

# 4

## *Consolidated Financial Statements*

VOLKSWAGEN GROUP OPERATING RESULT *(in € billion)*



.....  
.....  
.....  
**CONSOLIDATED FINANCIAL STATEMENTS** .....  
.....  
.....  
.....

193	Income Statement	250	17. Noncurrent and current other financial assets
194	Statement of Comprehensive Income	251	18. Noncurrent and current other receivables
196	Balance Sheet	251	19. Tax assets
198	Statement of Changes in Equity	251	20. Inventories
200	Cash Flow Statement	252	21. Trade receivables
		252	22. Marketable securities
		252	23. Cash, cash equivalents and time deposits
201	<b>Notes</b>	253	24. Equity
201	Basis of presentation	255	25. Noncurrent and current financial liabilities
201	Effects of new and amended IFRSs	255	26. Noncurrent and current other financial liabilities
202	New and amended IFRSs not applied	256	27. Noncurrent and current other liabilities
203	Key events	257	28. Tax liabilities
205	Basis of consolidation	257	29. Provisions for pensions and other post-employment benefits
214	Consolidation methods	264	30. Noncurrent and current other provisions
215	Currency translation	265	31. Put options and compensation rights granted to noncontrolling interest shareholders
216	Accounting policies	265	32. Trade payables
226	Segment reporting	266	Disclosures in accordance with IFRS 7 (Financial Instruments)
229	Income Statement Disclosures	277	Other Disclosures
229	1. Sales revenue	277	33. Cash flow statement
229	2. Cost of sales	278	34. Financial risk management and financial instruments
230	3. Distribution expenses	286	35. Capital management
230	4. Administrative expenses	287	36. Contingent liabilities
230	5. Other operating income	288	37. Litigation
231	6. Other operating expenses	293	38. Other financial obligations
231	7. Share of profits and losses of equity-accounted investments	294	39. Total audit fees of the Group auditors
232	8. Finance costs	294	40. Total expense for the period
232	9. Other financial result	294	41. Average number of employees during the year
233	10. Income tax income/expense	295	42. Events after the balance sheet date
236	11. Earnings per share	295	43. Related party disclosures in accordance with IAS 24
238	Disclosures in accordance with IAS 23 (Borrowing Costs)	299	44. German Corporate Governance Code
238	Disclosures in accordance with IFRS 7 (Financial Instruments)	300	45. Remuneration of the Board of Management and the Supervisory Board
240	Balance Sheet Disclosures	301	Responsibility Statement
240	12. Intangible assets	302	Auditor's Report
243	13. Property, plant and equipment		
245	14. Lease assets and investment property		
247	15. Equity-accounted investments and other equity investments		
249	16. Noncurrent and current financial services receivables		



# Income Statement

OF THE VOLKSWAGEN GROUP FOR THE PERIOD JANUARY 1 TO DECEMBER 31, 2015

€ million	Note	2015	2014*
<b>Sales revenue</b>	<b>1</b>	<b>213,292</b>	<b>202,458</b>
Cost of sales	2	-179,382	-165,934
<b>Gross profit</b>		<b>33,911</b>	<b>36,524</b>
Distribution expenses	3	-23,515	-20,292
Administrative expenses	4	-7,197	-6,841
Other operating income	5	12,905	10,298
Other operating expenses	6	-20,171	-6,992
<b>Operating result</b>		<b>-4,069</b>	<b>12,697</b>
Share of profits and losses of equity-accounted investments	7	4,387	3,988
Finance costs	8	-2,393	-2,658
Other financial result	9	773	767
<b>Financial result</b>		<b>2,767</b>	<b>2,097</b>
<b>Earnings before tax</b>		<b>-1,301</b>	<b>14,794</b>
Income tax income/expense	10	-59	-3,726
Current		-2,859	-3,632
Deferred		2,800	-94
<b>Earnings after tax</b>		<b>-1,361</b>	<b>11,068</b>
of which attributable to			
Noncontrolling interests		10	84
Volkswagen AG hybrid capital investors		212	138
Volkswagen AG shareholders		-1,582	10,847
<b>Basic earnings per ordinary share in €</b>	<b>11</b>	<b>-3.20</b>	<b>21.82</b>
<b>Diluted earnings per ordinary share in €</b>	<b>11</b>	<b>-3.20</b>	<b>21.82</b>
<b>Basic earnings per preferred share in €</b>	<b>11</b>	<b>-3.09</b>	<b>21.88</b>
<b>Diluted earnings per preferred share in €</b>	<b>11</b>	<b>-3.09</b>	<b>21.88</b>

\* Earnings per share adjusted to reflect application of IAS 33.26.

