Volkswagen Coaching Gesellschaft mbH
Wolfsburg

Group Annual Report as of December 31, 2011 and Group Management Report for the financial year 2011

Audit report

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Volkswagen Coaching GmbH, Wolfsburg

Group Management Report for the financial year 2011

1. General Information

Volkswagen Coaching Group (hereinafter VW CG Group) comprises of Volkswagen Coaching Gesellschaft mbH, Wolfsburg, (VW CG) as parent company and the two fully consolidated subsidiaries Volkswagen Qualifizierungsgesellschaft mbH, Wolfsburg, (VW QG) and Volkswagen-Bildungsinstitut GmbH, Zwickau, (VW BI).

VW CG is registered with the commercial register of the local court of Braunschweig under HRB 100261. Sole shareholder is VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg (VW AG).

Subject of VW CG Group is the scheduling, the purchase, the performance and commercialization of qualification of services, especially the qualification of members of staff of establishments and individual persons. At the same time, prospects of employment including business start-ups are to be revealed, innovative business activities in the branch of production and service industry are to be attempted and advice and support is to be given to employment initiatives.

2. Business Development 2011

Because of the continuing repositioning and restructuring of the business segments, the intended reduction of the volume of orders of VW AG for general personnel training measures, could be partially compensated. For the further training the brand VW PKW has again allocated an additional, central, appropriated and division-neutral budget. In the recent financial year systematic staff and competence development as well as the introduction of new technology, especially launches of new models by VW, could be supported purposefully with the authorized project funds, too. The volume of classic qualification measures, such as seminars and training courses, was increased by 14.3% to 1,588 thousand attendee lessons (previous year: 1,389 thousand attendee lessons).

Compared to the previous year the aggregate turnovers of the segment further training along with the segment management and talent programmes was increased by 11.8% to € 70.9 million.

Essence of all the qualification measures in the company is the further training of profession families. A profession family contains all members of staff, who carry out their work on the basis of similar professional expertise and cooperate across different stages of experience and development. In the profession families learning and teaching takes place primarily by involving their own internal specialists.

The trend towards qualification offers, which are individually tailored to customers' requirements continued. The expenses associated therewith were compensated by increased efficiency and quality. Stable margins were generated in these divisions once more.

The project of competence orientation in vocational training established a competence-based training model in the field of vocational training at VW CG, which fulfils the need of young specialists permanently and assures a high quality right from the beginning of vocational training at Volkswagen. For the time being this project covers the five core occupations, such as industrial mechanic, toolmaker, and electronic technician for automation, automotive mechatronic engineer and mechatronic engineer. For this purpose competence standards have been set down across all locations specifying curricular and operational minimum requirements. Intended to document, test and certificate competencies in the vocational training, methods were developed, tested and implemented. The competence-orientated vocational training on the basis of minimum standards continued in 2011 with the professions warehouse logistics specialists, merchant for office communication and cutting machine operator.

At the end of 2011, 44% of the trainees in 790 standardized stations of training, spread over 6 locations, are already learning by using the competence-based training model, which is now gradually introduced to all training occupations at Volkswagen.

In addition to this, groups of professionals were built to secure the quality. These are composed of specialists from all locations for each profession. The aim of the groups of professionals is to implement agreed standards quickly and efficiently and to improve them continuously.

For 1,240 trainees at VW CG the vocational training came to a successful end. 91 were recruited on a fixed-term employment relationship and 1,149 were recruited with a permanent contract. At year-end, 4,369 trainees at VW AG were participating in an initial vocational training, 638 of them being participants of programme STIP (Studium im Praxisverbund).

Furthermore, at year-end the number of trainees participating in an initial vocational training was 405 (previous year: 387) of group companies (with the exception of VW AG) and 397 (previous year: 430) at other companies.

On average, in 2011 VW CG Group employed 666 (previous year: 677) employees loaned from VW AG under temporary employment agreements. In addition, on annual average VW CG Group employed 201 (previous year: 217) own employees, 58 (previous year: 79) of which are employed on a fixed-term basis.

For the year 2011, the management of VW CG has recognized the need to re-evaluate the subsidiaries public fund projects. Due to possible recovery claims balance-sheet provisions had to be made, the investigations are still in progress. There were no reportable events of material significance after December 31, 2011.

