QUARTERLY REPORT
TO 30 SEPTEMBER 2015

BMW GROUP

Rolls-Royce
Motor Cars Limited

BMW GROUP IN FIGURES

		3rd quarter 2015	3rd quarter 2014	Change in %
Key performance indicators reported on during the year				
BMW Group				
Workforce at 30 September[1]		**121,316**	114,587	5.9
Profit before tax	€ million	**2,263**	2,006[2]	12.8
Automotive segment				
Sales volume[3]	units	**545,062**	509,669	6.9
Revenues	€ million	**20,970**	18,142	15.6
EBIT margin	% (change in %pts)	**9.1**	9.4	–0.3
Motorcycles segment				
Sales volume	units	**33,993**	29,239	16.3
Further key performance figures				
Automotive segment				
Sales volume				
BMW[3]	units	**463,739**	433,145	7.1
MINI	units	**80,488**	75,633	6.4
Rolls-Royce	units	**835**	891	–6.3
Total[3]		**545,062**	**509,669**	**6.9**
Production				
BMW[4]	units	**513,991**	451,651	13.8
MINI	units	**80,002**	93,397	–14.3
Rolls-Royce	units	**968**	835	15.9
Total[4]		**594,961**	**545,883**	**9.0**
Motorcycles segment				
Production	units	**32,220**	29,336	9.8
Financial Services segment				
New contracts with retail customers		**420,639**	382,786	9.9
Operating cash flow Automotive segment	€ million	**2,246**	**1,176**[2]	**91.0**
Revenues	€ million	**22,345**	**19,600**	**14.0**
Automotive	€ million	**20,970**	18,142	15.6
Motorcycles	€ million	**454**	370	22.7
Financial Services	€ million	**5,621**	5,221	7.7
Other Entities	€ million	**1**	2	–50.0
Eliminations	€ million	**–4,701**	–4,135	–13.7
Profit before financial result (EBIT)	€ million	**2,354**	**2,256**	**4.3**
Automotive	€ million	**1,912**	1,697	12.7
Motorcycles	€ million	**46**	27	70.4
Financial Services	€ million	**465**	456	2.0
Other Entities	€ million	**5**	31	–83.9
Eliminations	€ million	**–74**	45	–
Profit before tax	€ million	**2,263**	**2,006**[2]	**12.8**
Automotive	€ million	**1,845**	1,430	29.0
Motorcycles	€ million	**45**	26	73.1
Financial Services	€ million	**462**	448[2]	3.1
Other Entities	€ million	**5**	63	–92.1
Eliminations	€ million	**–94**	39	–
Income taxes	€ million	**–684**	**–696**[2]	**1.7**
Net profit	€ million	**1,579**	**1,310**[2]	**20.5**
Earnings per share[5]	€	**2.39 / 2.39**	**1.98[2] / 1.98[2]**	**20.7 / 20.7**

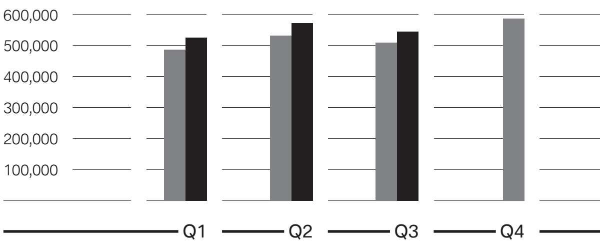
[1] Figures exclude suspended contracts of employment, employees in the non-work phases of pre-retirement part-time arrangements and low income earners.
[2] Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.
[3] Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 70,627 units, 2015: 68,550 units).
[4] Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 66,440 units, 2015: 68,651 units).
[5] 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 September 2015	1 January to 30 September 2014	Change in %
Key performance indicators reported on during the year				
BMW Group				
Workforce at 30 September[1]		**121,316**	114,587	5.9
Profit before tax	€ million	**7,114**	6,819[2]	4.3
Automotive segment				
Sales volume[3]	units	**1,644,810**	1,529,880	7.5
Revenues	€ million	**61,513**	53,205	15.6
EBIT margin	% (change in %pts)	**9.0**	10.2	–1.2
Motorcycles segment				
Sales volume	units	**112,411**	100,217	12.2
Further key performance figures				
Automotive segment				
Sales volume				
BMW[3]	units	**1,395,780**	1,319,492	5.8
MINI	units	**246,426**	207,529	18.7
Rolls-Royce	units	**2,604**	2,859	–8.9
Total[3]		**1,644,810**	**1,529,880**	**7.5**
Production				
BMW[4]	units	**1,453,811**	1,389,522	4.6
MINI	units	**251,573**	225,721	11.5
Rolls-Royce	units	**2,820**	3,339	–15.5
Total[4]		**1,708,204**	**1,618,582**	**5.5**
Motorcycles segment				
Production	units	**119,432**	104,336	14.5
Financial Services segment				
New contracts with retail customers		**1,222,165**	1,111,700	9.9
Operating cash flow Automotive segment	€ million	**7,084**	**4,648**[2]	**52.4**
Revenues	€ million	**67,197**	**57,740**	**16.4**
Automotive	€ million	**61,513**	53,205	15.6
Motorcycles	€ million	**1,643**	1,370	19.9
Financial Services	€ million	**17,833**	15,266	16.8
Other Entities	€ million	**4**	5	–20.0
Eliminations	€ million	**–13,796**	–12,106	–14.0
Profit before financial result (EBIT)	€ million	**7,400**	**6,949**	**6.5**
Automotive	€ million	**5,525**	5,438	1.6
Motorcycles	€ million	**273**	146	87.0
Financial Services	€ million	**1,523**	1,380	10.4
Other Entities	€ million	**139**	57	–
Eliminations	€ million	**–60**	–72	16.7
Profit before tax	€ million	**7,114**	**6,819**[2]	**4.3**
Automotive	€ million	**5,323**	5,323	–
Motorcycles	€ million	**271**	143	89.5
Financial Services	€ million	**1,517**	1,353[2]	12.1
Other Entities	€ million	**126**	145	–13.1
Eliminations	€ million	**–123**	–145	15.2
Income taxes	€ million	**–2,270**	**–2,284**[2]	**0.6**
Net profit	€ million	**4,844**	**4,535**[2]	**6.8**
Earnings per share[5]	€	**7.35/7.36**	**6.88[2]/6.89[2]**	**6.8/6.8**

[1] Figures exclude suspended contracts of employment, employees in the non-work phases of pre-retirement part-time arrangements and low income earners.
[2] Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.
[3] Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 203,128 units, 2015: 210,835 units).
[4] Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 212,041 units, 2015: 213,574 units).
[5] 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.

Sales volume of automobiles[1]

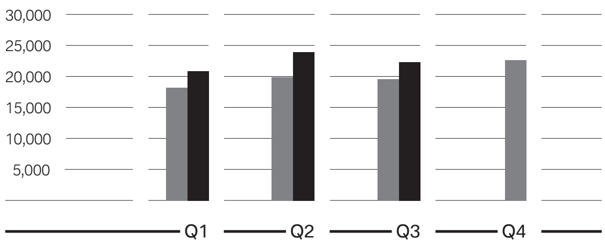
in units



	Q1	Q2	Q3	Q4
2014	487,024	533,187	509,669	588,085
2015	**526,669**	**573,079**	**545,062**	

Revenues

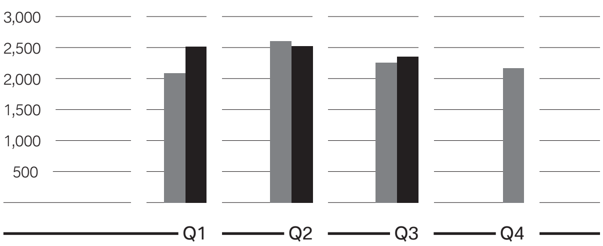
in € million



	Q1	Q2	Q3	Q4
2014	18,235	19,905	19,600	22,661
2015	**20,917**	**23,935**	**22,345**	

Profit before financial result

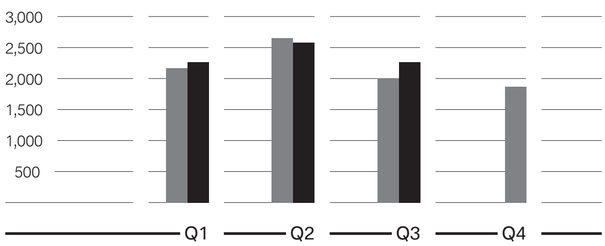
in € million



	Q1	Q2	Q3	Q4
2014	2,090	2,603	2,256	2,169
2015	**2,521**	**2,525**	**2,354**	

Profit before tax

in € million



	Q1	Q2	Q3	Q4
2014	2,159[2]	2,654[2]	2,006[2]	1,868
2015	**2,269**	**2,582**	**2,263**	

Good sales volume growth for the BMW Group

The BMW Group continued to perform well during the period under report. New sales volume records were achieved for both the third quarter and the nine-month period. A total of 545,062[1] BMW, MINI and Rolls-Royce brand vehicles were sold in the third quarter (+6.9%). In the period from January to September 2015, sales volume of the three Group brands totalled 1,644,810[1] units, an equally solid performance and 7.5% up on the previous year.

BMW Motorrad sold 33,993 motorcycles in the period from July to September 2015 (+16.3%), bringing the total for the nine-month period to 112,411 units (+12.2%), new record figures in both cases.

The Financial Services segment concluded 420,639 new lease and financing contracts with retail customers during the third quarter (+9.9%). The number of new contracts signed during the period from January to September rose at an identical rate to 1,222,165 units.

Revenues and earnings both up on previous year

Third-quarter Group revenues increased to €22,345 million (+14.0%) on the back of a strong sales volume performance and favourable currency factors. Group EBIT came in at €2,354 million (+4.3%), held down by a number of factors, most notably changes in the model and regional sales mix. Profit before tax rose significantly by 12.8% to €2,263 million, mainly due to the lower amount of fair value losses arising on derivatives. Nine-month revenues climbed by 16.4% to €67,197 million. EBIT grew by €451 million to €7,400 million (+6.5%) and profit before tax to €7,114 million (+4.3%).

Workforce increased

At 30 September 2015, the BMW Group's workforce comprised 121,316 employees (+5.9%). More than 1,500 apprentices – including some 1,200 in Germany – began their careers with the BMW Group at the start of the new training year.

[1] Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (third quarter 2015: 68,550 units; 1 January to 30 September 2015: 210,835 units).
[2] Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Bayerische Motoren Werke Aktiengesellschaft (BMW AG) is based in Munich, Germany, and is the parent company of the BMW Group. The primary business object of the BMW Group is the development, manufacture and sale of engines as well as all vehicles equipped with those engines. The BMW Group is sub-divided into the Automotive, Motorcycles, Financial Services and Other Entities segments (the latter mainly comprising holding companies and Group financing companies). The BMW Group operates on a global scale and is represented in more than 140 countries worldwide. Its research and innovation network is spread over twelve locations in five countries. The Group's production network currently consists of 30 locations in 14 countries.

Long-term thinking and responsible action have long been the cornerstones of our business success. Striving for ecological and social sustainability along the entire value-added chain, taking full responsibility for our products and giving an unequivocal commitment to preserving resources are prime objectives firmly embedded in our corporate strategy. As a result of these endeavours, we have ranked among the most sustainable companies in the automobile industry for many years.

Further information regarding the BMW Group's business model and its internal management system can be found in the chapter "General Information on the BMW Group" in the Annual Report 2014 (pages 18 et seq.).

German premium manufacturers take over digital maps business

In August 2015, BMW AG, Daimler AG and AUDI AG agreed to acquire "HERE", Nokia Corporation's maps and location-based services business. The acquisition is intended to secure the long-term availability of HERE's products and services as an open, independent and value-creating platform for cloud-based maps as well as other mobility services.

HERE's digital maps are laying the foundations for the next generation of mobility and location-based services, which will serve as the basis for new assistance systems and ultimately fully autonomous driving. Extremely precise digital maps will be used in combination with real-time vehicle data in order to increase road safety and facilitate the development of innovative new products and services.

The three partners will each hold an equal stake in HERE. The BMW Group's share of the purchase consideration will amount to approximately €0.85 billion. Subject to approval by the relevant cartel authorities, the transaction should be finalised during the first quarter of 2016.

Automobile markets

International automobile markets continued to grow year-on-year during the nine-month period from January to September 2015, with growth driven in particular by the USA and Europe.

European markets performed well and are becoming increasingly capable of compensating for the slower growth rate in China. Markets in Russia, Brazil and Japan, on the other hand, all contracted.

New registrations in Europe in the first nine months of the year profited from positive consumer sentiment and grew by 8.8 % overall. The major markets, such as Germany (+ 5.5 %), the United Kingdom (+ 7.1 %) and France (+ 6.5 %) also reported figures well up on those of the previous year. Southern Europe has seen particularly strong growth since the beginning of the year, with registrations up by 15.0 % in Italy and more than one fifth (+ 22.4 %) in Spain.

The upward trend recorded in the USA during the first half of the year continued unabated, resulting in an increase of 5.0 % for the automobile market.

By contrast, there was no real turnaround in fortunes in Japan, despite the 10.0 % drop in new car registrations being less pronounced than in the first six months of the year.

The pace of growth of China's automobile market continued to normalise, with nine-month registrations 6.5 % up on the previous year.

Automobile markets in the world's major emerging economies contracted, however, and the slowdown in Brazil worsened (– 21.8 %). New registrations in Russia were down by around one third (– 33.3 %).

Motorcycle markets

Markets for 500 cc plus class motorcycles generally continued to expand during the first nine months of 2015. New registrations increased by 4.8 % worldwide. In Europe, the motorcycle market as a whole grew by 9.0 %, helped in particular by a sharp recovery in Southern Europe, including outstanding performances in Spain (+ 25.0 %) and Italy (+ 12.7 %). The motorcycles market in Germany grew by 5.9 %. By contrast, new registration figures in France remained more or less flat, growing by a mere 0.1 %. In the USA, motorcycle registration figures were 4.7 % up for the nine-month period.

Financial Services markets

Turbulence on stock markets in response to falling oil prices and the Chinese economic slowdown were the main factors impacting the global economy during the third quarter 2015. The eurozone's economy is only picking up slowly, despite continued low interest rates and the expansive monetary policies of the European Central Bank (ECB).

Low inflation figures and uncertainty regarding economic growth in China and the emerging markets caused the US Reserve Bank to refrain from changing its reference interest rate. The UK economy grew somewhat more slowly in the third quarter than it had in previous months, with exports negatively impacted by lower demand from abroad and the appreciation of the British pound. The inflation rate also remained well below its target level. Taking all of these factors into account, the Bank of England (BoE) kept its reference interest rate at an historically low level.

The ongoing bond-buying programme, initiated in spring 2013, remained in place in Japan, where first signs of recovery were perceptible. In China, turbulence on stock markets and their knock-on impact on the real economy caused the Chinese central bank to impose stabilising measures, including a further reduction in the reference interest rate and a massive currency devaluation. China's stock markets nevertheless experienced extreme fluctuations, fuelling doubts in the third quarter as to whether China will achieve its target growth rate of 7.0 % in 2015.

The main used car markets in Europe and North America performed more or less similarly in the third quarter 2015. Whereas prices in Central Europe rose slightly, they stabilised at the previous quarter's levels in North America.

BMW Group sets new sales volume record

With sales of 545,062[1] BMW, MINI and Rolls-Royce brand vehicles, the BMW Group set a new third-quarter sales volume record (2014: 509,669[1] units; +6.9%). A solid increase of 7.1% to 463,739[1] units also signified a new high for the BMW brand (2014: 433,145[1] units). Third-quarter sales of the MINI brand also reached a new record volume of 80,488 units (2014: 75,633 units; +6.4%). Rolls-Royce Motor Cars sold 835 units, thus falling somewhat short of the previous year's high figure (2014: 891 units; –6.3%).

