast, Porsche SE's share in Volkswagen AG's ordinary shares remained unchanged at about 50.7%. In the first half of 2014, the dilution had a total impact of €57 million on the Porsche SE group, which affected profit but not cash. The profit/loss from investments accounted for at equity also includes effects of the subsequent measurement of the purchase price allocation performed at the time of the renewed inclusion of Volkswagen AG as an associate. The profit/loss from investments accounted for at equity – and therefore the Porsche SE group's profit/loss for the period – was reduced by €85 million (first half of 2013: €79 million) in total by the subsequent effects of this purchase price allocation, i.e., the subsequent measurement of hidden reserves and liabilities identified in the process.

The financial result for the first six months of the fiscal year 2014 came to minus €14 million (first half of 2013: €5 million). In the reporting period, this mainly contained expenses relating to loan interest of €10 million (first half of 2013: €10 million) as well as additions to provisions for expected interest on tax back payments of €7 million (first half of 2013: €1 million). In the comparative period, the financial result also contained in particular a positive effect from interest on tax received in connection with a tax refund of €14 million.

Profit/loss before tax came to €1,736 million (first half of 2013: €1,477 million). The change in deferred tax resulted in tax income of €3 million in the first half of 2014 (first half of 2013: tax expense of €8 million) so that a total group profit/loss for the period of €1,739 million was generated in the first half of the fiscal year 2014 (first half of 2013: €1,469 million).

Financial position

Cash flow from operating activities came to €546 million in the first half of the fiscal year 2014 (first half of 2013: €699 million). This positive cash flow is mainly attributable to dividends received from the investment in Volkswagen AG of €599 million (first half of 2013: €386 million). In this context, the gross dividend resolved by Volkswagen AG for the fiscal year 2013 and attributable to Porsche SE was paid out in full to Porsche SE in the first half of the fiscal year 2014, i.e., without deducting tax on investment income and solidarity surcharge, as the related tax preconditions were satisfied. In the first half of the fiscal year 2013, by contrast, a net dividend of €386 million was received, i.e., the gross dividend less tax on investment income and solidarity surcharge; corresponding taxes of €138 million in this connection are expected to be refunded to Porsche SE in the second half of the fiscal year 2014. Cash paid in connection with operating costs of Porsche SE and income tax had a negative effect on the cash flow from operating activities. In addition, cash flow from operating activities in the corresponding prior-year period contained tax refunds actually received amounting to €326 million. Interest paid in the first six months of the fiscal year 2014 came to €12 million (first half of 2013: €12 million); interest received came to €4 million (first half of 2013: €23 million). The non-cash expenses and income almost exclusively contain the profit contribution of investments accounted for at equity.

There was a cash inflow from investing activities of €1,355 million in the first six months of the fiscal year 2014 (first half of 2013: €260 million). The cash inflows from investing activities in both periods pertain to a decrease in the volume of investments in time deposits with an original term of more than three months. Cash funds increased accordingly.

As in the prior year, there was a cash outflow from financing activities of €615 million during the first half of the fiscal year 2014. This resulted exclusively in each case from the dividend distribution to Porsche SE’s shareholders of the corresponding amount.

Compared to 31 December 2013, cash funds thus increased by a total of €1,286 million to €1,748 million as of 30 June 2014.

Gross liquidity, i.e., cash, cash equivalents and time deposits, decreased from €2,912 million as of 31 December 2013 to €2,843 million as of 30 June 2014.

Net liquidity of the Porsche SE group, i.e., cash, cash equivalents and time deposits less loan liabilities, decreased from €2,612 million as of 31 December 2013 to €2,543 million as of 30 June 2014.

Net assets

The Porsche SE group's total assets decreased by €1,175 million, from €31,285 million as of 31 December 2013 to €30,110 million as of 30 June 2014.

The non-current assets of the Porsche SE group as of 30 June 2014 totaling €27,116 million (31 December 2013: €28,223 million) almost exclusively comprise the shares in Volkswagen AG accounted for at equity. The carrying amount of the investment accounted for at equity decreased compared to the end of fiscal year 2013 to €27,115 million (31 December 2013: €28,222 million). This decrease is mainly attributable to an effect of €1,470 million to be recognized directly in equity with no effect on the consolidated income statement at the level of the Volkswagen group in connection with Volkswagen AG's voluntary public offer to the shareholders of Scania AB for the acquisition of all A and B shares in Scania. The remaining changes in the carrying amount of the investment accounted for at equity stems from the profit from the investment accounted for at equity (€1,740 million; without taking into account the effects from the reclassification of other comprehensive income) from dividend payments received (minus €599 million) and from the change in other comprehensive income (minus €778 million).

Non-current assets expressed as a percentage of total assets decreased slightly from 90.2% as of 31 December 2013 to 90.1% as of 30 June 2014.

Current assets mainly consist of cash, cash equivalents and time deposits of Porsche SE and its subsidiary, which decreased slightly from €3,062 million as of 31 December 2013 to €2,994 million as of 30 June 2014. As a percentage of total assets, current assets rose slightly from 9.8% as of 31 December 2013 to 9.9% as of 30 June 2014.

As of 30 June 2014, the equity of the Porsche SE group decreased to a total of €29,320 million (as of 31 December 2013: €30,470 million), despite the profit earned after tax. The decrease is mainly attributable to the effect of the voluntary public offer made by Volkswagen AG to the shareholders of Scania AB to be recognized directly in equity with no effect on the consolidated income statement.

As of 30 June 2014, the equity ratio stands at 97.4%, unchanged from the end of the fiscal year 2013.

Current and non-current provisions decreased slightly from €452 million as of 31 December 2013 to €435 million as of 30 June 2014, due to the utilization of provisions mainly relating to the assessment of trade tax for past assessment periods amounting to €14 million.

As of 30 June 2014, non-current financial liabilities remained unchanged compared to 31 December 2013, at a total of €300 million.