3. Position of the company in relation to Assets, Financials and Earnings

Net Assets and Financial Positions

The group consolidated balance sheet as of December 31, 2011 shows in aggregated form and in comparison to the numbers as of the end of the previous year's reporting period the following:

	December 31, 2011		December 31, 2010		Change
	T€	%	T€	%	T€
Assets					
Fixed assets	1,980	7.6	2,133	8.4	-153
Current assets					
Inventories	548	2.1	428	1.7	120
Receivables and other assets	23,365	89.7	21,830	86.4	1,535
Other assets (including deferred income)	15	0.1	10	0.0	5
Cash and cash equivalents	146	0.5	872	3.5	-726
	24,074	92.4	23,140	91.6	934
	26,054	**100.0**	**25,273**	**100.0**	**781**
Liabilities					
Equity					
Subscribed capital	5,115	19.6	5,115	20.2	0
Capital reserves	254	1.0	254	1.0	0
Difference arising from equity consolidation	490	1.9	490	2.0	0
	5,859	22.5	5,859	23.2	0
Short-term debt					
Provisions	17,931	68.8	14,510	57.4	3,421
Liabilities	1,513	5.8	3,873	15.3	-2,360
Other liabilities (including deferred income)	751	2.9	1,031	4.1	-280
	20,195	77.5	19,414	76.8	781
	26,054	**100.0**	**25,273**	**100.0**	**781**

The increase of balance sheet volume by 3.1% has been caused by an increase in accounts receivables from goods and services against VW AG (assets) and, compared to the previous year, an increase of 23.6% in account provisions (liabilities). Compared to the previous year, receivables against affiliated companies, inter alia against VW AG, were increased by € 1,729 thousand (VW AG € 3,617 thousand). In addition, the short-term receivables from goods and services compared to the previous year decreased by € 329 thousand.

Liabilities were increased compared to the previous year by € 6,724 thousand to cover outstanding invoices against the company. Compensated with all other provisions in 2011, this resulted in a total amount of provisions in the amount of € 17,931 thousand (including personnel cost of € 5,382 thousand). This is opposed by a deferred income decreased by € 229 thousand which has primarily been built up towards sponsors. In addition, the short-term receivables from goods and services towards third parties have decreased compared to previous year effective date by € 100 thousand and liabilities towards affiliated companies have decreased by € 2,233 thousand.

The net assets and financial position of the VW CG Group can only be assessed against the background of it being part of the Volkswagen-Group. The equity ratio has decreased due to the increase in balance sheet volume from 23.2% to 22.5% at the end of the reporting period. At the balance sheet date, cash and cash equivalents plus receivables from the cash pooling with VW AG cover 62.4% (previous year: 89.0%) of all third party debt. Solvency was not an issue during the financial year and thereafter. With regard to the development of financial assets please refer to Group Cash Flow Statement.

Results of Operations

The business development of VW CG Group has impacted the income statement for the financial year 2011 as follows (compared to previous year's figures):

	2011		**2010**		**Changes**
	T€	**%**	**T€**	**%**	**T€**
Sales	148,080	100.0	134,260	100.0	13,820
Change in inventory and other own work capitalized	166	0.1	-1	0.0	167
Provided service	148,246	100.1	134,259	100.0	13,987
Other operating income	3,968	2.7	6,297	4.7	-2,329
Total output	152,214	102.8	140,556	104.7	11,659
Cost of materials	4,475	3.0	4,283	3.2	192
Personnel expenses	8,192	5.5	8,754	6.5	-562
Depreciations	609	0.4	545	0.4	64
Other operating expenses	135,293	91.4	119,047	88.7	16,246
Operating expenses	148,569	100.3	132,629	98.8	15,940
Operating income	**3,645**	**2.5**	**7,926**	**5.9**	**-4,281**
Financial income	156	0.1	99	0.1	57
Net operating income	**3,801**	**2.6**	**8,025**	**6.0**	**-4,224**
Extraordinary result	**0**	**0.0**	**-47**	**-0.1**	**47**
Taxes on income	1,235	0.8	2,196	1.6	-961
Other taxes	30	0.0	38	0.0	-8
Net income for the financial year before profit distribution	**2,536**	**1.7**	**5,744**	**4.3**	**-3,208**

The very high demand for systematic human resources and competence development by Volkswagen had a significant effect on the income statement, because of the resulting profit contributions as had the distinctive cost discipline. The result generated by ordinary business operations fell by 52.6% compared to the previous year, standing at € 3.8 million in the reporting year.

