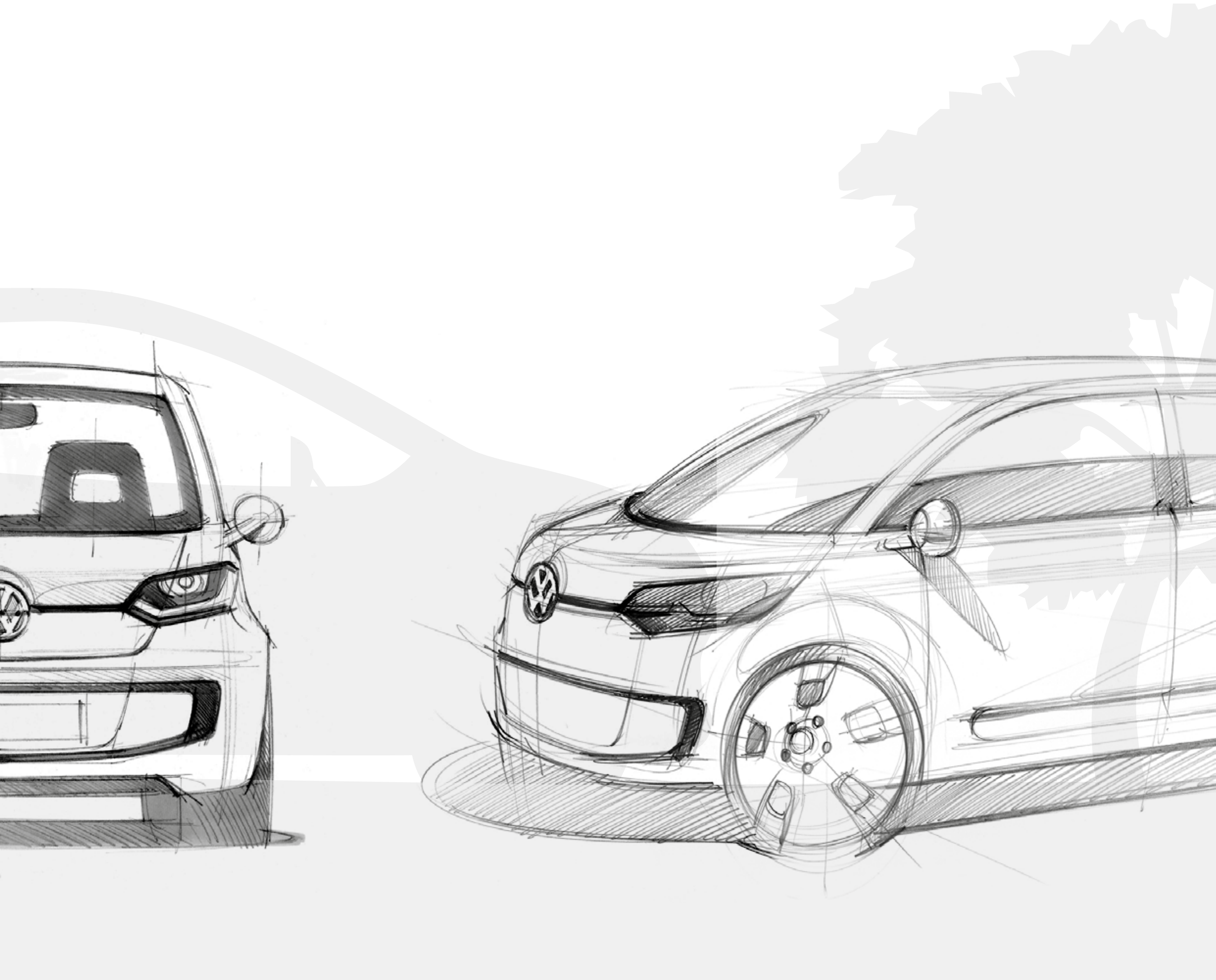
VOLKSWAGEN

AKTIENGESELLSCHAFT

JANUARY – JUNE 2008

Half-Yearly Financial Report



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VOLKSWAGEN GROUP

	Q2			Q1–2		
Volume Data[1]	**2008**	**2007**	**%**	**2008**	**2007**	**%**
Deliveries to customers ('000 units)	1,694	1,616	+ 4.8	3,266	3,086	+ 5.8
of which: in Germany	294	280	+ 4.7	534	515	+ 3.7
abroad	1,400	1,336	+ 4.8	2,732	2,571	+ 6.3
Vehicle sales ('000 units)	1,706	1,588	+ 7.4	3,310	3,089	+ 7.2
of which: in Germany	282	278	+ 1.3	520	515	+ 1.0
abroad	1,424	1,309	+ 8.8	2,790	2,574	+ 8.4
Production ('000 units)	1,743	1,576	+ 10.6	3,393	3,134	+ 8.3
of which: in Germany	559	530	+ 5.3	1,108	1,094	+ 1.2
abroad	1,185	1,046	+ 13.3	2,285	2,040	+ 12.0
Employees ('000 on June 30, 2008/Dec. 31, 2007)				336.4	329.3	+ 2.2
of which: in Germany				172.2	168.7	+ 2.1
abroad				164.2	160.6	+ 2.3

	Q2			Q1–2		
Financial Data (IFRSs), € million	**2008**	**2007**	**%**	**2008**	**2007**	**%**
Sales revenue	29,487	28,212	+ 4.5	56,500	54,852	+ 3.0
Operating profit	2,123	1,735	+ 22.3	3,434	2,820	+ 21.8
as a percentage of sales revenue	7.2	6.1		6.1	5.1	
Profit before tax	2,417	1,944	+ 24.3	3,783	3,013	+ 25.5
as a percentage of sales revenue	8.2	6.9		6.7	5.5	
Profit after tax	1,643	1,219	+ 34.8	2,572	1,959	+ 31.3
Cash flows from operating activities	3,424	5,246	– 34.7	5,604	9,172	– 38.9
Cash flows from investing activities	4,004	3,296	+ 21.5	6,903	6,939	– 0.5
Automotive Division[2]						
Cash flows from operating activities	2,917	4,480	– 34.9	5,112	8,033	– 36.4
Cash flows from investing activities[3]	1,494	946	+ 57.9	2,822	2,615	+ 7.9
of which: investments in property, plant and equipment	1,253	883	+ 41.8	2,211	1,650	+ 34.0
as a percentage of sales revenue	4.7	3.4		4.3	3.3	
capitalized development costs[4]	408	307	+ 32.6	839	637	+ 31.7
as a percentage of sales revenue	1.5	1.2		1.6	1.3	
Net cash flow	1,423	3,534	– 59.7	2,290	5,418	– 57.7
Net liquidity at June 30				15,103	11,787	+ 28.1

1 Volume data including the vehicle production investments Shanghai-Volkswagen Automotive Company Ltd. and FAW-Volkswagen Automotive Company Ltd. These companies are accounted for using the equity method. All figures shown are rounded, so minor discrepancies may arise from addition of these amounts. 2007 deliveries updated on the basis of statistical extrapolations.
2 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
3 Excluding acquisition and disposal of equity investments: Q2 €1,511 million (€1.214 million), Q1-2 €2.780 million (€2.127 million).
4 See table on page 25.

Key Facts

- **Volkswagen Group operating profit up 21.8% year-on-year to €3.4 billion in the first six months of 2008**
- **At €3.8 billion, profit before tax exceeds previous year's figure by €0.8 billion**
- **Group sales revenue up 3.0% year-on-year to €56.5 billion**
- **At 4.3% (3.3%), ratio of investments in property, plant and equipment (capex) to sales revenue in the Automotive Division remains below the long-term average**
- **Net liquidity in the Automotive Division again increased to €15.1 billion**
- **Successful model rollout:**
  - **Deliveries to customers worldwide up 5.8% year-on-year in the first six months; Group market share improved in Western Europe**
  - **Sales of Volkswagen Passenger Cars, Audi, Škoda, Lamborghini and Volkswagen Commercial Vehicles brands continue to set records**
  - **Asia-Pacific, South America, Central and Eastern Europe remain growth drivers; strong sales growth in China, India, Brazil, Russia and the Ukraine in particular**
  - **Auto China in Beijing: premiere of the New Bora and the Lavida; Audi unveils the Audi Q5**
  - **AMI in Leipzig: Scirocco and Passat CC celebrate German debut; Audi presents Audi A4 Avant and Audi A3 Cabriolet**
  - **SEAT presents the new Ibiza**
  - **Touran BlueMotion and Sharan BlueMotion well received by the market**

Key Events

VOLKSWAGEN GROUP UNVEILS NEW MODELS AT INTERNATIONAL MOTOR SHOWS

The Volkswagen Group presented a large number of new vehicles at the Auto Mobil International 2008 in Leipzig in April. Five Volkswagen passenger car models also celebrated their German debut there. One of the highlights was the comeback of the legendary Scirocco sports car. This two-door model won people over with its concise design, spacious interior and range of charged engines that are powerful as well as fuel-efficient. The new Scirocco will be launched on August 29, 2008. Another highlight of the event was the Passat CC, which combines dynamic power with superior comfort in a coupé. The Passat CC features progressive technology with pioneering assistance systems such as the "Lane Assist" lane-keeping assistant and Dynamic Drive Control. It is offered exclusively with state-of-the art direct injection engines and has been available since June 2008. The Golf Variant TDI 4Motion[1] was also on view in Germany for the first time. Equipped with permanent four-wheel drive and a fuel-efficient, high-torque 77 kW (105 PS) TDI engine, it offers optimum control even under difficult conditions. Motor show visitors witnessed the great potential of the Volkswagen Passenger Cars brand as regards environmental compatibility and energy efficiency in the shape of the Golf TDI Hybrid and the Passat Variant TSI EcoFuel concept cars. Thanks to the combination of a high-tech diesel engine, electric motor and 7-speed direct shift gearbox, the Golf TDI Hybrid uses a mere 3.4 liters of diesel (combined) per 100 kilometers. In addition to internal combustion mode and mixed mode operation, this vehicle can also run in emission-free electric mode. Its 110 kW (150 PS) TSI engine makes the Passat Variant TSI EcoFuel far livelier than other gas-driven vehicles. This turbo direct-injection engine is the first in the world designed to run on natural gas and uses a mere 5.2 kilograms of natural gas (combined) per 100 kilometers.

