QUARTERLY REPORT
TO 30 SEPTEMBER 2012

Q1 — 31 March 2012

Q3 — 30 September 2012

Q2 — 30 June 2012

BMW GROUP

Rolls-Royce
Motor Cars Limited

BMW GROUP IN FIGURES

		3rd quarter 2012	3rd quarter 2011	Change in %
Sales volume – Automobiles				
BMW	units	**362,898**	332,066	9.3
MINI	units	**71,339**	66,303	7.6
Rolls-Royce	units	**726**	849	–14.5
Total		**434,963**	**399,218**	**9.0**
Sales volume – Motorcycles				
BMW	units	**26,755**	26,312	1.7
Husqvarna	units	**2,121**	2,550	–16.8
Total		**28,876**	**28,862**	**–**
Production – Automobiles				
BMW	units	**409,261**	368,009	11.2
MINI	units	**65,003**	68,120	–4.6
Rolls-Royce	units	**829**	821	1.0
Total		**475,093**	**436,950**	**8.7**
Production – Motorcycles				
BMW	units	**27,017**	23,507	14.9
Husqvarna	units	**2,729**	2,171	25.7
Total		**29,746**	**25,678**	**15.8**
Workforce at 30 September				
BMW Group		**104,668**	**100,389**	4.3
Financial figures				
Operating cash flow Automotive segment	€ million	**2,635**	**1,701**[1]	**54.9**
Revenues	€ million	**18,817**	**16,547**	**13.7**
Automotive	€ million	**17,187**	15,344	12.0
Motorcycles	€ million	**358**	334	7.2
Financial Services	€ million	**4,916**	4,276	15.0
Other Entities	€ million	**1**	1	–
Eliminations	€ million	**–3,645**	–3,408	–7.0
Profit before financial result (EBIT)	€ million	**2,004**	**1,761**[2]	**13.8**
Automotive	€ million	**1,649**	1,819	–9.3
Motorcycles	€ million	**–3**	–16	81.3
Financial Services	€ million	**424**	364	16.5
Other Entities	€ million	**17**	–153	–
Eliminations	€ million	**–83**	–253[2]	67.2
Profit before tax	€ million	**1,987**	**1,689**[2]	**17.6**
Automotive	€ million	**1,703**	1,745	–2.4
Motorcycles	€ million	**–4**	–17	76.5
Financial Services	€ million	**425**	354	20.1
Other Entities	€ million	**–39**	–187	79.1
Eliminations	€ million	**–98**	–206[2]	52.4
Income taxes	€ million	**–698**	**–578**[2]	**–20.8**
Net profit	€ million	**1,289**	**1,111**[2]	**16.0**
Earnings per share[3]	€	**1.95/1.95**	**1.69/1.69**[2]	**15.4/15.4**

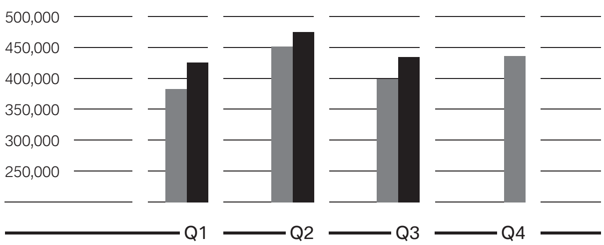
[1] Adjusted for reclassifications as described in note 3
[2] Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8
[3] In accordance with IAS 33 for common/preferred stock. In computing earnings per share of preferred stock, earnings to cover the additional dividend of €0.02 per share of preferred stock are spread over the quarters of the corresponding financial year.

		1 January to 30 September 2012	1 January to 30 September 2011	Change in %
Sales volume – Automobiles				
BMW	units	**1,109,962**	1,021,927	8.6
MINI	units	**223,214**	208,216	7.2
Rolls-Royce	units	**2,326**	2,441	–4.7
Total		**1,335,502**	**1,232,584**	**8.3**
Sales volume – Motorcycles				
BMW	units	**85,944**	86,892	–1.1
Husqvarna	units	**7,356**	6,080	21.0
Total		**93,300**	**92,972**	**0.4**
Production – Automobiles				
BMW	units	**1,155,283**	1,092,464	5.8
MINI	units	**230,089**	221,679	3.8
Rolls-Royce	units	**2,374**	2,741	–13.4
Total		**1,387,746**	**1,316,884**	**5.4**
Production – Motorcycles				
BMW	units	**93,489**	89,288	4.7
Husqvarna	units	**9,345**	6,337	47.5
Total		**102,834**	**95,625**	**7.5**
Workforce at 30 September				
BMW Group		**104,668**	**100,389**	4.3
Financial figures				
Operating cash flow Automotive segment	€ million	**6,768**	**6,787**[1]	**–0.3**
Revenues	€ million	**56,312**	**50,472**	**11.6**
Automotive	€ million	**50,712**	46,391	9.3
Motorcycles	€ million	**1,216**	1,181	3.0
Financial Services	€ million	**14,582**	12,640	15.4
Other Entities	€ million	**4**	3	33.3
Eliminations	€ million	**–10,202**	–9,743	–4.7
Profit before financial result (EBIT)	€ million	**6,406**	**6,358**[2]	**0.8**
Automotive	€ million	**5,548**	5,935	–6.5
Motorcycles	€ million	**82**	62	32.3
Financial Services	€ million	**1,291**	1,506	–14.3
Other Entities	€ million	**44**	–115	–
Eliminations	€ million	**–559**	–1,030[2]	45.7
Profit before tax	€ million	**6,040**	**6,044**[2]	**–0.1**
Automotive	€ million	**5,274**	5,647	–6.6
Motorcycles	€ million	**80**	60	33.3
Financial Services	€ million	**1,290**	1,527	–15.5
Other Entities	€ million	**–74**	–270	72.6
Eliminations	€ million	**–530**	–920[2]	42.4
Income taxes	€ million	**–2,125**	**–2,016**[2]	**–5.4**
Net profit	€ million	**3,915**	**4,028**[2]	**–2.8**
Earnings per share[3]	€	**5.94/5.95**	**6.12/6.13**[2]	**–2.9/–2.9**

[1] Adjusted for reclassifications as described in note 3
[2] Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8
[3] In accordance with IAS 33 for common/preferred stock. In computing earnings per share of preferred stock, earnings to cover the additional dividend of €0.02 per share of preferred stock are spread over the quarters of the corresponding financial year.

Sales volume of automobiles

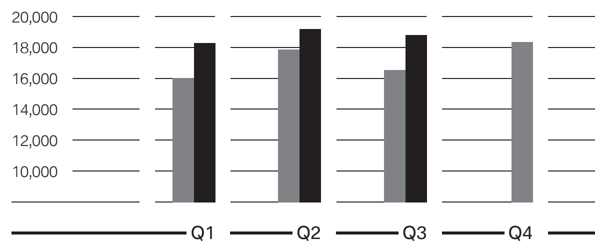
in units



	Q1	Q2	Q3	Q4
2011	382,758	450,608	399,218	436,398
2012	**425,528**	**475,011**	**434,963**	

Revenues

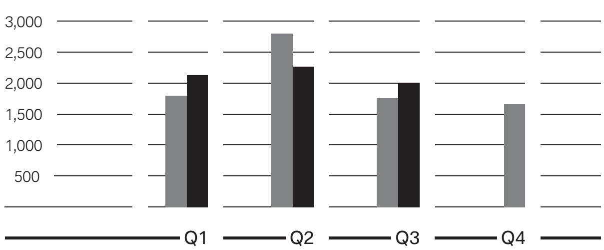
in € million



	Q1	Q2	Q3	Q4
2011	16,037	17,888	16,547	18,349
2012	**18,293**	**19,202**	**18,817**	

Profit before financial result

in € million

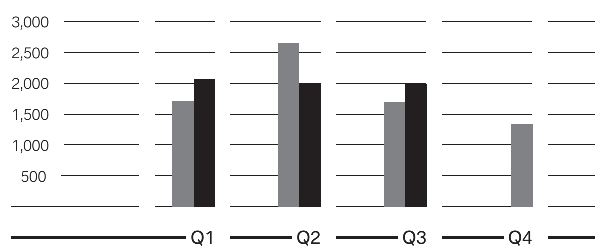


	Q1	Q2	Q3	Q4
2011*	1,795	2,802	1,761	1,660
2012	**2,132**	**2,270**	**2,004**	

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8

Profit before tax

in € million



	Q1	Q2	Q3	Q4
2011*	1,705	2,650	1,689	1,339
2012	**2,076**	**1,977**	**1,987**	

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8

Car sales volume remains on record course
Despite the increasingly uncertain market environment, the BMW Group again managed to sell more cars during the reporting period than ever before. The number of BMW, MINI and Rolls-Royce brand cars sold worldwide during the three-month period from July to September rose by 9.0 % to 434,963 units and during the nine-month period from January to September by 8.3 % to 1,335,502 units. This high-powered performance was driven in particular by sales of the new BMW 3 Series Sedan, the BMW 6 Series and the BMW X family as a whole. Within the MINI brand, the Countryman performed especially well.

Third-quarter sales volume for the Motorcycles segment (BMW and Husqvarna) totalled 28,876 units, similar to that achieved in the same quarter one year earlier (2011: 28,862 units). During the nine-month period from January to September we sold a total of 93,300 motorcycles (+ 0.4 %).

The Financial Services segment also had a successful third quarter, continuing the strong performance it has enjoyed in recent months. The number of new financing and lease contracts signed during the first nine months of the year rose by 10.9 % to 979,322 contracts. At 30 September 2012 the segment was managing a portfolio of 3,745,760 lease and credit financing contracts with retail customers and dealers worldwide, 5.4 % up on the previous year.

Revenues and earnings at best levels ever
The BMW Group recorded various best-to-date figures, both for the third quarter and for the nine-month periods. Group revenues in the third quarter rose by 13.7 % to €18,817 million (2011: €16,547 million) and by 11.6 % to €56,312 million for the nine-month period (2011: €50,472 million).

The Group also achieved record profit before financial result (EBIT) figures for both periods, despite increased investment in new technologies, greater competition and higher personnel costs. Third-quarter EBIT rose by 13.8 % to reach €2,004 million (2011*: €1,761 million). EBIT for the nine-month period amounted to €6,406 million (2011*: €6,358 million; + 0.8 %).

Profit before tax for the period from July to September climbed by 17.6 % to €1,987 million (2011*: €1,689 million), also the best performance ever recorded by the BMW Group for a third quarter. For the first nine months of the year, profit before tax came in at a similarly high level to the previous year at €6,040 million (2011*: €6,044 million; – 0.1 %). The Group reports net profit of €1,289 million (2011*: €1,111 million; + 16.0 %) for the third quarter and €3,915 million (2011*: €4,028 million; –2.8 %) for the nine-month period.

Workforce up on previous year
The BMW Group had a worldwide workforce of 104,668 employees at the end of the reporting period (2011: 100,389 employees; + 4.3 %). Overall, 1,376 young people – 1,200 of them in Germany – started their vocational training with the BMW Group at the beginning of the new training year. The number of apprentices in Germany accordingly grew by more than 10 %.

BMW Group unveiled numerous innovations in Paris
At this year's Automobile Show in Paris, the BMW Group unveiled several new models as well as various concept studies highlighting how "premium" and "sustainability" can be best fused in the cars of the future. One good example is the BMW Concept Active Tourer, which celebrated its world début in Paris and provided an initial insight into a whole array of future innovations. The concept vehicle is powered by a highly efficient three-cylinder petrol engine assisted by a synchronous electric motor. The two propulsion units generate a combined power output of 140 kW (190 h. p.) with average fuel consumption of less than 2.5 litres per 100 km and CO_2 emissions below 60 g / km.

The BMW 7 Series and BMW X1 model revisions have been in the showrooms since July. The extended wheelbase version of the BMW 3 Series Sedan for the Chinese market and the M6 Coupé followed in August. The new BMW 3 Series Touring and new BMW 1 Series three-door version have been available since the end of September.

MINI presented the new Paceman in Paris, the MINI brand's seventh model. The MINI Paceman is the world's first Sports Activity Coupé to appear in the premium compact segment. The MINI John Cooper Works GP,

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8

the fastest MINI ever built, also celebrated its world début at the show. Rolls-Royce Motor Cars has been delivering the new Phantom Series II to customers since September.

BMW Motorrad is rising to the challenges posed by urban mobility of the future with a number of new vehicle concepts. The BMW C evolution presented in Paris is a close-to-production prototype featuring an electric drive capable of performing at a similar level to a maxi scooter powered by a conventional combustion engine. The fifth generation of the successful R 1200 GS model, with its newly developed boxer engine, was showcased at the INTERMOT International Motorcycle Exhibition in Cologne. The new BMW HP4 was also unveiled to the public for the first time in Cologne. This high-performance model is equipped with features and technical highlights that make it highly agile and ensure an extremely dynamic driving performance. Husqvarna presented the TR 650 Terra and Strada to the public for the first time at the exhibition in Cologne.

New capacities for MINI production

As part of the growth strategy that should see the BMW Group achieve the sales volume target of two million cars by 2016, measures have been initiated to enable the MINI brand to grow, including measures aimed at expanding production capacities. In this context, an agreement was signed with the Dutch company VDL NedCar at the beginning of October. As from mid-2014, MINI cars will be produced at the Born plant in the Netherlands on behalf of the BMW Group. The necessary reorganisation of production lines will commence at the beginning of 2013.

