PORSCHE AUTOMOBIL HOLDING SE

2012

Six-monthly financial report

1.1.–30.6.

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2012

This six-monthly financial report is available in German and English. In case of doubt the german version is binding.

INTERIM GROUP MANAGEMENT REPORT

1.1.–30.6. 2012

Porsche SE and Volkswagen AG create Integrated Automotive Group

Porsche Automobil Holding SE, Stuttgart, (“Porsche SE” or “company”) and Volkswagen Aktiengesellschaft, Wolfsburg, (“Volkswagen AG” or “VW”) plan to achieve their shared goal of creating the Integrated Automotive Group on 1 August 2012. On 4 July 2012, the executive board of Porsche SE and the board of management of Volkswagen AG, with the agreement of the competent bodies, approved a concept for the complete integration of Dr. Ing. h.c. F. Porsche Aktiengesellschaft, Stuttgart, (“Porsche AG”) into the Volkswagen Group (Volkswagen AG and its subsidiaries). Implementing this concept, both companies concluded a contribution agreement on 12 July 2012. According to this agreement, Porsche SE will contribute its holding business operations, including its 50.1 percent investment in Porsche's operating business, and thus its investment in the Porsche Zwischenholding GmbH group (Porsche Zwischenholding GmbH, Stuttgart, as well as Porsche AG and its subsidiaries), to Volkswagen AG. The execution of the transaction will make Volkswagen AG the sole shareholder of Porsche’s operating business. In addition to one ordinary VW share, Porsche SE will receive a cash amount of around 4.46 billion euro when the transaction is executed.

Following the conclusion of the transaction, Porsche SE will be a financially strong holding company with attractive potential for increasing value added, with clear, sustainable structures and a solid outlook for the future. After the transaction has been implemented, Porsche AG and Volkswagen AG will be able to leverage synergies in their operating business at an earlier stage and cooperate more easily. Porsche SE, as the largest Volkswagen shareholder, will also greatly benefit from this.

For further information on the planned transaction and its effects on the results of operations, financial position and net assets of the Porsche SE group, we refer to the “Subsequent events” and “Forecast report and outlook” sections of this interim group management report.

Significant events

Changes to the supervisory board and executive board of Porsche SE

Effective 23 January 2012, Mr. Hansjörg Schmierer was appointed to the supervisory board of Porsche SE by the court as an employee representative. He takes over this function from Mr. Hans Baur, who had laid down his office effective as of 31 December 2011.

Mr. Thomas Edig left the executive board of Porsche SE of his own volition and in agreement with the supervisory board on 29 February 2012 in order to focus on his tasks on the board of Porsche AG and vigorously drive forward Strategy 2018. Mr. Edig was the member of Porsche SE’s executive board in charge of commercial and administrative issues. The supervisory board of Porsche SE approved the premature termination of his appointment to the executive board in its meeting on 27 February 2012. In June 2011, the Porsche AG supervisory board had appointed Mr. Thomas Edig as deputy chairman, board member for human resources and social issues, and labor director of Porsche AG for a further five years, effective as of 1 May 2012.

The supervisory board appointed Mr. Philipp von Hagen to the executive board of Porsche SE, effective as of 1 March 2012. Mr. von Hagen, who is the member of the board responsible for investment management, had previously been Chief Operating Officer and director in the corporate finance division at Rothschild.

Extension of the appointment of Prof. Winterkorn and Mr. Pötsch

In its meeting of 9 March 2012, the supervisory board of Porsche SE extended the appointment of the CEO, Prof. Dr. Martin Winterkorn, and the CFO, Hans Dieter Pötsch, by five years, effective from 25 November 2012. Both members of the executive board will perform their functions alongside their respective roles on the board of management of Volkswagen AG.

Annual general meeting of Porsche SE

Around 4,200 shareholders attended the annual general meeting of Porsche SE held on 25 June 2012 at the Stuttgart trade fair center. The dividend approved for fiscal year 2011 amounts to 76 cents per share to holders of preference shares and 75.4 cents per share for holders of ordinary shares.

At this annual general meeting, it was also decided to amend Art. 2 of the articles of association of Porsche SE – and thus the business purpose of the company.

The background to the decision to amend the articles of association is that, following repayment of the existing bank loans in full, the cash that Porsche SE receives from the creation of the Integrated Automotive Group with Volkswagen is to be used for strategic investments along the automotive value chain. The amendment of Porsche SE's articles of association will ensure adequate room to maneuver in the future. The amendment to the articles of association was entered in the commercial register on 23 July 2012 and is therefore effective.

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 information-based manipulation of the market in Volkswagen shares. According to the public prosecutor, the allegations involve public statements and the failure to make certain required statements regarding the acquisition of the shareholding in Volkswagen AG between 2006 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 Porsche SE'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. The Stuttgart public prosecutor stated in a press release of 6 March 2012 that it had brought charges against three managers of the finance department of Porsche SE with the chamber of the Regional Court of Stuttgart responsible for economic offenses on suspicion of obtaining credit by deception. They are accused of providing one of the banks involved during the negotiations for follow-up financing for the 10 billion euro loan due for repayment in March 2009 with false information on cash-settled options held by Porsche SE relating to VW ordinary shares. According to a spokesperson of the Regional Court of Stuttgart the main proceedings have been opened. In the press release of 6 March 2012, the Stuttgart public prosecutor also stated that investigations into the allegations of information-based manipulation of the market and breach of fiduciary duty against the former members of Porsche SE's executive board are continuing. The further investigations were proving to be extremely complex and time-consuming and would not be completed before mid-2012. 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 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, 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 USD 1.4 billion. Porsche SE considers these actions to be legally insufficient and without merit.

In 2009, 2010 and 2011, market participants in Germany applied for conciliatory proceedings against Porsche SE and in part against Volkswagen AG 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 market participants have filed further applications for conciliatory proceedings against Porsche SE based on the same claims; the company received these applications in January and February 2012. Some of the new applications are also directed against Volkswagen AG and in one case against Porsche AG. All of the alleged claims relate to alleged lost profits or alleged losses incurred estimated by the market participants to total approximately 3.3 billion euro. Porsche SE considers the alleged claims to be without merit and has not taken part in the conciliatory proceedings.

In January 2011, an individual filed a claim for damages against Porsche SE and another defendant in the amount of approximately 3 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. On 27 June 2012 a hearing took place. A date for rendition of a decision has been scheduled for 19 September 2012. Porsche SE considers the alleged claim to be without merit and accordingly assumes that the action will fail.

In October 2011, ARFB Anlegerschutz UG (haftungsbeschränkt), Berlin, brought an action before the Regional Court of Braunschweig against Porsche SE and Volkswagen AG based on claims for damages allegedly assigned to it by 41 investment funds, insurance companies and other companies in the amount of approximately 1.1 billion euro. Some of the 41 companies are also applicants in the aforementioned conciliatory proceedings. Four of the companies are hedge funds that have also filed claims against Porsche SE before a US Federal Court that were dismissed in a first instance. In December 2011, this claim was extended to include the alleged claims for damages filed by ARFB Anlegerschutz UG (haftungsbeschränkt) on behalf of another 24 entities for an allegedly assigned right in the amount of approximately 700 million euro. Two of these other companies are hedge funds that have also filed claims against Porsche SE before a US Federal Court that were dismissed in first instance. In connection with the extension of the claim in December 2011, ARFB Anlegerschutz UG (haftungsbeschränkt) also partly withdrew its original action to the extent that alleged claims for damages of an investment fund in the amount of approximately 4.5 million euro arising from an allegedly assigned right are no longer upheld. In addition, ARFB Anlegerschutz UG (haftungsbeschränkt) filed another action against the company at the Regional Court of Braunschweig in December 2011, asserting alleged claims for damages on behalf of another five companies, again from the alleged assigned right, for a total of approximately 351 million euro. 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. Porsche SE considers the alleged claims to be without merit and has responded by filing motions to dismiss. On Porsche SE's petitions for providing security for the costs of the proceedings filed in both proceedings hearings took place on 27 June 2012. After Porsche SE and the plaintiff agreed on security for the costs of the first instance of both proceedings, the Regional Court of Braunschweig postponed the decision on Porsche SE's remaining petitions until the end of the first instance. A trial date for hearing the case has not been set so far.

In December 2011, a total of seven plaintiffs filed a complaint against Porsche SE at the Stuttgart Regional Court and asserted claims for damages against the company in the total amount of some 2 billion euro, based on allegations of market manipulation and inaccurate information in connection with the acquisition of a shareholding in Volkswagen AG in 2008. Six of the plaintiffs are hedge funds that have also filed claims against Porsche SE before a US Federal Court that were dismissed in first instance. The Regional Court of Stuttgart referred the action to the Regional Court of Braunschweig. Porsche SE considers the alleged claims to be without merit and has responded by filing a motion to dismiss.

In addition, a market participant filed an action against Porsche SE at the Regional Court of Braunschweig in December 2011 and asserted claims for damages against the company in the total amount of some 1.5 million euro, based on allegations of market manipulation in connection with the acquisition of a shareholding in Volkswagen AG in 2008. The plaintiff bases the alleged damage on alleged losses incurred due to a total of 205 investment decisions (comprising purchases and sales of VW ordinary shares) on 27 October 2008. A hearing took place on 27 June 2012. A date for rendition of a decision has been scheduled for 19 September 2012. Porsche SE considers the alleged claims to be without merit and accordingly assumes that the action will fail.

In May 2012 an individual filed a motion for legal aid with the Regional Court of Braunschweig. The applicant announced to file an action against

Porsche SE in the total amount of approximately 125,000 euro. He alleges 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. Porsche SE considers the motion to be without merit and will file a respective statement.

A total of four reminder notices were served on the company in December 2011 and January 2012, asserting alleged claims for damages based on allegations of market manipulation and of inaccurate information or the omission of information, for a total of approximately 31 million euro. Porsche SE considers the alleged claims to be without merit and has filed an objection against the reminder notices. In three cases the proceedings were subsequently referred to the Regional Court of Stuttgart for implementation of a contradictory court hearing.

On 28 February 2012, an investment fund asserted an out-of-court claim for alleged damages in the amount of some USD 195 million. In the letter of claim, it is alleged that, in connection with its acquisition of a stake in Volkswagen AG during 2008, Porsche SE made false and misleading statements. The alleged claims are announced to be filed before a court in England. Porsche SE considers the claim to be without merit and therefore in June 2012 filed an action for declaratory judgement with the Regional Court of Stuttgart that the alleged claim does not exist.

Furthermore, in May and June 2012 three market participants asserted claims for damages against Porsche SE out-of-court. The claims are based on alleged inaccurate information and the omission of information by Porsche SE in connection with the acquisition of a stake in Volkswagen AG during 2008. Two of the market participants had effected service of the above mentioned reminder notices before. The total amount claimed by the three market participants out-of-court amounts to around 31 million euro. Porsche SE considers the claims to be without merit and has rejected them.