In the financial year 2011 sales revenues of VW CG Group increased by 10.3% to € 148.1 million. As scheduled, orders are budgeted with € 39.7 million which is 0.3% below the figure of € 39.8 million from the previous year. Third-party revenues (beyond order budget) with VW AG were increased by 16.4% compared to the previous year, reaching € 83.0 million. As such, VW AG accounted for a sales volume of € 122.7 million (previous year: € 111.0 million), which accounts for 82.8% (previous year: 82.7%) of the aggregate turnover.

The other sales revenues of € 25.4 million are € 2.2 million higher than the year before. Group entities accounted for 61.1% of these revenues (without VW AG). Despite of a low level of personnel capacity, external requests/demands outside of VW AG could be served, optimizing the existing resources.

The other operating income includes income relating to other periods from the release of provisions (€ 0.9 million; previous year: € 2.3 million), which had a positive effect on net results. The other operating expenses comprise primarily the charges by the shareholder and have increased by 13.6% compared to the previous year to a total of € 135.3 million. This increase mainly results from higher expenses for core workers loaned from VW AG, which VW CG has to bear.

Because of the sales revenues in technical service stagnating (as expected) and due to an expected increase of fixed costs, it is necessary to maintain provisions in the vocational training for anticipated losses.

The annual result of € 2.5 million (previous year: € 5.7 million) was influenced by demands for higher provisions in the amount of € 3.4 million compared to the previous year as well as by a negative net result from the subsidiary VW QG in the amount of € 0.4. The annual result is transferred to the shareholder under the profit and loss transfer agreement.

4. Risks

No specific risks endangering the continued existence have been identified. Due to the strong interdependence, the development of VW CG Group depends primarily on the development of VW AG. Because of their influence on fixed costs, interim reductions of the order volume for general training measures may have a reducing impact on the results. The development of the education market in Germany does not have a significant impact on sales and results.

Solvency was not an issue during the financial year and thereafter.

5. Expected Development

Pursuant to the sustainable establishment of financial resources which are division-neutral and independent of economic conditions at VW AG, which ensure “minimum standards” for ensuring competence of the staff, a minimum utilization of capacity in the segment of vocational training and qualification measures is guaranteed. The budgeted orders in the financial year 2012 amount to € 39.6 million (effective December 2011), of which € 30.1 million relate to the vocational training. For the year 2013 the budgeted orders are expected to remain on a similar level.
The development of competencies is one of the core topics of VW CG Group. Within the scope of the profession families and competence profiles, work-related qualifications will continue to develop. Regarding these qualifications, the experts in segments or profession families are going to take an active role. Because of this new orientation at Volkswagen, the role of VW CG Group is going to change by further extending its professionalism and knowledge leadership. This will result in the already limited personnel resources being further tied up and will lead to a reduction of third-party revenues. On the other hand, the close cooperation provides new opportunities to increase revenues based on offers of qualification measures that are to be developed.

Taking into account the shortages imposed by VW AG under the programme “Mach 18 plus” (their strategy programme until 2018), VW CG Group plans sales revenues of € 149.3 million and a result generated in ordinary business operations of € 4.0 million for the financial year 2012. For the year 2013 sales revenues of € 150.9 million are expected and a result generated in ordinary business operations of € 4.2 million.

Disclaimer

The management report contains forward-looking statements relating to anticipated developments. These statements are based on current assessments and are by their very nature subject to risks and uncertainties. Actual outcomes may differ from those predicted in these statements.

Wolfsburg, May 31, 2012

Ralph Linde

Jürgen Haase

Group Annual Report for the financial year from January 1 to December 31, 2011

Volkswagen Coaching Gesellschaft mbH, Wolfsburg

Group Balance Sheet as of December 31, 2011

Assets

	December 31, 2011	December 31, 2010
	€	€
A. Fixed Assets		
I. Intangible assets		
Software	49,156.00	36,738.00
II. Tangible assets		
1. Vehicles	545,571.00	599,037.00
2. Other equipment, operating and office equipment	1,385,529.25	1,496,731.25
	1,931,100.25	2,095,768.25
	1,980,256.25	**2,132,506.25**
B. Current assets		
I. Inventories		
1. Consumables and supplies	173,397.09	179,669.61
2. Work in progress	374,306.36	245,080.62
3. Purchased merchandise	722.02	3,172.27
	548,425.47	427,922.50
II. Receivables and other assets		
1. Trade receivables	824,931.34	1,153,879.13
2. Receivables from affiliated companies	22,078,857.84	20,350,048.39
3. Other assets	461,219.59	326,004.28
	23,365,008.77	21,829,931.80
III. Bank balances	145,903.23	872,349.12
	24,059,337.47	**23,130,203.42**
C. Deferred income	**14,146.27**	**10,030.70**
	26,053,739.99	**25,272,740.37**

