

PORSCHE INTERNATIONAL FINANCING GROUP

**CONDENSED CONSOLIDATED UNAUDITED
FINANCIAL STATEMENTS**

FOR THE SIX MONTHS ENDED

31 JANUARY 2010

PORSCHE INTERNATIONAL FINANCING GROUP

CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS for the 6 months ended 31 January 2010

INTERIM MANAGEMENT REPORT

- Important events occurring in the first 6 months of the year:

The business has continued in an orderly, consistent manner over the period.

During the first 6 months of the year, the ultimate parent of the Group was changed to Porsche Zwischenholding GmbH, a newly formed intermediate holding company incorporated in Germany and in which Volkswagen have acquired a 49.9% shareholding. The parent of the Group is Dr. Ing.h.c.F. Porsche AG. This process was part of the steps towards creating an integrated automotive group between Porsche and Volkswagen.

- Principal risks and uncertainties for the remaining six months of the year:

The underlying business of the Porsche International Financing Group comprises mainly the provision of financial services, including treasury and reinsurance, to related parties within the Dr. Ing. h.c.F. Porsche AG Group and is expected to continue in an orderly, consistent manner over the remaining 6 months of the year.

- Major related parties' transactions:

The business of the Group consists mainly of dealings with related parties within the Dr. Ing. h.c.F. Porsche AG Group. However these dealings are at arm's length and there have been no major new related parties transactions over the period.

RESPONSIBILITY STATEMENT

We confirm that, to the best of our knowledge and in accordance with the applicable reporting principles for interim financial reporting, the condensed set of unaudited, half-yearly consolidated financial statements gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer.

The interim 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 six months of the financial year.

Signed:

John Gilsenan
Managing Director
22 March 2010

Frank Mueller
Chairman
22 March 2010

PORSCHE INTERNATIONAL FINANCING GROUP

GROUP INFORMATION

DIRECTORS

John Gilsenan
Frank Mueller
Wolfgang Peter

SECRETARY

Wilton Secretarial Ltd

REGISTERED OFFICE

1 Exchange Place,
Lower Mayor Street,
IFSC,
Dublin 1.

SOLICITORS

William Fry,
Fitzwilton House,
Wilton Place,
Dublin 2.

BANKERS

Deutsche Bank,
Theodor-Heuss-Strasse 3,
70174 Stuttgart,
Germany.

AUDITORS

Ernst & Young,
Chartered Accountants,
Ernst & Young Building,
Harcourt Centre,
Harcourt Street,
Dublin 2.

CONDENSED CONSOLIDATED UNAUDITED STATEMENT OF COMPREHENSIVE INCOME
for the 6 months ended 31 January 2010

		2010	6 months to
	Note	€	31/01/2009
			€
Interest and similar income	5	70,219,845	94,603,042
Interest expense and similar charges	6	(70,295,089)	(89,754,014)
Net interest income/ (loss)		(75,244)	4,849,028
Gross written premiums		13,327,769	9,987,417
Gross change in provision for unearned premiums		255,454	(649,034)
Gross benefits and claims paid		(10,076,062)	(8,187,482)
Gross change in contract liabilities		(971,820)	264,677
Net reinsurance income		2,535,341	1,415,578
Other income/(expense):			
Fees and commissions income		550,875	511,192
Fees and commissions expense		(2,483,429)	(2,108,511)
Gains from change in fair value of financial assets at fair value through profit or loss		31,608	(1,618,396)
Gains/ (losses) from derivatives		3,488,983	294,725
Losses from foreign currency exchange		(183,062)	(95,434)
Total other income/ (expense)		1,404,975	(3,016,424)
Profit before tax	7	3,865,072	3,248,182
Income tax expense		(485,082)	(507,153)
Profit for the period		3,379,990	2,741,029
Other comprehensive income		-	-
Total comprehensive income		3,379,990	2,741,029
Attributable to:			
Equity holders		3,379,990	2,741,029
Minority interests		-	-
		3,379,990	2,741,029

