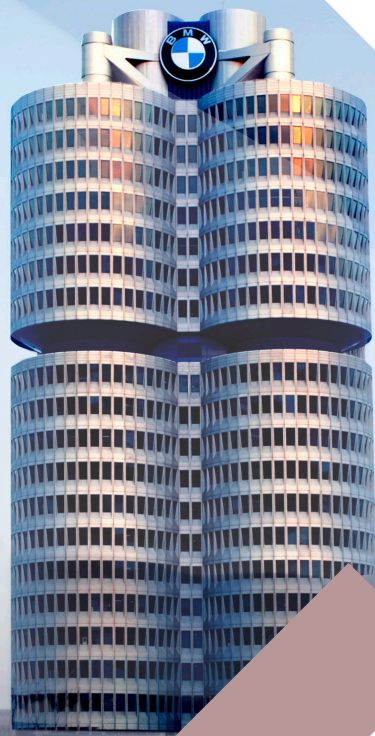


QUARTERLY REPORT

TO 30 JUNE 2013

Q2 — 30 June 2013



**BMW
GROUP**



Rolls-Royce
Motor Cars Limited

BMW GROUP IN FIGURES

		2nd quarter 2013	2nd quarter 2012	Change in %	
2 — BMW GROUP IN FIGURES					
5 INTERIM GROUP MANAGEMENT REPORT	Automotive segment				
5 The BMW Group – an Overview	Sales volume¹				
7 General Economic Environment	BMW units	422,844	390,516	8.3	
8 Automotive	MINI units	82,644	83,665	-1.2	
12 Motorcycles	Rolls-Royce units	833	830	0.4	
13 Financial Services	Total	506,321	475,011	6.6	
15 BMW Group – Capital Market Activities	Production¹				
16 Financial Analysis	BMW units	429,912	367,998	16.8	
23 Risk Management	MINI units	89,389	82,957	7.8	
23 Outlook	Rolls-Royce units	631	798	-20.9	
26 INTERIM GROUP FINANCIAL STATEMENT	Total	519,932	451,753	15.1	
26 Income Statements	Motorcycles segment				
26 Statement of Comprehensive Income for Group	Sales volume²				
30 Balance Sheets	BMW units	40,209	34,816	15.5	
32 Cash Flow Statements	Production³				
34 Group Statement of Changes in Equity	BMW units	33,231	32,108	3.5	
36 Notes	Financial Services segment				
58 RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES	New contracts with retail customers	388,290	346,034	12.2	
59 REVIEW REPORT	Workforce to 30 June⁴				
60 OTHER INFORMATION	BMW Group	106,870	102,007	4.8	
60 Financial Calendar	Financial figures				
61 Contacts	Operating cash flow Automotive segment	€ million	2,381	1,417 ⁵	68.0
	Revenues	€ million	19,552	19,202	1.8
	— Automotive	€ million	18,201	17,366	4.8
	— Motorcycles	€ million	475	410	15.9
	— Financial Services	€ million	5,058	4,866	3.9
	— Other Entities	€ million	2	2	-
	— Eliminations	€ million	-4,184	-3,442	-21.6
	Profit before financial result (EBIT)	€ million	2,068	2,267 ⁶	-8.8
	— Automotive	€ million	1,756	2,018 ⁶	-13.0
	— Motorcycles	€ million	46	48	-4.2
	— Financial Services	€ million	468	441	6.1
	— Other Entities	€ million	7	14	-50.0
	— Eliminations	€ million	-209	-254	-17.7
	Profit before tax	€ million	2,032	1,976 ⁶	2.8
	— Automotive	€ million	1,648	1,748 ⁶	-5.7
	— Motorcycles	€ million	45	47	-4.3
	— Financial Services	€ million	467	431	8.4
	— Other Entities	€ million	89	-12 ⁶	-
	— Eliminations	€ million	-217	-238	8.8
	Income taxes	€ million	-640	-699 ⁶	8.4
	Net profit	€ million	1,392	1,277 ⁶	9.0
	Earnings per share⁷	€	2.11/2.12	1.94/1.95	8.8/8.7

¹ Including the BMW Brilliance joint venture.

² Husqvarna: 2,593 motorcycles (2012).

³ Husqvarna: 3,255 motorcycles (2012).

⁴ Figures exclude suspended contracts of employment, employees in the non-work phases of pre-retirement part-time arrangements and low income earners.

⁵ Prior year figures have been adjusted in accordance with the reclassification described in the Group Financial Statements for the year ended 31 December 2012.

⁶ Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

⁷ Common/preferred stock. In computing earnings per share of preferred stock, earnings to cover the additional dividend of €0.02 per share of preferred stock are spread over the quarters of the corresponding financial year.

		1 January to 30 June 2013	1 January to 30 June 2012	Change in %
Automotive segment				
Sales volume¹				
BMW	units	804,248	747,064	7.7
MINI	units	148,798	151,875	-2.0
Rolls-Royce	units	1,475	1,600	-7.8
Total		954,521	900,539	6.0
Production¹				
BMW	units	840,838	746,022	12.7
MINI	units	159,838	165,086	-3.2
Rolls-Royce	units	1,418	1,545	-8.2
Total		1,002,094	912,653	9.8
Motorcycles segment				
Sales volume²				
BMW	units	64,941	59,189	9.7
Production³				
BMW	units	68,452	66,472	3.0
Financial Services segment				
New contracts with retail customers		728,618	652,018	11.7
Workforce to 30 June⁴				
BMW Group		106,870	102,007	4.8
Financial figures				
Operating cash flow Automotive segment	€ million	4,349	3,601⁵	20.8
Revenues	€ million	37,098	37,495	-1.1
— Automotive	€ million	34,108	33,525	1.7
— Motorcycles	€ million	911	858	6.2
— Financial Services	€ million	9,888	9,666	2.3
— Other Entities	€ million	3	3	-
— Eliminations	€ million	-7,812	-6,557	-19.1
Profit before financial result (EBIT)	€ million	4,107	4,401⁶	-6.7
— Automotive	€ million	3,338	3,898 ⁶	-14.4
— Motorcycles	€ million	97	85	14.1
— Financial Services	€ million	918	867	5.9
— Other Entities	€ million	24	27	-11.1
— Eliminations	€ million	-270	-476	43.3
Profit before tax	€ million	4,035	4,056⁶	-0.5
— Automotive	€ million	3,164	3,570 ⁶	-11.4
— Motorcycles	€ million	95	84	13.1
— Financial Services	€ million	916	865	5.9
— Other Entities	€ million	156	-31 ⁶	-
— Eliminations	€ million	-296	-432	31.5
Income taxes	€ million	-1,331	-1,427⁶	6.7
Net profit	€ million	2,704	2,629⁶	2.9
Earnings per share⁷	€	4.10/4.11	3.99/4.00	2.8/2.8

¹ Including the BMW Brilliance joint venture.

² Husqvarna: 1,110 motorcycles (until 5 March 2013); 5,235 motorcycles (2012).

³ Husqvarna: 1,569 motorcycles (until 5 March 2013); 6,616 motorcycles (2012).

⁴ Figures exclude suspended contracts of employment, employees in the non-work phases of pre-retirement part-time arrangements and low income earners.

⁵ Prior year figures have been adjusted in accordance with the reclassification described in the Group Financial Statements for the year ended 31 December 2012.

⁶ Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

⁷ Common/preferred stock. In computing earnings per share of preferred stock, earnings to cover the additional dividend of €0.02 per share of preferred stock are spread over the quarters of the corresponding financial year.

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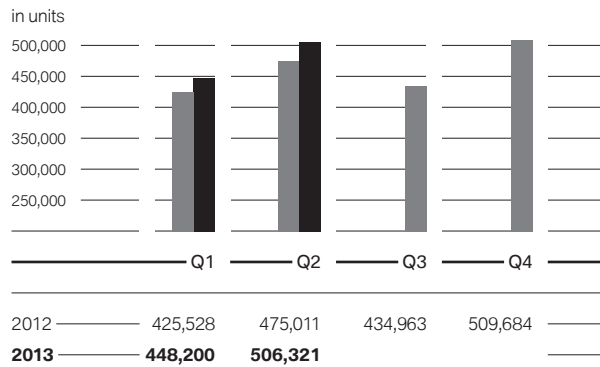
59 **REVIEW REPORT**

60 **OTHER INFORMATION**

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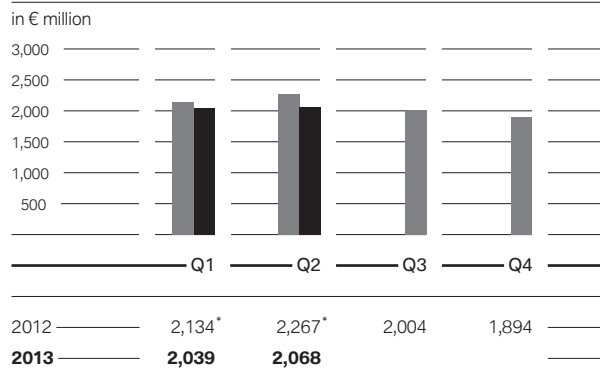
61 Contacts

Sales volume of automobiles*



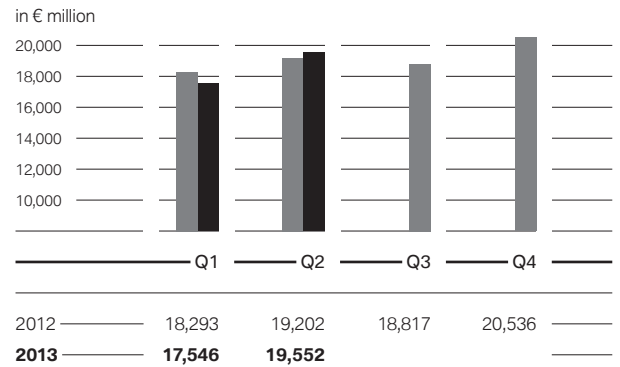
* Including the BMW Brilliance joint venture.

Profit before financial result

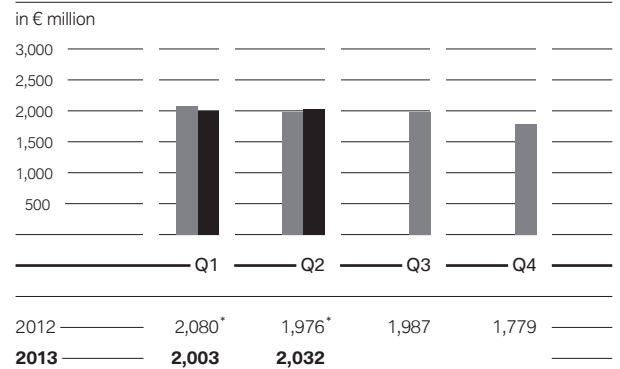


* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

Revenues



Profit before tax



* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

INTERIM GROUP MANAGEMENT REPORT

The BMW Group – an Overview

Sales volume figures remain on record course

The BMW Group continued to chart a successful course in the second quarter of 2013, despite a volatile political and economic environment, and defended its position as world market leader in the premium segment. A total of 506,321¹ BMW, MINI and Rolls-Royce brand cars was sold during the quarter, marking a new record figure (2012: 475,011¹ units; +6.6%). The BMW brand in particular performed particularly strongly, setting a new second-quarter sales volume record of 422,844¹ units (2012: 390,516¹ units; +8.3%). MINI sold 82,644 units, not far short of its previous year's quarter record figure of 83,665 units (-1.2%). Rolls-Royce Motor Cars underlined its robust condition by delivering a total of 833 units in the period from April to June 2013 (2012: 830 units; +0.4%).

The first half of the financial year 2013 progressed equally successfully, with 954,521¹ BMW, MINI and Rolls-Royce brand cars delivered to customers worldwide, the highest figure to date for a six-month period (2012: 900,539¹ units; +6.0%). The number of BMW brand cars sold rose by 7.7% to 804,248¹ units, thus surpassing the 800,000 mark for the first time in the first six-month period of a year (2012: 747,064¹ units). During this period we also sold 148,798 MINI brand (2012: 151,875 units; -2.0%) and 1,475 Rolls-Royce brand vehicles (2012: 1,600 units; -7.8%).

BMW Motorrad marked its 90th anniversary with sales volume records both for the quarter and for the first half of the year. The Motorcycles segment gained ground in the second quarter 2013 despite persisting adverse market conditions, and achieved sales volume of 40,209 BMW motorcycles worldwide (2012: 34,816 units; +15.5%). Sales for the six-month period were up by 9.7% to 64,941 units (2012: 59,189 units).

The Financial Services segment put in another excellent performance in the second quarter, reflecting the positive trend currently being enjoyed on the automotive side of the business. A total of 388,290 new lease and credit financing contracts was concluded with retail customers during the period from April to June (2012: 346,034 contracts; +12.2%). The equivalent figure for the six-month period was 728,618 contracts, 11.7% up on the previous year (2012: 652,018 contracts). At

30 June 2013, the segment was managing a portfolio of 3,986,306 lease and credit financing contracts with retail customers and dealers (2012: 3,693,474 contracts; +7.9%).

Revenues and earnings both up

Both revenues and earnings remained at high levels during the period under report. Group revenues in the second quarter rose by 1.8% to €19,552 million (2012: €19,202 million). By contrast, at €37,098 million, six-month revenues were marginally down on the previous year (2012: €37,495 million; -1.1%).

The previous year's high EBIT figures were not quite matched. The second-quarter profit before financial result amounted to €2,068 million, 8.8% down on the previous year (2012: €2,267² million). The six-month performance reflects a similar picture, with the BMW Group recording an EBIT of €4,107 million (2012: €4,401² million; -6.7%).

Profit before tax, however, remained at the previous year's high level. Second-quarter EBT edged up by 2.8% to €2,032 million (2012: €1,976² million), while six-month EBT came in at €4,035 million (2012: €4,056² million; -0.5%).

The Group reports second-quarter net profit of €1,392 million (2012: €1,277² million; +9.0%) and six-month net profit of €2,704 million (2012: €2,629² million; +2.9%).

Workforce increased

The BMW Group had a worldwide workforce of 106,870 employees at the end of the second quarter 2013 (2012: 102,007 employees; +4.8%). The BMW Group continues to hire selected skilled workers in order to keep pace with increasing business volumes on the one hand and develop new technologies on the other.

Model offensive continued

The model revision of the BMW Z4 was launched in March and the new M6 Gran Coupé and BMW 3 Series

¹ Including the BMW Brilliance joint venture.

² Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

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Gran Turismo followed in June. The revised version of the BMW 5 Series has also very recently come onto the markets. The new BMW 4 Series Coupé, the new BMW X5 and the BMW i3 electric vehicle will be making their debuts during the second half of the year. The BMW Group intends to present a variety of new models at the IAA in Frankfurt later this year.

A seventh model was added to the MINI brand range in March 2013 in the form of the MINI Paceman. Rolls-Royce Motor Cars presented the world debut of the Wraith. It is the most powerful Rolls-Royce ever built. This new model will become available at the end of 2013.

In February, the Motorcycles segment saw the launch of the new F 800 GT and a number of other special models (R 1200 R, R 1200 RT and R 1200 GS Adventure) to mark BMW Motorrad's 90th anniversary. This was followed in March by the launch of the new R 1200 GS, BMW Motorrad's most successful motorcycle to date. This bike has been exceptionally well received by customers and enjoyed much acclaim in the motorcycle press, confirming the fact that it sets new standards for long-distance enduros. The new F 800 GS Adventure has been available to customers since mid-June. In autumn BMW Motorrad will present further new models at the International Motorcycle Exhibition in Milan.

INTERIM GROUP MANAGEMENT REPORT

General Economic Environment

Automobile markets performing inconsistently

The world's automobile markets grew by approximately 3.3% in the first half of the year compared to the same period one year earlier. Within that overall performance, the situation on the world's major markets painted an inconsistent picture. Demand in Europe and Japan dropped once again, whereas the USA experienced continued growth. In China there were even signs that the pace of growth was beginning to pick up again.

The US market performed robustly during the period under report. So far there seems to be little evidence that fiscal consolidation measures are exerting any negative influence on demand. In fact, the automotive market in the USA grew by 7.7% compared to the previous year.

By contrast, registration figures across Europe fell by approximately 6.6%, with not only the likes of Italy (-10.1%), France (-11.4%) and Spain (-4.9%) suffering significant drops. The market in Germany, too, was 7.8% down on the corresponding period last year. The only major country in Europe to buck the trend was the United Kingdom where car registrations rose by 10.0%.

The car market in Japan contracted significantly compared to the previous year (-8.1%), primarily reflecting the fact that demand one year earlier had been exceptionally high due to the catch-up effect after the tsunami in 2011.

The Chinese car market performed extremely dynamically in the first half of the year and expanded by more than one fifth (+20.8%), underlining its position as one of the world's largest car markets. By contrast, the trend in Russia reversed, with car registration numbers 6.0% down on the previous year. In Brazil, on the other hand, demand for cars grew at a rate of 4.8%.