Car markets continue to develop heterogeneously
Compared to the same period last year, the global automobile market grew by some 7% during the first nine months of 2012. Individual markets continued to develop heterogeneously in the third quarter 2012.

The US economy continued along the road to recovery throughout the third quarter 2012. Boosted by positive developments in the employment market, consolidation on the property market and a rising need for replacement vehicles on the road, the US car market grew overall by 15% compared to the same period one year earlier.

In Europe, partly due to knock-on effects from the sovereign debt crisis, car markets failed to match the previous year's performance. The only country to buck the trend was Great Britain which registered growth of approximately 4%. The number of new registrations in Germany was slightly down on the previous year (–2%). France, by contrast, saw a sharp drop of 14% against 2011 figures, when a scrappage bonus system had still been in place for part of the year. Italy suffered a slump in new car sales during the first nine months of the year, with figures down by roughly 21%. Lower volumes were also recorded in Spain, where new registration levels fell by 11%.

At approximately 39%, the Japanese car market recorded an extremely strong growth rate for the first nine months of the year, driven in part by the catch-up effect after the natural catastrophe the previous year.

The car market in China was some 8% up on the previous year's nine-month period. Russia also continued to register strong growth, with sales up by 14% during the same period. In Brazil, demand for cars from January to September edged up by just over 2%. In India, the car market grew by around 11%.

Motorcycle markets still performing inconsistently
International motorcycle markets in the 500 cc plus class continued to perform inconsistently during the period under report. January to September saw a worldwide contraction of 3% compared to the previous year. In Europe (–11%), the impact of the sovereign debt crisis was felt most sharply in the southern countries, including huge downturns in the markets in Italy (–34%) and Spain (–28%). Great Britain (–7%) and France (–7%) recorded more moderate declines. By contrast, the 500 cc plus class market in Germany grew slightly (+2%) during the nine-month period and the corresponding US market edged upwards by just 1%. The Brazilian market was up by 14% on the previous year's corresponding nine-month period. The market in Japan continued to recover throughout the reporting period and grew strongly by 17%.

Environment for Financial Services business remains volatile
During the third quarter 2012, the world's central banks continued to adhere to their policy of ensuring that markets were supplied with sufficient volumes of liquidity at favourable conditions, thus staving off the threat of a credit shortage and providing adequate levels of liquidity in the real economy.

Uncertainties on capital markets, brought about primarily by the sovereign debt crisis in Europe, eased during the third quarter following the approval of the European Stability Mechanism (ESM) and the announcement made by the European Central Bank of its readiness to purchase state bonds without limit. The news resulted in a slight reduction in risk spreads against a background of continued volatility.

With the exception of some southern European countries, credit risks remained stable over the reporting period. Residual values of vehicles on used car markets fell slightly during the past quarter, although the drop in southern European markets was somewhat more pronounced.

Sharp rise in car sales volume

The BMW Group's sales performance over the period under report underlined the enterprise's excellent state of health, albeit in a market environment increasingly fraught with volatility. The Group chalked up new sales volume records – both for the quarter and for the nine-month period. The number of BMW, MINI and Rolls-Royce brand cars sold worldwide during the third quarter 2012 rose by 9.0 % to 434,963 units, including 362,898 BMW brand vehicles (+ 9.3 %) and 71,339 MINI brand vehicles (+ 7.6 %), in both cases new records for a third quarter. Rolls-Royce Motor Cars sold 726 vehicles during the three-month period (– 14.5 %).

Across all three brands we sold a total of 1,335,502 units during the first nine months of the year (+ 8.3 %), comprising 1,109,962 BMW (+ 8.6 %), 223,214 MINI (+ 7.2 %) and 2,326 Rolls-Royce (– 4.7 %) vehicles. These figures also constituted new records for BMW and MINI on a nine-month basis.

Asian markets remain on growth course

The BMW Group again performed extremely well in Asia, selling a total of 120,372 units during the third quarter (+ 30.2 %) and 359,103 units over the nine-month period (+ 27.1). Strong growth in China made a significant contribution to these figures, with sales volumes surging by 39.3 % in the third quarter (78,292 units) and by 33.3 % over the nine-month period (237,650 units). We sold 42,038 vehicles in Japan (+ 21.5 %) during the nine-month period.

Within Europe, the BMW Group managed to compensate for decreases in southern countries, some of them quite considerable, by achieving growth in other markets. At 202,869 units, third-quarter sales overall were 2.6 % up on the previous year. The nine-month figure edged up by 0.8 % to 640,207 units. Sales in Germany during the period from July to September remained roughly at the previous year's high level (65,072 units; – 0.5 %). The same was also true for the nine-month period with a sales volume of 207,230 units falling just short of the previous year's strong performance (– 1.2 %). Third-quarter and nine-month sales in Great Britain totalled 47,841 units (+ 6.8 %) and 132,711 units (+ 3.4 %) respectively. France almost matched the previous year's figures (49,023 units; – 0.4 %). By contrast, sales in Italy (45,513 units; – 16.3 %) and Spain (26,600 units; – 8.7 %) were down on figures for 2011.

Sales volumes in North America again developed positively, with 86,784 BMW, MINI and Rolls-Royce brand cars sold in the third quarter (+ 2.1 %) and 264,207 units over the nine-month period (+ 7.4 %). Third-quarter sales in the USA edged up compared to the previous year (76,526 units; + 0.7 %), while nine-month sales rose by 7.1 % to 235,487 units.

Automotive

		3rd quarter 2012	3rd quarter 2011	Change in %
Sales volume	units	**434,963**	399,218	9.0
Production	units	**475,093**	436,950	8.7
Revenues	€ million	**17,187**	15,344	12.0
Profit before financial result (EBIT)	€ million	**1,649**	1,819	–9.3
Profit before tax	€ million	**1,703**	1,745	–2.4

		1 January to 30 September 2012	1 January to 30 September 2011	Change in %
Sales volume	units	**1,335,502**	1,232,584	8.3
Production	units	**1,387,746**	1,316,884	5.4
Revenues	€ million	**50,712**	46,391	9.3
Profit before financial result (EBIT)	€ million	**5,548**	5,935	–6.5
Profit before tax	€ million	**5,274**	5,647	–6.6
Workforce at 30 September		**95,351**	91,721	4.0

New sales volume record for BMW brand for nine-month period

Three record quarters in succession ensure that BMW remains the world's leading premium manufacturer. As well as retaining this position for the market as a whole, the BMW 1 Series, the BMW X1, the BMW 5 Series and BMW 6 Series all asserted their positions as leaders in their relevant segments.

168,426 BMW 1 Series cars were sold worldwide during the first nine months of 2012 (+ 30.5 %). The highly successful BMW 3 Series recorded a sales volume of 286,622 units (– 0.5 %) during the same period. This figure includes 207,365 units of the BMW 3 Series Sedan, 15.5 % up on the previous year. The new BMW 3 Series Touring was launched towards the end of September, providing an additional boost to demand in the final

Sales volume of BMW vehicles by model variant

in units

	1 January to 30 September 2012	1 January to 30 September 2011	Change in %
BMW 1 Series			
Three-door	**6,450**	15,806	–59.2
Five-door	**132,984**	78,736	68.9
Coupé	**15,793**	18,120	–12.8
Convertible	**13,199**	16,379	–19.4
	168,426	**129,041**	**30.5**
BMW 3 Series			
Sedan	**207,365**	179,506	15.5
Touring	**36,845**	52,144	–29.3
Coupé	**23,178**	31,349	–26.1
Convertible	**19,234**	25,078	–23.3
	286,622	**288,077**	**–0.5**
BMW 5 Series			
Sedan	**204,465**	187,362	9.1
Touring	**43,236**	45,725	–5.4
Gran Turismo	**16,037**	17,479	–8.2
	263,738	**250,566**	**5.3**
BMW 6 Series			
Coupé	**6,634**	683	–
Convertible	**6,467**	4,631	39.6
Gran Coupé	**3,506**	–	–
	16,607	**5,314**	**–**
BMW 7 Series			
	43,794	**48,842**	**–10.3**
BMW X1			
	102,519	**94,294**	**8.7**
BMW X3			
	107,833	**83,754**	**28.7**
BMW X5			
	76,725	**75,055**	**2.2**
BMW X6			
	31,497	**31,357**	**0.4**
BMW Z4			
	12,201	**15,627**	**–21.9**
BMW total	**1,109,962**	**1,021,927**	**8.6**

quarter of the year. 263,738 units of the BMW 5 Series were sold during the nine-month period, 5.3 % more than in the previous year. Sales of the BMW 6 Series tripled compared to the previous year (2012: 16,607 units; 2011: 5,314 units). The BMW 7 Series achieved sales volume of 43,794 units (– 10.3 %). The BMW Z4 also fell short of last year's figures, with sales falling by 21.9 % to 12,201 units.

BMW X family of vehicles once again made a strong contribution to the overall success of the brand. Sales of the BMW X1 rose by 8.7 % to 102,519 units, while the BMW X3 climbed by as much as 28.7 % (107,833 units). The BMW X5 and X6 sales totalled 76,725 units (+ 2.2 %) and 31,497 units (+ 0.4 %) respectively.

Sales volume records for MINI brand

The MINI brand continued to perform well throughout the period under report, also writing record sales volume figures for the third consecutive quarter. One of the primary factors contributing to this excellent performance was the MINI Countryman, which recorded sales volume of 75,119 units (+ 21.2 %). Introduced in autumn 2011, the keys to the MINI Coupé were handed over to 8,877 customers (2011: 249 units). Sales of the MINI Roadster totalled 6,932 units since its market launch in spring 2012. By contrast, sales for the MINI Hatch (95,246 units; – 7.2 %), the MINI Convertible (20,003 units; – 15.9 %) and the MINI Clubman (17,037 units; – 12.7 %) were down on previous year's levels.

Sales volume of MINI vehicles by model variant

in units

	1 January to 30 September 2012	1 January to 30 September 2011	Change in %
MINI Hatch			
One	**26,745**	30,197	– 11.4
Cooper	**46,320**	47,850	– 3.2
Cooper S	**22,181**	24,627	– 9.9
	95,246	**102,674**	**– 7.2**
MINI Convertible			
One	**3,550**	4,273	– 16.9
Cooper	**8,764**	11,382	– 23.0
Cooper S	**7,689**	8,131	– 5.4
	20,003	**23,786**	**– 15.9**
MINI Clubman			
One	**2,808**	2,813	– 0.2
Cooper	**8,882**	10,632	– 16.5
Cooper S	**5,347**	6,076	– 12.0
	17,037	**19,521**	**– 12.7**
MINI Countryman			
One	**9,783**	6,153	59.0
Cooper	**30,510**	27,542	10.8
Cooper S	**34,826**	28,291	23.1
	75,119	**61,986**	**21.2**
MINI Coupé			
Cooper	**2,980**	67	–
Cooper S	**5,897**	182	–
	8,877	**249**	**–**
MINI Roadster			
Cooper	**2,208**	–	–
Cooper S	**4,724**	–	–
	6,932	**–**	**–**
MINI total	**223,214**	**208,216**	**7.2**

Rolls-Royce remains successful

Sales of the Rolls-Royce Ghost for the nine-month period (1,882 units) bettered the previous year's performance once again (+0.3%). The Rolls-Royce Phantom model change held down sales to 319 units (–11.4%). Sales volume of 125 units (–38.7%) was recorded for the Phantom Coupé (including the Drophead Coupé). The new Rolls-Royce Phantom Series II was launched in September.

Sales volume of Rolls-Royce vehicles by model variant

in units

	1 January to 30 September 2012	1 January to 30 September 2011	Change in %
Rolls-Royce			
Phantom (including Phantom Extended Wheelbase)	**319**	360	–11.4
Coupé (including Drophead Coupé)	**125**	204	–38.7
Ghost	**1,882**	1,877	0.3
Rolls-Royce total	**2,326**	**2,441**	**–4.7**

Car production figures up

475,093 BMW, MINI and Rolls-Royce brand cars were produced worldwide during the third quarter, 8.7% more than in the previous year. This figure comprises 409,261 BMW (+11.2%), 65,003 MINI (–4.6%) and 829 Rolls-Royce (+1.0%) brand vehicles.

Production volume across all brands rose by 5.4% to 1,387,746 units during the nine-month period, including 1,155,283 BMW (+5.8%) and 230,089 MINI (+3.8%) brand vehicles. A total of 2,374 Rolls-Royce motor cars rolled off production lines at the Goodwood plant in England (–13.4%) in the first nine months of 2012.

Record revenues for Automotive segment

Strong demand also helped push revenues to new record levels, with third-quarter revenues rising by 12.0% to €17,187 million and nine-month revenues by 9.3% to €50,712 million.

EBIT amounted to €1,649 million (–9.3%) for the quarter and €5,548 million (–6.5%) for the nine-month period. Profit before tax for the three-month and nine-month periods ending 30 September 2012 amounted to €1,703 million (–2.4%) and €5,274 million (–6.6%) respectively.

Automotive segment workforce increased

The Automotive segment employed a total workforce of 95,351 employees at 30 September 2012, 4.0% more than one year earlier (2011: 91,721 employees).