CONDENSED CONSOLIDATED UNAUDITED STATEMENT OF FINANCIAL POSITION
at 31 January 2010

		2010	As at 31/07/2009
	Note	€	€
ASSETS			
Cash and cash equivalents		5,083,955	29,990,969
Financial assets at fair value through profit or loss		39,875,516	23,663,021
Loans and receivables advanced to customers	9	2,900,533,794	2,977,595,732
Reinsurance receivables		2,485,236	4,239,374
Derivative assets		2,802,523	1,747,209
Deferred acquisition costs		72,569	326,013
Corporation tax asset		39,383	522,517
TOTAL ASSETS		2,950,892,976	3,038,084,835
LIABILITIES			
Bank overdraft		21,247,729	-
Bond Interest due to banks	8	86,536,783	49,444,115
Deposits due to customers		1,672,018	175,079,487
Derivative liabilities		2,802,523	957,801
Interest bearing loans and borrowings	8	2,680,823,600	2,669,004,259
Insurance contract liabilities	11	26,182,123	24,747,132
Due to related parties	12	1,322,686	919,658
Trade and other payables		82,306,213	73,313,072
TOTAL LIABILITIES		2,902,893,675	2,993,465,524
EQUITY			
Called up share capital	10	511,292	511,292
Retained earnings		47,488,009	44,108,019
TOTAL EQUITY		47,999,301	44,619,311
TOTAL EQUITY AND LIABILITIES		2,950,892,976	3,038,084,835

CONSOLIDATED UNAUDITED STATEMENT OF CHANGES IN EQUITY
for the 6 months ended 31 January 2010

	<i>Called-up share capital</i> €	<i>Retained earnings</i> €	<i>Total</i> €
At 1 August 2008	511,292	38,826,804	39,338,096
Profit for the year	–	2,741,029	2,741,029
Other comprehensive income	-	-	-
Total comprehensive income	–	2,741,029	2,741,029
At 31 January 2009	<u>511,292</u>	<u>41,567,833</u>	<u>42,079,125</u>
At 1 August 2009	511,292	44,108,019	44,619,311
Profit for the period	–	3,379,990	3,379,990
Other comprehensive income	-	-	-
Total comprehensive income	–	3,379,990	3,379,990
At 31 January 2010	<u>511,292</u>	<u>47,488,009</u>	<u>47,999,301</u>

Porsche International Financing plc holds 100% (2009:100%) equity ownership interest in Porsche International Reinsurance Limited.

CONDENSED CONSOLIDATED UNAUDITED STATEMENT OF CASH FLOWS
for the 6 months ended 31 January 2010

	2010 €	2009 €
<i>Operating activities</i>		
Profit before tax	3,865,072	3,248,182
Add:		
Decrease/ (Increase) in loans and advances to customers	68,236,517	(69,076,538)
Increase in deposits due to banks	2,444,458	37,898,180
(Decrease) in deposits due to customers	(112,912,988)	(69,482,259)
(Decrease) in trade and other payables	(6,252,411)	(44,790,299)
Decrease in derivative financial instruments	21,438,837	(22,218,027)
(Increase)/ Decrease in reinsurance receivables	1,697,210	2,916,467
Increase/ (Decrease) in reinsurance liabilities	10,199,343	(2,112,513)
Increase in amounts due to related parties	1,044,583	-
Taxation paid	(1,545,222)	-
Unrealised foreign exchange gain	(68,644)	-
Net cash flow from/(used in) operating activities	(11,853,245)	(163,616,807)
<i>Investing activities</i>		
Sale proceeds/ /(purchases) of investments	(16,743,329)	4,041,256
Net cash flow from investing activities	(16,743,329)	4,041,256
<i>Financing</i>		
Proceeds from long-term borrowings	24,109,200	140,869,566
Net cash (used in)/from financing activities	24,109,200	140,869,566
Net increase/(decrease) in cash and cash equivalents	(4,487,374)	(18,705,985)
Cash and cash equivalents at the beginning of the period	(11,745,044)	6,960,941
Net foreign exchange difference	68,644	-
Cash and cash equivalents at the end of period	(16,163,774)	(11,745,044)

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS
31 January 2010

1. CORPORATE INFORMATION AND BASIS OF PREPARATION

These condensed unaudited consolidated financial statements cover Porsche International Financing plc and Porsche International Reinsurance Ltd, collectively known as Porsche International Financing Group ('the Group'). The Group is domiciled in Ireland.