Motorcycle markets continue to contract

The situation on international motorcycle markets eased slightly in the second quarter compared to the first three months of the year. Nevertheless, the world's 500 cc plus class motorcycle markets contracted by 7.1% over the six-month period. Some of Europe's markets showed signs of a slight recovery in the second quarter. Across the region as whole, however, markets contracted by 10.9%.

Germany (-0.8%) and the United Kingdom (-4.7%) recorded relatively moderate declines, in contrast to France (-16.9%), Spain (-24.5%) and Italy (-23.5%), where the drops were again on a double-digit scale. The US motorcycle market also took a downward turn (-7.0%). New registrations were slightly higher in Brazil (+0.6%) than one year earlier. In Japan, the 500 cc plus class motorcycle market grew by 7.2%.

Financial markets remain volatile

Europe remained in recession throughout the first half of 2013, with various issues, such as the Cyprus crisis, the process of forming a government in Italy and structural problems in a number of countries, adding to the region's economic woes. Taking account of all these factors, in the second quarter 2013 the European Central Bank (ECB) lowered its economic forecast for the euro zone for the years 2013 and 2014 and reduced its reference interest rates by a further 0.25 percentage points to a historical low of 0.5%. Expectations of an anticipated end to the USA's expansive monetary policy unsettled money and capital markets alike, triggering further fluctuations. Credit business was largely stable compared to the situation one year earlier. The situation in Southern European countries remained tense. The world's major used car markets remained generally robust during the first half of 2013. This could not, however, be said of the markets of Southern Europe where extremely weak demand exerted a negative impact on the prices of used cars.

INTERIM GROUP MANAGEMENT REPORT

Automotive

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New sales volume record for the BMW Group

The BMW Group continued to perform well throughout the second quarter 2013, achieving its best sales volume figure to date with a total of 506,321¹ units sold (2012: 475,011¹ units; +6.6%). The BMW brand set a new record for a second quarter by selling 422,844¹ units (2012: 390,516¹ units; +8.3%). MINI sold 82,644 units, not far short of its previous year's record performance (2012: 83,665 units; -1.2%). Rolls-Royce handed over 833 luxury vehicles to customers worldwide during the period from April to June 2013 (2012: 830 units; +0.4%).

During the first six months of 2013, a total of 954,521¹ BMW, MINI and Rolls-Royce brand cars were sold (2012: 900,539¹ units; +6.0%). The number of BMW brand cars sold rose by 7.7% to 804,248¹ units, thus surpassing the 800,000 mark for the first time in the first six-month period of a year (2012: 747,064¹ units). During this period we also sold 148,798 MINI brand (2012: 151,875 units; -2.0%) and 1,475 Rolls-Royce brand vehicles worldwide (2012: 1,600 units; -7.8%).

Double-digit growth in the Americas and Asia¹

Sales in the Americas region were buoyant in the second quarter, rising by 13.8% to 117,379 units. Over

the six-month period, the number of cars handed over to customers in this region climbed by 9.7% to 213,867 units. The BMW Group sold 94,039 units in the USA in the second quarter (+13.3%) and 173,156 units (+8.9%) in the first half of the year.

Business continued to flourish in Asia during the period under report, with second-quarter sales up by 19.1% to 142,724 units and six-month sales up by 14.3% to 272,943 units. The BMW Group recorded strong growth in China, both for the second quarter (96,984 units; +22.5%) and for the six-month period (183,208 units; +15.0%). Sales volume in Japan grew by 10.1% to 30,525 units in the first six months of the year.

In Europe, by contrast, the sovereign debt crisis continued to have a dampening impact on business, with sales down by 2.9% to 229,466 units for the period from April to June and by 0.1% to 436,709 units for the first six months of the year. Market conditions in Germany were extremely difficult, with sales down by 11.5% to 70,035 units in the second quarter and by 6.1% to 133,454 units over the six-month period. However, business developed positively in Great Britain (sales region),

Automotive

		2nd quarter 2013	2nd quarter 2012	Change in %
Sales volume ¹	units	506,321	475,011	6.6
Production ¹	units	519,932	451,753	15.1
Revenues	€ million	18,201	17,366	4.8
Profit before financial result (EBIT)	€ million	1,756	2,018 ²	-13.0
Profit before tax	€ million	1,648	1,748 ²	-5.7
		1 January to 30 June 2013	1 January to 30 June 2012	Change in %
Sales volume ¹	units	954,521	900,539	6.0
Production ¹	units	1,002,094	912,653	9.8
Revenues	€ million	34,108	33,525	1.7
Profit before financial result (EBIT)	€ million	3,338	3,898 ²	-14.4
Profit before tax	€ million	3,164	3,570 ²	-11.4
Workforce to 30 June		97,549	92,849	5.1

¹ Including the BMW Brilliance joint venture.

² Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

where second-quarter sales increased by 6.0 % to 48,677 units and six-month sales by 11.3 % to 94,434 units. By contrast, six-month sales figures for France (32,445 units; -6.9 %) and Italy (32,375 units; -3.5 %) were down on the previous year. 20,658 units were sold in Russia during the six-month period, 15.3 % more than one year earlier.

New six-month sales volume record for BMW brand*
For the first time in the company's history, the BMW brand surpassed the 800,000 threshold for units sold in the first half of a year (804,248 units; +7.7 %). The BMW X1 as well as the 3, 5, 6 and 7 Series all asserted their positions as market leaders in their relevant segments.

Sales volume of BMW vehicles by model variant*

in units

	1 January to 30 June 2013	1 January to 30 June 2012	Change in %
BMW 1 Series			
Three-door	16,090	3,769	-
Five-door	79,256	89,490	-11.4
Coupé	7,062	11,187	-36.9
Convertible	7,295	9,359	-22.1
	109,703	113,805	-3.6
BMW 3 Series			
Sedan	167,139	135,981	22.9
Touring	48,034	28,380	69.3
Coupé	10,952	15,910	-31.2
Convertible	10,107	13,718	-26.3
Gran Turismo	1,468	-	-
	237,700	193,989	22.5
BMW 5 Series			
Sedan	144,461	137,081	5.4
Touring	25,132	29,007	-13.4
Gran Turismo	10,240	11,697	-12.5
	179,833	177,785	1.2
BMW 6 Series			
Coupé	3,508	4,689	-25.2
Convertible	3,193	4,818	-33.7
Gran Coupé	7,311	839	-
	14,012	10,346	35.4
BMW 7 Series			
	27,100	30,511	-11.2
BMW X1			
	79,061	64,387	22.8
BMW X3			
	77,959	74,098	5.2
BMW X5			
	52,651	52,399	0.5
BMW X6			
	18,965	20,884	-9.2
BMW Z4			
	7,264	8,860	-18.0
BMW total	804,248	747,064	7.7

* Including the BMW Brilliance joint venture.

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During the six-month period, 109,703 units of the BMW 1 Series were handed over to customers (–3.6%). The BMW 3 Series registered sharp growth (+22.5%) with 237,700 units sold. Sales of the BMW 5 Series during the period under report totalled 179,833 units (+1.2%). The revised version of the BMW 5 Series has very recently come onto the markets and is set to generate additional demand for this highly successful model in the second half of the year. Sales of the BMW 6 Series also rose sharply to 14,012 units (+35.4%). In total, we sold 27,100 units of the BMW 7 Series (–11.2%) and 7,264 units of the BMW Z4 (–18.0%) during the first half of 2013.

The BMW X family again enjoyed strong demand during the six-month period. Sales of the BMW X1 rose steeply

(+22.8%) to 79,061 units. The BMW X3, of which 77,959 units were sold, surpassed the previous year's sales volume by 5.2%, while sales of the BMW X5 edged up by 0.5% to 52,651 units. Only the BMW X6 fell short of the previous year's figure (18,965 units; –9.2%).

MINI Countryman remains popular

4,648 units of the MINI Paceman have been sold since its launch in mid-March 2013. The MINI Roadster achieved a 14.4% increase in sales, with 5,219 units sold during the first six months of the year. Sales of the MINI Countryman increased by 2.2% to 50,669 units, whereas the Hatch (62,958 units; –2.9%), the Convertible (11,553 units; –21.2%), the Clubman (9,538 units; –19.9%) and the Coupé (4,213 units; –32.9%) all recorded lower sales volumes than one year earlier.

Sales volume of MINI vehicles by model variant

in units

	1 January to 30 June 2013	1 January to 30 June 2012	Change in %
MINI Hatch	62,958	64,864	–2.9
MINI Convertible	11,553	14,669	–21.2
MINI Clubman	9,538	11,913	–19.9
MINI Countryman	50,669	49,588	2.2
MINI Coupé	4,213	6,278	–32.9
MINI Roadster	5,219	4,563	14.4
MINI Paceman	4,648	–	–
MINI total	148,798	151,875	–2.0

Strong performance by Rolls-Royce Phantom

Sales of Rolls-Royce's top model, the Phantom, rose steeply (+29.8%) during the first half of 2013 to 283 units. The Phantom Coupé (including the Drophead Coupé)

achieved a sales volume of 100 units, 1.0% up on the previous year. 1,092 customers worldwide took delivery of the Rolls-Royce Ghost (–14.9%).

Sales volume of Rolls-Royce vehicles by model variant

in units

	1 January to 30 June 2013	1 January to 30 June 2012	Change in %
Rolls-Royce			
Phantom (including Phantom Extended Wheelbase)	283	218	29.8
Coupé (including Drophead Coupé)	100	99	1.0
Ghost	1,092	1,283	-14.9
Rolls-Royce total	1,475	1,600	-7.8

Car production increases

519,932¹ BMW, MINI and Rolls-Royce brands cars were produced during the second quarter (2012: 451,753¹ units; +15.1%), comprising 429,912¹ BMW brand vehicles (2012: 367,998¹ units; +16.8%), 89,389 MINI brand vehicles (2012: 82,957 units; +7.8%) and 631 Rolls-Royce brand vehicles (2012: 798 units; -20.9%).

During the six-month period from January to June 2013, a total of 1,002,094¹ cars rolled off production lines worldwide (2012: 912,653¹ units; +9.8%). This figure included 840,838¹ BMW brand vehicles (2012: 746,022¹ units; +12.7%) and 159,838 MINI brand vehicles (2012: 165,086 units; -3.2%). The decrease in MINI production was caused by renovation work carried out at the Oxford plant over a period of four weeks during the first quarter. A total of 1,418 Rolls-Royce vehicles were manufactured at the Goodwood plant during the six-month period under report (2012: 1,545 units; -8.2%).

Automotive segment remains on track

The strong sales volume performance is reflected in segment revenues. Second-quarter and six-month revenues increased by 4.8% to €18,201 million (2012: €17,366 million) and by 1.7% to €34,108 million (2012: €33,525 million) respectively.

Expenditure on new technologies, production and market launch costs, greater competition and higher personnel costs all had a negative impact on the segment result. EBIT amounted to €1,756 million (2012: €2,018² million; -13.0%) for the second quarter and €3,338 million (2012: €3,898² million; -14.4%) for the six-month period. Profit before tax for the second quarter and for

the six-month period were €1,648 million (2012: €1,748² million; -5.7%) and €3,164 million (2012: €3,570² million; -11.4%) respectively.

Automotive segment workforce increased

At 30 June 2013, the Automotive segment had 97,549 employees on the payroll, 5.1% more than one year earlier (2012: 92,849 employees).

¹ Including the BMW Brilliance joint venture.

² Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

INTERIM GROUP MANAGEMENT REPORT

Motorcycles

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Sharp rise in motorcycle sales volume

The BMW Group sold a total of 40,209 BMW motorcycles worldwide during the second quarter 2013 (2012: 34,816¹ units; +15.5%), while sales for the six-month period were up by 9.7% to 64,941³ units (2012: 59,189³ units). These figures represented the best quarterly and six-month sales volume performances in BMW Motorrad's 90-year history.

The six-month sales volume figure in Europe went up by 3.2% to 39,952 units, whereby unit sales developed very differently from one country to the next. Sales in Germany grew by 2.9% to 11,827 units, with increases also recorded in Great Britain (3,364 units; +4.3%) and France (6,129 units; +0.2%). By contrast, motorcycle sales were down in Spain (2,596 units; -2.8%) and Italy (6,094 units; -6.0%).

The number of machines sold in the USA rose by 16.6% to 8,101 units. Sales in Brazil went up by 8.3% to 3,611 units. Motorcycle sales in Japan increased sharply by 35.6% to 1,795 units.

Motorcycle production volume increased

During the second quarter 2013, 33,231 BMW brand motorcycles (2012: 32,108² units) rolled off production lines, 3.5% more than in the same quarter last year.

In the first six months of the year, we produced a total of 68,452³ BMW motorcycles (2012: 66,472⁴ units; +3.0%).

Sharp increase in revenues

Helped by a good second-quarter sales volume performance, segment revenues totalling €475 million were also well up on the previous year's figure (2012: €410 million; +15.9%). At €46 million, EBIT almost matched last year's performance (2012: €48 million; -4.2%), despite expenditure in conjunction with the new strategic direction adopted by the segment. The same also applies to segment profit before tax amounting to €45 million (2012: €47 million; -4.3%).

Segment revenues for the period from January to June rose by 6.2% to €911 million (2012: €858 million), which also helped push up EBIT to €97 million (2012: €85 million; +14.1%). Profit before tax increased to €95 million (2012: €84 million; +13.1%), the best six-month result ever earned by the Motorcycles segment.

Workforce size reduced

The Motorcycles segment had a worldwide workforce of 2,722 employees (-9.3%) at the end of the second quarter, with the reduction attributable to the sale of Husqvarna Motorcycles.

Motorcycles

		2nd quarter 2013	2nd quarter 2012	Change in %
Sales volume BMW ¹	units	40,209	34,816	15.5
Production BMW ²	units	33,231	32,108	3.5
Revenues	€ million	475	410	15.9
Profit before financial result (EBIT)	€ million	46	48	-4.2
Profit before tax	€ million	45	47	-4.3
		1 January to 30 June 2013	1 January to 30 June 2012	Change in %
Sales volume BMW ³	units	64,941	59,189	9.7
Production BMW ⁴	units	68,452	66,472	3.0
Revenues	€ million	911	858	6.2
Profit before financial result (EBIT)	€ million	97	85	14.1
Profit before tax	€ million	95	84	13.1
Workforce to 30 June		2,722	3,001	-9.3

¹ Husqvarna: 2,593 motorcycles (2012).

² Husqvarna: 3,255 motorcycles (2012).

³ Husqvarna: 1,110 motorcycles (until 5 March 2013); 5,235 motorcycles (2012).

⁴ Husqvarna: 1,569 Motorräder (until 5 March 2013); 6,616 motorcycles (2012).

INTERIM GROUP MANAGEMENT REPORT

Financial Services

Strong performance by Financial Services segment

The Financial Services segment continued to make good progress in the second quarter of 2013. At 30 June 2013, the segment's portfolio of leasing and credit financing contracts in place with retail customers and dealers increased to 3,986,306 (2012: 3,693,474 contracts; +7.9%). The business volume in balance sheet terms stood at €82,568 million at the end of the reporting period, 2.0% higher than at the end of the previous financial year (2012: €80,974 million).

Financial Services business continues to grow

Leasing and financing business with retail customers continued to expand in the second quarter of 2013. A total of 388,290 new leasing and financing contracts was concluded with retail customers during the period from April to June, an increase of 12.2% over the same quarter last year (2012: 346,034 contracts). The number of new leasing contracts grew by 12.4%, while new credit financing grew by 12.1%. Leasing and credit financing accounted for 33.5% and 66.5% of new business respectively.

The ratio of new BMW Group cars leased or financed by the Financial Services segment for the six-month period was 44.5%, 5.8 percentage points up on the previous

year (2012: 38.7%), with the sharp rise mainly attributable to the high level of new business in the USA.

In the used car financing line of business, 156,669 new contracts for BMW and MINI brand cars were signed during the first half of 2013, 2.7% more than one year earlier (2012: 152,557 contracts).

The volume of all new leasing and financing contracts signed with retail customers amounted to €19,599 million, 11.5% up on the previous year (2012: €17,580 million).

The growth of new business had a positive impact on the overall size of the contract portfolio with retail customers. In total, 3,671,904 retail customer contracts were in place at the end of the reporting period (2012: 3,423,299 contracts; +7.3%). The portfolio of contracts on hand grew by 9.1% in the Europe/Middle East region, by 6.0% in the Americas region and by 1.4% for the EU bank. The Asia/Pacific region also saw a surge in the size of the contract portfolio (+25.8%).

Fleet business remains on growth course

The BMW Group operates its international, multi-brand fleet business under the brand name "Alphabet" and is one of the leading fleet service providers in Europe.

Financial Services

	2nd quarter 2013	2nd quarter 2012	Change in %
New contracts with retail customers	388,290	346,034	12.2
Revenues	€ million 5,058	4,866	3.9
Profit before financial result (EBIT)	€ million 468	441	6.1
Profit before tax	€ million 467	431	8.4
	1 January to 30 June 2013	1 January to 30 June 2012	Change in %
New contracts with retail customers	728,618	652,018	11.7
Revenues	€ million 9,888	9,666	2.3
Profit before financial result (EBIT)	€ million 918	867	5.9
Profit before tax	€ million 916	865	5.9
Workforce to 30 June	6,474	6,031	7.3
	30.6.2013	31.12.2012	Change in %
Business volume in balance sheet terms*	€ million 82,568	80,974	2.0

* Calculated on the basis of the lines Leased products and Receivables from sales financing (current and non-current) of the Financial Services segment balance sheet.

