

# Quarterly Report

to 30 September 2010



Q3

---

Rolls-Royce  
Motor Cars Limited



**BMW Group**

# BMW Group in figures

02 — BMW Group in figures

04 Interim Group Management Report  
 04 The BMW Group – an Overview  
 07 Automobiles  
 11 Motorcycles  
 12 Financial Services  
 14 BMW Group – Capital Market Activities  
 16 Financial Analysis  
 20 Risk Management  
 20 Outlook

24 Interim Group Financial Statements  
 24 Income Statements  
 24 Statement of Comprehensive Income for Group  
 28 Balance Sheets  
 30 Cash Flow Statements  
 32 Group Statement of Changes in Equity  
 33 Notes

47 Other Information  
 47 Financial Calendar  
 47 Contacts

		3rd quarter 2010	3rd quarter 2009	Change in %
<b>Deliveries to customers</b>				
Automobiles	units	366,190	324,100	13.0
Motorcycles <sup>1</sup>	units	24,493	22,741	7.7
<b>Vehicle production</b>				
Automobiles	units	347,181	333,783	4.0
Motorcycles <sup>2</sup>	units	20,311	15,646	29.8
<b>Workforce at end of quarter</b>				
BMW Group		96,402	98,358	-2.0
<b>Financial figures</b>				
Operating cash flow <sup>3</sup>	euro million	1,764	654	-
Revenues	euro million	15,940	11,759	35.6
<b>Profit before financial result (EBIT)</b>				
	euro million	1,192	55	-
— Automobiles	euro million	1,152	-76	-
— Motorcycles	euro million	2	-3	-
— Financial Services	euro million	308	89	-
— Other Entities	euro million	0	8	-
— Eliminations	euro million	-270	37	-
<b>Profit before tax</b>				
	euro million	1,359	126	-
— Automobiles	euro million	1,285	-154	-
— Motorcycles	euro million	0	-5	-
— Financial Services	euro million	318	94	-
— Other Entities	euro million	40	40	-
— Eliminations	euro million	-284	151	-
<b>Income taxes</b>				
	euro million	-485	-48	-
Net profit	euro million	874	78	-
Earnings per share <sup>4</sup>	euro	1.33/1.33	0.12/0.12	-

<sup>1</sup> excluding Husqvarna Motorcycles (2,601 motorcycles)

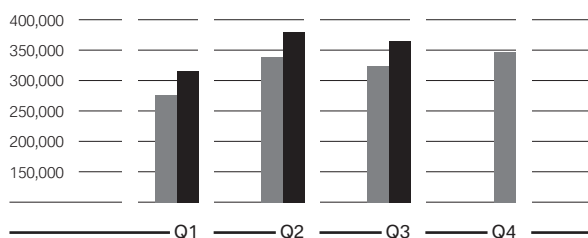
<sup>2</sup> excluding Husqvarna Motorcycles (3,199 motorcycles)

<sup>3</sup> cash inflow from operating activities of the Automobiles segment

<sup>4</sup> for common / preferred stock in accordance with IAS 33. 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.

## Deliveries of automobiles

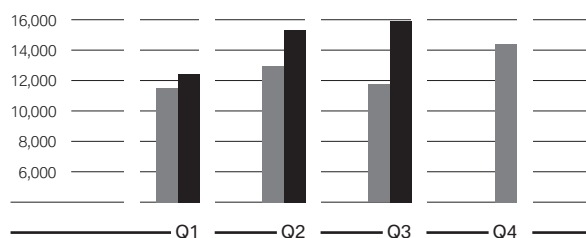
in units



2009	277,264	338,190	324,100	346,756
2010	315,614	380,412	366,190	

## Revenues

in euro million



2009	11,509	12,971	11,759	14,442
2010	12,443	15,348	15,940	

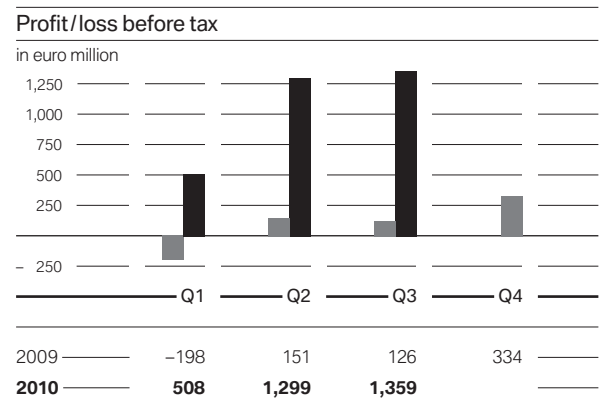
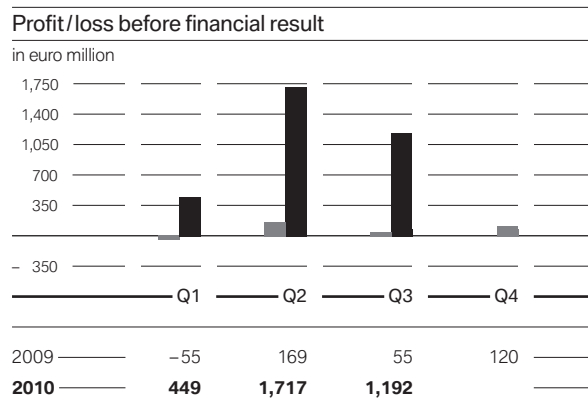
		1 January to 30 September 2010	1 January to 30 September 2009	Change in %
<b>Deliveries to customers</b>				
Automobiles	units	1,062,216	939,554	13.1
Motorcycles <sup>1</sup>	units	81,508	69,715	16.9
<b>Vehicle production</b>				
Automobiles	units	1,052,382	907,429	16.0
Motorcycles <sup>2</sup>	units	82,426	65,909	25.1
<b>Workforce at end of quarter</b>				
BMW Group		96,402	98,358	-2.0
<b>Financial figures</b>				
Operating cash flow <sup>3</sup>	euro million	4,172	2,763	51.0
Revenues	euro million	43,731	36,239	20.7
Profit before financial result (EBIT)	euro million	3,358	169	-
— Automobiles	euro million	2,760	-358	-
— Motorcycles	euro million	88	51	72.5
— Financial Services	euro million	900	234	-
— Other Entities	euro million	-74	46	-
— Eliminations	euro million	-316	196	-
Profit before tax	euro million	3,166	79	-
— Automobiles	euro million	2,443	-783	-
— Motorcycles	euro million	83	45	84.4
— Financial Services	euro million	919	247	-
— Other Entities	euro million	-33	82	-
— Eliminations	euro million	-246	488	-
Income taxes	euro million	-1,134	-32	-
Net profit	euro million	2,032	47	-
Earnings per share <sup>4</sup>	euro	3.09/3.10	0.06/0.07	-

<sup>1</sup> excluding Husqvarna Motorcycles (7,260 motorcycles)

<sup>2</sup> excluding Husqvarna Motorcycles (8,586 motorcycles)

<sup>3</sup> cash inflow from operating activities of the Automobiles segment

<sup>4</sup> for common/preferred stock in accordance with IAS 33. 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.



# Interim Group Management Report

## The BMW Group – an Overview

02	BMW Group in figures
04	Interim Group Management Report
04	The BMW Group – an Overview
07	Automobiles
11	Motorcycles
12	Financial Services
14	BMW Group – Capital Market Activities
16	Financial Analysis
20	Risk Management
20	Outlook
24	Interim Group Financial Statements
24	Income Statements
24	Statement of Comprehensive Income for Group
28	Balance Sheets
30	Cash Flow Statements
32	Group Statement of Changes in Equity
33	Notes
47	Other Information
47	Financial Calendar
47	Contacts

### Extremely good performance continues

The BMW Group continued to perform well in the third quarter 2010. Strong demand for our models, a high-value model mix and the Group's strong sales position on international automobile markets resulted in above-average earnings.

### Double-digit sales volume growth

The extremely attractive range of models and the general mood of renewed optimism on international car markets has contributed to a boost in sales volume for the BMW Group, both for the third quarter and nine-month period.

We handed over 366,190 BMW, MINI and Rolls-Royce brand cars (+13.0%) to customers during the period from July to September 2010. The sales volume figure for the nine-month period was also well up on the previous year, rising 13.1% to 1,062,216 units.

The Motorcycles segment performed well during the reporting period despite persisting adverse business conditions. During the period from July to September 2010 we sold 24,493 BMW motorcycles worldwide (+7.7%). The nine-month sales volume rose by 16.9% to 81,508 units.

The Financial Services segment also contributed to the good performance. At 30 September 2010, the segment was managing a portfolio of 3,144,817 lease and credit financing contracts with retail customers and dealers, 3.0% more than one year earlier.

### Revenues and earnings both well up on the previous year

Group revenues rose steeply, reflecting the overall strong sales volume performance of the BMW Group. Strong growth was recorded for both the third quarter and the nine-month period. Third-quarter revenues climbed by 35.6% to euro 15,940 million. The corresponding figure for the period from January to September rose by 20.7% to euro 43,731 million. Excluding the exchange rate impact, revenues for the nine-month period would have been 16.2% higher.

The Group's reported results benefited accordingly from the rise in revenues. The third-quarter profit before financial result (EBIT), for example, increased by euro 1,137 million to euro 1,192 million (2009: euro 55 million), while the nine-month EBIT increased by euro 3,189 million to euro 3,358 million (2009: euro 169 million).

The profit before tax also benefited from the positive business performance, with the Group recording a third-quarter profit of euro 1,359 million (2009: euro 126 million) and a nine-month pre-tax profit of euro 3,166 million (2009: euro 79 million).

The net profit for the third quarter and nine-month period amounted to euro 874 million (2009: euro 78 million) and euro 2,032 million (2009: euro 47 million) respectively.

### Workforce at previous year's level

The BMW Group had a worldwide workforce of 96,402 employees at 30 September 2010, a slight increase of 0.2% compared to the end of the financial year 2009, but 2.0% fewer than one year earlier. The number of apprentices recruited in 2010 remained high. In Germany alone, some 1,080 youngsters started apprenticeships with the BMW Group during the third quarter. A total of 1,124 young people commenced apprenticeships with the Group worldwide.

### BMW Group sector leader in Dow Jones Sustainability Index World for sixth consecutive year

In September 2010, the BMW Group was ranked sector leader in the Dow Jones Sustainability Index World for the sixth year in succession, once again confirming its standing as the world's most sustainable car company. This was the conclusion reached by the SAM Group in its most recently published evaluation for the Dow Jones Sustainability Indexes. Moreover, the BMW Group is the only German company represented in the group of 19 sector leaders worldwide.

### Targeted rejuvenation of model range continued

Following the successful market launches of new BMW models (X1, 5 Series Gran Turismo, ActiveHybrid X6, ActiveHybrid 7 and 5 Series Sedan) and model revisions (X5, 3 Series Coupé and Convertible), the new BMW 5 Series Touring and the extended wheelbase version of the BMW 5 Series Sedan for the Chinese market became available to customers as from mid-September. The new BMW 5 Series Touring is the epitome of driving pleasure and efficiency coupled with versatility and sporting elegance. The model is also outstanding for its extensive range of convenience and safety features, including numerous exclusive BMW driver assistance systems. The new BMW X3 will become available in selected markets as from the end of the year. The second generation of this Sports Activity Vehicle is winning customers over with its greater

spaciousness, optimised functionality and smoother ride. The Auto Start Stop function will be utilised for the first time with a six-cylinder engine and eight-gear automatic transmission in the new BMW X3. The new BMW 6 Series Concept vehicle, a stylish and luxurious two-door vehicle for drivers who enjoy sporting flair, was presented at the Automobile Show in Paris. The use of luxury materials processed with high-precision craftsmanship adds a special touch to the interior of this model.

The MINI Countryman was added to the MINI range in September. The model revisions of the MINI, the MINI Clubman and the MINI Convertible also became available at the same time. The whole MINI family has been enhanced to include engine variants and design modifications. As previously announced, the Coupé will be launched next year.

The new K 1600 GT and K 1600 GTL models were presented to the public for the first time at the INTERMOT International Motorcycle Fair at the beginning of October. For the first time in BMW's history, both of these models will be fitted with six-cylinder in-line engines and offer comfortable travel typical for the BMW brand. The new models, G 650 GS, R 1200 R, R 1200 R Classic and the BMW Concept C, were also presented at the International Motorcycle Exhibition EICMA at the beginning of November. With its distinct off-road stature, relatively low weight and low seat, the G 650 GS is an ideal motorcycle for newcomers. Whether bearing the sporty, modern roadster design of the R 1200 R or the classic motorcycle design of the R 1200 R Classic, the result in each case is improved riding dynamics. The BMW Concept C, the outcome of a study aimed at future series production, clearly demonstrates our commitment to finding solutions for individual mobility in the segment for large scooters.

#### **Car markets growing particularly in emerging economies**

The world's car markets grew by 11 % during the first three quarters of 2010. In a continuation of the strong growth recorded the previous year, the passenger car market in China expanded by approximately 25 % during the nine-month period under report. These figures enabled China to consolidate its position as the world's largest car market.

The US car market also developed positively during the period. The growth rate of approximately 10 %, however,

was lower than that recorded for China. Despite the progress made, the US market is still a long way off levels recorded prior to the onset of the economic and financial crisis.

European markets continue to perform inconsistently. The market as a whole was some 5 % down on the previous year. The impact of the expiry of the scrappage bonus scheme was still clearly evident in Germany. The overall market contracted by more than 25 % compared to the previous year's high level. Some scrappage bonus schemes continued into the current year in a number of European countries, however, staving off sales volume decreases in these markets until mid-year. The Spanish car market, for instance, still showed growth of 16 % for the nine-month period, while Great Britain was up by approximately 9%. Despite the high growth rates recorded at the beginning of the year, the market in France stagnated overall for the nine-month period. The only market that actually contracted was Italy, where domestic market sales were down by approximately 6 %.

In Japan, the subsidy programme based on ecological criteria has, at least temporarily, managed to turn the downwards trend around and car sales were up by about one fifth during the nine-month period under report.

Car sales in most of the emerging markets continued the pattern of strong growth seen throughout the year. The market in India expanded by around 30 %, while Brazil recorded growth of approximately 8 %. The scrappage bonus scheme introduced in Russia resulted in growth of approximately 14 %, albeit coming after a year in which the market had contracted by one half.

#### **International motorcycle markets remain weak**

The world's motorcycle markets in the 500 cc plus class relevant for the BMW Group were 11.1 % down on the previous year for the nine-month period under report. In Europe all markets contracted with the exception of Spain during the period from January to September 2010. Sales volume on the German market for 500 cc plus motorcycles fell by 6.6 % during the nine months under report. Shortfalls against the previous year were also recorded in Italy (-13.4 %), France (-5.6 %) and Great Britain (-18.1 %). Spain was the only market to show growth, rebounding with an 18.0 % increase after the extremely steep slide recorded one year earlier. The markets for 500 cc plus motor-

02	BMW Group in figures
04	Interim Group Management Report
04	The BMW Group – an Overview
07	Automobiles
11	Motorcycles
12	Financial Services
14	BMW Group – Capital Market Activities
16	Financial Analysis
20	Risk Management
20	Outlook
24	Interim Group Financial Statements
24	Income Statements
24	Statement of Comprehensive Income for Group
28	Balance Sheets
30	Cash Flow Statements
32	Group Statement of Changes in Equity
33	Notes
47	Other Information
47	Financial Calendar
47	Contacts

cycles also failed to recover in the USA (–14.1%) and Japan (–8.9%) during the nine-month period.

### **Financial markets more stable – uncertainties remain**

After a period of high volatility on international financial markets during the first half of the year, the situation calmed down somewhat over the course of the third quarter 2010. Uncertainties nevertheless remain. The major central banks kept reference interest rates at a low level and refinancing conditions continued to improve over the course of the year as market interest rates came down slightly.

