



Audi Interim Financial Report 2016 January 1 to June 30, 2016

Audi Vorsprung durch Technik

AUDI GROUP KEY FIGURES

		1-6/2016	1-6/2015	Change in %
Production				
Automotive segment	Cars ^{1) 2)}	985,211	943,603	4.4
	Engines	1,032,524	1,068,111	-3.3
Motorcycles segment	Motorcycles	43,114	36,955	16.7
Deliveries to customers				
Automotive segment ^{2) 3)}	Cars	1,079,665	1,024,571	5.4
Audi brand ^{2) 3)}	Cars	953,218	902,272	5.6
Lamborghini brand	Cars	2,013	1,882	7.0
Other Volkswagen Group brands ²⁾	Cars	124,434	120,417	3.3
Motorcycles segment ²⁾	Motorcycles	34,819	32,649	6.6
Ducati brand ²⁾	Motorcycles	34,819	32,649	6.6
Workforce	Average	86,001	81,640	5.3
Revenue	EUR million	30,134	29,784	1.2
Operating profit before special items	EUR million	2,666	2,914	-8.5
Operating profit	EUR million	2,401	2,914	-17.6
Profit before tax	EUR million	2,190	3,150	-30.5
Profit after tax	EUR million	1,682	2,429	-30.7
Operating return on sales before special items	Percent	8.8	9.8	
Operating return on sales	Percent	8.0	9.8	
Return on sales before tax	Percent	7.3	10.6	
Ratio of capex⁴⁾	Percent	4.1	4.4	
Cash flow from operating activities²⁾	EUR million	4,510	3,747	20.4
Net cash flow²⁾	EUR million	2,085	1,747	19.4
		June 30, 2016	Dec. 31, 2015	Change in %
Balance sheet total	EUR million	60,493	56,763	6.6
Equity ratio	Percent	39.9	38.4	

1) This figure includes 280,167 (246,164) Audi models manufactured by the associated company FAW-Volkswagen Automotive Company, Ltd., Changchun (China).

2) The figures for the prior-year period have been adjusted.

3) This figure includes 265,710 (243,744) delivered Audi vehicles built locally by FAW-Volkswagen Automotive Company, Ltd., Changchun (China).

4) Investments in property, plant and equipment, investment property and other intangible assets (without capitalized development costs) according to the Cash Flow Statement in relation to revenue

Notes:

All figures are rounded off, which may lead to minor deviations when added up.
The Internet sources refer to the status as of July 21, 2016.



Prof. Rupert Stadler
Chairman of the Board of Management of AUDI AG

*Dear Readers,
Dear Shareholders,*

This Interim Financial Report convincingly shows two things. The 2016 fiscal year is going well, and at the same time, we are well equipped for the future. With digital expertise, efficient technologies and a range of new models.

In June, we presented the new Audi A5 Coupé to the public around the world. This sporty automobile with its powerful design lends a further boost to the Audi brand's emotional charge. It demonstrates how even a timeless masterpiece can still improve, with a full-size class interior and connectivity, efficient drive trains and the latest in digital driver assistance systems.

The Audi Q2 is another product highlight of the first six months. This urban SUV belongs to a new market segment, one where analysts predict significant growth in the next few years.

SUVs are trending. In the United States alone almost every other Audi fan now chooses a model from the Q family. That is why we are getting closer and closer to our customers on the American continent. This fall, we are opening a new plant in the Mexican city of San José Chiapa where we will manufacture the second generation of our best-selling Audi Q5.

With its intelligent driver assistance systems, the Q5 is a showpiece for how we make the lives of our customers easier day by day. Looking forward, we are developing the key technologies of piloted driving and parking. In a first step, the next generation of the Audi A8 will use piloted driving on the expressway at speeds of up to 60 km/h. Further along, an Audi masters higher speeds in the piloted mode – including more complex traffic situations such as city traffic. Automatic driving is already within grasp on the horizon of the next ten years.

Beyond the traditional core business of automobile manufacturing, we will enrich our scope of operations with a wide-ranging digital platform where we will offer information and entertainment, services and products from us and our partners. In addition, we will put nearly every new Audi online in many markets by the end of the decade.

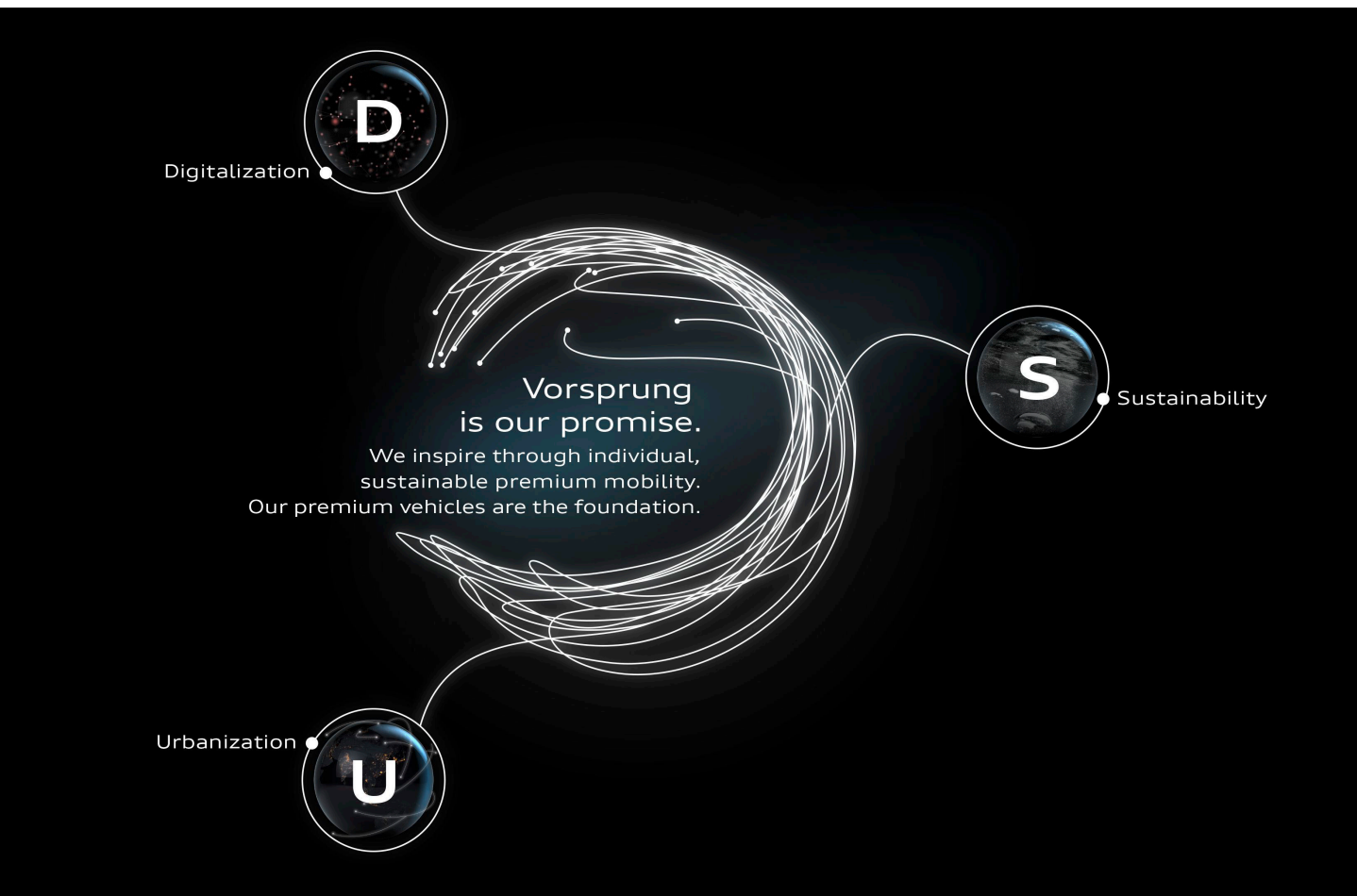
Internally, we are transforming the structures and processes of our organization to meet the requirements and the pace of the digital age. We will boost the agility of our business by a widespread shift in our team’s expertise and by speeding up the decision-making process. Revenue from digital, platform-based business areas and the cost savings from efficiency gains achieved through digitalization are expected to generate an earnings contribution of up to one billion euros in 2025.

Digitalization alone is not enough. More and more people are choosing to buy products of brands that demonstrably embrace responsibility. Sustainable action aligns with the philosophy of life among many people and is also a political imperative. A modern brand – which involves much more than the actual products – must therefore aim to act in keeping with the environment and with society throughout the entire value creation chain.

Our A3 Sportback and Q7 models are already on the market as e-tron models with plug-in hybrid drives. Combining a combustion engine with an electric motor, they permit long-distance driving, on one hand, while also making it possible to travel everyday distances with zero emissions on the other hand. We will commence high-volume production of our electric SUV with a range of over 500 kilometers in 2018 at our site in Brussels. This signals the start of Audi’s electric mobility campaign. We therefore expect that by the middle of the next decade, one in four Audi models delivered will be fully electric.

Among the alternative drive concepts, the fuel cell is also becoming increasingly important. In the first half of the year, the Audi brand assumed development responsibility for this technology within the Volkswagen Group. During the current strategic period that runs until 2025, we will begin series production of the first h-tron model.

The majority of people now live in cities. For the city of the future, the challenge is to remain enjoyable to live in. There, too, mobility is a basic requirement. We are therefore targeting innovative urban solutions. The city is the most complex test environment for our technologies. Space, time and other



Vision and focal areas of the new Strategy 2025



The Audi e-tron quattro concept study provides an outlook of our first high-volume production of a fully electric SUV.

resources such as clean air are in short supply there. And yet, individual mobility should also retain its legitimacy. Our piloted parking permits space-efficient planning of parking garages. An Audi connected to traffic signals optimizes the flow of traffic. And one day, self-driving systems will open up new forms of intermodal mobility to the residents of smart cities.

From the future back to the present: The first half of 2016 demonstrated the popularity of the Audi brand among drivers. In all three key regions, we have seen gains in deliveries across the entire portfolio. From January through June, we delivered 953,218 cars and improved by 5.6 percent compared to the same period last year. This confirms our market leadership in the premium segment in Europe and China. At the mid-year point, we are approaching the 100,000 mark in cars sold in the United States.

The emotional products of our subsidiaries are also being well received: Lamborghini delivered over 2,000 supercars to customers worldwide in the first half of the year for the first time, representing an increase of 7 percent. And Ducati also increased by around 7 percent with 34,819 motorcycles sold.

Despite this volume growth, the strategic directions we envision for the future – digitalization, sustainability and urbanization – aim for qualitative growth above all. When we renew our pledge for Vorsprung, some may interpret that to mean moving the fastest or leaping the farthest. But the Vorsprung that we are referring to has even greater implications. In our view, it first and foremost conveys the attraction that we hold for people. That is what we base our actions upon, while transforming Audi into a digital car company that stands for sustainable, individual premium mobility.

Kind regards
B. Stadler

INTERIM MANAGEMENT REPORT OF THE AUDI GROUP FROM JANUARY 1 TO JUNE 30, 2016

BUSINESS AND UNDERLYING SITUATION

/ GLOBAL ECONOMIC SITUATION

The global economy grew at a moderate rate in the first half of 2016. A large number of industrial countries, but also most emerging economies, exhibited somewhat slower growth momentum than in 2015 as a whole.