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This line of business remained on growth course during the first half of the year. The contract portfolio increased by 5.7 % to reach 517,156 fleet contracts at 30 June 2013 (2012: 489,439 contracts).

Rise in multi-brand financing

The multi-brand financing line of business expanded yet again in the second quarter, growing by 15.6 % to 92,788 new contracts (2012: 80,277 contracts). At 30 June 2013, 439,890 contracts were in place, 11.0 % more than one year earlier (2012: 396,231 contracts).

Dealer financing expanded

The total volume of dealer financing contracts at the end of the period under report amounted to €12,451 million, an increase of 9.7 % compared to the end of the second quarter last year (2012: €11,355 million).

Stable growth for deposit business

The BMW Group's worldwide deposit business reached a total of €13,258 million at 30 June 2013 (2012: €13,216 million), an increase of 0.3 %.

Insurance business continues to grow

Insurance business profited from the strong demand for Financial Services products and also continued to flourish. The number of new contracts signed during the first six months of the year rose by 8.3 % to 513,648 contracts (2012: 474,324 contracts). Worldwide, a total of 2,376,842 contracts were being managed at the end of the period under report (2012: 2,107,247 contracts; +12.8 %).

Earnings up on previous year

The segment's positive performance is reflected in segment earnings for the period under report. Second-quarter EBIT amounted to €468 million (2012: €441 million; +6.1 %) and profit before tax for the three-month period amounted to €467 million (2012: €431 million; +8.4 %). The profit before financial result and the profit before tax for the period from January to June 2013 amounted to €918 million (2012: €867 million; +5.9 %) and €916 million (2012: €865 million; +5.9 %) respectively.

Workforce increased

At 30 June 2013, the Financial Services segment had 6,474 employees, 7.3 % more than one year earlier (2012: 6,031 employees). The increase in the workforce size reflects growth in the segment's portfolio of contracts on the one hand and the higher number of employees necessary to handle projects on the other.

INTERIM GROUP MANAGEMENT REPORT

BMW Group – Capital Market Activities in the second quarter 2013

BMW stock in a volatile environment

The negative trend that set in on stock markets in mid-March continued initially at the beginning of the second quarter 2013. Indications that the global economy is becoming more stable combined with the ongoing expansionary monetary policies being pursued by central banks, subsequently resulted in new all-time highs for a number of international stock markets. Towards the end of the second quarter, the announcement made by the US Reserve Bank of its intention to wind down its bond-buying programme over the course of the year caused a flurry of uncertainty on the markets. Rumours of a possible credit crunch in China also had the effect of chilling the stock market climate towards the end of June.

After recording its low for the year to date in April (7,459 points), the German stock index, the DAX, soared to a new all-time high in May (8,557 points) and closed on 28 June 2013 at 7,959 points. Thus, within a highly volatile climate, the index was able to add slightly to the gains made in the first quarter (+2.1%). Compared to the end of 2012, the DAX gained 4.6%. The Prime Automobile Performance Index gained 9.4% in value in the period from April to June 2013, thus making good the minor losses recorded in the first quarter. The sector index closed at 1,039 points at 28 June 2013, 6.5% up on its closing level at the end of 2012.

Changes in the price of BMW stock must also be seen in the context of the volatile stock market climate. After some major price fluctuations, BMW common stock closed at €67.18, practically unchanged (–0.2%) from its

price at the end of the previous quarter. Compared to its price at the end of 2012, the figure represents a decrease of 7.9%. BMW preferred stock performed somewhat better, adding to the gains made in the first quarter. At €52.53, it finished 5.4% ahead of its market price at the end of the first quarter and 7.7% up on its closing level at the end of 2012. BMW preferred stock recorded a new all-time high of €56.10 in May 2013.

Successful refinancing on capital markets

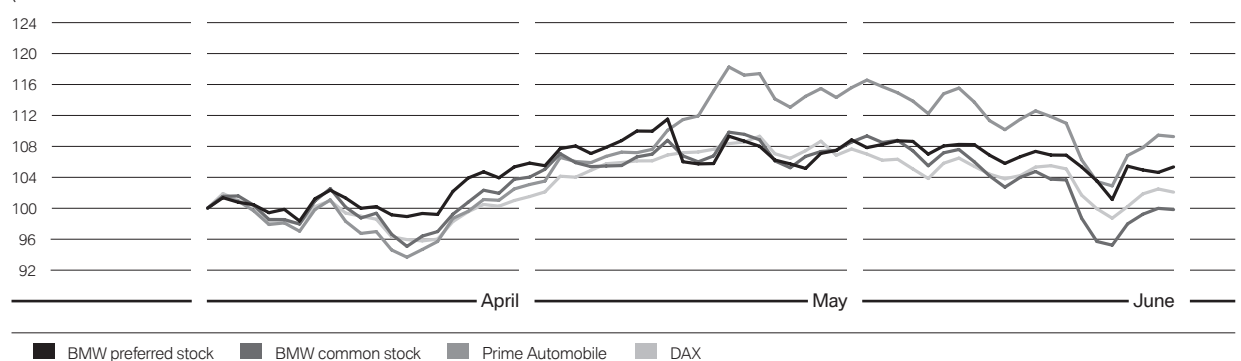
Despite a highly volatile market environment, the BMW Group was able to refinance its operating activities on international money and capital markets at attractive conditions during the second quarter 2013. During the period from April to June 2013, the BMW Group issued a euro-benchmark bond with a volume of €1 billion, a bond for 500 million US dollars and raised funds through private placements in various currencies with a total approximate volume of €1.2 billion. In addition, two ABS transactions with a total approximate volume of €1 billion were executed in Switzerland and Germany and promissory notes issued in Japan and Europe for more than €200 million. In addition, the regular issue of commercial paper and deposit-taking represent important sources of refinancing for the BMW Group.

US dollar dropped slightly

The value of the US dollar against the euro dropped slightly during the second quarter 2013. Based on an exchange rate of US dollar 1.30 to the euro at 30 June 2013, the US dollar was 1.5% weaker than at 30 March 2013 and 1.4% stronger than at 31 December 2012.

Development of BMW stock compared to stock exchange indices

(Index: 28.3.2013 = 100)



INTERIM GROUP MANAGEMENT REPORT

Analysis of the Interim Group Financial Statements

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Earnings performance*

The BMW Group increased sales of BMW, MINI and Rolls-Royce brand cars in the first half of 2013 by 6.0 % to 954,521 units compared to the corresponding period one year earlier.

The BMW Group recorded a net profit for the six-month period of €2,704 million, €75 million up on the previous year. The post-tax return on sales was 7.3 % (2012: 7.0 %). Earnings per share of common and preferred stock were €4.10 and €4.11 respectively (2012: €3.99 and €4.00 respectively).

Earnings performance for the second quarter 2013

Group revenues remained at a similarly high level to the previous year, with second-quarter revenues up by 1.8 % to €19,552 million (2012: €19,202 million). Increased competition and higher inter-segment revenue eliminations caused by the growth of new lease business resulted in the revenues percentage rise being lower than the sales volume percentage rise. Excluding the effect of currency fluctuations, revenues increased by 3.6 % compared to the previous year.

External revenues from the sale of BMW, MINI and Rolls-Royce brand cars edged up by 0.4 %. Motorcycles business revenues rose by 15.6 % compared to the previous year. Revenues generated with Financial Services operations grew by 5.0 %. As in the previous year, revenues arising in the "Other Entities" segment amounted to €1 million.

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

Group cost of sales totalled €15,560 million (2012: €15,174 million), 2.5 % higher than in the second quarter last year. Gross profit was just €36 million (–0.9 %) lower than the previous year's high level. The gross profit margin for the second quarter slipped by 0.6 percentage points to 20.4 %.

The gross profit margin recorded by the Automotive segment was 18.6 % (2012: 20.3 %) and that of the Motorcycles segment 19.4 % (2012: 22.4 %). The gross profit margin of the Financial Services segment improved from 13.7 % to 14.1 %.

Total research and development expenditure in the second quarter amounted to €1,005 million (2013: €981 million). This figure comprises research costs, non-capitalised development costs, capitalised development costs and systematic amortisation of capitalised development costs. The research and development expenditure ratio for the second quarter was 5.1 % (2012: 5.1 %) and the proportion of development costs recognised as assets was 30.8 % (2012: 25.4 %). Research and development expenses decreased by €76 million to €958 million. Expenditure in this area therefore remained at a high level in the second quarter, reflecting the BMW Group's continuing commitment to product and technological development. Research and development expense includes amortisation of capitalised development costs amounting to €263 million (2012: €302 million). As a percentage of revenues, the research and development ratio fell slightly (0.5 percentage points) to 4.9 %, compared to the previous year.

Revenues by segment in the second quarter

in € million

	External revenues		Inter-segment revenues		Total revenues	
	2013	2012	2013	2012	2013	2012
Automotive	14,429	14,365	3,772	3,001	18,201	17,366
Motorcycles	473	409	2	1	475	410
Financial Services	4,649	4,427	409	439	5,058	4,866
Other Entities	1	1	1	1	2	2
Eliminations	-	-	-4,184	-3,442	-4,184	-3,442
Group	19,552	19,202	-	-	19,552	19,202

Revenues by segment in the period from 1 January to 30 June

in € million

	External revenues		Inter-segment revenues		Total revenues	
	2013	2012	2013	2012	2013	2012
Automotive	27,093	27,812	7,015	5,713	34,108	33,525
Motorcycles	905	850	6	8	911	858
Financial Services	9,099	8,832	789	834	9,888	9,666
Other Entities	1	1	2	2	3	3
Eliminations	-	-	-7,812	-6,557	-7,812	-6,557
Group	37,098	37,495	-	-	37,098	37,495

Selling and administrative expenses increased by 8.4 % compared to the corresponding period last year. One of the factors driving up expenses in this area was the higher number of employees. This was partially compensated by lower expenses for new model launches. The ratio of selling and administrative expenses to revenues was 9.6 % (2012: 9.0 %) of revenues. Depreciation and amortisation on property, plant and equipment and intangible assets recorded in cost of sales and in selling and administrative expenses amounted to €919 million (2012: €879 million).

Other operating income and expenses gave rise to a net expense of €49 million, an increase of €18 million compared to the second quarter last year.

As a result of the various factors referred to above, profit before financial result for the second quarter 2013 amounted to €2,068 million (2012: €2,267 million).

The financial result was a net expense of €36 million, which represented an improvement of €255 million over the same quarter last year (2012: net expense of €291 million). This includes the result from equity accounted investments totalling €164 million (2012: €105 million), comprising the Group's share of results from interests in the joint venture BMW Brilliance Automotive Ltd., Shenyang, the joint ventures with the SGL Carbon Group and the two DriveNow entities. Other financial result includes the negative impact of write-downs on available-for-sale marketable securities

Profit before tax by segment

in € million

	2nd quarter 2013	2nd quarter 2012*	1 January to 30 June 2013	1 January to 30 June 2012*
Automotive	1,648	1,748	3,164	3,570
Motorcycles	45	47	95	84
Financial Services	467	431	916	865
Other Entities	89	-12	156	-31
Eliminations	-217	-238	-296	-432
Profit before tax	2,032	1,976	4,035	4,056
Income taxes	-640	-699	-1,331	-1,427
Net profit	1,392	1,277	2,704	2,629

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

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as well as the positive impact of currency and interest rate hedging instruments. The net interest result for the second quarter deteriorated by €108 million.

Profit before tax was €2,032 million and thus €56 million ahead of the previous year's level (2012: €1,976 million). The income tax expense for the quarter decreased by €59 million, resulting in an effective tax rate of 31.5% (2012: 35.4%).

The Group reports a net profit of €1,392 million for the three months ended 30 June 2013 (2012: €1,277 million).

Second-quarter earnings per share amounted to €2.11 (2012: €1.94) for common stock and to €2.12 (2012: €1.95) for preferred stock.

Earnings performance for the first half of 2013

Group revenues for the six-month period decreased by 1.1% to €37,098 million. The main reason for the decrease was the higher level of inter-segment revenue eliminations attributable to the growth of new lease business. Adjusted for exchange rate factors, revenues increased by 0.3%. Within Group revenues, external revenues of the Automotive segment were down by 2.6% compared to the corresponding period last year. Revenues in the Motorcycles segment rose by 6.5%. Financial Services segment revenues were 3.0% up for the six-month period. External revenues generated with other activities were at a similar level to the previous year (€1 million).

Group cost of sales totalled €29,527 million, 0.6% lower than in the corresponding six-month period one year earlier (2012: €29,703 million).

Gross profit amounted to €7,571 million, 2.8% down on the previous year. The overall gross profit margin was 20.4% (2012: 20.8%).

The Automotive segment's gross profit margin came in at 18.4% (2012: 20.3%) and that of the Motorcycles seg-

ment at 20.2% (2012: 20.0%). The gross profit margin of the Financial Services segment went up by 0.5 percentage points to 14.0%.

Research and development expense for the six-month period was 3.0% lower at €1,946 million. As a proportion of revenues, the research and development ratio decreased slightly to 5.2% (2012: 5.4%). Research and development costs include amortisation of capitalised development costs amounting to €538 million (2012: €603 million). Total research and development expenditure amounted to €1,958 million (2012: €1,843 million), corresponding to an expenditure ratio of 5.3% (2012: 4.9%) and a capitalisation ratio of 28.1% (2012: 23.9%).

Selling and administrative expenses increased by 2.9% compared to the same period last year.

Other operating income and expenses gave rise to a net expense of €1 million, an improvement of €26 million compared to the first half of 2012. These line items include gains and losses on the disposal of assets.

At €4,107 million, the Group's profit before financial result (EBIT) was 6.7% down on the previous year's high level.

The financial result for the six-month period was a net expense of €72 million, an improvement of €273 million over the previous year. This includes the result from equity accounted investments, which improved in total by €101 million and comprised the Group's share of results from interests in the joint venture BMW Brilliance Automotive Ltd., Shenyang, the joint ventures with the SGL Carbon Group and the two DriveNow entities. The net interest result for the six-month period deteriorated by €94 million, partly due to lower interest income earned on fixed-term deposits. Other financial result improved by €266 million and includes the negative impact of write-downs on available-for-sale marketable securities as well as the positive impact of currency and interest rate hedging instruments.

Profit before tax amounted to €4,035 million (2012: €4,056 million). The pre-tax return on sales was 10.9% (2012: 10.8%). The six-month income tax expense went down to €1,331 million (2012: €1,427 million), resulting in an effective tax rate of 33.0% (2012: 35.2%).

The BMW Group reports a net profit of €2,704 million for the six-month period (2012: €2,629 million).

In the first half of 2013, the BMW Group generated earnings per share of common stock of €4.10 (2012: €3.99) and earnings per share of preferred stock of €4.11 (2012: €4.00).

Earnings performance by segment

Second-quarter Automotive segment revenues increased by 4.8% due to volume factors. The profit before tax, at €1,648 million, was €100 million lower than the high level recorded one year earlier. Segment revenues for the six-month period increased by 1.7% to €34,108 million, mainly due to higher volumes. Profit before tax was €3,164 million for the six-month period (2012: €3,570 million).

Second-quarter revenues of the Motorcycles segment increased by 15.9%. The segment profit before tax, at €45 million, was almost at the previous year's level (2012: €47 million). Six-month revenues increased to €911 million (2012: €858 million). The profit before tax for the period improved by 13.1% to €95 million.

Revenues of the Financial Services segment in the second quarter rose by 3.9% to €5,058 million. Profit before tax amounted to €467 million, an increase of €36 million compared to the previous year (2012: €431 million). Revenues for the six-month period increased by 2.3% to €9,888 million, while segment profit before tax improved by 5.9% to €916 million.

The Other Entities segment reports profit before tax of €89 million for the second quarter (2012: loss before tax of €12 million). Profit before tax for the six-month period improved by €187 million to €156 million, with the turnaround primarily due to an improvement in financial result. Inter-segment eliminations during the six-month period up to the level of profit before tax

gave rise to a net expense of €296 million (2012: net expense of €432 million).

Financial position*

The consolidated cash flow statements for the Group and the Automotive and Financial Services segments show the sources and applications of cash flows for the first six-month periods of 2013 and 2012, classified into cash flows from operating, investing and financing activities. Cash and cash equivalents in the cash flow statements correspond to the amount disclosed in the balance sheet.

Cash flows from operating activities are determined indirectly, starting with Group and segment net profit for the period. By contrast, cash flows from investing and financing activities are based on actual payments and receipts.

