

Financial report 2008

Volkswagen International Finance N.V.

Amsterdam

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Management report

Volkswagen International Finance N.V. ('VIF' or 'the company') is one of the funding vehicles of Volkswagen AG 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 20 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). Both programmes are updated every year. All issues are guaranteed by Volkswagen AG, Wolfsburg.

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. The small currency and interest rate exposures during and at the end of 2008 resulting from financing activities were within the limits approved by the Supervisory Board.

The financial market crisis that intensified constantly in the course of the year 2008 had a severe influence on the refinancing conditions at the money and capital markets. Especially in the second half of the year the market participants felt more and more uncertain despite of substantial interferences of governmental facilities. This situation caused a liquidity squeeze that has never been noted before and consequently a dramatic increase of refinancing costs.

The Volkswagen Group could very well assert its position in this environment owing to the gained financial flexibility. Due to the further comfortable liquidity position of the group and the multiplicity of the disposable money and capital market instruments, it was possible to cover the liquidity need also in difficult phases. Thus Volkswagen was able to avoid particularly price sensitive markets and to reduce the in general increased level of the refinancing costs.

Considering this background VIF's group financing business decreased significantly. The company only placed 7 issues under the CP Programme (total EUR equivalent: EUR 220.0 million) and no issues under the DIP Programme. On the other hand VIF redeemed 18 DIP issues (total EUR equivalent: EUR 645.2 million) and 10 CP issues (total EUR equivalent: EUR 490.0 million).

The credit risk is remote due to the fact that the majority of assets is due from group companies.

In 2008 Volkswagen AG continued to extend the VIF holding business by contributing 100% of the shares in VW Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda., Resende, Brazil (value of contribution: EUR 495.5 million), VW do Brasil Indústria de Veículos Automotores Ltda., São Bernardo do Campo, Brazil (value of contribution: EUR 354.5 million), VW Poznan Sp. z o.o., Poznan, Poland (value of contribution: EUR 194.7 million), VW Motor Polska Sp. z o.o., Polkowice, Poland (value of contribution: EUR 53.7 million) and 24% of the shares in Autoeuropa-Automóveis Lda, Palmela, Portugal (value of contribution: EUR 73.8 million). In return for these contributions in kind VIF issued 50 new ordinary shares to Volkswagen AG that contributed these new shares to Global Automotive C.V., the sole shareholder of VIF.

In 2008 VIF recorded dividend also in foreign currency. To ensure a certain EUR equivalent, the company partially concluded forward covers (sales) for the expected income. These transactions were approved by the Supervisory Board. The covers matured before the end of 2008 and generated gains and losses, netting to a loss of EUR 5.4 million.

According to the strategy of Volkswagen AG the VIF holding business will be further extended within the next years.

In 2008 VIF realised earnings of EUR 680.9 million after tax against EUR 339.9 million in 2007. VIF generates income mainly from the holding and the group financing business. Income from participations adds up to EUR 668.7 million compared to EUR 330.3 million in 2007. The interest income from group financing activities amounts to EUR 15.5 million (2007: 13.5 million). In the background of lower business volume the increase is due to higher interest income on own funds caused by higher interest rate levels.

VIF will pay out a dividend in the first quarter of 2009 to its shareholder Global Automotive C.V. amounting to EUR 600 million out of the 2008 profit.

For the current year we expect financing activities to be on a higher level than in 2008, assuming that the money and capital markets will recover. The holding business will be further extended and we anticipate a strong dividend income.

Amsterdam, 5 February 2009

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(Frank Mitschke, Managing Director)

Financial statements

Balance sheet as at 31 December 2008

(after proposed profit appropriation)

	Ref.	31 December 2008		31 December 2007	
		EUR'000	EUR'000	EUR'000	EUR'000
<i>Assets</i>					
Fixed assets					
Intangible fixed assets	5		5		18
Tangible fixed assets	5		70		49
Shares in participations	1.3	4,720,993		3,014,152	
Loans to Volkswagen group companies	6/7	1,711,218		3,632,615	
Loans to joint ventures of the Volkswagen group	6/7	41,446		41,446	
Total fixed assets			6,473,657		6,688,213
Current assets					
Receivables due from Volkswagen group companies	6/7	2,258,964		1,357,206	
Receivables due from joint ventures of the Volkswagen group	6/7	236		4,596	
Other assets	8	4,528		8,489	
Prepayments and accrued income	9	11,101		14,588	
Cash at banks and in hand		8,631		42,997	
Total current assets			2,283,460		1,427,876
Total assets			8,757,192		8,116,156

The accompanying notes are an integral part of these financial statements.

	Ref.	31 December 2008		31 December 2007	
		EUR'000	EUR'000	EUR'000	EUR'000
<i>Shareholders' equity and liabilities</i>					
Shareholders' equity	10				
Issued and paid-up share capital		102,965		102,915	
Share premium reserve		3,925,080		2,752,958	
Retained earnings		434,065		353,814	
Total shareholders' equity			4,462,110		3,209,687
Long-term liabilities	11				
Bonds		1,611,613		3,540,954	
Liabilities to Volkswagen group companies		19,574		37,924	
Total long-term liabilities			1,631,187		3,578,878
Current liabilities	12				
Bonds		1,948,226		616,245	
Commercial papers		-		69,087	
Liabilities to banks		-		115	
Liabilities to Volkswagen group companies		624,045		541,562	
Other liabilities		90,437		98,859	
Deferred income		675		595	
Current income tax		39		41	
Trade payables		24		43	
Accrued liabilities		449		1,044	
Total current liabilities			2,663,895		1,327,591
Total shareholders' equity and liabilities			8,757,192		8,116,156

The accompanying notes are an integral part of these financial statements.

Income statement 2008

		2008		2007	
	Ref.	EUR'000	EUR'000	EUR'000	EUR'000
Income					
Interest and similar income	14	210,150		241,647	
Other operating income	15	997		824	
Total income			211,147		242,471
Expenses					
Interest and similar expenses	14	(194,631)		(228,102)	
Other operating expenses	16	(196)		(112)	
General and administrative expenses	17	(2,082)		(1,644)	
Depreciation expenses	18	(34)		(74)	
Total expenses			(196,943)		(229,932)
Result before taxation			14,204		12,539
Taxation	24		(2,035)		(3,011)
Income from participations	19		668,682		330,324
Result after taxation			680,851		339,852

The accompanying notes are an integral part of these financial statements.

