QUARTERLY REPORT
to 30 June 2011

Q1 — 31. März

Q3 — 30. September

BMW GROUP

BMW GROUP IN FIGURES

02 — BMW GROUP IN FIGURES

05 INTERIM GROUP MANAGEMENT REPORT
05 The BMW Group – an Overview
07 Automobiles
11 Motorcycles
12 Financial Services
14 BMW Group – Capital Market Activities
15 Financial Analysis
20 Risk Management
20 Outlook

24 INTERIM GROUP FINANCIAL STATEMENTS
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 Cash Flow Statements
32 Group Statement of Changes in Equity
33 Notes

50 RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

51 REVIEW REPORT

52 OTHER INFORMATION
52 Financial Calendar
52 Contacts

		2nd quarter 2011	2nd quarter 2010	Change in %
Sales volume – Automobiles				
BMW	units	**368,686**	319,946	15.2
MINI	units	**81,053**	59,775	35.6
Rolls-Royce	units	**869**	691	25.8
Total		**450,608**	**380,412**	**18.5**
Sales volume – Motorcycles				
BMW	units	**37,471**	36,175	3.6
Husqvarna	units	**1,590**	3,020	–47.4
Total		**39,061**	**39,195**	**–0.3**
Production – Automobiles				
BMW	units	**371,658**	326,092	14.0
MINI	units	**76,875**	58,193	32.1
Rolls-Royce	units	**998**	855	16.7
Total		**449,531**	**385,140**	**16.7**
Production – Motorcycles				
BMW	units	**33,297**	31,893	4.4
Husqvarna	units	**1,049**	3,468	–69.8
Total		**34,346**	**35,361**	**–2.9**
Workforce at 30 June				
BMW Group		**96,943**	95,502	1.5
Financial figures				
Operating cash flow	euro million	**2,148**	**2,111**	**1.8**
Revenues	euro million	**17,888**	**15,348**	**16.5**
Profit before financial result (EBIT)	euro million	**2,856**	**1,717**	**66.3**
Automobiles	euro million	**2,408**	1,317	82.8
Motorcycles	euro million	**47**	54	–13.0
Financial Services	euro million	**739**	379	95.0
Other Entities	euro million	**21**	–81	–
Eliminations	euro million	**–359**	48	–
Profit before tax	euro million	**2,704**	**1,299**	**–**
Automobiles	euro million	**2,297**	938	–
Motorcycles	euro million	**47**	53	–11.3
Financial Services	euro million	**744**	379	96.3
Other Entities	euro million	**–59**	–70	15.7
Eliminations	euro million	**–325**	–1	–
Income taxes	euro million	**–895**	**–465**	**–92.5**
Net profit	euro million	**1,809**	**834**	**–**
Earnings per share*	euro	**2.75 / 2.76**	**1.27 / 1.28**	**–/–**

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

		1 January to 30 June 2011	1 January to 30 June 2010	Change in %
Sales volume – Automobiles				
BMW	units	**689,861**	585,755	17.8
MINI	units	**141,913**	109,301	29.8
Rolls-Royce	units	**1,592**	970	64.1
Total		**833,366**	**696,026**	**19.7**
Sales volume – Motorcycles				
BMW	units	**60,580**	57,015	6.3
Husqvarna	units	**3,530**	4,659	–24.2
Total		**64,110**	**61,674**	**3.9**
Production – Automobiles				
BMW	units	**724,527**	592,891	22.2
MINI	units	**153,559**	110,881	38.5
Rolls-Royce	units	**1,920**	1,429	34.4
Total		**880,006**	**705,201**	**24.8**
Production – Motorcycles				
BMW	units	**65,781**	62,115	5.9
Husqvarna	units	**4,166**	5,387	–22.7
Total		**69,947**	**67,502**	**3.6**
Workforce at 30 June				
BMW Group		**96,943**	95,502	1.5
Financial figures				
Operating cash flow	euro million	**4,227**	**2,408**	**75.5**
Revenues	euro million	**33,925**	**27,791**	**22.1**
Profit before financial result (EBIT)	euro million	**4,758**	**2,166**	**–**
Automobiles	euro million	**4,116**	1,608	–
Motorcycles	euro million	**78**	86	–9.3
Financial Services	euro million	**1,142**	592	92.9
Other Entities	euro million	**38**	–74	–
Eliminations	euro million	**–616**	–46	–
Profit before tax	euro million	**4,516**	**1,807**	**–**
Automobiles	euro million	**3,902**	1,158	–
Motorcycles	euro million	**77**	83	–7.2
Financial Services	euro million	**1,173**	601	95.2
Other Entities	euro million	**–83**	–73	–13.7
Eliminations	euro million	**–553**	38	–
Income taxes	euro million	**–1,495**	**–649**	**–**
Net profit	euro million	**3,021**	**1,158**	**–**
Earnings per share*	euro	**4.59 / 4.60**	**1.76 / 1.77**	**–/–**

* 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.

02 — **BMW GROUP IN FIGURES**

05 — **INTERIM GROUP MANAGEMENT REPORT**
05 — The BMW Group – an Overview
07 Automobiles
11 Motorcycles
12 Financial Services
14 BMW Group – Capital Market Activities
15 Financial Analysis
20 Risk Management
20 Outlook

24 **INTERIM GROUP FINANCIAL STATEMENTS**
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 Cash Flow Statements
32 Group Statement of Changes in Equity
33 Notes

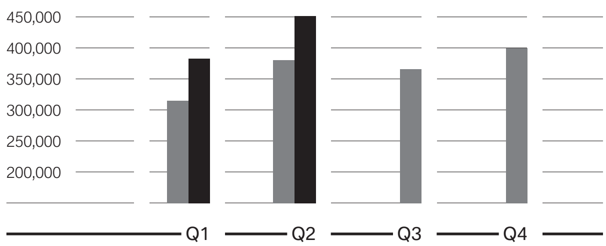
50 **RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES**

51 **REVIEW REPORT**

52 **OTHER INFORMATION**
52 Financial Calendar
52 Contacts

Sales volume of automobiles

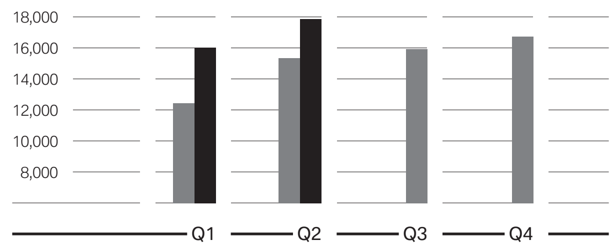
in units



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

Revenues

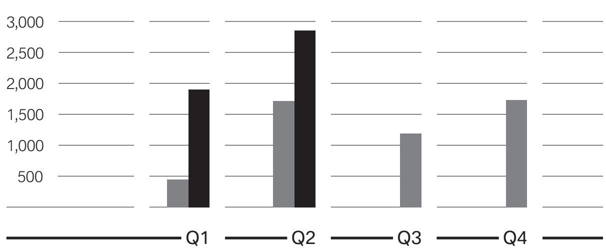
in euro million



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

Profit before financial result

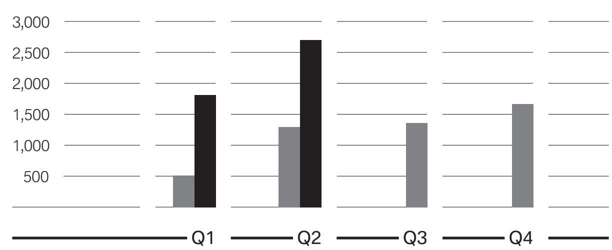
in euro million



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

Profit before tax

in euro million



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

BMW Group continues record-breaking run in second quarter

The second quarter 2011 witnessed another highly successful performance by the BMW Group. Sales volume, revenues and earnings figures for the quarter all registered all-time highs, keeping the BMW Group on track to accomplish a successful year and remain the world's leading manufacturer of premium cars. Earnings benefitted in particular from a high-value model sales mix, our eminent market position and further efficiency improvements.

Strong performance by BMW Group

Worldwide sales again rose dynamically to set new records in the second quarter. The number of BMW, MINI and Rolls-Royce brand cars sold worldwide during the three-month period from April to June climbed by 18.5% to 450,608 units. Sales volume for the six-month period rose by almost one fifth to 833,366 units (+19.7%). Making a good contribution to those figures, the new BMW 5 Series registered another sharp rise in sales during the first six months of 2011 and thus remains the world's undisputed market leader in its segment. The BMW X5 is also enjoying great popularity, likewise claiming pole position in its market.

The Motorcycles segment performed robustly during the second quarter of the year, with a total of 39,061 (–0.3%) BMW and Husqvarna brand motorcycles sold. Sales for the half-year rose by 3.9% to 64,110 units.

Financial Services business continued to grow rapidly during the period under report. The number of new financing and lease contracts signed during the first six months of the year rose by 12.2% to 591,351 contracts. At 30 June 2011 the segment was managing a portfolio of 3,277,247 credit and lease contracts with retail customers and dealers worldwide, an increase of 5.1% over the previous year.

Revenues and earnings increased sharply

We also recorded new all-time highs for revenues and earnings during the period under report. Second-quarter revenues rose by 16.5% to euro 17,888 million and six-month revenues by 22.1% to euro 33,925 million. The second-quarter profit before financial result (EBIT) improved by euro 1,139 million to euro 2,856 million (+66.3%) and the six-month EBIT by euro 2,592 million to euro 4,758 million (2010: euro 2,166 million).

Group pre-tax earnings developed equally positively: the profit before tax amounted to euro 2,704 million (2010: euro 1,299 million) for the second quarter and euro 4,516 million (2010: euro 1,807 million) for the six-month period. Profit after tax was also significantly higher than in the previous year, coming in at euro 1,809 million (2010: euro 834 million) for the second quarter and euro 3,021 million (2010: euro 1,158 million) for the six-month period.

Slight increase in workforce

The worldwide workforce increased slightly (+1.5%) to 96,943 employees at 30 June 2011. Compared to the end of the financial year 2010, the increase was 1.6%.

Numerous new models launched

We will again be adding various new models to our attractive range of vehicles during the second half of the current year. The new BMW 6 Series Convertible came onto the markets in spring 2011 and will be followed by the new 6 Series Coupé in autumn. The BMW 1 Series M Coupé was launched in May and the new BMW M5 will be available in showrooms from autumn onwards. The BMW 1 Series successor model will also go on sale during the second half of the year. The MINI Coupé celebrated its worldwide debut in June at the Nürburgring and will become the fifth MINI model variant when it is launched this autumn. Rolls-Royce Motor Cars presented its Ghost Extended Wheelbase version for the first time at the Shanghai Car Show and series production of this model will commence in 2012.

The Motorcycles segment's product range was expanded to include the new K 1600 GT and K 1600 GTL models in March. Both of these six-cylinder innovations found wide acclaim with customers and the media alike. The revised version of the R 1200 R and the entry-level G 650 GS model have been available since spring. Further models will be launched or presented to the public over the remainder of the year. Three new Husqvarna models, the TE 125, the SMS 125 and the CR 65 were all launched in the first half of 2011 and will be followed by the Nuda 900 R in the second half.

BMW Group bolsters market position in European fleet business

In July 2011 the BMW Group announced the purchase of ING Car Lease. With this transaction, Alphabet will increase the number of leasing and fleet management contracts in its portfolio to around 540,000, thereby significantly strengthening its fleet management operations in Europe. The focus is placed on the growing "full-service" leasing sector and the development of products and services aimed at furthering sustainable and efficient mobility.

02 BMW GROUP IN FIGURES

05 — INTERIM GROUP MANAGEMENT REPORT
05 — The BMW Group – an Overview
07 — Automobiles
11 Motorcycles
12 Financial Services
14 BMW Group – Capital Market Activities
15 Financial Analysis
20 Risk Management
20 Outlook

24 INTERIM GROUP FINANCIAL STATEMENTS
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 Cash Flow Statements
32 Group Statement of Changes in Equity
33 Notes

50 RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

51 REVIEW REPORT

52 OTHER INFORMATION
52 Financial Calendar
52 Contacts

The expansion of fleet management business is in keeping with the BMW Group's strategic objective of being the world's leading provider of premium products and premium services in the field of individual mobility. The transaction is subject to approval by the relevant competition authorities.

Automobile markets continue to recover

Automobile markets worldwide grew by a solid 6% during the six-month period under report, whereby the pace of growth slowed somewhat during the latter part of the period.

Demand for cars in China lost some of its momentum during the first half of the year, reflecting the fact that various state-financed sales stimulus measures have now come to an end. Overall, the Chinese automobile market expanded by approximately 20% during the period.

The US automobile market recorded growth of almost 13% in the same six-month period. Demand for cars continues to recover, although still well below pre-crisis levels.

European markets continued to perform divergently. After the expiry of the scrappage bonus scheme and the resulting sales volume slump last year, demand for cars in Germany increased by more than 10% during the first half of 2011. Double-digit growth rates were recorded in numerous other markets in northern and central Europe. By contrast, the French automobile market saw only a minor increase. Demand for cars dropped in Great Britain, Spain and Italy, reflecting the later expiry of state-financed stimulus programmes and the current economic situation in those countries. The markets as a whole were 7% down in Great Britain and 13% in Italy. The Spanish automobile market contracted by more than a quarter. Taken overall, Europe's markets were slightly down on the previous year.

Demand for cars in Japan suffered an enormous slump during the first six months of the year in the wake of the natural catastrophe there and the expiry of the subsidy programme at the end of the previous year. The market contracted by some 30% during the six-month period.

Car sales remained strong on most of the world's emerging markets. In Russia, demand grew by more than 50% during the six-month period, although still leaving it well below its pre-crisis level. Demand for cars in the six-month period grew by 21% in India and 7% in Brazil.

Motorcycle markets below previous year's level

The recovery seen in a number of markets during the first quarter 2011 continued to make headway during the second quarter. Worldwide motorcycles sales in the 500 cc plus class for the six-month period fell just short of the previous year (– 3.2%). Motorcycle markets in Europe contracted by 5.2% in the same period, despite market growth in Germany (5.4%) and France (6.9%). By contrast, Spain (– 27.6%), Great Britain (– 13.2%) and Italy (– 10.0%) all saw substantial market contraction. In the USA, sales of 500 cc plus class motorcycles were marginally up on the previous year (+ 1.6%), whereas the market in Japan fell by 7.9%, partly owing to the catastrophe.

Financial markets remain volatile

Rising reference interest rates and price increases for energy and raw materials as well as the impact of the sovereign debt crisis in the eurozone all had a negative impact on the economic climate during the second quarter 2011.

