QUARTERLY REPORT
TO 30 JUNE 2012

Q1 — 31 March 2012

Q3 — 30 September 2012

Q2 — 30 June 2012

BMW GROUP

Rolls-Royce
Motor Cars Limited

BMW GROUP IN FIGURES

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		2nd quarter 2012	2nd quarter 2011	Change in %
Sales volume – Automobiles				
BMW	units	**390,516**	368,686	5.9
MINI	units	**83,665**	81,053	3.2
Rolls-Royce	units	**830**	869	–4.5
Total		**475,011**	**450,608**	**5.4**
Sales volume – Motorcycles				
BMW	units	**34,816**	37,471	–7.1
Husqvarna	units	**2,593**	1,590	63.1
Total		**37,409**	**39,061**	**–4.2**
Production – Automobiles				
BMW	units	**367,998**	371,658	–1.0
MINI	units	**82,957**	76,875	7.9
Rolls-Royce	units	**798**	998	–20.0
Total		**451,753**	**449,531**	**0.5**
Production – Motorcycles				
BMW	units	**32,108**	33,297	–3.6
Husqvarna	units	**3,255**	1,049	–
Total		**35,363**	**34,346**	**3.0**
Workforce at 30 June				
BMW Group		**102,007**	**96,943**	5.2
Financial figures				
Operating cash flow Automotive segment	€ million	**1,840**	**3,010**[1]	**–38.9**
Revenues	€ million	**19,202**	**17,888**	**7.3**
Automotive	€ million	**17,366**	16,674	4.2
Motorcycles	€ million	**410**	450	–8.9
Financial Services	€ million	**4,866**	4,181	16.4
Other Entities	€ million	**2**	1	100.0
Eliminations	€ million	**–3,442**	–3,418	–0.7
Profit before financial result (EBIT)	€ million	**2,270**	**2,802**[2]	**–19.0**
Automotive	€ million	**2,021**	2,408	–16.1
Motorcycles	€ million	**48**	47	2.1
Financial Services	€ million	**441**	739	–40.3
Other Entities	€ million	**14**	21	–33.3
Eliminations	€ million	**–254**	–413[2]	38.5
Profit before tax	€ million	**1,977**	**2,650**[2]	**–25.4**
Automotive	€ million	**1,751**	2,297	–23.8
Motorcycles	€ million	**47**	47	–
Financial Services	€ million	**431**	744	–42.1
Other Entities	€ million	**–14**	–59	76.3
Eliminations	€ million	**–238**	–379[2]	37.2
Income taxes	€ million	**–700**	**–875**[2]	**20.0**
Net profit	€ million	**1,277**	**1,775**[2]	**–28.1**
Earnings per share[3]	€	**1.94/1.95**	**2.70/2.71**[2]	**–28.1/–28.0**

[1] Adjusted for reclassifications as described in note 3
[2] Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8
[3] In accordance with IAS 33 for common/preferred stock. In computing earnings per share of preferred stock, earnings to cover the additional dividend of euro 0.02 per share of preferred stock are spread over the quarters of the corresponding financial year.

		1 January to 30 June 2012	1 January to 30 June 2011	Change in %
Sales volume – Automobiles				
BMW	units	**747,064**	689,861	8.3
MINI	units	**151,875**	141,913	7.0
Rolls-Royce	units	**1,600**	1,592	0.5
Total		**900,539**	**833,366**	**8.1**
Sales volume – Motorcycles				
BMW	units	**59,189**	60,580	–2.3
Husqvarna	units	**5,235**	3,530	48.3
Total		**64,424**	**64,110**	**0.5**
Production – Automobiles				
BMW	units	**746,022**	724,527	3.0
MINI	units	**165,086**	153,559	7.5
Rolls-Royce	units	**1,545**	1,920	–19.5
Total		**912,653**	**880,006**	**3.7**
Production – Motorcycles				
BMW	units	**66,472**	65,781	1.1
Husqvarna	units	**6,616**	4,166	58.8
Total		**73,088**	**69,947**	**4.5**
Workforce at 30 June				
BMW Group		**102,007**	**96,943**	5.2
Financial figures				
Operating cash flow Automotive segment	€ million	**4,133**	**5,086**[1]	**–18.7**
Revenues	€ million	**37,495**	**33,925**	**10.5**
Automotive	€ million	**33,525**	31,047	8.0
Motorcycles	€ million	**858**	847	1.3
Financial Services	€ million	**9,666**	8,364	15.6
Other Entities	€ million	**3**	2	50.0
Eliminations	€ million	**–6,557**	–6,335	–3.5
Profit before financial result (EBIT)	€ million	**4,402**	**4,597**[2]	**–4.2**
Automotive	€ million	**3,899**	4,116	–5.3
Motorcycles	€ million	**85**	78	9.0
Financial Services	€ million	**867**	1,142	–24.1
Other Entities	€ million	**27**	38	–28.9
Eliminations	€ million	**–476**	–777[2]	38.7
Profit before tax	€ million	**4,053**	**4,355**[2]	**–6.9**
Automotive	€ million	**3,571**	3,902	–8.5
Motorcycles	€ million	**84**	77	9.1
Financial Services	€ million	**865**	1,173	–26.3
Other Entities	€ million	**–35**	–83	57.8
Eliminations	€ million	**–432**	–714[2]	39.5
Income taxes	€ million	**–1,427**	**–1,438**[2]	**0.8**
Net profit	€ million	**2,626**	**2,917**[2]	**–10.0**
Earnings per share[3]	€	**3.99/4.00**	**4.43/4.44**[2]	**–9.9/–9.9**

[1] Adjusted for reclassifications as described in note 3
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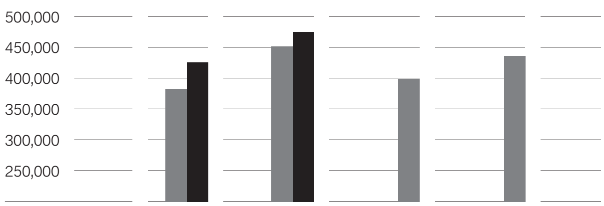
Sales volume of automobiles

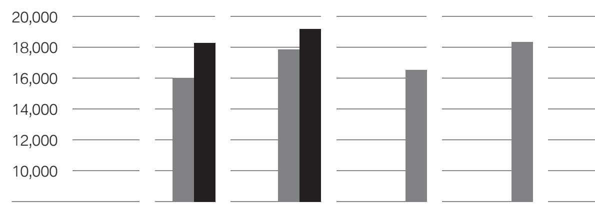
in units



	Q1	Q2	Q3	Q4
2011	382,758	450,608	399,218	436,398
2012	**425,528**	**475,011**		

Revenues

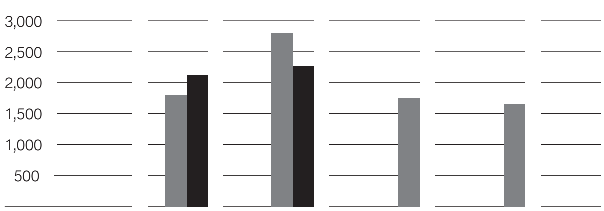
in € million



	Q1	Q2	Q3	Q4
2011	16,037	17,888	16,547	18,349
2012	**18,293**	**19,202**		

Profit before financial result

in € million

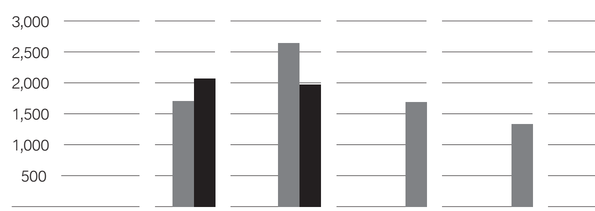


	Q1	Q2	Q3	Q4
2011*	1,795	2,802	1,761	1,660
2012	**2,132**	**2,270**		

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8

Profit before tax

in € million



	Q1	Q2	Q3	Q4
2011*	1,705	2,650	1,689	1,339
2012	**2,076**	**1,977**		

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8

Record sales volume figures
The BMW Group sold more cars than ever before in the second quarter and during the first six months of 2012, once again underlining its excellent state of health. With a total of 475,011 BMW, MINI and Rolls-Royce brand cars sold in the second quarter (+5.4%) and 900,539 in the first half of the year (+8.1%), the BMW Group again asserted its undisputed position as the world's leading manufacturer of premium vehicles.

Sales of the new BMW 3 Series Sedan got off to a flying start and since its market launch, we have already sold almost 70,000 units of this highly successful model. Sales of the BMW 6 Series also performed dynamically during the first six months of 2012, tripling to more than 10,000 units compared to the previous year. This strong performance was additionally driven by the new 6 Series Gran Coupé, the BMW brand's first four-door Coupé.

The second-quarter performance of the Motorcycles segment was influenced increasingly by significant sales volume decreases in some areas, particularly on the major European markets. In total, 37,409 BMW and Husqvarna brand motorcycles were sold during the quarter under report, 4.2% fewer than in the same quarter of the previous year. Over the six-month period, however, sales were still up (64,424 units; +0.5%).

The Financial Services segment can look back on a highly successful six-month performance. New business with retail customers grew solidly during the period and the number of new contracts rose by 10.0% to 346,034 (2011: 314,495 contracts). In total, 3,693,474 lease and financing contracts (2011: 3,277,247; +12.7%) were in place with retail customers and dealers at 30 June 2012.

Revenues and earnings again at record-breaking levels
Both revenues and earnings remained high during the period under report. Group revenues in the second-quarter rose by 7.3% to €19,202 million (2011: €17,888 million). Six-month revenues were up by 10.5% to €37,495 million (2011: €33,925 million). In both cases, the figures represented new records for the respective periods.

Group earnings also came in at a high level again, despite increased investment in new technologies, a more intense level of competition and higher personnel costs. EBIT amounted to €2,270 million (2011: €2,802* million; –19.0%) and profit before tax totalled €1,977 million (2011: €2,650* million; –25.4%) for the second quarter, whereby the deterioration is primarily a reflection of the previous year's extremely high figures. Second-quarter earnings in 2011 for example, included a postitive effect of €464 million arising on the adjustment of residual value and credit risk provisions. The total positive effect for the first half of 2011 was €524 million. Six-month EBIT and profit before tax were therefore also down on the previous year at €4,402 million (2011: €4,597* million; –4.2%) and €4,053 million (2011: €4,355* million; –6.9%) respectively. The Group reports second-quarter net profit of €1,277 million (2011: €1,775* million; –28.1%) and six-month net profit of €2,626 million (2011: €2,917* million; –10.0%).

Workforce size increased
The workforce increased to 102,007 employees at 30 June 2012 (30 June 2011: 96,943 employees; +5.2%). The increase was partly attributable to the acquisition of the ING Car Lease Group (ICL Group) in September 2011. The BMW Group continues to hire skilled workers in order to keep pace with increased business volumes on the one hand and develop new technologies on the other.

Model initiative continued
After the successful launch of the new BMW 3 Series Sedan in February 2012, the BMW ActiveHybrid 5 came onto the market in March. The BMW M6 Convertible as well as the new M Performance models, M550d xDrive (as Sedan and Touring) have all been available since May. The new BMW 6 Series Gran Coupé followed in June, the first four-door Coupé in the brand's history. June also saw the launch of the BMW X5 M50d and BMW X6 M50d as well as the BMW X6 model revision. The BMW 7 Series and the BMW X1 model revisions reached the showrooms in July. The extended wheelbase version of the BMW 3 Series Sedan for China will be available for delivery from August onwards. The new BMW 3 Series Touring, the M6 Coupé and the new BMW 1 Series three-door version will follow later in the year, the latter incorporating the xDrive four-wheel-drive system in a 1 Series vehicle for the first time.

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8

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The MINI Roadster was introduced as the sixth member of the MINI family in March 2012. A further model, the MINI Clubvan, will be added in autumn 2012. The market launch of the Rolls-Royce Phantom Series II will take place during the second half of the year.

The G 650 GS Sertão, the revised models of the S 1000 RR and the F 800 R, the special R 1200 GS Rallye model and the special K 1300 R and K 1300 S models all came onto the markets at the end of March, in good time for the start of the motorcycle season. The market launch of the C 650 GT and C 600 SPORT scooters followed in July, initially in Europe. The C evolution – a close-to-production prototype of an electric scooter – was presented end of July. The Husqvarna brand expanded its range of products with the TR 650 Strada and TR 650 Terra models, both of which will go on sale in autumn.

Tiexi production plant opened

In May 2012, together with its joint venture partner, Brilliance China Automotive Holdings Ltd., the BMW Group opened the new Tiexi production plant at its Shenyang site. Alongside the BMW X1, the extended wheelbase version of the new BMW 3 Series Sedan will be manufactured at this plant for the Chinese market. The opening of this second plant in China increases the joint venture's production capacity to an initial volume of 200,000 vehicles.

Tiexi also sets new standards in the field of sustainability. In terms of energy and water consumption, waste material/water and solvent emissions, the Tiexi plant is the most environmentally friendly automotive production site in China.

Collaboration with Toyota to be expanded

The BMW Group and the Toyota Motor Corporation intend to expand their arrangements, initiated last December, to collaborate in the field of sustainable mobility. A corresponding memorandum of understanding was signed in June 2012, aimed at achieving long-term strategic collaboration in the joint development of fuel cells, architecture and components for a future sports car and powertrain electrification as well as research and development on lightweight technologies.

Car markets still developing divergently

The world's car markets generally performed inhomogeneous during the first half of 2012. Compared to the same period last year, the global automobile market grew by some 8 % in the first half of 2012.

The US economy continued its recovery during the six-month period, boosted by better figures from the labour market and increased demand for new cars in view of the increased average age of cars on the road. As a result of these various factors, the US automobile market grew by 15 % overall.

With few exceptions, automobile markets in Europe were down on the previous year, with the threat of the sovereign debt crisis hovering in the background. Only Germany and Great Britain saw positive trends: new registrations were slightly up in Germany (+ 1 %), while the British market grew by around 3 %. By contrast, the market in France – which had been boosted for at least part of the previous year by a scrappage bonus scheme – contracted by approximately 15 %. Italy suffered a slump in new registrations during the first six months of the year, with figures down by roughly 20 %. Spain also recorded lower volumes, with new registrations down by approximately 8 %.

The Japanese market experienced rapid growth (+ 53 %) during the first half of 2012, reflecting the catch-up effect after the natural catastrophe in the previous year.

The automobile market in China was approximately 8 % up on the previous year's first six-month period. While Russia continued to perform strongly (+ 14 %), the markets in Brazil (– 2 %) and Turkey (– 20 %) were unable to match the record high figures of the previous year. India's automobile market grew by 12 % during the six-month period under report.

Motorcycle markets remain inconsistent

International motorcycle markets in the 500 cc plus class continued to perform inconsistently during the second quarter 2012. For the six-month period, the relevant markets contracted overall by 2 % compared to the corresponding period one year earlier. In Europe (– 11 %), the impact of the sovereign debt crisis was felt most sharply in the region's southern countries and the markets in Italy and Spain recorded drops of 32 % and 29 % respectively. The decreases in Great Britain (– 7 %) and France (– 6 %) were less pronounced. Demand in the 500 cc plus class remained at the previous year's level in Germany and grew by 5 % in the USA. Brazil was up by 23 % compared to the previous year's corresponding six-month period. The market in Japan recovered during the first half of the year and grew strongly by 16 %.

Financial services market faces volatile conditions

Central banks pursued an expansive monetary policy during the first half of 2012, thus helping to maintain the flow of credit from national banks to the real economy. At the same time, interest rates fell even further on financial markets. Extending the scope of the European rescue fund only eased the situation temporarily. The ongoing sovereign debt crisis in Europe ensured continued uncertainty on capital markets, in turn, leading to higher risk spreads.

With the exception of a number of southern European markets, credit business-related risks decreased worldwide during the first half of 2012. Used car markets remained largely stable during the period under report, with the only deterioration being in southern Europe due to weak demand.

