QUARTERLY REPORT
to 31 March 2011

Q2 — 30 June

Q3 — 30 September

BMW
GROUP

Rolls-Royce
Motor Cars Limited

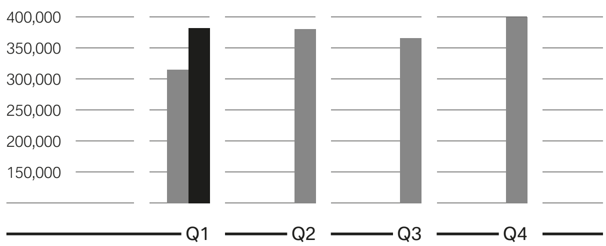
BMW GROUP IN FIGURES

		1st quarter 2011	1st quarter 2010	Change in %
Sales volume – Automobiles				
BMW	units	**321,175**	265,809	20.8
MINI	units	**60,860**	49,526	22.9
Rolls-Royce	units	**723**	279	159.1
Total		**382,758**	**315,614**	**21.3**
Sales volume – Motorcycles				
BMW	units	**23,109**	20,840	10.9
Husqvarna	units	**1,940**	1,639	18.4
Total		**25,049**	**22,479**	**11.4**
Production – Automobiles				
BMW	units	**352,869**	266,799	32.3
MINI	units	**76,684**	52,688	45.5
Rolls-Royce	units	**922**	574	60.6
Total		**430,475**	**320,061**	**34.5**
Production – Motorcycles				
BMW	units	**32,484**	30,222	7.5
Husqvarna	units	**3,117**	1,919	62.4
Total		**35,601**	**32,141**	**10.8**
Workforce at end of quarter				
BMW Group		**96,045**	95,787	0.3
Financial figures				
Operating cash flow	euro million	**2,079**	**297**	**–**
Revenues	euro million	**16,037**	**12,443**	**28.9**
Profit before financial result (EBIT)	euro million	**1,902**	**449**	**–**
Automobiles	euro million	**1,708**	291	–
Motorcycles	euro million	**31**	32	–3.1
Financial Services	euro million	**403**	213	89.2
Other Entities	euro million	**17**	7	–
Eliminations	euro million	**–257**	–94	–
Profit before tax	euro million	**1,812**	**508**	**–**
Automobiles	euro million	**1,605**	220	–
Motorcycles	euro million	**30**	30	–
Financial Services	euro million	**429**	222	93.2
Other Entities	euro million	**–24**	–3	–
Eliminations	euro million	**–228**	39	–
Income taxes	euro million	**–600**	**–184**	**–**
Net profit	euro million	**1,212**	**324**	**–**
Earnings per share*	euro	**1.84/1.84**	**0.49/0.49**	**–/–**

* 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

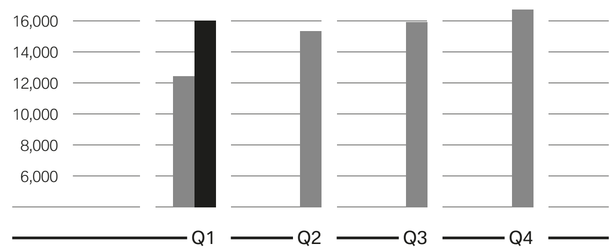
in units



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

Revenues

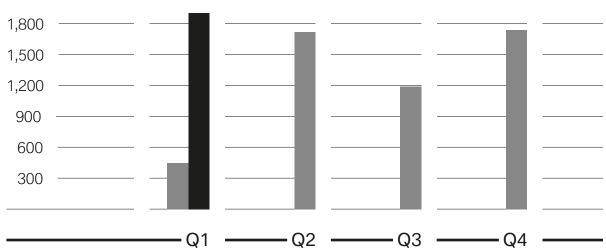
in euro million



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

Profit before financial result

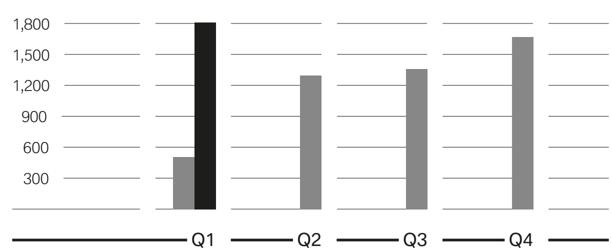
in euro million



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

Profit before tax

in euro million



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

The BMW Group – an Overview

Best first quarter in BMW Group's history
The BMW Group continued to perform extremely well in the first quarter 2011, generating new records for sales volume, revenues and earnings and achieving the best start to a financial year in the Group's history. The good performance was highlighted by broadly based growth across all regions.

All brands reporting sharp volume growth
Both the BMW Group as a whole and each of the three brands, BMW, MINI and Rolls-Royce, posted sales volume records. The number of vehicles sold worldwide during the period from January to March 2011 rose to 382,758 units (+21.3%). First-quarter sales of BMW brand vehicles increased by 20.8% to 321,175 units. This excellent performance was also helped by the success of the new BMW 5 Series which retained its position as world market leader in its class. MINI achieved a sales volume of 60,860 units (+22.9%). The year started particularly well for Rolls-Royce, with 723 units sold worldwide, more than twice as many as in the same period one year earlier (2010: 279 units).

The Motorcycles segment also recorded a strong first-quarter performance, with 25,049 BMW and Husqvarna brand motorcycles sold in total (+11.4%), comprising 23,109 BMW (+10.9%) and 1,940 Husqvarna motorcycles (+18.4%).

The Financial Services segment continued to perform well in the first quarter 2011 and was managing a portfolio of 3,233,567 lease and credit financing contracts with retail customers and dealers worldwide at 31 March 2011, 4.1% more than one year earlier.

Sharp rise in revenues and earnings
The sharp rise in sales also resulted in new first-quarter records for both revenues and earnings. Revenues for the three-month period rose to euro 16,037 million (+28.9%). The profit before financial result (EBIT), at euro 1,902 million, was euro 1,453 million ahead of the previous year's figure (2010: euro 449 million). The first-quarter profit before tax amounted to euro 1,812 million (2010: euro 508 million).

Workforce at previous year's level
The BMW Group employed a worldwide workforce of 96,045 employees at 31 March 2011, marginally more than at the end of the same quarter last year (+0.3%) and at the end of 2010 (+0.6%).

Numerous new models
Following on from the numerous model launches made over the previous year, we will continue with our new product initiative throughout 2011. As part of this initiative, we are currently rejuvenating the BMW 6 Series: the Convertible has been available in Europe and Asia since March and will be launched on the US and other markets at the beginning of May. The 6 Series Coupé will appear in the showrooms in autumn 2011. The new BMW X3, which is currently enjoying a great deal of acclaim in its class, is now available worldwide. The BMW 1 Series M Coupé will be launched in May, followed by the new BMW M5 in autumn. The BMW 1 Series successor generation will go on sale during the second half of the year.

In autumn 2010 the MINI range was expanded to include a fourth model, the MINI Countryman, which is now available on markets worldwide. The MINI Coupé will become the fifth model variant when it is launched in autumn.

The Motorcycle segment's model range has also been expanded. The K 1600 GT and K 1600 GTL models available since March are the first motorcycles to be offered by BMW with six-cylinder engines. The revised R 1200 R model and the entry-level G 650 GS motorcycle have also become available for the first time. Further models will be either introduced or presented to the public over the course of the year. Two new Husqvarna models, the TE 125 and the SMS 125, were launched in the first quarter 2011. These will be followed later in the year by the CR 65 and the Hypermotard.

Automobile markets continue to recover
The upswing on global automobile markets continued at the start of 2011 with an overall first-quarter growth rate of 7%. Demand for premium cars was even greater and grew by some 14%.

The Chinese car market recorded another strong quarter, whereby the growth rate slowed marginally to 22%. The premium segment expanded by 44%, double the rate recorded for the market as a whole.

The demand for cars in the USA also rose sharply during the first three months of the year (+20%), although still some way behind pre-crisis levels.

European car markets continued to develop diversely during the period under report. After experiencing a slump in the previous year following the expiry of the scrappage bonus programme, the German market returned to growth at the beginning of 2011 with an increase of 14%. The French market also grew, albeit at a much slower rate than Germany. The car markets in Great Britain, Spain and Italy contracted further during the quarter, reflecting the somewhat later ending of the scrappage bonus programmes in those countries. While demand in Great Britain dropped overall by about 9%, the Italian and Spanish markets suffered decreases of approximately 25%. Altogether, Europe's car markets were slightly down on the previous year. This contrasts with the premium segment for which an increase of 11% was recorded.

Demand for cars in Japan fell again in the first quarter 2011, partly reflecting the expiry of the subsidy programme at the end of the previous year. First-quarter sales decreased by approximately 24%, with the March drop even more pronounced as a result of the earthquake.

Car sales remained strong on most of the world's emerging markets. The Indian market grew by 23% and the Brazilian market by approximately 4%. Demand in Russia increased by approximately one half, although still leaving it significantly below the level attained prior to the financial crisis.

Motorcycle markets at previous year's level

Motorcycle markets in the 500 cc plus class maintained the level seen in the previous year, both on a worldwide basis (–0.4%) and in Europe (–0.5%). After three years of significant contraction, a number of markets showed an improvement. The German market expanded by 8.3%. The first quarter also saw a return to growth for the French motorcycle market (+12.7%). By contrast, the markets in Great Britain (–10.7%), Spain (–18.8%) and Italy (–5.7%) all lost ground. Signs of recovery were evident in the USA too, where the market grew by 3.2% in the first quarter. The catastrophe in Japan had a negative impact on motorcycle markets in March, resulting in a first-quarter contraction of 9.3%.

Financial markets remain volatile

International financial markets remained volatile during the first quarter 2011. Concerns about inflation in the euro zone caused the European Central Bank to take the step of announcing an interest rate rise in April 2011. Given that the recovery of the US economy is not yet seen as being of a lasting nature, it seems likely that the US Federal Reserve Bank will continue to pursue its zero-interest-rate policy. Market interest rates have been on the rise since the beginning of the year with a resulting negative impact on refinancing conditions overall.