Related parties

With regard to significant transactions with related parties, reference is made to note [19] of the interim condensed consolidated financial statements.

Results of operations of the significant investment
The following statements relate to the original profit/loss figures of the Volkswagen group in the first half of the fiscal year 2014. This means that the effects from inclusion in the consolidated financial statements of Porsche SE, particularly relating to the subsequent measurement of the hidden reserves and liabilities identified in the course of the purchase price allocation, as well as from applying uniform group accounting policies, are not taken into consideration.

The Volkswagen group's sales revenue amounted to €98,808 million in the first half of 2014, up slightly on the prior-year period (€98,687 million). Clearly negative exchange rate effects were offset by higher volumes and improvements in the mix. The Volkswagen group generated 79.6% (first half of 2013: 80.3%) of its sales revenue outside of Germany.

Less costs of sales, gross profit in the reporting period was €18,733 million, €339 million higher than in the previous year. The gross margin rose to 19.0% (first half of 2013: 18.6%). Exchange rate deterioration, higher depreciation charges resulting from significant capital expenditures and higher upfront investments in new products were offset by optimized product costs. Prior-year profit was impacted by contingency reserves.

The Volkswagen group generated an operating profit of €6,186 million in the first half of 2014 (first half of 2013: €5,780 million). The operating return on sales was 6.3% (first half of 2013: 5.9%).

Profit before tax rose by 17.5% year-on-year to €7,777 million. Profit after tax improved by €923 million to €5,716 million.

Opportunities and risks of future development

Opportunities and risks at Porsche SE

The report on opportunities and risks at Porsche SE in the group management report and management report of Porsche SE for the fiscal year 2013 must be updated as of 30 June 2014 with regard to the statements on the current status of the legal proceedings. We refer to the section “Significant events and developments” in this interim group management report. There were no significant changes compared to the presentation of the other opportunities and risks at Porsche SE in the group management report and management report for the fiscal year 2013.

Opportunities and risks at the Volkswagen group

There were no significant changes compared to the presentation of the opportunities and risks at the Volkswagen group in the group management report and management report of Porsche SE for the fiscal year 2013.

Subsequent events

With the exception of the developments presented in the section “Significant developments and current status relating to litigation risks and legal disputes”, there were no reportable events after 30 June 2014.

Forecast report and outlook

Anticipated development of the Volkswagen group

The Volkswagen group's strengths include its unique brand portfolio covering almost all segments, from motorcycles through subcompact cars to heavy trucks and buses, its steadily growing presence in all major world markets and the wide range of financial services. Volkswagen offers an extensive range of environmentally friendly, cutting-edge, high-quality vehicles for all markets and customer groups that is unparalleled in the industry. The Volkswagen group will press ahead with its product initiative across all brands in 2014, and will modernize and expand its offering by introducing attractive new vehicles. The Volkswagen group is pursuing the goal of offering all customers the mobility and innovation they need, sustainably strengthening its competitive position in the process.

The Volkswagen group expects that it will moderately increase deliveries to customers year-on-year in 2014 in a still challenging market environment.

Challenges for the Volkswagen group will come from the difficult market environment and fierce competition, as well as interest rate and exchange rate volatility and fluctuations in raw materials prices. The modular toolkit system, which is being continuously expanded, will have an increasingly positive effect on the group's cost structure.

Depending on the economic conditions, Volkswagen expects 2014 sales revenue for the group and its business areas to move within a range of 3% around the prior-year figure.

In terms of the Volkswagen group's operating profit, an operating return on sales of between 5.5% and 6.5% is expected in 2014, in light of the challenging economic environment, and the same range also applies to the passenger cars business area. The commercial vehicles/power engineering business area is likely to moderately exceed the 2013 figure. The operating return on sales in the financial services division is expected to be between 8% and 9%. Disciplined cost and investment management and the continuous optimization of its processes remain integral elements of the Volkswagen group's Strategy 2018.

Anticipated development of the Porsche SE group

The Porsche SE group's profit/loss will be largely dependent on the results of operations of the Volkswagen group and therefore on the profit/loss of the investment in it accounted for at equity that is attributable to Porsche SE.

As of 30 June 2014, Porsche SE has net liquidity of €2,543 million. Porsche SE plans to use a major portion of net liquidity to acquire investments along the automotive value chain.

The following forecast is based on the current structure of the Porsche SE group. Effects from future investments of the company are not taken into account as it is not possible to make statements regarding their future effects on the results of operations, financial position and net assets of the group.

In view of the Volkswagen group's expectations regarding future developments in the fiscal year 2014 – also taking into account the dilution of Porsche SE's share in the capital of Volkswagen AG –, the company still expects a profit attributable to it from investments accounted for at equity of between €2.3 billion and €2.8 billion.

Furthermore, it is aimed to achieve positive net liquidity for both Porsche SE and the Porsche SE group. This is still expected to be between €2.1 billion and €2.6 billion as of 31 December 2014, not taking future investments into account. The available liquidity of Porsche SE is invested at an interest rate that is in line with the market. From this investment, the amount of which depends in particular on the scope and timing of future investments, Porsche SE will earn interest income. This will depend on the development of the absolute sum invested and the interest rates. Finance costs will primarily arise from interest expenses for an existing loan liability due to the Volkswagen group.

Overall, based on the current group structure – also taking into account the dilution of Porsche SE's share in the capital of Volkswagen AG –, Porsche SE still expects a group profit for the year of between €2.2 billion and €2.7 billion for the fiscal year 2014.