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Car sales volume at new record level
Second-quarter sales rose by 5.4 % to 475,011 units. Sales of BMW, MINI and Rolls-Royce brand cars climbed by 8.1 % (900,539 units) during the six-month period. With these figures, the BMW Group recorded the best quarterly and six-month sales volume performance in its entire history.

During the period from April to June, we sold 390,516 BMW brand vehicles (+ 5.9 %), bringing the total for the half-year to 747,064 units (+ 8.3 %). Second-quarter and six-month sales of MINI brand vehicles rose by 3,2 % to 83,665 units and by 7.0 % to 151,875 units respectively. With sales volume of 830 vehicles during the period from April to June, Rolls-Royce almost reached the previous year's high second-quarter level (– 4.5 %). In total, 1,600 units were sold worldwide during the first six months of the current year (+ 0.5 %).

Asian markets remain dynamic
Asian markets continued to perform strongly during the period under report, with 119,851 units sold in the second quarter (+ 20.0 %) and 238,731 units sold in the first half of the year (+ 25.6 %). One of the main contributing factors to this performance was the Chinese market, where we were able to sell 79,140 units (+ 25.0 %). The increase for the six-month period was 30.6 % (159,358 units). Sales in Japan during the same period totalled 27,737 units, a jump of 27.3 % compared to the previous year.

Despite the uncertainties prevailing in Europe, the BMW Group was nevertheless able to maintain the high sales volume levels recorded in the previous year (second quarter 2012: 236,275 units; – 0.5 %; six-month period: 437,338 units; – 0.1 %). The number of cars sold in Germany fell by 1.5 % both in the second quarter and for the six-month period (79,134 units and 142,158 units respectively). By contrast, increases were recorded for Great Britain, both for the quarter (45,902 units; + 3.5 %) and for the six-month period (84,870 units; + 1.5 %). Six-month sales in France totalled 34,853 units (– 2.2 %). We fell short of the previous year's sales volume figures in countries affected by the debt crisis, particularly in Italy (33,534 units; – 12.7 %) and Spain (19,195 units; – 9.8 %).

Sales volumes in North America developed positively, on both a quarterly and a six-month basis. Second-quarter sales of 94,246 units were 5.1 % up on the previous year, while six-month sales rose by 10.3 % to 177,423 units. The BMW Group sold 83,030 units in the USA in the second quarter (+ 5.4 %), bringing the six-month sales volume on this market to 158,961 units (+ 10.4 %).

BMW remains leading premium provider with new sales volume record
Alongside BMW's global market leadership in the premium segment, the BMW 1 Series, the BMW 5 Series and the BMW X5 Series are all market leaders in their own segments. The six-month sales volume figure

Automotive

		2nd quarter 2012	2nd quarter 2011	Change in %
Sales volume	units	**475,011**	450,608	5.4
Production	units	**451,753**	449,531	0.5
Revenues	€ million	**17,366**	16,674	4.2
Profit before financial result (EBIT)	€ million	**2,021**	2,408	–16.1
Profit before tax	€ million	**1,751**	2,297	–23.8

		1 January to 30 June 2012	1 January to 30 June 2011	Change in %
Sales volume	units	**900,539**	833,366	8.1
Production	units	**912,653**	880,006	3.7
Revenues	€ million	**33,525**	31,047	8.0
Profit before financial result (EBIT)	€ million	**3,899**	4,116	–5.3
Profit before tax	€ million	**3,571**	3,902	–8.5
Workforce at 30 June		**92,849**	89,661	3.6

for the BMW 1 Series worldwide was 113,805 units (+20.5%), including 89,490 units (+51.0%) of the highly successful new five-door version. The three-door version set to come onto the markets in autumn will add even greater sales-volume impetus. Sales of the BMW 3 Series, at 193,989 units, were slightly up on the previous year (+0.6%). The four-wheel-drive system (xDrive) for the Sedan as well as the launches of the new Touring and extended wheelbase version for China will also revitalise demand in the second half of the year. Six-month sales of the BMW 5 Series totalled 177,785 units and were thus 4.1% ahead of the previous year. The BMW 6 Series recorded sales volume of 10,346 units in the same period, tripling the previous year's figure (2011: 3,213 units). We sold 30,511 units of the BMW 7 Series (–3.9%) during the first half of the year. The revised model was launched in July and will provide momentum for sales over the remainder of the year. 8,860 units of the BMW Z4 were handed over to customers, 15.6% fewer than in the previous year.

Sales volume of BMW vehicles by model variant

in units

	1 January to 30 June 2012	1 January to 30 June 2011	Change in %
BMW 1 Series			
Three-door	3,769	11,410	–67.0
Five-door	89,490	59,250	51.0
Coupé	11,187	12,066	–7.3
Convertible	9,359	11,728	–20.2
	113,805	94,454	20.5
BMW 3 Series			
Sedan	135,981	117,798	15.4
Touring	28,380	37,074	–23.5
Coupé	15,910	20,970	–24.1
Convertible	13,718	17,085	–19.7
	193,989	192,927	0.6
BMW 5 Series			
Sedan	137,081	128,085	7.0
Touring	29,007	30,477	–4.8
Gran Turismo	11,697	12,146	–3.7
	177,785	170,708	4.1
BMW 6 Series			
Coupé	4,689	443	–
Convertible	4,818	2,770	73.9
Gran Coupé	839	–	–
	10,346	3,213	–
BMW 7 Series			
	30,511	31,764	–3.9
BMW X1			
	64,387	62,698	2.7
BMW X3			
	74,098	53,522	38.4
BMW X5			
	52,399	48,749	7.5
BMW X6			
	20,884	21,323	–2.1
BMW Z4			
	8,860	10,503	–15.6
BMW total	747,064	689,861	8.3

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The BMW X family continued to perform well during the first six months of 2012. The X1 was sold to 64,387 customers (+ 2.7 %). The revised model of the X1 came onto the markets in July and will be available in the USA from September onwards. 74,098 units of the BMW X3 were sold during the six-month period, a jump of 38.4 % compared to the previous year. The BMW X5 recorded growth of 7.5 % with 52,399 units handed over to customers. Sales of the BMW X6 went down by 2.1 % to 20,884 units. The revised model will go on sale during the second half of the year.

MINI brand achieves new sales volume high

The MINI Countryman again proved highly popular during the first half of 2012, with 49,588 units (+ 23.4 %) sold during the period. Sales of the MINI Coupé and the MINI Roadster totalled 6,278 and 4,563 units respectively. The MINI Hatch saw a sales volume drop of 9.2 % to 64,864 units. Sales of the MINI Convertible (14,669 units; – 12.6 %) and the MINI Clubman (11,913 units; – 11.8 %) were also down on the previous year.

Sales volume of MINI vehicles by model variant

in units

	1 January to 30 June 2012	1 January to 30 June 2011	Change in %
MINI Hatch			
One	**18,027**	20,062	–10.1
Cooper	**30,978**	34,475	–10.1
Cooper S	**15,859**	16,910	–6.2
	64,864	**71,447**	**–9.2**
MINI Convertible			
One	**2,599**	2,978	–12.7
Cooper	**6,500**	8,301	–21.7
Cooper S	**5,570**	5,504	1.2
	14,669	**16,783**	**–12.6**
MINI Clubman			
One	**2,026**	1,953	3.7
Cooper	**6,152**	7,557	–18.6
Cooper S	**3,735**	4,002	–6.7
	11,913	**13,512**	**–11.8**
MINI Countryman			
One	**6,366**	3,497	82.0
Cooper	**20,134**	18,142	11.0
Cooper S	**23,088**	18,532	24.6
	49,588	**40,171**	**23.4**
MINI Coupé			
Cooper	**2,101**	–	–
Cooper S	**4,177**	–	–
	6,278	**–**	**–**
MINI Roadster			
Cooper	**1,338**	–	–
Cooper S	**3,225**	–	–
	4,563	**–**	**–**
MINI total	**151,875**	**141,913**	**7.0**

Rolls-Royce at previous year's high level

Rolls-Royce Motor Cars sold 218 Phantom vehicles during the first half of 2012, an increase of 9.5 % compared to the previous year. Six-month sales of the Phantom Coupé (including the Drophead Coupé) fell to 99 units (–22.0 %). The Phantom Series II will become available during the second half of the year. The Rolls-Royce Ghost again performed well, with sales volume of 1,283 units during the period under report (+1.3 %).

Sales volume of Rolls-Royce vehicles by model variant

in units

	1 January to 30 June 2012	1 January to 30 June 2011	Change in %
Rolls-Royce			
Phantom (including Phantom Extended Wheelbase)	**218**	199	9.5
Coupé (including Drophead Coupé)	**99**	127	–22.0
Ghost	**1,283**	1,266	1.3
Rolls-Royce total	**1,600**	**1,592**	**0.5**

Slight increase in automobile production

451,753 BMW, MINI and Rolls-Royce brand cars were manufactured throughout the BMW Group's production network during the second quarter 2012 (+0.5 %), comprising 367,998 BMW (–1.0 %), 82,957 MINI (+7.9 %) and 798 Rolls-Royce vehicles (–20.0 %).

Production volume during the first six months increased by 3.7 % to 912,653 units, comprising 746,022 BMW (+3.0 %), 165,086 MINI (+7.5 %) and 1,545 Rolls-Royce brand vehicles (–19.5 %).

Automotive segment remains on successful course

The strong sales sales volume performance is reflected in new high levels for segment revenues, rising by 4.2 % to €17,366 million for the period from April to June 2012 and by 8.0 % to €33,525 million for the six-month period.

The BMW Group again demonstrated its earnings strength by posting the second-highest earnings figure for the Automotive segment in the company's history. Second-quarter EBIT amounted to €2,021 million (–16.1 %) and the six-month EBIT to €3,899 million (–5.3 %). Profit before tax for the quarter and for the six-month period were €1,751 million (–23.8 %) and €3,571 million (–8.5 %) respectively. Segment earnings in the previous year included a positive effect of €85 million arising on the adjustment of residual value risk provisions.

Automotive segment workforce increased

The Automotive segment had a worldwide workforce of 92,849 employees at 30 June 2012, 3.6 % more than one year earlier (2011: 89,661 employees).

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Motorcycle sales volume in six-month period at previous year's high level

During the second quarter 2012 we sold 37,409 BMW and Husqvarna brand motorcycles worldwide (–4.2%), comprising 34,816 BMW brand (–7.1%) and 2,593 Husqvarna brand motorcycles (+63.1%). The 64,424 units sold during the six-month period were marginally higher than one year earlier (+0.5%). This figure comprised 59,189 BMW brand (–2.3%) and 5,235 Husqvarna brand motorcycles (+48.3%). We expect the launch of the BMW Scooter in Europe to help revive motorcycle sales volume in the second half of the year.

In Europe we sold 41,858 BMW motorcycles (–8.3%) during the period from January to June. The impact of the debt crisis was especially apparent in the region's southern countries. Sharp drops were recorded in Spain (2,835 units; –23.1%) and Italy (7,221 units; –30.7%). The number of motorcycles sold in Great Britain fell by 7.4% to 3,435 units. By contrast, sales in Germany increased by 3.3% to 12,488 units. A sales volume increase was also recorded for France with 6,507 units sold (+15.7%).

Sales volumes outside Europe developed extremely positively. We sold a total of 7,926 motorcycles (+28.9%) in the USA during the first half of the year. The increase in Brazil was even more pronounced: sales on this market soared by 76.8% to 3,339 units. The number of motorcycles handed over to customers in Japan rose by 13.1% to 1,464 units.

Motorcycle production increased

35,363 BMW and Husqvarna brand motorcycles were manufactured during the period from April to June 2012, 3.0% more than in the second quarter 2011. The figure comprised 32,108 units (–3.6%) manufactured at the BMW plant in Berlin and 3,255 units (2011: 1,049 units) at the Husqvarna plant in Italy. Six-month motorcycle production volume increased by 4.5% to 73,088 units, comprising 66,472 BMW (+1.1%) and 6,616 Husqvarna motorcycles (+58.8%).

Motorcycles segment earnings up on previous year

Second-quarter revenues for the Motorcycles segment decreased by 8.9% to €410 million as a result of the lower overall volume sold. By contrast, six-month revenues increased to €858 million (+1.3%).

EBIT improved both on a quarterly (€48 million; +2.1%) and a six-month basis (€85 million; +9.0%). The segment's second-quarter profit before tax of €47 million was at a similar level to the previous year. Segment revenues for the period from January to June rose by 9.1% to €84 million.

Slight increase in workforce

The BMW Group employed 3,001 people in the Motorcycles segment at 30 June 2012, 3.2% more than one year earlier (2011: 2,909 employees).

Motorcycles

		2nd quarter 2012	2nd quarter 2011	Change in %
Sales volume	units	**37,409**	39,061	–4.2
Production	units	**35,363**	34,346	3.0
Revenues	€ million	**410**	450	–8.9
Profit before financial result (EBIT)	€ million	**48**	47	2.1
Profit before tax	€ million	**47**	47	–

		1 January to 30 June 2012	1 January to 30 June 2011	Change in %
Sales volume	units	**64,424**	64,110	0.5
Production	units	**73,088**	69,947	4.5
Revenues	€ million	**858**	847	1.3
Profit before financial result (EBIT)	€ million	**85**	78	9.0
Profit before tax	€ million	**84**	77	9.1
Workforce at 30 June		**3,001**	2,909	3.2

Financial Services segment remains on track
The Financial Services segment continued to perform well in the second quarter 2012, recording dynamic growth. At 30 June 2012, the segment's portfolio of leasing and credit financing contracts in place with retail customers and dealers surged to 3,693,474 (2011: 3,277,247; +12.7 %). The figure also includes financing contracts of the ICL Group which was acquired with effect from 30 September 2011. Business volume in balance sheet terms also rose and stood at €77,929 million (+3.6 %) at the end of the reporting period.

Stable growth of new business
Credit and leasing business with retail customers was further expanded during the period under report. The number of new contracts signed worldwide in the second quarter climbed by 10.0 % to 346,034 (2011: 314,495). The equivalent figure for the six-month period was 652,018 new contracts (2011: 591,351; +10.3 %), with leasing business up by 22.1 % and credit financing by 5.1 %. Leasing accounted for 33.7 % of new business, credit financing for 66.3 %. The ratio of new BMW Group cars leased or financed by the Financial Services segment during the six-month period was 38.7 %, slightly down on the previous year's 40.4 %.

Used car financing for BMW and MINI brand vehicles dipped slightly during the six-month period, with 152,557 new contracts signed compared to 158,976 (–4.0 %) one year earlier.

The total volume of leasing and credit financing contracts signed with retail customers during the first half of 2012 amounted to €17,580 million, 13.2 % ahead of the previous year's figure (2011: €15,531 million).

The increase in new business is reflected in the overall contract portfolio. At the end of the second quarter, a total of 3,423,299 contracts was in place with retail customers (2011: 3,010,624 contracts; +13.7 %). The increase was spread across all regions. The Europe/Middle East region recorded growth of 43.6 %, mainly due to the acquisition of the ICL Group. The Asia/Pacific (+17.6 %), Americas (+3.5 %) and EU Bank (+2.9 %) regions also all reported growth compared to the previous year.

Strong growth for fleet business
The BMW Group operates its multi-brand fleet business under the name "Alphabet". The portfolio of fleet financing contracts rose sharply to 489,439 units (2011: 212,402 units (+130.4 %), mostly as a result of the acquisition of the ICL Group on 30 September 2011. As a result of these developments, the BMW Group is now one of the top four fleet service providers in Europe.