Motorcycle sales volume at previous year's level

Despite some quite sharp downturns in some of the world's markets, the Motorcycles segment was able to sell 28,876 BMW and Husqvarna brand motorcycles during the third quarter 2012, almost identical to the previous year's level (2011: 28,862 units). BMW Motorrad recorded its best ever sales volume for a third quarter with 26,755 units sold (+1.7%), while Husqvarna contributed 2,121 units (–16.8%) to the sales volume total. Nine-month sales totalled 93,300 units (+0.4%), comprising 85,944 BMW (–1.1%) and 7,356 Husqvarna (+21.0%) brand motorcycles.

Sales of motorcycles in Europe during the nine-month period from January to September fell by 7.7% to 58,806 units, partially due to the negative impact of the debt crisis in the region's southern countries. Sharp drops were recorded in both Spain (4,351 units; –16.2%) and Italy (9,692 units; –28.6%). 4,987 motorcycles were sold in Great Britain, 8.9% fewer than in the previous year. During the nine-month period under report we sold 17,279 motorcycles (+1.4%) in Germany and 9,500 units (+10.6%) in France. Sales outside Europe grew particularly strongly, including a rise of 19.5% to 11,420 units in the USA. An extremely good sales volume performance was recorded in Brazil, where sales shot up by 48.9% to 5,340 units. The 2,288 units sold in Japan during the nine-month period were also a 14.2% improvement on the previous year's sales performance.

Motorcycle production increased

We produced a total of 29,746 motorcycles (+15.8%) during the third quarter 2012, comprising 27,017 (+14.9%) BMW brand and 2,729 (+25.7%) Husqvarna brand motorcycles. Motorcycle production over the nine-month period increased by 7.5% to 102,834 units, with 93,489 BMW (+4.7%) and 9,345 Husqvarna (+47.5%) brand motorcycles rolling off the production lines.

Significant growth in revenues and earnings for Motorcycles segment

The Motorcycles segment also continued to report improved financial figures for the period under report. Quarterly revenues rose by 7.2% to €358 million and to €1,216 million (+3.0%) over the nine-month period. These figures represent new records for the two periods involved. Segment EBIT improved both on a quarterly (negative €3 million; improvement of 81.3%) and a nine-month basis (positive €82 million; +32.3%). The segment result before tax was a loss of €4 million (improvement of 76.5%) for the third quarter and a profit of €80 million (+33.3%) for the nine-month period from January to September.

Workforce up on previous year

The BMW Group employed 3,038 people in the Motorcycles segment at 30 September 2012, an increase of 3.9% compared to one year earlier (2011: 2,924 employees).

Motorcycles

		3rd quarter 2012	3rd quarter 2011	Change in %
Sales volume	units	**28,876**	28,862	–
Production	units	**29,746**	25,678	15.8
Revenues	€ million	**358**	334	7.2
Profit before financial result (EBIT)	€ million	**–3**	–16	81.3
Profit before tax	€ million	**–4**	–17	76.5

		1 January to 30 September 2012	1 January to 30 September 2011	Change in %
Sales volume	units	**93,300**	92,972	0.4
Production	units	**102,834**	95,625	7.5
Revenues	€ million	**1,216**	1,181	3.0
Profit before financial result (EBIT)	€ million	**82**	62	32.3
Profit before tax	€ million	**80**	60	33.3
Workforce at 30 September		**3,038**	2,924	3.9

Another strong performance by Financial Services

The Financial Services segment continued to perform well during the third quarter 2012. The number of credit financing and lease contracts with dealers and retail customers worldwide at 30 September 2012 increased by 5.4 % to a total of 3,745,760 contracts (2011: 3,552,319 contracts; 3,303,635 contracts, not including the ICL Group). The business volume of the segment in balance sheet terms amounted to €79,485 million at 30 September 2012 (31 December 2011: €75,245 million; +5.6 %).

New retail customer business remains on growth course

Demand for credit and lease financing continued to grow sharply in the third quarter 2012, with 327,304 new contracts signed during the three-month period, 12.2 % more than in the previous year (2011: 291,610 contracts). The equivalent figure for the nine-month period from January to September was 979,322 new contracts (2011: 882,961; +10.9 %), with leasing business growing by 19.5 % and credit financing by 7.1 %. Leasing accounted for 33.3 % of new business, credit financing for 66.7 %. The proportion of new BMW Group cars leased and financed by the Financial Services segment was 39.2 %, slightly down on the previous year (2011: 41.1 %).

In the used car financing line of business, 230,594 new contracts for BMW and MINI brand cars were signed during the period under report, a 0.5 % decrease on the previous year (2011: 231,786 contracts).

The volume of new credit and lease business signed with retail customers up to the end of the third quarter totalled €26,557 million, well above the previous year's equivalent figure (2011: €23,321 million; +13.9 %).

This strong performance is also reflected in the size of the overall contract portfolio. In total, 3,464,746 contracts were in place with retail customers at 30 September 2012 (2011: 3,285,963 contracts; +5.4 %; 3,037,279 contracts, not including the ICL Group). Nearly all regions reported growth, with Asia/Pacific up by 20.6 %, the Americas by 3.8 % and Europe/Middle East/Africa by 9.6 %. The EU Bank region remained at a similar level to the previous year. In conjunction with the EU Pass Project, the French Financial Services entity became part of BMW Bank in August 2012.

Fleet business still growing

The BMW Group offers multi-brand fleet services under the brand-name "Alphabet" and is now one of the top four fleet service providers in Europe. A portfolio of 493,914 fleet financing contracts was in place at 30 September 2012, an increase of 6.1 % on the previous year's figure (2011: 465,697 contracts).

Strong growth in multi-brand financing line of business

The Financial Services segment also continued to perform well in the area of multi-brand financing. 122,591 new contracts were signed during the third quarter 2012, 16.8 % up on the same quarter last year (2011: 104,918 contracts). At 30 September 2012,

Financial Services

		3rd quarter 2012	3rd quarter 2011	Change in %
New contracts with retail customers		**327,304**	291,610	12.2
Revenues	€ million	**4,916**	4,276	15.0
Profit before financial result (EBIT)	€ million	**424**	364	16.5
Profit before tax	€ million	**425**	354	20.1

		1 January to 30 September 2012	1 January to 30 September 2011	Change in %
New contracts with retail customers		**979,322**	882,961	10.9
Revenues	€ million	**14,582**	12,640	15.4
Profit before financial result (EBIT)	€ million	**1,291**	1,506	–14.3
Profit before tax	€ million	**1,290**	1,527	–15.5
Workforce at 30 September		**6,159**	5,621	9.6

		30.9.2012	31.12.2011	Change in %
Business volume in balance sheet terms*	€ million	**79,485**	75,245	5.6

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

408,303 contracts were in place in this line of business (2011: 365,773 contracts; +11.6%).

Dealer financing up on previous year
Alongside retail customer financing, the Financial Services segment also offers a range of financing arrangements tailored to the needs of the dealer organisation. The volume of this business stood at €11,776 million at 30 September 2012, an increase of 10.4% compared to one year earlier (2011: €10,662 million).

Sharp rise in deposit business
The Financial Services segment's deposit volume worldwide stood at €13,272 million (2011: €11,033 million; +20.3%) at the end of the third quarter 2012. The number of securities custodian accounts fell to 23,294 (2011: 24,556; –5.1%).

Double-digit growth for insurance business
Insurance business also profited from high demand, with a total of 719,546 new contracts signed during the nine-month period under report (+16.8%). As a result, the portfolio of insurance contracts at the end of the reporting period climbed by 19.8% to 2,065,613 contracts (2011: 1,724,105 contracts).

Strong quarter for Financial Services segment
The segment's strong performance is reflected in segment earnings for the period under report. Third-quarter EBIT improved by 16.5% to €424 million, a new high for a third quarter. This was also the case for the segment profit before tax amounting to €425 million (+20.1%). EBIT and pre-tax profit for the nine-month period amounted to €1,291 million (–14.3%) and €1,290 million (–15.5%) respectively.

Workforce increased
The BMW Group employed 6,159 people in the Financial Services segment at 30 September 2012 (2011: 5,621 employees; +9.6%)

BMW stock in the third quarter 2012
International capital markets continued to be dominated by the European sovereign debt crisis during the third quarter. The announcement of the European Central Bank of its readiness to purchase bonds of euro-zone states in difficulty provided a sharp boost to stock markets in September.

The German stock index, the DAX, closed at 7,216 points at the end of the third quarter, thus more than reversing the losses suffered in the previous quarter. A new high for the year was recorded in September 2012 when the DAX reached 7,479 points. The index therefore gained 12.5 % in value compared with the end of the second quarter and was 22.3 % up on the beginning of 2012.

The Prime Automobile sector index also made gains during the period under report, rising by 7.3 % to 833 points by the end of the third quarter 2012. The index was 20.9 % ahead of the closing value at the end of 2011.

Both categories of BMW stock reached the market price levels recorded at the end of the previous quarter. BMW common stock was quoted at €56.91 on the last day of trading, practically unchanged compared to its opening price at the beginning of the quarter. Since the start of the year, BMW common stock has gained approximately 10 % in value (+ 9.9 %). Shares of BMW preferred stock stood at €39.94 on 28 September 2012, 2.9 % up for the quarter and 9.3 % up the nine-month period.

The value of the US dollar against the euro fell slightly (– 1.6 %) during the third quarter 2012 to stand at US dollar 1.29 to the euro at 28 September 2012. The US dollar picked up marginally (+ 0.7 %) compared to the exchange rate at the end of 2011.

Refinancing at attractive conditions
During the third quarter 2012, the BMW Group took advantage of favourable conditions on international money and capital markets to finance operations, issuing a euro-benchmark bond with a volume of €750 million and a bond for 8 billion Indian rupees as well as raising funds through private placements in various currencies with a total volume of approximately €400 million. In addition, five ABS transactions with a total volume of almost €3 billion were placed in Germany, Australia, the USA, Japan and the UK. Refinancing of operations is supplemented by the regular issue of commercial paper on the one hand and by deposit-taking business on the other.

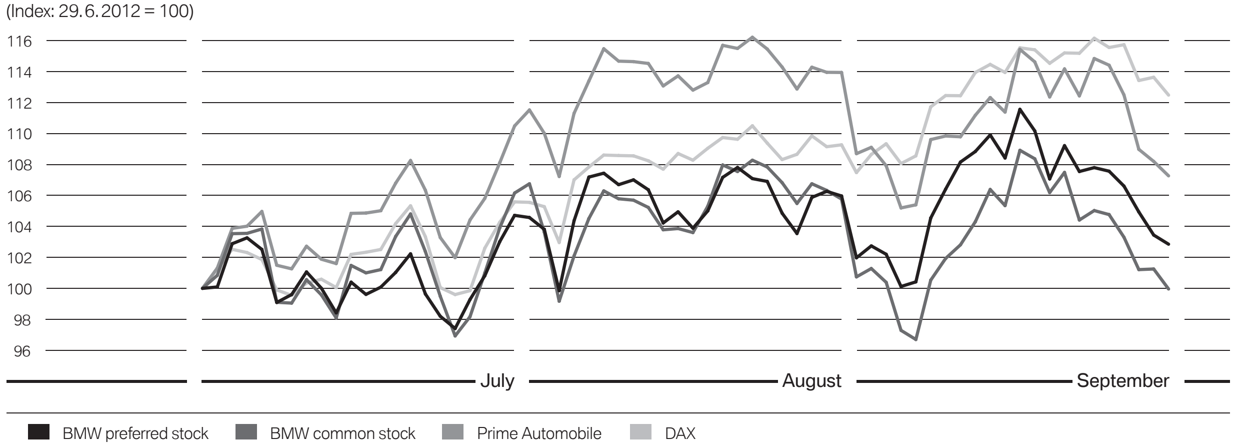
Top positions again for BMW Group in sustainability rankings
In the Dow Jones Sustainability Index (DJSI) issued by the SAM Group in September, the BMW Group heads the rankings for the eighth year in succession as the most sustainable car manufacturer in the world. The BMW Group is the only company in the automotive sector to have been included in this prestigious index for 14 years consecutively.

The BMW Group also achieved its best ever position in the Carbon Disclosure Project (CDP) Global 500 Ranking. With a score of 99 out of a possible 100 points, the BMW Group took the top position in its own sector. Across all sectors, the BMW Group was among the Top 3 of all participating companies.

The BMW Group was also included once again in the FTSE4Good Sustainability Index of the London Stock Exchange and has thus been listed in this index without interruption for eleven years.

Development of BMW stock compared to stock exchange indices

(Index: 29. 6. 2012 = 100)



Earnings performance*

The earning's performance of the BMW Group continued to develop positively in the third quarter 2012 despite uncertainties about the state of health of the European markets.

Major contributory factors behind this performance were the high-value model mix achieved for our BMW, MINI and Rolls-Royce brands and our strong competitive position on international markets.

Earnings performance for the third quarter 2012

Group revenues remain at a high level, rising in the third quarter by 13.7 % to €18,817 million (2011: €16,547 million). Adjusted for changes in exchange rates, revenues increased by 7.3 %. Within Group revenues, external revenues of the Automotive segment were 12.6 % up on the same quarter last year due to sales volume factors. External revenues of the Motorcycles segment for the quarter climbed by 7.9 %, while the Financial Services segment recorded an 18.0 % increase.

Cost of sales went up by €1,928 million to €15,050 million. Gross profit improved by 10.0 % to €3,767 million, giving a third-quarter gross profit margin of 20.0 % (2011: 20.7 %). Adjusted for exceptional items, gross profit improved by 8.6 %.