In Western Europe, economic activity showed strong development. The northern countries of Western Europe achieved solid economic growth. The majority of countries in the south of Western Europe also achieved positive growth rates for gross domestic product. Driven mainly by a healthy domestic economy, the German economy maintained its upward trend. Stable economic development was also seen in most Central European countries in the first six months of 2016. On the other hand, the economic situation in Eastern Europe continued to suffer from the conflict between Russia and Ukraine, and also from low energy prices compared with the long-term average.

The referendum held in the United Kingdom in June 2016 had a drastic impact, with a majority voting for withdrawal from the European Union (EU). This has triggered political and economic uncertainty in Europe, along with increased volatility in financial markets worldwide.

The U.S. economy maintained its course of growth in the first half of 2016 with a slight loss of momentum. Positive factors affecting it included favorable consumer confidence and the further fall in the unemployment rate.

In contrast, Brazil's economy remained in recession amid continuing political uncertainty.

China's economic growth reached a comparatively high level by global standards. However, ongoing structural change meant that the growth of the Chinese economy continued to slow. Japan's economic output virtually flatlined in the first six months of 2016.

/ INTERNATIONAL CAR MARKET

Worldwide demand for cars grew by 3.1 percent in the first six months of 2016 to 39.3 (38.2) million units, while demand varied in individual regions. Western Europe, Central Europe, North America and the Asia-Pacific region each recorded growth in new registrations. In contrast, sales of automobiles in Eastern Europe and South America fell.

The German passenger car market benefited especially from stronger demand among commercial customers and achieved growth of 7.1 percent with 1.7 (1.6) million new cars registered. Fueled by positive underlying economic conditions, Western European export markets also made healthy progress. Sales of passenger cars in the region increased by 9.0 percent

Fuel consumption and CO₂ emission figures as well as the efficiency classes can be found on page 18.



overall. At 19.7 percent and 12.2 percent respectively, the Italian and Spanish passenger car markets even achieved double-digit growth rates. There was also a dynamic 8.4 percent rise in demand for automobiles in France. Mainly because of its vigorous expansion in previous years, the British passenger car market's growth rate of 3.2 percent was below par compared with the European average.

Registrations of new cars in Eastern Europe continued to suffer from Russia's economic weakness. Demand in the Russian car market – the largest single market in the region – declined by –15.0 percent to 0.6 (0.7) million units.

Despite growing signs of market saturation, the total market volume in the United States exceeded the previous year's level by 1.5 percent. Thus, 8.6 (8.5) million new passenger cars and light commercial vehicles were registered there. The market was buoyed especially by attractive financing terms and low fuel prices.

/ INTERNATIONAL MOTORCYCLE MARKET

In the displacement segment above 500 cc, the established motorcycle markets recorded a 2.0 percent rise in demand in the first six months of 2016. The stronger economic situation boosted the major motorcycle markets in Western Europe –

The marked downward trend in demand for automobiles persisted in South America, principally due to market weakness in Brazil. The Brazilian market for passenger cars and light commercial vehicles contracted by –25.2 percent to 1.0 (1.3) million units due to the poor underlying economic conditions.

The Asia-Pacific region recorded the highest absolute growth in new car registrations. China also acted as the major driver of worldwide growth in demand, with the market expanding 9.4 percent to 10.2 (9.3) million units. The main factors behind this positive development were strong demand for SUVs and the tax breaks introduced in October 2015 for vehicles with a displacement of up to 1.6 liters. In contrast, demand for passenger cars in Japan fell by –5.3 percent to 2.1 (2.3) million units.

most notably in Germany, France and Italy. However, registrations of new motorcycles in the United States and Japan were down.

EXCEPTIONAL EVENTS

/ DIESEL ISSUE

In June 2016, Volkswagen publicly announced that Volkswagen AG, Volkswagen Group of America, Inc. and certain affiliates including AUDI AG had reached settlement agreements in the USA related to the four-cylinder TDI engine issue with the U.S. Department of Justice (DOJ), the U.S. Environmental Protection Agency (EPA), the U.S. Federal Trade Commission, the California Air Resources Board (CARB) and private plaintiffs represented by a Plaintiffs' Steering Committee (PSC) in the Multi-District Litigation pending in California. The settlement agreements, if finally approved, will resolve certain civil claims made in relation to affected diesel vehicles with 2.0 TDI engines from the Volkswagen Passenger Cars and Audi brands in the USA. The settlement agreements are subject to final court approval. The proposed settlements apply to approximately 15,000 Audi vehicles.

The proposed settlements provide affected customers with the option of a buyback or, for leased vehicles, early lease termination or a free technical modification of the vehicles, provided that EPA and CARB approve the appropriate modification measures. Volkswagen will also make cash payments to affected owners and lessees.

Volkswagen also reached separate settlement agreements with the attorneys general of 44 U.S. states, the District of Columbia and Puerto Rico, to resolve their existing or potential consumer protection and unfair trade practices claims – in connection with both 2.0 TDI and V6 3.0 TDI vehicles in the USA.



Audi A4 allroad quattro

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These settlements do not resolve all claims. Work is ongoing to develop a mutually acceptable solution for the remaining claims, including claims relating to vehicles with the V6 3.0 TDI engine.

On July 19, 2016, the U.S. states Maryland, Massachusetts and New York filed complaints in their respective state courts against Volkswagen AG, Volkswagen Group of America, Inc. and certain affiliates including AUDI AG seeking civil penalties and injunctive relief for alleged violations of environmental laws. Maryland, Massachusetts and New York participated in the state settlements described above with respect to consumer protection and unfair trade practices claims, but those settlements did not include claims for environmental penalties.

AUDI AG has concluded an agreement with Volkswagen AG on the V6 3.0 TDI engine issue in the event that the U.S. authorities, U.S. courts and potential out-of-court settlements do not differentiate between the four-cylinder TDI engine issue for which Volkswagen AG is accountable and the V6 3.0 TDI engine issue of AUDI AG, and that joint and several liability thus arises. In that eventuality, costs for legal risks will be passed on to AUDI AG according to a causation-based cost allocation.

/ AIRBAG RECALL

Together with various traffic safety agencies, the Audi Group is currently investigating the effects of potentially defective Takata airbags. Vehicle recalls have already been ordered by the authorities in the United States, Canada, Japan and South

Matters in connection with the V6 3.0 TDI diesel issue which are not attributable to operating activities of the Audi Group are continually evaluated in terms of their legal, technical and accounting impact and incorporated separately into our business planning process during the year as special items that can only be planned and managed to a limited extent. In connection with this, we increased the risk provisioning in the first half of 2016 by EUR 132 million in the form of provisions for technical measures, sales measures and legal risks.

There are presently no further direct effects on profit beyond this arising for the Audi Group on the basis of existing contractual agreements with Volkswagen AG, Wolfsburg, related to the four-cylinder TDI engine issue.

Detailed information on the diesel issue and on the declaration of the Board of Management issued in this connection is provided in the Combined Management Report of the 2015 Annual Report in the section "Exceptional Events" on pages 147 f. There are no indications that the information presented there is no longer applicable, even on the basis of new findings from the still ongoing investigation by the law firm Jones Day that have come to light since the publication date.

Korea. We have set aside appropriate provisions for these measures based on current findings. In connection with this, the operating profit of the Audi Group was reduced by special items amounting to EUR 133 million in the first half of 2016.

PRODUCTION ^{1) 2)}

The Audi Group increased car production to 985,211 (943,603) vehicles in the first half of 2016. This figure includes 280,167 (246,164) Audi models made by the associated company FAW-Volkswagen Automotive Company, Ltd., Changchun (China).

From January through June 2016, we built 983,263 (941,440) automobiles of the premium brand Audi and 1,948 (2,163) supercars of the Lamborghini brand worldwide. In the same period, the Ducati brand produced 43,114 (36,955) motorcycles.

Fuel consumption and CO₂ emission figures as well as the efficiency classes can be found on page 18.

1) This figure includes 280,167 (246,164) Audi models manufactured by the associated company FAW-Volkswagen Automotive Company, Ltd., Changchun (China).
2) The figures for the prior-year period have been marginally adjusted, along with the counting method for the Aurangabad (India) location.

In the first half of the current fiscal year, 298,930 (292,394) automobiles rolled from assembly lines at our Group headquarters in Ingolstadt and 141,453 (144,728) at the Neckarsulm location.

In Hungary, the Audi Group produced a total of 63,798 (84,888) vehicles of the TT car line and A3 family at AUDI HUNGARIA MOTOR Kft., Győr. The fall in output is attributable, among other factors, to conversions being carried out to prepare for the production start of the updated Audi A3 models. At AUDI BRUSSELS S.A./N.V., Brussels, we built 61,856 (61,255) automobiles of the A1 line in Belgium.

In Brazil, a total of 4,027 (42) vehicles of the Audi A3 Sedan and Audi Q3 were produced in the first six months of 2016 in São José dos Pinhais, near Curitiba, by AUDI DO BRASIL INDUSTRIA E COMERCIO DE VEICULOS LTDA., São Paulo.

The Volkswagen Group locations in Martorell (Spain) and Bratislava (Slovakia) completed a total of 75,853 (71,474) of the Audi Q3 and 53,750 (40,495) of the Audi Q7 respectively in the first half of 2016.

Meanwhile, 2,984 vehicles of the Audi A3, A4, A6, Q3, Q5 and Q7 lines were manufactured in Aurangabad (India) – also a Volkswagen Group location. From January through June of the previous year, parts and components had been delivered from other locations for the production of a total of 4,796 automobiles.

In China, FAW-Volkswagen Automotive Company, Ltd. built 241,860 (224,624) vehicles of the models A4L, A6L, Q3 and Q5 at its company headquarters in Changchun, along with 38,307 (21,540) cars of the A3 family in the southern Chinese city of Foshan.

Car production by model ^{1) 2)}

	1-6/2016	1-6/2015
Audi A1	14,783	18,511
Audi A1 Sportback	47,073	42,744
Audi Q2	305	-
Audi A3	7,342	10,680
Audi A3 Sportback	103,630	98,526
Audi A3 Sedan	65,393	65,869
Audi A3 Cabriolet	8,735	12,253
Audi Q3	117,031	104,121
Audi TT Coupé	11,254	14,353
Audi TT Roadster	3,432	4,582
Audi A4 Sedan	122,674	105,996
Audi A4 Avant	67,699	48,231
Audi A4 allroad quattro	5,528	8,272
Audi A5 Sportback	16,528	22,156
Audi A5 Coupé	7,341	10,299
Audi A5 Cabriolet	8,684	9,208
Audi Q5	141,075	135,217
Audi A6 Sedan	113,392	118,710
Audi A6 Avant	34,041	31,411
Audi A6 allroad quattro	5,660	6,342
Audi A7 Sportback	14,333	16,067
Audi Q7	54,166	40,495
Audi A8	11,583	16,417
Audi R8 Coupé	1,536	632
Audi R8 Spyder	45	348
Audi brand	983,263	941,440
Lamborghini Huracán	1,336	1,591
Lamborghini Aventador	612	572
Lamborghini brand	1,948	2,163
Automotive segment	985,211	943,603

1) This table includes 280,167 (246,164) Audi models manufactured by the associated company FAW-Volkswagen Automotive Company, Ltd., Changchun (China).

2) The figures for the prior-year period have been marginally adjusted.



