

Interim Report
for the period ending
30 June 2001



BMW Group



The BMW Group: an Overview

(units/euro million)

	2nd quarter 2001	2nd quarter 2000	Change
Vehicle production			
BMW ¹	231,656	210,787	9.9%
MINI	2,317		
Motorcycles ²	30,127	22,256	35.4%
Deliveries to customers			
BMW ³	238,058	218,855	8.8%
Motorcycles ⁴	32,263	27,869	15.8%
Workforce at end of quarter⁵	94,765	91,746	3.3%
Cash flow	1,056	665	58.8%
Sales⁶	10,608	10,089	5.1%
Profit from ordinary activities	847	522	62.3%
thereof:			
BMW Automobiles	764	728	4.9%
Rover Automobiles		-338	
BMW Motorcycles	39	31	25.8%
Financial Services	118	94	25.5%
Miscellaneous, consolidations	-74	7	
Taxes on profit	322	290	11.0%
Profit	525	232	126.3%
DVFA/SG result per share in euro	0.82	0.33	148.5%

¹ in the second quarter 2000 plus 58,859 Rover/Land Rover vehicles

² in addition 3,653 C1 (second quarter 2000: 7,034)

³ in the second quarter 2000 plus 82,604 Rover/Land Rover vehicles

⁴ in addition 4,425 C1 (second quarter 2000: 3,631)

⁵ 106,605 employees including Rover/Land Rover as at 30 June 2000

⁶ adjusted for Rover/Land Rover sales in the second quarter 2000 (euro 1,778 million), sales increased by 27.6%

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	1 January– 30 June 2001	1 January– 30 June 2000	Change
Vehicle production			
BMW ¹	469,389	414,146	13.3%
MINI	2,317		
Motorcycles ²	53,481	43,718	22.3%
Deliveries to customers			
BMW ³	459,835	420,955	9.2%
Motorcycles ⁴	50,117	45,626	9.8%
Workforce at end of quarter⁵	94,765	91,746	3.3%
Cash flow	2,000	1,204	66.1%
Sales⁶	19,973	18,825	6.1%
Profit from ordinary activities	1,700	719	136.4%
thereof:			
BMW Automobiles	1,577	1,290	22.2%
Rover Automobiles		-762	
BMW Motorcycles	59	48	22.9%
Financial Services	208	190	9.5%
Miscellaneous, consolidations	-144	-47	-206.4%
Taxes on profit⁷	766	400	91.5%
Profit	934	319	192.8%
DVFA/SG result per share in euro	1.52	0.51	198.0%

¹ from 1 January 2000–30 June 2000 plus 192,236 Rover/Land Rover vehicles

² in addition 7,740 C1 (to 30 June 2000: 9,946)

³ from 1 January 2000–30 June 2000 plus 189,753 Rover/Land Rover vehicles

⁴ in addition 5,820 C1 (to 30 June 2000: 3,649)

⁵ as at 30 June 2000 106,605 employees including Rover/Land Rover

⁶ excluding Rover/Land Rover sales between 1 January 2000 and 30 June 2000 (euro 3,500 million) sales increased by 30.3%

⁷ thereof in the first quarter 2001 euro 181 million impact of the tax reform in Germany (deferred taxes)

Sales records in the first half of 2001

The BMW Group once again set up new sales records in the first half of 2001, achieving the best ever half year result. This is attributable in particular to full availability of the new models X5, 3 series convertible and 3 series touring.

In nearly all markets BMW Automobiles and BMW Motorcycles developed better in the first half of the year than the overall market – clear evidence of the success of the premium brand strategy.

In the second quarter 2001 238,058 units of BMW brand cars were sold, 8.8% more than in the same quarter last year. In the first half of the year, sales of vehicles to customers reached 459,835 units, an increase of 9.2%.

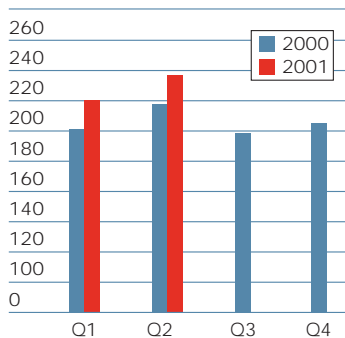
At 50,117 units, deliveries of motorcycles exceeded 50,000 units in the first six months of a business year for the first time in the history of BMW. This represents an increase of nearly 10% compared to the same period of the previous year.

Overall sales of the BMW Group were up to euro 10,608 million in the second quarter of the year, an increase of euro 519 million (5.1%) compared to the same quarter of the previous year. Excluding Rover/Land Rover sales in the second quarter of the previous year (euro 1,778 million) leads to an increase of 27.6%. Compared with the first half of the previous year, sales were up by euro 1,148 million (6.1%) to euro 19,973 million.