The BMW Group's sales volume worldwide during the period from January to September 2015 therefore increased to 1,644,810[2] units (2014: 1,529,880[2] units; +7.5%), of which 1,395,780[2] were BMW brand vehicles (2014: 1,319,492[2] units; +5.8%) and 246,426 MINI brand vehicles (2014: 207,529 units; +18.7%). Nine-month sales volume figures for the Group as a whole as well as for the BMW and MINI brands were therefore all at new record levels. Moreover, Rolls-Royce Motor Cars sold 2,604 units (2014: 2,859 units; –8.9%).

Significant sales volume growth in Europe

The positive trend seen in Europe during the first half of the year continued into the third quarter, with sales volumes again up significantly. In the period from July to September, the number of vehicles sold climbed by 11.9% to 243,147 units (2014: 217,219 units). The nine-month sales volume figure of 731,637 units was 10.3% up on the previous year (2014: 663,407 units). Sales of the Group's three brands in Germany in the third quarter totalled 70,784 units (2014: 63,775 units; +11.0%). For the nine-month period, the previous year's figure was exceeded by 5.3% (208,614 units; 2014: 198,083 units). In Great Britain, both the third-quarter (60,650 units; +11.4%; 2014: 54,446 units) and nine-month performances (171,472 units; +13.8%; 2014: 150,626 units) were well up on the previous year's high levels.

The sales volume recorded in Asia in the third quarter, at 166,053[1] units, represented slight growth compared to the previous year (2014: 159,775[1] units; +3.9%). In total, 503,160[2] BMW, MINI and Rolls-Royce brand vehicles were delivered to customers between January and September (2014: 482,718[2] units; +4.2%). Due to the "normalisation" of the automobile market in China, third-quarter sales were only slightly higher than one year earlier at 112,132[1] units (2014: 111,009[1] units; +1.0%). Nine-month sales of the Group's three brands on the Chinese mainland totalled 342,920[2] units (2014: 336,499[2] units; +1.9%).

In the Americas region, sales totalled 119,183 units (2014: 116,572 units; +2.2%) in the third quarter and 361,562 units (2014: 337,852 units: +7.0%) over the

Automotive

		3rd quarter 2015	3rd quarter 2014	Change in %
Sales volume[1, 3]	units	**545,062**	509,669	6.9
Production[4]	units	**594,961**	545,883	9.0
Revenues[3]	€ million	**20,970**	18,142	15.6
Profit before financial result (EBIT)	€ million	**1,912**	1,697	12.7
Profit before tax	€ million	**1,845**	1,430	29.0
EBIT margin[3]	% (change in %pts)	**9.1**	9.4	–0.3

		1 January to 30 September 2015	1 January to 30 September 2014	Change in %
Sales volume[2, 3]	units	**1,644,810**	1,529,880	7.5
Production[5]	units	**1,708,204**	1,618,582	5.5
Revenues[3]	€ million	**61,513**	53,205	15.6
Profit before financial result (EBIT)	€ million	**5,525**	5,438	1.6
Profit before tax	€ million	**5,323**	5,323	–
EBIT margin[3]	% (change in %pts)	**9.0**	10.2	–1.2
Workforce at 30 September		**110,436**	104,489	5.7

[1] Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 70,627 units, 2015: 68,550 units).
[2] Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 203,128 units, 2015: 210,835 units).
[3] Principal performance indicators reported on during the year.
[4] Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 66,440 units, 2015: 68,651 units).
[5] Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 212,041 units, 2015: 213,574 units).

nine-month period. These figures include third-quarter and nine-month sales in the USA totalling 96,310 units (2014: 94,483 units; +1.9%) and 295,728 units (2014: 276,491 units; +7.0%) respectively.

Worldwide success for BMW brand models*

The BMW brand retained a leading position within the premium segment during the first nine months of 2015. Once again, the BMW X5, 4 Series, 5 Series and 6 Series all achieved pole positions in their relevant segments and therefore made good contributions to sales volume performance overall.

Nine-month sales of the BMW 1 Series dipped to 131,955 units (2014: 143,029 units; –7.7%), reflecting the fact that the Coupé and Convertible body variants are now reported as part of the new 2 Series. The BMW 3 Series Coupé and Convertible are also counted as part of the BMW 4 Series. Due to this shift in classification, sales of the 3 Series were 6.1% lower at 331,656 units (2014: 353,078 units). Worldwide sales of BMW 4 Series models in the first nine months of 2015 totalled 114,151 units (2014: 81,876 units; +39.4%). The BMW 5 Series sales volume figure of 258,842 units was down on the previous year (2014: 278,479 units; –7.1%).

Demand for the various models of the BMW X family remained high during the period under report. Between January and September, the BMW Group delivered a total of 381,911 units of the X models to customers (2014: 368,327 units; +3.7%). Now at the end of its product life cycle, sales of the BMW X1 during the first nine months of the year (82,258 units) were unable to match the previous year's figure (2014: 116,722 units; –29.5%). Its successor has been on sale in showrooms since the end of October. The X3 sales volume figure of 100,137 units was down on the same period last year (2014: 116,015 units; –13.7%). The BMW X4 performed extremely successfully, with 40,920 units sold between January and September (2014: 7,199 units). Sales of the BMW X5 rose by almost one fifth to 125,739 units (2014: 104,997 units; +19.8%).

Sales volume of BMW vehicles by model variant*

in units

	1 January to 30 September 2015	1 January to 30 September 2014	Change in %
BMW 1 Series	**131,955**	143,029	–7.7
BMW 2 Series	**110,066**	21,047	–
BMW 3 Series	**331,656**	353,078	–6.1
BMW 4 Series	**114,151**	81,876	39.4
BMW 5 Series	**258,842**	278,479	–7.1
BMW 6 Series	**15,201**	18,233	–16.6
BMW 7 Series	**25,187**	36,278	–30.6
BMW X1	**82,258**	116,722	–29.5
BMW X3	**100,137**	116,015	–13.7
BMW X4	**40,920**	7,199	–
BMW X5	**125,739**	104,997	19.8
BMW X6	**32,857**	23,394	40.5
BMW Z4	**6,235**	8,605	–27.5
BMW i	**20,576**	10,540	95.2
BMW total	**1,395,780**	**1,319,492**	**5.8**

* Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 203,128 units, 2015: 210,835 units).

Best sales volume figures to date for MINI

The MINI brand broke all previous sales volume records in both the third quarter (80,488 units; +6.4%; 2014: 75,633 units) and the nine-month period (246,426 units; +18.7%; 2014: 207,529 units). Sales of MINI 3- and 5-door models almost doubled to 162,791 units (2014: 83,508 units; +94.9%). Nine-month sales of the MINI Countryman totalled 59,098 units (2014: 78,599 units; –24.8%).

Sales volume of MINI vehicles by model variant
in units

	1 January to 30 September 2015	1 January to 30 September 2014	Change in %
MINI 3- and 5-door	**162,791**	83,508	94.9
MINI Convertible	**12,265**	13,603	–9.8
MINI Clubman	**641**	12,530	–94.9
MINI Countryman	**59,098**	78,599	–24.8
MINI Coupé	**2,313**	3,039	–23.9
MINI Roadster	**2,956**	4,220	–30.0
MINI Paceman	**6,362**	12,030	–47.1
MINI total	**246,426**	**207,529**	**18.7**

Rolls-Royce down on previous year

Rolls-Royce Motor Cars sold 2,604 luxury vehicles to customers worldwide between January and September (2014: 2,859 units; –8.9 %), including 1,125 units (2014: 1,071 units; +5.0 %) of the Rolls-Royce Ghost and 1,153 units (2014: 1,361 units; –15.3 %) of the Rolls-Royce Wraith.

Sales volume of Rolls-Royce vehicles by model variant
in units

	1 January to 30 September 2015	1 January to 30 September 2014	Change in %
Phantom	**326**	427	–23.7
Ghost	**1,125**	1,071	5.0
Wraith	**1,153**	1,361	–15.3
Rolls-Royce total	**2,604**	**2,859**	**–8.9**

Sixth generation of the BMW 7 Series launched

The new BMW 7 Series, which has been in the showrooms since the end of October, was unveiled to the public at the International Motor Show (IAA) in Frankfurt in September. This highly luxurious sedan sets new standards in the luxury class. Thanks to an intelligent mix of materials, which also includes carbon-fibre-reinforced plastic (CFRP), the vehicle is up to 130 kg lighter than its predecessor, making the new BMW 7 Series the lightest luxury sedan in its segment. The new BMW X1 has also been available since the end of October. Alongside best values to date in terms of dynamics and efficiency, this highly successful model also comes with numerous optional features, a combination that will surely enable the second generation of X1 to continue the model's success story. The highly efficient BMW X5 xDrive40e has been in showrooms in the USA since early October. It is the first BMW brand Sports Activity Vehicle to combine the intelligent BMW xDrive all-wheel drive system with a more advanced plug-in hybrid system, and represents a further important step in the transfer of innovative drivetrain systems from BMW i models to the BMW Group's core brand.

The new MINI Clubman, which was launched at the end of October 2015, features a wide range of high-value details, great spaciousness, high functionality and carefully selected materials. The model's unique chassis technology delivers the best driving comfort and typical "go-kart feeling" ever realised in a MINI. Rolls-Royce Motor Cars presented its new Dawn model at the IAA, a new luxury convertible, which, with the best materials available, attains new heights in terms of quality. The specially designed roof of the Dawn reduces noise in the vehicle's interior to a minimum, making it the quietest convertible in the world.

Automobile production higher

Between July and September 2015, 594,961[1] BMW, MINI and Rolls-Royce brand vehicles rolled off the BMW Group's production lines (2014: 545,883[1] units; + 9.0 %). This figure includes 513,991[1] BMW (2014: 451,651[1] units; + 13.8 %) and 80,002 MINI brand vehicles (2014: 93,397 units; – 14.3 %). The significant drop in MINI production was due to the high volumes built the previous year to mark the market launch of the new MINI 3- and 5-door models. Rolls-Royce Motor Cars manufactured 968 vehicles (2014: 835 units; + 15.9 %) during the third quarter. A total of 1,708,204[2] units of the Group's three brands were produced during the first nine months of the year (2014: 1,618,582[2] units; + 5.5 %). The figure comprises 1,453,811[2] BMW brand vehicles (2014: 1,389,522[2] units; + 4.6 %), 251,573 MINI brand vehicles (2014: 225,721 units; + 11.5 %) and 2,820 Rolls-Royce brand vehicles (2014: 3,339 units; – 15.5 %).

Revenues and earnings increased

Segment revenues rose both for the quarter and for the nine-month period, reflecting both strong sales volume performance and favourable currency factors. Third-quarter segment revenues rose to €20,970 million (2014: €18,142 million; + 15.6 %), while nine-month revenues finished at €61,513 million, 15.6 % up on the previous year (2014: €53,205 million). Alongside the contribution attributable to the increase in sales volume, earnings also benefited from the fact that some expenses for new products and technologies will not be recognised until the final quarter, due to project-related factors. Third-quarter EBIT increased to €1,912 million (2014: €1,697 million; + 12.7 %), resulting in an EBIT margin of 9.1 % (2014: 9.4 %). Pre-tax profit jumped by 29.0 % to €1,845 million (2014: €1,430 million), mainly due to the lower amount of fair value losses recognised on derivatives. The nine-month EBIT edged up to €5,525 million (2014: €5,438 million; + 1.6 %), resulting in an EBIT margin of 9.0 % (2014: 10.2 %). Profit before tax was unchanged at €5,323 million.

Automotive segment workforce strengthened

The Automotive segment employed a workforce of 110,436 people at the end of the reporting period (2014: 104,489 employees), 5.7 % more than one year earlier.

[1] Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 66,440 units, 2015: 68,651 units).
[2] Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 212,041 units, 2015: 213,574 units).

Significant rise in motorcycles sales volume

The Motorcycles segment sold 33,993 units in the third quarter and therefore significantly more than one year earlier (2014: 29,239 units; +16.3 %). For the nine-month period, BMW Motorrad recorded a sales volume of 112,411 units, an increase of 12.2 % on the previous year (2014: 100,217 units). The figures for both periods therefore attained new record levels.

In Europe, motorcycle sales figures in the first nine months of the year rose by 13.2 % to 69,081 units (2014: 61,052 units). BMW Motorrad sold 18,825 units (2014: 17,068 units; +10.3 %) in Germany. At 10,447 units, the figure for France was also well up on the previous year (2014: 9,165 units; +14.0 %). Sales of 9,935 units in Italy between January and September showed a solid growth rate of 6.3 % (2014: 9,343 units). The USA also finished the reporting period with a solid 9.6 % increase (13,362 units; 2014: 12,197 units).

Motorcycle production volume raised

A total of 32,220 motorcycles were manufactured during the third quarter (2014: 29,336 units; +9.8 %), bringing production volume for the nine-month period to 119,432 units (2014: 104,336 units; +14.5 %).

Revenues and earnings significantly up

The dynamic sales volume trend is also reflected in segment revenues, which totalled €454 million (2014: €370 million; +22.7 %) for the period from July to September 2015. Third-quarter EBIT amounted to €46 million (2014: €27 million; +70.4 %), while profit before tax came in at €45 million (2014: €26 million; +73.1 %).

Nine-month segment revenues grew significantly by 19.9 % to €1,643 million (2014: €1,370 million). EBIT soared to €273 million (2014: €146 million; +87.0 %) and profit before tax to €271 million (2014: €143 million; +89.5 %).

Solid increase in workforce

The BMW Group employed 3,079 people in the Motorcycles segment at 30 September 2015 (2014: 2,896 employees; +6.3 %).

Motorcycles

		3rd quarter 2015	3rd quarter 2014	Change in %
Sales volume*	units	**33,993**	29,239	16.3
Production	units	**32,220**	29,336	9.8
Revenues	€ million	**454**	370	22.7
Profit before financial result (EBIT)	€ million	**46**	27	70.4
Profit before tax	€ million	**45**	26	73.1

		1 January to 30 September 2015	1 January to 30 September 2014	Change in %
Sales volume*	units	**112,411**	100,217	12.2
Production	units	**119,432**	104,336	14.5
Revenues	€ million	**1,643**	1,370	19.9
Profit before financial result (EBIT)	€ million	**273**	146	87.0
Profit before tax	€ million	**271**	143	89.5
Workforce at 30 September		**3,079**	2,896	6.3

* Principal performance indicator reported on during the year.

Financial Services segment continues to perform well

The Financial Services segment again performed impressively during the third quarter 2015. A worldwide portfolio of 4,580,290 leasing and credit financing contracts was in place with retail customers and dealerships at the end of the reporting period (2014: 4,260,436 contracts). This solid performance represented a year-on-year increase of 7.5 %, measured at the relevant period ends. The segment's business volume in balance sheet terms grew to €105,051 million (31 December 2014: €96,390 million; + 9.0 %).

Solid growth in new business

Leasing and credit financing business with retail customers grew by 9.9 % in the third quarter 2015, with a total of 420,639 new contracts signed worldwide (2014: 382,786 contracts). The number of new leasing contracts grew by 13.1 %, while new credit financing grew by 8.2 %. Overall, 1,222,165 new contracts were signed with retail customers between January and September (2014: 1,111,700 contracts), a solid increase of 9.9 %. Leasing and credit financing accounted for 34.5 % and 65.5 % of new business respectively.

The proportion of new BMW Group vehicles[1] either leased or financed by the Financial Services segment at the end of the reporting period was 46.1 % (2014: 41.8 %; + 4.3 percentage points).

In the BMW and MINI brand pre-owned vehicle financing line of business, the number of new contracts signed in the nine-month period fell slightly by 2.2 % to 248,262 contracts (2014: 253,781 contracts).

The total volume of all new credit and leasing contracts concluded with retail customers up to the end of the third quarter 2015 amounted to €37,275 million (2014: €29,976 million), an increase of 24.3 %, mainly attributable to higher business volumes in the USA and China and currency factors (adjusted for exchange rate effects: + 14.4 %).