Credit risk in the areas of lease/credit and dealer/importer financing fell in most car markets during the third quarter 2010. In a number of European markets such as Spain, Italy and Greece, the situation for the credit business remained tense, reflecting the slow pace of economic recovery in these countries.

International used car markets continued the good progress seen during the first half of the year, with demand picking up on most European markets.

## Interim Group Management Report

### Automobiles

#### Sharp rise in car sales volume

Third-quarter sales of BMW, MINI and Rolls-Royce brand cars rose by 13.0% to 366,190 units, comprising 306,982 BMW (+16.3%), 58,450 MINI (-2.8%) and 758 Rolls-Royce brand cars (2009: 132 units).

An overall increase of 13.1% was also recorded for the nine-month period, with a total of 1,062,216 units sold. Sales of BMW brand cars during this period rose by 14.8% to 892,737 units. Nine-month sales of MINI brand cars went up by 3.8% to 167,751 units. Rolls-Royce Motor Cars multiplied its sales volume almost fourfold to 1,728 units (2009: 461 units).

#### Growth on nearly all markets

We sold a total of 187,795 cars in Europe in the third quarter 2010, 1.8% more than in the same period last year. The nine-month sales volume increased by 3.2% to 577,626 units. In Germany we almost achieved the previous year's level for the period from July to September with 59,313 units sold (-1.0%). The nine-month figure was still 5.0% down on the previous year (191,579 units). We did record a sharp increase in Great Britain, both in the third quarter (43,951 units/+12.6%) and for the nine-month period (117,080 units/+17.4%). In France, the nine-month sales volume figure edged up by 1.8%

to 48,155 units. The growth rate in Spain was more pronounced, with sales up by 11.4% to 31,846 units. By contrast, we were unable to match the previous year's sales volume in Italy, with a total of 50,166 units sold during the first three quarters (-9.6%).

Sales volumes have also stabilised in North America over the course of the year. We sold 78,961 units (+7.9%) in the region during the third quarter and 215,940 units (+7.4%) altogether during the nine-month period. Sales in the USA during the period from July to September 2010 rose by 9.0% to 70,657 units and by 7.4% to 192,569 units for the period from January to September 2010.

We performed particularly well in Asia during the period under report, with sales for the third quarter up by 62.3% to 77,645 units and by 59.4% to 206,490 units for the nine-month period. This was largely attributable to very strong growth achieved on the Chinese markets (China, Hong Kong, Taiwan). Third-quarter sales on these markets soared by 90.8% to 50,463 units. Nine-month sales almost doubled (+96.1%) to 132,270 units. We also recorded a 3.8% sales volume growth in Japan, with 32,151 units handed over to customers during the period from January to September 2010.

#### Automobiles

	3rd quarter 2010	3rd quarter 2009	Change in %
Deliveries to customers — units	366,190	324,100	13.0
Production — units	347,181	333,783	4.0
Revenues — euro million	14,210	10,178	39.6
Profit/loss before financial result (EBIT) — euro million	1,152	-76	-
Profit/loss before tax — euro million	1,285	-154	-
Workforce at end of quarter	89,426	91,462	-2.2

	1 January to 30 September 2010	1 January to 30 September 2009	Change in %
Deliveries to customers — units	1,062,216	939,554	13.1
Production — units	1,052,382	907,429	16.0
Revenues — euro million	38,551	30,610	25.9
Profit/loss before financial result (EBIT) — euro million	2,760	-358	-
Profit/loss before tax — euro million	2,443	-783	-

02	BMW Group in figures
04	Interim Group Management Report
04	The BMW Group – an Overview
07	Automobiles
11	Motorcycles
12	Financial Services
14	BMW Group – Capital Market Activities
16	Financial Analysis
20	Risk Management
20	Outlook
24	Interim Group Financial Statements
24	Income Statements
24	Statement of Comprehensive Income for Group
28	Balance Sheets
30	Cash Flow Statements
32	Group Statement of Changes in Equity
33	Notes
47	Other Information
47	Financial Calendar
47	Contacts

### Double-digit growth for BMW brand

151,681 units of the BMW 1 Series were sold during the first nine months of 2010, 7.6 % fewer than in the corresponding period last year. At 295,608 units, sales of the BMW 3 Series were up by 1.1 %.

In total, 155,648 units of the BMW 5 Series were handed over to customers during the nine-month period (+22.2%), with the new 5 Series Sedan and the Gran Turismo making

good contributions to sales of this series. The new BMW 5 Series Touring has been available since the beginning of September and should create additional impetus for demand during the remaining months of the year.

Sales of the BMW 6 Series were down on the previous year (5,149 units / -27.3%). This was expected as the series is at the end of its life-cycle. By contrast, sales of

### Deliveries of BMW automobiles by model variant

in units

	1 January to 30 September 2010	1 January to 30 September 2009	Change in %
<b>BMW 1 Series</b>			
Three-door	24,837	33,082	-24.9
Five-door	86,642	89,926	-3.7
Coupé	19,910	18,027	10.4
Convertible	20,292	23,079	-12.1
	<b>151,681</b>	<b>164,114</b>	<b>-7.6</b>
<b>BMW 3 Series</b>			
Sedan	179,164	159,024	12.7
Touring	53,961	62,144	-13.2
Coupé	34,490	41,305	-16.5
Convertible	27,993	29,993	-6.7
	<b>295,608</b>	<b>292,466</b>	<b>1.1</b>
<b>BMW 5 Series</b>			
Sedan	118,859	100,548	18.2
Touring	17,617	26,815	-34.3
Gran Turismo	19,172	-	-
	<b>155,648</b>	<b>127,363</b>	<b>22.2</b>
<b>BMW 6 Series</b>			
Coupé	2,610	3,609	-27.7
Convertible	2,539	3,469	-26.8
	<b>5,149</b>	<b>7,078</b>	<b>-27.3</b>
<b>BMW 7 Series</b>			
	<b>47,349</b>	<b>33,409</b>	<b>41.7</b>
<b>BMW X1</b>			
	<b>72,294</b>	<b>-</b>	<b>-</b>
<b>BMW X3</b>			
	<b>35,252</b>	<b>41,368</b>	<b>-14.8</b>
<b>BMW X5</b>			
	<b>74,655</b>	<b>64,270</b>	<b>16.2</b>
<b>BMW X6</b>			
	<b>34,464</b>	<b>30,459</b>	<b>13.1</b>
<b>BMW Z4</b>			
	<b>20,637</b>	<b>16,928</b>	<b>21.9</b>
<b>BMW total</b>	<b>892,737</b>	<b>777,455</b>	<b>14.8</b>



the BMW Z4 climbed to 20,637 units (+21.9%), ensuring that this dynamic roadster remained front runner in its segment.

The period from January to September 2010 was also a successful one for the BMW 7 Series. A total of 47,349 units were sold during this time, 41.7% up on the previous year's figure.

The BMW X1 (available since October 2009) has proved to be extremely popular with customers, registering sales of 72,294 units during the first nine months of 2010. Since its market launch, we have already sold more than 80,000 units of this model. As expected towards the end of its model life-cycle, sales of the BMW X3 dropped to 35,252 units (-14.8%). The second generation of the Sports Activity Vehicle will become available on selected markets at the end of 2010. Nine-month sales of the BMW X5, the most successful model in its segment, rose by 16.2% to

74,655 units. The BMW X6 also surpassed the previous year's sales volume figure with 13.1% more cars sold (34,464 units). This means that more than 100,000 units have been delivered to customers since the model was first launched.

#### MINI expands model range

The new MINI Countryman was added to the MINI brand range in mid-September and had already achieved a sales volume of 1,763 units by the end of the month. Model revisions of the other MINI models were launched at the same time.

As a result of these model changes, third-quarter sales of the MINI were down on the previous year (58,450 units / -2.8%). Nevertheless, 25,200 MINI brand cars were sold in September, the highest number ever achieved in that particular month. The nine-month sales volume rose by 3.8% to 167,751 units.

#### Deliveries of MINI automobiles by model variant

in units

	1 January to 30 September 2010	1 January to 30 September 2009	Change in %
<b>MINI</b>			
One	33,291	28,190	18.1
Cooper	57,504	56,933	1.0
Cooper S	25,868	25,488	1.5
	<b>116,663</b>	<b>110,611</b>	<b>5.5</b>
<b>MINI Convertible</b>			
One	3,574	178	-
Cooper	13,062	12,999	0.5
Cooper S	9,202	9,094	1.2
	<b>25,838</b>	<b>22,271</b>	<b>16.0</b>
<b>MINI Clubman</b>			
One	1,967	1,371	43.5
Cooper	14,887	18,649	-20.2
Cooper S	6,633	8,736	-24.1
	<b>23,487</b>	<b>28,756</b>	<b>-18.3</b>
<b>MINI Countryman</b>			
One	216	-	-
Cooper	950	-	-
Cooper S	597	-	-
	<b>1,763</b>	<b>-</b>	<b>-</b>
<b>MINI total</b>	<b>167,751</b>	<b>161,638</b>	<b>3.8</b>

02	BMW Group in figures
04	Interim Group Management Report
04	The BMW Group – an Overview
07	Automobiles
11	Motorcycles
12	Financial Services
14	BMW Group – Capital Market Activities
16	Financial Analysis
20	Risk Management
20	Outlook
24	Interim Group Financial Statements
24	Income Statements
24	Statement of Comprehensive Income for Group
28	Balance Sheets
30	Cash Flow Statements
32	Group Statement of Changes in Equity
33	Notes
47	Other Information
47	Financial Calendar
47	Contacts

### Outstanding performance by Rolls-Royce

Rolls-Royce Motor Cars recorded sharp sales volume increases both for the third quarter and for the first nine months of 2010. The 758 Rolls-Royce brand cars handed over to customers during the period from July to Septem-

ber represented a sixfold increase over the previous year (2009: 132 units). The nine-month sales volume figure also increased significantly to 1,728 units (2009: 461 units). The Ghost has performed extremely well, with 1,535 units sold since its market launch in December 2009.

### Deliveries of Rolls-Royce automobiles by model variant

in units

	1 January to 30 September 2010	1 January to 30 September 2009	Change in %
<b>Rolls-Royce</b>			
Phantom (including Phantom Extended Wheelbase)	229	191	19.9
Drophead Coupé	78	148	-47.3
Coupé	53	122	-56.6
Ghost	1,368	-	-
<b>Rolls-Royce total</b>	<b>1,728</b>	<b>461</b>	<b>274.8</b>

### Car production volume increased

We have also brought car production into line with higher demand. During the third quarter 2010 we manufactured 347,181 BMW, MINI and Rolls-Royce brand cars (+4.0%) worldwide. The BMW brand accounted for 286,167 units (+3.9%). A total of 60,189 MINI brand cars (+3.7%) left the Oxford plant during the quarter, while 825 Rolls-Royce brand cars (2009: 231 units) were manufactured at the Goodwood facility.

Car production during the period from January to September was raised by 16.0% to 1,052,382 units, with the BMW brand up by 16.3% to 879,058 units and the MINI brand up to 171,070 units (+13.1%). A total of 2,254 (2009: 490 units) Rolls-Royce brand cars were manufactured during the first nine months of the year.

### Sharp increase in revenues and earnings of Automobiles segment

The good sales volume performance is reflected in the revenues reported for the Automobiles segment. Third-quarter revenues rose sharply (+39.6%) to euro 14,210 million, bringing nine-month revenues to euro 38,551 million (+25.9%). Ongoing strong demand for our models and the high-value model mix are also having a beneficial impact on segment earnings. The third-quarter EBIT reported by the Automobiles segment improved to euro 1,152 million (2009: negative EBIT of euro 76 million). The nine-month EBIT turned around from a loss of euro 358 million to a profit of euro 2,760 million. The third-quar-

ter profit before tax rose to euro 1,285 million (2009: loss before tax of euro 154 million). The pre-tax result for the first nine months also improved significantly by euro 3,226 million, also turning from a loss of euro 783 million into a profit of euro 2,443 million.

### Small reduction in Automobiles segment workforce

The BMW Group had a worldwide workforce of 89,426 employees in its Automobiles segment at 30 September 2010. This represents a reduction of 2.2% compared to the same reporting date last year.

## Interim Group Management Report

### Motorcycles

#### Motorcycle sales volume up sharply

We sold 24,493 BMW motorcycles during the third quarter 2010, 7.7% more than one year earlier. The number of motorcycles sold during the period from January to September 2010 rose by 16.9% to 81,508 units. With most international motorcycle markets actually contracting, we were therefore able to strengthen our competitive position and are now market leaders in the 500 cc plus segment in countries such as Germany, Italy, Spain, the Netherlands, Belgium, Austria and South Africa.

Our sales of motorcycles in Europe during the first nine months of 2010 rose by 18.1% to 57,846 units, with the improvements in France (7,264 units / +31.8%) and Spain (5,900 units / +21.1%) particularly strong. Sharp growth was, however, also recorded in Germany (13,614 units / +17.2%), Italy (12,954 units / +14.7%) and Great Britain (5,833 units / +16.1%).

The number of motorcycles sold in the USA from January to September 2010 increased by 3.9% to 7,850 units. During the same period we sold 2,192 units in Japan (+5.3%). The number of motorcycles sold in Brazil doubled to 2,368 units (+99.7%).

#### Motorcycle production raised

Third-quarter production of BMW motorcycles was increased by 29.8% to 20,311 units in line with growing demand. Production for the nine-month period was raised by 25.1% to 82,426 units.

#### Significant improvement in revenues and earnings of Motorcycle segment

Rising sales volume figures also had a positive impact on revenues and earnings reported by the Motorcycle segment. Third-quarter revenues grew by 21.8% to euro 291 million, while revenues for the nine-month period climbed by 25.0% to euro 1,081 million. The segment EBIT was euro 2 million (2009: negative EBIT of euro 3 million) for the period from July to September and euro 88 million (+72.5%) from January to September. Profit before tax also improved, rising by euro 5 million (2009: loss before tax of euro 5 million) for the third quarter and to euro 83 million (+84.4%) for the nine-month period under report.

#### Workforce virtually unchanged

The BMW Group employed 2,895 people in the Motorcycles segment at 30 September 2010, practically unchanged from the same reporting date one year earlier (-0.1%).

#### Motorcycles

	3rd quarter 2010	3rd quarter 2009	Change in %
Deliveries to customers <sup>1</sup> ————— units	24,493	22,741	7.7
Production <sup>2</sup> ————— units	20,311	15,646	29.8
Revenues ————— euro million	291	239	21.8
Profit/loss before financial result (EBIT) ————— euro million	2	-3	-
Profit/loss before tax ————— euro million	0	-5	-
Workforce at end of quarter —————	2,895	2,897	-0.1

<sup>1</sup> excluding Husqvarna Motorcycles (2,601 motorcycles)

<sup>2</sup> excluding Husqvarna Motorcycles (3,199 motorcycles)

	1 January to 30 September 2010	1 January to 30 September 2009	Change in %
Deliveries to customers <sup>1</sup> ————— units	81,508	69,715	16.9
Production <sup>2</sup> ————— units	82,426	65,909	25.1
Revenues ————— euro million	1,081	865	25.0
Profit before financial result (EBIT) ————— euro million	88	51	72.5
Profit before tax ————— euro million	83	45	84.4

<sup>1</sup> excluding Husqvarna Motorcycles (7,260 motorcycles)

<sup>2</sup> excluding Husqvarna Motorcycles (8,586 motorcycles)

# Interim Group Management Report

## Financial Services

02	BMW Group in figures
04	Interim Group Management Report
04	The BMW Group – an Overview
07	Automobiles
11	Motorcycles
12	Financial Services
14	BMW Group – Capital Market Activities
16	Financial Analysis
20	Risk Management
20	Outlook
24	Interim Group Financial Statements
24	Income Statements
24	Statement of Comprehensive Income for Group
28	Balance Sheets
30	Cash Flow Statements
32	Group Statement of Changes in Equity
33	Notes
47	Other Information
47	Financial Calendar
47	Contacts

### Financial services business confirms positive trend

The BMW Group's Financial Services business also benefited from the favourable conditions that continue to prevail on international financial markets. The total business volume of the Financial Services segment as disclosed in the balance sheet at 30 September 2010 amounted to euro 63,244 million, an increase of 3.3% compared to the same reporting date last year. 3,144,817 lease and financing contracts were in place with dealers and retail customers at 30 September 2010, an increase of 3.0% over the previous year.

