
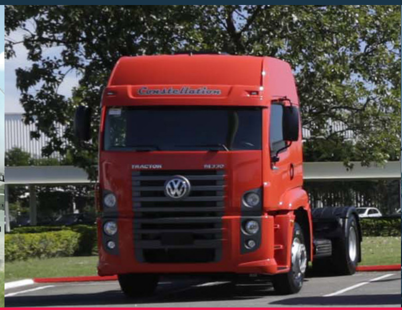

Q2 MAN Group:
Significant improvement in operating profit amid difficult market environment

€ million	2014 H1	2013 H1	Change in %	2014 Q2	2013 Q2	Change in %
Order intake	7,674	7,846	–2	3,976	4,039	–2
Sales revenue	6,699	7,629	–12	3,561	4,036	–12
Operating profit/loss	222	–123	–	154	–26	–

- Slight decline in order intake; sales revenue down significantly year-on-year
- Commercial Vehicles business area: European market down slightly in Q2 following introduction of Euro 6, further deterioration in the market environment in Brazil
- Improvement in operating profit primarily attributable to Power Engineering
- Net cash flow impacted by increase in working capital
- Outlook for full-year 2014 adjusted: Decline in operating profit in the Commercial Vehicles business area due to lower unit sales, MAN Group's sales revenue noticeably below the prior-year level, significant increase in operating profit attributable to Power Engineering

Interim report as of June 30, 2014 - Q2/2014

MAN SE

Letter to our Shareholders

Significant improvement in operating profit amid difficult market environment

Dear Shareholders,

The first half of 2014 paints a bright picture — but it is not without its shadows. Starting with the good news: Demand in the European commercial vehicles market rose slightly in the first half of the year but continued to feel the effects of the introduction of the Euro 6 emission standard. This meant that demand was again down slightly year-on-year in the second quarter. The modest revival of the global economy continued, and we also observed a recovery in the Western and Southern European economies. While we are once again more optimistic about the economic situation in Europe, we are facing growing challenges in Brazil, a key market for MAN. This impacted our figures:
The MAN Group's order intake in the first half of the year was €7.7 billion, down slightly on the prior-year level due to lower order intake in the Commercial Vehicles business area.

Order intake here declined by 6% year-on-year to €5.8 billion. This is attributable to a considerable decrease in orders at MAN Latin America, where we recorded orders worth €1.2 billion in the first half of 2014 — around €400 million less than in the previous year. This trend had already become apparent in the first quarter. As before, it is attributable to the economic slowdown. By contrast, MAN Truck & Bus's order intake was up 2% on the prior-year period, at €4.7 billion.

The Power Engineering business area recorded an order intake of €1.9 billion, up slightly year-on-year. MAN Diesel & Turbo's orders rose by €80 million to €1.7 billion thanks to a slight market recovery in the marine unit, which absorbed the declines in the Turbomachinery strategic business unit.

The MAN Group's sales revenue declined by 12% in the first half of 2014 to €6.7 billion. MAN Truck & Bus generated sales revenue of €3.9 billion. MAN Latin America's sales revenue declined to €1.2 billion as a result of the market trend outlined above. MAN Diesel & Turbo posted sales revenue of €1.4 billion, while Renk generated €216 million.

The MAN Group recorded a clear improvement in operating profit despite significantly lower sales revenue. It rose to €222 million in the first six months of the current fiscal year, compared with a clear operating loss of €123 million in the first half of 2013. Provisions for a power plant project at MAN Diesel & Turbo that had not yet been completed significantly impacted Group profit in the prior-year period. MAN Diesel & Turbo returned to an operating profit of €88 million in the first half of 2014; Renk recorded €26 million. This produces an operating profit of €114 million for the Power Engineering business area. Operating profit in the Commercial Vehicles business area was on a level with the previous year, at €150 million. MAN Truck & Bus benefited from higher margins in the Trucks business, lifting its operating profit from €44 million in the prior-year period to €79 million in the first half of 2014. At MAN Latin America, lower sales revenue and unfavorable currency effects saw operating profit decline to €67 million. The MAN Group recorded profit before tax of €158 million and profit after tax of €92 million.

We are expecting slightly stronger global economic growth in 2014 compared with the previous year. However, there are still uncertainties surrounding economic developments owing in particular to the ongoing sovereign debt crisis in Europe, and political instability, particularly in connection with the Ukraine crisis. We are keeping a close eye on economic developments in Brazil, which are also a cause for concern. On the basis of business developments in the first two quarters of 2014, we expect the MAN Group's full-year sales revenue to be noticeably below the prior-year figure. However, we expect to see a significant increase in operating profit. The operating return on sales will significantly exceed the 2013 figure.

Dr.-Ing. Georg Pachta-Reyhofen
Chief Executive Officer of MAN SE

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Introduction

The Group interim financial report of MAN SE meets the requirements for a half-yearly financial report in accordance with the applicable provisions of the *Wertpapierhandelsgesetz* (WpHG — German Securities Trading Act) and, in accordance with section 37w of the WpHG, comprises the condensed interim consolidated financial statements, the interim management report of the Group, and a responsibility statement. The interim consolidated financial statements have been prepared in compliance with IAS 34 in accordance with the International Financial Reporting Standards (IFRSs) and related Interpretations issued by the International Accounting Standards Board (IASB), that were effective at the end of the reporting period and endorsed by the European Union (EU). The Group interim financial report should be read in conjunction with the annual report for fiscal year 2013 and the additional information on the Company contained in it.

Disclosures on changes to the structure of financial reporting and on changes to the definition of control measures starting in fiscal 2014 due to the integration into the Volkswagen Group are included in the interim management report and the notes to the condensed interim consolidated financial statements.

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

At a Glance

€ million	2014 H1	2013 H1	Change in %	2014 Q2	2013 Q2	Change in %
Order intake	7,674	7,846	–2	3,976	4,039	–2
Germany	1,610	1,676	–4	860	815	6
Other countries	6,064	6,169	–2	3,116	3,224	–3
Order backlog[1]	6,583	5,776	14	6,583	5,776	14
Headcount	55,480	56,102	–1	55,480	56,102	–1
Germany	32,110	32,430	–1	32,110	32,430	–1
Other countries	23,370	23,672	–1	23,370	23,672	–1
Sales revenue	6,699	7,629	–12	3,561	4,036	–12
Germany	1,367	1,537	–11	712	800	–11
Other countries	5,333	6,092	–12	2,849	3,236	–12
			€ million			€ million
Operating profit/loss	222	–123	346	154	–26	180
Operating return on sales (%)	3.3	–1.6	4.9	4.3	–0.6	4.9
Profit/loss before tax from continuing operations	158	–130	288	116	14	102
as a % of sales revenue	2.4	–1.7	4.1	3.2	0.3	2.9
Profit/loss after tax	92	–378	469	63	–41	104
Profit/loss attributable to shareholders of MAN SE	86	–383	469	61	–43	104
ROS (%)[2]	3.8	–0.1	3.9	4.5	1.8	2.7
ROCE (%)[2]	7.1	–0.3	7.4	8.9	4.1	4.8
Gross cash flow	175	199	–24	215	193	21
Net cash used in operating activities	–908	–535	–373	–220	–385	165
Cash flows from investing activities attributable to operating activities	225	–203	428	–113	–118	5
of which: from acquisitions and divestments	417	–	417	–	–	–
of which: investments in property, plant, and equipment	–112	–146	33	–68	–84	15
as a % of sales revenue	1.7	1.9	–	1.9	2.1	–
capitalized development costs	–85	–66	–18	–43	–38	–5
as a % of sales revenue	1.3	0.9	–	1.2	1.0	–
Net cash flow	–684	–738	55	–333	–503	170
Depreciation, amortization, and impairment losses of noncurrent assets	440	419	21	221	206	14
R&D expenditures	278	270	7	150	135	16
Cash and cash equivalents[1]	775	1,137	–362	775	1,137	–362
Net financial debt[1]	–1,225	–1,315	89	–1,225	–1,315	89
Total equity[1]	5,844	5,227	617	5,844	5,227	617

Any differences in this Group interim financial report are due to rounding.
1) As of June 30, 2014, vs. December 31, 2013.
2) The actual ROS and ROCE values according to the previous logic will also be reported on a voluntary basis in fiscal 2014.

Interim Management Report as of June 30, 2014

Economic environment

The slight revival of the global economy has continued in the year to date, although it varied from region to region. The economic situation in the industrialized nations improved despite the continued presence of structural obstacles. At the same time, economic growth in a number of emerging economies slowed due to currency volatility and structural deficits.

The economic recovery in Western Europe continued in the reporting period. The northern European countries returned to a moderate growth path, while the recession came to an end in most of the crisis-hit southern European countries. The German economy reinforced its upward trend in the first half of 2014, benefiting in particular from the continued positive consumer sentiment and the stable situation on the labor market. Central Europe also recorded positive economic growth in the first six months of 2014. Sentiment in Eastern Europe deteriorated due to the geopolitical tensions between Russia and Ukraine.

Despite the difficult weather-induced conditions at the beginning of the year, the U.S. economy continued its recovery in the first half of 2014. Consumer sentiment boosted the economy, while the unemployment rate declined further. Growth in Brazil — a key market for MAN — was down on the low prior-year level in the first six months of 2014.

The Chinese economy continued to record robust growth, though the pace slowed. India’s economy was weighed down by structural problems and an ongoing reluctance to invest.

Changes to financial reporting

The integration of the MAN Group into the Volkswagen Group also results in structural adjustments to financial reporting and changes to the definition of control measures.

Changes to the structure of the income statement

The MAN Group has prepared its income statement in line with the structure used by Volkswagen since the beginning of fiscal 2014. A comparison of the format of the income statement used previously to the new format for the period from January 1 to June 30, 2013, and for the second quarter of 2013, as well as the most important differences are provided in the notes to the condensed interim consolidated financial statements.

Changes to the definition of control measures

MAN calculated its financial control measures on the basis of the definitions and structures used in the Volkswagen Group's financial reporting for the first time starting in fiscal 2014. The main differences are explained in the following.

The operating profit used in the MAN Group until December 31, 2013, essentially corresponded to earnings before interest and taxes (EBIT). When calculating operating profit, adjustments were made for earnings effects from purchase price allocations and, in individual cases, effects from nonrecurring items. According to the Volkswagen Group's definition, operating profit is calculated as profit before tax and before the financial result. As a result, net investment income in particular is no longer part of operating profit. This is now presented in the share of profits and losses of equity-method investments or in the other financial result. However, earnings effects relating to tangible and intangible assets resulting from the acquisition of an individual segment are eliminated from the operating profit of that segment.

The operating return on sales for the MAN Group, the business areas, and the segments is expressed as operating profit as a percentage of sales revenue.

The actual ROS and ROCE values according to the logic used until December 31, 2013, will continue to be reported on a voluntary basis in 2014.

Restatement of comparative periods

The income statement and the control measures published in this Group interim financial report are no longer comparable with the figures reported in prior periods due to the changes to the structure of financial reporting and the definition of control measures. The prior-period figures presented in this report were therefore adjusted accordingly.

Divestments

Volkswagen Financial Services AG, Braunschweig (VWFS) acquired the shares of MAN Finance International GmbH, Munich (MAN Finance), effective January 1, 2014. The bundling of the infrastructure, resources, and expertise of VWFS and MAN Finance facilitates the development of integrated transportation solutions for MAN Truck & Bus's customers, including in other markets. MAN Finance will remain MAN Truck & Bus's exclusive sales support organization.

MAN Finance was presented as "Financial Services" in MAN's reporting until December 31, 2013, and is included in all related prior-year information.

For further information, see the "Notes to the Condensed Interim Consolidated Financial Statements."

The MAN Group's order situation

The MAN Group's order intake in the first half of the current fiscal year was €7.7 billion, down slightly on the prior-year level.

Order intake by business area

€ million	2014 H1	2013 H1	Change in %	2014 Q2	2013 Q2	Change in %
Commercial Vehicles[1]	5,784	6,161	–6	2,984	3,146	–5
Power Engineering[1]	1,906	1,838	4	1,001	995	1
Others	–16	–153	–	–9	–102	–
MAN Group	**7,674**	**7,846**	**–2**	**3,976**	**4,039**	**–2**

[1] 2014: consolidated presentation, 2013: consolidation effects were immaterial.

Order intake in the Commercial Vehicles business area declined by 6% year-on-year to €5.8 billion in the first six months (previous year: €6.2 billion). Measured in terms of units, order intake was 7% lower at 62,646 vehicles.

In the first six months of fiscal 2014, MAN Truck & Bus received orders worth €4.7 billion, an increase of 2% as against the previous year. The number of vehicles ordered rose by 5% to 38,854 on the back of the improved economic environment in Europe at the beginning of 2014. However, pull-forward effects from the introduction of the Euro 6 emission standard had a negative impact. The European truck market was again down slightly year-on-year in the second quarter.

MAN Latin America recorded an order intake of €1.2 billion in the first half of 2014, considerably below the prior-year figure (€1.6 billion). This decrease was mainly due to lower unit sales, which declined by 17% to 25,197 vehicles as a result of the further deterioration of the business environment in Latin America. The depreciation of the Brazilian real also had a negative effect.

In the Power Engineering business area, order intake amounted to €1.9 billion, slightly higher than in the previous year (€1.8 billion). MAN Diesel & Turbo's orders rose by approximately €80 million (+5%) to €1.7 billion. The increase is mainly attributable to the marine unit, which more than offsets the slight decline in the Turbomachinery strategic business unit. Renk recorded an order intake of €226 million in the first six months (previous year: €237 million).

The MAN Group's order intake in both Germany and other countries was down slightly on the prior-year level. The proportion of international orders remained unchanged as against the previous year at 79%.