Increase in multi-brand financing
In the multi-brand financing line of business, a total of 80,277 new contracts were signed during the first half of 2012, 15.5 % more than in the previous year. The contract portfolio also increased by 10.3 % to stand at

Financial Services

		2nd quarter 2012	2nd quarter 2011	Change in %
New contracts with retail customers		**346,034**	314,495	10.0
Revenues	€ million	**4,866**	4,181	16.4
Profit before financial result (EBIT)	€ million	**441**	739	–40.3
Profit before tax	€ million	**431**	744	–42.1

		1 January to 30 June 2012	1 January to 30 June 2011	Change in %
New contracts with retail customers		**652,018**	591,351	10.3
Revenues	€ million	**9,666**	8,364	15.6
Profit before financial result (EBIT)	€ million	**867**	1,142	–24.1
Profit before tax	€ million	**865**	1,173	–26.3
Workforce at 30 June		**6,031**	4,254	41.8

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		30.6.2012	31.12.2011	Change in %
Business volume in balance sheet terms*	€ million	**77,929**	75,245	3.6

* calculated on the basis of the Financial Services segment balance sheet

396,231 units at 30 June 2012 compared to 359,368 units one year earlier.

Dealer financing up on previous year
As well as retail customer financing, the Financial Services segment also offers financing products to dealers. The total volume of dealer financing contracts managed by the Financial Services segment at 30 June 2012 was 10.5 % higher at €11,355 million (2011: €10,275 million).

Dynamic growth for deposit business
The volume of customer deposits held at 30 June 2012 stood at €13,216 million, an increase of 23.6 % compared to one year earlier (2011: €10,691 million). The number of custodian accounts maintained by customers decreased to 23,669 (– 5.3 %).

Strong performance with insurance business
In addition to its financing and leasing products, the Financial Services segment offers a selected range of insurance products. Demand in this line of business remained high during the second quarter 2012. The number of new insurance contracts signed during the period increased by 15.1 % to 474,324 and the total portfolio grew sharply in size to 2,107,247 contracts (2011: 1,681,239 contracts; + 25.3 %).

Strong performance reflected in earnings
The segment's strong performance is reflected in segment earnings for the period under report. Second-quarter EBIT amounted to €441 million (2011: €739 million; – 40.3 %) while the profit before tax for the same period totalled €431 million (2011: €744 million; – 42.1 %). The decrease in segment profit was due to "base effect" in the previous year, namely the fact that second-quarter earnings one year earlier included a positive effect of €379 million arising on the adjustment of residual value and credit risk provisions. The total positive effect for the first half of 2011 was €439 million. Six-month EBIT and profit before tax were therefore also down on the previous year at €867 million (2011: €1,142 million; – 24.1 %) and €865 million (2011: €1,173 million; – 26.3 %) respectively. Adjusted for these exceptional factors, segment profit was approximately 10 % up on the previous year.

Workforce increased
The Financial Services segment had a workforce of 6,031 employees at the end of the reporting period, 41.8 % more than one year earlier (2011: 4,254 employees). The increase was mostly due to the acquisition of the ICL Group in the previous year.

BMW stock in the second quarter 2012
After a bright start to the year, stock exchanges were overshadowed once again during the second quarter 2012 by the European debt crisis. In addition to the initial failure to form a government in Greece, problems in the banking sector in Spain came more to the forefront to dampen the mood on the stock exchanges.

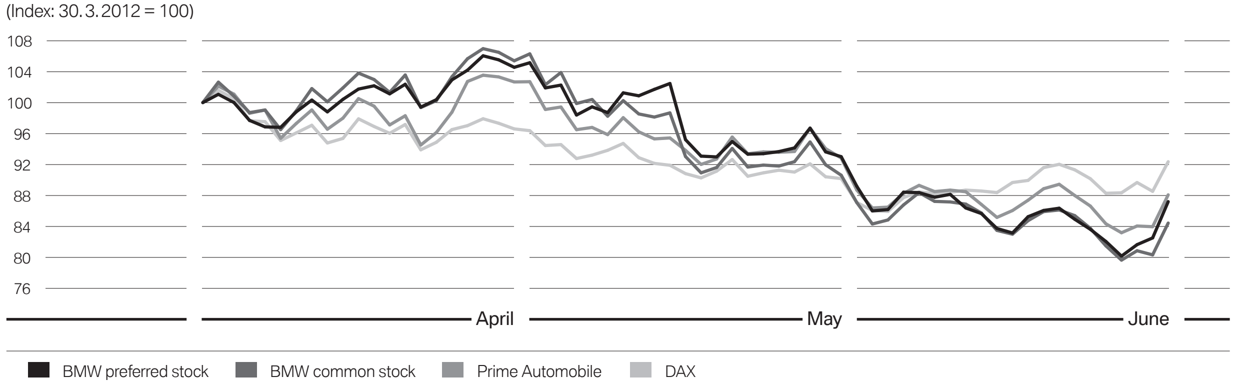
The German stock index, the DAX, closed at 6,416 points on 29 June 2012, thus losing most of the gains recorded in the first quarter (– 7.6 %). After reaching a high for the year to date at over 7,100 points in March 2012, the DAX plummeted again, standing at a level below 6,000 points for a short time towards the end of May. Over the six-month period up to 30 June 2012, the index gained 8.8 % in value. The Prime Automobile sector index fell back by 11.9 % during the reporting period, closing at 775 points on the last day of trading. The sector index remained in positive territory compared to the end of 2011 (+ 12.7 %).

BMW stock was unable to escape the impact of this volatile stock exchange environment. After reaching a new all-time high in March, BMW common stock finished the second quarter at €56.93 (– 15.6 %). Since the beginning of 2012, however, it has gained approximately 10 %. BMW preferred stock also lost some of the gains made in the first quarter and was priced at €38.84 at the end of the reporting period, 12.8 % lower than at the end of the preceding quarter. However, over the six-month period BMW preferred stock had still advanced by 6.3 %.

On the basis of the share price performance in recent years, the BMW Group was again presented with the Shareholder Value Award in June 2012. This accolade was awarded by PriceWaterhouseCoopers in conjunction with Automotive News Europe for the best „Total Shareholder Value Return Performance“ over one- and three-year periods in the automobile manufacturer category.

Refinancing conditions remain attractive
The BMW Group was again able to refinance operations on international money and capital markets during the second quarter 2012 at attractive conditions. During the period from April to June 2012, the total volume of bonds issued and private placements made in various currencies was in the region of €700 million. In addition, ABS bonds were issued in the USA and South Africa with a volume of 1 billion US dollars and 1.5 billion South African rand respectively. Both transactions met with strong demand from investors. Commercial paper and deposit-taking business also constitute fixed components of the BMW Group's range of funding tools.

Development of BMW stock compared to stock exchange indices
(Index: 30. 3. 2012 = 100)



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Earnings performance*

The earning's performance of the BMW Group continued to perform well, both on a second-quarter and half-yearly basis, despite increasing uncertainties about the economic health of the European markets.

Major contributory factors behind this performance were the high-value model mix achieved for our BMW, MINI and Rolls-Royce brands and our strong competitive position on international markets.

Earnings performance for the second quarter 2012

Group revenues remained at a high level. Second-quarter Group revenues rose by 7.3 % to €19,202 million (2011: €17,888 million). Adjusted for changes in exchange rates, revenues increased by 1.5 %. Within Group revenues, external revenues of the Automotive segment were 4.9 % higher compared to the same quarter last year due to sales volume factors. External revenues of the Motorcycles segment for the three-month period were down by 8.3 %. The Financial Services segment recorded a 18.2 % increase in external revenues, mainly attributable to the acquisition of the ICL Group.

Group cost of sales for the second quarter totalled €15,174 million (2011: €13,569 million).

Compared to the high level recorded in the second quarter 2011, gross profit decreased by 6.7 % to €4,028 million, giving a gross profit margin of 21.0 % (2011: 24.1 %). Adjusted for the exceptional effect of reducing the provisions for residual value and credit risks in the previous year, the gross profit margin would have increased by 3.4 %.

The gross profit margin recorded by the Automotive segment fell by 2.2 percentage points to 20.3 %; the Motorcycles segment recorded a gross profit margin of 22.4 % (2011: 19.3 %). In the Financial Services segment, it fell from 21.4 % to 13.7 %.

Second-quarter research and development expense increased by 14.6 % to €1,034 million and represented 5.4 % (2011: 5.0 %) of revenues. Research and development expense includes amortisation of capitalised development costs amounting to €302 million (2011: €295 million). Total research and development expenditure in the second quarter amounted to €981 million (2011: €811 million). This figure comprises research costs, non-capitalised development costs, capitalised development costs and systematic amortisation of capitalised development costs. The research and development expenditure ratio for the second quarter was therefore 5.1 % (2011: 4.5 %). The proportion of development costs recognised as assets in the quarter under report was 25.4 % (2011: 25.2 %).

Selling and administrative expenses increased by 18.3 % compared to the same period last year. This includes higher marketing costs as well as higher personnel and non-personnel costs.

Depreciation and amortisation on property, plant and equipment and intangible assets recorded in cost of sales and in selling and administrative expenses, at €879 million, were at a similar level to the previous year (2011: €875 million).

The net result from other operating income and other operating expenses improved from a net expense of €57 million to a net expense of €31 million.

The Group reports a second-quarter profit before financial result (EBIT) of €2,270 million (2011: €2,802 million).

The financial result was a net expense of €293 million, a deterioration of €141 million compared to the previous year. Other financial result deteriorated by €254 million to a net expense of €415 million, mainly due to write-

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8

Revenues by segment in the second quarter

in € million

	External revenues		Inter-segment revenues		Total revenues	
	2012	2011	**2012**	2011	**2012**	2011
Automotive	**14,365**	13,695	**3,001**	2,979	**17,366**	16,674
Motorcycles	**409**	446	**1**	4	**410**	450
Financial Services	**4,427**	3,746	**439**	435	**4,866**	4,181
Other Entities	**1**	1	**1**	–	**2**	1
Eliminations	**–**	–	**–3,442**	–3,418	**–3,442**	–3,418
Group	**19,202**	**17,888**	**–**	**–**	**19,202**	**17,888**

downs on available-for-sale securities and fair value losses on stand-alone raw material and currency derivatives. The result from equity accounted investments improved by €56 million to €105 million.

The profit before tax, at €1,977 million, was €673 million lower than in the previous year (2011: €2,650 million), mostly reflecting the fact that second-quarter earnings one year earlier had benefited from an exceptional gain of €464 million arising on the reduction of allowances/provisions for residual value and bad debt risks. The pre-tax return on sales was 10.3 % (2011: 14.8 %). The income tax expense for the quarter decreased by €175 million, giving an effective tax rate of 35.4 % (2011: 33.0 %).

Net profit for the second quarter 2012 amounted to €1,277 million.

In the second quarter 2012, the BMW Group generated earnings per share of common stock of €1.94 (2011: €2.70) and earnings per share of preferred stock of €1.95 (2011: €2.71).

Earnings performance for the first half of 2012

Group revenues for the first half of 2012 increased by 10.5 % to €37,495 million. Adjusted for exchange rate factors, the increase was 6.0 %. Within Group revenues, external revenues of the Automotive and Motorcycles segments increased by 8.7 % and 1.4 % respectively reflecting the sales volume performance. External revenues of the Financial Services segment for the six-month period rose by 17.9 %. External revenues generated with other activities were unchanged from the previous year at €1 million.

Group cost of sales totalled €29,703 million (2011: €26,400 million).

Gross profit increased as a result by 3.5 % to €7,792 million, giving a gross profit percentage of 20.8 % (2011: 22.2 %). Adjusted for the exceptional effect of reducing the provisions for residual value and credit risks in the previous year, the gross profit margin would have increased by 10.2 %.

The gross profit margin recorded by the Automotive segment was 20.3 % (2011: 21.5 %) and that of the Motorcycles segment was 20.0 % (2011: 19.0 %). The gross profit margin of the Financial Services segment fell by 4 percentage points to 13.5 %.

Research and development expense for the six-month period increased by 17.0 % to €2,006 million. As a proportion of revenues, the research and development ratio increased slightly to 5.4 % (2011: 5.1 %) Research and development costs include amortisation of capitalised development expenses amounting to €603 million (2011: €594 million). Total research and development expenditure amounted to €1,843 million (2011: €1,475 million). The research and development expenditure ratio was therefore 4.9 % (2011: 4.3 %). The proportion of development costs recognised as assets was 23.9 % (2011: 24.0 %).

Selling and administrative expenses increased by 18.0 % compared to the same period last year. This includes higher marketing costs as well as higher personnel and non-personnel costs.

The net result from other operating income and other operating expenses was a net expense of €27 million, compared to a net expense of €78 million one year earlier.

At €4,402 million, the Group's profit before financial result (EBIT) was 4.2 % down on the previous year's high level.

The financial result for the six-month period was a net expense of €349 million, a deterioration of €107 million compared to the previous year. Within that figure, other

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

in € million

	External revenues		Inter-segment revenues		Total revenues	
	2012	2011	**2012**	2011	**2012**	2011
Automotive	**27,812**	25,593	**5,713**	5,454	**33,525**	31,047
Motorcycles	**850**	838	**8**	9	**858**	847
Financial Services	**8,832**	7,493	**834**	871	**9,666**	8,364
Other Entities	**1**	1	**2**	1	**3**	2
Eliminations	**–**	–	**–6,557**	–6,335	**–6,557**	–6,335
Group	**37,495**	**33,925**	**–**	**–**	**37,495**	**33,925**

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financial result deteriorated by €185 million to a net expense of €462 million. The result from equity accounted investments improved by €68 million.

Group profit before tax amounted to €4,053 million (2011: €4,355 million). The pre-tax return on sales was 10.8 % (2011: 12.8 %). The tax expense for the six-month period was at a similar level to the previous year and the effective tax rate was 35.2 % (2011: 33.0 %).

Overall, the BMW Group recorded a net profit of €2,626 million for the six-month period (2011: €2,917 million).

In the first half of 2012, the BMW Group generated earnings per share of common stock of €3.99 (2011: €4.43) and earnings per share of preferred stock of €4.00 (2011: €4.44).

Earnings performance by segment

Second-quarter Automotive segment revenues increased by 4.2 %. The profit before tax, at €1,751 million, was €546 million lower than the high level recorded one year earlier. Segment revenues for the six-month period rose by 8.0 % to €33,525 million, the main factors for the improvement being a favourable sales mix by model and higher volumes.

Revenues of the Motorcycles segment for the second quarter 2012 fell by 8.9 %. The segment profit before tax, at €47 million, was at the previous year's level. Six-month revenues amounted to €858 million and were slightly higher than in the previous year (2011: €847 million). The profit before tax for the period improved by 9.1 % to €84 million.

Revenues of the Financial Services segment in the second quarter rose by 16.4 % to €4,866 million. The profit before tax amounted to €431 million, a decrease of €313 million compared to the previous year (2011: €744 million), mostly reflecting the fact that second-quarter earnings one year earlier had benefited from an exceptional gain of €379 million arising on the reduction of allowances/provisions for residual value and bad debt risks.

Revenues for the six-month period increased by 15.6 % to €9,666 million. The profit before tax fell by 26.3 % to €865 million.

The Other Entities segment reports a second-quarter loss before tax of €14 million (2011: loss before tax of €59 million), mostly due to a slight improvement in the financial result. The result for the six-month period improved by €48 million to a net expense of €35 million. Inter-segment eliminations during the six-month period up to the level of profit before tax gave rise to a net expense of €432 million (2011: net expense of €714 million). The previous year's figure was adjusted by a net expense of €161 million in accordance with IAS 8 as a result of the change in accounting policy for leased products.

Financial position[1]

The consolidated cash flow statements for the Group and the Automotive and Financial Services segments show the sources and applications of cash flows for the first six-month periods of 2011 and 2012, classified into cash flows from operating, investing and financing activities. Cash and cash equivalents in the cash flow statement 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 financial activities are based on actual payments and receipts.