### New retail customer business continues to grow

Credit and leasing business with retail customers grew sharply during the period under report. 275,675 new contracts were signed during the third quarter, 3.4% more than in the same quarter last year. The corresponding nine-month figure was 802,719 new contracts, a rise of 6.7% compared to one year earlier. Leasing business grew by 4.7%, credit financing by 7.5%. Lease contracts and credit financing accounted for 28.4% and 71.6% of new business respectively. The proportion of new BMW Group cars leased or financed by the Financial Services segment at 30 September 2010 was 47.6%, 1.3 percentage points lower than in the previous year.

In the used car financing line of business, the number of new contracts signed for BMW and MINI brand cars edged up by 2.5% to 241,220 contracts during the nine-month period.

The total volume of new credit and leasing contracts signed with retail customers during the first nine months of 2010 amounted to euro 20,382 million, 11.2% more than during the corresponding period last year.

This strong performance in the area of retail customer business is reflected in the overall contract portfolio. A total of 2,907,924 retail customer contracts was under management at the end of the reporting period (+2.7%). The increase was spread across all regions, with the contract portfolio up by 1.9% in Europe and 2.7% in the Asia/Oceania/Africa region. Once again, the Americas region registered the fastest growth at 4.1%.

### Fleet business marginally down, multi-brand financing on growth course

The BMW Group operates its international multi-brand fleet business under the brand name "Alphabet". In total, 309,101 fleet vehicle contracts were in place at the end of the period under report. This corresponds to a decrease of 5.1% compared to one year earlier.

The scale of our multi-brand financing business was expanded significantly in a number of markets. With a total of 92,562 new contracts, this line of business grew by 58.3% on a nine-month comparison.

### Dealer financing significantly increased

The Financial Services segment supports the dealer organisation with a coordinated range of products relating to

## Financial Services

	3rd quarter 2010	3rd quarter 2009	Change in %
New contracts with retail customers	275,675	266,570	3.4
Revenues	euro million 4,278	3,831	11.7
Profit before financial result (EBIT)	euro million 308	89	-
Profit before tax	euro million 318	94	-
Workforce at end of quarter	3,965	3,884	2.1

	1 January to 30 September 2010	1 January to 30 September 2009	Change in %
New contracts with retail customers	802,719	752,257	6.7
Revenues	euro million 12,480	12,058	3.5
Profit before financial result (EBIT)	euro million 900	234	-
Profit before tax	euro million 919	247	-

	30. 9. 2010	31. 12. 2009	Change in %
Business volume in balance sheet terms*	euro million 63,244	61,202	3.3

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

vehicle inventories financing on the one hand and real estate and equipment financing on the other. The total volume of dealer financing at the end of the reporting period stood at euro 9,239 million, 13.4% higher than one year earlier.

#### **Deposit business volume at previous year's level**

The Financial Services segment's deposit volume worldwide at the end of the third quarter 2010 stood at euro 10,055 million (+1.1%). The number of securities custodian accounts under management at the end of the reporting period totalled 24,657 accounts (-8.1%).

#### **Insurance business remains on growth course**

In addition to lease and credit financing contracts, we also offer our customers a variety of insurance products. Demand for these products remains strong and new business grew by 18.5% during the first nine months of 2010 to 501,216 insurance contracts. In total, 1,509,131 insurance contracts were being managed by the Financial Services segment at the balance sheet date (+18.9%).

#### **Financial Services segment earnings up on previous year**

Improved business conditions on international car markets also provided the Financial Services segment with a welcome tailwind. The third-quarter segment EBIT improved sharply by euro 219 million to euro 308 million. The profit before tax for the same period improved to euro 318 million (2009: euro 94 million). The nine-month EBIT amounted to euro 900 million and thus euro 666 million up on the previous year. Pre-tax profit also rose, with the segment reporting a profit before tax of euro 919 million (2009: euro 247 million).

#### **Workforce slightly larger**

The BMW Group employed 3,965 people in the Financial Services segment at the end of the third quarter. The workforce therefore grew slightly (+2.1%) compared to one year earlier.

## Interim Group Management Report

### BMW Group – Capital Market Activities in the third quarter 2010

02	BMW Group in figures
04	Interim Group Management Report
04	The BMW Group – an Overview
07	Automobiles
11	Motorcycles
12	Financial Services
14	BMW Group – Capital Market Activities
16	Financial Analysis
20	Risk Management
20	Outlook
24	Interim Group Financial Statements
24	Income Statements
24	Statement of Comprehensive Income for Group
28	Balance Sheets
30	Cash Flow Statements
32	Group Statement of Changes in Equity
33	Notes
47	Other Information
47	Financial Calendar
47	Contacts

#### BMW stock continues to perform well in volatile environment

The third quarter 2010 again saw high volatility on the stock markets. Concerns about a renewed weakening of the US economy and economic developments in a number of euro countries as well as other parts of the world affected the mood on capital markets. Within this volatile environment, the German stock index (DAX), recorded a new high for the year in August (above 6,350 points), only to fall back temporarily to below the 5,900 points level. The DAX finished the third quarter at 6,229.02 points, 4.4% higher than its closing level on 30 June 2010. The index had gained 4.6% compared to the close of 31 December 2009. The Prime Automobile sector index continued to perform well, rising by 17.8% since the end of the second quarter to stand at 734.83 points, representing an increase of 35.4% compared to the final day of trading in 2009.

BMW stock also continued to perform well during the reporting period. BMW common stock had a market price of euro 51.44 at the end of the third quarter, 28.4% up on its closing price at the half-year stage. Based on a market price increase of 61.8% compared to the end of 2009, BMW common stock remains not only Germany's most successful automobile share, but also the best-performing share in the DAX 30. As a result of its dynamic price rise, BMW common stock was admitted into the EURO STOXX 50 index on 20 September 2010. The EURO STOXX 50 index, which comprises the 50 largest listed companies in the euro zone, has meanwhile become one of Europe's leading stock market barometers.

BMW preferred stock also saw further market price rises on top of gains already made during the first half of the year. At the end of the reporting period the share price stood at euro 34.22, also a new high for the year. The share has

therefore gained 18.4% since the end of the preceding quarter and 48.8% compared to the end of 2009.

#### Refinancing remains stable

International capital markets continue to offer a stable environment to obtain financing for companies with a good level of creditworthiness. The BMW Group continued to have unrestricted access to debt capital throughout the third quarter. A broadly diversified and flexible range of funding sources is available to the BMW Group to finance its operating activities. These funds are primarily used to finance the Group's financial services business.

During the third quarter 2010, the BMW Group issued bonds for Swiss franc 200 million as well as euro, Swedish crown and Australian dollar denominated private placements with a total volume of approximately euro 300 million. An ABS bond with a nominal value of US dollar 1 billion was successfully placed publicly at very good conditions on the US capital market. The regular issue of Commercial Paper at excellent conditions adds further stability to the BMW Group's refinancing activities.

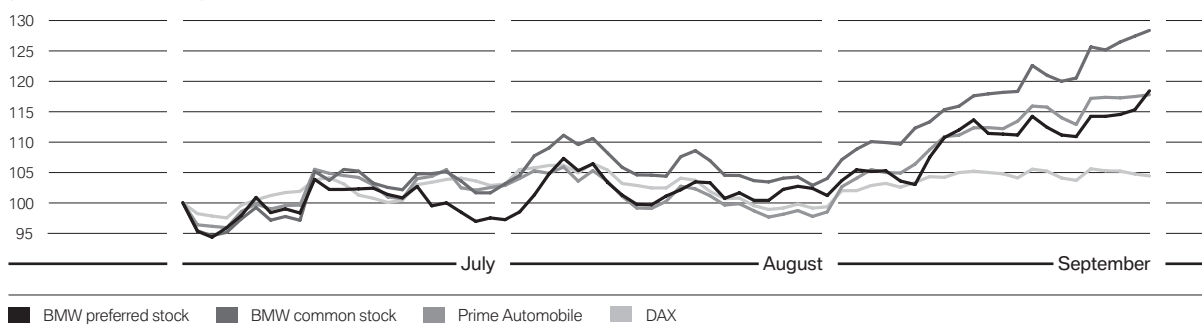
In September, the rating outlook for BMW AG was raised by the rating agencies, Moody's and S&P, in each case from "negative" to "stable". The improved outlook comes as a result of higher demand for premium cars worldwide, a development which especially benefits the BMW Group.

#### BMW Group again sector leader in Dow Jones Sustainability Index World

The BMW Group was the index leader in the Dow Jones Sustainability Index World for the sixth successive year and therefore holds the title as the world's most sustainable automobile manufacturer. The fact that sustainability is firmly embedded in the BMW Group's corporate strategy was

#### Development of BMW stock compared to stock exchange indices

(Index: 30.06.2010 = 100)



viewed very favourably. The principles of sustainable management were adopted and defined as a core corporate strategy back in the year 2000. These principles are embedded throughout the entire value chain, embracing the development of fuel-saving and alternative vehicle concepts, environmentally compatible production processes as well as eco-friendly recycling techniques.

In order to be included in the index, both general sustainability criteria and sector-specific challenges are taken into account. The Dow Jones Sustainability Index was created in 1999 as the first global sustainability index of its kind and has been published annually since then by the SAM Group, based in Zurich, in cooperation with Dow Jones Indexes and STOXX Limited. The BMW Group is the only carmaker to have been represented continuously in this important sustainable business index since its inception. This independent ranking underlines the BMW Group's leading role within a forward-looking automobile industry.

The BMW Group keeps the public informed of its commitment and the progress made in the field of sustainable management in the Sustainable Value Report, published once every two years. The latest edition can be downloaded from the internet at [www.bmwgroup.com/sustainability](http://www.bmwgroup.com/sustainability). A printed version can also be ordered at the same address.

# Interim Group Management Report

## Analysis of the Interim Group Financial Statements

02	BMW Group in figures
04	Interim Group Management Report
04	The BMW Group – an Overview
07	Automobiles
11	Motorcycles
12	Financial Services
14	BMW Group – Capital Market Activities
16	Financial Analysis
20	Risk Management
20	Outlook
24	Interim Group Financial Statements
24	Income Statements
24	Statement of Comprehensive Income for Group
28	Balance Sheets
30	Cash Flow Statements
32	Group Statement of Changes in Equity
33	Notes
47	Other Information
47	Financial Calendar
47	Contacts

### Earnings performance

The first signs of recovery from the economic and financial crisis became evident during the first half of 2010. This upward trend continued during the third quarter 2010. Third-quarter and nine-month earnings benefited in particular from our strong competitive position on the international markets with new attractive models in the Automobiles segment and improved margins in the Financial Services segment.

### Earnings performance for the third quarter 2010

Third-quarter group revenues rose by 35.6% to euro 15,940 million (2009: euro 11,759 million). Adjusted for exchange rate factors, the increase would have been 28.5%. Within Group revenues, external revenues of the Automobiles and Motorcycles segments rose by 44.1% and 21.1% respectively on the back of higher sales volumes and, in the case of the Automobiles segment, thanks to a high-value vehicle mix. Third-quarter external revenues of the Financial Services segment were 15.9% up on the previous year.

Group cost of sales increased by 27.1% to euro 13,290 million, rising therefore at a slower rate than revenues. The main factors for this were lower material costs as a result of rigorous cost management and lower refinancing costs. The third-quarter gross profit therefore increased by 103.7% to euro 2,650 million. The gross profit margin was 16.6% (2009: 11.1%).

The gross profit margin recorded by the Automobiles segment improved by 7.4 percentage points to 17.3%; that of the Motorcycles segment stood at 11.3% (2009: 10.9%). In the Financial Services segment, it rose from 6.1% to 11.1%.

Research and development costs for the third quarter 2010 increased by 26.5% to euro 777 million and represented 4.9% (2009: 5.2%) of revenues. Research and development costs include amortisation of capitalised development costs amounting to euro 311 million (2009: euro 312 million). Total research and development costs for the third quarter 2010, comprising research costs, development costs not recognised as assets and capitalised development costs, amounted to euro 696 million (2009: euro 541 million). For the third quarter 2010, this gives a research and development expenditure ratio of 4.4% (2009: 4.6%).

Sales and administrative costs increased by 6.3% compared to the same quarter last year and represented 8.5% (2009: 10.8%) of revenues.

Depreciation and amortisation included in cost of sales and sales and administrative costs decreased by 1.2% to euro 900 million (2009: euro 911 million).

The net expense from other operating income and expenses for the quarter amounted to euro 103 million, a deterioration of euro 132 million compared to the previous year. This was due mainly to higher expenses for currency transactions.

The third-quarter profit before financial result jumped by euro 1,137 million to euro 1,192 million as a result of the strong operating performance.

The financial result was a net income of euro 167 million, which represented an improvement of euro 96 million against the corresponding quarter last year. Within the financial result, other financial result improved by euro

### Revenues by segment in the third quarter

in euro million

	External revenues		Inter-segment revenues		Total revenues	
	2010	2009	2010	2009	2010	2009
Automobiles	11,734	8,142	2,476	2,036	14,210	10,178
Motorcycles	287	237	4	2	291	239
Financial Services	3,918	3,380	360	451	4,278	3,831
Other Entities	1	-	-	1	1	1
Eliminations	-	-	-2,840	-2,490	-2,840	-2,490
<b>Group</b>	<b>15,940</b>	<b>11,759</b>	<b>-</b>	<b>-</b>	<b>15,940</b>	<b>11,759</b>



80 million, mainly reflecting higher fair values of currency hedge contracts: these developed positively as a result of the appreciation of the euro.

The third-quarter result from equity accounted investments improved by euro 27 million. In contrast, net interest expense was euro 11 million higher.

Taking all these factors into consideration, the profit before tax rose by euro 1,233 million to euro 1,359 million. The income tax expense for the quarter increased by euro 437 million, giving an effective tax rate of 35.7% (2009: 38.1%).

The BMW Group recorded a net profit of euro 874 million for the third quarter 2010, euro 796 million above the result for the same quarter last year.

In the third quarter 2010, the Group generated earnings per share of common stock of euro 1.33 (2009: euro 0.12) and earnings per share of preferred stock of euro 1.33 (2009: euro 0.12).

#### Earnings performance for the first nine months of 2010

Nine-month revenues increased by 20.7% to euro 43,731 million. Adjusted for exchange rate factors, the increase would have been 16.2%. Within Group revenues, external revenues of the Automobiles increased by 27.5% reflecting the sales volume performance, while the Motorcycles segment grew by 24.9%. External revenues of the Financial Services segment for the nine-month period were up by 4.8%.

Group cost of sales increased by 11.7% to euro 36,132 million, rising therefore at a slower rate than revenues. This reflects the positive factors discussed above, the most

important of which were lower material and lower refinancing costs. As a result, the nine-month gross profit rose by 95.8% to euro 7,599 million. The gross profit margin was 17.4% (2009: 10.7%).

The nine-month gross profit margin recorded by the Automobiles segment was 16.6% (2009: 9.5%) and that of the Motorcycles segment was 17.1% (2009: 16.5%). The Financial Services segment's gross profit margin improved by 5.6 percentage points to 11.0%.