Thanks to the improved situation on major car markets, the risk of bad debt losses – both in the retail sector and in the area of dealer / importer financing – decreased during the first quarter 2011. Financing conditions remained tense in a number of European markets such as Greece, Portugal and Spain, reflecting the sluggish pace of economic recovery in these countries.

International used car markets continued to stabilise and the sales prices of used cars in the USA recovered further during the first quarter 2011. However, a number of factors – such as rising oil prices – give reason to suppose that markets will remain volatile. The recovery is in full swing in most countries, with only a few southern European markets missing out on these positive developments.

Sharp rise in car sales volume

The positive mood on sales markets in 2010 continued throughout the first three months of 2011. Our young, attractive range of models combined with the strong growth worldwide helped to push first-quarter sales up by 21.3% to 382,758 units.

Growth on nearly all markets

The number of BMW, MINI and Rolls-Royce brand cars sold in Europe rose to 200,088 units, 13.0% more than in the first quarter of the previous year. In Germany sales volume grew by 9.0% with 64,064 units sold. In addition, a significant increase was recorded in Great Britain (+21.7%), where 39,259 units were sold. First-quarter sales were also up in Italy (19,007 units; +8.0%), France (16,422 units; +13.5%) and Spain (10,722 units; +3.3%).

Sales volume figures developed very positively in North America, with a total of 71,257 units (+17.3%) sold during the first quarter 2011. Sales in the USA increased by 18.2% to 65,163 units, making it once again the largest single market for BMW Group cars.

The sales performance in Asia was particularly dynamic, with first-quarter sales jumping by 53.0% to 90,148 units. A sizeable part of this increase was achieved in China where sales rose by 71.6% to 58,706 units (2010: 34,204 units*). In Japan, however, first-quarter sales of 9,688 units were 2.4% down on the previous year owing to the catastrophe.

* prior year's figures adjusted due to regional reclassification

Strong sales volume growth for the BMW brand

As the BMW 1 Series is now coming towards the end of its model life cycle, sales of this model series were, as expected, lower than in the previous year, with 45,075 units handed over to customers worldwide (– 5.9%). The number of BMW 3 Series cars sold during the reporting period also decreased by 4.2% to 87,762 units due to model life-cycle factors. The BMW 6 Series too is nearing the end of its life cycle (789 units; – 41.1%). The new BMW 6 Series Convertible has been on the market since the end of March 2011 and will generate additional momentum.

The new BMW 5 Series was highly successful during the period under report and is the world's market leader in its class. In total, 85,423 units of this model series were sold, more than double the previous year's first-quarter figure (2010: 39,162 units). 14,817 units of the BMW 7 Series were sold in the first three months of 2011 (+4.0%). By contrast, the sales volume figure for the BMW Z4 fell by 30.1% to 4,514 units.

The various models of the BMW X family also performed extremely well during the quarter under report. Sales of the X1 rose steeply by 38.6% to 27,238 units. The BMW X3, the second generation of which came onto the markets in November 2010, had a particularly good quarter, with sales almost doubling to 22,693 units (+94.1%). The BMW X5 confirmed market leadership in its segment with a sales volume of 23,149 units for the quarter (+1.1%). A total of 9,715 customers (– 10.3%) opted for the BMW X6 during the period under report.

Automobiles

		1st quarter 2011	1st quarter 2010	Change in %
Sales volume	units	**382,758**	315,614	21.3
Production	units	**430,475**	320,061	34.5
Revenues	euro million	**14,373**	10,672	34.7
Profit before financial result (EBIT)	euro million	**1,708**	291	–
Profit before tax	euro million	**1,605**	220	–
Workforce at end of quarter		**88,904**	88,901	–

Sales volume of BMW automobiles by model variant
in units

	1st quarter 2011	1st quarter 2010	Change in %
BMW 1 Series			
Three-door	**5,636**	8,468	–33.4
Five-door	**29,096**	27,814	4.6
Coupé	**5,544**	5,742	–3.4
Convertible	**4,799**	5,885	–18.5
	45,075	**47,909**	**–5.9**
BMW 3 Series			
Sedan	**55,505**	57,337	–3.2
Touring	**15,314**	16,616	–7.8
Coupé	**9,618**	9,665	–0.5
Convertible	**7,325**	8,001	–8.4
	87,762	**91,619**	**–4.2**
BMW 5 Series			
Sedan	**64,638**	27,473	135.3
Touring	**14,514**	7,205	101.4
Gran Turismo	**6,271**	4,484	39.9
	85,423	**39,162**	**118.1**
BMW 6 Series			
Coupé	**319**	723	–55.9
Convertible	**470**	617	–23.8
	789	**1,340**	**–41.1**
BMW 7 Series			
	14,817	**14,245**	**4.0**
BMW X1			
	27,238	**19,657**	**38.6**
BMW X3			
	22,693	**11,693**	**94.1**
BMW X5			
	23,149	**22,897**	**1.1**
BMW X6			
	9,715	**10,826**	**–10.3**
BMW Z4			
	4,514	**6,461**	**–30.1**
BMW total	**321,175**	**265,809**	**20.8**

MINI brand sales up

The MINI Countryman has been on the market since September 2010 and again proved highly popular with customers during the first quarter 2011, recording a sales volume of 16,078 units. More than 30,000 units of this model have been handed over to customers since its market launch in autumn 2010. The MINI Convertible achieved first-quarter sales of 6,464 units (+8.6%). Sales of the MINI fell by 10.4% to 32,406 units. Similarly, at 5,912 units (–20.2%) sold, the Clubman was unable to match its previous year's first-quarter performance.

Sales volume of MINI automobiles by model variant
in units

	1st quarter 2011	1st quarter 2010	Change in %
MINI			
One	**9,061**	11,670	–22.4
Cooper	**16,053**	17,149	–6.4
Cooper S	**7,292**	7,349	–0.8
	32,406	**36,168**	**–10.4**
MINI Convertible			
One	**1,154**	205	–
Cooper	**3,242**	3,441	–5.8
Cooper S	**2,068**	2,308	–10.4
	6,464	**5,954**	**8.6**
MINI Clubman			
One	**876**	632	38.6
Cooper	**3,506**	4,831	–27.4
Cooper S	**1,530**	1,941	–21.2
	5,912	**7,404**	**–20.2**
MINI Countryman			
One	**1,297**	–	–
Cooper	**7,364**	–	–
Cooper S	**7,417**	–	–
	16,078	**–**	**–**
MINI total	**60,860**	**49,526**	**22.9**

Highest first-quarter sales figure ever for Rolls-Royce

Sales of Rolls-Royce brand cars more than doubled compared to the previous year with a total of 723 units sold during the period under report (2010: 279 units). The Ghost continues to perform well and has been chosen by almost 3,000 customers since its market launch.

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

	1st quarter 2011	1st quarter 2010	Change in %
Rolls-Royce			
Phantom (including Phantom Extended Wheelbase)	**106**	66	60.6
Coupé (including Drophead Coupé)	**51**	55	–7.3
Ghost	**566**	158	–
Rolls-Royce total	**723**	**279**	**159.1**

Car production volume increased

In response to the high demand, the BMW Group production network again demonstrated its great flexibility during the period under report. The number of BMW, MINI and Rolls-Royce brand cars manufactured in the period from January to March was increased by 34.5% to 430,475 units. The BMW brand accounted for 352,869 units (+32.3%) and the MINI for 76,684 units (+45.5%). A total of 922 Rolls-Royce cars rolled off the production lines at the Goodwood plant (+60.6%).

Substantial revenues and earnings growth for Automobiles segment

The strong segment sales volume performance is reflected in the revenues figure, which rose by more than one third (+34.7%) to euro 14,373 million. First-quarter EBIT improved to euro 1,708 million (2010: euro 291 million), while profit before tax jumped to euro 1,605 million (2010: euro 220 million). The EBIT margin for the segment was therefore 11.9% (2010: 2.7%)

Workforce size in Automobiles segment unchanged

At 31 March 2011, the Automobiles segment's workforce comprised 88,904 employees (2010: 88,901 employees).

Sharp rise in motorcycle sales

In total, 25,049 BMW and Husqvarna brand motorcycles were sold during the first three months of 2011, 11.4% more than in the same period last year, comprising 23,109 BMW brand (+10.9%) and 1,940 Husqvarna brand motorcycles (+18.4%). 17,260 motorcycles were handed over to customers in Europe, 6.5% up overall on the previous year, whereby unit sales developed very differently from one country to the next. We recorded a sharp volume rise in Germany (4,395 units; +36.8%) but decreases for the other main motorcycle markets. Sales were down on the previous year for Spain (1,439 units; –8.3%), Great Britain (1,643 units; –34.3%), Italy (4,432 units; –4.9%) and France (1,913 units; –7.4%). Sales of motorcycles in the USA fell by 4.8% to 2,319 units. The catastrophe in Japan resulted in the first-quarter sales volume dropping by 16.6% to 443 units.

Motorcycle production volume increased

The BMW Group manufactured a total of 35,601 motorcycles during the first quarter 2011, 10.8% more than one year earlier. 32,484 motorcycles (+7.5%) rolled off production lines in Berlin. Following the production start of a new model generation at Husqvarna, the number of Husqvarna brand motorcycles produced was increased to 3,117 units (+62.4%).

Motorcycle segment revenues up on previous year

The sales volume increase achieved by the Motorcycles segment is reflected in a 13.1% increase in revenues (euro 397 million). The segment recorded first-quarter EBIT of euro 31 million (2010: euro 32 million) and profit before tax of euro 30 million (2010: euro 30 million), in both cases therefore similar to the previous year's level. The Motorcycles segment includes the result of the Husqvarna sub-group for the first time.

Workforce size reduced slightly

At the end of the first quarter 2011, the Motorcycles segment had 2,857 employees, slightly fewer (–0.9%) than one year earlier.

Motorcycles

		1st quarter 2011	1st quarter 2010	Change in %
Sales volume	units	**25,049**	22,479	11.4
Production	units	**35,601**	32,141	10.8
Revenues	euro million	**397**	351	13.1
Profit before financial result (EBIT)	euro million	**31**	32	–3.1
Profit before tax	euro million	**30**	30	–
Workforce at end of quarter		**2,857**	2,882	–0.9

Good first-quarter performance by Financial Services segment
The Financial Services segment also made a good start to 2011, recording strong growth, particularly in the areas of leasing and credit financing. The total business volume in balance sheet terms amounted to euro 64,667 million at the end of the quarter and therefore decreased by 2.4% against the previous year, mostly due to exchange rate factors. In total, 3,233,567 lease and financing contracts were in place with dealers and retail customers at 31 March 2011 (+4.1%).