[1] Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8 and the described reclassifications

Profit before tax by segment

in € million

	2nd quarter 2012	2nd quarter 2011[2]	**1 January to 30 June 2012**	1 January to 30 June 2011[2]
Automotive	**1,751**	2,297	**3,571**	3,902
Motorcycles	**47**	47	**84**	77
Financial Services	**431**	744	**865**	1,173
Other Entities	**–14**	–59	**–35**	–83
Eliminations	**–238**	–379	**–432**	–714
Profit before tax	**1,977**	**2,650**	**4,053**	**4,355**
Income taxes	**–700**	–875	**–1,427**	–1,438
Net profit	**1,277**	**1,775**	**2,626**	**2,917**

[2] Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8

Cash inflows and outflows relating to operating leases, where the BMW Group is lessor, are required by IAS 7.14 to be presented within cash flows from operating activities. Up to and including the quarterly report for the period ended 30 September 2011, these cash flows were presented in the BMW Group Financial Statements within cash flows from investing activities. The change in presentation in the BMW Group's Cash Flow Statements was made with effect from the end of the financial year 2011. Prior year figures have been adjusted accordingly. Cash inflow from operating activities for the first half of the previous year decreased by €2,558 million as a result of the reclassification. The cash outflow for investing activities decreased by the same amount.

The presentation of receivables from sales financing within the Cash Flow Statement was also changed in the Group Financial Statements for the year ended 31 December 2011 to ensure that lease and financing transactions are treated consistently. Previously, changes in receivables from sales financing – including finance leases, where the BMW Group is the lessor – were presented within investing activities. They are now presented as part of the cash flow from operating activities. The previous year's figures were restated in the interests of better comparability. As a result of the change, the cash inflow from operating activities for the first half of 2011 was reduced by €1,302 million. The cash outflow for investing activities decreased by the same amount.

Overall, cash flows from operating activities for the first half of 2011 were reduced to €4,367 million. The cash outflow for investing activities decreased accordingly to €1,185 million.

The reclassification of receivables from sales financing and leased products in 2011 resulted in a shift of €10 million (Automotive segment) and €3,850 million (Financial Services segment) between the cash inflow from operating activities and the cash outflow for investing activities.

The BMW Group used various sources of funds for internal financing purposes. In addition to the issue of interest-bearing debt capital, it is also common for cash funds to be allocated to group entities in line with business requirements. This can also include the payment of dividends within the Group. In this context, it is possible that cash funds may be transferred from one segment to another. These cash inflows and outflows were previously reported in the Cash Flow Statements of the Automotive and Financial Services segments as part of cash flows from operating activities. Due to the increasing importance of such dividend payments, the method of presentation has been changed with effect from the second quarter 2012. Intragroup inter-segment dividends are now reported as part of cash flows from financing activities. The reclassification from operating to financing activities results in an increase in the operating cash flow. The previous year's figures were restated accordingly (impact in 2011 in the Automotive segment: increase of €869 million).

The cash inflow from operating activities for the first half of the year amounted to €3,592 million (2011: €4,367 million). The decrease compared to the previous year was partly due to a €291 million reduction in net profit. Changes in working capital had a positive cash flow impact of €817 million (2011: negative cash flow impact of €1,115 million). Other items developed in the opposite direction and gave rise to a net cash outflow of €846 million in the first half of 2012 (2011: net cash inflow of €1,390 million).

At €1,762 million, the cash outflow for investing activities during the six-month period was €577 million higher than in the previous year. Capital expenditure on intangible assets and property, plant and equipment resulted in the cash outflow for investing activities increasing by €487 million compared to the previous year. The change in marketable securities resulted in a €75 million increase in cash outflow. 203.9% (2011: 368.5%) of the cash outflow for investing activities was covered by the cash inflow from operating activities.

Cash inflow from financing activities includes inflows of €6,023 million from bond issues (2011: €2,524 million) and outflows for repayments of bonds amounting to €4,377 million (2011: €3,540 million). Changes in other financial liabilities and commercial paper resulted in a net cash outflow from financing activities of €1,679 million (2011: net cash outflow of €1,154 million). The payment of dividends resulted in a cash outflow of €1,512 million (2011: €852 million).

After adjustment for the effects of exchange-rate fluctuations and changes in the composition of the BMW Group amounting to a net positive amount of €34 million (2011: net negative amount of €131 million), the various cash flows resulted in an increase in cash and cash equivalents of €319 million (2011: increase of €29 million).

The Automotive segment generated a six-month operating cash inflow of €4,133 million (2011: €5,086 million), whereby the decrease was partly due to the fact that the net profit was €340 million lower. Changes in working capital resulted in a net cash inflow of €733 million

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(2011: net cash outflow of €1,128 million). As in the Cash Flow Statement for the Group, this positive effect was evened out by the net cash outflow of €984 million relating to other items (2011: net cash inflow of €1,179 million). The cash outflow for investing activities by the Automotive segment was €79 million higher at €1,911 million. The Cash Flow Statement for the Automotive segment shows a surplus of cash inflow from operating activities over cash outflow for investing activities of €2,222 million (2011: €3,254 million).

Free cash flow of the Automotive segment was as follows:

in € million	30.6.2012	30.6.2011*
Cash inflow from operating activities	4,133	5,086
Cash outflow for investing activities	–1,911	–1,832
Net investment in marketable securities (investment (+)/sales (–))	266	188
Free cash flow Automotive segment	**2,488**	**3,442**

* The adjustments result from the reclassification described in note 3.

Net financial assets of the Automotive segment comprise the following:

in € million	30.6.2012	31.12.2011
Cash and cash equivalents	6,358	5,829
Marketable securities and investment funds	2,190	1,801
Intragroup net financial assets	6,192	6,404
Financial assets	**14,740**	**14,034**
Less: external financial liabilities*	–2,550	–1,747
Net financial assets Automotive segment	**12,190**	**12,287**

* excluding derivative financial instruments

The Cash Flow Statement for the Financial Services segment shows a cash outflow from operating activities of €217 million (2011: cash outflow of €229 million). The cash outflow for investing activities during the first half of 2012 amounted to €23 million (2011: cash inflow of €43 million).

Net assets position

The Group balance sheet total stood at €126,638 million at 30 June 2012, 2.6 % higher than at the end of the previous financial year. Adjusted for changes in exchange rates, the balance sheet total would have increased by 1.5 %.

The increase in total assets related primarily to receivables from sales financing (+3.2 %), inventories (+12.7 %), leased products (+2.9 %) and financial assets (+14.1 %). By contrast, trade receivables decreased by 41.5 %. Current assets accounted for 39.3 % (31 December 2011: 39.7 %) of total assets.

On the equity and liabilities side of the balance sheet, the increase was due to the increase in pension provisions (+49.1 %), financial liabilities (+2.2 %) and trade payables (+11.1 %). Equity also went up by 1.5 %. Current provisions and payables accounted for 38.5 % (31 December 2011: 38.3 %) of total equity and liabilities.

Compared to 31 December 2011, receivables from sales financing went up by €1,562 million (+3.2 %). Adjusted for changes in exchange rates, they increased by €858 million (+1.7 %).

Inventories rose during the six-month period by €1,228 million to stand at €10,866 million, reflecting the expansion of business operations.

Leased products increased by €670 million. Adjusted for changes in exchange rates, they would have been 1.8 % above their level at 31 December 2011.

Financial assets went up during the first six months of 2012 by €771 million, mainly due to increases in marketable securities and investment funds.

On the equity and liabilities side of the balance sheet, equity rose overall during the six-month period by €412 million (+1.5 %) to €27,515 million. This increase was attributable to Group net profit (+€2,616 million), the positive impact of the fair value measurement of securities (+€111 million) and currency translation (+€160 million) as well as income and expenses from equity accounted investments recognised directly in equity (+€4 million). Deferred taxes on items recognised directly in equity increased by €373 million. Equity was reduced by the effect of the fair value measurement of derivative financial instruments (–€317 million) and by actuarial losses on pension plans (–€1,065 million). The dividend payment decreased equity by €1,508 million. Minority interests went up by €31 million. Other items totalled to €7 million.

The equity ratio of the BMW Group fell overall by 0.3 percentage points to 21.7%. The equity ratio of the Automotive segment was 39.7% (31 December 2011: 41.1%) and that of the Financial Services segment was 8.3% (31 December 2011: 8.7%).

Pension provisions increased by 49.1% to €3,254 million, mainly due to lower interest rates in Germany and the United Kingdom.

Trade payables went up by €595 million (+11.1%) to €5,935 million during the first six months of the year.

Other liabilities amounted to €9,316 million and were thus €621 million (–6.2%) lower than at 31 December 2011.

Financial liabilities increased in the first half of the year by €1,466 million or 2.2%. Adjusted for changes in exchange rates, the increase would have only been 1.3%. The higher level of financial liabilities mainly reflects increases in bonds (+€1,954 million), banking deposit liabilities (+€1,175 million) and liabilities to banks (+€1,291 million). By contrast, liabilities for commercial paper decreased by €3,349 million.

Risk management

As a globally operating enterprise, the BMW Group is confronted with numerous risks. A description of these risks and the Group's risk management methods is provided in the Group Management Report for the financial year ended 31 December 2011 (Annual Report, page 67 et seq.).

Economic risks mount

Global economic growth is set to slow down again to around 2.4%. Measures to consolidate public budgets in the world's industrial countries are likely to cast a shadow over future growth prospects. Political uncertainties caused by the debt crisis in a number of European countries could also have a negative impact on economic developments. By contrast, the longer-term outlook for most emerging markets remains positive. Nevertheless, it seems likely that economic growth on these markets – including the major emerging markets such as China, India and Brazil – will lose some momentum in the course of the current year.

Central banks worldwide continue to respond to ongoing market fluctuations by pursuing expansionary monetary policies. One of the measures taken has been to lower reference interest rates, most recently in the euro zone and in China. The US Reserve Bank has extended its programme of quantitative easing. Despite all these moves, energy and raw materials prices dropped significantly during the second quarter 2012, reflecting deteriorating economic prospects.

The situation within Europe differs from country to country. The euro zone is likely to see economic output contract overall by approximately 0.5% in 2012, even though the German economy is still expected to grow by approximately 0.5%. France and Great Britain should be able to maintain the previous year's respective levels, in effect stagnating. The worsening debt and banking crises are likely to cause the economies in Italy and Spain to contract by 2.0%.

In the case of the USA, it is still true to say that the short-term outlook – with economic growth of approximately 2.0% – looks significantly better than for Europe. That said, the strength of the upswing of the US economy lost some momentum during the second quarter 2012. With the public deficit as high as ever in the USA, it seems likely that more rigorous measures will need to be taken after the presidential election in November 2012 with a view to consolidating public spending.

The Japanese economy is set to grow by 2.0% in 2012 and therefore recover from the impact of the previous year's catastrophe, with reconstruction in the areas affected providing an additional boost to economic growth in the current year. The strength of the yen remains a negative factor for Japan's export-oriented industries.

The pace of growth in China will slow down for the current year to about 7.5% to 8.0%. Despite this slowdown, the Chinese economy still accounts for approximately one quarter of global economic growth. The rapid reductions in interest rates enacted by the Chinese central bank suggest that the weaker performance of the export sector, together with the slump of the property market, should not be underestimated as risks to the country's economy.

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Growth in India, at 6.0 %, is also forecast to be lower than in previous years. The Russian economy is expected to grow by approximately 4.0 %, helped by the comparatively high price of oil. Brazil's economy should consolidate with a rate of growth in the region of 3.0 %.

Car markets in 2012
Faster growth in the world's emerging economies should enable car markets worldwide to grow by approximately 5.6 % in 2012.

The US market is likely to continue its recovery at a growth rate of some 11 % and approximately 14.2 million units sold. Even this leaves it below its pre-financial crisis long-term level of 16 to 17 million units p.a.

China's passenger car market is forecast to grow by approximately 7 % to 13 million units in 2012. It therefore remains – alongside the USA – one of the most important automobile markets in the world.

Europe's car markets are forecast to contract overall to approximately 12.7 million units (– 6 %). New registrations in Germany should be roughly at the previous year's level of 3.2 million units. Great Britain is expected to see 2.0 million new cars on the roads, slightly up on the previous year. The forecast for France is a decrease of approximately 6 % to 2.0 million units. The Spanish market has halved in recent years and is expected to contract by a further 9 % in 2012 to approximately 0.7 million units. The decrease in Italy is expected to be particularly pronounced with new registrations down by 17 % to approximately 1.5 million units.

Japan continues to benefit from working through the backlog in demand built up in the previous year and should see an increase of approximately 16 % to 4.8 million units.

As far as the world's emerging economies are concerned, the car market in India is forecast to grow by 13 % in 2012. The Russian car market is predicted to expand by 13 % to 2.8 million units. New registrations in Brazil are set to rise by 6 % to approximately 3.7 million units.

Motorcycle markets in 2012
The debt crisis in Europe is likely to continue to have a negative impact on business over the course of 2012. Markets in southern Europe in particular are likely to contract sharply. By contrast, we expect to see continued growth for motorcycle markets in the USA, Brazil and Japan.

The financial services market in 2012
The debt crisis in Europe will remain a major risk factor during the second half of the year, for global economic recovery on the one hand and for the global financial system on the other. We are therefore basing our forecasts for risk spreads on the assumption that uncertainties in the real and financial economies will result in significant fluctuations on capital markets.

The major central banks intend to continue their expansionary monetary policies for the time being and ensure adequate supplies of liquidity to the markets in the event that the crisis takes a turn for the worse. Since there are no signs of rises in inflation at present, we do not expect any significant increases in interest rates in the current year.

Risks related to credit business should therefore remain stable overall. The situation in southern European countries, however, remains tense. Used car residual values are expected to remain stable for the rest of the year. In a number of markets, however, it is unlikely that the pressure on used car prices will reduce.

BMW Group's outlook for the remainder of 2012
There have been no significant changes to the forecasts and other comments with respect to future developments for the financial year 2012 compared with the forecasts and comments made in the most recent Interim Group Management Report.

Economic forecasts indicate that the pace of growth is likely to slacken further during the second half of 2012. This eventuality and the increasing reluctance of consumers to spend, particularly in countries affected by the sovereign debt crisis, represent risk factors for the second half of the year. The future course of the euro crisis in Europe and concerns about the stability of the international financial system could have a negative impact on future business developments.

The BMW Group is taking all necessary measures to reinforce its strong competitive position. Our attractive range of premium vehicles and services is generating international acclaim. Combined with our solid financial base, we are well equipped to achieve further growth coupled with sustained high profitability.

We are continuing the process of expanding our product range in 2012 with numerous new and revised models. For instance, model revisions of the BMW 7 Series and the BMW X1 have been available on the markets since July. The extended wheelbase version of the 3 Series Sedan for the Chinese market and the M6 Coupé will reach the showrooms in August and the new BMW 3 Series Touring in September. The BMW 3 Series Sedan with the xDrive four-wheel-drive system and the new BMW 1 Series three-door version will follow later in the year, the latter incorporating the xDrive system in a 1 Series vehicle for the first time. The MINI Clubvan will be added to the MINI range as of autumn 2012. Rolls-Royce Phantom Series II will become available during the second half of the year.

Based on its strong performance to date, the BMW Group remains confident for the second half of the year and reaffirms the targets set for 2012. We are aiming to achieve new all-time highs for sales volume and Group profit before tax for the full year 2012. This forecast is based on the assumption that economic conditions will not deteriorate significantly over the remainder of the year. We see risks primarily in a further deterioration of the economic situation in Europe and a slowdown in growth in China.

Automotive segment

In view of the strong sales volume performance in the first half of the year and the successful launch of the new BMW 3 Series Sedan, we continue to forecast single-digit sales volume growth for the Automotive segment and hence a new sales volume record for the year. The sales volume increase should also be reflected in revenues and earnings.

The development of new technologies and investments in the production network will result in higher expenditure during the financial year 2012. Moreover, any deterioration in market conditions could have a perceptible impact on business performance. Despite these factors, the BMW Group continues to target an EBIT margin of between 8 % and 10 % and a return on capital employed (RoCE) in excess of 26 % for the Automotive segment. It also intends to achieve returns on this scale on a sustained basis and hence beyond the year 2012. However, depending on political and economic developments, the actual EBIT margin could be above or below the targeted range.

Motorcycles segment

We expect the market launch of the BMW Scooter to provide a boost to sales volumes in the second half of 2012, which should, in turn, be reflected in revenues and earnings figures.