Higher inflation rate expectations caused the European Central Bank to raise its reference interest rate for the first time since 2008 in two increments of 25 basis points to a level of 1.50%. The US Reserve Bank, by contrast, left its reference interest rate unchanged in the light of the modest growth rate recorded in the USA. In view of the current situation, it seems unlikely that US reference interest rates will be raised during the coming months.

In general, refinancing costs have been increased by rising capital market interest rates since the beginning of the year.

Due to the improved economic climate, credit risk levels on some of the world's major automobile markets continued to fall for retail, dealer and importer financing business during the second quarter 2011. Business conditions remain tense in a number of markets of southern Europe, mainly reflecting economic uncertainties in this region.

International used car markets were generally more stable during the period under report. As expected, used car residual values in North America improved again in the second quarter 2011 due to the lower volume of cars coming out of leases. The situation in Europe continued to stabilise.

Strong sales volume growth

The period from April to June 2011 was the best quarter in the company's history. With a total of 450,608 BMW, MINI and Rolls-Royce brand cars sold, we recorded growth of 18.5%. Sales of BMW brand cars (368,686 units; +15.2%) and MINI brand cars (81,053 units; +35.6%) developed dynamically, ending the period under report at record levels. Sales of Rolls-Royce brand cars increased in the same period by 25.8% to 869 units, a new sales record for a second quarter.

We also achieved new record levels for the six-month period, selling a total of 833,366 units of our three brands worldwide (+19.7%). Sales of BMW and MINI brand cars rose by 17.8% and 29.8% to 689,861 units and 141,913 units respectively. Six-month sales of Rolls-Royce brand cars jumped by 64.1% to 1,592 units.

Higher sales volumes in almost all markets

The BMW Group recorded strong growth in Europe both for the second quarter (237,570 units; +11.6%) and for the six-month period (437,658 units; +12.3%). Sales in the second quarter and six-month periods in Germany totalled 80,306 units (+9.3%) and 144,370 units (+9.2%) respectively. The number of cars sold in Great Britain during the period from April to June rose by 8.5% to 44,347 units, bringing the total for the six-month period to 83,606 units (+14.3%). In Italy we recorded a six-month sales volume of 38,421 units, 12.7% up on the previous year, while sales in France also rose by 4.0% to 35,619 units. With a six-month sales volume of 21,285 units, Spain was the only market where we failed to improve on the previous year's figure (–9.2%).

Sales volumes also rose significantly in North America, with 89,635 units sold in the period from April to June 2011 (+17.6%) and 160,892 units over the six-month period (+17.5%). Figures for the USA were 78,811 units (+18.0%) and 143,974 units (+18.1%) respectively.

Sales in Asia were particularly strong during the period under report, where 99,906 units were handed over to customers in the second quarter (+42.9%) and 190,054 units during the six-month period (+47.4%). This performance was influenced especially by strong growth in China*, where the second-quarter sales volume increased by 52.5% to 63,328 units and the six-month figure rose by 61.2% to 122,034 units. Sales in Japan during the six-month period rose by 4.1% to 21,784 units.

* prior year's figures adjusted due to regional reclassification

Strong growth for BMW

The new BMW 5 Series registered a sharp increase in sales for the six-month period and remains market leader worldwide in its segment. In total, sales of the 5 Series leapt by 80.3% to 170,708 units. Second-quarter sales of the Touring more than doubled, while sales of the BMW 6 Series edged up by 4.1% to 3,213 units. Following the market introduction of the 6 Series Convertible in March, sales of this model rose sharply to 2,300 units (2010: 845 units) for the three-month period. Second-quarter sales of the BMW 7 Series (31,764 units) were also up on the previous year (+3.4%).

The BMW X1 is proving particularly popular with customers, posting a sales volume of 62,698 units (+34.2%) for the first half of the year. The new BMW X3 is also performing extremely well, with worldwide sales more than doubling to 53,522 units in the six-month period (2010: 24,841 units). During the same period we sold 48,749 units of the BMW X5, enabling us to retain market leadership in the premium Sports Activity Vehicle segment (+4.9%). The BMW X6 fell just short of its previous year's sales volume figure (–3.8%) with 21,323 units sold in the first six months of 2011.

Now nearing the end of its product life cycle, as expected, sales of the BMW 1 Series during the first half of 2011 (94,454 units) were lower than in the previous year (–9.0%). During this period a total of 192,927 units of the BMW 3 Series were handed over to customers (–3.1%). Similarly, six-month sales of the BMW Z4 (10,503 units) were down on the previous year (–26.2%).

Automobiles

		2nd quarter 2011	2nd quarter 2010	Change in %
Sales volume	units	**450,608**	380,412	18.5
Production	units	**449,531**	385,140	16.7
Revenues	euro million	**16,674**	13,669	22.0
Profit before financial result (EBIT)	euro million	**2,408**	1,317	82.8
Profit before tax	euro million	**2,297**	938	–

02 **BMW GROUP IN FIGURES**

05 — **INTERIM GROUP MANAGEMENT REPORT**
05 The BMW Group – an Overview
07 — Automobiles
11 Motorcycles
12 Financial Services
14 BMW Group – Capital Market Activities
15 Financial Analysis
20 Risk Management
20 Outlook

24 **INTERIM GROUP FINANCIAL STATEMENTS**
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 Cash Flow Statements
32 Group Statement of Changes in Equity
33 Notes

50 **RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES**

51 **REVIEW REPORT**

52 **OTHER INFORMATION**
52 Financial Calendar
52 Contacts

Automobiles

		1 January to 30 June 2011	1 January to 30 June 2010	Change in %
Sales volume	units	**833,366**	696,026	19.7
Production	units	**880,006**	705,201	24.8
Revenues	euro million	**31,047**	24,341	27.6
Profit before financial result (EBIT)	euro million	**4,116**	1,608	–
Profit before tax	euro million	**3,902**	1,158	–
Workforce at 30 June		**89,661**	88,578	1.2

Sales volume of BMW automobiles by model variant

in units

	1 January to 30 June 2011	1 January to 30 June 2010	Change in %
BMW 1 Series			
Three-door	**11,410**	17,535	–34.9
Five-door	**59,250**	59,695	–0.7
Coupé	**12,066**	12,692	–4.9
Convertible	**11,728**	13,897	–15.6
	94,454	**103,819**	**–9.0**
BMW 3 Series			
Sedan	**117,798**	120,616	–2.3
Touring	**37,074**	36,693	1.0
Coupé	**20,970**	22,641	–7.4
Convertible	**17,085**	19,077	–10.4
	192,927	**199,027**	**–3.1**
BMW 5 Series			
Sedan	**128,085**	68,785	86.2
Touring	**30,477**	14,111	116.0
Gran Turismo	**12,146**	11,803	2.9
	170,708	**94,699**	**80.3**
BMW 6 Series			
	3,213	**3,085**	**4.1**
BMW 7 Series			
	31,764	**30,711**	**3.4**
BMW X1			
	62,698	**46,705**	**34.2**
BMW X3			
	53,522	**24,841**	**115.5**
BMW X5			
	48,749	**46,459**	**4.9**
BMW X6			
	21,323	**22,173**	**–3.8**
BMW Z4			
	10,503	**14,236**	**–26.2**
BMW total	**689,861**	**585,755**	**17.8**

MINI up on previous year

The MINI Countryman, on the market since September 2010, was selected by a total of 40,171 customers during the first half of 2011. Six-month sales of the Convertible (16,783 units) almost equalled the previous year's figure (– 1.0%). The MINI (71,447 units; – 6.1%) and the MINI Clubman (13,512 units; – 16.9%) both fell short of the previous year's figures. Overall, the MINI brand continued to generate a very high-value model mix during the first half of 2011 with almost one half of customers (48.3%) opting for the MINI Cooper, 31.7% for the MINI Cooper S and 20.0% for the MINI One.

Sales volume of MINI automobiles by model variant

in units

	1 January to 30 June 2011	1 January to 30 June 2010	Change in %
MINI			
One	**20,062**	23,382	–14.2
Cooper	**34,475**	37,033	–6.9
Cooper S	**16,910**	15,665	7.9
	71,447	**76,080**	**–6.1**
MINI Convertible			
One	**2,978**	1,922	54.9
Cooper	**8,301**	8,722	–4.8
Cooper S	**5,504**	6,314	–12.8
	16,783	**16,958**	**–1.0**
MINI Clubman			
One	**1,953**	1,282	52.3
Cooper	**7,557**	10,357	–27.0
Cooper S	**4,002**	4,624	–13.5
	13,512	**16,263**	**–16.9**
MINI Countryman			
One	**3,497**	–	–
Cooper	**18,142**	–	–
Cooper S	**18,532**	–	–
	40,171	**–**	**–**
MINI total	**141,913**	**109,301**	**29.8**

Strong sales performance by Rolls-Royce

The sharp sales volume increase recorded by Rolls-Royce during the first half of the year was evident throughout its model range. The Phantom achieved a six-month sales volume of 199 units, 28.4% up on the previous year. The Phantom Coupé (including the Drophead Coupé) was handed over to 127 customers (29.6%). Sales of the Ghost climbed to 1,266 units (+76.6%).

Sales volume of Rolls-Royce automobiles by model variant

in units

	1 January to 30 June 2011	1 January to 30 June 2010	Change in %
Rolls-Royce			
Phantom (including Phantom Extended Wheelbase)	**199**	155	28.4
Coupé (including Drophead Coupé)	**127**	98	29.6
Ghost	**1,266**	717	76.6
Rolls-Royce total	**1,592**	**970**	**64.1**

02 BMW GROUP IN FIGURES

05 — INTERIM GROUP MANAGEMENT REPORT
05 The BMW Group – an Overview
07 — Automobiles
11 — Motorcycles
12 Financial Services
14 BMW Group – Capital Market Activities
15 Financial Analysis
20 Risk Management
20 Outlook

24 INTERIM GROUP FINANCIAL STATEMENTS
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 Cash Flow Statements
32 Group Statement of Changes in Equity
33 Notes

50 RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

51 REVIEW REPORT

52 OTHER INFORMATION
52 Financial Calendar
52 Contacts

Sharp increase in automobile production

The high degree of flexibility within our production network enabled us to increase production volumes in line with demand both in the second quarter and over the six-month period. In total, 449,531 BMW, MINI and Rolls-Royce brand cars rolled off the production lines between April and June (+16.7%). BMW accounted for 371,658 units (+14.0%), MINI for 76,875 units (+32.1%) and Rolls-Royce for 998 units (+16.7%). The six-month production figure rose by 24.8% to 880,006 units, comprising 724,527 BMW (+22.2%), 153,559 MINI (+38.5%) and 1,920 Rolls-Royce (+34.4%).

Strong revenues and earnings growth for the Automobiles segment

The BMW Group's dynamic sales performance is also reflected in revenues and earnings. At euro 16,674 million, second-quarter revenues were 22.0% up on the previous year. Six-month revenues totalled euro 31,047 million (+27.6%). EBIT rose to euro 2,408 million for the second quarter (+82.8%) and euro 4,116 million for the six-month period (2010: euro 1,608 million). Profit before tax also improved accordingly, more than doubling in the second quarter to euro 2,297 million (2010: euro 938 million) and more than tripling in the six-month period to euro 3,902 million (2010: euro 1,158 million). With these figures, the Automobiles segment enjoyed not only the best quarter, but also the best six-month period in the Group's history.

Slight increase in Automobiles segment workforce

The Automobiles segment had a worldwide workforce of 89,661 employees at 30 June 2011, 1.2% more than one year earlier.

Motorcycle sales up for six-month period
The BMW Group sold 39,061 motorcycles during the second quarter 2011, similar to the previous year's level (– 0.3%) and comprising 37,471 BMW brand (+ 3.6%) and 1,590 Husqvarna brand motorcycles (– 47.4%). During the first six months of the year, a total of 64,110 motorcycles (+ 3.9%) was sold, with BMW increasing by 6.3% to 60,580 units and Husqvarna decreasing by 24.2% to 3,530 units. For the BMW brand, this represented the best sales volume performance to date for both a quarter and a six-month period. The significant sales volume decrease recorded for Husqvarna motorcycles reflected a drastic contraction in the relevant market segment and the wide-ranging measures being undertaken to restructure worldwide sales activities for this brand.

The six-month sales volume figure for Europe rose by 2.4% to 45,669 units, largely due to sales of 12,089 units (+ 26.8%) on the German market. By contrast, sales figures for the other major European motorcycle markets were down. The number of motorcycles sold dropped moderately in Great Britain by 2.8% to 3,708 units and at more pronounced rates in France (5,623 units; – 5.1%), Italy (10,417 units; – 7.2%) and Spain (3,685 units; – 15.8%).

Sales of motorcycles in the USA (6,148 units) during the six-month period also fell short of the previous year's figure (– 5.0%). In Japan, sales of BMW Group motorcycles fell to 1,295 units (– 17.0%).

Six-month motorcycle production volume up slightly
During the second quarter 2011 we produced 34,346 BMW and Husqvarna brand motorcycles (– 2.9%), comprising 33,297 BMW (+ 4.4%) and 1,049 Husqvarna motorcycles (– 69.8%). Between January and June 2011 we produced a total of 69,947 motorcycles, 3.6% more than one year earlier (BMW: 65,781 units; + 5.9%; Husqvarna: 4,166 units; – 22.7%).

Motorcycles segment revenues up on previous year
Revenues for both the second quarter (euro 450 million; + 2.5%) and the six-month period (euro 847 million; + 7.2%) were higher than in the previous year. As a result of the realignment of the Husqvarna Group, segment EBIT fell by 13.0% to euro 47 million for the second quarter and by 9.3% to euro 78 million for the six-month period. Similarly, the profit before tax was down for the second quarter (euro 47 million; – 11.3%) and for the six-month period (euro 77 million; – 7.2%).

Workforce at previous year's level
The BMW Group employed a workforce of 2,909 in the Motorcycles segment at 30 June 2011, almost identical to the level one year earlier (2010: 2,910 employees).