Retail customer business well up on previous year
The Financial Services segment entered into 276,856 new lease and financing contracts worldwide, significantly expanding business with retail customers (+13.8%). Strong growth was achieved with both lease business (+19.3%) and credit financing business (+11.5%) compared to the previous year. Leasing accounted for 30.3% of total new business and credit financing for 69.7%. The proportion of new BMW Group cars leased or financed by the Financial Services segment in the first quarter was 40.0%, 6.8 percentage points lower than in the corresponding period last year. The reduction is attributable 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, the number of new contracts signed for BMW and MINI brand cars increased to 80,158 contracts (+3.1%) during the first three months of 2011.

The total volume of new financing and leasing contracts with retail customers amounted to euro 7,374 million during the first quarter 2011, a 24.7% rise compared to the previous year.

The sharp increase in new retail customer business was also reflected in the overall size of the contract portfolio. In total, 2,968,069 retail customer contracts were in place at the end of the reporting period (+3.8%), with all regions contributing to the growth. The contract portfolio for the European markets grew by 2.1% and by 5.4% for the Americas region, while the Asia/Oceania/Africa region recorded the highest growth rate at 6.7%.

Fleet business realigned, strong growth for multi-brand financing
The Financial Services segment's fleet management line of business offers lease and financing arrangements as well as other services to commercial customers under the

Financial Services

		1st quarter 2011	1st quarter 2010	Change in %
New contracts with retail customers		**276,856**	243,343	13.8
Revenues	euro million	**4,183**	4,004	4.5
Profit before financial result (EBIT)	euro million	**403**	213	89.2
Profit before tax	euro million	**429**	222	93.2
Workforce at end of quarter		**4,167**	3,893	7.0

		31.3.2011	31.12.2010	Change in %
Business volume in balance sheet terms*	euro million	**64,667**	66,233	–2.4

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

brand name "Alphabet". The fleet contract portfolio decreased by 9.1% to 294,510 contracts at the reporting date, hiding the fact that the number of financing contracts actually increased. The number of service contracts without a financing component was further reduced.

The multi-brand financing line of business continued to make very good progress in the first quarter 2011, with 33,492 new contracts signed (+16.5%).

Dealer financing above previous year's level

The Financial Services segment is also a strong, reliable partner for the dealer organisation, providing a range of specific products to dealers including financing dealership car inventories, real estate and equipment. The total volume of dealer financing contracts managed by the Financial Services segment at the end of the first quarter 2011 stood at euro 10,149 million, 5.3% higher than one year earlier.

Sharp rise in deposit business

The managed volume worldwide at the end of the first quarter 2011 stood at euro 10,956 million, 13.8% higher than at the same date last year. The number of securities custodian accounts under management decreased to 23,130 accounts at 31 March 2011 (–6.6%).

Strategic expansion of insurance business continued

The Financial Services segment recorded further strong growth in its insurance line of business. In total, 189,624 new contracts were signed during the first quarter 2011, an increase of 32.8% over the same period one year earlier. At 31 March 2011 the segment was managing a portfolio of 1,618,045 insurance contracts (+15.0%).

Financial Services segment earnings on record level in the first quarter

The strong performance of the Financial Services segment is also reflected very clearly in earnings. Thanks to a much improved risk profile as well as favourable refinancing conditions, first-quarter EBIT rose sharply to euro 403 million (+89.2%), while profit before tax for the same period improved to euro 429 million (93.2%).

Increase in workforce

The Financial Services segment had a workforce of 4,167 employees at 31 March 2011, 7.0% more than one year earlier.

BMW stock in the first quarter 2011

Stock markets started the year extremely well, bolstered by positive economic data and strong corporate earnings. The German stock index (DAX) reached a three-year high of 7,442.82 points in February, before tumbling back to 6,483.39 points in mid-March in the wake of the catastrophe in Japan. After another strong spurt, the DAX finished the first quarter at 7,041.31 points, 1.8% higher than on the last trading day in 2010.

German automobile stocks were also negatively impacted by events in Japan. Stocks came under pressure in March, primarily reflecting concerns of possible interruptions to production in the event that supplies failed to come through from Japan. In the end, the Prime Automobile sector index closed at 833.84 points, 1.8% lower than at the end of the previous financial year.

BMW common stock was not fully immune to these developments during the first quarter 2011. After its extremely good performance in 2010, it finished the quarter at euro 58.75, thus maintaining its year-end level (−0.2%). BMW preferred stock performed somewhat better, closing 3.9% higher at euro 40.01.

The US dollar lost significant ground against the euro during the period under report, finishing the quarter at US dollar 1.42 to the euro. The US currency has therefore lost 5.6% in value since the beginning of the year.

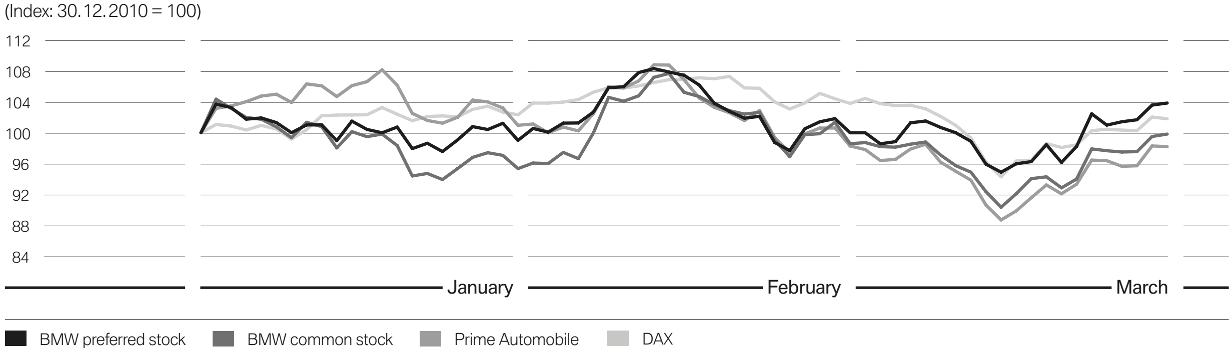
Refinancing remains successful

Thanks to its good creditworthiness, the BMW Group was able to call on a broad-based and finely-tuned range of instruments to refinance its operations. Funds raised are primarily used to finance the Group's Financial Services business.

International capital markets serving companies with good levels of creditworthiness were stable during the first quarter 2011. Refinancing conditions were at an attractive level for the BMW Group.

During the period under report, the BMW Group issued one euro-benchmark bond for euro 1.25 billion, one bond for Australian dollar 175 million and two bonds for a total of Canadian dollar 575 million. Private placements denominated in various currencies were also carried out for a total amount of approximately euro 650 million. The regular issue of Commercial Paper at attractive conditions adds further stability to the BMW Group's refinancing activities.

Development of BMW stock compared to stock exchange indices
(Index: 30.12.2010 = 100)



Earnings performance

The BMW Group benefitted from the continuing upswing of the global economy and low interest rates on the international capital markets. These conditions, together with its new attractive BMW, MINI and Rolls-Royce model range, enabled the BMW Group to improve earnings further in the first quarter 2011.

Group revenues increased by 28.9% to euro 16,037 million. Adjusted for changes in exchange rates, revenues would have increased by 25.6%. Within Group revenues, external revenues of the Automobiles and Motorcycles segments were 39.7% and 13.0% above those the first quarter 2010 reflecting the stronger sales. External revenues of the Financial Services segment went up by 4.6%. No external revenues were generated with other activities during the quarter.

Group cost of sales increased by 18.3% to euro 12,724 million, rising therefore at a slower rate than revenues. The main contributing factors for this were reduced material costs and lower refinancing costs. The first-quarter gross profit jumped accordingly by 96.6% to euro 3,313 million, with an overall gross profit margin of 20.7% (2010: 13.5%).

The gross profit margin recorded by the Automobiles segment improved by 7.8 percentage points to 20.4% and that of the Motorcycles segment to 18.6% (2010: 17.9%). In the Financial Services segment, it rose from 9.1% to 13.6%.

Research and development costs for the first quarter 2011 increased by 19.9% to euro 813 million and represented 5.1% (2010: 5.4%) of revenues. Research and development costs include amortisation of capitalised development costs amounting to euro 299 million (2010: euro 322 million). Total research and development expenditures for the first quarter 2011 amounted to euro 664 million (2010: euro 585 million). This figure comprises research costs, development costs not recognised as assets and capitalised development costs. The research and development expenditure ratio was 4.1% (2010: 4.7%). The proportion of development costs recognised in the quarter under report was 22.6% (2010: 39.1%).

Sales and administrative costs increased by 14.6% compared to the same period last year and represented 8.7% (2010: 9.7%) of revenues.

Depreciation and amortisation on property, plant and equipment and intangible assets, and included in cost of sales and sales and administrative costs, decreased by 4.5% to euro 888 million (2010: euro 930 million).

The net expense from other operating income and expenses, at euro 21 million, remained roughly at the previous year's level (2010: euro 23 million).

As a result of the strong operating performance described above, the profit before financial result jumped by euro 1,453 million to euro 1,902 million.

The financial result was a net expense of euro 90 million which represented a deterioration of euro 149 million against the corresponding quarter last year. Net interest expense reported as part of the financial result decreased by euro 6 million. Sundry other financial result deteriorated by euro 182 million to become a net expense of euro 116 million, mainly as a result of the negative impact of stand-alone raw material derivatives and fair value losses on stand-alone interest-rate derivatives, the values of which developed negatively due to changed interest rate structures. The result from equity accounted investments improved by euro 27 million.

Taking all these factors into consideration, the profit before tax improved by euro 1,304 million to euro 1,812 million. The pre-tax return on sales was 11.3% (2010: 4.1%). The income tax expense for the quarter increased by euro 416 million, giving an effective tax rate of 33.1% (2010: 36.2%).

