QUARTERLY REPORT
to 30 September 2011

Q1 — 31 March

Q2 — 30 June

BMW
GROUP

Rolls-Royce
Motor Cars Limited

BMW GROUP IN FIGURES

		3rd quarter 2011	3rd quarter 2010	Change in %
Sales volume – Automobiles				
BMW	units	**332,066**	306,982	8.2
MINI	units	**66,303**	58,450	13.4
Rolls-Royce	units	**849**	758	12.0
Total		**399,218**	**366,190**	**9.0**
Sales volume – Motorcycles				
BMW	units	**26,312**	24,493	7.4
Husqvarna	units	**2,550**	2,601	–2.0
Total		**28,862**	**27,094**	**6.5**
Production – Automobiles				
BMW	units	**368,009**	286,167	28.6
MINI	units	**68,120**	60,189	13.2
Rolls-Royce	units	**821**	825	–0.5
Total		**436,950**	**347,181**	**25.9**
Production – Motorcycles				
BMW	units	**23,507**	20,311	15.7
Husqvarna	units	**2,171**	3,199	–32.1
Total		**25,678**	**23,510**	**9.2**
Workforce at 30 September				
BMW Group		**100,389**	96,402	4.1
Financial figures				
Operating cash flow	euro million	**1,534**	**1,764**	**–13.0**
Revenues	euro million	**16,547**	**15,940**	**3.8**
Profit before financial result (EBIT)	euro million	**1,716**	**1,192**	**44.0**
Automobiles	euro million	**1,819**	1,152	57.9
Motorcycles	euro million	**–16**	2	–
Financial Services	euro million	**364**	308	18.2
Other Entities	euro million	**–153**	0	–
Eliminations	euro million	**–298**	–270	–10.4
Profit before tax	euro million	**1,644**	**1,359**	**21.0**
Automobiles	euro million	**1,745**	1,285	35.8
Motorcycles	euro million	**–17**	0	–
Financial Services	euro million	**354**	318	11.3
Other Entities	euro million	**–187**	40	–
Eliminations	euro million	**–251**	–284	11.6
Income taxes	euro million	**–562**	**–485**	**–15.9**
Net profit	euro million	**1,082**	**874**	**23.8**
Earnings per share*	euro	**1.64/1.64**	**1.33/1.33**	**23.3/23.3**

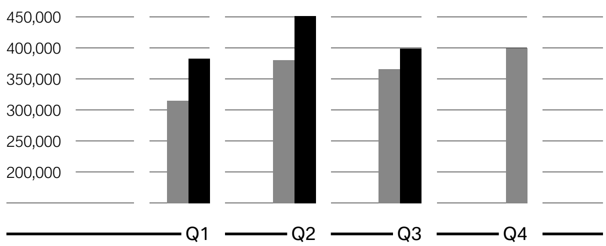
* In computing earnings per share of preferred stock, earnings to cover the additional dividend of euro 0.02 per share of preferred stock are spread over the quarters of the corresponding financial year.

		1 January to 30 September 2011	1 January to 30 September 2010	Change in %
Sales volume – Automobiles				
BMW	units	**1,021,927**	892,737	14.5
MINI	units	**208,216**	167,751	24.1
Rolls-Royce	units	**2,441**	1,728	41.3
Total		**1,232,584**	**1,062,216**	**16.0**
Sales volume – Motorcycles				
BMW	units	**86,892**	81,508	6.6
Husqvarna	units	**6,080**	7,260	–16.3
Total		**92,972**	**88,768**	**4.7**
Production – Automobiles				
BMW	units	**1,092,464**	879,058	24.3
MINI	units	**221,679**	171,070	29.6
Rolls-Royce	units	**2,741**	2,254	21.6
Total		**1,316,884**	**1,052,382**	**25.1**
Production – Motorcycles				
BMW	units	**89,288**	82,426	8.3
Husqvarna	units	**6,337**	8,586	–26.2
Total		**95,625**	**91,012**	**5.1**
Workforce at 30 September				
BMW Group		**100,389**	96,402	4.1
Financial figures				
Operating cash flow	euro million	**5,761**	**4,172**	**38.1**
Revenues	euro million	**50,472**	**43,731**	**15.4**
Profit before financial result (EBIT)	euro million	**6,474**	**3,358**	**92.8**
Automobiles	euro million	**5,935**	2,760	–
Motorcycles	euro million	**62**	88	–29.5
Financial Services	euro million	**1,506**	900	67.3
Other Entities	euro million	**–115**	–74	–55.4
Eliminations	euro million	**–914**	–316	–
Profit before tax	euro million	**6,160**	**3,166**	**94.6**
Automobiles	euro million	**5,647**	2,443	–
Motorcycles	euro million	**60**	83	–27.7
Financial Services	euro million	**1,527**	919	66.2
Other Entities	euro million	**–270**	–33	–
Eliminations	euro million	**–804**	–246	–
Income taxes	euro million	**–2,057**	**–1,134**	**–81.4**
Net profit	euro million	**4,103**	**2,032**	**101.9**
Earnings per share*	euro	**6.23 / 6.24**	**3.09 / 3.10**	**101.6 / 101.3**

* 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.

Sales volume of automobiles

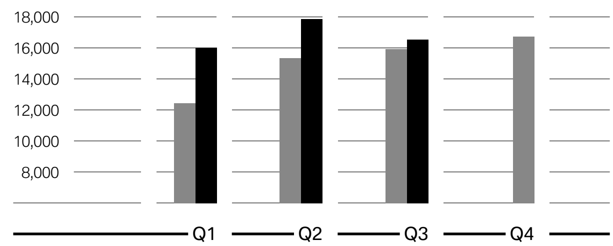
in units



	Q1	Q2	Q3	Q4
2010	315,614	380,412	366,190	398,950
2011	**382,758**	**450,608**	**399,218**	

Revenues

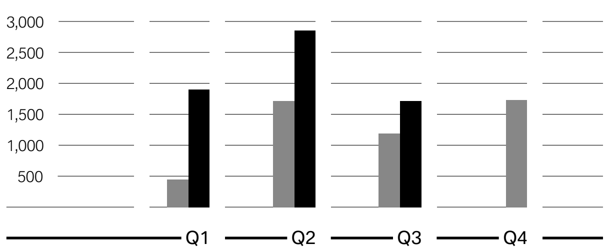
in euro million



	Q1	Q2	Q3	Q4
2010	12,443	15,348	15,940	16,746
2011	**16,037**	**17,888**	**16,547**	

Profit before financial result

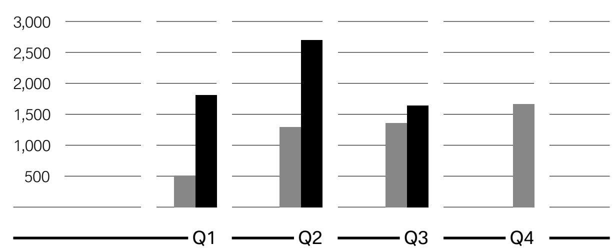
in euro million



	Q1	Q2	Q3	Q4
2010	449	1,717	1,192	1,736
2011	**1,902**	**2,856**	**1,716**	

Profit before tax

in euro million



	Q1	Q2	Q3	Q4
2010	508	1,299	1,359	1,670
2011	**1,812**	**2,704**	**1,644**	

BMW Group continues to perform well in third quarter
After a strong first-half year performance, business continued to prosper for the BMW Group throughout the third quarter 2011. Our sales volumes developed positively and in line with expectations, despite some dark clouds on the economic horizon. The BMW Group also remained on track in terms of both revenues and earnings.

Strong sales volume performance in third quarter
Worldwide sales of BMW, MINI and Rolls-Royce brand cars grew dynamically again in the third quarter 2011. Boosted by our young range of products, we were again able to maintain our strong position on international car markets. During the period from July to September, the number of cars sold worldwide by the BMW Group rose by 9.0% to 399,218 units. Sales volume for the nine-month period from January to September 2011 totalled 1,232,584 units and was thus 16.0% higher than in the corresponding period one year earlier. The new BMW 5 Series asserted its lead in the upper medium segment and continued to be a key driver of sales performance worldwide. The BMW X5 is also enjoying great popularity and continues to lead its segment.

Motorcycles business also continued to perform well. In total, 28,862 BMW and Husqvarna brand motorcycles were sold during the third quarter, 6.5% up on the previous year. Sales volume for the nine-month period increased by 4.7% to 99,972 units.

The Financial Services segment also saw dynamic growth, thus making an important contribution to the BMW Group's strong performance. The number of new contracts signed in the credit financing and leasing lines of business during the first nine months of the year rose by 10.0% to 882,961 units. A portfolio of 3,303,635 contracts was in place with dealers and retail customers at 30 September 2011 (+5.1%).

Revenues and earnings well up
The BMW Group's strong business performance is also reflected in revenues and earnings. Third-quarter revenues rose by 3.8% to euro 16,547 million, while revenues for the nine-month period increased to euro 50,472 million (+15.4%).

At euro 1,716 million, the profit before financial result (EBIT) was euro 524 million up on the previous year (+44.0%). EBIT for the nine-month period jumped to euro 6,474 million (+92.8%).

Group profit before tax also greatly improved, rising to euro 1,644 million (+21.0%) for the third quarter and to euro 6,160 million for the nine-month period (+94.6%).

Net profits for the third quarter and nine-month period were euro 1,082 million (+23.8%) and euro 4,103 million (+101.9%) respectively.

Workforce increased
The BMW Group had a worldwide workforce of 100,389 employees at 30 September 2011, 4.1% more than one year earlier. The increase is partially due to the acquisition of the fleet business of ING Lease Holding N.V. by the Financial Services segment. We also recruited skilled workers and engineers in order to keep apace with the unbroken strong demand for our vehicles and simultaneously focus on developing tomorrow's technologies. A total of 1,661 apprentices – including 1,089 in Germany – began their careers with the BMW Group during the third quarter.

Numerous world debuts at the IAA
The BMW Group presented a total of ten world debut models at the IAA, held in Frankfurt in mid-September. With the BMW i3 Concept and the BMW i8 Concept, the Group introduced two innovative studies on the future of electromobility. The BMW i3 will be launched in 2013 as the first wholly electrically powered vehicle manufactured by the BMW Group. The BMW i8 Concept is a high-performance sports car that combines a combustion engine and an electric drive with a unique plug-in hybrid concept, thereby achieving extremely low fuel consumption and carbon emission figures.

The Group also showcased the second generation of the BMW 1 Series at the IAA. The new model has more space than its predecessor and greatly improved driving comfort. Unique in the compact class is the wide range of features available in BMW ConnectedDrive, including new systems presented for the first time in the BMW 1 Series such as the speed limit information with "no-overtaking" notification and the Lane Departure Warning system with rear collision warning system.

The new BMW M5 was revealed to a global public for the first time in Frankfurt this year as well. With its innovative V8 engine featuring M TwinPower turbo technology, the average fuel consumption of the new M5 has been reduced by more than 30% compared with the previous model and now totals a mere 9.9 litres per 100 kilometres in the EU test cycle.

The BMW 520d EfficientDynamics Edition and the X1 sDrive20d EfficientDynamics Edition also celebrated world debuts. Both models are driving up standards in their classes with fuel consumption of 4.5 litres per 100 kilometres and CO_2 emissions of 119 grams per kilometre.

The new BMW 3 Series Sedan was presented in Munich in mid-October. This model will be available to customers from February 2012 onwards. The sixth generation of this successful model will again set new standards in terms of agility and dynamic driving performance, whilst using significantly less fuel and weighing up to 45 kilograms less than its predecessor thanks to intelligent lightweight construction.

The MINI Coupé was presented to a broad public for the first time. The fifth member of the MINI family is also the brand's first two-seater and has been designed with the emphasis on driving pleasure. The MINI Coupé was launched with four engine variants in September.

The Motorcycles segment celebrated three world debuts at the IAA. Together with the presentation of BMW's Automobiles segment, which featured studies of the BMW i3 and i8, motorcycle design studies for the future electromobility of BMW and Husqvarna machines were also on public display. The NUDA 900R from Husqvarna Motorcycles was also presented for the first time to the general public.

BMW Group and SGL Group open new carbon fibre production plant

In September 2011, SGL Automotive Carbon Fibers – a joint venture of BMW Group and SGL Group – opened a new state-of-the-art carbon fibre manufacturing plant in Moses Lake (Washington/USA). The new facility is strategic for the manufacture of ultra light-weight carbon fibre reinforced plastics (CFRP) which will be used extensively in BMW i vehicles to be launched on the markets by the BMW Group in 2013.

The venturer parent companies are investing some US dollar 100 million in the plant. In order to ensure a seamless market introduction for the BMW i3 in 2013, carbon fibre production has already commenced. All electricity needed for the production of carbon fibres will come from readily available, clean and renewable local hydropower. The BMW i3 will be the first vehicle to use the carbon fibres manufactured in Moses Lake.

Carbon is becoming increasingly important in the quest for lighter-weight materials to keep down the vehicle's weight and hence reduce fuel consumption and CO_2 emissions. With the new production plant in Moses Lake, BMW Group and SGL Group are proving that sustainable innovations will provide for a cleaner individual mobility of the future.

Innovative car sharing activities expanded

DriveNow, the forward-looking car sharing venture jointly set up by the BMW Group and Sixt, has also been represented in Berlin since September 2011. After a successful launch in Munich, DriveNow operations have meanwhile more than 8,000 members. The plan for the future is for DriveNow's fleet to include electric cars, another major step forward in the provision of innovative mobility services.

Continued recovery on many car markets

International car markets grew by some 5% compared to the first nine months of the previous year. The premium segment accelerated even faster than the market as a whole and was approximately 11% ahead of the previous year.

China registered growth of approximately 18% for the period from January to September. The market has therefore expanded somewhat more moderately than in the previous year. The premium segment continues to perform well, with nine-month sales up by almost 40% on 2010.

The US automobile market grew by about 10% during the period under report. Although the market continues to gain pace steadily, overall demand for cars remains below pre-crisis levels and is only recovering step by step.

Performance on European markets continued to be of a mixed nature. Germany recorded growth of approximately 11%, whereas the overall car market in France stagnated at the previous year's nine-month level. Demand for cars in Great Britain, Spain and Italy contracted sharply, reflecting the end of state-financed stimulus programmes and the current economic situation in those countries. Car sales volumes fell by approximately 6% in

Great Britain, by 13% in Italy and by more than 20% in Spain. Overall, Western Europe's car markets were slightly down on 2010 levels.

Car sales in Japan during the first nine months of the year plummeted by more than 25% in the aftermath of the earthquake disaster and the expiry of the subsidy programme at the end of 2010. The premium segment managed to defy the general trend, however, and grew slightly compared to the previous year.