Motorcycles

		2nd quarter 2011	2nd quarter 2010	Change in %
Sales volume	units	**39,061**	39,195	–0.3
Production	units	**34,346**	35,361	–2.9
Revenues	euro million	**450**	439	2.5
Profit before financial result (EBIT)	euro million	**47**	54	–13.0
Profit before tax	euro million	**47**	53	–11.3

		1 January to 30 June 2011	1 January to 30 June 2010	Change in %
Sales volume	units	**64,110**	61,674	3.9
Production	units	**69,947**	67,502	3.6
Revenues	euro million	**847**	790	7.2
Profit before financial result (EBIT)	euro million	**78**	86	–9.3
Profit before tax	euro million	**77**	83	–7.2
Workforce at 30 June		**2,909**	2,910	–

02 BMW GROUP IN FIGURES

05 — INTERIM GROUP MANAGEMENT REPORT
05 The BMW Group – an Overview
07 Automobiles
11 Motorcycles
12 — Financial Services
14 BMW Group – Capital Market Activities
15 Financial Analysis
20 Risk Management
20 Outlook

24 INTERIM GROUP FINANCIAL STATEMENTS
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 Cash Flow Statements
32 Group Statement of Changes in Equity
33 Notes

50 RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

51 REVIEW REPORT

52 OTHER INFORMATION
52 Financial Calendar
52 Contacts

Financial Services segment continues to perform well

The Financial Services segment again performed extremely well in the second quarter 2011, thus continuing the positive trend seen in recent months. The number of new lease and credit financing contracts signed with retail customers during the first half of the year climbed by 12.2% to 591,351. At 30 June 2011, the segment was managing a portfolio of 3,277,247 lease and credit financing contracts with dealers and retail customers, an increase of 5.1% compared to one year earlier. The business volume in balance sheet terms was slightly by 0.7% lower than at the end of the previous year, reaching a total of euro 65,759 million at 30 June 2011.

New business well up on previous year

Lease and credit financing business with retail customers grew strongly again, with 314,495 new contracts signed worldwide (+10.9%) during the second quarter 2011. The corresponding six-month figure was 591,351 new contracts, a rise of 12.2% compared to one year earlier. Leasing business grew by 20.4%, credit financing by 8.9%. Lease contracts and credit financing accounted for 30.5% and 69.5% of new business respectively. The ratio of new BMW Group cars leased or financed by the Financial Services segment for the six-month period was 40.4%, 6.2 percentage points down on the previous year. The reduction is due to the fact that figures for the Chinese market are being taken into account 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, 158,976 new contracts for BMW and MINI brand cars were signed during the first half of the year, roughly at the previous year's level (–0.9%).

The total volume of all finance and lease contracts signed with retail customers during the first half of the year increased sharply to euro 15,531 million (+18.6%).

At the end of the period under report, a total of 3,010,624 contracts (+4.3%) was in place with retail customers and growth was achieved across all regions. During the period under report the composition of the regions was revised as part of a reorganisation. From now on, the BMW Group will report for the regions Europe/Middle East/Africa, the Americas, Asia/Pacific and the EU Bank region, which has been created in accordance with regulatory requirements (previously part of the Europe/Middle East/Africa region).

The fastest rate of growth was recorded by the Europe/Middle East/Africa region, where the contract portfolio grew by 8.2%. The Americas region grew by 6.1% and the Asia/Pacific by 7.8%. The EU Bank region's contract portfolio was marginally lower than in the previous year (–0.9%).

Fleet business reorganised, strong growth for multi-brand financing business

The BMW Group operates its international multi-brand fleet business under the brand name "Alphabet". With a portfolio of 304,234 fleet contracts at 30 June 2011, fleet business was down slightly in overall terms (–3.2%)

Financial Services

		2nd quarter 2011	2nd quarter 2010	Change in %
New contracts with retail customers		**314,495**	283,701	10.9
Revenues	euro million	**4,181**	4,198	–0.4
Profit before financial result (EBIT)	euro million	**739**	379	95.0
Profit before tax	euro million	**744**	379	96.3

		1 January to 30 June 2011	1 January to 30 June 2010	Change in %
New contracts with retail customers		**591,351**	527,044	12.2
Revenues	euro million	**8,364**	8,202	2.0
Profit before financial result (EBIT)	euro million	**1,142**	592	92.9
Profit before tax	euro million	**1,173**	601	95.2
Workforce at 30 June		**4,254**	3,895	9.2

		30.6.2011	31.12.2010	Change in %
Business volume in balance sheet terms*	euro million	**65,759**	66,233	–0.7

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

compared to one year earlier. The number of financing contracts rose by 3.5%.

Multi-brand financing business grew significantly, with the number of new contracts signed during the six-month period up by 13.6% to 69,514 contracts. In total, 359,368 fleet vehicle contracts were in place at the end of the period under report (+9.6%).

Dealer financing up on previous year
In addition to retail customer financing, the Financial Services segment also offers financing products to dealers. The volume of managed business at the end of the period under report stood at euro 10,275 million, 5.5% up on the figure one year earlier.

Deposit business continues to grow
The segment's deposit volume worldwide stood at euro 10,691 million at the end of the reporting period, 5.5% higher than at 30 June 2010. The number of securities custodian accounts rose to 24,981 (+1.3%).

Double-digit growth for insurance business
In addition to financing and leasing products, we also offer a selected range of insurance products. Demand for these products remained high in the second quarter 2011. The number of new insurance contracts signed jumped by 28.1% to 412,226 and the total number of contracts in place rose by 14.7% to 1,681,239.

Financial Services segment posts record earnings
Strong growth in the Automobiles line of business also had a very positive impact on earnings generated with financial services during the period under report. Second-quarter EBIT rose steeply to euro 739 million (+95.0%), mainly reflecting a significant improvement in the residual value and bad debt risk situation. The profit before tax for the quarter jumped by 96.3% to euro 744 million. EBIT for the six-month period amounted to euro 1,142 million (+92.9%) and the profit before tax to euro 1,173 million (+95.2%).

Workforce increased
The Financial Services segment had a workforce of 4,254 employees at the end of the reporting period, 9.2% more than one year earlier, reflecting the new strategic direction taken for various lines of business within the segment.

02 BMW GROUP IN FIGURES
05 — INTERIM GROUP MANAGEMENT REPORT
05 The BMW Group – an Overview
07 Automobiles
11 Motorcycles
12 Financial Services
14 — BMW Group – Capital Market Activities
15 — Financial Analysis
20 Risk Management
20 Outlook
24 INTERIM GROUP FINANCIAL STATEMENTS
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 Cash Flow Statements
32 Group Statement of Changes in Equity
33 Notes
50 RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES
51 REVIEW REPORT
52 OTHER INFORMATION
52 Financial Calendar
52 Contacts

BMW stock in the second quarter

The world's stock markets were again highly volatile during the second quarter 2011. Divergent economic prospects for the eurozone, a slow-down in the rate of recovery in the USA – which was already fragile in any case – and a flare-up of the public sector debt crisis all had a negative impact on the stockmarket climate. Against a background of high volatility, the German stock index, the DAX, continued to gain in value in the second quarter 2011 thanks to robust economic growth in Germany and rising corporate profits, culminating in a new three-year-high of 7,600 points at the beginning of May. The DAX finished at 7,376 points on 30 June 2011, 4.8% higher than at the end of the first quarter. The gain was 6.7% compared to the end of 2010. The Prime Automobile sector index performed even better. In the first quarter, share prices had been negatively affected by the potential consequences of the natural catastrophe in Japan on the automobile industry. Mainly as a result of strong demand on the emerging markets, the index rose by 14.8% to 957 points over the course of the second quarter. The gain since the end of the previous financial year is 12.7%.

Following on in the same vein as in 2010, BMW common stock was again among the best-performing stocks in the DAX, registering a share price rise of 16.9% during the first half of 2011. The second-quarter performance was even better, with a gain of 17.1%. BMW common stock closed at euro 68.81 on 30 June 2011 after having reached a new all-time high of euro 70.02 the previous day. BMW preferred stock also performed well during the period under report. A further 9.6% was added to the share price during the second quarter 2011, at the end of which the share stood at euro 43.84. Compared to the closing rate at the end of 2010, BMW preferred stock rose in value by 13.9%.

The US dollar lost a further 2.3% in value against the euro during the second quarter, finishing at US dollar 1.45 to the euro on 30 June 2011. The US currency has therefore lost some 7.8 % in value since the end of 2010.

Refinancing environment remains volatile

Refinancing conditions on international capital markets continued to be influenced by the European debt crisis during the second quarter 2011. Despite persisting volatility on those markets, we were again able to refinance business on attractive terms.

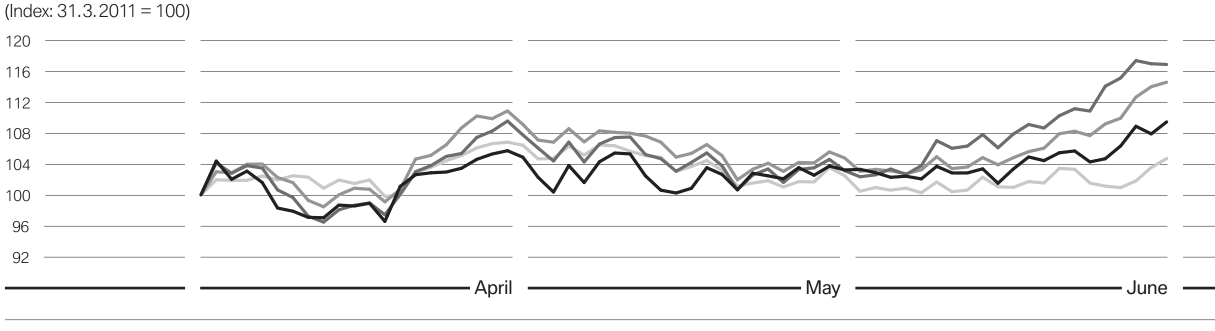
During the period under report, bonds were issued for Norwegian Krone 2 billion and Swedish Krona 1 billion. In addition, private placements in various currencies raised a total volume of approximately euro 685 million. A public ABS bond for US dollar 1 billion was placed in the USA and an amount of Australian dollar 500 million securitised in a private transaction. The regular issue of Commercial Paper at attractive conditions adds further breadth to our refinancing sources.

Moody's raised long-term and short-term ratings

On 22 July 2011 the rating agency Moody's announced that it was raising the long-term rating of BMW AG by one rating level from A3 to A2. As result, the short-term rating was automatically raised from P-2 to P-1, the highest rating for short-term debt. The outlook was left unchanged on "stable".

The reason given for the rating improvement was that the BMW Group has emerged strengthened from the financial crisis and that the company's financial figures have improved significantly more strongly and rapidly than expected. The new rating also reflects Moody's positive assessment of the BMW Group's Strategy Number ONE, which has already generated a significant improvement in earnings and which targets sustainable earnings within a defined margin corridor.

Development of BMW stock compared to stock exchange indices
(Index: 31.3.2011 = 100)



Earnings performance

The BMW Group benefitted from a solid growth on the automobile markets worldwide during both the second quarter and the first half of 2011. Earnings also improved during these reporting periods thanks to our strong competitive position on international markets on the one hand and the high-value model mix achieved for our BMW, MINI and Rolls-Royce brands on the other. In addition, reduced levels of residual value and bad debt risks contributed to a significant improvement in earnings.

Earnings performance for the second quarter 2011

Second-quarter group revenues rose by 16.5% to euro 17,888 million (2010: euro 15,348 million). Adjusted for exchange rate factors, the increase would have been 20.9%. Within Group revenues, external revenues of the Automobiles and Motorcycles segments were up 22.9% and 2.3% respectively on the back of higher sales volumes and an improved sales mix. External revenues of the Financial Services segment were at a similar level to the previous year (– 0.6%). External revenues generated with other activities totalled euro 1 million (2010: euro – million).

Group cost of sales increased by 11.8% to euro 13,515 million, rising therefore at a slower rate than revenues. The main contributing factors for this were reduced material costs and lower refinancing costs. Significantly reduced levels of residual value and bad debt risks also had a positive impact. The second-quarter gross profit jumped accordingly by 34.0% to euro 4,373 million, with an overall gross profit margin of 24.4% (2010: 21.3%).

The gross profit margin recorded by the Automobiles segment improved by 3.5 percentage points to 22.5%; that of the Motorcycles segment stood at 19.3% (2010: 20.3%). In the Financial Services segment, it rose from 12.6% to 21.4%.

Research and development costs for the second quarter 2011 increased by 20.9% to euro 902 million and represented 5.0% (2010: 4.9%) of revenues. Research and development costs include amortisation of capitalised development costs amounting to euro 295 million (2010: euro 318 million). Total research and development expenditure for the second quarter 2011, comprising research costs, development costs not recognised as assets and capitalised development costs, amounted to euro 811 million (2010: euro 633 million), giving a research and development expenditure ratio for the second quarter of 4.5% (2010: 4.1%).

Sales and administrative costs increased by 2.2% compared to the same period last year and represented 8.2% (2010: 9.3%) of revenues.

Depreciation and amortisation included in cost of sales and sales and administrative costs decreased by 5.2% to euro 875 million (2010: euro 923 million).

The net amount reported for other operating income and other operating expenses improved by euro 62 million and stood at a net negative amount of euro 57 million. The main reason for this was the lower level of allocations to provisions.

The second-quarter profit before financial result climbed by euro 1,139 million to euro 2,856 million as a result of the strong operating performance (+ 66.3%).

The financial result was a net expense of euro 152 million, which represented an improvement of euro 266 million compared to the corresponding quarter last year. Within the financial result, net interest and similar expenses improved by euro 95 million. Sundry other financial result improved by euro 37 million mainly due to higher net gains from currency hedges.

Revenues by segment in the second quarter

in euro million

	External revenues		Inter-segment revenues		Total revenues	
	2011	2010	**2011**	2010	**2011**	2010
Automobiles	**13,695**	11,142	**2,979**	2,527	**16,674**	13,669
Motorcycles	**446**	436	**4**	3	**450**	439
Financial Services	**3,746**	3,770	**435**	428	**4,181**	4,198
Other Entities	**1**	–	**–**	1	**1**	1
Eliminations	**–**	–	**–3,418**	–2,959	**–3,418**	–2,959
Group	**17,888**	15,348	**–**	–	**17,888**	15,348

02 BMW GROUP IN FIGURES

05 — INTERIM GROUP MANAGEMENT REPORT
05 The BMW Group – an Overview
07 Automobiles
11 Motorcycles
12 Financial Services
14 BMW Group – Capital Market Activities
15 — Financial Analysis
20 Risk Management
20 Outlook

24 INTERIM GROUP FINANCIAL STATEMENTS
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 Cash Flow Statements
32 Group Statement of Changes in Equity
33 Notes

50 RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

51 REVIEW REPORT

52 OTHER INFORMATION
52 Financial Calendar
52 Contacts

The result from investments improved by euro 92 million, mainly reflecting the fact that an impairment loss had been recorded in the previous year on investments in subsidiaries.