Cash flow statement 2008

		2008		2007	
	Ref.	EUR'000	EUR'000	EUR'000	EUR'000
Cash flow from operating activities					
Loans granted	6/7	1,024,001		669,765	
Loans taken	11/12	(1,210,883)		(732,512)	
<i>Net cash flow used in lending activities</i>			(186,882)		(62,747)
Interest received	8/14	214,109		392,105	
Interest paid	14	(194,631)		(271,169)	
<i>Net cash flow from interest</i>			19,478		120,936
Dividends received	19	668,682		330,324	
Other operating activities		4,340		(27,541)	
Paid expenses		(2,682)		(2,879)	
Corporate income tax paid	24	(2,035)		(3,052)	
<i>Net cash flow from other operating activities</i>			668,305		296,852
Cash from operating activities			500,901		355,041
Cash flow from investment activities					
Investments in participations	6	(534,717)		(322,106)	
Cash used in investment activities			(534,717)		(322,106)
Cash flow from financing activities					
Share capital issued		50		-	
Dividend paid	10	(600)		(500)	
Cash used in financing activities			(550)		(500)
Net cash flow			(34,366)		32,435
Cash and cash equivalents at beginning of the year			42,997		10,562
Cash and cash equivalents at end of the year			8,631		42,997

The accompanying notes are an integral part of these financial statements.

Notes to the financial statements

1 General

1.1 Activities

Volkswagen International Finance N.V.'s ('VIF' or 'the company') registered office is located in Amsterdam, the Netherlands.

The main purpose of the company is the financing of and participation in group companies. VIF has access to several funding sources such as bond loans, note loans and Euro Medium Term Loans as well as intercompany loans.

All external issues are guaranteed by Volkswagen AG ('VWAG'). VIF has lent the proceeds of these borrowings to group companies.

1.2 Contribution in kind

During 2008, VWAG contributed four of its subsidiaries, namely Volkswagen do Brasil Indústria de Veículos Automotores Ltda., VW Poznan Sp. z o.o., VW Motor Polska Sp. z o.o., Volkswagen Caminhões e Ônibus e Comércio de Veículos Comerciais Ltda., and 24% of the capital of Autoeuropa-Automóveis Lda. to VIF. These contributions in kind were made against the issuance of 50 new ordinary shares in the capital of VIF to VWAG. The difference between the value of the contributions in kind and the nominal value of the new shares was posted to VIF's capital reserve. At the same time, all of VIF's shares issued in 2008 were contributed by VWAG to Global Automotive C.V.

VIF further purchased the shares in the capital of the newly incorporated company Volkswagen Group Ireland Ltd. from the former owner Motor Distributors Ltd.

1.3 Consolidation and shares in participations

VIF belongs to the Volkswagen group. The ultimate parent company of this group is VWAG, Wolfsburg, Germany. The consolidation, including all subsidiaries of VIF, is performed at VWAG level. These consolidated financial statements can be obtained from the company. Based on article 2:408 of the Netherlands Civil Code VIF is exempt from consolidation.

Participations are legal persons in which VIF exercises direct or indirect decisive control based on a shareholding of more than one half of the voting rights, or whose financial and operating policies it otherwise has the power to govern. Potential voting rights that can directly be exercised at the balance sheet date are also taken into account. Participations and other legal persons in which VIF exercises decisive control or whose central management it conducts are consolidated in full at group level. Minority interests in group equity and group profit are disclosed separately. Investments in joint ventures are consolidated proportionately.

The following overview contains information on the shares in participations, especially the percentage in the issued capital, the book value and the net asset value in local currency and the equivalent in EUR:

Name, registered office	Share in issued capital as percentage	Book value 31 December 2008			Net asset value 31 December 2007		
		EUR		Original currency	EUR		Original currency
		EUR'000		LC'000	EUR'000		LC'000
Volkswagen Slovakia a.s., Bratislava, Slovakia	100	1,000,000	SKK	35,635,000	1,614,797	SKK	48,647,380
Škoda Auto a.s., Mladá Boleslav, Czech Republic	100	875,000	CZK	24,808,875	2,475,609	CZK	66,532,002
Autoeuropa-Automóveis Lda., Palmela, Portugal	74	378,500	EUR	378,500	374,979	EUR	374,979
Volkswagen International Payment Services N.V., Amsterdam	100	812,085	EUR	812,085	304,713	EUR	304,713
Volkswagen Group Japan K.K., Toyohashi-shi, Japan	100	212,000	JPY	32,088,320	217,912	JPY	27,487,384
Södertälje Bil Invest AB, Södertälje, Sweden	100	188,500	SEK	1,703,569	18,372	SEK	199,705
Import Volkswagen Group s.r.o., Prague, Czech Republic	100	62,500	CZK	1,751,563	21,783	CZK	585,409
Volkswagen Group Rus OOO, Kaluga, Russian Federation	100	49,000	RUB	1,732,101	91,156	RUB	3,763,193
Volkswagen India Private Ltd., Pune, India	< 20	22,081	INR	1,300,713	-	INR	-
Volkswagen Group Sales India Private Ltd., Mumbai, India	< 20	3,289	INR	183,427	-	INR	-
VW Group Ireland Ltd., Dublin, Ireland	100	19,665	EUR	19,665	6,155	EUR	6,155

Name, registered office	Share in issued capital as percentage	Book value 31 December 2008				Net asset value 31 December 2007			
		EUR		Original currency		EUR		Original currency	
	%	EUR'000		LC'000		EUR'000		LC'000	
VW do Brasil Indústria de Veículos Automotores Ltda., São Bernardo do Campo, Brazil	100	354,500	BRL	850,800		369,318	BRL	1,533,961	
VW Caminhões Ônibus Indústria e Comércio de Veículos Comerciais Ltda., Brazil	100	495,500	BRL	1,505,825		243,166	BRL	1,009,991	
VW Poznan Sp. z o.o., Poznan, Poland	100	194,667	PLN	731,569		481,508	PLN	1,999,942	
VW Motor Polska Sp. z o.o., Polkowice, Poland	100	53,705	PLN	200,780		148,895	PLN	618,432	
Volkswagen Group Services S.A., Brussels, Belgium	< 20	1	EUR	1		-	EUR	-	
Total investments in participations		4,720,993			6,368,363				

Independent firms provided VIF with the fair values of the investments, contributed by VWAG or purchased by VIF. Management receives reports regarding the economic situation of the participations on a monthly basis and upon review of these reports concluded that impairment in 2008 was not necessary.

Volkswagen Group Services S.A., Volkswagen India Private Limited and Volkswagen Group Sales India Private Limited are minority investments. The net asset values were not available.

For further details on shares in participations see note 6.

1.4 Note to the cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement are comprised of cash and cash equivalents. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are included in the respective amounts. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognised as cash used in financing activities. The purchase consideration paid for the acquired group company was recognised as cash used in investing activities where it was settled in cash. Transactions not resulting in inflow or outflow of cash are not recognised in the cash flow statement.