At the Audi brand stand, the German premiere of the Audi A4 Avant and the Audi A3 Cabriolet attracted special attention from visitors. The Audi A4 Avant captivates with high driving dynamics and quality as well as its high utility value for sports and recreation. The newest member of the Audi Cabriolet fleet, the Audi A3 Cabriolet, excels with a design that is sporty, elegant and emotional. Its roof opens in less than ten seconds. The Audi Q7 V12 TDI[2], Audi TTS and Audi TT TDI were also unveiled in Germany for the first time. Audi debuted the Audi TT 1.8 TFSI Coupé[1], which can accelerate from 0 to 100 kph in 7.2 seconds and consumes an average of a mere 6.7 liters of fuel (combined) per 100 kilometers, for its world premiere. The Audi A1 project quattro concept car celebrated its European debut, giving visitors a first glimpse of the future Audi A1's dynamic body line, optimal use of space and highest level of quality.

The Škoda brand revealed the new edition of its flagship model at its German premiere: the new Škoda Superb. It boasts superior design and high quality and is also available in an environmentally friendly GreenLine version[1].

Volkswagen Commercial Vehicles presented the motor home variant of its Caddy Maxi in Leipzig for the first time in Germany: the Caddy Maxi Life Tramper. The Tramper's comprehensive equipment features underscore the many uses of the Caddy Maxi. The Caddy Life Style and Multivan United special editions as well as the Caddy BlueMotion[1] could also be seen at the Volkswagen Commercial Vehicles stand.

Volkswagen presented the world premiere of two mid-range vehicles to visitors at the Auto China 2008 in Beijing: Firstly, the New Bora, a dynamic and high-quality family saloon that is practical and versatile, and secondly the lifestyle-oriented Lavida, which is the first model to be designed and developed entirely in China. Both vehicles are specially focused on the automobile needs of Chinese customers. They will be launched in summer 2008 and will help strengthen Volkswagen's successful position as the market leader in China.

The Audi brand presented the world premiere of the new Audi Q5 at the Auto China. This sporty SUV is compelling thanks to its dynamism and elegance. The variable interior offers a variety of options for sports, recreation and family use. Permanent quattro four-wheel drive and agile suspension, combined with a powerful and efficient range of engines, create a technical package that allows the Audi Q5 to master challenges on and off the road.

1 Consumption and emission data can be found on page 11 of this Report
2 No binding consumption and emission figures are available at present for this model.

In April 2008, the SEAT brand introduced the new Ibiza to the public at its Martorell location. The latest model to come from this Spanish brand is characterized by its sportiness and design. It has a longer wheelbase, a larger track width and a new arrow design that give the vehicle more dynamism in comparison to its predecessor. At the same time, more efficient engines and refined gear ratios reduce fuel consumption and emissions. A new airbag system, automatic parking assistant and adaptive headlights also increase the comfort and safety of the new Ibiza.

VOLKSWAGEN GROUP RECEIVES MULTIPLE AWARDS

In the second quarter of 2008, the Volkswagen Group continued to excel at numerous competitions and awards. It began in April with a double win by the Tiguan and the Multivan 4Motion when readers of the industry journal "AutoBild Allrad" voted them "All-Wheel-Drive Cars of the Year". While the Tiguan won the "Offroad vehicle and SUV up to €40,000" category for the first time, it was the Multivan's fourth successive victory in the "All-Wheel-Drive Van" category.

Two Group brands underscored Volkswagen's leading position in engine technology at the "Engine of the Year Awards 2008" in May. The dual charged TSI engine of the Volkswagen Passenger Cars brand won first place in the "1.0 to 1.4 liter" category for the third time in a row. The Audi brand secured the number one spot in the "1.8 to 2.0 liter" category with its 2.0 TFSI engine for the fourth time. The jury consisted of 65 prominent motor journalists from 32 countries.

The European Patent Office awarded AUDI AG the European Inventor Award in May 2008 for its Space Frame Technology (ASF). This award is given to companies whose innovations make a significant contribution to Europe's economic growth and competiveness. The ASF concept is based on a lightweight aluminum construction resulting in body shells with increased safety and stability that save significant weight compared with steel bodies – a central aspect in reducing consumption and CO_2 emission levels.

After the Volkswagen Group was honored in January for the significant increase in its enterprise value in a global comparison of all listed automobile manufacturers, it also received the "European Automotive Shareholder Value Award" in May 2008 for the largest increase in value in the European automotive industry. Volkswagen generated the greatest shareholder return over both a one-year and three-year period. The prize is awarded by consulting firm PricewaterhouseCoopers.

With seven first places, the Volkswagen Group was the most successful company at the "Firmenauto des Jahres 2008" (Best Company Car of 2008) awards run in June by industry journal "Firmenauto" and the DEKRA organization. Group brand vehicles also won second place six times and third place four times. The winning models included the new Passat CC, the Audi A8 and the Audi A3 Sportback, the Škoda Superb and the Škoda Octavia Combi, as well as the SEAT Altea XL and the SEAT Ibiza. In a separate readers' choice award for the best service for fleet customers, the Volkswagen Passenger Cars brand won first place, while Audi followed in second place. Volkswagen Leasing won first place in the "Leasing and Fleet Management" category.

In June, the Škoda Fabia also won the "red dot" award, one of the most coveted design prizes in the world. The model won over the jury of experts with its sophisticated and innovative engineering. The Fabia thus follows the Roomster, which received this award for good design the previous year.

SHANGHAI VOLKSWAGEN OPENS NEW PLANT

Shanghai Volkswagen Automotive Company Ltd., in which Volkswagen AG has a 50% interest, opened its fourth automotive plant in Nanjing, about 300 kilometers from Shanghai, on April 18, 2008. The Chairman of the Board of Management of Volkswagen AG, Prof. Dr. Martin Winterkorn, was one of the attendees at the opening ceremony. The production plant, which was already in place, was acquired and rebuilt by Shanghai Volkswagen. It has a press shop and facilities for body construction, painting and assembly. It will initially have the capacity to build 60,000 Santana Vista vehicles. For this purpose, the plant took over around 1,200 employees, who were trained at other Shanghai Volkswagen locations. The new plant is part of the strategy of Volkswagen and the joint ventures to gradually step up capacity to meet rising demand. It will help the Volkswagen Group hit its sales target of over one million vehicles in China in 2008 and maintain growth in the coming years.

AUDI R10 TDI REMAINS UNBEATEN AT LE MANS

The Audi R10 TDI diesel-powered racing car won the grueling Le Mans 24 Hour Race this year again for the third time in a row. In front of a record crowd of approximately 260,000, the Audi R10 TDI beat the competition in an exciting race thanks to its reliability and efficiency. This was the eighth win for the AUDI AG team in its tenth race at Le Mans.

WORLD PREMIERE AT GOLF GTI MEET IN WÖRTHERSEE

In May 2008, Volkswagen impressed attendees of the legendary Golf GTI meet in Wörthersee, Austria, with the world premiere of the Scirocco GT24, the racing version of the new sports car packing a 239 kW (325 PS) engine. The blue and white paint scheme, widened wheel arches and lowered suspension in particular inspired Volkswagen fans attending this major event. Only a few days later, the Scirocco racing version celebrated its successful debut at the prestigious 24-hour race on the Nürburgring. The vehicle was driven by rally world champion Carlos Sainz and racing expert Hans-Joachim Stuck, among others, and underscored its sporting ambitions, winning both first and second place in its class and eleventh place overall.

ANNIVERSARIES

AUDI HUNGARIA MOTOR Kft., a wholly-owned subsidiary of AUDI AG, celebrates its 15th birthday this year. The Hungarian plant in Györ can therefore look back on an impressive success story. While around 800 employees were still producing about 2,000 engines per day in the mid-nineties, 5,800 employees now produce up to 7,000 engines and 300 vehicles per day. Around 15 million engines have rolled off the production line there since 1993, currently making the Györ plant Audi's main engine producer as well as the second-largest engine plant in the world. Investments in this location total more than €3.3 billion, making Audi one of the largest foreign investors in Hungary and the Györ location a flagship of the Hungarian economy.

The 2 millionth Škoda Fabia rolled off the production line at the Škoda brand's main production facility in Mladá Boleslav on April 23, 2008. The second generation of the successful model has been on the market since spring 2007. The popular small car, which is produced in Russia, India and the Ukraine as well as in the Czech Republic, has already won several prizes and is also available in the environmentally-friendly GreenLine Version[1].

STATE OF LOWER SAXONY BUYS FURTHER VOLKSWAGEN SHARES

In June 2008, the Finance Ministry of the State of Lower Saxony announced that the State of Lower Saxony had purchased 500,000 Volkswagen shares. The purchase was intended to maintain the State's share in Volkswagen AG above 20% of the voting rights. The conversion period for the eighth tranche of the stock option plan begins in July 2008 and could lead to the creation of around three million new shares if all options are converted. As a consequence, the State's equity interest would fall below 20% without the purchase. The State of Lower Saxony is Volkswagen AG's second-largest shareholder after Porsche Automobil Holding SE.

ACTIONS FOR AVOIDANCE RELATING TO THE ANNUAL GENERAL MEETING

Porsche Automobil Holding SE, Stuttgart, and CIA Consulting Investment Asset Management GmbH, Hamburg, have each filed an action relating to the outcome of the vote resolving agenda item 9.1 of our Annual General Meeting on April 24, 2008. They have asked the court in particular to rule that the proposed resolution on agenda item 9.1 received the necessary majority, and as a precaution to rule that the provisions of the Articles of Association named in the proposed resolution on agenda item 9.1 are null and void.

The State of Lower Saxony, Hanover, and the Hannoversche Beteiligungsgesellschaft mit beschränkter Haftung, Hanover, have filed a joint action relating to the outcome of the vote resolving agenda item 9.2 of our Annual General Meeting on April 24, 2008. They have asked the court in particular to rule that the proposed resolution on agenda item 9.2 received the necessary majority, and as a precaution to rule that the provisions of the Articles of Association named in the proposed resolution on agenda item 9.2 are null and void.

Further details on the actions can be found in the appropriate publications in the electronic Bundesanzeiger (Federal Gazette) of June 10 and 17, 2008, as well as on our Internet page at www.volkswagenag.com/ir.

On the basis of corresponding resolutions by the Board of Management and the Supervisory Board, the Company has declared its willingness to defend these actions.