The result from equity accounted investments improved by euro 42 million.

Taking all these factors into consideration, the second-quarter profit before tax rose by euro 1,405 million to euro 2,704 million. The pre-tax return on sales was 15.1% (2010: 8.5%). The income tax expense for the quarter increased by euro 430 million, giving an effective tax rate of 33.1% (2010: 35.8%).

The BMW Group therefore reports a second-quarter net profit of euro 1,809 million, an improvement of euro 975 million over the previous year.

In the second quarter, the Group generated earnings per share of common stock of euro 2.75 (2010: euro 1.27) and earnings per share of preferred stock of euro 2.76 (2010: euro 1.28).

Earnings performance for the first half of 2011

Group revenues for the six-month period increased by 22.1% to euro 33,925 million. Adjusted for exchange rate factors, the increase would have been 22.6%. Within Group revenues, external revenues of the Automobiles segment increased by 30.2% reflecting the sales volume performance, while the Motorcycles segment grew by 7.0%. External revenues of the Financial Services segment for the six-month period increased by 1.9%. External revenues generated with other activities totalled euro 1 million (2010: euro – million).

Group cost of sales increased by 14.9% to euro 26,239 million, rising therefore at a slower rate than revenues. This reflects the positive factors discussed above, the most important of which were lower material costs, further efficiency improvements and lower risk provision expense. The six-month gross profit jumped accordingly by 55.3% to euro 7,686 million, with an overall gross profit margin of 22.7% (2010: 17.8%).

The gross profit margin recorded by the Automobiles segment was 21.5% (2010: 16.2%) and that of the Motorcycles segment was 19.0% (2010: 19.2%). The Financial Services segment's gross profit margin improved by 6.6 percentage points to 17.5%.

Research and development costs for the six-month period increased by 20.4% to euro 1,715 million and represented 5.1% of revenues, unchanged compared to the previous year. Research and development costs include amortisation of capitalised development costs amounting to euro 594 million (2010: euro 640 million). Total research and development expenditure for the first half of 2011, comprising research costs, development costs not recognised as assets and capitalised development costs, amounted to euro 1,475 million (2010: euro 1,218 million). The research and development expenditure ratio for the period was 4.3% (2010: 4.4%).

Sales and administrative costs increased by 7.9% compared to the same period last year and represented 8.4% (2010: 9.5%) of revenues.

Depreciation and amortisation included in cost of sales and in sales and administrative costs for the six-month period amounted to euro 1,763 million (2010: euro 1,853 million).

The net expense reported for other operating income and other operating expenses improved by euro 64 million to euro 78 million, mainly due to the lower level of

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

in euro million

	External revenues		Inter-segment revenues		Total revenues	
	2011	2010	**2011**	2010	**2011**	2010
Automobiles	**25,593**	19,657	**5,454**	4,684	**31,047**	24,341
Motorcycles	**838**	783	**9**	7	**847**	790
Financial Services	**7,493**	7,351	**871**	851	**8,364**	8,202
Other Entities	**1**	–	**1**	2	**2**	2
Eliminations	**–**	–	**–6,335**	–5,544	**–6,335**	–5,544
Group	**33,925**	**27,791**	**–**	**–**	**33,925**	**27,791**

allocations to provisions and the higher result on currency transactions.

As a result of the positive factors described, the six-month profit before financial result rose to euro 4,758 million (2010: euro 2,166 million).

The financial result was a net expense of euro 242 million which represented an improvement of euro 117 million against the previous year (2010: net expense of euro 359 million). Within the financial result, net interest and similar expenses improved by euro 101 million. Sundry other financial result was a net expense of euro 279 million, an increase of euro 145 million compared to the first half of the previous year. The principal reasons for the increase were 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 six-month result from investments improved by euro 92 million, mainly reflecting the fact that an impairment loss had been recorded in the previous year on investments in subsidiaries.

The result from equity accounted investments improved by euro 69 million.

Taking all these factors into consideration, the six-month profit before tax rose to euro 4,516 million (2010: euro 1,807 million). The tax expense amounted to euro 1,495 million (2010: euro 649 million), giving an effective tax rate of 33.1% (2010: 35.9%).

As a result, the BMW Group recorded a net profit of euro 3,021 million for the six-month period (2010: euro 1,158 million).

For the first six months of 2011, the Group generated earnings per share of common stock of euro 4.59 (2010: euro 1.76) and earnings per share of preferred stock of euro 4.60 (2010: euro 1.77).

Earnings performance by segment

Second-quarter revenues of the Automobiles segment rose by 22.0%. The segment profit before tax, at euro 2,297 million, represented an improvement of euro 1,359 million. Segment revenues for the six-month period were 27.6% higher at euro 31,047 million, while the profit before tax amounted to euro 3,902 million (2010: euro 1,158 million). The main factors behind the improvement were higher second-quarter and six-month sales volumes as well as a significantly improved sales mix by model on the other. Our six-month sales volume was up 19.7%, reflecting the gradual expansion and rejuvenation of our model portfolio.

Revenues of the Motorcycles segment rose by 2.5% in the second quarter, while the profit before tax decreased by euro 6 million to euro 47 million (2010: euro 53 million). At euro 847 million, segment revenues for the six-month period were up by 7.2%. The profit before tax for the period dropped by 7.2% to euro 77 million.

Revenues of the Financial Services segment, at euro 4,181 million, were at a similar level to the previous year (– 0.4%), while the segment profit before tax increased to euro 744 million (2010: euro 379 million). Revenues for the six-month period increased by 2.0% to euro 8,364 million, while the segment profit improved to euro 1,173 million (2010: euro 601 million). This improvement mainly reflected an improvement in the residual value and bad debt situation on the one hand and lower refinancing costs on the other.

Profit before tax by segment
in euro million

	2nd quarter 2011	2nd quarter 2010	**1 January to 30 June 2011**	1 January to 30 June 2010
Automobiles	**2,297**	938	**3,902**	1,158
Motorcycles	**47**	53	**77**	83
Financial Services	**744**	379	**1,173**	601
Other Entities	**–59**	–70	**–83**	–73
Eliminations	**– 325**	–1	**–553**	38
Profit before tax	**2,704**	**1,299**	**4,516**	**1,807**
Income taxes	**– 895**	–465	**–1,495**	–649
Net profit	**1,809**	**834**	**3,021**	**1,158**

02 BMW GROUP IN FIGURES

05 — INTERIM GROUP MANAGEMENT REPORT
05 The BMW Group – an Overview
07 Automobiles
11 Motorcycles
12 Financial Services
14 BMW Group – Capital Market Activities
15 — Financial Analysis
20 Risk Management
20 Outlook

24 INTERIM GROUP FINANCIAL STATEMENTS
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 Cash Flow Statements
32 Group Statement of Changes in Equity
33 Notes

50 RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

51 REVIEW REPORT

52 OTHER INFORMATION
52 Financial Calendar
52 Contacts

The Other Entities segment reported a second-quarter loss before tax of euro 59 million (2010: loss before tax of euro 70 million), the six-month loss before tax deteriorated by euro 10 million to euro 83 million (2010: loss before tax of euro 73 million).

The result from inter-segment eliminations for the second quarter was a net expense of euro 325 million (2010: net expense of euro 1 million), mainly reflecting the higher volume of new leasing business as well as higher margins. Inter-segment eliminations for the six-month period deteriorated to a negative amount of euro 553 million (2010: positive amount of euro 38 million).

Financial position

The cash flow statements of the BMW Group and the Automobiles and Financial Services segments show the sources and applications of cash flows for the first half of the financial years 2010 and 2011, classified into cash flows from operating, investing and financing activities. Cash and cash equivalents in the cash flow statement correspond to the amount disclosed in the balance sheet. Cash flows from operating activities are determined indirectly starting with the Group net profit. By contrast, cash flows from investing and financing activities are based on actual payments and receipts.

The cash inflow from operating activities in the first half of 2011 increased by euro 2,629 million to euro 8,227 million (2010: euro 5,598 million), mainly reflecting the increase in net profit (up by euro 1,863 million) and the change in provisions (up by euro 361 million).

The cash outflow for investing activities during the six-month period, at euro 5,045 million, was euro 1,499 million higher than in the previous year. Capital expenditure on intangible assets and property, plant and equipment amounted to euro 1,001 million was therefore euro 152 million lower than in the corresponding six-month period last year. The cash outflow for the net investment in leased products and receivables from sales financing increased by euro 1,831 million to euro 3,860 million, primarily reflecting growth of new business recorded in the Financial Services segment. The change in marketable securities resulted in a euro 175 million decrease in cash outflow. 163.1% (2010: 157.9%) 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 six-month-period coverage of cash inflow from operating activities over cash outflow for investing activities of euro 2,385 million (2010: coverage of euro 789 million).

Free cash flow of the Automobiles segment was as follows:

in euro million	**30.6.2011**	30.6.2010
Cash inflow from operating activities	**4,227**	2,408
Cash outflow for investing activities	**–1,842**	–1,619
Net investment in marketable securities (investment (+)/sales (–))	**188**	410
Free cash flow Automobiles segment	**2,573**	**1,199**

The cash flow statement for the Financial Service segment for the six-month period shows a short-fall of euro 433 million or 88.6% (2010: coverage of euro 582 million or 129.9%).

Cash inflow from financing activities for the period from January to June 2011 includes inflows of euro 2,523 million from bond issues (2010: euro 5,098 million) and outflows for repayments of euro 3,539 million (2010: euro 1,621 million). Changes in other financial liabilities and commercial paper resulted in a cash outflow for financing activities.

After adjustment for the effects of exchange rate fluctuations and changes in the composition of the BMW Group, the various cash flows resulted over the six-month period in an increase in cash and cash equivalents of euro 29 million (2010: euro 270 million).

Net financial assets of the Automobiles segment comprise the following:

in euro million	30. 6. 2011	31. 12. 2010
Cash and cash equivalents	**5,588**	5,585
Marketable securities and investment funds	**1,306**	1,134
Intragroup net financial receivables	**6,639**	5,690
Financial assets	**13,533**	**12,409**
Less: external financial liabilities*	**–901**	–1,123
Net financial assets	**12,632**	**11,286**

* excluding derivative financial instruments

Net assets position
The Group balance sheet total (total assets / total equity and liabilities) went down by euro 137 million or 0.1% compared to 31 December 2010. Adjusted for changes in exchange rates, the balance sheet total would have increased by 3.2%.

On the assets side of the balance sheet, the main items to decrease were property, plant and equipment (– 6.0%), leased products (– 3.3%) and other assets (– 11.4%). By contrast, inventories (+ 16.0%) and financial assets (+ 11.3%) increased during the period under report. On the equity and liabilities side of the balance sheet, financial liabilities (– 6.9%) and current tax (– 27.3%) decreased, while equity (+ 11.3%), deferred tax (+ 31.9%) and trade payables (+ 12.0%) all increased.

Leased products decreased by euro 584 million or 3.3% compared to 31 December 2010. Excluding the effect of exchange rate fluctuations, leased products were at their previous year's level (+ 0.1%).

Receivables from sales financing went down by euro 189 million (– 0.4%). Adjusted for changes in exchange rates, they would have increased by 3.8%.

Compared to 31 December 2010, inventories increased by euro 1,242 million to euro 9,008 million, mainly due to the effect of stocking-up in conjunction with the introduction of new models and the expansion of business operations.

Financial assets went up by 11.3% to euro 5,707 million, mainly as a result of the higher fair values of derivative portfolios.

Cash and cash equivalents increased by euro 29 million to euro 7,461 million.

Compared to 31 December 2010, Group equity rose by euro 2,602 million (+ 11.3%) to euro 25,702 million, due to the net profit for the period (+ euro 3,021 million), the fair value measurement of derivative financial instruments (+ euro 1,162 million), due to more favourable exchange rates, fair value gains on marketable securities (+ euro 1 million) and actuarial gains on pension obligations (+ euro 261 million). Further contributing factors to the increase were income and expenses recognised directly in equity on equity accounted investments (+ euro 14 million) and other changes (+ euro 10 million).

Group equity was reduced in the same period by translation differences (– euro 520 million), deferred taxes on items recognised directly in equity (– euro 495 million) and the dividend payment of euro 852 million.

The equity ratio of the BMW Group improved overall by 2.4 percentage points to 23.6%. The equity ratio of the Automobiles segment was 42.4% (31 December 2010: 40.9%) and that of the Financial Services segment was 8.3% (31 December 2010: 7.1%).

The amount recognised in the balance sheet for pension provisions went down by 14.0% to euro 1,344 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 167 million (3.0%) to euro 5,714 million. Within other provisions, provisions for personnel-related expenses went up by euro 113 million and provisions for other obligations by euro 87 million. Provisions for on-going operational expenses decreased by euro 33 million.

Financial liabilities were reduced in the first half of 2011 by euro 4,304 million or 6.9% (decrease of 4.2% adjusted

02 BMW GROUP IN FIGURES
05 — INTERIM GROUP MANAGEMENT REPORT
05 The BMW Group – an Overview
07 Automobiles
11 Motorcycles
12 Financial Services
14 BMW Group – Capital Market Activities
15 Financial Analysis
20 — Risk Management
20 — Outlook
24 INTERIM GROUP FINANCIAL STATEMENTS
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 Cash Flow Statements
32 Group Statement of Changes in Equity
33 Notes
50 RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES
51 REVIEW REPORT
52 OTHER INFORMATION
52 Financial Calendar
52 Contacts

for changes in exchange rates), reflecting decreases in bonds (– euro 1,342 million), commercial paper (– euro 1,029 million), derivatives (– euro 850 million) and asset-backed-financing (– euro 695 million).

Trade payables went up by 12.0% to euro 4,873 million. Other liabilities amounted to euro 8,309 million and were thus euro 487 million higher than at 31 December 2010.

Risk management
As a globally operating enterprise, the BMW Group is confronted with numerous risks. A description of these risks and 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.).

The BMW Group's risk exposure has diminished continually in the months since the natural disaster in Japan. We continue to work on the assumption that this event will not have any significant impact on our business performance.

Global economic upturn continues – risks increase
The global economy continued its upward trend throughout the first six months of 2011, helped in particular by strong growth in China, India and other emerging markets on the one hand and expansive monetary policies on the other, particularly those affecting the triad of traditional markets (western Europe, USA and Japan). The global economy is therefore likely to continue expanding significantly in 2011. In view of emerging cyclical risks, however, it seems unlikely that growth will be as dynamic as in 2010. Reference interest rates have been raised in several countries in the face of rising inflation. High public-sector debt and budget deficit levels in many countries combined with the effect of a gradual diminution in expansive monetary policies pose additional risks for future economic development. The situation is additionally influenced by the uncertain political situation in North Africa and the Middle East.