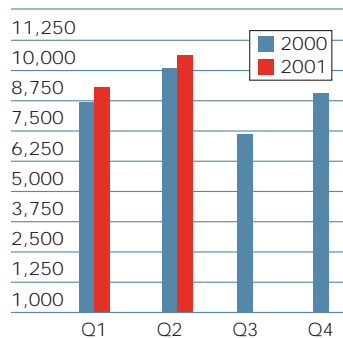
The profit from ordinary activities of the BMW Group in the second quarter 2001 was euro 847 million. This represents an increase of euro 325 million, or 62.3%, compared to the corresponding quarter in the previous year. In the first quarter 2001 (euro 853 million), the profit of euro 75 million from the sale of land no longer required in the operating business, was a one-off effect explained in the first quarter results.

In the first half of 2001 the profit from ordinary activities of the BMW Group was euro 1,700 million, which already exceeds the result achieved in full fiscal 2000.

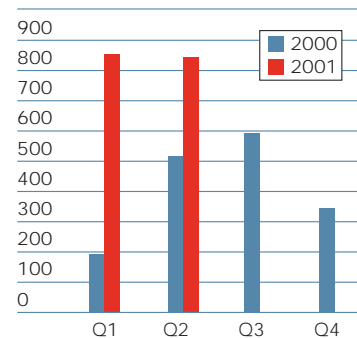
Deliveries of BMW Automobiles
in 1,000 units



Sales
in euro million



Profit from ordinary activities
in euro million



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The profit in the second quarter 2001 of euro 525 million was euro 293 million (126.3%) above the comparable figure in the previous year. The profit in the first half of the current year is euro 934 million, an increase of 192.8%.

The workforce of the BMW Group as at 30 June 2001 was 94,765 employees. A direct comparison with the prior year figure shows a decrease in the number of employees of 11,840.

Excluding changes resulting from the sale of Rover/Land Rover, the workforce of the BMW Group has increased by 3.3% in comparison with 30 June 2000.

Product offensive successfully continued

The BMW Group is consistently continuing its product offensive. A milestone in this context will be set by the new 7 series entering the market in autumn. This car will set new benchmarks in technology, handling, design and control comfort, and confirm the innovative strength and leadership of the BMW Group.

In June, the second generation of the BMW 3 series compact, the new M3 convertible and the BMW X5 3.0d with its straight-six diesel engine were launched successfully in the market. The high-performance BMW X5 4.6is and the face-lift of the BMW 3 series will be launched later in 2001.

At the beginning of July the MINI brand started its' sales offensive in Great Britain with the MINI One and the MINI Cooper, the European continent following in September. The MINI Cooper S will be entering the market a few months later. The excellent public response to the MINI confirms the decision taken by the BMW Group to give this brand its own, independent role within the Group's product port-

folio. The MINI is establishing the premium dimension in the small car segment, clearly demonstrating that the concept of „premium“ does not depend on the size of a vehicle.

2001 business year continuing to develop successfully

The BMW Group expects sales to continue their positive development in the second half of 2001. Thus, for the first time total deliveries of more than 900,000 BMW and MINI brand cars are anticipated for the full year.

The BMW Group is consistently continuing its strategy to develop further market potentials. In the near future the new BMW 6 and 1 series as well as the expansion of the X family will significantly expand BMW's product portfolio. From 2003 the BMW Group will sell Rolls-Royce vehicles in the supreme top-end segment. Expenditure on this wide range of new models will take its full effect in the second half of the current year, which will also see the introduction of MINI One/MINI Cooper and the new BMW 7 series.

In light of the very positive operative development, the BMW Group is confident that even in this period of substantial expenditure on the Group's product and brand offensive the outstanding result achieved in the BMW Automobiles segment in the year 2000 will be reached once again. At group level, the new orientation of the BMW Group will lead to a significant improvement of the result in 2001.

BMW Automobiles achieve record results in the first half of the year

(units/euro million)

	2nd quarter 2001	2nd quarter 2000	Change
Production	231,656	210,787	9.9%
Deliveries to customers	238,058	218,855	8.8%
Sales	9,363	7,939	17.9%
Profit from ordinary activities	764	728	4.9%
Workforce at the end of quarter	84,266	80,026	5.3%

	1 January – 30 June 2001	1 January – 30 June 2000	Change
Production	469,389	414,146	13.3%
Deliveries to customers	459,835	420,955	9.2%
Sales	17,431	14,609	19.3%
Profit from ordinary activities	1,577	1,290	22.2%

New record results in deliveries to customers and production have made the first half of 2001 the best first half-year ever in the history of BMW Automobiles. In each month since the start of the year new absolute sales records have been achieved.

A total of 238,058 cars were delivered to customers in the second quarter 2001, an increase of 8.8% compared to the same quarter in the previous year. A comparison of the first half of this year with the same period last year shows an increase in deliveries per 30 June 2001 of 9.2% to 459,835 units.

One out of every four vehicles delivered to customers in the first half of 2001 was a diesel. In total, sales of diesel-powered BMW Automobiles in the first half of 2001 amounted to 113,966 units, 18.1% more than in the same period last year.

276,987 units delivered to customers represent a new record for the 3 series in the first half of 2001, exceeding the corresponding figure for the same period last year by 5.7%.

Apart from the 3 series convertible introduced in the year 2000, the 3 series touring has contributed mainly to this growth. In its fourth year of production, the 3 series saloon, with deliveries to customers of 163,374 units, showed an increase of 4,200 units (2.6%) over the first half of the year 2000.