# Statement of Comprehensive Income

CHANGES IN COMPREHENSIVE INCOME FOR THE PERIOD JANUARY 1 TO DECEMBER 31, 2014

€ million	Total	Equity attributable to Volkswagen AG shareholders	Equity attributable to Volkswagen AG hybrid capital investors	Equity attributable to noncontrolling interests
<b>Earnings after tax</b>	<b>11,068</b>	<b>10,847</b>	<b>138</b>	<b>84</b>
Pension plan remeasurements recognized in other comprehensive income				
Pension plan remeasurements recognized in other comprehensive income, before tax	-7,929	-7,917	-	-12
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	2,336	2,333	-	3
Pension plan remeasurements recognized in other comprehensive income, net of tax	-5,593	-5,584	-	-9
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	-5	-5	-	-
<b>Items that will not be reclassified to profit or loss</b>	<b>-5,598</b>	<b>-5,589</b>	<b>-</b>	<b>-9</b>
Exchange differences on translating foreign operations				
Unrealized currency translation gains/losses	974	1,027	-	-53
Transferred to profit or loss	41	41	-	-
Exchange differences on translating foreign operations, before tax	1,014	1,067	-	-53
Deferred taxes relating to exchange differences on translating foreign operations	1	1	-	-
Exchange differences on translating foreign operations, net of tax	1,015	1,068	-	-53
Cash flow hedges				
Fair value changes recognized in other comprehensive income	-5,355	-5,354	-	-1
Transferred to profit or loss	324	324	-	0
Cash flow hedges, before tax	-5,031	-5,031	-	-1
Deferred taxes relating to cash flow hedges	1,468	1,468	-	0
Cash flow hedges, net of tax	-3,563	-3,562	-	-1
Available-for-sale financial assets				
Fair value changes recognized in other comprehensive income	823	823	-	-
Transferred to profit or loss	-263	-263	-	-
Available-for-sale financial assets, before tax	560	560	-	-
Deferred taxes relating to available-for-sale financial assets	-21	-21	-	-
Available-for-sale financial assets, net of tax	539	539	-	-
Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax	380	380	-	0
<b>Items that may be reclassified subsequently to profit or loss</b>	<b>-1,628</b>	<b>-1,575</b>	<b>-</b>	<b>-53</b>
Other comprehensive income, before tax	-11,010	-10,945	-	-66
Deferred taxes relating to other comprehensive income	3,784	3,781	-	3
<b>Other comprehensive income, net of tax</b>	<b>-7,226</b>	<b>-7,164</b>	<b>-</b>	<b>-62</b>
<b>Total comprehensive income</b>	<b>3,842</b>	<b>3,683</b>	<b>138</b>	<b>21</b>