1 Consumption and emission data can be found on page 11 of this Report.

Volkswagen Share

The international equity markets fluctuated substantially in the second quarter of 2008. Mixed economic data and frequent shifts in sentiment among investors initially led to high share price volatility in April. Supported by positive corporate news and hopes that the crisis on the US credit markets might ease, share prices strengthened at the end of April and continued to rise until the middle of May. During this period, the DAX rose above 7,000 points. As there were no signs of the mortgage crisis diminishing towards the end of the second quarter, shares price fell again. As well as this, continued high oil prices, the resulting risk of inflation and the persistently strong euro all had a negative impact.

The DAX closed on June 30, 2008 at 6,418 points, 20.4% below the level at the end of 2007. The DJ Euro STOXX Automobile closed the second quarter at 249 points, a 29.7% decrease compared with December 31, 2007.

Volkswagen AG shares tracked the market as a whole in the period between April and June 2008. After recording a positive trend in the first half of the second quarter, ordinary and preferred shares fell sharply starting in mid-May. They recovered in June, lifted by the additional share purchases by the State of Lower Saxony, among other factors.

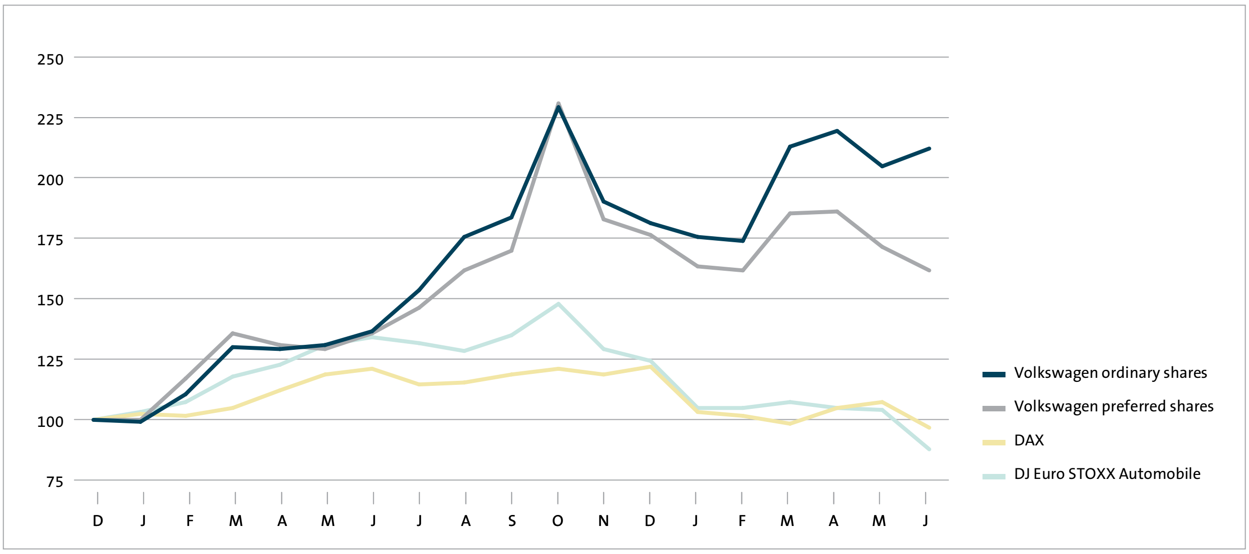
On May 16, 2008, Volkswagen AG ordinary shares recorded their highest daily closing price in the reporting period, namely €193.65. Their lowest price was €148.43 on January 21, 2008. On June 30, 2008, ordinary shares were quoted at €183.28, representing a 17.4% increase compared with December 31, 2007. Volkswagen AG preferred shares recorded a peak of €108.30 on April 22, 2008. At their low on January 23, 2008, they were trading at €89.20. Preferred shares closed the second quarter at €92.03, a decrease of 8.0% compared with the end of 2007.

Information and explanations on earnings per share can be found in the notes to the consolidated interim financial statements.

Additional Volkswagen share data, plus corporate news, reports and presentations can be downloaded from our website at www.volkswagenag.com/ir.

SHARE PRICE DEVELOPMENT FROM DECEMBER 2006 TO JUNE 2008

Index based on month-end prices: December 31, 2006 = 100



Business Development

GENERAL ECONOMIC DEVELOPMENT

Global economic growth slowed significantly in the second quarter of 2008, impacted by the continuing increase in oil prices and the consequences of the financial crisis in particular. Rising inflation throughout the world has prompted many countries to pursue a more restrictive monetary policy. However, growth in Asia's emerging economies, South America and Central and Eastern Europe remained above average.

Despite weak economic growth in the USA, inflationary pressure grew. The Federal Reserve therefore did not increase interest rates further at the end of the reporting period. The US dollar fell to a record low against the euro in April, and recovered only slightly by the middle of the year. Growth in the Mexican economy declined in the first half of 2008 due to its heavy dependence on the US economy. However, record income from oil exports and sound fiscal and monetary policies had a stabilizing effect.

In Argentina, inflationary pressures remained high owing to the country's continued dynamic upturn. The Brazilian economy slowed somewhat in the first six months of 2008, while price increases intensified. South Africa is experiencing an economic downturn, which is being worsened by energy supply problems and the sharp rise in inflation.

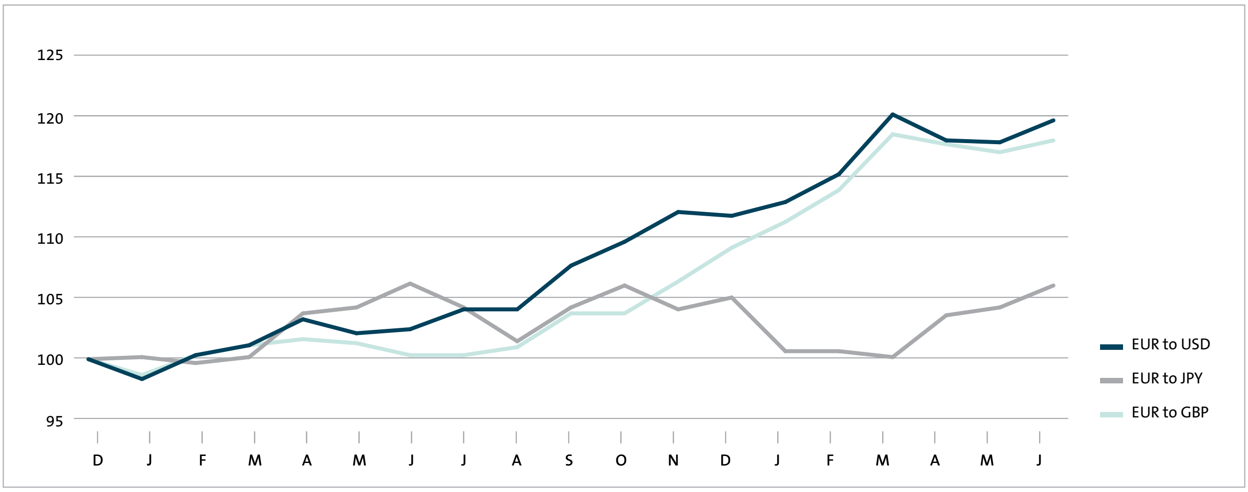
The Chinese economy is recording continued strong growth. Soaring food and energy prices are keeping inflation high. In contrast, Japan saw its economic growth decline significantly in the course of the first half of 2008.

Economic growth in Western Europe slowed appreciably in the second quarter of 2008. Expansion remained relatively strong in Central and Eastern Europe – with the exception of Hungary. However, sustained inflationary pressure, currency appreciation and worsening export prospects depressed the economic outlook.

In Germany, the economic upturn slowed significantly following better than expected growth in the first quarter of 2008. The continuing rise in food and energy prices is increasingly impacting consumer spending and investment. Export prospects have deteriorated due to the strong euro and the slowdown in global economic growth.

EXCHANGE RATE MOVEMENTS FROM DECEMBER 2006 TO JUNE 2008

Index based on month-end prices: December 31, 2006 = 100



DEVELOPMENT OF AUTOMOTIVE MARKETS

New passenger car registrations worldwide rose year-on-year in the reporting period (+1.0%). The Asia-Pacific, Central and Eastern Europe and South America regions in particular recorded above-average growth rates. However, demand for passenger cars continued to fall in South Africa, Japan, Western Europe and especially North America.

Overall, vehicle sales in the US automotive market were down substantially year-on-year in the period from January to June 2008. This decline related almost exclusively to the light truck segment. In addition to the effects of the credit and real estate crises, the dramatic increase in petrol prices was the main reason for the shift in demand and the lowest overall market volume in the USA since 1993. Sales increased in Canada in the first six months of 2008, while new registrations in the Mexican automotive market fell below the prior-year level.

The strong growth in Brazil's passenger car and commercial vehicle markets continued in the reporting period. Among other things, improved credit opportunities enabled the country to beat its record from the previous year. Sales in Argentina also reached a new high in the first half of 2008. Demand in the South African passenger car market fell significantly, due in particular to tougher financing conditions.

In China, passenger car sales continued to rise extremely sharply in the reporting period. The Chinese automotive market therefore remained the main driver of global automotive demand, with Russia and Brazil. In Japan, however, the number of newly registered passenger cars was down slightly year-on-year. The Indian automotive market recorded an above-average increase in demand for passenger cars in the first six months of 2008. The upturn in this market accelerated somewhat in the second quarter.

In the period from January to June 2008, the overall number of new passenger car registrations in Western Europe was slightly below the previous year. While the French passenger car market increased, demand fell significantly in Italy and Spain and was down marginally in the United Kingdom. Most of the Central and Eastern European countries continued to record high growth rates, with Russia and the Ukraine being by far the most important growth markets in this region. In Germany, high fuel prices and uncertainty surrounding the future structure of a CO_2-based vehicle tax prevented a lasting recovery in the automotive industry. Compared with the weak prior-year period, the German passenger car market rose only slightly in the first half of 2008.

VEHICLE DELIVERIES WORLDWIDE

The Volkswagen Group delivered 3,266,074 vehicles worldwide in the first half of 2008, thereby exceeding the previous year's delivery record by 5.8%. In addition to the Škoda brand, which generated the highest growth rate of 17.9%, the Volkswagen Passenger Cars, Audi, Lamborghini and Volkswagen Commercial Vehicles brands delivered more vehicles year-on-year and achieved new records in each case.

The table on this page gives an overview of deliveries to customers by market and of the respective passenger car market share in the first half of 2008.