The order backlog amounted to €6.6 billion as of June 30, 2014, up 14% compared with December 31, 2013 (€5.8 billion). The Commercial Vehicles business area recorded an increase of 29% and the order backlog in the Power Engineering business area rose by 7%.

Results of operations, financial position, and net assets

The MAN Group's results of operations

The MAN Group's sales revenue for the first six months of fiscal 2014 declined by 12% to €6.7 billion (previous year: €7.6 billion).

Sales revenue by business area

€ million	2014 H1	2013 H1	Change in %	2014 Q2	2013 Q2	Change in %
Commercial Vehicles[1)]	5,071	5,922	–14	2,735	3,158	–13
Power Engineering[1)]	1,634	1,840	–11	830	975	–15
Others	–6	–133	–	–4	–97	–
MAN Group	**6,699**	**7,629**	**–12**	**3,561**	**4,036**	**–12**

[1)] 2014: consolidated presentation, 2013: consolidation effects were immaterial.

The Commercial Vehicles business area reported sales revenue of €5.1 billion in the first half of the year, 14% less than in the previous year (€5.9 billion). MAN Truck & Bus generated sales revenue of €3.9 billion (previous year: €4.3 billion), down 10% on the prior-year figure. Unit sales decreased by 6% to 33,093 vehicles. MAN Latin America's sales revenue declined to €1.2 billion in the first half of 2014 (previous year: €1.6 billion) due to the further deterioration in the business environment. Unit sales fell by 17% to 25,197 vehicles.

Sales revenue in the Power Engineering business area declined by 11% year-on-year to €1.6 billion in the first six months. At €1.4 billion, MAN Diesel & Turbo's sales revenue was down 12% on the previous year in the first six months, recording decreases in both the Power Plants and Turbomachinery strategic business units. Renk reported sales revenue of €216 million (previous year: €225 million).

The MAN Group's domestic sales revenue declined by 11% year-on-year to nearly €1.4 billion. International sales revenue fell by 12%. The high proportion of international sales revenue remained unchanged as against the previous period at almost 80%.

The MAN Group recorded an operating profit of €222 million in the first half of 2014 — a significant improvement compared with the clear operating loss of €123 million in the prior-year period.

Operating profit/loss by business area

€ million	2014 H1	2013 H1	Change in € million	2014 Q2	2013 Q2	Change in € million
Commercial Vehicles[1)]	150	147	2	107	111	–4
Power Engineering[1)]	114	–194	308	67	–93	160
Others	–41	–76	35	–20	–44	24
MAN Group[1)]	**222**	**–123**	**346**	**154**	**–26**	**180**

1) 2014: consolidated presentation, 2013: consolidation effects were immaterial.

This improvement is primarily attributable to the Power Engineering business area, which recorded an operating profit of €114 million (previous year: operating loss of €194 million). In the Commercial Vehicles business area, operating profit was on a level with the previous year at €150 million (previous year: €147 million) despite a significant decline in sales revenue. The operating loss attributable to Others narrowed by €35 million year-on-year. The MAN Group's operating profit for the second quarter includes income of approximately €46 million from the settlement relating to D&O insurance and former executive board members as authorized by the 2014 Annual General Meeting.

The MAN Group's operating return on sales in the first six months was 3.3%, after –1.6% in the prior-year period. The operating return on sales for the Commercial Vehicles business area rose to 3.0% (previous year: 2.5%). In the Power Engineering business area, the operating return on sales improved to 7.0% (previous year: –10.6%).

MAN Truck & Bus recorded an operating profit of €79 million in the first six months (previous year: €44 million). The increase is mainly attributable to improved margins in the Trucks business. MAN Truck & Bus's operating return on sales for the first six months rose from 1.0% in the previous year to 2.0%. MAN Latin America generated an operating profit of €67 million in the reporting period (previous year: €104 million). This decrease is mainly due to lower sales revenue, greater competition, and the depreciation of the Brazilian real against the euro. The operating return on sales amounted to 5.6% (6.6%).

In the Power Engineering business area, MAN Diesel & Turbo again posted a significantly positive operating profit of €88 million, after an operating loss of €222 million in the previous year. The negative prior-year figure was primarily attributable to considerable additional provisions for a power plant project that had not yet been completed. MAN Diesel & Turbo's operating return on sales was 6.2%

(previous year: –13.7%). Renk recorded an operating profit of €26 million in the first half of 2014 (previous year: €27 million). This corresponds to an operating return on sales of 11.9% (previous year: 12.1%).

The improvement in the operating loss attributable to Others is primarily due to lower purchase price allocation effects.

The financial result deteriorated by €58 million year-on-year to €–64 million, mainly due to the absence of a dividend from Scania.

All in all, the MAN Group's profit before tax amounted to €158 million in the first six months (previous year: €–130 million). The Group recorded profit after tax of €92 million in the reporting period, compared with a loss after tax of €378 million in the previous year. The tax rate was 42.0% (previous year: –190.4%). The comparative prior-year period mainly comprised valuation allowances on deferred tax assets in respect of tax loss carryforwards.

Earnings per share from continuing operations were €0.59 as against €–2.60 in the prior-year period.

The MAN Group's financial position

Net cash flow from the MAN Group's operating and investing activities attributable to operating activities amounted to €–684 million after the first six months (previous year: €–738 million).

Net cash flow by business area

€ million	2014 H1	2013 H1	Change in € million	2014 Q2	2013 Q2	Change in € million
Commercial Vehicles[1)]	–468	–406	–63	–83	–295	212
Power Engineering[1)]	–117	–239	122	–57	–144	87
Others	–98	–93	–4	–193	–64	–129
MAN Group	**–684**	**–738**	**55**	**–333**	**–503**	**170**

1) 2014: consolidated presentation, 2013: consolidation effects were immaterial.

This included the following nonrecurring items: It was affected on the one hand by a net inflow of €415 million from the sale of MAN Finance, and impacted on the other by the payment of prior-period taxes in the amount of €256 million including interest, as well as by the prepayment of the expected tax liability for fiscal 2013 (€130 million) in the second quarter.

The MAN Group's gross cash flow in the first six months was €175 million (previous year: €199 million), despite a considerable improvement in the profit before tax. This was primarily due to tax payments.

The MAN Group's working capital rose by €1,083 million (previous year: €734 million), mainly as a result of the €384 million decrease in liabilities and prepayments received (previous year: €157 million).

This decline was largely attributable to a lower production volume at MAN Truck & Bus in the first half of 2014 compared with Q4/2013. The MAN Group's inventories rose by €351 million (previous year: €358 million). In addition, provisions decreased by €76 million (previous year: increase of €189 million). Receivables rose by €37 million (previous year: €216 million).

This saw negative cash flow from operating activities widen significantly to €–908 million, compared with €–535 million in the previous year.

Net cash provided by investing activities attributable to operating activities amounted to €225 million (previous year: net cash used in investing activities attributable to operating activities of €203 million) and was dominated by the net cash inflow of €415 million from the sale of MAN Finance. Excluding this effect, investments were down slightly on the prior-year level.

In the Commercial Vehicles business area, net cash flow declined to €–468 million in the first half of 2014 (previous year: €–406 million) due to the increase in working capital. The Power Engineering business area recorded a net cash flow of €–117 million in the reporting period (previous year: €–239 million). Net cash flow from Others was €–98 million (previous year: €–93 million) and includes the cash inflow from the sale of MAN Finance and the negative effects from the tax payments.

Cash outflows from financing activities in the reporting period amounted to €166 million (previous year: €103 million). This mainly relates to the €724 million loss absorption by Truck & Bus GmbH for 2013 and the MAN SE dividend of €21 million. In addition, bonds in the amount of €520 million were repaid and other financial liabilities reduced by €346 million.

The MAN Group's net financial debt was €1,225 million on June 30, 2014, an improvement of €89 million as against December 31, 2013.

As announced, the cooperation with rating agency Moody's was terminated at the end of March 2014.

Structure of the MAN Group's balance sheet

The MAN Group's total assets amounted to €18,574 million at the end of the reporting period, 17.6% lower than on December 31, 2013 (€22,537 million).

Current assets declined to €7,708 million in the reporting period (December 31, 2013: €12,588 million). At the same time, current liabilities decreased by 39.8% to €6,961 million (December 31, 2013: €11,561 million). Both effects related mainly to the sale of MAN Finance to VWFS as of January 1, 2014. MAN Finance was presented as held for sale as of December 31, 2013. For further information, see "Divestments" and the "Notes to the Condensed Interim Consolidated Financial Statements." Noncurrent and current financial liabilities declined by €862 million in the first half of 2014. This change is primarily attributable to the repayment of bonds and the reduction of other financial liabilities.

The higher carrying amount of the investment in Scania AB, Södertälje/Sweden (Scania), as of June 30, 2014, led to an increase in noncurrent assets of €880 million as against December 31, 2013.

The MAN Group's equity increased to €5,844 million as of June 30, 2014, compared with December 31, 2013 (€5,227 million). This change is primarily attributable to the measurement of the investment in Scania. The preparation of the condensed interim consolidated financial statements after appropriation of net profit led to a decrease in reported equity as of June 30, 2014. The equity ratio was 31.5% (previous year 23.2%).

	MAN Group		
€ million	**6/30/2014**	**3/31/2014**	**12/31/2013**
Noncurrent assets	10,866	10,832	9,949
Current assets	7,708	8,125	12,588
Total assets	**18,574**	**18,957**	**22,537**
Total equity	5,844	5,711	5,227
Noncurrent liabilities	5,768	5,858	5,749
Current liabilities	6,961	7,388	11,561

Headcount

The definition of headcount was also adapted in line with Volkswagen's reporting. It comprises active employees, employees in the passive phase of partial retirement, and vocational trainees. It does not include subcontracted employees. The comparable prior-year figures (as of December 31, 2013) were adjusted accordingly.

The MAN Group had 52,161 (previous year: 52,182) active employees on June 30, 2014. A further 605 (630) employees were in the passive phase of partial retirement, and 2,714 (3,290) young people were in vocational traineeships. The MAN Group employed a total of 55,480 (previous year: 56,102) people worldwide at the end of the reporting period. The decrease by 1%, or 622 employees, as against December 31, 2013, is primarily attributable to the sale of MAN Finance. The proportion of employees in Germany was on a level with December 31, 2013, at 58% or 32,110 employees (previous year: 32,430 employees).

The MAN Group also had 1,308 subcontracted employees at the end of the second quarter, compared with 1,327 as of December 31, 2013.

Outlook

The MAN Group's Management anticipates slightly stronger global economic growth in 2014 compared with the previous year. There are still uncertainties surrounding economic developments owing in particular to the more restrictive monetary policy announced by the U.S. Federal Reserve, the ongoing sovereign debt crisis in Europe, and political instability, particularly in connection with the Ukraine crisis and in the Middle East. Assuming that the moderate growth trend is not negatively impacted by unforeseen events and the geopolitical situation does not escalate, MAN SE's Executive Board currently expects the following:

In the Commercial Vehicles business area, MAN expects unit sales for 2014 to be significantly below the prior-year level, driven in particular by the further deterioration in the economic outlook for Brazil and Argentina. This means that sales revenue will be down sharply year-on-year. Operating profit will be significantly lower than in the previous year, mainly as a result of the decrease in volumes. The operating return on sales is expected to be on roughly the same level as the previous year.

Order intake and sales revenue in the Power Engineering business area are expected to be close to the prior-year figure in fiscal 2014. Operating profit and the operating return on sales will improve significantly but will continue to be impacted by the fierce competition, the slow license business in the marine sector, and customer reticence in the after-sales business. The Power Engineering business area is therefore expected to record a higher single-digit operating return on sales in 2014.

As a result, the MAN Group will see a noticeable year-on-year decline in sales revenue and significantly higher operating profit in 2014. The operating return on sales will significantly exceed the 2013 figure but will not reach the target bandwidth of 2 percentage points above/below the long-term target of 8.5%.

Report on Risks and Opportunities

The Report on Risks and Opportunities should be read in conjunction with our disclosures in the 2013 consolidated financial statements. The MAN Group's risk position has not changed significantly as against the assessment contained in that report.

With respect to current developments in connection with the economic situation and their effects on MAN's order situation in particular, as well as on its sales revenue and earnings, please see the sections entitled "Economic environment" and "Outlook for the MAN Group," along with the information provided on the individual segments in "The Divisions in Detail."

Litigation/legal proceedings

For information regarding “Litigation/legal proceedings,” please see the “Notes to the Condensed Interim Consolidated Financial Statements.”

MAN shares

The global equity markets performed well in the first half of 2014. The upward trend seen in the equity markets since 2013 eased in the first three months of the year before regaining momentum in the second quarter. The crisis in the emerging economies, current political unrest, and negative news from the banking sector only had a transient impact on the markets. By contrast, ongoing low interest rates, monetary policy easing by the central banks, and the comprehensive package of measures put together by the European Central Bank continued to fuel market momentum and led to high cash inflows. Sentiment in the Chinese and US economies also brightened.

The German benchmark index, the Dax, likewise continued its positive trend in the first half of 2014. Overall, it advanced by almost 3% to new highs and exceeded the 10,000 point mark for the first time before closing at 9,833 points on June 30, 2014. The MDax also rose by just under 2% to 16,816 points in the period from January to June 2014. MAN’s common shares added approximately 1% in the same period, up from a closing price of €89.25 on December 31, 2013. They then weakened in the second quarter to close at €90.25 on June 30, 2014, compared with a closing price of €92.50 on March 31, 2014.