**CHANGES IN COMPREHENSIVE INCOME FOR THE PERIOD JANUARY 1 TO DECEMBER 31, 2015**

€ million	Total	Equity attributable to Volkswagen AG shareholders	Equity attributable to Volkswagen AG hybrid capital investors	Equity attributable to noncontrolling interests
<b>Earnings after tax</b>	<b>-1,361</b>	<b>-1,582</b>	<b>212</b>	<b>10</b>
Pension plan remeasurements recognized in other comprehensive income				
Pension plan remeasurements recognized in other comprehensive income, before tax	2,568	2,567	-	1
Deferred taxes relating to pension plan remeasurements recognized in other comprehensive income	-838	-837	-	0
Pension plan remeasurements recognized in other comprehensive income, net of tax	1,730	1,729	-	1
Share of other comprehensive income of equity-accounted investments that will not be reclassified to profit or loss, net of tax	-7	-7	-	-
<b>Items that will not be reclassified to profit or loss</b>	<b>1,723</b>	<b>1,722</b>	<b>-</b>	<b>1</b>
Exchange differences on translating foreign operations				
Unrealized currency translation gains/losses	791	789	-	1
Transferred to profit or loss	0	0	-	-
Exchange differences on translating foreign operations, before tax	791	790	-	1
Deferred taxes relating to exchange differences on translating foreign operations	0	0	-	-
Exchange differences on translating foreign operations, net of tax	792	790	-	1
Cash flow hedges				
Fair value changes recognized in other comprehensive income	-7,082	-7,082	-	0
Transferred to profit or loss	3,957	3,957	-	0
Cash flow hedges, before tax	-3,125	-3,125	-	0
Deferred taxes relating to cash flow hedges	928	928	-	0
Cash flow hedges, net of tax	-2,197	-2,197	-	0
Available-for-sale financial assets				
Fair value changes recognized in other comprehensive income	468	468	-	-
Transferred to profit or loss	-1,796	-1,796	-	-
Available-for-sale financial assets, before tax	-1,328	-1,328	-	-
Deferred taxes relating to available-for-sale financial assets	49	49	-	-
Available-for-sale financial assets, net of tax	-1,278	-1,278	-	-
Share of other comprehensive income of equity-accounted investments that may be reclassified subsequently to profit or loss, net of tax	399	399	-	-
<b>Items that may be reclassified subsequently to profit or loss</b>	<b>-2,285</b>	<b>-2,286</b>	<b>-</b>	<b>1</b>
Other comprehensive income, before tax	-702	-704	-	3
Deferred taxes relating to other comprehensive income	140	140	-	0
<b>Other comprehensive income, net of tax</b>	<b>-562</b>	<b>-564</b>	<b>-</b>	<b>2</b>
<b>Total comprehensive income</b>	<b>-1,922</b>	<b>-2,146</b>	<b>212</b>	<b>12</b>

# Balance Sheet

OF THE VOLKSWAGEN GROUP AS OF DECEMBER 31, 2015

€ million	Note	Dec. 31, 2015	Dec. 31, 2014
<b>Assets</b>			
<b>Noncurrent assets</b>			
Intangible assets	12	61,147	59,935
Property, plant and equipment	13	50,171	46,169
Lease assets	14	33,173	27,585
Investment property	14	504	485
Equity-accounted investments	15	10,904	9,874
Other equity investments	15	974	3,683
Financial services receivables	16	63,185	57,877
Other financial assets	17	6,730	6,498
Other receivables	18	1,340	1,654
Tax receivables	19	395	468
Deferred tax assets	19	8,026	5,878
		<b>236,548</b>	<b>220,106</b>
<b>Current assets</b>			
Inventories	20	35,048	31,466
Trade receivables	21	11,132	11,472
Financial services receivables	16	46,888	44,398
Other financial assets	17	10,043	7,693
Other receivables	18	5,367	5,080
Tax receivables	19	1,029	1,010
Marketable securities	22	15,007	10,861
Cash, cash equivalents and time deposits	23	20,871	19,123
		<b>145,387</b>	<b>131,102</b>
<b>Total assets</b>		<b>381,935</b>	<b>351,209</b>