Research and development costs for the first nine months of 2010 increased by 17.6% to euro 2,201 million and represented 5.0% (2009: 5.2%) of revenues. Research and development costs include amortisation of capitalised development costs amounting to euro 951 million (2009: euro 899 million). Total research and development costs for the nine-month period amounted to euro 1,914 million (2009: euro 1,689 million). This figure comprises research costs, development costs not recognised as assets and capitalised development costs. The research and development expenditure ratio for the nine-month period was 4.4% (2009: 4.7%).

Sales and administrative costs increased by 7.0% compared to the same period last year and represented 9.1% (2009: 10.3%) of revenues.

Depreciation and amortisation included in cost of sales and in sales and administrative costs for the nine-month period amounted to euro 2,753 million (2009: euro 2,647 million).

The net expense from other operating income and expenses for the nine-month period amounted to euro 245 million, a deterioration of euro 267 million compared to the previous

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

in euro million

	External revenues		Inter-segment revenues		Total revenues	
	2010	2009	2010	2009	2010	2009
Automobiles	31,391	24,626	7,160	5,984	38,551	30,610
Motorcycles	1,070	857	11	8	1,081	865
Financial Services	11,269	10,755	1,211	1,303	12,480	12,058
Other Entities	1	1	2	2	3	3
Eliminations	-	-	-8,384	-7,297	-8,384	-7,297
<b>Group</b>	<b>43,731</b>	<b>36,239</b>	<b>-</b>	<b>-</b>	<b>43,731</b>	<b>36,239</b>

02	BMW Group in figures
04	Interim Group Management Report
04	The BMW Group – an Overview
07	Automobiles
11	Motorcycles
12	Financial Services
14	BMW Group – Capital Market Activities
16	Financial Analysis
20	Risk Management
20	Outlook
24	Interim Group Financial Statements
24	Income Statements
24	Statement of Comprehensive Income for Group
28	Balance Sheets
30	Cash Flow Statements
32	Group Statement of Changes in Equity
33	Notes
47	Other Information
47	Financial Calendar
47	Contacts

year. The main reasons for this were the higher level of allocations to provisions and the lower result on currency transactions.

As a result of the positive factors referred to above, the nine-month profit before financial result amounted to euro 3,358 million (2009: euro 169 million).

The nine-month financial result was a net expense of euro 192 million, which represented a deterioration of euro 102 million against the previous year (2009: net expense of euro 90 million). The change was mainly due to the euro 91 million increase in the net expense from investments, brought about by an impairment loss recognised on investments in subsidiaries. Moreover, within the financial result, net interest expense increased by euro 69 million. By contrast, the result from investments accounted for using the equity method improved by euro 24 million to euro 47 million. The line item “Sundry other financial result” improved by euro 34 million, mainly as a result of the higher fair values of currency hedge contracts.

Taking all these factors into consideration, the nine-month profit before tax improved to euro 3,166 million (2009: euro 79 million). The tax expense amounted to euro 1,134 million (2009: euro 32 million), giving an effective tax rate of 35.8% (2009: 40.5%).

The BMW Group therefore recorded a net profit of euro 2,032 million for the nine-month period (2009: euro 47 million).

For the first nine months of 2010, the BMW Group generated earnings per share of common stock of euro 3.09 (2009: euro 0.06) and earnings per share of preferred stock of euro 3.10 (2009: euro 0.07).

### Earnings performance by segment

Third-quarter revenues of the Automobiles segment rose by 39.6%. The segment profit before tax, at euro 1,285 million, represented an improvement of euro 1,439 million. Segment revenues for the nine-month period were 25.9% higher at euro 38,551 million, while the pre-tax result turned around from a loss before tax of euro 783 million to a profit before tax of euro 2,443 million. The improvement for both periods reflects the improved state of the economy. Our nine-month sales volume was up 13.1%, reflecting the gradual expansion and rejuvenation of our model portfolio and dynamic growth in China.

Third-quarter revenues of the Motorcycles segment rose by 21.8%, enabling the segment to report a break-even result before tax (2009: loss before tax of euro 5 million). Segment revenues for the nine-month period, at euro 1,081 million, were up by 25.0%. The profit before tax for the period jumped by 84.4% to euro 83 million.

Third-quarter revenues of the Financial Services segment, at euro 4,278 million, were euro 447 million higher than in the previous year, while the segment profit before tax improved to euro 318 million (2009: euro 94 million). Revenues for the nine-month period edged up by 3.5% to euro 12,480 million, while the segment profit improved to euro 919 million (2009: euro 247 million). This improvement mainly reflected lower expense for risk provision in the areas of credit financing and residual values on the one hand and lower refinancing costs on the other.

The profit before tax of the Other Entities segment for the third quarter 2010 amounted to euro 40 million (2009: euro 40 million). The equivalent nine-month pre-tax result deteriorated by euro 115 million to become a loss before tax of euro 33 million (2009: profit before tax of euro

### Profit/loss before tax by segment

in euro million

	3rd quarter 2010	3rd quarter 2009	1 January to 30 September 2010	1 January to 30 September 2009
Automobiles	1,285	-154	2,443	-783
Motorcycles	0	-5	83	45
Financial Services	318	94	919	247
Other Entities	40	40	-33	82
Eliminations	-284	151	-246	488
<b>Profit before tax</b>	<b>1,359</b>	<b>126</b>	<b>3,166</b>	<b>79</b>
Income taxes	-485	-48	-1,134	-32
<b>Net profit</b>	<b>874</b>	<b>78</b>	<b>2,032</b>	<b>47</b>

82 million). The main reason for this was the higher level of allocations to provisions.

The result from inter-segment eliminations for the third quarter was a net expense of euro 284 million (2009: net income of euro 151 million), mainly reflecting the higher volume of new leasing business and lower Group production costs. Inter-segment eliminations for the nine-month period corresponded to a negative amount of euro 246 million (2009: positive amount of euro 488 million).

### Financial position

The cash flow statements of the BMW Group and the Automobiles and Financial Services segments show the sources and applications of cash flows for the first nine months of the financial years 2009 and 2010, 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 the Group net profit. By contrast, cash flows from investing and financial activities are based on actual payments and receipts.

The cash inflow from operating activities in the first nine months of 2010 increased by euro 1,248 million to euro 8,482 million (2009: euro 7,234 million).

The cash outflow for investing activities, at euro 7,071 million, was similar to the previous year's level (2009: euro 7,020 million). Capital expenditure on intangible assets and property, plant and equipment for the nine-month period was euro 384 million lower at euro 1,864 million. The cash

outflow for the net investment in leased products and receivables from sales financing increased by euro 961 million to euro 3,664 million. The change in marketable securities resulted in a euro 478 million decrease in cash outflow. 120.0% (2009: 103.0%) of the cash outflow for investing activities during the first nine months of the year was covered by the cash inflow from operating activities. The cash flow statement of the Automobiles segment for the nine-month period shows coverage of 112.6% (2009: 65.4%). Adjusted for purchases of securities amounting to euro 1,663 million (2009: euro 1,876 million), mainly in connection with the further externalisation of pension obligations, 204.4% (2009: 117.8%) of the cash outflow for investing activities was covered. The cash flow statement of the Financial Services segment also shows coverage of 103.7% (2009: 176.6%) for the period.

Cash inflow from financing activities for the period from January to September 2010 includes inflows of euro 4,097 million from bond issues (2009: euro 8,470 million) and outflows for repayments of euro 2,937 million (2009: euro 5,407 million). Changes in other financial liabilities and commercial paper resulted in a cash outflow from financing activities of euro 3,189 million (2009: euro 2,093 million).

After adjustment for the effects of exchange rate fluctuations and changes in the composition of the BMW Group, the various cash flows resulted over the nine month period in a decrease in cash and cash equivalents of euro 634 million (2009: increase of euro 969 million).

Net financial assets of the Automobiles segment comprise the following:

in euro million	30.9.2010	31.12.2009
Cash and cash equivalents	5,820	4,331
Marketable securities and investment funds	1,185	1,129
Intragroup net financial receivables	4,160	8,272
<b>Financial assets</b>	<b>11,165</b>	<b>13,732</b>
Less: external financial liabilities*	-1,594	-4,770
<b>Net financial assets</b>	<b>9,571</b>	<b>8,962</b>

\* excluding derivative financial instruments

### Net assets position

The balance sheet total of the BMW Group increased by euro 3,037 million or 3.0% compared to 31 December

2009. Adjusted for changes in exchange rates, the balance sheet total would have decreased by 0.4%.

# Interim Group Management Report

## Risk Management

### Outlook

02	BMW Group in figures
04	Interim Group Management Report
04	The BMW Group – an Overview
07	Automobiles
11	Motorcycles
12	Financial Services
14	BMW Group – Capital Market Activities
16	Financial Analysis
20	Risk Management
20	Outlook
24	Interim Group Financial Statements
24	Income Statements
24	Statement of Comprehensive Income for Group
28	Balance Sheets
30	Cash Flow Statements
32	Group Statement of Changes in Equity
33	Notes
47	Other Information
47	Financial Calendar
47	Contacts

The main factors behind the increase on the assets side of the balance sheet were receivables from sales financing (+6.3%), financial assets (+15.2%), inventories (+17.3%) and trade receivables (+14.9%). On the equity and liabilities side of the balance sheet, the increase was due to the increase in equity (+9.1%), trade payables (+46.2%) and other liabilities (+18.3%).

Leased products were down by euro 689 million or 3.8%. Adjusted for changes in exchange rates, the decrease in leased products was 6.3%.

Compared to 31 December 2009, inventories increased by euro 1,137 million to euro 7,692 million (+17.3%). Adjusted for exchange rate factors, the increase would have been 13.7%. The increase reflects the effect of stocking-up in conjunction with the introduction of new models on the one hand and higher business volumes on the other.

Financial assets increased by 15.2% to euro 5,453 million, mainly as a result of the higher fair values of derivative portfolios.

Cash and cash equivalents decreased by euro 634 million to euro 7,133 million.

Group equity went up by euro 1,807 million to euro 21,722 million. On the one hand group equity increased due to the net profit (euro 2,032 million), translation differences (euro 423 million) and the fair value measurement of marketable securities (euro 34 million) and derivative financial instruments (euro 144 million). Deferred taxes on fair value gains and losses recognised directly in equity increased equity by euro 253 million.

On the other hand, Group equity decreased by euro 882 million as a result of actuarial losses on pension obligations due to lower interest rates. The dividend payment reduced Group equity by euro 197 million.

The equity ratio of the BMW Group improved by 1.2 percentage points to 20.7%. The equity ratio of the Automobiles segment was 41.6% (31 December 2009: 41.7%) and that of the Financial Services segment was 6.5% (31 December 2009: 6.0%).

The amount recognised in the balance sheet for pension provisions went down by 20.4% to euro 2,366 million, mainly due to the further externalisation of pension obliga-

tions amounting to euro 1,532 million. Lower discount rates in Germany and Great Britain had the effect of increasing pension obligations.

Other provisions, at euro 4,888 million, were euro 124 million higher than their level at 31 December 2009. While provisions for on-going operational expenses decreased by euro 115 million, provisions for personnel-related expenses and for other obligations went up by euro 142 million and euro 97 million respectively.

Financial liabilities were euro 943 million lower, mainly reflecting decreases in liabilities to banks and commercial paper. At the same time, liabilities resulting from the issue of bonds increased.

Trade payables went up by 46.2% to euro 4,564 million. Other liabilities amounted to euro 7,394 million and were thus euro 1,144 million higher than at 31 December 2009.

#### Risk management

As a globally operating enterprise, the BMW Group is confronted with numerous risks. A description of these risks and the Group's methods of managing them is provided in the Group Management Report for the financial year ended 31 December 2009 (Annual Report, page 64 et seq.).

#### Economic recovery continues – risks remain

The global economy continued along the path to recovery during the first nine months of 2010. The trend was bolstered by unaltered expansive monetary policies and governmental economic stimulus programmes, some of which have been extended into the current year. However, more restrictive monetary policies, combined with the endeavours of governments to consolidate public finances, mean that the threat of a potential economic setback remains.

The upward trend in the USA has already showed signs of weakening in recent months and fears that the economic recovery will falter are increasing. Neither the employment situation nor the property market are currently transmitting any positive signals. Consumer spending is therefore likely to be on the weak side in the foreseeable future. The US government's efforts to cut back on spending are also expected to have a negative effect on domestic demand.

Developments in the euro region are currently being influenced by positive developments in Germany. Although the strong growth registered here during the first half of

the year is now weakening somewhat, of all the major countries in the euro zone, Germany is most likely to record the fastest growth rates in 2010 and 2011. Private investment and exports will continue to be the mainstays of this growth, which means that recovery will be susceptible to any weakening of the global economy.

All other countries in the euro zone are recovering more slowly. France and, to a lesser degree, Italy, are the only larger countries in the region to show any positive trend. In Spain and, particularly in Greece, economic output will continue to decrease this year. The combined effects of a weak employment market, a faltering property market and the urgent necessity to consolidate public finances will have a dampening effect on growth in the foreseeable future.

Japan's economy is following a similar pattern to that of Germany. After last year's particularly severe slump, the global recovery has resulted in a steep rise in exports. An extensive state programme to encourage consumer spending has also been put in place, ensuring that growth – for the time being at least – is also being assisted by a revival in consumer spending. Meanwhile, however, signs are emerging that the economy is beginning to cool down. This trend is likely to persist over the coming months, particularly given the current strength of the yen and the urgent need to consolidate public spending.

With a growth rate almost approaching double-digit figures, China continues to be the global economic driving force in 2010. However, labour shortages, wage increases and rising property prices could push inflation up, possibly resulting in a scaling-back of China's expansive monetary policy.

Strong economic growth is also forecast for most of the world's other emerging markets. India is likely to continue the trend of robust growth seen in recent years. Although Brazil went through a phase of stagnation last year, current indications point to strong economic growth in 2010. The increase in raw material prices and healthy domestic demand are likely to augment this positive trend in the foreseeable future. After the severe slump experienced last year, Russia's recovery from the financial crisis is also likely to continue for the time being.

The prices of energy and raw materials have continued their upward trend since the beginning of 2009 and have

even returned to pre-crisis levels in some cases. Despite the moderate slowdown in economic growth in the USA and China, demand for raw materials is likely to remain high, leaving little scope for lower prices.

The euro has recovered from the weak phase brought on by the sovereign debt crisis and is gradually regaining strength. Once again, the attention of the international financial markets is chiefly focused on the US economy and on the sharp increase in liquidity and public sector debt in the USA, factors that are quite likely to cause the US dollar to weaken in the near future. By contrast, despite intervention from the Japanese Reserve Bank, the yen has so far continued to gain in value, particularly against the US dollar, whilst retaining its high value against the euro. Given the current lack of dynamism in the British economy, the pound is likely to remain weak against the euro. The Chinese renminbi will remain undervalued for the foreseeable future.

### **Car markets in 2010**

Worldwide demand for cars in 2010 is expected to be slightly up on pre-crisis levels as a result of the global economic recovery. All regions of the world with the exception of Western Europe have contributed to this recovery, although growth rates have differed greatly from region to region.

The US car market is expected to grow by approximately one tenth in 2010. This development reflects only a partial recovery from the impact of the economic and financial crisis and the market still remains significantly below pre-crisis levels.

Western Europe is expected to contract again slightly in 2010, largely due to the termination of scrappage bonus schemes, resulting in steep reductions in Germany, Italy and France. Spain is now expected to experience a period of stagnation.

By contrast, Japan is forecast to see good full-year growth again as the state-sponsored economic stimulus programme has been extended.