1.5 *Estimates*

Estimates used in the financial statements are limited to the use of provisions for general expenses and taxes based on experience and sound judgement.

2 **Principles of valuation of assets and liabilities**

2.1 *General*

The financial statements were prepared in accordance with the statutory provisions of Part 9, Book 2 of the Netherlands Civil Code and the firm pronouncements in the Guidelines for Annual Reporting in the Netherlands as issued by the Dutch Accounting Standards Board. The financial statements are denominated in EUR.

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or fair value. If not specifically stated otherwise, they are recognised at the amounts at which they were acquired or incurred. The balance sheet, income statement and cash flow statement include references to the notes.

2.2 *Comparison with prior year*

The principles of valuation and determination of result remain unchanged compared to the prior year.

2.3 *Foreign currencies*

Functional currency

Items in the financial statements of group companies are stated with due observance of the currency of the primary economic environment in which the respective group company operates (the functional currency). The financial statements are denominated in EUR, i.e. the functional and reporting currency of VIF.

Transactions, receivables and liabilities

Monetary assets and liabilities denominated in foreign currencies are translated at the mid-rate prevailing on the balance sheet date. Investments in participations are stated at the historical exchange rate.

Transactions denominated in foreign currencies in the reporting period are recognised in the financial statements at the exchange rate ruling at the transaction date.

In respect of any positions in the balance sheet that are covered by cross-currency interest rate swaps or by foreign exchange forward contracts, the differences in values calculated at mid-rates at the end of the year and contract rates are allocated to the respective principals of the loans. If the loan taken is denominated in a currency other than EUR, the respective correction is allocated to this loan. Otherwise the respective loan granted is corrected.

2.4 *Intangible fixed assets*

Intangible fixed assets are carried at historical cost less amortisation. Any impairment as at the balance sheet date is taken into account; an impairment exists if the carrying amount of the asset

(or the cash-generating unit to which it belongs) exceeds its recoverable amount. For determining whether an impairment charge in respect of an intangible fixed asset applies, reference is made to note 2.7.

Computer software

Software licences acquired are capitalised at acquisition cost and amortised over the estimated economic life of three years. Expenditures incurred for the production of identifiable software products that are tailor-made for the group are capitalised. Expenditure in connection with maintenance of computer software and expenses related to research activities are recognised in the income statement.

2.5 Tangible fixed assets

Fixed assets are valued at acquisition or production cost including directly attributable expenses, less straight-line depreciation over the estimated useful economic life, or market value if lower. Directly attributable production costs include the costs of the raw materials and consumables, and also include installation costs.

The following depreciation periods are used:

Asset	Number of years
Office equipment	5
Transport equipment	5
Furniture and fixtures	10
Computer hardware	3

2.6 Financial fixed assets

Shares in participations

Participations and other participating interests in which the company exercises significant influence are stated at the lower of cost and net realisable value. The company is considered to exercise significant influence if it holds at least 20% of the voting rights.

Participating interests in which no significant influence can be exercised are stated at acquisition price. If an asset qualifies as impaired, it is measured at its impaired value; any write-offs are disclosed in the income statement.

The shares in participations are specified in note 1.3.

Loans to Volkswagen group companies and joint ventures of the Volkswagen group

Loans to Volkswagen group companies and other participating interests are loans with an original term of more than one year and are valued at their amortised cost value. Discounts are capitalised and depreciated based on the effective yield of interest. We refer to section 2.13 for further disclosure on these loans.

2.7 Impairment of fixed assets

On each balance sheet date, the company tests whether there are any indications of assets being subject to impairment. If any such indications are present, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash-generating unit to

which the asset belongs is identified. An asset is subject to impairment if its carrying amount is higher than its recoverable value; the recoverable value is the higher of the net realisable value and the value in use.

Net realisable value is determined based on the active market. An impairment is directly recognised as an expense in the income statement.

If it is established that a previously recognised impairment no longer applies or has declined, the increased carrying amount of the assets in question is not set higher than the carrying amount that would have been determined had no asset impairment been recognised.

2.8 *Current assets*

Receivables due from Volkswagen group companies and joint ventures of the Volkswagen group

The receivables due from Volkswagen group companies and joint ventures of the Volkswagen group are valued at their amortised cost value. All receivables will be received within one year.

Other assets

The swap interest receivables and income tax receivables are shown under other assets and are valued at their amortised cost value.

Prepayments and accrued income

Accrued income is amortised over the remaining life of the bonds.

Cash at banks and in hand

Cash at banks and in hand represents cash in hand, bank balances and deposits with a maturity of less than one year.

Cash and banks denominated in foreign currencies are translated at the mid-rate prevailing on the balance sheet date.

2.9 *Equity*

The company has no statutory or mandatory reserves.

2.10 *Dividend*

The dividend distribution to the holders of ordinary shares has been recognised as a liability in the balance sheet at cost.

2.11 *Long-term liabilities*

Bonds

The bonds were valued at their amortised cost value. All long-term bonds have a maturity of over one year. No assets were pledged as collateral by the company.

Liabilities to Volkswagen group companies

The liabilities to Volkswagen group companies are valued at their amortised cost value. All liabilities have a maturity of over one year.

2.12 *Current liabilities*

Bonds

The bonds are valued at their amortised cost value. All short-term bonds are payable within one year.

Liabilities to banks

The liabilities to banks are valued at their amortised cost value. All liabilities are payable within one year.

Liabilities to Volkswagen group companies

The liabilities to Volkswagen group companies are valued at their amortised cost value. All liabilities are payable within one year.

Deferred income

The deferred income concerns premiums and compensations and is amortised over the remaining life of the loans taken.

Deferred income tax

Deferred tax liabilities are recognised to provide for timing differences between the value of the assets and liabilities for financial reporting purposes on the one hand and for tax purposes on the other. Deferred tax liabilities are calculated based on the tax rate prevailing on the balance sheet date or the rates that will apply in the future, insofar as these have been set by law.

Current income tax

The current Dutch nominal tax rate of 25.5% has been applied. VIF is part of a fiscal unity with Volkswagen Financial Services N.V.

Trade payables

The trade payables are valued at their amortised cost value and will be paid within one year.

Other accrued liabilities

The accruals are stated at the amount required, based on sound business judgement and valued at the expected costs.

2.13 *Financial instruments*

Securities included in financial and current assets, as well as liabilities and derivative financial instruments, are stated at cost. The company applies hedge accounting to hedging interest and currency risk on borrowings and lendings. Both the derivative and the hedged item are stated at cost. The gain or loss relating to the ineffective portion is recognised in the income statement within finance cost. For more information about the value of the assets see note 7, of the liabilities see notes 11 and 12, and of the financial instruments see note 23. The Company has no derivative financial instruments other than the ones used for hedging.