In its appeal judgment of 29 February 2012, the Higher Regional Court of Stuttgart declared the resolution of the annual general meeting of 29 January 2010 on the exoneration of the supervisory board for the fiscal year 2008/09 null and void. The first-instance decision of the Regional Court of Stuttgart of 17 May 2011 in favor of Porsche SE was altered accordingly. The Higher Regional Court of Stuttgart did not permit leave to appeal to the German Federal Court of Justice. Porsche SE then filed an appeal with the Federal Court of Justice against the denial of leave to appeal. The decision of the Higher Regional Court of Stuttgart is therefore not final and legally binding.

In its ruling of 17 April 2012, the Federal Court of Justice dismissed the appeal filed by two shareholders against the Higher Regional Court of Stuttgart's denial of leave to appeal against its ruling of 17 November 2010. In this ruling, the Higher Regional Court of Stuttgart dismissed actions of nullity and for annulment regarding the resolutions of the annual general meeting on 30 January 2009, and upheld the first-instance decision of the Regional Court of Stuttgart of 28 May 2010 in favor of Porsche SE. The dismissal of the appeal against the denial of leave to appeal clarifies that the resolutions of the annual general meeting on the exoneration of the executive board and supervisory board, the supervisory board election, and the remuneration of the first supervisory board of Porsche SE remain effective.

Significant events at the Porsche Zwischenholding GmbH group

Changes to the supervisory board of Porsche AG

Hans Baur laid down his office as a member of the supervisory board of Porsche AG on 31 December 2011. Mr. Bernd Kruppa was appointed as his successor by the Stuttgart Local Court on 15 February 2012.

Test facilities in Italy taken over

Porsche Engineering Group GmbH took over responsibility for the Nardò Technical Center automobile test facilities in Apulia, southern Italy, from Prototipo SpA in May 2012. Covering an area of more than 700 hectares, the test ground includes a handling circuit and an oval circuit as well as facilities for simulating different road surfaces and weather conditions. The engineering services subsidiary of Porsche AG intends to further optimize the test facilities and make these available to clients for testing and trials purposes.

Porsche AG issues debenture bond

The Porsche AG group (Porsche AG and its subsidiaries) called a high-yield USD 1.0 billion hybrid bond in June 2012. Repayment will be made on 1 August 2012. The repayment amount will be refinanced by, among other things, all cash inflows from a debenture bond of 500 million euro that was issued by Porsche AG in July 2012. This enables Porsche AG's interest expenses to be further reduced.

Significant events at the Volkswagen group

Structural and management changes at the Volkswagen group

The Volkswagen group is implementing extensive restructuring at an organizational and management level in response to the increased demands following the strong growth seen in recent years. A new “China” board of management function will be created, underpinning the growing significance of the largest sales market in the world. Prof. Dr. Jochem Heizmann, the member of the group board of management responsible for commercial vehicles, will head the new function. Leif Östling, Chief Executive Officer of Scania until 31 August 2012, will assume responsibility for the commercial vehicles function on the board of management. In this context, the Volkswagen commercial vehicles brand will become part of the group’s commercial vehicles business area going forward. Dr. Georg Pachta-Reyhofen, speaker for the executive board of MAN SE, will take on additional responsibility for group-wide coordination of the industrial engines business as a member of the executive committee of the Volkswagen group. Other important changes will also be made at brand level. All of the new positions will be filled internally, including the appointment of three female senior managers to the brand boards of management. The extensive realignment gives the group additional momentum on the road to achieving its Strategy 2018 objectives.

Expansion of involvement in China

The Volkswagen group is planning to further expand its involvement in China. Prof. Dr. Martin Winterkorn, chairman of the board of management of Volkswagen AG, and representatives of Chinese partner SAIC Motor Corporation signed a contract to build a new plant in Urumqi in western China in the presence of Chinese Premier Wen Jiabao and German Chancellor Dr. Angela Merkel, who visited the Volkswagen plant in Wolfsburg on 23 April 2012. The investment will total approximately 170 million euro. Up to 50,000 vehicles per year are expected to be produced in the capital of Xinjiang province from 2015. Volkswagen will also actively attract automotive suppliers to the area and establish its own training center. The group is expecting strong growth in rural China, with the west of the country playing a particularly important role. Together with its partners, Volkswagen is looking to expand its long-term presence in the region.

The Volkswagen group and the China FAW Group Corporation also signaled their intention to extend the FAW-Volkswagen joint venture by a further 25 years. After more than 20 years of success, the two companies plan to expand their strategic partnership, focusing on joint research activities and e-mobility projects, as well as innovative product developments and financial services.

Share of voting rights in MAN SE increased

Effective 6 June 2012, Volkswagen increased its share of voting rights in MAN SE, Munich, to 75.03 percent, thus taking the next step toward the creation of an integrated commercial vehicles group comprising MAN, Scania and Volkswagen commercial vehicles. The group plans to further increase its share of the voting rights in MAN SE over the coming twelve months, depending on market conditions. Volkswagen aims to strengthen cooperation between group companies in the commercial vehicles segment and is keeping all options open going forward on the future structure of an integrated commercial vehicles group, including the signing of a control and profit and loss transfer agreement. MAN will retain its operational independence and identity; MAN Power Engineering will remain an integral part.

MAN extends offering of super-heavy trucks in Latin America

MAN is continuing its expansion into the Latin American market in 2012 with the launch of the TGX super-heavy truck series – the first time a truck has been produced under the MAN brand in Brazil and sold in South and Central America. Further synergies between the European and South American commercial vehicle businesses can be found under the hood: most of Volkswagen's Constellation ADVANTECH range are now powered by MAN D08 engines. This type of engine was adapted to meet the demands of local growth markets and will now be produced in Brazil for the first time.

Business development

Increase in sales at significant investments

In the first half of fiscal year 2012, the Porsche Zwischenholding GmbH group increased its unit sales – in comparison to the first half of 2011 – by 22.5 percent to 68,940 vehicles. The greatest market success was the Cayenne sporty off-roader, with sales of 35,409 units. This represented an increase of 24.7 percent on the comparative prior-year period. Porsche sold 15,103 Gran Turismo Panamera vehicles in the first six months of 2012, up 30.6 percent on the comparative prior-year period. Sales of the 911 model series increased by 42.8 percent during the reporting period to 14,420 vehicles. The new Boxster was presented for the first time at the International Motor Show in Geneva in March 2012, and went on sale the following month. As a result, sales of the Boxster model series, including the Cayman, the new generation of which goes into production in the second half of 2012, decreased by a total of 35.3 percent to 4,008 vehicles.

The Volkswagen group also increased its unit sales. 2,416,260 of the 4,644,097 vehicles sold around the globe in the period from 1 January to 30 June 2012 were from the Volkswagen passenger car brand (prior year: 2,206,718 out of a total of 4,133,330 vehicles sold). The Fox, Tiguan, Touareg and Sharan models recorded the highest growth rates. Demand for the new up!, Beetle and CC models was also particularly strong. The Audi brand sold 678,331 vehicles in the first half of 2012 (prior year: 761,818 vehicles); the Chinese joint venture FAW-Volkswagen sold a further 165,852 Audi vehicles. The Audi Q5, Audi A6, Audi A7 Sportback and Audi A8 models recorded the highest growth rates. Demand for the new Audi A1 Sportback and Audi Q3 models was also particularly high. The figures for the Lamborghini brand are already included in the key figures for the Audi brand. The ŠKODA brand sold 407,593 vehicles between 1 January and 30 June 2012, compared to 361,873 vehicles in the comparative period. The Roomster, Yeti and Octavia models as well as the Rapid in India were increasingly popular. The SEAT brand sold 217,941 vehicles during the reporting period, compared to 187,957 in the prior year. The SEAT Alhambra recorded higher unit sales year-on-year; sales of the SEAT Mii also performed well. The Bentley brand sold 4,816 vehicles in the first half of 2012 (up 47.8 percent). In the first six months of 2012, Volkswagen commercial vehicles sold 228,239 vehicles compared to 217,843 in the comparative prior-year period. The Crafter and Amarok models recorded the highest growth rates. The sales figures for Scania were 32,032 vehicles in the reporting period, compared to 40,300 in the comparative prior-year period. The MAN brand sold 68,383 vehicles in the reporting period. The Chinese joint venture entities contributed to a total of 1,254,818 vehicles to unit sales (up 19.2 percent).

Regional differences

The Porsche Zwischenholding GmbH group increased its sales in all significant sales regions in the first six months of the fiscal year 2012. However, there were marked differences in growth rates across the regions. Sales rose most sharply in China (excluding Hong Kong), which saw 38.4 percent growth on the comparative prior-year period to 15,638 vehicles. In the German market, Porsche achieved an increase of 23.8 percent to 8,335 units. The overall increase in the Asia/rest of the world region was 28.8 percent to 24,999 vehicles, and in Europe 21.5 percent to 24,107 vehicles. In the Americas region, the Porsche Zwischenholding GmbH group achieved growth of 16.5 percent to 19,834 vehicles. The USA alone accounted for 16,864 units, up 19.8 percent on the comparative prior-year period.

The Volkswagen group sold 2,194,619 vehicles in the period from 1 January to 30 June 2012 in the Europe/other markets region (prior year: 2,081,120 vehicles). 419,097 units were sold in North America (prior year: 317,030 vehicles). In the South American markets, Volkswagen sold a total of 472,635 vehicles in the reporting period (prior year:

460,773 vehicles). The Volkswagen group's unit sales in markets in the Asia-Pacific region (including the Chinese joint ventures) amounted to 1,557,746 units, after 1,274,407 vehicles in the comparative prior-year period.

Production expanded

In the reporting period, 75,476 vehicles were produced in the Porsche Zwischenholding GmbH group, an increase of 16.2 percent on the comparative prior-year period. In Leipzig, 39,746 units of the Cayenne series were built in the first six months of 2012, some 25.5 percent more than in the prior year. 16,049 Panamera vehicles were produced, up 15.2 percent on the first six months of 2011. At the plant in Zuffenhausen, a 30.7 percent increase in production of the 911 model series resulted in 14,740 units being produced. Production of the Boxster (including the Cayman models) series decreased 38.8 percent to 4,941 units due to the life cycle.

The Volkswagen group produced 4,680,999 vehicles over the period from 1 January to 30 June 2012, after producing 4,184,350 vehicles in the period from 1 January to 30 June 2011. Due to growth, inventories at group companies and in the retail organization around the world were higher as of 30 June 2012 than as of year-end 2011 and 30 June 2011.