China is highly likely to remain the primary engine for global economic growth. The growth rate there is forecast to be in the high single-digit range and hence only slightly lower than that seen in 2010. Sharp price increases and the fact that the economy continues to overheat make it likely that the Chinese government will introduce further measures to dampen the rate of economic growth.

The US economy lost some of its impetus in the first months of 2011. Nevertheless, its growth rate in 2011 should be roughly on a par with 2010. The dynamic recovery of the employment market seen at the beginning of the year now seems to be slackening, a development likely to have an increasingly negative impact on consumer spending. The property market remains as instable as ever. Public-sector debt continues to rise, bringing more pressure on the US Government to intensify efforts to increase cutbacks and reduce spending.

The picture within the eurozone differs from country to country. Germany is likely to remain the driving force in Europe in 2011, even though the growth rate will probably not be quite as high as in 2010. The boom in exports on the back of strong demand from abroad is being increasingly supported by spending and expansive investment activities within Germany. By contrast, the other major countries in the eurozone are not expected to perform as dynamically as Germany. In line with the long-term growth trend, France should achieve steady growth in 2011, whereas the economies of Italy and Spain will see only minimal expansion. Portugal and Greece are both likely to continue contracting in the wake of the ongoing debt crisis and stringent spending cuts.

Japan's economy is set to shrink as a consequence of the natural catastrophes negatively affecting it. However, investments already planned for reconstruction activities could well boost business activities in Japan in the second half of 2011 and provide a stimulus to the country's economy. These measures will, however, not be sufficient to compensate for the losses made during the first half of the year.

The world's emerging economies are expected to grow in 2011 in a similarly positive fashion to that witnessed in 2010. The Indian economy is set to continue to grow as strongly as it has done in recent years. Russia continues to benefit from rising raw material and energy prices and the pace of its economic recovery is likely to be quicker than that of 2010. Brazil is unlikely to be able to repeat the exceptionally high growth rate recorded in 2010.

Raw materials and energy prices remained at very high levels during the first half of 2011. In many cases, prices of non-energy-related raw materials exceeded their previous highs. Throughout the first six months of the year the price of oil stood fairly consistently at a level of between US dollar 110 and US dollar 120 per barrel. The global upswing and the uncertain political situation in North African and Middle Eastern oil-producing countries are likely to keep the price of oil at a high level.

After a sharp rise in value against the US dollar at the beginning of the year, the euro has now settled at a rate of over US dollar 1.40 to the euro. The debt crisis affecting southern European member states within the eurozone and the somewhat faltering economy in the USA are currently the dominating issues. The euro is not expected to weaken significantly in the foreseeable future. The Japanese yen lost ground against the euro and the US dollar since the beginning of 2011, particularly following the natural catastrophe in March, but has managed to pick up again slightly in the meantime. The yen is likely to gain in value as soon as Japanese capital is returned to the country from abroad for investment in reconstruction work. The British pound will probably remain weak against the euro in the foreseeable future in view of the underperforming economy.

Car markets in 2011

Global demand for cars is expected to increase significantly again in 2011, even though the pace of growth is likely to slow down somewhat compared to the previous year. The automobile sector's good performance is underpinned to a large extent by strong demand on the emerging markets on the one hand and the slowly recovering US market on the other. By contrast, it is unlikely that western Europe and Japan will provide any significant momentum for growth.

The US car market should just manage to repeat the previous year's growth rate and expand by approximately 10% in 2011. Even though the upswing is still being maintained, the volume of cars sold on the US market remains significantly lower than the long-term average prior to the global financial crisis.

Demand for cars in western Europe is expected to stagnate overall in 2011. While the car market in Germany should record solid growth, the Italian market is expected to stagnate and the French, British and Spanish markets to contract.

Due to the natural catastrophe in Japan and the expiry of the country's scrappage bonus scheme, domestic demand for cars will drop sharply over 2011 as a whole. For the time being, Japanese consumers are likely to hold back on spending until subsequent "catch-up" demand provides impetus for the market. This, however, is more likely to happen in 2012.

We expect demand for cars in China to slow down in 2011. The growth rate is likely to be in the high single digit range, whereby the premium segment should continue to grow more rapidly than the market as a whole. The automobile economy in India is also expected to expand at a slightly less dynamic pace than in the previous year. That said, the growth rate for the market as a whole is still likely to be comfortably in the double-digit range and therefore faster than that of the Chinese market. Russia is set to continue recovering strongly from its previous slump, whereas the Brazilian car market is expected to lose some of its momentum, with growth dropping back into the single-digit range.

Motorcycle markets in 2011

Motorcycle markets worldwide are expected to stagnate throughout the remainder of the year. Even though there were some signs of recovery on a few of the markets during the first half of 2011, there is unlikely to be any significant growth over the year as a whole.

Financial Services market in 2011

Increased uncertainty on international financial markets has resulted in significant market price fluctuations in recent weeks. This was partly attributable to poor economic data and the debt crisis in Europe. Inflationary pressure as a result of rising energy and raw material prices caused the European Central Bank (ECB) to raise its benchmark interest rate by a total of 50 basis points to 1.50% after a period of nearly two years without a change. Further interest rises by the ECB, an easing of the sovereign debt crisis and a continuation of expansive monetary policies in the USA could have the effect of strengthening the euro.

We expect used car prices to decline slightly from their current high level during the second half of 2011.

02 **BMW GROUP IN FIGURES**

05 — **INTERIM GROUP MANAGEMENT REPORT**
05 The BMW Group – an Overview
07 Automobiles
11 Motorcycles
12 Financial Services
14 BMW Group – Capital Market Activities
15 Financial Analysis
20 Risk Management
20 — Outlook

24 **INTERIM GROUP FINANCIAL STATEMENTS**
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 Cash Flow Statements
32 Group Statement of Changes in Equity
33 Notes

50 **RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES**

51 **REVIEW REPORT**

52 **OTHER INFORMATION**
52 Financial Calendar
52 Contacts

Residual values in southern Europe are expected to stabilise.

The bad debt risk for lease and credit financing business with retail customers as well as for dealer / importer financing is not likely to ease to any sustainable degree. The process of consolidation in the area of dealer financing continues apace.

BMW Group's outlook for the remainder of 2011
We expect the business environment to remain favourable during the second half of 2011. Therefore, we expect to achieve a significantly higher Group profit before tax for the full year 2011 compared to 2010, assuming economic and political conditions remain stable and that the global economy continues to grow.

Strategy Number ONE is having a positive effect on the current success and future prosperity of the BMW Group. We are also creating the basis for further profitable growth by investing in innovative technologies.

One good example of this strategy is Efficient Dynamics. The use of finely tuned, coordinated technologies has enabled us to reduce the fuel consumption, and hence the emission levels, of our combustion engines. From the outset, the package was developed to become a standard feature of our vehicles, always aimed at reducing emissions across the entire fleet and not just for individual models.

Alongside the efficient use of resources, the BMW Group is focusing on a second important aspect of development with its Connected Drive concept, which provides the technologies that connect passengers, vehicles and the outside world. These innovations increase levels of safety for all road users, offer greater convenience and create new user-friendly options to receive information and entertainment within the vehicle.

Furthermore, with a test fleet of over 1,000 BMW ActiveE vehicles, we are expanding our field trials with a view to producing electrically driven cars on a large scale. At the same time, drive components and energy storage systems for the series development of the BMW i3 are being tested in the ActiveE. The BMW i3 will be launched in 2013 as the BMW Group's first series-built electric vehicle for use in the world's major metropolitan regions. The BMW i8 will follow in the same year. With its plug-in hybrid drive system it will combine the dynamic flair of a sports car with the consumption figures of a compact car.

Automobiles segment
Thanks to strong demand on international car markets and the attractive range of models on offer, the BMW Group now expects business performance and earnings for the full year to be significantly better than previously forecast. After bringing numerous vehicle innovations onto the market during the first six months of the year, we will continue to pursue our new product initiative throughout the second half of 2011. The new 6 Series Coupé and BMW M5 models will be available to customers as from autumn. The successor generation of the widely acclaimed 1 Series will also be launched during the second half of the year. The MINI Coupé celebrated its world premiere in June and will be available at dealerships as the fifth model variant during the second half of the year.

The number of cars handed over to customers by the BMW Group worldwide during the first half of 2011 increased by 19.7% to 833,366 units. For the full year we expect sales of BMW, MINI and Rolls-Royce brand cars to increase by over 10% to a figure in excess of 1.6 million cars and for the EBIT margin to rise to above 10%. We continue to strive to achieve a reasonable balance in sales volume terms between Europe, Asia and the Americas. Our previous forecasts had envisaged a sales volume of over 1.5 million units and an EBIT margin of over 8%. We also continue to target a return on capital employed (RoCE) in excess of 26% for 2011. Sales volume and earnings growth in the segment will, however, be held down during the second half of the year by changes affecting some of the BMW Group's high-volume models as well as by expenditure for the market launch and production start-up of successor models.

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. As a consequence, we also expect revenues to be up on the previous year. Restructuring measures and the new strate-

gic direction being set for the Husqvarna Group mean that earnings for the Motorcycles segment will be down on the previous year.

Financial Services segment

We forecast another good performance from the Financial Services segment in the second half of 2011, reflecting generally positive economic forecasts and further automobile business growth. Given these factors, profitability is likely to remain at a high level. The BMW Group continues to target a significant improvement in pre-tax profit and a return on equity of over 18% for the full year.

Bad debt and residual value risks are expected to ease slightly. The public sector debt situation in Europe and the USA, however, continue to raise uncertainties about future developments. Interest rate levels are expected to rise as a result of current inflationary trends. Higher refinancing costs could have the effect of holding down segment earnings in the future.

BMW Group remains committed to profitability targets for 2012

With Strategy Number ONE, the BMW Group is consistently pursuing a strategy of achieving profitable growth. The progress we have made so far in realigning the strategic direction of the business will also serve as the basis for performing successfully in the future. As a result, we reaffirm the profitability targets previously announced and continue to target a return on capital employed (RoCE) in excess of 26% as well as an EBIT margin of between 8% and 10% for the Automobiles segment.

02 BMW GROUP IN FIGURES
05 INTERIM GROUP MANAGEMENT REPORT
05 The BMW Group – an Overview
07 Automobiles
11 Motorcycles
12 Financial Services
14 BMW Group – Capital Market Activities
15 Financial Analysis
20 Risk Management
20 Outlook
24 INTERIM GROUP FINANCIAL STATEMENTS
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 Cash Flow Statements
32 Group Statement of Changes in Equity
33 Notes
50 RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES
51 REVIEW REPORT
52 OTHER INFORMATION
52 Financial Calendar
52 Contacts

Income Statement for Group and Segments for the second quarter

in euro million

	Note	Group 2011	Group 2010	Automobiles 2011	Automobiles 2010
Revenues	4	**17,888**	15,348	**16,674**	13,669
Cost of sales	5	**–13,515**	–12,084	**–12,927**	–11,076
Gross profit		**4,373**	**3,264**	**3,747**	**2,593**
Sales and administrative costs	6	**–1,460**	–1,428	**–1,261**	–1,244
Other operating income	7	**119**	108	**80**	80
Other operating expenses	7	**–176**	–227	**–158**	–112
Profit before financial result		**2,856**	**1,717**	**2,408**	**1,317**
Result from equity accounted investments	8	**49**	7	**49**	7
Interest and similar income	9	**183**	61	**161**	115
Interest and similar expenses	9	**–223**	–196	**–204**	–174
Other financial result	10	**–161**	–290	**–117**	–327
Financial result		**–152**	**–418**	**–111**	**–379**
Profit before tax		**2,704**	**1,299**	**2,297**	**938**
Income taxes	11	**–895**	–465	**–727**	–331
Net profit/loss		**1,809**	**834**	**1,570**	**607**
Attributable to minority interest		**5**	3	**5**	3
Attributable to shareholders of BMW AG		**1,804**	**831**	**1,565**	**604**
Earnings per share of common stock in euro	12	**2.75**	1.27		
Earnings per share of preferred stock in euro	12	**2.76**	1.28		
Dilutive effects	12	**–**	–		
Diluted earnings per share of common stock in euro	12	**2.75**	1.27		
Diluted earnings per share of preferred stock in euro	12	**2.76**	1.28		

Statement of Comprehensive Income for Group for the second quarter

in euro million

	Note	2011	2010
Net profit		**1,809**	**834**
Available-for-sale securities		**6**	9
Financial instruments used for hedging purposes		**46**	–1,108
Exchange differences on translating foreign operations		**–107**	614
Actuarial gains/losses relating to defined benefit pension and similar plans		**145**	–315
Deferred taxes relating to components of other comprehensive income		**–94**	472
Post-tax income and expenses recognised directly in equity on investments accounted for using the equity method*		**3**	–
Other comprehensive income for the period after tax	13	**–1**	**–328**
Total comprehensive income		**1,808**	**506**
Total comprehensive income attributable to minority interests		**5**	1
Total comprehensive income attributable to shareholders of BMW AG		**1,803**	**505**

* 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	
450	439	**4,181**	4,198	**1**	1	**–3,418**	–2,959	Revenues
–363	–350	**–3,288**	–3,668	**–**	–	**3,063**	3,010	Cost of sales
87	**89**	**893**	**530**	**1**	**1**	**–355**	**51**	**Gross profit**
–40	–35	**–151**	–151	**–4**	–5	**–4**	7	Sales and administrative costs
1	–	**27**	23	**30**	19	**–19**	–14	Other operating income
–1	–	**–30**	–23	**–6**	–96	**19**	4	Other operating expenses
47	**54**	**739**	**379**	**21**	**–81**	**–359**	**48**	**Profit before financial result**
–	–	**–**	–	**–**	–	**–**	–	Result from equity accounted investments
2	2	**1**	1	**367**	427	**–348**	–484	Interest and similar income
–2	–3	**–1**	–2	**–398**	–452	**382**	435	Interest and similar expenses
–	–	**5**	1	**–49**	36	**–**	–	Other financial result
–	**–1**	**5**	**–**	**–80**	**11**	**34**	**–49**	Financial result
47	**53**	**744**	**379**	**–59**	**–70**	**–325**	**–1**	**Profit before tax**
–14	–19	**–272**	–133	**4**	22	**114**	–4	Income taxes
33	**34**	**472**	**246**	**–55**	**–48**	**–211**	**–5**	**Net profit / loss**
–	–	**–**	–	**–**	–	**–**	–	Attributable to minority interest
33	**34**	**472**	**246**	**–55**	**–48**	**–211**	**–5**	**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