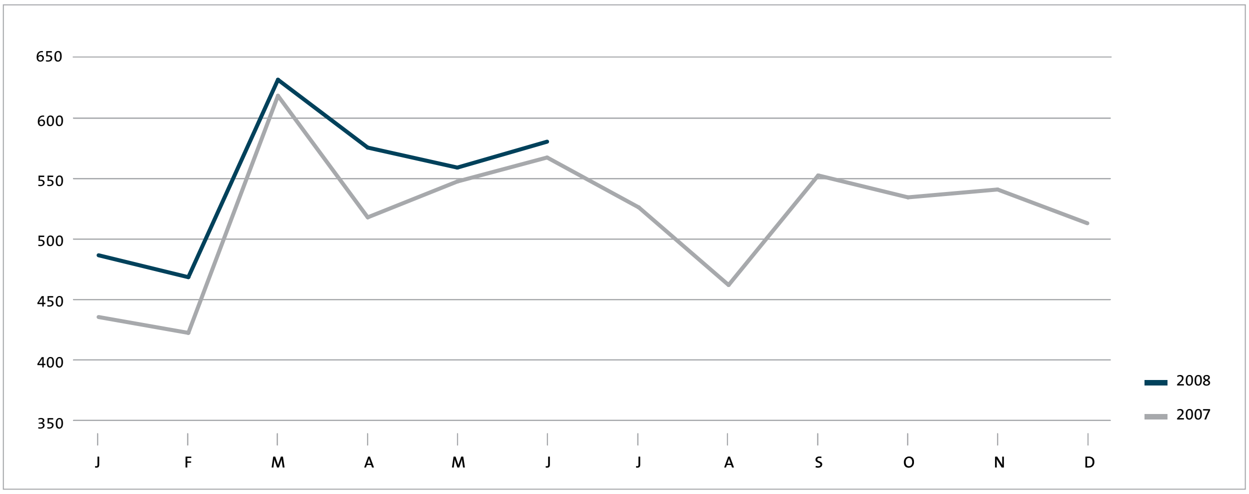
DELIVERIES TO CUSTOMERS BY MARKET FROM JANUARY TO JUNE[1]

	Deliveries (units)		Change	Share of passenger car market (%)	
	2008	2007	(%)	2008	2007
Europe/Remaining markets	**1,962,383**	**1,928,843**	**+1.7**		
Western Europe	**1,602,302**	**1,622,360**	**–1.2**	**19.3**	**19.2**
of which: Germany	534,390	515,106	+3.7	32.7	32.6
United Kingdom	217,693	209,939	+3.7	15.9	15.3
Spain	168,771	196,173	–14.0	22.4	21.4
Italy	145,617	154,892	–6.0	10.6	10.4
France	136,612	136,672	–0.0	10.9	11.8
Central and Eastern Europe	**282,032**	**237,524**	**+18.7**	**10.3**	**11.2**
of which: Russia	58,910	36,074	+63.3	3.8	3.3
Czech Republic	42,778	41,833	+2.3	54.2	58.3
Poland	38,900	35,153	+10.7	20.7	21.5
Remaining markets	**78,049**	**68,959**	**+13.2**		
of which: Turkey	29,985	27,491	+9.1	10.8	11.6
North America[2]	**253,886**	**263,864**	**–3.8**	**2.8**	**2.7**
of which: USA	162,728	163,412	–0.4	2.2	2.0
Mexico	67,531	76,859	–12.1	13.0	14.5
Canada	23,627	23,593	+0.1	2.7	2.7
South America/South Africa	**439,477**	**390,987**	**+12.4**	**19.1**	**19.2**
of which: Brazil	316,278	259,715	+21.8	23.6	24.8
Argentina	67,764	57,506	+17.8	24.0	25.3
South Africa	37,554	51,638	–27.3	20.0	22.5
Asia-Pacific	**610,328**	**502,226**	**+21.5**	**7.9**	**7.0**
of which: China	531,614	431,390	+23.2	19.1	17.8
Japan	32,938	33,953	–3.0	1.4	1.5
Worldwide	**3,266,074**	**3,085,920**	**+5.8**	**9.9**	**9.6**
Volkswagen Passenger Cars	1,907,388	1,802,751	+5.8		
Audi	516,211	508,842	+1.4		
Škoda	366,666	311,062	+17.9		
SEAT	206,143	222,782	–7.5		
Bentley	4,720	5,654	–16.5		
Lamborghini	1,309	1,238	+5.7		
Volkswagen Commercial Vehicles	263,602	233,554	+12.9		
Bugatti	35	37	–5.4		

1 Deliveries and market shares for 2007 have been updated to reflect subsequent statistical trends.
2 Overall markets in the USA, Mexico and Canada include passenger cars and light trucks.

VOLKSWAGEN GROUP DELIVERIES BY MONTH

Vehicles in thousands



Sales trends in the individual markets are as follows.

DELIVERIES IN EUROPE/REMAINING MARKETS

In the period from January to June 2008, deliveries to Group customers in Western Europe were down slightly compared with the same period in 2007. The proportion of vehicles sold there was 49.1% (52.6%) of the Group's total delivery volume. In an overall weak market environment, which was impacted in particular by the difficult situation in the Spanish and Italian markets, the Škoda (+2.1%) and Volkswagen Commercial Vehicles (+7.1%) brands increased their delivery figures. Demand grew for the Škoda Fabia Combi and Škoda Fabia Hatchback models. Sales figures for the Caddy and Crafter models also continued their positive development. In addition, the new Golf Variant, Tiguan, Audi A3 Cabriolet and Audi A5 models met with a very positive reception from the market. The Volkswagen Group's market share of the declining Western European passenger car market increased to 19.3% (19.2%).

In the German passenger car market, demand for the Group's new vehicles was up by 3.7% year-on-year in the period from January to June 2008. The Golf, Eos, Audi R8, SEAT Leon, Caddy and Crafter models recorded above-average growth rates. The launch of the new Golf Variant, Tiguan, Audi A3 Cabriolet and Audi A5 models was also extremely successful. Six of the Volkswagen Group's models led the Kraftfahrtbundesamt (KBA – German Federal Motor Transport Authority) registration statistics in their respective segment in the reporting period: the Polo, Golf, Audi A6, Touran, Tiguan and Multivan/Transporter. In 2008, the Golf was once again the undisputed leader of all newly registered vehicles in the German passenger car market. The Group's market share in the reporting period was 32.7%, thus matching the high level achieved in the previous year.

The Volkswagen Group's sales figures in the key Central and Eastern European markets also continued their positive development in the first six months of 2008. Overall, we delivered 18.7% more vehicles to customers than in the prior-year period. The highest growth rates were generated in the markets in Russia and the Ukraine. Stronger demand was recorded in particular for the Jetta, Passat, Touareg, Audi A4, and almost all SEAT, Škoda and Volkswagen Commercial Vehicles models.

DELIVERIES IN NORTH AMERICA

In the period from January to June 2008, our deliveries to customers in the US passenger car market, which is experiencing an accelerating downturn, were only slightly below the previous year (–0.4%). Demand for the Eos, Passat saloon, Audi TT and Audi A4 models was particularly positive.

In Canada, we sold 0.1% more vehicles in the reporting period than in the previous year. We recorded increasing demand for the Golf, Eos, Audi A3 and Audi TT models. Our deliveries to customers in the Mexican passenger car market fell by 12.1% in the first six months of 2008, although demand for the Gol, Audi A3 and Saveiro models developed positively.

DELIVERIES IN SOUTH AMERICA/SOUTH AFRICA

The key passenger car markets in South America continued their extremely encouraging performance in the first half of 2008. The Volkswagen Group was able to profit disproportionately from this positive trend and significantly increase its sales figures year-on-year. In Brazil, we delivered 21.8% more vehicles to customers than in the previous year. Demand was particularly strong for the Fox, Gol and Golf models. Delivery figures in the Brazilian passenger car market also include the Saveiro and T2 light commercial vehicles, of which we sold 32.9% more than in the previous year. In an increasingly difficult market environment, demand for heavy commercial vehicles that are produced in Brazil (trucks in the 5 to 45 tonnes weight classes) increased to 18,585 (13,653) units compared with the previous year. As a result, our market share in this segment rose to 30.7% as compared with 29.7% in the prior-year period. Demand for buses increased to 4,278 (3,537) units.

In the Argentinian passenger car market, which is continuing to grow rapidly, the Volkswagen Group delivered 17.8% more vehicles in the reporting period than in the previous year. The Fox, Gol, Jetta and Audi A3 models recorded the highest growth rates. Despite a slight decline in market share, we maintained our position as market leader. The number of heavy trucks and buses sold amounted to 1,463 (1,583) units.

As a result of continued restrictive lending policies, the passenger car market in South Africa declined significantly in the first half of 2008. The entry-level models in particular were affected by this fall in demand. Deliveries to Volkswagen Group customers declined by 27.3% year-on-year; our market share fell to 20.0%.

DELIVERIES IN THE ASIA-PACIFIC REGION

In the first six months of 2008, demand for Group vehicles in the Asia-Pacific passenger car markets grew by 21.5% compared with the previous year. The Chinese passenger car market again proved to be a key driver of our positive sales development. The Polo, Jetta, Passat, Audi A4 and Audi A6 models recorded the strongest growth rates. The launch of the new Škoda Octavia was also extremely successful. In the Chinese passenger car market, which remains dominated by sales incentives offered by other manufacturers, our market share increased to 19.1%, further bolstering our market leadership. The Japanese passenger car market continued to decline in the period from January to June 2008. We sold 3.0% fewer vehicles to customers here than in the prior-year period, while demand for the Golf Variant, Touareg, Audi A4 and Audi Q7 models was positive.

The performance of the remaining markets in the Asia-Pacific region was mixed in the reporting period. Although we sold fewer Group vehicles in Taiwan, demand in India and Australia increased significantly.

WORLDWIDE DEVELOPMENT OF INVENTORIES

On June 30, 2008, inventories held by Group companies and the dealer organization worldwide were up compared with the end of 2007 and June 30, 2007 due to both seasonal factors and the higher volume of business. Inventories remained at the level required to supply our customers.

UNIT SALES, PRODUCTION AND EMPLOYEES

In the first six months of 2008, the Volkswagen Group delivered 3,310,408 vehicles to the dealer organization worldwide. This represents a 7.2% year-on-year increase. The number of vehicles sold outside Germany increased by 8.4%, due in particular to the high level of demand for Group models in China, Brazil and Russia. The volume of vehicles sold in Germany rose by 1.0% year-on-year. The proportion of total sales generated in Germany was 15.7% (16.7%).