Although demand for cars in China is expected to slow down in 2010, the market will nevertheless grow by approximately one quarter. Because of its size, the Chinese market will thereby remain the strongest driver for growth. The premium vehicle segment will again expand much

02	BMW Group in figures
04	— Interim Group Management Report
04	The BMW Group – an Overview
07	Automobiles
11	Motorcycles
12	Financial Services
14	BMW Group – Capital Market Activities
16	Financial Analysis
20	Risk Management
20	— Outlook
24	Interim Group Financial Statements
24	Income Statements
24	Statement of Comprehensive Income for Group
28	Balance Sheets
30	Cash Flow Statements
32	Group Statement of Changes in Equity
33	Notes
47	Other Information
47	Financial Calendar
47	Contacts

faster than the market as a whole in 2010. Growth of approximately 25% is expected in India, resulting in a further moderate rise in the already high growth rate there. In Brazil, on the other hand, demand is only likely to increase at a single-digit pace and therefore somewhat more slowly than of late. The scrappage bonus scheme introduced in Russia in 2010 has boosted demand significantly. However, this can only partially compensate for the near-50% slump in the Russian market the previous year.

### Motorcycle markets in 2010

As already forecast at the end of the second quarter, international motorcycle markets are unlikely to recover significantly in the last three months of the year. The 500 cc plus segment is expected to contract worldwide over the full year at a rate approaching double digits.

### Financial services markets in 2010

Financial services markets are also benefiting from improved macro-economic conditions. However, despite the economic revival, it cannot be ruled out that volatility on international financial markets will have a negative impact on business.

Rises in interest reference rates could well come in the major industrial countries, although not before the second half of 2011. Interest rates on the money market in the euro zone will continue to rise. The US dollar is likely to remain under pressure in the foreseeable future, mainly due to the sluggish recovery of the US economy and the resulting expansive monetary policies being pursued by the US Federal Bank.

The overall positive development of Europe's economies during the first nine months of 2010 has meanwhile begun to tail off. A similar trend can be observed in the USA. As a result, the general climate for credit business will remain clouded by uncertainty during the remainder of the year.

The situation on European used car markets is also likely to be affected by market uncertainty and the fact that the positive trend seen since the beginning of the year is beginning to wane. North American used car markets are expected to continue the stable progress seen in recent months.

### BMW Group's outlook for the remainder of 2010

We expect macro-economic conditions to remain stable for the rest of 2010. The broad recovery taking place on in-

ternational car markets gives reason to believe that sales volumes will be significantly higher, particularly in emerging markets. Economic recovery is also likely to continue in the USA, giving sales volumes another boost. All of these factors point to a continuance of the BMW Group's fine performance in the final quarter of the year.

As a result of successful market launches this year, we will continue to expand our model range as scheduled. By strengthening our position on the world's growth markets, for instance in Asia and Latin America, and purposely expanding our international production network, we are creating the basis for future profitable growth.

We remain fully committed to consistently realigning the BMW Group in keeping with our Strategy Number ONE. This includes the efficient use of resources, which safeguards the basis for positive business performance. The initiatives taken to reduce the cost of materials are already beginning to bear fruit. The improvements in efficiency already made provide us with additional capacity to invest in the future, such as the development of alternative drive systems and new concepts for individual mobility in urban areas.

We therefore forecast a significant increase in Group pre-tax earnings for the full year 2010. The earnings level now being aimed at constitutes an important stepping stone en route to achieving the targets set out in our Strategy Number ONE.

### Automobiles segment in 2010

New models and innovative vehicle concepts and technologies as well as attractive designs have additionally boosted customer demand which was already at a high level. Apart from the new BMW 5 Series Sedan, the new 5 Series Touring has also been available since mid-September. The BMW X1 is currently enjoying strong demand worldwide. The MINI Countryman has been added to become the fourth model in the MINI portfolio. The new BMW X3 will go on sale in November. This model has always enjoyed great success in its class. The Rolls-Royce Ghost has been performing extremely well in its first year. Thanks to the ongoing strong demand throughout our range of models, we are confident of being able to retain our position as the world's leading premium manufacturer in 2010. We forecast that the car sales volume will rise by more than 10% to over 1.4 million units for the full-year and that the Automobiles segment will achieve an EBIT margin of above 7%.

**Motorcycles segment in 2010**

Full-year sales in the Motorcycles segment will be well up on those of the previous year. Reflecting this fact, we also forecast a significant rise in both revenues and earnings compared to 2009.

**Financial Services segment in 2010**

The Financial Services segment is expected to continue performing strongly during the remainder of 2010. With respect to European markets, the positive trend in risk levels seen since the beginning of the year is likely to weaken slightly, both in credit business and on the used car markets. For North America, by contrast, we forecast a continued stabilisation of residual values and a decrease in the credit risk attached to retail customer and dealer financing. The segment also benefits from favourable refinancing conditions thanks to the current low level of interest rates and stable capital markets. Taking these factors into account, the Financial Services segment is aiming to achieve a significantly rise in profit before tax compared to the previous year and a return on equity of over 18%.

**Profitability targets for 2012 reaffirmed**

For the remainder of 2010, we will continue making every effort to achieve the targets we have set ourselves in conjunction with the BMW Group's strategic realignment. The Strategy Number ONE is the mainstay of this approach. We reaffirm the profitability targets already announced for the year 2012 and continue to target a return on capital employed (ROCE) in excess of 26% as well as an EBIT margin of between 8% and 10% for the Automobiles segment.

## Interim Group Financial Statements

Income Statements for Group and Segments for the third quarter  
Statement of Comprehensive Income for Group for the third quarter

02 BMW Group in figures

04 Interim Group  
Management Report  
The BMW Group – an  
Overview

07 Automobiles

11 Motorcycles

12 Financial Services

14 BMW Group – Capital  
Market Activities

16 Financial Analysis

20 Risk Management

20 Outlook

24 Interim Group  
Financial Statements

24 Income Statements

24 Statement of Com-  
prehensive Income  
for Group

28 Balance Sheets

30 Cash Flow Statements

32 Group Statement of  
Changes in Equity

33 Notes

47 Other Information

47 Financial Calendar

47 Contacts

### Income Statement for Group and Segments for the third quarter

in euro million

	Note	Group	Automobiles
		2010	2009
Revenues	4	15,940	14,210
Cost of sales	5	-13,290	-11,745
<b>Gross profit</b>		<b>2,650</b>	<b>2,465</b>
Sales and administrative costs	6	-1,355	-1,166
Other operating income	7	200	131
Other operating expenses	7	-303	-278
<b>Profit/loss before financial result</b>		<b>1,192</b>	<b>1,152</b>
Result from equity accounted investments	8	36	36
Interest and similar income	9	187	148
Interest and similar expenses	9	-214	-182
Other financial result	10	158	131
Financial result		167	133
<b>Profit/loss before tax</b>		<b>1,359</b>	<b>1,285</b>
Income taxes	11	-485	-459
<b>Net profit/net loss</b>		<b>874</b>	<b>826</b>
Attributable to minority interest		3	3
<b>Attributable to shareholders of BMW AG</b>		<b>871</b>	<b>823</b>
<b>Earnings per share of common stock</b> in euro	12	<b>1.33</b>	0.12
<b>Earnings per share of preferred stock</b> <sup>*</sup> in euro	12	<b>1.33</b>	0.12

\* 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.

### Statement of Comprehensive Income for Group for the third quarter

in euro million

	Note	2010	2009
<b>Net profit</b>		<b>874</b>	<b>78</b>
Available-for-sale securities		8	20
Financial instruments used for hedging purposes		1,785	243
Exchange differences on translating foreign operations		-450	-206
Actuarial gains/losses relating to defined benefit pension and similar plans		-218	-393
Deferred taxes relating to components of other comprehensive income		-495	35
<b>Other comprehensive income for the period after tax</b>	13	<b>630</b>	<b>-301</b>
<b>Total comprehensive income</b>		<b>1,504</b>	<b>-223</b>
Total comprehensive income attributable to minority interests		2	2
<b>Total comprehensive income attributable to shareholders of BMW AG</b>		<b>1,502</b>	<b>-225</b>



Motorcycles		Financial Services		Other Entities		Eliminations		
2010	2009	2010	2009	2010	2009	2010	2009	
<b>-291</b>	-239	<b>4,278</b>	3,831	<b>-1</b>	-1	<b>-2,840</b>	-2,490	Revenues
<b>-258</b>	-213	<b>-3,803</b>	-3,599	<b>-</b>	-	<b>2,516</b>	2,529	Cost of sales
<b>33</b>	<b>26</b>	<b>475</b>	<b>232</b>	<b>1</b>	<b>1</b>	<b>-324</b>	<b>39</b>	<b>Gross profit</b>
<b>-32</b>	-29	<b>-150</b>	-145	<b>-3</b>	-5	<b>-4</b>	-3	Sales and administrative costs
<b>-1</b>	-1	<b>-11</b>	6	<b>70</b>	45	<b>-13</b>	-12	Other operating income
<b>-</b>	-1	<b>-28</b>	-4	<b>-68</b>	-33	<b>71</b>	13	Other operating expenses
<b>2</b>	<b>-3</b>	<b>308</b>	<b>89</b>	<b>0</b>	<b>8</b>	<b>-270</b>	<b>37</b>	<b>Profit / loss before financial result</b>
<b>-</b>	-	<b>-</b>	-	<b>-</b>	-1	<b>-</b>	-	Result from equity accounted investments
<b>2</b>	-1	<b>2</b>	-	<b>458</b>	436	<b>-423</b>	-348	Interest and similar income
<b>-4</b>	-3	<b>-1</b>	-1	<b>-436</b>	-459	<b>409</b>	462	Interest and similar expenses
<b>-</b>	-	<b>9</b>	6	<b>18</b>	56	<b>-</b>	-	Other financial result
<b>-2</b>	<b>-2</b>	<b>10</b>	<b>5</b>	<b>40</b>	<b>32</b>	<b>-14</b>	<b>114</b>	Financial result
<b>0</b>	<b>-5</b>	<b>318</b>	<b>94</b>	<b>40</b>	<b>40</b>	<b>-284</b>	<b>151</b>	<b>Profit / loss before tax</b>
<b>-</b>	-1	<b>-109</b>	-36	<b>-11</b>	15	<b>94</b>	-70	Income taxes
<b>0</b>	<b>-4</b>	<b>209</b>	<b>58</b>	<b>29</b>	<b>55</b>	<b>-190</b>	<b>81</b>	<b>Net profit / net loss</b>
<b>-</b>	-	<b>-</b>	-	<b>-</b>	-	<b>-</b>	-	Attributable to minority interest
<b>-</b>	<b>-4</b>	<b>209</b>	<b>58</b>	<b>29</b>	<b>55</b>	<b>-190</b>	<b>81</b>	<b>Attributable to shareholders of BMW AG</b>
<b>Earnings per share of common stock</b> in euro								
<b>Earnings per share of preferred stock*</b> in euro								

## Interim Group Financial Statements

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

02	BMW Group in figures
04	Interim Group Management Report
04	The BMW Group – an Overview
07	Automobiles
11	Motorcycles
12	Financial Services
14	BMW Group – Capital Market Activities
16	Financial Analysis
20	Risk Management
20	Outlook
24	Interim Group Financial Statements
24	Income Statements
24	Statement of Comprehensive Income for Group
28	Balance Sheets
30	Cash Flow Statements
32	Group Statement of Changes in Equity
33	Notes
47	Other Information
47	Financial Calendar
47	Contacts

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

in euro million

	Note	Group	Automobiles
		2010	2009
Revenues	4	43,731	36,239
Cost of sales	5	-36,132	-32,358
<b>Gross profit</b>		<b>7,599</b>	<b>3,881</b>
Sales and administrative costs	6	-3,996	-3,734
Other operating income	7	573	561
Other operating expenses	7	-818	-539
<b>Profit/loss before financial result</b>		<b>3,358</b>	<b>169</b>
Result from equity accounted investments	8	47	23
Interest and similar income	9	477	588
Interest and similar expenses	9	-650	-692
Other financial result	10	-66	-9
<b>Financial result</b>		<b>-192</b>	<b>-90</b>
<b>Profit/loss before tax</b>		<b>3,166</b>	<b>79</b>
Income taxes	11	-1,134	-32
<b>Net profit/net loss</b>		<b>2,032</b>	<b>47</b>
Attributable to minority interest		7	5
<b>Attributable to shareholders of BMW AG</b>		<b>2,025</b>	<b>42</b>
<b>Earnings per share of common stock</b> in euro	12	<b>3.09</b>	0.06
<b>Earnings per share of preferred stock</b> <sup>*</sup> in euro	12	<b>3.10</b>	0.07

\* 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.

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

in euro million

	Note	2010	2009
<b>Net profit</b>		<b>2,032</b>	<b>47</b>
Available-for-sale securities		34	22
Financial instruments used for hedging purposes		144	410
Exchange differences on translating foreign operations		423	159
Actuarial gains/losses relating to defined benefit pension and similar plans		-882	-846
Deferred taxes relating to components of other comprehensive income		253	71
<b>Other comprehensive income for the period after tax</b>	13	<b>-28</b>	<b>-184</b>
<b>Total comprehensive income</b>		<b>2,004</b>	<b>-137</b>
Total comprehensive income attributable to minority interests		6	5
<b>Total comprehensive income attributable to shareholders of BMW AG</b>		<b>1,998</b>	<b>-142</b>

Motorcycles		Financial Services		Other Entities		Eliminations		
2010	2009	2010	2009	2010	2009	2010	2009	
<b>1,081</b>	865	<b>12,480</b>	12,058	<b>3</b>	3	<b>-8,384</b>	-7,297	Revenues
<b>-896</b>	-722	<b>-11,112</b>	-11,412	<b>-</b>	-	<b>8,020</b>	7,482	Cost of sales
<b>185</b>	<b>143</b>	<b>1,368</b>	<b>646</b>	<b>3</b>	<b>3</b>	<b>-364</b>	<b>185</b>	<b>Gross profit</b>
<b>-99</b>	-93	<b>-440</b>	-416	<b>-11</b>	-12	<b>-</b>	-7	Sales and administrative costs
<b>2</b>	2	<b>39</b>	15	<b>151</b>	298	<b>-38</b>	-17	Other operating income
<b>-</b>	-1	<b>-67</b>	-11	<b>-217</b>	-243	<b>86</b>	35	Other operating expenses
<b>88</b>	<b>51</b>	<b>900</b>	<b>234</b>	<b>-74</b>	<b>46</b>	<b>-316</b>	<b>196</b>	<b>Profit / loss before financial result</b>
<b>-</b>	-	<b>-</b>	-	<b>-</b>	-3	<b>-</b>	-	Result from equity accounted investments
<b>5</b>	2	<b>3</b>	1	<b>1,303</b>	1,347	<b>-1,209</b>	-1,173	Interest and similar income
<b>-10</b>	-8	<b>-3</b>	-3	<b>-1,338</b>	-1,403	<b>1,279</b>	1,465	Interest and similar expenses
<b>-</b>	-	<b>-19</b>	-15	<b>76</b>	-95	<b>-</b>	-	Other financial result
<b>-5</b>	<b>-6</b>	<b>19</b>	<b>13</b>	<b>41</b>	<b>36</b>	<b>70</b>	<b>292</b>	Financial result
<b>83</b>	<b>45</b>	<b>919</b>	<b>247</b>	<b>-33</b>	<b>82</b>	<b>-246</b>	<b>488</b>	<b>Profit / loss before tax</b>
<b>-30</b>	-16	<b>-321</b>	-96	<b>12</b>	5	<b>77</b>	-195	Income taxes
<b>53</b>	<b>29</b>	<b>598</b>	<b>151</b>	<b>-21</b>	<b>87</b>	<b>-169</b>	<b>293</b>	<b>Net profit / net loss</b>
<b>-</b>	-	<b>-</b>	-	<b>-</b>	-	<b>-</b>	-	Attributable to minority interest
<b>53</b>	<b>29</b>	<b>598</b>	<b>151</b>	<b>-21</b>	<b>87</b>	<b>-169</b>	<b>293</b>	<b>Attributable to shareholders of BMW AG</b>
<b>Earnings per share of common stock</b> in euro								
<b>Earnings per share of preferred stock</b> * in euro								