Liabilities

	December 31, 2011	December 31, 2010
	€	**€**
A. Equity		
I. Subscribed capital	5,115,000.00	5,115,000.00
II. Capital reserves	253,650.00	253,650.00
	5,368,650.00	**5,368,650.00**
B. Difference arising from equity consolidation	**490,155.35**	**490,155.35**
C. Provisions		
Other provisions	**17,931,151.08**	**14,510,460.09**
D. Liabilities		
Advance payments received on account of orders	6,756.37	57,686.27
2. Trade payables	998,143.70	1,097,841.64
3. Liabilities to affiliated companies	11,109.70	2,244,120.01
4. Other liabilities (thereof taxes €115,857.88; previous year: €173,370.00)	504,143.80	531,591.70
(thereof social security €5,616.24; previous year: €5,209.54)		
	1,520,153.57	**3,931,239.62**
E. Deferred income	**743,629.99**	**972,235.31**
	26,053,739.99	**25,272,740.37**

Volkswagen Coaching Gesellschaft mbH, Wolfsburg

Group Income Statement for the period from January 1 to December 31, 2011

	2011	2010
	€	**€**
1. Sales	148,080,354.91	134,259,716.53
2. Changes in inventories of the raw materials	129,225.74	-29,587.33
3. Other own work capitalized	36,855.00	28,875.00
4. Other operating income (thereof the currency translation €212.34; previous year: €1,508.80)	3,967,768.48	6,296,529.26
	152,214,204.13	140,555,533.46
5. Cost of materials	4,475,314.23	4,282,798.81
6. Personnel expenses		
a) Wages and salaries	6,783,682.54	7,234,895.69
b) Social security and other pension costs (thereof in respect of old age pensions €12,912.72; previous year: €13,156.27)	1,408,177.08	1,519,261.50
	8,191,859.62	8,754,157.19
7. Depreciations of fixed intangible and tangible assets	608,803.22	545,310.64
8. Other operating expenses (thereof the currency translation €394.17; previous year: €331.01)	135,293,056.46	119,046,979.43
	3,645,170.60	7,926,287.39
9. Other interest and similar income (thereof to affiliated companies € 200,367.11; previous year: € 105,991.17)	201,516.15	107,334.70
10. Interest and similar expenses (thereof to affiliated companies € 2,447.30 (previous year: € 1,030.97) (thereof from compounding interests € 32,356.90; (previous year: € 7,299.97))	44,930.38	8,338.72
financial result	156,585.77	98,995.98
11. Net operating income	**3,801,756.37**	**8,025,283.37**
12. Extraordinary expenses	0.00	47,438.12
13. Extraordinary result	**0.00**	**-47,438.12**
14. Taxes on income (allocation to VW AG)	1,235,000.00	2,196,000.00
15. Other taxes	30,344.37	38,128.98
16. Expenses due to a profit and loss transfer agreement	2,536,412.00	5,743,716.27
17. Net income for the financial year	**0.00**	**0.00**

Volkswagen Coaching Gesellschaft mbH, Wolfsburg

Group Cash Flow Statement for the period from January 1 to December 31, 2011

	2011	2010
	€	€
Net income for the financial year (prior profit distribution)	2,536,412.00	5,743,716.27
Depreciations on fixed assets	608,803.22	545,310.64
In-/decrease in inventories, receivables from goods and services and other assets which are not allocated to investment or financing activities	-5,599,916.07	-13,061,365.98
Decrease of short-term provisions	3,420,690.99	1,361,473.45
Earnings/Expenses from disposals of fixed assets	173.00	4,060.00
In-/decrease in liabilities from goods and services and other liabilities which are not allocated to investment or financing activities	567,612.90	4,725,856.87
Cash flow from operating activities	**1,533,776.04**	**-680,948.75**
Cash outflow for investments in tangible assets	-412,538.35	-1,034,426.74
Cash outflow for investments in immaterial assets	-44,187.87	-17,093.84
Cash flow from investment activity	**-456,726.22**	**-1,051,520.58**
Distributions from profit transfers in the previous year	-5,743,716.27	-8,557,429.64
Cash flow from financing activities	**-5,743,716.27**	**-8,557,429.64**
Reduction of cash and cash equivalents	**-4,666,666.45**	**-10,289,898.97**
Cash and cash equivalents at the beginning of the financial year (thereof from the cash-pool VW AG € 16,402,701.03 (previous year € 25,925,195.38))	17,275,050.15	27,564,949.12
Cash and cash equivalents at the end of the financial year (thereof from the cash-pool VW AG € 12,462,480.47 (previous year € 16,402,701.03))	12,608,383.70	17,275,050.15