The growth of new business is also reflected in the overall size of the contract portfolio. At 30 September 2015, the Financial Services segment reported a solid increase of 7.5 % in its contract portfolio, comprising 4,227,586 contracts (2014: 3,932,451 contracts). All

Financial Services

		3rd quarter 2015	3rd quarter 2014	Change in %
New contracts with retail customers		**420,639**	382,786	9.9
Revenues	€ million	**5,621**	5,221	7.7
Profit before financial result (EBIT)	€ million	**465**	456	2.0
Profit before tax	€ million	**462**	448[2]	3.1

		1 January to 30 September 2015	1 January to 30 September 2014	Change in %
New contracts with retail customers		**1,222,165**	1,111,700	9.9
Revenues	€ million	**17,833**	15,266	16.8
Profit before financial result (EBIT)	€ million	**1,523**	1,380	10.4
Profit before tax	€ million	**1,517**	1,353[2]	12.1
Workforce at 30 September		**7,686**	7,083	8.5

		30. 9. 2015	31. 12. 2014	Change in %
Business volume in balance sheet terms[3]	€ million	**105,051**	96,390	9.0

[1] The calculation only includes automobile markets, in which the Financial Services segment is represented by a consolidated entity.
[2] Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.
[3] 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.

regions contributed to this growth. The Asia/Pacific region continued to enjoy dynamic growth and, at 18.6 %, reported the fastest growth rate within the contract portfolio. The Americas region (+8.0 %), Europe/Middle East/Africa (+7.1 %) and the EU Bank (+2.2 %) also recorded year-on-year growth.

Solid growth for fleet business
The Financial Services segment's fleet management line of business offers lease and financing arrangements as well as other services to commercial customers under the brand name "Alphabet". The total portfolio of fleet contracts at the end of the reporting period increased by 8.1 % to 580,801 contracts (2014: 537,355 contracts).

Multi-brand financing slightly down
The number of new contracts signed in the nine-month period fell slightly by 2.0 % to 123,747 contracts (2014: 126,282 contracts). With a contract portfolio of 467,580 contracts (2014: 465,445 contracts; +0.5 %), the number of contracts in place was on par with the previous year.

Dealership financing significantly up on previous year
At the end of the third quarter, the volume of dealer financing contracts managed by the Financial Services segment totalled €15,413 million (2014: €13,713 million), an increase of 12.4 %.

Increase in deposit volumes
Deposit-taking represents an important source of refinancing for the BMW Group. Banking deposits worldwide at the end of the third quarter 2015 totalled €13,142 million and rose therefore by 5.3 % compared to the previous year (2014: €12,483 million).

Further growth in insurance business
Demand for our range of attractive insurance products remains constantly high. Between January and September, a total of 890,413 new contracts were signed in the insurance line of business, 13.5 % more than one year earlier (2014: 784,315 contracts), mostly driven by market growth in Japan, the USA and Spain. At the end of the third quarter, a total of 3,126,502 contracts was being managed by the Financial Services segment in this line of business (2014: 2,802,952 contracts), 11.5 % more than one year earlier.

Rise in revenues and earnings
Brisk demand for the Financial Services segment's financial products also had a positive impact on revenues and earnings. Third-quarter segment revenues increased by 7.7 % to €5,621 million (2014: €5,221 million). Third-quarter segment profit before tax totalled €462 million, slightly up on the previous year (2014: €448* million; +3.1 %).

Revenues for the nine-month period from January to September grew by 16.8 % to €17,833 million (2014: €15,266 million). Profit before tax increased by 12.1 % from €1,353* million to €1,517 million.

Workforce up on previous year
The Financial Services segment employed 7,686 people (2014: 7,083 people) worldwide at 30 September 2015, 8.5 % more than one year earlier.

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Earnings performance*

The BMW Group increased sales of BMW, MINI and Rolls-Royce brand vehicles in the first three quarters of 2015 by 7.5% to 1,644,810 units. This figure includes 210,835 units (2014: 203,128 units) manufactured by the joint venture BMW Brilliance Automotive Ltd., Shenyang.

At 30 September 2015, the BMW Group's workforce comprised 121,316 employees (2014: 114,587 employees). More than 1,500 apprentices – including some 1,200 in Germany – began their careers with the BMW Group at the start of the new training year.

The BMW Group generated a net profit of €4,844 million for the nine-month period, an increase of €309 million compared to the previous year. The post-tax return on sales was 7.2% (2014: 7.9%). Earnings per share of common and preferred stock were €7.35 (2014: €6.88) and €7.36 (2014: €6.89) respectively.

Earnings performance for the third quarter 2015

Third-quarter Group revenues rose by 14.0% to €22,345 million. Adjusted for exchange rate factors, the increase was 7.7%, mainly reflecting sales volume growth.

Revenues from the sale of BMW, MINI and Rolls-Royce brand vehicles were significantly higher (15.9%) than one year earlier. Adjusted for exchange rate factors, the increase was 9.9%, mainly reflecting sales volume growth. External revenues from Motorcycles business climbed significantly (22.5%) compared to the previous year, here too, mainly on the back of a significant rise (16.3%) in sales volume. Financial Services operations generated a 7.8% increase in external revenues. Adjusted for exchange rate factors, revenues of the Motorcycles and Financial Services segments rose by 20.5% and 0.6% respectively.

Group cost of sales were 15.8% higher than in the previous year and comprised mainly manufacturing costs (2015: €10,327 million; 2014: €9,063 million), cost of sales attributable to financial services (2015: €4,541 million; 2014: €4,160 million) and research and development expenses (2015: €1,199 million; 2014: €1,014 million).

Gross profit amounted to €4,446 million, 7.2% up on the previous year, resulting in a gross profit margin of 19.9% (2014: 21.2%).

Third-quarter research and development expenses increased by 18.2%. As a percentage of the significantly higher revenues figure, the research and development ratio rose by 0.2 percentage points to 5.4%. Research and development expenses include amortisation of capitalised development costs amounting to €335 million (2014: €270 million). Total research and development expenditure – comprising research costs, non-capitalised development costs and capitalised development costs (excluding systematic amortisation thereon) – amounted to €1,588 million in the third quarter (2014: €1,156 million). The research and development expenditure ratio was therefore 7.1% (2014: 5.9%). The proportion of development costs recognised as assets during the three-month period was 45.6% (2014: 35.6%).

Compared to the previous year, selling and administrative expenses rose by €197 million to €2,084 million.

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Revenues by segment in the third quarter

in € million

	External revenues		Inter-segment revenues		Total revenues	
	2015	2014	**2015**	2014	**2015**	2014
Automotive	**16,675**	14,389	**4,295**	3,753	**20,970**	18,142
Motorcycles	**452**	369	**2**	1	**454**	370
Financial Services	**5,217**	4,841	**404**	380	**5,621**	5,221
Other Entities	**1**	1	**–**	1	**1**	2
Eliminations	**–**	–	**–4,701**	–4,135	**–4,701**	–4,135
Group	**22,345**	**19,600**	**–**	**–**	**22,345**	**19,600**

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

in € million

	External revenues		Inter-segment revenues		Total revenues	
	2015	2014	**2015**	2014	**2015**	2014
Automotive	**48,874**	42,253	**12,639**	10,952	**61,513**	53,205
Motorcycles	**1,637**	1,363	**6**	7	**1,643**	1,370
Financial Services	**16,684**	14,122	**1,149**	1,144	**17,833**	15,266
Other Entities	**2**	2	**2**	3	**4**	5
Eliminations	**–**	–	**–13,796**	–12,106	**–13,796**	–12,106
Group	**67,197**	**57,740**	**–**	**–**	**67,197**	**57,740**

Administrative expenses went up as a result of various factors, including the larger workforce size and higher IT expenditure.

Depreciation and amortisation on property, plant and equipment and intangible assets recorded in cost of sales and in selling and administrative expenses totalled €1,241 million (2014: €1,107 million).

Other operating income and expenses deteriorated by €5 million to give a net negative amount of €8 million for the quarter.

Profit before financial result (EBIT) finished at €2,354 million (2014: €2,256 million).

The third-quarter financial result came in at a net negative amount of €91 million, an improvement of €159 million on the previous year. Other financial result in the third quarter 2015 was a negative amount of €97 million, mostly arising in connection with the fair value measurement of currency, interest rate and commodity derivatives. Compared to the third quarter 2014, other financial result improved by €257 million, mainly reflecting the lower negative impact of currency derivatives. In addition, the previous year's result from investments included write-downs on available-for-sale investments, mainly relating to the investment in SGL Carbon SE, Wiesbaden. The third-quarter result from equity accounted investments, comprising the Group's share of the results of the joint ventures BMW Brilliance Automotive Ltd., Shenyang, DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich, fell by €32 million to €138 million. Most of the decline was due to the lower contribution from BMW Brilliance Automotive Ltd., Shenyang, primarily reflecting the increasing normalisation of the Chinese market as well as the impact of expenditure for projects for new vehicle models.

Profit before tax improved by €257 million to €2,263 million, giving a pre-tax return on sales of 10.1% (2014: 10.2%).

Profit before tax by segment

in € million

	3rd quarter 2015	3rd quarter 2014*	**1 January to 30 September 2015**	1 January to 30 September 2014*
Automotive	**1,845**	1,430	**5,323**	5,323
Motorcycles	**45**	26	**271**	143
Financial Services	**462**	448	**1,517**	1,353
Other Entities	**5**	63	**126**	145
Eliminations	**–94**	39	**–123**	–145
Profit before tax	**2,263**	**2,006**	**7,114**	**6,819**
Income taxes	**–684**	–696	**–2,270**	**–2,284**
Net profit	**1,579**	**1,310**	**4,844**	**4,535**

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Income tax expense amounted to €684 million (2014: €696 million), with the effective tax rate decreasing to 30.2 % (2014: 34.7 %).

The BMW Group posts a third-quarter net profit of €1,579 million, up €269 million compared to the previous year. Third-quarter earnings per share amounted to €2.39 (2014: €1.98) for common stock and €2.39 (2014: €1.98) for preferred stock.

Earnings performance in the first nine months of 2015

Nine-month Group revenues rose by 16.4 % to €67,197 million. Adjusted for exchange rate factors, the increase was 8.0 %, mainly reflecting higher sales volumes and the growth of Financial Services business.

External revenues developed positively in all segments compared to the previous year. Revenues from the sale of BMW, MINI and Rolls-Royce brand vehicles were significantly higher (15.7 %) than one year earlier. Adjusted for exchange rate factors, the increase was 7.6 %. The currency impact was mainly attributable to the change in the average exchange rates of the US dollar, the Chinese renminbi and the British pound against the euro. Nine-month external revenues of the Motorcycles and Financial Services segments grew by 20.1 % and 18.1 % respectively. Adjusted for exchange rate factors, revenues of the Motorcycles and Financial Services segments rose by 16.0 % and 8.4 % respectively.

Cost of sales for the nine-month period went up 18.8 % and comprised mainly manufacturing costs (2015: €31,284 million; 2014: €26,425 million), cost of sales attributable to financial services (2015: €14,633 million; 2014: €12,181 million) and research and development expenses (2015: €3,221 million; 2014: €2,993 million).

Gross profit amounted to €13,405 million, 7.5 % up on the previous year, resulting in a gross profit margin of 19.9 % (2014: 21.6 %).

Research and development expenses for the nine-month period increased to €3,221 million (2014: €2,993 million). As a percentage of the significantly higher revenues figure, the research and development ratio fell by 0.4 percentage points to 4.8 %. Research and development expenses include amortisation of capitalised development costs amounting to €851 million (2014: €809 million). Total research and development expenditure – comprising research costs, non-capitalised development costs and capitalised development costs (excluding systematic amortisation thereon) – amounted to €3,686 million for the nine-month period (2014: €3,198 million). The research and development expenditure ratio was therefore 5.5 % (2014: 5.5 %). The proportion of development costs recognised as assets was 35.7 % (2014: 31.7 %).

Nine-month selling and administrative expenses increased by €602 million to €6,135 million compared to the previous year. Overall, selling and administrative expenses were equivalent to 9.1 % (2014: 9.6 %) of revenues. Administrative expenses went up as a result of various factors, including the larger workforce size and higher IT expenditure.

Depreciation and amortisation on property, plant and equipment and intangible assets recorded in cost of sales and in selling and administrative expenses totalled €3,475 million (2014: €3,083 million).

Other operating income and expenses improved by €119 million to give a net positive amount of €130 million for the nine-month period, mainly thanks to gains on the disposal of assets and income arising on the reversal of provisions.

At €7,400 million, the Group's nine-month profit before financial result (EBIT) was 6.5 % up on the previous year.

The financial result was a net negative amount of €286 million, a deterioration of €156 million compared to the first three quarters of the previous year. The result from equity accounted investments, which includes the Group's share of the results of the joint ventures BMW Brilliance Automotive Ltd., Shenyang, DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich, fell by €175 million to €421 million. The decline was mainly attributable to a lower contribution from BMW Brilliance Automotive Ltd., Shenyang, primarily reflecting the increasing normalisation of the Chinese market as well as the impact of expenditure for projects for new vehicle models. Net interest expense went up by €85 million, partly as a result of a higher net interest expense for defined benefit pension plans. Other financial result, which improved by €104 million to a net expense of €423 million for the nine-month period, includes the negative impact of currency, interest rate and commodity derivatives. The improvement was mainly attributable to the fact that the previous year's figure included write-downs on available-for-sale investments, mainly relating to the investment in SGL Carbon SE, Wiesbaden.

Profit before tax increased to €7,114 million (2014: €6,819 million), giving a pre-tax return on sales of 10.6 % (2014: 11.8 %).

Income tax expense for the nine-month period totalled €2,270 million (2014: €2,284 million), corresponding to an effective tax rate of 31.9 % (2014: 33.5 %).

Earnings performance by segment

Revenues of the Automotive segment increased both in the third quarter (15.6 %) and in the first three quarters of 2015 (15.6 %). The nine-month gross profit margin came in at 17.3 % (2014: 19.1 %). At €5,323 million, profit before tax for the nine-month period was similar to the previous year, helped by the fact that the third-quarter result was €415 million up on the previous year (2014: €1,430 million). The sales volume trend had a positive impact on segment revenues and earnings in both the third-quarter and nine-month periods under report.

Motorcycles segment revenues developed very positively in both the third quarter (22.7 %) and nine-month period (19.9 %). The third-quarter segment profit before tax was significantly higher at €45 million (2014: €26 million), while the corresponding nine-month figure rose by €128 million to €271 million. The nine-month segment gross profit margin improved to 27.3 % (2014: 21.1 %).

Third-quarter revenues of the Financial Services segment grew by 7.7 % to €5,621 million, whereas the gross profit margin fell by 0.3 percentage points to 13.8 %. Segment profit before tax of €462 million was up on one year earlier (2014: €448 million). Nine-month revenues grew by 16.8 % to €17,833 million. Segment profit before tax for the nine-month period improved by €164 million to €1,517 million.

Profit before tax of the Other Entities segment deteriorated by €58 million to €5 million for the third quarter and by €19 million to €126 million for the nine-month period.

Inter-segment eliminations during the nine-month period up to the level of profit before tax gave rise to a net expense of €123 million (2014: net expense of €145 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 nine-month periods of 2015 and 2014, 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 cash inflow from operating activities for the first nine months of the year fell by €1,434 million to €1,321 million. This decrease came about as result of the €2,268 million higher increase of leased products and receivables from sales financing and changes in provisions, the impact of which was only partially offset by the lower increase in working capital.

The cash outflow for investing activities amounted to €4,751 million (2014: €3,269 million) and was thus 45.3 % higher than in the previous year. The impact of increased net investments in marketable securities and term deposits (cash outflow of €1,683 million) was partially offset by lower investments in property, plant and equipment and intangible assets (reduced cash outflow of €340 million).

Cash inflow from financing activities totalled €1,458 million (2014: €917 million). Proceeds from the issue of bonds brought in €9,714 million (2014: €9,711 million), compared with an outflow of €7,027 million (2014: €5,982 million) for the repayment of bonds. The change in other financial liabilities and commercial paper gave rise to a cash inflow of €688 million (2014: cash outflow of €1,098 million). The payment of dividends resulted in a cash outflow of €1,917 million (2014: €1,714 million).