The gross profit margin recorded by the Automotive segment fell by 2.0 percentage points to 18.2 %; the Motorcycles segment recorded a gross profit margin of 12.3 % (2011: 7.5 %). In the Financial Services segment, it rose from 12.7 % to 14.0 %.

Third-quarter research and development expense increased by 10.9 % to €958 million and represented 5.1 % (2011: 5.2 %) of revenues. Research and development costs include amortisation of capitalised development costs amounting to €255 million (2011: €308 million). Total research and development expenditure in the third quarter amounted to €988 million (2011: €825 million). This figure comprises research costs, non-capitalised development costs, capitalised development costs and systematic amortisation of capitalised development costs. The research and development expenditure ratio for the third quarter was 5.3 % (2011: 5.0 %) and the proportion of development costs recognised as assets was 28.8 % (2011: 32.6 %).

Selling and administrative expenses increased by 14.3 % on a comparable quarter basis.

The expense for depreciation and amortisation on property, plant and equipment and intangible assets recorded in cost of sales and in selling and administrative expenses decreased to €853 million in the third quarter (2011: €904 million).

The net expense from other operating income and expenses amounted to €46 million, an improvement of €116 million compared to the third quarter one year earlier. The principal reason for the improvement was the lower level of expense for allocations to provisions.

Profit before financial result (EBIT) increased to €2,004 million (2011: €1,761 million).

The financial result was a net expense of €17 million, an improvement of €55 million compared to the previous year. Within the financial result, the net interest expense deteriorated by €32 million. Other financial result improved by €80 million, primarily due to increased fair values of commodity hedging contracts. The positive result from equity accounted investments increased by €7 million to €51 million.

Profit before tax, at €1,987 million, was €298 million up on the previous year (2011: €1,689 million), partly

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8

Revenues by segment in the third quarter

in € million

	External revenues		Inter-segment revenues		Total revenues	
	2012	2011	**2012**	2011	**2012**	2011
Automotive	**13,936**	12,382	**3,251**	2,962	**17,187**	15,344
Motorcycles	**357**	331	**1**	3	**358**	334
Financial Services	**4,524**	3,834	**392**	442	**4,916**	4,276
Other Entities	**–**	–	**1**	1	**1**	1
Eliminations	**–**	–	**–3,645**	–3,408	**–3,645**	–3,408
Group	**18,817**	16,547	**–**	–	**18,817**	16,547

reflecting a positive exceptional item of €46 million recorded in the third quarter 2012. The pre-tax return on sales was 10.6 % (2011: 10.2 %). The income tax expense increased by €120 million, giving an effective tax rate of 35.1 % (2011: 34.2 %) for the quarter.

The Group reports a net profit of €1,289 million for the third quarter 2012 (2011: €1,111 million).

For the third quarter 2012, the BMW Group generated earnings per share of common stock and preferred stock of €1.95 (2011: €1.69) and €1.95 (2011: €1.69) respectively.

Earnings performance in the first nine months of 2012*

Group revenues for the nine-month period increased by 11.6 % to €56,312 million. Adjusted for exchange rate factors, the increase was 6.4 %. Within Group revenues, external revenues of the Automotive and Motorcycles segments increased by 9.9 % and 3.3 % respectively reflecting the sales volume performance. External revenues of the Financial Services segment for the nine-month period rose by 17.9 %. Revenues attributable to Other Entities were unchanged at €1 million.

Group cost of sales for the nine-month period totalled €44,753 million, an increase of €5,231 million compared to the previous year (2011: €39,522 million).

Gross profit rose by 5.6 % to €11,559 million, giving a gross profit margin of 20.5 % (2011: 21.7 %). Adjusted for exceptional items, gross profit increased by 9.7 %.

The gross profit margin recorded by the Automotive segment for the nine-month period was 19.5 % (2011: 21.1 %) and that of the Motorcycles segment was 17.8 % (2011: 15.7 %). The gross profit margin of the Financial Services segment fell by 2.2 percentage points to 13.7 %.

Research and development expense for the first nine months of 2012 went up by 14.9 % to €2,964 million. As a proportion of revenues, the research and development ratio increased slightly to 5.3 % (2011: 5.1 %). Research and development costs include amortisation of capitalised development costs amounting to €858 million (2011: €902 million). Total expenditure on research and development during the nine-month period amounted to €2,831 million (2011: €2,300 million), corresponding to an expenditure ratio of 5.0 % (2011: 4.6 %) and a capitalisation ratio of 25.6 % (2011: 27.1 %).

Selling and administrative expenses increased by 16.7 % compared to the same period last year.

The expense for depreciation and amortisation on property, plant and equipment and intangible assets recorded in cost of sales and in selling and administrative expenses amounted to €2,604 million (2011: €2,667 million).

The net result from other operating income and other operating expenses was a net expense of €73 million (2011: net expense of €240 million), whereby the improvement was mostly attributable to lower allocations to provisions.

At €6,406 million, the Group's profit before financial result (EBIT) was 0.8 % ahead of the previous year's high level of €6,358 million.

The financial result for the nine-month period was a net expense of €366 million, a deterioration of €52 million compared to the previous year. Within that figure, other financial result increased by €105 million to a net expense of €518 million. The positive result from equity accounted investments improved by €75 million.

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8

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

in € million

	External revenues		Inter-segment revenues		Total revenues	
	2012	2011	**2012**	2011	**2012**	2011
Automotive	**41,748**	37,975	**8,964**	8,416	**50,712**	46,391
Motorcycles	**1,207**	1,169	**9**	12	**1,216**	1,181
Financial Services	**13,356**	11,327	**1,226**	1,313	**14,582**	12,640
Other Entities	**1**	1	**3**	2	**4**	3
Eliminations	**–**	–	**–10,202**	–9,743	**–10,202**	–9,743
Group	**56,312**	**50,472**	**–**	**–**	**56,312**	**50,472**

The profit before tax, at €6,040 million, was almost identical to the previous year (2011: €6,044 million). The pre-tax return on sales was 10.7% (2011: 12.0%). The tax expense for the nine-month period was 5.4% higher than in the previous year and the effective tax rate was 35.2% (2011: 33.4%).

Overall, the BMW Group reports a net profit of €3,915 million for the nine-month period (2011: €4,028 million).

Earnings per share for the nine-month period amounted to €5.94 (2011: €6.12) for BMW common stock and €5.95 (2011: €6.13) for BMW preferred stock.

Earnings performance by segment[1]

Third-quarter Automotive segment revenues increased by 12.0% on the back of higher sales volumes. The profit before tax, at €1,703 million, was €42 million down on the high level recorded one year earlier. Segment revenues for the nine-month period rose by 9.3% to €50,712 million, the main factor for the improvement being higher volumes.

Third-quarter revenues of the Motorcycles segment increased by 7.2%, while segment loss before tax improved by €13 million (2011: loss of €17 million). Nine-month revenues amounted to €1,216 million, marginally higher than in the previous year (2011: €1,181 million). The profit before tax for the period improved by 33.3% to €80 million.

Third-quarter revenues of the Financial Services segment rose by 15.0% to €4,916 million. Segment profit before tax amounted to €425 million, up by €71 million on the previous year (2011: €354 million), including a positive exceptional item of €46 million recorded in the third quarter 2012. Nine-month revenues rose by 15.4% to €14,582 million, whereas the segment profit before tax fell by 15.5% to €1,290 million.

The Other Entities segment reports a third-quarter loss before tax of €39 million (2011: loss before tax of €187 million). The improvement here was largely attributable to the lower net expense from other operating income and expenses: the result for the nine-month period improved by €196 million to a net expense of €74 million.

Inter-segment eliminations during the nine-month period down to the level of profit before tax gave rise to a net expense of €530 million (2011: net expense of €920 million). The previous year's figure was adjusted (increased) by €116 million in accordance with IAS 8 as a result of the change in accounting policy for leased products.

Financial position[2]

The consolidated cash flow statements for the Group and the Automotive and Financial Services segments show the sources and applications of cash flows for the first nine-month periods of 2011 and 2012, 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 Group and segment net profit. By contrast, cash flows from investing and financing activities are based on actual payments and receipts.

Cash inflows and outflows relating to operating leases, where the BMW Group is lessor, are required by IAS 7.14

[2] Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8 and the described reclassifications

Profit before tax by segment

in € million

	3rd quarter 2012	3rd quarter 2011[1]	**1 January to 30 September 2012**	1 January to 30 September 2011[1]
Automotive	**1,703**	1,745	**5,274**	5,647
Motorcycles	**–4**	–17	**80**	60
Financial Services	**425**	354	**1,290**	1,527
Other Entities	**–39**	–187	**–74**	–270
Eliminations	**–98**	–206	**–530**	–920
Profit before tax	**1,987**	**1,689**	**6,040**	**6,044**
Income taxes	**–698**	–578	**–2,125**	–2,016
Net profit	**1,289**	**1,111**	**3,915**	**4,028**

[1] Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8

to be presented within cash flows from operating activities. These cash flows were presented in all BMW Group Financial Statements up to 30 September 2011 within cash flows from investing activities. The change in presentation in the BMW Group's Cash Flow Statements was made with effect from the end of the financial year 2011. Prior year figures have been adjusted in accordance with IAS 8.42. As a result of the reclassification, the cash inflow from operating activities and the cash outflow for investing activities decreased in the first nine months of 2011 by €4,068 million respectively.

The change of presentation in the Cash Flow Statement for receivables from sales financing was made to ensure that lease and financing transactions are treated consistently. Previously, changes in receivables from sales financing – including finance leases, where the BMW Group is the lessor – were presented within investing activities. They are now presented as part of the cash flow from operating activities. The previous year's figures were restated in the interest of comparability. As a result of the change, the cash inflow from operating activities for the first nine months of 2011 was reduced by €1,673 million. The cash outflow for investing activities decreased by the same amount.

Overall, cash flows from operating activities for the first nine months of 2011 amounted to €6,632 million after being reduced by €5,741 million due to the reclassification. The cash outflow for investing activities decreased accordingly to €3,490 million.

The reclassification of receivables from sales financing and leased products resulted in 2011 in a shift of €6 million (Automotive segment) and €5,747 million (Financial Services segment) between the cash inflow from operating activities and the cash outflow for investing activities.

The BMW Group uses various sources of funds for internal financing purposes. In addition to the issue of interest-bearing debt, it is also common for cash funds to be allocated to group entities in line with business requirements. This can also include the payment of dividends within the Group. In this context, it is possible that cash funds may be transferred from one segment to another. These cash inflows and outflows were previously reported in the Cash Flow Statements of the Automotive and Financial Services segments as part of cash flows from operating activities. Due to the increasing importance of such dividend payments, the method of presentation has been changed with effect from the second quarter 2012. Intragroup inter-segment dividends are now reported as part of cash flows from financing activities. The reclassification from operating activities to financing activities results in an increase in the operating cash flow. The previous year's figures were restated accordingly (impact in 2011 on the Automotive segment: increase of €1,020 million).

The cash inflow from operating activities for the nine-month period amounted to €3,540 million (2011: €6,632 million). The decrease in this case was largely due to the increase in leased products and receivables from sales financing amounting to €2,645 million (2011: €1,756 million). Changes in working capital had a positive cash flow impact of €423 million (2011: negative cash flow impact of €1,299 million). Other items developed in the opposite direction and gave rise to a net cash outflow of €893 million in the first nine months of 2012 (2011: net cash inflow of €1,799 million).

Cash outflow for investing activities during the nine-month period amounted €2,776 million, a decrease of €714 million compared to the previous year. The high level reported for the previous year was mainly attributable to the purchase of the ICL Group. Capital expenditure on intangible assets and property, plant and equipment resulted in the cash outflow for investing activities increasing by €866 million compared to the previous year. The change in marketable securities resulted in a €882 million decrease in cash outflow. 127.5 % (2011: 190.0 %) of the cash outflow for investing activities was covered by the cash inflow from operating activities.

Cash inflow from financing activities includes inflows of €8,483 million from bond issues (2011: €4,517 million) and outflows for repayments of bonds amounting to €7,689 million (2011: €4,348 million). Changes in other financial liabilities and commercial paper resulted in a net cash inflow from financing activities of €597 million (2011: net cash outflow of €1,292 million). The payment of dividends resulted in a cash outflow of €1,515 million (2011: €852 million).

After adjustment for the effects of exchange-rate fluctuations and changes in the composition of the BMW Group amounting to a net positive amount of €46 million (2011: net negative amount of €52 million), the various cash flows resulted in an increase in cash and cash equivalents of €686 million (2011: increase of €1,115 million).

The Automotive segment generated a nine-month operating cash inflow of €6,768 million (2011: €6,787 million). Segment operating cash inflow was negatively impacted by the lower profit reported for the period (down by €409 million), the change in provisions (negative impact of €539 million) and sundry other items (negative impact of €621 million) and positively impacted by a sharp improvement (€1,777 million) in working capital. The cash outflow for investing activities by the Automotive segment was €509 million lower at €3,062 million. The cash flow statement for the Automotive segment shows a surplus of cash inflow from operating activities over cash outflow for investing activities of €3,706 million (2011: €3,216 million).

Free cash flow of the Automotive segment was as follows:

in € million	**30.9.2012**	30.9.2011*
Cash inflow from operating activities	**6,768**	6,787
Cash outflow for investing activities	**–3,062**	–3,571
Net investment in marketable securities (investment (+)/sales (–))	**134**	839
Free cash flow Automotive segment	**3,840**	**4,055**

* The adjustments result from the reclassification described in note 3.