With deliveries to customers amounting to 54,404 units in the second quarter 2001, the 5 series exceeded the previous year's figure by 4.1% and, with total sales in the first half of 2001 of 107,805 units, was 3.5% over the first half of the previous year. The model update introduced in autumn 2000 has received a positive market reaction.

The X5 Sports Activity Vehicle with 35,587 units sold in the first half of the year 2001 has had a significant positive impact on the figures for the first half of the year. Compared to the first half of the year 2000, deliveries are up by 25,255 units.

The last models of the current 7 series were produced at the end of July. Pending the

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introduction of the new model, sales of the 7 series were down, as expected, from the previous year's figure, dropping in the second quarter 2001 to 9,542 units (-8.7%).

BMW Automobiles in demand worldwide

Sales increased in all BMW Sales Regions. In Germany, despite the continuing downturn in the overall market, deliveries to customers of BMW brand vehicles were 130,437 units in the first half of 2001, slightly exceeding the figure for the same period last year. Outside Germany, a total of 151,673 vehicles were delivered to customers in Europe, an increase of 5%. In the USA, deliveries were up in the first half of 2001 by 20.8% to a total of 107,257 units.

Particularly smaller markets such as Switzerland (+31.2%), Australia (+34%) or Mexico (+118%) have made a significant contribution to the positive result in the first half of the year.

Production significantly increased

Total production by the BMW Group in the second quarter 2001 was 231,656 units, 9.9% more than in the same period last year. Production of 469,389 units to 30 June 2001 represents an increase over the same period in the previous year of 13.3%.

Sales reach new half year record

Sales in the BMW Automobiles segment, of euro 9,363 million or 17.9% over the same quarter last year, continued to increase above-average in the second quarter 2001. As in the first quarter 2001, this growth is attributable to the larger share of models with more powerful engines and a higher level of equipment. The increase in sales for the first half of the year to euro 17,431 million was equally substantial at 19.3%.

The profit from ordinary activities in the BMW Automobiles segment increased compared to the second quarter 2000 by 4.9% to euro 764 million. The profit from ordinary activities in the BMW Automobiles segment in the first half of the year of euro 1,577 million represents an increase of 22.2% over the comparable figure for the same period in the year 2000. This figure is all the more remarkable considering that expenditure resulting from the Group's product and brand offensive also have to be taken into account.

As at 30 June 2001 a total of 84,266 employees were employed in the BMW Automobiles segment, 5.3% more than at the end of June 2000.

BMW Motorcycles with sales record in the first half 2001

(units/euro million)

	2nd quarter 2001	2nd quarter 2000	Change
Production ¹	30,127	22,256	35.4 %
Deliveries to customers ²	32,263	27,869	15.8 %
Sales	372	303	22.8 %
Profit from ordinary activities	39	31	25.8 %
Workforce at the end of the quarter	2,621	2,337	12.2 %

¹ in addition 3,653 C1 (2nd quarter 2000: 7,034)

² in addition 4,425 C1 (2nd quarter 2000: 3,631)

	1 January – 30 June 2001	1 January – 30 June 2000	Change
Production ³	53,481	43,718	22.3 %
Deliveries to customers ⁴	50,117	45,626	9.8 %
Sales	627	547	14.6 %
Profit from ordinary activities	59	48	22.9 %

³ in addition 7,740 C1 (1st half 2000: 9,946)

⁴ in addition 5,820 C1 (1st half 2000: 3,649)

As was expected following the good order volume received in the first quarter 2001, the number of motorcycles delivered to customers in the second quarter reached a record level of 32,263 units, 15.8% more than in the same quarter of the previous year. With 50,117 motorcycles delivered to customers per 30 June 2001, BMW Motorcycles exceeded 50,000 units sold in a half year for the first time. This represents an increase of 9.8% over the same period in the previous year.

The best-selling motorcycle in the second quarter of the current year was the F 650 GS, with deliveries to customers – including the special Dakar model – of 6,401 units. In the first half of the current year this was also the best-selling machine in the range, with deliveries of 10,498 units.

Deliveries of the R 1150 RT only introduced into the market in March have also developed positively, with 5,819 units delivered to cus-

tomers in the second quarter. In the first six months of the year the R 1150 GS is the best selling machine in this class, with total sales of 9,346 units.

Sales to public authorities also developed positively in the second quarter 2001, with an order of more than 1,000 motorcycles from the Gendarmerie in France, some of which have already been delivered.

BMW Motorcycles have successfully detached themselves from the general trend in the international markets, and have developed better than the respective market as a whole in nearly all sales' regions.

Deliveries of the new BMW motorcycles equipped with integral ABS started in Germany, according to plan, in March of this year. Despite the decline in the overall market, BMW motorcycle deliveries to customers in the German market were up slightly in the first

half of the year by 1% to 16,111 units, 10,658 thereof in the second quarter.

The other major sales markets in the first half of the year were Italy (6,996 units, +4%), the USA (6,874, +14%), and France (4,139, +39%).

Introduced into the market in April 2000, the C1 accounted for 5,820 deliveries in the first half of the year, 4,425 thereof in the second quarter.