Automobile markets in most emerging economies recorded sharp volume increases during the period under report, even though the growth rate has become more moderate in some countries. Demand for cars surged by almost 50% in Russia, but was still significantly lower than prior to the crisis. In India, the car market grew by almost 15%, while overall demand in Brazil grew by 8%. In both countries, the premium segment expanded significantly faster than the market as a whole.

Motorcycle markets remain weak

International motorcycle markets in the 500 cc plus class again showed little evidence of recovery in the third quarter 2011 and contracted overall by 3.9% during the nine-month period. The decline was 6.1% in Europe. Whilst the upward trend seen since the beginning of the year continued in Germany (+3.7%) and France (+3.1%), sharp decreases were recorded for the markets in Spain (−25.6%), Great Britain (−12.8%) and Italy (−10.6%). The 500 cc plus segment in the USA also continued to follow the positive trend registered so far in 2011 (+0.8%). In Japan, however, the consequences of the catastrophe that befell the country in spring are still being felt (−8.6%).

Recessionary worries on financial markets

With economic data surprisingly strong during the first half of 2011, rising inflation was the main source of concern. The positive mood on international financial markets has meanwhile given way to fear of possible recession. This has been triggered by the slow-down of worldwide economic growth, the smouldering sovereign debt crisis and the downgrading of the credit ratings of countries such as the USA, Japan, Italy and Greece.

Used car markets remained stable during the third quarter 2011, particularly in North America. By contrast, some small decreases in residual values were noticeable in Great Britain and on Europe's southern markets. The bad debt risk was largely unchanged compared to the previous quarter, despite the slight economic slowdown. Financing business only remains tense in southern Europe.

Car sales volume well above previous year's level

Despite increasing uncertainty about the state of the world economy, third-quarter sales of BMW, MINI and Rolls-Royce brand cars increased by 9.0% to 399,218 units. Of this figure, 332,066 units (+8.2%) related to BMW, 66,303 units (+13.4%) to MINI and 849 units (+12.0%) to Rolls-Royce. All three brands therefore recorded their best third quarter in the company's history.

Sales volumes on a nine-month basis also raced ahead, with a total of 1,232,584 units (+16.0%) sold during the period under report. This included 1,021,927 BMW brand cars (+14.5%), taking us for the first time beyond the one-million mark for sales in the first nine months of the year and on to a new sales volume record. Sales of 208,216 units of the MINI also represented a new nine-month sales volume record for the brand (+24.1%). The number of Rolls-Royce cars sold in the period from January to September jumped by 41.3% to 2,441 units, marking another new record.

Higher sales volumes in nearly all markets

Sales of BMW, MINI and Rolls-Royce brand cars on European markets went up by 5.3% to 197,745 units during the third quarter 2011 and by 10.0% to 635,403 units during the nine-month period. In Germany we sold 65,402 units (+10.3%) from July to September and 209,772 units (+9.5%) during the nine-month period. The number of cars handed over to customers in Great Britain during the third quarter were up by 1.9% (44,776 units). The figure for the nine-month period was 128,382 units (+9.7%).

Nine-month sale volume figures were also well ahead of the previous year for Italy (54,349 units; +8.3%) and France (49,233 units; +2.2%). Highly adverse market developments in Spain caused our sales volume to drop to 29,137 units (–8.5%).

Business developed positively in North America. Third-quarter and nine-month sales in this region totalled 85,011 units (+7.7%) and 245,903 units (+13.9%) respectively, of which the USA accounted for 75,988 units (+7.5%) in the third quarter and 219,962 units (+14.2%) for the period from January to September 2011.

Our sales performance in Asia was particularly strong, with 92,422 units sold during the third quarter (+19.0%). The nine-month sales volume of 282,476 units was also up significantly compared to the previous year (+36.8%). The main contributor to this increase was the Chinese market*, where we sold 56,198 units (+21.0%) during the third quarter and 178,232 units (+45.9%) during the nine-month period under report. Sales volume in Japan grew by 7.6% to 34,591 units.

* prior year's figures adjusted due to regional reclassification

BMW tops one-million mark for first time in nine-month period

The BMW 5 Series remained clear segment leader during the first nine months of 2011. In total, we handed over 250,566 units of the BMW 5 Series to customers worldwide, 61.0% more than in the same period last year. BMW 6 Series sales also rose by 3.2% to 5,314 vehicles.

Automobiles

		3rd quarter 2011	3rd quarter 2010	Change in %
Sales volume	units	**399,218**	366,190	9.0
Production	units	**436,950**	347,181	25.9
Revenues	euro million	**15,344**	14,210	8.0
Profit before financial result (EBIT)	euro million	**1,819**	1,152	57.9
Profit before tax	euro million	**1,745**	1,285	35.8

		1 January to 30 September 2011	1 January to 30 September 2010	Change in %
Sales volume	units	**1,232,584**	1,062,216	16.0
Production	units	**1,316,884**	1,052,382	25.1
Revenues	euro million	**46,391**	38,551	20.3
Profit before financial result (EBIT)	euro million	**5,935**	2,760	–
Profit before tax	euro million	**5,647**	2,443	–
Workforce at 30 September		**91,721**	89,426	2.6

The 6 Series Coupé came onto the markets in September 2011 and is set to generate additional demand during the final quarter of the year. We sold 48,842 units of the BMW 7 Series (+3.2%) during the nine-month period, making it the market leader in the booming Chinese market.

The BMW 1 Series is now nearing the end of its product life cycle and, as expected, sales during the first nine months of the year (129,041 units) were lower than in the previous year (– 14.9%). The second generation of the BMW 1 Series – initially available as a five-door version – has been on sale since mid-September and will vitalise demand in the last three months of the current year. The BMW 3 Series Sedan is also coming to the end of its product life cycle. Despite this, the nine-month sales figure for the 3 Series of 288,077 units was only slightly down on the previous year (– 2.5%). The sixth generation of the new 3 Series was unveiled in mid-October and will be available to customers worldwide from February 2012 onwards. Sales of the BMW Z4 were also down on the previous year (15,627 units; – 24.3%).

The various models of the BMW X family continued to perform well throughout the first nine months of 2011. During this period 94,294 units of the BMW X1 were

Sales volume of BMW automobiles by model variant

in units

	1 January to 30 September 2011	1 January to 30 September 2010	Change in %
BMW 1 Series			
Three-door	**15,806**	24,837	–36.4
Five-door	**78,736**	86,642	–9.1
Coupé	**18,120**	19,910	–9.0
Convertible	**16,379**	20,292	–19.3
	129,041	**151,681**	**–14.9**
BMW 3 Series			
Sedan	**179,506**	179,164	0.2
Touring	**52,144**	53,961	–3.4
Coupé	**31,349**	34,490	–9.1
Convertible	**25,078**	27,993	–10.4
	288,077	**295,608**	**–2.5**
BMW 5 Series			
Sedan	**187,362**	118,859	57.6
Touring	**45,725**	17,617	–
Gran Turismo	**17,479**	19,172	–8.8
	250,566	**155,648**	**61.0**
BMW 6 Series			
	5,314	**5,149**	**3.2**
BMW 7 Series			
	48,842	**47,349**	**3.2**
BMW X1			
	94,294	**72,294**	**30.4**
BMW X3			
	83,754	**35,252**	**–**
BMW X5			
	75,055	**74,655**	**0.5**
BMW X6			
	31,357	**34,464**	**–9.0**
BMW Z4			
	15,627	**20,637**	**–24.3**
BMW total	**1,021,927**	**892,737**	**14.5**

handed over to customers (+30.4%). The BMW X3 recorded a sales volume of 83,754 units, more than twice the number sold in the corresponding period last year (2010: 35,252 units). Sales of the BMW X5 increased by 0.5% to 75,055 units, enabling the model to remain worldwide market leader in its segment. Only the BMW X6 fell short of the previous year's sales volume (31,357 units; –9.0%).

MINI model range expanded

The previous year's newcomer, the MINI Countryman, continued to be extremely popular with customers, posting sales of 61,986 units in the first nine months of 2011. In total, we sold 102,674 MINI cars (–12.0%) worldwide during the period from January to September.

The MINI Convertible recorded sales of 23,786 units (–7.9%) during this period. Sales of the MINI Clubman, at 19,521 units, were also down on the previous year (–16.9%). The MINI Coupé, designed for a maximum of driving pleasure, was launched on the markets in September as MINI's fifth model variant.

Sales volume of MINI automobiles by model variant
in units

	1 January to 30 September 2011	1 January to 30 September 2010	Change in %
MINI			
One	**30,197**	33,291	–9.3
Cooper	**47,850**	57,504	–16.8
Cooper S	**24,627**	25,868	–4.8
	102,674	**116,663**	**–12.0**
MINI Convertible			
One	**4,273**	3,574	19.6
Cooper	**11,382**	13,062	–12.9
Cooper S	**8,131**	9,202	–11.6
	23,786	**25,838**	**–7.9**
MINI Clubman			
One	**2,813**	1,967	43.0
Cooper	**10,632**	14,887	–28.6
Cooper S	**6,076**	6,633	–8.4
	19,521	**23,487**	**–16.9**
MINI Countryman			
One	**6,153**	216	–
Cooper	**27,542**	950	–
Cooper S	**28,291**	597	–
	61,986	**1,763**	**–**
MINI Coupé			
Cooper	**67**	–	–
Cooper S	**182**	–	–
	249	**–**	**–**
MINI total	**208,216**	**167,751**	**24.1**

Excellent performance by Rolls-Royce

Rolls-Royce again made a fine contribution to the BMW Group's successful performance during the period under report. All of the brand's models continue to be very well received by customers. The Phantom was handed over to 360 customers (+57.2%) and the Phantom Coupé (including the Drophead Coupé) to 204 customers (+55.7%). Most popular of all was the Ghost, which recorded a 37.2% increase in sales volume to 1,877 units.

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

	1 January to 30 September 2011	1 January to 30 September 2010	Change in %
Rolls-Royce			
Phantom (including Phantom Extended Wheelbase)	**360**	229	57.2
Coupé (including Drophead Coupé)	**204**	131	55.7
Ghost	**1,877**	1,368	37.2
Rolls-Royce total	**2,441**	**1,728**	**41.3**

Car production increased

During the third quarter 2011 we manufactured a total of 436,950 BMW, MINI and Rolls-Royce brand cars (+25.9%). Production of BMW brand cars was increased by 28.6% to 368,009 units. The MINI rolled off the production lines 68,120 times (+13.2%) and the Rolls-Royce 821 times (–0.5%).

Production during the nine-month period rose by 25.1% to 1,316,884 units, comprising 1,092,464 BMW (+24.3%), 221,679 MINI (+29.6%) and 2,741 Rolls-Royce (+21.6%).

Segment revenue and earnings increased

Reflecting the excellent sales volume performance, third-quarter Group revenues rose by 8.0% to euro 15,344 million. EBIT for the three-month period jumped by 57.9% to euro 1,819 million and the profit before tax climbed to euro 1,745 million (+35.8%).

Nine-month revenues increased by 20.3% to euro 46,391 million. EBIT for this period more than doubled to euro 5,935 million (2010: euro 2,760 million). The same applied to the profit before tax, which rose to euro 5,647 million (2010: euro 2,443 million).

Automobiles segment workforce above previous year's number

The BMW Group had a worldwide workforce of 91,721 employees in its Automobiles segment at 30 September 2011. The figure is 2.6% higher than at the same reporting date last year.

Motorcycle sales volume improved

Despite further contraction on motorcycle markets, we were able to increase sales in the third quarter by 6.5% to 28,862 units, comprising 26,312 BMW (+7.4%) and 2,550 Husqvarna motorcycles (−2.0%). The nine-month sales volume rose as a result to 92,972 motorcycles (+4.7%). At 86,892 units, sales of BMW brand motorcycles were 6.6% up on the previous year. By contrast, Husqvarna recorded a drop of 16.3% to 6,080 units, reflecting a drastic decline in the relevant market segment and the effect of wide-ranging measures undertaken to restructure worldwide sales for this brand.

Motorcycle sales in Europe during the first nine months of the year totalled 63,685 units, thus remaining at a similar level to the previous year (+0.9%). The result was largely due to the strong German market, where sales rose dynamically by 18.0% to total 17,039 units. An increase was also recorded for France (8,586 units; +3.9%). By contrast, nine-month sales volume figures were down for Spain (5,195 units; −6.2%), Italy (13,583 units; −9.3%) and Great Britain (5,475 units; −6.1%).

During the period from January to September 2011 we sold a total of 9,553 motorcycles in the USA, 9.5% more than in the corresponding period last year. The number of motorcycles handed over to customers in Japan fell by 15.9% to 2,004 units as a result of the natural catastrophe.

Motorcycle production volume raised

During the third quarter 2011 we produced a total of 25,678 motorcycles (+9.2%), comprising 23,507 BMW motorcycles (+15.7%) and 2,171 Husqvarna motorcycles (−32.1%). Motorcycle production during the period from January to September was raised by 5.1% to 95,625 units, with the number of BMW motorcycles produced up by 8.3% to 89,288 units and the number of Husqvarna machines reduced to 6,337 units (−26.2%).

Motorcycles segment revenues up

Increased sales volumes were translated into higher revenues for the Motorcycle segment both in the quarter (euro 334 million; +14.8%) and for the nine-month period (euro 1,181 million; +9.3%). As a result of the strategic realignment of the Husqvarna Group, the segment recorded a negative EBIT of euro 16 million (2010: positive EBIT of euro 2 million) for the third-quarter. EBIT for the nine-month period was a positive euro 62 million (−29.5%). As a consequence of these developments, earnings for the Motorcycles segment were down on the previous year, with a third-quarter loss before tax of euro 17 million (2010: euro 0 million) and a nine-month profit before tax of euro 60 million (−27.7%).

Workforce increased slightly

The BMW Group employed 2,924 people in the Motorcycles segment at 30 September 2011, slightly more than at the same reporting date one year earlier (+1.0%).

Motorcycles

		3rd quarter 2011	3rd quarter 2010	Change in %
Sales volume	units	**28,862**	27,094	6.5
Production	units	**25,678**	23,510	9.2
Revenues	euro million	**334**	291	14.8
Profit before financial result (EBIT)	euro million	**–16**	2	–
Profit before tax	euro million	**–17**	0	–

		1 January to 30 September 2011	1 January to 30 September 2010	Change in %
Sales volume	units	**92,972**	88,768	4.7
Production	units	**95,625**	91,012	5.1
Revenues	euro million	**1,181**	1,081	9.3
Profit before financial result (EBIT)	euro million	**62**	88	–29.5
Profit before tax	euro million	**60**	83	–27.7
Workforce at 30 September		**2,924**	2,895	1.0

Financial Services segment remains on track

The Financial Services segment continued to grow at a rapid pace during the period under report. The number of lease and financing contracts in place with dealers and retail customers at 30 September increased by 5.1% to 3,303,635 contracts compared to one year earlier. Business volume in balance sheet terms amounted to euro 71,982 million (+8.7%) at the end of the reporting period. The increase in business volume is primarily due to the acquisition of ING Car Lease.