The ultimate parent of the Group is Porsche Zwischenholding GmbH which is incorporated in Germany and is a newly formed intermediate holding company in which Volkswagen have acquired a 49.9% shareholding. The parent of the Group is Dr. Ing.h.c.F. Porsche AG. The smallest and largest group in which the results of the Group are consolidated is that headed by Porsche Zwischenholding GmbH. Copies of the financial statements of Porsche Zwischenholding GmbH may be obtained from Porsche Zwischenholding GmbH, Porscheplatz 1, 70435 Stuttgart, Germany.

The consolidated financial statements have been prepared under the historical cost convention, except for financial instruments classified at fair value through profit or loss and available-for-sale securities that have been measured at fair value.

The reporting currency used in these financial statements is euro, which is denoted by the symbol '€'. Amounts are rounded to the nearest euro except where otherwise indicated. The balance sheet shows assets and liabilities in order of their liquidity which the directors consider to be more relevant to the company's business than a current/non-current clarification.

The interim condensed consolidated financial statements of the Group for the 6 months ended 31 January 2010 were prepared in accordance with IAS 34 'Interim Financial Reporting' and therefore do not contain all the information and disclosures required for consolidated financial statements. The accounting policies applied in preparing the consolidated financial statements as of 31 July 2009 have been applied unchanged.

For further information about the accounting policies applied in particular, please refer to the consolidated financial statements of the Group as of 31 July 2009.

2. ACCOUNTING POLICIES

There have been no changes to accounting policies since the year end.

In accordance with IAS 1, the Group has adopted presentation of comprehensive income in one statement. The Group has adopted IFRS 7 amendments during the period.

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS
31 January 2010 (Continued)

2. ACCOUNTING POLICIES (Continued)

Adoption of IFRS during the period

New standards and interpretations applied

Revision of IAS 1 "Presentation of Financial Statements"

A revised version of IAS 1 was published in September 2007. The main changes relate to the separate presentation of equity changes resulting from transactions with owners and other changes. In addition, the titles of some of the components of the financial statements have been changed. There is no material effect on the financial statements of the Group from the revision of IAS 1.

IFRS 3 "Business Combinations" and IAS 27 "Consolidated and Separate Financial Statements" IAS 27 (rev.2008) provides that the acquisition or sale of minorities without loss of control is taken to other comprehensive income. There is no material effect on the financial statements of the Group in applying IFRS 3 or IAS 27.

3 FINANCIAL RISK MANAGEMENT

3.1 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (which includes currency risk, price risk and interest rate risk), credit risk, liquidity risk and operational risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse affects on the company's financial performance. The Group uses derivative financial instruments to hedge certain risk exposures. Risk management is carried out by management under policies approved by the Board of Directors.

(a) *Market risk*

Market risk is the potential adverse change in income or the value of net worth arising from movements in interest rates, exchange rates or other market prices. Market risk arises from the structure of the balance sheet, the execution of interbank business and proprietary trading. The Group recognises that the effective management of market risk is essential to the maintenance of stable earnings, the preservation of shareholder value and the achievement of the Group's objectives.

The Group's exposure to market risk is governed by policy approved by the Board of Directors and the parent company. This sets out the types of financial instruments which may be used to increase or reduce risk and the way in which risk is controlled. The principles established by these standards are implemented in order to be consistent with the global risk management systems of the Group.

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS
31 January 2010 (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(b) *Credit risk*

Credit risk is the risk that an issuer or counterparty will be unable to meet a commitment that it has entered into with the Group. The Group trades only with recognised group entities. Therefore, the Group does not expect to incur material credit losses on its financial instruments.

Credit risk is managed and monitored by lending to group companies only. Prior approval from the parent Group is required before issuing a loan and payments relating to principal and interest are closely traced and monitored. In addition, the Group obtains regular updates from its parent on the level of trading and the ongoing profitability of group companies.

Credit risk is managed and monitored by lending to group companies only. Prior approval from the parent company is required before issuing a loan and payments relating to principal and interest are closely traced and monitored. In addition, company obtains regular updates from the parent company regarding trading ability and ongoing profitability of the subsidiaries. The company has no related credit derivatives or similar instruments to mitigate this minimal exposure at the reporting date. Receivables are measured on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

The Group's maximum exposure to credit risk in the event that counterparties fail to perform their obligations as of 31 January 2010 in relation to each class of recognised financial assets is the carrying amount of those assets as indicated in the statement of financial position. Financial assets at fair value have a credit rating of AA while Group deposits with Deutsche Bank AG have a credit rating of AA-. Loans and receivables advanced to parent have no credit rating available. However, these loans are approved by the parent. The Group does not lend outside the group. The Group is satisfied with the quality of the financial assets.