Fair value hedge

In applying fair value hedge accounting, both the hedging instrument and the hedged position are stated at fair value, at least where this is attributable to the hedged risk. The gain or loss from remeasuring the hedging instrument at fair value or the foreign currency component of its carrying amount on the balance sheet date shall be directly recognised in profit or loss.

The Company shall discontinue prospectively the hedge accounting if:

- the hedging instrument expires or is sold, terminated or exercised;
- the hedge no longer meets the criteria for hedge accounting;
- the Company revokes the designation.

The Company applies fair value hedge accounting to hedging fixed interest risk on borrowings. The gain or loss relating to the effective portion of interest rate swaps hedging fixed-rate borrowings is directly recognised in the income statement within finance costs. The gain or loss relating to the ineffective portion is recognised in the income statement within finance costs.

Cost price hedge

In applying cost price hedge accounting, the initial recognition of, and the accounting policies for, the hedging instrument are dependent on the hedged item, which has the following implications:

- If the hedged item is recognised at cost in the balance sheet, the derivative instrument is also stated at cost.
- As long as the hedged item is not yet recognised in the balance sheet, the hedging instrument is not remeasured. This applies, for instance, to hedging currency risks on future transactions.
- If the hedged item qualifies as a monetary item denominated in a foreign currency, the derivative instrument, where it has currency elements, is also stated at the spot rate at the balance sheet date. If the derivative instrument has currency elements, the difference between the spot rate on the date the derivative instrument is contracted and the forward rate at which it will be settled is spread over the maturity of the derivative instrument.

The ineffective portion of the hedge is recognised directly in profit or loss.

The Company applies cost price hedge accounting to hedging fixed-interest risk on borrowings. The gain or loss relating to the ineffective portion is recognised in the income statement within finance costs.

3 Principles for determination of result

3.1 General

Result is determined as the difference between the realisable value of services rendered and the costs and other charges for the year. Results on transactions are recognised in the year in which they are realised; losses are taken as soon as they are foreseeable.

Profit or loss is determined taking into account the recognition of unrealised changes in fair value of:

- securities included in current assets;
- derivative financial instruments that have not been designated as hedges.

3.2 Revenue recognition

Revenue from interest income is allocated to the reporting year to which it relates.

3.3 *Exchange rate differences*

Exchange rate differences arising upon the settlement of monetary items are recognised in the income statement in the period that they arise (note 15 and 16).

3.4 *Interest income and similar income and interest expenses and similar expenses*

Interest income and expense is recognised on a pro rata basis, taking account of the effective interest rate of the assets and liabilities concerned. When recognising the interest charges, the transaction cost on the loans received is taken into account.

3.5 *Income from participations*

Dividend to be received from participating interests not carried at net asset value and unquoted securities are recognised as soon as VIF acquires the right to it.

3.6 *Other operating income and expenses*

Other operating income and expenses include income or expenses that are not directly attributable to the interest income or expenses and are valued at the realisable value.

3.7 *General and administrative expenses*

These expenses include expenses such as personnel expenses, office expenses, consulting and audit fees and depreciation and are valued at cost.

Depreciation

Intangible fixed assets are amortised and tangible fixed assets are depreciated over their expected useful lives as from the inception of their use. Future depreciation is adjusted if there is a change in estimated useful life.

Gains and losses upon the sale of tangible fixed assets are included in other operating income or other operating expenses, respectively.

Personnel expenses

Salaries, wages and social charges are taken to the income statement when due, and in accordance with employment contracts and obligations.

3.8 *Taxation*

Profit tax is calculated on the profit before taxation in the income statement, taking into account any losses carried forward from previous financial years (insofar as these are not included in deferred tax assets), tax-exempt items and non-deductible expenses. Account is also taken of changes in deferred tax assets and deferred tax liabilities owing to changes in the applicable tax rates.

4 Financial instruments

4.1 Market risk

Currency risk

To avoid risk, the loans to Volkswagen group companies and to joint ventures of the Volkswagen group and related funding are generally matched in currency terms. If not, correcting swaps are executed to achieve the matched basis.

Interest rate risk

To avoid risk, the loans to Volkswagen group companies and to joint ventures of the Volkswagen group and related funding are generally matched in interest terms. If not, correcting swaps are executed to achieve the matched basis.

4.2 Credit risk

The risk of default arising from financial assets and derivative instruments involves the risk of default by counterparties. The maximum loss from derivative instruments equals their positive fair value. Risk is additionally limited by a limit system based on credit assessments by the international rating agencies.

4.3 Liquidity risk

The company uses several banks which are selected at group level. The liquidity risk is monitored by assuring that the critical terms of the relevant items match.

5 Intangible and tangible fixed assets

	Intangible fixed assets (software)	Tangible fixed assets (other installations, business and office equipment)	Total
	EUR'000	EUR'000	EUR'000
Purchase cost	143	299	442
Additions	-	73	73
Deletion	-	(164)	(164)
Amortisation/depreciation (accumulated)	(138)	(138)	(276)
Book value as at 31 December 2008	5	70	75
Book value as at 31 December 2007	18	49	67
Amortisation/depreciation current year	(13)	(21)	(34)

6 Financial fixed assets

Movements in financial fixed assets can be broken down as follows:

	Shares in participations
	EUR'000
1 January 2008	3,014,152
Additions	1,706,841
Disposals	-
31 December 2008	<u>4,720,993</u>

Shares in participations

The shares in participations are specified in note 1.3.

Further details to participations:

Autoeuropa-Automóveis Lda., Palmela, Portugal (AE)

-	Incorporation on 24 June 1991.		
-	Contribution to VIF: 24 November 2006 (50%), 10 December 2008 (24%).		
-	Equity 31 December 2007	EUR'000	374,979
-	Net earnings 2007	EUR'000	13,965

AE was established in 1991 as a joint venture of VWAG and Ford-Werke AG to produce a multi-purpose vehicle. AE consists mainly of a stamping plant for body panels, paint shop and assembly facilities. AE produced in 2007 93,609 units of the VW models Eos and Sharan and of the Seat model Alhambra.

Import Volkswagen Group s.r.o., Prague, Czech Republic (IVG)

-	Incorporation on 18 March 1998.		
-	Contribution to VIF: 24 November 2006 (100%).		
-	Equity 31 December 2007	CZK'000	585,409
-	Net earnings 2007	CZK'000	164,762

IVG conducts the import and sale of vehicles of the Volkswagen brand (passenger cars and commercial vehicles), Audi and Seat brand and provides after sales services through a network of authorised and independent dealers. The sales organisation of IVG is divided into four dealer networks that are responsible for the sales of the four brands. IVG delivered in 2007 20,226 vehicles to its dealers.