The Volkswagen Group produced 3,392,950 vehicles in the first half of 2008, 8.3% more than in the previous year. The production facilities in Mexico, Brazil, Poland and Slovakia as well as the joint venture companies in China, reported the strongest growth rates. The share of vehicles manufactured in Germany was 32.6% (34.9%).

The Volkswagen Group had 319,526 active employees at the end of the first half of 2008. In addition, 9,286 employees were in the passive phase of their early retirement and 7,603 persons were in apprenticeships. At the end of the reporting period, the Volkswagen Group employed a total of 336,415 persons, an increase of 2.2% compared with the period ended December 31, 2007. From January to June 2008, the number of persons employed by the Group in Germany increased by 2.1% to 172,201. The proportion of employees in Germany remained unchanged at 51.2%.

OPPORTUNITY AND RISK REPORT

With the exception of the effects of the planned consolidation of Scania mentioned in the Outlook on page 15, there were no significant changes to the opportunity and risk position compared with the presentation in the "Risk Report" and "Report on Expected Developments" in the 2007 Annual Report.

CONSUMPTION AND EMISSION DATA

In accordance with Pkw-EnVKV (German Passenger Car Fuel Consumption and CO_2 Emissions Information Regulation)

Model	Output in kW (PS)	Fuel consumption (l/100 km)			CO_2 emissions (g/km)
		urban	extra-urban	combined	combined
Audi TT Coupé 1.8 TFSI	118 (160)	9.0	5.3	6.7	158
Škoda Fabia GreenLine	59 (80)	5.3	3.4	4.1	109
Škoda Superb GreenLine	77 (105)	6.5	4.2	5.1	136
Volkswagen Caddy BlueMotion	77 (105)	7.2	4.8	5.7	149
Volkswagen Golf Variant TDI 4Motion	77 (105)	7.8	5.0	6.0	158

Net Assets, Financial Position and Results of Operations

AUTOMOTIVE DIVISION BALANCE SHEET STRUCTURE

On June 30, 2008, noncurrent assets in the Automotive Division were slightly higher than at the end of 2007. The carrying amount of property, plant and equipment was at the same level as at December 31, 2007. Current assets increased by 14.1% due to a volume-related rise in the level of inventories and receivables. In addition, receivables and other financial assets increased as a result of the higher fair values of financial instruments.

The Automotive Division's equity amounted to €27.6 billion at the end of the reporting period, up 11.3% on December 31, 2007. The increase was primarily due to positive earnings development, the decrease in actuarial losses on pension provisions recognized directly in equity resulting from an increase in the discount rate, and higher fair values of derivatives. Noncurrent liabilities amounted to €28.9 billion (€28.5 billion). Current liabilities rose by 10.4% compared with December 31, 2007 as a result of higher trade payables owing to volume-related factors as well as other liabilities.

The Automotive Division's key figures also include the elimination of intra-Group transactions between the Automotive and Financial Services Divisions. As the current financial liabilities of the primary Automotive Division were lower than the loans extended to the Financial Services Division, the reportable figure for the period was negative.

Total assets in the Automotive Division were €82.4 billion on June 30, 2008; this represents an increase of 7.3% compared with the end of 2007.

FINANCIAL SERVICES DIVISION BALANCE SHEET STRUCTURE

At the end of June 2008, total assets in the Financial Services Division were 5.3% higher than on December 31, 2007. This increase is mainly attributable to positive business development.

On the assets side, noncurrent assets rose by 2.4% due to increased financial services receivables, while current assets were up by 9.2%. Overall, the Financial Services Division accounted for approximately 47% of the Volkswagen Group's assets at the end of the first six months.

As a result of the positive earnings effect, the Financial Services Division's equity increased by 6.1% as against December 31, 2007 to €7.6 billion. Noncurrent financial liabilities rose by 10.9% compared with the end of 2007 on account of the expansion of business.

Deposits at Volkswagen Bank *direct* amounted to €11.6 billion (€9.6 billion) on June 30, 2008.

INVESTMENTS IN PROPERTY, PLANT AND EQUIPMENT, AND CASH FLOW IN THE AUTOMOTIVE DIVISION

During the reporting period, investments in property, plant and equipment in the Automotive Division amounted to €2.2 billion, up 34.0% on the first half of 2007. Among other things, capital spending related to new production facilities and models planned to be unveiled in the market in 2008 and 2009. The ratio of investments in property, plant and equipment (capex) to sales revenue remained below the long-term average at 4.3% (3.3%) and shows that we are continuing to pursue a policy of disciplined investment.

At €5.8 billion, the Automotive Division's gross cash flow was up slightly year-on-year in the first half of 2008. A volume-related rise in the level of inventories and receivables plus a slower increase in the level of liabilities led to a cash outflow of €0.7 billion from working capital. As a result, cash flows from operating activities fell by €2.9 billion to €5.1 billion. Net cash used in investing activities was €0.2 billion higher than in the previous year, which was influenced to a great extent by equity investments. The Automotive Division's net cash flow (€2.3 billion) was €3.1 billion lower than the comparable figure for 2007.

NET LIQUIDITY

Net liquidity in the Automotive Division increased again in the first six months compared with December 31, 2007. It amounted to €15.1 billion on June 30, 2008, up €1.6 billion as against the end of 2007.

Since additional debt funding was required as a result of the increased business volume, the negative net liquidity – common to the industry – in the Financial Services Division widened by €2.8 billion to €– 55.1 billion.

At €– 40.0 billion, the Volkswagen Group's net liquidity on June 30, 2008 was €1.1 billion lower than at the end of December 2007.

SALES REVENUE OF THE VOLKSWAGEN GROUP

In the first half of 2008, the Volkswagen Group generated sales revenue of €56.5 billion, exceeding the prior-year figure by 3.0%. Sales revenue in the Automotive Division grew by 2.2% year-on-year to €51.1 billion. The Group's sales revenue only reflects the positive development of our sales in China in the form of increased deliveries of vehicle parts; this is because our Chinese joint ventures are accounted for using the equity method. At €5.4 billion, the Financial Services Division's sales revenue in the reporting period was 10.9% higher than in the previous year. €42.3 billion or 74.9% (75.2%) of Group sales revenue was generated outside Germany.

EARNINGS DEVELOPMENT

In the first six months of 2008, the Volkswagen Group generated gross profit of €8.9 billion. In addition to higher sales revenue, the 8.0% increase on the previous year was mainly due to cost savings achieved. The gross margin rose from 14.9% in 2007 to 15.7%.

At €7.6 billion, the Automotive Division's gross profit was up 8.6% year-on-year in the reporting period. Gross profit in the Financial Services Division amounted to €1.2 billion (+ 4.5%). The Group's distribution expenses rose by 5.4% on the previous year to €5.0 billion because of the increased sales volume. Administrative expenses amounted to €1.3 billion (€1.1 billion).

In the first half of 2008, the Group's other operating result improved by €0.3 billion year-on-year to €0.9 billion, primarily due to positive effects from exchange rate hedges.

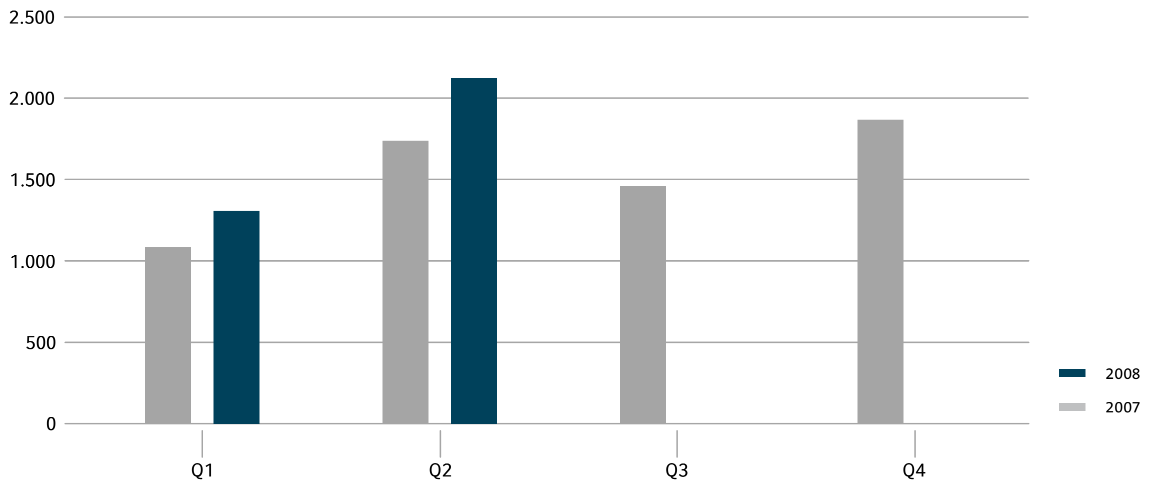
In the reporting period, the Volkswagen Group generated an operating profit of €3.4 billion, exceeding the previous year's figure by €0.6 billion (+ 21.8%).

The financial result rose to €0.3 billion (€0.2 billion) due to lower interest expenses and higher income from equity-accounted investments.

In the first six months of 2008, the Volkswagen Group generated profit before tax of €3.8 billion, up €0.8 billion on the prior-year period. The Volkswagen Group's profit after tax increased by 31.3% year-on-year to €2.6 billion.

OPERATING PROFIT BY QUARTERS

Volkswagen Group in € million



Outlook

The performance of the global automotive markets remained mixed in the first half of 2008. The Central and Eastern Europe, South America and Asia-Pacific regions recorded high growth rates, which slowed somewhat in the course of the first six months. The number of new registrations declined in South Africa, North America and Western Europe. Overall demand increased by 1.0% year-on-year.

Persistently high commodity and energy prices coupled with uncertainty about the duration and consequences of the mortgage crisis in the USA will continue to impact the global economy in the second half of 2008.

We therefore expect lower growth in the global automotive markets in 2008 compared with the previous year. South America, Russia, India and China will remain the growth drivers, although growth in South America will slow somewhat. A decline in the number of new registrations is forecast for Western Europe and the USA.

The brand diversity of the Volkswagen Group is a critical competitive advantage. Almost all Group brands will launch attractive new models in 2008. We are thus selectively expanding the Group's product portfolio and moving into additional market segments. We therefore expect the Volkswagen Group's deliveries to customers in 2008 to break the previous year's record. The Asia-Pacific, Central and Eastern Europe and South America regions will record the highest growth in demand for Group vehicles.