(c) *Currency risk*

The Group's reporting currency is euro and the majority of the Group's funding is denominated in this currency. Loans to and deposits from group companies are denominated in the local currency of the counterparty. The currency exposure arising is reduced through the use of forward foreign currency contracts. At the period end, the Group's exposure to other currencies arising from group loans and deposits has been reduced to zero.

Financial instruments (cash and cash equivalents, financial assets at fair value through profit or loss, loans and advances to banks and loans and advances to customers) include amounts denominated in foreign currencies. The Group attempts to reduce foreign exchange risk by holding assets and liabilities in currencies used by the intra-group entities with which it trades.

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS
31 January 2010 (Continued)

3 FINANCIAL RISK MANAGEMENT (Continued)

3.1 Financial risk factors (continued)

(d) *Liquidity risk*

Liquidity risk is the risk that the Group has insufficient funds to continue its operations. It is the Group's policy to ensure that resources are available at all times to enable the Group meet its liquidity risk obligations. The development and implementation of this policy and day-to-day management of liquidity is the responsibility of the Group's management. The Group manages liquidity risk by ensuring that almost all its funds are invested in highly liquid interest bearing investments and at rates in excess of its funding cost and operating expenses.

(e) *Operational risk*

Operational risk represents the risk that failed or inadequately processed, people or systems, or exposure to external events could result in unexpected losses. The risk is associated with human error, systems failure and inadequate controls and procedures. The company operates such measures of monitoring and management as are necessary to ensure that operational risk management is consistent with the approach, aims and strategic goals of the group.

(f) *Interest rate risk*

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of a change in market interest rates. The Group takes on exposure to the effects of fluctuations in the prevailing levels of market interest rates on both its fair value and cash flow risks, and it monitors positions on a daily basis and hedging strategies are used to ensure positions are maintained within the established limits.

3.2 Accounting for derivative financial instruments and hedging activities

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The Group designates derivatives as hedges of the fair value of recognised assets, liabilities or a firm commitment (a "fair value hedge").

The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. Changes in the fair value of hedges that are designated and qualify as fair value hedges are recorded in the income statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

The fair value of financial instruments traded in active markets (such as publicly traded derivatives) is based on quoted market prices at the statement of financial position date. The fair value of financial instruments that are not traded in an active market (such as over the counter derivatives) is determined by using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each statement of financial position date. The fair value of interest rate swaps and foreign currency forwards is calculated as the present value of the estimated future cash flows.

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS
31 January 2010 (Continued)

4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Investments in unit trusts and cash funds comprise investments in money market funds. Valuations at each reporting date are based on the net asset value of the fund as notified by the trustee. The value is readily convertible into cash.

The Group has applied assumptions to calculate fair value of interest rate swap. The assumptions are taken from observable market data. The Group reviews its customer and other loans at each reporting date to assess whether an allowance for impairment losses should be recognised in the income statement. This assessment is based on a number of factors and actual results may differ causing future changes to the allowance. No impairment of assets has occurred during the period (2009: €Nil).

Estimates have to be made for both the expected ultimate cost of claims reported at the statement of financial position date and for the expected ultimate cost of claims incurred but not reported. Past claims settlement trends are used to predict future claims settlement trends. At each reporting date, prior year claims estimates are reassessed for adequacy. Claims provisions are not discounted as the nature of business is short tail. There has been no change in the estimates and assumptions used in these interim financial statements as compared to those used in the annual financial statements.