Ducati Multistrada 1200 Enduro

Car engine production

	1-6/2016	1-6/2015
AUDI HUNGARIA MOTOR Kft.	1,031,887	1,067,525
Automobili Lamborghini S.p.A.	637	586
Car engine production	1,032,524	1,068,111

The Audi Group produced 1,032,524 (1,068,111) engines in the Automotive segment from January through June 2016.

Motorcycle production

	1-6/2016	1-6/2015
Scrambler	13,977	12,599
Naked/Sport Cruiser (Diavel, Monster, Streetfighter)	13,808	10,002
Dual/Hyper (Hypermotard, Multistrada)	10,663	7,556
Sport (Superbike)	4,666	6,798
Ducati brand	43,114	36,955
Motorcycles segment	43,114	36,955

Against a backdrop of a large number of new models introduced, Ducati increased production to 43,114 (36,955) motorcycles in the first half of 2016. Of this total, 36,042 (29,824) bikes were built at the company headquarters in Bologna (Italy). In the same period, the company produced a total of 6,405 (6,671) motorcycles at the Amphur Pluakdaeng (Thailand) plant. In Manaus (Brazil), 667 (460) bikes were built on a contract manufacturing basis.

DELIVERIES ^{1) 2)}

From January through June 2016, the Audi Group delivered 1,079,665 (1,024,571) automobiles to customers worldwide – an increase of 5.4 percent compared with the previous year. This figure includes 265,710 (243,744) delivered Audi models built locally by FAW-Volkswagen Automotive Company, Ltd., Changchun (China). The Audi brand increased the number of vehicles delivered to customers by 5.6 percent to 953,218 (902,272) automobiles. In the first six months of the 2016 fiscal year, the Lamborghini brand handed over 2,013 (1,882) supercars to customers. Over the same period, we delivered 124,434 (120,417) automobiles of other Volkswagen Group brands to customers. The Ducati brand increased its volume of deliveries to 34,819 (32,649) motorcycles.

In our home market Germany, we increased Audi brand deliveries to customers by 12.4 percent in the first half of 2016 to 166,154 (147,763) vehicles. Elsewhere in Western Europe, there was also a very healthy development in demand for vehicles of the brand with the Four Rings. Our deliveries to customers in those markets reached 261,227 (246,835) automobiles – an increase of 5.8 percent. In the United Kingdom, our leading Western European export market, we achieved a delivery volume of 89,935 (86,376) vehicles. Our delivery figures to Spain and Italy were especially positive, with growth of 14.5 percent and 14.6 percent respectively.

In the first six months of 2016, we handed over a total of 27,883 (25,239) Audi vehicles to their new owners in Central

Fuel consumption and CO₂ emission figures as well as the efficiency classes can be found on page 18.

1) This figure includes 265,710 (243,744) delivered Audi models built locally by FAW-Volkswagen Automotive Company, Ltd., Changchun (China).
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and Eastern Europe. We were able to more than offset the lower volumes in Russia with a substantial rise in demand in Central European countries.

A total of 119,927 (113,646) customers in North America chose one of our Audi models. We also maintained our growth in the United States with a 3.5 percent rise in deliveries to customers to a total of 96,934 (93,615) vehicles.

Against a backdrop of declining demand for automobiles in Brazil, we handed over a total of 11,539 (13,410) Audi vehicles to customers in South America over the period from January through June 2016.

In the same period, a total of 339,298 (326,561) customers chose vehicles of the brand with the Four Rings in the Asia-Pacific region. In China, our largest market, the volume of deliveries increased by 5.9 percent to 290,126 (273,852) vehicles.

The development in deliveries in the regions and markets reflected both the worldwide increase in demand for automobiles and the appeal of our product portfolio. For example, our Audi A1 car line that underwent improvements in 2015 made a positive contribution to overall volume in the first half of 2016 with 62,046 (56,250) vehicles delivered. The gradual international roll-out of the new A4 family in the markets helped us increase A4 deliveries to customers by 12.3 percent to 176,607 (157,229) vehicles. On the other hand, the forthcoming model changeover in the A5 car line prompted a fall in deliveries to 37,463 (42,450) vehicles. Of the A6 family, 140,808 (149,022) vehicles were handed over to customers. The new Audi Q7 already introduced in a large number of markets proved very popular. This meant that we were able to deliver 50,352 (29,007) of the Audi Q7 to customers. The two SUV models Audi Q3 and Audi Q5 also provided momentum for growth, with 114,555 (100,922) and 132,177 (126,203) vehicles delivered respectively.

Car deliveries to customers by model ^{1) 2)}

	1-6/2016	1-6/2015
Audi A1	15,326	17,377
Audi A1 Sportback	46,720	38,873
Audi A3	9,440	10,725
Audi A3 Sportback	103,619	101,219
Audi A3 Sedan	72,455	70,847
Audi A3 Cabriolet	8,588	12,507
Audi Q3	114,555	100,922
Audi TT Coupé	13,388	11,654
Audi TT Roadster	4,264	2,631
Audi A4 Sedan	117,058	102,025
Audi A4 Avant	53,732	46,075
Audi A4 allroad quattro	5,817	9,129
Audi A5 Sportback	20,545	23,052
Audi A5 Coupé	7,960	10,977
Audi A5 Cabriolet	8,958	8,421
Audi Q5	132,177	126,203
Audi A6 Sedan	102,348	113,571
Audi A6 Avant	32,786	29,797
Audi A6 allroad quattro	5,674	5,654
Audi A7 Sportback	13,404	14,399
Audi Q7	50,352	29,007
Audi A8	12,273	15,892
Audi R8 Coupé	1,321	800
Audi R8 Spyder	87	515
Internal vehicles before market introduction	371	-
Audi brand	953,218	902,272
Lamborghini Huracán	1,370	1,345
Lamborghini Aventador	643	537
Lamborghini brand	2,013	1,882
Other Volkswagen Group brands	124,434	120,417
Automotive segment	1,079,665	1,024,571

1) This table includes 265,710 (243,744) delivered Audi models built locally by FAW-Volkswagen Automotive Company, Ltd., Changchun (China).

2) The figures for the prior-year period have been marginally adjusted.

Fuel consumption and CO₂ emission figures as well as the efficiency classes can be found on page 18.

Motorcycle deliveries to customers ¹⁾

	1-6/2016	1-6/2015
Scrambler	9,591	8,985
Naked/Sport Cruiser (Diavel, Monster, Streetfighter)	11,754	11,198
Dual/Hyper (Hypermotard, Multistrada)	8,802	6,938
Sport (Superbike)	4,672	5,528
Ducati brand	34,819	32,649
Motorcycles segment	34,819	32,649

¹⁾ The figures for the prior-year period have been marginally adjusted.

Between January and June 2016, we delivered 34,819 (32,649) motorcycles of the Ducati brand to customers worldwide – an increase of 6.6 percent compared with the prior-year period. Ducati achieved a substantial increase in deliveries to customers especially in its home market Italy. Our motorcycle manufacturer also saw a particularly positive development in the number of bikes delivered in Germany and Japan.

PRODUCT PORTFOLIO

In January 2016, we presented the new Audi A4 allroad quattro at the Detroit Motor Show. With quattro drive as standard, increased ground clearance, a wide array of driver assistance and safety systems plus many optional infotainment equipment items, the midsize model blends off-road qualities with a high degree of ride comfort. Furthermore, Audi will be introducing the new quattro drive with ultra technology for the first time in series production with the latest gasoline engine technology. At low loads and where there is no risk of wheel slip, the new quattro drive exploits all the advantages of front-wheel drive to reduce fuel consumption. The gradual introduction of the Audi A4 allroad quattro initially in European markets started in June 2016. Following the presentation of the Audi S4 Sedan, we also unveiled the S4 Avant at the Geneva Motor Show in March 2016.

In the Audi Q2, which made its world debut at the Geneva Motor Show, we have added a compact SUV to our product portfolio and thus branched out into a new market segment. Key merits of this latest addition to our Q family are its progressive design and high functionality. The high-level Singleframe grille, the large air inlets on the front end and the accentuated wheel arches give our SUV a powerful appearance. Furthermore, the Audi Q2 comes optionally with an array of infotainment and assistance systems. For example, along with the optional Audi virtual cockpit, the Q2 is equipped as standard with a 5.8-inch MMI color display in the center console. The very low center of gravity for an SUV plus the standard-fit progressive steering and the optional adaptive dampers make for advanced handling characteristics. The Audi Q2 will be gradually introduced initially in European markets from fall 2016.

The Audi RSQ3 performance – the new top model of our Q3 model line – was also premiered at Geneva and is already available in a large number of markets. The attribute “performance” denotes both increased power and the exclusive equipment items available for the exterior and interior.

In March 2016, we presented the Audi SQ7 at our Annual Press Conference. This first S model of our Q7 car line stands out with several new features. For example, its newly developed engine uses an electric powered compressor, which is the key to a dynamic starting performance. One of the options for the SQ7 is active roll stabilization. It reduces the vehicle’s lateral inclination, permitting greater lateral acceleration and therefore faster cornering. Deliveries of the Audi SQ7 will start in the second half of 2016.

Our Audi R8 Spyder made its debut at the New York International Auto Show 2016. This sports car combines impressive performance with the allure of open-top driving. The R8 Spyder will be arriving at dealers in fall 2016.

At the start of April 2016, we presented the models of the improved A3 family. The A3 can be ordered optionally with a wide array of driver assistance systems such as traffic jam and emergency assist, the Audi virtual cockpit and Matrix LED headlights. In addition, its engine range has been extensively overhauled. The updated A3 models have been arriving in the markets since July 2016.

The new models Audi TTRS Coupé and TTRS Roadster were presented at the Auto China 2016 in Beijing. Outfitted with a new engine, the TTRS offers impressive road performance coupled with a special engine sound experience. The efficient, visually impressive rear lights with Matrix OLED technology are

available as an option for the first time. The two new models will also have the Audi virtual cockpit in 12.3-inch format as standard equipment. It allows the driver to choose from three views, including a special screen that places the focus on the tachometer and provides information on such aspects as power and torque, g-force and also tire pressure if desired. The new Audi TTRS Coupé and the new TT RS Roadster will be available in Europe from fall 2016.

The Audi Q7 e-tron quattro has been appearing in the markets since mid-2016. The Audi Q7 e-tron quattro is the world's first plug-in hybrid model with a six-cylinder TDI engine and quattro drive. This model combines the advantages of electric drive with those of the internal combustion engine. On the one hand, the Audi Q7 e-tron quattro permits electric driving with zero emissions for up to 56 km – and, on the other hand, the customer can also continue to enjoy a wide operating range.

The Audi A5 Coupé and S5 Coupé made their world debut in June 2016. The second generation of the A5 is notable for its new, sharper appearance and various infotainment and driver assistance systems. The range of equipment options includes the Audi virtual cockpit and Audi connect services. Customers who choose MMI navigation plus gain access to the wide-ranging Audi connect services over the LTE network for three years free of charge. Both models also feature completely new suspension and high-performance drive units. Deliveries of the new Audi A5 Coupé and S5 Coupé in Europe will start in fall 2016.

The first half of 2016 saw us not only present and deliver a large number of new Audi models, but also receive various

awards. For instance, at this year's "Red Dot Award: Product Design," the Audi A4, Audi R8 and Audi Q7 received a Red Dot Award (<http://red-dot.de/pd/online-exhibition/?lang=en&c=166&a=%201001&y=2016&i=0&oes=>). Further awards are detailed in our Audi MediaCenter under the following link: <https://www.audi-mediacyenter.com/en/awards-5>.