We are constantly improving our processes and systematically pursuing our disciplined approach to cost management. Together with the higher sales revenue resulting from the expected increase in unit sales, this will help lift our operating profit for 2008 above the previous year's figure.

As a result of upfront expenditures on new products, powertrains and production facilities, the ratio of investments in property, plant and equipment (capex) to sales revenue will be at a competitive level of around 6%.

In addition, we continue to expect the Automotive Division to record a positive net cash flow and a further improvement in its liquidity position.

The above forecasts do not take into account the effects of the acquisition of further shares of Scania on volume, earnings and financing data.

Volkswagen increased its share of the voting rights in Scania to 68.6% on July 22, 2008 when the key antitrust approvals were granted. This enables us to consolidate Scania as our ninth successful brand. After consideration of the effects of purchase price allocation, we expect Scania to make a slightly positive earnings contribution to the Volkswagen Group in the second half of the year.

This report contains forward-looking statements on the business development of the Volkswagen Group. These statements are based on assumptions relating to the development of the economic and legal environment in individual countries and economic regions, and in particular for the automotive industry, which we have made on the basis of the information available to us and which we consider to be realistic at the time of going to press. The estimates given entail a degree of risk, and the actual developments may differ from those forecast. Consequently, any unexpected fall in demand or economic stagnation in our key sales markets, such as Western Europe (and especially Germany) or in the USA, Brazil, China, or Russia will have a corresponding impact on the development of our business. The same applies in the event of a significant shift in current exchange rates relative to the US dollar, sterling, yen, Brazilian real, Chinese renminbi and Czech koruna. In addition, expected business development may vary if the assessments of value-enhancing factors and risks presented in the 2007 Annual Report develop in a way other than we are currently expecting.

Brands and Business Fields

SALES REVENUE AND OPERATING PROFIT BY BRAND AND BUSINESS FIELD

In the first half of 2008, the Volkswagen Group generated sales revenue of €56.5 billion, representing a year-on-year increase of 3.0%. Persistently unfavorable exchange rate conditions continued to impact sales revenue growth. At €3.4 billion, operating profit exceeded the previous year's figure by 21.8%.

The Volkswagen Passenger Cars brand increased its unit sales by 3.7% year-on-year to 1.9 million vehicles in the reporting period. Demand was particularly strong for the Jetta, Gol, Touareg and Phaeton models. Sales figures for the new Tiguan, Golf Variant and Passat CC models also saw positive development. At €37.7 billion, sales revenue was up 2.1% on the first half of 2007. Operating profit rose by €0.3 billion to €1.3 billion, as the negative effects of the exchange rate situation were more than offset by the higher sales volume and lower fixed costs.

The Audi brand recorded unit sales of 656 thousand vehicles during the reporting period, 5.4% more than the previous year. The Audi A4 saloon, Audi A5 and Audi A8 models, as well as the new Audi A3 Cabriolet, achieved encouraging growth rates. Sales revenue was at the same level as 2007 at €17.4 billion. Further product cost optimization measures led to an improvement in operating profit by €0.3 billion to €1.3 billion. The key figures for the Lamborghini brand, which are contained in the figures for Audi, developed positively in the first half of 2008.

VOLKSWAGEN GROUP

Division/ Segment	Automotive Division							Financial Services Division
Brand/ Business Field	Volkswagen Passenger Cars	Audi	Škoda	SEAT	Bentley	Volkswagen Commercial Vehicles	Other	Dealer and customer financing Leasing Insurance Fleet business

The Škoda brand recorded unit sales of 353 thousand vehicles in the reporting period, representing a year-on-year increase of 12.0%. The Fabia and Octavia models recorded substantial growth rates. Škoda generated sales revenue of €4.4 billion in the first six months of 2008, 9.8% more than in the first half of 2007. Operating profit increased by €25 million to €381 million. This figure continued to be affected by the unfavorable exchange rate of the Czech koruna against the euro.

The SEAT brand sold 211 thousand vehicles in the period from January to June 2008, a decline of 2.7% compared with the previous year. This was due in particular to the problematic situation on the Spanish market as well as the discontinuation of the previous SEAT Ibiza model. Sales revenue amounted to €2.9 billion (€3.1 billion). Operating profit improved by €9 million year-on-year to €2 million after the operating loss of the previous year. The increase was primarily a result of improved cost structures.

The Bentley brand generated sales revenue of €690 million in the first half of 2008, down 6.7% on the prior-year period. The decrease was mainly due to the negative exchange rate situation. At €85 million, operating profit remained at the same level as the previous year.

Volkswagen Commercial Vehicles lifted unit sales by 16.0% in the reporting period to 245 thousand vehicles. All key models recorded increased demand. Sales revenue amounted to €5.2 billion (€4.4 billion). Driven by the positive sales situation, additional productivity improvements and cost optimization, operating profit increased by €94 million year-on-year to €215 million.

With operating profit of €523 million (€511 million), the Financial Services Division again made a significant contribution to the Volkswagen Group's operating profit in the reporting period.

KEY FIGURES BY BRAND AND BUSINESS FIELD FROM JANUARY 1 TO JUNE 30

	Vehicle sales		Sales revenue		Sales to third parties		Operating result	
thousand vehicles/€ million	2008	2007	2008	2007	2008	2007	2008	2007
Volkswagen Passenger Cars	1,896	1,828	37,654	36,878	30,298	30,238	1,295	981
Audi	656	623	17,387	17,378	10,838	10,966	1,299	1,014
Škoda	353	316	4,430	4,033	3,170	2,984	381	356
SEAT	211	217	2,919	3,110	2,141	2,318	2	– 7
Bentley	5	5	690	739	643	694	85	85
Volkswagen Commercial Vehicles	245	211	5,177	4,413	3,839	3,017	215	121
VW China[1]	545	445	–	–	–	–	–	–
Other	– 601	– 556	– 17,134	– 16,548	484	323	– 366[2]	– 241[2]
Automotive Division	**3,310**	**3,089**	**51,123**	**50,003**	**51,413**	**50,540**	**2,911**	**2,309**
Financial Services Division			**5,377**	**4,849**	**5,087**	**4,312**	**523**	**511**
Volkswagen Group	**3,310**	**3,089**	**56,500**	**54,852**	**56,500**	**54,852**	**3,434**	**2,820**

1 The sales revenue and operating profit of the joint venture companies in China are not included in the figures for the Group. The Chinese companies are accounted for using the equity method and recorded an operating profit (proportionate) of €184 million (€83 million).

2 Mainly intragroup items recognized in profit or loss, in particular from the elimination of intercompany profits.

UNIT SALES AND SALES REVENUE BY MARKET

In the period from January to June 2008, the Volkswagen Group increased its unit sales in the Europe/Remaining markets region by 1.2% year-on-year, to 1.9 million units. Sales revenue increased by 2.0% to €40.5 billion.

In North America, Group sales rose by 2.9% to 259 thousand vehicles, due in particular to positive demand for the Golf, Gol and Eos models. Sales revenue fell by 12.1% year-on-year to €6.0 billion. The decrease was mainly due to the further deterioration of the exchange rate situation.

In the first half 2008, unit sales in the markets in South America/South Africa increased to 467 thousand vehicles, representing a year-on-year increase of 17.7%. At €5.8 billion, sales revenue was 21.6% higher than in the previous year.

Sales of Group vehicles in the passenger car markets in the Asia-Pacific region, including the joint venture companies in China, were 638 thousand in the reporting period, a significant year-on-year increase of 23.1%. Sales revenue increased by 18.5% to €4.2 billion. This figure does not include the sales of the Chinese joint ventures, as these are accounted for using the equity method.

KEY FIGURES BY MARKET FROM JANUARY 1 TO JUNE 30

	Vehicle sales[1]		Sales revenue	
thousand vehicles/€ million	**2008**	**2007**	**2008**	**2007**
Europe/Remaining markets	1,946	1,922	40,529	39,733
North America	259	252	6,007	6,835
South America/South Africa	467	397	5,781	4,755
Asia-Pacific[2]	638	518	4,183	3,529
Volkswagen Group[2]	**3,310**	**3,089**	**56,500**	**54,852**

1 All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

2 The sales revenue of the joint venture companies in China are not included in figures for the Group and the Asia-Pacific market.

FINANCIAL SERVICES DIVISION

The Financial Services Division continued its positive development in the first half of 2008. Its innovative products again enabled it to contribute to the Volkswagen Group's positive volume sales growth, while it also maximized potential along the automotive value chain in close cooperation with the Group brands.

Volkswagen Bank GmbH further developed its successful mobility package in time for the European Football Championship – the "Champions Package". In addition to financing at a 1.9% effective interest rate, the offering includes insurance cover and an extended warranty. In addition, the costs for maintenance and service can also be included in the monthly rate. The package is available for the following Volkswagen models: Polo, Golf, Golf Plus, New Beetle, New Beetle Cabriolet, Jetta, Touran and Sharan.

Volkswagen Bank GmbH has also expanded its popular mobility packages to used vehicles. Offerings consisting of financing or leasing and the BestService or BestService Plus services have been available for Volkswagen Passenger Cars' used vehicles (excluding Phaeton and Touareg) since July 1. The package gives customers regular servicing, general inspections and exhaust emission tests, as well as a free replacement car while their car is in the workshop – all for one low monthly rate.

1.3 million new finance, leasing and insurance contracts were signed in the first half of 2008; this was 5.6% more than in the first half of 2007. The total number of contracts as of June 30, 2008 was slightly higher compared with December 31, 2007. The number of contracts in the Customer Financing/Leasing area increased by 2.5% to 4.5 million, while the number of contracts in the Service/Insurance area increased by 3.6%. The proportion of total vehicles delivered by the Group worldwide accounted for by vehicles leased or financed was at the same high level as the previous year, based on unchanged credit eligibility criteria. As of June 30, 2008, receivables relating to dealer financing were up 3.7% compared with the end of 2007.

Volkswagen Bank *direct* managed 1,097,603 accounts at the end of June, representing a year-on-year increase of 21.5%.

7,469 people were employed by the Financial Services Division at the end of the first half of the year, a 2.3% increase compared with December 31, 2007.

Our fleet management business recorded a slight increase in the number of contracts in the reporting period. As of the end of June 2008, our LeasePlan joint venture managed a total of 1.4 million vehicles.