The production of 30,127 units at BMW's motorcycle plant in Berlin in the second quarter exceeded the same period in the previous year by a substantial 35.4%, reaching a new record level for a quarter. In the first half of 2001, production rose to a total of 53,481 units, 22.3% more than in the same period last year.

In addition 3,653 units of the C1 were produced by our Italian partner in the second quarter 2001. 7,740 units of the C1 were produced in the first half of the current year.

Sales in the BMW Motorcycles segment rose to euro 372 million in the second quarter, exceeding the same quarter in the previous year by 22.8%. Comparing the first half of each year, sales were up by 14.6% to euro 627 million.

The profit from ordinary activities in the BMW Motorcycles segment increased in the second quarter 2001 by 25.8% to euro 39 million. For the first half of the year the profit from ordinary activities was euro 59 million, an increase of 22.9%.

As at the end of the second quarter 2001, the workforce of BMW Motorcycles increased by 12.2% compared to 30 June 2000 to 2,621 employees.

BMW Financial Services expands product portfolio

(units/euro million)

	2nd quarter 2001	2nd quarter 2000	Change
New contracts	333,584	336,905	-1.0%
Volume of business	21,889	25,880	-15.4%
Sales	1,866	1,657	12.6%
Profit from ordinary activities	118	94	25.5%
Workforce at the end of the quarter	1,807	1,640	10.2%

	1 January – 30 June 2001	1 January – 30 June 2000	Change
New contracts	630,501	685,160	-8.0%
Sales	3,719	3,193	16.5%
Profit from ordinary activities	208	190	9.5%

In the second quarter 2001 BMW Financial Services continued to expand its strategic operations in fleet management, multibrand financing and direct banking, whilst expanding its product portfolio by entering the investment fund business.

A total of 333,584 financing and leasing contracts were signed worldwide in the second quarter 2001, just under 1% less than in the same period last year. In the first half of the year, the number of new contracts signed was 630,501 (previous year 685,160; -8.0%).

The number of new financing and leasing contracts for customers signed in the second quarter 2001 was 138,657, 32.2% less than in the second quarter 2000. A total of 272,704 contracts were signed in the first half of the year, a decrease of 14.4%. This is caused by the deliberate reduction of Rover/Land Rover vehicle financing.

The number of new dealer financing contracts was up in the first half of the year to 357,797, an increase over the same period last year of 7.0%.

The proportion of leasing contracts to all new signed contracts was 17.7% in the second quarter 2001 (17.1% in the second quarter 2000).

The overall contracts' portfolio as at 30 June 2001 fell by 15.9% to 1,054,123 compared with 30 June 2000. The proportion of leasing contracts in the overall contract portfolio as at 30 June 2001 was 29.7%, compared to 36.6% as at 30 June 2000. Dealer financing contracts accounted for 8.5% of the total contract portfolio.

With the investment fund business, BMW Bank GmbH has entered into a fast-growing market segment in Germany. In cooperation with a renowned fund manager, the company exclusively offers customers five innovative MultiManager Funds.

The deposit business, part of the Direct Banking business, accounted for a worldwide volume as at 30 June 2001 of euro 2.4 billion. This represents an increase of 71.4% over the same period last year.

As at 30 June 2001 the overall volume of business in BMW Financial Services was down to euro 21.9 billion. This decrease of 15.4 % is largely attributable to the deliberate reduction of Rover/Land Rover vehicle financing.

BMW Financial Services achieved sales of euro 1,866 million in the second quarter of the current year, representing an increase of euro 209 million or 12.6 % over the previous year. The half year sales of euro 3,719 million are euro 526 million (16.5 %) higher than in 2000.

The profit from ordinary activities of BMW Financial Services increased in the second quarter 2001 by 25.5 % over the same period last year to euro 118 million. For the half year the profit from ordinary activities is up by 9.5 % to euro 208 million.

As at 30 June 2001, BMW Financial Services employed a total of 1,807 employees (+10.2 % compared to 30 June 2000).

Miscellaneous, consolidations

(units/euro million)

	2nd quarter 2001	2nd quarter 2000	Change
Sales	-993	-1,634	39.2%
Loss/profit from ordinary activities	-74	7	
Workforce at the end of the quarter	6,071	1,435	323.1%

	1 January – 30 June 2001	1 January – 30 June 2000	Change
Sales	-1,804	-3,420	47.3%
Loss from ordinary activities	-144	-47	-206.4%

Miscellaneous, consolidations include the Softlab Group and, in addition to the same period last year, in particular the Oxford plant and the supplier plants Swindon (press parts) and Powertrain (engines and gearboxes).

In the second quarter 2001 the BMW Group and the Phoenix Consortium finalised their agreement on the completion accounts for the sale of Rover Cars. As part of this agreement, Powertrain, the supplier plant in Longbridge, Great Britain, was taken over by the Phoenix Consortium at the end of May with the exception of the gearbox production for the MINI brand.

The Oxford Plant was officially opened on 11 July 2001. On 26 April the series production of the MINI models started according to plan. Sales of the MINI One/MINI Cooper commenced in Great Britain on 7 July. In September the MINI One and MINI Cooper will also be launched in the other European countries.