New business growing dynamically

Credit and leasing business with retail customers grew strongly again during the period under report. The 291,610 new contracts signed in the third quarter meant that we surpassed the previous year's figure by 5.8%. Overall, 882,961 new contracts were signed with retail customers during the period from January to September (+10.0%), with leasing business and credit financing ahead of the previous year by 19.8% and 6.1% respectively. Leasing accounted for 30.9% and credit financing for 69.1% of new contracts signed. The proportion of new BMW Group cars leased or financed by the Financial Services segment was 41.1%, equivalent to a drop of 6.5 percentage points on the previous year. The reduction is due to the fact that the figures for the Chinese market are being taken into account for the first time now that we have commenced financial services business in China. As a result of consumer behaviour on this market, the proportion of leased or financed new vehicles is significantly lower than the average for other car markets.

In the used car financing line of business, 231,786 new contracts for BMW and MINI brand cars were signed during the first nine months of the year. The volume of new business was 3.9% down on the previous year.

The volume of all finance and lease contracts signed with retail customers during the first nine months of the year totalled euro 23,321 million, a significant improvement on the previous year (+14.4%).

Overall, 3,037,279 retail business contracts were being managed at 30 September 2011, up 4.4% on the previous year's figure. Nearly all regions reported growth. The portfolios of the Europe/Middle East/Africa and Asia/Pacific regions rose by 9.6% and 9.2% respectively. The Americas region increased by 5.3% while the EU Bank region was almost at the level seen one year earlier (−1.0%).

Alphabet and ING Car Lease commence operations

The BMW Group operates its international multi-brand fleet business under the brand name "Alphabet". Due to the combination of Alphabet and ING Car Lease under the umbrella of the BMW Group, the portfolio of fleet business contracts at the end of the third quarter was in excess of 460,000.

The European Commission approved the takeover of ING Car Lease by Alphabet in September 2011. The expanded business, which will operate under the Alphabet name and currently has operations in 18 countries, is now one of the top five fleet service providers on the

Financial Services

		3rd quarter 2011	3rd quarter 2010	Change in %
New contracts with retail customers		**291,610**	275,675	5.8
Revenues	euro million	**4,276**	4,278	0.0
Profit before financial result (EBIT)	euro million	**364**	308	18.2
Profit before tax	euro million	**354**	318	11.3

		1 January to 30 September 2011	1 January to 30 September 2010	Change in %
New contracts with retail customers		**882,961**	802,719	10.0
Revenues	euro million	**12,640**	12,480	1.3
Profit before financial result (EBIT)	euro million	**1,506**	900	67.3
Profit before tax	euro million	**1,527**	919	66.2
Workforce at 30 September		**5,621**	3,965	41.8

		30.9.2011	31.12.2010	Change in %
Business volume in balance sheet terms*	euro million	**71,982**	66,233	8.7

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

European market. The new fleet management organisation provides the ideal basis for modern mobility solutions and services. The expansion of fleet management business is in keeping with the BMW Group's Strategy Number ONE, namely to be the world's leading provider of premium products and premium services in the field of individual mobility.

Rise in multi-brand financing
We have also been able to achieve good growth in the area of multi-brand financing. 104,918 new contracts (+13.3%) were signed during the nine-month period, bringing the portfolio to 365,773 contracts (+8.6%) at 30 September 2011.

Dealer financing up on previous year
The Financial Services segment supports the dealer organisation by financing vehicle inventories and working capital requirements. The total volume of dealer financing contracts at the end of the third quarter 2011 stood at euro 10,662 million, up 15.4% compared to one year earlier.

Deposit business remains strong
Deposit business also continued to grow during the period under report, reaching a volume of euro 11,033 million (+9.7%) at 30 September 2011. Securities business proved resilient with 24,556 securities custodian accounts in place (–0.4%).

Double-digit growth for insurance business
As well as financing and leasing solutions, the Financial Services segment also offers its customers insurance products. Demand remained high in the third quarter 2011, with new business rising by 23.0% to 616,268 contracts and the total portfolio increasing to 1,724,105 contracts (+14.2%).

Earnings underline success of Financial Services segment
Earnings for the Financial Services segment again increased significantly in the period under report, thanks to improved profitability from new business and the upturn in the automobile business. Third-quarter EBIT amounted to euro 364 million (+18.2%), while profit before tax for the same period improved by 11.3% to euro 354 million. There was also a significant improvement for the nine-month period: EBIT rose to euro 1,506 million (+67.3%) and the profit before tax to euro 1,527 million (+66.2%).

Sharp rise in workforce due to acquisition
The Financial Services segment had a workforce of 5,621 employees at 30 September 2011 (+41.8%). This sharp increase was primarily due to the acquisition of ING Car Lease.

BMW stock in the third quarter

The third quarter 2011 again saw high volatility on stock markets. Stock exchanges around the world reported heavy losses during the third quarter 2011 in reaction to significant risks to the US economy and the ongoing sovereign debt crises in Europe and the USA. Concerns about a slow-down in economic growth in China also dampened the mood. The leading German stock index, the DAX, experienced its worst quarter in nine years, losing 25.4% in value compared to 30 June 2011. It recorded a low for the year of 4,966 points in September, its lowest level since July 2009, and finished the third quarter 2011 at 5,502 points, 20.4% below its level at the close of 2010.

The Prime Automobile sector index was unable to avoid the effects of these developments and closed on 30 September at 651 points, 32.0% lower than at the end of the second quarter 2011. Compared to the final day of trading in 2010, the sector index lost 23.3%.

BMW stocks were also affected by the poor stock market trading environment described above. After a good performance during the first half of the year, BMW stocks suffered substantial losses during the third quarter. BMW common stock closed on 30 September at euro 49.97, after reaching a new all-time high during the quarter (on 26 July) of euro 73.85. BMW common stock accordingly lost 27.4% in value compared to 30 June and 15.1% compared to 31 December 2010. BMW preferred stock performed a little better, finishing the quarter at euro 35.50 and hence only 7.8% down on its closing price at the end of the previous year. The loss in value during the third quarter was 19.0%.

Capital markets remain volatile – refinancing at attractive conditions

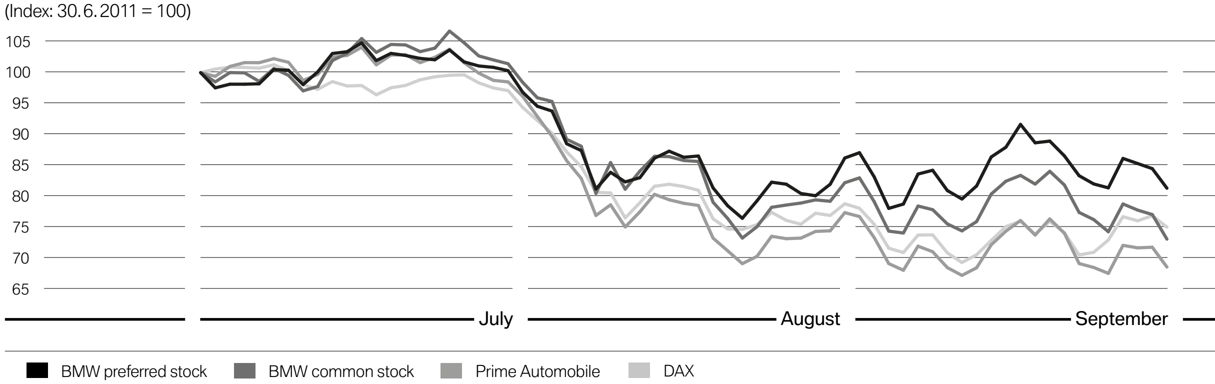
Refinancing conditions on international capital markets continued to be dominated by the European sovereign debt crisis during the third quarter 2011. Despite the volatile situation, the BMW Group had unchanged good access at all times to financial markets worldwide and was able to refinance business at attractive conditions.

During the third quarter, a euro 1 billion benchmark bond, a bond for 300 million Swiss francs and various public bonds and private placements in a number of currencies were issued with a total volume of approximately euro 1.15 billion.

In addition, a public ABS bond with a volume of US dollar 1.25 billion was placed in the USA, a public ABS bond with a volume of rand 2 billion was placed in South Africa and almost 700 million Canadian dollars were securitised in a private transaction. The issue of commercial paper is also a funding tool employed regularly by the BMW Group: this was used again during the period under report to raise funds at attractive conditions.

In October the BMW Group successfully concluded a new syndicated credit facility totalling euro 6 billion with a term of five years and two one-year extension options. This new credit line replaces the existing US dollar 8 billion facility which would have expired in November 2012. The new credit line is being made available at attractive conditions by a worldwide consortium of 39 banks.

Development of BMW stock compared to stock exchange indices
(Index: 30.6.2011 = 100)



Standard & Poor's raises outlook

In September 2011 Standard & Poor's raised its outlook for BMW AG from stable to positive. The long-term and short-term ratings of BMW AG had previously (in July 2011) been raised by one level by the rating agency Moody's from A3/P-2 to A2/P-1 with stable outlook. BMW AG therefore currently enjoys the highest rating of all European automobile manufacturers.

The improved rating and outlook reflect the worldwide rise in demand for premium cars, the successful implementation of measures in conjunction with Strategy Number ONE and the stable financial position of the BMW Group.

BMW Group leads sector sustainability rankings

In September 2011, the BMW Group was named industry leader in the Dow Jones Sustainability Index World, making the BMW Group the most sustainable car manufacturer in the world for the seventh time in succession. This was the conclusion reached by the SAM Group in its most recently published assessment for the Dow Jones Sustainability Indexes. The BMW Group is the only carmaker to have belonged to the index family without interruption since its inception in 1999.

The BMW Group achieved its best performance ever in the Carbon Disclosure Project (CDP) ranking published in September. Scoring 96 out of a possible 100 points, the company is listed in both the Carbon Disclosure Leadership Index (CDLI) and the Carbon Performance Leadership Index (CPLI). In the CDP Global 500 ranking, the BMW Group is the number one automotive manufacturer and ranks in the Top 10 of all participating international companies.

Earnings performance

The earning's performance of the BMW Group continued to develop positively in the third quarter 2011, despite increasing uncertainty about the state of the world's markets. The main drivers for this were the high-value model mix achieved for our BMW, MINI and Rolls-Royce brands and a strong competitive position on international markets. In addition, lower refinancing costs for the Financial Services segment contributed to the improvement in earnings.

Earnings performance for the third quarter 2011

Third-quarter group revenues rose by 3.8% to euro 16,547 million (2010: euro 15,940 million). Adjusted for exchange rate factors, the increase would have been 6.6%. Within Group revenues, external revenues of the Automobiles and Motorcycles segments were up 5.5% and 15.3% respectively on the back of higher sales volumes and an improved sales mix. External revenues of the Financial Services segment were slightly below the previous year's level (– 2.1%). No external revenues were generated with other activities during the quarter (2010: euro 1 million).

Group cost of sales amounted to euro 13,167 million and was therefore 0.9% lower than in the third quarter 2010. The main contributing factors for this were reduced material costs and lower refinancing costs. The third-quarter gross profit increased as a result by 27.5% to euro 3,380 million. The gross profit margin was 20.4% (2010: 16.6%).

The gross profit margin recorded by the Automobiles segment improved by 2.9 percentage points to 20.2%; that of the Motorcycles segment stood at 7.5% (2010: 11.3%). In the Financial Services segment, it rose from 11.1% to 12.7%.

Research and development costs for the third quarter 2011 increased by 11.2% to euro 864 million and represented 5.2% (2010: 4.9%) of revenues. Research and development costs include amortisation of capitalised development costs amounting to euro 308 million (2010: euro 311 million). Total research and development expenditure for the third quarter 2011, comprising research costs, development costs not recognised as assets and capitalised development costs, amounted to euro 825 million (2010: euro 696 million). This gives a third-quarter research and development expenditure ratio of 5.0% (2010: 4.4%).

Sales and administrative costs increased by 10.8% compared to the same period last year and represented 9.1% (2010: 8.5%) of revenues.

The third-quarter depreciation and amortisation expense included in cost of sales and sales and administrative costs amounted to euro 904 million (2010: euro 900 million) and was therefore at a similar level to the previous year.

The net expense reported for other operating income and other operating expenses increased by euro 59 million to euro 162 million, mainly as a result of higher allocations to provisions.

The profit before financial result for the quarter climbed by euro 524 million to euro 1,716 million as a result of the strong operating performance (+ 44.0%).

The financial result was a net expense of euro 72 million, which represented a deterioration of euro 239 million

Revenues by segment in the third quarter

in euro million

	External revenues		Inter-segment revenues		Total revenues	
	2011	2010	**2011**	2010	**2011**	2010
Automobiles	**12,382**	11,734	**2,962**	2,476	**15,344**	14,210
Motorcycles	**331**	287	**3**	4	**334**	291
Financial Services	**3,834**	3,918	**442**	360	**4,276**	4,278
Other Entities	**–**	1	**1**	–	**1**	1
Eliminations	**–**	–	**–3,408**	–2,840	**–3,408**	–2,840
Group	**16,547**	15,940	**–**	–	**16,547**	15,940

against the corresponding quarter last year. Within the financial result, net interest and similar income improved by euro 47 million. Sundry other financial result deteriorated by euro 293 million, mainly reflecting less favourable fair values of commodity hedging contracts. The result from equity accounted investments improved by euro 8 million.

Taking all these factors into consideration, the third-quarter profit before tax rose by euro 285 million to euro 1,644 million. The pre-tax return on sales was 9.9% (2010: 8.5%). The income tax expense for the quarter increased by euro 77 million, giving an effective tax rate of 34.2% (2010: 35.7%).

Overall, the BMW Group reports a third-quarter net profit of euro 1,082 million, an improvement of euro 208 million over the previous year.

In the third quarter the Group generated earnings per share of common stock of euro 1.64 (2010: euro 1.33) and earnings per share of preferred stock of euro 1.64 (2010: euro 1.33).

Earnings performance up for nine-month period

Nine-month revenues increased by 15.4% to euro 50,472 million. Adjusted for exchange rate factors, the increase would have been 16.8%. Within Group revenues, external revenues of the Automobiles and Motorcycles segments increased by 21.0% and 9.3% respectively reflecting the sales volume performance. External revenues of the Financial Services segment for the nine-month period increased by 0.5%. External revenues generated with other activities totalled euro 1 million (2010: euro 1 million).