The BMW Group therefore reports a first-quarter net profit of euro 1,212 million, an improvement of euro 888 million over the previous year.

Earnings per share of common stock and preferred stock for the first quarter 2011 amounted to euro 1.84 (2010: euro 0.49).

Earnings performance by segment

First-quarter revenues of the Automobiles segment rose by 34.7%. The segment profit before tax, at euro 1,605 million, represented an improvement of euro 1,385 million. The main factors behind the improvement were higher volumes on the one hand (+21.3%) and a significantly improved sales mix by model on the other.

Revenues by segment in the first quarter

in euro million

	External revenues		Inter-segment revenues		Total revenues	
	2011	2010	**2011**	2010	**2011**	2010
Automobiles	**11,898**	8,515	**2,475**	2,157	**14,373**	10,672
Motorcycles	**392**	347	**5**	4	**397**	351
Financial Services	**3,747**	3,581	**436**	423	**4,183**	4,004
Other Entities	**–**	–	**1**	1	**1**	1
Eliminations	**–**	–	**–2,917**	–2,585	**–2,917**	–2,585
Group	**16,037**	12,443	**–**	–	**16,037**	12,443

Revenues of the Motorcycles segment rose by 13.1% in the first quarter 2011, also as a result of volume factors. The profit before tax, at euro 30 million, was at a similar level to the previous year.

First-quarter revenues of the Financial Services segment increased by 4.5% to euro 4,183 million. The profit before tax improved by euro 207 million to euro 429 million due to the lower expense for risk provision in the areas of credit financing and residual values as well as reduced refinancing costs.

The Other Entities segment reported a first-quarter loss before tax of euro 24 million (2010: loss before tax of euro 3 million), with the deterioration primarily attributable to the reduction in other financial result. Inter-segment eliminations in the first quarter had a negative impact of euro 228 million (2010: positive impact of euro 39 million), mainly as a result of the higher volume of new leasing 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 quarters 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 and segments net profit. By contrast, cash flows from investing and financial activities are based on actual payments and receipts.

The cash inflow from operating activities in the first three months of 2011 increased by euro 1,706 million to euro

Profit before tax by segment in the first quarter

in euro million

	2011	2010
Automobiles	**1,605**	220
Motorcycles	**30**	30
Financial Services	**429**	222
Other Entities	**–24**	–3
Eliminations	**–228**	39
Profit before tax	**1,812**	508
Income taxes	**–600**	–184
Net profit	**1,212**	324

3,605 million (2010: euro 1,899 million), mainly reflecting the increase in net profit (up by euro 888 million) and the change in provisions (up by euro 595 million).

The cash outflow for investing activities during the first quarter, at euro 1,925 million, was euro 680 million higher than in the previous year. Capital expenditure on intangible assets and property, plant and equipment was euro 143 million lower. The cash outflow for the net investment in leased products and receivables from sales financing increased by euro 824 million to euro 1,482 million, primarily reflecting the higher level of new business recorded in the Financial Services segment. The change in marketable securities resulted in a euro 9 million decrease in cash outflow. 187.3% (2010: 152.5%) 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 first-quarter coverage of cash inflow from operating activities over cash outflow for investing activities of euro 1,634 million (2010: short-fall of euro 323 million).

Free cash flow of the Automobiles segment was as follows:

in euro million	31.3.2011	31.3.2010
Cash inflow from operating activities	**2,079**	297
Cash outflow for investing activities	**–445**	–620
Net investment in marketable securities (investment (+)/sales (–))	**–10**	17
Free cash flow Automobiles segment	**1,624**	**–306**

The cash flow statement for the Financial Services segment shows a first-quarter short-fall of euro 102 million or 92.6% (2010: coverage of euro 615 million or 192.3%).

Cash inflow from financing activities for the period from January to March 2011 includes inflows of euro 1,585 million from bond issues (2010: euro 4,421 million) and outflows for repayments of euro 1,581 million (2010: euro 928 million). Changes in other financial liabilities and commercial paper resulted in a cash outflow from financing activities.

After adjustment for the effects of exchange-rate fluctuations and changes in the composition of the BMW Group amounting to a net negative amount of euro 127 million (2010: net positive amount of euro 142 million), the various cash flows resulted in a decrease in cash and cash equivalents of euro 301 million (2010: increase of euro 276 million).

Net financial assets of the Automobiles segment comprise the following:

in euro million	31.3.2011	31.12.2010
Cash and cash equivalents	**5,087**	5,585
Marketable securities and investment funds	**1,109**	1,134
Intragroup net financial assets	**7,197**	5,690
Financial assets	**13,393**	**12,409**
Less: external financial liabilities*	**–868**	–1,123
Net financial assets	**12,525**	**11,286**

* excluding derivative financial instruments

Net assets position

The group balance sheet total (total assets/total equity and liabilities) went down by euro 1,238 million or 1.1% compared to 31 December 2010. Adjusted for changes in exchange rates, the balance sheet total would have increased by 1.5%.

The main factors behind the decrease in total assets were receivables from sales financing (– 1.9%), leased products (– 4.2%), other assets (– 12.3%) and property, plant and equipment (– 3.5%). By contrast, inventories increased during the period under report (+ 15.4%). The decrease in total equity and liabilities was due to the lower level of financial liabilities (– 6.3%), other liabilities (– 2.0%) and pension provisions (– 9.3%), partly offset by a 7.1% increase in equity.

Leased products decreased by euro 754 million or 4.2% compared to 31 December 2010 (decrease of 1.8% adjusted for changes in exchange rates).

Receivables from sales financing went down by euro 870 million (– 1.9%). Adjusted for changes in exchange rates, they would have increased by 1.6%.

Compared to 31 December 2010, inventories increased by euro 1,194 million to euro 8,960 million, mainly due to the effect of stocking-up in conjunction with the introduction of new models and the expansion of business operations.

Compared to 31 December 2010, cash and cash equivalents decreased by euro 301 million (– 4.1%) to euro 7,131 million.

Compared to 31 December 2010, Group equity rose by euro 1,646 million (+ 7.1%) to euro 24,746 million. Group equity increased on the one hand due to the net profit for the quarter (+ euro 1,212 million), the fair value measurement of derivative financial instruments (+ euro 1,116 million) and actuarial gains on pension obligations (+ euro 116 million). Further contributing factors to the increase were income and expenses recognised directly in equity on equity accounted investments (+ euro 11 million) and other changes (+ euro 10 million).

Group equity decreased by euro 413 million as a result of translation differences and by euro 5 million as a result of the fair value measurement of marketable securities. Deferred taxes on items recognised directly in equity decreased Group equity by euro 401 million.

The equity ratio of the BMW Group improved overall by 1.8 percentage points to 23.0%. The equity ratio of the Automobiles segment was 42.9% (31 December 2010: 40.9%) and that of the Financial Services segment was 7.4% (31 December 2010: 7.1%).

Pension provisions decreased by 9.3% to euro 1,417 million, mainly as a result of increased interest rates in Germany and the United Kingdom which offset the effect of expected rises in inflation rates.

Other provisions increased by euro 161 million (2.9%) to euro 5,708 million. Within other provisions, provisions for personnel-related expenses went up by euro 164 million and provisions for other obligations by euro 45 million. Provisions for on-going operational expenses decreased by euro 48 million.

Financial liabilities were reduced in the first quarter 2011 by euro 3,954 million or 6.3% (decrease of 4.1% adjusted for changes in exchange rates), reflecting decreases in derivatives (euro 828 million), asset-backed-financing (euro 818 million) and liabilities to banks (euro 663 million).

Trade payables went up by 16.0% to euro 5,049 million. Other liabilities amounted to euro 7,669 million and were thus euro 153 million lower 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 of 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.).

Based on our current assessment of the situation, we do not think it likely that the earthquake in Japan will have a significantly adverse impact on the BMW Group's business performance. However, in view of the uncertainty as to how the crisis will proceed, it is not possible to rule out all risks.

Global upturn continues – risks remain high

The world economy continued to grow strongly at the beginning of 2011. One important factor has been the continuation of highly expansionary monetary policies, particularly those relevant for the three main traditional markets. Although most of the world's emerging markets have seen rises in reference interest rates, it is still true to say that interest rates remain at a very low level. Overall, the world economy is again likely to grow strongly in 2011, albeit at a slightly slower rate than in the previous year and accompanied by noticeably higher inflation rates and significantly higher public sector debt levels. On the assumption that expansionary monetary policies are gradually toned down as the pressure to consolidate national budgets rises, the world economy could find itself exposed to the risk of another economic setback. Political developments in North Africa and the Middle East as well as the impact of the catastrophe in Japan also pose significant risks for the world's economies.

China is likely to remain the driving force of the global economy in 2011. The growth rate for the Chinese economy should only fall just short of the double-digit figure recorded the previous year. Given the sharp rise in inflation and the continued danger of overheating in several sectors of the economy, the Chinese government is now expected to implement additional measures to dampen growth over the course of the year.

The robust growth of the US economy over the previous year is likely to continue at a similar pace in 2011. Although the first three months of the year once again have failed to provide any signs of improvement on the real estate market, the recovery on the job market does seem to be gaining momentum, which could nudge up domestic demand. At the same time, however, sharp rises in sovereign debt will maintain the pressure to consolidate public-sector finances.

The euro zone's performance is being primarily shaped by the robust growth of the German economy. Although momentum is likely to slow down somewhat in Germany over the course of the year, the growth rate for 2011 should still be well above the long-term trend. The contribution from domestic demand, which has been on the weak side so far, is expected to play an increasingly important role. Growth rates of other euro zone countries are again expected to be lower than Germany's in 2011. The French and Italian economies are expected to expand in line with the long-term trend, while Spain is only likely to see a very low rate of growth. By contrast, the economies of both Portugal and Greece are again set to decline.

The forecast slow-down of the Japanese economy is likely to be even more pronounced as a result of the earthquake. Economic growth in the first half of 2011 will be clearly impaired by the impact of the earthquake; however reconstruction in the second half of the year could possibly have a positive effect on the economy. The impact of the earthquake on the global economy is likely to be limited as long as the fallout from the nuclear accident in Japan does not affect other countries.