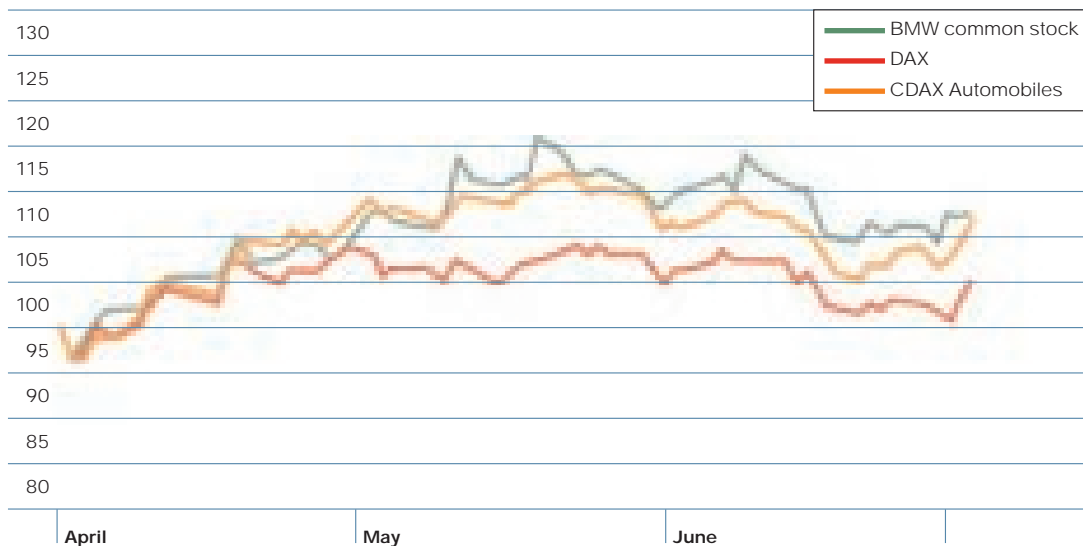
Sales with third parties amounted to euro 186 million in the second quarter 2001 (compared to euro 36 million in the second quarter 2000). Total sales in this segment are negative due to consolidations at group level.

The loss from ordinary business activities of euro -74 million in the second quarter 2001 (compared to a profit of euro 7 million in the same period last year), as in the first quarter 2001, is caused by costs for the start of series production at the Oxford plant.

The fall in the number of employees compared to the first quarter is due almost entirely to the sale of Powertrain.

BMW stock developing better than the market in the second quarter 2001

(Index: 2 April 2001 = 100)



Following major fluctuations in the first quarter 2001, the German DAX stock index remained within a corridor of 5,500 to 6,200 points in the second quarter.

On 29 June 2001 the DAX index closed at 6,058 points, 4% above the closing figure in the first quarter and 12.2% below the closing figure in the first half of the year 2000.

The automotive stocks in the CDAX Automobiles Index largely followed this overall trend in the second quarter 2001.

Following gains in stock prices of 10–15% to the middle of May, the index entered a period of consolidation. At 399.89 points on 29 June 2001, the CDAX Automobiles Index was 12% higher than at the end of the first quarter. The index is 15.8% higher compared to the closing figure at the end of the second quarter 2000.

During the entire second quarter the price of BMW common stock developed slightly better

than the CDAX Automobiles Index and markedly better than the DAX index.

After reaching its highest level so far of euro 41.65 on 18 May, the price of BMW common stock dropped following profit-taking, and closed on 29 June at euro 39.10. The price of BMW common stock was 11.7% over the closing price in the first quarter 2001 and 23.7% over the closing price in the first half of the year 2000.

BMW Group Balance Sheet

Assets	30. 06. 2001 euro million	31. 12. 2000 euro million
Intangible and tangible assets	6,035	5,813
Financial assets	994	950
Fixed assets	7,029	6,763
Inventories	3,221	2,809
Leased products	7,968	7,206
Receivables from sales financing	10,719	10,372
Assets from sales financing	18,687	17,578
Trade receivables	1,778	1,449
Other receivables	3,248	3,646
Marketable securities and notes	734	751
Liquid funds	3,838	2,879
Current assets	31,506	29,112
	38,535	35,875
Shareholders' equity and liabilities	30. 06. 2001 euro million	31. 12. 2000 euro million
Subscribed capital	672	672
Capital reserve	1,914	1,914
Other shareholders' equity	2,976	2,310
Shareholders' equity	5,562	4,896
Provisions	8,890	8,173
Liabilities to banks	2,606	2,316
Trade payables	1,765	1,831
Other liabilities	2,537	2,489
Liabilities	6,908	6,636
Liabilities from sales financing	17,175	16,170
	38,535	35,875