The 134th Annual General Meeting of MAN SE on May 15, 2014, resolved to distribute a dividend of €0.14 per no-par value share carrying dividend rights (common and preferred shares) for the fiscal year. The dividend was paid on May 16, 2014. The difference of €2.93 between the dividend distributed by MAN SE for fiscal 2013 (€0.14 per no-par value share carrying dividend rights) and the guaranteed dividend promised by Truck & Bus GmbH, Wolfsburg, under the domination and profit and loss transfer agreement (€3.07), was paid by Truck & Bus GmbH.

Key data by division

Order intake by division

€ million	2014 H1	2013 H1	Change in %	2014 Q2	2013 Q2	Change in %
MAN Truck & Bus	4,656	4,585	2	2,390	2,392	0
MAN Latin America	1,195	1,576	–24	625	754	–17
MAN Diesel & Turbo	1,687	1,601	5	901	874	3
Renk	226	237	–4	102	121	–16
Others	–16	–153	90	–9	–102	91
Consolidation within the business areas[1]	–74	–	–	–33	–	–
MAN Group	**7,674**	**7,846**	**–2**	**3,976**	**4,039**	**–2**

Sales revenue by division

€ million	2014 H1	2013 H1	Change in %	2014 Q2	2013 Q2	Change in %
MAN Truck & Bus	3,913	4,346	–10	2,131	2,404	–11
MAN Latin America	1,195	1,576	–24	625	754	–17
MAN Diesel & Turbo	1,426	1,615	–12	726	872	–17
Renk	216	225	–4	108	103	5
Others	–6	–133	95	–4	–98	95
Consolidation within the business areas[1]	–45	–	–	–25	–	–
MAN Group	**6,699**	**7,629**	**–12**	**3,561**	**4,036**	**–12**

Operating profit/loss by division

€ million	2014 H1	2013 H1	Change in € million	2014 Q2	2013 Q2	Change in € million
MAN Truck & Bus	79	44	36	68	66	2
MAN Latin America	67	104	–36	36	45	–9
MAN Diesel & Turbo	88	–222	310	55	–104	158
Renk	26	27	–1	12	11	1
Others	–41	–76	35	–20	–44	23
Operating profit/loss	**222**	**–123**	**346**	**154**	**–26**	**180**
Financial result	–64	–7	–58	–39	39	79
Profit/loss before tax	**158**	**–130**	**288**	**116**	**14**	**102**
Income tax expense	–66	–248	181	–52	–55	3
Profit/loss after tax	**92**	**–378**	**469**	**63**	**–41**	**104**

[1] 2014: consolidated presentation, 2013: consolidation effects were immaterial.
In this Group interim financial report, the breakdown of order intake, sales revenue, and operating profit/loss by division is based on the segment reporting used in the MAN Group.

The Divisions in Detail

MAN Truck & Bus

€ million	2014 H1	2013 H1	Change in %	2014 Q2	2013 Q2	Change in %
Order intake	4,656	4,585	2	2,390	2,392	0
of which: Trucks	3,938	3,729	6	2,063	1,923	7
of which: Buses	718	675	6	327	374	–13
of which: Financial Services	–	204	–	–	102	–
of which: consolidation	–	–23	–	–	–8	–
Order intake (units)[1]	38,854	36,927	5	20,657	18,838	10
of which: Trucks	36,159	34,220	6	19,558	17,351	13
of which: Buses	2,695	2,707	–	1,099	1,487	–26
Sales revenue	3,913	4,346	–10	2,131	2,404	–11
of which: Trucks	3,301	3,513	–6	1,748	1,938	–10
of which: Buses	612	656	–7	383	377	2
of which: Financial Services	–	204	–	–	102	–
of which: consolidation	–	–27	–	–	–13	–
Vehicle sales (units)[1]	33,093	35,249	–6	18,827	19,536	–4
of which: Trucks	30,834	32,772	–6	17,295	18,081	–4
of which: Buses	2,259	2,477	–9	1,532	1,455	5
Production (units)	35,410	35,522	–	19,961	19,085	5
of which: Trucks	33,040	32,793	1	18,648	17,681	5
of which: Buses	2,370	2,729	–13	1,313	1,404	–6
Headcount[2]	36,153	36,887	–2	36,153	36,887	–2
			€ million			€ million
Operating profit[3]	79	44	36	68	66	2
of which: Trucks	112	77	35	77	80	–3
of which: Buses	–33	–36	3	–9	–15	6
of which: Financial Services	–	2	–2	–	1	–1
Operating return on sales (%)	2.0	1.0	–	3.2	2.7	–

1) No elimination of unit sales figures between Financial Services and Trucks/Buses.
2) Headcount as of June 30, 2014, vs. December 31, 2013.
3) 2013: Including consolidation effects between Financial Services and Trucks/Buses.

The Financial Services business is included in all related prior-year information.

In the first six months of the current fiscal year, the European truck market was up slightly on the prior-year level. This increase is attributable to a more positive economic environment and additional registrations of Euro 5 vehicles. Some of these registrations relate to vehicles that were already produced or sold in the fourth quarter of 2013 due to the pull-forward effects from the introduction of the Euro 6 emission standard. This boosted the European truck market in the first quarter of 2014. In the second quarter this effect tailed off sharply, leading the second quarter level to fall short of the prior-period figure. MAN Truck & Bus is expecting a noticeable market downturn in full-year 2014, as a significant portion of demand was already pulled forward to 2013 in advance of the Euro 6 emission rules in force starting in 2014. The European bus market was up year-on-year in the first half of 2014. The assumption for full-year 2014 is a modest downward trend, since some demand for 2014 had already been pulled forward to the fourth quarter of 2013 in the bus market, too, due to the implementation of the Euro 6 emission rules.

Order intake at MAN Truck & Bus in the first half of 2014 rose by 2% year-on-year to €4,656 million. Measured in terms of units, order intake was up 5% on the previous year, at 38,854 vehicles (previous year: 36,927).

The Trucks business recorded an order intake of €3,938 million (previous year: €3,729 million). The unit figure rose by 6% year-on-year in almost all markets to 36,159 trucks (previous year: 34,220). In particular, Uzbekistan, Germany, and Turkey saw strong growth in order intake in the second quarter of 2014.

At €718 million, order intake in the Buses business in the first half of 2014 was up 6% on the previous year, mainly due to prices and the mix. Measured in unit terms, the order intake figure of 2,695 was just under the 2,707 recorded in the previous year. The declining order intake observed in France, South Africa, and Turkey was offset by factors including a large chassis order from Singapore and a major order for city buses from Sweden in the first quarter of 2014. The year-on-year decline in order intake in the second quarter of 2014 was primarily attributable to South Africa, France, and Israel.

MAN Truck & Bus generated sales revenue of €3,913 million, a 10% decrease year-on-year from €4,346 million. At 33,093 vehicles, unit sales were also down, by 6% on the prior-year figure of 35,249.

The Trucks business recorded a decline in sales revenue to €3,301 million (previous year: €3,513 million). At 30,834 trucks, unit sales decreased by 6% on the prior-year figure (32,772) in a fiercely competitive market. Unit sales declined in Uzbekistan, Russia, and France in particular. By contrast, countries such as the United Arab Emirates, Spain, and South Korea saw increases in unit sales. Overall, MAN Truck & Bus's share of the European market for trucks over 6 t was 16.0% in the first half of 2014 (previous year: 16.2%).

The Buses business generated sales revenue of €612 million, down on the prior-year figure of €656 million. It sold 2,259 buses (previous year: 2,477), a year-on-year decrease of 9%. The main drivers for this were the chassis business in France and Australia, as well as the city bus business in Turkey and Sweden. In the European bus market, MAN Truck & Bus had a market volume of 11.7% six months into the year (previous year: 14.1%).

In the first half of 2014, production volumes in the Trucks business remained roughly at the prior-year level. At the same time, production in the Buses business was scaled back by 359 units (–13%) as against the previous year due to weaker demand.

The headcount in the first half of 2014 declined by 2% compared with December 31, 2013, to 36,153 employees. This was mainly attributable to the sale of the Financial Services business to VWFS as of January 1, 2014. On the reporting date of June 30, 2014, there were 33,655 active employees. 472 employees were in the passive phase of their partial retirement. In addition, 2,026 young people were in vocational traineeships.

At €79 million, operating profit in the first half of 2014 was significantly higher than the prior-year figure (€44 million). This corresponds to an operating return on sales of 2.0% (previous year: 1.0%). In the Trucks business, the growth in operating profit to €112 million (previous year: €77 million) is mainly attributable to improved margins as a result of reduced material costs and positive currency effects. The operating loss in the Buses business narrowed to €33 million (previous year: €36 million) despite the decline in volumes and restructuring measures for the Plauen bus plant. In the prior-year period, the loss included valuation allowances on receivables.

The Management of MAN Truck & Bus expects unit sales and sales revenue for 2014 to be slightly under the prior-year level. 2014 operating profit, and thus the operating return on sales, are expected to noticeably exceed the prior-year level. MAN Truck & Bus is working systematically to improve its earnings quality in the long term in a highly competitive market environment. Comprehensive measures have already been taken to cut costs, increase efficiency, and introduce more flexibility into production.

MAN Latin America

€ million	2014 H1	2013 H1	Change in %	2014 Q2	2013 Q2	Change in %
Order intake	1,195	1,576	–24	625	754	–17
Order intake (units)	25,197	30,301	–17	12,806	15,216	–16
Sales revenue	1,195	1,576	–24	625	754	–17
Vehicle sales (units)	25,197	30,301	–17	12,806	15,216	–16
Production (units)	24,537	32,499	–24	10,063	16,856	–40
Headcount[1)]	1,998	2,020	–1	1,998	2,020	–1
			€ million			€ million
Operating profit	67	104	–36	36	45	–9
Operating return on sales (%)	5.6	6.6	–	5.7	6.0	–

1) Headcount as of June 30, 2014, vs. December 31, 2013.

MAN Latin America received orders of €1.2 billion in the first half of 2014 (previous year: €1.6 billion). Order intake was down 24% year-on-year due to the deteriorating market environment and the devaluation of the Brazilian real. Measured in terms of units, order intake declined by 17% to 25,197 vehicles.

New registrations for trucks weighing 5 t and over in Brazil declined by 13% to 63,710 units. The more restrictive provision of subsidized financing by the Brazilian Development Bank and the further slowing of the economy had a significant impact on this trend. MAN Latin America sold 18,346 trucks in the Brazilian truck market. This corresponds to a decline of 13% as against the prior-year quarter. With a total of 16,983 new truck registrations (previous year: 20,297), MAN Latin America maintained its eleven-year market leadership, achieving a market share of 26.7% (previous year: 27.8%).

New registrations in the Brazilian bus market decreased by 14% to 13,397 vehicles. MAN Latin America sold 3,652 bus chassis (previous year: 5,346) and achieved a market share of 26.1% (previous year: 29.9%) in the declining market, with 3,499 new bus registrations (previous year: 4,640). The decrease in market share is mainly attributable to lower registrations of government-sponsored school buses. MAN Latin America was disproportionately represented in this market segment. The company nevertheless again occupied the number two position in the Brazilian bus market.

Brazil’s commercial vehicles exports declined by 19% year-on-year as a result of Argentina’s currently weak economy and uncertainties in the remaining Latin American markets. MAN Latin America remained one of Brazil’s leading exporters, with 22% of the country’s truck exports. The company sold 3,199 vehicles (previous year: 3,789) outside Brazil.

Production volumes declined by 24% compared with the prior-year period. MAN Latin America produced 19,967 trucks (previous year: 25,627) and 4,570 bus chassis (previous year: 6,872) in the first six months of the year. Production volumes were adjusted to match the lower level of demand.

Operating profit decreased to €67 million, compared with €104 million in the first half of 2013. This was mainly caused by lower sales volumes, the devaluation of the Brazilian real, and more intense competition. MAN Latin America’s operating return on sales was 5.6% (previous year: 6.6%).

The Brazilian commercial vehicles market is currently dominated by lower demand as a result of the further weakening of economic growth and less favorable financing terms, as well as fierce competition. The macroeconomic situation in other Latin American countries is also increasingly weak.

The Management of MAN Latin America is expecting considerably lower sales revenue in full-year 2014. The decrease is mainly attributable to lower market volumes, the resulting considerable decline in unit sales, and negative currency effects. Operating profit will be impacted by lower sales, intensifying competition, and the associated price pressure, as well as by the depreciation of the Brazilian real. Operating profit and the operating return on sales are expected to be substantially below the 2013 level.

MAN Diesel & Turbo

€ million	2014 H1	2013 H1	Change in %	2014 Q2	2013 Q2	Change in %
Order intake[1]	1,687	1,601	5	901	874	3
of which: Engines & Marine Systems	865	745	16	428	414	3
of which: Power Plants	246	253	–2	139	178	–22
of which: Turbomachinery	576	603	–5	334	282	18
Sales revenue[1]	1,426	1,615	–12	726	872	–17
of which: Engines & Marine Systems	658	648	2	344	333	3
of which: Power Plants	217	288	–25	116	158	–27
of which: Turbomachinery	551	680	–19	266	382	–30
Headcount[2]	14,809	14,560	2	14,809	14,560	2
			€ million			€ million
Operating profit/loss[1]	88	–222	310	55	–104	159
of which: Engines & Marine Systems	66	45	21	37	22	15
of which: Power Plants	4	–295	299	6	–154	160
of which: Turbomachinery	18	29	–11	12	29	–17
Operating return on sales (%)	6.2	–13.7	–	7.5	–11.9	–

1) Including consolidation adjustments between the Engines & Marine Systems, Power Plants, and Turbomachinery strategic business units.
2) Headcount as of June 30, 2014, vs. December 31, 2013.