Lamborghini presented the Lamborghini Centenario at the Geneva Motor Show 2016. This supercar of futuristic, purist design will appear in a limited run of 20 coupé and 20 roadster versions. The monocoque and body of the Lamborghini Centenario are made entirely from carbon fiber, the key to its low weight of 1,520 kilograms. Also making its first appearance in Geneva was the special series Huracán LP 610-4 Avio, which will be available in a limited edition of 250 vehicles. In addition, Lamborghini presented the Aventador Miura Homage in June 2016. 50 of this special edition Aventador Coupé will be built in commemoration of the 50th anniversary of the Miura – the predecessor of all Lamborghini V12 supercars.

Since the start of the year, the Ducati brand has been gradually rolling out the two latest versions to join the successful Scrambler model series, the Scrambler Sixty2 and the Scrambler Flat Track Pro. In addition, the new models XDiavel and XDiavel S as well as the Multistrada 1200 Enduro have been available to customers from the first quarter of 2016. These models enable Ducati to serve two entirely new segments. The Multistrada 1200 Pikes Peak, the Hypermotard 939 and 939 SP as well as the Hyperstrada 939 and the 959 Panigale are now also available in new model versions.

Fuel consumption and CO₂ emission figures as well as the efficiency classes can be found on page 18.



Audi TTRS Roadster, Audi TTRS Coupé



Audi SQ7

EMPLOYEES

12 The workforce of the Audi Group increased to an average of 86,001 (81,640) employees in the first half of 2016. Over 2016 as a whole, our particular aim is to step up recruitment in the key strategic future areas of electric mobility and digitalization. To that end, we will be taking on around 1,200 experts in Germany. In addition, we will increase the number of apprenticeships by over 10 percent in 2016 to around 800.

We remain firmly focused on our goal of being an “attractive employer worldwide.” Independent studies conducted both in Germany and internationally confirm our Company’s strong appeal as an employer. In the German employer rankings of the consultants trendence and Universum, Audi has once again been rated highly by young academics. Among future engineers, we achieved first place in both surveys, and in the survey of economics students we achieved an impressive second place. In the IT area, we were also ranked highly (<http://www.trendence.com/en/company/rankings/germany.html>;

<http://www.wiwo.de/erfolg/management/arbeitgeber-ranking-alle-arbeitgeber-im-eberblick/13612688-4.html>).

Internationally, Audi is also considered an attractive employer. A number of our companies won awards from the Top Employers Institute, which rates human resources management by employers worldwide. For example, AUDI BRUSSELS S.A./N.V., Brussels (Belgium), received the “Top Employers België/Belgique 2016” certification (<http://www.top-employers.com/companyprofiles/BE/audi-brussels/>). In Italy, Automobili Lamborghini S.p.A., Sant’Agata Bolognese, and Ducati Motor Holding S.p.A, Bologna, received accolades as “Top Employers Italia 2016” (<http://www.top-employers.com/companyprofiles/IT/automobili-lamborghini/>; <http://www.top-employers.com/companyprofiles/IT/ducati/>). Meanwhile, in Mexico we achieved a top five placement in the employer ranking for 2016 compiled by Universum in the category for future engineers and IT specialists (<http://universumglobal.com/rankings/mexico/>).

/ WORKFORCE

Average for the period	1-6/2016	1-6/2015
Domestic companies	58,768	56,617
of which AUDI AG ¹⁾	57,819	55,272
Ingolstadt plant	42,279	40,046
Neckarsulm plant	15,540	15,226
Foreign companies	24,500	22,378
of which AUDI BRUSSELS S.A./N.V.	2,508	2,522
of which AUDI HUNGARIA MOTOR Kft.	11,370	11,334
of which AUDI MÉXICO S.A. de C.V.	3,275	1,707
of which Automobili Lamborghini S.p.A.	1,285	1,110
of which Ducati Motor Holding S.p.A.	1,317	1,215
Employees	83,268	78,995
Apprentices	2,328	2,261
Employees of Audi Group companies	85,596	81,256
Staff employed from other Volkswagen Group companies not belonging to the Audi Group	405	384
Workforce of the Audi Group	86,001	81,640

1) Of these, 1,022 (1,204) employees were in the passive stage of their partial retirement.

PERSONNEL CHANGES

Dr.-Ing. Stefan Knirsch has been a member of the Board of Management of AUDI AG since January 1, 2016, and has assumed responsibility for the "Technical Development" Division.

Dr. Christine Hohmann-Dennhardt was appointed as a new member of the Supervisory Board of AUDI AG effective February 16, 2016.

Sibylle Wankel resigned as a member of the Supervisory Board of AUDI AG at the close of June 30, 2016. By a resolution of July 11, 2016, the Local Court of Ingolstadt – Registration Court – appointed Irene Schulz as supplementary member of the Supervisory Board of AUDI AG with immediate effect.

CONSOLIDATED COMPANIES

In the first half of 2016, there were no changes to the group of consolidated companies with a material impact on the presentation of the net worth, financial position and financial performance.

Fuel consumption and CO₂ emission figures as well as the efficiency classes can be found on page 18.



FINANCIAL PERFORMANCE INDICATORS

/ FINANCIAL PERFORMANCE

In the first half of 2016, the Audi Group increased its revenue by 1.2 percent to EUR 30,134 (29,784) million on the back of growth in deliveries – despite a less favorable currency environment than in the prior-year period. The Automotive segment generated revenue totaling EUR 29,648 (29,348) million. The high demand for our new models Audi Q7 and Audi A4 as well as growth in the Western Europe region had a particularly beneficial impact on the development in revenue. In contrast, however, there were adverse currency effects along with still intense competition in individual vehicle segments and regions. In the Motorcycles segment, we increased revenue to EUR 486 (436) million in the first six months of 2016.

Condensed Income Statement of the Audi Group

EUR million	1-6/2016	1-6/2015
Revenue	30,134	29,784
Cost of goods sold	- 24,431	- 23,636
Gross profit	5,703	6,148
Distribution costs	- 2,921	- 2,592
Administrative expenses	- 318	- 312
Other operating result	- 63	- 331
Operating profit	2,401	2,914
Financial result	- 210	236
Profit before tax	2,190	3,150
Income tax expense	- 508	- 721
Profit after tax	1,682	2,429

From January through June 2016, the cost of goods sold for the Audi Group increased to EUR 24,431 (23,636) million mainly as a result of growth. Gross profit amounted to EUR 5,703 (6,148) million.

In the first six months of 2016, the distribution costs of the Audi Group increased to EUR 2,921 (2,592) million mainly due to volume growth and the higher marketing costs required to strengthen our brand and competitive position. Administrative expenses amounted to EUR 318 (312) million. The other operating result of the Audi Group for the first half of 2016 came to EUR -63 (-331) million. Compared with the prior-year period, mainly lower expenses for settled currency hedging transactions had a positive effect.

Operating profit of the Audi Group

EUR million	1-6/2016	1-6/2015
Operating profit before special items	2,666	2,914
Special items	- 265	-
Operating profit	2,401	2,914

Key earnings figures of the Audi Group

in %	1-6/2016	1-6/2015
Operating return on sales before special items	8.8	9.8
Operating return on sales	8.0	9.8
Automotive segment	7.9	9.8
Motorcycles segment	11.9	10.5
<i>Adjusted for PPA effects¹⁾</i>	<i>14.3</i>	<i>13.2</i>
Return on sales before tax	7.3	10.6

1) Effects of purchase price allocation

For the period from January through June 2016 – during which special items also had an adverse effect – the Audi Group posted an operating profit of EUR 2,401 (2,914) million and an operating return on sales of 8.0 (9.8) percent. Operating profit from operating activities is reflected in operating profit before special items of EUR 2,666 (2,914) million. This equates to an operating return on sales before special items of 8.8 (9.8) percent. Special items amounting to EUR 133 million are in connection with recalls already ordered of vehicles that are equipped with airbags from the Japanese manufacturer Takata. Further special items result from the V6 3.0 TDI diesel issue. In connection with this, we increased our risk provisioning in the first half of 2016 by EUR 132 million in the form of provisions for technical measures, sales measures and legal risks. Matters which are not attributable to operating activities are continually evaluated in terms of their legal, technical and accounting impact and incorporated separately into our business planning process during the year as special items that can only be planned and managed to a limited extent.

In the Automotive segment, operating profit came to EUR 2,343 (2,868) million taking special items into account. This represents an operating return on sales of 7.9 (9.8) percent.



Audi A3 Sportback

Profit performance was impacted favorably mainly by volume growth, but also by process and cost optimization measures. On the other side of the equation, in addition to special items, negative currency effects and intense competition weighed on operating profit. Moreover, the expansion of our model and technology portfolio and of our international manufacturing structures is reflected in increased depreciation and amortization. In the Motorcycles segment, volume growth in particular enabled us to increase operating profit to EUR 58 (46) million and thus achieve an operating return on sales of 11.9 (10.5) percent. Adjusted for the effects of purchase price allocation, we achieved operating profit for the Motorcycles segment of EUR 70 (58) million and an operating return on sales of 14.3 (13.2) percent.

The financial result of the Audi Group for the first half of 2016 totaled EUR –210 (236) million. The decrease compared with the prior-year period is attributable among other factors to a lower result from the measurement of currency hedging trans-

/ NET WORTH

The balance sheet total of the Audi Group as of June 30, 2016, rose to EUR 60,493 (56,763) million compared with December 31, 2015.

Non-current assets amounted to EUR 27,142 (25,963) million. The increase is principally attributable to increased intangible assets that stem from the higher balance sheet item of capitalized development costs. Other financial assets also rose mainly because of the derivative currency hedging transactions.

The rise in current assets to EUR 33,352 million compared with EUR 30,800 million as of December 31, 2015, is mainly attributable to higher cash and cash equivalents as well as the increase in trade receivables from expanded business operations.

As of June 30, 2016, the equity of the Audi Group grew by 11.0 percent to EUR 24,166 (21,779) million compared with the end of 2015. The increase is mainly a result of the capital

actions. In addition, expenses from the measurement of long-term provisions resulted from interest rate changes. The financial result also includes the result from investments accounted for using the equity method amounting to EUR 154 (226) million – of which EUR 199 (219) million is attributable to the valuation of shares in FAW-Volkswagen Automotive Company, Ltd., Changchun (China). Furthermore, the other financial results include financial compensation agreed between AUDI AG and Volkswagen AG, Wolfsburg, concerning the economic performance of the respective brands achieved by FAW-Volkswagen Automotive Company, Ltd. totaling EUR 163 (217) million.

In the first six months of 2016, the Audi Group achieved profit before tax of EUR 2,190 (3,150) million and a return on sales before tax of 7.3 (10.6) percent. After deduction of income tax expense, the Audi Group generated profit of EUR 1,682 (2,429) million.

injection of EUR 1,526 million by Volkswagen AG, Wolfsburg, into the capital reserve of AUDI AG. Allocation of the balance remaining after the transfer of profit increased equity by EUR 470 million. In addition, measurement effects to be recognized under IFRS rules with no effect on profit or loss led to an increase in equity by a total of EUR 342 million. These effects stemmed mainly from fluctuations in the market value of hedge-effective currency hedging instruments driven by the appreciation in the external value of the euro. Actuarial losses arising from the measurement of provisions for pensions counteracted this positive effect.