Group cost of sales increased by 9.1% to euro 39,406 million, rising therefore at a slower rate than revenues. This reflects the positive factors, the most important of which were lower material costs, further efficiency improvements and lower risk provision expense. The nine-month gross profit jumped accordingly by 45.6% to euro 11,066 million, with an overall gross profit margin of 21.9% (2010: 17.4%).

The gross profit margin recorded by the Automobiles segment was 21.1% (2010: 16.6%) and that of the Motorcycles segment was 15.7% (2010: 17.1%). The Financial Services segment's gross profit margin improved by 4.9 percentage points to 15.9%.

Research and development costs for the first nine months of 2011 increased by 17.2% to euro 2,579 million and represented 5.1% (2010: 5.0%) of revenues. Research and development costs include amortisation of capitalised development costs amounting to euro 902 million (2010: euro 951 million). Total research and development expenditure for the nine-month period amounted to euro 2,300 million (2010: euro 1,914 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 4.6% (2010: 4.4%).

Sales and administrative costs increased by 8.9% compared to the same period last year and represented 8.6% (2010: 9.1%) of revenues.

Depreciation and amortisation included in cost of sales and in sales and administrative costs for the nine-month

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

in euro million

	External revenues		Inter-segment revenues		Total revenues	
	2011	2010	**2011**	2010	**2011**	2010
Automobiles	**37,975**	31,391	**8,416**	7,160	**46,391**	38,551
Motorcycles	**1,169**	1,070	**12**	11	**1,181**	1,081
Financial Services	**11,327**	11,269	**1,313**	1,211	**12,640**	12,480
Other Entities	**1**	1	**2**	2	**3**	3
Eliminations	**–**	–	**–9,743**	–8,384	**–9,743**	–8,384
Group	**50,472**	43,731	**–**	–	**50,472**	43,731

period amounted to euro 2,667 million (2010: euro 2,753 million).

The net expense reported for other operating income and other operating expenses decreased by euro 5 million to euro 240 million as a result of lower net loss on currency transactions.

As a result of the strong operating performance, the nine-month profit before financial result jumped to euro 6,474 million (2010: euro 3,358 million).

The financial result for the period under report was a net expense of euro 314 million, which represented a deterioration of euro 122 million against the previous year (2010: net expense of euro 192 million). Within the financial result, the net interest expense decreased by euro 148 million. Sundry other financial result was a net expense of euro 414 million, a deterioration of euro 438 million compared to the first nine months of the previous year. The principal reasons for the increase were the negative impact of stand-alone commodity derivatives and fair value losses on stand-alone interest-rate derivatives, the values of which developed negatively due to changed interest rate structures.

The nine-month result from investments improved by euro 91 million, mainly reflecting the fact that an impairment loss had been recorded in the previous year on investments in subsidiaries.

The result from equity accounted investments improved by euro 77 million.

Taking all these factors into consideration, the nine-month profit before tax rose to euro 6,160 million (2010: euro 3,166 million). The tax expense amounted to euro 2,057 million (2010: euro 1,134 million), giving an effective tax rate of 33.4% (2010: 35.8%).

The BMW Group therefore recorded a net profit of euro 4,103 million for the nine-month period (2010: euro 2,032 million).

For the first nine months of 2011, the Group generated earnings per share of common stock of euro 6.23 (2010: euro 3.09) and earnings per share of preferred stock of euro 6.24 (2010: euro 3.10).

Earnings performance by segment

Third-quarter revenues of the Automobiles segment were up by 8.0%. The segment profit before tax rose by euro 460 million to euro 1,745 million. Segment revenues for the nine-month period were 20.3% higher at euro 46,391 million, while profit before tax rose to euro 5,647 million (2010: euro 2,443 million). The main factors behind the improvement in both the third-quarter and the nine-month period were higher sales volumes as well as a significantly improved sales mix by model. The nine-month sales volume was 16.0% higher, reflecting the gradual expansion and rejuvenation of the BMW Group's model portfolio.

Revenues of the Motorcycles segment increased by 14.8% in the third quarter, while the profit before tax dropped from break-even to a loss of euro 17 million (2010: euro 0 million). Segment revenues for the nine-month period

Profit before tax by segment
in euro million

	3rd quarter 2011	3rd quarter 2010	**1 January to 30 September 2011**	1 January to 30 September 2010
Automobiles	**1,745**	1,285	**5,647**	2,443
Motorcycles	**–17**	0	**60**	83
Financial Services	**354**	318	**1,527**	919
Other Entities	**–187**	40	**–270**	–33
Eliminations	**–251**	–284	**–804**	–246
Profit before tax	**1,644**	**1,359**	**6,160**	**3,166**
Income taxes	**–562**	–485	**–2,057**	–1,134
Net profit	**1,082**	**874**	**4,103**	**2,032**

climbed by 9.3% to euro 1,181 million. The profit before tax for the period went down by 27.7% to euro 60 million.

Third-quarter revenues of the Financial Services segment, at euro 4,276 million, were at the same level as in the previous year (2010: euro 4,278 million), while the segment profit before tax increased to euro 354 million (2010: euro 318 million). Revenues for the nine-month period edged up by 1.3% to euro 12,640 million, while the segment profit jumped to euro 1,527 million (2010: euro 919 million), with the improvement reflecting 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 Other Entities segment reported a third-quarter loss before tax of euro 187 million (2010: profit before tax of euro 40 million), while the nine-month loss before tax deteriorated by euro 237 million to euro 270 million (2010: loss before tax of euro 33 million).

Inter-segment eliminations for the third quarter, at a negative amount of euro 251 million were at a similar level to the previous year (2010: negative amount of euro 284 million). On a nine-month basis, the expense for inter-segment eliminations increased to a negative amount of euro 804 million (2010: negative amount of euro 246 million), primarily as a result of the higher level of new business.

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 2010 and 2011, 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 financing activities are based on actual payments and receipts.

The cash inflow from operating activities in the first nine months of 2011 increased by euro 3,891 million to euro 12,373 million (2010: euro 8,482 million). The main positive factors here were the higher net profit (up by euro 2,071 million) and higher change in the net amount of non-cash items. Working in the opposite direction, the cash inflow from operating activities was reduced by the sharp increase in working capital (up by euro 1,505 million). This was mainly due to stocking-up in conjunction with the production ramp-up and run-down of vehicle models.

The cash outflow for investing activities during the nine-month period, at euro 9,231 million, was euro 2,160 million higher than in the previous year. Capital expenditure on intangible assets and property, plant and equipment for the nine-month period was euro 10 million lower at euro 1,854 million. The cash outflow for the net investment in leased products and receivables from sales financing increased by euro 2,077 million to euro 5,741 million, primarily reflecting growth of new business recorded in the Financial Services segment. The change in marketable securities resulted in a euro 625 million decrease in cash outflow. The payment of the purchase consideration for the ING Car Lease entities amounting to euro 696 million is included in the line "Other". 134.0% (2010: 120.0%) of the cash outflow for investing activities was covered by the cash inflow from operating activities.

The cash flow statement for the Automobiles segment shows a nine-month-period coverage of cash inflow from operating activities over cash outflow for investing activities of euro 2,196 million (2010: euro 468 million).

Free cash flow of the Automobiles segment was as follows:

in euro million	**30.9.2011**	30.9.2010
Cash inflow from operating activities	**5,761**	4,172
Cash outflow for investing activities	**–3,565**	–3,704
Net investment in marketable securities (investment (+)/sales (–))	**839**	1,663
Free cash flow Automobiles segment	**3,035**	**2,131**

The cash flow statement for the Financial Services segment for the nine-month period shows a short-fall of euro 582 million or 89.9% (2010: coverage of euro 132 million or 103.7%).

As part of the Group's financing activities, the issue and repayment of bonds resulted in a net cash inflow of euro 169 million (2010: euro 1,160 million). Changes in other financial liabilities and commercial paper resulted in a cash outflow from financing activities of euro 1,292 million (2010: euro 3,189 million).

After adjustment for the effects of exchange rate fluctuations and changes in the composition of the BMW Group, the various cash flows resulted in an increase in cash and cash equivalents of euro 1,115 million (2010: decrease of euro 634 million).

Net financial assets of the Automobiles segment comprise the following:

in euro million	**30.9.2011**	31.12.2010
Cash and cash equivalents	**6,666**	5,585
Marketable securities and investment funds	**1,902**	1,134
Intragroup net financial receivables	**5,906**	5,690
Financial assets	**14,474**	**12,409**
Less: external financial liabilities*	**–1,458**	–1,123
Net financial assets	**13,016**	**11,286**

* excluding derivative financial instruments

Net assets position

The Group balance sheet total (total assets/ total equity and liabilities) increased by euro 9,144 million or 8.4% compared to 31 December 2010. Adjusted for changes in exchange rates, the balance sheet total would have increased by 9.3%.

The main increases on the assets side of the balance sheet related to leased products (+20.3%), inventories (+31.5%) and cash and cash equivalents (+15.0%). By contrast, property, plant and equipment decreased (−4.9%). On the equity and liabilities side of the balance sheet, the increase was due to increases in equity (+12.6%), deferred tax liabilities (+39.2%), trade payables (+33.2%) and other liabilities (+15.2%).

Leased products went up by euro 3,613 million compared to 31 December 2010, mainly as a result of the acquisition of entities during the third quarter 2011. Adjusted for exchange rate factors, the increase compared to the end of the previous financial year would have been 21.1%.

Receivables from sales financing went up by euro 1,486 million (+3.3%). Adjusted for changes in exchange rates, the increase would have been 4.8%.

Compared to 31 December 2010, inventories increased by euro 2,443 million to euro 10,209 million, mainly due to the effect of stocking-up in conjunction with the introduction of new models and the expansion of business operations.

Financial assets went up by 13.5% to euro 5,823 million as a result of the higher carrying amounts of marketable securities and investment fund shares.

Cash and cash equivalents increased by euro 1,115 million to euro 8,547 million.

Compared to 31 December 2010, Group equity rose overall by euro 2,918 million to euro 26,018 million. Equity was increased by the net profit for the period (+euro 4,103 million), fair value gains on marketable securities (+euro 5 million), deferred taxes on fair value gains and losses recognised directly in equity (+ euro 50 million) and sundry other changes (+ euro 10 million).

Group equity was reduced by translation differences (– euro 190 million), fair value losses on derivative financial instruments (– euro 25 million), actuarial losses arising on pension obligations (– euro 175 million) and income and expenses recognised directly in equity on equity accounted investments (– euro 8 million). The dividend payment accounted for a euro 852 million reduction in equity.

The equity ratio of the BMW Group improved overall by 0.8 percentage points to 22.0%. The equity ratio of the Automobiles segment was 41.8% (31 December 2010: 40.9%) and that of the Financial Services segment was 8.3% (31 December 2010: 7.1%).

The amount recognised in the balance sheet for pension provisions went up by 11.1% to euro 1,737 million. This increase was mainly attributable to the lower valuation of fund assets in Germany which more than offset actuarial gains brought about by higher interest levels as well as expectation on lower inflation.

Other provisions increased by euro 361 million (+ 6.5%) to euro 5,908 million. Within other provisions, provisions for on-going operational expenses went up by euro 119 million and provisions for other obligations by euro 283 million compared to the end of the previous financial year. The amount recognised in the balance sheet for pension provisions decreased by euro 41 million.

Financial liabilities increased by euro 2,190 million (+ 3.5%) during the nine-month period under report (increase of 4.1% adjusted for changes in exchange rates), mainly due to increases in bonds (+ euro 740 million), liabilities to banks (+ euro 785 million), asset-backed financing transactions (+ euro 307 million) and liabilities from customer deposits (+ euro 344 million).

Trade payables went up by 33.2% to euro 5,796 million as a result of higher production volumes. Other liabilities amounted to euro 9,011 million and were thus euro 1,189 million higher than at 31 December 2010.

Risk management

As a globally operating enterprise, the BMW Group is confronted with numerous risks. A description of these risks and the Group's risk management methods is provided in the Group Management Report for the financial year ended 31 December 2010 (Annual Report, page 63 et seq.).

Sovereign debt crises cloud economic outlook

The sovereign debt crises in Europe and the USA are clouding the economic outlook, both for the current year and for 2012. Growth in many industrialised countries has already slowed down noticeably in recent months. High sovereign debt and the accompanying massive efforts to consolidate spending could well hold down economic development in the near future. Performance on most of the emerging markets has not yet been affected by the economic slowdown. Particularly in countries such as China and India, the pace of growth is likely to remain high. The decrease in prices of energy and raw materials has reduced inflationary pressure in many countries. Further increases in reference interest rates therefore seem unlikely for the time being.

China is set to remain the driving force of the global economy in the foreseeable future. After vigorous growth in the first half of 2011, the growth rate in China for the full year is likely to be in the high single-digit range and thus come close to matching last year's level. The restrictive monetary policy practiced by the Chinese government seems to be making an initial impact. Both the inflation rate and the property market situation are gradually starting to improve. Despite slower growth rates, consumer and property prices remain persistently high.

By contrast, the economic outlook for the US economy has worsened considerably. The smouldering sovereign debt crisis, the tense situation on the job market and weak domestic demand are the main reasons for the sluggish economy. Economic growth will probably stay below the 2% mark for the full year 2011.

Economic performance in the eurozone is also being considerably affected by the sovereign debt crisis and its consequences. The crisis-hit southern European countries in particular are being heavily impacted by tough austerity and consolidation measures. Germany continues to be the driving force of the European economy in 2011 and should record strong growth considerably above the long-term average. The majority of the other countries in the eurozone, however, are performing less dynamically. While economic performance in France is roughly in line with the long-term trend, Italy and Spain are only likely to record minor growth in 2011. The economic situation in Greece and Portugal is again likely to worsen considerably.

In overall terms, Japan seems to be recovering more quickly than expected from the slump in the wake of the earthquake disaster. However, the after-effects are still clearly noticeable. Both industrial production and exports are only slowly returning towards previous levels. As a consequence of the catastrophe, the Japanese economy will contract in 2011.

Most emerging economies are likely to grow in 2011 at similarly high rates as in the previous year. India should continue to perform strongly and again achieve high single-digit growth in 2011. Russia is benefiting from the ongoing high prices of raw materials and energy which could have the effect of accelerating the country's economic recovery. Brazil, however, will not quite be able to match the high growth rate recorded one year earlier.

The poor performance of international capital markets has caused a turnaround in energy and raw materials prices: these are now some 20% lower than their annual highs this year to date. Even so, the cost of energy and raw materials remains high and the price of crude oil is still above the threshold of 100 US dollars per barrel.