Škoda Auto a.s., Mladá Boleslav, Czech Republic (SKA)

-	Incorporation on 20 November 1990.		
-	Contribution to VIF: 18 July 2007 (100%).		
-	Equity 31 December 2007	CZK'000	66,532,002
-	Net earnings 2007	CZK'000	15,891,990

SKA is originally a Czech company with a long automotive manufacturing tradition. The company's business is the development, manufacturing and sale of vehicles, components, parts and accessories as well as the provision of after sales services.

The product portfolio of Skoda is composed of four model lines: Superb, Octavia, Roomster and Fabia with different derivatives and engines. In 2007 SKA produced a total of 623,529 vehicles which represented an increase of 12.1% vs. 2006.

Södertälje Bil Invest AB, Södertälje, Sweden (SBI)

-	Incorporation on 14 November 1997.		
-	Contribution to VIF: 24 November 2006 (100%).		
-	Equity 31 December 2007	SEK'000	199,705
-	Net earnings 2007	SEK'000	41,202

SBI is the holding company of the 100% participations in Volkswagen Group Sverige AB (VWGS) and its subsidiaries and Din Bil Sverige AB (DBS) and its subsidiaries. VWGS is active in the field of the import and sale of vehicles and spare parts of the Volkswagen Group and Porsche to dealers, major customers and leasing companies. DBS is a holding company that delivers vehicles of the Volkswagen Group to the own dealer net in Sweden. Due to the holding function SBI's earning situation depends on the situation of the Swedish automobile market.

Volkswagen do Brasil Indústria de Veículos Automotores Ltda., São Bernardo do Campo, Brazil (VWdB)

-	Incorporation on 23 March 1953.		
-	Contribution to VIF: 29 August 2008 (100%).		
-	Equity 31 December 2007	BRL'000	1,533,961
-	Net earnings 2007	BRL'000	589,949

The business of VWdB comprises the manufacture and sale, including the import and export, of motor vehicles, components, equipment, machines and tools, parts and accessories as well as the rendering of related services. VWdB has participations in several affiliated companies and manufacturing plants at São Paulo (Anchieta, São Carlos and Taubaté) and São José dos Pinhais (Paraná). The production of trucks and buses was split off as from 1 September 2007 from VWdB and vested in a separate company, namely Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda. In 2007 VWdB sold 499,173 vehicles to the Brazilian passenger car market, exported 179,992 and imported 37,790 vehicles.

Volkswagen Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda., Resende, Brazil (VWCo)

-	Incorporation on 30 October 2001 as Volkswagen Mercosul Participação em Outras Sociedades Ltda. (change of name to VWCo in 2007).		
-	Contribution to VIF: 3 December 2008 (100%).		
-	Equity 31 December 2007	BRL'000	1,009,991
-	Net earnings 2007	BRL'000	24,589

VWCo runs the Brazilian trucks and busses business since 1 September 2007 (c.f. VWdB). Management is currently negotiating a possible sale of VWCo.

Volkswagen Group Ireland Limited, Dublin, Ireland (VGI)

- Incorporation on 27 March 2007 (change of name to VGI on 23 April 2007).
- Purchase of shares by VIF: 1 October 2008 (100%).
- Equity 31 December 2007 EUR'000 6,155
- Net earnings 1 July – 31 December 2007 EUR'000 5,798

VGI is a spin-off of the VW Group's import and distribution of motor vehicles business in Ireland from the former multi-brand wholesale dealer O'Flaherty Holdings Limited.

Volkswagen Group Japan K.K., Toyohashi-shi, Japan (VGJ)

- Incorporation on 7 July 1983 (as Volkswagen Asia Limited, change of name in 1996).
- Contribution to VIF: 24 November 2006 (100%).
- Equity 31 December 2007 JPY'000 27,487,384
- Net earnings 2007 JPY'000 1,040,991

The company's business comprises the import and wholesale of VW Group vehicles, parts and accessories as well as the rendering of related after-sales services. VGJ aims to achieve high customer satisfaction by offering high-quality products and services.

Volkswagen Group Rus OOO, Kaluga, Russian Federation (VGR)

- Incorporation on 16 December 1999.
- Contribution to VIF: 28 September 2007 (100%).
- Equity 31 December 2007 RUB'000 3,763,193
- Net earnings 2007 RUB'000 1,749,291

The purpose of VGR is the distribution and repair of vehicles, delivery of spare parts and accessories and the rendering of related after-sales services.

On 23 September 2008 the shareholders of VGR resolved to absorb the VW Group subsidiary Volkswagen Rus OOO by a merger of both companies. The main business purpose of the merger under the name of VGR with a nominal capital of RUB 7.9 billion is the production of cars and other automotive products, the import of cars and automotive products including spare parts, car equipment and accessories and the sale and supply of cars and automotive parts as well as the organisation and co-ordination of related logistics. The merger will become effective on 12 January 2009. VIF will hold a participation of 48.92% into the newly organised VGR.

Volkswagen International Payment Services N.V., Amsterdam, the Netherlands (VIPS)

- Incorporation on 27 August 2007 (100% shareholder: VIF).
- Equity 31 December 2007 EUR'000 304,713
- Net earnings 2007 EUR'000 2,682

The statutory objectives of the company are to perform external central payments, intercompany payments on behalf of one Volkswagen Automotive Group company to another Volkswagen Automotive Group company and foreign exchange cross-border netting for the various Volkswagen Automotive Group companies as well as to participate in and manage other enterprises and companies. The increase in the carrying value of VIPS is due to capital contributions by VIF in 2008.

Volkswagen Poznan Sp. z o.o., Poznan, Poland (VWP)

- Incorporation on 26 November 1993.
- Contribution to VIF: 10 November 2008 (100%).
- Equity 31 December 2007 PLN'000 1,999,942
- Net earnings 2007 PLN'000 368,978

VWP has 3 production plants and a foundry in Poland and produced in 2007 in total 167,037 vehicles of the VW models Caddy and T5 with several derivatives. Most of the production volume was sold to VW AG.

Volkswagen Motor Polska Sp. z o.o., Polkowice, Poland (VWMP)

- Incorporation on 13 May 1998.
- Contribution to VIF: 10 November 2008 (100%).
- Equity 31 December 2007 PLN'000 618,432
- Net earnings 2007 PLN'000 107,289

VWMP has a production plant in Polkowice where diesel engines and parts for diesel engines are developed and manufactured. The engines and parts were sold to VW group companies.