Net financial assets of the Automotive segment comprise the following:

in € million	**30.9.2012**	31.12.2011
Cash and cash equivalents	**6,927**	5,829
Marketable securities and investment funds	**2,134**	1,801
Intragroup net financial assets	**7,010**	6,404
Financial assets	**16,071**	**14,034**
Less: external financial liabilities*	**–3,046**	–1,747
Net financial assets Automotive segment	**13,025**	**12,287**

* excluding derivative financial instruments

The Cash Flow Statement for the Financial Services segment shows a cash outflow from operating activities of €1,390 million (2011: cash outflow of €286 million). Cash inflow for investing activities during the first nine months of the year totalled €66 million (2011: cash outflow of €34 million).

Net assets position

The Group balance sheet total stood at €130,921 million at 30 September 2012, €7,492 million higher than at the end of the previous financial year. Adjusted for changes in exchange rates, the balance sheet total increased by 5.0%.

The increase on the assets side of the balance sheet related primarily to higher receivables from sales financing (+5.6%), inventories (+17.1%), leased products (+4.3%) and financial assets (+12.9%). By contrast, trade receivables decreased by 14.8%. Current assets accounted for 40.0% (31 December 2011: 39.7%) of total assets.

On the equity and liabilities side of the balance sheet, the increase was due to the increase in pension provisions (+72.7%), financial liabilities (+3.5%) and trade payables (+27.8%). Equity also went up by 6.5%. Current provisions and payables accounted for 37.7% (31 December 2011: 38.3%) of total equity and liabilities.

Compared to 31 December 2011, receivables from sales financing went up by €2,749 million (5.6%). Excluding the exchange rate impact, they increased by 4.1%.

Inventories rose during the nine-month period by €1,649 million to stand at €11,287 million, reflecting the expansion of business operations.

Leased products increased by €994 million. Adjusted for changes in exchange rates, they were 3.4 % above their level at 31 December 2011.

Financial assets increased during the first nine months of 2012 by €701 million, partly due to increases in marketable securities and investment funds.

On the equity and liabilities side of the balance sheet, equity rose overall by €1,750 million (+6.5 %) to €28,853 million. This increase was attributable to Group net profit (+ €3,896 million), the positive impact of the fair value measurement of securities (+ €184 million) and currency translation (+ €168 million) as well as income and expenses from equity accounted investments recognised directly in equity (+ €62 million). Equity was also increased by deferred taxes on items recognised directly in equity (+ €351 million) and by net fair value gains on the measurement of derivative financial instruments (+ €141 million). Actuarial losses on pension plans had a negative impact on equity amounting to €1,590 million. The dividend payment decreased equity by €1,508 million. Minority interests increased by €39 million. Other changes amounted to €7 million.

The equity ratio of the BMW Group was unchanged from the end of the financial year 2011 at 22.0 %. The equity ratio of the Automotive segment was 39.0 % (31 December 2011: 41.1 %) and that of the Financial Services segment was 8.5 % (31 December 2011: 8.7 %).

Pension provisions increased by 72.7 % to €3,771 million, mainly due to lower interest rates in Germany and the United Kingdom.

Trade payables went up by €1,483 million (+27.8 %) to €6,823 million during the first nine months of the year.

Other liabilities amounted to €10,065 million and were thus €128 million (+1.3 %) higher than at 31 December 2011.

Financial liabilities increased by €2,395 million (+3.5 %) during the nine-month period under report. Adjusted for changes in exchange rates, the increase was 2.9 %. The main changes in financial liabilities related to increases in bonds (+€1,171 million), customer deposits (banking) (+€1,231 million), liabilities to banks (+€1,639 million) and asset-backed financing liabilities (+€801 million). By contrast, liabilities for commercial paper decreased by €2,841 million.

Risk management

As a globally operating enterprise, the BMW Group is confronted with numerous risks. A description of these risks and the Group's risk management methods is provided in the Group Management Report for the financial year ended 31 December 2011 (Annual Report, page 67 et seq.).

Increase in economic risks

Although the global economy is still expected to grow both in the current and the following year, the growth rate of 2.3 % is likely to come in below the long-term average. Measures to consolidate public budgets in most of the world's industrial countries are casting a shadow over future growth prospects. Uncertainties in Europe in the wake of the debt crisis could have a further negative impact on the economy. By contrast, the longer-term outlook for most emerging markets remains positive. That said, the principal emerging markets such as China, India and Brazil are not likely in the foreseeable future to grow at the rates to which these countries have become accustomed. Overall, risks emanating from macro-economic developments are likely to mount.

Central banks worldwide will almost certainly continue their policy of monetary expansion, thereby helping to prop up asset and raw material prices and stave off a downward spiral within the real economy towards worldwide recession.

The situation within Europe will continue to differ from country to country. Latest predictions see the euro zone as likely to contract by approximately 0.5 % in the current year. Germany is expecting a growth rate of just below 1.0 %. The forecast for the French economy is one of stagnation, whereas economic output in UK is set to shrink by approximately 0.5 %. The economies of Italy and Spain are expected to contract by 2.0 % against the continued backdrop of sovereign debt and banking crises.

The short-term outlook for the USA looks better than that for Europe. At present the US economy is forecast to grow by approximately 2.0 % in 2012. However, uncertainties caused by the forthcoming elections mean it is not yet clear which measures will be implemented in the coming year to put a brake on the rise in public-sector debt and stabilise economic growth.

Japan continues to recover from the impact of the previous year's catastrophe and is expected to record a growth rate of 2.0 % in 2012. The strong yen remains an adverse factor for the country, and as a result, there is a significant likelihood that the growth rate will slow down in the coming year.

The Chinese economy is expected to lose some of its momentum and only grow by 7.5 % in 2012. The risks to the Chinese economy from weaker exports and a property market slump should, however, not be underestimated. These factors are also reflected in the rapid reduction in interest rates enacted by the Chinese central bank. Even so, China will retain its role as the world's economic powerhouse.

At 6.0 %, growth in India too is forecast to be more moderate than in previous years. The Russian economy is expected to grow by approximately 3.5 %, helped by the high price of oil compared to the long-term average. After a slow start, economic output in Brazil is also expected to finish the year near the 2.0 % mark.

Car markets in 2012
Car markets worldwide are expected to grow by approximately 5.2 % over the year as a whole, primarily driven by strong economic growth in the world's emerging markets.

The US market recovery is likely to continue at a growth rate of approximately 11 % and the sale of some 14.2 million units. Nevertheless, the figure is still well below its pre-financial crisis long-term level of 16 to 17 million units p.a.

The Chinese passenger car market is forecast to grow by approximately 7 % to 13 million units, thus underlining its key position among the world's principal car markets.

The number of new car registrations in Europe is forecast to drop overall to approximately 12.6 million units (– 7 %). The figure of 3.15 million units forecast for the German market would come in close to the previous year's number. Great Britain is expected to see 1.95 million new cars on the roads, slightly up on the previous year. The car market in France is expected to shrink by approximately 9 % to 1.97 million units. The Spanish market has halved in recent years and is expected to contract by a further 12 % in 2012 to 0.7 million units. The decrease in Italy is expected to be particularly pronounced with new registrations down by 20 % to 1.4 million units.

Japan's car market continues to benefit from working through the backlog in demand built up from the previous year and is likely to see an increase of approximately 16 % to 4.8 million units.

The car market in India is expected to grow by 10 %, in Russia by 12 % to 2.8 million units and in Brazil by 6 % to approximately 3.7 million units.

Motorcycle markets in 2012
The debt crisis in Europe is likely to remain a key issue in the foreseeable future and markets in southern Europe in particular are likely to contract sharply. By contrast, we expect to see continued growth in the final quarter of the year for motorcycle markets in the USA, Brazil and Japan.

The financial services market in 2012
The situation on financial markets remains tense, despite some easing in the sovereign debt crisis. The trend mainly reflects a lack of trust in the stability of the markets. Given these circumstances, risk spreads are likely to remain volatile and at a relatively high level.

In addition, there have been increasing indications in recent months that growth rates in the real economy are slowing down. Moderate inflation rates and continued expansionary monetary policies by central banks mean that interest rates are likely to remain low in the medium term.

Lending business risks are expected to remain stable overall. It can be assumed that the situation in southern Europe will remain tense. The global trend towards declining residual values on used car markets is also likely to proceed apace, especially in southern Europe.

BMW Group's outlook for the remainder of 2012
There have been no significant changes to the forecasts and other comments with respect to future developments for the financial year 2012 compared with the forecasts and comments made in the most recent Group Management Report.

The sovereign debt crisis in Europe will continue in the foreseeable future to have a significant impact on the pace of global economic growth. A significant risk factor is seen in the increasing reluctance of consumers to spend, particularly in countries most directly affected by the debt crisis. Despite these less-than-favourable conditions, the BMW Group's attractive range of premium vehicles and services has enabled it to strengthen its competitive position in the market. Thanks to its solid financial basis, the BMW Group, is able to pursue a long-term growth strategy whilst still remaining highly profitable.

Taking the excellent performance in the year to date, the BMW Group is confident that it will also be able to achieve its stated targets over the remainder of 2012. Assuming that economic conditions do not deteriorate significantly, we aim to achieve new all-time highs for sales volume and profit before tax for the full year 2012. Risks could arise, however, from a further deterioration of the economic situation in Europe and a slowdown in growth in China.

Automotive segment
The pace of growth in the Automotive segment will remain at a high level during the remainder of the year. For this reason, we continue to forecast single-digit sales volume growth and hence a new sales volume record for the full year. Revenues and earnings are also expected to continue to develop positively in 2012. A four-wheel xDrive version and a Touring model were added to the new BMW 3 Series in summer 2012, thus ensuring that this highly successful range of models will continue to generate impetus to sales volume performance.

Investments in the production network and the development of new technologies will result in higher expenditure in the financial year 2012.

Despite the challenges posed by macro-economic developments, we reaffirm our target of achieving an EBIT margin of between 8 % and 10 % in the Automotive segment. Depending on political and economic developments, however, actual margins could end up being above or below the targeted range. We also continue to strive to achieve a return on capital employed (RoCE) in excess of 26 % for the current year 2012. Returns on this scale also remain the target of the Automotive segment beyond 2012.

Motorcycles segment
We expect the market launch of the BMW Scooter to provide a boost to sales volumes during the remaining period of 2012, which should, in turn, be reflected in both revenues and earnings figures.

Financial Services segment
As long as there is no deterioration in the overall risk situation, the Financial Services segment will again be able to report positively on business in the final quarter of the year on the back of moderate, but profitable growth.

Bad debt rates in the BMW Group's credit business should remain stable for the remainder of the year. The rigorous risk management procedures we have put in place play a crucial role in limiting potential risks in this area. We expect used car residual values to fall slightly in the last part of the year. Depending on economic developments, a more pronounced drop in southern Europe cannot be ruled out.

Assuming that business conditions remain unchanged, we forecast the segment's portfolio of contracts will be larger than at the end of the previous financial year. We also expect to achieve a RoE in the Financial Services segment of at least 18 %.

INTERIM GROUP FINANCIAL STATEMENT

Income Statements for Group and Segments for the period from 1 July to 30 September 2012
Statement of Comprehensive Income for Group for the period from 1 July to 30 September 2012

Income Statement for Group and Segments for the third quarter

in € million

	Note	Group 2012	Group 2011* (adjusted)	Automotive 2012	Automotive 2011
Revenues	5	**18,817**	16,547	**17,187**	15,344
Cost of sales	6	**–15,050**	–13,122	**–14,066**	–12,237
Gross profit		**3,767**	**3,425**	**3,121**	**3,107**
Selling and administrative expenses	7	**–1,717**	–1,502	**–1,434**	–1,282
Other operating income	8	**192**	221	**162**	140
Other operating expenses	8	**–238**	–383	**–200**	–146
Profit/loss before financial result		**2,004**	**1,761**	**1,649**	**1,819**
Result from equity accounted investments	9	**51**	44	**51**	44
Interest and similar income	10	**174**	201	**138**	182
Interest and similar expenses	10	**–186**	–181	**–145**	–174
Other financial result	11	**–56**	–136	**10**	–126
Financial result		**–17**	**–72**	**54**	**–74**
Profit/loss before tax		**1,987**	**1,689**	**1,703**	**1,745**
Income taxes	12	**–698**	–578	**–591**	–564
Net profit/loss		**1,289**	**1,111**	**1,112**	**1,181**
Attributable to minority interest		**9**	6	**8**	7
Attributable to shareholders of BMW AG		**1,280**	**1,105**	**1,104**	**1,174**
Earnings per share of common stock in €	13	**1.95**	1.69		
Earnings per share of preferred stock in €	13	**1.95**	1.69		
Dilutive effects	13	**–**	–		
Diluted earnings per share of common stock in €	13	**1.95**	1.69		
Diluted earnings per share of preferred stock in €	13	**1.95**	1.69		

Statement of Comprehensive Income for Group for the third quarter

in € million

	Note	2012	2011* (adjusted)
Net profit		**1,289**	**1,111**
Available-for-sale securities		**73**	4
Financial instruments used for hedging purposes		**458**	–1,187
Exchange differences on translating foreign operations		**8**	330
Actuarial gains/losses on defined benefit pension obligations, similar obligations and plan assets		**–525**	–436
Deferred taxes relating to components of other comprehensive income		**–22**	545
Other comprehensive income for the period (after tax) from equity accounted investments		**58**	–22
Other comprehensive income for the period after tax	14	**50**	**–766**
Total comprehensive income		**1,339**	**345**
Total comprehensive income attributable to minority interests		**9**	6
Total comprehensive income attributable to shareholders of BMW AG		**1,330**	**339**