5.	INTEREST AND SIMILAR INCOME	2010	2009
		€	€
	Loans and receivables advanced to banks	36,601	19,925
	Loans and receivables advanced to customers	70,183,244	94,583,117
		<hr/>	<hr/>
		70,219,845	94,603,042
		<hr/>	<hr/>
6.	INTEREST EXPENSE AND SIMILAR CHARGES	2010	2009
		€	€
	Deposits from customers	1,249,962	2,346,565
	Interest bearing loans and deposits	69,045,127	87,407,449
		<hr/>	<hr/>
		70,295,089	89,754,014
		<hr/>	<hr/>
7.	PROFIT BEFORE TAXATION	2010	2009
		€	€
	Profit before taxation is stated after charging:		
	Management fee	(337,672)	(343,693)
		<hr/>	<hr/>

Auditors' and directors' remuneration are discharged by a group company and are included in management fees.

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS
31 January 2010 (Continued)

8. FAIR VALUES OF FINANCIAL ASSETS AND FINANCIAL LIABILITIES

There is no difference between the fair value and book value of assets and liabilities in the books of the company. Loans and receivables advanced to banks and to customers as well as deposits due to banks and due to customers are not quoted on an active market. The company issued securities on 1 February 2006 as follows:

€1,000,000,000 3.5% Bonds of 2006/2011, listed on Irish and Stuttgart stock exchanges and guaranteed by the parent company. Fair value of the bonds was € 999,247,797 in 2010 (€998,521,579 in 2009) with an effective interest rate of 3.58%.

€1,000,000,000 3.875% Bonds of 2006/2016, listed on Irish and Stuttgart stock exchanges and guaranteed by the parent company. Fair value of the bonds was € 978,191,193 in 2010 (€892,182,059 in 2009) with an effective interest rate of 4.02%.

\$1,000,000,000 7.20% undated subordinated Securities, listed on Irish stock exchange and guaranteed by the parent company. Fair value of the bonds was €703,384,610 in 2010 (€766,010,762 in 2009) with an effective interest rate of 7.39%.

The proceeds of the issues were previously used as a loan to Porsche Automobil Holding SE. During the period, these loans were transferred such that the borrower is now Dr. Ing. h.c.F. Porsche AG.

9.	CORPORATION TAX EXPENSE	2010	2009
		€	€
(a)	<i>Analysis of charge in year</i>		
	Irish corporation tax on profits for		
	the year (see note 9 (b))	483,134	406,023
	Prior year over provision in corporation tax	-	100,359
	Foreign withholding tax	1,948	771
		<u>485,082</u>	<u>507,153</u>
	Total tax on profit	485,082	507,153
	Foreign withholding tax relates to Japanese Yen and Swiss Franc interest income earned.		
(b)	<i>Factors affecting tax charge in year</i>		
	The tax assessed for the year is higher than the standard rate of corporation tax in the Republic of Ireland (12.5%). The differences are explained below:		
		2010	2009
		€	€
	Profit before tax	3,865,072	3,248,182
		<u>3,865,072</u>	<u>3,248,182</u>
	Profit before tax multiplied by standard rate of corporation tax		
	of 12.5% (2009: 12.5%)	483,134	406,023
	Prior year over provision in corporation tax		100,359
	Foreign withholding tax	1,948	771
		<u>485,082</u>	<u>507,153</u>
	Current tax charge for year (note 9 (a))	485,082	507,153

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 July 2009 (Continued)

10.	CALLED UP SHARE CAPITAL	2010	2009
		€	€
	<i>Authorised</i>		
	1,000,000 ordinary shares of par value €0.511292 each	511,292	511,292
		<u> </u>	<u> </u>
	<i>Allotted, called up and fully paid</i>		
	1,000,000 ordinary shares of par value €0.511292 each	511,292	511,292
		<u> </u>	<u> </u>

11.	INSURANCE CONTRACT LIABILITIES			
		<i>Gross</i>	<i>Reinsurance</i>	<i>Net</i>
		€	€	€
	2010			
	Notified outstanding claims	6,461,459	–	6,461,459
	Provision for claims incurred but not reported	5,890,725	–	5,890,725
	Provision for unearned premiums	13,829,939	–	13,829,939
		<u> </u>	<u> </u>	<u> </u>
		26,182,123	–	26,182,123
		<u> </u>	<u> </u>	<u> </u>
	2009			
	Notified outstanding claims	4,682,750	–	4,682,750
	Provision for claims incurred but not reported	1,473,652	–	1,473,652
	Provision for unearned premiums	6,253,626	–	6,253,626
		<u> </u>	<u> </u>	<u> </u>
		12,410,028	–	12,410,028
		<u> </u>	<u> </u>	<u> </u>

12. IMPAIRMENT LOSSES ON LOANS AND RECEIVABLES

There were no impairment losses on loans and advances as at 31 January 2010.