Volkswagen Coaching Gesellschaft mbH, Wolfsburg

Group Statement of Changes in Equity as of December 31, 2011

	Share Capital	Capital Reserves	Difference from Capital Consolidation	**Group Equity**
	€	€	€	€
December 31, 2009	**5,115,000.00**	**253,650.00**	**490,155.35**	**5,858,805.35**
Reclassification of the difference in value resulting from capital consolidation	0.00	0.00	-490,155.35	-490,155.35
Group net income for the financial year 2010	0.00	0.00	0.00	0.00
December 31, 2010	**5,115,000.00**	**253,650.00**	**0.00**	**5,368,650.00**
Group net income for the financial year 2011	0.00	0.00	0.00	0.00
December 31, 2011	**5,115,000.00**	**253,650.00**	**0.00**	**5,368,650.00**

Volkswagen Coaching Gesellschaft mbH, Wolfsburg

Notes for the financial year 2011

Consolidation group

In addition to Volkswagen Coaching Gesellschaft mbH, Wolfsburg, (VW CG) as parent company, the consolidated financial statement in accordance with sec. 290 and 294 of the *Handelsgesetzbuch* (HGB – German Commercial Code) includes two other companies (Volkswagen-Bildungsinstitut GmbH, Zwickau, (VW BI) with an equity of € 255,650.00 and Volkswagen Qualifizierungsgesellschaft mbH, Wolfsburg, (VW QG) with an equity of € 502,938.35) of which VW CG is the sole shareholder. Neither VW CG nor the subsidiaries included hold any other participation.

Bases of consolidation

The consolidation is based on the individual final statements of the individual companies. All companies included in the consolidated financial statement were audited by PricewaterhouseCoopers AG Wirtschaftsprüfungsgesellschaft and were granted an unqualified audit opinion.

For all companies included in the consolidated financial statement, the financial year is the calendar year.

The **capital consolidation** of the subsidiaries included in the consolidated financial statement was undertaken using the book value method pursuant to sec. 301 HGB (old version). Accordingly, the equity of the subsidiaries to be consolidated is stated as the amount which corresponds to the commercial book value of the assets and liabilities at the relevant allocation date. The initial consolidation of both subsidiaries was carried out as of January 1, 2007.

The difference of € 490,155.35 due to the recognition of carrying amounts is capitalized as difference arising on capital consolidation pursuant to sec. 301 para. 3 sentence 1 HGB as amended by the German Accounting Law Reform Act (BilMoG).

Consolidation of intercompany balances is drawn up in accordance with sec. 303 para. 1 HGB by eliminating accounts receivable with the corresponding accounts payable between the companies included in the consolidated financial statement.

Consolidation of income and expenses is carried out in accordance with sec. 305 para. 1 HGB by offsetting assets and liabilities between the companies included in the consolidated financial statement.

An **elimination of interim results** was not required.

Accounting and valuation policies

The consolidated financial statement of VW CG for the financial year 2011 was prepared as of December 31, 2011 in accordance with sec. 290 ff. HGB and with the stipulations of the *Gesetz betreffend die Gesellschaften mit beschränkter Haftung* (GmbHG – German Limited Liability Companies Act). Pursuant to sec. 298 para. 1 HGB, the consolidated group accounts have been classified pursuant to sec. 266 HGB.

For the group´s income statement the total cost method pursuant to sec. 298 para. 1 HGB in conjunction with sec. 275 para. 2 HGB was applied.

The standards of the Deutsche Rechnungslegungs Standard Committee e.V. which go beyond the statutory requirements were not applied.

The companies included in the consolidated financial statement apply uniform accounting and valuation principles. There were no changes in valuation and displays in relation to the previous year.

