

Management report

Volkswagen International Finance N.V. ('VIF' or 'the company') is one of the funding vehicles of Volkswagen AG, Wolfsburg (VWAG) and its subsidiaries. VIF raises funds from the capital markets by issuing notes and lends the proceeds on to group and joint venture companies. Basis for the issuing activities are the EUR 25 billion Debt Issuance Programme (DIP Programme) that adheres to the European Prospective Directive Standards and a EUR 10 billion Multi-Currency Commercial Paper Programme (CP Programme). All issues are guaranteed by VWAG. According to Moody's, VWAG's rating is set to P-2 (short-term) and A3 (long-term) with a positive outlook. Standard & Poor's assessed VWAG's creditworthiness as A-2 (short-term) and A- (long-term) with a stable outlook.

The financing activities are carried out in different currencies and interest terms. To avoid currency and interest risks, the company concludes interest- and currency swaps.

Under the DIP-Programme, VIF placed within the first six months of 2012 seven issues with a total equivalent of EUR 5 billion.

After the successful issue of bonds in August 2010 and in March 2011 to qualified institutional buyers under the US 144A Rule (total volume: USD 4.45 billion) VIF issued in March 2012 again a multi tranche bond for total of USD 3.35 billion.

The proceeds of all issues mentioned above were granted to Volkswagen group companies.

VIF redeemed one DIP issue with an equivalent of EUR 2.5 billion, and three CP-issues with an equivalent of EUR 41 million.

The main business risks of VIF are the interest rate risk, currency risk, liquidity risk and the credit risk. The Supervisory Board has set limits to restrict those risks. VIF uses adequate tools to assess and to monitor them.

Within the first half year 2012 VIF realized earnings of EUR 952.3 million after taxes against EUR 1.085.6 million in the first half of 2011. The company generates income mainly from the holding- and the group financing business. Income from participations adds up to EUR 945.4 million (mainly dividend income) compared to EUR 1,076.8 million in 2011. The interest income from group financing activities amounts to EUR 10.9 million (2011: EUR 14.1 million).

For the second half of the 2012 we expect business volume and interest result to be on a similar level as in the first half. Further dividend income is expected until the end of the year totaling to the amount of EUR 966.1 million.

The Management Board declares that to the best of their knowledge:

1. the financial statements for the first half year of 2012 give a true and fair view of the assets, the liabilities, the financial position and the results of the company; and

2. the management report gives a true and fair view of the company's situation as at the balance sheet date, the events that occurred during the first half year and the risks to which the company is exposed.

Amsterdam, 31 July, 2012

Original has been signed by
Björn Bätge, Managing Director

Financial statements

Balance sheet as at 30 June 2011

(unaudited)

		30 June 2012		30 June 2011	
	Ref.	EUR'000	EUR'000	EUR'000	EUR'000
<i>Assets</i>					
Fixed assets					
Intangible fixed assets		24		-	
Tangible fixed assets		86		108	
Shares in participations		4,282,140		3,810,037	
Loans to Volkswagen group companies		15,330,059		9,410,980	
Loans to joint ventures of the Volkswagen group		99,000		71,446	
Total fixed assets			19,711,309		13,292,571
Current assets					
Receivables due from Volkswagen group companies		3,721,347		4,010,266	
Receivables due from joint ventures of the Volkswagen group		60,971		96,999	
Other assets		15,971		26,633	
Prepayments and accrued income		74,866		45,875	
Deposits at banks		11,842		69,346	
Cash at banks and in hand		1,254		892	
Total current assets			3,886,251		4,250,011
Total assets			23,597,560		17,542,582

(unaudited)

	30 June 2012		30 June 2011	
	EUR'000	EUR'000	EUR'000	EUR'000
<i>Shareholders' equity and liabilities</i>				
Shareholders' equity				
Issued and paid-up share capital	103,035		103,035	
Share premium reserve	2,100,155		2,102,155	
Retained earnings	2,878,325		1,446,685	
Current earnings	952,263		1,085,631	
Total shareholders' equity		6,033,778		4,737,506
Long-term liabilities				
Bonds	15,152,093		8,914,092	
Liabilities to Volkswagen group companies	35,000		292,000	
Total long-term liabilities		15,187,093		9,206,092
Current liabilities				
Bonds	1,759,231		2,611,613	
Commercial papers	-		159,812	
Liabilities to Volkswagen group companies	348,544		532,068	
Other liabilities	183,475		201,828	
Deferred income	19,212		22,709	
Current income tax	1,401		1,804	
Trade payables	340		255	
Accrued liabilities	64,486		68,895	
Total current liabilities		2,376,689		3,598,984
Total shareholders' equity and liabilities		23,597,560		17,542,582

Income statement 30 June 2012

(unaudited)

	30 June 2012		30 June 2011	
	EUR'000	EUR'000	EUR'000	EUR'000
Income				
Interest and similar income	274,121		287,006	
Other operating income	1,203		837	
Total income		275,324		287,843
Expenses				
Interest and similar expenses	(263,237)		(272,851)	
Other operating expenses	(324)		(192)	
General and administrative expenses	(2,061)		(2,520)	
Amortisation and depreciation expenses	(22)		(15)	
Total expenses		(265,644)		(275,578)
Result before taxation		9,680		12,265
Taxation		(2,829)		(3,400)
Result from participations		945,412		1,076,767
Result after taxation		952,263		1,085,632