Compared with December 31, 2015, the equity ratio for the Audi Group as of June 30, 2016, was 39.9 (38.4) percent.

Non-current liabilities of the Audi Group rose to EUR 15,129 (13,431) million at the mid-way point of 2016, primarily due to the interest-led higher provisions for pensions.

The fall in current liabilities to EUR 21,198 million, down from EUR 21,554 million as of December 31, 2015, is primarily the result of lower other financial liabilities, which fell following

/ FINANCIAL POSITION ¹⁾

From January through June 2016, cash flow from operating activities for the Audi Group reached EUR 4,510 (3,747) million. Notable positive effects within this development included lower aperiodic tax payments and the development in working capital.

The cash outflow for investing activities attributable to operating activities rose to EUR 2,426 (2,001) million in the first half of 2016. Cash used in connection with capitalized development costs as well as changes in participations were the main drivers of this increase. Investments in property, plant and equipment, investment property and other intangible assets amounted to EUR 1,238 (1,296) million in the first half of 2016. The ratio of capex came to 4.1 percent, compared with a prior-year figure of 4.4 percent.

Net cash flow of the Audi Group reached EUR 2,085 (1,747) million in the first half of 2016.

Overall, cash flow from investing activities, taking account of changes in cash deposits and loans extended, came to EUR 1,959 (1,226) million. The increase is primarily attributable to the restructuring of fixed deposits as cash funds.

Net liquidity of the Audi Group as of June 30, 2016, rose to EUR 17,150 million, compared with EUR 16,668 million as of June 30, 2015.

the profit transfer for the 2015 fiscal year to Volkswagen AG that was effected in the first half of 2016.

Condensed Cash Flow Statement of the Audi Group ¹⁾

EUR million	1-6/2016	1-6/2015
Cash and cash equivalents at beginning of period	7,218	3,689
Cash flow from operating activities	4,510	3,747
Investing activities attributable to operating activities	- 2,426	- 2,001
<i>of which investments in property, plant and equipment, investment property and other intangible assets</i>	- 1,238	- 1,296
<i>of which capitalized development costs</i>	- 881	- 579
<i>of which acquisition and sale of participations</i>	- 326	- 139
Net cash flow	2,085	1,747
Change in cash deposits and loans extended	4,385	3,227
Cash flow from investing activities	1,959	1,226
Cash flow from financing activities	- 1,299	- 1,499
Change in cash and cash equivalents due to changes in exchange rates	- 26	94
Change in cash and cash equivalents	5,145	3,569
Cash and cash equivalents at end of period	12,363	7,258

1) The figures for the prior-year period have been adjusted.

EUR million	June 30, 2016	June 30, 2015
Cash funds as per Cash Flow Statement	12,363	7,258
Fixed deposits, securities and loans extended	6,706	11,257
Gross liquidity	19,069	18,515
Credit outstanding	- 1,920	- 1,848
Net liquidity	17,150	16,668

REPORT ON EXPECTED DEVELOPMENTS, RISKS AND OPPORTUNITIES

/ REPORT ON EXPECTED DEVELOPMENTS

For 2016 as a whole, based on current estimates the Audi Group anticipates that worldwide economic growth will merely reach the level of the previous year. In the 2015 Annual Report, we were still expecting slightly stronger growth than in the previous year. There are risks to economic development among other things from potential turbulence on the financial markets, prompted in particular by Britain's vote in favor of a withdrawal from the European Union (EU). This may also trigger further political uncertainty with the potential to influence the economic development of individual countries.

For industrialized nations, we expect the positive economic development to continue with moderate growth rates overall. Most emerging markets – especially in the region of Asia – should continue to grow at higher rates than the industrialized countries. Economic growth is expected to reach only the level of the past year.

In our assessment, worldwide demand for cars will continue to increase in 2016. We expect to see higher registrations of new vehicles in the Western Europe, Central Europe, North America and Asia-Pacific regions. Sales are likely to fall in Eastern Europe and South America.

/ REPORT ON RISKS AND OPPORTUNITIES

The central task of risk management is to systematically render risks transparent and improve their controllability, while also providing the impetus to generate or exploit opportunities. The priority is to increase the value of the Company.

The function of the risk and opportunity management system as well as the opportunities and risks to which the Audi Group is subject are described in detail in the 2015 Annual Report on pages 189 to 201. That publication also contains statements on risks associated with the diesel issue, which remain valid. Further risks for the Audi Group exist in connection with the recall for airbags supplied by Takata. Together with various traffic safety agencies, the Audi Group is currently investigating the effects of potentially defective Takata airbags. Recalls have already been ordered by the authorities in the United States, Canada, Japan and South Korea. We have set aside appropriate provisions for these measures based on current

For the forecasting period, we still expect an increase in overall demand in established motorcycle markets in the displacement segment above 500 cc.

Overall, the Board of Management considers the Audi Group to be well equipped to handle both current and future challenges. The forecasts for the key performance indicators for the 2016 fiscal year, which are explained in detail in the 2015 Annual Report on pages 187 ff., fundamentally remain valid. For the operating activities of the Audi Group reflected in the operating return on sales before special items, we still expect a value within our strategic target corridor of 8 to 10 percent. We currently expect a value slightly below the strategic target corridor for the operating return on sales, adversely affected by the special items which can only be planned and managed to a limited extent.

In addition, we presently expect the ratio of capex to be slightly above the strategic target corridor of 5.0 to 5.5 percent. In the 2015 Annual Report, we assumed that the ratio of capex would be within the strategic target corridor.

findings. However, it cannot at present be ruled out that the recall will be widened and that vehicles of the Audi Group could also be affected. The technical investigations and official consultations are ongoing.

In view of ongoing discussions with authorities on matters relating to approvals, there are risks that could lead to restrictions on approvals and consequently to financial charges.

Furthermore, there are risks in connection with the decision of the United Kingdom to leave the European Union (EU) following the outcome of a referendum in June 2016. Against this backdrop, we are continually monitoring further developments in the British car market. In general, we rely on our global market presence to compensate for potential regional fluctuations in demand.

EVENTS OCCURRING SUBSEQUENT TO THE BALANCE SHEET DATE

There were no reportable events of material significance after June 30, 2016.

FUEL CONSUMPTION AND EMISSION FIGURES AS WELL AS EFFICIENCY CLASSES

18

The fuel consumption and emission figures as well as the efficiency classes of the passenger cars mentioned in the document are given below.

Fuel consumption in l/100 km (combined): 16.0 – 1.6

Hybrid electric vehicles: power consumption in kWh/100 km (combined): 19.0 – 11.4

Hybrid gas vehicles: fuel consumption (CNG) in kg/100 km (combined): 3.6 – 3.3

CO₂ emissions in g/km (combined): 370 – 36

Efficiency classes: G – A+

Fuel consumption, CO₂ emission figures and efficiency classes given in ranges depend on the tires/wheels used.

Further information on official fuel consumption figures and the official specific CO₂ emissions of new passenger cars can be found in the “Guide on the fuel economy, CO₂ emissions and power consumption of all new passenger car models,” which is available free of charge at all sales dealerships and from DAT Deutsche Automobil Treuhand GmbH, Hellmuth-Hirth-Str. 1, 73760 Ostfildern-Scharnhausen, Germany (www.dat.de).

DISCLAIMER

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



**CONSOLIDATED FINANCIAL STATEMENTS OF THE AUDI GROUP
AS OF JUNE 30, 2016**

INCOME STATEMENT OF THE AUDI GROUP

<i>EUR million</i>	Notes	1-6/2016	1-6/2015
Revenue	1	30,134	29,784
Cost of goods sold	2	-24,431	-23,636
Gross profit		5,703	6,148
Distribution costs		-2,921	-2,592
Administrative expenses		-318	-312
Other operating income	4	1,129	1,312
Other operating expenses	4	-1,192	-1,643
Operating profit		2,401	2,914
Result from investments accounted for using the equity method		154	226
Finance expenses		-245	-133
Other financial results		-120	143
Financial result	5	-210	236
Profit before tax		2,190	3,150
Income tax expense		-508	-721
Profit after tax		1,682	2,429
<i>of which profit share of AUDI AG shareholders</i>		1,633	2,344
<i>of which profit share of non-controlling interests</i>		49	85
Profit share to which Volkswagen AG is entitled in event of profit transfer based on profit in accordance with the German Commercial Code		1,163	1,848
<i>EUR</i>		1-6/2016	1-6/2015
Earnings per share	6	37.99	54.50
Diluted earnings per share	6	37.99	54.50

STATEMENT OF COMPREHENSIVE INCOME OF THE AUDI GROUP

<i>EUR million</i>	1-6/2016	1-6/2015
Profit after tax	1,682	2,429
Revaluations from pension plans recognized in other comprehensive income		
Revaluations from pension plans before tax recognized in other comprehensive income	- 1,387	358
Deferred taxes on revaluations from pension plans recognized in other comprehensive income	413	- 107
Revaluations from pension plans after tax recognized in other comprehensive income	- 973	251
Share of other comprehensive income of equity-accounted investments that will not be reclassified subsequently to profit or loss after tax	0	-
Items that will not be reclassified to profit/loss after tax	- 973	251
Currency translation differences		
Gains/losses from currency translation recognized in other comprehensive income	4	114
Currency translation differences before tax	4	114
Deferred taxes on currency translation differences	0	-
Currency translation differences after tax	4	114
Cash flow hedges		
Fair value changes recognized in other comprehensive income	1,342	- 3,068
Fair value changes transferred to profit or loss	552	927
Cash flow hedges before tax	1,894	- 2,141
Deferred taxes on cash flow hedges	- 559	638
Cash flow hedges after tax	1,335	- 1,503
Available-for-sale financial assets		
Fair value changes recognized in other comprehensive income	18	23
Fair value changes transferred to profit or loss	0	- 112
Available-for-sale financial assets before tax	17	- 89
Deferred taxes on available-for-sale financial assets	- 5	27
Available-for-sale financial assets after tax	12	- 63
Share of other comprehensive income of equity-accounted investments that will be reclassified subsequently to profit or loss after tax	- 35	80
Items that will be reclassified subsequently to profit/loss after tax	1,315	- 1,371
Other comprehensive income before tax	493	- 1,678
Deferred taxes relating to other comprehensive income	- 151	558
Other comprehensive income after tax ¹⁾	342	- 1,120
Total comprehensive income	2,025	1,309
<i>of which profit share of AUDI AG shareholders</i>	<i>1,983</i>	<i>1,196</i>
<i>of which profit share of non-controlling interests</i>	<i>42</i>	<i>113</i>

1) A share of EUR - 7 (28) million of the other comprehensive income after tax from currency translation differences with no effect on profit or loss is attributable to non-controlling interests.