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

02 BMW GROUP IN FIGURES

05 INTERIM GROUP MANAGEMENT REPORT
05 The BMW Group – an Overview
07 Automobiles
11 Motorcycles
12 Financial Services
14 BMW Group – Capital Market Activities
15 Financial Analysis
20 Risk Management
20 Outlook

24 INTERIM GROUP FINANCIAL STATEMENTS
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 Cash Flow Statements
32 Group Statement of Changes in Equity
33 Notes

50 RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

51 REVIEW REPORT

52 OTHER INFORMATION
52 Financial Calendar
52 Contacts

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

in euro million

	Note	Group 2011	Group 2010	Automobiles 2011	Automobiles 2010
Revenues	4	**33,925**	27,791	**31,047**	24,341
Cost of sales	5	**–26,239**	–22,842	**–24,370**	–20,399
Gross profit		**7,686**	**4,949**	**6,677**	**3,942**
Sales and administrative costs	6	**–2,850**	–2,641	**–2,444**	–2,280
Other operating income	7	**319**	373	**207**	288
Other operating expenses	7	**–397**	–515	**–324**	–342
Profit before financial result		**4,758**	**2,166**	**4,116**	**1,608**
Result from equity accounted investments	8	**80**	11	**80**	11
Interest and similar income	9	**359**	290	**312**	227
Interest and similar expenses	9	**–404**	–436	**–357**	–396
Other financial result	10	**–277**	–224	**–249**	–292
Financial result		**–242**	**–359**	**–214**	**–450**
Profit before tax		**4,516**	**1,807**	**3,902**	**1,158**
Income taxes	11	**–1,495**	–649	**–1,249**	–413
Net profit / loss		**3,021**	**1,158**	**2,653**	**745**
Attributable to minority interest		**13**	4	**12**	4
Attributable to shareholders of BMW AG		**3,008**	**1,154**	**2,641**	**741**
Earnings per share of common stock in euro	12	**4.59**	1.76		
Earnings per share of preferred stock in euro	12	**4.60**	1.77		
Dilutive effects	12	**–**	–		
Diluted earnings per share of common stock in euro	12	**4.59**	1.76		
Diluted earnings per share of preferred stock in euro	12	**4.60**	1.77		

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

in euro million

	Note	2011	2010
Net profit		**3,021**	**1,158**
Available-for-sale securities		**1**	26
Financial instruments used for hedging purposes		**1,162**	–1,641
Exchange differences on translating foreign operations		**–520**	873
Actuarial gains / losses relating to defined benefit pension and similar plans		**261**	–664
Deferred taxes relating to components of other comprehensive income		**–495**	748
Post-tax income and expenses recognised directly in equity on investments accounted for using the equity method *		**14**	–
Other comprehensive income for the period after tax	13	**423**	**–658**
Total comprehensive income		**3,444**	**500**
Total comprehensive income attributable to minority interests		**13**	4
Total comprehensive income attributable to shareholders of BMW AG		**3,431**	**496**

* 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	
847	790	**8,364**	8,202	**2**	2	**–6,335**	–5,544	Revenues
–686	–638	**–6,901**	–7,309	**–**	–	**5,718**	5,504	Cost of sales
161	**152**	**1,463**	**893**	**2**	**2**	**–617**	**–40**	**Gross profit**
–83	–67	**–315**	–290	**–6**	–8	**–2**	4	Sales and administrative costs
1	1	**60**	28	**84**	81	**–33**	–25	Other operating income
–1	–	**–66**	–39	**–42**	–149	**36**	15	Other operating expenses
78	**86**	**1,142**	**592**	**38**	**–74**	**–616**	**–46**	**Profit before financial result**
–	–	**–**	–	**–**	–	**–**	–	Result from equity accounted investments
4	3	**2**	1	**777**	845	**–736**	–786	Interest and similar income
–5	–6	**–2**	–2	**–839**	–902	**799**	870	Interest and similar expenses
–	–	**31**	10	**–59**	58	**–**	–	Other financial result
–1	**–3**	**31**	**9**	**–121**	**1**	**63**	**84**	Financial result
77	**83**	**1,173**	**601**	**–83**	**–73**	**–553**	**38**	**Profit before tax**
–24	–30	**–423**	–212	**8**	23	**193**	–17	Income taxes
53	**53**	**750**	**389**	**–75**	**–50**	**–360**	**21**	**Net profit / loss**
–	–	**1**	–	**–**	–	**–**	–	Attributable to minority interest
53	**53**	**749**	**389**	**–75**	**–50**	**–360**	**21**	**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 30 June 2011

02 BMW GROUP IN FIGURES

05 INTERIM GROUP MANAGEMENT REPORT
05 The BMW Group – an Overview
07 Automobiles
11 Motorcycles
12 Financial Services
14 BMW Group – Capital Market Activities
15 Financial Analysis
20 Risk Management
20 Outlook

24 INTERIM GROUP FINANCIAL STATEMENTS
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 Cash Flow Statements
32 Group Statement of Changes in Equity
33 Notes

50 RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

51 REVIEW REPORT

52 OTHER INFORMATION
52 Financial Calendar
52 Contacts

Assets

in euro million	Note	Group 30.6.2011	Group 31.12.2010	Automobiles 30.6.2011	Automobiles 31.12.2010
Intangible assets	14	**4,765**	5,031	**4,627**	4,892
Property, plant and equipment	15	**10,747**	11,427	**10,551**	11,216
Leased products	16	**17,207**	17,791	**190**	182
Investments accounted for using the equity method	17	**283**	212	**259**	189
Other investments	17	**113**	177	**3,947**	3,263
Receivables from sales financing	18	**27,506**	27,126	**–**	–
Financial assets	19	**1,973**	1,867	**784**	662
Deferred tax	20	**1,327**	1,393	**1,669**	1,888
Other assets	21	**492**	692	**2,822**	2,473
Non-current assets		**64,413**	**65,716**	**24,849**	**24,765**
Inventories	22	**9,008**	7,766	**8,699**	7,468
Trade receivables		**2,511**	2,329	**2,213**	1,983
Receivables from sales financing	18	**17,670**	18,239	**–**	–
Financial assets	19	**3,734**	3,262	**2,536**	1,911
Current tax	20	**1,192**	1,166	**1,082**	1,068
Other assets	21	**2,741**	2,957	**15,416**	15,871
Cash and cash equivalents		**7,461**	7,432	**5,588**	5,585
Current assets		**44,317**	**43,151**	**35,534**	**33,886**
Total assets		**108,730**	**108,867**	**60,383**	**58,651**

Equity and liabilities

in euro million	Note	Group 30.6.2011	Group 31.12.2010	Automobiles 30.6.2011	Automobiles 31.12.2010
Subscribed capital		**655**	655		
Capital reserves		**1,939**	1,939		
Revenue reserves		**25,603**	23,447		
Accumulated other equity		**–2,544**	–2,967		
Equity attributable to shareholders of BMW AG		**25,653**	23,074		
Minority interest		**49**	26		
Equity	23	**25,702**	**23,100**	**25,605**	**23,993**
Pension provisions		**1,344**	1,563	**301**	349
Other provisions	24	**3,081**	2,721	**2,751**	2,348
Deferred tax	25	**3,868**	2,933	**2,607**	1,726
Financial liabilities	26	**33,984**	35,833	**959**	1,164
Other liabilities	27	**2,577**	2,583	**2,326**	2,873
Non-current provisions and liabilities		**44,854**	**45,633**	**8,944**	**8,460**
Other provisions	24	**2,633**	2,826	**2,192**	2,336
Current tax	25	**871**	1,198	**735**	1,026
Financial liabilities	26	**24,065**	26,520	**517**	961
Trade payables		**4,873**	4,351	**4,264**	3,713
Other liabilities	27	**5,732**	5,239	**18,126**	18,162
Current provisions and liabilities		**38,174**	**40,134**	**25,834**	**26,198**
Total equity and liabilities		**108,730**	**108,867**	**60,383**	**58,651**

Motorcycles 30.6.2011	Motorcycles 31.12.2010	Financial Services 30.6.2011	Financial Services 31.12.2010	Other Entities 30.6.2011	Other Entities 31.12.2010	Eliminations 30.6.2011	Eliminations 31.12.2010	Assets
44	42	**93**	97	**1**	–	**–**	–	Intangible assets
181	192	**15**	19	**–**	–	**–**	–	Property, plant and equipment
–	–	**20,583**	20,868	**–**	–	**–3,566**	–3,259	Leased products
–	–	**–**	–	**24**	23	**–**	–	Investments accounted for using the equity method
–	–	**8**	8	**5,248**	5,134	**–9,090**	–8,228	Other investments
–	–	**27,506**	27,126	**–**	–	**–**	–	Receivables from sales financing
–	–	**35**	7	**1,598**	1,622	**–444**	–424	Financial assets
–	1	**563**	603	**266**	320	**–1,171**	–1,419	Deferred tax
–	–	**1,071**	1,176	**13,747**	12,538	**–17,148**	–15,495	Other assets
225	**235**	**49,874**	**49,904**	**20,884**	**19,637**	**–31,419**	**–28,825**	**Non-current assets**
300	290	**9**	8	**–**	–	**–**	–	Inventories
138	114	**159**	231	**1**	1	**–**	–	Trade receivables
–	–	**17,670**	18,239	**–**	–	**–**	–	Receivables from sales financing
–	–	**731**	815	**1,138**	854	**–671**	–318	Financial assets
–	–	**14**	31	**96**	67	**–**	–	Current tax
10	44	**2,923**	3,248	**26,902**	29,224	**–42,510**	–45,430	Other assets
1	4	**1,653**	1,227	**219**	616	**–**	–	Cash and cash equivalents
449	**452**	**23,159**	**23,799**	**28,356**	**30,762**	**–43,181**	**–45,748**	**Current assets**
674	**687**	**73,033**	**73,703**	**49,240**	**50,399**	**–74,600**	**–74,573**	**Total assets**

Motorcycles 30.6.2011	Motorcycles 31.12.2010	Financial Services 30.6.2011	Financial Services 31.12.2010	Other Entities 30.6.2011	Other Entities 31.12.2010	Eliminations 30.6.2011	Eliminations 31.12.2010	Equity and liabilities
								Subscribed capital
								Capital reserves
								Revenue reserves
								Accumulated other equity
								Equity attributable to shareholders of BMW AG
								Minority interest
–	**–**	**6,085**	**5,216**	**6,481**	**5,261**	**–12,469**	**–11,370**	**Equity**
18	18	**31**	32	**994**	1,164	**–**	–	Pension provisions
97	93	**203**	250	**30**	30	**–**	–	Other provisions
–	2	**3,694**	3,691	**1**	3	**–2,434**	–2,489	Deferred tax
–	–	**10,970**	12,202	**22,499**	22,891	**–444**	–424	Financial liabilities
293	314	**15,551**	13,619	**23**	22	**–15,616**	–14,245	Other liabilities
408	**427**	**30,449**	**29,794**	**23,547**	**24,110**	**–18,494**	**–17,158**	**Non-current provisions and liabilities**
50	47	**285**	337	**103**	103	**3**	3	Other provisions
–	–	**87**	121	**49**	51	**–**	–	Current tax
–	–	**13,976**	13,746	**10,243**	12,131	**–671**	–318	Financial liabilities
196	199	**407**	433	**6**	6	**–**	–	Trade payables
20	14	**21,744**	24,056	**8,811**	8,737	**–42,969**	–45,730	Other liabilities
266	**260**	**36,499**	**38,693**	**19,212**	**21,028**	**–43,637**	**–46,045**	**Current provisions and liabilities**
674	**687**	**73,033**	**73,703**	**49,240**	**50,399**	**–74,600**	**–74,573**	**Total equity and liabilities**

INTERIM GROUP FINANCIAL STATEMENTS

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

02 BMW GROUP IN FIGURES

05 INTERIM GROUP MANAGEMENT REPORT
05 The BMW Group – an Overview
07 Automobiles
11 Motorcycles
12 Financial Services
14 BMW Group – Capital Market Activities
15 Financial Analysis
20 Risk Management
20 Outlook

24 — INTERIM GROUP FINANCIAL STATEMENTS
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 — Cash Flow Statements
32 Group Statement of Changes in Equity
33 Notes

50 RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

51 REVIEW REPORT

52 OTHER INFORMATION
52 Financial Calendar
52 Contacts

	Group	
in euro million	**2011**	2010
Net profit	**3,021**	1,158
Depreciation of leased products	**2,525**	2,466
Depreciation and amortisation of tangible, intangible and investment assets	**1,763**	1,948
Change in provisions	**54**	–307
Change in deferred taxes	**670**	333
Changes in working capital	**–1,115**	–164
Other	**1,309**	164
Cash inflow from operating activities	**8,227**	**5,598**
Investment in intangible assets and property, plant and equipment	**–1,001**	–1,153
Net investment in leased products and receivables from sales financing	**–3,860**	–2,029
Other	**–184**	–364
Cash outflow from investing activities	**–5,045**	**–3,546**
Cash outflow / inflow from financing activities	**–3,022**	**–2,165**
Effect of exchange rate and changes in composition of Group on cash and cash equivalents	**–131**	**383**
Change in cash and cash equivalents	**29**	**270**
Cash and cash equivalents as at 1 January	**7,432**	7,767
Cash and cash equivalents as at 30 June	**7,461**	**8,037**

Automobiles 2011	Automobiles 2010	Financial Services 2011	Financial Services 2010	
2,653	745	**750**	389	Net profit
3	4	**2,093**	2,416	Depreciation of leased products
1,723	1,896	**9**	12	Depreciation and amortisation of tangible, intangible and investment assets
93	–417	**–103**	9	Change in provisions
573	274	**291**	48	Change in deferred taxes
–1,128	–191	**51**	41	Changes in working capital
310	97	**283**	–389	Other
4,227	**2,408**	**3,374**	**2,526**	**Cash inflow from operating activities**
–973	–1,134	**–2**	–3	Investment in intangible assets and property, plant and equipment
–10	–1	**–3,850**	–2,028	Net investment in leased products and receivables from sales financing
–859	–484	**45**	87	Other
–1,842	**–1,619**	**–3,807**	**–1,944**	**Cash outflow from investing activities**
–2,254	**673**	**849**	**–1,758**	**Cash outflow / inflow from financing activities**
–128	**234**	**10**	**103**	**Effect of exchange rate and changes in composition of Group on cash and cash equivalents**
3	**1,696**	**426**	**–1,073**	**Change in cash and cash equivalents**
5,585	4,331	**1,227**	2,803	Cash and cash equivalents as at 1 January
5,588	**6,027**	**1,653**	**1,730**	**Cash and cash equivalents as at 30 June**