Cash outflows for investing activities exceeded cash inflows from operating activities in the first nine months of 2015 by €3,430 million, similar to the situation one year earlier when the shortfall had amounted to €514 million.

After adjustment for the effects of exchange-rate fluctuations and changes in the composition of the BMW Group for a positive amount of €67 million (2014: €90 million), the various cash flows resulted in a decrease in cash and cash equivalents of €1,905 million (2014: increase of €493 million).

The cash inflow from operating activities of the Automotive segment exceeded the cash outflow for investing activities by €2,457 million (2014: €1,409 million). Adjusted for net investments in marketable securities and term deposits amounting to €919 million (2014:

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negative amount of €599 million), mainly in conjunction with strategic liquidity planning, the excess amount was €3,376 million (2014: €810 million).

Free cash flow of the Automotive segment was as follows:

in € million	2015	2014*
Cash inflow from operating activities	**7,084**	4,648
Cash outflow from investing activities	**–4,627**	–3,239
Net investment in marketable securities and term deposits	**919**	–599
Free cash flow Automotive segment	**3,376**	**810**

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Cash outflows from operating activities of the Financial Services segment were driven primarily by the increase in leased products and receivables from sales financing and totalled €4,873 million (2014: cash outflow of €1,707 million). Cash outflows for investing activities totalled €237 million (2014: €93 million).

Net financial assets of the Automotive segment comprise the following:

in € million	30.9.2015	31.12.2014
Cash and cash equivalents	**3,878**	5,752
Marketable securities and investment funds	**4,279**	3,366
Intragroup net financial assets	**10,016**	8,583
Financial assets	**18,173**	**17,701**
Less: external financial liabilities*	**–3,401**	–3,478
Net financial assets Automotive segment	**14,772**	**14,223**

* Excluding derivative financial instruments.

Refinancing

The BMW Group uses a broadly diversified and flexible range of funding sources to finance its operating activities. Almost all of the funds raised are used to finance the BMW Group's Financial Services business. Further details regarding the principles and objectives of financial management are contained in the Group Financial Statements at 31 December 2014.

During the period from January to September 2015, BMW Group entities issued euro-benchmark bonds with a volume of €5.5 billion, bonds denominated in various foreign currencies (Australian dollar, British pound and Korean won) with a total volume of approximately €900 million as well as private placements in various currencies with a total volume €3.37 billion. The issue of promissory notes in various currencies raised approximately €350 million. In addition, seven ABS transactions with a total volume of €3.7 billion were executed in the USA, France, Germany, Canada, China and Japan. The regular issue of commercial paper on the one hand and deposit-taking by the Group's banking subsidiaries on the other are also used to refinance the BMW Group.

Net assets

The Group balance sheet total increased by €11,466 million (7.4 %) compared to the end of the previous financial year to stand at €166,269 million at 30 September 2015. Adjusted for exchange rate factors, the balance sheet total increased by 4.9 %. The currency impact was mainly attributable to the appreciation in the value of a number of currencies against the euro, most notably the US dollar, the British pound and the Chinese renminbi.

The increase in non-current assets on the assets side of the balance sheet related primarily to receivables from sales financing (10.4 %) and leased products (10.3 %).

Within current assets, increases were registered in particular for inventories (19.8 %), financial assets (24.4 %) and receivables from sales financing (5.5 %). By contrast, cash and cash equivalents decreased by 24.8 %.

Non-current receivables from sales financing accounted for 24.8 % (2014: 24.2 %) of total assets, current receivables from sales financing for 15.0 % (2014: 15.2 %). Adjusted for exchange rate factors, non-current receivables from sales financing went up by 7.6 %, current receivables from sales financing by 2.3 %. At the end of the reporting period, leased products accounted for 20.0 % of total assets, similar to their level at the end of 2014 (19.5 %). Adjusted for exchange rate factors, leased products went up by 6.5 %. The growth in business reported by the Financial Services segment is reflected in the increase in non-current receivables from sales financing and in the higher level of leased products.

Inventories increased by €2,199 million to €13,288 million during the nine-month period, as a result of which they accounted for 8.0 % (2014: 7.2 %) of total assets. Adjusted for exchange rate factors, they were 17.6 % higher, with most of the increase relating to finished goods, including the impact of stocking up in connection with the introduction of new models and the general increase in business volumes.

Current financial assets went up by €1,314 million compared to 31 December 2014 to stand at €6,698 million and accounted for 4.0 % (2014: 3.5 %) of total assets. Adjusted for exchange rate factors, financial assets increased by 22.7 %, mainly as a result of the purchase of fixed-income securities for strategic liquidity purposes.

Cash and cash equivalents went down by €1,905 million to €5,783 million. Changes in cash and cash equivalents are described in the section "Financial position".

On the equity and liabilities side of the balance sheet, increases were recorded for non-current and current financial liabilities (9.1 % and 6.9 % respectively), trade payables (20.2 %) and current other liabilities (11.0 %). Group equity increased by 9.6 %, whereas pension provisions decreased by 29.0 %.

Non-current and current financial liabilities increased from €80,649 to €87,141 million during the nine-month period. Adjusted for currency factors, the increase was 5.6 %. Changes in currency derivatives and the issue of new bonds were the main factors driving the increase in non-current and current financial liabilities.

Trade payables went up by €1,560 million to €9,269 million. Adjusted for currency factors, the increase was 19.1 %, mainly reflecting higher production volumes. Trade payables accounted for 5.6 % of the balance sheet total at the end of the reporting period (2014: 5.0 %).

Current other liabilities went up by €854 million to €8,629 million due in particular to higher deposits received and higher other taxes as well as the impact on deferred income of greater volumes of service contracts, Connected Drive offers and leasing business.

Group equity rose by €3,580 million to €41,017 million, increased primarily by the profit attributable to shareholders of BMW AG (€4,827 million). The dividend paid by BMW AG reduced equity by €1,904 million. Equity increased as a result of the positive impact arising on the currency translation of foreign subsidiaries' financial statements (€622 million) and on remeasurements of the net defined benefit liability for pension plans (€1,236 million), the latter attributable primarily to the higher discount rates applied in Germany, the UK and the USA. In addition, deferred taxes on items recognised directly in equity increased equity by €94 million. Group equity was reduced by net fair value losses on derivative financial instruments (€1,100 million) and on marketable securities (€162 million). Other items decreased equity by €33 million.

Pension provisions decreased from €4,604 million to €3,271 million during the nine-month period, mainly as a result of the higher discount factors used in Germany, the UK and the USA.

The Group equity ratio at the end of the reporting period was 24.7 % (31 December 2014: 24.2 %). The equity ratio of the Automotive segment was 37.7 % (31 December 2014: 39.2 %) and that of the Financial Services segment was 8.4 % (31 December 2014: 8.8 %).

Overall, the results of operations, financial position and net assets of the BMW Group developed positively during the third quarter and nine-month periods under report.

Related party relationships

Further information on transactions with related parties can be found in note 30 to the Interim Group Financial Statements.

Events after the end of the reporting period

No events have occurred after the balance sheet date which could have a major impact on the earnings performance, financial position or net assets of the BMW Group.

The report on outlook, risks and opportunities describes the expected development of the BMW Group, together with associated material risks and opportunities, from the perspective of Group management.

The report on outlook, risks and opportunities contains forward-looking assertions based on the BMW Group's expectations and assessments, which are, by their very nature, subject to uncertainty. As a result, actual outcomes, including those attributable to political and economic developments, could differ substantially – either positively or negatively – from the expectations described below.

Further information is also available in the section "Report on risks and opportunities" on page 70 et seq. of the Annual Report 2014. Further information on the assumptions used in the BMW Group's outlook can be found in the "Outlook" section on pages 65 et seq. of the Annual Report 2014.

Global economy negatively impacted by decline in raw materials prices

The pace of economic growth continued to slow down during the third quarter and a growth rate of only 3.1% is therefore now being predicted for the global economy for 2015. One of key reasons is the difficult circumstances faced by many countries that export raw materials, such as Russia, Brazil and South Africa and, to a lesser extent, Canada and Australia.

Most economic indicators in the USA point to robust growth, thus increasing the likelihood that the US Reserve Bank will increase reference interest rates. Any further capital outflows could therefore exacerbate the difficult situation facing the emerging economies.

Turbulence on China's stock markets was a source of much concern regarding the stability of the country's economy. The slower pace of growth and the overheated Chinese property market pose major risks to the global economy.

Conflicts in the Middle East are another potential source of risk. Despite the politically unstable position in a number of Arab countries, oil production still appears to be secure for the time being.

Within the European Union, the overriding topic is the influx of refugees from regions of conflict. The large number of refugees fleeing from Syria and other countries within a very short space of time could push the EU to its limits and thus jeopardise its stability. By contrast, the situation in Greece is currently stable. Parliamentary elections reaffirmed the ruling government and consequently did not result in renewed negotiations for the third rescue package.

After the previous year's growth rate of 0.9% in the EU, the forecast for the full current year points towards a slight acceleration (+1.5%). The apparent stabilisation of oil prices at 60 to 70 US dollars per barrel in spring 2015 was followed in the summer by a further downward price correction to a range between 40 and 50 US dollars per barrel. The decline in the price of crude oil continues to place pressure on the ECB, given the perceived expectation that inflation rates will continue to drop. Under these circumstances, it is likely that any appreciation of the euro against the US dollar will be limited and continue to benefit exports from the eurozone for the time being.

At 1.7%, the forecast gross domestic product (GDP) for Germany is slightly higher than for the eurozone as a whole. Economic performance in Germany is being fuelled by growing exports to the USA and France and currently compensating for lower export levels to emerging markets. The combination of rising nominal pay and lower inflation rates is also driving GDP growth by encouraging consumer spending.

The UK economy remains in good shape and is expected to record a 2.6% increase in GDP in 2015. Consumer spending, which accounts for a significant proportion of economic output in the UK, will continue to grow in the current year, thus softening the negative impact of increasingly difficult competitive conditions confronting the export sector due to the appreciation of the British pound. Uncertainty regarding the outcome of the planned "in-out" referendum on the EU remains a risk for the UK economy.

The situation in the USA is similar to that of the UK. The economy is forecast to grow by 2.5% over the full year. Consumer spending, traditionally high in the USA, is also likely to see robust growth in the current year. At the same time, with an unemployment rate of 5.1%, the US job market is not far away from the realms of full employment. Taken on their own, these indicators would normally allow the Fed to reverse its current crisis policies. However, with inflation rate still at a low level, the Fed has room to manoeuvre by supporting the real economy through quantitative easing, whilst also endeavouring to achieve the target inflation rate. Continuing the current monetary policies in the long run carries the risk of excessive prices on credit and financial markets.

Governmental economic reforms in Japan have not resulted in the desired growth, with the consequence that at an estimated 0.8%, Japan's GDP will barely grow compared to the previous year. Fiscal and monetary measures were aimed at promoting economic growth and therefore increasing tax revenue. Consumer spending was also supposed to benefit from the measures taken, with the hope of eliminating deflation. The current macroeconomic situation in Japan could well trigger further expansive quantitative easing measures.

The Chinese economy continued to cool down during the summer months, resulting in the growth forecast for 2015 being revised downwards to 6.8 %. Severe corrections on stock markets forced the government to implement countermeasures, which, however, only temporarily helped to calm market players. The uncertainty felt on markets reflects the concern that China's economic slowdown could be more pronounced than originally thought.

In other major emerging economies, only India, at 7.5 %, is currently reporting strong growth. Russia and Brazil, both raw materials exporters, are expected to record negative growth rates in 2015. The Russian economy is suffering from a massive drop in oil prices, the impact of international sanctions and a palpable depreciation of the rouble. For these reasons, economic output is forecast to fall by 3.7 % in Russia in 2015. The situation is similar in Brazil. Falling commodity prices and allegations of corruption make a rapid turnaround in Brazil unlikely. Here, too, GDP is forecast to contract by 2.4 %.

Automobile markets in 2015

The BMW Group expects the world's automobile markets to grow overall by 2.1 % in 2015. The forecast takes account of the fact that strong registration figures in Europe and the USA will only partially offset the impact of the economic slowdown in China.

More favourable economic conditions in Europe are also helping European car markets to pick up. Sales in this region are therefore expected to grow by 7.3 % to 14.0 million units over the full year. New registrations in Germany are forecast to increase by 3.7 % to 3.2 million units. The market in Great Britain is expected to see an even faster growth rate (2.6 million units; + 5.2 %). An encouraging level of growth is also predicted for France, with registrations up by 6.7 % to 1.9 million units. Registration figures in Italy are set to increase by as much as 14.5 % to 1.6 million units. The fastest-growing market in Europe is Spain, where registrations are expected to rise by 18.9 % (1.0 million units) year-on-year.

The automobile market in the USA is also currently benefiting from positive consumer sentiment. For 2015 as a whole, registrations are forecast to rise by approximately 4.7 % to 17.3 million units.

By contrast, the pace of growth in China continues to lose momentum. On the Chinese automobile market, the trend is likely to translate to 7.3 % growth and 20.3 million new registrations in 2015.

The market in Japan is bearing the brunt of a weak performing economy and is expected to contract to 5.1 million units (– 5.9 %).

The precarious situation in Brazil is also likely to be reflected in the number of new registrations, which are expected to drop by 18.8 % to 2.7 million units in 2015. The picture is similar for Russia, where recession will most likely bring down new registrations to approximately 1.5 million units, a slump of more than one third compared to the previous year (– 37.3 %).

Motorcycle markets in 2015

Taken as a whole, the markets for 500 cc plus motorcycles are recovering in 2015. Registrations are expected to rise in Europe, including the major motorcycle markets in Germany, Spain and Italy. The positive trend is also likely to continue in the USA.

Financial Services sector in 2015

In order to boost global demand, with the exception of the USA, central banks in industrial countries are expected to stick with their expansionary monetary policies for the time being. The bond-buying policy currently in place in the eurozone will, in all probability, be continued. The USA is likely to see an interest rate rise in the near future, with economic fundamentals and the situation in emerging economies the two factors determining the timing of the increase. Once these factors are deemed to be sufficiently robust, the reference interest rate is likely to be increased in stages. Interest rate levels are expected to rise in the UK over the course of the coming year.

Residual value levels on international used car markets are expected to remain stable through to the end of the year. Europe and the Americas are likely to see fluctuations of residual values within the normal range.

Expected impact on the BMW Group in 2015

Future developments on international automobile markets also have a direct effect on the BMW Group. After the uncertainties that have dominated markets in recent years, we now expect Europe to build on its recovery. North America is likely to see a continuation of the positive trend in 2015. In China, however, the pace of growth is expected to be less dynamic than in recent years. The situation on the Russian automobile market is expected to remain tense over the forecast period.

Outlook for the BMW Group in 2015

The BMW Group in 2015

Profit before tax: solid growth expected

The BMW Group is well positioned to remain steadily on course in 2015 and is aiming to achieve a solid rise in

Group profit before tax year on year (2014: €8,707 million). Growing competition on car markets, rising personnel costs and a continued high level of upfront expenditure to safeguard the BMW Group's future viability will, however, hold down the scale of the increase during the forecast period. There is growing uncertainty as to how China's economy will perform in the future. If Chinese market conditions become more challenging, we cannot rule out a possible effect on our outlook. A number of risks will also have to be faced, including the precarious state of the Russian market, macroeconomic uncertainties in Europe and increasingly intense competition in the USA. We expect our attractive model range to generate positive momentum, which will help us achieve our target of balanced growth on all major markets.

Workforce at year-end: solid increase expected

The BMW Group will continue to recruit staff in 2015 and, based on our latest forecasts, we expect a solid increase in the size of the workforce (2014: 116,324 employees), driven by automobile and motorcycle sales growth and the advancement of new technologies, including the ever-increasing scale of digitalisation. In this context, the BMW Group continues to recruit engineers and skilled experts.