BALANCE SHEET OF THE AUDI GROUP

ASSETS in EUR million	Notes	June 30, 2016	Dec. 31, 2015
Intangible assets		6,218	5,787
Property, plant and equipment		11,647	11,380
Investment property		365	319
Investments accounted for using the equity method		4,517	4,483
Other participations		287	295
Deferred tax assets		2,873	2,939
Other financial assets		1,053	580
Other receivables		182	181
Non-current assets	7	27,142	25,963
Inventories	8	6,882	6,317
Trade receivables		5,026	4,097
Effective income tax assets		49	29
Other financial assets		1,630	2,357
Other receivables		1,394	844
Securities		4,890	4,782
Cash funds		13,481	12,375
Current assets		33,352	30,800
Total assets		60,493	56,763
EQUITY AND LIABILITIES in EUR million	Notes	June 30, 2016	Dec. 31, 2015
Subscribed capital		110	110
Capital reserve		11,716	10,190
Retained earnings		11,805	12,308
Other reserves		-37	-1,360
AUDI AG shareholders' interest		23,593	21,248
Non-controlling interests		573	531
Equity		24,166	21,779
Financial liabilities		311	247
Other financial liabilities		870	1,421
Other liabilities		1,216	1,069
Provisions for pensions		5,613	4,221
Other provisions		6,086	5,431
Effective income tax obligations		849	849
Deferred tax liabilities		183	192
Non-current liabilities		15,129	13,431
Financial liabilities		1,608	1,637
Trade payables		7,282	7,204
Other financial liabilities		4,012	6,040
Other liabilities		2,952	2,249
Other provisions		4,876	4,153
Effective income tax obligations		467	271
Current liabilities		21,198	21,554
Liabilities		36,327	34,985
Total equity and liabilities		60,493	56,763

CASH FLOW STATEMENT OF THE AUDI GROUP

<i>EUR million</i>	1-6/2016	1-6/2015 ¹⁾
Profit before profit transfer and income taxes	2,190	3,150
Income tax payments	-421	-997
Amortization of and impairment losses (reversals) on capitalized development costs	398	335
Depreciation and amortization of and impairment losses (reversals) on property, plant and equipment, investment property and other intangible assets	987	843
Result from the disposal of assets	34	-2
Result from investments accounted for using the equity method	254	316
Change in inventories	-487	-630
Change in receivables	-1,117	-1,227
Change in liabilities	1,080	1,657
Change in provisions	1,393	302
Other non-cash income and expenses	199	-1
Cash flow from operating activities	4,510	3,747
Additions of capitalized development costs	-881	-579
Investments in property, plant and equipment, investment property and other intangible assets	-1,238	-1,296
Acquisition of subsidiaries and changes in capital	-3	-29
Acquisition of other participations	-323	-124
Sale of subsidiaries and changes in capital	-	15
Other cash changes	19	12
Change in investments in securities	-102	-1,142
Change in fixed deposits and loans extended	4,487	4,369
Cash flow from investing activities	1,959	1,226
Capital contributions	1,526	1,620
Transfer of profit	-2,752	-3,239
Change in financial liabilities	-70	125
Lease payments	-2	-4
Cash flow from financing activities	-1,299	-1,499
Change in cash and cash equivalents due to changes in exchange rates	-26	94
Change in cash and cash equivalents	5,145	3,569
Cash and cash equivalents at beginning of period	7,218	3,689
Cash and cash equivalents at end of period	12,363	7,258

1) The previous year was adjusted.

<i>EUR million</i>	June 30, 2016	June 30, 2015
Cash and cash equivalents as per Cash Flow Statement (bank assets and cash deposits with maturities of no more than three months)	12,363	7,258
Currently due fixed deposits with a remaining term of < 3 months	1,118	1,556
Cash funds as per Balance Sheet	13,481	8,814
Securities, loans extended and currently due fixed deposits with an investment period > 3 months	5,588	9,701
Gross liquidity	19,069	18,515
Credit outstanding	-1,920	-1,848
Net liquidity	17,150	16,668

STATEMENT OF CHANGES IN EQUITY OF THE AUDI GROUP

EUR million	Subscribed capital	Capital reserve	Retained earnings	Other reserves				Equity		
				Statutory reserve and other retained earnings	Reserve for currency translation differences	Reserve for cash flow hedges	Reserve for fair value measurement of securities	Investments accounted for using the equity method	AUDI AG shareholders' interest	Non-controlling interests
Position as of Jan. 1, 2015	110	8,570	10,628	70	-702	32	87	18,796	403	19,199
Profit after tax	-	-	2,344	-	-	-	-	2,344	85	2,429
Other comprehensive income after tax	-	-	251	87	-1,503	-63	80	-1,147	28	-1,120
Total comprehensive income	-	-	2,595	87	-1,503	-63	80	1,196	113	1,309
Capital increase	-	1,620	-	-	-	-	-	1,620	-	1,620
Miscellaneous changes ¹⁾	-	-	-1,861	-	-	-	-	-1,861	-	-1,861
Position as of June 30, 2015	110	10,190	11,362	157	-2,205	-30	167	19,751	516	20,267
Position as of Jan. 1, 2016	110	10,190	12,308	135	-1,622	-31	159	21,248	531	21,779
Profit after tax	-	-	1,633	-	-	-	-	1,633	49	1,682
Other comprehensive income after tax	-	-	-973	11	1,335	12	-35	349	-7	342
Total comprehensive income	-	-	660	11	1,335	12	-35	1,983	42	2,025
Capital increase	-	1,526	-	-	-	-	-	1,526	-	1,526
Miscellaneous changes ²⁾	-	-	-1,163	-	-	-	-	-1,163	-	-1,163
Position as of June 30, 2016	110	11,716	11,805	145	-287	-19	124	23,593	573	24,166

1) The miscellaneous changes relate to the profit share to which Volkswagen AG, Wolfsburg, is entitled in event of profit transfer in accordance with the German Commercial Code as well as the settlement of the difference arising from the acquisition of further equity interests in Volkswagen Automatic Transmission (Tianjin) Company Limited, Tianjin (China).

2) The miscellaneous changes relate to the profit share to which Volkswagen AG, Wolfsburg, is entitled in event of profit transfer in accordance with the German Commercial Code.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL INFORMATION

/ ACCOUNTING PRINCIPLES

AUDI AG prepares its Consolidated Financial Statements on the basis of the International Financial Reporting Standards (IFRS) and the interpretations of the International Financial Reporting Standards Interpretations Committee (IFRS IC). All pronouncements of the International Accounting Standards Board (IASB), whose application is mandatory in the European Union (EU), have been applied. The Interim Consolidated Financial Statements as of June 30, 2016 was prepared on the basis of IAS 34 and, compared with the Consolidated Financial Statements as of December 31, 2015, has been presented in condensed form. The prior-year figures have been calculated according to the same principles. All figures have been individually rounded in accordance with standard commercial practice. Minor discrepancies may therefore occur through the addition of these amounts.

/ RECOGNITION AND MEASUREMENT PRINCIPLES

For the first half of 2016, all standards whose application became mandatory from January 1, 2016, have been applied. As part of the improvements to International Financial Reporting Standards 2012 (Annual Improvement Project 2012) and the improvements to International Financial Reporting Standards 2014 (Annual Improvement Project 2014), various amendments have entered into effect for 2016, particularly in relation to IFRS 3, IFRS 7, IFRS 8, IFRS 13 and IAS 24. The amendments to IAS 16 and IAS 38 clarify that revenue-based methods for calculating depreciation and amortization are not permitted on a regular basis. Furthermore, clarification on various terms has been included in IAS 1, which has no effect on the presentation of the Interim Financial Report. IAS 1 also states in more explicit terms that disclosures are only required if their content is material. The rules set out by IAS 19 regarding the recognition of employee contributions to pensions have also changed. In the future, employee contributions that do not depend on the number of years of service (fixed percentage of employee's salary) will be deducted from service costs in the year in which contributions are made for the purpose of the Consolidated Financial Statements of the Audi Group. The amendments to the IFRS described here as well as all other amendments have no impact

on the net worth, financial position and financial performance of the Audi Group. A detailed list of these accounting standards is shown in the notes to the 2015 Consolidated Financial Statements in the section "New or revised standards not applied".

In the Cash Flow Statement, the presentation of the hedging relationships was changed to the effect that cash flows from hedging transactions are allocated to those of the associated underlying transactions. As a result of a similar amendment for the prior-year period, cash flow from operating activities has declined by EUR 113 million and cash flow from financing activities has correspondingly increased.

Furthermore, in the Consolidated Financial Statements as of December 31, 2015, amendments concerning circumstances within the scope of IFRS 7 were also made; these have been described under the recognition and measurement principles. The previous year's figures have therefore been adjusted in this interim report.

For this Interim Financial Report, a discount rate of 1.5 (December 31, 2015: 2.7) percent was applied to provisions for pensions in Germany. The decrease in the interest rate resulted in higher provisions for pensions and, taking deferred taxes into account, in higher actuarial losses recognized in equity under retained earnings.

Income tax expense for the interim reporting period is, in accordance with IAS 34, determined on the basis of the weighted average annual tax rate that is expected for the entire fiscal year.

Moreover, the same recognition and measurement methods have been applied in the condensed presentation of the Consolidated Financial Statements for the first half of 2016 as for the Consolidated Financial Statements for the 2015 fiscal year. A detailed description of these methods is published in the 2015 Annual Report. That report is also available on the internet at www.audi.com/annualreport.

/ CONSOLIDATED COMPANIES

In addition to AUDI AG, all of the material domestic and foreign subsidiaries and structured entities are included in the Consolidated Financial Statements in cases where AUDI AG has decision-making power over the relevant activities that can be used to control variable returns. There were no significant changes to the group of consolidated companies during the reporting period.

/ PARTICIPATIONS IN ASSOCIATED COMPANIES

The Audi Group, the BMW Group and Daimler AG each hold a 33.3 percent interest in There Holding B.V., Rijswijk (Netherlands), founded in 2015. Through its wholly owned subsidiary There Acquisition B.V., Rijswijk (Netherlands), There Holding B.V. acquired all shares in the HERE Group effective as of December 4, 2015. The Audi stake amounts to EUR 668 million. There Acquisition B.V. was renamed to HERE International B.V., Rijswijk (Netherlands) on January 29, 2016. The purchase price allocation was completed in the first half of 2016.

In the first half of 2016, a capital increase was carried out at Volkswagen Group Services S.A., Brussels (Belgium), in which the Audi Group participated by contributing EUR 300 million. The participation interest of 30 percent remained unchanged. A capital increase was also carried out at Volkswagen Automatic Transmission (Tianjin) Co., Ltd., Tianjin (China). The Audi Group stake amounts to EUR 23 million. The participation interest here also remained unchanged at 49 percent.

/ NOTES ON THE DIESEL ISSUE

In June 2016, Volkswagen publicly announced that Volkswagen AG, Volkswagen Group of America, Inc. and certain affiliates including AUDI AG had reached settlement agreements in the USA related to the four-cylinder TDI engine issue with the U.S. Department of Justice (DOJ), the U.S. Environmental Protection Agency (EPA), the U.S. Federal Trade Commission, the California Air Resources Board (CARB) and private plaintiffs represented by a Plaintiffs' Steering Committee (PSC) in the Multi-District Litigation pending in California. The settlement agreements, if finally approved, will resolve certain civil claims made in relation to affected diesel vehicles with 2.0 TDI engines from the Volkswagen Passenger Cars and Audi brands in the USA. The settlement agreements are subject to final court approval. The proposed settlements apply to approximately 15,000 Audi vehicles.

The proposed settlements provide affected customers with the option of a buyback or, for leased vehicles, early lease termination or a free technical modification of the vehicles, provided that EPA and CARB approve the appropriate modification measures. Volkswagen will also make cash payments to affected owners and lessees. Given that there is a corresponding claim against Volkswagen AG for compensation based on existing contractual arrangements, there will not be any direct effects on profit for Audi.