CONSOLIDATED FINANCIAL STATEMENTS  
Balance Sheet

€ million	Note	Dec. 31, 2015	Dec. 31, 2014
<b>Equity and Liabilities</b>			
<b>Equity</b>	<b>24</b>		
Subscribed capital		1,283	1,218
Capital reserves		14,551	14,616
Retained earnings		69,039	71,197
Other reserves		-4,374	-2,081
Equity attributable to Volkswagen AG hybrid capital investors		7,560	5,041
Equity attributable to Volkswagen AG shareholders and hybrid capital investors		88,060	89,991
Noncontrolling interests		210	198
		<b>88,270</b>	<b>90,189</b>
<b>Noncurrent liabilities</b>			
Financial liabilities	25	73,292	68,416
Other financial liabilities	26	5,901	3,954
Other liabilities	27	4,905	4,238
Deferred tax liabilities	28	4,433	4,774
Provisions for pensions	29	27,535	29,806
Provisions for taxes	28	3,940	3,215
Other provisions	30	25,170	15,910
		<b>145,175</b>	<b>130,314</b>
<b>Current liabilities</b>			
Put options and compensation rights granted to noncontrolling interest shareholders	31	3,933	3,703
Financial liabilities	25	72,313	65,564
Trade payables	32	20,460	19,530
Tax payables	28	330	256
Other financial liabilities	26	10,350	7,643
Other liabilities	27	14,014	14,143
Provisions for taxes	28	1,301	2,791
Other provisions	30	25,788	17,075
		<b>148,489</b>	<b>130,706</b>
<b>Total equity and liabilities</b>		<b>381,935</b>	<b>351,209</b>

# Statement of Changes in Equity

OF THE VOLKSWAGEN GROUP FOR THE PERIOD JANUARY 1 TO DECEMBER 31, 2015

€ million	OTHER RESERVES			
	Subscribed capital	Capital reserves	Retained earnings	Currency translation reserve
<b>Balance at Jan. 1, 2014</b>	<b>1,191</b>	<b>12,658</b>	<b>72,341</b>	<b>-2,799</b>
Earnings after tax	-	-	10,847	-
Other comprehensive income, net of tax	-	-	-5,584	1,068
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>5,263</b>	<b>1,068</b>
Capital increase <sup>1</sup>	27	1,959	-	-
Dividend payment	-	-	-1,871	-
Capital transactions involving a change in ownership interest <sup>2</sup>	-	-	-4,484	-45
Other changes	-	-	-52	0
<b>Balance at Dec. 31, 2014</b>	<b>1,218</b>	<b>14,616</b>	<b>71,197</b>	<b>-1,777</b>
<b>Balance at Jan. 1, 2015</b>	<b>1,218</b>	<b>14,616</b>	<b>71,197</b>	<b>-1,777</b>
Earnings after tax	-	-	-1,582	-
Other comprehensive income, net of tax	-	-	1,729	790
<b>Total comprehensive income</b>	<b>-</b>	<b>-</b>	<b>148</b>	<b>790</b>
Capital increase <sup>1</sup>	65	-65	-	-
Dividend payment	-	-	-2,294	-
Capital transactions involving a change in ownership interest	-	-	-2	0
Other changes	-	0	-8	0
<b>Balance at Dec. 31, 2015</b>	<b>1,283</b>	<b>14,551</b>	<b>69,039</b>	<b>-987</b>

- 1 Volkswagen AG recorded an inflow of cash funds amounting to €3,000 million, less a discount of €29 million and transaction costs of €19 million, from the hybrid capital issued in March 2014. Additionally, there were noncash effects from the deferral of taxes amounting to €13 million. The hybrid capital is required to be classified as equity instruments granted. Volkswagen AG recorded an inflow of cash funds amounting to €2,000 million, less transaction costs (€20 million), from the capital increase implemented in June 2014 by issuing new preferred shares. Additionally, there were noncash effects from the deferral of taxes amounting to €6 million. Volkswagen AG recorded an inflow of cash funds amounting to €2,500 million, less a discount of €29 million and transaction costs of €14 million, from the hybrid capital issued in March 2015. Additionally, there were noncash effects from the deferral of taxes amounting to €11 million. The hybrid capital is required to be classified as equity instruments granted. In connection with the maturity and subsequent conversion of the mandatory convertible notes in fiscal 2015, the notional value of the newly created shares (€65 million) was reclassified from the capital reserves to subscribed capital.
- 2 The capital transactions involving a change in ownership interest in 2014 were attributable to the derecognition of the noncontrolling interests in the equity of Scania AB.

Explanatory notes on equity are presented in note 24.