The BMW Group uses various sources of funds for internal financing purposes. In addition to the issue of interest-bearing debt, cash funds are also allocated internally in line with business requirements, including the use of dividends and similar transactions. In this context, it is possible that cash funds may be transferred from one segment to another. Up to the first quarter 2012, these cash inflows and outflows were reported in the Cash Flow Statements of the Automotive and Financial Services segments as part of cash flows from operating activities. Due to the increasing importance of inter-segment transactions, the method of presentation was changed with effect from the second quarter 2012. Intragroup inter-segment dividends have been reported as part of cash flows from financing activities since the second quarter 2012 and similar transactions have been reported as such since the 2012 Group Financial Statements. The reclassification from operating activities to financing activities resulted in the first half of 2012 in a decrease (increase) in the operating cash flow of the Automotive segment (Financial Services segment). The previous year's figures were restated accordingly (impact in the first half of 2012: decrease of €532 million for the Automotive segment, increase of €165 million for the Financial Services segment).

* Prior year figures have been adjusted in accordance with the reclassification described in the Group Financial Statements for the year ended 31 December 2012.

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The cash inflow from operating activities for the first six months of the year fell by €1,339 million to €2,253 million (2012: €3,592 million), due mainly to rises in leased products and receivables from sales financing totalling €2,709 million (2012: €1,082 million) brought about by sales volume factors.

Cash outflows for investing activities totalled €2,709 million (2012: €1,762 million) and were thus 53.7% higher than in the corresponding six-month period last year. This surge was primarily due to a €880 million increase in investments in intangible assets and property, plant and equipment, which totalled €2,368 million in the first half of the year (2012: €1,488 million). Net disbursements for marketable securities resulted in a cash outflow of €303 million (2012: €282 million).

Cash inflow from financing activities totalled €113 million (2012: cash outflow of €1,545 million). Proceeds from the issue of bonds totalled €5,128 million (2012: €6,023 million), compared with an outflow of €4,127 million (2012: €4,377 million) for the repayment of bonds. The change in other financial liabilities gave rise to a cash inflow of €2,156 million (2012: €1,684 million), while the change in commercial paper resulted in a cash outflow of €1,392 million (2012: €3,363 million). The

payment of dividends resulted in a cash outflow of €1,652 million (2012: €1,512 million).

Cash outflows for investing activities exceeded cash inflows from operating activities in the first half of 2013 by €456 million. In the same period last year, cash inflows from operating activities had exceeded cash outflows for investing activities by €1,830 million.

After adjustment for the effects of exchange-rate fluctuations and changes in the composition of the BMW Group amounting to €38 million (2012: €34 million), the various cash flows resulted in a decrease in cash and cash equivalents of €305 million (2012: increase of €319 million).

The cash flow statement for the Automotive segment shows that the cash inflow from operating activities exceeded the cash outflow for investing activities by €1,199 million (2012: €1,690 million). Adjusted for net investments in marketable securities amounting to €471 million (2012: €266 million), mainly in conjunction with strategic liquidity planning, the excess amount was €1,670 million (2012: €1,956 million).

Free cash flow of the Automotive segment was as follows:

in € million	2013	2012*
Cash inflow from operating activities	4,349	3,601
Cash outflow for investing activities	-3,150	-1,911
Net investment in marketable securities	471	266
Free cash flow Automotive segment	1,670	1,956

* Prior year figures have been adjusted in accordance with the reclassification described in the Group Financial Statements for the year ended 31 December 2012.

The cash outflow for operating activities of the Financial Services segment is influenced primarily by cash flows relating to leased products and receivables from sales financing and totalled €1,527 million in the first

half of 2013 (2012: €52 million). The cash inflow from financing activities totalled €1,777 million (2012: €147 million).

Net financial assets of the Automotive segment comprise the following:

in € million	30.6.2013	31.12.2012
Cash and cash equivalents	6,689	7,484
Marketable securities and investment funds	2,649	2,205
Intragroup net financial assets	6,442	5,862
Financial assets	15,780	15,551
Less: external financial liabilities*	-2,528	-2,224
Net financial assets Automotive segment	13,252	13,327

* Excluding derivative financial instruments.

Net assets position*

The balance sheet total (total assets/total equity and liabilities) increased by 1.8% compared to 31 December 2012 to stand at €134,151 million at the end of the reporting period. Adjusted for changes in exchange rates, the balance sheet total increased by 3.1%.

The main factors behind the increase on the assets side of the balance sheet were leased products (3.5%), inventories (6.5%), current and non-current receivables from sales financing (0.8%) and intangible assets (6.3%). The main decrease on the assets side related to cash and cash equivalents (3.6%). Current assets accounted for 38.4% (31 December 2012: 38.3%) of total assets.

Leased products as well as non-current and current receivables from sales financing increased by €853 million and €409 million respectively as a result of increased business volumes. Adjusted for changes in exchange rates, leased products went up by 3.8% and receivables from sales financing by 3.5%.

Inventories rose during the six-month period by €629 million to stand at €10,354 million, reflecting the expansion of business operations.

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

At €5,533 million, the carrying amount of intangible assets was €326 million higher than at 31 December 2012. Investments included the acquisition of licenses amounting to €379 million, which are being amortised on a straight-line basis over a period of six years.

On the equity and liabilities side of the balance sheet, the increase was due primarily to increases in equity (5.6%), deferred tax liabilities (16.9%) and trade payables (4.3%). The main decrease on the equity and liabilities side related to pension provisions (23.0%). Current liabilities accounted for 35.4% (31 December 2012: 36.7%) of total equity and liabilities.

Group equity rose by €1,725 million to €32,331 million, including the impact of an increase in the opening balance of revenue reserves (€204 million) due to the amendment to IAS 19. Equity was increased by the profit attributable to shareholders of BMW AG (€2,693 million) and decreased by the dividend paid by BMW AG (€1,640 million). Currency translation differences reduced equity by €361 million. Group equity increased on account of remeasurements of the net liability for defined benefit pension plans, primarily as a result of the higher discount rate used in Germany (€935 million). Fair value measurement of derivative financial instruments had a positive impact (€518 million) on

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equity, in contrast to the fair value measurement of marketable securities which had a negative impact (€67 million). Income and expenses relating to equity accounted investments and recognised directly in equity, net of deferred tax, decreased equity by €41 million. Deferred taxes on items recognised directly in equity had the effect of reducing equity by €363 million. Minority interests went up by €51 million. The equity ratio of the BMW Group improved overall by 0.9 percentage points to 24.1%. The equity ratio of the Automotive segment was 42.4% (31 December 2012: 41.0%) and that of the Financial Services segment was 9.2% (31 December 2012: 8.6%).

The increase in deferred tax liabilities is primarily attributable to the decrease in remeasurements of the net liability for defined benefit pension plans.

The increase in trade payables was primarily attributable to the acquisition of licences.

Pension provisions went down by 23.0% to €2,937 million during the first half of 2013, mainly due to higher interest rates in Germany.

Overall, the earnings performance, financial position and net assets position of the BMW Group continued to develop very positively during the second quarter and six-month periods under report.

Related party relationships

Further information on related party relationships is provided in note 31 to the Group Financial Statements.

INTERIM GROUP MANAGEMENT REPORT

Risk Management Outlook

Risk management

As a globally operating enterprise, the BMW Group is confronted with numerous risks. A description of these risks and the Group's risk management methods is provided in the Group Management Report for the financial year ended 31 December 2012 (Annual Report, page 66 et seq.).

Sovereign debt and political unrest harbour economic risks

The euro zone remains under pressure from the effects of recent crises. Endeavours to consolidate state finances are likely to have a negative impact on economic performance in the near future, particularly in the euro zone. Any escalation of political unrest could also dampen economic prospects. In view of these circumstances, the outlook remains exposed to a number of additional uncertainties.

The situation within Europe will continue to differ from country to country. Economic performance in the euro zone as a whole is set to contract by approximately 0.5%. The German economy is expected to grow by a moderate 0.5%, while France is likely to see its gross domestic product (GDP) drop back slightly (-0.2%). The growth prospects for the economies of Italy and Spain remain bleak (-1.6%). Economic output in the United Kingdom is forecast to grow by 0.8% in 2013.

The US economy continues to recover at a modest, but stable pace. Positive momentum from the employment and property markets should help to generate growth of approximately 1.9%, similar to the previous year's level.

The outlook for the Japanese economy has improved in recent months (+1.4%). Economic performance in 2013 will greatly depend on the policies adopted by the newly elected government and exchange rate developments.

The Chinese economy is expected to grow by 7.5% in the current year. The new government has announced its intention to steer the economy towards more sustainable growth and made clear that it is willing to accept a gradual slow-down in the GDP rate in the process.

India and Brazil are expected to achieve solid growth rates of 5.8% and 2.8% respectively. Russia's GDP is set to expand by about 2.9%, roughly in line with the previous year.

Car markets in 2013

The world's car markets are forecast to expand by approximately 3.1% in 2013, with growth driven primarily by demand in the USA and China.

The US market is likely to continue its recovery with a growth rate of approximately 5.6% and 15.3 million units, gradually edging back towards the long-term average of 16 to 17 million units.

Registration figures in China are expected to rise by approximately 8.5% to 14.4 million units – and therefore slightly faster than the general economic growth rate – thanks to the positive climate for consumer spending.

The overall market in Europe is expected to contract to 12.0 million units (-4.1%). The German market will not be able to escape this negative trend and is likely to finish the year with a total of 2.9 million units (-5.9%). The United Kingdom, by contrast, is set to achieve growth of 3.0% to 2.1 million units. The forecast for France is a decrease in registrations of approximately 4.1% to 1.8 million units. The decline is likely to be even more pronounced in Italy (approximately 1.3 million units; -9.0%).

The car market in Japan is expected to shrink by 6.2% in 2013 to 4.9 million units and hence back to its normal level. The previous year's figure was influenced by the catch-up effect of strong demand in the wake of the tsunami in 2011.

The car market in Russia is expected to remain at its previous year's level of approximately 2.7 million units. Registrations in Brazil are forecast to rise by 6.7% to some 3.9 million units.

Motorcycle markets in 2013

Business conditions will remain extremely difficult throughout the year for companies operating in the 500 cc plus class of the international motorcycle markets. The economic situation in Europe is expected to have a negative impact on motorcycles business in the region as a whole. The German market is forecast to remain stable over the course of the year. Outside Europe, the motorcycle markets in countries such as Brazil and Japan are expected to be up on the previous year, whereas the market in the USA is forecast to be lower than in 2012.

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The financial services market in 2013

The biggest challenge to global economic recovery remains the European sovereign debt crisis, which remains set to continue in the foreseeable future. For this reason, we predict that financial markets will remain susceptible to fluctuation despite all the stabilising measures being taken by the world's major central banks. The Japanese central bank will continue its policy of feeding liquidity into the economy on a massive scale, with the aim of putting a decade of deflation to an end and generating moderate growth.

Economic conditions have changed little compared to the preceding quarter, with the consequence that we continue to forecast that credit risk levels in Asia and the Americas will remain stable. The situation in Europe, by contrast, remains fragile, even though we do not currently expect any significant deterioration.

Similarly, we do not expect the current stable trend for used car prices to take a turn for the worse in the second half of the year on the world's major leasing markets.

Outlook for the BMW Group in 2013

The impact of the debt crisis is likely to be felt throughout 2013 and beyond. High sovereign debt levels continue to pose a risk for the economy overall, not just in the euro zone. A possible slowdown in economic growth in China and the politically precarious situation in a number of crisis regions generate an element of uncertainty that renders it more difficult for the BMW Group to forecast future performance accurately.

We expect vehicle sales to rise to a new record level in the full year 2013. In this context, it remains an important factor for us that the global distribution of our sales is evenly balanced. Due to high levels of expenditure for new technologies and models as well as investment in the production network, Group profit before tax for 2013 should be on a similar scale to 2012.

The BMW Group has a solid financial base, thanks to strong cash flows from operating activities and its ability to refinance operations on international capital markets. We use this foundation to sharpen our leading competitive edge and focus our attention on the future as the world's foremost premium provider.

We are continuing the targeted process of expanding our product range in 2013 with numerous new and revised models. Including products already available on the markets, 2013 will see the launch of 14 new BMW, MINI and Rolls-Royce brand models in total, ensuring that our customers can select from an attractive and fresh range of models.

The new BMW 3 Series Gran Turismo has been available as the third body variant of the 3 Series family since mid-2013. The revised BMW 5 Series took to the roads at the end of July. The new BMW 4 Series Coupé, which embodies the essence of aesthetic appeal in the premium segment, will be available from September onwards. In November the new X5 (third generation) will open a fresh chapter in the success story of the best-selling vehicle in its class. Last but not least, the BMW i3 will go on sale at the end of the year as the first series-built electric vehicle made by the BMW Group for the metropolitan regions of the world. This completely newly developed premium car of the future combines an absolutely novel drivetrain system and rigorous use of CFRP. The BMW i3 simultaneously demonstrates the BMW Group's expertise in the field of lightweight construction.

MINI added the seventh member to its family of models in the form of the Paceman in March 2013, the first Sports Activity Coupé to appear in its segment (compact premium). In the same month, the Rolls-Royce Wraith celebrated its world debut at the Geneva Motor Show and will be available to purchase at the end of 2013.

Automotive segment

We forecast a continuation of the Automotive segment's good performance over the remainder of the year. We will continue to invest in innovation, technologies of the future and the increased internationalisation of our production network over the course of the current year. Assuming that economic conditions do not deteriorate, we forecast single-digit sales volume growth for the Group and hence a renewed sales volume record for the year.

Our targets for earnings remain unchanged, namely to achieve an EBIT margin within the target corridor of between 8% and 10% and a RoCE exceeding 26%. Depending on political and economic developments,

actual results could be above or below the target corridor. The financial position of the Automotive segment is also likely to remain very strong throughout 2013.

Motorcycles segment

Thanks to its attractive and extremely young model range, we forecast a further rise in motorcycle sales in 2013, with the full availability of the Scooter and the new R 1200 GS playing an important role. Increased sales volumes in 2013 should result in higher revenues and earnings, compared to the previous year, in which earnings were negatively impacted by expenses incurred in realigning the Group's Motorcycles business.

Financial Services segment

The pace of growth reported for Financial Services business in the first six months of 2013 is likely to be maintained over the remainder of the year. Assuming macroeconomic conditions remain stable, we forecast a further increase in the contract portfolio in the second half of the year. Our return-on-equity target of at least 18% remains unchanged for the full year 2013.

As expected, credit risk in Europe has remained relatively high. The initial signs of progress in overcoming the debt crisis have settled the markets. The current economic climate in Asia and the Americas means that credit risk is likely to remain low.

Used car business in these two regions is also expected to develop stably. The residual value situation in Europe is expected to worsen slightly, a development that we have already factored into our internal forecasts.

INTERIM GROUP FINANCIAL STATEMENT

Income Statements for Group and Segments for the period from 1 April to 30 June 2013
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Income Statement for Group and Segments for the second quarter

in € million

	Note	Group	Automotive ¹
		2013	2012 ²
Revenues	5	19,552	17,366
Cost of sales	6	-15,560	-13,845
Gross profit		3,992	3,521
Selling and administrative expenses	7	-1,875	-1,445
Other operating income	8	165	138
Other operating expenses	8	-214	-196
Profit before financial result		2,068	2,018
Result from equity accounted investments	9	-164	-105
Interest and similar income	10	51	93
Interest and similar expenses	10	-140	-81
Other financial result	11	-111	-387
Financial result		-36	-270
Profit before tax		2,032	1,748
Income taxes	12	-640	-618
Net profit/loss		1,392	1,130
Attributable to minority interest		6	3
Attributable to shareholders of BMW AG		1,386	1,127
Earnings per share of common stock in €	13	2.11	1.94
Earnings per share of preferred stock in €	13	2.12	1.95
Dilutive effects	13	-	-
Diluted earnings per share of common stock in €	13	2.11	1.94
Diluted earnings per share of preferred stock in €	13	2.12	1.95

¹ Supplementary information (not subject of the review).

² Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

Statement of Comprehensive Income for Group for the second quarter

in € million

	Note	2013 ¹	2012 ^{1,2}
Net profit		1,392	1,277
Remeasurement of net liability for defined benefit pension plans		633	-594
Deferred taxes		-124	-180
Items not expected to be reclassified to the income statement in the future		509	-414
Available-for-sale securities		-58	86
Financial instruments used for hedging purposes		881	-1,204
Other comprehensive income from equity accounted investments		15	-42
Deferred taxes		-238	437
Currency translation foreign operations		-326	282
Items expected to be reclassified to the income statement in the future		274	-441
Other comprehensive income for the period after tax	14	783	-855
Total comprehensive income		2,175	422
Total comprehensive income attributable to minority interests		6	3
Total comprehensive income attributable to shareholders of BMW AG		2,169	419

¹ Presentation adjusted in accordance with revised IAS 1.

² Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

Motorcycles ¹		Financial Services ¹		Other Entities ¹		Eliminations ¹		
2013	2012 ²	2013	2012 ²	2013	2012 ²	2013	2012	
475	410	5,058	4,866	2	2	-4,184	-3,442	Revenues
-383	-318	-4,347	-4,197	-	-	3,978	3,186	Cost of sales
<u>92</u>	<u>92</u>	<u>711</u>	<u>669</u>	<u>2</u>	<u>2</u>	<u>-206</u>	<u>-256</u>	Gross profit
-46	-46	-237	-232	-6	-5	-1	-2	Selling and administrative expenses
-	2	15	21	30	30	-15	-16	Other operating income
-	-	-21	-17	-19	-13	13	20	Other operating expenses
<u>46</u>	<u>48</u>	<u>468</u>	<u>441</u>	<u>7</u>	<u>14</u>	<u>-209</u>	<u>-254</u>	Profit before financial result
-	-	-	-	-	-	-	-	Result from equity accounted investments
-	-	-	-1	333	385	-357	-411	Interest and similar income
-1	-1	-1	-1	-316	-393	349	427	Interest and similar expenses
-	-	-	-10	65	-18	-	-	Other financial result
<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-10</u>	<u>82</u>	<u>-26</u>	<u>-8</u>	<u>16</u>	Financial result
<u>45</u>	<u>47</u>	<u>467</u>	<u>431</u>	<u>89</u>	<u>-12</u>	<u>-217</u>	<u>-238</u>	Profit before tax
-15	-17	-152	-157	-61	1	133	92	Income taxes
<u>30</u>	<u>30</u>	<u>315</u>	<u>274</u>	<u>28</u>	<u>-11</u>	<u>-84</u>	<u>-146</u>	Net profit/loss
-	-	3	-	-	-	-	-	Attributable to minority interest
<u>30</u>	<u>30</u>	<u>312</u>	<u>274</u>	<u>28</u>	<u>-11</u>	<u>-84</u>	<u>-146</u>	Attributable to shareholders of BMW AG
								Earnings per share of common stock in €
								Earnings per share of preferred stock in €
								Dilutive effects
								Diluted earnings per share of common stock in €
								Diluted earnings per share of preferred stock in €

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Income Statement for Group and Segments for the period from 1 January to 30 June

in € million

	Note	Group	Automotive ¹
		2013	2012 ²
Revenues	5	37,098	37,495
Cost of sales	6	-29,527	-29,703
Gross profit		7,571	7,792
Selling and administrative expenses	7	-3,463	-3,364
Other operating income	8	321	356
Other operating expenses	8	-322	-383
Profit before financial result		4,107	4,401
Result from equity accounted investments	9	-249	-148
Interest and similar income	10	93	123
Interest and similar expenses	10	-218	-154
Other financial result	11	-196	-462
Financial result		-72	-345
Profit before tax		4,035	4,056
Income taxes	12	-1,331	-1,427
Net profit/loss		2,704	2,629
Attributable to minority interest		-11	10
Attributable to shareholders of BMW AG		2,693	2,619
Earnings per share of common stock in €	13	4.10	3.99
Earnings per share of preferred stock in €	13	4.11	4.00
Dilutive effects	13	-	-
Diluted earnings per share of common stock in €	13	4.10	3.99
Diluted earnings per share of preferred stock in €	13	4.11	4.00

¹ Supplementary information (not subject of the review).

² Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

Statement of Comprehensive Income for Group for the period from 1 January to 30 June

in € million

	Note	2013 ¹	2012 ^{1,2}
Net profit		2,704	2,629
Remeasurement of net liability for defined benefit pension plans		935	-1,128
Deferred taxes		-271	312
Items not expected to be reclassified to the income statement in the future		664	-816
Available-for-sale securities		-67	111
Financial instruments used for hedging purposes		518	-317
Other comprehensive income from equity accounted investments		-41	3
Deferred taxes		-92	87
Currency translation foreign operations		-361	160
Items expected to be reclassified to the income statement in the future		-43	44
Other comprehensive income for the period after tax	14	621	-772
Total comprehensive income		3,325	1,857
Total comprehensive income attributable to minority interests		11	10
Total comprehensive income attributable to shareholders of BMW AG		3,314	1,847

¹ Presentation adjusted in accordance with revised IAS 1.

² Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

Motorcycles ¹		Financial Services ¹		Other Entities ¹		Eliminations ¹		
2013	2012 ²	2013	2012 ²	2013	2012 ²	2013	2012	
911	858	9,888	9,666	3	3	-7,812	-6,557	Revenues
-727	-686	-8,507	-8,357	-	-	7,546	6,073	Cost of sales
184	172	1,381	1,309	3	3	-266	-484	Gross profit
-91	-92	-453	-443	-12	-9	6	-1	Selling and administrative expenses
5	6	23	29	65	62	-41	-29	Other operating income
-1	-1	-33	-28	-32	-29	31	38	Other operating expenses
97	85	918	867	24	27	-270	-476	Profit before financial result
-	-	-	-	-	-	-	-	Result from equity accounted investments
-	-	1	1	681	776	-735	-847	Interest and similar income
-2	-1	-2	-1	-642	-797	709	891	Interest and similar expenses
-	-	-1	-2	93	-37	-	-	Other financial result
-2	-1	-2	-2	132	-58	-26	44	Financial result
95	84	916	865	156	-31	-296	-432	Profit before tax
-32	-29	-303	-303	-85	3	163	160	Income taxes
63	55	613	562	71	-28	-133	-272	Net profit/loss
-	-	4	-	-	-	-	-	Attributable to minority interest
63	55	609	562	71	-28	-133	-272	Attributable to shareholders of BMW AG
								Earnings per share of common stock in €
								Earnings per share of preferred stock in €
								Dilutive effects
								Diluted earnings per share of common stock in €
								Diluted earnings per share of preferred stock in €

								Assets	
Motorcycles ¹		Financial Services ¹		Other Entities ¹		Eliminations ¹			
30.6.2013	31.12.2012	30.6.2013	31.12.2012 ²	30.6.2013	31.12.2012 ²	30.6.2013	31.12.2012		
67	72	479	486	1	1	-	-	-	Intangible assets
236	242	36	46	-	-	-	-	-	Property, plant and equipment
-	-	29,245	28,060	-	-	-4,002	-3,720	-	Leased products
-	-	-	-	-	-	-	-	-	Investments accounted for using the equity method
-	-	7	7	5,930	5,761	-10,487	-10,009	-	Other investments
-	-	32,383	32,309	-	-	-	-	-	Receivables from sales financing
-	-	193	126	1,422	1,730	-499	-467	-	Financial assets
-	-	282	279	309	349	-853	-878	-	Deferred tax
-	-	1,395	1,330	17,962	16,995	-22,015	-21,384	-	Other assets
303	314	64,020	62,643	25,624	24,836	-37,856	-36,458		Non-current assets
324	348	9	11	-	-	-	-	-	Inventories
115	114	146	123	-	1	-	-	-	Trade receivables
-	-	20,940	20,605	-	-	-	-	-	Receivables from sales financing
-	-	692	813	998	1,480	-337	-427	-	Financial assets
-	-	80	132	60	59	-	-	-	Current tax
-	31	3,673	3,573	27,964	30,285	-42,665	-46,387	-	Other assets
-	-	1,372	797	4	89	-	-	-	Cash and cash equivalents
-	45	-	-	-	-	-	-	-	Assets held for sale
439	538	26,912	26,054	29,026	31,914	-43,002	-46,814		Current assets
742	852	90,932	88,697	54,650	56,750	-80,858	-83,272		Total assets

								Equity and liabilities	
Motorcycles ¹		Financial Services ¹		Other Entities ¹		Eliminations ¹			
30.6.2013	31.12.2012	30.6.2013	31.12.2012 ²	30.6.2013	31.12.2012 ²	30.6.2013	31.12.2012		
-	-	8,370	7,633	9,133	8,466	-14,297	-13,695	-	Subscribed capital
-	-	-	-	-	-	-	-	-	Capital reserves
-	-	-	-	-	-	-	-	-	Revenue reserves
-	-	-	-	-	-	-	-	-	Accumulated other equity
-	-	-	-	-	-	-	-	-	Equity attributable to shareholders of BMWAG
-	-	-	-	-	-	-	-	-	Minority interest
-	-	8,370	7,633	9,133	8,466	-14,297	-13,695		Equity
29	29	84	88	1,174	1,338	-	-	-	Pension provisions
143	135	189	173	30	30	-	-	-	Other provisions
-	-	4,980	4,777	32	5	-2,330	-2,193	-	Deferred tax
-	-	13,961	14,174	25,447	23,613	-499	-467	-	Financial liabilities
303	246	19,935	19,653	19	18	-20,577	-19,907	-	Other liabilities
475	410	39,149	38,865	26,702	25,004	-23,406	-22,567		Non-current provisions and liabilities
56	114	286	289	241	235	4	3	-	Other provisions
-	-	101	136	100	77	-	-	-	Current tax
-	-	18,407	16,830	9,830	12,720	-337	-427	-	Financial liabilities
198	277	551	474	2	13	-	-	-	Trade payables
13	21	24,068	24,470	8,642	10,235	-42,822	-46,586	-	Other liabilities
-	30	-	-	-	-	-	-	-	Liabilities in conjunction with assets held for sale
267	442	43,413	42,199	18,815	23,280	-43,155	-47,010		Current provisions and liabilities
742	852	90,932	88,697	54,650	56,750	-80,858	-83,272		Total equity and liabilities

INTERIM GROUP FINANCIAL STATEMENT

Condensed Cash Flow Statements for Group and Segments for the period from 1 January to 30 June 2013

		Group	
	in € million	2013	2012 ²
2 BMW GROUP IN FIGURES			
5 INTERIM GROUP MANAGEMENT REPORT			
5 The BMW Group – an Overview	Net profit	2,704	2,629
7 General Economic Environment	Depreciation and amortisation of tangible, intangible and investment assets	1,910	1,904
8 Automotive	Change in provisions	34	12
12 Motorcycles	Change in leased products and receivables from sales financing	-2,709	-1,082
13 Financial Services	Change in deferred taxes	156	148
15 BMW Group – Capital Market Activities	Changes in working capital	-339	817
16 Financial Analysis	Other	497	836
23 Risk Management	Cash inflow / outflow from operating activities	<u>2,253</u>	<u>3,592</u>
23 Outlook			
26 INTERIM GROUP FINANCIAL STATEMENT			
26 Income Statements	Investment in intangible assets and property, plant and equipment	-2,368	-1,488
26 Statement of Comprehensive Income for Group	Net investment in marketable securities	-303	-282
30 Balance Sheets	Other	-38	8
32 Cash Flow Statements	Cash inflow / outflow from investing activities	<u>-2,709</u>	<u>-1,762</u>
34 Group Statement of Changes in Equity	Cash inflow / outflow from financing activities	<u>113</u>	<u>-1,545</u>
36 Notes	Effect of exchange rate on cash and cash equivalents	<u>-9</u>	<u>23</u>
58 RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES	Effect of changes in composition of Group on cash and cash equivalents	<u>47</u>	<u>11</u>
59 REVIEW REPORT	Change in cash and cash equivalents	<u>-305</u>	<u>319</u>
60 OTHER INFORMATION	Cash and cash equivalents as at 1 January	8,370	7,776
60 Financial Calendar	Cash and cash equivalents as at 30 June	<u>8,065</u>	<u>8,095</u>
61 Contacts			

¹ Supplementary information (not subject of the review).

² Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

³ Prior year figures have been adjusted in accordance with the reclassification described in the Group Financial Statements for the year ended 31 December 2012.

Automotive ¹		Financial Services ¹		
2013	2012 ^{2,3}	2013	2012 ³	
2,090	2,312	613	562	Net profit
1,863	1,866	10	12	Depreciation and amortisation of tangible, intangible and investment assets
82	39	21	27	Change in provisions
50	-	-3,044	-1,474	Change in leased products and receivables from sales financing
161	157	138	139	Change in deferred taxes
-337	733	67	62	Changes in working capital
440	-1,506	668	674	Other
4,349	3,601	-1,527	-52	Cash inflow / outflow from operating activities
-2,340	-1,437	-4	-12	Investment in intangible assets and property, plant and equipment
-471	-266	168	-14	Net investment in marketable securities
-339	-208	168	3	Other
-3,150	-1,911	332	-23	Cash inflow / outflow from investing activities
-2,040	-1,186	1,777	147	Cash inflow / outflow from financing activities
-1	15	-7	7	Effect of exchange rate on cash and cash equivalents
47	10	-	1	Effect of changes in composition of Group on cash and cash equivalents
-795	529	575	80	Change in cash and cash equivalents
7,484	5,829	797	1,518	Cash and cash equivalents as at 1 January
6,689	6,358	1,372	1,598	Cash and cash equivalents as at 30 June

Accumulated other equity			Equity attributable to shareholders of BMW AG ²	Minority interest	Total ²	
Translation differences	Securities	Derivative financial instruments				
<u>-863</u>	<u>-61</u>	<u>-750</u>	<u>27,038</u>	<u>65</u>	<u>27,103</u>	1 January 2012 , as originally reported
-	-	-	241	-	<u>241</u>	Impact of application of revised IAS 19
<u>-863</u>	<u>-61</u>	<u>-750</u>	<u>27,279</u>	<u>65</u>	<u>27,344</u>	1 January 2012 (adjusted)
-	-	-	-1,508	-	<u>-1,508</u>	Dividends paid
-	-	-	2,619	10	<u>2,629</u>	Net profit
-168	-98	-222	-772	-	<u>-772</u>	Other comprehensive income for the period after tax
<u>168</u>	<u>98</u>	<u>-222</u>	<u>1,847</u>	<u>10</u>	<u>1,857</u>	Comprehensive income 30 June 2012
-7	-	-	-7	21	<u>28</u>	Other changes
<u>-688</u>	<u>37</u>	<u>-972</u>	<u>27,625</u>	<u>96</u>	<u>27,721</u>	30 June 2012 (adjusted)

Accumulated other equity			Equity attributable to shareholders of BMW AG	Minority interest	Total	
Translation differences	Securities	Derivative financial instruments				
<u>-984</u>	<u>108</u>	<u>202</u>	<u>30,295</u>	<u>107</u>	<u>30,402</u>	1 January 2013 , as originally reported
-	-	-	204	-	<u>204</u>	Impact of application of revised IAS 19
<u>-984</u>	<u>108</u>	<u>202</u>	<u>30,499</u>	<u>107</u>	<u>30,606</u>	1 January 2013 (adjusted)
-	-	-	-1,640	-	<u>-1,640</u>	Dividends paid
-	-	-	2,693	11	<u>2,704</u>	Net profit
-337	-46	340	621	-	<u>621</u>	Other comprehensive income for the period after tax
<u>-337</u>	<u>-46</u>	<u>340</u>	<u>3,314</u>	<u>11</u>	<u>3,325</u>	Comprehensive income 30 June 2013
-	-	-	-	40	<u>40</u>	Other changes
<u>-1,321</u>	<u>62</u>	<u>542</u>	<u>32,173</u>	<u>158</u>	<u>32,331</u>	30 June 2013

INTERIM GROUP FINANCIAL STATEMENT

Notes to the Group Financial Statement to 30 June 2013
Accounting Principles and Policies

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1 – Basis of preparation

The Group Financial Statements of BMW AG at 31 December 2012 were drawn up in accordance with International Financial Reporting Standards (IFRSs), as applicable in the European Union (EU) at that date. The interim Group Financial Statements (Interim Report) at 30 June 2013, which have been prepared in accordance with International Accounting Standard (IAS) 34 (Interim Financial Reporting), have been drawn up using, in all material respects, the same accounting methods as those utilised in the 2012 Group Financial Statements. The BMW Group applies the option, available under IAS 34.8, of publishing condensed group financial statements. All Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) which are mandatory at 30 June 2013 have been applied. The Interim Report also complies with German Accounting Standard No. 16 (GAS 16) – Interim Financial Reporting – issued by the German Accounting Standards Committee e.V. (GASC).

Further information regarding the Group's accounting principles and policies is contained in the Group Financial Statements at 31 December 2012.

In order to improve clarity, various items are aggregated in the income statement and balance sheet. These items are disclosed and analysed separately in the notes.

A Statement of Comprehensive Income is presented at Group level reconciling the net profit to comprehensive income for the year.

In order to provide a better insight into the net assets, financial position and performance of the BMW Group and going beyond the requirements of IFRS 8 (Operating Segments), the Interim Group Financial Statements also include balance sheets and income statements for the Automotive, Motorcycles, Financial Services and Other Entities segments. The Group Cash Flow Statement is supplemented by statements of cash flows for the Automotive and Financial Services segments.

In order to facilitate the sale of its products, the BMW Group provides various financial services – mainly loan and lease financing – to both retail customers and dealers. The inclusion of the financial services activities of the Group therefore has an impact on the Interim Group Financial Statements.

Inter-segment transactions – relating primarily to internal sales of products, the provision of funds and the

related interest – are eliminated in the “Eliminations” column. More detailed information regarding the allocation of activities of the BMW Group to segments and a description of the segments is provided in the explanatory notes to segment information in the Group Financial Statements of BMW AG for the year ended 31 December 2012.

In conjunction with the refinancing of financial services business, a significant volume of receivables arising from retail customer and dealer financing is sold. Similarly, rights and obligations relating to leases are sold. The sale of receivables is a well-established instrument used by industrial companies. These transactions usually take the form of asset-backed financing transactions involving the sale of a portfolio of receivables to a trust which, in turn, issues marketable securities to refinance the purchase price. The BMW Group continues to “service” the receivables and receives an appropriate fee for these services. In accordance with IAS 27 (Consolidated and Separate Financial Statements) and the interpretation contained in SIC-12 (Consolidation – Special Purpose Entities) such assets remain in the Group Financial Statements although they have been legally sold. Gains and losses relating to the sale of such assets are not recognised until the assets are removed from the Group balance sheet on transfer of the related significant risks and rewards. The balance sheet value of the assets sold at 30 June 2013 totalled €10.6 billion (31 December 2012: €9.4 billion).