Employees

As of 30 June 2012, the Porsche SE group had 35 employees (31 December 2011: 31 employees).

As of 30 June 2012, the headcount at the Porsche Zwischenholding GmbH group of 16,330 employees was up 6.7 percent on the figure seen as of 31 December 2011. In Germany, the Porsche Zwischenholding GmbH group employed 14,116 people as of 30 June 2012. This means that Germany accounts for 86.4 percent of the total workforce.

The Volkswagen group employed a total of 518,699 people worldwide as of 30 June 2012. This was 3.3 percent more than as of 31 December 2011 (501,956). The number of people employed in Germany was 229,022. This is equivalent to 44.2 percent of the total headcount.

Related parties

With regard to significant transactions with related parties, reference is made to note [17] to the interim condensed consolidated financial statements included in this six-monthly financial report.

New launches by the Porsche Zwischenholding GmbH group

The new Boxster debuted at the International Motor Show in Geneva in early March 2012. The open-top two-seater rolled out with an entirely new lightweight body and a completely reworked chassis. Significantly lower weight, a longer wheelbase, a wider track and bigger wheels combine to further ratchet up the handling of the mid-engined sports car noticeably. The new Boxster models deliver better performance and are also as much as 15 percent more efficient. Depending on the model, they are content with less than 8 liters of fuel per 100 km.

The Boxster and Boxster S are powered by six-cylinder boxer gasoline engines with direct fuel injection and improved efficiency based on electrical system recuperation, thermal management and start/stop function. The new 2.7-liter engine of the entry model churns out 265 hp (195 kW) – that is 10 hp more than its larger predecessor. It is based on the 3.4-liter engine of the Boxster S, which now delivers 315 hp (232 kW), an increase of 5 hp.

The Cayenne GTS debuted at Auto China in Beijing at the end of April 2012. Its concept: concentration on sporty performance. Its recipe: a more powerful engine, more dynamic power development, a tauter chassis with lower ride height, and emphatically sporty equipment and design. The new Cayenne GTS not only closes the gap between the Cayenne S and the Cayenne Turbo; it also sets itself apart from the other models with its own special character.

The Cayenne GTS has a 420 hp (309 kW) 4.8-liter uprated V8 engine. Power is transmitted via an eight-speed Tiptronic S transmission with integrated auto start/stop function. The GTS can sprint from a standing start to 100 km/h in 5.7 seconds and fuel consumption averages 10.7 liters per 100 km.

New launches by the Volkswagen group

Volkswagen passenger cars celebrated the world premiere of the New Lavida in Beijing, which aims to build on the success of its predecessor. The Lavida saloon was launched four years ago in China and quickly rose to the top of the A segment – the highest-volume segment in the Chinese market. The New Lavida features a completely redesigned body with sharp lines and clean frontal elements, reflecting Volkswagen's current design language. The standard model already comes with safety features such as ABS, ESP and front airbags. Volkswagen passenger cars also unveiled the CC 3.0 V6 with a 184 kW (250 hp) six-cylinder motor. The six-speed DSG takes the model from 0 to 100 km/h in a mere 7.4 seconds. Its average fuel consumption is only 9.4 liters per 100 km. Other highlights in Beijing were the Tiguan R Line and the Scirocco R models, which were specially designed to meet the needs of Chinese customers. Bentley celebrated the Asian premiere of the Continental GT V8.

Volkswagen passenger cars unveiled three world premieres at the AMI in Leipzig. The CC R Line marries sporty design and elegance in a saloon and features specially designed bodywork, exclusive alloy rims and a customized interior. The 155 kW (210 hp) Scirocco GTS is dynamism in its purest form. Thirty years after the launch of the first GTS, the Scirocco pays homage to the 70s and 80s with its striking trims. Another highlight is the return of the legendary golf ball shift knob. At the heart of the Beetle Fender Edition is a 400 watt sound system from famed US guitar and amplifier manufacturer Fender. The dashboard features two-tone wood elements typical of Fender guitars. The Beetle Fender Edition is available in two shades of black: "Black Uni" and "Deep Black Pearl Effect". The "Urban White" CrossPolo also celebrated its trade fair debut in Leipzig. Black roof rails, exterior mirrors and trims give the special edition in elegant white paint a rugged, off-road look.

Audi premiered its revamped Q5 and Q5 hybrid models at the AMI. Subtle design updates, an improved infotainment system and up to 15 percent lower consumption figures make the popular SUV even more attractive. Also on show at Audi's stand – in some cases for the first time in Germany – were the A1 Sportback, the new A3, the new A4 saloon, the A6 allroad quattro.

The derivatives of the Volkswagen up!, the ŠKODA Citigo and the SEAT Mii, also celebrated their German debut in Leipzig.

Results of operations, net assets and financial position

Results of operations

In the first half of fiscal year 2012, the Porsche SE group achieved a profit for the period of 1,150 million euro, following a profit of 149 million euro in the comparative prior-year period. The positive result is primarily attributable to the profit from investments accounted for at equity totaling 2,601 million euro. However, this was partly counterbalanced in particular by a non-cash special effect on profit or loss from the adjustment of the valuation of the put and call options for the shares in Porsche Zwischenholding GmbH remaining with Porsche SE totaling minus 1,379 million euro.

The valuation of the put and call options is affected in particular by the 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. The effect of the adjustment of the valuation of the options recognized as an expense in the first half of the fiscal year 2012 resulted from a higher enterprise value of Porsche Zwischenholding GmbH in comparison to 31 December 2011, which was attributable in particular to a decrease in the cost of capital derived as of the valuation date.

Other operating income decreased in the period from 1 January to 30 June 2012 from 10 million euro to 5 million euro in comparison to the corresponding prior-year period and contains in particular income from the reversal of provisions.

Personnel expenses of the Porsche SE group increased from 7 million euro to 9 million euro in comparison to the prior-year period.

Other operating expenses decreased from 1,650 million euro in the comparative period to 1,411 million euro in the first half of 2012. In both cases, they mainly contain the effect from the adjustment of the valuation of the put and call options for the shares in Porsche Zwischenholding GmbH remaining with Porsche SE at fair value totaling minus 1,379 million euro (first half of 2011: 1,637 million euro).

Profit/loss from investments accounted for at equity comes to 2,601 million euro (first half of 2011: 1,926 million euro). This contains the share attributable to Porsche SE in the Porsche Zwischenholding GmbH group's profit for the first six months of the year 2012 of 309 million euro (first half of 2011: 202 million euro) and in the Volkswagen group's profit for this period of 2,292 million euro (first half of 2011: 1,724 million euro). The contributions to profit or loss also include effects of the amortization of the purchase price allocations performed at the time of inclusion of Porsche Zwischenholding GmbH as a joint venture and 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 for the period – was reduced by some 197 million euro in total (first half of 2011: 247 million euro) by the effects of these purchase price allocations for the Porsche Zwischenholding GmbH and Volkswagen groups, i.e., the subsequent measurement of hidden reserves and burdens identified in the process.

In the reporting period, the financial result, which essentially contains income and expenses from loans, improved from minus 129 million euro in the first half of 2011 to minus 26 million euro. This improvement is mainly due to the partial repayment of liabilities to banks and the refinancing performed in fiscal year 2011 at more favorable conditions from Porsche SE's perspective.

The profit before tax totals 1,160 million euro (first half of 2011: 150 million euro). The tax expense for the first half of 2012 totals 10 million euro (first half of 2011: 1 million euro).

In the first half of the fiscal year 2012, the Porsche SE group achieved a total profit for the period of 1,150 million euro (first half year 2011: 149 million euro).

Financial position

Cash flow from operating activities came to 367 million euro in the first half of the fiscal year 2012 (first half of 2011: 57 million euro). This positive cash flow is essentially attributable to dividends received from the investments in Porsche Zwischenholding GmbH of 78 million euro (first half of 2011: 57 million euro) and in Volkswagen AG of 331 million euro (first half of 2011: 243 million euro). Interest paid in the first six months of the fiscal year 2012 came to 113 million euro (first half of 2011: 210 million euro); interest received came to 93 million euro (first half of 2011: 94 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 share in Porsche Zwischenholding GmbH held by Porsche SE.

There was a cash inflow from investing activities of 91 million euro in the first six months of the fiscal year 2012, compared to a cash inflow of 116 million euro in the comparative period. The cash inflows from investing activities in the reporting period pertain to the change in time deposits with an original term of more than three months.

In the group's financing activities, there was a cash outflow of 295 million euro (first half of 2011: 184 million euro) in the first half of 2012. This results from the dividend distribution to the shareholders of Porsche SE of 232 million euro (first half of 2011: 77 million euro) and payments to the hybrid capital investors of 11 million euro (first half of 2011: 11 million euro). In addition, there was a cash outflow of 52 million euro from the repurchase of hybrid capital.

Compared to 31 December 2011, cash funds increased by 163 million euro to 531 million euro as of 30 June 2012.

Gross liquidity, i.e., cash, cash equivalents and time deposits, improved from 469 million euro as of 31 December 2011 to 541 million euro as of 30 June 2012.

The net liquidity of the Porsche SE group, i.e., cash, cash equivalents and time deposits less liabilities to banks, improved from minus 1,522 million euro to minus 1,452 million euro as of 30 June 2012.

Net assets

The Porsche SE group's total assets increased by 1,841 million euro, from 32,965 million euro as of 31 December 2011 to 34,806 million euro as of 30 June 2012.

The non-current assets of the Porsche SE group totaling 33,913 million euro (31 December 2011: 32,261 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 1,583 million euro to 25,855 million euro, while the carrying amount of the investment in Porsche Zwischenholding GmbH accounted for at equity rose by a total of 200 million euro to 3,936 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 4,122 million euro (31 December 2011: 4,253 million euro) relate primarily to non-current 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 of 103 million euro (31 December 2011: 232 million euro) for the put option Porsche SE received from Volkswagen AG 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 decreased from 97.9 percent as of 31 December 2011 to 97.4 percent as of 30 June 2012.

Current assets increased by 189 million euro in comparison to 31 December 2011 to 893 million euro. This figure mainly contains cash, cash equivalents and time deposits of Porsche SE and its subsidiaries as well as income tax receivables that relate, among other things, to reimbursement claims for tax on investment income from dividends received. As a percentage of total assets, current assets rose from 2.1 percent as of 31 December 2011 to 2.6 percent as of 30 June 2012.

As of 30 June 2012, the equity of the Porsche SE group increased to 22,210 million euro (as of 31 December 2011: 21,645 million euro). Due to the repurchase of the hybrid capital, its carrying amount decreased by 48 million euro compared to 31 December 2011 to 297 million euro as of 30 June 2012. The equity ratio (taking hybrid capital into account) decreased from 65.7 percent at the end of the fiscal year 2011 to 63.8 percent as of 30 June 2012, while total assets were slightly increasing.