Automotive segment in 2015

Deliveries to customers: solid increase expected

We expect the pace of growth in the Automotive segment to remain high in 2015. Assuming economic conditions continue to be stable, we predict a solid rise in deliveries to customers (2014: 2,117,965 units) to a new high level, which is highly likely to enable the BMW Group to maintain its position as the world's best-selling premium car manufacturer in 2015.

Favourable market conditions, particularly in North America and Europe, should have a positive impact on automobile sales volumes. Growth rates in China are expected to continue normalising.

The new-generation BMW 7 Series was presented worldwide during the summer and has been on display in showrooms since end of October. This attractive, luxurious sedan sets new standards in the luxury class, especially due to the connectivity established between driver, vehicle and environment. Thanks to an intelligent mix of materials, including CFRP structures, the new model is therefore extremely light for a luxury sedan.

The body design of the new BMW X1, which went on sale in October, is typical for the BMW X family. Alongside best values to date for dynamics and efficiency, this highly successful model also comes with numerous optional features, thus ensuring an outstanding competitive position for the second generation of the X1 in its segment.

The highly efficient BMW X5 xDrive40e has been launched initially in the USA, where it has been available since the beginning of October. It is the first BMW brand Sports Activity Vehicle to combine the intelligent BMW xDrive all-wheel drive system with a more advanced plug-in hybrid system.

New momentum is also driving MINI brand sales in 2015. The youthfulness of its model range is a key factor in this respect. The new MINI Clubman, which came onto the market at the end of October 2015, features a wide range of high-value details, ample spaciousness and high functionality. The model's sophisticated chassis technology delivers the best driving comfort, while also providing the "go-kart feeling" typical for the brand.

Carbon fleet emissions*: slight decrease expected

We will continue to work hard this year to reduce carbon emissions across the entire fleet. Overall, we expect fleet emissions to decrease slightly in 2015 (2014: 130 g CO_2/km).

Revenues: significant increase expected

The generally positive trend in business predicted for the BMW Group is also forecast to have a positive impact on Automotive segment revenues. We expect significant revenue growth over the forecast period as a result of changes in exchange rates (2014: €75,173 million). In the Annual Report 2014 a "solid rise" in revenue was predicted.

EBIT margin in target range between 8 and 10 % expected

The Automotive segment continues to target an EBIT margin within a range of 8 and 10 % (2014: 9.6 %). If conditions on the world's markets become more challenging, we cannot rule out a possible effect on our outlook.

We expect to see a moderate drop in segment RoCE (2014: 61.7 %). However, the long-term target RoCE of at least 26 % for the Automotive segment will be clearly surpassed.

Motorcycles segment in 2015

Deliveries to customers: solid increase expected

We expect the upward trend for the Motorcycles segment to continue, helped by a positive contribution from our new models – R 1200 R, R 1200 RS, S 1000 RR, S 1000 XR and F 800 R. Within a positive market environment, we forecast solid growth in BMW motorcycle sales over the forecast period (2014: 123,495 units).

* EU-28.

Return on Capital Employed (RoCE): slight increase expected
We expect the impetus provided by good sales volumes to result in a slight increase in segment RoCE (2014: 21.8 %). In the Annual Report 2014, we predicted RoCE will be on a par with the previous year.

Financial Services segment in 2015
Return on Equity (RoE) expected at previous year's level
Based on our assessment, the Financial Services segment will continue to perform well in 2015. Despite rising equity capital requirements worldwide, we forecast RoE in line with last year's level (2014: 19.4 %), thus remaining ahead of our target of at least 18 %.

Overall assessment by Group management for the full year 2015
We forecast a continuation of the upward trend in 2015 and "solid" growth in most reported figures. Despite the aforementioned challenges, Group profit before tax is forecast to rise solidly, reflecting the anticipated solid growth in sales volume and revenues. Automotive segment revenues, however, are expected to rise significantly on the back of favourable currency factors. At the same time, we foresee a slight decrease in carbon emissions[1] from our fleet of vehicles. We aim to achieve profitable growth through a solid increase in the size of the workforce across the Group. The Automotive segment's EBIT margin is set to remain within the target range of between 8 and 10 %. Based on the planned level of capital expenditure, we expect a moderate decrease in the Automotive segment's RoCE. The Financial Services segment's RoE should remain in line with last year's level. Nevertheless, both performance indicators will be higher than their long-term targets of 26 % and 18 % respectively. For the Motorcycles segment, we forecast a solid rise in sales volume and a slight increase in RoCE. Depending on the political and economic situation, actual business performance could differ from current expectations.

Risk and opportunity report
As a globally operating enterprise, the BMW Group is constantly confronted with a broad range of risks, but also with numerous opportunities. Making full use of the opportunities that present themselves is the basis for the Group's success. Risks are also taken consciously in order to achieve growth, profitability, greater efficiency and sustainable levels of future business. There have been no material changes to the overall risk profile compared to that described in the Group Management Report 2014. Further information on risks and opportunities, and on the methods employed to manage them, can also be found in the "Report on risks and opportunities" section on pages 70 et seq. of the Annual Report 2014.

Principal performance indicators

		2014	2015 Outlook
BMW Group			
Workforce at end of year		**116,324**	solid increase
Profit before tax	€ million	**8,707**	solid increase
Automotive segment			
Sales volume[2]	units	**2,117,965**	solid increase
Fleet emissions[1]	g CO_2/km	**130**	slight decrease
Revenues	€ million	**75,173**	significant increase
EBIT margin	%	**9.6**	unchanged between 8 and 10
Return on Capital Employed	%	**61.7**	moderate decrease
Motorcycles segment			
Sales volume	units	**123,495**	solid increase
Return on Capital Employed	%	**21.8**	slight increase
Financial Services segment			
Return on Equity	%	**19.4**	in line with last year's level

[1] EU-28.
[2] Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 275,891 units).

BMW stock and capital markets in third quarter 2015
The phase of high volatility and ongoing uncertainty on capital markets continued during the third quarter 2015. Key economic indicators in China have moved in a downward direction in recent months, causing the Chinese Shanghai Composite Index to lose significant ground over the past weeks. The slump in stock market prices and uncertainty regarding the impact on international markets made for a subdued mood on stock markets.

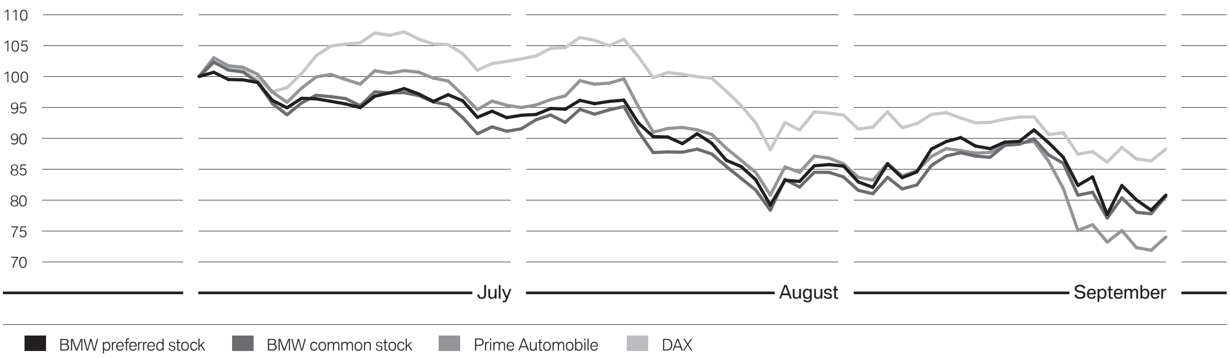
Within the automotive sector, the current debate about diesel engines initially put investors in a very sceptical frame of mind with respect to the whole industry, temporarily resulting in substantial losses in value for automobile shares. The situation calmed down perceptibly at the beginning of October, causing prices to recover.

As a result of prevailing uncertainties, the German stock index, the DAX, finished the third quarter at 9,660 points, a loss of 11.7 % compared to the end of June. The index nevertheless remains at a high level and, at 30 September 2015, was only 1.5 % below the level seen at the end of 2014. By contrast, the Prime Automobile Performance Index recorded a loss of 26.0 % in the third quarter, finishing at 1,304 points, 12.5 % down on its value at the end of 2014.

BMW stock was unable to escape the consequences of the negative trend on stock markets during the third quarter. On 30 September 2015, BMW common stock closed at €79.22, 19.3 % down compared to the end of the second quarter. As a result, BMW common stock lost 11.8 % in value compared to its closing price at the end of 2014, partly reflecting investor scepticism towards the entire automobile sector in the wake of the debate concerning the manipulation of diesel engines by competitors. During the early part of October, BMW stock recovered palpably from the losses incurred during the third quarter.

BMW preferred stock also lost significant ground in the quarter under report, finishing at €61.33 and hence 19.2 % down on its closing price at 30 June 2015. Compared to its price at the end of the final day of trading in 2014, BMW preferred stock was therefore down by 9.6%.

Development of BMW stock compared to stock exchange indices
(Index: 30.6.2015 = 100)



Income Statements for Group and Segments for the period from 1 July to 30 September 2015
Statement of Comprehensive Income for Group for the period from 1 July to 30 September 2015

Income Statement for Group and Segments for the third quarter

in € million

	Note	Group 2015	Group 2014*	Automotive 2015	Automotive 2014
Revenues	5	**22,345**	19,600	**20,970**	18,142
Cost of sales	6	**–17,899**	–15,454	**–17,340**	–14,841
Gross profit		**4,446**	**4,146**	**3,630**	**3,301**
Selling and administrative expenses	7	**–2,084**	–1,887	**–1,725**	–1,579
Other operating income	8	**157**	222	**159**	172
Other operating expenses	8	**–165**	–225	**–152**	–197
Profit before financial result		**2,354**	**2,256**	**1,912**	**1,697**
Result from equity accounted investments	9	**138**	170	**138**	170
Interest and similar income	10	**43**	43	**76**	73
Interest and similar expenses	10	**–175**	–109	**–218**	–152
Other financial result	11	**–97**	–354	**–63**	–358
Financial result		**–91**	**–250**	**–67**	**–267**
Profit before tax		**2,263**	**2,006**	**1,845**	**1,430**
Income taxes	12	**–684**	–696	**–607**	–499
Net profit/loss		**1,579**	**1,310**	**1,238**	**931**
Attributable to minority interest		**7**	7	**–1**	2
Attributable to shareholders of BMW AG		**1,572**	**1,303**	**1,239**	**929**
Basic earnings per share of common stock in €	13	**2.39**	1.98		
Basic earnings per share of preferred stock in €	13	**2.39**	1.98		
Dilutive effects	13	**–**	–		
Diluted earnings per share of common stock in €	13	**2.39**	1.98		
Diluted earnings per share of preferred stock in €	13	**2.39**	1.98		

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Statement of Comprehensive Income for Group for the third quarter

in € million

	Note	2015	2014*
Net profit		**1,579**	**1,310**
Remeasurement of net liability for defined benefit pension plans		**241**	–647
Deferred taxes		**–127**	189
Items not expected to be reclassified to the income statement in the future		**114**	**–458**
Available-for-sale securities		**–19**	12
Financial instruments used for hedging purposes		**1,856**	–1,165
Other comprehensive income from equity accounted investments		**49**	–27
Deferred taxes		**–544**	407
Currency translation foreign operations		**–484**	469
Items expected to be reclassified to the income statement in the future		**858**	**–304**
Other comprehensive income for the period after tax	14	**972**	**–762**
Total comprehensive income		**2,551**	**548**
Total comprehensive income attributable to minority interests		**7**	7
Total comprehensive income attributable to shareholders of BMW AG		**2,544**	**541**

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

	Motorcycles 2015	Motorcycles 2014	Financial Services 2015	Financial Services 2014*	Other Entities 2015	Other Entities 2014	Eliminations 2015	Eliminations 2014	
	454	370	5,621	5,221	1	2	–4,701	–4,135	Revenues
	–339	–300	–4,846	–4,487	–	–	4,626	4,174	Cost of sales
	115	**70**	**775**	**734**	**1**	**2**	**–75**	**39**	**Gross profit**
	–55	–43	–307	–260	–6	–6	9	1	Selling and administrative expenses
	–	–	4	22	24	46	–30	–18	Other operating income
	–14	–	–7	–40	–14	–11	22	23	Other operating expenses
	46	**27**	**465**	**456**	**5**	**31**	**–74**	**45**	**Profit before financial result**
	–	–	–	–	–	–	–	–	Result from equity accounted investments
	–	–	1	–	280	329	–314	–359	Interest and similar income
	–1	–1	–3	–7	–247	–302	294	353	Interest and similar expenses
	–	–	–1	–1	–33	5	–	–	Other financial result
	–1	–1	–3	–8	–	32	–20	–6	Financial result
	45	**26**	**462**	**448**	**5**	**63**	**–94**	**39**	**Profit before tax**
	–15	–8	–138	–138	–62	–38	138	–13	Income taxes
	30	**18**	**324**	**310**	**–57**	**25**	**44**	**26**	**Net profit/loss**
	–	–	8	4	–	1	–	–	Attributable to minority interest
	30	**18**	**316**	**306**	**–57**	**24**	**44**	**26**	**Attributable to shareholders of BMW AG**
									Basic earnings per share of common stock in €
									Basic 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 €

INTERIM GROUP FINANCIAL STATEMENT

Income Statements for Group and Segments for the period from 1 January to 30 September 2015
Statement of Comprehensive Income for Group for the period from 1 January to 30 September 2015

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

in € million

	Note	Group 2015	Group 2014*	Automotive 2015	Automotive 2014
Revenues	5	**67,197**	57,740	**61,513**	53,205
Cost of sales	6	**–53,792**	–45,269	**–50,844**	–43,027
Gross profit		**13,405**	**12,471**	**10,669**	**10,178**
Selling and administrative expenses	7	**–6,135**	–5,533	**–5,137**	–4,660
Other operating income	8	**745**	589	**595**	455
Other operating expenses	8	**–615**	–578	**–602**	–535
Profit before financial result		**7,400**	**6,949**	**5,525**	**5,438**
Result from equity accounted investments	9	**421**	596	**421**	596
Interest and similar income	10	**144**	141	**249**	240
Interest and similar expenses	10	**–428**	–340	**–533**	–414
Other financial result	11	**–423**	–527	**–339**	–537
Financial result		**–286**	**–130**	**–202**	**–115**
Profit before tax		**7,114**	**6,819**	**5,323**	**5,323**
Income taxes	12	**–2,270**	–2,284	**–1,754**	–1,786
Net profit / loss		**4,844**	**4,535**	**3,569**	**3,537**
Attributable to minority interest		**17**	17	**–1**	7
Attributable to shareholders of BMW AG		**4,827**	**4,518**	**3,570**	**3,530**
Basic earnings per share of common stock in €	13	**7.35**	6.88		
Basic earnings per share of preferred stock in €	13	**7.36**	6.89		
Dilutive effects	13	**–**	–		
Diluted earnings per share of common stock in €	13	**7.35**	6.88		
Diluted earnings per share of preferred stock in €	13	**7.36**	6.89		

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

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

in € million

	Note	2015	2014*
Net profit		**4,844**	**4,535**
Remeasurement of net liability for defined benefit pension plans		**1,236**	–1,561
Deferred taxes		**–361**	528
Items not expected to be reclassified to the income statement in the future		**875**	**–1,033**
Available-for-sale securities		**–162**	30
Financial instruments used for hedging purposes		**–1,100**	–1,832
Other comprehensive income from equity accounted investments		**31**	–40
Deferred taxes		**455**	598
Currency translation foreign operations		**622**	700
Items expected to be reclassified to the income statement in the future		**–154**	**–544**
Other comprehensive income for the period after tax	14	**721**	**–1,577**
Total comprehensive income		**5,565**	**2,958**
Total comprehensive income attributable to minority interests		**17**	**17**
Total comprehensive income attributable to shareholders of BMW AG		**5,548**	**2,941**