The **intangible and tangible assets** are accounted for at costs of acquisition and production less depreciation and amortization. The costs of acquisition of the intangible assets and tangible assets are partly reduced by investment grants received from the Sächsische Aufbaubank – Förderbank, Dresden (SAB). Intangible assets are depreciated on a linear basis. The declining balance depreciations (for acquisitions until December 31, 2007 and additions in 2009) or linear depreciations (for additions in 2008 as well as of January 1, 2010), which are carried out as planned on the tangible assets, are based on customary terms of use approved for tax purposes. In deviation of this principle, shorter useful life is assumed for tangible assets in educational institutions of VW BI. A change from the declining balance method to the linear method is carried out as scheduled once this leads to higher depreciations. Additions are depreciated pro rata temporis in line with tax rules.

Assets in the acquisition year 2009 worth more than € 150.00 and less than € 1,000.00 were carried as a collective item in the acquisition year and have depreciated on a linear basis over five years. Since January 1, 2010, assets purchased at acquisition costs of up to € 410.00 are fully depreciated in the acquisition year.

The **commodities** and the **raw materials, auxiliary materials and energy supplies** are also accounted for at acquisition cost or at lower replacement cost. Appropriate write-downs are made for declines in value on an individual basis. The **work in progress** are valued using the retrograde valuation method, applying an appropriate profit margin.

Receivables and other assets are valued at nominal value. General risks are taken into account by appropriate value adjustments.

Deferred income is built up for expenditures in the financial year which are accounted for as expenses only the following years.

Provisions take account of all uncertain debt, losses and risks identified by the balance sheet reference date for the past financial year. The provisions are booked as liabilities at the projected settlement value as assessed in a commercially reasonable manner. A provision for contingent losses has been set up in relation to the current deficit concerning the training obligations of apprentices.

Liabilities were booked as liabilities at their settlement value.

The **deferred income** contains payments received in advance, which are to be booked as revenue within a specific time frame after the balance sheet reference date.

Foreign currency transactions are converted based on exchange rates at the date of the transaction. At the balance sheet reference date, a conversion is made based on the average spot exchange rate.

Deferred taxes are calculated for all balance sheet items using the “temporary concept” as reflected in the BilMoG in respect of differences between the carrying amounts of assets and liabilities as reflected in the tax balance sheet and as reflected in the commercial balance sheet. These deferred taxes are calculated at an average income tax rate of 29.5%. The tax rate comprises the corporation tax rate including the solidarity surcharge of 15.825% and the effective trade tax rate of 13.68%. Those temporary differences of the companies are attributed to VW AG as the controlling company of the tax group, because VW CG and its subsidiaries as controlled companies for tax purposes are not taxable. VW AG as entity liable for the payment of taxes can consider these deferred taxes in its balance sheet.

Explanatory notes on the Group balance sheet

1. Fixed assets

The classification of the assets summarised in the balance sheet and their development during the reporting year are shown in the summary of fixed assets, which is an enclosure to the notes.

2. Receivables and other assets

Of the year-end 2011 receivables from affiliated companies, coming in at € 22,078 thousand (previous year: € 20,350 thousand), € 19,374 thousand (previous year: € 15,768 thousand) are attributable to VW AG and result from:

	December 31, 2011		December 31, 2010	
	T€	T€	T€	T€
Trade				
Trade receivables	11,328		7,317	
Trade payables	-1,481		-592	
		9,847		**6,725**
Other				
Receivables from the cash-pool	12,462		16,430	
Tax claims (value added tax)	836		580	
Remaining other receivables	0		0	
Liabilities due to profit transfer (incl. distribution of the tax burden)	-3,771		-7,940	
		9,527		**9,043**
		19,374		**15,768**

The remaining receivables against affiliated companies (€ 2,705 thousand; previous year: € 4,582 thousand) result exclusively from trade and services.

As far as permitted, receivables and payables of the same maturity and kind as well as involving the same debtor/creditor were netted and shown in the balance sheet on a net basis.

The other assets include inter alia receivables from funding providers (€ 285 thousand, previous year: € 163 thousand) and input tax refund claims (European states) of € 115 thousand (previous year: € 114 thousand).

The accounted receivables have a residual term of less than a year.

3. Equity

The share capital of € 5,115,000.00 and the capital reserves of € 253,650.00 form the equity of the group. Sole shareholder of VW CG is VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg (VW AG).