Most emerging economies are expected to grow at rates similar to those seen in 2010. India is most likely to fall into this category. Brazil will not be able to maintain the previous year's rapid growth rate, whereas the recovery in Russia should benefit from rises in prices for raw materials and energy.

The first three months of 2011 saw a continuation of the upward trend in energy and raw materials prices that has been manifest since the beginning of 2009. Prices of some non-energy raw materials are now well in excess of the high levels recorded prior to the financial crisis. The price of crude oil has also risen sharply to a level in the region of US dollar 120 per barrel. The ongoing global economic upswing, combined with the effects of upheavals in the oil-producing countries of North Africa and the Middle East, could well mean that oil prices remain at a high level for the foreseeable future.

The euro has continued to gain in strength since mid-2010 and has now returned to levels above US dollar 1.40. Compared to the problems currently being experienced in the US economy, the euro confidence crisis on financial markets seems to have faded somewhat into the background. In April the rating agency S & P lowered the outlook for the US economy from stable to negative. For this reason the euro is unlikely to weaken significantly against the US dollar in the foreseeable future. The Japanese yen has lost ground again since the beginning of the year, but remains relatively strong against both the euro and the US dollar. The yen is likely to regain value as soon as Japanese foreign capital is repatriated to Japan in order to finance the reconstruction process. The British pound is set to remain weak against the euro in the foreseeable future due to the below-average performance of the British economy.

Car markets in 2011
Worldwide demand for cars will increase again in 2011 on the back of the global economic upswing, although at a slightly more moderate pace than recorded over the previous year.

The US car market is again expected to grow by approximately one tenth in 2011; even then, however, it will still be significantly down on the long-term average volume measured prior to the financial crisis.

Western Europe will continue to develop differently from one market to the next, with the region as a whole making little overall progress. The national markets will gradually recover from the imbalances caused by scrappage bonus programmes and should be generally less volatile. Demand for passenger cars in Germany is expected to remain robust, whereas the Italian market is more likely to stagnate and the French and Spanish markets to contract.

The expiry of the scrappage bonus programme will definitely result in lower volumes in Japan. The repercussions of the earthquake cannot be predicted at the present moment in time. In the short-term the automobile market is likely to remain subdued, both on the supply and on the demand side, before demand then possibly picks up again with a "catch-up" effect: this is not likely to happen, however, until next year at the earliest.

Demand for passenger cars will probably slow down somewhat in China over the course of the current year. Nevertheless, full-year growth is again expected to be at a double-digit rate. It can also be assumed that the premium vehicle segment will grow substantially faster than the market as a whole. The Indian car market is also expected to expand at a slightly lower pace in 2011 which could, nevertheless, be higher than China's growth rate. The market in Brazil is likely to grow at a low single-digit rate, while Russia will continue to pull itself away from the low levels brought on by the financial crisis and record high growth rates.

Motorcycle markets in 2011
Motorcycle markets worldwide are not expected to do more than move sideways during the remainder of the year. Even though there were some signs of recovery on a few of the markets during the first quarter 2011, there is unlikely to be any significant growth.

Financial Services markets in 2011
Financial services markets also continue to benefit from improved macro-economic conditions. That having been said, however, it is not possible at present to assess the potential negative impact of the severe natural catastrophe in Japan on the one hand and political events in North Africa and the Middle East on the other. It cannot be ruled out that these events could have the effect of further exacerbating fluctuations on international financial markets.

Rising inflationary pressures and positive economic forecasts could bring about an end to the expansionary monetary policies in the euro region and usher in a change in interest rates. This, in turn, could have a positive impact of the euro despite the persisting sovereign debt crisis. This is all the more likely considering that interest rates are not expected to be raised in the USA before 2012.

Based on the general decrease in the number of cars coming out of leases, it is still assumed that North American used car markets will continue to stabilise. The picture in Europe is likely to remain mixed for the time being. Whereas used car markets in southern European countries will continue to be affected by market uncertainty, at least in the short term, the remainder of Europe's markets are likely to remain stable.

BMW Group's outlook for the remainder of 2011
Overall the recovery on international car markets is likely to maintain momentum over the coming quarters. Our strong position on the world's traditional car markets,

coupled with further advances on growth markets, provides the basis for the continued success of the BMW Group. In 2011 we expect to achieve a higher full-year Group profit before tax than in 2010. The political events in North Africa and the Middle East, the repercussions of the catastrophe in Japan and unresolved problems relating to the sovereign debt crisis are all likely to make the situation more volatile for the time being.

The Strategy Number ONE is making an important contribution to the success of the BMW Group. Improvements in both efficiency and profitability give us additional manoeuvring room to invest in groundbreaking technologies for the future.

One good example of this is Efficient Dynamics. The widespread use of this technology package is enabling us to reduce both the fuel consumption and the emissions of combustion engines. Efficient Dynamics combines technological drivetrain-related innovations with lightweight construction, improved aerodynamics and intelligent management of energy flows within the vehicle. Efficient Dynamics is a global strategy across all models. It is incorporated as a standard feature of all the vehicles we produce and therefore impacts the whole model range and the vehicle fleet in its entirety.

Alongside the intelligent use of resources, the BMW Group is focusing on another important aspect of development with its Connected Drive concept. Connected Drive covers all innovative products and technologies which connect car occupants, the vehicle and the outside world with each other. These innovations increase comfort, create new opportunities to provide customers with news and entertainment in the vehicle and, moreover, raise safety standards for all road users.

With a test fleet of over 1,000 vehicles, the BMW ActiveE is being used to research all aspects of electromobility for every-day operation. At the same time, field trials are being expanded to determine the feasibility of producing electric cars on a large-series scale. The BMW ActiveE is also being used to test drive components and energy storage systems at the pre-series stage for the Megacity Vehicle. The knowledge gained from these activities will be subsequently incorporated directly in the series development of the BMW i3 which will be launched on the markets in 2013, as the BMW Group's first series electric vehicle, for use in the world's major metropolitan regions. The BMW i8 will follow later that year. With its plug-in hybrid drive, this vehicle will combine the performance of a sports car with the consumption of a small car.

Automobiles segment

The various new models will provide further momentum to sales volumes over the remainder of the year. Following on from the successful model launches in the previous year, the BMW Group's new product initiative will be continued throughout 2011. The new BMW 6 Series Convertible came onto the markets in Europe and Asia in March and the USA and other markets will follow in May. Customers will be able to acquire the new 6 Series Coupé from autumn 2011 onwards. The new BMW X3 is already on sale worldwide. The BMW 1 Series M Coupé will be launched in May, followed by the new BMW M5 in autumn after its world debut at the IAA. The new generation of the BMW 1 Series will also go on sale from autumn 2011 onwards. The MINI Coupé will become the fifth MINI model variant to join the family.

Due to the timing of launches, sales volumes will grow at a faster pace in the first half of the year than in the second. As long as conditions on international car markets remain stable and the most important markets continue to recover, we forecast new full-year sales volume records for each of our brands and a total sales volume of significantly above 1.5 million BMW, MINI and Rolls-Royce brand cars. We are also aiming to achieve an EBIT margin of over 8% and a ROCE of more than 26% for the Automobiles segment. This forecast is made on the assumption that general economic conditions remain stable, that the climate in the automobile industry does not deteriorate for any reason and that there are no serious economic repercussions as a consequence of the catastrophe in Japan.

Motorcycles segment

Thanks to our attractive range of models, we expect an increase in motorcycle sales in 2011, despite the continuing process of consolidation on the markets.

Financial Services segment

The Financial Services segment has made a successful start to 2011. The BMW Group will endeavour to ensure that business continues to develop positively over the remainder of the year. Although the segment is facing higher refinancing costs resulting from higher interest levels in the future, any negative impact should be offset by higher business volumes achieved through stepping up selling activities on new and existing markets and in new lines of business. A further positive factor is that the segment expects risks relating to the used car business and bad debts to diminish. Taking all of these factors into account, the Financial Services segment is confident that business will proceed positively. At present, it is not possible to assess the negative impact of the catastrophe in Japan and political tension in the Middle East.

Providing the risk profile remains stable, we forecast again to achieve a return on equity of over 18% for the Financial Services segment.

Profitability targets for 2012 remain unchanged

We will continue to implement our Strategy Number ONE in 2011 with great determination. This also includes achieving the profitability targets already announced for the year 2012. We are targeting a ROCE in excess of 26% and an EBIT margin of between 8% and 10% for the Automobiles segment. The Strategy Number ONE is the cornerstone for steering the new strategic course of the BMW Group. Taking a rigorous value-added approach to business will help us to achieve the challenging targets we have set ourselves.

INTERIM GROUP FINANCIAL STATEMENTS

Income Statements for Group and Segments for the period from 1 January to 31 March 2011
Statement of Comprehensive Income for Group for the period from 1 January to 31 March 2011

Income Statement for Group and Segments for the first quarter

in euro million

	Note	Group 2011	Group 2010	Automobiles 2011	Automobiles 2010
Revenues	4	**16,037**	12,443	**14,373**	10,672
Cost of sales	5	**–12,724**	–10,758	**–11,443**	–9,323
Gross profit		**3,313**	**1,685**	**2,930**	**1,349**
Sales and administrative costs	6	**–1,390**	–1,213	**–1,183**	–1,036
Other operating income	7	**200**	265	**127**	208
Other operating expenses	7	**–221**	–288	**–166**	–230
Profit before financial result		**1,902**	**449**	**1,708**	**291**
Result from equity accounted investments	8	**31**	4	**31**	4
Interest and similar income	9	**176**	229	**151**	112
Interest and similar expenses	9	**–181**	–240	**–153**	–222
Other financial result	10	**–116**	66	**–132**	35
Financial result		**–90**	**59**	**–103**	**–71**
Profit before tax		**1,812**	**508**	**1,605**	**220**
Income taxes	11	**–600**	–184	**–522**	–82
Net profit/loss		**1,212**	**324**	**1,083**	**138**
Attributable to minority interest		**8**	1	**7**	1
Attributable to shareholders of BMW AG		**1,204**	**323**	**1,076**	**137**
Earnings per share of common stock in euro	12	**1.84**	0.49		
Earnings per share of preferred stock in euro	12	**1.84**	0.49		
Dilutive effects	12	**–**	–		
Diluted earnings per share of common stock in euro	12	**1.84**	0.49		
Diluted earnings per share of preferred stock in euro	12	**1.84**	0.49		