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Motorcycles 2015	Motorcycles 2014	Financial Services 2015	Financial Services 2014*	Other Entities 2015	Other Entities 2014	Eliminations 2015	Eliminations 2014	
1,643	1,370	**17,833**	15,266	**4**	5	**–13,796**	–12,106	Revenues
–1,194	–1,081	**–15,467**	–13,185	**–**	–	**13,713**	12,024	Cost of sales
449	**289**	**2,366**	**2,081**	**4**	**5**	**–83**	**–82**	**Gross profit**
–162	–142	**–838**	–724	**–16**	–17	**18**	10	Selling and administrative expenses
–	–	**16**	82	**183**	105	**–49**	–53	Other operating income
–14	–1	**–21**	–59	**–32**	–36	**54**	53	Other operating expenses
273	**146**	**1,523**	**1,380**	**139**	**57**	**–60**	**–72**	**Profit before financial result**
–	–	**–**	–	**–**	–	**–**	–	Result from equity accounted investments
–	–	**4**	3	**887**	985	**–996**	–1,087	Interest and similar income
–2	–3	**–5**	–21	**–821**	–916	**933**	1,014	Interest and similar expenses
–	–	**–5**	–9	**–79**	19	**–**	–	Other financial result
–2	**–3**	**–6**	**–27**	**–13**	**88**	**–63**	**–73**	Financial result
271	**143**	**1,517**	**1,353**	**126**	**145**	**–123**	**–145**	**Profit before tax**
–89	–45	**–460**	–419	**–106**	–81	**139**	47	Income taxes
182	**98**	**1,057**	**934**	**20**	**64**	**16**	**–98**	**Net profit/loss**
–	–	**18**	9	**–**	1	**–**	–	Attributable to minority interest
182	**98**	**1,039**	**925**	**20**	**63**	**16**	**–98**	**Attributable to shareholders of BMW AG**
								Basic earnings per share of common stock in €
								Basic 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 €

INTERIM GROUP FINANCIAL STATEMENT

Balance Sheets for Group and Segments to 30 September 2015

Assets

in € million	Note	Group 30.9.2015	Group 31.12.2014	Automotive 30.9.2015	Automotive 31.12.2014
Intangible assets	15	**6,863**	6,499	**6,383**	5,999
Property, plant and equipment	16	**17,165**	17,182	**16,851**	16,863
Leased products	17	**33,285**	30,165	**–**	3
Investments accounted for using the equity method	18	**1,408**	1,088	**1,408**	1,088
Other investments	18	**398**	408	**5,240**	5,110
Receivables from sales financing	19	**41,314**	37,438	**–**	–
Financial assets	20	**2,522**	2,024	**834**	447
Deferred tax	21	**2,035**	2,061	**3,901**	3,253
Other assets	22	**1,557**	1,094	**4,472**	3,662
Non-current assets		**106,547**	**97,959**	**39,089**	**36,425**
Inventories	23	**13,288**	11,089	**12,876**	10,698
Trade receivables		**2,628**	2,153	**2,362**	1,887
Receivables from sales financing	19	**24,881**	23,586	**–**	–
Financial assets	20	**6,698**	5,384	**5,045**	3,952
Current tax	21	**2,016**	1,906	**1,130**	1,186
Other assets	22	**4,428**	5,038	**17,825**	19,231
Cash and cash equivalents		**5,783**	7,688	**3,878**	5,752
Current assets		**59,722**	**56,844**	**43,116**	**42,706**
Total assets		**166,269**	**154,803**	**82,205**	**79,131**

Equity and liabilities

in € million	Note	Group 30.9.2015	Group 31.12.2014	Automotive 30.9.2015	Automotive 31.12.2014
Subscribed capital	24	**656**	656		
Capital reserves	24	**2,005**	2,005		
Revenue reserves	24	**39,348**	35,621		
Accumulated other equity	24	**–1,216**	–1,062		
Equity attributable to shareholders of BMW AG	24	**40,793**	37,220		
Minority interest	24	**224**	217		
Equity		**41,017**	**37,437**	**30,977**	**31,045**
Pension provisions		**3,271**	4,604	**1,939**	2,741
Other provisions	25	**4,692**	4,268	**4,182**	3,777
Deferred tax	26	**1,950**	1,974	**832**	421
Financial liabilities	27	**47,082**	43,167	**2,527**	1,933
Other liabilities	28	**4,386**	4,275	**5,289**	5,445
Non-current provisions and liabilities		**61,381**	**58,288**	**14,769**	**14,317**
Other provisions	25	**4,179**	4,522	**3,658**	3,746
Current tax	26	**1,735**	1,590	**838**	1,050
Financial liabilities	27	**40,059**	37,482	**4,170**	3,250
Trade payables		**9,269**	7,709	**8,364**	6,929
Other liabilities	28	**8,629**	7,775	**19,429**	18,794
Current provisions and liabilities		**63,871**	**59,078**	**36,459**	**33,769**
Total equity and liabilities		**166,269**	**154,803**	**82,205**	**79,131**

Motorcycles 30.9.2015	Motorcycles 31.12.2014	Financial Services 30.9.2015	Financial Services 31.12.2014	Other Entities 30.9.2015	Other Entities 31.12.2014	Eliminations 30.9.2015	Eliminations 31.12.2014	Assets
50	54	**429**	445	**1**	1	**–**	–	Intangible assets
284	285	**30**	34	**–**	–	**–**	–	Property, plant and equipment
–	–	**38,856**	35,366	**–**	–	**–5,571**	–5,204	Leased products
–	–	**–**	–	**–**	–	**–**	–	Investments accounted for using the equity method
–	–	**5**	6	**5,785**	5,808	**–10,632**	–10,516	Other investments
–	–	**41,314**	37,438	**–**	–	**–**	–	Receivables from sales financing
–	–	**322**	210	**1,970**	1,751	**–604**	–384	Financial assets
–	–	**259**	287	**260**	367	**–2,385**	–1,846	Deferred tax
17	20	**2,287**	1,913	**23,160**	21,895	**–28,379**	–26,396	Other assets
351	**359**	**83,502**	**75,699**	**31,176**	**29,822**	**–47,571**	**–44,346**	**Non-current assets**
402	383	**10**	8	**–**	–	**–**	–	Inventories
116	128	**149**	137	**1**	1	**–**	–	Trade receivables
–	–	**24,881**	23,586	**–**	–	**–**	–	Receivables from sales financing
–	–	**1,386**	1,048	**1,204**	898	**–937**	–514	Financial assets
–	–	**100**	102	**786**	618	**–**	–	Current tax
–	–	**3,575**	3,953	**41,200**	36,682	**–58,172**	–54,828	Other assets
–	–	**1,386**	1,783	**519**	153	**–**	–	Cash and cash equivalents
518	**511**	**31,487**	**30,617**	**43,710**	**38,352**	**–59,109**	**–55,342**	**Current assets**
869	**870**	**114,989**	**106,316**	**74,886**	**68,174**	**–106,680**	**–99,688**	**Total assets**

Motorcycles 30.9.2015	Motorcycles 31.12.2014	Financial Services 30.9.2015	Financial Services 31.12.2014	Other Entities 30.9.2015	Other Entities 31.12.2014	Eliminations 30.9.2015	Eliminations 31.12.2014	Equity and liabilities
								Subscribed capital
								Capital reserves
								Revenue reserves
								Accumulated other equity
								Equity attributable to shareholders of BMW AG
								Minority interest
–	**–**	**9,623**	**9,357**	**15,690**	**12,031**	**–15,273**	**–14,996**	**Equity**
78	78	**73**	75	**1,181**	1,710	**–**	–	Pension provisions
135	160	**315**	273	**60**	58	**–**	–	Other provisions
–	–	**5,327**	5,078	**10**	13	**–4,219**	–3,538	Deferred tax
–	–	**15,400**	14,695	**29,759**	26,923	**–604**	–384	Financial liabilities
356	357	**25,119**	23,680	**793**	51	**–27,171**	–25,258	Other liabilities
569	**595**	**46,234**	**43,801**	**31,803**	**28,755**	**–31,994**	**–29,180**	**Non-current provisions and liabilities**
68	62	**447**	432	**6**	282	**–**	–	Other provisions
–	–	**462**	162	**435**	378	**–**	–	Current tax
–	–	**20,146**	19,122	**16,680**	15,624	**–937**	–514	Financial liabilities
217	192	**677**	571	**11**	17	**–**	–	Trade payables
15	21	**37,400**	32,871	**10,261**	11,087	**–58,476**	–54,998	Other liabilities
300	**275**	**59,132**	**53,158**	**27,393**	**27,388**	**–59,413**	**–55,512**	**Current provisions and liabilities**
869	**870**	**114,989**	**106,316**	**74,886**	**68,174**	**–106,680**	**–99,688**	**Total equity and liabilities**

INTERIM GROUP FINANCIAL STATEMENT

Condensed Cash Flow Statements for Group and Segments for the period from 1 January to 30 September 2015

	Group	
in € million	**2015**	2014*
Net profit	**4,844**	4,535
Depreciation and amortisation of tangible, intangible and investment assets	**3,475**	3,190
Change in provisions	**–170**	411
Change in leased products and receivables from sales financing	**–5,576**	–3,308
Change in deferred taxes	**–165**	223
Changes in working capital	**–996**	–1,924
Other	**–91**	–372
Cash inflow / outflow from operating activities	**1,321**	**2,755**
Investment in intangible assets and property, plant and equipment	**–3,659**	–3,999
Net investment in marketable securities and term deposits	**–1,153**	530
Other	**61**	200
Cash inflow / outflow from investing activities	**–4,751**	**–3,269**
Cash inflow / outflow from financing activities	**1,458**	**917**
Effect of exchange rate on cash and cash equivalents	**67**	**88**
Effect of changes in composition of Group on cash and cash equivalents	**–**	**2**
Change in cash and cash equivalents	**–1,905**	**493**
Cash and cash equivalents as at 1 January	**7,688**	7,671
Cash and cash equivalents as at 30 September	**5,783**	**8,164**

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

	Automotive		Financial Services	
	2015	2014*	**2015**	2014*
Net profit	**3,569**	3,537	**1,057**	934
Depreciation and amortisation of tangible, intangible and investment assets	**3,402**	3,114	**22**	26
Change in provisions	**–164**	264	**284**	81
Change in leased products and receivables from sales financing	**3**	11	**–5,762**	–3,525
Change in deferred taxes	**118**	315	**–146**	62
Changes in working capital	**–1,091**	–1,988	**96**	94
Other	**1,247**	–605	**–424**	621
Cash inflow / outflow from operating activities	**7,084**	**4,648**	**–4,873**	**–1,707**
Investment in intangible assets and property, plant and equipment	**–3,612**	–3,955	**–2**	–3
Net investment in marketable securities and term deposits	**–919**	599	**–235**	–91
Other	**–96**	117	**–**	1
Cash inflow / outflow from investing activities	**–4,627**	**–3,239**	**–237**	**–93**
Cash inflow / outflow from financing activities	**–4,373**	**–1,431**	**4,724**	**2,233**
Effect of exchange rate on cash and cash equivalents	**42**	**52**	**–11**	**–11**
Effect of changes in composition of Group on cash and cash equivalents	**–**	**2**	**–**	**–**
Change in cash and cash equivalents	**–1,874**	**32**	**–397**	**422**
Cash and cash equivalents as at 1 January	**5,752**	6,775	**1,783**	879
Cash and cash equivalents as at 30 September	**3,878**	**6,807**	**1,386**	**1,301**

Group Statement of Changes in Equity to 30 September 2015

in € million	Note	Subscribed capital	Capital reserves	Revenue reserves
1 January 2014*	24	**656**	**1,990**	**33,122**
Dividends paid		–	–	–1,707
Net profit		–	–	4,518
Other comprehensive income for the period after tax		–	–	–1,033
Comprehensive income 30 September 2014*		**–**	**–**	**3,485**
Other changes		–	–	–
30 September 2014*	24	**656**	**1,990**	**34,900**

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

in € million	Note	Subscribed capital	Capital reserves	Revenue reserves
1 January 2015	24	**656**	**2,005**	**35,621**
Dividends paid		–	–	–1,904
Net profit		–	–	4,827
Other comprehensive income for the period after tax		–	–	875
Comprehensive income 30 September 2015		**–**	**–**	**5,702**
Other changes		–	–	–71
30 September 2015	24	**656**	**2,005**	**39,348**

Accumulated other equity			Equity attributable to shareholders of BMW AG	Minority interest	**Total**	
Translation differences	Securities	Derivative financial instruments				
–1,627	**135**	**1,136**	**35,412**	**188**	**35,600**	**1 January 2014***
–	–	–	–1,707	–	**–1,707**	Dividends paid
–	–	–	4,518	17	**4,535**	Net profit
805	–	–1,349	–1,577	–	**–1,577**	Other comprehensive income for the period after tax
805	**–**	**–1,349**	**2,941**	**17**	**2,958**	**Comprehensive income 30 September 2014***
7	–	–	7	8	**15**	Other changes
–815	**135**	**–213**	**36,653**	**213**	**36,866**	**30 September 2014***

Accumulated other equity			Equity attributable to shareholders of BMW AG	Minority interest	**Total**	
Translation differences	Securities	Derivative financial instruments				
–723	**141**	**–480**	**37,220**	**217**	**37,437**	**1 January 2015**
–	–	–	–1,904	–	**–1,904**	Dividends paid
–	–	–	4,827	17	**4,844**	Net profit
705	–109	–750	721	–	**721**	Other comprehensive income for the period after tax
705	**–109**	**–750**	**5,548**	**17**	**5,565**	**Comprehensive income 30 September 2015**
–	–	–	–71	–10	**–81**	Other changes
–18	**32**	**–1,230**	**40,793**	**224**	**41,017**	**30 September 2015**

1 — Basis of preparation

The Group Financial Statements of BMW AG at 31 December 2014 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 September 2015, 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 2014 Group Financial Statements. The BMW Group applies the option of publishing condensed group financial statements. All Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) which are mandatory at 30 September 2015 have also 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 2014.

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 periods under report.

In order to provide a better insight into the earnings performance, financial position and net assets of the BMW Group and going beyond the requirements of IFRS 8 (Operating Segments), the 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 2014.

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 IFRS 10 (Consolidated Financial Statements) 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 September 2015 totalled €11.5 billion (31 December 2014: €10.9 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 Group currency is the euro. All amounts are disclosed in millions of euros (€ million) unless stated otherwise.

The preparation of the Interim 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 — Group reporting entity

The Interim Group Financial Statements for the nine months of 2015 include, besides BMW AG, 21 German and 167 foreign subsidiaries. This includes one special purpose securities fund and 30 special purpose trusts, almost all of which are used for asset backed financing. In addition, three joint operations are consolidated proportionately.

No entities were consolidated for the first time during the first nine months of 2015. LARGUS Grundstücks-Verwaltungsgesellschaft mbH & Co. KG, Munich, was merged with LARGUS Grundstücks-Verwaltungsgesellschaft mbH, Munich, and therefore ceased to be a separate consolidated company.

Compared to 30 September 2014, six special purpose trusts have been consolidated for the first time. Also compared to 30 September 2014, two subsidiaries and eight special purpose trusts ceased to be consolidated companies.

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

3 — Currency translation

The exchange rates applied for currency translation purposes in accordance with the modified closing rate method, and which have a material impact on the Group Financial Statements, were as follows:

	Closing rate		Average rate	
	30.9.2015	31.12.2014	**1 January to 30 September 2015**	1 January to 30 September 2014
US Dollar	**1.12**	1.21	**1.11**	1.36
British Pound	**0.74**	0.78	**0.73**	0.81
Chinese Renminbi	**7.10**	7.53	**6.96**	8.36
Japanese Yen	**134.12**	144.95	**134.74**	139.52
Russian Rouble	**73.31**	70.98	**66.50**	48.03

For further information regarding foreign currency translation, reference is made to note 4 of the Group Financial Statements of BMW AG for the year ended 31 December 2014.