BMW Group Financial Statements

BMW Group Profit and Loss Account

	2nd quarter 2001 euro million	2nd quarter 2000 euro million	1 January – 30 June 2001 euro million	1 January – 30 June 2000 euro million
Sales	10,608	10,089	19,973	18,825
Cost of sales	-8,552	-8,229	-16,038	-15,466
Gross profit	2,056	1,860	3,935	3,359
Sales & marketing costs, general administration costs	-1,158	-1,175	-2,171	-2,373
Other operating income and expenses	-63	-230	-91	-340
Profit before financial result and taxes	835	455	1,673	646
Financial result	12	67	27	73
Profit from ordinary business activities	847	522	1,700	719
Taxes	-322	-290	-766	-400
Profit	525	232	934	319
Result per share according to DVFA/SG in euro	0.82	0.33	1.52	0.51

BMW Group Consolidated Cash Flow Statement

	1 January– 30 June 2001 euro million	1 January– 30 June 2000 euro million
Profit	934	319
Depreciation of fixed assets	1,009	818
Write-downs of leased products	1,035	1,274
Increase in provisions*	1,348	201
Change in deferred taxes	500	-2
Change in net current assets and other items	-1,147	-2,790
Cash Inflow/Outflow from operating activities	3,679	-180
Cash Outflow from investing activities	-2,919	-1,045
Cash Inflow from financing activities	199	716
Effect of exchange rates and changes in the consolidated group on liquid funds	-	-2
Change in liquid funds	959	-511

* thereof increase in pension provisions: euro 57 million (previous year: euro 67 million)

Notes to the Half Year 2001 Financial Statements

Basic Principles

The financial statements for the second quarter 2001 were prepared using the same accounting and valuation methods as the financial statements for the 2000 financial year. In addition, this Interim Report complies with German Accounting Standard No. 6 (GAS 6) – Interim Financial Reporting – published by the German Accounting Standards Board (GASB).

Consolidated companies

Softlab Ltd, Bracknell, was removed from the group of companies consolidated on 1 April 2001, after parts of the company's activities were transferred to the newly established company Softlab Ltd, Solihull. This new company has been included in the group of companies consolidated from 1 April 2001. Powertrain Ltd, Bracknell, a supplier plant, was also removed from the group of companies consolidated on 31 May 2001. Only the production of gearboxes for the MINI at the

Powertrain plant have remained within the BMW Group. The gearbox operations were transferred into the newly established company Midland Gears Ltd, Bracknell, which is consolidated from 1 June 2001. These changes within the group do not have a material impact on the assets, financial and profit position of the BMW Group.

The former Rover Group is still fully included in the Group Profit and Loss Account for the first quarter 2000. In the second quarter 2000 the development, production and distribution of Rover Cars was taken over by Techtronic (2000) Limited, Birmingham (Phoenix Consortium), as of 9 May 2000, following the

restructuring of the BMW Group. Land Rover operations were acquired on 30 June 2000 by Ford Motor Company, Dearborn, Mich. The Group Profit and Loss Account for the second quarter 2001 and the first half of the year 2001 thus only include those activities of the former Rover Group which have remained within the BMW Group. To allow a direct comparison of the respective periods covered by the Interim Reports in the previous year, the following table shows what impact the operations of the former Rover Group had on the BMW Group Profit and Loss Account in the second quarter 2000 and the first half of the year 2000:

	2nd quarter 2000 euro million	1 January - 30 June 2000 euro million
Sales	1,778	3,500
Cost of Sales	-1,684	-3,330
Gross profit	94	170
Sales & marketing costs, general administration costs	-372	- 717
Other operating income and expenses	-21	- 86
Loss before financial result and taxes	-299	-633
Financial result	-18	- 47
Loss from ordinary activities	-317	-680
Taxes	-7	- 29
Loss	-324	-709

The loss from ordinary activities in the Rover Automobiles segment was euro 338 million in the second quarter 2000. This includes intra-group expenditure of euro 21 million, which reduces the loss of Rover in the Group accounts to euro 317 million. In the first half of the year 2000, the profit on the BMW Group's ordinary activities included losses of euro 680 million suffered in the Rover Auto-

mobiles segment. This figure is the result of the loss of euro 762 million shown in the Rover Automobiles segment adjusted for intra-group expenditure of euro 82 million.

Sales by segment in the second quarter

(in euro million)

	External sales		Intra-segment sales		Total sales	
	2001	2000	2001	2000	2001	2000
BMW Automobiles	8,273	6,456	1,090	1,483	9,363	7,939
Rover Automobiles		1,778		46		1,824
BMW Motorcycles	370	302	2	1	372	303
Financial Services	1,779	1,517	87	140	1,866	1,657
Miscellaneous, consolidations	186	36	-1,179	-1,670	-993	-1,634
BMW Group	10,608	10,089	-	-	10,608	10,089

Group sales were up in the second quarter 2001 by 5.1% over the same period last year. As in the first quarter 2001 the sales of the former Rover Group were more than compensated for by this increase in sales. Excluding the external sales in the Rover Automobiles segment (euro 1,778 million) from Group sales in the second quarter 2000, the increase in group sales amounts to 27.6% or, in absolute terms, euro 2,297 million. In the BMW Automobiles segment, sales with leasing companies within the Group dropped by 26.5%, with external sales increasing accordingly. In total, sales in the BMW Automobiles segment rose by 17.9%. The increase in sales in the Financial Services segment compared to the same period last year is due to higher sales revenue per contract, increased termination business and currency effects. External sales shown under Miscellaneous, consolidations in the second quarter 2001 relate mainly to the activities of the former Rover Group, which were transferred into the newly established subsi-

diaries Powertrain Ltd, Oxford, Swindon Pressings Ltd, Oxford, as well as BMW Services Ltd, Oxford.