Financial Services segment

Assuming there is no further deterioration in the risk situation, the Financial Services segment is set to continue its successful performance during the second half of the year. We expect no great change in credit business bad debt rates overall. The economic situation in southern Europe remains tense, making it difficult to assess the future performance of these markets. We have, however put appropriate risk management measures in place to limit credit risks in the region affected. Residual value risks should stabilise more or less at their current low level.

In view of the business conditions described above, we continue to forecast that the Financial Services segment's portfolio of contracts will be higher than at the end of the previous financial year. We also expect to achieve a segment RoE of at least 18 %.

INTERIM GROUP FINANCIAL STATEMENT

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Income Statement for Group and Segments for the second quarter

in € million

	Note	Group 2012	Group 2011[2] (adjusted)	Automotive[1] 2012	Automotive[1] 2011
Revenues	5	**19,202**	17,888	**17,366**	16,674
Cost of sales	6	**–15,174**	–13,569	**–13,845**	–12,927
Gross profit		**4,028**	**4,319**	**3,521**	**3,747**
Selling and administrative expenses	7	**–1,727**	–1,460	**–1,442**	–1,261
Other operating income	8	**175**	119	**138**	80
Other operating expenses	8	**–206**	–176	**–196**	–158
Profit before financial result		**2,270**	**2,802**	**2,021**	**2,408**
Result from equity accounted investments	9	**105**	49	**105**	49
Interest and similar income	10	**200**	183	**160**	161
Interest and similar expenses	10	**–183**	–223	**–148**	–204
Other financial result	11	**–415**	–161	**–387**	–117
Financial result		**–293**	**–152**	**–270**	**–111**
Profit before tax		**1,977**	**2,650**	**1,751**	**2,297**
Income taxes	12	**–700**	–875	**–619**	–727
Net profit / loss		**1,277**	**1,775**	**1,132**	**1,570**
Attributable to minority interest		**3**	5	**3**	5
Attributable to shareholders of BMW AG		**1,274**	**1,770**	**1,129**	**1,565**
Earnings per share of common stock in €	13	**1.94**	2.70		
Earnings per share of preferred stock in €	13	**1.95**	2.71		
Dilutive effects	13	**–**	–		
Diluted earnings per share of common stock in €	13	**1.94**	2.70		
Diluted earnings per share of preferred stock in €	13	**1.95**	2.71		

Statement of Comprehensive Income for Group for the second quarter

in € million

	Note	2012	2011[2] (adjusted)
Net profit		**1,277**	**1,775**
Available-for-sale securities		**86**	6
Financial instruments used for hedging purposes		**–1,204**	46
Exchange differences on translating foreign operations		**282**	–107
Actuarial gains / losses on defined benefit pension obligations, similar obligations and plan assets		**–524**	145
Deferred taxes relating to components of other comprehensive income		**574**	–94
Other comprehensive income for the period (after tax) from equity accounted investments		**–27**	3
Other comprehensive income for the period after tax	14	**–813**	**–1**
Total comprehensive income		**464**	**1,774**
Total comprehensive income attributable to minority interests		**3**	5
Total comprehensive income attributable to shareholders of BMW AG		**461**	**1,769**

[1] Supplementary information (not subject of the review)

[2] Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8

Motorcycles[1] 2012	Motorcycles[1] 2011	Financial Services[1] 2012	Financial Services[1] 2011	Other Entities[1] 2012	Other Entities[1] 2011	Eliminations[1] 2012	Eliminations[1] 2011[2] (adjusted)	
410	450	**4,866**	4,181	**2**	1	**–3,442**	–3,418	Revenues
–318	–363	**–4,197**	–3,288	**–**	–	**3,186**	3,009	Cost of sales
92	**87**	**669**	**893**	**2**	**1**	**–256**	**–409**	**Gross profit**
–46	–40	**–232**	–151	**–5**	–4	**–2**	–4	Selling and administrative expenses
2	1	**21**	27	**30**	30	**–16**	–19	Other operating income
–	–1	**–17**	–30	**–13**	–6	**20**	19	Other operating expenses
48	**47**	**441**	**739**	**14**	**21**	**–254**	**–413**	**Profit before financial result**
–	–	**–**	–	**–**	–	**–**	–	Result from equity accounted investments
2	2	**2**	1	**447**	367	**–411**	–348	Interest and similar income
–3	–2	**–2**	–1	**–457**	–398	**427**	382	Interest and similar expenses
–	–	**–10**	5	**–18**	–49	**–**	–	Other financial result
–1	**–**	**–10**	**5**	**–28**	**–80**	**16**	**34**	Financial result
47	**47**	**431**	**744**	**–14**	**–59**	**–238**	**–379**	**Profit before tax**
–17	–14	**–157**	–272	**1**	4	**92**	134	Income taxes
30	**33**	**274**	**472**	**–13**	**–55**	**–146**	**–245**	**Net profit/loss**
–	–	**–**	–	**–**	–	**–**	–	Attributable to minority interest
30	**33**	**274**	**472**	**–13**	**–55**	**–146**	**–245**	**Attributable to shareholders of BMW AG**
								Earnings per share of common stock in €
								Earnings per share of preferred stock in €
								Dilutive effects
								Diluted earnings per share of common stock in €
								Diluted earnings per share of preferred stock in €

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

in € million

	Note	Group 2012	Group 2011[2] (adjusted)	Automotive[1] 2012	Automotive[1] 2011
Revenues	5	**37,495**	33,925	**33,525**	31,047
Cost of sales	6	**–29,703**	–26,400	**–26,733**	–24,370
Gross profit		**7,792**	**7,525**	**6,792**	**6,677**
Selling and administrative expenses	7	**–3,363**	–2,850	**–2,818**	–2,444
Other operating income	8	**356**	319	**288**	207
Other operating expenses	8	**–383**	–397	**–363**	–324
Profit before financial result		**4,402**	**4,597**	**3,899**	**4,116**
Result from equity accounted investments	9	**148**	80	**148**	80
Interest and similar income	10	**387**	359	**328**	312
Interest and similar expenses	10	**–422**	–404	**–381**	–357
Other financial result	11	**–462**	–277	**–423**	–249
Financial result		**–349**	**–242**	**–328**	**–214**
Profit before tax		**4,053**	**4,355**	**3,571**	**3,902**
Income taxes	12	**–1,427**	–1,438	**–1,258**	–1,249
Net profit/loss		**2,626**	**2,917**	**2,313**	**2,653**
Attributable to minority interest		**10**	13	**10**	12
Attributable to shareholders of BMW AG		**2,616**	**2,904**	**2,303**	**2,641**
Earnings per share of common stock in €	13	**3.99**	4.43		
Earnings per share of preferred stock in €	13	**4.00**	4.44		
Dilutive effects	13	**–**	–		
Diluted earnings per share of common stock in €	13	**3.99**	4.43		
Diluted earnings per share of preferred stock in €	13	**4.00**	4.44		

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

in € million

	Note	2012	2011[2] (adjusted)
Net profit		**2,626**	**2,917**
Available-for-sale securities		**111**	1
Financial instruments used for hedging purposes		**–317**	1,162
Exchange differences on translating foreign operations		**160**	–520
Actuarial gains/losses on defined benefit pension obligations, similar obligations and plan assets		**–1,065**	261
Deferred taxes relating to components of other comprehensive income		**373**	–495
Other comprehensive income for the period (after tax) from equity accounted investments		**4**	14
Other comprehensive income for the period after tax	14	**–734**	**423**
Total comprehensive income		**1,892**	**3,340**
Total comprehensive income attributable to minority interests		**10**	13
Total comprehensive income attributable to shareholders of BMW AG		**1,882**	**3,327**

[1] Supplementary information (not subject of the review)
[2] Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8

	Motorcycles[1] 2012	Motorcycles[1] 2011	Financial Services[1] 2012	Financial Services[1] 2011	Other Entities[1] 2012	Other Entities[1] 2011	Eliminations[1] 2012	Eliminations[1] 2011[2] (adjusted)
Revenues	**858**	847	**9,666**	8,364	**3**	2	**–6,557**	–6,335
Cost of sales	**–686**	–686	**–8,357**	–6,901	**–**	–	**6,073**	5,557
Gross profit	**172**	**161**	**1,309**	**1,463**	**3**	**2**	**–484**	**–778**
Selling and administrative expenses	**–92**	–83	**–443**	–315	**–9**	–6	**–1**	–2
Other operating income	**6**	1	**29**	60	**62**	84	**–29**	–33
Other operating expenses	**–1**	–1	**–28**	–66	**–29**	–42	**38**	36
Profit before financial result	**85**	**78**	**867**	**1,142**	**27**	**38**	**–476**	**–777**
Result from equity accounted investments	**–**	–	**–**	–	**–**	–	**–**	–
Interest and similar income	**4**	4	**3**	2	**899**	777	**–847**	–736
Interest and similar expenses	**–5**	–5	**–3**	–2	**–924**	–839	**891**	799
Other financial result	**–**	–	**–2**	31	**–37**	–59	**–**	–
Financial result	**–1**	**–1**	**–2**	**31**	**–62**	**–121**	**44**	**63**
Profit before tax	**84**	**77**	**865**	**1,173**	**–35**	**–83**	**–432**	**–714**
Income taxes	**–29**	–24	**–303**	–423	**3**	8	**160**	250
Net profit/loss	**55**	**53**	**562**	**750**	**–32**	**–75**	**–272**	**–464**
Attributable to minority interest	**–**	–	**–**	1	**–**	–	**–**	–
Attributable to shareholders of BMW AG	**55**	**53**	**562**	**749**	**–32**	**–75**	**–272**	**–464**
Earnings per share of common stock in €								
Earnings per share of preferred stock in €								
Dilutive effects								
Diluted earnings per share of common stock in €								
Diluted earnings per share of preferred stock in €								

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Assets

in € million	Note	Group 30.6.2012	Group 31.12.2011	Automotive* 30.6.2012	Automotive* 31.12.2011
Intangible assets	15	**5,065**	5,238	**4,505**	4,682
Property, plant and equipment	16	**11,632**	11,685	**11,383**	11,444
Leased products	17	**23,782**	23,112	**151**	151
Investments accounted for using the equity method	18	**332**	302	**332**	281
Other investments	18	**468**	561	**4,676**	4,520
Receivables from sales financing	19	**30,779**	29,331	**–**	–
Financial assets	20	**1,785**	1,702	**294**	287
Deferred tax	21	**2,256**	1,926	**2,461**	2,276
Other assets	22	**707**	568	**3,545**	3,139
Non-current assets		**76,806**	**74,425**	**27,347**	**26,780**
Inventories	23	**10,866**	9,638	**10,479**	9,309
Trade receivables		**1,923**	3,286	**1,629**	3,014
Receivables from sales financing	19	**20,128**	20,014	**–**	–
Financial assets	20	**4,439**	3,751	**2,512**	2,307
Current tax	21	**1,265**	1,194	**1,087**	1,065
Other assets	22	**3,116**	3,345	**15,277**	15,333
Cash and cash equivalents		**8,095**	7,776	**6,358**	5,829
Current assets		**49,832**	**49,004**	**37,342**	**36,857**
Total assets		**126,638**	**123,429**	**64,689**	**63,637**

Equity and liabilities

in € million	Note	Group 30.6.2012	Group 31.12.2011	Automotive* 30.6.2012	Automotive* 31.12.2011
Subscribed capital		**655**	655		
Capital reserves		**1,955**	1,955		
Revenue reserves		**26,432**	26,102		
Accumulated other equity		**–1,623**	–1,674		
Equity attributable to shareholders of BMW AG		**27,419**	27,038		
Minority interest		**96**	65		
Equity	24	**27,515**	**27,103**	**25,675**	**26,154**
Pension provisions		**3,254**	2,183	**1,549**	811
Other provisions	25	**3,441**	3,149	**3,091**	2,840
Deferred tax	26	**3,444**	3,273	**898**	893
Financial liabilities	27	**37,063**	37,597	**2,096**	1,822
Other liabilities	28	**3,159**	2,911	**3,304**	3,289
Non-current provisions and liabilities		**50,361**	**49,113**	**10,938**	**9,655**
Other provisions	25	**3,025**	3,104	**2,466**	2,519
Current tax	26	**1,265**	1,363	**1,086**	1,188
Financial liabilities	27	**32,380**	30,380	**2,257**	1,468
Trade payables		**5,935**	5,340	**5,148**	4,719
Other liabilities	28	**6,157**	7,026	**17,119**	17,934
Current provisions and liabilities		**48,762**	**47,213**	**28,076**	**27,828**
Total equity and liabilities		**126,638**	**123,429**	**64,689**	**63,637**

* Supplementary information (not subject of the review)

Assets	Motorcycles* 30.6.2012	Motorcycles* 31.12.2011	Financial Services* 30.6.2012	Financial Services* 31.12.2011	Other Entities* 30.6.2012	Other Entities* 31.12.2011	Eliminations* 30.6.2012	Eliminations* 31.12.2011
Intangible assets	**63**	56	**496**	499	**1**	1	**–**	–
Property, plant and equipment	**208**	202	**41**	39	**–**	–	**–**	–
Leased products	**–**	–	**27,022**	25,900	**–**	–	**–3,391**	–2,939
Investments accounted for using the equity method	**–**	–	**–**	–	**–**	21	**–**	–
Other investments	**–**	–	**8**	8	**5,750**	5,727	**–9,966**	–9,694
Receivables from sales financing	**–**	–	**30,779**	29,331	**–**	–	**–**	–
Financial assets	**–**	–	**73**	67	**1,913**	1,883	**–495**	–535
Deferred tax	**–**	–	**217**	216	**428**	373	**–850**	–939
Other assets	**–**	–	**1,311**	1,185	**16,444**	15,384	**–20,593**	–19,140
Non-current assets	**271**	**258**	**59,947**	**57,245**	**24,536**	**23,389**	**–35,295**	**–33,247**
Inventories	**374**	318	**13**	11	**–**	–	**–**	–
Trade receivables	**154**	128	**139**	143	**1**	1	**–**	–
Receivables from sales financing	**–**	–	**20,128**	20,014	**–**	–	**–**	–
Financial assets	**–**	–	**977**	877	**1,418**	955	**–468**	–388
Current tax	**–**	–	**97**	78	**81**	51	**–**	–
Other assets	**45**	33	**2,746**	2,823	**28,994**	29,098	**–43,946**	–43,942
Cash and cash equivalents	**2**	3	**1,598**	1,518	**137**	426	**–**	–
Current assets	**575**	**482**	**25,698**	**25,464**	**30,631**	**30,531**	**–44,414**	**–44,330**
Total assets	**846**	**740**	**85,645**	**82,709**	**55,167**	**53,920**	**–79,709**	**–77,577**

Equity and liabilities	Motorcycles* 30.6.2012	Motorcycles* 31.12.2011	Financial Services* 30.6.2012	Financial Services* 31.12.2011	Other Entities* 30.6.2012	Other Entities* 31.12.2011	Eliminations* 30.6.2012	Eliminations* 31.12.2011
Subscribed capital								
Capital reserves								
Revenue reserves								
Accumulated other equity								
Equity attributable to shareholders of BMW AG								
Minority interest								
Equity	**–**	**–**	**7,132**	**7,169**	**8,116**	**6,576**	**–13,408**	**–12,796**
Pension provisions	**39**	44	**56**	52	**1,610**	1,276	**–**	–
Other provisions	**128**	114	**192**	164	**30**	31	**–**	–
Deferred tax	**–**	–	**4,539**	4,302	**–**	10	**–1,993**	–1,932
Financial liabilities	**–**	–	**12,075**	13,251	**23,389**	23,059	**–497**	–535
Other liabilities	**371**	383	**18,668**	17,172	**19**	27	**–19,203**	–17,960
Non-current provisions and liabilities	**538**	**541**	**35,530**	**34,941**	**25,048**	**24,403**	**–21,693**	**–20,427**
Other provisions	**59**	57	**269**	297	**228**	228	**3**	3
Current tax	**–**	–	**64**	78	**115**	97	**–**	–
Financial liabilities	**–**	–	**18,043**	16,160	**12,548**	13,141	**–468**	–389
Trade payables	**236**	125	**544**	481	**7**	15	**–**	–
Other liabilities	**13**	17	**24,063**	23,583	**9,105**	9,460	**–44,143**	–43,968
Current provisions and liabilities	**308**	**199**	**42,983**	**40,599**	**22,003**	**22,941**	**–44,608**	**–44,354**
Total equity and liabilities	**846**	**740**	**85,645**	**82,709**	**55,167**	**53,920**	**–79,709**	**–77,577**