4 — New financial reporting rules

(a) Financial reporting rules applied for the first time in the first three quarters of the financial year 2015

The following Standards, Revised Standards, Amendments and Interpretations were applied for the first time in the first three quarters of 2015:

Standard / Interpretation		Date of issue by IASB	Date of mandatory application IASB	Date of mandatory application EU	Impact on BMW Group
IAS 19	Employment Benefits: Employee Contributions (Amendments to IAS 19)	21.11.2013	1.7.2014	1.2.2015[1]	Insignificant
IFRIC 21	Levies	20.5.2013	1.1.2014	17.6.2014[2]	Insignificant
	Annual Improvements to IFRS 2010–2012	12.12.2013	1.7.2014	1.2.2015[1]	Insignificant
	Annual Improvements to IFRS 2011–2013	12.12.2013	1.7.2014	1.1.2015	Insignificant

[1] Mandatory application in annual periods beginning on or after 1 February 2015.
[2] Mandatory application in annual periods beginning on or after 17 June 2014.

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

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/ 19.11.2013/ 24.7.2014	1.1.2018	No	Significant in principle
IFRS 10/ IAS 28	Sale or Contribution of Assets between an Investor and an Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	11.9.2014	1.1.2016	No	Insignificant
IFRS 10/ IFRS 12/ IAS 28	Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	18.12.2014	1.1.2016	No	Insignificant
IFRS 11	Acquisition of an Interest in a Joint Operation (Amendments to IFRS 11)	6.5.2014	1.1.2016	No	Insignificant
IFRS 14	Regulatory Deferral Accounts	30.1.2014	1.1.2016	No	Insignificant
IFRS 15	Revenue from Contracts with Customers	28.5.2014/ 11.9.2015	1.1.2018	No	Significant in principle
IAS 1	Presentation of Financial Statements (Initiative to Improve Disclosure Requirements – Amendments to IAS 1)	18.12.2014	1.1.2016	No	Significant in principle
IAS 16/ IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	12.5.2014	1.1.2016	No	Insignificant
IAS 16/ IAS 41	Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	30.6.2014	1.1.2016	No	None
IAS 27	Equity Method in Separate Financial Statements (Amendments to IAS 27)	12.8.2014	1.1.2016	No	None
	Annual Improvements to IFRS 2012–2014	25.9.2014	1.1.2016	No	Insignificant
	Amendments to "International Financial Reporting Standard for Small and Medium-sized Entities" (IFRS for SMEs)	21.5.2015	1.1.2017	No	None

In November 2009 the IASB issued IFRS 9 (Financial Instruments) as part of a project to revise the accounting 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 initially only with financial assets. IFRS 9 amends the recognition and measurement requirements for financial assets, including various hybrid contracts.

Financial assets are measured at either amortised cost or fair value. IFRS 9 harmonises the various rules contained in IAS 39 and reduces the number of valuation categories for financial instruments 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.

In October 2010, additional rules for financial liabilities were added to IFRS 9. The requirements for financial liabilities contained in IAS 39 remain unchanged with the exception of new requirements relating to the measurement of an entity's own credit risk at fair value. A package of amendments to IFRS 9 was announced on 19 November 2013. On the one hand, the amendments overhaul the requirements for hedge accounting by introducing a new hedge accounting model. They also enable entities to change the accounting for liabilities they have elected to measure at fair value, such that fair value changes due to changes in "own credit risk" would not require to be recognised in profit or loss. The mandatory effective date of 1 January 2015 was removed and a new application date of 1 January 2018 set. The impact of adoption of the Standard on the Group Financial Statements is currently being assessed.

In May 2014 the IASB issued IFRS 15 (Revenue from Contracts with Customers) together with the Financial Accounting Standards Board. The objective of the new Standard is to assimilate all the various existing requirements and Interpretations relating to revenue recognition (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, SIC-31 Revenue – Barter Transactions involving Advertising Services) in a single Standard. The new Standard also stipulates uniform revenue recognition principles for all sectors and all categories.

The new Standard is based on a five-step model, which sets out the rules for revenue from contracts with customers. Lease arrangements, insurance contracts, financial instruments and specified contractual rights and obligations relating to non-monetary transactions between entities within the same sector are excluded from the scope of the Standard. Revenue can be recognised either over time or at a specific point in time. The five-step model describes the five steps necessary to recognise revenue on the basis of the transfer of control:

1. Identify the contract with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to separate performance obligations
5. Recognise revenue when a performance obligation is satisfied.

In the case of multi-component transactions or transactions with variable consideration, it is possible that revenue may have to be recognised earlier or later under IFRS 15 compared with the previous Standard.

A major difference to the previous Standard is the increased scope of discretion for estimates and the introduction of thresholds that could influence the amount and timing of revenue recognition.

The first-time application of this Standard was postponed by one year to annual periods beginning on or after 1 January 2018. Early adoption is permitted under IFRS. The impact of adoption of the new requirements on the Group Financial Statements is currently being assessed.

In December 2014, the IASB issued Amendments to IAS 1 as part of its disclosure initiative. The amendments relate primarily to clarifications relating to the presentation of financial reports.

Firstly, disclosures are only required to be made in the notes if their inclusion is material for users of the financial statements. This also applies when an IFRS Standard explicitly specifies a minimum list of disclosures. Secondly, items to be presented in the balance sheet, income statement and comprehensive income can be aggregated or disaggregated by using subtotals. Thirdly, it clarifies that an entity's share of other comprehensive income of equity-accounted entities is required to be analysed – within the Statement of Comprehensive Income – to show "components, which will be subsequently reclassified to profit and loss" and "components, which will be not subsequently reclassified to profit and loss". Fourthly, the mandatory application of the standard template for the notes was removed: the notes to the financial statements should be drawn up taking into account their entity-specific relevance.

The Standard is mandatory for the first time for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The potential impact of adoption of the new requirements on the Group Financial Statements is currently being assessed.

5 — Revenues

Revenues by activity comprise the following:

in € million	3rd quarter 2015	3rd quarter 2014	1 January to 30 September 2015	1 January to 30 September 2014
Sales of products and related goods	**16,832**	14,524	**49,604**	42,914
Income from lease instalments	**2,228**	1,956	**6,644**	5,731
Sales of products previously leased to customers	**1,767**	1,720	**6,336**	4,997
Interest income on loan financing	**808**	735	**2,412**	2,129
Other income	**710**	665	**2,201**	1,969
Revenues	**22,345**	**19,600**	**67,197**	**57,740**

An analysis of revenues by segment is shown in the segment information in note 31.

6 — Cost of sales

Cost of sales include €10,327 million (2014: €9,063 million) in the third quarter and €31,284 million for the nine-month period (2014: €26,425 million) relating to manufacturing costs.

Cost of sales in the third quarter includes €4,541 million (2014: €4,160 million) relating to financial services business. For the period from 1 January to 30 September 2015, €14,633 million (2014: €12,181 million) relates to financial services business.

Third-quarter cost of sales include research and development expenses of €1,199 million (2014: €1,014 million), comprising all research costs and development costs not recognised as assets as well as the amortisation of capitalised development costs amounting to €335 million (2014: €270 million). For the first nine months of 2015, research and development expenses amounted to €3,221 million (2014: €2,993 million), including amortisation on capitalised development costs of €851 million (2014: €809 million).

7 — Selling and administrative expenses

Selling expenses, comprising mainly marketing, advertising and sales personnel costs, amounted to €1,407 million in the third quarter (2014: €1,287 million) and €4,077 million (2014: €3,745 million) for the nine-month period.

Administrative expenses amounted to €677 million (2014: €600 million) in the third quarter and €2,058 million (2014: €1,788 million) for the nine-month period. Administrative expenses comprise expenses for administration not attributable to development, production or sales functions.

8 — Other operating income and expenses

Other operating income in the third quarter totalled €157 million (2014: €222 million). The nine-month figure amounted to €745 million (2014: €589 million). Other operating expenses in the third-quarter and nine-month period totalled €165 million (2014: €225 million) and €615 million (2014: €578 million) respectively. These items principally include exchange gains and losses, gains and losses on the disposal of assets, write-downs and income/expense from the reversal of, and allocation to, provisions.

9 — Result from equity accounted investments

The result from equity accounted investments in the third quarter was a positive amount of €138 million (2014: €170 million). The equivalent figure for the nine-month period was €421 million (2014: €596 million).

These figures include the results of the joint ventures BMW Brilliance Automotive Ltd., Shenyang, DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich.

10 — Net interest result

in € million	**3rd quarter 2015**	3rd quarter 2014*	**1 January to 30 September 2015**	1 January to 30 September 2014*
Interest and similar income	**43**	43	**144**	141
Interest and similar expenses	**–175**	–109	**–428**	–340
Net interest result	**–132**	**–66**	**–284**	**–199**

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

11 — Other financial result

in € million	**3rd quarter 2015**	3rd quarter 2014	**1 January to 30 September 2015**	1 January to 30 September 2014
Result on investments	**–**	–100	**1**	–107
Sundry other financial result	**–97**	–254	**–424**	–420
Other financial result	**–97**	**–354**	**–423**	**–527**

12 — Income taxes

Taxes on income comprise the following:

in € million	**3rd quarter 2015**	3rd quarter 2014*	**1 January to 30 September 2015**	1 January to 30 September 2014*
Current tax expense	**831**	715	**2,434**	2,059
Deferred tax income/expense	**–147**	–19	**–164**	225
Income taxes	**684**	**696**	**2,270**	**2,284**

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

The effective tax rate for the nine-month period to 30 September 2015 was 31.9 % (2014: 33.5 %) 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 interim reporting periods.

13 — Earnings per share

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

		3rd quarter 2015	3rd quarter 2014*	1 January to 30 September 2015	1 January to 30 September 2014*
Profit attributable to shareholders of BMW AG	€ million	**1,571.9**	1,303.4	**4,826.8**	4,518.3
Profit attributable to common stock	€ million	**1,441.4**	1,195.6	**4,425.6**	4,144.2
Profit attributable to preferred stock	€ million	**130.5**	107.8	**401.2**	374.1
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	**54,499,544**	54,259,787	**54,499,544**	54,259,787
Basic earnings per share of common stock	€	**2.39**	1.98	**7.35**	6.88
Basic earnings per share of preferred stock	€	**2.39**	1.98	**7.36**	6.89

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Basic 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 basic earnings per share.

14 Disclosures relating to the statement of total comprehensive income

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

in € million	**3rd quarter 2015**	3rd quarter 2014	**1 January to 30 September 2015**	1 January to 30 September 2014
Remeasurement of net liability for defined benefit pension plans	**241**	–647	**1,236**	**–1,561**
Deferred taxes	**–127**	189	**–361**	**528**
Items not expected to be reclassified to the income statement in the future	**114**	**–458**	**875**	**–1,033**
Available-for-sale securities	**–19**	12	**–162**	**30**
thereof gains/losses arising in the period under report	5	38	–25	82
thereof reclassifications to the income statement	–24	–26	–137	–52
Financial instruments used for hedging purposes	**1,856**	–1,165	**–1,100**	**–1,832**
thereof gains/losses arising in the period under report	1,579	–1,145	–2,024	–1,568
thereof reclassifications to the income statement	277	–20	924	–264
Other comprehensive income from equity accounted investments	**49**	–27	**31**	**–40**
Deferred taxes	**–544**	407	**455**	**598**
Currency translation foreign operations	**–484**	469	**622**	**700**
Items expected to be reclassified to the income statement in the future	**858**	**–304**	**–154**	**–544**
Other comprehensive income for the period after tax	**972**	**–762**	**721**	**–1,577**

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

in € million	**3rd quarter 2015**			3rd quarter 2014		
	Before tax	Deferred tax expense/income	After tax	Before tax	Deferred tax expense/income	After tax
Remeasurement of net liability for defined benefit pension plans	**241**	**–127**	**114**	–647	189	–458
Available-for-sale securities	**–19**	**5**	**–14**	12	–7	5
Financial instruments used for hedging purposes	**1,856**	**–527**	**1,329**	–1,165	377	–788
Other comprehensive income from equity accounted investments	**49**	**–22**	**27**	–27	37	10
Currency translation foreign operations	**–484**	**–**	**–484**	469	–	469
Other comprehensive income	**1,643**	**–671**	**972**	**–1,358**	**596**	**–762**

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

in € million	**1 January to 30 September 2015**			1 January to 30 September 2014		
	Before tax	Deferred tax expense/income	After tax	Before tax	Deferred tax expense/income	After tax
Remeasurement of net liability for defined benefit pension plans	**1,236**	**–361**	**875**	–1,561	528	–1,033
Available-for-sale securities	**–162**	**53**	**–109**	30	–30	–
Financial instruments used for hedging purposes	**–1,100**	**389**	**–711**	–1,832	592	–1,240
Other comprehensive income from equity accounted investments	**31**	**13**	**44**	–40	36	–4
Currency translation foreign operations	**622**	**–**	**622**	700	–	700
Other comprehensive income	**627**	**94**	**721**	**–2,703**	**1,126**	**–1,577**

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, software and acquired customer lists. Capitalised development costs amounted to €5,918 million at the end of the reporting period (31 December 2014: €5,453 million). Additions to development costs in the first nine months of 2015 totalled €1,316 million (2014: €1,014 million). The amortisation expense for the period was €851 million (2014: €809 million).

At 30 September 2015 other intangible assets amounted to €581 million (31 December 2014: €682 million), including a brand-name right with a carrying amount of €49 million (31 December 2014: €46 million) and concessions, protected rights and licenses with a carrying amount of €320 million (31 December 2014: €394 million). Investments in other intangible assets during the nine-month period totalled €28 million (2014: €28 million). As in the previous year, no impairment losses were recorded. Amortisation on other intangible assets in the same period totalled €132 million (2014: €139 million).

In addition, intangible assets include goodwill of €33 million (31 December 2014: €33 million) allocated to the Automotive cash-generating unit and goodwill of €331 million (31 December 2014: €331 million) allocated to the Financial Services cash-generating unit.

Intangible assets amounting to €49 million (31 December 2014: €46 million) are subject to restrictions on title.

16 — Property, plant and equipment

Capital expenditure for property, plant and equipment in the first nine months of 2015 totalled €2,315 million (2014: €2,957 million). The depreciation expense for the same period amounted to €2,492 million (2014: €2,135 million), while disposals amounted to €23 million (2014: €20 million). An impairment loss of €3 million (2014: €– million) was recognised on plant and machinery in the Automotive segment during the first nine months of 2015.

Purchase commitments for property, plant and equipment totalled €2,302 million at the end of the reporting period (31 December 2014: €2,247 million).

17 — Leased products

Additions to leased products and depreciation thereon amounted to €12,930 million (2014: €10,154 million) and €3,073 million (2014: €2,666 million) respectively, while disposals totalled €7,832 million (2014: €6,169 million). The translation of foreign currency financial statements resulted in a net positive translation difference of €1,095 million (2014: €1,162 million).

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

Investments accounted for using the equity method relate to the joint ventures BMW Brilliance Automotive Ltd., Shenyang, DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich.

Other investments relate to investments in non-consolidated subsidiaries, joint ventures, joint operations and associated companies, participations and non-current marketable securities. No impairment losses were recognised on investments during the first nine months of the year.

19 — Receivables from sales financing

Receivables from sales financing totalling €66,195 million (31 December 2014: €61,024 million) relate to credit financing for retail customers and dealerships and to finance leases.

Receivables from sales financing include €41,314 million (31 December 2014: €37,438 million) with a remaining term of more than one year.

20 — Financial assets

Financial assets comprise:

in € million	30.9.2015	31.12.2014
Derivative instruments	**3,602**	2,888
Marketable securities and investment funds	**5,132**	3,972
Loans to third parties	**10**	12
Credit card receivables	**254**	239
Other	**222**	297
Financial assets	**9,220**	**7,408**
thereof non-current	**2,522**	2,024
thereof current	**6,698**	5,384

A description of the measurement of derivatives is provided in note 29.