Group Statement of Changes in Equity to 30 June 2011

02 BMW GROUP IN FIGURES
05 INTERIM GROUP MANAGEMENT REPORT
05 The BMW Group – an Overview
07 Automobiles
11 Motorcycles
12 Financial Services
14 BMW Group – Capital Market Activities
15 Financial Analysis
20 Risk Management
20 Outlook
24 INTERIM GROUP FINANCIAL STATEMENTS
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 Cash Flow Statements
32 Group Statement of Changes in Equity
33 Notes
50 RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES
51 REVIEW REPORT
52 OTHER INFORMATION
52 Financial Calendar
52 Contacts

in euro million	Subscribed capital	Capital reserves	Revenue reserves	Accumulated other equity				Treasury shares	Equity attributable to shareholders of BMW AG	Minority interest	Total
				Translation differences	Securities	Derivative financial instruments	Pension obligations				
31 December 2009	**655**	**1,921**	**20,426**	**–1,747**	**20**	**209**	**–1,582**	**–**	**19,902**	**13**	**19,915**
Dividends paid	–	–	–197	–	–	–	–	–	–197	–	**–197**
Comprehensive income 30 June 2010	–	–	1,154	873	18	–1,085	–464	–	496	4	**500**
30 June 2010	**655**	**1,921**	**21,383**	**–874**	**38**	**–876**	**–2,046**	**–**	**20,201**	**17**	**20,218**
31 December 2010	**655**	**1,939**	**23,447**	**–1,064**	**9**	**–127**	**–1,785**	**–**	**23,074**	**26**	**23,100**
Dividends paid	–	–	–852	–	–	–	–	–	–852	–	**–852**
Comprehensive income 30 June 2011	–	–	3,008	–536	1	779	179	–	3,431	13	**3,444**
Other changes	–	–	–	–	–	–	–	–	–	10	**10**
30 June 2011	**655**	**1,939**	**25,603**	**–1,600**	**10**	**652**	**–1,606**	**–**	**25,653**	**49**	**25,702**

1 — Basis of preparation

The Group Financial Statements of BMW AG at 31 December 2010 were drawn up in accordance with International Financial Reporting Standards (IFRSs), as applicable in the EU. The interim Group Financial Statements (Interim Report) at 30 June 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 30 June 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 30 June 2011 totalled euro 6.8 billion (31 December 2010: euro 7.5 billion).

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

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

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

The preparation of interim financial statements requires management to make certain assumptions and estimates

02 **BMW GROUP IN FIGURES**

05 **INTERIM GROUP MANAGEMENT REPORT**
05 The BMW Group – an Overview
07 Automobiles
11 Motorcycles
12 Financial Services
14 BMW Group – Capital Market Activities
15 Financial Analysis
20 Risk Management
20 Outlook

24 — **INTERIM GROUP FINANCIAL STATEMENTS**
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 Cash Flow Statements
32 Group Statement of Changes in Equity
33 — Notes

50 **RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES**

51 **REVIEW REPORT**

52 **OTHER INFORMATION**
52 Financial Calendar
52 Contacts

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. Based on a positive market development, it was necessary during the first half of 2011 to adjust the risk provision computations relating to residual value and bad debt risk. The positive effect of these adjustments amounting to euro 524 million was recognised in cost of sales.

2 — Consolidated companies

The BMW Group Financial Statements for the second quarter 2011 include, besides BMW AG, 28 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.

No entities were consolidated for the first time during the second quarter 2011.

BMW Maschinenfabrik Spandau GmbH, Berlin, was merged with BMW AG, Munich, with retrospective effect from 1 January 2011 and therefore ceased to be a consolidated company during the second quarter 2011.

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

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

During the first half of 2011 Bürohaus Petuelring GmbH & Co. Vermietungs KG, Munich, was automatically merged into Bürohaus Petuelring GmbH, Munich, with effect from 1 January and therefore ceased to be a consolidated company.

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 second quarter 2011

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

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

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

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

02 BMW GROUP IN FIGURES
05 INTERIM GROUP MANAGEMENT REPORT
05 The BMW Group – an Overview
07 Automobiles
11 Motorcycles
12 Financial Services
14 BMW Group – Capital Market Activities
15 Financial Analysis
20 Risk Management
20 Outlook
24 — INTERIM GROUP FINANCIAL STATEMENTS
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 Cash Flow Statements
32 Group Statement of Changes in Equity
33 — Notes
50 RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES
51 REVIEW REPORT
52 OTHER INFORMATION
52 Financial Calendar
52 Contacts

4 — Revenues

Revenues by activity comprise the following:

in euro million	**2nd quarter 2011**	2nd quarter 2010	**1 January to 30 June 2011**	1 January to 30 June 2010
Sales of products and related goods	**13,942**	11,415	**26,066**	20,154
Income from lease instalments	**1,316**	1,226	**2,652**	2,462
Sale of products previously leased to customers	**1,515**	1,629	**3,021**	3,106
Interest income on loan financing	**671**	649	**1,345**	1,268
Other income	**444**	429	**841**	801
Revenues	**17,888**	**15,348**	**33,925**	**27,791**

An analysis of revenues by segment is shown in the segment information on pages 44 to 45.

5 — Cost of sales

Cost of sales in the second quarter include euro 3,054 million (2010: euro 3,415 million) relating to financial services business. For the period from 1 January to 30 June 2011, euro 6,450 million (2010: euro 7,003 million) relates to financial services business.

Second-quarter cost of sales include research and development costs of euro 902 million (2010: euro 746 million). The latter comprises all research costs and development costs not recognised as assets as well as the amortisation of capitalised development costs amounting to euro 295 million (2010: euro 318 million). For the first half of the year, research and development costs amounted to euro 1,715 million (2010: euro 1,424 million). This includes amortisation on capitalised development costs of euro 594 million (2010: euro 640 million).

6 — Sales and administrative costs

Sales costs amounted to euro 1,058 million for the second quarter (2010: euro 1,012 million). The equivalent figure for the six-month period was euro 2,097 million (2010: euro 1,905 million). Sales costs comprise mainly marketing, advertising and sales personnel costs.

Administrative costs in the second quarter amounted to euro 402 million (2010: euro 416 million) and in the first half of the year to euro 753 million (2010: euro 736 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 second quarter amounted to euro 119 million (2010: euro 108 million). The six-month figure amounted to euro 319 million (2010: euro 373 million). Second-quarter other operating expenses totalled euro 176 million (2010: euro 227 million). The equivalent figure for the six-month period was euro 397 million (2010: euro 515 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 second quarter was a positive amount of euro 49 million (2010: euro 7 million). For the first half of the year, the equivalent figure was euro 80 million (2010: euro 11 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	2nd quarter 2011	2nd quarter 2010	1 January to 30 June 2011	1 January to 30 June 2010
Interest and similar income	183	61	359	290
Interest and similar expenses	–223	–196	–404	–436
Net interest result	**–40**	**–135**	**–45**	**–146**

10 — Other financial result

in euro million	2nd quarter 2011	2nd quarter 2010	1 January to 30 June 2011	1 January to 30 June 2010
Result on investments	2	–90	2	–90
Sundry other financial result	–163	–200	–279	–134
Other financial result	**–161**	**–290**	**–277**	**–224**

11 — Income taxes

Taxes on income comprise the following:

in euro million	2nd quarter 2011	2nd quarter 2010	1 January to 30 June 2011	1 January to 30 June 2010
Current tax expense	495	318	827	376
Deferred tax expense	400	147	668	273
Income taxes	**895**	**465**	**1,495**	**649**

The effective tax rate for the period to 30 June 2011 was 33.1% (2010: 35.9%).

12 — Earnings per share

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

		2nd quarter 2011	2nd quarter 2010	1 January to 30 June 2011	1 January to 30 June 2010
Profit attributable to the shareholders	euro million	1,803.5	831.4	3,007.9	1,154.1
Profit attributable to common stock	euro million (rounded)	1,656.7	764.0	2,763.3	1,060.7
Profit attributable to preferred stock	euro million (rounded)	146.8	67.4	244.6	93.4
Average number of common stock shares in circulation	number	601,995,196	601,995,196	601,995,196	601,995,196
Average number of preferred stock shares in circulation	number	53,163,412	52,665,362	53,163,412	52,665,362
Earnings per share of common stock	euro	2.75	1.27	4.59	1.76
Earnings per share of preferred stock	euro	2.76	1.28	4.60	1.77

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.

02 BMW GROUP IN FIGURES

05 INTERIM GROUP MANAGEMENT REPORT
05 The BMW Group – an Overview
07 Automobiles
11 Motorcycles
12 Financial Services
14 BMW Group – Capital Market Activities
15 Financial Analysis
20 Risk Management
20 Outlook

24 — INTERIM GROUP FINANCIAL STATEMENTS
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 Cash Flow Statements
32 Group Statement of Changes in Equity
33 — Notes

50 RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

51 REVIEW REPORT

52 OTHER INFORMATION
52 Financial Calendar
52 Contacts

13 — Disclosures relating to the statement of total comprehensive income

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

in euro million	**2nd quarter 2011**	2nd quarter 2010	**1 January to 30 June 2011**	1 January to 30 June 2010
Available-for-sale securities				
Gains / losses in the period	**13**	3	**9**	22
Amounts reclassified to income statement	**–7**	6	**–8**	4
	6	9	**1**	26
Financial instruments used for hedging purposes				
Gains / losses in the period	**113**	–1,303	**1,274**	–1,833
Amounts reclassified to income statement	**–67**	195	**–112**	192
	46	–1,108	**1,162**	–1,641
Exchange differences on translating foreign operations	**–107**	614	**–520**	873
Actuarial gains / losses relating to defined benefit pension and similar plans	**145**	–315	**261**	–664
Deferred taxes relating to components of other comprehensive income	**–94**	472	**–495**	748
Post-tax income and expenses recognised directly in equity on investments accounted for using the equity method*	**3**	–	**14**	–
Other comprehensive income for the period after tax	**–1**	**–328**	**423**	**–658**

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

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

in euro million	**2nd quarter 2011**			2nd quarter 2010		
	Before tax	Deferred taxes	After tax	Before tax	Deferred taxes	After tax
Available-for-sale securities	**6**	**–2**	**4**	9	–3	6
Financial instruments used for hedging purposes	**46**	**–43**	**3**	–1,108	381	–727
Exchange differences on translating foreign operations	**–107**	**–**	**–107**	614	–	614
Actuarial gains / losses relating to defined benefit pension and similar plans	**145**	**–49**	**96**	–315	94	–221
Income and expenses recognised directly in equity on investments accounted for using the equity method*	**5**	**–2**	**3**	–	–	–
Other comprehensive income	**95**	**–96**	**–1**	**–800**	**472**	**–328**

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

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

in euro million	**1 January to 30 June 2011**			1 January to 30 June 2010		
	Before tax	Deferred taxes	After tax	Before tax	Deferred taxes	After tax
Available-for-sale securities	**1**	**–**	**1**	26	–8	18
Financial instruments used for hedging purposes	**1,162**	**–413**	**749**	–1,641	556	–1,085
Exchange differences on translating foreign operations	**–520**	**–**	**–520**	873	–	873
Actuarial gains / losses relating to defined benefit pension and similar plans	**261**	**–82**	**179**	–664	200	–464
Income and expenses recognised directly in equity on investments accounted for using the equity method*	**24**	**–10**	**14**	–	–	–
Other comprehensive income	**928**	**–505**	**423**	**–1,406**	**748**	**–658**

* 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 30 June 2011 amounted to euro 4,385 million (31 December 2010: euro 4,625 million). Additions to development costs in the first half of 2011 totalled euro 354 million (2010: euro 434 million). The amortisation expense for the six-month period amounted to euro 594 million (2010: euro 640 million).

In addition, intangible assets include a brand-name right amounting to euro 39 million (31 December 2010: euro 41 million) and goodwill with an indefinite useful life of euro 111 million, unchanged from the previous year. The latter comprises goodwill arising on the acquisition of DEKRA SüdLeasing Services GmbH, Stuttgart, and its subsidiaries and on the acquisition of SimeLease (Malaysia) Sdn Bhd, Kuala Lumpur, and its subsidiary SimeCredit (Malaysia) Sdn Bhd, Kuala Lumpur. This item is not presented separately in the BMW Group balance sheet since the amount is not significant in relation to either the balance sheet total or intangible assets.

15 — Property, plant and equipment

Capital expenditure for property, plant and equipment in the first six months of 2011 was euro 616 million (2010: euro 698 million). The depreciation expense for the same period amounted to euro 1,115 million (2010: euro 1,153 million).

16 — Leased products

Additions to leased products and depreciation thereon for the six-month period amounted to euro 4,582 million (2010: euro 4,934 million) and euro 1,041 million (2010: euro 1,400 million) respectively. Disposals amounted to euro 3,508 million (2010: euro 4,245 million). The translation of foreign currency financial statements resulted in a net negative translation difference of euro 617 million (2010: net positive translation difference of euro 1,395 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 during the first half of the year.

18 — Receivables from sales financing

Receivables from sales financing totalling euro 45,176 million (31 December 2010: euro 45,365 million) relate to credit financing for retail customers and dealers and to finance leases.

Receivables from sales financing include euro 27,506 million (31 December 2010: euro 27,126 million) with a remaining term of more than one year.