Current and non-current provisions increased slightly from 195 million euro as of 31 December 2011 to 206 million euro as of 30 June 2012.

The non-current financial liabilities totaled 5,873 million euro, virtually unchanged in comparison to 31 December 2011, and contain, as they did on 31 December 2011, liabilities to companies belonging to the Porsche Zwischenholding GmbH group totaling 3,880 million euro as well as liabilities to banks of 1,993 million euro (31 December 2011: 1,991 million euro). Other non-current and current liabilities increased from 5,237 million euro at the end of the prior fiscal year to 6,490 million euro as of 30 June 2012. The increase is primarily due to the negative fair value contained in non-current other liabilities for Volkswagen AG's call option pursuant to the basic agreement for the remaining shares in Porsche Zwischenholding GmbH held by Porsche SE in the amount of 6,337 million euro, which had been 5,087 million euro as of 31 December 2011.

Operating result of significant investments

The following statements relate to the ongoing operating business of the Porsche Zwischenholding GmbH group and 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 68,940 vehicles in the period from 1 January to 30 June 2012. Revenue amounted to 6,757 million euro. The operating result of the Porsche Zwischenholding GmbH group for the first six months of the current fiscal year 2012 amounted to 1,261 million euro. The Porsche Zwischenholding GmbH group reports a clear double-digit operating return on sales.

The Volkswagen group sold 4,644,097 vehicles in the period from 1 January 2012 to 30 June 2012. With revenue of 95,378 million euro in that period, the operating result came to 6,492 million euro.

Opportunities and risks of future development

Opportunities and risks at Porsche SE

The report on opportunities and risks at Porsche SE in the annual report of Porsche SE for the fiscal year 2011 must be updated as of 30 June 2012 with regard to the statements on the current status of the legal proceedings. We refer to the section “Significant events” in this interim group management report.

When implemented, the planned accelerated creation of the Integrated Automotive Group between Porsche and Volkswagen will also have an influence on the risks that Porsche SE sees itself as being exposed to (for further information on the planned transaction, we refer to the “Subsequent events” section in this interim group management report).

Risks originating from the capital and credit markets

The cash received by Porsche SE on contributing its holding business operations to Volkswagen AG is to be used to repay the currently utilized syndicated loan of 2.0 billion euro. Potential risks from floating-rate debt capital will therefore no longer exist following the repayment.

Liquidity risk

In return for the contribution of its holding business operations to Volkswagen AG, Porsche SE is to receive cash of around 4.46 billion euro, in addition to one new ordinary Volkswagen AG share. Following repayment in full of the existing liabilities to banks of a nominal 2.0 billion euro by means of this consideration, Porsche SE will have clearly positive net liquidity.

In addition, the company will continue to have a currently undrawn revolving line of credit at its disposal. In accordance with the applicable terms of the syndicated loan agreement of October 2011, this line will decrease as a result of the repayment of the utilized syndicated loan from a current maximum of 1.5 billion euro to a maximum of 1.0 billion euro. The maturity date of 30 November 2013, and the options to extend the loan such that under certain circumstances the maturity date may be prolonged until 30 June 2015 in two steps, remains unaffected.

Risks originating from financial covenants

The expected reduction of the syndicated loan from a total of up to 3.5 billion euro to a maximum of 1.0 billion euro will have a positive effect on the financial covenants agreed between Porsche SE and various banks.

The executive board therefore continues to see no indication that these covenants will not be met in the future.

Valuation risk

The share in Porsche's business operations, and thus in the Porsche Zwischenholding GmbH group, is a particular part of the planned contribution of the holding business operations of Porsche SE to Volkswagen AG. Potential risks arising from the impairment of this share will no longer directly affect Porsche SE following the execution of the contribution. Accordingly, the regular valuations performed by Porsche SE and observation of assessments made by analysts, aimed at early detection of a possible need to record an impairment, will in the future pertain only to the investment in Volkswagen AG.

Risk arising from the use of financial instruments

Most of the Porsche SE group's receivables as of 30 June 2012 are due from companies in the Porsche Zwischenholding GmbH group. As part of the planned contribution of Porsche SE's holding business operations, these receivables will be transferred directly or indirectly to Volkswagen AG. As a result, there will be no direct default risk for Porsche SE in the future.

Following receipt of the consideration of Volkswagen AG in the amount of around 4.46 billion euro and the repayment in full of the currently utilized syndicated loan, Porsche SE intends to use the major portion of the liquidity remaining to acquire strategic investments focusing along the automotive value chain. Due to the investment of this cash in the interim, there can be counterparty risks and interest rate risks, similar to the risks pertaining to other cash and cash equivalents.

In addition to the investment in Porsche's operating business, and thus in the Porsche Zwischenholding GmbH, the put and call options relating to the remaining shares in Porsche Zwischenholding GmbH held by Porsche SE are a particular part of the planned contribution of the holding business operations of Porsche SE to Volkswagen AG. When the transaction is executed the put and call options will terminate and therefore have no further effects on the net assets and results of operations of the Porsche SE group. Correspondingly, risks that have existed until now from the change in value of these options, which the companies granted each other, will no longer exist following the successful conclusion of the contribution. The retention mechanism agreed with Volkswagen AG within the scope of the option agreement will expire as of this date.

For the effects of the planned contribution on the current floating-rate debt capital, please refer to “Risks originating from the capital and credit markets” in this section of the interim group management report.

Opportunities and risks in the Porsche Zwischenholding GmbH group

The following comments must now be added to the report on opportunities and risks at the Porsche Zwischenholding GmbH group in the annual report of Porsche SE for the fiscal year 2011.

There have been the following changes regarding the refinancing situation in the Porsche Zwischenholding GmbH group: The purchase limit of an ABS program of Porsche Financial Services USA was reduced from USD 300 million to USD 225 million in March 2012 and terminated as of 31 August 2012. A USD 300 million ABS program is currently being negotiated as a replacement. A sale-and-leaseback line of USD 180 million for Porsche Financial Services Deutschland was not extended at the end of June 2012 and a new structure is being negotiated.

The Porsche Zwischenholding GmbH group called a USD 1.0 billion hybrid bond in June 2012. Repayment will be made on 1 August 2012. Among other things, a debenture bond of 500 million euro was provided to refinance the repayment amount. Like the Porsche Financial Services' debenture bond of the prior year, this debenture bond has a financial covenant. This pertains to the level of debt of the vehicles division in relation to EBITDA. Non-compliance with this covenant would result in a higher interest rate.

Opportunities and risks in the Volkswagen group

There were no major changes compared to the presentation of the opportunities and risks at the Volkswagen group in the annual report of Porsche SE for the fiscal year 2011.

Subsequent events

Accelerated creation of the Integrated Automotive Group

Porsche SE and Volkswagen AG were unable to implement their intention, stated in the basic agreement, of having the resolutions required for the merger of Porsche SE into Volkswagen AG passed by 31 December 2011. To provide for this case, which the basic agreement defines as the failure of the merger, Porsche SE and Volkswagen AG granted each other reciprocal put and call options in the basic agreement. These options relate to the remaining 50.1 percent shareholding in Porsche Zwischenholding GmbH held by Porsche SE and can be exercised at defined times within the period from 15 November 2012 to 31 January 2015. In recent months, Porsche SE and Volkswagen AG have sought alternatives to exercising the mutual put and call options, with the aim of achieving the Integrated Automotive Group of Porsche and Volkswagen earlier than would have been possible by exercising the put and call options, thereby also realizing the synergies expected in the Integrated Automotive Group, implementing the joint strategy faster, and significantly facilitating cooperation between Volkswagen and Porsche.

On 4 July 2012, the executive board of Porsche SE and the board of management of Volkswagen AG, with the agreement of the competent bodies, approved a concept for the accelerated creation of the Integrated Automotive Group. Implementing the concept, both companies concluded a contribution agreement on 12 July 2012. When this six-monthly financial report was prepared, execution of this agreement was still subject to various conditions precedent.

The contribution agreement provides for the creation of the Integrated Automotive Group, after the various restructuring measures have taken effect, by means of the contribution of the holding business operations of Porsche SE to Volkswagen AG by way of singular succession with effect as of 1 August 2012 as part of a capital increase with a mixed non-cash contribution (“new structure”). As consideration, Volkswagen AG will issue one new ordinary Volkswagen AG share, to be created by making partial use of an existing authorization, and make a payment of around 4.46 billion euro to Porsche SE.

The cash amount of around 4.46 billion euro includes the base purchase price agreed upon in the basic agreement and discounted to today's fair value for Porsche SE's 50.1 percent share in Porsche's operating business as well as the fair value of dividend payments from this investment due to Porsche SE from now until 2014. Economically, this means that Porsche SE will be in the same position today, as regards its 50.1 percent share in Porsche's operating business, as it would be if Volkswagen exercised its call option in August 2014, as provided for in the basic agreement of 2009. The cash amount additionally includes, also at today's fair value, half of the additional net synergies made possible by the accelerated creation of the Integrated Automotive Group, as well as the fair value of the other Porsche SE assets that will be contributed to Volkswagen AG. To safeguard the transaction, binding rulings were obtained from the competent tax authorities.

From the point of view of the Porsche SE group, the planned restructuring measures prior to the contribution of the holding business operations mainly pertain to the merger of Porsche Zwischenholding GmbH into Porsche Zweite Zwischenholding GmbH (“(new) Porsche Zwischenholding GmbH”, formerly Porsche Sechste Vermögensverwaltung GmbH, Stuttgart), which is also held by Porsche SE and Volkswagen AG, effective as of 1 January 2012, and a resolution on an advance profit distribution from the (new) Porsche Zwischenholding GmbH being passed.

As a result of contributing Porsche SE’s holding business operations, the main items that will be directly or indirectly transferred to Volkswagen AG are the investment in (new) Porsche Zwischenholding GmbH and all of Porsche SE’s other investments at the time of the contribution (excluding the investment in Volkswagen AG), the put and call options relating to Porsche SE’s remaining shares in the (new) Porsche Zwischenholding GmbH (after the merger) as well as receivables from and liabilities to companies belonging to the Porsche Zwischenholding GmbH group. This includes Porsche SE's proportionate net entitlement based on the resolution regarding the advance profit distribution of the (new) Porsche Zwischenholding GmbH as well as any future tax credits arising from this.

Immediately following the contribution of the holding business operations, the entity’s assets will mainly comprise the investment in Volkswagen AG as well as income tax assets and cash and cash equivalents in Porsche SE’s consolidated financial statements. Following the execution of the contribution, the liabilities side of the consolidated financial statements will essentially contain equity, provisions, liabilities to banks, a loan liability due to Porsche Holding Finance plc and other liabilities.