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8

Motorcycles 2012	Motorcycles 2011	Financial Services 2012	Financial Services 2011	Other Entities 2012	Other Entities 2011	Eliminations 2012	Eliminations 2011* (adjusted)	
358	334	**4,916**	4,276	**1**	1	**–3,645**	–3,408	Revenues
–314	–309	**–4,229**	–3,732	**–**	–	**3,559**	3,156	Cost of sales
44	**25**	**687**	**544**	**1**	**1**	**–86**	**–252**	**Gross profit**
–47	–40	**–234**	–174	**–4**	–4	**2**	–2	Selling and administrative expenses
–	–	**20**	42	**29**	56	**–19**	–17	Other operating income
–	–1	**–49**	–48	**–9**	–206	**20**	18	Other operating expenses
–3	**–16**	**424**	**364**	**17**	**–153**	**–83**	**–253**	**Profit/loss before financial result**
–	–	**–**	–	**–**	–	**–**	–	Result from equity accounted investments
2	2	**1**	1	**421**	443	**–388**	–427	Interest and similar income
–3	–3	**–1**	–2	**–410**	–476	**373**	474	Interest and similar expenses
–	–	**1**	–9	**–67**	–1	**–**	–	Other financial result
–1	**–1**	**1**	**–10**	**–56**	**–34**	**–15**	**47**	Financial result
–4	**–17**	**425**	**354**	**–39**	**–187**	**–98**	**–206**	**Profit/loss before tax**
1	5	**–136**	–105	**4**	17	**24**	69	Income taxes
–3	**–12**	**289**	**249**	**–35**	**–170**	**–74**	**–137**	**Net profit/loss**
–	–	**1**	–1	**–**	–	**–**	–	Attributable to minority interest
–3	**–12**	**288**	**250**	**–35**	**–170**	**–74**	**–137**	**Attributable to shareholders of BMW AG**
								Earnings per share of common stock in €
								Earnings per share of preferred stock in €
								Dilutive effects
								Diluted earnings per share of common stock in €
								Diluted earnings per share of preferred stock in €

Income Statements for Group and Segments for the period from 1 January to 30 September 2012
Statement of Comprehensive Income for Group for the period from 1 January to 30 September 2012

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

in € million

	Note	Group 2012	Group 2011* (adjusted)	Automotive 2012	Automotive 2011
Revenues	5	**56,312**	50,472	**50,712**	46,391
Cost of sales	6	**−44,753**	−39,522	**−40,799**	−36,607
Gross profit		**11,559**	**10,950**	**9,913**	**9,784**
Selling and administrative expenses	7	**−5,080**	−4,352	**−4,252**	−3,726
Other operating income	8	**548**	540	**450**	347
Other operating expenses	8	**−621**	−780	**−563**	−470
Profit/loss before financial result		**6,406**	**6,358**	**5,548**	**5,935**
Result from equity accounted investments	9	**199**	124	**199**	124
Interest and similar income	10	**561**	560	**466**	494
Interest and similar expenses	10	**−608**	−585	**−526**	−531
Other financial result	11	**−518**	−413	**−413**	−375
Financial result		**−366**	**−314**	**−274**	**−288**
Profit/loss before tax		**6,040**	**6,044**	**5,274**	**5,647**
Income taxes	12	**−2,125**	−2,016	**−1,849**	−1,813
Net profit/loss		**3,915**	**4,028**	**3,425**	**3,834**
Attributable to minority interest		**19**	19	**18**	19
Attributable to shareholders of BMW AG		**3,896**	**4,009**	**3,407**	**3,815**
Earnings per share of common stock in €	13	**5.94**	6.12		
Earnings per share of preferred stock in €	13	**5.95**	6.13		
Dilutive effects	13	**–**	–		
Diluted earnings per share of common stock in €	13	**5.94**	6.12		
Diluted earnings per share of preferred stock in €	13	**5.95**	6.13		

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

in € million

	Note	2012	2011* (adjusted)
Net profit		**3,915**	**4,028**
Available-for-sale securities		**184**	5
Financial instruments used for hedging purposes		**141**	−25
Exchange differences on translating foreign operations		**168**	−190
Actuarial gains/losses on defined benefit pension obligations, similar obligations and plan assets		**−1,590**	−175
Deferred taxes relating to components of other comprehensive income		**351**	50
Other comprehensive income for the period (after tax) from equity accounted investments		**62**	−8
Other comprehensive income for the period after tax	14	**−684**	**−343**
Total comprehensive income		**3,231**	**3,685**
Total comprehensive income attributable to minority interests		**19**	19
Total comprehensive income attributable to shareholders of BMW AG		**3,212**	**3,666**

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8

Motorcycles 2012	Motorcycles 2011	Financial Services 2012	Financial Services 2011	Other Entities 2012	Other Entities 2011	Eliminations 2012	Eliminations 2011* (adjusted)	
1,216	1,181	**14,582**	12,640	**4**	3	**–10,202**	–9,743	Revenues
–1,000	–995	**–12,586**	–10,633	**–**	–	**9,632**	8,713	Cost of sales
216	**186**	**1,996**	**2,007**	**4**	**3**	**–570**	**–1,030**	**Gross profit**
–139	–123	**–677**	–489	**–13**	–10	**1**	–4	Selling and administrative expenses
6	1	**49**	102	**91**	140	**–48**	–50	Other operating income
–1	–2	**–77**	–114	**–38**	–248	**58**	54	Other operating expenses
82	**62**	**1,291**	**1,506**	**44**	**–115**	**–559**	**–1,030**	**Profit / loss before financial result**
–	–	**–**	–	**–**	–	**–**	–	Result from equity accounted investments
6	6	**4**	3	**1,320**	1,220	**–1,235**	–1,163	Interest and similar income
–8	–8	**–4**	–4	**–1,334**	–1,315	**1,264**	1,273	Interest and similar expenses
–	–	**–1**	22	**–104**	–60	**–**	–	Other financial result
–2	**–2**	**–1**	**21**	**–118**	**–155**	**29**	**110**	Financial result
80	**60**	**1,290**	**1,527**	**–74**	**–270**	**–530**	**–920**	**Profit / loss before tax**
–28	–19	**–439**	–528	**7**	25	**184**	319	Income taxes
52	**41**	**851**	**999**	**–67**	**–245**	**–346**	**–601**	**Net profit / loss**
–	–	**1**	–	**–**	–	**–**	–	Attributable to minority interest
52	**41**	**850**	**999**	**–67**	**–245**	**–346**	**–601**	**Attributable to shareholders of BMW AG**
								Earnings per share of common stock in €
								Earnings per share of preferred stock in €
								Dilutive effects
								Diluted earnings per share of common stock in €
								Diluted earnings per share of preferred stock in €

INTERIM GROUP FINANCIAL STATEMENT

Balance Sheets for Group and Segments to 30 September 2012

Assets

	Note	Group		Automotive	
in € million		**30.9.2012**	31.12.2011	**30.9.2012**	31.12.2011
Intangible assets	15	**5,084**	5,238	**4,525**	4,682
Property, plant and equipment	16	**11,974**	11,685	**11,703**	11,444
Leased products	17	**24,106**	23,112	**133**	151
Investments accounted for using the equity method	18	**444**	302	**444**	281
Other investments	18	**494**	561	**4,880**	4,520
Receivables from sales financing	19	**31,564**	29,331	**–**	–
Financial assets	20	**1,846**	1,702	**454**	287
Deferred tax	21	**2,280**	1,926	**2,444**	2,276
Other assets	22	**747**	568	**3,891**	3,139
Non-current assets		**78,539**	**74,425**	**28,474**	**26,780**
Inventories	23	**11,287**	9,638	**10,911**	9,309
Trade receivables		**2,799**	3,286	**2,520**	3,014
Receivables from sales financing	19	**20,530**	20,014	**–**	–
Financial assets	20	**4,308**	3,751	**2,482**	2,307
Current tax	21	**1,373**	1,194	**1,181**	1,065
Other assets	22	**3,623**	3,345	**15,751**	15,333
Cash and cash equivalents		**8,462**	7,776	**6,927**	5,829
Current assets		**52,382**	**49,004**	**39,772**	**36,857**
Total assets		**130,921**	**123,429**	**68,246**	**63,637**

Equity and liabilities

	Note	Group		Automotive	
in € million		**30.9.2012**	31.12.2011	**30.9.2012**	31.12.2011
Subscribed capital		**655**	655		
Capital reserves		**1,955**	1,955		
Revenue reserves		**27,342**	26,102		
Accumulated other equity		**–1,203**	–1,674		
Equity attributable to shareholders of BMW AG		**28,749**	27,038		
Minority interest		**104**	65		
Equity	24	**28,853**	**27,103**	**26,627**	**26,154**
Pension provisions		**3,771**	2,183	**2,176**	811
Other provisions	25	**3,274**	3,149	**2,909**	2,840
Deferred tax	26	**3,608**	3,273	**969**	893
Financial liabilities	27	**38,866**	37,597	**2,110**	1,822
Other liabilities	28	**3,254**	2,911	**3,448**	3,289
Non-current provisions and liabilities		**52,773**	**49,113**	**11,612**	**9,655**
Other provisions	25	**2,793**	3,104	**2,227**	2,519
Current tax	26	**1,362**	1,363	**1,170**	1,188
Financial liabilities	27	**31,506**	30,380	**2,478**	1,468
Trade payables		**6,823**	5,340	**6,060**	4,719
Other liabilities	28	**6,811**	7,026	**18,072**	17,934
Current provisions and liabilities		**49,295**	**47,213**	**30,007**	**27,828**
Total equity and liabilities		**130,921**	**123,429**	**68,246**	**63,637**

Motorcycles 30.9.2012	Motorcycles 31.12.2011	Financial Services 30.9.2012	Financial Services 31.12.2011	Other Entities 30.9.2012	Other Entities 31.12.2011	Eliminations 30.9.2012	Eliminations 31.12.2011	Assets
67	56	**491**	499	**1**	1	**–**	–	Intangible assets
227	202	**44**	39	**–**	–	**–**	–	Property, plant and equipment
–	–	**27,391**	25,900	**–**	–	**–3,418**	–2,939	Leased products
–	–	**–**	–	**–**	21	**–**	–	Investments accounted for using the equity method
–	–	**8**	8	**5,712**	5,727	**–10,106**	–9,694	Other investments
–	–	**31,564**	29,331	**–**	–	**–**	–	Receivables from sales financing
–	–	**72**	67	**1,767**	1,883	**–447**	–535	Financial assets
1	–	**233**	216	**389**	373	**–787**	–939	Deferred tax
–	–	**1,316**	1,185	**15,906**	15,384	**–20,366**	–19,140	Other assets
295	**258**	**61,119**	**57,245**	**23,775**	**23,389**	**–35,124**	**–33,247**	**Non-current assets**
362	318	**15**	11	**–**	–	**–1**	–	Inventories
138	128	**138**	143	**3**	1	**–**	–	Trade receivables
–	–	**20,530**	20,014	**–**	–	**–**	–	Receivables from sales financing
–	–	**802**	877	**1,517**	955	**–493**	–388	Financial assets
–	–	**96**	78	**96**	51	**–**	–	Current tax
35	33	**3,189**	2,823	**29,402**	29,098	**–44,754**	–43,942	Other assets
–	3	**1,414**	1,518	**121**	426	**–**	–	Cash and cash equivalents
535	**482**	**26,184**	**25,464**	**31,139**	**30,531**	**–45,248**	**–44,330**	**Current assets**
830	**740**	**87,303**	**82,709**	**54,914**	**53,920**	**–80,372**	**–77,577**	**Total assets**

Motorcycles 30.9.2012	Motorcycles 31.12.2011	Financial Services 30.9.2012	Financial Services 31.12.2011	Other Entities 30.9.2012	Other Entities 31.12.2011	Eliminations 30.9.2012	Eliminations 31.12.2011	Equity and liabilities
								Subscribed capital
								Capital reserves
								Revenue reserves
								Accumulated other equity
								Equity attributable to shareholders of BMW AG
								Minority interest
–	**–**	**7,428**	**7,169**	**8,393**	**6,576**	**–13,595**	**–12,796**	**Equity**
31	44	**53**	52	**1,511**	1,276	**–**	–	Pension provisions
132	114	**193**	164	**40**	31	**–**	–	Other provisions
–	–	**4,593**	4,302	**9**	10	**–1,963**	–1,932	Deferred tax
–	–	**14,454**	13,251	**22,749**	23,059	**–447**	–535	Financial liabilities
365	383	**18,369**	17,172	**18**	27	**–18,946**	–17,960	Other liabilities
528	**541**	**37,662**	**34,941**	**24,327**	**24,403**	**–21,356**	**–20,427**	**Non-current provisions and liabilities**
60	57	**275**	297	**228**	228	**3**	3	Other provisions
–	–	**78**	78	**114**	97	**–**	–	Current tax
–	–	**17,503**	16,160	**12,018**	13,141	**–493**	–389	Financial liabilities
232	125	**522**	481	**9**	15	**–**	–	Trade payables
10	17	**23,835**	23,583	**9,825**	9,460	**–44,931**	–43,968	Other liabilities
302	**199**	**42,213**	**40,599**	**22,194**	**22,941**	**–45,421**	**–44,354**	**Current provisions and liabilities**
830	**740**	**87,303**	**82,709**	**54,914**	**53,920**	**–80,372**	**–77,577**	**Total equity and liabilities**