As before, the situation in the market for large merchant ships such as container and freight ships remains strained due to overcapacity. Despite this, the mood is improving slightly in the market amid expectations of an upturn. Four-stroke applications for merchant and special-purpose ships saw continued stable demand in the first six months of 2014. Overall, the marine market exhibited marginally positive tendencies as against the comparable prior-year period.

Demand for energy generation remains high, particularly in the developing countries and emerging economies, with a strong trend toward higher flexibility and decentralized availability. There is also a global trend toward gas as a fuel. However, there are signs of delays in awarding contracts, particularly for larger projects, due to currency fluctuations and more difficult financing conditions for customers.

Compared with the same period in the previous year, the energy generation market proved stable overall.

The market for new turbomachinery is significantly dominated by contracts awarded for global investment projects in oil and chemical plants. Project volumes in the oil and gas industry remain at a high level, competitive pressure has intensified as a result of the depreciation of the U.S. dollar and the yen. Demand for turbomachinery in the processing industry was at a low overall level in the first half of 2014, with the already fierce competition becoming even more intense due to the currency issues mentioned. Overall, the turbomachinery market declined slightly as against the prior-year period.

MAN Diesel & Turbo's order intake was €1,687 million in the first six months of the year (previous year: €1,601 million), a 5% increase year-on-year. Order intake amounted to €865 million in the Engines & Marine Systems strategic business unit, an improvement of 16% compared with the previous year (€745 million). In particular an increase in the license and after-sales businesses had a positive effect, while the prior-year figure was not reached in the new construction business despite continued healthy demand for specialist applications such as cruise and offshore ships. In the Power Plants strategic business unit, order intake was €246 million, falling slightly short of the prior-year figure of €253 million (–2%) due to fewer orders in the new construction business. At €576 million, order volumes in the Turbomachinery strategic business unit were down 5% year-on-year (previous year: €603 million). The decline in the new construction business, in particular in the processing industry, was only partly offset by a rise in the after-sales business. A major order was received in the second quarter of 2014 in the field of turbo applications for the oil and gas industry.

Sales revenue in the first six months amounted to €1,426 million, falling 12% short of the figure for 2013 (€1,615 million). At €658 million, sales revenue in the Engines & Marine Systems strategic business unit was 2% up on the prior-year figure of €648 million. Sales revenue in the Power Plants strategic business unit was €217 million, down 25% year-on-year (previous year: €288 million) for reasons relating to billing. At €551 million, the Turbomachinery strategic business unit fell short of the 2013 sales revenue figure (€680 million) by 19%, mainly in the new construction business.

MAN Diesel & Turbo's operating profit was €88 million in the first half of 2014 (previous year: loss of €222 million), corresponding to an operating return on sales of 6.2% (previous year: –13.7%). Profit in the Engines & Marine Systems strategic business unit improved year-on-year to €66 million (previous year: €45 million) as a result of increased capacity utilization. The Power Plants strategic business unit recorded a modest €4 million profit in the first six months of the year, after a significant loss of €295 million in the prior-year period due to the recognition of additional provisions for a power plant project that was not yet completed. Operating profit in the Turbomachinery strategic business unit was €18 million (previous year: €29 million). This deterioration was caused by lower sales revenue.

The rise in the headcount in the first half of 2014 is mainly the result of switching subcontracted employees to permanent contracts, and of newly consolidated companies. The completion of vocational traineeships saw the number of trainees fall from 714 as of December 31, 2013, to 606 as of June 30, 2014.

For fiscal year 2014, MAN Diesel & Turbo expects order intake and sales revenue to again be roughly on a level with the previous year. There should once again be a significantly positive operating profit, although it will continue to be impacted by the fierce competition in all business markets, the slow license business in the marine sector, and customer reticence in the after-sales business. However, operating profit and the operating return on sales will not reach the very good results achieved in the years up to and including 2012.

Renk

€ million	2014 H1	2013 H1	Change in %	2014 Q2	2013 Q2	Change in %
Order intake	226	237	–4	102	121	–16
Sales revenue	216	225	–4	108	103	5
Headcount[1)]	2,205	2,306	–4	2,205	2,306	–4
			€ million			€ million
Operating profit	26	27	–1	12	11	1
Operating return on sales (%)	11.9	12.1	–	11.0	10.2	–

1) Headcount as of June 30, 2014, vs. December 31, 2013.

Renk's order intake in the first six months of 2014 was down 4% year-on-year, after the volume of orders received in the second quarter fell significantly below the figure for the prior-year quarter. With the exception of the Standard Gear Units business, which recorded modest growth, all other businesses posted decreases. Hardest hit was the Vehicle Transmissions business, followed by the Slide Bearings business. Order intake in the Special Gear Units business was also slightly down year-on-year in the second quarter, mainly due to the tense situation for industrial gear units.

Renk recorded a 4% decline in sales revenue in the first half of 2014. This was mainly caused by significantly lower deliveries of offshore wind power gear units in the Standard Gear Units business. By contrast, sales revenue in the second quarter exceeded the prior-period figure. The growth in the Vehicle Transmissions and Special Gear Units businesses more than offset the declines in the Slide Bearings and Standard Gear Units businesses.

At €26 million, operating profit in the first half of 2014 was down slightly on the previous year. The resulting operating return on sales amounted to 11.9%. All businesses made a positive contribution to this result.

Based on developments over the first six months of the year, Renk's Management has adjusted its forecasts for fiscal 2014. Following the postponement of several planned projects, Renk now expects order intake at around the €500 million mark in 2014. Sales revenue in 2014 will be slightly under the prior-year figure of €485 million. In line with this, operating profit will be in the range of between €50 million and €60 million. The operating return on sales will again be in double-digit territory.

Others

€ million	2014 H1	2013 H1	Change in %	2014 Q2	2013 Q2	Change in %
Headcount[1]	315	329	–4	315	329	–4
of which: MAN Shared Services	58	66	–12	58	66	–12
of which: MAN SE	257	263	–2	257	263	–2
			€ million			**€ million**
Operating loss	–41	–76	35	–20	–44	24
of which: MAN SE and MAN Shared Services	–17	–36	19	–6	–25	19
of which: earnings effects from purchase price allocations	–24	–43	19	–12	–21	9
of which: consolidation	0	3	–3	–2	2	–4

1) Headcount as of June 30, 2014, vs. December 31, 2013.

“Others” comprises MAN SE and its Shared Services companies, the investments held directly by MAN SE, and the consolidation adjustments between MAN Group business areas.

The operating loss amounted to €41 million after the first six months (previous year: operating loss of €76 million). The year-on-year improvement was due primarily to lower purchase price allocation effects.

Related party disclosures

Please refer to the “Notes to the Condensed Interim Consolidated Financial Statements” for related party disclosures.

Condensed Interim Consolidated Financial Statements as of June 30, 2014

MAN consolidated income statement

Reporting period January 1 to June 30

	MAN Group	
€ million	**2014**	**2013**
Sales revenue	**6,699**	**7,629**
Cost of sales	–5,420	–6,490
Gross profit	**1,279**	**1,139**
Other operating income	287	230
Distribution expenses	–760	–816
General and administrative expenses	–402	–433
Other operating expenses	–181	–243
Operating profit/loss	**222**	**–123**
Share of profits and losses of equity-method investments	6	–7
Finance costs	–97	–88
Other financial result	27	89
Financial result	**–64**	**–7**
Profit/loss before tax	**158**	**–130**
Income tax expense	–66	–248
Profit/loss after tax	**92**	**–378**
of which attributable to noncontrolling interests	5	5
of which attributable to shareholders of MAN SE	**86**	**–383**
Earnings per share from continuing operations in €	**0.59**	**–2.60**
Earnings per share from continuing and discontinued operations in €	**0.59**	**–2.60**

MAN consolidated income statement

Reporting period April 1 to June 30

	MAN Group	
€ million	**2014**	**2013**
Sales revenue	**3,561**	**4,036**
Cost of sales	–2,860	–3,387
Gross profit	**701**	**649**
Other operating income	148	115
Distribution expenses	–402	–423
General and administrative expenses	–211	–213
Other operating expenses	–82	–153
Operating profit/loss	**154**	**–26**
Share of profits and losses of equity-method investments	–3	–4
Finance costs	–45	–41
Other financial result	9	85
Financial result	**–39**	**39**
Profit before tax	**116**	**14**
Income tax expense	–52	–55
Profit/loss after tax	**63**	**–41**
of which attributable to noncontrolling interests	2	2
of which attributable to shareholders of MAN SE	**61**	**–43**
Earnings per share from continuing operations in €	**0.42**	**–0.29**
Earnings per share from continuing and discontinued operations in €	**0.42**	**–0.29**

MAN consolidated reconciliation of comprehensive income for the period

Reporting period January 1 to June 30

€ million	2014	2013
Profit/loss after tax	**92**	**–378**
Items that will not be reclassified to profit or loss		
Remeasurements of pension plans	–107	68
Deferred taxes	32	–17
Other comprehensive income for the period from equity-method investments	–3	–
Items that will be reclassified subsequently to profit or loss		
Currency translation differences	141	–167
Measurement of marketable securities and financial investments	880	–78
Change in fair values of derivatives	11	–19
Other comprehensive income for the period from equity-method investments	–3	2
Deferred taxes	–17	0
Other comprehensive income for the period	**935**	**–211**
Total comprehensive income for the period	**1,027**	**–589**
of which attributable to noncontrolling interests	4	5
of which attributable to shareholders of MAN SE	**1,022**	**–594**

The other comprehensive income of €935 million consists of €880 million from the measurement of the investment in Scania AB, Sodertalje/Sweden (Scania), which is classified as an available-for-sale financial asset, and currency translation gains of €141 million from the translation of the financial statements of foreign consolidated Group companies, in particular due to the change in the exchange rate of the Brazilian real to the euro. These items were offset in part by actuarial losses attributable to pensions and other post-employment benefits of €107 million. These result primarily from the decrease in the discount rate for obligations in Germany from 3.7% as of December 31, 2013, to 3.1%. In connection with the sale of MAN Finance, €–10 million was reclassified from other comprehensive income to profit or loss.

MAN consolidated reconciliation of comprehensive income for the period

Reporting period April 1 to June 30

€ million	2014	2013
Profit/loss after tax	**63**	**–41**
Items that will not be reclassified to profit or loss		
Remeasurements of pension plans	–57	33
Deferred taxes	14	–7
Other comprehensive income for the period from equity-method investments	–3	–
Items that will be reclassified subsequently to profit or loss		
Currency translation differences	81	–250
Measurement of marketable securities and financial investments	94	–120
Change in fair values of derivatives	2	–18
Other comprehensive income for the period from equity-method investments	2	2
Deferred taxes	1	–1
Other comprehensive income for the period	**134**	**–361**
Total comprehensive income for the period	**197**	**–402**
of which attributable to noncontrolling interests	2	2
of which attributable to shareholders of MAN SE	**196**	**–404**

MAN consolidated balance sheet as of June 30, 2014

Assets

	MAN Group	
€ million	**6/30/2014**	**12/31/2013**
Intangible assets	2,016	1,924
Property, plant, and equipment	2,133	2,174
Equity-method investments	460	462
Financial investments	2,407	1,522
Assets leased out	2,527	2,483
Deferred tax assets	589	551
Other noncurrent financial assets	559	692
Other noncurrent receivables	174	141
Noncurrent assets	**10,866**	**9,949**
Inventories	3,483	3,112
Trade receivables	2,243	2,346
Current income tax receivables	94	54
Assets held for sale	–	3,986
Other current financial assets	324	1,357
Other current receivables	790	595
Marketable securities	–	1
Cash and cash equivalents	775	1,137
Current assets	**7,708**	**12,588**
	18,574	**22,537**

MAN consolidated balance sheet as of June 30, 2014

Equity and liabilities

	MAN Group	
€ million	**6/30/2014**	**12/31/2013**
Subscribed capital	376	376
Capital reserves	795	795
Retained earnings	3,996	4,329
Accumulated other comprehensive income	597	–350
Equity attributable to shareholders of MAN SE	**5,765**	**5,150**
Noncontrolling interests	80	77
Total equity	**5,844**	**5,227**
Noncurrent financial liabilities	2,103	2,267
Pensions and other post-employment benefits	533	452
Deferred tax liabilities	385	329
Noncurrent income tax payables	10	–
Income tax provisions, noncurrent	33	33
Other noncurrent provisions	655	644
Other noncurrent financial liabilities	1,136	1,163
Other noncurrent liabilities	913	861
Noncurrent liabilities and provisions	**5,768**	**5,749**
Current financial liabilities	663	1,360
Trade payables	1,548	1,922
Prepayments received	844	852
Current income tax payables	15	23
Liabilities associated with assets held for sale	–	3,525
Income tax provisions, current	397	713
Other current provisions	1,198	1,308
Other current financial liabilities	1,118	755
Other current liabilities	1,179	1,103
Current liabilities and provisions	**6,961**	**11,561**
	18,574	**22,537**

MAN consolidated statement of cash flows

Reporting period January 1 to June 30

	MAN Group	
€ million	**2014**	**2013**
Cash and cash equivalents at beginning of period	**1,208**	**1,366**
Profit/loss before tax of continuing operations	158	–130
Income taxes paid	–387	–86
Depreciation and amortization of, and impairment losses on, intangible assets, property, plant, and equipment, and investment property[1)]	183	205
Amortization of capitalized development costs[1)]	46	39
Impairment losses on equity investments[1)]	0	2
Depreciation of, and impairment losses on, assets leased out[1)]	211	173
Change in pension provisions	–23	–17
Gain/loss on disposal of noncurrent assets	–6	–1
Share of profits or losses of equity-method investments	–1	10
Other noncash income and expense	–5	4
Gross cash flow	**175**	**199**
Change in working capital	**–1,083**	**–734**
Change in inventories	–351	–358
Change in receivables	–37	–216
Change in liabilities and prepayments received (excluding financial liabilities)	–384	–157
Change in provisions	–76	189
Change in assets leased out	–235	–132
Change in financial services receivables	–	–60
Net cash used in operating activities	**–908**	**–535**
Payments to acquire property, plant, and equipment, investment property, and intangible assets	–112	–146
Additions to capitalized development costs	–85	–66
Payments to acquire other investees	–5	–1
Proceeds from the disposal of subsidiaries, net of cash disposed of	417	–
Proceeds from asset disposals (other than assets leased out)	10	10
Net cash provided by/used in investing activities attributable to operating activities	**225**	**–203**
Net cash flow	**–684**	**–738**

1) Net of impairment reversals.