In addition to credit financing and leasing contracts, the Financial Services segment also brokers insurance business via cooperation arrangements entered into with local insurance companies. These activities are not material to the BMW Group as a whole.

The Interim Group Financial Statements at 30 June 2013 have been reviewed by the Group auditors, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin.

The Group currency is the euro. All amounts are disclosed in millions of euros (€ million) unless stated otherwise.

The preparation of the Group Financial Statements requires management to make certain assumptions and judgements and to use estimations that can affect the reported amounts of assets and liabilities, revenues and expenses and contingent liabilities. All assumptions and estimates are based on factors known at the end of the reporting period. They are determined on the basis

of the most likely outcome of future business developments. Actual amounts could differ from those assumptions and estimates if business conditions develop

differently to the Group's expectations at the end of the reporting period. Estimates and underlying assumptions are checked regularly.

2 – Consolidated companies

The BMW Group Financial Statements for the second quarter 2013 include, besides BMW AG, 24 German and 162 foreign subsidiaries. This includes four special purpose securities funds and 26 special purpose trusts, almost all of which are used for asset backed financing.

No entities were consolidated for the first time during the second quarter 2013. BMW Peugeot Citroën Electrification GmbH, Munich, which was not part of the group reporting entity at 31 December 2012, was merged with BMW AG, Munich, with retrospective effect from 1 January 2013.

No entities ceased to be consolidated companies during the second quarter 2013.

Compared to the corresponding six-month period last year, four subsidiaries, one special purpose securities fund and six special purpose trusts have been

consolidated for the first time. Six subsidiaries, three special purpose securities funds and three special purpose trusts ceased to be consolidated companies.

No entities were consolidated for the first time in the first half of 2013. BMW Peugeot Citroën Electrification GmbH, Munich, which was not part of the group reporting entity at 31 December 2012, was merged with BMW AG, Munich, with retrospective effect from 1 January 2013.

Husqvarna Motorcycles S. r. l., Cassinetta di Biandronno, and Husqvarna Motorcycles NA, LLC, Wilmington, DE, were sold during the six-month period and therefore ceased to be consolidated companies.

The changes to the composition of the Group do not have a material impact on the earnings performance, financial position or net assets of the Group.

3 – Adjustments as a result of IAS 19 (revised 2011)

In June 2011 the IASB published amendments to IAS 19 (Employee Benefits), in particular in relation to post-retirement benefits and pensions. The revised Standard was endorsed by the EU in June 2012. The revised version of IAS 19 is mandatory for annual periods beginning on or after 1 January 2013.

As a result of the revised Standard, the BMW Group has made amendments mainly in connection with the measurement of obligations for pensions and pre-retirement part-time working arrangements.

The change in the measurement of pension obligations relates primarily to the treatment of other expected administrative costs.

The requirement to recognise past service cost immediately as expense (rather than spread such costs over the term of the obligations) also results in an adjustment to pension provisions.

The adjustments to the provision for pre-retirement part-time working arrangements result from a change in the measurement of top-up amounts, which are now required, in accordance with revised IAS 19.8, to be recognised as other long-term employee benefits.

Under the new rules, the expense for top-up amounts is required to be recognised over the period of the working phase of such arrangements and then released over the period of the work-free phase (rather than recognising the full amount as a provision at the start of the working phase).

The revised version of IAS 19 also changes the presentation of financial result in the income statement. As a result of the fact that net interest is now required to be computed on the basis of the net liability from defined benefit pension plans, the expense arising from unwinding the interest on pension obligations is now offset against interest income from plan assets. The statement of total comprehensive income now includes the line item "Remeasurement of the net liability for defined benefit pension plans". In previous financial statements (up to the Group Financial Statements for the year ended 31 December 2012), the corresponding amounts were designated as actuarial gains and losses on defined benefit pension benefits, similar obligations and plan assets.

The removal of the corridor method and other amendments to IAS 19 do not have any impact on the BMW Group.

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The new rules are required to be applied retrospectively. For this reason, the opening balance sheet at 1 January 2012, the prior year comparative balance sheet and the opening balance sheet at 1 January 2013 have been adjusted and made comparable.

The following tables show the impact on the opening balance sheet at 1 January 2012, on the balance sheet at 31 December 2012 as well as on the income statement and statement of comprehensive income for the first half of 2012:

Change in Balance Sheet presentation

1 January 2012 in € million	As originally reported	Adjustment	As reported
Total assets	123,429	-7	123,422
— thereof deferred taxes	1,926	-45	1,881
— thereof other assets (short term and long term)	3,913	38	3,951
Total provisions and liabilities (short term and long term)	96,326	-248	96,078
— thereof pension provisions	2,183	-187	1,996
— thereof other provisions (short term and long term)	6,253	-103	6,150
— thereof deferred taxes	3,273	42	3,315
Total equity	27,103	241	27,344
— thereof equity attributable to shareholders of BMW AG	27,038	241	27,279
— thereof revenue reserves	26,102	241	26,343
31 December 2012 in € million	As originally reported	Adjustment	As reported
Total assets	131,850	-15	131,835
— thereof deferred taxes	2,001	-34	1,967
— thereof other assets (short term and long term)	4,448	19	4,467
Total provisions and liabilities (short term and long term)	101,448	-219	101,229
— thereof pension provisions	3,965	-152	3,813
— thereof other provisions (short term and long term)	6,795	-108	6,687
— thereof deferred taxes	3,040	41	3,081
Total equity	30,402	204	30,606
— thereof equity attributable to shareholders of BMW AG	30,295	204	30,499
— thereof revenue reserves	28,340	204	28,544

Change in Income Statement presentation

1 January to 30 June 2012 in € million	As originally reported	Adjustment	As reported
Selling and administrative expenses	-3,363	-1	-3,364
Profit before financial result	4,402	-1	4,401
— Interest and similar income	387	-264	123
— Interest and similar expenses	-422	268	-154
Financial result	-349	4	-345
Profit before tax	4,053	3	4,056
Income tax	-1,427	-	-1,427
Net profit	2,626	3	2,629
Profit attributable to shareholders of BMW AG	2,616	3	2,619
Earnings per share of common stock in €	3.99	-	3.99
Earnings per share of preferred stock in €	4.00	-	4.00
Diluted earnings per share of common stock in €	3.99	-	3.99
Diluted earnings per share of preferred stock in €	4.00	-	4.00

Change in presentation of the Statement of Comprehensive Income*

1 January to 30 June 2012 in € million	As originally reported	Adjustment	As reported
Net profit	2,626	3	2,629
Remeasurement of net liability for defined benefit pension plans	-1,065	-63	-1,128
Deferred taxes	287	25	312
Items not expected to be reclassified to the income statement in the future	-778	-38	-816
Other comprehensive income for the period after tax	-734	-38	-772
Total comprehensive income	1,892	-35	1,857
Total comprehensive income attributable to shareholders of BMW AG	1,882	-35	1,847

* Presentation adjusted in accordance with revised IAS 1.

Due to the immateriality of the amounts involved, the effect of adjustments to the income statement and statement of comprehensive income is only presented for the first half of 2012 and not, additionally, for the second quarter 2012.

The adjustments resulting from revised IAS 19 do not have any cash flow impact. For this reason, there are no changes in the overall operating cash flow for the Group

and the segments in the first half of 2012. There are, however, some shifts between individual reconciliation line items within operating activities.

The following tables show the impact on the balance sheet at 30 June 2013 and on the income statement and statement of comprehensive income for the six-month period then ended of applying IAS 19 in its 2008 version:

Impact on the Group Balance Sheet if IAS 19 (2008) were still applied

30 June 2013 in € million	IAS 19 (2011)	Adjustment	IAS 19 (2008)
Total assets	134,151	15	134,166
— thereof deferred taxes	1,880	31	1,911
— thereof other assets (short term and long term)	4,755	-16	4,739
Total provisions and liabilities (short term and long term)	101,820	203	102,023
— thereof pension provisions	2,937	145	3,082
— thereof other provisions (short term and long term)	6,667	95	6,762
— thereof deferred taxes	3,603	-37	3,566
Total equity	32,331	-188	32,143
— thereof equity attributable to shareholders of BMW AG	32,173	-188	31,985
— thereof revenue reserves	30,261	-188	30,073

Impact on the Group Income Statement if IAS 19 (2008) were still applied

1 January to 30 June 2013 in € million	IAS 19 (2011)	Adjustment	IAS 19 (2008)
Selling and administrative expenses	-3,463	-7	-3,470
Profit before financial result	4,107	-7	4,100
— Interest and similar income	93	219	312
— Interest and similar expenses	-218	-223	-441
Financial result	-72	-4	-76
Profit before tax	4,035	-11	4,024
Income tax	-1,331	5	-1,326
Net profit	2,704	-6	2,698
Profit attributable to shareholders of BMW AG	2,693	-6	2,687
Earnings per share of common stock in €	4.10	-	4.10
Earnings per share of preferred stock in €	4.11	-	4.11
Diluted earnings per share of common stock in €	4.10	-	4.10
Diluted earnings per share of preferred stock in €	4.11	-	4.11

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Impact on the Group statement of comprehensive income if IAS 19 (2008) were still applied

1 January to 30 June 2013 in € million	IAS 19 (2011)	Adjustment	IAS 19 (2008)
Net profit	2,704	-6	2,698
Remeasurement of net liability for defined benefit pension plans	935	-7	928
Deferred taxes	-271	-2	-269
Items not expected to be reclassified to the income statement in the future	664	-5	659
Other comprehensive income for the period after tax	621	-5	616
Total comprehensive income	3,325	-11	3,314
Total comprehensive income attributable to shareholders of BMW AG	3,314	-11	3,303

Due to the immateriality of the amounts involved, the effect of adjustments to the income statement and statement of comprehensive income is only presented

for the first half of 2013 and not, additionally, for the second quarter 2013.

4 – New financial reporting rules

(a) Financial reporting rules applied for the first time in the first half of 2013

The following Standards, Revised Standards, Amendments and Interpretations were applied for the first time in the first half of 2013:

Standard / Interpretation	Date of issue by IASB	Date of mandatory application IASB	Date of mandatory application EU	Expected impact on BMW Group
IFRS 1 – Amendments with Respect to Fixed Transition Dates and Severe Inflation	20.12.2010	1.7.2011	1.1.2013	None
IFRS 1 – Amendments relating to Government Loans at a Below Market Rate of Interest	13.3.2012	1.1.2013	1.1.2013	Insignificant
IFRS 7 – Notes Disclosures: Offsetting of Financial Assets and Financial Liabilities	16.12.2011	1.1.2013	1.1.2013	Insignificant
IFRS 13 – Fair Value Measurement	12.5.2011	1.1.2013	1.1.2013	Significant in principle
IAS 1 – Changes to Presentation of Items in Other Comprehensive Income (OCI)	16.6.2011	1.7.2012	1.7.2012*	Significant in principle
IAS 12 – Amendments to Deferred Taxes: Realisation of Underlying Assets	20.12.2010	1.1.2012	1.1.2013	Insignificant
IAS 19 – Changes in Accounting for Employee Benefits, in particular for Termination Benefits and Pensions	16.6.2011	1.1.2013	1.1.2013	Significant in principle
IFRIC 20 – Stripping Costs in the Production Phase of a Mine	19.10.2011	1.1.2013	1.1.2013	None
Annual Improvements to IFRS 2009–2011	17.5.2012	1.1.2013	1.1.2013	Insignificant

* Mandatory application in annual periods beginning on or after 1 July 2012.

(b) Financial reporting pronouncements issued by the IASB, but not yet applied

The following Standards, Revised Standards and Amendments issued by the IASB during previous

accounting periods, were not mandatory for the period under report and were not applied in the first half of the financial year 2013:

Standard/Interpretation	Date of issue by IASB	Date of mandatory application IASB	Date of mandatory application EU	Expected impact on BMW Group
IFRS 9 — Financial Instruments	12.11.2009/ 28.10.2010/ 16.12.2011	1.1.2015	No	Significant in principle
IFRS 10 — Consolidated Financial Statements	12.5.2011	1.1.2013	1.1.2014	Significant in principle
IFRS 11 — Joint Arrangements	12.5.2011	1.1.2013	1.1.2014	Significant in principle
IFRS 12 — Disclosure of Interests in Other Entities	12.5.2011	1.1.2013	1.1.2014	Significant in principle
Changes in Transitional Regulations (IFRS 10, IFRS 11 and IFRS 12)	28.6.2012	1.1.2013	1.1.2014	Significant in principle
Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	31.10.2012	1.1.2014	No	Insignificant
IAS 27 — Separate Financial Statements	12.5.2011	1.1.2013	1.1.2014	None
IAS 28 — Investments in Associates and Joint Ventures	12.5.2011	1.1.2013	1.1.2014	None
IAS 32 — Presentation – Offsetting of Financial Assets and Financial Liabilities	16.12.2011	1.1.2014	1.1.2014	Insignificant
IAS 36 — Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	29.5.2013	1.1.2014	No	Insignificant
IAS 39 — Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	27.6.2013	1.1.2014	No	Insignificant
IFRIC 21 — Disclosures	20.5.2013	1.1.2014	No	Insignificant

In November 2009 the IASB issued IFRS 9 (Financial Instruments: Disclosures) as the first part of its project to change the accounting treatment for financial instruments. This Standard marks the first of three phases of the IASB project to replace the existing IAS 39 (Financial Instruments: Recognition and Measurement). The first phase deals with financial assets. IFRS 9 amends the recognition and measurement requirements for financial assets, including various hybrid contracts. It applies a uniform approach to accounting for a financial asset either at amortised cost or fair value and replaces the various rules contained in IAS 39. Under the new rules, there are now only three, instead of four, measurement categories for financial instruments recognised on the

assets side of the balance sheet. The new categorisation is based partly on the entity's business model and partly on the contractual cash flow characteristics of the financial assets.

In October 2010, additional rules for financial liabilities were added. The requirements for financial liabilities contained in IAS 39 remain unchanged with the exception of new requirements relating to an entity's own credit risk when it exercises the fair value option. IFRS 9 is mandatory for financial years beginning on or after 1 January 2015. The BMW Group will not apply IFRS 9 early. The impact of adoption of the Standard on the Group Financial Statements is currently being assessed.

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In May 2011 the IASB issued three new Standards – IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements), IFRS 12 (Disclosure of Interests in Other Entities) – as well as amendments to IAS 27 (Separate Financial Statements) and to IAS 28 (Investments in Associates and Joint Ventures) all relating to accounting for business combinations. The Standards are mandatory for the first time for annual periods beginning on or after 1 January 2013. Early adoption is permitted. The new Standards are required to be applied retrospectively. EU endorsement stipulates a later mandatory date (from 1 January 2014) due to increased implementation expense.

IFRS 10 replaces the consolidation guidelines contained in IAS 27 and SIC-12 (Consolidation – Special Purpose Entities). The requirements for separate financial statements remain unchanged in the revised version of IAS 27.

IFRS 10 introduces a uniform model which establishes control as the basis for consolidation – control of a subsidiary entity by a parent entity – and which can be applied to all entities. The control concept must therefore be applied both to parent-subsidiary relationships based on voting rights as well as to parent-subsidiary relationships arising from other contractual arrangements. Under the control concept established in IFRS 10, an investor controls another entity when it is exposed to or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

IFRS 11 supersedes IAS 31 (Interests in Joint Ventures) and SIC-13 (Jointly Controlled Entities – Non-Monetary Contributions by Ventures). This Standard sets out the requirements for accounting for joint arrangements and places the emphasis on the rights and obligations that arise from such arrangements. IFRS 11 distinguishes between two types of joint arrangements, namely joint operations and joint ventures, and therefore results in a change in the classification of joint arrangements. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. IFRS 11 requires joint operators to account for their share of assets and liabilities in the joint operation (and their share of income and expenses).

Joint venturers are required to account for their investment using the equity method. The withdrawal of IAS 31 means the removal of the option to account for joint ventures using either the proportionate consolidation or the equity method. The equity method must be applied in accordance with amended IAS 28.

IFRS 12 sets out the requirements for disclosures relating to all types on interests in other entities, including joint arrangements, associated companies, structured entities and unconsolidated entities.

The amendments to the transitional regulations in IFRS 10, IFRS 11 and IFRS 12 have the objective of making it easier for entities to apply the Standards retrospectively. The amendments also restrict the requirement to disclose comparative amounts to the immediately preceding reporting period at the date of first-time application.

The BMW Group is currently investigating the impact on the Group Financial Statements of applying IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28. The removal of the option for accounting for joint ventures does not have any impact since the BMW Group accounts for joint ventures using the equity method. It is currently being investigated whether any joint ventures will be required to be reclassified as joint operations as a result of the introduction of IFRS 11. The BMW Group does not intend to adopt the Standard early.