INTERIM GROUP FINANCIAL STATEMENT

Condensed Cash Flow Statements for Group and Segments for the period from 1 January to 30 September 2012

	Group	
in € million	**2012**	2011* (changed)
Net profit	**3,915**	4,028
Depreciation and amortisation of tangible, intangible and investment assets	**2,759**	2,667
Change in provisions	**–334**	285
Change in leased products and receivables from sales financing	**–2,645**	–1,756
Change in deferred taxes	**315**	908
Changes in working capital	**423**	–1,299
Other	**–893**	1,799
Cash inflow / outflow from operating activities	**3,540**	**6,632**
Investment in intangible assets and property, plant and equipment	**–2,720**	–1,854
Net investment in marketable securities	**–52**	–934
Other	**–4**	–702
Cash inflow / outflow from investing activities	**–2,776**	**–3,490**
Cash inflow / outflow from financing activities	**–124**	**–1,975**
Effect of exchange rate on cash and cash equivalents	**35**	**–108**
Effect of changes in composition of Group on cash and cash equivalents	**11**	**56**
Change in cash and cash equivalents	**686**	**1,115**
Cash and cash equivalents as at 1 January	**7,776**	7,432
Cash and cash equivalents as at 30 September	**8,462**	**8,547**

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8 and the described reclassifications

	Automotive		Financial Services	
	2012	2011* (changed)	**2012**	2011* (changed)
Net profit	**3,425**	3,834	**851**	999
Depreciation and amortisation of tangible, intangible and investment assets	**2,698**	2,610	**21**	12
Change in provisions	**–357**	182	**–15**	–170
Change in leased products and receivables from sales financing	**18**	10	**–3,099**	–2,532
Change in deferred taxes	**235**	558	**233**	732
Changes in working capital	**336**	–1,441	**42**	152
Other	**413**	1,034	**577**	521
Cash inflow / outflow from operating activities	**6,768**	**6,787**	**–1,390**	**–286**
Investment in intangible assets and property, plant and equipment	**–2,624**	–1,801	**–21**	–11
Net investment in marketable securities	**–134**	–839	**82**	–25
Other	**–304**	–931	**5**	2
Cash inflow / outflow from investing activities	**–3,062**	**–3,571**	**66**	**–34**
Cash inflow / outflow from financing activities	**–2,642**	**–2,048**	**1,211**	**726**
Effect of exchange rate on cash and cash equivalents	**24**	**–87**	**8**	**–12**
Effect of changes in composition of Group on cash and cash equivalents	**10**	**–**	**1**	**68**
Change in cash and cash equivalents	**1,098**	**1,081**	**–104**	**462**
Cash and cash equivalents as at 1 January	**5,829**	5,585	**1,518**	1,227
Cash and cash equivalents as at 30 September	**6,927**	**6,666**	**1,414**	**1,689**

INTERIM GROUP FINANCIAL STATEMENT

Group Statement of Changes in Equity to 30 September 2012

in € million	Note	Subscribed capital	Capital reserves	Revenue reserves	
				Pension obligations	Other revenue reserves
1 January 2011 (as originally reported)		655	1,939	–	23,447
Change in accounting policy and reclassifications*	3	–	–	–1,785	830
1 January 2011 (adjusted)	24	655	1,939	–1,785	24,277
Dividends paid		–	–	–	–852
Net profit		–	–	–	4,009
Other comprehensive income for the period after tax		–	–	–142	–
Comprehensive income 30 September 2011		–	–	–142	4,009
Other changes		–	–	–	–
30 September 2011 (adjusted)	24	655	1,939	–1,927	27,434

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8 and the reclassification of actuarial gains and losses arising on defined benefit pension

in € million	Note	Subscribed capital	Capital reserves	Revenue reserves	
				Pension obligations	Other revenue reserves
31 December 2011	24	655	1,955	–2,204	28,306
Dividends paid		–	–	–	–1,508
Net profit		–	–	–	3,896
Other comprehensive income for the period after tax		–	–	–1,148	–
Comprehensive income 30 September 2012		–	–	–1,148	3,896
Other changes		–	–	–	–
30 September 2012	24	655	1,955	–3,352	30,694

	Accumulated other equity: Translation differences	Securities	Derivative financial instruments	Pension obligations	Treasury shares	Equity attributable to shareholders of BMW AG	Minority interest	Total
1 January 2011 (as originally reported)	**–1,064**	**9**	**–127**	**–1,785**	**–**	**23,074**	**26**	**23,100**
Change in accounting policy and reclassifications*	–	–	–	1,785	–	830	–	**830**
1 January 2011 (adjusted)	**–1,064**	**9**	**–127**	**–**	**–**	**23,904**	**26**	**23,930**
Dividends paid	–	–	–	–	–	–852	–	**–852**
Net profit	–	–	–	–	–	4,009	19	**4,028**
Other comprehensive income for the period after tax	–175	4	–30	–	–	–343	–	**–343**
Comprehensive income 30 September 2011	**–175**	**4**	**–30**	**–**	**–**	**3,666**	**19**	**3,685**
Other changes	–	–	–	–	–	–	10	**10**
30 September 2011 (adjusted)	**–1,239**	**13**	**–157**	**–**	**–**	**26,718**	**55**	**26,773**

	Accumulated other equity: Translation differences	Securities	Derivative financial instruments	Pension obligations	Treasury shares	Equity attributable to shareholders of BMW AG	Minority interest	Total
31 December 2011	**–863**	**–61**	**–750**	**–**	**–**	**27,038**	**65**	**27,103**
Dividends paid	–	–	–	–	–	–1,508	–	**–1,508**
Net profit	–	–	–	–	–	3,896	19	**3,915**
Other comprehensive income for the period after tax	173	149	142	–	–	–684	–	**–684**
Comprehensive income 30 September 2012	**173**	**149**	**142**	**–**	**–**	**3,212**	**19**	**3,231**
Other changes	7	–	–	–	–	7	20	**27**
30 September 2012	**–683**	**88**	**–608**	**–**	**–**	**28,749**	**104**	**28,853**

1 — Basis of preparation

The Group Financial Statements of BMW AG at 31 December 2011 were drawn up in accordance with International Financial Reporting Standards (IFRSs), as applicable in the EU at that date. The Interim Group Financial Statements (Interim Report) at 30 September 2012, 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 2011 Group Financial Statements. The BMW Group applies the option, available under IAS 34.8, of publishing condensed group financial statements. All Interpretations issued by the IFRS Interpretations Committee which are mandatory at 30 September 2012 have been applied. The Interim Report also complies with German Accounting Standard No. 16 (GAS 16) – Interim Financial Reporting – issued by the German Accounting Standards Committee e. V. (GASC).

Further information regarding the Group's accounting principles and policies is contained in the Group Financial Statements at 31 December 2011.

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 Automotive, Motorcycles, Financial Services and Other Entities segments. The Group Cash Flow Statement is supplemented by statements of cash flows for the Automotive 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 the 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 2011.

In conjunction with the refinancing of financial services business, a significant volume of receivables arising from retail customer and dealer financing is sold. Similarly, rights and obligations relating to leases are sold. The sale of receivables is a well-established instrument used by industrial companies. These transactions usually take the form of asset-backed financing transactions involving the sale of a portfolio of receivables to a trust which, in turn, issues marketable securities to refinance the purchase price. The BMW Group continues to "service" the receivables and receives an appropriate fee for these services. In accordance with IAS 27 (Consolidated and Separate Financial Statements) and the interpretation contained in SIC-12 (Consolidation – Special Purpose Entities) such assets remain in the Group Financial Statements although they have been legally sold. Gains and losses relating to the sale of such assets are not recognised until the assets are removed from the Group balance sheet on transfer of the related significant risks and rewards. The balance sheet value of the assets sold at 30 September 2012 totalled €8.9 billion (31 December 2011: €9.4 billion).

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

The Interim Group Financial Statements at 30 September 2012 have neither been audited nor reviewed by the Group auditors, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin.

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

The preparation of the Group Financial Statements requires management to make certain assumptions and judgements and to use estimations that can 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.

2 — Consolidated companies

The BMW Group Financial Statements for the third quarter 2012 include, besides BMW AG, 26 German and 168 foreign subsidiaries. This includes six special purpose securities funds and 23 special purpose trusts, almost all of which are used for asset-backed financing.

No entities were consolidated for the first time during the third quarter 2012 and no entities ceased to be consolidated companies during the quarter.

PT BMW Indonesia, Jakarta, BMW China Services Ltd., Beijing, and BMW India Financial Services Private Ltd., New Delhi, were consolidated for the first time in the first nine-month period of the financial year 2012. BMW India Financial Services Private Ltd., New Delhi, has a year end (31 March) that differs from the financial year of BMW AG, Munich.

During the nine-month period of the financial year 2012, Alphabet B.V., Rijswijk, was merged with Alphabet Nederland B.V., Breda, and Alphabet Belgium Short Term Rental NV, Aartselaar, was merged with Alphabet Belgium Long Term Rental NV, Aartselaar. As a result of these mergers, Alphabet B.V., Rijswijk, and Alphabet Belgium Short Term Rental NV, Aartselaar, ceased to be consolidated companies.

Compared to the corresponding period last year, three subsidiaries and twelve special purpose trusts have been consolidated for the first time. Two subsidiaries and eight special purpose trusts ceased to be consolidated companies.

On 25 September 2012, BMW AG's Management Board passed a resolution to discontinue the joint venture BMW Peugeot Citroën Electrification B.V., The Hague. Negotiations to wind up the joint venture arrangements had not been completed by the end of the reporting period. BMW Peugeot Citroën Electrification B.V., The Hague, was included in the Interim Group Financial Statements at 30 September 2012 using the equity method. The Group elected not to apply IFRS 5 on the grounds of immateriality.

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 — Adjustments in accordance with IAS 8

The BMW Group changed its accounting policy for leased products in the financial year 2011. Under the previous method, changes in residual value expectations resulted directly in changes in the level of impairment losses. Under the new method, in situations where the recoverable amount of the lease exceeds the carrying amount of the asset, scheduled depreciation is adjusted prospectively over the remaining term of the lease contract. In the Group Financial Statements prior to 2011, impairment losses were recognised on segment carrying amounts, even though these included eliminated intragroup profits from a Group perspective. The accounting method has been changed since there is no requirement in this situation for the recognition of an impairment loss. The adjustment has been recorded retrospectively, the principal effect of which was to increase equity. The adjustment only has a minimal impact on the income statement and had no impact on reported cash flows or on segment disclosures.

The retrospective adjustment resulted in the following adjustments of prior year figures:

Adjusted quarterly profit before tax for 2011

in € million	As originally reported	Adjustment	Adjusted amount
Third quarter	6,160	–116	6,044
Fourth quarter	–	–11	7,383

Change in presentation in the Income Statement

In the 3rd quarter 2011 in € million	As originally reported	Adjustment	As reported
Cost of sales	–13,167	45	–13,122
Gross profit	3,380	45	3,425
Profit/loss before financial result	1,716	45	1,761
Profit/loss before tax	1,644	45	1,689
Income taxes	–562	–16	–578
Net profit/loss	1,082	29	1,111
Attributable to shareholders of BMW AG	1,076	29	1,105
Earnings per share of common stock in €	1.64	0.05	1.69
Earnings per share of preferred stock in €	1.64	0.05	1.69
Diluted earnings per share of common stock in €	1.64	0.05	1.69
Diluted earnings per share of preferred stock in €	1.64	0.05	1.69

In the first nine months 2011 in € million	As originally reported	Adjustment	As reported
Cost of sales	–39,406	–116	–39,522
Gross profit	11,066	–116	10,950
Profit/loss before financial result	6,474	–116	6,358
Profit/loss before tax	6,160	–116	6,044
Income taxes	–2,057	41	–2,016
Net profit/loss	4,103	–75	4,028
Attributable to shareholders of BMW AG	4,103	–75	4,028
Earnings per share of common stock in €	6.23	–0.11	6.12
Earnings per share of preferred stock in €	6.24	–0.11	6.13
Diluted earnings per share of common stock in €	6.23	–0.11	6.12
Diluted earnings per share of preferred stock in €	6.24	–0.11	6.13

Change in presentation of the Statements of Cash Flows

The change in accounting policy for leased products pursuant to IAS 8 did not have any impact on reported cash inflows and outflows. Since the indirect method is used to compute the operating cash flow, the only items to change in the Cash Flow Statement were net profit (increased by €75 million) and amounts reported as non-cash adjusting items within the cash flow from operating activities (change in leased products increased by €116 million and the change in deferred taxes decreased by €41 million).

The presentation in the Group Cash Flow Statement of cash inflows and outflows relating to operating leases on the one hand and of receivables from sales financing on the other was changed in the Group Financial Statements for the year ended 31 December 2011.