Volkswagen also reached separate settlement agreements with the attorneys general of 44 U.S. states, the District of Columbia and Puerto Rico, to resolve their existing or potential consumer protection and unfair trade practices claims – in connection with both 2.0 TDI and V6 3.0 TDI vehicles in the USA.

These settlements do not resolve all claims. Work is ongoing to develop a mutually acceptable solution for the remaining claims, including claims relating to vehicles with the V6 3.0 TDI engine.

On July 19, 2016, the U.S. states Maryland, Massachusetts and New York filed complaints in their respective state courts against Volkswagen AG, Volkswagen Group of America, Inc. and certain affiliates including AUDI AG seeking civil penalties and injunctive relief for alleged violations of environmental laws. Maryland, Massachusetts and New York participated in the state settlements described above with respect to consumer protection and unfair trade practices claims, but those settlements did not include claims for environmental penalties.

AUDI AG has concluded an agreement with Volkswagen AG on the V6 3.0 TDI engine issue in the event that the U.S. authorities, U.S. courts and potential out-of-court settlements do not differentiate between the four-cylinder TDI engine issue for which Volkswagen AG is accountable and the V6 3.0 TDI engine issue of AUDI AG, and that joint and several liability thus arises. In that eventuality, costs for legal risks will be passed on to AUDI AG according to a causation-based cost allocation.

The risks resulting from the V6 3.0 TDI engine issue were taken into account in the form of provisions which cover technical

measures, sales measures and legal risks. These provisions were increased by EUR 132 million in the first half of 2016.

Detailed information on the diesel issue and on the declaration of the Board of Management issued in this connection is provided in the Notes to the 2015 Annual Report in the section “Notes on the Diesel Issue” on pages 228 f. There are no indications that the information presented there is no longer applicable, even on the basis of new findings from the still ongoing investigation by the law firm Jones Day that have come to light since the publication date.

/ NOTES ON THE AIRBAG RECALL

Together with various traffic safety authorities, the Audi Group is currently investigating the effects of potentially faulty Takata airbags. Authorities have already ordered recalls in the United States, Canada, Japan and South Korea. Based on current knowledge, provisions have already been recognized as a precautionary measure. However, it cannot at present be ruled out that the recall will be widened and that vehicles of the Audi Group could also be affected. As a result of ongoing technical investigations and consultations with authorities, further disclosures in accordance with IAS 37.86 cannot be made at this time.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 / REVENUE

<i>EUR million</i>	1-6/2016	1-6/2015
Audi brand	21,363	21,219
Lamborghini brand	475	455
Other Volkswagen Group brands	1,932	2,077
Other automotive business	5,877	5,597
Automotive	29,648	29,348
Ducati brand	412	361
Other motorcycles business	73	75
Motorcycles	486	436
Revenue	30,134	29,784

Revenue from other automotive business primarily includes the supply of parts sets to China, as well as the proceeds from the sale of engines and genuine parts.

2 / COST OF GOODS SOLD

Amounting to EUR 24,431 (23,636) million, cost of goods sold comprises the costs incurred in generating revenue and purchase prices in trading transactions. In the first six months of 2016, impairment losses on capitalized development costs at an amount of EUR 14 million were recognized (none in the previous year).

3 / RESEARCH AND DEVELOPMENT COSTS

<i>EUR million</i>	1-6/2016	1-6/2015
Total research and development costs	2,231	2,204
<i>of which capitalized development costs</i>	<i>881</i>	<i>579</i>
Capitalization quota	39.5 %	26.3 %
Amortization of and impairment losses (reversals) on capitalized development costs	398	335
Research and development expenditure	1,748	1,961

4 / OTHER OPERATING INCOME AND EXPENSES

The other operating result of EUR –63 (–331) million includes among other things income and expenses arising from the settlement of foreign currency and commodity hedging transactions, from rebilling and from the reversal of provisions.

5 / FINANCIAL RESULT

The result from investments accounted for using the equity method is EUR 154 (226) million and is mainly attributable to the valuation of shares in FAW-Volkswagen Automotive Company, Ltd., Changchun (China) using the equity method of accounting amounting to EUR 199 (219) million. Finance expenses amounting to EUR 245 (133) million comprise mainly interest effects from the measurement of long-term provisions.

The other financial results totaling EUR –120 (143) million include expenses related to hedging transactions as well as a financial compensation agreed between AUDI AG and Volkswagen AG, Wolfsburg, concerning the economic performance of the respective brands achieved by FAW-Volkswagen Automotive Company, Ltd., totaling EUR 163 (217) million.

6 / EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the share of profit attributable to AUDI AG shareholders by the weighted average number of shares in circulation during the period under review. In the case of AUDI AG, the diluted earnings per share are the same as the basic earnings per share, since there were no potential shares in existence as of either June 30, 2016 or June 30, 2015.

	1–6/2016	1–6/2015
Profit share of AUDI AG shareholders (EUR million)	1,633	2,344
Weighted average number of shares	43,000,000	43,000,000
Earnings per share in EUR	37.99	54.50

7 / NON-CURRENT ASSETS

EUR million	Net carrying amount as of Jan. 1, 2016	Additions	Disposals/other movements	Depreciation and amortization	Net carrying amount as of June 30, 2016
Intangible assets	5,787	902	–1	471	6,218
Property, plant and equipment	11,380	1,227	54	906	11,647

8 / INVENTORIES

EUR million	June 30, 2016	Dec. 31, 2015
Raw materials and supplies	664	592
Work and services in progress	754	760
Finished goods and products	4,381	4,238
Current leased assets	1,084	726
Inventories	6,882	6,317

9 / FINANCIAL INSTRUMENTS DISCLOSURES

9.1 / FAIR VALUE DISCLOSURES

EUR million	Measured at fair value	Measured at amortized cost		Carrying amount as per Balance Sheet as of June 30, 2016
	Carrying amount	Carrying amount	Fair value	
Other participations	1	-	-	1
Other financial assets	655	398	399	1,053
<i>of which from the positive fair values of derivative financial instruments</i>	655	-	-	655
<i>of which fixed deposits and extended loans</i>	-	357	358	357
<i>of which miscellaneous other financial assets</i>	-	41	41	41
Non-current financial assets	656	398	399	1,054
Trade receivables	-	5,026	5,026	5,026
Other financial assets	487	1,143	1,143	1,630
<i>of which from the positive fair values of derivative financial instruments</i>	487	-	-	487
<i>of which fixed deposits and extended loans</i>	-	343	343	343
<i>of which miscellaneous other financial assets</i>	-	800	800	800
Securities	4,890	-	-	4,890
Cash funds	-	13,481	13,481	13,481
Current financial assets	5,377	19,650	19,650	25,027
Financial assets	6,033	20,047	20,049	26,080
Financial liabilities	-	311	311	311
Other financial liabilities	839	31	31	870
<i>of which from the negative fair values of derivative financial instruments</i>	839	-	-	839
<i>of which miscellaneous other financial liabilities</i>	-	31	31	31
Non-current financial liabilities	839	342	342	1,182
Financial liabilities	-	1,608	1,608	1,608
Trade payables	-	7,282	7,282	7,282
Other financial liabilities	1,147	2,864	2,864	4,012
<i>of which from the negative fair values of derivative financial instruments</i>	1,147	-	-	1,147
<i>of which miscellaneous other financial liabilities</i>	-	2,864	2,864	2,864
Current financial liabilities	1,147	11,754	11,754	12,902
Financial liabilities	1,987	12,097	12,097	14,084

EUR million	Measured at fair value	Measured at amortized cost		Carrying amount as per Balance Sheet as of Dec. 31, 2015
	Carrying amount	Carrying amount	Fair value	
Other participations	1	-	-	1
Other financial assets	243	337	328	580
<i>of which from the positive fair values of derivative financial instruments</i>	243	-	-	243
<i>of which fixed deposits and extended loans</i>	-	310	301	310
<i>of which miscellaneous other financial assets</i>	-	26	27	26
Non-current financial assets	244	337	328	581
Trade receivables	-	4,097	4,097	4,097
Other financial assets	341	2,017	2,017	2,357
<i>of which from the positive fair values of derivative financial instruments</i>	341	-	-	341
<i>of which fixed deposits and extended loans</i>	-	839	839	839
<i>of which miscellaneous other financial assets</i>	-	1,177	1,177	1,177
Securities	4,782	-	-	4,782
Cash funds	-	12,375	12,375	12,375
Current financial assets	5,122	18,488	18,488	23,610
Financial assets	5,367	18,825	18,816	24,191
Financial liabilities	-	247	247	247
Other financial liabilities	1,373	48	48	1,421
<i>of which from the negative fair values of derivative financial instruments</i>	1,373	-	-	1,373
<i>of which miscellaneous other financial liabilities</i>	-	48	48	48
Non-current financial liabilities	1,373	295	295	1,669
Financial liabilities	-	1,637	1,637	1,637
Trade payables	-	7,204	7,204	7,204
Other financial liabilities	1,774	4,266	4,266	6,040
<i>of which from the negative fair values of derivative financial instruments</i>	1,774	-	-	1,774
<i>of which miscellaneous other financial liabilities</i>	-	4,266	4,266	4,266
Current financial liabilities	1,774	13,108	13,108	14,882
Financial liabilities	3,147	13,403	13,403	16,550

The methods used to measure fair value remain fundamentally unchanged from the Consolidated Financial Statements for the 2015 fiscal year. Detailed notes on the measurement methods can be found in the 2015 Annual Report.

The fair value of the financial instruments measured at amortized cost, such as receivables and liabilities, is determined by

discounting at a risk-adequate market rate with a matching maturity. For reasons of materiality, the fair value for current balance sheet items is equated with the balance sheet value. Equity instruments recognized at their carrying amount are assigned to level 3 in the fair value hierarchy.

9.2 / ALLOCATION OF FAIR VALUES TO THE LEVELS OF THE FAIR VALUE HIERARCHY

EUR million	June 30, 2016	Level 1	Level 2	Level 3
Other participations	1	-	-	1
Other financial assets	655	-	648	7
Non-current financial assets	656	-	648	8
Other financial assets	487	-	480	7
Securities	4,890	4,890	-	-
Current financial assets	5,377	4,890	480	7
Financial assets	6,033	4,890	1,129	15
Other financial liabilities	839	-	705	135
Non-current financial liabilities	839	-	705	135
Other financial liabilities	1,147	-	1,082	65
Current financial liabilities	1,147	-	1,082	65
Financial liabilities	1,987	-	1,787	200
EUR million	Dec. 31, 2015	Level 1	Level 2	Level 3
Other participations	1	-	-	1
Other financial assets	243	-	239	5
Non-current financial assets	244	-	239	6
Other financial assets	341	-	335	6
Securities	4,782	4,782	-	-
Current financial assets	5,122	4,782	335	6
Financial assets	5,367	4,782	574	11
Other financial liabilities	1,373	-	1,219	154
Non-current financial liabilities	1,373	-	1,219	154
Other financial liabilities	1,774	-	1,706	68
Current financial liabilities	1,774	-	1,706	68
Financial liabilities	3,147	-	2,925	222

The allocation of fair values to the three levels of the fair value hierarchy is based on the availability of observable market prices. Level 1 shows fair values of financial instruments for which a market price can be directly determined. These financial instruments are securities. Level 2 involves the measurement of financial instruments such as derivatives, where the fair value is calculated using measurement processes based on observable market data. Particular use is made of exchange rates, interest rates and commodity prices, which can be observed on the corresponding markets and are

acquired via price service agencies. Fair values of level 3 are calculated using measurement methods that include factors that cannot be observed directly on an active market. In the Audi Group, non-current commodity futures are allocated to level 3 because the prices available on the market need to be extrapolated for measurement purposes. The extrapolation for the different commodities is carried out on the basis of observable input factors, acquired via price service agencies. Furthermore, level 3 shows the residual value hedging model which is valued based on input factors (model-related residual

values of used cars) which cannot be observed on active markets and are instead forecast by various independent institutions.