# Interim Group Financial Statements

## Balance Sheets for Group and Segments

02	BMW Group in figures
04	Interim Group Management Report
04	The BMW Group – an Overview
07	Automobiles
11	Motorcycles
12	Financial Services
14	BMW Group – Capital Market Activities
16	Financial Analysis
20	Risk Management
20	Outlook
24	Interim Group Financial Statements
24	Income Statements
24	Statement of Comprehensive Income for Group
28	Balance Sheets
30	Cash Flow Statements
32	Group Statement of Changes in Equity
33	Notes
47	Other Information
47	Financial Calendar
47	Contacts

	Note	Group	Automobiles		
in euro million		30.9.2010	31.12.2009	30.9.2010	31.12.2009
<b>Assets</b>					
Intangible assets	14	5,043	5,379	4,903	5,230
Property, plant and equipment	15	10,912	11,385	10,735	11,181
Leased products	16	17,284	17,973	175	187
Investments accounted for using the equity method	17	174	137	151	114
Other investments	17	152	232	2,836	2,678
Receivables from sales financing	18	25,497	23,478	-	-
Financial assets	19	2,022	1,519	760	475
Deferred tax	20	1,298	1,266	1,594	1,514
Other assets	21	707	640	2,240	2,114
<b>Non-current assets</b>		<b>63,089</b>	<b>62,009</b>	<b>23,394</b>	<b>23,493</b>
Inventories	22	7,692	6,555	7,440	6,289
Trade receivables		2,134	1,857	1,860	1,608
Receivables from sales financing	18	17,639	17,116	-	-
Financial assets	19	3,431	3,215	2,042	1,666
Current tax	20	1,057	950	954	789
Other assets	21	2,815	2,484	13,597	14,863
Cash and cash equivalents		7,133	7,767	5,820	4,331
<b>Current assets</b>		<b>41,901</b>	<b>39,944</b>	<b>31,713</b>	<b>29,546</b>
<b>Total assets</b>		<b>104,990</b>	<b>101,953</b>	<b>55,107</b>	<b>53,039</b>

	Note	Group	Automobiles		
in euro million		30.9.2010	31.12.2009	30.9.2010	31.12.2009
<b>Equity and liabilities</b>					
Subscribed capital		655	655		
Capital reserves		1,921	1,921		
Revenue reserves		22,254	20,426		
Accumulated other equity		-3,127	-3,100		
Minority interest		19	13		
<b>Equity</b>	23	<b>21,722</b>	<b>19,915</b>	<b>22,937</b>	<b>22,101</b>
Pension provisions		2,366	2,972	973	1,652
Other provisions	24	2,644	2,706	2,293	2,295
Deferred tax	25	3,116	2,769	1,749	1,694
Financial liabilities	26	38,313	34,391	760	259
Other liabilities	27	2,623	2,281	2,958	3,401
<b>Non-current provisions and liabilities</b>		<b>49,062</b>	<b>45,119</b>	<b>8,733</b>	<b>9,301</b>
Other provisions	24	2,244	2,058	1,811	1,759
Current tax	25	558	836	390	650
Financial liabilities	26	22,069	26,934	1,372	4,736
Trade payables		4,564	3,122	3,957	2,556
Other liabilities	27	4,771	3,969	15,907	11,936
<b>Current provisions and liabilities</b>		<b>34,206</b>	<b>36,919</b>	<b>23,437</b>	<b>21,637</b>
<b>Total equity and liabilities</b>		<b>104,990</b>	<b>101,953</b>	<b>55,107</b>	<b>53,039</b>

								<b>Assets</b>	
Motorcycles		Financial Services		Other Entities		Eliminations			
30.9.2010	- 31.12.2009	30.9.2010	- 31.12.2009	30.9.2010	- 31.12.2009	30.9.2010	- 31.12.2009		
39	39	101	110	-	-	-	-	-	Intangible assets
161	184	16	20	-	-	-	-	-	Property, plant and equipment
-	-	20,108	20,608	-	-	-2,999	-2,822	-	Leased products
-	-	-	-	23	23	-	-	-	Investments accounted for using the equity method
-	-	8	8	5,097	5,380	-7,789	-7,834	-	Other investments
-	-	25,497	23,478	-	-	-	-	-	Receivables from sales financing
-	-	8	28	1,672	1,186	-418	-170	-	Financial assets
-	-	616	575	370	355	-1,282	-1,178	-	Deferred tax
-	-	1,185	1,375	12,109	10,389	-14,827	-13,238	-	Other assets
<u>200</u>	<u>223</u>	<u>47,539</u>	<u>46,202</u>	<u>19,271</u>	<u>17,333</u>	<u>-27,315</u>	<u>-25,242</u>		<b>Non-current assets</b>
244	258	8	9	-	-	-	-1	-	Inventories
96	123	177	123	1	3	-	-	-	Trade receivables
-	-	17,639	17,116	-	-	-	-	-	Receivables from sales financing
-	-	828	924	947	916	-386	-291	-	Financial assets
-	-	14	28	89	133	-	-	-	Current tax
-	-	3,282	4,071	27,167	27,179	-41,231	-43,629	-	Other assets
-	-	1,209	2,803	104	633	-	-	-	Cash and cash equivalents
<u>340</u>	<u>381</u>	<u>23,157</u>	<u>25,074</u>	<u>28,308</u>	<u>28,864</u>	<u>-41,617</u>	<u>-43,921</u>		<b>Current assets</b>
<u>540</u>	<u>604</u>	<u>70,696</u>	<u>71,276</u>	<u>47,579</u>	<u>46,197</u>	<u>-68,932</u>	<u>-69,163</u>		<b>Total assets</b>

								<b>Equity and liabilities</b>	
Motorcycles		Financial Services		Other Entities		Eliminations			
30.9.2010	- 31.12.2009	30.9.2010	- 31.12.2009	30.9.2010	- 31.12.2009	30.9.2010	- 31.12.2009		
-	-	4,573	4,268	5,048	4,118	-10,836	-10,572	-	Subscribed capital
-	-	-	-	-	-	-	-	-	Capital reserves
-	-	-	-	-	-	-	-	-	Revenue reserves
-	-	-	-	-	-	-	-	-	Accumulated other equity
-	-	-	-	-	-	-	-	-	Minority interest
-	-	4,573	4,268	5,048	4,118	-10,836	-10,572		<b>Equity</b>
44	74	29	24	1,320	1,222	-	-	-	Pension provisions
72	68	249	311	30	32	-	-	-	Other provisions
2	2	3,593	3,191	13	9	-2,241	-2,127	-	Deferred tax
-	-	14,282	10,848	23,689	23,454	-418	-170	-	Financial liabilities
252	257	12,663	10,455	118	133	-13,368	-11,965	-	Other liabilities
<u>370</u>	<u>401</u>	<u>30,816</u>	<u>24,829</u>	<u>25,170</u>	<u>24,850</u>	<u>-16,027</u>	<u>-14,262</u>		<b>Non-current provisions and liabilities</b>
16	21	316	274	98	1	3	3	-	Other provisions
-	-	112	85	56	101	-	-	-	Current tax
-	-	11,696	13,673	9,387	8,816	-386	-291	-	Financial liabilities
148	167	451	385	8	14	-	-	-	Trade payables
6	15	22,732	27,762	7,812	8,297	-41,686	-44,041	-	Other liabilities
<u>170</u>	<u>203</u>	<u>35,307</u>	<u>42,179</u>	<u>17,361</u>	<u>17,229</u>	<u>-42,069</u>	<u>-44,329</u>		<b>Current provisions and liabilities</b>
<u>540</u>	<u>604</u>	<u>70,696</u>	<u>71,276</u>	<u>47,579</u>	<u>46,197</u>	<u>-68,932</u>	<u>-69,163</u>		<b>Total equity and liabilities</b>

## Interim Group Financial Statements

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

	Group	Group
	2010	2009
02 BMW Group in figures		
04 Interim Group Management Report		
04 The BMW Group – an Overview		
07 Automobiles		
11 Motorcycles		
12 Financial Services		
14 BMW Group – Capital Market Activities		
16 Financial Analysis		
20 Risk Management		
20 Outlook		
24 Interim Group Financial Statements		
24 Income Statements		
24 Statement of Comprehensive Income for Group		
28 Balance Sheets		
30 Cash Flow Statements		
32 Group Statement of Changes in Equity		
33 Notes		
47 Other Information		
47 Financial Calendar		
47 Contacts		
	in euro million	
	<b>2010</b>	<b>2009</b>
	Net profit/loss	47
	<b>2,032</b>	—
	Depreciation of leased products	3,899
	<b>4,119</b>	—
	Depreciation and amortisation of tangible, intangible and investment assets	2,647
	<b>2,848</b>	—
	Change in provisions	-607
	<b>-57</b>	—
	Change in deferred taxes	-56
	<b>518</b>	—
	Changes in working capital and other items	1,304
	<b>-978</b>	—
	<b>Cash inflow from operating activities</b>	<b>7,234</b>
	<b>8,482</b>	<b>—</b>
	Investment in intangible assets and property, plant and equipment	-2,248
	<b>-1,864</b>	—
	Net investment in leased products and receivables from sales financing	-2,703
	<b>-3,664</b>	—
	Other	-2,069
	<b>-1,543</b>	—
	<b>Cash outflow from investing activities</b>	<b>-7,020</b>
	<b>-7,071</b>	<b>—</b>
	<b>Cash outflow / inflow from financing activities</b>	<b>773</b>
	<b>-2,226</b>	<b>—</b>
	<b>Effect of exchange rate and changes in composition of Group on cash and cash equivalents</b>	<b>-18</b>
	<b>181</b>	<b>—</b>
	<b>Change in cash and cash equivalents</b>	<b>969</b>
	<b>-634</b>	<b>—</b>
	Cash and cash equivalents as at 1 January	7,454
	<b>7,767</b>	<b>—</b>
	<b>Cash and cash equivalents as at 30 September</b>	<b>8,423</b>
	<b>7,133</b>	<b>—</b>

Automobiles		Financial Services		
2010	2009	2010	2009	
1,571	-513	598	151	Net profit/loss
5	5	3,772	4,139	Depreciation of leased products
2,773	2,576	17	20	Depreciation and amortisation of tangible, intangible and investment assets
-142	-525	-27	-22	Change in provisions
347	-344	183	65	Change in deferred taxes
-382	1,564	-842	686	Changes in working capital and other items
<b>4,172</b>	<b>2,763</b>	<b>3,701</b>	<b>5,039</b>	<b>Cash inflow from operating activities</b>
-1,827	-2,212	-4	-7	Investment in intangible assets and property, plant and equipment
7	34	-3,671	-2,805	Net investment in leased products and receivables from sales financing
-1,884	-2,044	106	-41	Other
<b>-3,704</b>	<b>-4,222</b>	<b>-3,569</b>	<b>-2,853</b>	<b>Cash outflow from investing activities</b>
<b>910</b>	<b>1,981</b>	<b>-1,756</b>	<b>-1,599</b>	<b>Cash outflow/inflow from financing activities</b>
<b>111</b>	<b>-34</b>	<b>30</b>	<b>20</b>	<b>Effect of exchange rate and changes in composition of Group on cash and cash equivalents</b>
<b>1,489</b>	<b>488</b>	<b>-1,594</b>	<b>607</b>	<b>Change in cash and cash equivalents</b>
4,331	5,073	2,803	2,053	Cash and cash equivalents as at 1 January
<b>5,820</b>	<b>5,561</b>	<b>1,209</b>	<b>2,660</b>	<b>Cash and cash equivalents as at 30 September</b>

# Interim Group Financial Statements

## Group Statement of Changes in Equity

	in euro million	Subscribed capital	Capital reserves	Revenue reserves	Accumulated other equity				-Treasury shares	-Minority interest	Total
					Translation differences	Securities	Derivative financial instruments	Pension obligations			
<b>31 December 2008</b>		<b>654</b>	<b>1,911</b>	<b>20,419</b>	<b>-2,065</b>	<b>17</b>	<b>45</b>	<b>-706</b>	<b>-10</b>	<b>8</b>	<b>20,273</b>
Dividends paid	-	-	-	-197	-	-	-	-	-	-	-197
Comprehensive income											
30 September 2009				42	159	20	243	-606	-	5	-137
<b>30 September 2009</b>		<b>654</b>	<b>1,911</b>	<b>20,264</b>	<b>-1,906</b>	<b>37</b>	<b>288</b>	<b>-1,312</b>	<b>-10</b>	<b>13</b>	<b>19,939</b>
<b>31 December 2009</b>		<b>655</b>	<b>1,921</b>	<b>20,426</b>	<b>-1,747</b>	<b>20</b>	<b>209</b>	<b>-1,582</b>	<b>-</b>	<b>13</b>	<b>19,915</b>
Dividends paid	-	-	-	-197	-	-	-	-	-	-	-197
Comprehensive income											
30 September 2010				2,025	424	24	156	-631	-	6	2,004
<b>30 September 2010</b>		<b>655</b>	<b>1,921</b>	<b>22,254</b>	<b>-1,323</b>	<b>44</b>	<b>365</b>	<b>-2,213</b>	<b>-</b>	<b>19</b>	<b>21,722</b>

02	BMW Group in figures
04	Interim Group Management Report
04	The BMW Group – an Overview
07	Automobiles
11	Motorcycles
12	Financial Services
14	BMW Group – Capital Market Activities
16	Financial Analysis
20	Risk Management
20	Outlook
24	Interim Group Financial Statements
24	Income Statements
24	Statement of Comprehensive Income for Group
28	Balance Sheets
30	Cash Flow Statements
32	Group Statement of Changes in Equity
33	Notes
47	Other Information
47	Financial Calendar
47	Contacts



## Interim Group Financial Statements

Notes to the Group Financial Statements to 30 September 2010

Accounting Principles and Policies

### 1 – Basis of preparation

The Group Financial Statements of BMW AG at 31 December 2009 were drawn up in accordance with International Financial Reporting Standards (IFRSs), as applicable in the EU. The Interim Group Financial Statements (Interim Report) at 30 September 2010, 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 2009 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 IFRS Interpretations Committee which are mandatory at 30 September 2010 have been applied. The Interim Report also complies with German Accounting Standard No. 16 (GAS 16) – Interim Financial Reporting – issued by the German Accounting Standards Committee e. V. (GASC).

Further information regarding the Group's accounting principles and policies is contained in the Group Financial Statements at 31 December 2009.

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.

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 financial services activities of the Group therefore has an impact on the Interim Group Financial Statements.

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 Automobiles, Motorcycles, Financial Services and Other Entities segments. The Group Cash Flow Statement is supplemented by statements of cash flows for the Automobiles and Financial Services segments.

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 2009.

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 September 2010 totalled euro 8.1 billion (31 December 2009: euro 7.8 billion).

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

The Interim Group Financial Statements at 30 September 2010 have neither been audited nor reviewed by the Group auditors, KPMG AG Wirtschaftsprüfungsgesellschaft.