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Condensed Cash Flow Statements for Group and Segments for the period from 1 January to 30 June 2012

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	Group	
in € million	2012	2011[2] (changed)
Net profit	2,626	2,917
Depreciation and amortisation of tangible, intangible and investment assets	1,904	1,763
Change in provisions	25	54
Change in leased products and receivables from sales financing	–1,082	–1,255
Change in deferred taxes	148	613
Changes in working capital	817	–1,115
Other	–846	1,390
Cash inflow / outflow from operating activities	**3,592**	**4,367**
Investment in intangible assets and property, plant and equipment	–1,488	–1,001
Net investment in marketable securities	–282	–207
Other	8	23
Cash inflow / outflow from investing activities	**–1,762**	**–1,185**
Cash inflow / outflow from financing activities	**–1,545**	**–3,022**
Effect of exchange rate on cash and cash equivalents	**23**	**–186**
Effect of changes in composition of Group on cash and cash equivalents	**11**	**55**
Change in cash and cash equivalents	**319**	**29**
Cash and cash equivalents as at 1 January	7,776	7,432
Cash and cash equivalents as at 30 June	**8,095**	**7,461**

[1] Supplementary information (not subject of the review)
[2] Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8 and the described reclassifications

Automotive[1] 2012	Automotive[1] 2011[2] (changed)	Financial Services[1] 2012	Financial Services[1] 2011[2] (changed)	
2,313	2,653	**562**	750	Net profit
1,866	1,723	**12**	9	Depreciation and amortisation of tangible, intangible and investment assets
48	93	**–27**	–103	Change in provisions
–	–7	**–1,474**	–1,838	Change in leased products and receivables from sales financing
157	573	**139**	291	Change in deferred taxes
733	–1,128	**62**	51	Changes in working capital
–984	1,179	**509**	611	Other
4,133	**5,086**	**–217**	**–229**	**Cash inflow / outflow from operating activities**
–1,437	–973	**–12**	–2	Investment in intangible assets and property, plant and equipment
–266	–188	**–14**	44	Net investment in marketable securities
–208	–671	**3**	1	Other
–1,911	**–1,832**	**–23**	**43**	**Cash inflow / outflow from investing activities**
–1,718	**–3,123**	**312**	**602**	**Cash inflow / outflow from financing activities**
15	**–128**	**7**	**–43**	**Effect of exchange rate on cash and cash equivalents**
10	**–**	**1**	**53**	**Effect of changes in composition of Group on cash and cash equivalents**
529	**3**	**80**	**426**	**Change in cash and cash equivalents**
5,829	5,585	**1,518**	1,227	Cash and cash equivalents as at 1 January
6,358	**5,588**	**1,598**	**1,653**	**Cash and cash equivalents as at 30 June**

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in € million	Note	Subscribed capital	Capital reserves	Revenue reserves	
				Pension obligations	Other revenue reserves
1 January 2011 (as originally reported)		655	1,939	–	23,447
Change in accounting policy and reclassifications*	3	–	–	–1,785	830
1 January 2011 (adjusted)	24	655	1,939	–1,785	24,277
Dividends paid		–	–	–	–852
Net profit		–	–	–	2,904
Other comprehensive income for the period after tax		–	–	179	–
Comprehensive income 30 June 2011		–	–	179	2,904
Other changes		–	–	–	–
30 June 2011 (adjusted)	24	655	1,939	–1,606	26,329

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8 and the reclassification of actuarial gains and losses arising on defined benefit pension

in € million	Note	Subscribed capital	Capital reserves	Revenue reserves	
				Pension obligations	Other revenue reserves
31 December 2011	24	655	1,955	–2,204	28,306
Dividends paid		–	–	–	–1,508
Net profit		–	–	–	2,616
Other comprehensive income for the period after tax		–	–	–778	–
Comprehensive income 30 June 2012		–	–	–778	2,616
Other changes		–	–	–	–
30 June 2012	24	655	1,955	–2,982	29,414

Accumulated other equity: Translation differences	Accumulated other equity: Securities	Accumulated other equity: Derivative financial instruments	Accumulated other equity: Pension obligations	Treasury shares	Equity attributable to shareholders of BMW AG	Minority interest	Total	
–1,064	**9**	**–127**	**–1,785**	**–**	**23,074**	**26**	**23,100**	**1 January 2011** (as originally reported)
–	–	–	1,785	–	830	–	**830**	Change in accounting policy and reclassifications*
–1,064	**9**	**–127**	**–**	**–**	**23,904**	**26**	**23,930**	**1 January 2011** (adjusted)
–	–	–	–	–	–852	–	**–852**	Dividends paid
–	–	–	–	–	2,904	13	**2,917**	Net profit
–536	1	779	–	–	423	–	**423**	Other comprehensive income for the period after tax
–536	**1**	**779**	**–**	**–**	**3,327**	**13**	**3,340**	**Comprehensive income 30 June 2011**
–	–	–	–	–	–	10	**10**	Other changes
–1,600	**10**	**652**	**–**	**–**	**26,379**	**49**	**26,428**	**30 June 2011** (adjusted)

Accumulated other equity: Translation differences	Accumulated other equity: Securities	Accumulated other equity: Derivative financial instruments	Accumulated other equity: Pension obligations	Treasury shares	Equity attributable to shareholders of BMW AG	Minority interest	Total	
–863	**–61**	**–750**	**–**	**–**	**27,038**	**65**	**27,103**	**31 December 2011**
–	–	–	–	–	–1,508	–	**–1,508**	Dividends paid
–	–	–	–	–	2,616	10	**2,626**	Net profit
168	98	–222	–	–	–734	–	**–734**	Other comprehensive income for the period after tax
168	**98**	**–222**	**–**	**–**	**1,882**	**10**	**1,892**	**Comprehensive income 30 June 2012**
7	–	–	–	–	7	21	**28**	Other changes
–688	**37**	**–972**	**–**	**–**	**27,419**	**96**	**27,515**	**30 June 2012**

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1 — Basis of preparation

The Group Financial Statements of BMW AG at 31 December 2011 were drawn up in accordance with International Financial Reporting Standards (IFRSs), as applicable in the EU at that date. The Interim Group Financial Statements (Interim Report) at 30 June 2012, 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 2011 Group Financial Statements. The BMW Group applies the option, available under IAS 34.8, of publishing condensed group financial statements. All Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) which are mandatory at 30 June 2012 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 2011.

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

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

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

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

Inter-segment transactions – relating primarily to internal sales of products, the provision of funds and the related interest – are eliminated in the "Eliminations" column. More detailed information regarding the allocation of activities of the BMW Group to segments and a description of the segments is provided in the explanatory notes to segment information in the Group Financial Statements of BMW AG for the year ended 31 December 2011.

In conjunction with the refinancing of financial services business, a significant volume of receivables arising from retail customer and dealer financing is sold. Similarly, rights and obligations relating to leases are sold. The sale of receivables is a well-established instrument used by industrial companies. These transactions usually take the form of asset-backed financing transactions involving the sale of a portfolio of receivables to a trust which, in turn, issues marketable securities to refinance the purchase price. The BMW Group continues to "service" the receivables and receives an appropriate fee for these services. In accordance with IAS 27 (Consolidated and Separate Financial Statements) and the interpretation contained in SIC-12 (Consolidation – Special Purpose Entities) such assets remain in the Group Financial Statements although they have been legally sold. Gains and losses relating to the sale of such assets are not recognised until the assets are removed from the Group balance sheet on transfer of the related significant risks and rewards. The balance sheet value of the assets sold at 30 June 2012 totalled €8.9 billion (31 December 2011: €9.4 billion).

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

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

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

The preparation of the Group Financial Statements requires management to make certain assumptions and judgements and to use estimations that can affect the reported amounts of assets and liabilities, revenues and expenses and contingent liabilities. All assumptions and estimates are based on factors known at the end of the reporting period. They are determined on the basis of the most likely outcome of future business developments. Actual amounts could differ from those assumptions and estimates if business conditions develop differently to the Group's expectations at the end of the reporting period. Estimates and underlying assumptions are checked regularly.

2 — Consolidated companies

The BMW Group Financial Statements for the second quarter 2012 include, besides BMW AG, 26 German and 168 foreign subsidiaries. This includes six special purpose securities funds and 23 special purpose trusts, almost all of which are used for asset backed financing.

No entities were consolidated for the first time during the second quarter 2012.

During the second quarter 2012 Alphabet Belgium Short Term Rental NV, Aartselaar, was merged with Alphabet Belgium Long Term Rental NV, Aartselaar, and therefore ceased to be a consolidated company.

Compared to the corresponding six-month period last year, 16 subsidiaries and twelve special purpose trusts have been consolidated for the first time. Four subsidiaries and eight special purpose trusts ceased to be consolidated companies.

PT BMW Indonesia, Jakarta, BMW China Services Ltd., Beijing, and BMW India Financial Services Private Ltd., New Delhi, were consolidated for the first time in the first half of 2012. BMW India Financial Services Private Ltd., New Delhi, has a year end (31 March) that differs from the financial year of BMW AG, Munich.

During the first half of 2012 Alphabet B.V., Rijswijk, was merged with Alphabet Nederland B.V., Breda, and Alphabet Belgium Short Term Rental NV, Aartselaar, was merged with Alphabet Belgium Long Term Rental NV, Aartselaar, and therefore ceased to be consolidated companies.

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

3 — Adjustments in accordance with IAS 8

The BMW Group changed its accounting policy for leased products in the financial year 2011. Under the previous method, changes in residual value expectations resulted directly in changes in the level of impairment losses. Under the new method, in situations where the recoverable amount of the lease exceeds the carrying amount of the asset, scheduled depreciation is adjusted prospectively over the remaining term of the lease contract. In the Group Financial Statements prior to 2011, impairment losses were recognised on segment carrying amounts, even though these included eliminated intragroup profits from a Group perspective. The accounting method has been changed since there is no requirement in this situation for the recognition of an impairment loss. The adjustment has been recorded retrospectively, the principal effect of which was to increase equity. The adjustment only has a minimal impact on the income statement and had no impact on reported cash flows or on segment disclosures.

The retrospective adjustment resulted in the following adjustments of prior year figures:

Adjusted quarterly profit before tax for 2011

in € million	As originally reported	Adjustment	Adjusted amount
Second quarter	4,516	–161	4,355
Third quarter	6,160	–116	6,044
Year-end Group Financial Statements	–	11	7,383

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Change in presentation in the Income Statement

In the 2nd quarter 2011 in € million	As originally reported	Adjustment	As reported
Cost of sales	–13,515	–54	–13,569
Gross profit	4,373	–54	4,319
Profit/loss before financial result	2,856	–54	2,802
Profit/loss before tax	2,704	–54	2,650
Income taxes	–895	20	–875
Net profit/loss	1,809	–34	1,775
Attributable to shareholders of BMW AG	1,804	–34	1,770
Earnings per share of common stock in €	2.75	–0.05	2.70
Earnings per share of preferred stock in €	2.76	–0.05	2.71
Diluted earnings per share of common stock in €	2.75	–0.05	2.70
Diluted earnings per share of preferred stock in €	2.76	–0.05	2.71

In the 1st half 2011 in € million	As originally reported	Adjustment	As reported
Cost of sales	–26,239	–161	–26,400
Gross profit	7,686	–161	7,525
Profit/loss before financial result	4,758	–161	4,597
Profit/loss before tax	4,516	–161	4,355
Income taxes	–1,495	57	–1,438
Net profit/loss	3,021	–104	2,917
Attributable to shareholders of BMW AG	3,008	–104	2,904
Earnings per share of common stock in €	4.59	–0.16	4.43
Earnings per share of preferred stock in €	4.60	–0.16	4.44
Diluted earnings per share of common stock in €	4.59	–0.16	4.43
Diluted earnings per share of preferred stock in €	4.60	–0.16	4.44

Change in presentation of the Statements of Cash Flows

The change in accounting policy for leased products pursuant to IAS 8 did not have any impact on reported cash inflows and outflows. Since the indirect method is used to compute the operating cash flow, the only items to change in the Cash Flow Statement were net profit (increased by €104 million) and amounts reported as non-cash adjusting items within the cash flow from operating activities (change in leased products increased by €161 million and the change in deferred taxes decreased by €57 million).

The presentation in the Group Cash Flow Statement of cash inflows and outflows relating to operating leases on the one hand and of receivables from sales financing on the other was changed in the Group Financial Statements for the year ended 31 December 2011.

Cash inflows and outflows relating to operating leases, where the BMW Group is lessor, are required by IAS 7.14 to be presented within cash flows from operating activities. These cash flows were presented in all BMW Group Financial Statements up to 30 September 2011 within cash flows from investing activities. The change in presentation in the BMW Group's Cash Flow Statements was made with effect from the end of the financial year 2011. Prior year figures have been adjusted according to IAS 8.42. As a result of the reclassification, the cash inflow from operating activities and the cash outflow for investing activities decreased in the first half of 2011 by €2,558 million respectively.

The change of presentation in the Cash Flow Statement for receivables from sales financing was made to ensure that lease and financing transactions are treated consistently. Previously, changes in receivables from sales financing – including finance leases, where the BMW Group is the lessor – were presented within investing activities. They are now presented within operating activities. The previous year's figures were adjusted in the interest of comparability. As a result of the change, the cash inflow from operating activities for the first half of 2011 was reduced by €1,302 million. The cash outflow for investing activities decreased by the same amount.

Overall, cash flows from operating activities for the first half of 2011 were reduced by €3,860 million to €4,367 million. The cash outflow for investing activities went down accordingly to €1,185 million.

The following table summarises restatements made as a result of the change in accounting policy for leased products and changes in presentation in the Group Cash Flow Statement:

In the 1st half of the year 2011 in € million	As originally reported	Change in accounting policy for leased products	Adjustment leased products	Adjustment of receivables from sales financing	As reported
Net profit	3,021	–104	–	–	**2,917**
Change in leased products and receivables from sales financing	–	161	–33	–1,383	**–1,255**
Impairment losses on leased products	2,525	–	–2,525	–	**–**
Change in deferred taxes	670	–57	–	–	**613**
Other	1,309	–	–	81	**1,390**
Cash inflow/outflow from operating activities	8,227	–	–2,558	–1,302	**4,367**
Cash inflow/outflow from investing activities	–5,045	–	2,558	1,302	**–1,185**

The reclassification of receivables from sales financing and leased products resulted in 2011 in a shift of €10 million (Automotive segment) and €3,850 million (Financial Services segment) between the cash inflow from operating activities and the cash outflow for investing activities.

Change in presentation of the Statements of Cash Flow of Automotive and Financial Services segment

The BMW Group used various sources of funds for internal financing purposes. In addition to the issue of interest-bearing debt capital, it is also common for cash funds to be allocated to group entities in line with business requirements. This can also include the payment of dividends within the Group. In this context, it is possible that cash funds may be transferred from one segment to another. These cash inflows and outflows were previously reported in the Cash Flow Statements of the Automotive and Financial Services segments as part of cash flows from operating activities. Due to the increasing importance of such dividend payments, the method of presentation has been changed with effect from the second quarter 2012. Intragroup inter-segment dividends are now reported as part of cash flows from financing activities. The reclassification from operating to financing activities results in an increase in the operating cash flow. The previous year's figures were restated accordingly (impact in 2011 in the Automotive segment: increase of €869 million).

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4 — New financial reporting rules

(a) Financial reporting rules applied for the first time in the first half 2012

The following changed Standard was applied for the first time in the first half 2012.