Developments on currency markets are being heavily influenced by the sovereign debt crises in the eurozone and the USA. The US dollar/euro exchange rate fluctuated within a range of US dollar 1.35 and 1.50 to the euro. In response to the debt crisis, large numbers of investors have switched to the currency markets (including those of Switzerland, Scandinavia and Japan), which are considered safe havens. However, it remains to be seen how long the appreciation of the Japanese yen will last, given the high level of public-sector debt in Japan. In reaction to the massive appreciation of the Swiss franc, the Swiss National Bank has tied the exchange rate at Swiss franc 1.20 to the euro.

Car markets in 2011

The world's car markets will continue to expand in 2011. However, growth will be less vigorous than in 2010. Developments on international car markets will depend above all on continued strong demand on emerging markets and a stable US market. Demand in Western Europe is expected to stagnate and in Japan it is set to decline.

In 2011, the American automobile market should grow again by approximately one tenth, still leaving market volume significantly below the long-term average.

Demand for cars in Western Europe for the full year 2011 will probably remain at a similar level to the previous year. Germany is the only one of the five major Western European markets that will achieve steady growth. By contrast, the markets in France, Great Britain, Italy and Spain will all contract.

The Japanese car market will suffer a significant slump in 2011 due to the effects of the earthquake catastrophe and the expiry of the scrappage bonus scheme. There is no indication of a revival in the near future.

The growth rate in China should be in the high single-digit range. The premium segment will grow significantly faster than the market as a whole. Although momentum will slow down in India, the car market there should nevertheless see growth in the double-digit percentage range. The Russian market will also record significant growth in 2011. Brazil should continue to grow steadily, albeit at a slightly slower pace than in the previous year.

Motorcycle markets in 2011

Although a number of motorcycle markets have shown some signs of recovery in the period to September 2011, this will not result in growth for the sector as a whole. We therefore think it likely that the world's motorcycle markets will stagnate during the remainder of the year.

The financial services market in 2011

Tension on financial markets has mounted noticeably over recent weeks, mainly as a consequence of high sovereign debt levels in Europe and the USA and ongoing uncertainty with regard to future developments, in particular in the eurozone.

On the capital markets, low market interest rates and higher risk spreads are currently counterbalancing each other, with the overall result that refinancing conditions in the sector remain stable. We do not expect any rise in market interest rates during the remainder of 2011. By contrast, it is not possible to reliably predict how risk spreads are likely to develop.

Due to the relatively modest number of cars coming out of lease contracts, used car markets in North America are expected to remain stable. The picture in Europe remains mixed: while the situation for used cars in southern Europe is uncertain, demand in the rest of Europe should remain stable. Given the mounting instability on the major financial markets, it can be assumed that the trend will be for bad debt risks in the area of lease and financing business and dealer financing to increase.

BMW Group's outlook for the remainder of 2011
We expect macro-economic conditions to remain generally stable for the remainder of 2011. Although the pace of growth on international car markets is currently showing signs of slackening, the BMW Group's performance will remain positively on track. The Group profit before tax is set to improve significantly compared to the previous year, reflecting strong demand for our vehicles and services worldwide on the one hand and our favourable position in terms of selling prices on the other.

The Strategy Number ONE continues to be an important mainstay of the company's success. We are creating the basis for profitable growth by investing in innovative technologies. The use of finely-tuned and coordinated measures, for instance, has enabled us to reduce fuel consumption considerably and hence the volume of emissions produced by our combustion engines. Efficient Dynamics technology was developed from the outset to become a standard feature of our vehicles and is used throughout our fleet to reduce CO_2 emissions. Connected Drive – which aims to connect car occupants, the vehicle and the outside world with each other – has become a further major focus for us as we strive to develop forward-looking technologies. These innovations increase levels of safety for all road users, offer greater convenience and create new user-friendly options for receiving information and entertainment within the vehicle. At the same time, we are also expanding our field trials with a test fleet of more than 1,000 all-electric powered BMW ActiveE vehicles to test whether the mass production of electric vehicles is feasible. Drive components and energy storage systems for the series development of the BMW i3 are being tested in the ActiveE. The BMW i3 is due to come onto the market in 2013 as the BMW Group's first electric car series for use in the world's major metropolitan regions. It will be followed by the BMW i8 with its plug-in hybrid engine, which will combine the dynamic flair of a sports car with the consumption of a compact car.

Automobiles segment
After bringing numerous vehicle innovations onto the market during the first six months of the year, we continued to launch new models throughout the second half of the year. The new 6 Series Coupé has been available, for instance, since the autumn. In addition, the next generation of the successful 1 Series was launched onto the markets alongside the MINI Coupé during the second half of the year. As a consequence, we now have one of the youngest product portfolios in the sector.

In view of the current healthy state of the automobile economy and our range of attractive models, we forecast that earnings and business as a whole will continue to develop very positively. For the full year, sales of BMW, MINI and Rolls-Royce brand vehicles are forecast to increase by over 10% to a figure in excess of 1.6 million vehicles. We also expect to achieve an EBIT margin of over 10% in the Automobiles segment. A forecast return on capital employed (RoCE) of over 26% remains the target for 2011.

Motorcycles segment
Despite the continuing process of consolidation on the markets, thanks to our attractive range of products we expect motorcycle sales to increase for the full year. Revenue is expected to rise accordingly. As a consequence of the new strategic direction being set for the Husqvarna Group, earnings for the Motorcycles segment will be down on the previous year.

Financial Services segment
Despite the fact that the international financial markets in general are going through a period of considerable uncertainty, current business developments do not give any indication of a deterioration in earnings for the year as a whole. We forecast that profitability will be maintained during the final quarter at a high level. Earnings are expected to continue to develop positively, with a return on equity for the full year of well over 18%.

Due to uncertainties on world markets, bad debt risks are likely to increase slightly. We do not believe that residual value risks will increase in 2011.

Central banks are not giving any indication that reference interest rates will be increased, despite rising inflation. However, the debt position of some European countries and the USA could have an adverse impact on interest rates.

Profitability targets for 2012 remain in place

We continue to achieve the challenging targets we have set ourselves in conjunction with Strategy Number ONE. 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% and an EBIT margin of between 8% and 10% for the Automobiles segment.

Income Statements for Group and Segments for the period from 1 July to 30 September 2011
Statement of Comprehensive Income for Group for the period from 1 July to 30 September 2011

Income Statement for Group and Segments for the third quarter

in euro million

	Note	Group		Automobiles	
		2011	2010	**2011**	2010
Revenues	5	**16,547**	15,940	**15,344**	14,210
Cost of sales	6	**–13,167**	–13,290	**–12,237**	–11,745
Gross profit		**3,380**	**2,650**	**3,107**	**2,465**
Sales and administrative costs	7	**–1,502**	–1,355	**–1,282**	–1,166
Other operating income	8	**221**	200	**140**	131
Other operating expenses	8	**–383**	–303	**–146**	–278
Profit before financial result		**1,716**	**1,192**	**1,819**	**1,152**
Result from equity accounted investments	9	**44**	36	**44**	36
Interest and similar income	10	**201**	187	**182**	148
Interest and similar expenses	10	**–181**	–214	**–174**	–182
Other financial result	11	**–136**	158	**–126**	131
Financial result		**–72**	**167**	**–74**	**133**
Profit before tax		**1,644**	**1,359**	**1,745**	**1,285**
Income taxes	12	**–562**	–485	**–564**	–459
Net profit/loss		**1,082**	**874**	**1,181**	**826**
Attributable to minority interest		**6**	3	**7**	3
Attributable to shareholders of BMW AG		**1,076**	**871**	**1,174**	**823**
Earnings per share of common stock in euro	13	**1.64**	1.33		
Earnings per share of preferred stock in euro	13	**1.64**	1.33		
Dilutive effects	13	**–**	–		
Diluted earnings per share of common stock in euro	13	**1.64**	1.33		
Diluted earnings per share of preferred stock in euro	13	**1.64**	1.33		

Statement of Comprehensive Income for Group for the third quarter

in euro million

	Note	**2011**	2010
Net profit		**1,082**	**874**
Available-for-sale securities		**4**	8
Financial instruments used for hedging purposes		**–1,187**	1,785
Exchange differences on translating foreign operations		**330**	–450
Actuarial gains/losses relating to defined benefit pension and similar plans		**–436**	–218
Deferred taxes relating to components of other comprehensive income		**545**	–495
Post-tax income and expenses recognised directly in equity on investments accounted for using the equity method*		**–22**	–
Other comprehensive income for the period after tax	14	**–766**	**630**
Total comprehensive income		**316**	**1,504**
Total comprehensive income attributable to minority interests		**6**	2
Total comprehensive income attributable to shareholders of BMW AG		**310**	**1,502**

* Income and expenses recognised directly in equity on investments accounted for using the equity method are presented separately in order to improve transparency. Prior year amounts have not been restated on the grounds of immateriality.

Motorcycles		Financial Services		Other Entities		Eliminations		
2011	2010	**2011**	2010	**2011**	2010	**2011**	2010	
334	291	**4,276**	4,278	**1**	1	**–3,408**	–2,840	Revenues
–309	–258	**–3,732**	–3,803	**–**	–	**3,111**	2,516	Cost of sales
25	**33**	**544**	**475**	**1**	**1**	**–297**	**–324**	**Gross profit**
–40	–32	**–174**	–150	**–4**	–3	**–2**	–4	Sales and administrative costs
–	1	**42**	11	**56**	70	**–17**	–13	Other operating income
–1	–	**–48**	–28	**–206**	–68	**18**	71	Other operating expenses
–16	**2**	**364**	**308**	**–153**	**0**	**–298**	**–270**	**Profit before financial result**
–	–	**–**	–	**–**	–	**–**	–	Result from equity accounted investments
2	2	**1**	2	**443**	458	**–427**	–423	Interest and similar income
–3	–4	**–2**	–1	**–476**	–436	**474**	409	Interest and similar expenses
–	–	**–9**	9	**–1**	18	**–**	–	Other financial result
–1	**–2**	**–10**	**10**	**–34**	**40**	**47**	**–14**	Financial result
–17	**0**	**354**	**318**	**–187**	**40**	**–251**	**–284**	**Profit before tax**
5	–	**–105**	–109	**17**	–11	**85**	94	Income taxes
–12	**0**	**249**	**209**	**–170**	**29**	**–166**	**–190**	**Net profit / loss**
–	–	**–1**	–	**–**	–	**–**	–	Attributable to minority interest
–12	**0**	**250**	**209**	**–170**	**29**	**–166**	**–190**	**Attributable to shareholders of BMW AG**
								Earnings per share of common stock in euro
								Earnings per share of preferred stock in euro
								Dilutive effects
								Diluted earnings per share of common stock in euro
								Diluted earnings per share of preferred stock in euro

INTERIM GROUP FINANCIAL STATEMENTS

Income Statements for Group and Segments for the period from 1 January to 30 September 2011
Statement of Comprehensive Income for Group for the period from 1 January to 30 September 2011

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

in euro million

	Note	Group		Automobiles	
		2011	2010	**2011**	2010
Revenues	5	**50,472**	43,731	**46,391**	38,551
Cost of sales	6	**–39,406**	–36,132	**–36,607**	–32,144
Gross profit		**11,066**	7,599	**9,784**	6,407
Sales and administrative costs	7	**–4,352**	–3,996	**–3,726**	–3,446
Other operating income	8	**540**	573	**347**	419
Other operating expenses	8	**–780**	–818	**–470**	–620
Profit before financial result		**6,474**	3,358	**5,935**	2,760
Result from equity accounted investments	9	**124**	47	**124**	47
Interest and similar income	10	**560**	477	**494**	375
Interest and similar expenses	10	**–585**	–650	**–531**	–578
Other financial result	11	**–413**	–66	**–375**	–161
Financial result		**–314**	–192	**–288**	–317
Profit before tax		**6,160**	3,166	**5,647**	2,443
Income taxes	12	**–2,057**	–1,134	**–1,813**	–872
Net profit / loss		**4,103**	2,032	**3,834**	1,571
Attributable to minority interest		**19**	7	**19**	7
Attributable to shareholders of BMW AG		**4,084**	2,025	**3,815**	1,564
Earnings per share of common stock in euro	13	**6.23**	3.09		
Earnings per share of preferred stock in euro	13	**6.24**	3.10		
Dilutive effects	13	**–**	–		
Diluted earnings per share of common stock in euro	13	**6.23**	3.09		
Diluted earnings per share of preferred stock in euro	13	**6.24**	3.10		

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

in euro million

	Note	**2011**	2010
Net profit		**4,103**	2,032
Available-for-sale securities		**5**	34
Financial instruments used for hedging purposes		**–25**	144
Exchange differences on translating foreign operations		**–190**	423
Actuarial gains / losses relating to defined benefit pension and similar plans		**–175**	–882
Deferred taxes relating to components of other comprehensive income		**50**	253
Post-tax income and expenses recognised directly in equity on investments accounted for using the equity method*		**–8**	–
Other comprehensive income for the period after tax	14	**–343**	–28
Total comprehensive income		**3,760**	2,004
Total comprehensive income attributable to minority interests		**19**	6
Total comprehensive income attributable to shareholders of BMW AG		**3,741**	1,998

* Income and expenses recognised directly in equity on investments accounted for using the equity method are presented separately in order to improve transparency. Prior year amounts have not been restated on the grounds of immateriality.