Stuttgart, 31 July 2014
Porsche Automobil Holding SE

The executive board

Prof. Dr. Martin Winterkorn   Matthias Müller   Hans Dieter Pötsch   Philipp von Hagen

Interim condensed consolidated financial statements

1 January – 30 June

2014

Consolidated income statement of Porsche Automobil Holding SE for the period from 1 January to 30 June 2014

€ million	Note	**1st half of 2014**	1st half of 2013
Other operating income	[1]	2	6
Personnel expenses	[2]	– 8	– 7
Other operating expenses	[3]	– 10	– 18
Profit/loss from investments accounted for at equity	[4]	1,766	1,491
Profit/loss before financial result		**1,750**	**1,472**
Finance costs	[5]	– 20	– 14
Financial revenue	[6]	6	19
Financial result		**– 14**	**5**
Profit/loss before tax		**1,736**	**1,477**
Income tax	[7]	3	– 8
Profit/loss for the period		**1,739**	**1,469**
thereof profit/loss attributable to shareholders of Porsche Automobil Holding SE	[8]	1,739	1,469
Earnings per ordinary share (basic)	[8]	5.67	4.79
Earnings per preference share (basic)	[8]	5.68	4.80
Earnings per ordinary share (diluted)	[8]	5.67	4.79
Earnings per preference share (diluted)	[8]	5.68	4.80

Consolidated statement of comprehensive income of Porsche Automobil Holding SE for the period from 1 January to 30 June 2014

€ million	**1st half of 2014**	1st half of 2013
Profit/loss for the period	**1,739**	**1,469**
Actuarial losses after tax	– 1	0
Other comprehensive income not reclassified subsequently to profit or loss from investments accounted for at equity (after tax)	– 626	352
Total other comprehensive income not reclassified subsequently to profit or loss	– 627	352
Other comprehensive income reclassified subsequently to profit or loss from investments accounted for at equity (after tax)	– 177	– 27
Total other comprehensive income reclassified subsequently to profit or loss	– 177	– 27
Other comprehensive income after tax	**– 804**	**325**
Total comprehensive income	**935**	**1,794**
thereof attributable to		
shareholders of Porsche Automobil Holding SE	935	1,794

Consolidated balance sheet of Porsche Automobil Holding SE as of 30 June 2014

€ million	Note	**30/6/2014**	31/12/2013
Assets			
Investments accounted for at equity	[9]	27,115	28,222
Other receivables and assets	[10]	1	1
Non-current assets		**27,116**	**28,223**
Other receivables and assets	[10]	4	4
Income tax assets	[11]	147	146
Cash, cash equivalents and time deposits		2,843	2,912
Current assets		**2,994**	**3,062**
		30,110	**31,285**
Equity and liabilities			
Subscribed capital	[12]	306	306
Capital reserves	[12]	4,884	4,884
Retained earnings	[12]	24,130	25,280
Equity		**29,320**	**30,470**
Provisions for pensions and similar obligations		14	12
Other provisions		13	18
Deferred tax liabilities	[7]	32	36
Financial liabilities	[13]	300	300
Non-current liabilities		**359**	**366**
Income tax provisions		235	249
Other provisions		173	173
Trade payables		5	10
Other liabilities	[14]	18	17
Current liabilities		**431**	**449**
		30,110	**31,285**

Consolidated statement of cash flows of Porsche Automobil Holding SE for the period from 1 January to 30 June 2014

€ million	**1st half of 2014**	1st half of 2013
1. Operating activities		
Profit/loss for the period	1,739	1,469
Change in provisions for pensions	1	0
Change in other provisions	– 5	– 6
Change in deferred tax	– 3	8
Income tax paid	– 14	– 1
Income tax received	0	326
Non-cash expenses and income	– 1,766	– 1,489
Dividends received from investments accounted for at equity	599	386
Change in other assets	– 1	492
Change in trade payables and other liabilities (excluding tax provisions and other provisions)	– 4	– 486
Cash flow from operating activities	**546**	**699**
2. Investing activities		
Change in investments in time deposits	1,355	260
Cash flow from investing activities	**1,355**	**260**
3. Financing activities		
Dividends paid to shareholders	– 615	– 615
Cash flow from financing activities	**– 615**	**– 615**
4. Cash funds		
Change in cash funds (subtotal of 1 to 3)	1,286	344
Cash funds as of 1 January 2014 and 1 January 2013	**462**	**902**
Cash funds as of 30 June 2014 and 30 June 2013	**1,748**	**1,246**

Note [15] contains further explanations on the statement of cash flows.

Consolidated statement of changes in equity of Porsche Automobil Holding SE for the period from 1 January to 30 June 2014

€ million	Subscribed capital	Capital reserves	Retained earnings: Accumulated profit	Retained earnings: Investments accounted for at equity[3]	Equity
As of 1 January 2013	**306**	**4,884**	**23,451**	**– 137**	**28,504**
Profit/loss for the period			1,469		1,469
Other comprehensive income after tax				325	325
Total comprehensive income for the period			1,469	325	1,794
Dividend payment			– 615[1]		– 615
Other changes in equity arising at the level of investments accounted for at equity			– 66		– 66
As of 30 June 2013	**306**	**4,884**	**24,239**	**188**	**29,617**
As of 1 January 2014	**306**	**4,884**	**25,200**	**80**	**30,470**
Profit/loss for the period			1,739		1,739
Other comprehensive income after tax			– 1	– 803	– 804
Total comprehensive income for the period			1,738	– 803	935
Dividend payment			– 615[2]		– 615
Transfer of other comprehensive income not reclassified subsequently to profit or loss			– 35	35	0
Other changes in equity arising at the level of investments accounted for at equity			– 1,470		– 1,470
As of 30 June 2014	**306**	**4,884**	**24,818**	**– 688**	**29,320**

1 Distribution of a dividend of €2.004 per ordinary share; total €306,862,500
Distribution of a dividend of €2.01 per preference share; total €307,781,250

2 Distribution of a dividend of €2.004 per ordinary share; total €306,862,500
Distribution of a dividend of €2.01 per preference share; total €307,781,250

3 Accumulated other comprehensive income of investments accounted for at equity

Selected explanatory notes

Basis of presentation

Porsche Automobil Holding SE (“Porsche SE” or “company”) is a European Company (Societas Europaea) and is headquartered at Porscheplatz 1 in 70435 Stuttgart, Germany. The business purpose of Porsche SE comprises the management of companies and the administration of investments in companies active in the following business fields or parts thereof:

- the development, design, manufacture and distribution of vehicles, engines of all kinds and other technical or chemical products as well as of parts and assemblies thereof;
- the provision of advice in the area of development and production, especially in the area of vehicle and engine construction;
- the provision of advice on and development of data processing as well as the creation and distribution of data processing products;
- the marketing of products using trademark rights;
- the provision of financial and mobility services;
- the exploitation, procurement, processing and distribution of raw materials used in the automobile industry;
- the generation and procurement of energy, especially of renewable energies, as well as the trading of energy;
- the acquisition, holding and administration as well as the disposal of real estate.