CONSOLIDATED FINANCIAL STATEMENTS  
Statement of Changes in Equity

	Cash flow hedge reserve	Available-for-sale financial assets	Equity- accounted investments	Equity attributable to Volkswagen AG hybrid capital investors	Equity attributable to Volkswagen AG shareholders and hybrid capital investors	Noncontrolling interests	Total equity
	1,845	724	-229	2,004	87,733	2,304	90,037
	-	-	-	138	10,985	84	11,068
	-3,562	539	376	-	-7,164	-62	-7,226
	-3,562	539	376	138	3,821	21	3,842
	-	-	-	2,965	4,951	-	4,951
	-	-	-	-87	-1,958	-4	-1,962
	2	-	0	-	-4,527	-2,123	-6,650
	-	-	1	22	-29	0	-29
	-1,715	1,263	148	5,041	89,991	198	90,189
	-1,715	1,263	148	5,041	89,991	198	90,189
	-	-	-	212	-1,370	10	-1,361
	-2,197	-1,278	392	-	-564	2	-562
	-2,197	-1,278	392	212	-1,934	12	-1,922
	-	-	-	2,469	2,469	-	2,469
	-	-	-	-215	-2,509	-6	-2,516
	-	-	-	-	-2	-1	-3
	-	-	2	54	46	7	54
	-3,912	-16	542	7,560	88,060	210	88,270

# Cash Flow Statement

OF THE VOLKSWAGEN GROUP FOR THE PERIOD JANUARY 1 TO DECEMBER 31, 2015

€ million	2015	2014
<b>Cash and cash equivalents at beginning of period</b>	<b>18,634</b>	<b>22,009</b>
Earnings before tax	-1,301	14,794
Income taxes paid	-3,238	-4,040
Depreciation and amortization of, and impairment losses on, intangible assets, property, plant and equipment, and investment property*	9,743	8,761
Amortization of and impairment losses on capitalized development costs*	3,262	3,006
Impairment losses on equity investments*	37	172
Depreciation of and impairment losses on lease assets*	6,651	5,024
Gain/loss on disposal of noncurrent assets and equity investments	-1,581	-153
Share of profit or loss of equity-accounted investments	297	-990
Other noncash expense/income	2,102	-174
Change in inventories	-3,149	-2,214
Change in receivables (excluding financial services)	-1,807	-1,433
Change in liabilities (excluding financial liabilities)	2,807	4,764
Change in provisions	18,329	562
Change in lease assets	-10,808	-8,487
Change in financial services receivables	-7,663	-8,807
<b>Cash flows from operating activities</b>	<b>13,679</b>	<b>10,784</b>
Investments in intangible assets (excluding development costs), property, plant and equipment, and investment property	-13,213	-12,012
Additions to capitalized development costs	-5,021	-4,601
Acquisition of subsidiaries	-179	-83
Acquisition of other equity investments	-817	-195
Disposal of subsidiaries	0	6
Disposal of other equity investments	3,173	31
Proceeds from disposal of intangible assets, property, plant and equipment, and investment property	533	403
Change in investments in securities	-3,916	-2,154
Change in loans and time deposits	-1,711	-492
<b>Cash flows from investing activities</b>	<b>-21,151</b>	<b>-19,099</b>
Capital contributions	2,457	4,932
Dividends paid	-2,516	-1,962
Capital transactions with noncontrolling interest shareholders	0	-6,535
Other changes	13	15
Proceeds from issuance of bonds	22,533	25,608
Repayment of bonds	-23,755	-21,748
Change in other financial liabilities	10,360	4,352
Lease payments	-23	-17
<b>Cash flows from financing activities</b>	<b>9,068</b>	<b>4,645</b>
Effect of exchange rate changes on cash and cash equivalents	232	294
<b>Net change in cash and cash equivalents</b>	<b>1,828</b>	<b>-3,375</b>
<b>Cash and cash equivalents at end of period</b>	<b>20,462</b>	<b>18,634</b>
Cash and cash equivalents at end of period	20,462	18,634
Securities, loans and time deposits	24,613	18,893
<b>Gross liquidity</b>	<b>45,075</b>	<b>37,527</b>
Total third-party borrowings	-145,604	-133,980
<b>Net liquidity</b>	<b>-100,530</b>	<b>-96,453</b>

\* Net of impairment reversals.

Explanatory notes on the cash flow statement are presented in note 33.