Income Statement of the Volkswagen Group (Condensed)

Income Statement by Division for the Period January 1 to June 30

	Volkswagen Group		Automotive[1]		Financial Services	
€ million	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Sales revenue	**56,500**	**54,852**	**51,123**	**50,003**	**5,377**	**4,849**
Cost of sales	47,648	46,657	43,480	42,965	4,168	3,692
Gross profit	**8,852**	**8,195**	**7,643**	**7,038**	**1,209**	**1,157**
Distribution expenses	5,038	4,781	4,802	4,524	236	257
Administrative expenses	1,251	1,137	1,016	899	235	238
Other operating income/expense	871	543	1,086	694	–215	–151
Operating profit	**3,434**	**2,820**	**2,911**	**2,309**	**523**	**511**
Share of profits and losses of equity-accounted investments	487	254	418	178	69	76
Other financial result	–138	–61	–177	–60	39	–1
Financial result	**349**	**193**	**241**	**118**	**108**	**75**
Profit before tax	**3,783**	**3,013**	**3,152**	**2,427**	**631**	**586**
Income tax expense	1,211	1,054	1,023	869	188	185
Profit after tax	**2,572**	**1,959**	**2,129**	**1,558**	**443**	**401**
Earnings per ordinary share (€)	**6.47**	**4.97**				
Diluted earnings per ordinary share (€)	**6.43**	**4.92**				
Earnings per preferred share (€)	**6.53**	**5.03**				
Diluted earnings per preferred share (€)	**6.49**	**4.98**				

Income Statement by Division for the Period April 1 to June 30

	Volkswagen Group		Automotive[1]		Financial Services	
€ million	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Sales revenue	**29,487**	**28,212**	**26,672**	**25,718**	**2,815**	**2,494**
Cost of sales	24,614	23,672	22,407	21,762	2,207	1,910
Gross profit	**4,873**	**4,540**	**4,265**	**3,956**	**608**	**584**
Distribution expenses	2,756	2,571	2,643	2,434	113	137
Administrative expenses	660	568	546	450	114	118
Other operating income/expense	666	334	800	410	–134	–76
Operating profit	**2,123**	**1,735**	**1,876**	**1,482**	**247**	**253**
Share of profits and losses of equity-accounted investments	302	144	259	100	43	44
Other financial result	–8	65	–66	79	58	–14
Financial result	**294**	**209**	**193**	**179**	**101**	**30**
Profit before tax	**2,417**	**1,944**	**2,069**	**1,661**	**348**	**283**
Income tax expense	774	725	673	655	101	70
Profit after tax	**1,643**	**1,219**	**1,396**	**1,006**	**247**	**213**
Earnings per ordinary share (€)	**4.14**	**3.10**				
Diluted earnings per ordinary share (€)	**4.12**	**3.07**				
Earnings per preferred share (€)	**4.14**	**3.10**				
Diluted earnings per preferred share (€)	**4.12**	**3.07**				

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.

> Income Statement
> Balance Sheet
Statement of Recognized Income and Expense
Cash Flow Statement
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Review Report

Balance Sheet of the Volkswagen Group (Condensed)

Balance Sheet by Division as of June 30, 2008 and December 31, 2007

	Volkswagen Group		Automotive[1]		Financial Services	
€ million	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Assets						
Noncurrent assets	**77,865**	**76,841**	**37,661**	**37,564**	**40,204**	**39,277**
Intangible assets	6,995	6,830	6,900	6,736	95	94
Property, plant and equipment	19,323	19,338	19,139	19,151	184	187
Leasing and rental assets	8,198	8,179	73	75	8,125	8,104
Financial services receivables	28,450	27,522	–	–	28,450	27,522
Noncurrent investments and other financial assets[2]	14,899	14,972	11,549	11,602	3,350	3,370
Current assets	**76,762**	**68,516**	**44,732**	**39,190**	**32,030**	**29,326**
Inventories	16,315	14,031	15,541	13,319	774	712
Financial services receivables	25,773	24,914	– 85	231	25,858	24,683
Current receivables and other financial assets	17,180	12,844	13,393	10,002	3,787	2,842
Marketable securities	8,955	6,615	8,872	6,503	83	112
Cash and cash equivalents	8,539	10,112	7,011	9,135	1,528	977
Total assets	**154,627**	**145,357**	**82,393**	**76,754**	**72,234**	**68,603**
Equity and liabilities						
Equity	**35,171**	**31,938**	**27,599**	**24,802**	**7,572**	**7,136**
Equity attributable to shareholders of Volkswagen AG	35,100	31,875	27,528	24,739	7,572	7,136
Minority interests	71	63	71	63	–	–
Noncurrent liabilities	**60,514**	**57,351**	**28,911**	**28,509**	**31,603**	**28,842**
Noncurrent financial liabilities	32,260	29,315	3,781	3,645	28,479	25,670
Provisions for pensions	11,451	12,603	11,341	12,481	110	122
Other noncurrent liabilities[3]	16,803	15,433	13,789	12,383	3,014	3,050
Current liabilities	**58,942**	**56,068**	**25,883**	**23,443**	**33,059**	**32,625**
Current financial liabilities	28,292	28,677	– 2,049	– 1,139	30,341	29,816
Trade payables	11,036	9,099	10,140	8,202	896	897
Other current liabilities	19,614	18,292	17,792	16,380	1,822	1,912
Total equity and liabilities	**154,627**	**145,357**	**82,393**	**76,754**	**72,234**	**68,603**

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions, primarily intra-Group loans.
2 Including equity-accounted investments and deferred taxes.
3 Including deferred taxes.

Statement of Recognized Income and Expense of the Volkswagen Group

Statement of Recognized Income and Expense for the Period January 1 to June 30

€ million	**2008**	**2007**
Actuarial gains (pensions)	1,240	983
Available-for-sale financial instruments (securities):		
Fair value changes taken directly to equity	−121	213
Transferred to profit or loss	−4	−539
Cash flow hedges:		
Fair value changes taken directly to equity	1,385	389
Transferred to profit or loss	−763	−212
Foreign exchange differences	287	2
Deferred taxes	−518	−355
Share of profits and losses of equity-accounted investments recognized directly in equity, after tax	−133	–
Income and expense recognized directly in equity	**1,373**	**481**
Profit after tax attributable to shareholders of Volkswagen AG	2,573	1,958
Total recognized income and expense for the period	**3,946**	**2,439**

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Cash Flow Statement of the Volkswagen Group (Condensed)

Cash Flow Statement by Division for the Period January 1 to June 30

	Volkswagen Group		Automotive[1]		Financial Services	
€ million	**2008**	**2007**	**2008**	**2007**	**2008**	**2007**
Profit before tax	3,783	3,013	3,152	2,427	631	586
Income taxes paid	– 1,015	– 407	– 962	– 476	– 53	69
Depreciation and amortization expense	3,846	4,496	3,096	3,613	750	883
Change in pension provisions	72	82	67	79	5	3
Other noncash income/expense and reclassifications[2]	505	42	482	137	23	– 95
Gross cash flow	**7,191**	**7,226**	**5,835**	**5,780**	**1,356**	**1,446**
Change in working capital	**– 1,587**	**1,946**	**– 723**	**2,253**	**– 864**	**– 307**
Change in inventories	– 2,567	– 1,056	– 2,498	– 1,024	– 69	– 32
Change in receivables	– 2,775	– 1,865	– 2,021	– 1,555	– 754	– 310
Change in liabilities	2,652	3,577	2,687	3,581	– 35	– 4
Change in other provisions	1,103	1,290	1,109	1,251	– 6	39
Cash flows from operating activities	**5,604**	**9,172**	**5,112[3]**	**8,033[3]**	**492**	**1,139**
Cash flows from investing activities	**– 6,903**	**– 6,939**	**– 2,822**	**– 2,615**	**– 4,081**	**– 4,324**
of which: acquisition of property, plant and equipment	– 2,243	– 1,693	– 2,211	– 1,650	– 32	– 43
capitalized development costs	– 839	– 637	– 839	– 637	–	–
change in leasing and rental assets (excluding depreciation)	– 1,419	– 1,665	– 56	– 40	– 1,363	– 1,625
change in financial services receivables	– 2,355	– 2,188	297	161	– 2,652	– 2,349
acquisition and disposal of equity investments	– 88	– 812	– 42	– 488	– 46	– 324
Net cash flow	**– 1,299**	**2,233**	**2,290**	**5,418**	**– 3,589**	**– 3,185**
Change in investments in securities and loans[4]	– 3,118	– 714	– 3,096	– 688	– 22	– 26
Cash flows from financing activities	**2,879**	**– 1,371**	**– 1,253**	**– 3,932**	**4,132**	**2,561**
Changes in cash and cash equivalents due to exchange rate changes and to changes in the consolidated Group structure	– 25	11	– 47	12	22	– 1
Net change in cash and cash equivalents	**– 1,563**	**159**	**– 2,106**	**810**	**543**	**– 651**
Cash and cash equivalents at June 30	**8,351**	**9,526**	**6,831**	**8,927**	**1,520**	**599**
Securities and loans	12,160	7,598	10,004	5,778	2,156	1,820
Gross liquidity	**20,511**	**17,124**	**16,835**	**14,705**	**3,676**	**2,419**
Total third-party borrowings	– 60,552	– 57,484	– 1,732	– 2,918	– 58,820	– 54,566
Net liquidity at June 30	**– 40,041**	**– 40,360**	**15,103**	**11,787**	**– 55,144**	**– 52,147**
For information purposes: at Jan. 1	– 38,900	– 42,293	13,478	7,133	– 52,378	– 49,426

1 Including allocation of consolidation adjustments between the Automotive and Financial Services divisions.
2 Relate mainly to fair value measurement of financial instruments, application of the equity method and reclassification of gains/losses on disposal of noncurrent assets to investing activities.
3 Before consolidation of intra-Group transactions €5,344 million (previous year: €8,375 million).
4 Including the loans previously reported under financing activities. Prior year restated.

Notes to the Financial Statements

Accounting in accordance with International Financial Reporting Standards (IFRSs)

Volkswagen AG has prepared its consolidated financial statements for fiscal year 2007 in accordance with the International Financial Reporting Standards (IFRSs) issued by the International Accounting Standards Board (IASB) and the Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC). This Interim Report for the period ended June 30, 2008 was therefore also prepared in accordance with IAS 34.