The purpose of the company includes in particular the acquisition, holding and administration as well as the sale of investments in such companies, their combination under uniform control and the provision of support and advice to them, including the provision of services on behalf of such companies.

The company may also be active itself in the business areas specified. This does not apply to banking transactions and financial services requiring approval. The company may limit its activities to parts of the business fields specified above.

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. To this end, it may also establish branches, in Germany and abroad, establish and purchase other companies or acquire interests in such companies.

The half-yearly financial report covers the period from 1 January to 30 June of a year.

The interim condensed consolidated financial statements of Porsche SE for the first six months of the fiscal year 2014 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 a complete set of consolidated financial statements.

With the exception of the amendments presented in the section “New accounting standards”, the accounting policies applied in preparing the consolidated financial statements as of 31 December 2013 have been applied unchanged in the preparation of the interim condensed consolidated financial statements. For further information about the accounting policies applied, please refer to the consolidated financial statements of Porsche SE as of 31 December 2013. 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 and the interim group management report were reviewed by the auditor of the consolidated financial statements of Porsche SE, Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Stuttgart. They 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 2014 include by way of full consolidation all companies that Porsche SE controls, i.e., when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. 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) are accounted for at equity.

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 shareholders 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 is shown in the following table:

	30/6/2014	31/12/2013
Fully consolidated subsidiaries		
Germany	1	1
Associates		
Germany	1	1
	2	**2**

New accounting standards

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

Amendments to IAS 32 “Offsetting”

These amendments clarify some details relating to the offsetting of financial assets against financial liabilities and increase the disclosure requirements of IAS 32. It is not the IASB’s intention to hereby revise the existing offsetting principle in IAS 32.

IFRS 10 “Consolidated Financial Statements”

IFRS 10 focuses on the introduction of a uniform consolidation model for all companies that is based on the parent company’s control over subsidiaries. The control concept is thus applicable to both parent-subsidiary relationships that are based on voting rights as well as parent-subsidiary relationships resulting from other contractual arrangements. Consequently, the control concept is applicable to special purpose entities that were previously consolidated based on the risks and rewards concept. The control concept pursuant to IFRS 10 comprises three elements: (1) power over the investee, (2) variable returns and (3) the ability to use power over the investee to affect the amount of the investor's returns. All three elements of the control concept have to be fulfilled. IFRS 10 replaces the requirements from IAS 27 “Consolidated and Separate Financial Statements” with regard to consolidation and SIC 12 “Consolidation - Special Purpose Entities”. The requirements in IAS 27 relating to separate financial statements are not affected and the standard was renamed “Separate Financial Statements”.

IFRS 11 “Joint Arrangements”

Pursuant to IFRS 11, the accounting treatment of joint arrangements is oriented at the rights and duties of the parties concerned rather than the legal form (substance over form). Proportionate consolidation is no longer permitted for joint ventures. The new standard replaces IAS 31 “Interests in Joint Ventures”. As a consequence, IAS 28 “Investments in Associates” was supplemented accordingly and renamed “Investments in Associates and Joint Ventures”.

IFRS 12 “Disclosure of Interests in Other Entities”

IFRS 12 is a new and comprehensive standard governing disclosure requirements for all forms of interests in other companies, including joint arrangements, associates, special purpose entities and other off-balance sheet vehicles. Requirements in other standards governing such interests were removed.

Amendments to IFRS 10-12: Transition Guidance

The amendments specify and clarify the transition requirements in IFRS 10 “Consolidated Financial Statements”. In addition, simplification is also provided in that, on initial application, the required disclosure of adjusted comparative figures is limited to the immediately preceding comparative period and the disclosure of comparative information relating to unconsolidated structured entities when applying IFRS 12 for the first time is no longer required.

Amendments to IFRS 10, IFRS 12 and IAS 27: Investment entities

Under these amendments investment entities are defined as a separate category of entities that, as parent companies, are exempted from the consolidation requirements in IFRS 10 “Consolidated Financial Statements”. Instead, in order to improve the usefulness of financial reporting information, accounting at fair value must be applied.

Amendment to IAS 39: Novation of Derivatives and Hedge Accounting

Based on this amendment, an accounting hedge is not deemed terminated when a derivative is formally derecognized, as novations lead to a change in the counterparty.

Amendment to IAS 36: Disclosure

These amendments relate to the disclosure of information regarding measurement of the recoverable amount of impaired assets if this amount is based on fair value less costs to sell.

IFRIC 21: Levies

This new interpretation regulates when an entity has to recognize a liability if it is participating in a specific market and a corresponding levy is imposed by a competent public authority.

None of the amendments had any impact on the presentation of net assets, financial position and results of operations in the interim condensed consolidated financial statements of Porsche SE.

Notes to the consolidated income statement

[1] Other operating income

Other operating income primarily contains income from the reversal of provisions and accruals.

[2] Personnel expenses

€ million	**1st half of 2014**	1st half of 2013
Wages and salaries	8	7
Social security contributions, pension and other benefit costs	0	0
	8	**7**

[3] Other operating expenses

Other operating expenses consist of:

€ million	**1st half of 2014**	1st half of 2013
Legal and consulting fees	3	10
Other external services	4	6
Sundry other operating expenses	3	2
	10	**18**

Other external services contain in particular expenses incurred in connection with annual general meetings.