Statement of Comprehensive Income for Group for the first quarter

in euro million

	Note	2011	2010
Net profit		**1,212**	**324**
Available-for-sale securities		**–5**	17
Financial instruments used for hedging purposes		**1,116**	–533
Exchange differences on translating foreign operations		**–413**	259
Actuarial gains/losses relating to defined benefit pension and similar plans		**116**	–349
Deferred taxes relating to components of other comprehensive income		**–401**	276
Post-tax income and expenses recognised directly in equity on investments accounted for using the equity method*		**11**	–
Other comprehensive income for the period after tax	13	**424**	**–330**
Total comprehensive income		**1,636**	**–6**
Total comprehensive income attributable to minority interests		**8**	3
Total comprehensive income attributable to shareholders of BMW AG		**1,628**	**–9**

* 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	
397	351	**4,183**	4,004	**1**	1	**–2,917**	–2,585	Revenues
–323	–288	**–3,613**	–3,641	**–**	–	**2,655**	2,494	Cost of sales
74	**63**	**570**	**363**	**1**	**1**	**–262**	**–91**	**Gross profit**
–43	–32	**–164**	–139	**–2**	–3	**2**	–3	Sales and administrative costs
–	1	**33**	5	**54**	62	**–14**	–11	Other operating income
–	–	**–36**	–16	**–36**	–53	**17**	11	Other operating expenses
31	**32**	**403**	**213**	**17**	**7**	**–257**	**–94**	**Profit before financial result**
–	–	**–**	–	**–**	–	**–**	–	Result from equity accounted investments
2	1	**1**	–	**410**	418	**–388**	–302	Interest and similar income
–3	–3	**–1**	–	**–441**	–450	**417**	435	Interest and similar expenses
–	–	**26**	9	**–10**	22	**–**	–	Other financial result
–1	**–2**	**26**	**9**	**–41**	**–10**	**29**	**133**	Financial result
30	**30**	**429**	**222**	**–24**	**–3**	**–228**	**39**	**Profit before tax**
–10	–11	**–151**	–79	**4**	1	**79**	–13	Income taxes
20	**19**	**278**	**143**	**–20**	**–2**	**–149**	**26**	**Net profit / loss**
–	–	**1**	–	**–**	–	**–**	–	Attributable to minority interest
20	**19**	**277**	**143**	**–20**	**–2**	**–149**	**26**	**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

Balance Sheets for Group and Segments to 31 March 2011

Assets

	Note	Group		Automobiles	
in euro million		**31.3.2011**	31.12.2010	**31.3.2011**	31.12.2010
Intangible assets	14	**4,861**	5,031	**4,724**	4,892
Property, plant and equipment	15	**11,022**	11,427	**10,818**	11,216
Leased products	16	**17,037**	17,791	**183**	182
Investments accounted for using the equity method	17	**260**	212	**237**	189
Other investments	17	**97**	177	**3,257**	3,263
Receivables from sales financing	18	**26,983**	27,126	**–**	–
Financial assets	19	**1,941**	1,867	**821**	662
Deferred tax	20	**1,339**	1,393	**1,673**	1,888
Other assets	21	**486**	692	**2,393**	2,473
Non-current assets		**64,026**	**65,716**	**24,106**	**24,765**
Inventories	22	**8,960**	7,766	**8,638**	7,468
Trade receivables		**2,627**	2,329	**2,269**	1,983
Receivables from sales financing	18	**17,512**	18,239	**–**	–
Financial assets	19	**3,467**	3,262	**2,247**	1,911
Current tax	20	**1,193**	1,166	**1,062**	1,068
Other assets	21	**2,713**	2,957	**15,992**	15,871
Cash and cash equivalents		**7,131**	7,432	**5,087**	5,585
Current assets		**43,603**	**43,151**	**35,295**	**33,886**
Total assets		**107,629**	**108,867**	**59,401**	**58,651**

Equity and liabilities

	Note	Group		Automobiles	
in euro million		**31.3.2011**	31.12.2010	**31.3.2011**	31.12.2010
Subscribed capital		**655**	655		
Capital reserves		**1,939**	1,939		
Revenue reserves		**24,651**	23,447		
Accumulated other equity		**–2,543**	–2,967		
Equity attributable to shareholders of BMW AG		**24,702**	23,074		
Minority interest		**44**	26		
Equity	23	**24,746**	**23,100**	**25,509**	**23,993**
Pension provisions		**1,417**	1,563	**306**	349
Other provisions	24	**3,090**	2,721	**2,720**	2,348
Deferred tax	25	**3,425**	2,933	**2,206**	1,726
Financial liabilities	26	**34,924**	35,833	**878**	1,164
Other liabilities	27	**2,542**	2,583	**2,325**	2,873
Non-current provisions and liabilities		**45,398**	**45,633**	**8,435**	**8,460**
Other provisions	24	**2,618**	2,826	**2,128**	2,336
Current tax	25	**1,216**	1,198	**1,049**	1,026
Financial liabilities	26	**23,475**	26,520	**479**	961
Trade payables		**5,049**	4,351	**4,418**	3,713
Other liabilities	27	**5,127**	5,239	**17,383**	18,162
Current provisions and liabilities		**37,485**	**40,134**	**25,457**	**26,198**
Total equity and liabilities		**107,629**	**108,867**	**59,401**	**58,651**

Assets

	Motorcycles		Financial Services		Other Entities		Eliminations	
	31.3.2011	31.12.2010	**31.3.2011**	31.12.2010	**31.3.2011**	31.12.2010	**31.3.2011**	31.12.2010
Intangible assets	**43**	42	**94**	97	**–**	–	**–**	–
Property, plant and equipment	**188**	192	**16**	19	**–**	–	**–**	–
Leased products	**–**	–	**20,172**	20,868	**–**	–	**–3,318**	–3,259
Investments accounted for using the equity method	**–**	–	**–**	–	**23**	23	**–**	–
Other investments	**–**	–	**8**	8	**5,137**	5,134	**–8,305**	–8,228
Receivables from sales financing	**–**	–	**26,983**	27,126	**–**	–	**–**	–
Financial assets	**–**	–	**80**	7	**1,556**	1,622	**–516**	–424
Deferred tax	**1**	1	**561**	603	**292**	320	**–1,188**	–1,419
Other assets	**–**	–	**1,102**	1,176	**12,251**	12,538	**–15,260**	–15,495
Non-current assets	**232**	**235**	**49,016**	**49,904**	**19,259**	**19,637**	**–28,587**	**–28,825**
Inventories	**315**	290	**7**	8	**–**	–	**–**	–
Trade receivables	**182**	114	**175**	231	**1**	1	**–**	–
Receivables from sales financing	**–**	–	**17,512**	18,239	**–**	–	**–**	–
Financial assets	**–**	–	**728**	815	**1,040**	854	**–548**	–318
Current tax	**–**	–	**44**	31	**87**	67	**–**	–
Other assets	**53**	44	**3,119**	3,248	**27,884**	29,224	**–44,335**	–45,430
Cash and cash equivalents	**7**	4	**1,543**	1,227	**494**	616	**–**	–
Current assets	**557**	**452**	**23,128**	**23,799**	**29,506**	**30,762**	**–44,883**	**–45,748**
Total assets	**789**	**687**	**72,144**	**73,703**	**48,765**	**50,399**	**–73,470**	**–74,573**

Equity and liabilities

	Motorcycles		Financial Services		Other Entities		Eliminations	
	31.3.2011	31.12.2010	**31.3.2011**	31.12.2010	**31.3.2011**	31.12.2010	**31.3.2011**	31.12.2010
Subscribed capital								
Capital reserves								
Revenue reserves								
Accumulated other equity								
Equity attributable to shareholders of BMW AG								
Minority interest								
Equity	**–**	**–**	**5,341**	**5,216**	**5,400**	**5,261**	**–11,504**	**–11,370**
Pension provisions	**18**	18	**30**	32	**1,063**	1,164	**–**	–
Other provisions	**98**	93	**242**	250	**30**	30	**–**	–
Deferred tax	**2**	2	**3,548**	3,691	**6**	3	**–2,337**	–2,489
Financial liabilities	**–**	–	**11,702**	12,202	**22,860**	22,891	**–516**	–424
Other liabilities	**345**	314	**13,694**	13,619	**22**	22	**–13,844**	–14,245
Non-current provisions and liabilities	**463**	**427**	**29,216**	**29,794**	**23,981**	**24,110**	**–16,697**	**–17,158**
Other provisions	**49**	47	**335**	337	**103**	103	**3**	3
Current tax	**–**	–	**110**	121	**57**	51	**–**	–
Financial liabilities	**–**	–	**13,296**	13,746	**10,248**	12,131	**–548**	–318
Trade payables	**204**	199	**423**	433	**4**	6	**–**	–
Other liabilities	**73**	14	**23,423**	24,056	**8,972**	8,737	**–44,724**	–45,730
Current provisions and liabilities	**326**	**260**	**37,587**	**38,693**	**19,384**	**21,028**	**–45,269**	**–46,045**
Total equity and liabilities	**789**	**687**	**72,144**	**73,703**	**48,765**	**50,399**	**–73,470**	**–74,573**

INTERIM GROUP FINANCIAL STATEMENTS

Cash Flow Statements for Group and Segments for the period from 1 January to 31 March 2011

	Group	
in euro million	**2011**	2010
Net profit	**1,212**	324
Depreciation of leased products	**1,349**	1,233
Depreciation and amortisation of tangible, intangible and investment assets	**888**	930
Change in provisions	**229**	–366
Change in deferred taxes	**269**	138
Changes in working capital	**–979**	–137
Other	**637**	–223
Cash inflow from operating activities	**3,605**	**1,899**
Investment in intangible assets and property, plant and equipment	**–443**	–586
Net investment in leased products and receivables from sales financing	**–1,482**	–658
Other	**–**	–1
Cash outflow from investing activities	**–1,925**	**–1,245**
Cash inflow / outflow from financing activities	**–1,854**	**–520**
Effect of exchange rate and changes in composition of Group on cash and cash equivalents	**–127**	**142**
Change in cash and cash equivalents	**–301**	**276**
Cash and cash equivalents as at 1 January	**7,432**	7,767
Cash and cash equivalents as at 31 March	**7,131**	**8,043**