The amount currently drawn under Porsche SE’s syndicated loan of a nominal 2 billion euro is to be fully repaid following the execution of the contribution using the cash received from it, which will lead to a decrease in finance costs. In accordance with the applicable terms of the syndicated loan agreement of October 2011, the currently undrawn revolving line of credit of 1.5 billion euro will decrease to 1.0 billion euro due to the repayment. The major portion of the liquidity remaining after repayment is intended to be used for strategic equity investments, focusing along the automotive value chain.

The contribution transaction will result in a one-time positive effect on earnings presumably in the amount of around 6 to 7 billion euro in the consolidated financial statements of Porsche SE. This results in particular from the contribution of Porsche SE's share in Porsche's operating business, and thus in the Porsche Zwischenholding GmbH group, as well as the put and call options relating to this share. Moreover, the effect on earnings takes into account the effect of the transaction on accounting for the investment in Volkswagen AG at equity. As the calculation of this effect on earnings is based on valuations that have to be updated as of the envisaged date of contribution, i.e., 1 August 2012, the amount may be subject to changes. The existing put and call options, which will terminate with consummation of the transaction, will have no further effects on the Porsche SE group's results of operations and net assets.

Due to the contribution, the investment in Porsche's operating business, and thus in the Porsche Zwischenholding GmbH group, cease to be accounted for at equity in the consolidated financial statements of Porsche SE as of July 2012, with the result that no further profits from investments accounted for at equity will be attributable to Porsche SE from this investment. After the contribution has been performed, Porsche SE will, however, continue to hold a share of 32.2 percent of Volkswagen AG's capital and will therefore participate indirectly in the result of Porsche's operating business and benefit from the realization of the full synergy potential of the Integrated Automotive Group in the future.

In addition, the contribution will also have the effects on the collateral concept agreed with the involvement of Porsche SE. After the execution of the contribution, Porsche AG's secondary lien on 70 million ordinary shares in Volkswagen AG belonging to Porsche SE and Bankhaus Metzler's corresponding tertiary lien on these ordinary shares will be canceled. Moreover, following repayment in full of the liabilities to banks, the cap on the amount of the dividend distribution for Porsche SE will also no longer apply.

For the effects of the planned transaction on the opportunities and risks at Porsche SE, we refer to the section “Opportunities and risks at Porsche SE” in the section “Opportunities and risks of future development” of this interim group management report.

Audi acquires motorcycle manufacturer Ducati

As of 19 July 2012, the Volkswagen group acquired 100 percent of the voting rights of motorcycle manufacturer Ducati Motor Holding S.p.A., Bologna, Italy, ("Ducati") against payment of a purchase price of 747 million euro, via Automobili Lamborghini S.p.A., Sant' Agata Bolognese, Italy, a subsidiary of AUDI AG. The acquisition of Ducati – a leading international manufacturer of premium motorcycles with significant expertise in high-performance engines and lightweight construction – has seen the Volkswagen group move into the growth market for high-quality motorcycles. The Ducati group sold 42,016 motorcycles in calendar year 2011, generating revenue of 479 million euro.

Forecast report and outlook

Anticipated development of significant investments

The Porsche Zwischenholding GmbH group expects that revenue and unit sales will continue to grow in the current fiscal year 2012 in comparison to the reporting year 2011. However, due to the decreasing growth rate in the global economy and the continuing debt crisis in the euro zone, the growth and the specific high growth rates originally planned for the fiscal year 2012 might not be achieved. Nevertheless, the Porsche Zwischenholding GmbH group expects higher unit sales and revenue in the fiscal year 2012 than in the fiscal year 2011. On the one hand, this growth is likely to be fueled by continued high demand for Porsche vehicles in China and other emerging markets. On the other hand, the Porsche Zwischenholding GmbH group expects its attractive product range to fuel further growth in demand in the traditional markets of Europe and North America.

In the current fiscal year, this development combined with the high competitiveness of the Porsche Zwischenholding GmbH group and the Porsche brand should also have a positive impact on income from ordinary activities, as well as on cash flow from operating activities. The group plans to maintain an operating return on sales of at least 15 percent for the fiscal year 2012.

The Volkswagen group’s main competitive advantages are its multibrand strategy, a range of vehicles that covers almost all segments from subcompact cars to heavy trucks and its growing presence in all major regions of the world, together with its wide range of financial services. Thanks to its expertise in technology and design, the Volkswagen group has a diverse, attractive and environmentally friendly portfolio of products that meets all customer desires and needs. This will become even more attractive thanks to the integration of Porsche, with its offering of exclusive sports cars. In the second half of 2012, the Volkswagen group's brands will again launch a large number of fascinating new models and so help further expand its strong position in the global markets. As a result, the Volkswagen group expects to increase deliveries to customers year-on-year. 2012 will be dominated by the start of production for new, high-volume models as part of the renewal of the group's product range and the need to convert its plant and equipment for use with the Modular Transverse Toolkit. The modular toolkit system, which is being continuously updated, will have an increasingly positive effect on the group’s cost structure in the future.

The Volkswagen group’s 2012 revenue will exceed the prior-year figure. This will be due in part to the consolidation of MAN SE as of 9 November 2011; the earnings contribution will be limited because of the write-downs that will be required for purchase price allocation. In addition, the contribution in full of Porsche's automotive business, which is expected to take place as of 1 August 2012, will lead to its consolidation in the Volkswagen group. However, the resulting increase in revenue will be relatively slight due to consolidation effects. The high initial depreciation and amortization expense from the purchase price allocation is expected to largely offset Porsche’s contribution to operating profit for the fiscal year.

The goal for operating profit is to match the 2011 level. Positive effects from the attractive Volkswagen model range and strong market position of the Volkswagen group will be offset in part by increasingly stiff competition in a challenging market environment, especially in certain European countries. 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

From the end of 2009 and until the end of the first half of the fiscal year 2012, the Porsche SE group's earnings were decisively influenced by the profit/loss from investments in Porsche Zwischenholding GmbH and Volkswagen AG accounted for at equity. In addition, non-cash special effects on earnings from the adjustment of the valuation of the put and call options agreed between Porsche SE and Volkswagen AG for the shares in Porsche Zwischenholding GmbH remaining with Porsche SE had a substantial effect on Porsche SE's earnings in some cases. By contrast, the Porsche SE group's results in the remainder of the fiscal year 2012 will be influenced to a very great degree by the planned implementation of the Integrated Automotive Group of Porsche and Volkswagen.

On 4 July 2012, the executive board of Porsche SE and the board of management of Volkswagen AG, with the agreement of the competent bodies of both companies, approved a concept for the accelerated creation of the Integrated Automotive Group. The concept developed jointly with Volkswagen AG provides for the creation of the Integrated Automotive Group by means of the contribution of the holding business operations of Porsche SE to Volkswagen AG with effect as of 1 August 2012. In return for the contribution of this operating business, Porsche SE is to receive a cash amount of around 4.46 billion euro, in addition to one new ordinary Volkswagen AG share, from Volkswagen AG (for details of the planned transaction, we refer to the section "Subsequent events" in this interim group management report). Due to the contribution, Porsche Zwischenholding GmbH group will no longer be accounted for at equity as of July 2012, with the result that no further profits will be attributable to Porsche SE from accounting for this investment at equity. Porsche SE will, however, continue to hold a share of 32.2 percent of Volkswagen AG's capital and will therefore participate indirectly in the results of operations of the Porsche Zwischenholding GmbH group via the profit/loss from investments accounted for at equity attributable to Volkswagen AG and from the realization of the full synergy potential of the Integrated Automotive Group.

Particularly in view of the Volkswagen group's expectations regarding future developments, even without taking the effects of the contribution into account, Porsche SE continues to expect the profit/loss attributable to it from investments accounted for at equity to be clearly positive in the fiscal year 2012. The profit/loss from investments accounted for at equity attributable to Porsche SE from Volkswagen AG will continue to be negatively affected by effects from the amortization of the purchase price allocation performed in 2009.

The partial repayment of liabilities to banks and the refinancing performed in the fiscal year 2011 have already resulted in a considerable reduction in finance costs in the first half of 2012 compared to the prior-year period. The cash funds received by Porsche SE within the scope of the contribution are to be used to repay the current liabilities to banks in full and to free Porsche SE of debt to the greatest extent possible. This will lead to a further significant reduction in Porsche SE’s finance costs in the future. The repayment of a debenture loan of 149 million euro agreed with Qatar Holding LLC, Doha, Qatar, in the fiscal year 2009/10 will lead to a corresponding cash outflow in August 2012.

In the first six months of the fiscal year 2012, the adjustment of the valuation of the put and call options for the shares in Porsche Zwischenholding GmbH remaining with Porsche SE again resulted in a one-time effect on Porsche SE's earnings, but without effect on cash. As a result of the planned execution of the agreed transaction as of 1 August 2012, these put and call options will be transferred to Volkswagen AG and will therefore have no further effects on the results of operations and net assets of the Porsche SE group as of this time.

Taking into consideration the special effect from adjusting the valuation of the put and call options up to the planned contribution date, and without taking into consideration the one-time effect on earnings from the planned contribution transaction, Porsche SE considers a profit for the year at group level to be highly probable.

The contribution transaction will result in a one-time positive effect on earnings presumably in the amount of around 6 to 7 billion euro in the consolidated financial statements of Porsche SE. This amount also takes into consideration the effects of the transaction on accounting for the investment in Volkswagen AG at equity. As the calculation of this effect on earnings is based on valuations that have to be updated as of the envisaged date of contribution, i.e., 1 August 2012, the amount may be subject to changes.

When this one-time positive effect on earnings is taken into account, Porsche SE expects a high single-digit billion-euro profit for the fiscal year 2012.

Following the contribution of the holding business operations to Volkswagen AG and the repayment in full of the currently held liabilities to banks, Porsche SE intends to use the major portion of the remaining liquidity for strategic equity investments focusing along the automotive value chain.