Standard		Date of mandatory application	Endorsed by the EU at 31.3.2012	Expected impact on BMW Group
IFRS 7	Disclosure Requirements in the Event of the Transfer of Financial Assets	1.1.2012	Yes	Insignificant

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

The following Standards, Revised Standards and Amendments issued by the IASB during previous accounting periods, were not mandatory for the period under report and were not applied in the first half 2012:

Standard / Interpretation		Date of issue by IASB	Date of mandatory application	Endorsed by the EU	Expected impact on BMW Group
IFRS 1	Amendments with Respect to Fixed Transition Dates and Severe Inflation	20.12.2010	1.7.2011	No	None
IFRS 1	Amendments relating to Government Loans at a Below Market rate of Interest	13.3.2012	1.1.2013	No	None
IFRS 7	Notes Disclosures: Offsetting of Financial Assets and Financial Liabilities	16.12.2011	1.1.2013	No	Insignificant
IFRS 9	Financial Instruments	12.11.2009 / 28.10.2010 / 16.12.2011	1.1.2015	No	Significant in principle
IFRS 10	Consolidated Financial Statements	12.5.2011	1.1.2013	No	Significant in principle
IFRS 11	Joint Arrangements	12.5.2011	1.1.2013	No	Significant in principle
IFRS 12	Disclosure of Interests in Other Entities	12.5.2011	1.1.2013	No	Significant in principle
	Changes in transitional regulations (IFRS 10, IFRS 11 and IFRS 12)	28.6.2012	1.1.2013	No	Significant in principle
IFRS 13	Fair Value Measurement	12.5.2011	1.1.2013	No	Significant in principle
IAS 1	Changes to Presentation of Items in Other Comprehensive Income (OCI)	16.6.2011	1.7.2012	1.7.2012	Significant in principle
IAS 12	Recovery of Underlying Assets	20.12.2010	1.1.2012	No	Insignificant
IAS 19	Changes in Accounting for Employee Benefits, in particular for Termination Benefits and Pensions	16.6.2011	1.1.2013	1.1.2013	Significant in principle
IAS 27	Separate Financial Statements	12.5.2011	1.1.2013	No	None
IAS 28	Investments in Associates and Joint Ventures	12.5.2011	1.1.2013	No	None
IAS 32	Offsetting of Financial Assets and Financial Liabilities	16.12.2011	1.1.2014	No	Insignificant
IFRIC 20	Stripping Costs in the Production Phase of a Mine	19.10.2011	1.1.2013	No	None
	Annual Improvements to IFRS 2009–2011	17.5.2012	1.1.2013	No	Insignificant

In November 2009 the IASB issued IFRS 9 (Financial Instruments: Disclosures) as the first part of its project to change the accounting treatment for financial instruments. This Standard marks the first of three phases of the IASB project to replace the existing IAS 39 (Financial Instruments: Recognition and Measurement). The first phase deals with financial assets. IFRS 9 amends the recognition and measurement requirements for financial assets, including various hybrid contracts. It applies a uniform approach to accounting for a financial asset either at amortised cost or fair value and replaces the various rules contained in IAS 39. Under the new rules, there will only be two, instead of four, measurement categories for financial instruments recognised on the assets side of the balance sheet. The new categorisation is based partly on the entity's business model and partly on the contractual cash flow characteristics of the financial assets.

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

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

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

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

IFRS 11 supersedes IAS 31 (Interests in Joint Ventures) and SIC-13 (Jointly Controlled Entities – Non-Monetary Contributions by Ventures). IFRS 11 sets out the requirements for accounting for joint arrangements and places the emphasis on the rights and obligations that arise from such arrangements. IFRS 11 distinguishes between two types of joint arrangements, namely joint operations and joint ventures, and therefore results in a change in the classification of joint arrangements. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. IFRS 11 requires joint operators to account for their share of assets and liabilities in the joint operation (and their share of income and expenses). Joint venturers are required to account for their investment using the equity method. The withdrawal of IAS 31 means the removal of the option to account for joint ventures using either the proportionate consolidation or the equity method. The equity method must be applied in accordance with amended IAS 28.

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

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

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

In May 2011 the IASB published IFRS 13 (Fair Value Measurement). IFRS 13 defines the term fair value, sets out the requirements for measuring fair value where another IFRS prescribes fair value measurement (or fair value disclosure) and stipulates uniform disclosure requirements with respect to fair value measurement. IFRS 13 is mandatory for financial years beginning on or after 1 January 2013. The Standard is required to be applied prospectively. Early application is permitted, but will not be exercised by the BMW Group. The BMW Group is currently investigating the impact of IFRS 13.

The IASB published IAS 1 (Presentation of Financial Statements) in June 2011. The amendments to IAS 1 require that items reported in accumulated other equity (other comprehensive income or OCI) are sub-divided into elements that will be "recycled" in the income statement and those which will not. Tax associated with items presented before tax are also required to be shown separately for each of the two groups of OCI items. The recognition of these items is regulated in separate Standards. The amendments to IAS 1 are mandatory for annual periods beginning on or after 1 July 2012. The amendments are required to be applied retrospectively. Early adoption is permitted but will not be exercised by the BMW Group. It is not expected that the change in presentation of items in OCI will have a significant impact on the Group Financial Statements.

In June 2011 the IASB published amendments to IAS 19 (Employee Benefits), in particular in relation to post-retirement benefits and pensions. The main amendments involve the removal of the option to defer actuarial gains and losses (the so-called "corridor method") and the requirement to recognise actuarial gains and losses in OCI. The amended IAS 19 also requires plan assets to be discounted using the same rate that is applied to discount pension obligations. It also results in changes in the treatment of and expands disclosure requirements compared to the previous IAS 19. The amended IAS 19 is mandatory for annual periods beginning on or after 1 January 2013. Early adoption is permitted. The BMW Group does not expect that the amendments to IAS 19 will have a significant impact on the Group Financial Statements, since the BMW Group does not apply the corridor method and actuarial gains and losses are already recognised in OCI. The BMW Group does not intend to adopt the Standard early.

The IASB has published various other Standards and Interpretations. None of these, whether adopted or not yet adopted by the BMW Group, will have a significant impact on the Group Financial Statements.

5 — Revenues

Revenues by activity comprise the following:

in € million	**2nd quarter 2012**	2nd quarter 2011	**1 January to 30 June 2012**	1 January to 30 June 2011
Sales of products and related goods	**14,543**	13,942	**28,243**	26,066
Income from lease instalments	**1,707**	1,316	**3,378**	2,652
Sale of products previously leased to customers	**1,542**	1,515	**3,159**	3,021
Interest income on loan financing	**729**	671	**1,467**	1,345
Other income	**681**	444	**1,248**	841
Revenues	**19,202**	**17,888**	**37,495**	**33,925**

An analysis of revenues by segment is shown in the segment information in note 30.

6 — Cost of sales

Cost of sales in the second quarter include €3,929 million (2011: €3,054 million) relating to financial services business. For the period from 1 January to 30 June 2012, €7,898 million (2011: €6,450 million) relates to financial services business.

Second-quarter cost of sales include research and development expenses of €1,034 million (2011: €902 million), comprising all research costs and development costs not recognised as assets as well as the amortisation of capitalised development costs amounting to €302 million (2011: €295 million). For the first half of the year, research and development expenses amounted to €2,006 million (2011: €1,715 million). This includes amortisation on capitalised development costs of €603 million (2011: €594 million).

7 — Selling and administrative expenses

Selling expenses amounted to €1,249 million in the second quarter 2012 (2011: €1,058 million). The equivalent figure for the six-month period was €2,485 million (2011: €2,097 million). Selling expenses mainly comprise marketing, advertising and sales personnel costs.

Administrative expenses amounted to €478 million in the second quarter (2011: €402 million) and to €878 million (2011: €753 million) in the first half of the year and comprise expenses for administration not attributable to development, production or sales functions.

8 — Other operating income and expenses

Other operating income in the second quarter totalled €175 million (2011: €119 million). The six-month figure amounted to €356 million (2011: €319 million). Second-quarter and six-month other operating expenses totalled €206 million (2011: €176 million) and €383 million (2011: €397 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 second quarter was a positive amount of €105 million (2011: €49 million). For the first half of the year, the equivalent figure was €148 million (2011: €80 million). It comprises the BMW Group's share of the results of BMW Brilliance Automotive Ltd., Shenyang, SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, SGL Automotive Carbon Fibers LLC, Dover, DE, BMW Peugeot Citroën Electrification B.V., The Hague, DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich (all joint ventures).

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10 — Net interest result

in € million	2nd quarter 2012	2nd quarter 2011	1 January to 30 June 2012	1 January to 30 June 2011
Interest and similar income	**200**	183	**387**	359
Interest and similar expenses	**–183**	–223	**–422**	–404
Net interest result	**17**	**–40**	**–35**	**–45**

11 — Other financial result

in € million	2nd quarter 2012	2nd quarter 2011	1 January to 30 June 2012	1 January to 30 June 2011
Result on investments	**–150**	2	**–149**	2
Sundry other financial result	**–265**	–163	**–313**	–279
Other financial result	**–415**	**–161**	**–462**	**–277**

The result from investments was negatively impacted by an impairment loss on investments amounting to €154 million.

12 — Income taxes

Taxes on income comprise the following:

in € million	2nd quarter 2012	2nd quarter 2011*	1 January to 30 June 2012	1 January to 30 June 2011*
Current tax expense	**700**	495	**1,279**	827
Deferred tax expense	**–**	380	**148**	611
Income taxes	**700**	**875**	**1,427**	**1,438**

The effective tax rate for the six-month period to 30 June 2012 was 35.2 % (2011*: 33.0 %).

13 — Earnings per share

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

		2nd quarter 2012	2nd quarter 2011*	1 January to 30 June 2012	1 January to 30 June 2011*
Profit attributable to the shareholders	€ million	**1,273.5**	1,769.5	**2,615.9**	2,903.9
Profit attributable to common stock	€ million (rounded)	**1,168.9**	1,625.4	**2,401.6**	2,667.8
Profit attributable to preferred stock	€ million (rounded)	**104.6**	144.1	**214.3**	236.1
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	**53,571,372**	53,163,412	**53,571,372**	53,163,412
Earnings per share of common stock	€	**1.94**	2.70	**3.99**	4.43
Earnings per share of preferred stock	€	**1.95**	2.71	**4.00**	4.44

Earnings per share are calculated for common and preferred stock by dividing the net profit after minority interests, as attributable to each category of stock, by the average number of shares in circulation. In computing earnings per share of preferred stock, earnings to cover the additional dividend of €0.02 per share of preferred stock are spread over the four quarters of the corresponding financial year.

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

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8

14 — Disclosures relating to total comprehensive income

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

in € million	2nd quarter 2012	2nd quarter 2011	1 January to 30 June 2012	1 January to 30 June 2011
Available-for-sale securities				
Gains/losses in the period	27	13	55	9
Amounts reclassified to income statement	59	−7	56	−8
	86	6	111	1
Financial instruments used for hedging purposes				
Gains/losses in the period	−1,335	113	−518	1,274
Amounts reclassified to income statement	131	−67	201	−112
	−1,204	46	−317	1,162
Exchange differences on translating foreign operations	282	−107	160	−520
Actuarial gains/losses on defined benefit pension obligations and similar obligations	−524	145	−1,065	261
Deferred taxes relating to components of other comprehensive income	574	−94	373	−495
Other comprehensive income for the period after tax from equity accounted investments	−27	3	4	14
Other comprehensive income for the period after tax	**−813**	**−1**	**−734**	**423**

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

in € million	2nd quarter 2012			2nd quarter 2011		
	Before tax	Deferred taxes	After tax	Before tax	Deferred taxes	After tax
Available-for-sale securities	86	7	93	6	−2	4
Financial instruments used for hedging purposes	−1,204	415	−789	46	−43	3
Exchange differences on translating foreign operations	282	–	282	−107	–	−107
Actuarial gains/losses on defined benefit pension obligations and similar obligations	−524	152	−372	145	−49	96
Other comprehensive income for the period from equity accounted investments	−42	15	−27	5	−2	3
Other comprehensive income	**−1,402**	**589**	**−813**	**95**	**−96**	**−1**

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

in € million	1 January to 30 June 2012			1 January to 30 June 2011		
	Before tax	Deferred taxes	After tax	Before tax	Deferred taxes	After tax
Available-for-sale securities	111	−13	98	1	–	1
Financial instruments used for hedging purposes	−317	99	−218	1,162	−413	749
Exchange differences on translating foreign operations	160	–	160	−520	–	−520
Actuarial gains/losses on defined benefit pension obligations and similar obligations	−1,065	287	−778	261	−82	179
Other comprehensive income for the period from equity accounted investments	3	1	4	24	−10	14
Other comprehensive income	**−1,108**	**374**	**−734**	**928**	**−505**	**423**

During the second quarter 2012, an amount of €5 million was reclassified from accumulated other equity (other comprehensive income) to the Income Statement in conjunction with the early termination of cash flow hedges. The derivative instruments involved were de-designated before their maturity date due to the fact that the forecasted underlying items were no longer expected to arise.

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15 — Intangible assets

Intangible assets mainly comprise capitalised development costs on vehicle and engine projects as well as subsidies for tool costs, licences, purchased development projects and software. Capitalised development costs at 30 June 2012 amounted to €4,225 million (31 December 2011: €4,388 million). Additions to development costs in the first half of the year totalled €440 million (2011: €354 million). The amortisation expense for the period was €603 million (2011: €594 million).

In addition, intangible assets include a brand-name right amounting to €44 million (31 December 2011: €43 million), goodwill of €33 million (31 December 2011: €33 million) allocated to the Automotive cash-generating unit and goodwill of €336 million (31 December 2011: €336 million) allocated to the Financial Services cash-generating unit.

16 — Property, plant and equipment

Capital expenditure for property, plant and equipment in the first six months of 2012 totalled €1,013 million (2011: €616 million). The depreciation expense for the same period amounted to €1,100 million (2011: €1,115 million). Disposals are unchanged to the previous year at €22 million.

17 — Leased products

Additions to leased products and depreciation thereon in the first quarter amounted to €6,598 million (2011*: €4,920 million) and €2,493 million (2011*: €1,540 million) respectively. Disposals amounted to €3,696 million (2011: €3,508 million). The translation of foreign currency financial statements resulted in a net positive translation difference of €261 million (2011: net negative translation difference of €617 million).

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8

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

Investments accounted for using the equity method comprise the Group's investments in BMW Brilliance Automotive Ltd., Shenyang, SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, SGL Automotive Carbon Fibers LLC, Dover, DE, BMW Peugeot Citroën Electrification B.V., The Hague, DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich (all joint ventures).

Other investments relate to investments in non-consolidated subsidiaries, participations and non-current marketable securities. Impairment losses on investments totalling €154 million were recorded in the second quarter. In addition the investment in Cirquent GmbH, Munich, was sold.

19 — Receivables from sales financing

Receivables from sales financing totalling €50,907 million (31 December 2011: €49,345 million) relate to credit financing for retail customers and dealers and to finance leases.

Receivables from sales financing include €30,779 million (31 December 2011: €29,331 million) with a remaining term of more than one year.

20 — Financial assets

Financial assets comprise:

in € million	30.6.2012	31.12.2011
Derivative instruments	**2,557**	2,358
Marketable securities and investment funds	**2,744**	2,330
Loans to third parties	**16**	23
Credit card receivables	**241**	249
Other	**666**	493
Financial assets	**6,224**	**5,453**
thereof non-current	**1,785**	1,702
thereof current	**4,439**	3,751

The fair values of derivative instruments are computed using market information available at the end of the reporting period on the basis of prices quoted by the counterparties or using appropriate measurement methods, e.g. discounted cash flow models. The interest rates derived from interest-rate structures are adjusted, where necessary, to take account of the credit quality and risk of the underlying financial instrument.