MAN consolidated statement of cash flows (cont'd)

Reporting period January 1 to June 30

	MAN Group	
€ million	**2014**	**2013**
Net cash flow	**–684**	**–738**
Change in investments in securities and loans	411	3
Net cash provided by/used in investing activities	**636**	**–200**
Dividend payments	–24	–150
Loss absorption	724	–
Issuance of bonds	–	500
Repayment of bonds	–520	–1,004
Change in other financial liabilities	–346	551
Net cash used in financing activities	**–166**	**–103**
Effect of exchange rate changes on cash and cash equivalents	6	–12
Change in cash and cash equivalents	**–432**	**–850**
Cash and cash equivalents at June 30, 2014, and June 30, 2013	**775**	**516**

Composition of net liquidity/net financial debt at June 30, 2014 and December 31, 2013		
Cash and cash equivalents	775	1,208
Cash and cash equivalents presented separately in the balance sheet as assets held for sale	–	–71
Cash and cash equivalents (consolidated balance sheet)	775	1,137
Securities, loans, and time deposits	765	1,175
Gross liquidity (consolidated balance sheet)	**1,540**	**2,312**
Total third-party borrowings	–2,765	–6,837
Third-party borrowings presented separately in the balance sheet as liabilities associated with assets held for sale	–	3,210
Total third-party borrowings (consolidated balance sheet)	–2,765	–3,627
Net financial debt (consolidated balance sheet)	**–1,225**	**–1,315**

MAN consolidated statement of changes in equity

€ million	Subscribed capital	Capital reserves	Retained earnings	Other comprehensive income	Equity attributable to shareholders of MAN SE	Non-controlling interests	Total
Balance at December 31, 2013	**376**	**795**	**4,329**	**–350**	**5,150**	**77**	**5,227**
Profit after tax	–	–	86	–	**86**	5	**92**
Other comprehensive income	–	–	–	936	**936**	–1	**935**
Total comprehensive income	–	–	86	936	**1,022**	4	**1,027**
Dividend payments	–	–	–21	–	**–21**	–3	**–24**
Other changes[1)]	–	–	–397	11	**–386**	0	**–386**
Balance at June 30, 2014	**376**	**795**	**3,996**	**597**	**5,765**	**80**	**5,844**
Balance at December 31, 2012	**376**	**795**	**4,263**	**116**	**5,550**	**69**	**5,619**
Change in accounting policy due to IAS 19 (2011)	–	–	13	–	**13**	0	**13**
Adjusted balance at January 1, 2013	**376**	**795**	**4,276**	**116**	**5,563**	**69**	**5,632**
Loss after tax	–	–	–383	–	**–383**	5	**–378**
Other comprehensive income	–	–	–	–211	**–211**	0	**–211**
Total comprehensive income	–	–	–383	–211	**–594**	5	**–589**
Dividend payments	–	–	–147	–	**–147**	–3	**–150**
Balance at June 30, 2013	**376**	**795**	**3,746**	**–95**	**4,822**	**71**	**4,893**

1) Retained earnings include the share of profit/loss to which Truck & Bus GmbH is entitled in the event of profit transfer based on profit/loss under German GAAP, see also “Accounting policies.”

The Annual General Meeting of MAN SE on May 15, 2014, resolved to distribute a dividend to the shareholders totaling €21 million (€0.14 per share). The dividend was paid on May 16, 2014.

See page 30 for information on changes in other comprehensive income for the period.

Notes to the Condensed Interim Consolidated Financial Statements

Basis of presentation

In accordance with Regulation No. 1606/2002 of the European Parliament and of the Council, MAN SE, Munich, prepared its consolidated financial statements for 2013 in compliance with the International Financial Reporting Standards (IFRSs), as adopted by the European Union. The accompanying condensed interim consolidated financial statements (interim consolidated financial statements) as of June 30, 2014, were prepared in accordance with IAS 34 and do not contain all the information and disclosures required by IFRSs for full-year consolidated financial statements, and should be read in conjunction with the Company's published IFRS consolidated financial statements for fiscal 2013. Unless expressly indicated otherwise, the accounting policies applied to these interim consolidated financial statements are identical to those adopted for the most recent full-year consolidated financial statements; a detailed description of these accounting policies is given in the notes to the consolidated financial statements for the year ended December 31, 2013. All figures shown are rounded, so minor discrepancies may arise from addition of these amounts.

From the Executive Board's perspective, the accompanying unaudited interim financial report reflects all standard intraperiod adjustments required for the presentation of a true and fair view of the Group's net assets, financial position, and results of operations. The results presented for the first six months of fiscal 2014 and for the second quarter of the fiscal year are not necessarily indicative of future results.

Preparation of the interim consolidated financial statements requires the Executive Board to make certain assumptions and estimates affecting the measurement and presentation of assets and liabilities, and income and expenses, for the period. Actual amounts may differ from these estimates. In addition to the amounts contained in the financial statements, the interim financial report contains explanatory notes on selected financial statement line items. Due to the integration into Volkswagen's reporting and to enhance comparability, certain amounts relating to the previous fiscal year have been adjusted to conform to the current presentation. For further information, see "Accounting policies" and "Harmonization of income statement presentation with Volkswagen Group."

As of January 1, 2014, MAN sold the shares of MAN Finance International GmbH, Munich (MAN Finance) to Volkswagen Financial Services AG, Braunschweig (VWFS). See "Divestments" for further information. Until December, 31, 2013, MAN Finance was presented under the "Financial Services" heading in MAN's financial reporting. Due to the sale of MAN Finance to VWFS, the classification of figures into the Industrial Business and Financial Services presented as additional information until December 31, 2013, is no longer disclosed.

Basis of consolidation

The interim financial statements as of June 30, 2014, include 104 companies (December 31, 2013: 122), including 21 (28) in Germany and 83 (94) outside Germany. See “Divestments” for information on the effects of the changes in the basis of consolidation.

Income tax expense

As a general principle, the current income tax expense presented in the interim financial statements has been determined on the basis of the expected full-year income tax rate.

Accounting policies

MAN has applied all accounting pronouncements adopted by the EU and required to be applied as from January 1, 2014.

The pronouncements contained in the “consolidation package” must be applied effective January 1, 2014. These relate to the new standards IFRS 10 “Consolidated Financial Statements,” IFRS 11 “Joint Arrangements,” and IFRS 12 “Disclosure of Interests in Other Entities,” as well as amendments to IAS 28 “Investments in Associates and Joint Ventures.” The basis of consolidation and the subsidiaries to be included in the consolidated financial statements are now defined by IFRS 10. All entities that MAN SE can control directly or indirectly must be included in the basis of consolidation. The switch from IAS 27 to IFRS 10 did not require the MAN Group to make any adjustments because the parent/subsidiary relationships and other control relationships are attributable almost entirely to voting rights majorities. There was therefore no requirement to consolidate additional entities or deconsolidate existing ones.

IFRS 11 governs the definition of and accounting for “joint arrangements” in the consolidated financial statements. Joint arrangements are classified into “joint ventures” and “joint operations.” Because all entities that are jointly controlled by MAN SE or one of its subsidiaries are required to be classified as joint ventures, there were no effects from applying IFRS 11.

IFRS 12 governs all disclosures on interests in other entities and thus combines all of the information required to be disclosed in the notes on subsidiaries, joint arrangements, associates, and consolidated and unconsolidated structured entities. The scope of the information to be disclosed was expanded in some cases.

Under IAS 28, only the equity method may be applied to joint ventures and associates effective January 1, 2014. The option to include these entities in the consolidated financial statements using proportionate consolidation was eliminated. Because proportionate consolidation was not used in the past in the MAN Group, the elimination of this option did not result in any adjustments.

The other accounting pronouncements required to be applied in fiscal year 2014 for the first time do not have any material effects on the presentation of the net assets, financial position, and results of operations in MAN's consolidated interim financial statements. A detailed list of these accounting pronouncements is contained in the notes to the consolidated financial statements in the 2013 Annual Report.

In addition, starting in 2014, the following voluntary changes were made to the accounting policies due to the integration into Volkswagen's financial reporting:

To enhance balance sheet comparability, the prior-year figures for deferred tax assets and liabilities as of December 31, 2013, were changed to reflect the offsetting methodology applied in the Volkswagen Group. This resulted in a €481 million reduction in both the assets and liabilities side of the balance sheet.

Liabilities from other taxes, which were reported in other current liabilities until December 31, 2013, have been classified into noncurrent and current liabilities according to their maturity, so as to ensure their appropriate presentation and to improve comparability. This change is limited to a reclassification within the liabilities side of the balance sheet. As a result, €131 million was reclassified from other current liabilities to other noncurrent liabilities as of June 30, 2014. The prior-year figures were adjusted accordingly (€102 million).

As a rule, until December 31, 2013, financial liabilities from intragroup finance transactions were included in current financial liabilities at the level of the companies consolidated. Starting in fiscal year 2014, items are allocated to noncurrent or current financial liabilities according to their maturity. This did not result in any changes for the MAN Group.

In addition, the financial assets previously reported in "Other assets" are reported separately as current and noncurrent items starting in fiscal 2014. The prior-year figures were adjusted to reflect this change in presentation.

The financial statements of foreign MAN Group companies are translated into euros using the functional currency concept. Until December 31, 2013, income statement items were translated at the average exchange rate for the year, which was generally derived from monthly average exchange rates. Starting in fiscal 2014, income statement items are translated into euros at weighted average rates.

Financial instruments are no longer accounted for at the trade date as they were until December 31, 2013, but at the settlement date — that is, at the date on which the asset is delivered. These two changes did not have a material effect.

See "Harmonization of income statement presentation with Volkswagen Group" for information on the changes to income statement presentation.

In light of the domination and profit and loss transfer agreement entered into by Truck & Bus GmbH, a wholly owned subsidiary of Volkswagen Aktiengesellschaft, Wolfsburg (Volkswagen AG), and MAN SE, the accompanying condensed interim financial statements have been prepared after appropriation of net profit.

Divestments

MAN SE entered into an agreement with VWFS to sell the shares of MAN Finance. MAN Finance primarily operates the sales financing business for MAN Truck & Bus and has been presented under the “Financial Services” heading in MAN’s financial reporting to date. The transaction was completed on January 1, 2014. See the “Related party disclosures” for further information. The bundling of the infrastructure, resources, and expertise of VWFS and MAN Finance facilitates the development of integrated transportation solutions for MAN Truck & Bus’s customers, including in other markets. MAN Finance will remain MAN Truck & Bus’s exclusive sales support organization.

The assets and liabilities of MAN Finance transferred during the transaction were presented as held for sale as of December 31, 2013. The figures were presented in the MAN Truck & Bus segment. The following table provides information about the carrying amounts of these assets and liabilities as of December 31, 2013, and completion of the transaction:

€ million	**2013**
Intangible assets, property, plant, and equipment, and investments	49
Assets leased out	273
Deferred tax assets	404
Inventories	155
Trade receivables	78
Financial services receivables	2,841
Cash and cash equivalents	71
Miscellaneous other assets	115
Assets held for sale	**3,986**
Financial liabilities	3,210
Deferred tax liabilities	179
Trade payables	55
Other liabilities	81
Liabilities associated with assets held for sale	**3,525**

The transaction resulted in a gain in the single-digit millions, after deduction of the costs related to the sale. The net profit from the transaction is presented in other operating income. Due to the sale proceeds of €486 million, the consolidated statement of cash flows for the reporting period includes €415 million related to the sale of MAN Finance.

Income Statement Disclosures

Harmonization of income statement presentation with Volkswagen Group

As part of the integration into the Volkswagen Group, starting in fiscal 2014 the presentation of MAN's income statement is consistent with the structure used by Volkswagen. The income statements for the comparable prior-year periods have been adjusted to conform to the new presentation, as shown in the following tables.