Sales by segment from 1 January – 30 June

(in euro million)

	External sales		Intra-segment sales		Total sales	
	2001	2000	2001	2000	2001	2000
BMW Automobiles	15,419	11,791	2,012	2,818	17,431	14,609
Rover Automobiles		3,500		396		3,896
BMW Motorcycles	624	545	3	2	627	547
Financial Services	3,495	2,927	224	266	3,719	3,193
Miscellaneous, consolidations	435	62	-2,239	-3,482	-1,804	-3,420
BMW Group	19,973	18,825	-	-	19,973	18,825

Compared with the same period last year, group sales were up in the first half of 2001 by 6.1%. Adjusted for the sales of the former Rover Group in the first half of 2000 (euro 3,500 million), the sales of the BMW Group were 30.3% higher than in the same period last year.

Profit from ordinary activities by segment

(in euro million)

	2nd quarter 2001 euro million	2nd quarter 2000 euro million	1 January – 30 June 2001 euro million	1 January – 30 June 2000 euro million
BMW Automobiles	764	728	1,577	1,290
Rover Automobiles		- 338		-762
BMW Motorcycles	39	31	59	48
Financial Services	118	94	208	190
Miscellaneous, consolidations	-74	7	-144	-47
Profit from ordinary activities	847	522	1,700	719
Taxes	-322	-290	-766	-400
Profit	525	232	934	319

The profit from the group's ordinary activities amounted to euro 847 million compared to euro 522 million in the same period last year. The group result in the second quarter 2000 is affected by the loss in the Rover Automobiles segment of euro 317 million. Adjusted for the losses in the Rover Automobiles segment, the profit from the Group's ordinary activities in the second quarter 2000 is up by euro 317 million to euro 839 million. In other words, the result in the second quarter 2001 remains at the same level as in the corresponding quarter of the previous year despite the increase in sales. This is attributable to higher cost of sales and marketing costs compared with the adjusted quarter of the previous year on account of the current product and brand offensive.

The profit from ordinary activities in the group increased in the first half of 2001 over the comparable period in the previous year by euro 981 million to euro 1,700 million. Adjusted for losses in the Rover Automobiles segment totalling euro 680 million in the first half of the year 2000 and the one-off effect from the gain of euro 75 million on sale of land not required for business operations in the first quarter 2001, the result in the first half of

2001 (comparable figure: euro 1,625 million) is euro 266 million higher than the result in the first half of 2000 (comparable figure: euro 1,399 million). This is an improvement of 16.2%.

Higher costs in the automobile business due to product and brand offensive

In the BMW Automobiles segment the profit from ordinary activities of euro 764 million is up in the second quarter 2001 by 4.9% versus the same quarter in the previous year. The result of the second quarter is affected by higher costs than in the same period last year due to the current product and brand offensive. In the first half of 2001, the profit from ordinary activities in the BMW Automobiles segment was up over the first half of 2000 by 22.2%.

Profits in the BMW Motorcycles segment exceed the high level of the previous year

Sales in the motorcycle segment occur mainly in the first half of the year. Profits therefore are also mainly generated in this period, while the fourth quarter generates losses due to the decrease in motorcycles delivered to customers. The profit in the BMW Motorcycles segment in the second quarter exceeded the high level already achieved in the same period

last year by approximately 26%. An even greater increase in results is expected for the full year 2001.

Significant increase of results in the Financial Services segment

The profit from ordinary activities in the Financial Services segment rose by euro 24 million to euro 118 million in the second quarter, an increase of 25.5%. This is attributable above all to the decrease in risk provisions required in the leasing business compared with the same period last year.

Continuing mixed development in results of other subsidiaries and consolidations

Compared to the same period last year, these now include the activities of the former Rover Group still remaining within the BMW Group. In the second quarter losses arose from the continuing restructuring of the Oxford Plant, while the lower level of intra-group profits eliminated due to the decrease in intra-group sales has had a positive effect on the Group's result.

Increase in equity ratio

The Group's balance sheet total is up by euro 2,660 million, an increase of 7.4%. On the assets side, assets from sales financing as well as liquid funds have increased significantly. On the liabilities side, provisions as well as accounts payable for sales financing show an overproportional increase compared with the balance sheet total. This increase is attributable in part to currency effects. In comparison with the balance sheet total, the sales financing business has grown at a lower rate, despite the currency effect, than the industrial business. The share of sales financing business in the balance sheet total has thus dropped by 0.5 percentage points since 31 December 2000 to 48.5%.

Group equity has increased by euro 666 million since the end of the previous year due to the BMW Group's profit of euro 934 million plus currency effects of euro 42 million, less the dividend distribution of euro 310 million. The equity ratio has thus increased by 0.7 percentage points to 14.4%.