Derivative financial instruments are measured at their fair value. The fair values of derivative financial instruments are determined using measurement models, as a consequence of which there is a risk that the amounts calculated could differ from realisable market prices on disposal. Observable financial market price spreads (e.g. for liquidity risks) are taken into account in the measurement of derivative financial instruments, thus helping to minimise differences between the carrying amounts of the instruments and the amounts that can be realised on the financial markets on the disposal of those instruments.

21 — Income tax assets

Income tax assets totalling €1,265 million (31 December 2011: €1,194 million) include claims amounting to €894 million (31 December 2011: €872 million) which are expected to be settled after more than twelve months. Some of the claims may be settled earlier than this depending on the timing of proceedings.

22 — Other assets

in € million	30.6.2012	31.12.2011
Other taxes	**497**	740
Receivables from subsidiaries	**705**	714
Receivables from other companies in which an investment is held	**597**	393
Prepayments	**1,056**	945
Collateral receivables	**256**	292
Sundry other assets	**712**	829
Other assets	**3,823**	**3,913**
thereof non-current	**707**	568
thereof current	**3,116**	3,345

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23 — Inventories

Inventories comprise the following:

in € million	30.6.2012	31.12.2011
Raw materials and supplies	**845**	704
Work in progress, unbilled contracts	**961**	908
Finished goods and goods for resale	**9,060**	8,026
Inventories	**10,866**	**9,638**

24 — Equity

The Group Statement of Changes in Equity is shown on pages 32 and 33.

Number of shares issued

At 30 June 2012 common stock issued by BMW AG was divided, as at the end of the previous year, into 601,995,196 shares of common stock with a par-value of €1. Preferred stock issued by BMW AG was divided into 53,571,372 shares (31 December 2011: 53,571,372 shares) with a par-value of €1. Unlike the common stock, no voting rights are attached to the preferred stock. All of the Company's stock is issued to bearer. Preferred stock bears an additional dividend of €0.02 per share.

The shareholders have passed a resolution at the Annual General Meeting authorising the Board of Management, with the approval of the Supervisory Board, to increase the Company's share capital by up to €5 million prior to 13 May 2014 in return for cash contributions and the issue of new non-voting preferred stock. Based on this authorisation, 1,375,210 shares of preferred stock have been issued to employees up to the reporting date. Authorised Capital therefore stands at €3.6 million at 30 June 2012. The BMW Group did not hold any treasury shares at 30 June 2012.

Capital reserves

Capital reserves include premiums arising from the issue of shares and were unchanged from 31 December 2011 at €1,955 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 decreased by €1,785 million (as at 1 January 2011) as a result of the reclassification adjustment recorded in the Group Financial Statement to 31 December 2011 in accordance with IAS 1.96 for actuarial gains and losses relating to defined benefit pension obligations, similar obligations and plan assets (and related deferred taxes). These amounts had previously been included in accumulated other equity.

Revenue reserves went up during the first half of 2012 to €26,432 million (31 December 2011: €26,102 million). They were increased by the net profit for the period attributable to shareholders of BMW AG amounting to €2,616 million (31 December 2011: €4,881 million) and reduced by the payment of dividends on common stock (€1,385 million) and preferred stock (€123 million) for the financial year 2011. Actuarial gains and losses relating to defined benefit pension obligations, similar obligations and plan assets (and related deferred taxes) reduced revenue reserves by €778 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 €96 million (31 December 2011: €65 million). This includes a minority interest of €10 million in the results for the period (31 December 2011: €26 million).

25 — Other provisions

Other provisions, at €6,466 million (31 December 2011: €6,253 million) primarily include employee and social-related obligations as well as obligations for ongoing operational expenses.

Current other provisions at 30 June 2012 amounted to €3,025 million (31 December 2011: €3,104 million).

26 — Income tax liabilities

Income tax liabilities totalling €1,265 million (31 December 2011: €1,363 million) include obligations amounting to €675 million (31 December 2011: €807 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 of €1,265 million (31 December 2011: €1,363 million) comprise €150 million (31 December 2011: €122 million) for taxes payable and €1,115 million (31 December 2011: €1,241 million) for tax provisions.

27 — Financial liabilities

Financial liabilities include all obligations of the BMW Group relating to financing activities. They can be analysed as follows:

in € million	**30. 6. 2012**	31. 12. 2011
Bonds	**30,527**	28,573
Liabilities to banks	**9,689**	8,398
Liabilities from customer deposits (banking)	**13,216**	12,041
Commercial paper	**2,129**	5,478
Asset backed financing transactions	**8,916**	9,385
Derivative instruments	**3,201**	2,479
Other	**1,765**	1,623
Financial liabilities	**69,443**	**67,977**
thereof non-current	**37,063**	37,597
thereof current	**32,380**	30,380

The change in financial liabilities is described in the Interim Group Management Report and the measurement of derivatives is described in note 20.

28 — Other liabilities

Other liabilities comprise the following items:

in € million	**30. 6. 2012**	31. 12. 2011
Other taxes	**607**	548
Social security	**77**	67
Advance payments from customers	**511**	1,858
Deposits received	**282**	231
Payables to subsidiaries	**97**	178
Payables to other companies in which an investment is held	**–**	25
Deferred income	**4,341**	4,068
Other	**3,401**	2,962
Other liabilities	**9,316**	**9,937**
thereof non-current	**3,159**	2,911
thereof current	**6,157**	7,026

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29 — **Related party relationships**

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

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

For the first half of 2012, the disclosure requirements contained in IAS 24 only affect the BMW Group with regard to business relationships with affiliated, non-consolidated entities, joint ventures and other equity investments 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 entities. Transactions with these entities 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 half of 2012 for an amount of €1,402 million (2011: €781 million), of which €754 million (2011: €393 million) was recorded in the second quarter. At 30 June 2012, receivables of Group companies from BMW Brilliance Automotive Ltd., Shenyang, amounted to €524 million (31 December 2011: €381 million). There were no payables of Group companies to BMW Brilliance Automotive Ltd., Shenyang, at 30 June 2012 (31 December 2011: €89 million). Group companies received goods and services from BMW Brilliance Automotive Ltd., Shenyang, during the period under report for an amount of €6 million (2011: €– million), of which €3 million was recorded in the second quarter (2011: €– million).

All relationships of BMW Group entities with the joint ventures SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, and SGL Automotive Carbon Fibers LLC, Dover, DE, arise in the normal course of business and all transactions with these entities are conducted on the basis of arm's length principles. At 30 June 2012 receivables of Group companies for loans disbursed to the joint ventures amounted to €63 million (31 December 2011: €61 million). Interest income earned on these intragroup loans in the first half of 2012 amounted to €1 million (2011: €1 million). Goods and services received by Group companies from the joint ventures during the period under report totalled €3 million (2011: €1 million), of which €2 million was recorded in the second quarter (2011: €1 million). At 30 June 2012 there were no payables of Group companies to the joint ventures (31 December 2011: €1 million).

Transactions of BMW Group companies with the joint venture, BMW Peugeot Citroën Electrification B.V., The Hague, all arise in the normal course of business and are conducted on the basis of arm's length principles. At 30 June 2012 receivables of Group companies from BMW Peugeot Citroën Electrification B.V., The Hague, amounted to €10 million (31 December 2011: €– million), while payables to Group companies amounted to €9 million (31 December 2011: €– million). Group companies sold goods and services to the joint venture during the first half of the year amounting to €2 million (2011: €– million), all of which related to the second quarter.

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

Business transactions between BMW Group entities and participations 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 the Supervisory Board of DELTON AG, Bad Homburg v. d. H., which, via its subsidiaries, performed logistic-related services for the BMW Group during the first half of 2012. In addition, companies of the DELTON Group used vehicles provided by the BMW Group, mostly in the form of leasing contracts. These service and lease contracts, which are not material for the BMW Group, all arise in the normal course of business and are conducted on the basis of arm's length principles.

Susanne Klatten is a shareholder and member of the Supervisory Board of BMW AG and also a shareholder and Deputy Chairman of the Supervisory Board of Altana AG, Wesel. Altana AG, Wesel, used vehicles provided by the BMW Group during the first half of 2012, mostly in the form of lease contracts. These contracts are not material for the BMW Group, arise in the course of ordinary activities and are made, without exception, on the basis of arm's length principles.

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

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

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30 — **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 2011. 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 2011.

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

Segment information by operating segment

in € million	Automotive 2012	Automotive 2011	Motorcycles 2012	Motorcycles 2011
External revenues	**14,365**	13,695	**409**	446
Inter-segment revenues	**3,001**	2,979	**1**	4
Total revenues	**17,366**	**16,674**	**410**	**450**
Segment result	**2,021**	2,408	**48**	47
Capital expenditure on non-current assets	**943**	591	**28**	11
Depreciation and amortisation on non-current assets	**861**	858	**13**	15

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8. Segment information is not affected by this adjustment.

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

Segment information by operating segment

in € million	Automotive 2012	Automotive 2011	Motorcycles 2012	Motorcycles 2011
External revenues	**27,812**	25,593	**850**	838
Inter-segment revenues	**5,713**	5,454	**8**	9
Total revenues	**33,525**	**31,047**	**858**	**847**
Segment result	**3,899**	4,116	**85**	78
Capital expenditure on non-current assets	**1,577**	1,057	**39**	25
Depreciation and amortisation on non-current assets	**1,715**	1,726	**26**	31

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8. Segment information is not affected by this adjustment.

in € million	Automotive 30.6.2012	Automotive 31.12.2011	Motorcycles 30.6.2012	Motorcycles 31.12.2011
Segment assets	**10,153**	10,016	**509**	551

Financial Services 2012	Financial Services 2011	Other Entities 2012	Other Entities 2011	Reconciliation to Group figures 2012	Reconciliation to Group figures 2011*	Group 2012	Group 2011*	
4,427	3,746	**1**	1	**–**	–	**19,202**	17,888	External revenues
439	435	**1**	–	**–3,442**	–3,418	**–**	–	Inter-segment revenues
4,866	**4,181**	**2**	**1**	**–3,442**	**–3,418**	**19,202**	**17,888**	**Total revenues**
431	744	**–14**	–59	**–509**	–490	**1,977**	2,650	Segment result
3,916	3,325	**–**	1	**–217**	–659	**4,670**	3,269	Capital expenditure on non-current assets
1,458	965	**–**	–	**126**	–276	**2,458**	1,562	Depreciation and amortisation on non-current assets

Financial Services 2012	Financial Services 2011	Other Entities 2012	Other Entities 2011	Reconciliation to Group figures 2012	Reconciliation to Group figures 2011*	Group 2012	Group 2011*	
8,832	7,493	**1**	1	**–**	–	**37,495**	33,925	External revenues
834	871	**2**	1	**–6,557**	–6,335	**–**	–	Inter-segment revenues
9,666	**8,364**	**3**	**2**	**–6,557**	**–6,335**	**37,495**	**33,925**	**Total revenues**
865	1,173	**–35**	–83	**–761**	–929	**4,053**	4,355	Segment result
7,483	6,100	**–**	1	**–1,012**	–1,262	**8,087**	5,921	Capital expenditure on non-current assets
3,007	2,102	**–**	–	**–504**	–556	**4,244**	3,303	Depreciation and amortisation on non-current assets

Financial Services 30.6.2012	Financial Services 31.12.2011	Other Entities 30.6.2012	Other Entities 31.12.2011	Reconciliation to Group figures 30.6.2012	Reconciliation to Group figures 31.12.2011	Group 30.6.2012	Group 31.12.2011	
7,132	7,169	**48,943**	47,875	**59,901**	57,818	**126,638**	123,429	Segment assets

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

in € million	**2nd quarter 2012**	2nd quarter 2011*
Reconciliation of segment result		
Total for reportable segments	**2,486**	3,140
Financial result of Automotive segment and Motorcycles segment	**–271**	–111
Elimination of inter-segment items	**–238**	–379
Group profit before tax	**1,977**	**2,650**
Reconciliation of capital expenditure on non-current assets		
Total for reportable segments	**4,887**	3,928
Elimination of inter-segment items	**–217**	–659
Total Group capital expenditure on non-current assets	**4,670**	**3,269**
Reconciliation of depreciation and amortisation on non-current assets		
Total for reportable segments	**2,332**	1,838
Elimination of inter-segment items	**126**	–276
Total Group depreciation and amortisation on non-current assets	**2,458**	**1,562**

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8. Segment information is not affected by this adjustment.

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

in € million	**1 January to 30 June 2012**	1 January to 30 June 2011*
Reconciliation of segment result		
Total for reportable segments	**4,814**	5,284
Financial result of Automotive segment and Motorcycles segment	**–329**	–215
Elimination of inter-segment items	**–432**	–714
Group profit before tax	**4,053**	**4,355**
Reconciliation of capital expenditure on non-current assets		
Total for reportable segments	**9,099**	7,183
Elimination of inter-segment items	**–1,012**	–1,262
Total Group capital expenditure on non-current assets	**8,087**	**5,921**
Reconciliation of depreciation and amortisation on non-current assets		
Total for reportable segments	**4,748**	3,859
Elimination of inter-segment items	**–504**	–556
Total Group depreciation and amortisation on non-current assets	**4,244**	**3,303**

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8. Segment information is not affected by this adjustment.

in € million	30.6.2012	31.12.2011
Reconciliation of segment assets		
Total for reportable segments	**66,737**	65,611
Non-operating assets – Other Entities segment	**6,224**	6,045
Operating liabilities – Financial Services segment	**78,513**	75,540
Interest-bearing assets – Automotive and Motorcycles segments	**34,102**	32,584
Liabilities of Automotive and Motorcycles segments not subject to interest	**20,771**	21,226
Elimination of inter-segment items	**–79,709**	–77,577
Total Group assets	**126,638**	**123,429**

Munich, 24 July 2012

Bayerische Motoren Werke
Aktiengesellschaft

The Board of Management

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

Frank-Peter Arndt

Milagros Caiña Carreiro-Andree

Dr.-Ing. Herbert Diess

Dr.-Ing. Klaus Draeger

Dr. Friedrich Eichiner

Harald Krüger

Dr. Ian Robertson (HonDSc)

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

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

Munich, 24 July 2012

Bayerische Motoren Werke
Aktiengesellschaft

The Board of Management

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Frank-Peter Arndt   Milagros Caiña Carreiro-Andree

Dr.-Ing. Herbert Diess   Dr.-Ing. Klaus Draeger

Dr. Friedrich Eichiner   Harald Krüger

Dr. Ian Robertson (HonDSc)

To Bayerische Motoren Werke Aktiengesellschaft, Munich

We have reviewed the condensed interim consolidated financial statements of Bayerische Motoren Werke Aktiengesellschaft, Munich – comprising the income statement for group and the statement of comprehensive income for group, the balance sheet for group, the condensed cash flow statement for group, the group statement of changes in equity and selected explanatory notes, together with the interim group management report of Bayerische Motoren Werke Aktiengesellschaft, Munich, for the period from 1 January to 30 June 2012, that are part of the semi-annual financial report according to § 37 w WpHG ("Wertpapierhandelsgesetz": "German Securities Trading Act"). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

We performed our review of the condensed interim consolidated financial statements and the interim group management report in accordance with the German generally accepted standards for the review of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the review so that we can preclude through critical evaluation, with a certain level of assurance, that the condensed interim consolidated financial statements have not been prepared, in material respects, in accordance with the IFRS applicable to interim financial reporting as adopted by the EU, and that the interim group management report has not been prepared, in material respects, in accordance with the requirements of the WpHG applicable to interim group management reports. A review is limited primarily to inquiries of company employees and analytical assessments and therefore does not provide the assurance attainable in a financial statement audit. Since, in accordance with our engagement, we have not performed a financial statement audit, we cannot issue an auditor's report.

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

Munich, 31 July 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Schindler	Huber-Straßer
Wirtschaftsprüfer	Wirtschaftsprüferin

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Annual Report 2012	19 March 2013
Annual Accounts Press Conference	19 March 2013
Analyst and Investor Conference	20 March 2013
Quarterly Report to 31 March 2013	2 May 2013
Annual General Meeting	14 May 2013
Quarterly Report to 30 June 2013	1 August 2013
Quarterly Report to 30 September 2013	5 November 2013

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