Motorcycles 2011	Motorcycles 2010	Financial Services 2011	Financial Services 2010	Other Entities 2011	Other Entities 2010	Eliminations 2011	Eliminations 2010	
1,181	1,081	**12,640**	12,480	**3**	3	**–9,743**	–8,384	Revenues
–995	–896	**–10,633**	–11,112	**–**	–	**8,829**	8,020	Cost of sales
186	185	**2,007**	1,368	**3**	3	**–914**	–364	**Gross profit**
–123	–99	**–489**	–440	**–10**	–11	**–4**	–	Sales and administrative costs
1	2	**102**	39	**140**	151	**–50**	–38	Other operating income
–2	–	**–114**	–67	**–248**	–217	**54**	86	Other operating expenses
62	88	**1,506**	900	**–115**	–74	**–914**	–316	**Profit before financial result**
–	–	**–**	–	**–**	–	**–**	–	Result from equity accounted investments
6	5	**3**	3	**1,220**	1,303	**–1,163**	–1,209	Interest and similar income
–8	–10	**–4**	–3	**–1,315**	–1,338	**1,273**	1,279	Interest and similar expenses
–	–	**22**	19	**–60**	76	**–**	–	Other financial result
–2	–5	**21**	19	**–155**	41	**110**	70	Financial result
60	83	**1,527**	919	**–270**	–33	**–804**	–246	**Profit before tax**
–19	–30	**–528**	–321	**25**	12	**278**	77	Income taxes
41	53	**999**	598	**–245**	–21	**–526**	–169	**Net profit/loss**
–	–	**–**	–	**–**	–	**–**	–	Attributable to minority interest
41	53	**999**	598	**–245**	–21	**–526**	–169	**Attributable to shareholders of BMW AG**
								Earnings per share of common stock in euro
								Earnings per share of preferred stock in euro
								Dilutive effects
								Diluted earnings per share of common stock in euro
								Diluted earnings per share of preferred stock in euro

Balance Sheets for Group and Segments to 30 September 2011

Assets

in euro million	Note	Group 30.9.2011	Group 31.12.2010	Automobiles 30.9.2011	Automobiles 31.12.2010
Intangible assets	15	**5,045**	5,031	**4,609**	4,892
Property, plant and equipment	16	**10,863**	11,427	**10,646**	11,216
Leased products	17	**21,404**	17,791	**171**	182
Investments accounted for using the equity method	18	**294**	212	**271**	189
Other investments	18	**161**	177	**4,065**	3,263
Receivables from sales financing	19	**28,731**	27,126	**–**	–
Financial assets	20	**1,847**	1,867	**404**	662
Deferred tax	21	**1,555**	1,393	**1,986**	1,888
Other assets	22	**483**	692	**3,322**	2,473
Non-current assets		**70,383**	**65,716**	**25,474**	**24,765**
Inventories	23	**10,209**	7,766	**9,903**	7,468
Trade receivables		**2,539**	2,329	**2,258**	1,983
Receivables from sales financing	19	**18,120**	18,239	**–**	–
Financial assets	20	**3,976**	3,262	**2,636**	1,911
Current tax	21	**1,205**	1,166	**1,096**	1,068
Other assets	22	**3,032**	2,957	**14,814**	15,871
Cash and cash equivalents		**8,547**	7,432	**6,666**	5,585
Current assets		**47,628**	**43,151**	**37,373**	**33,886**
Total assets		**118,011**	**108,867**	**62,847**	**58,651**

Equity and liabilities

in euro million	Note	Group 30.9.2011	Group 31.12.2010	Automobiles 30.9.2011	Automobiles 31.12.2010
Subscribed capital		**655**	655		
Capital reserves		**1,939**	1,939		
Revenue reserves		**26,679**	23,447		
Accumulated other equity		**–3,310**	–2,967		
Equity attributable to shareholders of BMW AG		**25,963**	23,074		
Minority interest		**55**	26		
Equity	24	**26,018**	**23,100**	**26,268**	**23,993**
Pension provisions		**1,737**	1,563	**522**	349
Other provisions	25	**2,783**	2,721	**2,492**	2,348
Deferred tax	26	**4,084**	2,933	**2,288**	1,726
Financial liabilities	27	**37,267**	35,833	**1,519**	1,164
Other liabilities	28	**2,732**	2,583	**2,757**	2,873
Non-current provisions and liabilities		**48,603**	**45,633**	**9,578**	**8,460**
Other provisions	25	**3,125**	2,826	**2,508**	2,336
Current tax	26	**914**	1,198	**748**	1,026
Financial liabilities	27	**27,276**	26,520	**926**	961
Trade payables		**5,796**	4,351	**4,968**	3,713
Other liabilities	28	**6,279**	5,239	**17,851**	18,162
Current provisions and liabilities		**43,390**	**40,134**	**27,001**	**26,198**
Total equity and liabilities		**118,011**	**108,867**	**62,847**	**58,651**

Assets

Motorcycles 30.9.2011	Motorcycles 31.12.2010	Financial Services 30.9.2011	Financial Services 31.12.2010	Other Entities 30.9.2011	Other Entities 31.12.2010	Eliminations 30.9.2011	Eliminations 31.12.2010	
49	42	**386**	97	**1**	–	**–**	–	Intangible assets
178	192	**39**	19	**–**	–	**–**	–	Property, plant and equipment
–	–	**25,131**	20,868	**–**	–	**–3,898**	–3,259	Leased products
–	–	**–**	–	**23**	23	**–**	–	Investments accounted for using the equity method
–	–	**7**	8	**5,746**	5,134	**–9,657**	–8,228	Other investments
–	–	**28,731**	27,126	**–**	–	**–**	–	Receivables from sales financing
–	–	**86**	7	**1,739**	1,622	**–382**	–424	Financial assets
–	1	**153**	603	**353**	320	**–937**	–1,419	Deferred tax
–	–	**1,131**	1,176	**14,723**	12,538	**–18,693**	–15,495	Other assets
227	**235**	**55,664**	**49,904**	**22,585**	**19,637**	**–33,567**	**–28,825**	**Non-current assets**
297	290	**10**	8	**–**	–	**–1**	–	Inventories
118	114	**163**	231	**–**	1	**–**	–	Trade receivables
–	–	**18,120**	18,239	**–**	–	**–**	–	Receivables from sales financing
–	–	**872**	815	**933**	854	**–465**	–318	Financial assets
–	–	**17**	31	**92**	67	**–**	–	Current tax
10	44	**2,854**	3,248	**29,270**	29,224	**–43,916**	–45,430	Other assets
3	4	**1,689**	1,227	**189**	616	**–**	–	Cash and cash equivalents
428	**452**	**23,725**	**23,799**	**30,484**	**30,762**	**–44,382**	**–45,748**	**Current assets**
655	**687**	**79,389**	**73,703**	**53,069**	**50,399**	**–77,949**	**–74,573**	**Total assets**

Equity and liabilities

Motorcycles 30.9.2011	Motorcycles 31.12.2010	Financial Services 30.9.2011	Financial Services 31.12.2010	Other Entities 30.9.2011	Other Entities 31.12.2010	Eliminations 30.9.2011	Eliminations 31.12.2010	
								Subscribed capital
								Capital reserves
								Revenue reserves
								Accumulated other equity
								Equity attributable to shareholders of BMW AG
								Minority interest
–	**–**	**6,610**	**5,216**	**6,455**	**5,261**	**–13,315**	**–11,370**	**Equity**
18	18	**34**	32	**1,163**	1,164	**–**	–	Pension provisions
100	93	**161**	250	**30**	30	**–**	–	Other provisions
–	2	**4,081**	3,691	**–**	3	**–2,285**	–2,489	Deferred tax
–	–	**12,446**	12,202	**23,684**	22,891	**–382**	–424	Financial liabilities
273	314	**17,341**	13,619	**23**	22	**–17,662**	–14,245	Other liabilities
391	**427**	**34,063**	**29,794**	**24,900**	**24,110**	**–20,329**	**–17,158**	**Non-current provisions and liabilities**
53	47	**294**	337	**267**	103	**3**	3	Other provisions
–	–	**104**	121	**62**	51	**–**	–	Current tax
–	–	**13,700**	13,746	**13,115**	12,131	**–465**	–318	Financial liabilities
198	199	**624**	433	**6**	6	**–**	–	Trade payables
13	14	**23,994**	24,056	**8,264**	8,737	**–43,843**	–45,730	Other liabilities
264	**260**	**38,716**	**38,693**	**21,714**	**21,028**	**–44,305**	**–46,045**	**Current provisions and liabilities**
655	**687**	**79,389**	**73,703**	**53,069**	**50,399**	**–77,949**	**–74,573**	**Total equity and liabilities**

Cash Flow Statements for Group and Segments for the period from 1 January to 30 September 2011

	Group	
in euro million	**2011**	2010
Net profit	**4,103**	2,032
Depreciation of leased products	**3,965**	4,119
Depreciation and amortisation of tangible, intangible and investment assets	**2,667**	2,848
Change in provisions	**285**	–57
Change in deferred taxes	**949**	518
Changes in working capital	**–1,299**	206
Other	**1,703**	–1,184
Cash inflow from operating activities	**12,373**	**8,482**
Investment in intangible assets and property, plant and equipment	**–1,854**	–1,864
Net investment in leased products and receivables from sales financing	**–5,741**	–3,664
Other	**–1,636**	–1,543
Cash outflow from investing activities	**–9,231**	**–7,071**
Cash outflow / inflow from financing activities	**–1,975**	**–2,226**
Effect of exchange rate and changes in composition of Group on cash and cash equivalents	**–52**	**181**
Change in cash and cash equivalents	**1,115**	**–634**
Cash and cash equivalents as at 1 January	**7,432**	7,767
Cash and cash equivalents as at 30 September	**8,547**	**7,133**

	Automobiles 2011	Automobiles 2010	Financial Services 2011	Financial Services 2010
Net profit	**3,834**	1,571	**999**	598
Depreciation of leased products	**4**	5	**3,311**	3,772
Depreciation and amortisation of tangible, intangible and investment assets	**2,610**	2,773	**12**	17
Change in provisions	**182**	–142	**–170**	–27
Change in deferred taxes	**558**	347	**732**	183
Changes in working capital	**–1,441**	162	**152**	1
Other	**14**	–544	**163**	–843
Cash inflow from operating activities	**5,761**	**4,172**	**5,199**	**3,701**
Investment in intangible assets and property, plant and equipment	**–1,801**	–1,827	**–11**	–4
Net investment in leased products and receivables from sales financing	**6**	7	**–5,747**	–3,671
Other	**–1,770**	–1,884	**–23**	106
Cash outflow from investing activities	**–3,565**	**–3,704**	**–5,781**	**–3,569**
Cash outflow/inflow from financing activities	**–1,028**	**910**	**988**	**–1,756**
Effect of exchange rate and changes in composition of Group on cash and cash equivalents	**–87**	**111**	**56**	**30**
Change in cash and cash equivalents	**1,081**	**1,489**	**462**	**–1,594**
Cash and cash equivalents as at 1 January	**5,585**	4,331	**1,227**	2,803
Cash and cash equivalents as at 30 September	**6,666**	**5,820**	**1,689**	**1,209**

Group Statement of Changes in Equity to 30 September 2011

in euro million	Subscribed capital	Capital reserves	Revenue reserves	Accumulated other equity				Treasury shares	Equity attributable to shareholders of BMW AG	Minority interest	**Total**
				Translation differences	Securities	Derivative financial instruments	Pension obligations				
31 December 2009	**655**	**1,921**	**20,426**	**–1,747**	**20**	**209**	**–1,582**	**–**	**19,902**	**13**	**19,915**
Dividends paid	–	–	–197	–	–	–	–	–	–197	–	**–197**
Comprehensive income 30 September 2010	–	–	2,025	424	24	156	–631	–	1,998	6	**2,004**
30 September 2010	**655**	**1,921**	**22,254**	**–1,323**	**44**	**365**	**–2,213**	**–**	**21,703**	**19**	**21,722**
31 December 2010	**655**	**1,939**	**23,447**	**–1,064**	**9**	**–127**	**–1,785**	**–**	**23,074**	**26**	**23,100**
Dividends paid	–	–	–852	–	–	–	–	–	–852	–	**–852**
Comprehensive income 30 September 2011	–	–	4,084	–175	4	–30	–142	–	3,741	19	**3,760**
Other changes	–	–	–	–	–	–	–	–	–	10	**10**
30 September 2011	**655**	**1,939**	**26,679**	**–1,239**	**13**	**–157**	**–1,927**	**–**	**25,963**	**55**	**26,018**

1 — Basis of preparation

The Group Financial Statements of BMW AG at 31 December 2010 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 2011, 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 2010 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 2011 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 2010.

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

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

In order to provide a better insight into the net assets, financial position and performance of the BMW Group and going beyond the requirements of IFRS 8 (Operating Segments), the Interim Group Financial Statements also include balance sheets and income statements for the 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.

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.

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 2010.

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 2011 totalled euro 7.8 billion (31 December 2010: euro 7.5 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 2011 have neither been audited nor reviewed by the Group auditors, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin.

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 assumptions and estimates are based on factors known at the end of the reporting period. They are determined on the basis of the most likely outcome of future business developments. Actual amounts could differ from those assumptions and estimates if business conditions develop differently to the Group's expectations at the end of the reporting period. Estimates and underlying assumptions are checked regularly. As a result of positive developments on the markets, it was necessary during the first half of 2011 to adjust the risk provision computations relating to residual value and bad debt risk. The positive effect of these adjustments amounting to euro 524 million was recognised in cost of sales.

2 — Consolidated companies

The BMW Group Financial Statements for the third quarter 2011 include, besides BMW AG, 26 German and 163 foreign subsidiaries. This includes six special purpose securities funds and 19 special purpose trusts, almost all of which are used for asset backed financing.

ING Car Lease International B.V., Amsterdam, ING Car Lease (Nederland) B.V., Breda, Noord Lease B.V., Groningen, ING Car Lease Polska Sp. z o.o., Warsaw, ING Car Lease España S.A.U., Madrid, ING Car Lease Belgium Long Term Rental N.V., Aartselaar, ING Car Lease Belgium Short Term Rental N.V., Aartselaar, ING Car Lease France S.N.C., Paris, ETS Garcia S.A., Paris, Société Nouvelle WATT Automobiles SARL, Paris, ING Car Lease Luxembourg S.A., Luxembourg, ING Car Lease UK Limited, Glasgow, and ING Car Lease Italia S.p.A., Rome, were all consolidated for the first time in the third quarter 2011.

Also in the third quarter 2011, BMW Vertriebs GmbH & Co. oHG, Dingolfing, was automatically merged with BMW Leasing GmbH, Munich, by dint of law. With retrospective effect from 1 January 2011 BMW Leasing GmbH, Munich, was then merged with BMW Bank GmbH, Munich. As a result, BMW Leasing GmbH, Munich, and BMW Vertriebs GmbH & Co. oHG, Dingolfing, ceased to be consolidated entities.

BMW Bank OOO, Moscow, BMW Automotive Finance (China) Co., Ltd., Beijing, BMW Consolidation Services Co., LLC, Wilmington, DE, BMW Asia Pacific Capital Pte Ltd., Singapore, ING Car Lease International B.V., Amsterdam, ING Car Lease (Nederland) B.V., Breda, Noord Lease B.V., Groningen, ING Car Lease Polska Sp. z o.o., Warsaw, ING Car Lease España S.A.U., Madrid, ING Car Lease Belgium Long Term Rental N.V., Aartselaar, ING Car Lease Belgium Short Term Rental N.V., Aartselaar, ING Car Lease France S.N.C., Paris, ETS Garcia S.A., Paris, Société Nouvelle WATT Automobiles SARL, Paris, ING Car Lease Luxembourg S.A., Luxembourg, ING Car Lease UK Limited, Glasgow, and ING Car Lease Italia S.p.A., Rome, were all consolidated for the first time in the nine-month period ended 30 September 2011.