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

The preparation of interim financial statements requires management to make certain assumptions and estimates that affect the reported amounts of assets and liabilities, revenues and expenses and contingent liabilities. All as-

## Interim Group Financial Statements

Notes to the Group Financial Statements to 30 September 2010

Notes to the Income Statement

02	BMW Group in figures
04	Interim Group Management Report
04	The BMW Group – an Overview
07	Automobiles
11	Motorcycles
12	Financial Services
14	BMW Group – Capital Market Activities
16	Financial Analysis
20	Risk Management
20	Outlook
24	Interim Group Financial Statements
24	Income Statements
24	Statement of Comprehensive Income for Group
28	Balance Sheets
30	Cash Flow Statements
32	Group Statement of Changes in Equity
33	Notes
47	Other Information
47	Financial Calendar
47	Contacts

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. Estimates and underlying assumptions are

checked regularly. 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.

### 2 – Consolidated companies

The BMW Group Financial Statements for the third quarter 2010 include, besides BMW AG, 30 German and 149 foreign subsidiaries. This includes six special purpose securities funds and 23 special purpose trusts, almost all of which are used for asset backed financing.

Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, and SGL Automotive Carbon Fibers LLC, Moses Lake, WA, were all accounted for the first time during the first nine months of 2010 using the equity method. The BMW Group has a 49% stake in each of these entities.

No entities were consolidated for the first time during the third quarter 2010.

BMW Ingenieur-Zentrum Verwaltungs GmbH, Dingolfing, and BMW Ingenieur-Zentrum GmbH + Co., Dingolfing, ceased to be consolidated companies during the nine-month period to 30 September 2010.

During the third quarter 2010, BMW Ingenieur-Zentrum Verwaltungs GmbH, Dingolfing, merged with BMW Ingenieur-Zentrum GmbH + Co., Dingolfing, with retrospective effect from 1 January 2010. As a result, by dint of German law, the BMW Ingenieur-Zentrum GmbH + Co., Dingolfing, automatically became a part of BMW AG, Munich. BMW Ingenieur-Zentrum Verwaltungs GmbH, Dingolfing, and BMW Ingenieur-Zentrum GmbH + Co., Dingolfing, therefore both ceased to be consolidated companies.

Compared to the corresponding period last year, one subsidiary and five special purpose trusts have been consolidated for the first time. Two subsidiaries, six special purpose trusts and one special purpose securities fund ceased to be consolidated companies.

In conjunction with joint ventures established with the SGL Carbon Group, the entities SGL Automotive Carbon

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 – New financial reporting rules

(a) Financial reporting rules applied for the first time in the third quarter 2010

No new Standards or Interpretations were applied for the first time in the third quarter 2010.

(b) New financial reporting rules issued during the third quarter 2010

No new Standards or Interpretations were issued during the third quarter 2010.

### 4 – Revenues

Revenues by activity comprise the following:

in euro million	3rd quarter 2010	3rd quarter 2009	1 January to 30 September 2010	1 January to 30 September 2009
Sales of products and related goods	11,851	8,374	32,005	25,462
Income from lease instalments	1,390	1,352	3,852	4,277
Sale of products previously leased to customers	1,592	1,271	4,698	4,141
Interest income on loan financing	680	628	1,948	1,976
Other income	427	134	1,228	383
<b>Revenues</b>	<b>15,940</b>	<b>11,759</b>	<b>43,731</b>	<b>36,239</b>

An analysis of revenues by business segment is shown in the segment information on pages 44 to 46.

#### 5— Cost of sales

Cost of sales in the third quarter include euro 3,627 million (2009: euro 3,489 million) relating to financial services business. For the period from 1 January to 30 September 2010, euro 10,630 million (2009: euro 10,953 million) relates to financial services business.

Third-quarter cost of sales include research and development costs of euro 777 million (2009: euro 614 million).

The latter comprises all research costs and development costs not recognised as assets as well as the amortisation of capitalised development costs amounting to euro 311 million (2009: euro 312 million). Research and development costs for the first nine months of 2010 amounted to euro 2,201 million (2009: euro 1,871 million). This includes amortisation of capitalised development costs of euro 951 million (2009: euro 899 million).

#### 6— Sales and administrative costs

Third quarter sales costs amounted to euro 1,009 million (2009: euro 879 million) and to euro 2,914 million for the nine-month period (2009: euro 2,711 million). They comprise mainly marketing, advertising and sales personnel costs.

Administrative costs in the third quarter and first nine months amounted to euro 346 million (2009: euro 396 million) and euro 1,082 million (2009: euro 1,023 million) respectively. They comprise expenses for administration not attributable to development, production or sales functions.

#### 7— Other operating income and expenses

Other operating income in the third quarter amounted to euro 200 million (2009: euro 154 million) and to euro 573 million for the nine-month period (2009: euro 561 million). Third quarter and nine-month other operating expenses totalled euro 303 million (2009: euro 125 million)

and euro 818 million (2009: euro 539 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.

#### 8— Result from equity accounted investments

The result from equity accounted investments in the third quarter was a positive amount of euro 36 million (2009: euro 9 million). The equivalent figure for the first nine months of the year was euro 47 million (2009: euro 23 million). This includes the results from the BMW Group's interests in the joint venture BMW Brilliance Automotive Ltd., Shenyang, the participation in Cirquent GmbH, Munich, as well as the

joint ventures SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, and SGL Automotive Carbon Fibers LLC, Moses Lake, WA. In the previous year, only the results from the interest in the joint venture, BMW Brilliance Automotive Ltd., Shenyang, and from the participation in Cirquent GmbH, Munich, were included.

#### 9— Net interest result

in euro million	3rd quarter 2010	3rd quarter 2009	1 January to 30 September 2010	1 January to 30 September 2009
Interest and similar income	187	229	477	588
Interest and similar expenses	-214	-245	-650	-692
<b>Net interest result</b>	<b>-27</b>	<b>-16</b>	<b>-173</b>	<b>-104</b>

02 BMW Group in figures 10 — **Other financial result**

in euro million		3rd quarter 2010	3rd quarter 2009	1 January to 30 September 2010	1 January to 30 September 2009
04 Interim Group Management Report The BMW Group – an Overview					
07 Automobiles	Result on investments	-	-	-90	1
11 Motorcycles	Sundry other financial result	158	78	24	-10
12 Financial Services	<b>Other financial result</b>	<b>158</b>	<b>78</b>	<b>-66</b>	<b>-9</b>
14 BMW Group – Capital Market Activities					
16 Financial Analysis					
20 Risk Management					
20 Outlook					

24 — Interim Group  
Financial Statements

11 — **Income taxes**

Taxes on income comprise the following:

in euro million		3rd quarter 2010	3rd quarter 2009	1 January to 30 September 2010	1 January to 30 September 2009
24 Income Statements					
24 Statement of Com- prehensive Income for Group					
28 Balance Sheets	Current tax expense	275	39	651	100
30 Cash Flow Statements	Deferred tax expense	210	9	483	-68
32 Group Statement of Changes in Equity	<b>Income taxes</b>	<b>485</b>	<b>48</b>	<b>1,134</b>	<b>32</b>
33 — Notes					
47 Other Information					
47 Financial Calendar					
47 Contacts					

The effective tax rate for the period to 30 September 2010 was 35.8% (2009: 40.5%).

12 — **Earnings per share**

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

		3rd quarter 2010	3rd quarter 2009	1 January to 30 September 2010	1 January to 30 September 2009
Profit attributable to the shareholders	euro million	871.0	75.7	2,025.1	41.8
Profit attributable to common stock	euro million (rounded)	800.9	69.7	1,861.6	38.0
Profit attributable to preferred stock	euro million (rounded)	70.1	6.0	163.5	3.8
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	52,665,362	51,833,032	52,665,362	51,833,032
<b>Earnings per share of common stock</b>	euro	<b>1.33</b>	0.12	<b>3.09</b>	0.06
<b>Earnings per share of preferred stock</b>	euro	<b>1.33</b>	0.12	<b>3.10</b>	0.07

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 euro 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. Diluted earnings per share were not applicable in either of the reporting periods.

## Interim Group Financial Statements

Notes to the Group Financial Statements to 30 September 2010

Notes to the Statement of Comprehensive Income

### 13— Disclosures relating to the statement of total comprehensive income

Other comprehensive income after tax comprises the following:

in euro million	3rd quarter 2010	3rd quarter 2009	1 January to 30 September 2010	1 January to 30 September 2009
Available-for-sale securities				
Gains/losses in the period	14	22	36	27
Amounts reclassified to income statement	-6	-2	-2	-5
	<u>8</u>	<u>20</u>	<u>34</u>	<u>22</u>
Financial instruments used for hedging purposes				
Gains/losses in the period	1,704	267	-129	473
Amounts reclassified to income statement	81	-24	273	-63
	<u>1,785</u>	<u>243</u>	<u>144</u>	<u>410</u>
Exchange differences on translating foreign operations	-450	-206	423	159
Actuarial gains/losses relating to defined benefit pension and similar plans	-218	-393	-882	-846
Deferred taxes relating to components of other comprehensive income	-495	35	253	71
<b>Other comprehensive income for the period after tax</b>	<b>630</b>	<b>-301</b>	<b>-28</b>	<b>-184</b>

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

in euro million	3rd quarter 2010			3rd quarter 2009		
	Before tax	Deferred taxes	After tax	Before tax	Deferred taxes	After tax
Available-for-sale securities	8	-2	6	20	-1	19
Financial instruments used for hedging purposes	1,785	-544	1,241	243	-77	166
Exchange differences on translating foreign operations	-450	-	-450	-206	-	-206
Actuarial gains/losses relating to defined benefit pension and similar plans	-218	51	-167	-393	113	-280
<b>Other comprehensive income</b>	<b>1,125</b>	<b>-495</b>	<b>630</b>	<b>-336</b>	<b>35</b>	<b>-301</b>

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

in euro million	1 January to 30 September 2010			1 January to 30 September 2009		
	Before tax	Deferred taxes	After tax	Before tax	Deferred taxes	After tax
Available-for-sale securities	34	-10	24	22	-2	20
Financial instruments used for hedging purposes	144	12	156	410	-167	243
Exchange differences on translating foreign operations	423	-	423	159	-	159
Actuarial gains/losses relating to defined benefit pension and similar plans	-882	251	-631	-846	240	-606
<b>Other comprehensive income</b>	<b>-281</b>	<b>253</b>	<b>-28</b>	<b>-255</b>	<b>71</b>	<b>-184</b>

## Interim Group Financial Statements

Notes to the Group Financial Statements to 30 September 2010

Notes to the Balance Sheet

02	BMW Group in figures
04	Interim Group Management Report
04	The BMW Group – an Overview
07	Automobiles
11	Motorcycles
12	Financial Services
14	BMW Group – Capital Market Activities
16	Financial Analysis
20	Risk Management
20	Outlook
24	Interim Group Financial Statements
24	Income Statements
24	Statement of Comprehensive Income for Group
28	Balance Sheets
30	Cash Flow Statements
32	Group Statement of Changes in Equity
33	Notes
47	Other Information
47	Financial Calendar
47	Contacts

### 14 – 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 September 2010 amounted to euro 4,647 million (31 December 2009: euro 4,934 million). Capital expenditure for development costs in the first nine months of 2010 was euro 664 million (2009: euro 717 million). The nine-month amortisation expense on capitalised development costs amounted to euro 951 million (2009: euro 899 million).

### 15 – Property, plant and equipment

Capital expenditure for property, plant and equipment in the first nine months of 2010 was euro 1,162 million

### 16 – Leased products

Additions to leased products and depreciation thereon for the nine-month period amounted to euro 6,979 million (2009: euro 5,885 million) and euro 2,281 million (2009: euro 2,572 million) respectively. Disposals amounted to

### 17 – Investments accounted for using the equity method and other investments

Investments accounted for using the equity method include the BMW Group's interests in BMW Brilliance Automotive Ltd., Shenyang, Cirquent GmbH, Munich, SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, and SGL Automotive Carbon Fibers LLC, Moses Lake, WA.

Other investments relate to investments in non-consolidated subsidiaries, participations and non-current marketable securities.

### 18 – Receivables from sales financing

Receivables from sales financing totalling euro 43,136 million (31 December 2009: euro 40,594 million) relate to credit financing for retail customers and dealers and to finance leases.

In addition, intangible assets include a brand-name right amounting to euro 41 million (31 December 2009: euro 40 million) and goodwill with an indefinite useful life of euro 111 million, unchanged from the previous year. The latter comprises goodwill arising on the acquisition of DEKRA SüdLeasing Services GmbH, Stuttgart, and its subsidiaries and on the acquisition of SimeLease (Malaysia) Sdn Bhd, Kuala Lumpur, and its subsidiary SimeCredit (Malaysia) Sdn Bhd, Kuala Lumpur. This item is not presented separately in the BMW Group balance sheet since the amount is not significant in relation to either the balance sheet total or intangible assets.

(2009: euro 1,505 million). The depreciation expense for the same period amounted to euro 1,713 million (2009: euro 1,664 million).

euro 5,904 million (2009: euro 4,779 million). The translation of foreign currency financial statements resulted in a net positive translation difference of euro 517 million (2009: net negative translation difference of euro 195 million).

Due to the new strategic alignment of a subsidiary, an impairment loss of euro 97.6 million was recognised during the nine-month period to 30 September 2010 on investments in subsidiaries within the Automobiles segment due to the fact that the recoverable amount (the use in value) of the asset was lower than its carrying amount. The fair value was calculated by discounting future cash flows using a risk-adjusted interest rate of 12.0% (unchanged from the previous year). Cash flows used to determine the amount of the impairment loss were based on the five-year operating forecast, taking into account additional information from the strategic plan.

Receivables from sales financing include euro 25,497 million (31 December 2009: euro 23,478 million) with a remaining term of more than one year.

19— **Financial assets**

Financial assets comprise:

in euro million	30.9.2010	31.12.2009
Derivative instruments	3,099	2,433
Marketable securities and investment funds	1,617	1,648
Loans to third parties	50	23
Credit card receivables	252	266
Other	435	364
<b>Financial assets</b>	<b>5,453</b>	<b>4,734</b>
— thereof non-current	2,022	1,519
— thereof current	3,431	3,215

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 on the basis of those models could differ from realisable market prices on disposal. Market price spreads (for liquidity and credit risks for instance) remain wide as a result of the financial market crisis and have an impact on the measurement of derivatives.

20— **Income tax assets**

Income tax assets can be analysed as follows:

30 September 2010 in euro million	Maturity within one year	Maturity later than one year	Total
Deferred tax	-	1,298	1,298
Current tax	566	491	1,057
<b>Income tax assets</b>	<b>566</b>	<b>1,789</b>	<b>2,355</b>

31 December 2009 in euro million	Maturity within one year	Maturity later than one year	Total
Deferred tax	-	1,266	1,266
Current tax	452	498	950
<b>Income tax assets</b>	<b>452</b>	<b>1,764</b>	<b>2,216</b>

02 BMW Group in figures 21 — **Other assets**

		30.9.2010	31.12.2009
04	Interim Group Management Report	in euro million	
04	The BMW Group – an Overview		
07	Automobiles	442	445
11	Motorcycles	697	485
12	Financial Services	243	171
14	BMW Group – Capital Market Activities	875	898
16	Financial Analysis	538	507
20	Risk Management	727	618
20	Outlook	<b>3,522</b>	<b>3,124</b>
24	Interim Group Financial Statements		
24	Income Statements		
24	Statement of Comprehensive Income for Group	707	640
28	Balance Sheets	2,815	2,484
30	Cash Flow Statements		
32	Group Statement of Changes in Equity		
33	Notes		

22 — **Inventories**

Inventories comprise the following:

		30.9.2010	31.12.2009
		in euro million	
	Raw materials and supplies	662	536
	Work in progress, unbilled contracts	706	542
	Finished goods and goods for resale	6,324	5,477
	<b>Inventories</b>	<b>7,692</b>	<b>6,555</b>

23 — **Equity**

The Group Statement of Changes in Equity is shown on page 32.