Significantly higher cash flow from operating activities

The Cash Flow Statement clearly shows a significantly higher cash flow from operating activities compared with the first half of 2000. This increase in cash flow of euro 3,859 million is attributable to the fact that the Rover and Land Rover business activities generated significant losses and are no longer included in the figures for the first half of 2001. The substantial increase in provisions compared with the same period last year is attributable to higher accruals for goods and services not yet invoiced as well as for structural measures at the Oxford plant. In all, the increase in provisions shown is euro 631 million higher than in the Balance Sheet. This difference is almost entirely shown in the cash outflow from investing activities and relates to payments connected with the disengagement of the Rover Group.

The significant increase in the cash outflow from investing activities of euro 1,874 million over the first half of the year 2000 is attributable above all to the cash inflow of euro 2,000 million in the second quarter 2000 representing the purchase price received for Land Rover. In the second quarter 2001, the Powertrain plant was sold to the Phoenix Consortium. In the course of the settlement negotiations a payment of euro 105 million (GBP 65 million) was made to the Phoenix Consortium. Loans amounting to euro 274 million (versus euro 448 million in the same

period last year) were also paid to the Phoenix Consortium. Additional payments of euro 238 million were made for further Rover disengagement items.

The decrease in the cash inflow from financing activities by euro 517 million compared to the same period last year is mainly attributable to the repayment of financial liabilities.

Liquid funds with a term of up to three months increased in the first half of the year by euro 959 million to euro 3,838 million. The decrease in liquid funds of euro 570 million compared with the end of the first quarter 2001 is attributable to the payment of dividends as well as other payments connected with the Rover disengagement. In all, the liquid funds including marketable securities and notes amount to euro 4,572 million (compared to euro 3,630 million at the end of the previous year). The Group's net financial assets, which are liquid funds and marketable securities and notes minus financial liabilities in the industrial business, have increased since the end of the previous year by euro 652 million to euro 1,966 million.

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Financial Calendar

Interim Report, July to September
2001 Annual Report
Annual Accounts Press Conference
Financial Analysts Conference
Annual General Meeting

Early November 2001
March 2002
Mid-March 2002
Mid-March 2002
May 2002

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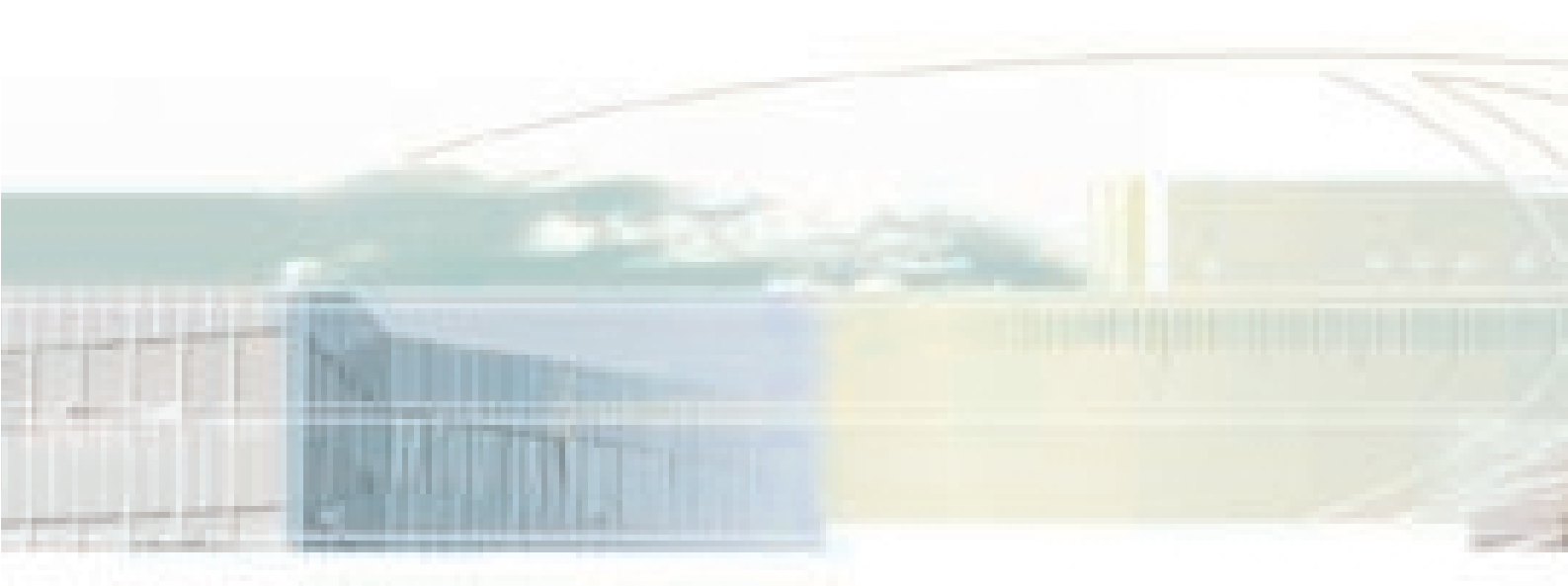
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