13. RELATED PARTIES

A number of transactions are entered into with related parties in the normal course of business. These include loans and receivables, deposits, foreign currency forwards and interest rate swaps.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 July 2009 (Continued)

13. RELATED PARTY TRANSACTIONS (Continued)		
	2010	2009
	€	€
<i>Loans and receivables advanced to related parties</i>		
Loans and receivables at 1 August		
Advanced by parent to ultimate parent	2,656,405,451	2,582,082,960
Advanced by subsidiary to ultimate parent	309,804,848	309,655,708
Movement during the year		
Advanced/ (repaid) by parent	25,620,997	74,322,491
Advanced/ (repaid) by subsidiary	40,055,508	149,140
Loans and receivables outstanding at 31 January		
parent	2,630,784,454	2,656,405,451
subsidiary	269,749,340	309,804,848
	<u>2,900,533,794</u>	<u>2,966,210,298</u>
Interest and similar income from parent	64,531,869	133,295,791
Interest and similar income from other group companies	5,651,375	8,788,468
	<u>64,531,869</u>	<u>133,295,791</u>
<i>Deposits due to related parties</i>		
Deposits at 1 August		
Received by parent from ultimate parent	173,517,854	146,990,980
Received by subsidiary from ultimate parent	75,816,268	171,780,886
Deposits granted/(repaid) during the year (net)		
Received/ (paid) by parent	(173,517,854)	26,526,875
Received by subsidiary from ultimate parent	(74,144,250)	(95,964,618)
Deposits outstanding at 31 January		
parent	-	173,517,854
subsidiary	1,672,018	75,816,268
	<u>1,672,018</u>	<u>249,334,123</u>
Interest and similar charges to parent	1,128,622	4,780,740
Interest and similar charges to other group companies	121,340	2,501,164
	<u>1,128,622</u>	<u>4,780,740</u>
<i>Interest rate swaps from related parties</i>		
Contracts outstanding at 1 August (Nominal value)	3,883,996	4,761,320
Contracts sold/matured during the year	(395,013)	(877,324)
Contracts outstanding at 31 January	<u>3,488,983</u>	<u>3,883,996</u>
Change in fair value on interest rate contracts	<u>14,805</u>	<u>336,601</u>

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS
31 January 2010 (Continued)

13. RELATED PARTIES (Continued)

The Group is a wholly owned subsidiary of Dr. Ing. h.c. F. Porsche AG. A number of transactions are entered into with related parties in the normal course of business. These include loans and receivables, deposits and interest rate swaps.

Fees and commissions income from/to related parties

Guarantee fee

The Group acts as joint guarantor with the parent company, Porsche AG, for the following loan notes issued by fellow group company, Porsche Financial Services Inc.:
 US\$200,000,000 4.47% Series A Guaranteed Senior Notes due 9 March 2011;
 US\$150,000,000 4.98% Series A Guaranteed Senior Notes due 9 March 2014;
 US\$75,000,000 5.13% Series A Guaranteed Senior Notes due 9 March 2016;
 US\$200,000,000 5.33% Series A Guaranteed Senior Notes due 9 March 2019;

The Group earns an annual guarantee fee of 0.125% on the outstanding nominal amount of the issue from the parent company. For the 6 months ended 31 January 2010, the Group earned € 288,796 (2009: € 268,112) under this arrangement.

Commitment fee

The Group agreed to make available a credit facility of €1,890,000,000 to the parent company, Porsche AG. The facility was fully drawn down and so no credit facility fee was received for the 6 months ended 31 January 2010 (2009: €Nil).

<i>Other fees and commissions</i>	<i>2010</i>	<i>2009</i>
	€	€
Collection fee	175,000	175,000
Service fee	805	1,715
	<u> </u>	<u> </u>

Fees and commissions expense due to related parties:

Guarantee fee

The Group is provided with a guarantee from the parent company, Porsche AG, for the following bonds and securities issued:

€1,000,000,000 3.5% Bonds of 2006/2011, listed on Irish and Stuttgart stock exchanges and guaranteed by the parent company.