Stuttgart, 27 July 2012
Porsche Automobil Holding SE

The executive board

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

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

1.1.–30.6. 2012

Consolidated income statement of Porsche SE for the period from 1 January to 30 June 2012

€ million	Note	**1st half of 2012**	1st half of 2011
Other operating income	[1]	5	10
Personnel expenses	[2]	– 9	– 7
Other operating expenses	[3]	– 1,411	– 1,650
Profit/loss from investments accounted for at equity	[4]	2,601	1,926
Profit/loss before financial result		**1,186**	**279**
Finance costs	[5]	– 119	– 223
Finance revenue	[6]	93	94
Financial result		**– 26**	**– 129**
Profit/loss before tax		**1,160**	**150**
Income tax	[7]	– 10	– 1
Profit/loss for the period		**1,150**	**149**
thereof profit/loss attributable to shareholders of Porsche Automobil Holding SE	[8]	1,139	138
thereof profit/loss attributable to non-controlling interests – hybrid capital investors	[8]	11	11
Earnings per ordinary share (basic)	[8]	3.71	0.56
Earnings per preference share (basic)	[8]	3.72	0.57
Earnings per ordinary share (diluted)	[8]	3.71	0.56
Earnings per preference share (diluted)	[8]	3.72	0.57

Consolidated statement of comprehensive income of Porsche SE for the period from 1 January to 30 June 2012

€ million	**1st half of 2012**	1st half of 2011
Profit/loss for the period	**1,150**	**149**
Other comprehensive income from investments accounted for at equity (after tax)	– 47	489
Other comprehensive income after tax	**– 47**	**489**
Total comprehensive income	**1,103**	**638**
thereof attributable to		
shareholders of Porsche Automobil Holding SE	1,092	627
non-controlling interests – hybrid capital investors	11	11

Consolidated balance sheet of Porsche SE as of 30 June 2012

€ million	Note	**30/6/2012**	31/12/2011
Assets			
Investments accounted for at equity	[9]	29,791	28,008
Other receivables and assets	[10]	4,122	4,253
Non-current assets		**33,913**	**32,261**
Other receivables and assets	[10]	19	21
Income tax assets		333	214
Cash, cash equivalents and time deposits		541	469
Current assets		**893**	**704**
		34,806	**32,965**
Equity and liabilities			
Subscribed capital	[11]	306	306
Capital reserves	[11]	4,884	4,884
Retained earnings	[11]	16,723	16,110
Equity before non-controlling interests	**[11]**	**21,913**	**21,300**
Non-controlling interests – hybrid capital	[11]	297	345
Equity		**22,210**	**21,645**
Provisions for pensions and similar obligations		7	7
Other provisions		15	17
Deferred tax liabilities	[7]	16	8
Financial liabilities	[12]	5,873	5,871
Other liabilities	[13]	6,337	5,087
Non-current liabilities		**12,248**	**10,990**
Income tax provisions		79	79
Other provisions		105	92
Trade payables		11	9
Other liabilities	[13]	153	150
Current liabilities		**348**	**330**
		34,806	**32,965**

Consolidated statement of cash flows of Porsche SE for the period from 1 January to 30 June 2012

€ million	**1st half of 2012**	1st half of 2011
1. Operating activities		
Profit/loss for the period	1,150	149
Change in other provisions	11	– 30
Current income tax	2	1
Change in deferred tax	8	0
Income tax paid	0	– 235
Income tax received	0	161
Non-cash expenses and income	– 1,216	– 258
Dividends received from investments accounted for at equity	409	300
Change in other assets	0	– 6
Change in trade payables and other liabilities (excluding tax provisions and other provisions)	3	– 25
Cash flow from operating activities	**367**	**57**
2. Investing activities		
Change in investments in time deposits	91	116
Cash flow from investing activities	**91**	**116**
3. Financing activities		
Cash paid to shareholders	– 232	– 77
Cash paid to non-controlling interests – hybrid capital	– 11	– 11
Cash paid for the settlement of loans	0	– 5,000
Cash paid for repurchase of hybrid capital	– 52	0
Cash received from capital increase	0	4,904
Cash flow from financing activities	**– 295**	**– 184**
4. Cash funds		
Change in cash funds (subtotal of 1 to 3)	163	– 11
Cash funds as of 1 January 2012 and 1 January 2011	**368**	**406**
Cash funds as of 30 June 2012 and 30 June 2011	**531**	**395**

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

Consolidated statement of changes in equity of Porsche SE for the period from 1 January to 30 June 2012

€ million	Subscribed capital	Capital reserves	Retained earnings		Equity before non-controlling interests	Non-controlling interests – hybrid capital	Group equity
			Accumulated profit	Investments accounted for at equity[3]			
As of 1 January 2011	**175**	**122**	**15,513**	**1,059**	**16,869**	**345**	**17,214**
Profit/loss for the period			138		138	11	149
Other comprehensive income after tax				489	489		489
Total comprehensive income for the period			138	489	627	11	638
Dividends paid			– 77[1]		– 77	– 11	– 88
Capital increase against cash contributions	131	4,857			4,988		4,988
Transaction cost		– 94			– 94		– 94
Other changes			2	0	2		2
As of 30 June 2011	**306**	**4,885**	**15,576**	**1,548**	**22,315**	**345**	**22,660**
As of 1 January 2012	**306**	**4,884**	**15,378**	**732**	**21,300**	**345**	**21,645**
Profit/loss for the period			1,139		1,139	11	1,150
Other comprehensive income after tax				– 47	– 47		– 47
Total comprehensive income for the period			1,139	– 47	1,092	11	1,103
Dividends paid			– 232[2]		– 232	– 11	– 243
Repurchase of hybrid capital			– 4		– 4	– 48	– 52
Change in non-controlling interests at the level of investments accounted for at equity			– 244		– 244		– 244
Other changes			1		1		1
As of 30 June 2012	**306**	**4,884**	**16,038**	**685**	**21,913**	**297**	**22,210**

1 Distribution of a dividend of €0.50 per preference share; total €76,562,500

2 Distribution of a dividend of €0.754 per ordinary share; total €115,456,250
Distribution of a dividend of €0.76 per preference share; total €116,375,000

3 Accumulated other comprehensive income from investments accounted for at equity

Selected notes

Basis of presentation

Porsche Automobil Holding SE ("Porsche SE" or "company") is a European Company (Societas Europaea) and is headquartered in Stuttgart, Germany. The business purpose of Porsche SE was restated at the annual general meeting of the company on 25 June 2012 and will in the future comprise the management of companies or the administration of interests in companies, in particular companies operating in the following business fields or parts thereof:

- The development, construction, 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 participations 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. In doing so, it may also establish branches, in Germany and abroad, establish and purchase other companies or acquire interests in such other companies.

The amendment to the articles of association was entered in the commercial register on 23 July 2012 and is therefore effective.

The six-monthly 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 2012 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 consolidated financial statements as of 31 December 2011 have been applied unchanged in these the interim condensed financial statements. For further information about the accounting policies applied, please refer to the consolidated financial statements of Porsche SE as of 31 December 2011. 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.

The interim condensed consolidated financial statements and the interim group management report of Porsche SE for the first six months of 2012 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 2012 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 shareholders or where Porsche SE does not have control as defined by IFRSs for other reasons.

Porsche Siebte Vermögensverwaltung GmbH, Stuttgart, was founded as a wholly owned subsidiary of Porsche SE in the first half of the fiscal year 2012 and fully consolidated.

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

	30/6/2012	31/12/2011
Fully consolidated subsidiaries		
Germany	1	0
International	1	1
Subsidiaries accounted for at cost		
Germany	1	1
Associates and joint ventures		
Germany	2	2
Joint ventures accounted for at cost		
Germany	1	1
	6	**5**

New accounting standards

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

Amendments to IFRS 7 “Financial Instruments: Disclosures”

The amendment governs new disclosures on transferred financial assets that are not derecognized. In addition, disclosures of the continuing involvement in transferred and derecognized financial assets are required.

This amendment had no effect on the interim condensed consolidated financial statements.

Notes to the consolidated income statement

[1] Other operating income

Other operating income breaks down as follows:

€ million	**1st half of 2012**	1st half of 2011
Income from reversal of provisions and accruals	4	9
Sundry operating income	1	1
	5	**10**

[2] Personnel expenses

€ million	**1st half of 2012**	1st half of 2011
Wages and salaries	9	7
Social security contributions, pension and other benefit costs	0	0
	9	**7**

[3] Other operating expenses

Other operating expenses consist of:

€ million	**1st half of 2012**	1st half of 2011
Expenses from valuation of options on non-stock company shares	1,379	1,637
Legal and consulting fees	19	3
Sundry operating expenses	13	10
	1,411	**1,650**

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 remaining shares in Porsche Zwischenholding GmbH held by Porsche SE. The change in the value of the options is attributable to updated assumptions underlying their valuations. Due to the failure in September 2011 of the merger as defined in the basic agreement, the theoretical probability of exercise of the options has since been 100%. This was still estimated at 50% as of 30 June 2011.

If the enterprise value of Porsche Zwischenholding GmbH as of 30 June 2012 had been 10% higher, the group's profit would have been €1,059 million lower. If the enterprise value as of 30 June 2012 had been 10% lower, the group's profit would have been €1,062 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.

[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 2012**	1st half of 2011
Profit from ongoing equity accounting (before purchase price allocation)	2,798	2,173
Effects from purchase price allocation	– 197	– 247
	2,601	**1,926**

The profit or loss from investments accounted for at equity consists of the profit contribution from the investments in Porsche Zwischenholding GmbH of €309 million (first half of 2011: €202 million) and in Volkswagen AG of €2,292 million (first half of 2011: €1,724 million).

[5] Finance costs

€ million	**1st half of 2012**	1st half of 2011
Interest expenses from loans issued by joint ventures	87	87
Loan interest to banks	23	95
Interest from using the effective interest method	2	28
Other interest and similar expenses	7	13
	119	**223**

There were effects on the amount of the finance costs in the first six months of the fiscal year 2012 due to the partial repayment of liabilities to banks in a total nominal amount of €5,000 million in spring 2011. Furthermore, Porsche SE concluded a syndicated loan agreement in October 2011 which replaces the syndicated loan remaining following partial repayment and which was concluded at terms that are more favorable from the company's point of view.

[6] Finance revenue

€ million	**1st half of 2012**	1st half of 2011
Interest income on loans issued to joint ventures	90	90
Other interest and similar income	3	4
	93	**94**

[7] Income tax

The income tax expense disclosed breaks down into:

€ million	**1st half of 2012**	1st half of 2011
Current tax	2	1
Deferred tax	8	0
	10	**1**

The deferred tax expense recognized in the first half of the fiscal year 2012 is attributable to taxable temporary differences from investments accounted for at equity.

[8] Earnings per share

		1st half of 2012	1st half of 2011
Profit/loss for the period	€ million	1,150	149
Profit/loss attributable to non-controlling interests – hybrid capital	€ million	11	11
Profit/loss attributable to shareholders of Porsche SE	€ million	1,139	138
Profit/loss attributable to ordinary shares (basic)	€ million	569.0	68.5
Profit/loss attributable to preference shares (basic)	€ million	570.0	69.5
Profit/loss attributable to ordinary shares (diluted)	€ million	569.0	68.5
Profit/loss attributable to preference shares (diluted)	€ million	570.0	69.5
Average number of ordinary shares outstanding	Number	153,125,000	121,577,410
Average number of preference shares outstanding	Number	153,125,000	121,577,410
Earnings per ordinary share (basic)	€	3.71	0.56
Earnings per preference share (basic)	€	3.72	0.57
Earnings per ordinary share (diluted)	€	3.71	0.56
Earnings per preference share (diluted)	€	3.72	0.57

Earnings per share are calculated by dividing the profit or 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 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 of the comparative period.