Volkswagen Slovakia a.s., Bratislava, Slovakia (VWS)

- Incorporation on 30 November 1998.
- Contribution to VIF: 24 November 2006 (100%).
- Equity 31 December 2007 SKK'000 48,647,380
- Net earnings 2007 SKK'000 7,606,311

VWS' business is the production of vehicles, gearboxes and components for VW group companies at its production plants in Bratislava and Martin. In 2007 VWS produced in total 248,738 vehicles. The earning situation of VWS is directly influenced by the specific production programmes. The company benefits from the moderate salary level and favourable tax conditions in Slovakia.

Volkswagen India Private Ltd., Chakan, Pune, India
Volkswagen Group Sales India Ltd., Mumbai, India
Volkswagen Group Services S.A., Brussels, Belgium

Investments in above listed companies are below 20%.

None of the subsidiaries are consolidated with VIF as the exemption of article 2:408 (Netherlands Civil Code, Part 9, Book 2) applies. A full consolidation of the companies is performed by VWAG. The consolidated financial statements are filed at the Wolfsburg Register of Companies.

Amounts due from Volkswagen group companies and joint ventures of the Volkswagen Group included in financial fixed and current assets:

	31 December 2008			31 December 2007		
	Total	Term > 1 year	Term < 1 year	Total	Term > 1 year	Term < 1 year
	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000	EUR'000
Amounts due from Volkswagen group companies	3,970,182	1,711,218	2,258,964	4,989,821	3,632,615	1,357,206
Amounts due from joint ventures of the Volkswagen group	41,682	41,446	236	46,042	41,446	4,596
	<u>4,011,864</u>	<u>1,752,664</u>	<u>2,259,200</u>	<u>5,035,863</u>	<u>3,674,061</u>	<u>1,361,802</u>

7 Loans to and receivables due from Volkswagen group companies and joint ventures of the Volkswagen group (fixed and current assets)

	Original currency	Average interest rate in percentage %	31 December 2008	
			Book value	Market value*
			EUR'000	EUR'000
Fixed asset loans to Volkswagen group companies	EUR	4.31	1,662,455	1,734,717
	SEK	4.86	16,030	14,612
	USD	4.04	32,733	38,350
			<u>1,711,218</u>	<u>1,787,679</u>
Fixed asset loans to joint ventures of the Volkswagen group	EUR	5.09	34,000	36,011
	PLN	10.63	7,446	7,863
			<u>41,446</u>	<u>43,874</u>
Current asset receivables due from Volkswagen group companies	EUR	4.70	1,707,067	1,759,002
	GBP	4.00	116,525	97,012
	SEK	5.30	41,901	39,116
	USD	3.92	301,361	304,986
Accrued and other receivables			92,346	92,346
			<u>2,259,200</u>	<u>2,292,462</u>
Total loans to and receivables due from Volkswagen group companies and joint ventures of the Volkswagen group			<u>4,011,864</u>	<u>4,124,015</u>

As mentioned in note 2.13 all outstanding loans to Volkswagen group companies and joint ventures of the Volkswagen Group are hedged with cross-currency interest rate swaps, interest rate swaps and forwards to the bonds and loans from Volkswagen group companies used to fund the financing activities. As a result the Company has no exposure to interest rate risk and currency risk.

The market values are determined on the basis of discounted cash flows. Credit spreads were not included in the model used to determine the market value. Since all loans are to Volkswagen group companies and joint ventures of the Volkswagen Group the credit spread applicable to these loans is equal to the credit spread for the Volkswagen Group. As at 31 December the following credit spreads were applicable to the Volkswagen Group:

--	For amounts payable within one year:	100,50 bps
--	For amounts payable between one year and five years:	191,25 bps
--	For amounts payable after five years	261,00 bps

8 Other assets

	31 Dec 2008	31 Dec 2007
	EUR'000	EUR'000
Interest receivable from banks	3,737	8,279
Income tax receivable	769	35
Receivables from employees	18	10
Other receivables	4	165
	<u>4,528</u>	<u>8,489</u>

The interest receivable from banks relates to the outstanding swap agreements and to deposits.

9 Prepayments and accrued income

	31 Dec 2008	31 Dec 2007
	EUR'000	EUR'000
Prepaid expenses	159	63
Capitalised issue costs	10,942	14,525
	<u>11,101</u>	<u>14,588</u>

10 Shareholders' equity

Share capital

On 31 December 2008, the subscribed capital of the company amounted to EUR 104,370,000, of which an amount of EUR 102,965,000 was paid-up. 102,965 registered shares of EUR 1,000 each are issued, of which 50 shares were issued in 2008.

To the share premium reserve of EUR 2,752,958,000 an amount of EUR 1,172,122,204 was added in 2008 as a result of the contribution in kind of VWAG.

Management proposes to distribute to Global Automotive C.V. a dividend for 2008 in the amount of EUR 600 million to be paid in 2009 (see liabilities to VW group companies, note 12).

The dividend consists of part of the 2008 result after taxation according to the income statement 2008 (EUR 680.9 million).

Furthermore, in 2008 VIF paid a dividend out of the 2007 result amounting to EUR 600,000 (part of the retained earnings) to Global Automotive C.V., based on the resolution of the shareholders dated 9 May 2008.

	Issued and paid-up share capital	Share premium reserve	Retained earnings	Total equity
	EUR'000	EUR'000	EUR'000	EUR'000
Balance 31 December 2007	102,915	2,752,958	353,814	3,209,687
Dividend paid and proposed	-	-	(600,600)	(600,600)
Result for 2008	-	-	680,851	680,851
Contribution in kind of VWAG	50	1,172,122	-	1,172,172
Balance 31 December 2008	102,965	3,925,080	434,065	4,462,110

11 Long-term liabilities

	31 Dec 2008	31 Dec 2007
	EUR'000	EUR'000
Bonds (listed and unlisted)	1,611,613	3,540,954
Liabilities to Volkswagen group companies	19,574	37,924
	1,631,187	3,578,878

A breakdown of the bonds is as follows:

Long-term bonds				31 December 2008		31 December 2007	
Counterparty	Local curr.	Maturity date	Interest %	EUR'000	LC'000	EUR'000	LC'000
HSBC	JPY	20-04-2009	1.14	-	-	23,301	3,000,000
Citibank London	EUR	22-05-2009	4.125	-	-	1,500,000	1,500,000
Barclays	HKD	24-06-2009	4.24	-	-	8,713	100,000
Dresdner Bank	JPY	06-07-2009	1.43	-	-	18,388	3,000,000
Banca IMI	EUR	04-08-2009	zero coupon	-	-	71,138	71,138
DZ Bank	EUR	23-10-2009	2.875	-	-	50,000	50,000
Bank of Tokyo	JPY	27-11-2009	1.14	-	-	257,800	40,000,000
JP Morgan*	JPY	28-11-2011	1.755	65,360	7,000,000	65,361	7,000,000
Salomon*	JPY	29-11-2011	1.75	46,253	5,000,000	46,253	5,000,000
Citibank London	EUR	22-05-2013	4.875	1,000,000	1,000,000	1,000,000	1,000,000
Citibank London	EUR	22-05-2018	5.375	500,000	500,000	500,000	500,000
Total long-term bonds				1,611,613		3,540,954	

The long-term liability to Volkswagen group companies is EUR 19,574,000, compared to EUR 37,924,000 the previous year. All bonds are listed with the exception of the bonds marked with*.