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

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

€ million	**1st half of 2014**	1st half of 2013
Profit from ongoing equity accounting (before purchase price allocation)	1,794	1,570
Effects from purchase price allocation	–85	–79
Profit from ongoing equity accounting	1,709	1,491
Effects from the dilution in the share in capital	57	0
	1,766	**1,491**

Profit/loss from investments accounted for at equity is attributable solely to the investment in Volkswagen AG. The effects from the dilution of the share in capital of €57 million stem almost entirely from the capital increase resolved on 3 June 2014 at the level of Volkswagen AG through the issue of preference shares in return for cash contributions. Porsche SE did not participate in this capital increase. These comprise the proportionate disposal of the at equity carrying amount totaling €31 million and the pro rata derecognition of other comprehensive income that could be reclassified amounting to €26 million.

[5] Finance costs

€ million	**1st half of 2014**	1st half of 2013
Interest expenses from loans issued by associates	10	10
Interest on expected tax back payments	7	1
Other interest and similar expenses	3	3
	20	**14**

Interest on expected tax back payments include additions to provisions for expected interest on tax back payments in connection with an ongoing tax field audit for the assessment periods 2006 to 2008.

[6] Financial revenue

€ million	**1st half of 2014**	1st half of 2013
Interest on tax received	0	14
Other interest and similar income	6	5
	6	**19**

Interest on tax received contained in the comparative period relates to interest on refunded income tax for assessment periods in the past. Other interest and similar income mainly contains income from the investment of cash and from guarantee fees.

[7] Income tax

The tax income reported in the first half of the fiscal year 2014 stems exclusively from the deferred tax and, like the tax expenses presented in the comparative prior-year period, is attributable to taxable temporary differences from investments accounted for at equity less deductible deferred tax assets on unused tax losses.

[8] Earnings per share

		1st half of 2014	1st half of 2013
Profit/loss for the period	€ million	1,739	1,469
Profit/loss attributable to shareholders of Porsche Automobil Holding SE	€ million	1,739	1,469
Profit/loss attributable to ordinary shares (basic)	€ million	869.0	734.0
Profit/loss attributable to preference shares (basic)	€ million	870.0	735.0
Profit/loss attributable to ordinary shares (diluted)	€ million	869.0	734.0
Profit/loss attributable to preference shares (diluted)	€ million	870.0	735.0
Average number of ordinary shares outstanding	Number	153,125,000	153,125,000
Average number of preference shares outstanding	Number	153,125,000	153,125,000
Earnings per ordinary share (basic)	€	5.67	4.79
Earnings per preference share (basic)	€	5.68	4.80
Earnings per ordinary share (diluted)	€	5.67	4.79
Earnings per preference share (diluted)	€	5.68	4.80

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

There were no dilutive effects.

Notes to the consolidated balance sheet

[9] Investments accounted for at equity

Investments accounted for at equity solely comprise the carrying amount of the investment in Volkswagen AG. On 21 February 2014, Volkswagen AG announced a voluntary public offer to the shareholders of Scania Aktiebolag (“Scania”) to tender all shares in Scania at a price of SEK 200 in cash per share, regardless of share class. On 13 May 2014, Volkswagen AG stated that the offer would be completed. Volkswagen initiated squeeze-out proceedings in relation to the Scania shares tendered. In particular the resulting effects recognized directly in equity at the level of the Volkswagen group led to a €1,470 million decrease in the investments accounted for at equity at the level of Porsche SE without effect on profit or loss.

To partially refinance this, on 3 June 2014 Volkswagen AG resolved a capital increase through the issue of preference shares from authorized capital in exchange for cash contributions in which Porsche SE did not participate. The share in capital held by Porsche SE in Volkswagen AG decreased from 32.2% to 31.5% as a result. This dilutive effect reduced the at equity carrying amount by €31 million.

[10] Other receivables and assets

Other receivables and assets include financial other receivables and assets of €2 million (31 December 2013: €2 million).

[11] Income tax receivables

Income tax receivables mainly contain tax refund claims from tax on investment income.

[12] Equity

The development of equity is presented in the consolidated statement of changes in equity and the consolidated statement of comprehensive income.

Subscribed capital

Porsche SE’s subscribed capital totals €306.25 million and is divided into 153,125,000 ordinary shares and 153,125,000 preference shares which have been fully paid in. Each share represents a notional share of €1 of the share capital. The preference shares carry an additional dividend of 0.6 cents per share if net profit is available for distribution.

Capital reserves

The capital reserves contain contributions from premiums less any transaction costs incurred within the scope of capital increases.

Retained earnings
The retained earnings include the reserve for investments accounted for at equity and the reserve for accumulated profit.

Expenses and income from investments accounted for at equity recognized directly in equity are presented in the separate reserve for investments accounted for at equity. In the first half of the fiscal year 2014, reclassifiable other comprehensive income after tax amounting to €26 million that had until now been recognized in equity was reclassified to profit and loss due to the dilution of Porsche SE's share in the capital of Volkswagen AG. In addition, non-reclassifiable expenses from pension plans after tax amounting to €35 million were transferred to retained earnings.

The reserve for accumulated profit contains the profits of Porsche SE and its consolidated subsidiaries earned in prior years and the reporting period that have not yet been distributed. This also includes reclassified revaluation reserves of deconsolidated subsidiaries, non-reclassifiable other comprehensive income reclassified as a result of the dilution of the share in capital in associates and the reserve for actuarial gains and losses from pensions taking into account the allocable deferred tax.

As of 30 June 2014, actuarial losses from pensions came to €5 million (31 December 2013: €4 million); the allocable deferred tax came to €1 million (31 December 2013: €1 million).