Reporting period January 1 to June 30, 2013

Previous structure		**Adjustments due to change in presentation**							**New structure**
€ million		**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**		**€ million**
Sales revenue	**7,539**	**106**					**–16**	**7,629**	**Sales revenue**
Cost of sales	–6,236	–58	–270	–93	240		–72	–6,490	Cost of sales
Gross profit	**1,303**							**1,139**	**Gross profit**
Other operating income	220	–106					116	230	Other operating income
Distribution expenses	–578				–240		2	–816	Distribution expenses
General and administrative expenses	–433							–433	General and administrative expenses
Other operating expenses	–620	58	270	93			–45	–243	Other operating expenses
Share of profits and losses of equity-method investments	–7					7		–	No longer included in operating profit/loss
Profits and losses of financial investments	58					–58		–	No longer included in operating profit/loss
Earnings before interest and taxes (EBIT)	**–57**							**–123**	**Operating loss**
						–7		–7	Share of profits and losses of equity-method investments
Interest income	15					58	16	89	Other financial result
Interest expense	–88							–88	Finance costs
								–7	**Financial result**
Loss before tax	**–130**							**–130**	**Loss before tax**
Income tax expense	–248							–248	Income tax expense
Loss after tax	**–378**							**–378**	**Loss after tax**
of which attributable to noncontrolling interests	5							5	of which attributable to noncontrolling interests
of which attributable to shareholders of MAN SE	**–383**							**–383**	**of which attributable to shareholders of MAN SE**

Reporting period April 1 to June 30, 2013

Previous structure		Adjustments due to change in presentation							New structure
€ million		**(1)**	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**		**€ million**
Sales revenue	**3,987**	**54**					**–5**	**4,036**	**Sales revenue**
Cost of sales	–3,332	–28	–136	37	127		–54	–3,387	Cost of sales
Gross profit	**655**							**649**	**Gross profit**
Other operating income	110	–54					58	115	Other operating income
Distribution expenses	–298				–127		2	–423	Distribution expenses
General and administrative expenses	–213							–213	General and administrative expenses
Other operating expenses	–261	28	136	–37			–20	–153	Other operating expenses
Share of profits and losses of equity-method investments	–4					4		–	No longer included in operating profit/loss
Profits and losses of financial investments	60					–60		–	No longer included in operating profit/loss
Earnings before interest and taxes (EBIT)	**49**							**–26**	**Operating loss**
						–4		–4	Share of profits and losses of equity-method investments
Interest income	6					60	19	85	Other financial result
Interest expense	–41							–41	Finance costs
								39	**Financial result**
Profit before tax	**14**							**14**	**Profit before tax**
Income tax expense	–55							–55	Income tax expense
Loss after tax	**–41**							**–41**	**Loss after tax**
of which attributable to noncontrolling interests	2							2	of which attributable to noncontrolling interests
of which attributable to shareholders of MAN SE	**–43**							**–43**	**of which attributable to shareholders of MAN SE**

The main effects of the change from the income statement structure used by the MAN Group until December 31, 2013, to presentation in accordance with the structure used by Volkswagen are described in the following:

(1) Income and expenses from financial services, which were previously presented in other operating income and other operating expenses, were reclassified to sales revenue and the cost of sales, respectively. See “Divestments” for further information.

(2) Research costs and development costs not eligible for capitalization, and amortization of capitalized development costs, which is included in the cost of inventories, are now recognized in the cost of sales, rather than in other operating expenses as they were until December 31, 2013.

(3) Additions to provisions for expected losses from executory contracts, which were previously recognized in other operating expenses, are now included in the cost of sales.

(4) Order-related distribution expenses, particularly expenses for commissions, freight, and packaging were previously presented in the cost of sales. Starting in fiscal 2014, these expenses are generally presented in distribution expenses, unless they are closely related to the production process.

(5) The profits and losses of equity-method investments and financial investments are no longer included in operating profit/loss as they were until December 31, 2013, due to the change in the definition of operating profit/loss. Instead, they are presented in the financial result.

(6) The other changes concern the following areas:

- In the case of sale transactions, when the hedged item in a cash flow hedge affects profit or loss, the portion recognized in accumulated other comprehensive income is now reclassified to other operating income and other operating expenses, instead of to sales revenue as was the case until December 31, 2013.
- Valuation allowances, reversals of valuation allowances, and inventory scrapping are now recognized in the cost of sales, rather than as other operating expenses.
- Gains and losses from the measurement and settlement of freestanding derivatives and cash flow hedge ineffectiveness, which were presented in other operating income and other operating expenses until December 31, 2013, are now presented in other financial result.
- Reversals of provisions and accruals are no longer reported in the costs in which the item was recognized, but in other operating income.
- In the past, warranty costs that were passed on to a supplier were deducted from the cost of sales. Starting in this fiscal year, they are presented in other operating income.
- Income and expenses due to changes in exchange rates were previously presented as a net amount in other operating income or other operating expenses. Starting in fiscal 2014, gross figures are presented.
- Currency effects from the measurement of items included in net liquidity are recognized in the financial result. Until December 31, 2013, these effects were presented in other operating income or other operating expenses along with currency effects from receivables and liabilities denominated in foreign currencies.

Other operating income

€ million Reporting period January 1 to June 30	2014	2013
Income from foreign exchange gains	82	75
Income from reversal of provisions and accruals	75	71
Income from reversal of valuation allowances on receivables and other assets	8	10
Income from foreign currency hedging derivatives	5	16
Gains on disposal of property, plant, and equipment, and intangible assets	4	2
Miscellaneous other income	113	56
	287	**230**

Foreign exchange gains comprise gains from changes in exchange rates between the dates of recognition and payment of receivables and liabilities denominated in foreign currencies, as well as exchange rate gains resulting from measurement at the closing rate. Likewise, foreign exchange losses from these items are included in other operating expenses.

Miscellaneous other income includes a total of €46 million from the settlement with D&O insurers and the individual settlements with former members of MAN SE's Executive Board and individual Group companies. The resolutions regarding these settlements were adopted in the first half of 2014.

Other operating expenses

€ million Reporting period January 1 to June 30	2014	2013
Foreign exchange losses	68	90
Losses from foreign currency hedging derivatives	11	0
Valuation allowances on receivables and other assets	5	57
Miscellaneous other expenses	97	95
	181	**243**

Other operating expenses comprise those expenses that are not allocated to the function expenses, and in particular to cost of sales.

Research and development costs

€ million **Reporting period January 1 to June 30**	**2014**	**2013**
Total research and development costs	317	298
of which: capitalized development costs	–85	–66
Capitalization ratio in %	26.7	22.2
Amortization of capitalized development costs	46	39
Research and development costs reported in the income statement	**278**	**270**

Finance costs

€ million **Reporting period January 1 to June 30**	**2014**	**2013**
Interest and similar expenses	86	100
less: interest expenses reclassified as cost of sales	–	–23
Interest expense	**86**	**77**
Interest component of additions to pension provisions less return on CTA plan assets	7	9
Unwinding of discount and effect of change in discount rate on other liabilities	4	3
Interest cost on liabilities	**11**	**11**
Finance costs	**97**	**88**

The finance costs primarily contain interest expenses for financial liabilities and the interest cost from unwinding of discounts on liabilities.

Earnings per share

€ million (unless otherwise stated) **Reporting period January 1 to June 30**	**2014**	**2013**
Profit/loss after tax attributable to shareholders of MAN SE	86	–383
Profit/loss from continuing operations attributable to shareholders of MAN SE	**86**	**–383**
Number of shares outstanding (weighted average, million)	147.0	147.0
Earnings per share from continuing operations in €	**0.59**	**–2.60**

Earnings per share are calculated by dividing consolidated net income from continuing operations by the average number of shares outstanding in the year. The number of shares outstanding includes both common and preferred shares because both share classes carry the same dividend rights in 2014, as in the previous year.

There were no outstanding options on shares as of June 30, 2014, and June 30, 2013, that dilute earnings per share. Any exercise of MAN SE's contingent capital in future periods will be dilutive.

Balance Sheet Disclosures

Intangible assets

€ million	6/30/2014	12/31/2013
Licenses, software, similar rights, customer relationships, brands, and other assets	398	398
Capitalized development costs	818	766
Goodwill	801	760
	2,016	**1,924**

Property, plant, and equipment

€ million	6/30/2014	12/31/2013
Land and buildings	966	960
Production plant and machinery	604	611
Other plant, operating and office equipment	422	437
Prepayments and construction in progress	141	166
	2,133	**2,174**

Special tools and equipment amounting to €162 million as of June 30, 2014 (December 31, 2013: €178 million), which were previously allocated to production plant and machinery, are allocated to operating and office equipment as of fiscal year 2014. The prior-year figures were adjusted accordingly.

Equity-method investments

The most significant equity-method investment as of June 30, 2014, is the 25% equity interest in the Sinotruk Ltd., Hong Kong/China, associate (Sinotruk). The 49% interest in the Rheinmetall MAN Military Vehicles GmbH, Munich, associate is also accounted for using the equity method.

Summarized financial information for Sinotruk (on a 100% basis and thus not adjusted for the equity interest held by MAN) is presented in the following tables:

Balance sheet		
€ million	**2014[1)]**	**2013[2)]**
Current assets	3,502	3,694
Noncurrent assets	1,972	2,065
Current liabilities	2,838	2,580
Noncurrent liabilities	143	605
Total assets	**5,474**	**5,759**

1) Fiscal 2014: Amounts shown relate to the reporting period ended December 31, 2013.
2) Fiscal 2013: Amounts shown relate to the reporting period ended June 30, 2013.

Statement of comprehensive income		
€ million	**2014[1)]**	**2013[2)]**
Sales revenue	1,904	1,587
Profit before tax from continuing operations	29	8
Income tax expense	–7	–11
Profit/loss after tax from continuing operations	22	–3
Other comprehensive income	–1	0
Total comprehensive income	**21**	**–3**

1) Fiscal 2014: Amounts shown relate to the reporting period from July 1, 2013, to December 31, 2013.
2) Fiscal 2013: Amounts shown relate to the reporting period from July 1, 2012, to December 31, 2012.

The carrying amounts of other associates amounted to €56 million as of June 30, 2014 (December 31, 2013: €59 million). The following table contains summarized financial information on the other associates; the disclosures relate in all cases to the Group's share of the investees:

€ million	2014[1)]	2013[2)]
Profit/loss after tax from continuing operations	3	–3
Other comprehensive income	–3	1
Total comprehensive income	**0**	**–2**

1) Fiscal 2014: Amounts shown relate to the reporting period from October 1, 2013, to March 31, 2014.
2) Fiscal 2013: Amounts shown relate to the reporting period from October 1, 2012, to March 31, 2013.

Inventories

€ million	6/30/2014	12/31/2013
Raw materials, consumables, and supplies	508	458
Work in progress	1,062	897
Finished goods and purchased merchandise	1,797	1,655
Prepayments	116	102
	3,483	**3,112**

There was no requirement to recognize or reverse significant impairment losses on inventories in the reporting period.

Trade receivables

€ million	6/30/2014	12/31/2013
Customer receivables	1,949	2,031
PoC receivables	252	241
Receivables from investees	41	74
	2,243	**2,346**

Financial liabilities

€ million	6/30/2014	12/31/2013
Bonds	2,205	2,724
Liabilities to banks	431	598
Liabilities from loans	32	23
Other liabilities to affiliated companies	92	278
Liabilities under finance leases	5	5
	2,765	**3,627**

Financial liabilities are reported in the following balance sheet items:

€ million	6/30/2014	12/31/2013
Noncurrent financial liabilities	2,103	2,267
Current financial liabilities	663	1,360

As announced, the cooperation with rating agency Moody's was ended at the end of March 2014.

Other provisions

€ million	6/30/2014	12/31/2013
Warranties	857	853
Outstanding costs	258	265
Obligations to employees	125	128
Other liabilities arising from operating activities	176	213
Miscellaneous provisions	438	493
	1,853	**1,952**

The miscellaneous provisions relate to obligations in the single-digit millions arising from the restructuring measures for the bus plant in Plauen announced in the second quarter of 2014, as well as to high project-related provisions in MAN Diesel & Turbo's Power Plants strategic business unit and to obligations in the Commercial Vehicles business area.

Other provisions are reported in the following balance sheet items:

€ million	6/30/2014	12/31/2013
Other noncurrent provisions	655	644
Other current provisions	1,198	1,308

Contingent liabilities

The maximum total potential contingent liability for Ferrostaal under MAN's obligations from guarantees is €68 million. MAN's guarantees for Ferrostaal are largely covered by indemnities, depending on the origination date of the guarantee.

Litigation/legal proceedings

MAN SE's Annual Report for fiscal 2013 contains detailed information on litigation and legal proceedings.

The antitrust investigation of several commercial vehicle manufacturers that was launched in 2011 by the South Korean antitrust authorities was terminated at the end of 2013 with the imposition of administrative fines on all the manufacturers involved. An administrative fine of €2 million was imposed on MAN Truck & Bus Korea Ltd. MAN has filed an appeal against this fine with the competent court.

There have been no other significant developments for MAN since the publication of the Annual Report.

Statement of cash flows

The statement of cash flows was modified at the beginning of 2014. The presentation has been adapted to the structure used by Volkswagen. The changes affected the following areas:

Starting in 2014, depreciation of, and impairment losses on, assets leased out, gains and losses from asset disposals, and changes in tax assets and liabilities are reported in gross cash flow. These items were previously presented outside of gross cash flow in the MAN Group's financial statements, in net cash provided by/used in operating activities. The prior-year figures were adjusted accordingly. This reclassification increased gross cash flow in the first half of 2014 by €140 million. Net cash provided by/used in operating activities was not affected by the reclassification.

The following table shows an overview of the adjustments made to the prior-year figures in the MAN Group's statement of cash flows.

€ million Reporting period January 1 to June 30		2013	
	Unadjusted	Adjustment	Adjusted
Income taxes paid (previously Current income taxes)	–54	–32	–86
Depreciation of, and impairment losses on, assets leased out	–	173	173
Gain on disposal of noncurrent assets	–	–1	–1
Gross cash flow (previously Cash earnings)	**59**	**140**	**199**
Change in assets leased out	41	–173	–132
Change in tax assets and liabilities	–32	32	–
Gain on disposal of noncurrent assets	–1	1	–
Net cash used in operating activities	**–535**	**–**	**–535**

Based on the domination and profit and loss transfer agreement between Truck & Bus GmbH and MAN SE, the loss of €724 million for fiscal 2013 was absorbed on March 14, 2014. The loss absorption was recognized in net cash provided by financing activities.