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Notes to the Group Financial Statement to 30 June 2013
Notes to the Income Statement

5 – Revenues

Revenues by activity comprise the following:

in € million	2nd quarter 2013	2nd quarter 2012	1 January to 30 June 2013	1 January to 30 June 2012
Sales of products and related goods	14,665	14,543	27,554	28,243
Income from lease instalments	1,831	1,707	3,596	3,378
Sale of products previously leased to customers	1,663	1,542	3,226	3,159
Interest income on loan financing	724	729	1,437	1,467
Other income	669	681	1,285	1,248
Revenues	19,552	19,202	37,098	37,495

An analysis of revenues by segment is shown in the segment information in note 32.

6 – Cost of sales

Cost of sales in the second quarter includes €4,048 million (2012: €3,929 million) relating to financial services business. For the period from 1 January to 30 June 2013, €7,966 million (2012: €7,898 million) relates to financial services business.

Second-quarter cost of sales includes research and development expenses of €958 million (2012: €1,034 mil-

lion), comprising all research costs and development costs not recognised as assets as well as the amortisation of capitalised development costs amounting to €263 million (2012: €302 million). For the first half of the year, research and development expenses amounted to €1,946 million (2012: €2,006 million). This includes amortisation on capitalised development costs of €538 million (2012: €603 million).

7 – Selling and administrative expenses

Selling expenses, comprising mainly marketing, advertising and sales personnel costs, amounted to €1,230 million in the second quarter (2012: €1,249 million) and to €2,347 million (2012: €2,485 million) in the first half of the year.

Administrative expenses amounted to €645 million (2012*: €481 million) in the second quarter and to €1,116 million (2012*: €879 million) in the first half of the year. Administrative expenses comprise expenses for administration not attributable to development, production or sales functions.

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

8 – Other operating income and expenses

Other operating income in the second quarter totalled €165 million (2012: €175 million). The six-month figure amounted to €321 million (2012: €356 million). Second-quarter and six-month other operating expenses totalled €214 million (2012: €206 million) and €322 million

(2012: €383 million) respectively. These items principally include exchange gains and losses, gains and losses on the disposal of assets, write-downs and income/expenditure from the reversal of, and allocation to, provisions.

9 – Result from equity accounted investments

The result from equity accounted investments in the second quarter was a positive amount of €164 million (2012: €105 million). For the first half of the year, the equivalent figure was €249 million (2012: €148 million). In both cases, the figure reported includes the results of the BMW Group's interests in the joint ventures

BMW Brilliance Automotive Ltd., Shenyang, SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, SGL Automotive Carbon Fibers LLC, Dover, DE, DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich.

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10 – Net interest result

in € million	2nd quarter 2013	2nd quarter 2012*	1 January to 30 June 2013	1 January to 30 June 2012*
Interest and similar income	51	68	93	123
Interest and similar expenses	-140	-49	-218	-154
Net interest result	-89	19	-125	-31

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

11 – Other financial result

in € million	2nd quarter 2013	2nd quarter 2012	1 January to 30 June 2013	1 January to 30 June 2012
Result on investments	-82	-150	-81	-149
Sundry other financial result	-29	-265	-115	-313
Other financial result	-111	-415	-196	-462

The result from investments was negatively impacted by an impairment loss on investments amounting to €85 million (2012: €154 million).

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12 – Income taxes

Taxes on income comprise the following:

in € million	2nd quarter 2013	2nd quarter 2012*	1 January to 30 June 2013	1 January to 30 June 2012*
Current tax expense	651	700	1,175	1,279
Deferred tax income/expense	-11	-1	156	148
Income taxes	640	699	1,331	1,427

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

The effective tax rate for the six-month period to 30 June 2013 was 33.0% (2012: 35.2%) and corresponds to the best estimate of the weighted average annual income tax

rate for the full year. This tax rate has been applied to the pre-tax profit for the six-month period.

13 – Earnings per share

The computation of earnings per share is based on the following figures:

	2nd quarter 2013	2nd quarter 2012*	1 January to 30 June 2013	1 January to 30 June 2012*
Profit attributable to the shareholders — € million	1,386.0	1,273.5	2,692.7	2,618.9
Profit attributable to common stock — € million (rounded)	1,271.5	1,168.9	2,470.6	2,404.4
Profit attributable to preferred stock — € million (rounded)	114.5	104.6	222.1	214.5
Average number of common stock shares in circulation — number	601,995,196	601,995,196	601,995,196	601,995,196
Average number of preferred stock shares in circulation — number	53,994,217	53,571,372	53,994,217	53,571,372
Earnings per share of common stock — €	2.11	1.94	4.10	3.99
Earnings per share of preferred stock — €	2.12	1.95	4.11	4.00

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

Earnings per share are calculated for common and preferred stock by dividing the net profit after minority interests, as attributable to each category of stock, by the average number of shares in circulation.

In computing earnings per share of preferred stock, earnings to cover the additional dividend of €0.02 per

share of preferred stock are spread over the four quarters of the corresponding financial year. Earnings per share of preferred stock are computed on the basis of the number of preferred stock shares entitled to receive a dividend in each of the relevant financial years. As in the previous year, diluted earnings per share correspond to undiluted earnings per share.

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14 – Disclosures relating to total comprehensive income

Other comprehensive income for the period after tax comprises the following¹:

in € million	2nd quarter 2013	2nd quarter 2012 ²	1 January to 30 June 2013	1 January to 30 June 2012 ²
Remeasurement of net liability for defined benefit pension plans	633	-594	935	-1,128
Deferred taxes	-124	-180	-271	312
Items not expected to be reclassified to the income statement in the future	509	-414	664	-816
Available-for-sale securities	-58	86	-67	111
— thereof gains/losses arising in the period under report	-50	27	-42	55
— thereof reclassifications to the income statement	-8	59	-25	56
Financial instruments used for hedging purposes	881	-1,204	518	-317
— thereof gains/losses arising in the period under report	889	-1,335	464	-518
— thereof reclassifications to the income statement	-8	-131	54	201
Other comprehensive income from equity accounted investments	-15	-42	-41	3
Deferred taxes	-238	437	-92	87
Currency translation foreign operations	-326	282	-361	160
Items expected to be reclassified to the income statement in the future	274	-441	-43	44
Other comprehensive income for the period after tax	783	-855	621	-772

¹ Presentation adjusted in accordance with revised IAS 1.

² Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

Deferred taxes on components of other comprehensive income in the second quarter are as follows:

in € million	2nd quarter 2013			2nd quarter 2012*		
	Before tax	Deferred taxes	After tax	Before tax	Deferred taxes	After tax
Remeasurement of net liability for defined benefit pension plans	633	-124	509	-594	180	-414
Available-for-sale securities	-58	16	-42	86	7	93
Financial instruments used for hedging purposes	881	-250	631	-1,204	415	-789
Other comprehensive income for the period from equity accounted investments	15	-4	11	-42	15	-27
Exchange differences on translating foreign operations	-326	-	-326	282	-	282
Other comprehensive income	1,145	-362	783	-1,472	617	-855

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

Deferred taxes on components of other comprehensive income for the six-month period are as follows:

in € million	1 January to 30 June 2013			1 January to 30 June 2012*		
	Before tax	Deferred taxes	After tax	Before tax	Deferred taxes	After tax
Remeasurement of net liability for defined benefit pension plans	935	-271	664	-1,128	312	-816
Available-for-sale securities	-67	21	-46	111	-13	98
Financial instruments used for hedging purposes	518	-129	389	-317	99	-218
Other comprehensive income for the period from equity accounted investments	-41	16	-25	3	1	4
Exchange differences on translating foreign operations	-361	-	-361	160	-	160
Other comprehensive income	984	-363	621	-1,171	399	-772

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

INTERIM GROUP FINANCIAL STATEMENT

Notes to the Group Financial Statement to 30 June 2013
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15 – Intangible assets

Intangible assets mainly comprise capitalised development costs on vehicle and engine projects as well as subsidies for tool costs, licences, purchased development projects and software. Capitalised development costs at 30 June 2013 amounted to €4,359 million (31 December 2012: €4,347 million). Additions to development costs in the first half of the year totalled €550 million (2012: €440 million). The amortisation expense for the period was €538 million (2012: €603 million). At 30 June 2013 other intangible assets amounted to €805 million (31 December 2012: €491 million). Capital expenditure for other intangible assets during the first half of the year amounted to €408 million (2012: €36 million). An impairment loss of €5 million (2012: €– million) was recorded in this period. Capital expenditure for other

intangible assets included the acquisition of licenses amounting to €379 million, which are being amortised on a straight-line basis over a period of six years. Amortisation on other intangible assets for the six-month period totalled €86 million (2012: €48 million).

In addition, intangible assets include a brand-name right amounting to €42 million (31 December 2012: €44 million), goodwill of €33 million (31 December 2012: €33 million) allocated to the Automotive cash-generating unit and goodwill of €336 million (31 December 2012: €336 million) allocated to the Financial Services cash-generating unit.

Intangible assets amounting to €42 million (31 December 2012: €44 million) are subject to restrictions on title.

16 – Property, plant and equipment

Capital expenditure for property, plant and equipment in the first six months of 2013 totalled €1,420 million (2012: €1,013 million). The depreciation expense for the

same period totalled €1,196 million (2012: €1,100 million), while disposals amounted to €9 million (2012: €22 million).

17 – Leased products

Additions/reclassifications to leased products and depreciation thereon in the first six months of 2013 amounted to €7,482 million (2012: €6,598 million) and €2,561 million (2012: €2,493 million) respectively.

Disposals totalled €4,010 million (2012: €3,696 million). The translation of foreign currency financial statements resulted in a net negative translation difference of €58 million (2012: net positive translation difference of €261 million).

18 – Investments accounted for using the equity method and other investments

Investments accounted for using the equity method comprise the Group's investments in the joint ventures BMW Brilliance Automotive Ltd., Shenyang, SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, SGL Automotive Carbon Fibers LLC, Dover, DE, DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich.

Other investments relate primarily to investments in non-consolidated subsidiaries, interests in associated companies not accounted for using the equity method, participations and non-current marketable securities. Impairment losses totalling €85 million (2012: €154 million) were recognised on investments during the six-month period under report. The impairment losses related mainly to the investment in SGL Carbon SE, Wiesbaden, which was written down after tested for impairment.

19 – Receivables from sales financing

Receivables from sales financing totalling €53,323 million (31 December 2012: €52,914 million) relate to credit financing for retail customers and dealers and to finance leases.

Receivables from sales financing include €32,383 million (31 December 2012: €32,309 million) with a remaining term of more than one year.

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20 – Financial assets

Financial assets comprise:

in € million	30.6.2013	31.12.2012
Derivative instruments	2,861	2,992
Marketable securities and investment funds	2,918	2,655
Loans to third parties	33	44
Credit card receivables	225	234
Other	656	835
Financial assets	6,693	6,760
thereof non-current	1,994	2,148
thereof current	4,699	4,612

21 – Income tax assets

Income tax assets totalling €1,088 million (31 December 2012: €966 million) include claims amounting to €700 million (31 December 2012: €638 million) which

are expected to be settled after more than twelve months. Some of the claims may be settled earlier than this depending on the timing of proceedings.

22 – Other assets

in € million	30.6.2013	31.12.2012*
Other taxes	636	796
Receivables from subsidiaries	760	738
Receivables from other companies in which an investment is held	720	676
Prepayments	1,166	1,043
Collateral receivables	725	555
Sundry other assets	748	659
Other assets	4,755	4,467
thereof non-current	889	803
thereof current	3,866	3,664

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

23 – Inventories

Inventories comprise the following:

in € million	30.6.2013	31.12.2012
Raw materials and supplies	844	786
Work in progress, unbilled contracts	850	827
Finished goods and goods for resale	8,660	8,112
Inventories	10,354	9,725

24 – Assets held for sale and liabilities in conjunction with assets held for sale

In the financial year 2012 the Board of Management of BMW AG decided to realign its strategic direction for the Motorcycles segment in view of the changing nature of motorcycle markets, demographic developments and stricter environmental requirements. The BMW Group intends to broaden its product range, in particular in the fields of urban mobility and e-mobility, in order to open up future growth opportunities. In line with the decision to focus on the BMW Motorrad brand, and considering the declining size of the relevant markets, it was considered a sensible move to sell the Husqvarna Motorcycles brand.

In December 2012, BMW AG, Munich, and Pierer Industrie AG, Wels, reached agreement with regard to the sale of Husqvarna Motorcycles S. r. l., Cassinetta di Biandronno, and Husqvarna Motorcycles NA, LLC, Wilmington, DE, to Pierer Industrie AG, Wels. Following approval of the transaction by the Austrian Merger Control Authorities, the Husqvarna Group was sold on 6 March 2013 and is therefore no longer included in the group reporting entity. A gain of €4.8 million arising on deconsolidation of the Husqvarna Group is reported in other operating income within the Motorcycles segment.

25 – Equity

The Group Statement of Changes in Equity is shown on pages 34 and 35.

Number of shares issued

At 30 June 2013 common stock issued by BMW AG was divided, as at the end of the previous year, into 601,995,196 shares of common stock with a par-value of €1. Preferred stock issued by BMW AG was divided into 53,994,217 shares (31 December 2012: 53,994,217 shares) with a par-value of €1. Unlike the common stock, no voting rights are attached to the preferred stock. All of the Company's stock is issued to bearer. Preferred stock bears an additional dividend of €0.02 per share.

The shareholders have passed a resolution at the Annual General Meeting authorising the Board of Management, with the approval of the Supervisory Board, to increase the Company's share capital by up to €5 million prior to 13 May 2014 in return for cash contributions and the issue of new non-voting preferred stock. Based on this authorisation, 1,798,055 shares of preferred stock have been issued to employees up to the reporting date. Authorised Capital therefore stands at €3.2 million at 30 June 2013. The BMW Group did not hold any treasury shares at the end of the reporting period.

Capital reserves

Capital reserves include premiums arising from the issue of shares and were unchanged from 31 December 2012 at €1,973 million.

Revenue reserves

Revenue reserves comprise the post-acquisition and non-distributed earnings of consolidated companies. In addition, revenue reserves include both positive and negative goodwill arising on the consolidation of Group

companies prior to 31 December 1994. In previous years, revenue reserves were reported in the Consolidated Statement of Changes in Equity separately for pension obligations and for other revenue reserves.

Revenue reserves increased during the six-month period to stand at €30,261 million at 30 June 2013 (31 December 2012: €28,340 million). The opening balance of revenue reserves increased at 1 January 2013 by €204 million as a result of the adoption of revised IAS 19.* In addition, they were increased in the first half of 2013 by the net profit for the period attributable to shareholders of BMW AG amounting to €2,693 million (31 December 2012: €5,096 million) and reduced by the payment of dividends on common stock (€1,505 million) and preferred stock (€135 million) for the financial year 2012 by BMW AG. Revenue reserves increased by €664 million as a result of value adjustments recognised on the net liability for defined benefit pension plans (net of deferred tax recognised directly in equity).

* Further information is provided in note 3.

Accumulated other equity

Accumulated other equity comprises all amounts recognised directly in equity resulting from the translation of the financial statements of foreign operations, the effects of recognising changes in the fair value of derivative financial instruments and marketable securities directly in equity and the related deferred taxes recognised directly in equity.

Minority interests

Equity attributable to minority interests amounted to €158 million (31 December 2012: €107 million). This includes a minority interest of €11 million in subsidiaries' results for the period (31 December 2012: €26 million).

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26 – Other provisions

Other provisions, at €6,667 million (31 December 2012*: €6,687 million) primarily include employee and social-related obligations as well as obligations for ongoing operational expenses.

Current other provisions at 30 June 2013 amounted to €3,020 million (31 December 2012*: €3,246 million).

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

27 – Income tax liabilities

Income tax liabilities totalling €1,225 million (31 December 2012: €1,482 million) include obligations amounting to €788 million (31 December 2012: €806 million) which are expected to be settled after more than twelve months. Some of the liabilities may be settled earlier than this depending on the timing of proceedings.

Current tax liabilities comprise €218 million (31 December 2012: €438 million) for taxes payable and €1,007 million (31 December 2012: €1,044 million) for tax provisions.

28 – Financial liabilities

Financial liabilities include all obligations of the BMW Group relating to financing activities. Financial liabilities comprise the following:

in € million	30.6.2013	31.12.2012
Bonds	30,262	29,852
Liabilities to banks	9,386	9,484
Liabilities from customer deposits (banking)	13,258	13,018
Commercial paper	3,210	4,577
Asset backed financing transactions	10,627	9,411
Derivative instruments	1,595	1,790
Other	1,744	1,375
Financial liabilities	70,082	69,507
thereof non-current	40,707	39,095
thereof current	29,375	30,412

29 – Other liabilities

Other liabilities comprise the following items:

in € million	30.6.2013	31.12.2012
Other taxes	690	713
Social security	82	76
Advance payments from customers	522	668
Deposits received	414	466
Payables to subsidiaries	87	236
Payables to other companies in which an investment is held	103	1
Deferred income	4,850	4,512
Other	3,849	3,524
Other liabilities	10,597	10,196
thereof non-current	3,435	3,404
thereof current	7,162	6,792

30 – Financial instruments

The fair values shown are computed using market information available at the balance sheet date, on the basis of prices quoted by the contract partners or using

appropriate measurement methods e.g. discounted cash flow models. In the latter case, amounts were discounted at 30 June 2013 on the basis of the following interest rates:

ISO Code in %	EUR	USD	GBP	JPY
Interest rate for six months	0.16	0.22	0.51	0.15
Interest rate for one year	0.22	0.26	0.54	0.20
Interest rate for five years	1.26	1.61	1.59	0.50
Interest rate for ten years	2.08	2.82	2.64	1.04

The interest rates derived from interest-rate structures are adjusted, where necessary, to take account of the credit quality and risk of the underlying financial instrument.