12 Current liabilities

	31 Dec 2008	31 Dec 2007
	EUR'000	EUR'000
Bonds	1,948,226	616,245
Commercial papers	-	69,087
Liabilities to banks	-	115
Liabilities to Volkswagen group companies (see note 10)	624,045	541,562
Other liabilities	90,437	98,859
Deferred income	675	595
Current income tax	39	41
Trade payables	24	43
Accrued liabilities	449	1,044
	2,663,895	1,327,591

The remaining term of the current liabilities is less than one year.

A breakdown of the bonds is as follows:

Short-term bonds				31 December 2008		31 December 2007	
Counterparty	Local curr.	Maturity date	Interest %	EUR'000	LC'000	EUR'000	LC'000
Salomon Broth	JPY	30-01-2008	0.57	-	-	15,750	2,000,000
Deutsche Bank	JPY	28-02-2008	1.224	-	-	30,812	4,000,000
Société Générale	EUR	28-02-2008	4.793	-	-	100,000	100,000
Bank of Tokyo	JPY	15-05-2008	0.52	-	-	22,273	3,000,000
Deutsche Bank	JPY	16-05-2008	1.14	-	-	15,090	2,000,000
JP Morgan	JPY	22-05-2008	0.54	-	-	26,180	3,500,000
JP Morgan	JPY	23-05-2008	0.56	-	-	11,350	1,500,000
West LB D'dorf	SKK	30-06-2008	4.85	-	-	19,277	800,000
JP Morgan	EUR	11-07-2008	5.254	-	-	25,000	25,000
BNP Paribas	JPY	05-08-2008	0.9	-	-	12,126	2,000,000
Daiwa	JPY	19-08-2008	1.35	-	-	9,151	1,500,000
Bayerische LB	EUR	20-08-2008	3.7	-	-	50,000	50,000
HSBC	JPY	18-09-2008	1.26	-	-	5,814	1,000,000
BNP Paribas	EUR	22-09-2008	5.042	-	-	150,000	150,000
Société Générale	EUR	29-09-2008	4.795	-	-	50,000	50,000
Citibank	JPY	07-10-2008	1.215	-	-	15,244	2,500,000
Daiwa	EUR	24-10-2008	5.049	-	-	10,000	10,000
Fortis Bank	NOK	10-11-2008	5.00	-	-	48,178	500,000
HSBC	JPY	20-04-2009	1.14	23,301	3,000,000	-	-
Citibank London	EUR	22-05-2009	4.125	1,500,000	1,500,000	-	-
Barclays	HKD	24-06-2009	2.21	9,218	100,000	-	-
Dresdner Bank	JPY	06-07-2009	1.43	19,450	3,000,000	-	-
Banca IMI	EUR	04-08-2009	zero	73,564	73,564	-	-
			coupon			-	-
DZ Bank	EUR	23-10-2009	2.875	50,000	50,000	-	-
Bank of Tokyo	JPY	27-11-2009	1.14	272,693	40,000,000	-	-
Total short-term bonds				1,948,226		616,245	

A breakdown of the liabilities to Volkswagen group companies is as follows:

	31 Dec 2008	31 Dec 2007
	EUR'000	EUR'000
Global Automotive C.V.	600,000	-
Seat S.A.	-	331,279
Volkswagen AG	24,045	210,283
	624,045	541,562

A breakdown of the other liabilities is as follows:

	31 Dec 2008	31 Dec 2007
	EUR'000	EUR'000
Counterparty		
Loan interest payables	85,365	88,158
Swap interest payables	5,072	10,695
Social securities/wage tax	10	6
	<u>90,437</u>	<u>98,859</u>

13 Commitments not included in the balance sheet

Fiscal unity

The company forms a fiscal unity for corporate income tax and turnover tax purposes with Volkswagen Financial Services N.V. Under the Tax Collection Act, the company is jointly and severally liable for the taxes payable by the group.

14 Financial income and expenses

	2008	2007
	EUR'000	EUR'000
Interest and similar income	210,150	241,647
Interest and similar expenses	(194,631)	(228,102)
	<u>15,519</u>	<u>13,545</u>

15 Other operating income

	2008	2007
	EUR'000	EUR'000
Volkswagen Financial Services N.V.	576	550
Volkswagen International Payment Services N.V.	85	-
Global Volkswagen Automotive B.V.	71	48
Global Mobility Holding B.V.	12	12
Volkswagen Finance Overseas B.V.	22	-
Volkswagen Finance Cooperation B.V.	22	-
Volkswagen Global Finance Holding B.V.	20	-
Miscellaneous income previous years	10	12
Translation gains	-	123
Miscellaneous income	179	79
	<u>997</u>	<u>824</u>

16 Other operating expenses

	<u>2008</u>	<u>2007</u>
	EUR'000	EUR'000
Portfolio fees	117	38
Miscellaneous expenses	61	61
Translation losses	5	-
Bank charges	13	13
	<u>196</u>	<u>112</u>

17 General and administrative expenses

	<u>2008</u>	<u>2007</u>
	EUR'000	EUR'000
Personnel expenses	1,207	1,005
Office expenses	314	328
Temporary labour	70	87
Consulting, auditing and legal fees	219	157
Insurance	205	-
Car expenses	42	43
Travel expenses	22	20
Training personnel	3	4
	<u>2,082</u>	<u>1,644</u>

A breakdown of the personnel expenses is as follows:

	<u>2008</u>	<u>2007</u>
	EUR'000	EUR'000
Salaries and wages	963	816
Social security contributions	73	57
Pension contributions	171	132
	<u>1,207</u>	<u>1,005</u>

The Company has a defined contribution pension plan that is reinsured with an insurance company.