€1,000,000,000 3.875% Bonds of 2006/2016, listed on Irish and Stuttgart stock exchange and guaranteed by the parent company.

\$1,000,000,000 7.20% undated subordinated Securities, listed on Irish stock exchange and guaranteed by the parent company.

The Group pays an annual guarantee fee of 0.125% on the outstanding nominal amount of the issue from the parent company, Porsche AG. For the six months ended 31 January 2010, the Group paid €1,684,714 (2009: €1,676,356) under this arrangement.

Terms and conditions of transactions with related parties

The loans to and deposits from related parties are at arm's length rates. Outstanding balances at the year end are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the 6 months ended 31 January 2010, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (2009: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

31 January 2010 (Continued)

14. SEGMENT REPORTING

For management purposes, the Group is organised into two business units based on the services provided and has two reportable operating segments:

Porsche International Financing plc (PIF plc) - Treasury and Cash Management and;

Porsche International Reinsurance Ltd (PIRL) - Captive Reinsurance.

Management monitors the operating results of these business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment revenue for parent comprises gross interest earned by parent on loans and the related fee income. For subsidiary, segment revenue comprises gross premium written by the subsidiary, income earned on investments and movements in insurance contract liabilities. Segment results represent profit before tax for the Group.

Segment performance is evaluated based on operating profit or loss as set out in the table below:

2010	<i>Treasury and cash management</i>	<i>Captive reinsurance</i>	<i>Total</i>
	€	€	€
Assets	2,895,099,006	55,793,970	2,950,892,976
Liabilities	2,854,592,463	48,301,212	2,902,893,675
Revenues	74,250,886	13,623,648	87,874,534
Net Interest Income/(expense)	(115,669)	40,425	(75,244)
Operating profit	1,993,282	1,871,790	3,865,072
Tax expense	251,108	233,974	485,082
2009			
Assets	3,004,006,645	34,078,190	3,038,084,835
Liabilities	2,967,798,734	25,666,790	2,993,465,524
Revenues	95,896,030	10,145,522	106,041,552
Net Interest Income	6,847,923	(1,998,895)	4,849,028
Operating profit /(loss)	4,051,049	(802,867)	3,248,182
Tax expense	507,153	-	507,153

NOTES TO THE CONDENSED CONSOLIDATED UNAUDITED FINANCIAL STATEMENTS

31 January 2010 (Continued)

14. SEGMENT REPORTING (Continued)

IFRS 8 also requires disclosure of non-current assets attributable to each geographical area. Since the balance sheet lists items in order of liquidity and the current/non-current distinction is not made, the company has disclosed total assets and total liabilities attributable.

2010	<i>Eurozone</i>	<i>Rest of Europe</i>	<i>America</i>	<i>Asia Pacific</i>	<i>Total</i>
	€	€	€	€	€
Assets	2,686,190,624	134,483,673	83,382,159	46,836,520	2,950,892,976
Liabilities	2,097,916,748	11,690,552	716,171,393	77,114,982	2,902,893,675
Revenues	75,425,707	9,258,515	3,167,431	22,881	87,874,534
Profits	3,167,119	470,341	226,697	915	3,865,072
2009					
Assets	2,721,931,134	113,233,124	123,733,953	79,186,624	3,038,084,835
Liabilities	2,202,779,230	29,372,049	731,024,151	30,290,094	2,993,465,524
Revenues	98,493,150	6,667,541	835,520	45,341	106,041,552
Profits	2,917,928	285,243	44,257	754	3,248,182

Cash flows for geographical segments as at 31 January 2010:

	<i>Eurozone</i>	<i>Rest of Europe</i>	<i>America</i>	<i>Asia Pacific</i>	<i>Total</i>
	€	€	€	€	€
Operating activities	(4,983,257)	(1,362,004)	(3,874,452)	(1,564,888)	(11,784,601)
Investing activities	(10,685,523)	(2,643,894)	(3,078,410)	(335,502)	(16,743,329)
Financing activities	24,109,200	-	-	-	24,109,200

Cash flows for geographical segments as at 31 January 2009:

Operating activities	(102,633,045)	(60,983,762)	-	-	(163,616,807)
Investing activities	-	4,041,256	-	-	4,041,256
Financing activities	140,869,566	-	-	-	140,869,566