Derivative financial instruments are measured at their fair value. The fair values of derivative financial instruments are determined using measurement models, as a consequence of which there is a risk that the amounts calculated could differ from realisable market prices on disposal. Observable financial market price spreads (e.g. for liquidity risks) are taken into account in the measurement of derivative financial instruments. The methodology for collating data used in the fair values computation model was refined during the second quarter 2013, particularly in terms of the way interest rate curves are employed and the use of additional market data (tenor and currency basis spreads). This helps to minimise differences between the carrying amounts of the instruments and the amounts that can be realised on the financial markets on the disposal of those instruments. In addition, the Group's own default

risk and that of counterparties is taken into account in the form of credit default swap (CDS) contracts which have appropriate terms and which can be observed on the market.

Financial instruments measured at fair value are allocated to different measurement levels in accordance with IFRS 7. This includes financial instruments that are

1. measured at their fair values in an active market for identical financial instruments (level 1),
2. measured at their fair values in an active market for comparable financial instruments or using measurement models whose main input factors are based on observable market data (level 2) or
3. using input factors not based on observable market data (level 3).

The following table shows the amounts allocated to each measurement level at the end of the reporting period:

30 June 2013 in € million	Level hierarchy in accordance with IFRS 7		
	Level 1	Level 2	Level 3
Marketable securities, investment fund shares and collateral assets – available-for-sale	3,260	-	-
Other investments – available-for-sale	322	-	-
Derivative instruments (assets)			
— Cash flow hedges	-	1,264	-
— Fair value hedges	-	826	-
— Other derivative instruments	-	771	-
Derivative instruments (liabilities)			
— Cash flow hedges	-	529	-
— Fair value hedges	-	523	-
— Other derivative instruments	-	543	-

INTERIM GROUP FINANCIAL STATEMENT

Notes to the Group Financial Statement to 30 June 2013

Other disclosures

	31 December 2012		Level hierarchy in accordance with IFRS 7			
	in € million		Level 1	Level 2	Level 3	
2 BMW GROUP IN FIGURES						
5 INTERIM GROUP MANAGEMENT REPORT						
5 The BMW Group – an Overview	Marketable securities, investment fund shares and collateral assets – available-for-sale	2,812	-	-	-	
7 General Economic Environment	Other investments – available-for-sale	391	-	-	-	
8 Automotive	Derivative instruments (assets)					
12 Motorcycles	— Cash flow hedges	-	925	-	-	
13 Financial Services	— Fair value hedges	-	1,457	-	-	
15 BMW Group – Capital Market Activities	— Other derivative instruments	-	610	-	-	
16 Financial Analysis	Derivative instruments (liabilities)					
23 Risk Management	— Cash flow hedges	-	701	-	-	
23 Outlook	— Fair value hedges	-	320	-	-	
26 INTERIM GROUP FINANCIAL STATEMENT	— Other derivative instruments	-	769	-	-	
26 Income Statements						
26 Statement of Comprehensive Income for Group	As in the previous year's Group Financial Statements, there were no significant reclassifications within the level hierarchy during the first half of 2013.					
30 Balance Sheets	In the case of financial instruments held by BMW Group which are not measured at fair value, the carrying amounts of such instruments correspond more or less to fair values. The following items are the main exceptions to this general rule:					
32 Cash Flow Statements						
34 Group Statement of Changes in Equity						
36 Notes						
58 RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES	in € million		30.6.2013		31.12.2012	
			Fair value		Carrying amount	
			Fair value		Carrying amount	
59 REVIEW REPORT						
60 OTHER INFORMATION						
60 Financial Calendar						
61 Contacts						
	Loans and receivables – Receivables from sales financing	54,880	53,323	54,374	52,914	
	Other liabilities – Bonds	30,742*	30,262	29,966	29,852	

* Optimised system-based fair value measurement with effect from first quarter 2013.

31 – Related party relationships

In accordance with IAS 24 (Related Party Disclosures), related individuals or entities which have the ability to control the BMW Group or which are controlled by the BMW Group, must be disclosed unless such parties are not already included in the Group Financial Statements as consolidated companies. Control is defined as ownership of more than one half of the voting power of BMW AG or the power to direct, by statute or agreement, the financial and operating policies of the management of the Group.

In addition, the disclosure requirements of IAS 24 also cover transactions with associated companies, joint ventures and individuals that have the ability to exercise significant influence over the financial and operating policies of the BMW Group. This also includes close relatives and intermediary entities. Significant influence over the financial and operating policies of the BMW Group is presumed when a party holds 20% or more of the voting power of BMW AG. In addition, the requirements contained in IAS 24 relating to key management personnel and close members of their families or intermediary entities are also applied. In the case of the BMW Group, this applies to members of the Board of Management and Supervisory Board.

In the first half of 2013, the disclosure requirements contained in IAS 24 affect the BMW Group with regard to business relationships with non-consolidated subsidiaries, joint ventures and associated companies as well as with members of the Board of Management and Supervisory Board of BMW AG.

The BMW Group maintains normal business relationships with non-consolidated subsidiaries. Transactions with these companies are small in scale, arise in the normal course of business and are conducted on the basis of arm's length principles.

Transactions of BMW Group companies with the joint venture, BMW Brilliance Automotive Ltd., Shenyang, all arise in the normal course of business and are conducted on the basis of arm's length principles. Group companies sold goods and services to BMW Brilliance Automotive Ltd., Shenyang, during the first two quarters for an amount of €1,716 million (2012: €1,402 million), of which €895 million (2012: €754 million) was recorded in the second quarter. At 30 June 2013, receivables of Group companies from BMW Brilliance Automotive Ltd., Shenyang, totalled €636 million (31 December 2012: €608 million). Payables of Group companies to BMW Brilliance Automotive Ltd., Shenyang, at

30 June 2013 amounted to €101 million (31 December 2012: € – million). Group companies received goods and services from BMW Brilliance Automotive Ltd., Shenyang, during the first half of the year for an amount of €8 million (2012: €6 million), of which €4 million (2012: €3 million) was recorded in the second quarter.

All relationships of BMW Group entities with the joint ventures SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, and SGL Automotive Carbon Fibers LLC, Dover, DE, arise in the normal course of business. All transactions with these entities were conducted on the basis of arm's length principles. At 30 June 2013 receivables of Group companies for loans disbursed to the joint ventures amounted to €84 million (31 December 2012: €68 million). Interest income earned on these loans in the first half of 2013 amounted to €1 million (2012: €1 million). Goods and services received by Group companies from the joint ventures during the period under report totalled €12 million (2012: €3 million), of which €7 million (2012: €2 million) was recorded in the second quarter. At 30 June 2013 payables of Group companies to the joint ventures amounted to €2 million (31 December 2012: €1 million).

All relationships of BMW Group entities with the joint ventures DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich, are conducted on the basis of arm's length principles. Transactions with these entities arise in the normal course of business and are small in scale.

Business transactions between BMW Group entities and associated companies all arise in the normal course of business and are conducted on the basis of arm's length principles.

Stefan Quandt is a shareholder and Deputy Chairman of the Supervisory Board of BMW AG. He is also the sole shareholder and Chairman of the Supervisory Board of DELTON AG, Bad Homburg v. d. H., which, via its subsidiaries, performed logistic-related services for the BMW Group during the first half of 2013. In addition, companies of the DELTON Group used vehicles provided by the BMW Group, mostly in the form of leasing contracts. Stefan Quandt is also the majority shareholder of Solarwatt GmbH, Dresden. During the second quarter 2013, BMW AG and Solarwatt GmbH, Dresden, entered into cooperation arrangements within the field of electromobility. The focus is on providing complete photovoltaic solutions for rooftop systems and carports to BMW i customers. During the first half of 2013 Solarwatt GmbH leased vehicles from the BMW Group. The service, co-

operation and lease contracts referred to above are not material for the BMW Group. They all arise in the normal course of business and are conducted on the basis of arm's length principles.

Susanne Klatten is a shareholder and member of the Supervisory Board of BMW AG and also a shareholder and Deputy Chairman of the Supervisory Board of Altana AG, Wesel. Altana AG, Wesel, used vehicles provided by the BMW Group during the first half of 2013, mostly in the form of lease contracts. These contracts are not material for the BMW Group, arise in the course of ordinary activities and are made, without exception, on the basis of arm's length principles.

Apart from the transactions referred to above, companies of the BMW Group did not enter into any significant contracts with members of the Board of Management or Supervisory Board of BMW AG. The same applies to close members of the families of those persons.

BMW Trust e.V., Munich, administers assets on a trustee basis to secure obligations relating to pensions and pre-retirement part-time work arrangements in Germany and is therefore a related party of the BMW Group in accordance with IAS 24. This entity, which is a registered association (eingetragener Verein) under German law, does not have any assets of its own. It did not have any income or expenses during the period under report. BMW AG bears expenses on a minor scale and renders services on behalf of BMW Trust e.V., Munich.

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32 – Explanatory notes to segment information

For information on the basis used for identifying and assessing the performance of reportable segments along internal management lines, reference is made to the Group Financial Statements of BMW AG for the year ended 31 December 2012. No changes have been made

either in the accounting policies applied or in the basis used for identifying reportable segments as compared to 31 December 2012.

Segment information by operating segment for the second quarter is as follows:

in € million	Automotive		Motorcycles	
	2013	2012*	2013	2012
External revenues	14,429	14,365	473	409
Inter-segment revenues	3,772	3,001	2	1
Total revenues	18,201	17,366	475	410
Segment result	1,756	2,018	46	48
Capital expenditure on non-current assets	1,152	943	15	28
Depreciation and amortisation on non-current assets	898	861	16	13

Segment information by operating segment for the six-month period is as follows:

in € million	Automotive		Motorcycles	
	2013	2012*	2013	2012
External revenues	27,093	27,812	905	850
Inter-segment revenues	7,015	5,713	6	8
Total revenues	34,108	33,525	911	858
Segment result	3,338	3,898	97	85
Capital expenditure on non-current assets	2,395	1,577	24	39
Depreciation and amortisation on non-current assets	1,777	1,715	34	26

in € million	Automotive		Motorcycles	
	30.6.2013	31.12.2012*	30.6.2013	31.12.2012
Segment assets	9,981	10,991	475	405

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

Financial Services		Other Entities		Reconciliation to Group figures		Group		
2013	2012	2013	2012*	2013	2012	2013	2012*	
4,649	4,427	1	1	-	-	19,552	19,202	External revenues
409	439	1	1	-4,184	-3,442	-	-	Inter-segment revenues
5,058	4,866	2	2	-4,184	-3,442	19,552	19,202	Total revenues
467	431	89	-12	-326	-509	2,032	1,976	Segment result
4,530	3,916	-	-	-1,114	-217	4,583	4,670	Capital expenditure on non-current assets
1,710	1,458	-	-	-811	-126	1,813	2,458	Depreciation and amortisation on non-current assets

Financial Services		Other Entities		Reconciliation to Group figures		Group		
2013	2012	2013	2012*	2013	2012	2013	2012*	
9,099	8,832	1	1	-	-	37,098	37,495	External revenues
789	834	2	2	-7,812	-6,557	-	-	Inter-segment revenues
9,888	9,666	3	3	-7,812	-6,557	37,098	37,495	Total revenues
916	865	156	-31	-472	-761	4,035	4,056	Segment result
8,681	7,483	-	-	-1,245	-1,012	9,855	8,087	Capital expenditure on non-current assets
3,375	3,007	-	-	-806	-504	4,380	4,244	Depreciation and amortisation on non-current assets

Financial Services		Other Entities		Reconciliation to Group figures		Group		
30.6.2013	-31.12.2012*	30.6.2013	-31.12.2012	30.6.2013	-31.12.2012*	30.6.2013	-31.12.2012*	
8,370	7,633	48,450	50,685	66,875	62,121	134,151	131,835	Segment assets

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Segment figures for the second quarter can be reconciled to the corresponding Group figures as follows:

in € million	2nd quarter 2013	2nd quarter 2012*
Reconciliation of segment result		
— Total for reportable segments	2,358	2,485
— Financial result of Automotive segment and Motorcycles segment	-109	-271
— Elimination of inter-segment items	-217	-238
Group profit before tax	2,032	1,976
Reconciliation of capital expenditure on non-current assets		
— Total for reportable segments	5,697	4,887
— Elimination of inter-segment items	-1,114	-217
Total Group capital expenditure on non-current assets	4,583	4,670
Reconciliation of depreciation and amortisation on non-current assets		
— Total for reportable segments	2,624	2,332
— Elimination of inter-segment items	-811	126
Total Group depreciation and amortisation on non-current assets	1,813	2,458

Segment figures for the six-month period can be reconciled to the corresponding Group figures as follows:

in € million	1 January to 30 June 2013	1 January to 30 June 2012*
Reconciliation of segment result		
— Total for reportable segments	4,507	4,817
— Financial result of Automotive segment and Motorcycles segment	-176	-329
— Elimination of inter-segment items	-296	-432
Group profit before tax	4,035	4,056
Reconciliation of capital expenditure on non-current assets		
— Total for reportable segments	11,100	9,099
— Elimination of inter-segment items	-1,245	-1,012
Total Group capital expenditure on non-current assets	9,855	8,087
Reconciliation of depreciation and amortisation on non-current assets		
— Total for reportable segments	5,186	4,748
— Elimination of inter-segment items	-806	-504
Total Group depreciation and amortisation on non-current assets	4,380	4,244

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

in € million	30.6.2013	31.12.2012*
Reconciliation of segment assets		
— Total for reportable segments	67,276	69,714
— Non-operating assets – Other Entities segment	6,200	6,065
— Operating liabilities – Financial Services segment	82,562	81,064
— Interest-bearing assets – Automotive and Motorcycles segments	35,656	36,321
— Liabilities of Automotive and Motorcycles segments not subject to interest	23,315	21,943
— Elimination of inter-segment items	-80,858	-83,272
Total Group assets	134,151	131,835

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 3.

Munich, 23 July 2013

Bayerische Motoren Werke
Aktiengesellschaft

The Board of Management

Dr.-Ing. Dr.-Ing. E. h. Norbert Reithofer

Milagros Caiña Carreiro-Andree Dr.-Ing. Herbert Diess

Dr.-Ing. Klaus Draeger Dr. Friedrich Eichiner

Harald Krüger Dr. Ian Robertson (HonDSc)

Peter Schwarzenbauer

RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

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Responsibility Statement pursuant to § 37y of the German Securities Trading Act (WpHG) in conjunction with § 37 w (2) No. 3 WpHG

“To the best of our knowledge, and in accordance with the applicable principles for interim financial reporting, the Interim Group Financial Statements give a true and fair view of the net assets, financial position and results of operation of the Group, and the Interim Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.”

Munich, 23 July 2013

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REVIEW REPORT

To Bayerische Motoren Werke Aktiengesellschaft, Munich
We have reviewed the condensed interim consolidated financial statements of Bayerische Motoren Werke Aktiengesellschaft, Munich – comprising the income statement for group and the statement of comprehensive income for group, the balance sheet for group, the condensed cash flow statement for group, the group statement of changes in equity and selected explanatory notes, together with the interim group management report of Bayerische Motoren Werke Aktiengesellschaft, Munich, for the period from 1 January to 30 June 2013, that are part of the semi-annual financial report according to § 37 w WpHG (“Wertpapierhandelsgesetz”: “German Securities Trading Act”). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company’s management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through

critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor’s report.

Based on our review, no matters have come to our attention that cause us to presume that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, or that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports.

Munich, 31 July 2013

KPMG AG

Wirtschaftsprüfungsgesellschaft

Pastor
Wirtschaftsprüfer

Huber-Straßer
Wirtschaftsprüferin

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2	BMW GROUP IN FIGURES	Quarterly Report to 30 September 2013	5 November 2013
5	INTERIM GROUP MANAGEMENT REPORT	Annual Report 2013	19 March 2014
5	The BMW Group – an Overview	Annual Accounts Press Conference	19 March 2014
7	General Economic Environment	Analyst and Investor Conference	20 March 2014
8	Automotive	Quarterly Report to 31 March 2014	6 May 2014
12	Motorcycles	Annual General Meeting	15 May 2014
13	Financial Services	Quarterly Report to 30 June 2014	5 August 2014
15	BMW Group – Capital Market Activities	Quarterly Report to 30 September 2014	4 November 2014
16	Financial Analysis		
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