4. Other Provisions

	December 31, 2011 T€	December 31, 2010 T€
Provisions for personnel expenses	5,382	8,676
thereof for personnel secondment	*1,148*	*4,467*
Provisions for outstanding statements of accounts	11,528	4,804
Partial retirement provisions	769	776
Other provisions	252	254
	17,931	**14,510**

5. Liabilities

All liabilities have a residual term of up to one year.

Liabilities towards VW AG have been netted with receivables as of the balance sheet reference date.

6. Deferred income

Deferred income concerns VW AG in an amount of € 442 thousand (previous year: € 459 thousand). The deferral in relation to funding providers amounts to € 295 thousand (previous year: € 492 thousand).

Explanatory notes on the Group income statement

7. Sales revenue

Of the total sales revenue amounting to € 148.1 million (previous year: € 134.3 million), € 143.9 million (previous year: € 130.2 million) were generated in Germany. € 122.7 million = 82.8% (previous year: € 110.0 million = 82.7%) of the sales revenues were generated with VW AG.

8. Other operating income

The other operating income includes earnings from previous periods resulting from the release of provisions in the amount of € 0.9 million (previous year: € 2.3 million).

9. Cost of material

The cost of material includes expenses for raw materials and supplies related to technical services provided in vocational training and to kitchen goods consumed in “House Rhode”.

10. Other operating expenses

Other operating expenses mainly consist of the charges by VW AG in the total amount of € 90.2 million (previous year: € 79.9 million). Thereof, € 61.4 million (previous year: € 53.6 million) relate to cost for personnel secondment and € 7.6 million to cost for leases of buildings (previous year: € 7.7 million). Expenses for fee workers amount to € 27.9 million (previous year: € 25.4 million).

11. Taxes on income and expense

This item contains tax compensations amounting to € 1.2 million (previous year: € 2.2 million) relating to the profit and loss transfer agreement with VW AG.

12. Profit and loss transfer agreement

As a result of the profit and loss transfer agreement between VOLKSWAGEN AKTIENGESELLSCHAFT, Wolfsburg, as controlling company and Volkswagen Coaching Gesellschaft mbH as controlled company, the annual income of € 2,536 thousand (previous year: € 5,744 thousand) of the company was transferred to VW AG.

Other disclosures

In the financial year 2011, on average 201 **own staff** were employed (58 of which on a temporary basis) (previous year: 217 staff 79 of which on a temporary basis). The permanent staff is lent from VW AG.

Contingent liabilities

VW BI is liable for an investment grant from SAB up to a maximum amount of € 3,476 thousand plus interest from the day on which the amount is paid out; for a partial amount of the investment grant of € 3,037 thousand, in joint and several liability with PVG Gillet Handels- und Immobilienverwaltungs GmbH & Co. KG, Edenkoben (PVG). In relation to PVG, VW BI is liable only insofar as the investment grants forwarded to PVG plus interest are returned to the company by PVG via reduced lease payment for the leased asset.

Further financial obligations (€ 11.0 million, previous year: € 9.6 million) exist towards affiliated companies resulting from rental contracts in an amount of € 9.8 million (previous year: € 9.3 million). The obligations arising from additional rental and leasing contracts towards third persons amount to € 0.5 million (previous year: € 0.3 million).

VW CG and VW AG form a commercial, trade and corporate **tax unit**.

All services of VW CG with related companies and persons are charged at arms-length terms.

The total billed remuneration of the auditor for the financial year for the audit of the three included financial statements as well as the consolidated financial statement amounted to:

	2011 T€	**2010** T€
Audit services	89	74
thereof subsequent audit previous year	*16*	*0*
Other assurance services	0	0
Tax advisory services	0	0
Other services	0	0
Total	**89**	**74**

VW CG is a non-consolidated subsidiary of VW AG whose consolidated financial statement is submitted to the operator of the electronic Bundesanzeiger (Federal Official Gazette).

Sole shareholder of VW CG is VW AG with which a domination and profit and loss transfer agreement exists.

Executive Board of Volkswagen Coaching Gesellschaft mbH

In the financial year the Executive Board consisted of the following members:

Ralph Linde (spokesman)
Segment: Administration, Personnel- and Competency Development, Management- und Talent-Programmes

Jürgen Haase
Segment: Vocational Training and Professional Development

The members of the **Executive Board** do not receive any remuneration from the company.