There were no dilutive effects.

Notes to the consolidated balance sheet

[9] Investments accounted for at equity

The investments accounted for at equity comprise a carrying amount of the investment in Volkswagen AG of €25,855 million (31 December 2011: €24,272 million) and a carrying amount for the investment in Porsche Zwischenholding GmbH of €3,936 million (31 December 2011: €3,736 million).

[10] Other receivables and assets

€ million	**30/6/2012**	31/12/2011
Derivative financial instruments	103	232
Other receivables and assets from joint ventures	4,030	4,030
Sundry receivables and assets	8	12
	4,141	**4,274**
thereof non-current	4,122	4,253
thereof current	19	21

Other receivables and assets include financial other receivables and assets of €4,133 million (31 December 2011: €4,262 million).

Other receivables and assets from joint ventures are due from companies of the Porsche Zwischenholding GmbH group. They are accompanied by financial liabilities due to these joint ventures of €3,880 million, which are unchanged compared to 31 December 2011.

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

Porsche SE's subscribed capital totals €306.25 million and, since the capital increase performed in the fiscal year 2011, has been 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 available for distribution is recorded.

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 profits. 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. The reserve for accumulated profits includes the profits of Porsche SE and its consolidated subsidiaries earned in prior years and the reporting period that have not yet been distributed. These also include the reclassified revaluation reserves of deconsolidated subsidiaries. This item also recognizes tax effects from accounting for hybrid capital that is attributable to non-controlling interests.

The changes in non-controlling interests at the level of investments accounted for at equity presented under equity include the proportionate changes in the non-controlling interests within the Volkswagen group attributable to Porsche SE which do not lead to a change in control and are therefore recognized directly in equity with no effect on the consolidated income statement in the Volkswagen group's consolidated financial statements.

Non-controlling interests – hybrid capital

During the first half of the fiscal year 2012, the Porsche SE group repurchased hybrid capital with a nominal volume of €50 million. The difference between the purchase price of €52 million and the share of the carrying amount of €48 million was offset against the accumulated profits. The remaining hybrid capital as of the reporting date has a nominal volume of €310 million (31 December 2011: €360 million). It has an indefinite term to maturity. According to IAS 32, it represents group equity.

Dividends paid

On 25 June 2012, the annual general meeting of Porsche SE resolved to distribute a dividend of €0.754 per ordinary share and €0.76 per preference share for fiscal year 2011. As a result, a total of €231,831,250.00 was distributed.

On 17 June 2011, the annual general meeting of Porsche SE had passed a resolution to distribute a dividend of €0.50 per preference share for the short fiscal year 2010. On 5 May 2011, the ordinary shareholders of Porsche SE had stated to the company 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. As a result, a total of €76,562,500.00 was distributed to the holders of preference shares in the comparative period.

The clauses of the syndicated loan agreement concluded in October 2011 restrict the distributable dividends per fiscal year to the total of distributions received from Volkswagen AG and Porsche Zwischenholding GmbH in the fiscal year.

[12] Financial liabilities

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

€ million	Total	Current	Non-current
30 June 2012			
Liabilities to banks	1,993	0	1,993
Financial liabilities to joint ventures	3,880	0	3,880
	5,873	**0**	**5,873**
31 December 2011			
Liabilities to banks	1,991	0	1,991
Financial liabilities to joint ventures	3,880	0	3,880
	5,871	**0**	**5,871**

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

[13] Other liabilities

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

€ million	**30/6/2012**	31/12/2011
Derivative financial instruments	6,337	5,087
Sundry liabilities	153	150
	6,490	**5,237**
thereof non-current	6,337	5,087
thereof current	153	150

Other liabilities contain financial other liabilities of €6,488 million (31 December 2011: €5,236 million).

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

Other notes

[14] Statement of cash flows

The cash inflow from operating activities includes:

€ million	1st half of 2012	1st half of 2011
Interest paid	113	210
Interest received	93	94

The non-cash expenses and income presented under the cash flow from operating activities mainly contain the profit contributions from investments accounted for at equity as well as changes in the value of the options relating 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	30/6/2012	30/6/2011
Cash, cash equivalents and time deposits	541	495
– time deposits	–10	–100
Cash funds according to statement of cash flows	**531**	**395**

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

The repurchase of the hybrid capital disclosed under non-controlling interests with a nominal volume of €50 million resulted in a cash outflow of €52 million.

The cash received from capital increase in the comparative period contains the gross issue proceeds of €4,988 million from the capital increase performed in April 2011, excluding associated transaction costs of €94 million, of which €10 million was already paid out in the short fiscal year 2010.

[15] 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.

[16] Contingent liabilities

€ million	**30/6/2012**	31/12/2011
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 information-based manipulation of the market in Volkswagen shares. According to the public prosecutor, the allegations involve public statements and the failure to make certain required statements regarding the acquisition of the shareholding in Volkswagen AG between 2006 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 Porsche SE'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. The Stuttgart public prosecutor stated in a press release of 6 March 2012 that it had brought charges against three managers of the finance department of Porsche SE with the chamber of the Regional Court of Stuttgart responsible for economic offenses on suspicion of obtaining credit by deception. They are accused of providing one of the banks involved during the negotiations for follow-up financing for the €10 billion loan due for repayment in March 2009 with false information on cash-settled options held by Porsche SE relating to VW ordinary shares. According to a spokesperson of the Regional Court of Stuttgart the main proceedings have been opened. In the press release of 6 March 2012, the Stuttgart public prosecutor also stated that investigations into the allegations of information-based manipulation of the market and breach of fiduciary duty against the former members of Porsche SE's executive board are continuing. The further investigations were proving to be extremely complex and time-consuming and would not be completed before mid-2012. 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 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, 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 USD 1.4 billion. Porsche SE considers these actions to be legally insufficient and without merit.

In 2009, 2010 and 2011, market participants in Germany applied for conciliatory proceedings against Porsche SE and in part against Volkswagen AG 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 market participants have filed further applications for conciliatory proceedings against Porsche SE based on the same claims; the company received these applications in January and February 2012. Some of the new applications are also directed against Volkswagen AG and in one case against Porsche AG. All of the alleged claims relate to alleged lost profits or alleged losses incurred estimated by the market participants to total approximately €3.3 billion. Porsche SE considers the alleged claims to be without merit and has not taken part in the conciliatory proceedings.

In January 2011, an individual filed a claim for damages against Porsche SE and another defendant in the amount of approximately €3 million. 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. On 27 June 2012 a hearing took place. A date for rendition of a decision has been scheduled for 19 September 2012. Porsche SE considers the alleged claim to be without merit and accordingly assumes that the action will fail.

In October 2011, ARFB Anlegerschutz UG (haftungsbeschränkt), Berlin, brought an action before the Regional Court of Braunschweig against Porsche SE and Volkswagen AG based on claims for damages allegedly assigned to it by 41 investment funds, insurance companies and other companies in the amount of approximately €1.1 billion. Some of the 41 companies are also applicants in the aforementioned conciliatory proceedings. Four of the companies are hedge funds that have also filed claims against Porsche SE before a US Federal Court that were dismissed in a first instance. In December 2011, this claim was extended to include the alleged claims for damages filed by ARFB Anlegerschutz UG (haftungsbeschränkt) on behalf of another 24 entities for an allegedly assigned right in the amount of approximately €700 million. Two of these other companies are hedge funds that have also filed claims against Porsche SE before a US Federal Court that were dismissed in first instance. In connection with the extension of the claim in December 2011, ARFB Anlegerschutz UG (haftungsbeschränkt) also partly withdrew its original action to the extent that alleged claims for damages of an investment fund in the amount of approximately €4.5 million arising from an allegedly assigned right are no longer upheld. In addition, ARFB Anlegerschutz UG (haftungsbeschränkt) filed another action against the company at the Regional Court of Braunschweig in December 2011, asserting alleged claims for damages on behalf of another five companies, again from the alleged assigned right, for a total of approximately €351 million. 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. Porsche SE considers the alleged claims to be without merit and has responded by filing motions to dismiss. On Porsche SE's petitions for providing security for the costs of the proceedings filed in both proceedings hearings took place on 27 June 2012. After Porsche SE and the plaintiff agreed on security for the costs of the first instance of both proceedings, the Regional Court of Braunschweig postponed the decision on Porsche SE's remaining petitions until the end of the first instance. A trial date for hearing the case has not been set so far.

In December 2011, a total of seven plaintiffs filed a complaint against Porsche SE at the Stuttgart Regional Court and asserted claims for damages against the company in the total amount of some €2 billion, based on allegations of market manipulation and inaccurate information in connection with the acquisition of a shareholding in Volkswagen AG in 2008. Six of the plaintiffs are hedge funds that have also filed claims against Porsche SE before a US Federal Court that were dismissed in first instance. The Regional Court of Stuttgart referred the action to the Regional Court of Braunschweig. Porsche SE considers the alleged claims to be without merit and has responded by filing a motion to dismiss.

In addition, a market participant filed an action against Porsche SE at the Regional Court of Braunschweig in December 2011 and asserted claims for damages against the company in the total amount of some €1.5 million, based on allegations of market manipulation in connection with the acquisition of a shareholding in Volkswagen AG in 2008. The plaintiff bases the alleged damage on alleged losses incurred due to a total of 205 investment decisions (comprising purchases and sales of VW ordinary shares) on 27 October 2008. A hearing took place on 27 June 2012. A date for rendition of a decision has been scheduled for 19 September 2012. Porsche SE considers the alleged claims to be without merit and accordingly assumes that the action will fail.

In May 2012 an individual filed a motion for legal aid with the Regional Court of Braunschweig. The applicant announced to file an action against Porsche SE in the total amount of approximately €125,000. He alleges 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. Porsche SE considers the motion to be without merit and will file a respective statement.

A total of four reminder notices were served on the company in December 2011 and January 2012, asserting alleged claims for damages based on allegations of market manipulation and of inaccurate information or the omission of information, for a total of approximately €31 million. Porsche SE considers the alleged claims to be without merit and has filed an objection against the reminder notices. In three cases the proceedings were subsequently referred to the Regional Court of Stuttgart for implementation of a contradictory court hearing.

On 28 February 2012, an investment fund asserted an out-of-court claim for alleged damages in the amount of some USD 195 million. In the letter of claim, it is alleged that, in connection with its acquisition of a stake in Volkswagen AG during 2008, Porsche SE made false and misleading statements. The alleged claims are announced to be filed before a court in England. Porsche SE considers the claim to be without merit and has therefore in June 2012 filed an action for declaratory judgement with the Regional Court of Stuttgart that the alleged claim does not exist.