**Number of shares issued**

At 30 September 2010, common stock issued by BMW AG was divided into 601,995,196 shares with a par value of one euro. Preferred stock issued by BMW AG was divided into 52,665,362 shares with a par value of one euro. 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 euro 0.02 per share.

At the Annual General Meeting on 14 May 2009, the shareholders authorised the Board of Management to acquire treasury shares via the stock exchange, up to a maximum of 10% of the share capital in place at the date of the resolution and to withdraw these shares from circulation without any further resolution by the Annual General Meeting. At the same time, the authorisation from 8 May 2008 to acquire treasury shares was rescinded. The authorisation,

which runs until 12 November 2010, has not been exercised to date. It has not yet been decided whether or to which extent the authorisation will be used. The BMW Group did not hold any treasury shares at 30 September 2010.

In addition, the shareholders passed a resolution at the Annual General Meeting 2009 authorising the Board of Management with the approval of the Supervisory Board, to increase the Company's share capital by up to euro 5 million prior to 13 May 2014 in return for cash contributions and the issue of new non-voting preferred stock. Following the issue of 469,200 shares of preferred stock to employees in 2009, the remaining available Authorised Capital stands at euro 4.5 million.

The effect of applying IFRS 2 (Share-based Payment) to the employee share scheme is not material for the Group.

**Capital reserves**

Capital reserves include premiums arising from the issue of shares.



### 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.

### Accumulated other equity

Accumulated other equity consists of 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 finan-

cial instruments and securities directly in equity, and actuarial gains and losses relating to defined benefit pension plans and similar obligations. It also includes deferred taxes on items recognised directly in equity.

### Minority interests

Equity attributable to minority interests amounted to euro 19 million (31 December 2009: euro 13 million). This includes a minority interest of euro 7 million in the results for the period (31 December 2009: euro 6 million).

## 24 – Other provisions

Other provisions, at euro 4,888 million (31 December 2009: euro 4,764 million) primarily include personnel-related obligations and obligations for ongoing operational expenses.

Current provisions at 30 September 2010 amounted to euro 2,244 million (31 December 2009: euro 2,058 million).

## 25 – Income tax liabilities

30 September 2010 in euro million	Maturity within one year	Maturity later than one year	Total
Deferred tax	–	3,116	<b>3,116</b>
Current tax	357	201	<b>558</b>
<b>Income tax liabilities</b>	<b>357</b>	<b>3,317</b>	<b>3,674</b>

31 December 2009 in euro million	Maturity within one year	Maturity later than one year	Total
Deferred tax	–	2,769	<b>2,769</b>
Current tax	595	241	<b>836</b>
<b>Income tax liabilities</b>	<b>595</b>	<b>3,010</b>	<b>3,605</b>

Current tax liabilities of euro 558 million (31 December 2009: euro 836 million) comprise euro 134 million (31 December 2009: euro 197 million) for taxes payable and

euro 424 million (31 December 2009: euro 639 million) for tax provisions.

02	BMW Group in figures
04	Interim Group Management Report
04	The BMW Group – an Overview
07	Automobiles
11	Motorcycles
12	Financial Services
14	BMW Group – Capital Market Activities
16	Financial Analysis
20	Risk Management
20	Outlook
24	Interim Group Financial Statements
24	Income Statements
24	Statement of Comprehensive Income for Group
28	Balance Sheets
30	Cash Flow Statements
32	Group Statement of Changes in Equity
33	Notes
47	Other Information
47	Financial Calendar
47	Contacts

## 26 – Financial liabilities

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

in euro million	30.9.2010	31.12.2009
Bonds	28,144	27,017
Liabilities to banks	7,436	9,174
Liabilities from customer deposits (banking)	10,055	9,933
Commercial paper	3,605	5,213
Asset backed financing transactions	8,068	7,812
Derivative instruments	1,406	1,093
Other	1,668	1,083
<b>Financial liabilities</b>	<b>60,382</b>	<b>61,325</b>
— thereof non-current	38,313	34,391
— thereof current	22,069	26,934

Information on the measurement of derivative instruments is provided in note 19.

## 27 – Other liabilities

Other liabilities comprise the following items:

in euro million	30.9.2010	31.12.2009
Other taxes	611	495
Social security	66	69
Advance payments from customers	341	417
Deposits received	228	202
Payables to subsidiaries	38	35
Payables to other companies in which an investment is held	4	11
Deferred income	3,501	3,134
Other	2,605	1,887
<b>Other liabilities</b>	<b>7,394</b>	<b>6,250</b>
— thereof non-current	2,623	2,281
— thereof current	4,771	3,969

## Interim Group Financial Statements

Notes to the Group Financial Statements to 30 September 2010

Other disclosures

### 28— 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 consolidated 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 intermediaries. Significant influence over the financial and operating policies of the Group can arise when a party holds 20% or more of the shares of BMW AG or is a member of the Board of Management or Supervisory Board of BMW AG.

For the third quarter 2010, the disclosure requirements contained in IAS 24 only affect the BMW Group with regard to business relationships with affiliated, non-consolidated subsidiaries, joint ventures, 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 nine months of 2010 amounting to euro 531 million (2009: euro 349 million), of which euro 217 million (2009: euro 164 million) was recorded in the third quarter. At 30 September 2010, receivables of Group companies from BMW Brilliance Automotive Ltd., Shenyang, amounted to euro 235 million (31 December 2009: euro 170 million). Group companies did not have any liabilities to BMW Brilliance Automotive Ltd., Shenyang at 30 September 2010 or 31 December 2009.

During the first nine months of the year, Group entities disbursed loans to the joint ventures, SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, and SGL Automotive Carbon Fibers LLC, Moses Lake, WA. As a result, Group entities had loan receivables from joint ventures amounting to euro 12 million at 30 September 2010. The loans were disbursed on the basis of arm's length principles. There were no other business relationships with the joint ventures concerned.

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. With the exception of Cirquent GmbH, Munich, business relationships with such entities are on a small scale. During the third quarter 2010 Group entities purchased services and goods from Cirquent GmbH, Munich, amounting to euro 13 million (2009: euro 12 million). The equivalent figure for the first three quarters was euro 38 million (2009: euro 37 million). At 30 September 2010 liabilities of Group entities to Cirquent GmbH, Munich, totalled euro 4 million (31 December 2009: euro 10 million). Receivables of Group companies from Cirquent GmbH, Munich, amounted to euro 1 million (as at the end of the previous year).

Stefan Quandt is a shareholder and Deputy Chairman of the Supervisory Board of BMW AG. He is also sole shareholder and Chairman of the Supervisory Board of DELTON AG, Bad Homburg v. d. H., which, via its subsidiaries, performed logistics services for the BMW Group during the third quarter 2010. In addition, companies of the DELTON Group acquired vehicles from the BMW Group, mostly in the form of leasing contracts. These service and sales 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.

Susanne Klatten is a shareholder and member of the Supervisory Board of BMW AG and also a shareholder and Deputy Chairman of the Supervisory Board of Altana AG, Wesel. Altana AG, Wesel, acquired vehicles from the BMW Group during the third quarter 2010, mostly in the form of leasing contracts. Susanne Klatten is also a shareholder and a member of the Supervisory Board of SGL Carbon SE, Wiesbaden, subsidiaries of which supplied components to the BMW Group during the third quarter 2010. In addition, development work was performed for the BMW

02	BMW Group in figures
04	Interim Group Management Report
04	The BMW Group – an Overview
07	Automobiles
11	Motorcycles
12	Financial Services
14	BMW Group – Capital Market Activities
16	Financial Analysis
20	Risk Management
20	Outlook
24	Interim Group Financial Statements
24	Income Statements
24	Statement of Comprehensive Income for Group
28	Balance Sheets
30	Cash Flow Statements
32	Group Statement of Changes in Equity
33	Notes
47	Other Information
47	Financial Calendar
47	Contacts

Group. Susanne Klatten also holds shares in Nordex AG, Norderstedt. Business dealings with these entities 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.

## 29 – 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 2009. No changes have been made either

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.

in the accounting policies applied or in the basis used for identifying reportable segments as compared to 31 December 2009.

Segment information by operating segment for the third quarter 2010 is as follows:

	Automobiles		Motorcycles	
in euro million	2010	2009	2010	2009
External revenues	11,734	8,142	287	237
Inter-segment revenues	2,476	2,036	4	2
<b>Total revenues</b>	<b>14,210</b>	<b>10,178</b>	<b>291</b>	<b>239</b>
Segment result	1,152	-76	2	-3
Capital expenditure on non-current assets	730	770	17	9
Depreciation and amortisation on non-current assets	878	890	18	17

Segment information by operating segment for the first nine months of 2010 is as follows:

	Automobiles		Motorcycles	
in euro million	2010	2009	2010	2009
External revenues	31,391	24,626	1,070	857
Inter-segment revenues	7,160	5,984	11	8
<b>Total revenues</b>	<b>38,551</b>	<b>30,610</b>	<b>1,081</b>	<b>865</b>
Segment result	2,760	-358	88	51
Capital expenditure on non-current assets	1,953	2,372	33	29
Depreciation and amortisation on non-current assets	2,686	2,581	55	51

	Automobiles		Motorcycles	
in euro million	30.9.2010	31.12.2009	30.9.2010	31.12.2009
Segment assets	10,331	11,887	362	389

Financial Services		Other Entities		Reconciliation to Group figures		Group		
2010	2009	2010	2009	2010	2009	2010	2009	
<b>3,918</b>	3,380	<b>1</b>	-	-	-	<b>15,940</b>	11,759	External revenues
<b>360</b>	451	-	1	<b>-2,840</b>	-2,490	-	-	Inter-segment revenues
<b>4,278</b>	<b>3,831</b>	<b>1</b>	<b>1</b>	<b>-2,840</b>	<b>-2,490</b>	<b>15,940</b>	<b>11,759</b>	<b>Total revenues</b>
<b>318</b>	94	<b>40</b>	40	<b>-153</b>	71	<b>1,359</b>	126	Segment result
<b>2,782</b>	2,108	-	-	<b>-773</b>	-413	<b>2,756</b>	2,474	Capital expenditure on non-current assets
<b>1,361</b>	1,143	-	-	<b>-476</b>	-501	<b>1,781</b>	1,549	Depreciation and amortisation on non-current assets

Financial Services		Other Entities		Reconciliation to Group figures		Group		
2010	2009	2010	2009	2010	2009	2010	2009	
<b>11,269</b>	10,755	<b>1</b>	1	-	-	<b>43,731</b>	36,239	External revenues
<b>1,211</b>	1,303	<b>2</b>	2	<b>-8,384</b>	-7,297	-	-	Inter-segment revenues
<b>12,480</b>	<b>12,058</b>	<b>3</b>	<b>3</b>	<b>-8,384</b>	<b>-7,297</b>	<b>43,731</b>	<b>36,239</b>	<b>Total revenues</b>
<b>919</b>	247	<b>-33</b>	82	<b>-568</b>	57	<b>3,166</b>	79	Segment result
<b>8,695</b>	7,059	-	-	<b>-1,838</b>	-1,327	<b>8,843</b>	8,133	Capital expenditure on non-current assets
<b>3,789</b>	4,159	-	-	<b>-1,496</b>	-1,572	<b>5,034</b>	5,219	Depreciation and amortisation on non-current assets

Financial Services		Other Entities		Reconciliation to Group figures		Group		
30.9.2010	- 31.12.2009	30.9.2010	- 31.12.2009	30.9.2010	- 31.12.2009	30.9.2010	- 31.12.2009	
<b>4,573</b>	4,268	<b>42,106</b>	40,400	<b>47,618</b>	45,009	<b>104,990</b>	101,953	Segment assets

02	BMW Group in figures
04	Interim Group Management Report
04	The BMW Group – an Overview
07	Automobiles
11	Motorcycles
12	Financial Services
14	BMW Group – Capital Market Activities
16	Financial Analysis
20	Risk Management
20	Outlook
24	Interim Group Financial Statements
24	Income Statements
24	Statement of Comprehensive Income for Group
28	Balance Sheets
30	Cash Flow Statements
32	Group Statement of Changes in Equity
33	Notes
47	Other Information
47	Financial Calendar
47	Contacts

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

in euro million	2010	2009
Reconciliation of segment result		
— Total for reportable segments	1,512	55
— Financial result of Automobiles segment and Motorcycles segment	131	-80
— Elimination of inter-segment items	-284	151
<b>Group profit before tax</b>	<b>1,359</b>	<b>126</b>
Reconciliation of capital expenditure on non-current assets		
— Total for reportable segments	3,529	2,887
— Elimination of inter-segment items	-773	-413
<b>Total Group capital expenditure on non-current assets</b>	<b>2,756</b>	<b>2,474</b>
Reconciliation of depreciation and amortisation on non-current assets		
— Total for reportable segments	2,257	2,050
— Elimination of inter-segment items	-476	-501
<b>Total Group depreciation and amortisation on non-current assets</b>	<b>1,781</b>	<b>1,549</b>

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

in euro million	2010	2009
Reconciliation of segment result		
— Total for reportable segments	3,734	22
— Financial result of Automobiles segment and Motorcycles segment	-322	-431
— Elimination of inter-segment items	-246	488
<b>Group profit before tax</b>	<b>3,166</b>	<b>79</b>
Reconciliation of capital expenditure on non-current assets		
— Total for reportable segments	10,681	9,460
— Elimination of inter-segment items	-1,838	-1,327
<b>Total Group capital expenditure on non-current assets</b>	<b>8,843</b>	<b>8,133</b>
Reconciliation of depreciation and amortisation on non-current assets		
— Total for reportable segments	6,530	6,791
— Elimination of inter-segment items	-1,496	-1,572
<b>Total Group depreciation and amortisation on non-current assets</b>	<b>5,034</b>	<b>5,219</b>

in euro million	30.9.2010	31.12.2009
Reconciliation of segment assets		
— Total for reportable segments	57,372	56,944
— Non-operating assets – Other Entities segment	5,473	5,797
— Operating liabilities – Financial Services segment	66,123	67,008
— Interest-bearing assets – Automobiles segment	27,861	25,826
— Liabilities of Automobiles and Motorcycles segments not subject to interest	17,093	15,541
— Elimination of inter-segment items	-68,932	-69,163
<b>Total Group assets</b>	<b>104,990</b>	<b>101,953</b>

**Other Information**

Financial Calendar

Contacts

**Financial Calendar**

---

Annual Report 2010	15 March 2011
Annual Accounts Press Conference	15 March 2011
Financial Analysts' Meeting	16 March 2011
Quarterly Report to 31 March 2011	4 May 2011
Annual General Meeting	12 May 2011
Quarterly Report to 30 June 2011	2 August 2011
Quarterly Report to 30 September 2011	3 November 2011

**Contacts**

---

**Business Press**

---

Telephone +49 89 382-2 33 62  
+49 89 382-2 41 18  
Fax +49 89 382-2 44 18  
E-mail [presse@bmwgroup.com](mailto:presse@bmwgroup.com)

**Investor Relations**

---

Telephone +49 89 382-2 42 72  
+49 89 382-2 53 87  
Fax +49 89 382-1 46 61  
E-mail [ir@bmwgroup.com](mailto:ir@bmwgroup.com)

**The BMW Group on the Internet**

---

Further information about the BMW Group is available online at [www.bmwgroup.com](http://www.bmwgroup.com). Investor Relations information is available directly at [www.bmwgroup.com/ir](http://www.bmwgroup.com/ir). Information about the various BMW Group brands is available at [www.bmw.com](http://www.bmw.com), [www.mini.com](http://www.mini.com) and [www.rolls-roycemotorcars.com](http://www.rolls-roycemotorcars.com).

**Published by**  
Bayerische Motoren Werke  
Aktiengesellschaft  
80788 Munich  
Germany  
Telephone +49 89 382-0