Bürohaus Petuelring GmbH & Co. Vermietungs KG, Munich, BMW Leasing GmbH, Munich, BMW Vertriebs GmbH & Co. oHG, Dingolfing, and BMW Maschinenfabrik Spandau GmbH, Berlin, ceased to be consolidated entities in the nine-month period ended 30 September 2011.

Compared to the corresponding period last year, 19 subsidiaries and two special purpose trusts have been consolidated for the first time. Five subsidiaries and six special purpose trusts ceased to be consolidated companies.

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

3 — Business acquisitions

With effect from 30 September 2011, the BMW Group acquired a total of 15 entities by way of a share deal. All of the acquired entities operate in the car leasing business within the European region. This acquisition expands the BMW Group's international customer base and its portfolio of products and services in field of fleet management. BMW France S.A., Montigny-le-Bretonneux, acquired 100% of the shares of ING Car Lease France S.N.C., Paris, and of ETS Garcia S.A., Paris. As a result of the acquisition of ETS Garcia S.A., Paris, all of the shares of Société Nouvelle WATT Automobiles SARL, Paris, are now held indirectly by BMW France S.A., Montigny-le-Bretonneux.

BMW Österreich Holding GmbH, Steyr, acquired 100% of the shares of ING Car Lease Polska Sp. z o.o., Warsaw, ING Car Lease Belgium Long Term Rental N.V., Aartselaar, ING Car Lease Belgium Short Term Rental N.V., Aartselaar, and ING Car Lease España S.A.U., Madrid. As a result of the acquisition of ING Car Lease Belgium Short Term Rental N.V., Aartselaar, and ING Car Lease Belgium Long Term Rental N.V., Aartselaar, all of the shares of ING Car Lease Luxembourg S.A., Luxembourg are also now held indirectly by BMW Österreich Holding GmbH, Steyr. Similarly, as a result of the acquisition of ING Car Lease España S.A.U., Madrid, it now also indirectly holds 20% of the shares of Autopark Renting de Vehículos S.A., Madrid, and 47.5% of the shares of U.T.E. Universal Lease – Carsan – Bujarkay Ley, Seville.

BMW Holding B.V., The Hague, acquired 100% of the shares of ING Car Lease (Nederland) B.V., Breda, ING Car Lease International B.V., Amsterdam, Noord Lease B.V., Groningen, ING Car Lease Italia S.p.A., Rome, and ING Car Lease UK Limited, Glasgow.

With the exception of the entities in which the Group only has non-controlling interests, all of the entities acquired are fully consolidated as at 30 September 2011. The entities in which the Group only has non-controlling interests are not material for the BMW Group and are measured at cost in the consolidated balance sheet.

Since the closing process and purchase price allocation have not yet been definitively completed, the amounts attributed to assets and liabilities acquired are still provisional. The following fair values have been included in the quarterly financial statements on this basis at 30 September 2011:

in euro million	Fair value
Assets	
Intangible assets and property, plant and equipment	104
Leased products	3,620
Sundry assets	440
Liabilities	
Financial liabilities	3,181
Sundry liabilities	495
Net assets acquired	**488**
Acquisition cost	**696**
Goodwill	**208**

Goodwill is recognised for the full amount within the Financial Services segment.

Customer relationships were recognised as intangible assets and the contract portfolio acquired was included in leased products at their fair value.

The remainder of the surplus (euro 208 million) of the acquisition cost over the fair value of the identifiable net assets acquired is largely attributable to potential synergy benefits which will arise from the future growth of the group's fleet business.

In the first nine months of 2011, the acquired entities generated revenues of euro 1,549 million and a profit after tax is expected to amount to euro 61 million.

4 — New financial reporting rules

(a) Financial reporting rules applied for the first time in the third quarter 2011

No new Standards, Revised Standards, Amendments and Interpretations issued by the IASB were applied for the first time in the third quarter 2011.

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

The following Standards, Revised Standards and Amendments issued by the IASB during previous accounting periods, were not mandatory for the period under report and were not applied in the third quarter 2011:

Standard		Date of issue by IASB	Mandatory from	Endorsed by the EU	Expected impact on BMW Group
IFRS 1	Amendments with Respect to Fixed Transition Dates and Severe Inflation	20.12.2010	1.1.2012	No	None
IFRS 7	Financial Instruments: Disclosures	7.10.2010	1.1.2012	No	Insignificant
IFRS 9	Financial Instruments	12.11.2009/ 28.10.2010	1.1.2013	No	Significant in principle: Classification and measurement of financial assets could change. Insignificant: Accounting for financial liabilities
IFRS 10	Consolidated Financial Statements	12.5.2011	1.1.2013	No	Significant in principle: Possible changes in group reporting entity.
IFRS 11	Joint Arrangements	12.5.2011	1.1.2013	No	Significant in principle: Possible changes in classification of joint arrangements.
IFRS 12	Disclosure of Interests in Other Entities	12.5.2011	1.1.2013	No	Significant in principle: Possible requirement for extended disclosures in notes to the consolidated financial statements.
IFRS 13	Fair Value Measurement	12.5.2011	1.1.2013	No	Significant in principle: Possible changes in fair value measurement.
IAS 1	Changes to Presentation of Items in Other Comprehensive Income (OCI)	16.6.2011	1.7.2012	No	Significant in principle: Possible changes of items in OCI.
IAS 12	Recovery of Underlying Assets	20.12.2010	1.1.2012	No	Insignificant
IAS 19	Changes in Accounting for Employee Benefits, in particular for Termination Benefits and Pensions	16.6.2011	1.1.2013	No	Significant in principle: Possible changes in accounting for defined benefit obligations and termination benefits.
IAS 27	Separate Financial Statements	12.5.2011	1.1.2013	No	None
IAS 28	Investments in Associates and Joint Ventures	12.5.2011	1.1.2013	No	None

5 — Revenues

Revenues by activity comprise the following:

in euro million	**3rd quarter 2011**	3rd quarter 2010	**1 January to 30 September 2011**	1 January to 30 September 2010
Sales of products and related goods	**12,519**	11,851	**38,585**	32,005
Income from lease instalments	**1,331**	1,390	**3,983**	3,852
Sale of products previously leased to customers	**1,563**	1,592	**4,584**	4,698
Interest income on loan financing	**708**	680	**2,053**	1,948
Other income	**426**	427	**1,267**	1,228
Revenues	**16,547**	**15,940**	**50,472**	**43,731**

An analysis of revenues by business segment is shown in the segment information on pages 48 et seq.

6 — Cost of sales

Cost of sales in the third quarter include euro 3,500 million (2010: euro 3,627 million) relating to financial services business. For the period from 1 January to 30 September 2011, euro 9,950 million (2010: euro 10,630 million) relates to financial services business.

Third-quarter cost of sales include research and development costs of euro 864 million (2010: euro 777 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 308 million (2010: euro 311 million). Research and development costs for the first nine months amounted to euro 2,579 million (2010: euro 2,201 million). This includes amortisation on capitalised development costs of euro 902 million (2010: euro 951 million).

7 — Sales and administrative costs

Third quarter and nine-month sales costs amounted to euro 1,095 million (2010: euro 1,009 million) and euro 3,192 million (2010: euro 2,914 million) respectively. Sales costs comprise mainly marketing, advertising and sales personnel costs.

Administrative costs in the third quarter and first nine months amounted to euro 407 million (2010: euro 346 million) and euro 1,160 million (2010: euro 1,082 million) respectively and comprise expenses for administration not attributable to development, production or sales functions.

8 — Other operating income and expenses

Other operating income in the third quarter and nine-month period amounted to euro 221 million (2010: euro 200 million) and to euro 540 million (2010: euro 573 million) respectively. Other operating expenses totalled euro 383 million (2010: euro 303 million) in the third quarter and euro 780 million (2010: euro 818 million) for the first three quarters. These items principally include exchange gains and losses, gains and losses on the disposal of assets, write-downs and income/expense from the reversal of, and allocation to, provisions.

9 — Result from equity accounted investments

The positive result from equity accounted investments in the third quarter was euro 44 million (2010: euro 36 million). The equivalent figure for the first nine months of the year was euro 124 million (2010: euro 47 million). The result from equity accounted investments includes the results from the BMW Group's interests in the joint ventures BMW Brilliance Automotive Ltd., Shenyang, SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, SGL Automotive Carbon Fibers LLC, Dover, DE, and from the participation in Cirquent GmbH, Munich. It also includes for the first time the results of the joint ventures DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich, both of which were founded in 2011.

10 — Net interest result

in euro million	**3rd quarter 2011**	3rd quarter 2010	**1 January to 30 September 2011**	1 January to 30 September 2010
Interest and similar income	**201**	187	**560**	477
Interest and similar expenses	**–181**	–214	**–585**	–650
Net interest result	**20**	**–27**	**–25**	**–173**

11 — Other financial result

in euro million	**3rd quarter 2011**	3rd quarter 2010	**1 January to 30 September 2011**	1 January to 30 September 2010
Result on investments	**–1**	–	**1**	–90
Sundry other financial result	**–135**	158	**–414**	24
Other financial result	**–136**	**158**	**–413**	**–66**

12 — Income taxes

Taxes on income comprise the following:

in euro million	**3rd quarter 2011**	3rd quarter 2010	**1 January to 30 September 2011**	1 January to 30 September 2010
Current tax expense	**287**	275	**1,114**	651
Deferred tax expense	**275**	210	**943**	483
Income taxes	**562**	**485**	**2,057**	**1,134**

The effective tax rate for the nine-month period to 30 September 2011 was 33.4% (2010: 35.8%).

13 — Earnings per share

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

		3rd quarter 2011	3rd quarter 2010	**1 January to 30 September 2011**	1 January to 30 September 2010
Profit attributable to the shareholders	euro million	**1,076.4**	871.0	**4,084.3**	2,025.1
Profit attributable to common stock	euro million (rounded)	**989.1**	800.9	**3,752.4**	1,861.6
Profit attributable to preferred stock	euro million (rounded)	**87.3**	70.1	**331.9**	163.5
Average number of common stock shares in circulation	number	**601,995,196**	601,995,196	**601,995,196**	601,995,196
Average number of preferred stock shares in circulation	number	**53,163,412**	52,665,362	**53,163,412**	52,665,362
Earnings per share of common stock	euro	**1.64**	1.33	**6.23**	3.09
Earnings per share of preferred stock	euro	**1.64**	1.33	**6.24**	3.10

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. As in the previous year, diluted earnings per share correspond to undiluted earnings per share.

14 — Disclosures relating to the statement of total comprehensive income

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

in euro million	**3rd quarter 2011**	3rd quarter 2010	**1 January to 30 September 2011**	1 January to 30 September 2010
Available-for-sale securities				
Gains/losses in the period	**4**	14	**–2**	36
Amounts reclassified to income statement	**–**	–6	**7**	–2
	4	**8**	**5**	**34**
Financial instruments used for hedging purposes				
Gains/losses in the period	**–1,125**	1,704	**149**	–129
Amounts reclassified to income statement	**–62**	81	**–174**	273
	–1,187	**1,785**	**–25**	**144**
Exchange differences on translating foreign operations	**330**	–450	**–190**	423
Actuarial gains/losses relating to defined benefit pension and similar plans	**–436**	–218	**–175**	–882
Deferred taxes relating to components of other comprehensive income	**545**	–495	**50**	253
Post-tax income and expenses recognised directly in equity on investments accounted for using the equity method*	**–22**	–	**–8**	–
Other comprehensive income for the period after tax	**–766**	**630**	**–343**	**–28**

* Income and expenses recognised directly in equity (net of tax) on investments accounted for using the equity method are presented separately in order to improve transparency. Prior year amounts have not been restated on the grounds of immateriality.

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

in euro million	**3rd quarter 2011**			3rd quarter 2010		
	Before tax	Deferred taxes	After tax	Before tax	Deferred taxes	After tax
Available-for-sale securities	**4**	**–1**	**3**	8	–2	6
Financial instruments used for hedging purposes	**–1,187**	**431**	**–756**	1,785	–544	1,241
Exchange differences on translating foreign operations	**330**	**–**	**330**	–450	–	–450
Actuarial gains/losses relating to defined benefit pension and similar plans	**–436**	**115**	**–321**	–218	51	–167
Income and expenses recognised directly in equity on investments accounted for using the equity method*	**–39**	**17**	**–22**	–	–	–
Other comprehensive income	**–1,328**	**562**	**–766**	**1,125**	**–495**	**630**

* Income and expenses recognised directly in equity on investments accounted for using the equity method are presented separately in order to improve transparency. Prior year amounts have not been restated on the grounds of immateriality.

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

in euro million	**1 January to 30 September 2011**			1 January to 30 September 2010		
	Before tax	Deferred taxes	After tax	Before tax	Deferred taxes	After tax
Available-for-sale securities	**5**	**–1**	**4**	34	–10	24
Financial instruments used for hedging purposes	**–25**	**18**	**–7**	144	12	156
Exchange differences on translating foreign operations	**–190**	**–**	**–190**	423	–	423
Actuarial gains/losses relating to defined benefit pension and similar plans	**–175**	**33**	**–142**	–882	251	–631
Income and expenses recognised directly in equity on investments accounted for using the equity method*	**–15**	**7**	**–8**	–	–	–
Other comprehensive income	**–400**	**57**	**–343**	**–281**	**253**	**–28**

* Income and expenses recognised directly in equity on investments accounted for using the equity method are presented separately in order to improve transparency. Prior year amounts have not been restated on the grounds of immateriality.

15 — Intangible assets

Intangible assets mainly comprise capitalised development costs on vehicle and engine projects as well as subsidies for tool costs, licences, purchased development projects and software. Capitalised development costs at 30 September 2011 amounted to euro 4,346 million (31 December 2010: euro 4,625 million). Additions to development costs in the first nine months of 2011 totalled euro 623 million (2010: euro 664 million). The amortisation expense for the nine-month period amounted to euro 902 million (2010: euro 951 million).

In addition, intangible assets include a brand-name right amounting to euro 41 million (31 December 2010: euro 41 million) and goodwill amounting to euro 319 million (31 December 2010: euro 111 million), both of which have an indefinite useful life. This 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 and on business acquisitions during the third quarter 2011. The entities acquired, which are listed on page 36 et seq. increased goodwill by euro 208 million. 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.

16 — Property, plant and equipment

Capital expenditure for property, plant and equipment in the first nine months of 2011 was euro 1,172 million (2010: euro 1,162 million). The depreciation expense for the same period amounted to euro 1,684 million (2010: euro 1,713 million).