Fair value disclosures

The following table contains an overview of the financial assets and liabilities measured at fair value:

€ million	6/30/2014	Level 1	Level 2	Level 3
Noncurrent assets				
Other financial assets	31	–	31	–
Current assets				
Other financial assets	15	–	15	–
Noncurrent liabilities				
Other financial liabilities	24	–	24	–
Current liabilities				
Other financial liabilities	28	–	28	–

€ million	12/31/2013	Level 1	Level 2	Level 3
Noncurrent assets				
Financial investments	1,485	1,485	–	–
Other financial assets	26	–	26	–
Current assets				
Other financial assets	28	–	28	–
Marketable securities	1	–	1	–
Noncurrent liabilities				
Other financial liabilities	33	–	33	–
Current liabilities				
Other financial liabilities	32	–	32	–

Fair value hierarchy:
Measurement and presentation of the fair values of financial instruments are based on a fair value hierarchy that reflects the significance of the inputs used for availability and is classified as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This level includes currency forwards and options, commodity futures, interest rate swaps, and cross-currency swaps. The fair value of these financial instruments is determined on the basis of the conditions prevailing at the end of the reporting period, such as interest rates or exchange rates, and using recognized models such as discounted cash flow or option pricing models.

Level 3: Unobservable inputs for the asset or liability.

During the first six months, there were no reclassifications between Level 1 and Level 2 in fair value measurement, and there were no reclassifications into or out of Level 3 in relation to fair value measurement. If circumstances arise that require a different classification, they are taken into account on a quarterly basis.

Assets and liabilities measured at fair value through profit or loss consist of derivatives or components of derivatives that are not included in hedge accounting.

Available-for-sale financial assets include the investment in Scania. The carrying amount of this investment was €2,365 million as of June 30, 2014 (December 31, 2013: €1,485 million). The shares of Scania were no longer measured at fair value as of June 30, 2014. Other investments and shares that are measured at cost have a carrying amount of €42 million (December 31, 2013: €37 million). These are investments in and shares of unlisted entities that were not measured using a discounted cash flow method because the related cash flows could not be reliably measured. No quoted market prices are available for the shares of unlisted entities as no active market exists for these shares. The Company currently has no intention to sell these shares.

Financial instruments are divided into the following classes:

- financial instruments measured at fair value,
- financial instruments measured at amortized cost, and
- financial instruments not falling within the scope of IFRS 7.

The following table shows the reconciliation of the balance sheet items to the relevant classes of financial instruments, broken down by the carrying amount and fair value of the financial instruments. The fair value of financial instruments measured at amortized cost, such as receivables and liabilities, is calculated by discounting using a market rate of interest for a similar risk and matching maturity. For reasons of materiality, the fair value of current balance sheet items is deemed to be the same as their carrying amount.

	Measured at fair value	**Measured at amortized cost**		**Not within the scope of IFRS 7**	**Balance sheet item at 6/30/2014**
€ million	**Carrying amount**	**Carrying amount**	**Fair value**	**Carrying amount**	
Noncurrent assets					
Equity-method investments	–	–	–	460	460
Financial investments	–	2,407	–	–	2,407
Other noncurrent financial assets	31	528	528	–	559
Current assets					
Trade receivables	–	2,243	2,243	–	2,243
Other current financial assets	15	309	309	–	324
Cash and cash equivalents	–	775	775	–	775
Noncurrent liabilities					
Financial liabilities	–	2,103	2,197	–	2,103
Other noncurrent financial liabilities	24	1,112	1,150	–	1,136
Current liabilities					
Financial liabilities	–	663	663	–	663
Trade payables	–	1,548	1,548	–	1,548
Other current financial liabilities	28	1,091	1,091	–	1,118

€ million	Measured at fair value	Measured at amortized cost		Not within the scope of IFRS 7	Balance sheet item at 12/31/2013
	Carrying amount	Carrying amount	Fair value	Carrying amount	
Noncurrent assets					
Equity-method investments	–	–	–	462	462
Financial investments	1,485	37	–	–	1,522
Other noncurrent financial assets	26	666	666	–	692
Current assets					
Trade receivables	–	2,346	2,346	–	2,346
Other current financial assets	32	1,325	1,325	–	1,357
Marketable securities	1	–	–	–	1
Cash and cash equivalents	–	1,137	1,137	–	1,137
Noncurrent liabilities					
Financial liabilities	–	2,267	2,375	–	2,267
Other noncurrent financial liabilities	33	1,130	1,145	–	1,163
Current liabilities					
Financial liabilities	–	1,360	1,360	–	1,360
Trade payables	–	1,922	1,922	–	1,922
Other current financial liabilities	32	723	723	–	755

Related party disclosures

Following completion of the sale of MAN Finance to VWFS on January 1, 2014, MAN SE no longer exercises any influence over MAN Finance. The relationships with MAN Finance are presented with the relationships with other Volkswagen AG subsidiaries and equity investments that are not part of the MAN Group. See “Divestments” for further information.

There have been no other material changes in relationships with related parties compared with the disclosures in the consolidated financial statements for the period ended December 31, 2013.

The following table shows the volume of relationships with related parties.

€ million Reporting period January 1 to June 30	Sales and services to		Purchases from and services rendered by	
	2014	2013	2014	2013
Truck & Bus GmbH, Volkswagen AG, and Porsche Stuttgart[1)]	3	2	7	6
Other subsidiaries and equity investments of Volkswagen AG that are not part of the MAN Group	536	57	15	11
Unconsolidated subsidiaries of the MAN Group	23	21	1	0
MAN Group joint ventures and associates	66	127	87	119

1) Porsche Automobil Holding SE, Stuttgart, including its affiliated companies and related parties.

Receivables from related parties amounted to €1,071 million as of June 30, 2014 (December 31, 2013: €866 million). Liabilities to related parties increased in the same period from €1,510 million to €2,199 million. This includes the share of profit/loss to which Truck & Bus GmbH is entitled; see “Accounting policies.” Liabilities to MAN Finance in the amount of €1,620 million are also included. Furthermore, customer liabilities to MAN Finance are covered by standard industry buyback guarantees.

See “Statement of cash flows” for information on the absorption of the loss for fiscal 2013 by Truck & Bus GmbH.

On June 30, 2014, Truck & Bus GmbH, Wolfsburg (Truck & Bus GmbH), a wholly owned direct subsidiary of Volkswagen Aktiengesellschaft, Wolfsburg, held 75.27% of MAN SE’s voting rights and 74.02% of its share capital.

Segment reporting

The activities of the MAN Group are classified into the following reportable segments: MAN Truck & Bus, MAN Latin America, MAN Diesel & Turbo, and the Renk industrial subsidiary. In order to make decisions about the allocation of resources and the assessment of performance, the results of these segments are regularly reviewed by MAN SE's Executive Board in its role as chief operating decision-maker. "Others" mainly comprises MAN's Corporate Center. Companies with no operating activities and the Scania and Sinotruk investments are allocated to the Corporate Center. Consolidation adjustments between a business area's segments are presented in the business area itself. Other consolidation adjustments and the earnings effects of purchase price allocations in the event of the acquisition of an individual segment are reported in the "Others" item.

Description of the reportable segments:

MAN Truck & Bus is a leading supplier of commercial vehicles and transportation solutions and is expanding from its core Western European market into the growth markets of Eastern Europe and Asia.

MAN Latin America is the largest truck manufacturer in Latin America. It leads the truck market in Brazil and is a leading supplier of commercial vehicles and bus chassis for growth markets, with one of the most advanced production facilities worldwide for trucks and buses.

MAN Diesel & Turbo is a global leader in large-bore marine diesel engines and stationary engines and is also one of the leading suppliers of turbomachinery on the global market.

Renk is a globally recognized manufacturer of high-quality special gear units, propulsion components, and testing systems.

MAN's business activities focus on two business areas: **Commercial Vehicles**, comprising MAN Truck & Bus and MAN Latin America, and **Power Engineering**, featuring MAN Diesel & Turbo and Renk. MAN is a leading provider in the international commercial vehicles industry and offers customer-focused products and services worldwide. Power Engineering is MAN's second strategic business area and provides a suitable counterbalance to Commercial Vehicles.

Segment assets and liabilities correspond to the total assets and liabilities of the individual business areas.

Since January 1, 2014, MAN has used operating profit as defined by the Volkswagen Group as the earnings measure for calculating a segment's results of operations. Operating profit previously corresponded to earnings before interest and taxes (EBIT). An adjustment was made for earnings effects from purchase price allocation and, in individual cases, for nonrecurring items. According to the Volkswagen Group's definition, operating profit is calculated as profit before tax and before the financial result. As a result, net investment income in particular is no longer part of operating profit. However, earnings effects relating to tangible and intangible assets resulting from the acquisition of an individual segment are eliminated from the operating profit of that segment. Details on the definition of the new earnings measure can be found in the notes to the interim consolidated financial statements under "Income statement disclosures." The figures for the prior-year period have been adjusted accordingly.

Net cash flow comprises cash flows from operating activities and cash flows from investing activities attributable to operating activities.

Segment financial information is presented in accordance with the disclosure and measurement policies applied to preparation of the interim consolidated financial statements. Sales revenues between the segments are transacted on an arm's length basis. Depreciation, amortization, and impairment losses relate to the intangible assets, property, plant, and equipment, financial investments, and assets leased out allocated to the individual divisions.

The following table contains segment-related information and a reconciliation from operating profit to earnings before tax.

Segment information (1/3)

Reporting period January 1 to June 30 and as of June 30

	Commercial Vehicles					
	MAN Truck & Bus incl. MAN Finance[3]		MAN Latin America		Commercial Vehicles[1]	
€ million	**2014**	**2013[2]**	**2014**	**2013[2]**	**2014**	**2013[2]**
Segment order intake	**4,656**	**4,585**	**1,195**	**1,576**	**5,784**	**6,161**
of which: Germany	1,395	1,405	–	–	1,395	1,406
of which: other countries	3,261	3,180	1,195	1,576	4,389	4,755
Intersegment order intake	–79	–135	–4	–7	–16	–141
Group order intake	4,577	4,450	1,191	1,569	5,768	6,020
Segment sales revenue	**3,913**	**4,346**	**1,195**	**1,576**	**5,071**	**5,922**
of which: Germany	1,157	1,338	–	–	1,157	1,339
of which: other countries	2,756	3,008	1,195	1,576	3,915	4,583
Intersegment sales revenue	–39	–115	–4	–7	–7	–122
Group sales revenue	3,874	4,231	1,191	1,569	5,065	5,800
Order backlog at June 30, 2014, and December 31, 2013	**2,483**	**1,902**	**–**	**–**	**2,448**	**1,902**
Segment assets at June 30, 2014, and December 31, 2013	**8,821**	**13,039**	**1,988**	**1,935**	**10,686**	**14,974**
Segment liabilities at June 30, 2014, and December 31, 2013	**6,358**	**10,175**	**1,084**	**1,137**	**7,316**	**11,312**
Segment profit (operating profit)	**79**	**44**	**67**	**104**	**150**	**147**
Share of profits and losses of equity-method investments	0	–9	–	–	0	–9
Net interest income and other financial result	–11	–11	–33	–19	–41	–30
Profit before tax of continuing operations	**69**	**23**	**35**	**85**	**108**	**108**
of which: depreciation and amortization	–342	–295	–21	–29	–360	–324
of which: impairment losses	–	–2	0	–	0	–2
Net cash flow	**–366**	**–245**	**–109**	**–161**	**–468**	**–406**
of which: net cash used in operating activities	–267	–133	–81	–129	–342	–262
of which: net cash used in investing activities attributable to operating activities	–100	–112	–28	–32	–126	–144
Capital expenditures	**105**	**113**	**28**	**38**	**132**	**151**
Operating return on sales (%)	**2.0**	**1.0**	**5.6**	**6.6**	**3.0**	**2.5**

[1] 2014: consolidated presentation, 2013: immaterial consolidation effects.
[2] Sales revenue and operating profit were adjusted due to the retrospective application of the income statement structure used by Volkswagen, see also “Income statement disclosures.” See “Accounting Policies” for an explanation of the adjustments made to the segment assets and liabilities.
[3] MAN Finance was sold as of January 1, 2014. See “Divestments” for further information.

Segment information (2/3)

Reporting period January 1 to June 30 and as of June 30

	Power Engineering					
	MAN Diesel & Turbo		**Renk**		**Power Engineering[1)]**	
€ million	**2014**	**2013[2)]**	**2014**	**2013[2)]**	**2014**	**2013[2)]**
Segment order intake	**1,687**	**1,601**	**226**	**237**	**1,906**	**1,838**
of which: Germany	165	200	54	79	215	279
of which: other countries	1,522	1,401	173	157	1,691	1,559
Intersegment order intake	–2	–1	–7	–11	–1	–13
Group order intake	1,685	1,600	220	225	1,905	1,825
Segment sales revenue	**1,426**	**1,615**	**216**	**225**	**1,634**	**1,840**
of which: Germany	145	136	69	71	210	207
of which: other countries	1,281	1,480	147	154	1,424	1,633
Intersegment sales revenue	–2	–2	–7	–11	–1	–12
Group sales revenue	1,424	1,614	209	214	1,633	1,828
Order backlog at June 30, 2014, and December 31, 2013	**3,505**	**3,245**	**651**	**648**	**4,148**	**3,893**
Segment assets at June 30, 2014, and December 31, 2013	**3,551**	**3,691**	**573**	**581**	**4,119**	**4,268**
Segment liabilities at June 30, 2014, and December 31, 2013	**2,183**	**2,284**	**271**	**278**	**2,448**	**2,559**
Segment profit or loss (operating profit or loss)	**88**	**–222**	**26**	**27**	**114**	**–194**
Share of profits and losses of equity-method investments	3	3	–	–	3	3
Net interest income and other financial result	1	–5	1	0	2	–5
Profit/loss before tax of continuing operations	**92**	**–224**	**27**	**28**	**119**	**–196**
of which: depreciation and amortization	–43	–40	–8	–8	–51	–48
of which: impairment losses	–	–	–	–	–	–
Net cash flow	**–115**	**–274**	**–1**	**35**	**–117**	**–239**
of which: net cash provided by/used in operating activities	–57	–218	6	43	–55	–176
of which: net cash used in investing activities attributable to operating activities	–59	–56	–7	–8	–62	–63
Capital expenditures	**60**	**57**	**7**	**8**	**67**	**66**
Operating return on sales (%)	**6.2**	**–13.7**	**11.9**	**12.1**	**7.0**	**–10.6**

1) 2014: consolidated presentation, 2013: immaterial consolidation effects.
2) Sales revenue and operating profit were adjusted due to the retrospective application of the income statement structure used by Volkswagen, see also “Income statement disclosures.” See “Accounting Policies” for an explanation of the adjustments made to the segment assets and liabilities.