19 — Financial assets

Financial assets comprise:

in euro million	30.6.2011	31.12.2010
Derivative instruments	**3,259**	2,781
Marketable securities and investment funds	**1,675**	1,566
Loans to third parties	**55**	58
Credit card receivables	**220**	262
Other	**498**	462
Financial assets	**5,707**	**5,129**
thereof non-current	**1,973**	1,867
thereof current	**3,734**	3,262

02 BMW GROUP IN FIGURES
05 INTERIM GROUP MANAGEMENT REPORT
05 The BMW Group – an Overview
07 Automobiles
11 Motorcycles
12 Financial Services
14 BMW Group – Capital Market Activities
15 Financial Analysis
20 Risk Management
20 Outlook
24 — INTERIM GROUP FINANCIAL STATEMENTS
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 Cash Flow Statements
32 Group Statement of Changes in Equity
33 — Notes
50 RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES
51 REVIEW REPORT
52 OTHER INFORMATION
52 Financial Calendar
52 Contacts

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

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

20 — Income tax assets

Income tax assets can be analysed as follows:

30 June 2011 in euro million	Maturity within one year	Maturity later than one year	**Total**
Deferred tax	–	1,327	**1,327**
Current tax	296	896	**1,192**
Income tax assets	**296**	**2,223**	**2,519**

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	**30.6.2011**	31.12.2010
Other taxes	**489**	564
Receivables from subsidiaries	**583**	688
Receivables from other companies in which an investment is held	**210**	258
Prepayments	**825**	847
Collateral receivables	**406**	474
Sundry other assets	**720**	818
Other assets	**3,233**	**3,649**
thereof non-current	**492**	692
thereof current	**2,741**	2,957

22 — Inventories

Inventories comprise the following:

in euro million	30.6.2011	31.12.2010
Raw materials and supplies	**777**	663
Work in progress, unbilled contracts	**811**	683
Finished goods and goods for resale	**7,420**	6,420
Inventories	**9,008**	**7,766**

23 — Equity

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

Number of shares issued

At 30 June 2011 common stock issued by BMW AG was divided into 601,995,196 shares with a par value of one euro, unchanged from 31 December 2010. Preferred stock issued by BMW AG was divided into 53,163,412 shares with a par value of one euro, also unchanged from 31 December 2010. Unlike the common stock, no voting rights are attached to the preferred stock. All of the Company's stock is issued to bearer. Preferred stock bears an additional dividend of euro 0.02 per share.

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

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

Capital reserves

Capital reserves include premiums arising from the issue of shares.

Revenue reserves

Revenue reserves comprise the post-acquisition and non-distributed earnings of consolidated companies. In addition, revenue reserves include both positive and negative goodwill arising on the consolidation of Group companies prior to 31 December 1994.

Revenue reserves went up during the first half of 2011 to euro 25,603 million (31 December 2010: euro 23,447 million). They were increased by the net profit for the period attributable to shareholders of BMW AG amounting to euro 3,008 million (31 December 2010: euro 3,218 million) and reduced by the payment of dividends on common stock (euro 783 million) and preferred stock (euro 69 million) for the financial year 2010.

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 49 million (31 December 2010: euro 26 million). This includes a minority interest of euro 13 million in the results for the period (31 December 2010: euro 16 million).

24 — Other provisions

Other provisions, at euro 5,714 million (31 December 2010: euro 5,547 million) primarily include personnel-related obligations and obligations for ongoing operational expenses.

Current other provisions at 30 June 2011 amounted to euro 2,633 million (31 December 2010: euro 2,826 million).

02 BMW GROUP IN FIGURES

05 INTERIM GROUP MANAGEMENT REPORT
05 The BMW Group – an Overview
07 Automobiles
11 Motorcycles
12 Financial Services
14 BMW Group – Capital Market Activities
15 Financial Analysis
20 Risk Management
20 Outlook

24 — INTERIM GROUP FINANCIAL STATEMENTS
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 Cash Flow Statements
32 Group Statement of Changes in Equity
33 — Notes

50 RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

51 REVIEW REPORT

52 OTHER INFORMATION
52 Financial Calendar
52 Contacts

25 — Income tax liabilities

30 June 2011 in euro million	Maturity within one year	Maturity later than one year	Total
Deferred tax	–	3,868	**3,868**
Current tax	313	558	**871**
Income tax liabilities	**313**	**4,426**	**4,739**

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 871 million (31 December 2010: euro 1,198 million) comprise euro 130 million (31 December 2010: euro 189 million) for taxes payable and euro 741 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	30.6.2011	31.12.2010
Bonds	**26,226**	27,568
Liabilities to banks	**7,461**	7,740
Liabilities from customer deposits (banking)	**10,691**	10,689
Commercial paper	**4,213**	5,242
Asset backed financing transactions	**6,811**	7,506
Derivative instruments	**1,160**	2,010
Other	**1,487**	1,598
Financial liabilities	**58,049**	**62,353**
thereof non-current	**33,984**	35,833
thereof current	**24,065**	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	30.6.2011	31.12.2010
Other taxes	**701**	560
Social security	**64**	64
Advance payments from customers	**739**	773
Deposits received	**205**	202
Payables to subsidiaries	**82**	58
Payables to other companies in which an investment is held	**3**	4
Deferred income	**3,575**	3,510
Other	**2,940**	2,651
Other liabilities	**8,309**	**7,822**
thereof non-current	**2,577**	2,583
thereof current	**5,732**	5,239

02 BMW GROUP IN FIGURES

05 INTERIM GROUP MANAGEMENT REPORT
05 The BMW Group – an Overview
07 Automobiles
11 Motorcycles
12 Financial Services
14 BMW Group – Capital Market Activities
15 Financial Analysis
20 Risk Management
20 Outlook

24 — INTERIM GROUP FINANCIAL STATEMENTS
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 Cash Flow Statements
32 Group Statement of Changes in Equity
33 — Notes

50 RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

51 REVIEW REPORT

52 OTHER INFORMATION
52 Financial Calendar
52 Contacts

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 half of 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 six months of 2011 amounting to euro 781 million (2010: euro 314 million), of which euro 393 million was recorded in the second quarter (2010: euro 175 million). At 30 June 2011, receivables of Group companies from BMW Brilliance Automotive Ltd., Shenyang, amounted to euro 179 million (31 December 2010: euro 260 million). As at 31 December 2010, there were no open payables from Group companies to BMW Brilliance Automotive Ltd., Shenyang.

All transactions of BMW Group entities with the joint ventures SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, and SGL Automotive Carbon Fibers LLC, Dover, DE, arise in the normal course of business and are conducted on the basis of arm's length principles. Group companies sold goods and services to these joint ventures during the first six months of 2011 amounting to euro 1 million (2010: euro – million). At 30 June 2011, receivables totalled euro 38 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 30 June 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 second quarter 2011 Group entities purchased services and goods from Cirquent GmbH, Munich, amounting to euro 17 million (2010: euro 13 million). The equivalent figure for the six-month period was euro 33 million (2010: euro 25 million). At 30 June 2011, liabilities of Group companies to Cirquent GmbH, Munich, totalled euro 3 million (31 December 2010: euro 4 million). Group entities had no receivables from Cirquent GmbH, Munich, either at 31 December 2010 or at 30 June 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 half of 2011. In addition, companies of the DELTON Group acquired vehicles 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 half of 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 period under report. BMW AG bears expenses on a minor scale and renders services on behalf of BMW Trust e.V., Munich.

02 BMW GROUP IN FIGURES
05 INTERIM GROUP MANAGEMENT REPORT
05 The BMW Group – an Overview
07 Automobiles
11 Motorcycles
12 Financial Services
14 BMW Group – Capital Market Activities
15 Financial Analysis
20 Risk Management
20 Outlook
24 — INTERIM GROUP FINANCIAL STATEMENTS
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 Cash Flow Statements
32 Group Statement of Changes in Equity
33 — Notes
50 RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES
51 REVIEW REPORT
52 OTHER INFORMATION
52 Financial Calendar
52 Contacts

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 second quarter is as follows:

Segment information by operating segment

	Automobiles		Motorcycles	
in euro million	**2011**	2010	**2011**	2010
External revenues	**13,695**	11,142	**446**	436
Inter-segment revenues	**2,979**	2,527	**4**	3
Total revenues	**16,674**	**13,669**	**450**	**439**
Segment result	**2,408**	1,317	**47**	54
Capital expenditure on non-current assets	**591**	608	**11**	9
Depreciation and amortisation on non-current assets	**858**	900	**15**	19

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

Segment information by operating segment

	Automobiles		Motorcycles	
in euro million	**2011**	2010	**2011**	2010
External revenues	**25,593**	19,657	**838**	783
Inter-segment revenues	**5,454**	4,684	**9**	7
Total revenues	**31,047**	**24,341**	**847**	**790**
Segment result	**4,116**	1,608	**78**	86
Capital expenditure on non-current assets	**1,057**	1,223	**25**	16
Depreciation and amortisation on non-current assets	**1,726**	1,808	**31**	37

	Automobiles		Motorcycles	
in euro million	**30.6.2011**	31.12.2010	**30.6.2011**	31.12.2010
Segment assets	**9,004**	9,665	**422**	402

	Financial Services 2011	Financial Services 2010	Other Entities 2011	Other Entities 2010	Reconciliation to Group figures 2011	Reconciliation to Group figures 2010	Group 2011	Group 2010
External revenues	**3,746**	3,770	**1**	–	**–**	–	**17,888**	15,348
Inter-segment revenues	**435**	428	**–**	1	**–3,418**	–2,959	**–**	–
Total revenues	**4,181**	**4,198**	**1**	**1**	**–3,418**	**–2,959**	**17,888**	**15,348**
Segment result	**744**	379	**–59**	–70	**–436**	–381	**2,704**	1,299
Capital expenditure on non-current assets	**3,325**	3,201	**1**	–	**–860**	–557	**3,068**	3,261
Depreciation and amortisation on non-current assets	**965**	1,188	**–**	–	**–531**	–509	**1,307**	1,598

	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
External revenues	**7,493**	7,351	**1**	–	**–**	–	**33,925**	27,791
Inter-segment revenues	**871**	851	**1**	2	**–6,335**	–5,544	**–**	–
Total revenues	**8,364**	**8,202**	**2**	**2**	**–6,335**	**–5,544**	**33,925**	**27,791**
Segment result	**1,173**	601	**–83**	–73	**–768**	–415	**4,516**	1,807
Capital expenditure on non-current assets	**6,100**	5,913	**1**	–	**–1,600**	–1,065	**5,583**	6,087
Depreciation and amortisation on non-current assets	**2,102**	2,428	**–**	–	**–1,055**	–1,020	**2,804**	3,253

	Financial Services 30.6.2011	Financial Services 31.12.2010	Other Entities 30.6.2011	Other Entities 31.12.2010	Reconciliation to Group figures 30.6.2011	Reconciliation to Group figures 31.12.2010	Group 30.6.2011	Group 31.12.2010
Segment assets	**6,085**	5,216	**43,702**	44,985	**49,517**	48,599	**108,730**	108,867

02 BMW GROUP IN FIGURES

05 INTERIM GROUP MANAGEMENT REPORT
05 The BMW Group – an Overview
07 Automobiles
11 Motorcycles
12 Financial Services
14 BMW Group – Capital Market Activities
15 Financial Analysis
20 Risk Management
20 Outlook

24 — INTERIM GROUP FINANCIAL STATEMENTS
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 Cash Flow Statements
32 Group Statement of Changes in Equity
33 — Notes

50 RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

51 REVIEW REPORT

52 OTHER INFORMATION
52 Financial Calendar
52 Contacts

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

in euro million	**2nd quarter 2011**	2nd quarter 2010
Reconciliation of segment result		
Total for reportable segments	**3,140**	1,680
Financial result of Automobiles segment and Motorcycles segment	**–111**	–380
Elimination of inter-segment items	**–325**	–1
Group profit before tax	**2,704**	**1,299**
Reconciliation of capital expenditure on non-current assets		
Total for reportable segments	**3,928**	3,818
Elimination of inter-segment items	**–860**	–557
Total Group capital expenditure on non-current assets	**3,068**	**3,261**
Reconciliation of depreciation and amortisation on non-current assets		
Total for reportable segments	**1,838**	2,107
Elimination of inter-segment items	**–531**	–509
Total Group depreciation and amortisation on non-current assets	**1,307**	**1,598**

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

in euro million	**1 January to 30 June 2011**	1 January to 30 June 2010
Reconciliation of segment result		
Total for reportable segments	**5,284**	2,222
Financial result of Automobiles segment and Motorcycles segment	**–215**	–453
Elimination of inter-segment items	**–553**	38
Group profit before tax	**4,516**	**1,807**
Reconciliation of capital expenditure on non-current assets		
Total for reportable segments	**7,183**	7,152
Elimination of inter-segment items	**–1,600**	–1,065
Total Group capital expenditure on non-current assets	**5,583**	**6,087**
Reconciliation of depreciation and amortisation on non-current assets		
Total for reportable segments	**3,859**	4,273
Elimination of inter-segment items	**–1,055**	–1,020
Total Group depreciation and amortisation on non-current assets	**2,804**	**3,253**

in euro million	30.6.2011	31.12.2010
Reconciliation of segment assets		
Total for reportable segments	**59,213**	60,268
Non-operating assets – Other Entities segment	**5,538**	5,414
Operating liabilities – Financial Services segment	**66,948**	68,487
Interest-bearing assets – Automobiles and Motorcycles segments	**31,817**	30,300
Liabilities of Automobiles and Motorcycles segments not subject to interest	**19,814**	18,971
Elimination of inter-segment items	**–74,600**	–74,573
Total Group assets	**108,730**	**108,867**

Munich, 26 July 2011

Bayerische Motoren Werke
Aktiengesellschaft

The Board of Management

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

Frank-Peter Arndt

Dr.-Ing. Herbert Diess

Dr.-Ing. Klaus Draeger

Dr. Friedrich Eichiner

Harald Krüger

Dr. Ian Robertson (HonDSc)

RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

02 BMW GROUP IN FIGURES

05 INTERIM GROUP MANAGEMENT REPORT
05 The BMW Group – an Overview
07 Automobiles
11 Motorcycles
12 Financial Services
14 BMW Group – Capital Market Activities
15 Financial Analysis
20 Risk Management
20 Outlook

24 INTERIM GROUP FINANCIAL STATEMENTS
24 Income Statements
24 Statement of Comprehensive Income for Group
28 Balance Sheets
30 Cash Flow Statements
32 Group Statement of Changes in Equity
33 Notes

50 — RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

51 — REVIEW REPORT

52 OTHER INFORMATION
52 Financial Calendar
52 Contacts

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

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

Munich, 26 July 2011

Bayerische Motoren Werke
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The Board of Management

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Dr. Ian Robertson (HonDSc)

To Bayerische Motoren Werke Aktiengesellschaft, Munich

We have reviewed the condensed interim consolidated financial statements of Bayerische Motoren Werke Aktiengesellschaft, Munich – comprising the balance sheet, the income statement and the statement of comprehensive income, the condensed cash flow statement, the statement of changes in equity and selected explanatory notes, together with the interim Group Management Report of Bayerische Motoren Werke Aktiengesellschaft, Munich, for the period of 1 January to 30 June 2011, which are part of the semi-annual financial report pursuant to § 37 w of the Securities Trading Act (WpHG). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim Group Management Report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim Group Management Report based on our review.

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

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

Munich, 1 August 2011

KPMG AG
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Schindler	Huber-Straßer
Wirtschaftsprüfer	Wirtschaftsprüferin

Financial Calendar

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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