The other changes in equity at the level of investments accounted for at equity presented in the statement of changes in equity include the proportionate changes in the non-controlling interests within the Volkswagen group attributable to Porsche SE which did not lead to a change in control and, therefore, had to be recognized directly in equity with no effect on the consolidated income statement in the Volkswagen group's consolidated financial statements (as regards the changes to the retained earnings in the first half of 2014, reference is made to note [9]). In addition, other changes in equity of the Volkswagen group that are not part of comprehensive income are reported in this item.

Dividends paid

On 27 May 2014, the annual general meeting of Porsche SE resolved to distribute a dividend of €2.004 per ordinary share and €2.01 per preference share for the fiscal year 2013. As a result, a total of €614,643,750.00 was distributed.

On 30 April 2013, the annual general meeting of Porsche SE resolved to distribute a dividend of €2.004 per ordinary share and €2.01 per preference share for the fiscal year 2012. As a result, a total of €614,643,750.00 was likewise distributed in the comparative period.

[13] Financial liabilities

The financial liabilities of €300 million (31 December 2013: €300 million) are all due to associates.

[14] Other liabilities

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

€ million	**30/6/2014**	31/12/2013
Other liabilities to associates	15	15
Sundry other liabilities	3	2
	18	**17**
thereof non-current	0	0
thereof current	18	17

Other liabilities contain financial other liabilities of €16 million (31 December 2013: €17 million).

Other notes

[15] Statement of cash flows

The cash inflow from operating activities includes:

€ million	**1st half of 2014**	1st half of 2013
Interest paid	12	12
Interest received	4	23

The non-cash expenses and income presented in the cash inflow from operating activities almost exclusively contain the profit contribution of investments accounted for at equity.

The table below reconciles the cash, cash equivalents and time deposits as recognized in the balance sheet to cash funds reported in the statement of cash flows:

€ million	**30/6/2014**	30/6/2013
Cash, cash equivalents and time deposits	2,843	2,946
– time deposits with an original term of more than three months	– 1,095	– 1,700
Cash funds according to statement of cash flows	**1,748**	**1,246**

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

Cash outflow from financing activities concerns the dividends totaling €615 million distributed to shareholders of Porsche SE (first half of 2013: €615 million).

[16] Disclosures on fair value of financial instruments

The following table shows the reconciliation of the items of the balance sheet to the classes of financial instruments, as well as the comparison of carrying amount and fair value:

€ million **30/6/2014**	Measurement category under IAS 39	Carrying amount	Fair value
Assets			
Other financial receivables	LAR[1]	2	2
Cash, cash equivalents and time deposits	LAR[1]	2,843	2,843
Equity and liabilities			
Financial liabilities	FLAC[2]	300	355
Trade payables	FLAC[2]	5	5
Other financial liabilities	FLAC[2]	16	16

€ million **31/12/2013**	Measurement category under IAS 39	Carrying amount	Fair value
Assets			
Other financial receivables	LAR[1]	2	2
Cash, cash equivalents and time deposits	LAR[1]	2,912	2,912
Equity and liabilities			
Financial liabilities	FLAC[2]	300	360
Trade payables	FLAC[2]	10	10
Other financial liabilities	FLAC[2]	17	17

[1] LAR: Loans and receivables
[2] FLAC: Financial liabilities at cost

The fair value of financial liabilities accounted for at amortized cost is determined by discounting the cash flows using a market interest rate that reflects the risks involved and the term to maturity. In the case of current financial assets and liabilities, the fair value corresponds to the carrying amount.

[17] German Corporate Governance Code

The current declaration of the executive board and supervisory board of Porsche SE pursuant to Sec. 161 AktG ["Aktiengesetz": German Stock Corporation Act] on the German Corporate Governance Code is accessible on the internet page www.porsche-se.com.

[18] Litigation

Actions for damages in the USA, Germany and England

In 2010, 46 plaintiffs filed claims for damages of more than US$2.5 billion in the USA against Porsche SE and, in some cases, also against the former members of the executive board Dr. Wendelin Wiedeking and Holger P. Härter with the U.S. District Court for the Southern District of New York based on alleged market manipulation and common law fraud in connection with the acquisition of a stake in Volkswagen AG by Porsche SE during the year 2008. On 30 December 2010, the U.S. District Court for the Southern District of New York dismissed all damage claims in their entirety. Of the 32 plaintiffs who appealed such decision twelve plaintiffs withdrew their appeal in early March 2013 and a further twelve plaintiffs withdrew their appeal at the end of April 2013 in the appellate proceedings before the U.S. Court of Appeals for the Second Circuit by way of entering into stipulations with Porsche SE. The appellate proceedings and the claims in respect of the remaining eight plaintiffs remain unaffected. Due to the specific characteristics of the US civil procedure law, it is not possible to reliably determine the exact amount of claims for damages asserted by the remaining eight plaintiffs from their pleadings. A judgment concerning this appeal has not yet been taken. Porsche SE continues to consider these actions to be inadmissible and the claims to be without merit.

For the 12 plaintiffs who withdrew their appeal before the U.S. Court of Appeals for the Second Circuit in early March 2013, an action for damages against Porsche SE was at that time already pending before the Regional Court of Braunschweig which remains unaffected by the withdrawal of the appeal. In this action, the plaintiffs last alleged overall damages of about €1.81 billion (plus interest) based on alleged market manipulation and alleged inaccurate information in connection with the acquisition of the shareholding in Volkswagen AG by Porsche SE, though it remained unclear to what extent the alleged damages were comprised of damages already asserted before the U.S. Court. After being referred, the matter is now pending before the Regional Court of Hanover. The Regional Court of Hanover scheduled a trial date for 14 October 2014, after originally having planned it for 24 June 2014. Porsche SE considers these claims to be without merit.

Based on the same alleged claims, the aforementioned plaintiffs filed an action against two members of the supervisory board of Porsche SE before the Regional Court of Frankfurt am Main in September 2013. Porsche SE has joined the proceeding as intervenor in support of the two supervisory board members. A trial date for hearing the case has not yet been set. Porsche SE considers the alleged claims to be without merit.