Segment information (3/3)

Reporting period January 1 to June 30 and as of June 30

	Others						Group	
	Corporate Center [2]		Cons./Reconcil.		Total			
€ million	**2014**	**2013[1]**	**2014**	**2013[1]**	**2014**	**2013[1]**	**2014**	**2013[1]**
Segment order intake	**8**	**8**	**–24**	**–161**	**–16**	**–153**	**7,674**	**7,846**
of which: Germany	8	8	–8	–16	–	–8	1,610	1,676
of which: other countries	–	–	–16	–145	–16	–145	6,064	6,169
Intersegment order intake	–7	–7	24	161	17	154	–	–
Group order intake	1	1	–	–	1	1	7,674	7,846
Segment sales revenue	**8**	**8**	**–14**	**–141**	**–6**	**–133**	**6,699**	**7,629**
of which: Germany	8	8	–8	–16	–	–8	1,367	1,537
of which: other countries	–	–	–6	–125	–6	–125	5,333	6,092
Intersegment sales revenue	–7	–7	14	141	7	134	–	–
Group sales revenue	1	1	–	–	1	1	6,699	7,629
Order backlog at June 30, 2014, and December 31, 2013	**–**	**–**	**–13**	**–19**	**–13**	**–19**	**6,583**	**5,776**
Segment assets at June 30, 2014, and December 31, 2013	**7,783**	**5,321**	**–4,014**	**–2,026**	**3,768**	**3,295**	**18,574**	**22,537**
Segment liabilities at June 30, 2014, and December 31, 2013	**4,626**	**6,074**	**–1,661**	**–2,635**	**2,965**	**3,439**	**12,729**	**17,310**
Segment profit or loss (operating profit or loss)	**–17**	**–36**	**–24**	**–40**	**–41**	**–76**	**222**	**–123**
Share of profits and losses of equity-method investments	2	–2	1	1	3	–1	6	–7
Net interest income and other financial result	41	31	–72	4	–31	35	–70	1
Profit/loss before tax of continuing operations	**27**	**–7**	**–96**	**–35**	**–69**	**–42**	**158**	**–130**
of which: depreciation and amortization	–4	–4	–24	–40	–28	–44	–439	–416
of which: impairment losses	0	0	–	–	0	0	–1	–2
Net cash flow	**–66**	**–76**	**–33**	**–18**	**–98**	**–93**	**–684**	**–738**
of which: net cash provided by/used in operating activities	–552	–73	41	–25	–511	–98	–908	–535
of which: net cash provided by/used in investing activities attributable to operating activities	487	–4	–74	8	413	4	225	–203
Capital expenditures	**3**	**5**	**0**	**–8**	**4**	**–3**	**202**	**214**
Operating return on sales (%)	**–**	**–**	**–**	**–**	**–**	**–**	**3.3**	**–1.6**

1) Sales revenue and operating profit were adjusted due to the retrospective application of the income statement structure used by Volkswagen, see also “Income statement disclosures.” See “Accounting Policies” for an explanation of the adjustments made to the segment assets and liabilities.

2) Corporate Center: MAN SE, Shared Services, and holding companies.

Review by the Group auditors

The interim financial statements as of June 30, 2014, and 2013, were not reviewed by auditors.

Executive Board

In May 2014, Dr. René Umlauft, member of the Executive Board of MAN SE, informed the Supervisory Board of his intention to pursue other career opportunities. His normal term of office ends on August 31, 2014. Dr. Umlauft has been granted a leave of absence until that date. In a letter dated June 18, 2014, Dr. Umlauft resigned from his position as a member of the Executive Board of MAN Diesel & Turbo SE with immediate effect.

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 assets, liabilities, financial position, and profit or loss of the Group, and the interim management report of the Group includes a fair review of the development and performance of the business and the position of the Group, together with a description of the material opportunities and risks associated with the expected development of the Group for the remaining months of the fiscal year.

Munich, July 23, 2014

MAN SE
The Executive Board

Overview by Quarter (1/3)

	2014							2013
€ million	H1	Q2	Q1	Total 2013	Q4	Q3	Q2	Q1
Order intake by division[2]								
MAN Truck & Bus	4,656	2,390	2,267	9,551	2,169	2,797	2,392	2,194
MAN Latin America	1,195	625	570	2,955	660	719	754	822
Commercial Vehicles[1]	5,784	2,984	2,800	12,506	2,829	3,516	3,146	3,015
MAN Diesel & Turbo	1,687	901	786	3,407	1,126	679	874	727
Renk	226	102	125	504	83	184	121	116
Power Engineering[1]	1,906	1,001	905	3,911	1,209	863	995	843
Others	–16	–9	–6	–211	–27	–31	–102	–52
Order intake	**7,674**	**3,976**	**3,699**	**16,207**	**4,012**	**4,349**	**4,039**	**3,806**
Commercial Vehicles order intake (units)[1]	**62,646**	**32,874**	**29,772**	**139,271**	**30,971**	**41,072**	**34,054**	**33,174**
MAN Truck & Bus	38,854	20,657	18,197	78,914	16,403	25,584	18,838	18,089
MAN Latin America	25,197	12,806	12,391	60,357	14,568	15,488	15,216	15,085
Intersegment order intake	–1,405	–589	–816	–1,528	–206	–310	–467	–545
Group order intake	62,646	32,874	29,772	137,743	30,765	40,762	33,587	32,629
Sales revenue by division[2]								
MAN Truck & Bus	3,913	2,131	1,782	9,251	2,791	2,114	2,404	1,942
MAN Latin America	1,195	625	570	2,955	660	719	754	822
Commercial Vehicles[1]	5,071	2,735	2,336	12,207	3,452	2,833	3,158	2,764
MAN Diesel & Turbo	1,426	726	700	3,390	980	795	872	743
Renk	216	108	108	485	135	125	103	123
Power Engineering[1]	1,634	830	804	3,875	1,115	919	975	865
Others	–6	–4	–2	–221	–47	–41	–98	–36
Sales revenue	**6,699**	**3,561**	**3,138**	**15,861**	**4,520**	**3,712**	**4,036**	**3,594**
Commercial Vehicles unit sales (units)[1]	**57,635**	**31,249**	**26,386**	**141,919**	**42,898**	**33,471**	**34,752**	**30,798**
MAN Truck & Bus	33,093	18,827	14,266	81,562	28,330	17,983	19,536	15,713
MAN Latin America	25,197	12,806	12,391	60,357	14,568	15,488	15,216	15,085
Intersegment sales	–655	–384	–271	–1,586	–447	–442	–371	–326
Group sales	57,635	31,249	26,386	140,333	42,451	33,029	34,381	30,472
Order backlog[3]	**6,583**	**6,583**	**6,297**	**5,776**	**5,776**	**6,710**	**6,184**	**6,169**
Commercial Vehicles production (units)[1]	**58,924**	**29,367**	**29,557**	**142,517**	**37,834**	**36,662**	**35,941**	**32,080**
MAN Truck & Bus	35,410	19,961	15,449	81,193	26,000	19,671	19,085	16,437
MAN Latin America	24,537	10,063	14,474	61,324	11,834	16,991	16,856	15,643
Intersegment production	–1,023	–657	–366	–1,306	–308	–393	–307	–298
Group production	58,924	29,367	29,557	141,211	37,526	36,269	35,634	31,782

1) 2014: consolidated presentation, 2013: immaterial consolidation effects.
2) 2013: Adjusted to reflect the retrospective application of the income statement structure used by Volkswagen, see also “Income statement disclosures.”
3) As of the reporting date.
This information is reported on a voluntary basis.

Overview by Quarter (2/3)

	2014							2013
€ million	**H1**	**Q2**	**Q1**	**Total 2013**	**Q4**	**Q3**	**Q2**	**Q1**
Operating profit/loss by division[2)]								
MAN Truck & Bus	79	68	11	244	152	48	66	–22
MAN Latin America	67	36	32	220	67	50	45	59
Commercial Vehicles[1)]	150	107	42	464	219	98	111	37
MAN Diesel & Turbo	88	55	33	–41	97	84	–104	–118
Renk	26	12	14	66	19	19	11	17
Power Engineering[1)]	114	67	47	25	116	104	–93	–101
Others	–41	–20	–21	–180	–62	–42	–44	–34
Operating profit/loss	**222**	**154**	**68**	**309**	**273**	**159**	**–26**	**–98**
Financial result	**–64**	**–39**	**–26**	**–137**	**–48**	**–82**	**39**	**–46**
Profit/loss before tax	**158**	**116**	**42**	**172**	**225**	**77**	**14**	**–144**
Income tax expense	–66	–52	–14	–377	–138	9	–55	–193
Loss from discontinued operations, net of tax	–	–	–	–308	–4	–304	–	–
Profit/loss after tax	**92**	**63**	**28**	**–513**	**83**	**–218**	**–41**	**–337**
Operating return on sales (%)	**3.3**	**4.3**	**2.2**	**1.9**	**6.0**	**4.3**	**–0.6**	**–2.7**
MAN Truck & Bus	2.0	3.2	0.6	2.6	5.4	2.3	2.7	–1.1
MAN Latin America	5.6	5.7	5.5	7.4	10.1	6.9	6.0	7.1
Commercial Vehicles[1)]	3.0	3.9	1.8	3.8	6.3	3.5	3.5	1.3
MAN Diesel & Turbo	6.2	7.5	4.8	–1.2	9.9	10.6	–11.9	–15.9
Renk	11.9	11.0	12.8	13.5	14.0	15.6	10.2	13.8
Power Engineering[1)]	7.0	8.0	5.9	0.6	10.4	11.3	–9.6	–11.7

1) 2014: consolidated presentation, 2013: immaterial consolidation effects.
2) 2013: Adjusted to reflect the retrospective application of the income statement structure used by Volkswagen, see also “Income statement disclosures.”

This information is reported on a voluntary basis.

Overview by Quarter (3/3)

			2014					2013
€ million	**H1**	**Q2**	**Q1**	**Total 2013**	**Q4**	**Q3**	**Q2**	**Q1**
Gross cash flow[1]	175	215	–40	986	429	358	193	6
Net cash provided by/used in operating activities	–908	–220	–688	136	417	254	–385	–150
Net cash provided by/used in investing activities attributable to operating activities	225	–113	338	–526	–223	–100	–118	–85
Net cash flow	**–684**	**–333**	**–350**	**–390**	**194**	**154**	**–503**	**–235**
Net financial debt[2]	**–1,225**	**–1,225**	**–864**	**–1,315**	**–1,315**	**–4,641**	**–4,797**	**–4,152**
ROCE (%)[3]	**7.1**	**8.9**	**5.3**	**6.9**	**17.4**	**11.0**	**4.1**	**–4.7**
ROS (%)[3]	**3.8**	**4.5**	**3.0**	**3.0**	**6.7**	**5.2**	**1.8**	**–2.3**
Headcount[2] [4]	**55,480**	**55,480**	**55,462**	**56,102**	**56,102**	**56,178**	**55,455**	**55,896**
Capital markets information								
Earnings per share from continuing operations (€)	**0.59**	**0.42**	**0.17**	**–1.47**	**0.57**	**0.56**	**–0.29**	**–2.31**
MAN share price[5]								
High	93.80	93.30	93.80	89.74	89.72	88.14	86.51	89.74
Low	89.25	89.75	89.25	82.35	88.02	84.00	83.76	82.35
Quarter-end	90.25	90.25	92.50	89.25	89.25	88.14	83.90	83.87
MAN share performance (%)								
Performance of MAN shares	1.1	–2.4	3.6	10.5	1.3	5.1	0.0	3.9
Dax performance	2.9	2.9	0.0	25.5	11.1	8.0	2.1	2.4
MDax performance	1.5	2.1	–0.7	39.1	10.2	9.7	2.9	11.8

[1] Gross cash flow is presented in accordance with the new statement of cash flows presentation. See “Statement of cash flows” in the notes to the condensed interim consolidated financial statements for further information
[2] As of the reporting date.
[3] For the actual ROCE and ROS values, operating profit is compared with the average capital employed — in accordance with the methodology applied to date — with the previous income statement structure used to determine operating profit.
[4] Including employees in the passive phase of partial retirement and trainees, excluding subcontracted employees. The prior-year figures were adjusted accordingly.
[5] Xetra closing prices, Frankfurt.

This information is reported on a voluntary basis.

MAN SE Financial Diary*

Report on Q3/2014	October 28, 2014
Annual press conference	March 11, 2015
Internet publication of 2014 annual report	March 11, 2015
Report on Q1/2015	April 28, 2015
Annual General Meeting for fiscal 2014	May 6, 2015
Half-yearly report 2015	July 28, 2015

*The latest information can be found on MAN's website at
→ www.man.eu/corporate under "Investor Relations"

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This is a translation of the German original. In the event of discrepancies between the German language version and any translation thereof, the German language version will prevail.

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