Furthermore, in May and June 2012 three market participants have asserted claims for damages against Porsche SE out-of-court. The claims are based on alleged inaccurate information and the omission of information by Porsche SE in connection with the acquisition of a stake in Volkswagen AG during 2008. Two of the market participants had effected service of the above mentioned reminder notices before. The total amount claimed by the three market participants out-of-court amounts to around €31 million. Porsche SE considers the claims to be without merit and has rejected them.

In its appeal judgment of 29 February 2012, the Higher Regional Court of Stuttgart declared the resolution of the annual general meeting of 29 January 2010 on the exoneration of the supervisory board for the fiscal year 2008/09 null and void. The first-instance decision of the Regional Court of Stuttgart of 17 May 2011 in favor of Porsche SE was altered accordingly. The Higher Regional Court of Stuttgart did not permit leave to appeal to the German Federal Court of Justice. Porsche SE then filed an appeal with the Federal Court of Justice against the denial of leave to appeal. The decision of the Higher Regional Court of Stuttgart is therefore not final and legally binding.

In its ruling of 17 April 2012, the Federal Court of Justice dismissed the appeal filed by two shareholders against the Higher Regional Court of Stuttgart's denial of leave to appeal against its ruling of 17 November 2010. In this ruling, the Higher Regional Court of Stuttgart dismissed actions of nullity and for annulment regarding the resolutions of the annual general meeting on 30 January 2009, and upheld the first-instance decision of the Regional Court of Stuttgart of 28 May 2010 in favor of Porsche SE. The dismissal of the appeal against the denial of leave to appeal clarifies that the resolutions of the annual general meeting on the exoneration of the executive board and supervisory board, the supervisory board election, and the remuneration of the first supervisory board of Porsche SE remain effective.

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 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.

The Porsche and Piëch families, in their capacity as holders of ordinary shares in Porsche SE provided €2,245 million by subscribing to new ordinary shares in the course of the capital increase in the first half of 2011. 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 affiliates.

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 2012 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 exert a significant influence or joint control.

Porsche SE exercises a significant influence on the Volkswagen group (associate) and jointly controls the Porsche Zwischenholding GmbH group (joint venture). 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 €527 million received from these groups (comparative period: €407 million). In addition, revenue totaling €92 million (comparative period: €92 million) from these relations is included in finance revenue; this is counterbalanced by services received of €87 million (comparative period: €87 million).

Moreover, in the calendar year 2009 Porsche SE and Volkswagen AG 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 fails. The changes in value of these options which occurred in the first half of the respective fiscal year are recorded under supplies and services received from associates (please refer to note [3] for further details regarding the changes in value).

Related parties

€ million	Supplies and services rendered		Supplies and services received	
	1st half of 2012	1st half of 2011	**1st half of 2012**	1st half of 2011
Porsche and Piëch families	0	2,245	0	0
Associates	449	330	1,379	1,639
Joint ventures	170	170	88	88
	619	**2,745**	**1,467**	**1,727**

€ million	Receivables		Liabilities	
	30/6/2012	31/12/2011	**30/6/2012**	31/12/2011
Associates	103	232	6,337	5,087
Joint ventures	4,030	4,030	3,881	3,880
	4,133	**4,262**	**10,218**	**8,967**

[18] Subsequent events

Accelerated creation of the Integrated Automotive Group

Porsche SE and Volkswagen AG were unable to implement their intention, stated in the basic agreement, of having the resolutions required for the merger of Porsche SE into Volkswagen AG passed by 31 December 2011. To provide for this case, which the basic agreement defines as the failure of the merger, Porsche SE and Volkswagen AG granted each other reciprocal put and call options in the basic agreement. These options relate to the remaining 50.1% shareholding in Porsche Zwischenholding GmbH held by Porsche SE and can be exercised at defined times within the period from 15 November 2012 to 31 January 2015. In recent months, Porsche SE and Volkswagen AG have sought alternatives to exercising the mutual put and call options, with the aim of achieving the Integrated Automotive Group of Porsche and Volkswagen earlier than would have been possible by exercising the put and call options, thereby also realizing the synergies expected in the Integrated Automotive Group, implementing the joint strategy faster, and significantly facilitating cooperation between Volkswagen and Porsche.

On 4 July 2012, the executive board of Porsche SE and the board of management of Volkswagen AG, with the agreement of the competent bodies, approved a concept for the accelerated creation of the Integrated Automotive Group. Implementing the concept, both companies concluded a contribution agreement on 12 July 2012. When this six-monthly financial report was prepared, execution of this agreement was still subject to various conditions precedent.

The contribution agreement provides for the creation of the Integrated Automotive Group, after the various restructuring measures have taken effect, by means of the contribution of the holding business operations of Porsche SE to Volkswagen AG by way of singular succession with effect as of 1 August 2012 as part of a capital increase with a mixed non-cash contribution (“new structure”). As consideration, Volkswagen AG will issue one new ordinary Volkswagen AG share, to be created by making partial use of an existing authorization, and make a payment of around €4.46 billion to Porsche SE.

The cash amount of around €4.46 billion includes the base purchase price agreed upon in the basic agreement and discounted to today's fair value for Porsche SE's 50.1% share in Porsche's operating business as well as the fair value of dividend payments from this investment due to Porsche SE from now until 2014. Economically, this means that Porsche SE will be in the same position today, as regards its 50.1% share in Porsche's operating business, as it would be if Volkswagen exercised its call option in August 2014, as provided for in the basic agreement of 2009. The cash amount additionally includes, also at today's fair value, half of the additional net synergies made possible by the accelerated creation of the Integrated Automotive Group, as well as the fair value of the other Porsche SE assets that will be contributed to Volkswagen AG. To safeguard the transaction, binding rulings were obtained from the competent tax authorities.

From the point of view of the Porsche SE group, the planned restructuring measures prior to the contribution of the holding business operations mainly pertain to the merger of Porsche Zwischenholding GmbH into Porsche Zweite Zwischenholding GmbH ("(new) Porsche Zwischenholding GmbH", formerly Porsche Sechste Vermögensverwaltung GmbH, Stuttgart), which is also held by Porsche SE and Volkswagen AG, effective as of 1 January 2012, and a resolution on an advance profit distribution from the (new) Porsche Zwischenholding GmbH being passed.

As a result of contributing Porsche SE's holding business operations, the main items that will be directly or indirectly transferred to Volkswagen AG are the investment in (new) Porsche Zwischenholding GmbH and all of Porsche SE's other investments at the time of the contribution (excluding the investment in Volkswagen AG), the put and call options relating to Porsche SE's remaining shares in the (new) Porsche Zwischenholding GmbH (after the merger) as well as receivables from and liabilities to companies belonging to the Porsche Zwischenholding GmbH group. This includes Porsche SE's proportionate net entitlement based on the resolution regarding the advance profit distribution of the (new) Porsche Zwischenholding GmbH as well as any future tax credits arising from this.

Immediately following the contribution of the holding business operations, the entity's assets will mainly comprise the investment in Volkswagen AG as well as income tax assets and cash and cash equivalents in Porsche SE's consolidated financial statements. Following the execution of the contribution, the liabilities side of the consolidated financial statements will essentially contain equity, provisions, liabilities to banks, a loan liability due to Porsche Holding Finance plc and other liabilities.

The amount currently drawn under Porsche SE's syndicated loan of a nominal €2.0 billion is to be fully repaid following the execution of the contribution using the cash received from it, which will lead to a decrease in finance costs. In accordance with the applicable terms of the syndicated loan agreement of October 2011, the currently undrawn revolving line of credit of €1.5 billion will decrease to €1.0 billion due to the repayment. The major portion of the liquidity remaining after repayment is intended to be used for strategic equity investments, focusing along the automotive value chain.

The contribution transaction will result in a one-time positive effect on earnings presumably in the amount of around €6 to 7 billion in the consolidated financial statements of Porsche SE. This results in particular from the contribution of Porsche SE's share in Porsche's operating business, and thus in the Porsche Zwischenholding GmbH group, as well as the put and call options relating to this share. Moreover, the effect on earnings takes into account the effect of the transaction on accounting for the investment in Volkswagen AG at equity. As the calculation of this effect on earnings is based on valuations that have to be updated as of the envisaged date of contribution, i.e., 1 August 2012, the amount may be subject to changes. The existing put and call options, which will terminate with consummation of the transaction, will have no further effects on the Porsche SE group's results of operations and net assets.

Due to the contribution, the investment in Porsche's operating business, and thus in the Porsche Zwischenholding GmbH group, cease to be accounted for at equity in the consolidated financial statements of Porsche SE as of July 2012, with the result that no further profits from investments accounted for at equity will be attributable to Porsche SE from this investment. After the contribution has been performed, Porsche SE will, however, continue to hold a share of 32.2% of Volkswagen AG's capital and will therefore participate indirectly in the result of Porsche's operating business and benefit from the realization of the full synergy potential of the Integrated Automotive Group in the future.

In addition, the contribution will also have the effects on the collateral concept agreed with the involvement of Porsche SE. After the execution of the contribution, Porsche AG's secondary lien on 70 million ordinary shares in Volkswagen AG belonging to Porsche SE and Bankhaus Metzler's corresponding tertiary lien on these ordinary shares will be cancelled. Moreover, following repayment in full of the liabilities to banks, the cap on the amount of the dividend distribution for Porsche SE will also no longer apply.

Audi acquires motorcycle manufacturer Ducati

As of 19 July 2012, the Volkswagen group acquired 100% of the voting rights of motorcycle manufacturer Ducati Motor Holding S.p.A., Bologna, Italy, ("Ducati") against payment of a purchase price of €747 million, via Automobili Lamborghini S.p.A., Sant' Agata Bolognese, Italy, a subsidiary of AUDI AG. The acquisition of Ducati – a leading international manufacturer of premium motorcycles with significant expertise in high-performance engines and lightweight construction – has seen the Volkswagen group move into the growth market for high-quality motorcycles. The Ducati group sold 42,016 motorcycles in calendar year 2011, generating revenue of €479 million.

Stuttgart, 27 July 2012

Porsche Automobil Holding SE

The executive board

Prof. Dr. Martin Winterkorn   Hans Dieter Pötsch   Matthias Müller   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 consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the group, and the interim management report of the group includes a fair review of the development and performance of the business and the position of the group, together with a description of the material opportunities and risks associated with the expected development of the group for the remaining months of the fiscal year.

Stuttgart, 27 July 2012

Porsche Automobil Holding SE

The executive board

Prof. Dr. Martin Winterkorn   Hans Dieter Pötsch   Matthias Müller   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 2012, 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, 27 July 2012

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Wollmert	Matischiok
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