On 30 April 2013, 25 plaintiffs filed a complaint against Porsche SE with the Regional Court of Stuttgart and asserted claims for damages based on allegations of market manipulation and inaccurate information in connection with the acquisition of the shareholding in Volkswagen AG in 2008. Prior to this, 24 of the aforementioned 25 plaintiffs had filed complaints with the New York State Supreme Court. These actions for damages were dismissed by the court under the condition that Porsche SE temporarily waives the statute-of-limitations defense. The 25 plaintiffs include 11 of the plaintiffs who withdrew their appeal in the appellate proceeding before the U.S. Court of Appeals for the Second Circuit at the end of April 2013. After withdrawal of the complaint by one plaintiff, the merger of two other plaintiffs and after the partial correction of the alleged damage claim, the remaining 23 plaintiffs asserted claims for damages in an amount of around €1.36 billion (plus interest) in the proceeding before the Regional Court of Stuttgart. An oral hearing took place on 10 February 2014. The Regional Court of Stuttgart dismissed the action by decision of 17 March 2014. 19 of the 23 plaintiffs filed appeals against this decision on 22 April 2014. The four plaintiffs not filing appeals originally had asserted claims for damages in the amount of approximately €177 million (plus interest). Hence, the remaining claims for damages asserted in the appellate proceedings amount to approximately €1.18 billion (plus interest). Until now, neither has there been a decision about the appeals filed, nor has a trial date been set. Porsche SE considers the claims to be without merit.

At the end of 2011, ARFB Anlegerschutz UG (haftungsbeschränkt), Berlin, brought two actions before the Regional Court of Braunschweig against Porsche SE based on claims for damages in an amount of around €1.92 billion (plus interest) allegedly assigned to it by 69 investment funds, insurance companies and other companies. In each case, the plaintiff alleges that, in 2008, on the basis of inaccurate information and the omission of information as well as market manipulation by Porsche SE, the companies behind the complaints either failed to participate in price increases of shares in Volkswagen AG and, hence, lost profits or entered into derivatives relating to shares in Volkswagen AG and incurred losses from these transactions due to the share price development in the amount claimed. The Higher Regional Court of Braunschweig dismissed the plaintiff's motions to stay the proceedings by decisions dated 20 January 2014. The Regional Court of Braunschweig set trial dates for 10 December 2014 after substitution of the plaintiff's representative. Porsche SE considers the claims to be without merit.

An individual filed an action against the company in the amount of approximately €1.3 million (plus interest) with the Regional Court of Stuttgart in August 2012 based on asserted damage claims due to allegedly inaccurate information and the omission of information. After being referred, the proceeding is pending before the Regional Court of Braunschweig. An oral hearing took place on 14 May 2014. On 30 July 2014, the Regional Court of Braunschweig indicated that, due to antitrust aspects asserted by the plaintiff, the Regional Court of Hanover could be the competent court. A decision on the competent court has not been made yet. Porsche SE considers the claim to be without merit.

In September 2012, another company filed an action against Porsche SE in the amount of approximately €213 million (plus interest) with the Regional Court of Braunschweig. The plaintiff claims that it entered into options relating to ordinary shares in Volkswagen AG in 2008 on the basis of inaccurate information and the omission of information by Porsche SE and that it incurred losses from these options due to the share price development in the amount claimed. The Higher Regional Court of Braunschweig dismissed the plaintiff's motion to stay the proceedings by decision dated 20 January 2014. An oral hearing took place on 14 May 2014. The Regional Court of Braunschweig cancelled the date scheduled for rendition of a decision, originally set for 30 July 2014, due to a challenge on the grounds of bias against the presiding judge by the plaintiff. The court has not rendered a decision on the challenge on the grounds of bias yet. Porsche SE considers the claim to be without merit.

In January 2013, another individual had substantiated his claim in the amount of around €130,000 (plus interest) based on allegedly inaccurate information and omission of information, previously asserted by reminder notice, entering thereby legal proceedings with the Regional Court of Stuttgart. After being referred, the proceeding is pending before the Regional Court of Braunschweig. An oral hearing took place on 30 April 2014. The Regional Court of Braunschweig dismissed the plaintiff's action by decision dated 30 July 2014. The period allowed for an appeal is one month. Porsche SE considers the claim to be without merit.

On 7 June 2012, Porsche SE filed an action for declaratory judgment with the Regional Court of Stuttgart that alleged claims of an investment fund in the amount of around US$195 million do not exist. The investment fund had asserted out-of-court that Porsche SE had made false and misleading statements in connection with its acquisition of a stake in Volkswagen AG during 2008 and announced that it intended to file the alleged claim before a court in England. On 18 June 2012, the investment fund filed an action against Porsche SE with the Commercial Court in England. On 6 March 2013 the English proceedings were suspended at the request of both parties, until a final decision had been reached in the proceedings begun at the Regional Court of Stuttgart concerning the question of which court is the court first seized. On 24 July 2013, the Regional Court of Stuttgart decided that the Regional Court of Stuttgart is the court first seized. This decision of the Regional Court of Stuttgart has been appealed by way of an immediate appeal by one of the defendants. By decision dated 28 November 2013, the Regional Court of Stuttgart did not allow the appeal and submitted the appeal to the Higher Regional Court of Stuttgart for a decision. A judgment concerning this appeal has not yet been taken.
Porsche SE considers the action filed in England to be inadmissible and the claims to be without merit.

Proceedings regarding shareholders' actions

A shareholder has filed an action of nullity and for annulment before the Regional Court of Stuttgart regarding the resolutions of the annual general meeting on 30 April 2013 on the exoneration of the executive board and the supervisory board for the fiscal year 2012, the election of five persons as members of the supervisory board as well as the resolution to refuse the motion to vote out the chairman of the general meeting. An oral hearing took place on 6 May 2014. A date for rendition of a decision has lastly been scheduled for 19 August 2014.
Porsche SE considers the action to be without merit.