21 — Income tax assets

Income tax assets totalling €2,016 million (31 December 2014: €1,906 million) include claims amounting to €519 million (31 December 2014: €653 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

Other assets comprise the following items:

in € million	30.9.2015	31.12.2014
Other taxes	**909**	1,078
Receivables from subsidiaries	**676**	721
Receivables from other companies in which an investment is held	**1,086**	1,055
Prepayments	**1,438**	1,323
Collateral receivables	**341**	412
Sundry other assets	**1,535**	1,543
Other assets	**5,985**	**6,132**
thereof non-current	**1,557**	1,094
thereof current	**4,428**	5,038

23 — Inventories

Inventories comprise the following:

in € million	30.9.2015	31.12.2014
Raw materials and supplies	**1,172**	918
Work in progress, unbilled contracts	**1,112**	944
Finished goods and goods for resale	**11,004**	9,227
Inventories	**13,288**	**11,089**

24 — Equity

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

Number of shares issued

At 30 September 2015 common stock issued by BMW AG was divided, as at the end of the previous year, into 601,995,196 shares with a par-value of €1. The number of shares of preferred stock at that date – also unchanged from 31 December 2014 – was 54,499,544 shares, each 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 passed a resolution at the 2014 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 14 May 2019 by the issuance of new shares of non-voting preferred stock, carrying the same rights as existing non-voting preferred stock, in return for cash contributions. Based on this authorisation, 239,757 shares of preferred stock have been issued to employees up to the reporting date. Authorised Capital therefore stands at €4.8 million at the end of the reporting period. The BMW Group did not hold any treasury shares at 30 September 2015.

Capital reserves

Capital reserves include premiums arising from the issue of shares and were unchanged from 31 December 2014 at €2,005 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.

Revenue reserves increased during the nine-month period to stand at €39,348 million at 30 September 2015 (31 December 2014: €35,621 million). They were increased in the first nine months of 2015 by the net profit for the period attributable to shareholders of BMW AG amounting to €4,827 million (2014: €4,518* million) and reduced by BMW AG's payment of dividends on common stock (€1,746 million) and preferred stock (€158 million) for the financial year 2014. Revenue reserves also increased by €875 million (2014: decreased by €1,033 million) as a result of remeasurements of the net defined benefit liability for pension plans (net of deferred tax recognised directly in equity). Other miscellaneous changes reduced revenue reserves by €71 million (2014: €– million).

Accumulated other equity

Accumulated other equity comprises all amounts recognised directly in equity resulting from the translation of the financial statements of foreign subsidiaries, 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 €224 million (31 December 2014: €217 million). This includes a minority interest of €17 million in the results for the period (2014: €17 million).

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

25 — Other provisions

Other provisions, at €8,871 million (31 December 2014: €8,790 million) primarily include employee and social-related obligations as well as obligations for ongoing operational expenses.

Current other provisions amounted to €4,179 million at the end of the reporting period (31 December 2014: €4,522 million).

26 — Income tax liabilities

Income tax liabilities totalling €1,735 million (31 December 2014: €1,590 million) include obligations amounting to €1,526 million (31 December 2014: €956 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 €201 million (31 December 2014: €151 million) for taxes payable and €1,534 million (31 December 2014: €1,439 million) for tax provisions.

27 — Financial liabilities

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

in € million	30.9.2015	31.12.2014
Bonds	**38,650**	35,489
Liabilities to banks	**12,054**	11,554
Liabilities from customer deposits (banking)	**13,142**	12,466
Commercial paper	**5,691**	5,599
Asset backed financing transactions	**11,524**	10,884
Derivative instruments	**4,665**	3,143
Other	**1,415**	1,514
Financial liabilities	**87,141**	**80,649**
thereof non-current	**47,082**	43,167
thereof current	**40,059**	37,482

During the first nine months of 2015, a number of bonds was issued in various currencies with a total volume of €9,739 million (2014: €9,655 million). Repayments during the nine-month period amounted to €6,910 million (2014: €6,026 million). Currency translation differences accounted for most of the remainder of the change in bonds.

Further information relating to the change in other items within financial liabilities is provided in the Interim Group Management Report. A description of the measurement of derivatives is provided in note 29.

28 — Other liabilities

Other liabilities comprise the following items:

in € million	30.9.2015	31.12.2014
Other taxes	**1,002**	943
Social security	**81**	78
Advance payments from customers	**621**	565
Deposits received	**849**	768
Payables to subsidiaries	**67**	162
Payables to other companies in which an investment is held	**27**	5
Deferred income	**6,154**	5,488
Other	**4,214**	4,041
Other liabilities	**13,015**	**12,050**
thereof non-current	**4,386**	4,275
thereof current	**8,629**	7,775

29 — 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 September 2015 on the basis of the following interest rates:

ISO Code in %	EUR	USD	GBP	JPY	CNY
Interest rate for six months	0.01	0.36	0.77	−0.07	3.20
Interest rate for one year	0.03	0.49	0.79	0.12	3.31
Interest rate for five years	0.35	1.38	1.44	0.20	3.57
Interest rate for ten years	0.98	2.03	1.86	0.52	3.62

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 are taken into account in the measurement of derivative financial instruments. The supply of data to the model used to calculate fair values also takes account of tenor and currency basis spreads, thus helping to minimise differences between the carrying amounts of the instruments and the amounts that can be realised on the financial markets on their disposal. In addition, the Group's own default risk and that of counterparties is taken into account in the form of credit default swap contracts which have matching 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 13 (Fair Value Measurement). 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 September 2015	Level hierarchy in accordance with IFRS 13		
in € million	Level 1	Level 2	Level 3
Marketable securities, investment fund shares and collateral assets – available-for-sale / fair value option	4,932	–	–
Other investments – available-for-sale	239	–	–
Derivative instruments (assets)			
Cash flow hedges	–	1,142	–
Fair value hedges	–	1,194	–
Other derivative instruments	–	1,266	–
Derivative instruments (liabilities)			
Cash flow hedges	–	2,591	–
Fair value hedges	–	551	–
Other derivative instruments	–	1,523	–

31 December 2014	Level hierarchy in accordance with IFRS 13		
in € million	Level 1	Level 2	Level 3
Marketable securities, investment fund shares and collateral assets – available-for-sale / fair value option	3,772	–	–
Other investments – available-for-sale	231	–	–
Derivative instruments (assets)			
Cash flow hedges	–	708	–
Fair value hedges	–	1,294	–
Other derivative instruments	–	886	–
Derivative instruments (liabilities)			
Cash flow hedges	–	1,302	–
Fair value hedges	–	721	–
Other derivative instruments	–	1,120	–

As in the previous year, there were no reclassifications within the level hierarchy during the first nine months of 2015.

In situations where a fair value was required to be measured for a financial instrument only for disclosure purposes, this was achieved using the discounted cash flow method and taking account of the BMW Group's own default risk. For this reason, the fair values calculated can be allocated to Level 2.

In the case of financial instruments held by the BMW Group which are not measured at fair value, the carrying amounts of such instruments correspond as a general rule to fair values. The following items are the main exceptions to this general rule:

in € million	30.9.2015		31.12.2014	
	Fair value	Carrying amount	Fair value	Carrying amount
Loans and receivables – Receivables from sales financing	**68,452**	**66,195**	62,642	61,024
Other liabilities – Bonds	**39,079**	**38,650**	36,083	35,489

30 **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 already included in the Group Financial Statements of BMW AG 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 BMW Group.

In addition, the disclosure requirements of IAS 24 also cover transactions with associated companies, joint ventures, joint operations 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.

For the first nine months of 2015, the disclosure requirements contained in IAS 24 affect the BMW Group with regard to business relationships with affiliated, non-consolidated entities, joint ventures, joint operations 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 **affiliated, 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 nine months of 2015 for an amount of €3,516 million (2014: €3,260 million), of which €1,164 million was recorded in the third quarter (2014: €1,100 million). At 30 September 2015, receivables of Group companies from BMW Brilliance Automotive Ltd., Shenyang, totalled €955 million (31 December 2014: €943 million). Payables of Group companies to BMW Brilliance Automotive Ltd., Shenyang, amounted to €15 million (31 December 2014: €– million). Group companies received goods and services from BMW Brilliance Automotive Ltd., Shenyang, during the first nine months of 2015 for an amount of €37 million (2014: €23 million), of which €13 million was recorded in the third quarter (2014: €8 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.

Transactions of Group companies with SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, and SGL Automotive Carbon Fibers LLC, Dover, DE, are proportionately consolidated on the basis of 49 % shareholdings (**joint operations**). The remaining 51 % of the transactions continue to be reported in the Group Financial Statements (non-consolidated portion) and are described below. All relationships with the joint operations are attributable to the ordinary activities of the entities concerned. All transactions were conducted on the basis of arm's length principles. At 30 September 2015, loans receivable from the joint operations amounted to €130 million (31 December 2014: €111 million). Interest income recognised on these loans amounted to €0.9 million (2014: €0.7 million) in the third quarter 2015 and €2.9 million (2014: €1.7 million) for the nine-month period. Goods and services received by Group companies from the joint operations during the first nine months of 2015 totalled €46 million (2014: €39 million), of which €18 million was recorded in the third quarter (2014: €15 million). Amounts payable to the joint operations at the end of the reporting period totalled €12 million (31 December 2014: €5 million).

Business transactions between BMW Group entities and **associated companies** are small in scale, 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 nine months of 2015. 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 indirect majority shareholder of Solarwatt GmbH, Dresden. Cooperation arrangements are in place between BMW AG and Solarwatt GmbH, Dresden, within the field of electromobility. The focus of this collaboration is on providing complete photovoltaic solutions for rooftop systems and carports to BMW i customers. During the first nine months of 2015 Solarwatt GmbH, Dresden, leased vehicles from the BMW Group. The service, cooperation 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, acquired vehicles from the BMW Group during the first nine months of 2015, 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 vehicle lease contracts concluded on an arm's length basis, companies of the BMW Group have not entered into any 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.

31 — **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 2014. 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 2014.

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

Segment information by operating segment

in € million	Automotive 2015	Automotive 2014	Motorcycles 2015	Motorcycles 2014
External revenues	**16,675**	14,389	**452**	369
Inter-segment revenues	**4,295**	3,753	**2**	1
Total revenues	**20,970**	**18,142**	**454**	**370**
Segment result	**1,912**	1,697	**46**	27
Result from equity accounted investments	**138**	170	**–**	–
Capital expenditure on non-current assets	**1,429**	1,407	**21**	11
Depreciation and amortisation on non-current assets	**1,216**	1,078	**17**	17

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Segment information by operating segment for the first nine months is as follows:

Segment information by operating segment

in € million	Automotive 2015	Automotive 2014	Motorcycles 2015	Motorcycles 2014
External revenues	**48,874**	42,253	**1,637**	1,363
Inter-segment revenues	**12,639**	10,952	**6**	7
Total revenues	**61,513**	**53,205**	**1,643**	**1,370**
Segment result	**5,525**	5,438	**273**	146
Result from equity accounted investments	**421**	596	**–**	–
Capital expenditure on non-current assets	**3,612**	3,955	**45**	41
Depreciation and amortisation on non-current assets	**3,402**	3,010	**50**	51

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

in € million	Automotive 30.9.2015	Automotive 31.12.2014	Motorcycles 30.9.2015	Motorcycles 31.12.2014
Investments accounted for using the equity method	**1,408**	1,088	**–**	–
Segment assets	**10,267**	11,489	**552**	575

Financial Services 2015	Financial Services 2014*	Other Entities 2015	Other Entities 2014	Reconciliation to Group figures 2015	Reconciliation to Group figures 2014	Group 2015	Group 2014*	
5,217	4,841	**1**	1	**–**	–	**22,345**	19,600	External revenues
404	380	**–**	1	**−4,701**	−4,135	**–**	–	Inter-segment revenues
5,621	**5,221**	**1**	**2**	**−4,701**	**−4,135**	**22,345**	**19,600**	**Total revenues**
462	448	**5**	63	**−162**	−229	**2,263**	2,006	Segment result
–	–	**–**	–	**–**	–	**138**	170	Result from equity accounted investments
5,889	4,690	**–**	–	**−1,393**	−1,082	**5,946**	5,026	Capital expenditure on non-current assets
2,622	1,919	**–**	–	**−1,306**	−1,011	**2,549**	2,003	Depreciation and amortisation on non-current assets

Financial Services 2015	Financial Services 2014*	Other Entities 2015	Other Entities 2014	Reconciliation to Group figures 2015	Reconciliation to Group figures 2014	Group 2015	Group 2014*	
16,684	14,122	**2**	2	**–**	–	**67,197**	57,740	External revenues
1,149	1,144	**2**	3	**−13,796**	−12,106	**–**	–	Inter-segment revenues
17,833	**15,266**	**4**	**5**	**−13,796**	**−12,106**	**67,197**	**57,740**	**Total revenues**
1,517	1,353	**126**	145	**−327**	−263	**7,114**	6,819	Segment result
–	–	**–**	–	**–**	–	**421**	596	Result from equity accounted investments
16,815	13,324	**–**	–	**−3,883**	−3,167	**16,589**	14,153	Capital expenditure on non-current assets
6,896	5,620	**–**	–	**−3,800**	−2,932	**6,548**	5,749	Depreciation and amortisation on non-current assets

Financial Services 30.9.2015	Financial Services 31.12.2014	Other Entities 30.9.2015	Other Entities 31.12.2014	Reconciliation to Group figures 30.9.2015	Reconciliation to Group figures 31.12.2014	Group 30.9.2015	Group 31.12.2014	
–	–	**–**	–	**–**	–	**1,408**	1,088	Investments accounted for using the equity method
9,623	9,357	**68,167**	61,516	**77,660**	71,866	**166,269**	154,803	Segment assets

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

in € million	**3rd quarter 2015**	3rd quarter 2014*
Reconciliation of segment result		
Total for reportable segments	**2,425**	2,235
Financial result of Automotive segment and Motorcycles segment	**–68**	–268
Elimination of inter-segment items	**–94**	39
Group profit before tax	**2,263**	**2,006**
Reconciliation of capital expenditure on non-current assets		
Total for reportable segments	**7,339**	6,108
Elimination of inter-segment items	**–1,393**	–1,082
Total Group capital expenditure on non-current assets	**5,946**	**5,026**
Reconciliation of depreciation and amortisation on non-current assets		
Total for reportable segments	**3,855**	3,014
Elimination of inter-segment items	**–1,306**	–1,011
Total Group depreciation and amortisation on non-current assets	**2,549**	**2,003**

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Segment figures for the first three quarters of the year can be reconciled to the corresponding Group figures as follows:

in € million	**1 January to 30 September 2015**	1 January to 30 September 2014*
Reconciliation of segment result		
Total for reportable segments	**7,441**	7,082
Financial result of Automotive segment and Motorcycles segment	**–204**	–118
Elimination of inter-segment items	**–123**	–145
Group profit before tax	**7,114**	**6,819**
Reconciliation of capital expenditure on non-current assets		
Total for reportable segments	**20,472**	17,320
Elimination of inter-segment items	**–3,883**	–3,167
Total Group capital expenditure on non-current assets	**16,589**	**14,153**
Reconciliation of depreciation and amortisation on non-current assets		
Total for reportable segments	**10,348**	8,681
Elimination of inter-segment items	**–3,800**	–2,932
Total Group depreciation and amortisation on non-current assets	**6,548**	**5,749**

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

in € million	30.9.2015	31.12.2014
Reconciliation of segment assets		
Total for reportable segments	**88,609**	82,937
Non-operating assets – Other Entities segment	**6,719**	6,658
Operating liabilities – Financial Services segment	**105,366**	96,959
Interest-bearing assets – Automotive and Motorcycles segments	**40,885**	39,449
Liabilities of Automotive and Motorcycles segments not subject to interest	**31,370**	28,488
Elimination of inter-segment items	**–106,680**	–99,688
Total Group assets	**166,269**	**154,803**

OTHER INFORMATION

Financial Calendar

Annual Report 2015	16 March 2016
Annual Accounts Press Conference	16 March 2016
Analyst and Investor Conference	17 March 2016
Quarterly Report to 31 March 2016	3 May 2016
Annual General Meeting	12 May 2016
Quarterly Report to 30 June 2016	2 August 2016
Quarterly Report to 30 September 2016	4 November 2016

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The BMW Group on the Internet

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