This half-yearly financial report of the Group was reviewed by auditors in accordance with section 37w(5) of the Wertpapierhandelsgesetz (WpHG – German Securities Trading Act).

Accounting policies

The same accounting policies and consolidation methods that were used for the 2007 consolidated financial statements were generally applied to the preparation of the half-yearly financial report and the presentation of the prior-year comparatives. A detailed description of the methods applied is published in the notes to the consolidated financial statements in the 2007 Annual Report. This can also be accessed on the Internet at www.volkswagenag.com/ir.

A discount rate of 6.25% (December 31, 2007: 5.50%) was applied to German pension provisions in the accompanying half-yearly financial statements. The increase in the discount rate reduced actuarial losses for pension provisions that are recognized directly in equity. The income tax expense for the interim reporting period was calculated on the basis of the average annual tax rate that is expected for the entire fiscal year in accordance with IAS 34 Interim Financial Reporting.

Basis of consolidation

In addition to Volkswagen AG, which is domiciled in Wolfsburg and entered in the commercial register at the Braunschweig Local Court under no. HRB 100484, the consolidated financial statements comprise all significant companies at which Volkswagen AG is able, directly or indirectly, to govern the financial and operating policies in such a way that the companies of the Group obtain benefits from the activities of these companies (subsidiaries).

Disclosures on the consolidated financial statements

1 Sales revenue

STRUCTURE OF GROUP SALES REVENUE

	Q1–2	
€ million	**2008**	**2007**
Vehicles	43,830	43,820
Genuine parts	3,323	3,152
Other sales revenue	4,341	3,775
Rental and leasing business	2,969	2,463
Interest and similar income	2,037	1,642
	56,500	**54,852**

2 Cost of sales

Cost of sales includes interest expenses of €1.3 billion (previous year: €1.2 billion) attributable to the financial services business.

In addition to depreciation and amortization expenses, cost of sales also includes impairment losses on intangible assets and items of property, plant and equipment. The impairment losses identified on the basis of updated impairment tests amount to a total of €92 million (previous year: €430 million).

3 Research and development costs in the Automotive Division

	Q1–2		
€ million	**2008**	**2007**	**%**
Total research and development costs	2,830	2,535	11.6
of which capitalized development costs	839	637	31.7
Capitalization ratio in %	29.7	25.1	
Amortization of capitalized development costs	702	892	–21.3
Research and development costs recognized in the income statement	**2,693**	**2,790**	**–3.5**

4 Earnings per share

Basic earnings per share are calculated by dividing profit attributable to shareholders of Volkswagen AG by the weighted average number of ordinary and preferred shares outstanding during the reporting period. Earnings per share are diluted by potential shares. These include stock options, although these are only dilutive if they result in the issuance of shares at a value below the average market price of the shares. A potential dilutive effect arose in the reporting period from the fifth, sixth, seventh and eighth tranches of the stock option plan.

		Q2		Q1–2	
		2008	2007	2008	2007
Weighted average number of shares outstanding					
Ordinary shares: basic	million	291.4	287.6	291.4	287.4
diluted	million	293.9	291.5	293.8	291.1
Preferred shares: basic	million	105.2	105.2	105.2	105.2
diluted	million	105.2	105.2	105.2	105.2
Profit after tax	€ million	1,643	1,219	2,572	1,959
Minority interests	€ million	–1	1	–1	1
Profit attributable to shareholders of Volkswagen AG	€ million	1,644	1,218	2,573	1,958
Earnings per share					
Ordinary shares: basic	€	4.14	3.10	6.47	4.97
diluted	€	4.12	3.07	6.43	4.92
Preferred shares: basic	€	4.14	3.10	6.53	5.03
diluted	€	4.12	3.07	6.49	4.98

5 Noncurrent assets

CHANGES IN SELECTED NONCURRENT ASSETS BETWEEN JANUARY 1 AND JUNE 30, 2008

€ million	Carrying amount at Jan. 1, 2008	Additions	Disposals/Other changes	Depreciation and amortization	Carrying amount at June 30, 2008
Intangible assets	6,830	894	– 62	791	6,995
Property, plant and equipment	19,338	2,197	– 104	2,316	19,323
Leasing and rental assets	8,179	2,662	1,908	735	8,198

6 Inventories

€ million	June 30, 2008	Dec. 31, 2007
Raw materials, consumables and supplies	2,576	2,225
Work in progress	1,539	1,365
Finished goods and purchased merchandise	12,139	10,425
Payments on account	61	16
	16,315	**14,031**

7 Current receivables and other financial assets

€ million	June 30, 2008	Dec. 31, 2007
Trade receivables	6,856	5,691
Miscellaneous other receivables and financial assets	10,324	7,153
	17,180	**12,844**

8 Statement of changes in equity

€ million	Subscribed capital	Capital reserves	Retained earnings	Accumulated income and expense recognized directly in equity	Equity attributable to shareholders of VW AG	Minority interests	Total equity
Balance at January 1, 2007	**1,004**	**4,942**	**23,549**	**−2,591**	**26,904**	**55**	**26,959**
Capital increase	4	84	–	–	88	–	88
Dividend payment	–	–	497	–	497	0	497
Recognized income and expense	–	–	1,958	836	2,794	1	2,795
Deferred taxes	–	–	–	−355	−355	–	−355
Other changes	–	–	−120	–	−120	7	−113
Balance at June 30, 2007	**1,008**	**5,026**	**24,890**	**−2,110**	**28,814**	**63**	**28,877**
Balance at January 1, 2008	**1,015**	**5,142**	**27,166**	**−1,448**	**31,875**	**63**	**31,938**
Capital change	1	5	–	–	6	–	6
Dividend payment	–	–	720	–	720	2	722
Recognized income and expense	–	–	2,573	1,891	4,464	−1	4,463
Deferred taxes	–	–	–	−518	−518	–	−518
Other changes	–	–	−7	–	−7	11	4
Balance at June 30, 2008	**1,016**	**5,147**	**29,012**	**−75**	**35,100**	**71**	**35,171**

The subscribed capital is composed of 291,452,977 no-par value ordinary shares and 105,238,280 preferred shares, and amounts to €1,016 million (previous year: €1,008 million). Volkswagen AG issued 115,710 (€296,218) new ordinary shares in the reporting period as a result of the exercise of convertible bonds under the stock option plan. Capital reserves increased due to the premium from the capital increase. No amounts were withdrawn from the capital reserves.

9 Noncurrent financial liabilities

€ million	June 30, 2008	Dec. 31, 2007
Bonds, commercial paper and notes	25,507	23,265
Liabilities to banks	3,333	2,777
Deposits from direct banking business	1,350	1,199
Other financial liabilities	2,070	2,074
	32,260	**29,315**

The increase in noncurrent financial liabilities is due mainly to the refinancing of the financial services business in Germany and North America.

10 Current financial liabilities

€ million	June 30, 2008	Dec. 31, 2007
Bonds, commercial paper and notes	11,272	13,867
Liabilities to banks	5,338	5,082
Deposits from direct banking business	10,271	8,421
Other financial liabilities	1,411	1,307
	28,292	**28,677**

11 Cash flow statement

The cash flow statement presents the cash inflows and outflows in the Volkswagen Group and in the Automotive and Financial Services divisions. Cash and cash equivalents comprise cash at banks, checks, cash-in-hand and call deposits. The net liquidity is presented on page 13 of this report.

12 Related party disclosures

	Supplies and services rendered Q1–2		Supplies and services received Q1–2	
€ million	**2008**	**2007**	**2008**	**2007**
Unconsolidated subsidiaries	717	406	343	166
Joint ventures	1,767	1,146	176	132
Associates	7	48	79	10
Porsche and other related parties	3,157	1,683	152	378

13 Contingent assets and liabilities

As of June 30, 2008, there were no material changes as against the contingent assets and liabilities described in the 2007 consolidated financial statements.

German Corporate Governance Code

The current declarations in accordance with section 161 of the Aktiengesetz (AktG – German Stock Corporation Act) on the German Corporate Governance Code by the Board of Management and Supervisory Board of Volkswagen AG, as well as those by the Board of Management and Supervisory Board of AUDI AG, are available on the Internet at www.volkswagenag.com/ir and www.audi.com respectively.

Significant events after the balance sheet date

After approval by the antitrust authorities, the acquisition of all the shares of Scania AB, Södertälje, held by Investor AB and the Wallenberg foundations was completed on July 22, 2008. As a result, Volkswagen's share of the voting rights in the Swedish company increased by a further 30.6% from 38.0% to 68.6%.

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Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the condensed 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 principal opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Wolfsburg, July 23, 2008

Volkswagen Aktiengesellschaft
The Board of Management

Martin Winterkorn Francisco Javier Garcia Sanz Jochem Heizmann

Horst Neumann Hans Dieter Pötsch

Review Report

We have reviewed the condensed consolidated interim financial statements - comprising the condensed balance sheet, condensed income statement, condensed cash flow statement, condensed statement of recognised income and expense and selected explanatory notes - and the interim Group management report of VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, for the period from January 1st to June 30th which are part of the half-year financial report pursuant to § (Article) 37w WpHG ("Wertpapierhandelsgesetz": German Securities Trading Act). The preparation of the condensed consolidated interim financial statements in accordance with the IFRS applicable to interim financial reporting as adopted by the EU and of the interim Group management report in accordance with the provisions of the German Securities Trading Act applicable to interim Group management reports is the responsibility of the parent Company's Board of Management. Our responsibility is to issue a review report on the condensed consolidated interim financial statements and on the interim Group management report based on our review.

We conducted our review of the condensed consolidated interim financial statements and the 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 so that we can preclude through critical evaluation, with moderate assurance, that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to 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 German Securities Trading Act applicable to interim Group management reports. A review is limited primarily to inquiries of company personnel and analytical procedures and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot express an audit opinion.

Based on our review, no matters have come to our attention that cause us to presume that the condensed consolidated interim financial statements have not been prepared, in all material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU nor that the interim Group management report has not been prepared, in all material respects, in accordance with the provisions of the German Securities Trading Act applicable to interim Group management reports.

Hannover, July 23, 2008
PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

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Financial Calendar
October 30, 2008
Interim Report January to September
March 12, 2009
Annual Press Conference/ Publication of the 2008 Annual Report
March 12, 2009
International Investor Conference
April 23, 2009
Annual General Meeting (Congress Center Hamburg)
April 29, 2009
Interim Report January to March