The same shareholder also has filed an action of nullity and for annulment regarding the resolutions of the annual general meeting on 27 May 2014 as well as a precautionary action for determination that a shareholders' resolution has been adopted before the Regional Court of Stuttgart. Subject of the actions are the shareholders' resolutions on the exoneration of the executive board and the supervisory board for the fiscal year 2013 as well as the resolution to refuse the motion to vote out the chairman of the general meeting. For reasons of precaution the shareholder additionally filed an action for determination that a shareholders' resolution has been adopted regarding the motion to vote out the chairman of the general meeting. A trial date has not been set yet. Porsche SE considers the action to be without merit.

Furthermore, the same shareholder claims a right to information against Porsche SE before the Regional Court of Stuttgart. With this motion the disclosure of questions asked at the annual general meeting in 27 May 2014 is demanded. A trial date has not been set yet. Porsche SE considers the motion to be without merit.

Investigations of the Stuttgart public prosecutor

To the knowledge of Porsche SE – which is not a party to the criminal proceedings and therefore has only limited knowledge of the subject matter and status of investigations – in December 2012, the Stuttgart public prosecutor brought charges against the former members of the executive board Dr. Wendelin Wiedeking and Holger P. Härter with the chamber of the Regional Court of Stuttgart responsible for economic offenses on suspicion of information-based manipulation of the market in Volkswagen shares. According to the press release by the Stuttgart public prosecutor of 19 December 2012, they are held responsible for false declarations made in public statements of the company at their instigation in 2008 relating to the acquisition of the shareholding in Volkswagen AG. In five statements made in the period from 10 March 2008 to 2 October 2008, Porsche SE is alleged to have denied any intention to step up its investment to 75% of the voting capital despite already planning to do so at the time. In its charges, the public prosecutor assumes, that by February 2008 at the latest, it was already the intent of the accused former members of the executive board to increase Porsche SE's investment in Volkswagen AG to 75% of the voting capital before the end of the first quarter of 2009 in preparation for a control and profit and loss transfer agreement. Porsche SE's denials covered by the charges are alleged to have had an actual impact on the stock market price of Volkswagen ordinary shares. This is alleged to have led specific investors to sell Volkswagen ordinary shares that they already held and to sell short Volkswagen ordinary shares. The Regional Court of Stuttgart dismissed the opening of the main proceedings on 24 April 2014. This decision of the Regional Court of Stuttgart has been appealed by way of an immediate appeal by the Stuttgart public prosecutor on 5 May 2014.

In February 2013, it became known that the Stuttgart public prosecutor had launched investigations against all members of the supervisory board of Porsche SE from 2008 and a former employee with the allegation of jointly aiding and abetting violation of the prohibition on market manipulation by omission.

The Regional Court of Stuttgart – according to a press release by the Regional Court of Stuttgart of 4 June 2013 – sentenced on 4 June 2013 the former CFO and a manager of the finance department of Porsche SE to fines due to joint credit fraud assumed by the court. The accusation is that false information was allegedly provided to one of the banks involved during the negotiations for a follow-up financing for the €10 billion loan due for repayment in March 2009. To the knowledge of Porsche SE, the judgment has been appealed by the former CFO of Porsche SE. The loan in question was repaid by Porsche SE punctually and completely.

Porsche SE considers all allegations made in the aforementioned proceedings to be without merit.

[19] Related parties

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

There were no trade transactions between the Porsche SE group and the Porsche and Piëch families and their affiliates, neither in the first half of the fiscal year 2014 nor in the comparable prior-year period.

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 the fiscal year 2014 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 and over which Porsche SE has no significant influence or does not exercise joint control. The same applies for close family members of these persons.

The disclosure requirements pursuant to IAS 24 also include persons and entities over which the Porsche SE group can exercise a significant influence or joint control.

Porsche SE exercises a significant influence on the Volkswagen group (associate). There are relations of an investment and financial nature. Without exception, they were charged at arm’s length conditions. Supplies and services rendered include dividends and profit distributions totaling €599 million received from Volkswagen AG (first half of 2013: €524 million). In addition, income totaling €3 million (first half of 2013: €3 million) from these relations is included in financial revenue; this is counterbalanced by purchased services recognized as expenses of €10 million (first half of 2013: €10 million). In connection with this relationship, the receivables contain time deposits amounting to €1,090 million (31 December 2013: €400 million); liabilities include an amount of €303 million arising from financing activities (31 December 2013: €303 million). In addition, in the first half of the fiscal year 2014 there were relationships for services that led to the recognition of goods and services received of €4 million (first half of 2013: €1 million).

Related parties

€ million	Supplies and services rendered **1st half of 2014**	 1st half of 2013	Supplies and services received **1st half of 2014**	 1st half of 2013
Associates and their majority shareholding	602	527	14	11
	602	**527**	**14**	**11**

€ million	Receivables **30/6/2014**	 31/12/2013	Liabilities **30/6/2014**	 31/12/2013
Associates and their majority shareholding	1,090	400	318	315
	1,090	**400**	**318**	**315**

[20] Subsequent events

With the exception of the developments concerning litigation presented in note [18], there were no reportable events after 30 June 2014.

Stuttgart, 31 July 2014

Porsche Automobil Holding SE

The executive board

Prof. Dr. Martin Winterkorn Matthias Müller Hans Dieter Pötsch Philipp von Hagen

Responsibility statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, 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 in accordance with German accepted accounting principles, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the group for the remaining months of the financial year.

Stuttgart, 31 July 2014

Porsche Automobil Holding SE

The executive board

Prof. Dr. Martin Winterkorn   Matthias Müller   Hans Dieter Pötsch   Philipp von Hagen

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 to 30 June 2014, which are part of the half-yearly 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, 31 July 2014

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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

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