Automobiles 2011	Automobiles 2010	Financial Services 2011	Financial Services 2010	
1,083	138	**278**	143	Net profit
1	2	**1,132**	1,234	Depreciation of leased products
867	906	**5**	6	Depreciation and amortisation of tangible, intangible and investment assets
216	–375	**–9**	9	Change in provisions
246	71	**92**	32	Change in deferred taxes
–943	–154	**52**	33	Changes in working capital
609	–291	**–265**	–176	Other
2,079	**297**	**1,285**	**1,281**	**Cash inflow from operating activities**
–428	–577	**–1**	–2	Investment in intangible assets and property, plant and equipment
–3	7	**–1,413**	–665	Net investment in leased products and receivables from sales financing
–14	–50	**27**	1	Other
–445	**–620**	**–1,387**	**–666**	**Cash outflow from investing activities**
–2,005	**2,129**	**405**	**–1,896**	**Cash inflow / outflow from financing activities**
–127	**87**	**13**	**38**	**Effect of exchange rate and changes in composition of Group on cash and cash equivalents**
–498	**1,893**	**316**	**–1,243**	**Change in cash and cash equivalents**
5,585	4,331	**1,227**	2,803	Cash and cash equivalents as at 1 January
5,087	**6,224**	**1,543**	**1,560**	**Cash and cash equivalents as at 31 March**

INTERIM GROUP FINANCIAL STATEMENTS

Group Statement of Changes in Equity to 31 March 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**
Comprehensive income											
31 March 2010	–	–	323	257	12	–358	–243	–	–9	3	**–6**
31 March 2010	**655**	**1,921**	**20,749**	**–1,490**	**32**	**–149**	**–1,825**	**–**	**19,893**	**16**	**19,909**
31 December 2010	**655**	**1,939**	**23,447**	**–1,064**	**9**	**–127**	**–1,785**	**–**	**23,074**	**26**	**23,100**
Comprehensive income											
31 March 2011	–	–	1,204	–427	–3	771	83	–	1,628	8	**1,636**
Other changes	–	–	–	–	–	–	–	–	–	10	**10**
31 March 2011	**655**	**1,939**	**24,651**	**–1,491**	**6**	**644**	**–1,702**	**–**	**24,702**	**44**	**24,746**

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 31 March 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 International Financial Reporting Interpretations Committee (IFRIC) which are mandatory at 31 March 2011 have also been applied. The Interim Report also complies with German Accounting Standard No. 16 (GAS 16) – Interim Financial Reporting – issued by the German Accounting Standards Committee e. V. (GASC).

Further information regarding the Group's accounting principles and policies is contained in the Group Financial Statements at 31 December 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 31 March 2011 totalled euro 6.7 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 31 March 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. No adjustments were made in the first quarter 2011 as a result of changed estimates or assumptions.

2 — Consolidated companies

The BMW Group Financial Statements for the first quarter 2011 include, besides BMW AG, 29 German and 150 foreign subsidiaries. This includes six special purpose securities funds and 19 special purpose trusts, almost all of which are used for asset backed financing.

BMW Bank OOO, Moscow, BMW Automotive Finance (China) Co., Ltd., Beijing, BMW Consolidation Services Co., LLC Wilmington, DE, and BMW Asia Pacific Capital Pte Ltd., Singapore, were consolidated for the first time in the first quarter 2011.

With effect from 1 January 2011, Bürohaus Petuelring GmbH & Co. Vermietungs KG, Munich, was automatically merged into Bürohaus Petuelring GmbH, Munich, and therefore ceased to be a consolidated company

Compared to the corresponding period last year, six subsidiaries and two special purpose trusts have been consolidated for the first time. Four 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 — New financial reporting rules

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

The following Standards, revised Standards, Amendments and Interpretations issued by the IASB were applied for the first time in the first quarter 2011:

Standard / Interpretation		Date of mandatory application	Endorsed by EU	Impact on BMW Group
IFRS 1	Exemption from Comparative IFRS 7 Disclosures	1.1.2011	Yes	None
IAS 24	Related Party Disclosures	1.1.2011	Yes	Insignificant
IAS 32	Classification of subscription rights	1.1.2011	Yes	None
	Annual Improvements to IFRS*	1.1.2011	Yes	Insignificant
IFRIC 14	Upfront-payments in conjunction with Minimum Funding Requirements	1.1.2011	Yes	Insignificant
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1.1.2011	Yes	None

* Unless otherwise specified, the amendments are effective for annual periods beginning on or after 1 January 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 first quarter 2011:

Standard / Interpretation		Date of issue by IASB	Date of mandatory application	Endorsed by EU	Expected impact on 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
IAS 12	Recovery of Underlying Assets	20.12.2010	1.1.2012	No	Insignificant

4 — Revenues

Revenues by activity comprise the following:

in euro million	1st quarter 2011	1st quarter 2010
Sales of products and related goods	**12,124**	8,739
Income from lease instalments	**1,336**	1,236
Sale of products previously leased to customers	**1,506**	1,477
Interest income on loan financing	**674**	619
Other income	**397**	372
Revenues	**16,037**	**12,443**

An analysis of revenues by segment is shown in the segment information on pages 40 to 41.

5 — Cost of sales

First-quarter cost of sales include euro 3,396 million (2010: euro 3,588 million) relating to financial services business.

Cost of sales for the three-month period include research and development costs of euro 813 million (2010: euro 678 million), comprising research costs and development costs not recognised as assets as well as amortisation of capitalised development costs amounting to euro 299 million (2010: euro 322 million).

6 — Sales and administrative costs

Sales costs in the first quarter 2011 amounted to euro 1,039 million (2010: euro 893 million) and comprise mainly marketing, advertising and sales personnel costs.

Administrative costs in the first quarter 2011 amounted to euro 351 million (2010: euro 320 million) and comprise expenses for administration not attributable to development, production or sales functions.

7 — Other operating income and expenses

Other operating income in the first quarter amounted to euro 200 million (2010: euro 265 million). Other operating expenses in the same period totalled euro 221 million (2010: euro 288 million). These items principally include exchange gains and losses, gains and losses on the disposal of assets, write-downs and income/expense from the reversal of, and allocation to, provisions.

8 — Result from equity accounted investments

The result from equity accounted investments in the first quarter was a positive amount of euro 31 million (2010: euro 4 million). This includes the results from the BMW Group's interests in the joint venture BMW Brilliance Automotive Ltd., Shenyang, the participation in Cirquent GmbH, Munich, as well as the joint ventures SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, and SGL Automotive Carbon Fibers LLC, Dover, DE.

9 — Net interest result

in euro million	1st quarter 2011	1st quarter 2010
Interest and similar income	**176**	229
Interest and similar expenses	**–181**	–240
Net interest result	**–5**	**–11**

10 — Other financial result

in euro million	1st quarter 2011	1st quarter 2010
Result on investments	–	–
Sundry other financial result	–116	66
Other financial result	**–116**	**66**

11 — Income taxes

Taxes on income comprise the following:

in euro million	1st quarter 2011	1st quarter 2010
Current tax expense	332	58
Deferred tax expense	268	126
Income taxes	**600**	**184**

The effective tax rate for the period to 31 March 2011 was 33.1% (2010: 36.2%).

12 — Earnings per share

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

		1st quarter 2011	1st quarter 2010
Profit attributable to the shareholders	euro million	1,204.4	322.7
Profit attributable to common stock	euro million (rounded)	1,106.7	296.7
Profit attributable to preferred stock	euro million (rounded)	97.7	26.0
Average number of common stock shares in circulation	number	601,995,196	601,995,196
Average number of preferred stock shares in circulation	number	53,163,412	52,665,362
Earnings per share of common stock	euro	1.84	0.49
Earnings per share of preferred stock	euro	1.84	0.49

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.

13 — Disclosures relating to the statement of total comprehensive income

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

in euro million	1st quarter 2011	1st quarter 2010
Available-for-sale securities		
Gains/losses in the period	**–4**	19
Amounts reclassified to income statement	**–1**	–2
	–5	**17**
Financial instruments used for hedging purposes		
Gains/losses in the period	**1,161**	–530
Amounts reclassified to income statement	**–45**	–3
	1,116	**–533**
Exchange differences on translating foreign operations	**–413**	259
Actuarial gains/losses relating to defined benefit pension and similar plans	**116**	–349
Deferred taxes relating to components of other comprehensive income	**–401**	276
Post-tax income and expenses recognised directly in equity on investments accounted for using the equity method*	**11**	–
Other comprehensive income for the period after tax	**424**	**–330**

* 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 in the first quarter are as follows:

in euro million	1st quarter 2011			1st quarter 2010		
	Before tax	Deferred taxes	After tax	Before tax	Deferred taxes	After tax
Available-for-sale securities	**–5**	**2**	**–3**	17	–5	12
Financial instruments used for hedging purposes	**1,116**	**–370**	**746**	–533	175	–358
Exchange differences on translating foreign operations	**–413**	**–**	**–413**	259	–	259
Actuarial gains/losses relating to defined benefit pension and similar plans	**116**	**–33**	**83**	–349	106	–243
Income and expenses recognised directly in equity on investments accounted for using the equity method*	**19**	**–8**	**11**	–	–	–
Other comprehensive income	**833**	**–409**	**424**	**–606**	**276**	**–330**

* 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.

14 — Intangible assets

Intangible assets mainly comprise capitalised development costs on vehicle and engine projects as well as subsidies for tool costs, licences, purchased development projects and software. Capitalised development costs at 31 March 2011 amounted to euro 4,476 million (31 December 2010: euro 4,625 million). Additions to development costs in the first quarter totalled euro 150 million (2010: euro 229 million). The amortisation expense for the period amounted to euro 299 million (2010: euro 322 million).

In addition, intangible assets include a brand-name right amounting to euro 40 million (31 December 2010: euro 41 million) and goodwill of euro 111 million, unchanged from the previous year. The latter comprises goodwill arising on the acquisition of DEKRA SüdLeasing Services GmbH, Stuttgart, and its subsidiaries and on the acquisition of SimeLease (Malaysia) Sdn Bhd, Kuala Lumpur, and its subsidiary SimeCredit (Malaysia) Sdn Bhd, Kuala Lumpur. This item is not presented separately in the BMW Group balance sheet since the amount is not significant in relation to either the balance sheet total or intangible assets.