17 — Leased products

Additions to leased products and depreciation thereon for the nine-month period amounted to euro 7,087 million (2010: euro 6,979 million) and euro 1,702 million (2010: euro 2,281 million) respectively. Leased products went up by euro 3,620 million as a result of the acquisition of entities during the third quarter 2011. Disposals during the nine-month period amounted to euro 5,282 million (2010: euro 5,904 million). The translation of foreign currency financial statements resulted in a net negative translation difference of euro 110 million (2010: net positive translation difference of euro 517 million).

18 — 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, SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, SGL Automotive Carbon Fibers LLC, Dover, DE, DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich (all joint ventures) and in Cirquent GmbH, Munich.

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

19 — Receivables from sales financing

Receivables from sales financing totalling euro 46,851 million (31 December 2010: euro 45,365 million) relate to credit financing for retail customers and dealers and to finance leases.

Receivables from sales financing include euro 28,731 million (31 December 2010: euro 27,126 million) with a remaining term of more than one year.

20 — Financial assets

Financial assets comprise:

in euro million	30.9.2011	31.12.2010
Derivative instruments	**2,772**	2,781
Marketable securities and investment funds	**2,361**	1,566
Loans to third parties	**21**	58
Credit card receivables	**237**	262
Other	**432**	462
Financial assets	**5,823**	**5,129**
thereof non-current	**1,847**	1,867
thereof current	**3,976**	3,262

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. Observable financial market price spreads (e.g. for liquidity risks) are now taken into account in the measurement of derivative financial instruments, thus helping to minimise differences between the carrying amounts of the instruments and the amounts that can be realised on the financial markets on the disposal of those instruments.

21 — Income tax assets

Income tax assets can be analysed as follows:

30 September 2011 in euro million	Maturity within one year	Maturity later than one year	**Total**
Deferred tax	–	1,555	**1,555**
Current tax	469	736	**1,205**
Income tax assets	**469**	**2,291**	**2,760**

31 December 2010 in euro million	Maturity within one year	Maturity later than one year	**Total**
Deferred tax	–	1,393	**1,393**
Current tax	302	864	**1,166**
Income tax assets	**302**	**2,257**	**2,559**

22 — Other assets

in euro million	30.9.2011	31.12.2010
Other taxes	**530**	564
Receivables from subsidiaries	**619**	688
Receivables from other companies in which an investment is held	**309**	258
Prepayments	**869**	847
Collateral receivables	**272**	474
Sundry other assets	**916**	818
Other assets	**3,515**	**3,649**
thereof non-current	**483**	692
thereof current	**3,032**	2,957

23 — Inventories

Inventories comprise the following:

in euro million	30.9.2011	31.12.2010
Raw materials and supplies	**807**	663
Work in progress, unbilled contracts	**890**	683
Finished goods and goods for resale	**8,512**	6,420
Inventories	**10,209**	**7,766**

24 — Equity

The Group Statement of Changes in Equity is shown on page 34.

Number of shares issued

At 30 September 2011 common stock issued by BMW AG was divided into 601,995,196 shares with a par value of one euro, unchanged from 31 December 2010. Preferred stock issued by BMW AG was divided into 53,163,412 shares with a par value of one euro, also unchanged from 31 December 2010. 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.

The shareholders have passed a resolution at the Annual General Meeting authorising the Board of Management, with the approval of the Supervisory Board, to increase the Company's share capital by up to euro 5 million prior to 13 May 2014 in return for cash contributions and the issue of new non-voting preferred stock. Based on this authorisation, 967,250 shares of preferred stock have been issued to employees up to the reporting date. Authorised Capital therefore stands at euro 4 million at 30 September 2011. The BMW Group did not hold any treasury shares at that date.

The effect of applying IFRS 2 (Share-Based Payments) 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 financial instruments and marketable 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 55 million (31 December 2010: euro 26 million). This includes a minority interest of euro 19 million in the results for the period (31 December 2010: euro 16 million).

25 — Other provisions

Other provisions, at euro 5,908 million (31 December 2010: euro 5,547 million) primarily include personnel-related obligations and obligations for ongoing operational expenses.

Current other provisions at 30 September 2011 amounted to euro 3,125 million (31 December 2010: euro 2,826 million).

26 — Income tax liabilities

30 September 2011 in euro million	Maturity within one year	Maturity later than one year	**Total**
Deferred tax	–	4,084	**4,084**
Current tax	359	555	**914**
Income tax liabilities	**359**	**4,639**	**4,998**

31 December 2010 in euro million	Maturity within one year	Maturity later than one year	**Total**
Deferred tax	–	2,933	**2,933**
Current tax	649	549	**1,198**
Income tax liabilities	**649**	**3,482**	**4,131**

Current tax liabilities of euro 914 million (31 December 2010: euro 1,198 million) comprise euro 163 million (31 December 2010: euro 189 million) for taxes payable and euro 751 million (31 December 2010: euro 1,009 million) for tax provisions.

27 — Financial liabilities

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

in euro million	**30. 9. 2011**	31. 12. 2010
Bonds	**28,308**	27,568
Liabilities to banks	**8,525**	7,740
Liabilities from customer deposits (banking)	**11,033**	10,689
Commercial paper	**5,587**	5,242
Asset backed financing transactions	**7,813**	7,506
Derivative instruments	**1,690**	2,010
Other	**1,587**	1,598
Financial liabilities	**64,543**	**62,353**
thereof non-current	**37,267**	35,833
thereof current	**27,276**	26,520

Information on the measurement of derivative instruments is provided in note 20.

28 — Other liabilities

Other liabilities comprise the following items:

in euro million	30.9.2011	31.12.2010
Other taxes	**572**	560
Social security	**64**	64
Advance payments from customers	**835**	773
Deposits received	**231**	202
Payables to subsidiaries	**73**	58
Payables to other companies in which an investment is held	**10**	4
Deferred income	**3,827**	3,510
Other	**3,399**	2,651
Other liabilities	**9,011**	**7,822**
thereof non-current	**2,732**	2,583
thereof current	**6,279**	5,239

29 — Related party relationships

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

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

For the third quarter 2011, the disclosure requirements contained in IAS 24 only affect the BMW Group with regard to business relationships with affiliated, non-consolidated subsidiaries, joint ventures and participations 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 2011 amounting to euro 1,227 million (2010: euro 531 million), of which euro 446 million was recorded in the third quarter (2010: euro 217 million). At 30 September 2011, receivables of Group companies from BMW Brilliance Automotive Ltd., Shenyang, amounted to euro 253 million (31 December 2010: euro 260 million). Payables of Group companies to BMW Brilliance Automotive Ltd., Shenyang, at 30 September 2011 amounted to euro 6 million (31 December 2010: euro – million). Group companies received goods and services from BMW Brilliance Automotive Ltd., Shenyang, during the third quarter for an amount of euro 3 million (2010: euro – million). The corresponding figure for the first nine months of 2011 was euro 8 million (2010: euro – million).

All relationships of BMW Group entities with the joint ventures SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, and SGL Automotive Carbon Fibers LLC, Dover, DE, 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 these joint ventures during the first nine months of 2011 amounting to euro 1 million (2010: euro – million), of which euro – million (2010: euro – million) was recorded in the third quarter. At 30 September 2011, receivables totalled euro 49 million (31 December 2010: euro 20 million). Group companies received goods and services from the joint ventures during the nine-month period for an amount of euro 3 million (2010: euro – million), of which euro 1 million (2010: euro – million) was recorded in the third quarter. At 30 September 2011, liabilities of Group companies to the joint ventures totalled euro 1 million (31 December 2010: euro – million).

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

Business transactions between BMW Group entities and 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. Group entities purchased services and goods from Cirquent GmbH, Munich, amounting to euro 19 million (2010: euro 13 million) in the third quarter 2011 and euro 52 million (2010: euro 38 million) for the nine-month period. At 30 September 2011, liabilities of Group companies to Cirquent GmbH, Munich, totalled euro 3 million (31 December 2010: euro 4 million). Group entities had no receivables from Cirquent GmbH, Munich, either at 31 December 2010 or at 30 September 2011.

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 2011. In addition, companies of the DELTON Group acquired vehicles on the basis of arm's length principles from the BMW Group, mostly in the form of leasing contracts. These service and lease contracts, which are not material for the BMW Group, all arise in the normal course of business and are conducted on the basis of arm's length principles.

Susanne Klatten is a shareholder and member of the Supervisory Board of BMW AG and also a shareholder and Deputy Chairman of the Supervisory Board of Altana AG, Wesel. Altana AG, Wesel, acquired vehicles from the BMW Group during the third quarter 2011, mostly in the form of leasing contracts. These contracts are not material for the BMW Group, arise in the course of ordinary activities and are made, without exception, on the basis of arm's length principles.

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

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

30 — Explanatory notes to segment information

For information on the basis used for identifying and assessing the performance of reportable segments along internal management lines, reference is made to the Group Financial Statements of BMW AG for the year ended 31 December 2010. No changes have been made either in the accounting policies applied or in the basis used for identifying reportable segments as compared to 31 December 2010.

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

Segment information by operating segment

in euro million	Automobiles 2011	Automobiles 2010	Motorcycles 2011	Motorcycles 2010
External revenues	**12,382**	11,734	**331**	287
Inter-segment revenues	**2,962**	2,476	**3**	4
Total revenues	**15,344**	**14,210**	**334**	**291**
Segment result	**1,819**	1,152	**–16**	2
Capital expenditure on non-current assets	**875**	730	**16**	17
Depreciation and amortisation on non-current assets	**888**	878	**14**	18

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

Segment information by operating segment

in euro million	Automobiles 2011	Automobiles 2010	Motorcycles 2011	Motorcycles 2010
External revenues	**37,975**	31,391	**1,169**	1,070
Inter-segment revenues	**8,416**	7,160	**12**	11
Total revenues	**46,391**	**38,551**	**1,181**	**1,081**
Segment result	**5,935**	2,760	**62**	88
Capital expenditure on non-current assets	**1,932**	1,953	**41**	33
Depreciation and amortisation on non-current assets	**2,614**	2,686	**45**	55

in euro million	Automobiles 30.9.2011	Automobiles 31.12.2010	Motorcycles 30.9.2011	Motorcycles 31.12.2010
Segment assets	**10,156**	9,665	**396**	402

Financial Services 2011	Financial Services 2010	Other Entities 2011	Other Entities 2010	Reconciliation to Group figures 2011	Reconciliation to Group figures 2010	Group 2011	Group 2010	
3,834	3,918	**–**	1	**–**	–	**16,547**	15,940	External revenues
442	360	**1**	–	**–3,408**	–2,840	**–**	–	Inter-segment revenues
4,276	**4,278**	**1**	**1**	**–3,408**	**–2,840**	**16,547**	**15,940**	**Total revenues**
354	318	**–187**	40	**–326**	–153	**1,644**	1,359	Segment result
3,325	2,782	**–**	–	**–847**	–773	**3,369**	2,756	Capital expenditure on non-current assets
1,221	1,361	**–**	–	**–558**	–476	**1,565**	1,781	Depreciation and amortisation on non-current assets

Financial Services 2011	Financial Services 2010	Other Entities 2011	Other Entities 2010	Reconciliation to Group figures 2011	Reconciliation to Group figures 2010	Group 2011	Group 2010	
11,327	11,269	**1**	1	**–**	–	**50,472**	43,731	External revenues
1,313	1,211	**2**	2	**–9,743**	–8,384	**–**	–	Inter-segment revenues
12,640	**12,480**	**3**	**3**	**–9,743**	**–8,384**	**50,472**	**43,731**	**Total revenues**
1,527	919	**–270**	–33	**–1,094**	–568	**6,160**	3,166	Segment result
9,425	8,695	**1**	–	**–2,447**	–1,838	**8,952**	8,843	Capital expenditure on non-current assets
3,323	3,789	**–**	–	**–1,613**	–1,496	**4,369**	5,034	Depreciation and amortisation on non-current assets

Financial Services 30.9.2011	Financial Services 31.12.2010	Other Entities 30.9.2011	Other Entities 31.12.2010	Reconciliation to Group figures 30.9.2011	Reconciliation to Group figures 31.12.2010	Group 30.9.2011	Group 31.12.2010	
6,610	5,216	**46,987**	44,985	**53,862**	48,599	**118,011**	108,867	Segment assets

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

in euro million	**3rd quarter 2011**	3rd quarter 2010
Reconciliation of segment result		
Total for reportable segments	**1,970**	1,512
Financial result of Automobiles segment and Motorcycles segment	**–75**	131
Elimination of inter-segment items	**–251**	–284
Group profit before tax	**1,644**	**1,359**
Reconciliation of capital expenditure on non-current assets		
Total for reportable segments	**4,216**	3,529
Elimination of inter-segment items	**–847**	–773
Total Group capital expenditure on non-current assets	**3,369**	**2,756**
Reconciliation of depreciation and amortisation on non-current assets		
Total for reportable segments	**2,123**	2,257
Elimination of inter-segment items	**–558**	–476
Total Group depreciation and amortisation on non-current assets	**1,565**	**1,781**

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

in euro million	**1 January to 30 September 2011**	1 January to 30 September 2010
Reconciliation of segment result		
Total for reportable segments	**7,254**	3,734
Financial result of Automobiles segment and Motorcycles segment	**–290**	–322
Elimination of inter-segment items	**–804**	–246
Group profit before tax	**6,160**	**3,166**
Reconciliation of capital expenditure on non-current assets		
Total for reportable segments	**11,399**	10,681
Elimination of inter-segment items	**–2,447**	–1,838
Total Group capital expenditure on non-current assets	**8,952**	**8,843**
Reconciliation of depreciation and amortisation on non-current assets		
Total for reportable segments	**5,982**	6,530
Elimination of inter-segment items	**–1,613**	–1,496
Total Group depreciation and amortisation on non-current assets	**4,369**	**5,034**

in euro million	30.9.2011	31.12.2010
Reconciliation of segment assets		
Total for reportable segments	**64,149**	60,268
Non-operating assets – Other Entities segment	**6,082**	5,414
Operating liabilities – Financial Services segment	**72,779**	68,487
Interest-bearing assets – Automobiles and Motorcycles segments	**33,038**	30,300
Liabilities of Automobiles and Motorcycles segments subject to interest	**19,912**	18,971
Elimination of inter-segment items	**–77,949**	–74,573
Total Group assets	**118,011**	**108,867**

Financial Calendar

Annual Report 2011	13 March 2012
Annual Accounts Press Conference	13 March 2012
Financial Analysts' Meeting	14 March 2012
Quarterly Report to 31 March 2012	3 May 2012
Annual General Meeting	16 May 2012
Quarterly Report to 30 June 2012	1 August 2012
Quarterly Report to 30 September 2012	6 November 2012

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