Supervisory Board of Volkswagen Coaching Gesellschaft mbH

In the financial year the Supervisory Board consisted of the following members:

Prof. Dr. Horst Neumann	Member of the Executive Board of VW AG - Chairman -
Bernd Osterloh	Chairman of the General and Group Works Council of VW AG - Vice chairman -
Prof. Dr. Werner Neubauer	Member of the Brand Executive Board of VW AG
Thomas Sigi	Member of the Executive Board of AUDI AG
Gerardo Scarpino	Member of the General Works Council of VW AG, plant Wolfsburg
Uwe Fritsch	Chairman of the General Works Council of VW AG, plant Braunschweig
Peter Jacobs	Chairman of the General Works Council of VW AG, plant Emden

The members of the supervisory board do not receive any remuneration from the company.

Publication of the consolidated financial statement

As the parent company of the consolidated group, the Volkswagen Coaching Gesellschaft mbH, Wolfsburg, prepares the consolidated financial statement. The financial statement of VW CG and the consolidated financial statement are published in the electronic Bundesanzeiger.

Wolfsburg, May 31, 2012

Ralph Linde

Jürgen Haase

Statement of Changes in Group fixed assets in the financial year 2011

Volkswagen Coaching Gesellschaft mbH, Wolfsburg

Statement of Changes in Group fixed assets in the financial year 2011

	Historical costs			
	January 1, 2011 €	**Additions** €	**Disposals** €	**December 31, 2011** €
I. Intangible assets				
Software	359,115.26	44,187.87	12,674.93	390,628.20
	359,115.26	44,187.87	12,674.93	390,628.20
II. Tangible assets				
1. Vehicles	2,036,636.62	133,554.10	24,637.08	2,145,553.64
2. Other equipment, operating and office equipment	5,940,698.90	278,984.25	18,641.94	6,201,041.21
	7,977,335.52	412,538.35	43,279.02	8,346,594.85
	8,336,450.78	**456,726.22**	**55,953.95**	**8,737,223.05**

	Cumulative depreciations			
	January 1, 2011 €	**Additions** €	**Disposals** €	**December 31, 2011** €
I. Intangible assets				
Software	322,377.26	31,769.87	12,674.93	341,472.20
	322,377.26	31,769.87	12,674.93	341,472.20
II. Tangible assets				
1. Vehicles	1,437,599.62	187,020.10	24,637.08	1,599,982.64
2. Other equipment, operating and office equipment	4,443,967.65	390,013.25	18,468.94	4,815,511.96
	5,881,567.27	577,033.35	43,106.02	6,415,494.60
	6,203,944.53	**608,803.22**	**55,780.95**	**6,756,966.80**

	Carrying amounts	
	December 31, 2011 €	**December 31, 2010 €**
I. Intangible assets		
Software	49,156.00	36,738.00
	49,156.00	36,738.00
II. Tangible assets		
1. Vehicles	545,571.00	599,037.00
2. Other equipment, operating and office equipment	1,385,529.25	1,496,731.25
	1,931,100.25	2,095,768.25
	1,980,256.25	**2,132,506.2**

Audit Report

We have audited the annual report – comprising the balance sheet, income statement and the notes – among the accounting and management report of Volkswagen Coaching Gesellschaft mbH, Wolfsburg, for the financial year from January 1 to December 31, 2011. The accounting and the preparation of the annual and management report in accordance with the German Commercial code (HGB) and the additional requirements of the articles of association are the responsibility of the managing directors of the company. Our responsibility is to express an opinion on the annual and management report based on our audit, while taking into account the accounting.

We conducted our audit of the annual report in accordance with Section 317 HGB and German generally accepted standards for the audit 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 audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual report in accordance with the applicable financial reporting framework and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting policies and significant estimates made by the managing directors, as well as evaluating the overall presentation of the annual and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion based upon the findings of our audit, the annual report complies with the legal regulations and the additional requirements of the articles of association, and gives a true and fair view on the net assets, financial position and results of operation of the group in accordance with these requirements. The management report is consistent with the annual report and as a whole provides a suitable view of the group’s position and suitably presents the opportunities and risks of future development.

Hannover, July 23, 2012

PricewaterhouseCoopers
AKTIENGESELLSCHAFT
Wirtschaftsprüfungsgesellschaft

Martin Schröder, Wirtschaftsprüfer

ppa. Jan Seiffert, Wirtschaftsprüfer