9.3 / RECONCILIATION OF FINANCIAL INSTRUMENTS MEASURED ACCORDING TO LEVEL 3

EUR million	2016	2015 ¹⁾
Positive fair values of level 3 derivative financial instruments as of Jan. 1	11	18
Income (+) and expense (-) recognized in the financial result	+ 5	0
Income (+) and expense (-) recognized in other comprehensive income	+ 1	-
Settlements	-1	-4
Transfer from level 3 to level 2	-1	-
Positive fair values of level 3 derivative financial instruments as of June 30	15	15
Income (+) and expense (-) recognized in the financial result from level 3 derivative financial instruments still held as of June 30	+ 5	0

1) The previous year was adjusted.

EUR million	2016	2015
Negative fair values of level 3 derivative financial instruments as of Jan. 1	222	227
Income (-) and expense (+) recognized in the financial result	+ 19	+ 50
Income (-) and expense (+) recognized in other comprehensive income	-	+ 1
Settlements	-36	-36
Transfer from level 3 to level 2	-5	-6
Negative fair values of level 3 derivative financial instruments as of June 30	200	235
Income (-) and expense (+) recognized in the financial result from level 3 derivative financial instruments still held as of June 30	+ 19	+ 50

Reclassifications between the levels of the fair value hierarchy are taken into account at the respective reporting dates. The reclassifications from level 3 to level 2 include commodity futures that no longer require the exchange rates to be extrapolated for their valuation because exchange rates which can be observed are now available. There were no shifts between the other levels of the fair value hierarchy.

The commodity price is the principal risk variable for the fair value of commodity futures. A sensitivity analysis reveals the effect of commodity price changes on profit after tax and equity.

If the commodity prices of commodity futures, which are allocated to level 3, had been 10 percent higher (lower) as of June 30, 2016, profit after tax would have been EUR 1 million higher (lower). There would be no effect on equity.

Residual value risks arise from hedging arrangements with dealers according to which, under buy-back obligations stipulated by lease agreements, the Audi Group bears some of the effects on profit resulting from market-related fluctuations in residual values.

The market prices of used cars are the main risk variable for the fair value of the options from residual value risks. The impact of changes in used car prices on profit after tax is estimated using sensitivity analyses. If the used car prices of the vehicles in the residual value hedging model had been 10 percent higher (lower) as of June 30, 2016, profit after tax would have been EUR 244 million higher (lower).

10 / CONTINGENT LIABILITIES

There were no material changes in the contingent liabilities compared to December 31, 2015.

11 / LITIGATION

There were no material changes in litigation compared to December 31, 2015.

12 / OTHER FINANCIAL OBLIGATIONS

Other financial obligations were higher compared with December 31, 2015, primarily due to an increase of EUR 160 million to EUR 8,927 million in purchase orders for property, plant and equipment.

13 / RELATED PARTY DISCLOSURES

EUR million	Goods and services supplied to		Goods and services received	
	1-6/2016	1-6/2015	1-6/2016	1-6/2015
Volkswagen AG	3,486	3,278	4,060	3,706
Volkswagen AG subsidiaries and other participations outside of the Audi Group	7,841	8,065	4,229	3,222
Associates and joint ventures as well as their subsidiaries	4,218	4,354	188	178
Non-consolidated subsidiaries of AUDI AG	24	24	50	53

In the first half of 2016, goods and services with a total value of EUR 201 (166) thousand were provided to the German State of Lower Saxony and to companies in which the State of Lower Saxony holds a majority stake.

Goods and services provided to members of the Board of Management or Supervisory Board of AUDI AG and Volkswagen AG, Wolfsburg, in the first half of 2016 totaled EUR 6 (27) thousand.

EUR million	Receivables from		Liabilities to	
	June 30, 2016	Dec. 31, 2015	June 30, 2016	Dec. 31, 2015
Volkswagen AG	2,774	5,887	5,556	7,406
Volkswagen AG subsidiaries and other participations outside of the Audi Group	1,520	3,102	5,324	6,013
Associates and joint ventures as well as their subsidiaries	1,205	2,376	1,725	1,749
Non-consolidated subsidiaries of AUDI AG	194	149	15	44

Of the cash stated in the balance sheet, EUR 12,567 (11,257) million is invested in associated companies, Volkswagen AG and Volkswagen AG subsidiaries outside of the Audi Group.

14 / SEGMENT REPORTING

The segmentation of business activities is based on the internal management and reporting of the Company in accordance with IFRS 8. The decision-making body for both segments with regard to the allocation of resources and assessing the performance is the full Board of Management.

Segment reporting tracks the economic activities of the Audi Group and is divided into two segments – Automotive and Motorcycles. Although the Motorcycles segment falls short of the quantitative thresholds of IFRS 8, it is reported here as a segment in its own right for information purposes.

The activities of the Automotive segment encompass the development, production, assembly and distribution of vehicles of the Audi brand and the Lamborghini brand. Moreover, the segment includes the distribution of vehicles of other Volkswagen Group brands as well as the accompanying accessories and spare parts business.

The activities of the Motorcycles segment comprise the development, production, assembly and distribution of Ducati brand motorcycles as well as the accessories and spare parts business.

As a general rule, segment reporting is based on the same reporting, recognition and measurement methods as applied

to the Consolidated Financial Statements. Business relations between the companies of the segments in the Audi Group are generally based on the same prices as those agreed with third parties. Consolidation between the segments is carried out in the Reconciliation column.

The definition and composition of operating profit are shown in the Income Statement of the Audi Group on page 19 of the Interim Financial Report. For a breakdown of revenue, please refer to the corresponding note on page 27.

Internal reporting corresponds to external IFRS reporting. In addition, the full Board of Management regularly monitors the following financial and economic key figures, among others.

The operating return on sales of the Audi Group totaled 8.0 (9.8) percent.

The Automotive segment recorded an operating return on sales of 7.9 (9.8) percent. After taking into account additional depreciation due to the revaluation of assets and liabilities as part of the historical purchase price allocation, the Motorcycles segment recorded an operating profit of EUR 58 (46) million and an operating return on sales of 11.9 (10.5) percent. Adjusted to take account of these items, operating profit totaled EUR 70 (58) million and operating return on sales 14.3 (13.2) percent.

14.1 / RECONCILIATION OF THE SEGMENTS

EUR million	1-6/2016			
	Automotive	Motorcycles	Reconciliation	Audi Group
Revenue with third parties	29,648	486	-	30,134
Revenue with other segments	-	0	0	-
Revenue	29,648	486	0	30,134
Segment profit (operating profit)	2,343	58	-	2,401

EUR million	1-6/2015			
	Automotive	Motorcycles	Reconciliation	Audi Group
Revenue with third parties	29,348	436	-	29,784
Revenue with other segments	-	0	0	-
Revenue	29,348	436	0	29,784
Segment profit (operating profit)	2,868	46	-	2,914

14.2 / RECONCILIATION TO GROUP PROFIT

<i>EUR million</i>	1-6/2016	1-6/2015
Segment profit (operating profit)	2,401	2,914
Consolidation	-	-
Operating profit	2,401	2,914
Financial result	-210	236
Group profit before tax	2,190	3,150

14.3 / REVENUES BY REGION

	1-6/2016		1-6/2015	
	<i>EUR million</i>	<i>in %</i>	<i>EUR million</i>	<i>in %</i>
Germany	6,552	21.7	6,094	20.5
Rest of Europe	10,343	34.3	9,919	33.3
Asia-Pacific	7,438	24.7	8,009	26.9
North America	5,345	17.7	5,269	17.7
South America	295	1.0	316	1.1
Africa	162	0.5	178	0.6
Revenue	30,134	100.0	29,784	100.0

Revenues by region pursuant to IFRS 8.33 have been determined on the basis of the country of origin of external customers.

GERMAN CORPORATE GOVERNANCE CODE

The current declarations on the German Corporate Governance Code by the Board of Management and Supervisory Board of AUDI AG pursuant to Section 161 of the German Stock Corporation Act (AktG) are permanently available on the website www.audi.com/cgk-declaration.

EVENTS OCCURRING SUBSEQUENT TO THE BALANCE SHEET DATE

After June 30, 2016, there were no events subject to a reporting obligation in accordance with IAS 10.

“RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the Interim Consolidated Financial Statements give a true and fair view of the net worth, financial position and financial performance of the Group, and the Interim Group

Management Report 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.”

Ingolstadt, July 27, 2016

The Board of Management




Prof. Rupert Stadler



Dr.-Ing. Stefan Knirsch



Dr. Bernd Martens




Prof. h. c. Thomas Sigi



Axel Strotbek



Dr. Dietmar Voggenreiter



Prof. Dr.-Ing. Hubert Walzl

„REVIEW REPORT

To AUDI Aktiengesellschaft, Ingolstadt

We have reviewed the condensed Interim Consolidated Financial Statements – comprising the income statement, statement of comprehensive income, balance sheet, cash flow statement, statement of changes in equity, and selected explanatory notes – and the Interim Group Management Report of AUDI Aktiengesellschaft, Ingolstadt, for the period from January 1 to June 30, 2016, which are part of the Interim Financial Report pursuant to § (Article) 37w WpHG (“Wertpapierhandelsgesetz”: German Securities Trading Act). The preparation of the condensed Interim Consolidated 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 Interim Consolidated Financial Statements and on the Interim Group Management Report based on our review.

We conducted our review of the condensed Interim Consolidated 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 reasonable assurance, that the condensed Interim Consolidated 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 issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed Interim Consolidated 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.

Without qualifying our opinion, we point out that the interim status of the investigation in connection with the diesel issue, presented in selected explanatory notes in the section ‘General Information / Diesel Issue’ and in the Interim Management Report in the section ‘Exceptional Events / Diesel Issue’, was taken into account in the creation of provisions for legal risks and warranties. On that basis, and as stated in the Combined Management Report of the Audi Group and AUDI AG for the 2015 fiscal year, there are no indications that serving members of the Board of Management of the Company had knowledge of the unregistered software components (auxiliary emission control devices) in connection with V6 3.0 TDI engines, or knowledge of irregularities in connection with control software used on the four-cylinder diesel engines developed and submitted for type approval by Volkswagen AG, until notified by the U.S. Environmental Protection Agency (EPA) in fall 2015. Nevertheless, if in the course of further investigations new findings should come to light that indicate that members of the Board of Management were aware of the diesel issue earlier, these could potentially have an effect on the condensed Interim Consolidated Financial Statements as of June 30, 2016, and the Interim Group Management Report for the period from January 1 to June 30, 2016, on the comparative figures as of June 30, 2015, and on the Consolidated Financial Statements of AUDI AG as of December 31, 2015.“

Munich, July 27, 2016

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Frank Hübner
Wirtschaftsprüfer
(German Public Auditor)

Klaus Schuster
Wirtschaftsprüfer
(German Public Auditor)

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