18 Depreciation expenses

Depreciation expenses can be broken down as follows:

	2008	2007
	EUR'000	EUR'000
Amortisation intangible fixed assets (note 5)	13	24
Depreciation tangible fixed assets (note 5)	21	50
	<u>34</u>	<u>74</u>

19 Income from participations

	2008	2007
	EUR'000	EUR'000
Dividends received		
Škoda Auto a.s., Czech Republic	284,699	301,631
VW do Brasil Indústria de Veículos Automotores Ltda., Brazil	221,566	-
VW Caminhões e Ônibus Indústria e Comércio de Veículos Comerciais Ltda., Brazil	84,651	-
VW Motor Polska Sp. z o.o., Poland	26,058	-
VW Poznan Sp. z o.o., Poland	22,493	-
Volkswagen Group Japan K.K., Japan	20,398	-
Södertälje Bil Invest AB, Sweden	7,670	19,448
Import Volkswagen Group s.r.o., Czech Republic	6,557	7,690
Forward cover of dividends		
- gains	4,974	-
- losses	(10,384)	-
Gain on disposal		
International Insurance Service s.r.o., Czech Republic	-	1,555
Total income received	<u>668,682</u>	<u>330,324</u>

20 Auditor's fees

The following fees occurred in the reporting period:

	2008	2007
	EUR'000	EUR'000
Audit of the financial statements	47	39
Other audit procedures	20	22
Other non-audit services	1	7
	<u>68</u>	<u>68</u>

21 Related parties

All loans are granted to other group companies. The interest income is only received from these group companies.

For investments in participations see note 1.3.

For receivables due from Volkswagen group companies see note 6 and note 7.

For liabilities to Volkswagen group companies see notes 11 and 12.

22 Average number of employees

During the year 2008, the average number of employees calculated on a full-time-equivalent basis was 14 (2007: 8).

The company has no employees working abroad.

23 Financial instruments

The company's policy is to fully hedge its interest rate and exchange rate exposures.

In 2008 VIF covered partially the expected dividends from participations by forward sales, maturing before the end of the year on receipt of the dividends with approval of the Supervisory Board.

The financial instruments of the company had the following notional amounts:

	Interest swaps	Interest/ currency swaps	FX contracts	Total
	EUR'000	EUR'000	EUR'000	EUR'000
31 December 2008	199,367	553,933	74,937	828,237
31 December 2007	551,675	908,370	191,734	1,651,779

The financial instruments of the company had the following market values:

	Interest swaps	Interest/ currency swaps	FX contracts	Total
	EUR'000	EUR'000	EUR'000	EUR'000
31 December 2008	(500)	51,041	524	51,065
31 December 2007	7,295	(38,449)	145	(31,009)

24 Taxation on result on ordinary activities

The taxation on result on ordinary activities can be specified as follows:

	2008	2007
	EUR'000	EUR'000
Result from ordinary activities before taxation	682,886	342,863
Of which income from participations (excl. gains/losses forward cover on dividend income)	(674,092)	(330,324)
Result on ordinary activities	8,794	12,539
Taxation on result on ordinary activities	2,035	3,011
Effective tax rate	23.1%	24.0%
Applicable tax rate	25.5%	25.5%

25 Directors and Supervisory Directors

Management Board:

- Frank Mitschke, Amsterdam
- Albrecht Hermann Möhle, Wasbüttel

The remuneration for 2008 of the Management Board amounts to EUR 277,000 (2007: EUR 297,000).

Supervisory Board:

- Dr. Jörg Alexander Boche, Wolfsburg (Chairman)
- Wolfgang Rudolf Hotze, Lehre

The Supervisory Board has not received any remuneration for 2008.

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

1. the financial statements 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 year and the risks to which the Company is exposed.

Amsterdam, 5 February 2009

Management Board

Supervisory Board

.....
F. Mitschke

.....
Dr. J. Boche

.....
A. Möhle

.....
W. Hotze

Other information

Profit appropriation according to the Articles of Association

The company's Articles of Association provide that appropriation of accrued profit is subject to the decision of the shareholders at the General Meeting. The company can only make distributions to the shareholders and other persons entitled up to an amount not exceeding the amount of the distributable reserves. The General Meeting may resolve to pay dividends from legally distributable reserves.

Proposed appropriation of profit and dividend paid in 2008

Management proposes to pay out a dividend to Global Automotive C.V. totalling to EUR 600,000,000.00. This dividend shall be paid out of the profit for the year 2008 (EUR 680,850,644.02). The remaining EUR 80,850,644.02 shall be retained.

Based on the resolution of the shareholders dated 9 May 2008, VIF paid a dividend out of the 2007 result amounting to EUR 600,000.00 to Global Automotive C.V. in 2008.

Post balance sheet events

No post balance sheet events occurred.

To the General Meeting of Shareholders of
Volkswagen International Finance N.V.

PricewaterhouseCoopers
Accountants N.V.
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Auditor's report

Report on the financial statements

We have audited the accompanying financial statements 2008 of Volkswagen International Finance N.V., Amsterdam as set out on pages 4 to 32 which comprise the balance sheet as at 31 December 2008, the income statement for the year then ended, the cash flow statement and the notes.

The directors' responsibility

The directors of the company are responsible for the preparation and fair presentation of the financial statements and for the preparation of the management report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with Dutch law. This law requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of

accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

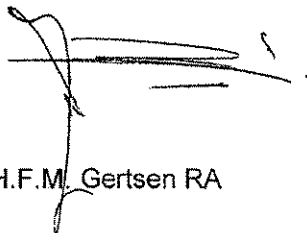
In our opinion, the financial statements give a true and fair view of the financial position of Volkswagen International Finance N.V. as at 31 December 2008, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under 2:393 sub 5 part e of the Netherlands Civil Code, we report, to the extent of our competence, that the management report is consistent with the financial statements as required by 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, 5 February 2009

PricewaterhouseCoopers Accountants N.V.



H.F.M. Gertsen RA

VOLKSWAGEN INTERNATIONAL FINANCE N.V.

Verklaring door de heren F.D. Mitschke, Managing Director en M.R. Ramos van Vlaanderen, Head of Accounting van Volkswagen International Finance N.V., behorende tot de de jaarstukken 2008.

Hierbij verklaar ik dat voor zover mij bekend:

- de jaarrekening 2008 een getrouw beeld geeft van de activa, de passiva, de financiële positie en de winst van Volkswagen International Finance N.V.;
- het jaarverslag een getrouw beeld geeft omtrent de toestand op de balansdatum, de gang van zaken gedurende het boekjaar;
- in het jaarverslag de wezenlijke de risico's waarmee Volkswagen International Finance N.V. wordt geconfronteerd, zijn beschreven.

Amsterdam, 5 februari 2009



F.D. Mitschke
Managing Director.



M.R. Ramos van Vlaanderen
Head of Accounting