15 — Property, plant and equipment

Capital expenditure for property, plant and equipment in the first three months of 2011 was euro 284 million (2010: euro 346 million). The depreciation expense for the same period amounted to euro 561 million (2010: euro 580 million).

16 — Leased products

Additions to leased products and depreciation thereon for the first quarter amounted to euro 2,072 million (2010: euro 2,240 million) and euro 609 million (2010: euro 725 million) respectively. Disposals amounted to euro 1,761 million (2010: euro 2,038 million). The translation of foreign currency financial statements resulted in a net negative translation difference of euro 456 million (2010: net positive translation difference of euro 539 million).

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

Investments accounted for using the equity method include the BMW Group's interests in the joint venture BMW Brilliance Automotive Ltd., Shenyang, in 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 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 in the first quarter.

18 — Receivables from sales financing

Receivables from sales financing totalling euro 44,495 million (31 December 2010: euro 45,365 million) relate to credit financing for retail customers and dealers and to finance leases.

19 — Financial assets

Financial assets comprise:

in euro million	31.3.2011	31.12.2010
Derivative instruments	3,199	2,781
Marketable securities and investment funds	1,501	1,566
Loans to third parties	55	58
Credit card receivables	232	262
Other	421	462
Financial assets	**5,408**	**5,129**
thereof non-current	1,941	1,867
thereof current	3,467	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 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.

20 — Income tax assets

Income tax assets can be analysed as follows:

31 March 2011 in euro million	Maturity within one year	Maturity later than one year	**Total**
Deferred tax	–	1,339	**1,339**
Current tax	296	897	**1,193**
Income tax assets	**296**	**2,236**	**2,532**

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**

21 — Other assets

in euro million	**31.3.2011**	31.12.2010
Other taxes	**453**	564
Receivables from subsidiaries	**492**	688
Receivables from other companies in which an investment is held	**214**	258
Prepayments	**855**	847
Collateral receivables	**475**	474
Sundry other assets	**710**	818
Other assets	**3,199**	**3,649**
thereof non-current	**486**	692
thereof current	**2,713**	2,957

22 — Inventories

Inventories comprise the following:

in euro million	**31.3.2011**	31.12.2010
Raw materials and supplies	**773**	663
Work in progress, unbilled contracts	**744**	683
Finished goods and goods for resale	**7,443**	6,420
Inventories	**8,960**	**7,766**

23 — Equity

The Group Statement of Changes in Equity is shown on page 28.

Number of shares issued

At 31 March 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 31 March 2011. The BMW Group did not hold any treasury shares at 31 March 2011.

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 44 million (31 December 2010: euro 26 million). This includes a minority interest of euro 8 million in subsidiaries' results for the period (31 December 2010: euro 16 million).

24 — Other provisions

Other provisions, at euro 5,708 million (31 December 2010: euro 5,547 million) primarily include personnel-related obligations and obligations for ongoing operational expenses.

Current provisions at 31 March 2011 amounted to euro 2,618 million (31 December 2010: euro 2,826 million).

25 — Income tax liabilities

31 March 2011 in euro million	Maturity within one year	Maturity later than one year	**Total**
Deferred tax	–	3,425	**3,425**
Current tax	678	538	**1,216**
Income tax liabilities	**678**	**3,963**	**4,641**

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 1,216 million (31 December 2010: euro 1,198 million) comprise euro 238 million (31 December 2010: euro 189 million) for taxes payable and euro 978 million (31 December 2010: euro 1,009 million) for tax provisions.

26 — Financial liabilities

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

in euro million	**31.3.2011**	31.12.2010
Bonds	**26,994**	27,568
Liabilities to banks	**7,077**	7,740
Liabilities from customer deposits (banking)	**10,956**	10,689
Commercial paper	**3,983**	5,242
Asset backed financing transactions	**6,688**	7,506
Derivative instruments	**1,182**	2,010
Other	**1,519**	1,598
Financial liabilities	**58,399**	**62,353**
thereof non-current	**34,924**	35,833
thereof current	**23,475**	26,520

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

27 — Other liabilities

Other liabilities comprise the following items:

in euro million	31.3.2011	31.12.2010
Other taxes	**673**	560
Social security	**64**	64
Advance payments from customers	**577**	773
Deposits received	**218**	202
Payables to subsidiaries	**63**	58
Payables to other companies in which an investment is held	**6**	4
Deferred income	**3,485**	3,510
Other	**2,583**	2,651
Other liabilities	**7,669**	**7,822**
thereof non-current	**2,542**	2,583
thereof current	**5,127**	5,239

28 — Related party relationships

In accordance with IAS 24 (Related Party Disclosures), related individuals or entities which have the ability to control the BMW Group 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 first quarter 2011, the disclosure requirements contained in IAS 24 only affect the BMW Group with regard to business relationships with affiliated, non-consolidated entities, joint ventures and other equity investments as well as with members of the Board of Management and Supervisory Board of BMW AG.

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

Transactions of BMW Group companies with the joint venture, BMW Brilliance Automotive Ltd., Shenyang, all arise in the normal course of business and are conducted on the basis of arm's length principles. Group companies sold goods and services to BMW Brilliance Automotive Ltd., Shenyang, during the first three months of 2011 amounting to euro 388 million (2010: euro 139 million). At 31 March 2011, receivables of Group companies from BMW Brilliance Automotive Ltd., Shenyang, amounted to euro 217 million (31 December 2010: euro 260 million). As at 31 December 2010, there were no payables from Group companies to BMW Brilliance Automotive Ltd., Shenyang, at the end of the reporting period.

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, all arise in the normal course of business and are conducted on the basis of arm's length principles. At 31 March 2011, receivables from these joint ventures amounted to euro 30 million (31 December 2010: euro

20 million). Group entities had no liabilities to the joint ventures with the SGL Carbon Group either at 31 December 2010 or at 31 March 2011.

Business transactions between BMW Group entities and participations all arise in the normal course of business and are conducted on the basis of arm's length principles. With the exception of Cirquent GmbH, Munich, business relationships with such entities are on a small scale. During the first quarter 2011 Group entities purchased services and goods from Cirquent GmbH, Munich, amounting to euro 16 million (2010: euro 12 million). At 31 March 2011, liabilities of Group companies to Cirquent GmbH, Munich, totalled euro 6 million (31 December 2010: euro 4 million). Group entities had no receivables from Cirquent GmbH, Munich, either at 31 December 2010 or at 31 March 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 first 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 first quarter 2011, mostly in the form of lease contracts. These contracts are not material for the BMW Group, arise in the course of ordinary activities and are made, without exception, on the basis of arm's length principles.

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

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

29 — Explanatory notes to segment information

For information on the basis used for identifying and assessing the performance of reportable segments along internal management lines, reference is made to the Group Financial Statements of BMW AG for the year ended 31 December 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 first quarter 2011 is as follows:

Segment information by operating segment

	Automobiles		Motorcycles	
in euro million	**2011**	2010	**2011**	2010
External revenues	**11,898**	8,515	**392**	347
Inter-segment revenues	**2,475**	2,157	**5**	4
Total revenues	**14,373**	**10,672**	**397**	**351**
Segment result	**1,708**	291	**31**	32
Capital expenditure on non-current assets	**466**	615	**14**	7
Depreciation and amortisation on non-current assets	**868**	908	**16**	18

	Automobiles		Motorcycles	
in euro million	**31.3.2011**	31.12.2010	**31.3.2011**	31.12.2010
Segment assets	**9,521**	9,665	**441**	402

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

in euro million	**2011**	2010
Reconciliation of segment result		
Total for reportable segments	**2,144**	542
Financial result of Automobiles segment and Motorcycles segment	**–104**	–73
Elimination of inter-segment items	**–228**	39
Group profit before tax	**1,812**	**508**
Reconciliation of capital expenditure on non-current assets		
Total for reportable segments	**3,255**	3,334
Elimination of inter-segment items	**–740**	–508
Total Group capital expenditure on non-current assets	**2,515**	**2,826**
Reconciliation of depreciation and amortisation on non-current assets		
Total for reportable segments	**2,021**	2,166
Elimination of inter-segment items	**–524**	–511
Total Group depreciation and amortisation on non-current assets	**1,497**	**1,655**

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	
3,747	3,581	**–**	–	**–**	–	**16,037**	12,443	External revenues
436	423	**1**	1	**–2,917**	–2,585	**–**	–	Inter-segment revenues
4,183	**4,004**	**1**	**1**	**–2,917**	**–2,585**	**16,037**	**12,443**	**Total revenues**
429	222	**–24**	–3	**–332**	–34	**1,812**	508	Segment result
2,775	2,712	**–**	–	**–740**	–508	**2,515**	2,826	Capital expenditure on non-current assets
1,137	1,240	**–**	–	**–524**	–511	**1,497**	1,655	Depreciation and amortisation on non-current assets

Financial Services 31.3.2011	Financial Services 31.12.2010	Other Entities 31.3.2011	Other Entities 31.12.2010	Reconciliation to Group figures 31.3.2011	Reconciliation to Group figures 31.12.2010	Group 31.3.2011	Group 31.12.2010	
5,341	5,216	**43,359**	44,985	**48,967**	48,599	**107,629**	108,867	Segment assets

in euro million	31.3.2011	31.12.2010
Reconciliation of segment assets		
Total for reportable segments	**58,662**	60,268
Non-operating assets – Other Entities segment	**5,406**	5,414
Operating liabilities – Financial Services segment	**66,803**	68,487
Interest-bearing assets – Automobiles and Motorcycles segments	**30,658**	30,300
Liabilities of Automobiles and Motorcycles segments not subject to interest	**19,570**	18,971
Elimination of inter-segment items	**–73,470**	–74,573
Total Group assets	**107,629**	**108,867**

OTHER INFORMATION

Financial Calendar

Annual General Meeting	12 May 2011
Quarterly Report to 30 June 2011	2 August 2011
Quarterly Report to 30 September 2011	3 November 2011
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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