Cash inflows and outflows relating to operating leases, where the BMW Group is lessor, are required by IAS 7.14 to be presented within cash flows from operating activities. These cash flows were presented in all BMW Group Financial Statements up to 30 September 2011 within cash flows from investing activities. The change in presentation in the BMW Group's Cash Flow Statements was made with effect from the end of the financial year 2011. Prior year figures have been adjusted in accordance with IAS 8.42 as a result of the reclassification, the cash inflow from operating activities and the cash outflow for investing activities decreased in the first nine months of 2011 by €4,068 million respectively.

The change of presentation in the Cash Flow Statement for receivables from sales financing was made to ensure that lease and financing transactions are treated consistently. Previously, changes in receivables from sales financing – including finance leases, where the BMW Group is the lessor – were presented within investing activities. They are now presented as part of the cash flow from operating activities. The previous year's figures were adjusted in the interest of comparability. As a result of the change, the cash inflow from operating activities for the first nine months of 2011 was reduced by €1,673 million. The cash outflow for investing activities decreased by the same amount.

Overall, cash flows from operating activities for the first nine months of 2011 amounted to €6,632 million after being reduced by €5,741 million due to the above changes in presentation. Cash outflow for investing activities decreased accordingly to €3,490 million.

The following table summarises restatements made as a result of the change in accounting policy for leased products and changes in presentation in the Group Cash Flow Statement:

In the first nine months 2011 in € million	As originally reported	Change in accounting policy for leased products	Adjustment leased products	Adjustment of receivables from sales financing	As reported
Net profit	4,103	–75	–	–	**4,028**
Change in leased products and receivables from sales financing	–	116	–103	–1,769	**–1,756**
Impairment losses on leased products	3,965	–	–3,965	–	**–**
Change in deferred taxes	949	–41	–	–	**908**
Other	1,703	–	–	96	**1,799**
Cash inflow/outflow from operating activities	12,373	–	–4,068	–1,673	**6,632**
Cash inflow/outflow from investing activities	–9,231	–	4,068	1,673	**–3,490**

The reclassification of receivables from sales financing and leased products resulted in 2011 in a shift of €6 million (Automotive segment) and €5,747 million (Financial Services segment) between the cash inflow from operating activities and the cash outflow for investing activities.

Change in presentation of the Statements of Cash Flows of the Automotive and Financial Services segments

The BMW Group used various sources of funds for internal financing purposes. In addition to the issue of interest-bearing debt, it is also common for cash funds to be allocated to group entities in line with business requirements. This can also include the payment of dividends within the Group. In this context, it is possible that cash funds may be transferred from one segment to another. These cash inflows and outflows were previously reported in the Cash Flow Statements of the Automotive and Financial Services segments as part of cash flows from operating activities. Due to the increasing importance of such dividend payments, the method of presentation has been changed with effect from the second quarter 2012. Intragroup inter-segment dividends are now reported as part of cash flows from financing activities. The reclassification from operating activities to financing activities results in an increase in the operating cash flow. The previous year's figures were restated accordingly (impact in 2011: increase of €1,020 million).

4 — New financial reporting rules

(a) Financial reporting rules applied for the first time in the first three quarters of the financial year 2012

The following amended Standard was applied for the first time in the first nine months of the financial year 2012:

Standard		Date of issue by IASB	Date of mandatory application IASB	Endorsed by the EU at 30.9.2012	Expected impact on BMW Group
IFRS 7	Disclosure Requirements in the Event of the Transfer of Financial Assets	8.12.2010	1.1.2012	Yes	Insignificant

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

The following Standards, Revised Standards and Amendments issued by the IASB during previous accounting periods, were not mandatory for the period under report and were not applied in the third quarter 2012:

Standard / Interpretation		Date of issue by IASB	Date of mandatory application IASB	Endorsed by the EU at 30.9.2012	Expected impact on BMW Group
IFRS 1	Amendments with Respect to Fixed Transition Dates and Severe Inflation	20.12.2010	1.7.2011	No	None
IFRS 1	Amendments relating to Government Loans at a Below Market Rate of Interest	13.3.2012	1.1.2013	No	None
IFRS 7	Notes Disclosures: Offsetting of Financial Assets and Financial Liabilities	16.12.2011	1.1.2013	No	Insignificant
IFRS 9	Financial Instruments	12.11.2009 / 28.10.2010 / 16.12.2011	1.1.2015	No	Significant in principle
IFRS 10	Consolidated Financial Statements	12.5.2011	1.1.2013	No	Significant in principle
IFRS 11	Joint Arrangements	12.5.2011	1.1.2013	No	Significant in principle
IFRS 12	Disclosure of Interests in Other Entities	12.5.2011	1.1.2013	No	Significant in principle
	Changes in transitional regulations (IFRS 10, IFRS 11 and IFRS 12)	28.6.2012	1.1.2013	No	Significant in principle
IFRS 13	Fair Value Measurement	12.5.2011	1.1.2013	No	Significant in principle
IAS 1	Changes to Presentation of Items in Other Comprehensive Income (OCI)	16.6.2011	1.7.2012	1.7.2012*	Significant in principle
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	1.1.2013	Significant in principle
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
IAS 32	Offsetting of Financial Assets and Financial Liabilities	16.12.2011	1.1.2014	No	Insignificant
IFRIC 20	Stripping Costs in the Production Phase of a Mine	19.10.2011	1.1.2013	No	None
	Annual Improvements to IFRS 2009–2011	17.5.2012	1.1.2013	No	Insignificant

* Mandatory application in annual periods beginning on or after 1 July 2012.

In November 2009 the IASB issued IFRS 9 (Financial Instruments: Disclosures) as the first part of its project to change the accounting treatment for financial instruments. This Standard marks the first of three phases of the IASB project to replace the existing IAS 39 (Financial Instruments: Recognition and Measurement). The first phase deals with financial assets. IFRS 9 amends the recognition and measurement requirements for financial assets, including various hybrid contracts. It applies a uniform approach to accounting for a financial asset either at amortised cost or fair value and replaces the various rules contained in IAS 39. Under the new rules, there will only be two, instead of four, measurement categories for financial instruments recognised on the assets side of the balance sheet. The new categorisation is based partly on the entity's business model and partly on the contractual cash flow characteristics of the financial assets.

In October 2010, additional rules for financial liabilities were added. The requirements for financial liabilities contained in IAS 39 remain unchanged with the exception of new requirements relating to an entity's own credit when it exercises the fair value option. IFRS 9 is mandatory for financial years beginning on or after 1 January 2015. The BMW Group will not apply IFRS 9 early. The impact of adoption of the Standard on the Group Financial Statements is currently being assessed.

In May 2011 the IASB issued three new Standards – IFRS 10 (Consolidated Financial Statements), IFRS 11 (Joint Arrangements), IFRS 12 (Disclosure of Interests in Other Entities) – as well as amendments to IAS 27 (Consolidated and Separate Financial Statements) and to IAS 28 (Investments in Associates) all relating to accounting for business combinations. The Standards are mandatory for the first time for annual periods beginning on or after 1 January 2013. Early adoption is permitted. The new Standards are required to be applied retrospectively. By contrast, EU endorsement is likely to include a later mandatory date (from 1 January 2014) due to increased implementation expense.

IFRS 10 replaces the consolidation guidelines contained in IAS 27 and SIC-12 (Consolidation – Special Purpose Entities). The requirements for separate financial statements remain unchanged in the revised version of IAS 27. IFRS 10 introduces a uniform model which establishes control as the basis for consolidation – control of a subsidiary entity by a parent entity – and which can be applied to all entities. The control concept must therefore be applied both to parent-subsidiary relationships based on voting rights as well as to parent-subsidiary relationships arising from other contractual arrangements. Under the control concept, an investor controls another entity when it is exposed to or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

IFRS 11 supersedes IAS 31 (Interests in Joint Ventures) and SIC-13 (Jointly Controlled Entities – Non-Monetary Contributions by Ventures). IFRS 11 sets out the requirements for accounting for joint arrangements and places the emphasis on the rights and obligations that arise from such arrangements. IFRS 11 distinguishes between two types of joint arrangements, namely joint operations and joint ventures, and therefore results in a change in the classification of joint arrangements. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. IFRS 11 requires joint operators to account for their share of assets and liabilities in the joint operation (and their share of income and expenses). Joint venturers are required to account for their investment using the equity method. The withdrawal of IAS 31 means the removal of the option to account for joint ventures using either the proportionate consolidation or the equity method. The equity method must be applied in accordance with amended IAS 28.

IFRS 12 sets out the requirements for disclosures relating to all types of interests in other entities, including joint arrangements, associated entities, structured entities and unconsolidated entities.

The amendments to the transitional regulations in IFRS 10, IFRS 11 and IFRS 12 have the objective of making it easier for entities to apply the Standards retrospectively. The amendments also restrict the requirement to disclose comparative amounts to the immediately preceding reporting period at the date of first-time application.

The BMW Group is currently investigating the impact on the Group Financial Statements of applying IFRS 10, IFRS 11, IFRS 12, IAS 27 and IAS 28. The removal of the option for accounting for joint ventures does not have any impact since the BMW Group accounts for joint ventures using the equity method. It is currently being investigated whether any joint ventures will be required to be reclassified as joint operations as a result of the introduction of IFRS 11. The BMW Group does not intend to adopt the Standard early.

In May 2011 the IASB published IFRS 13 (Fair Value Measurement). IFRS 13 defines the term fair value, sets out the requirements for measuring fair value where another IFRS prescribes fair value measurement (or fair value disclosure) and stipulates uniform disclosure requirements with respect to fair value measurement. IFRS 13 is mandatory for financial years beginning on or after 1 January 2013. The Standard is required to be applied prospectively. Early application is permitted, but will not be undertaken by the BMW Group. The BMW Group is currently investigating the impact of IFRS 13.

The IASB published IAS 1 (Presentation of Financial Statements) in June 2011. The amendments to IAS 1 require that items reported in accumulated other equity (other comprehensive income or OCI) are sub-divided into elements that will be "recycled" in the income statement and those which will not. Tax associated with items presented before tax are also required to be shown separately for each of the two groups of OCI items. The recognition of these items is regulated in separate Standards. The amendments to IAS 1 are mandatory for annual periods beginning on or after 1 July 2012. The amendments are required to be applied retrospectively. Early adoption is permitted but will not be applied by the BMW Group. It is not expected that the change in presentation of items in OCI will have a significant impact on the Group Financial Statements.

In June 2011 the IASB published amendments to IAS 19 (Employee Benefits), in particular in relation to post-retirement benefits and pensions. The main amendments involve the removal of the option to defer actuarial gains and losses (the so-called "corridor method") and the requirement to recognise actuarial gains and losses in OCI. The amended IAS 19 also requires plan assets to be discounted using the same rate that is applied to discount pension obligations. It also results in changes in the treatment of termination benefits and expands disclosure requirements compared to the previous IAS 19. The amended IAS 19 is mandatory for annual periods beginning on or after 1 January 2013. Early adoption is permitted. The BMW Group does not expect that the amendments to IAS 19 will have a significant impact on the Group Financial Statements, since the BMW Group does not apply the corridor method and actuarial gains and losses are already recognised in OCI. The BMW Group does not intend to adopt the Standard early.

The IASB has published various other Standards and Interpretations. None of these, whether adopted or not yet adopted by the BMW Group, will have a significant impact on the Group Financial Statements.

5 — Revenues

Revenues by activity comprise the following:

in € million	**3rd quarter 2012**	3rd quarter 2011	**1 January to 30 September 2012**	1 January to 30 September 2011
Sales of products and related goods	**14,043**	12,519	**42,286**	38,585
Income from lease instalments	**1,777**	1,331	**5,155**	3,983
Sale of products previously leased to customers	**1,645**	1,563	**4,804**	4,584
Interest income on loan financing	**753**	708	**2,220**	2,053
Other income	**599**	426	**1,847**	1,267
Revenues	**18,817**	**16,547**	**56,312**	**50,472**

An analysis of revenues by segment is shown in the segment information in note 30.

6 — Cost of sales

Cost of sales in the third quarter include €3,950 million (2011: €3,500 million) relating to financial services business. For the period from 1 January to 30 September 2012, €11,848 million (2011: €9,950 million) relates to financial services business.

Third-quarter cost of sales include research and development expenses of €958 million (2011: €864 million), comprising all research costs and development costs not recognised as assets as well as the amortisation of capitalised development costs amounting to €255 million (2011: €308 million). Research and development expense for the first nine months of 2012 amounted to €2,964 million (2011: €2,579 million). This includes amortisation on capitalised development costs of €858 million (2011: €902 million).

7 — Selling and administrative expenses

Selling expenses amounted to €1,251 million for the third quarter 2012 (2011: €1,095 million) and €3,736 million (2011: €3,192 million) for the first nine months of 2012. Selling expenses mainly comprise marketing, advertising and sales personnel costs.

Administrative expenses in the third quarter and first nine months amounted to €466 million (2011: €407 million) and €1,344 million (2011: €1,160 million) respectively and comprise expenses for administration not attributable to development, production or sales functions.

8 — Other operating income and expenses

Other operating income totalled €192 million (2011: €221 million) in the third quarter and €548 million (2011: €540 million) for the nine-month period. Third quarter and nine-month other operating expenses totalled €238 million (2011: €383 million) and €621 million (2011: €780 million) respectively. These items principally include exchange gains and losses, gains and losses on the disposal of assets, write-downs and income/expense from the reversal of, and allocation to, provisions.

9 — Result from equity accounted investments

The result from equity accounted investments in the third quarter was a positive amount of €51 million (2011: €44 million). The equivalent figure for the first nine months of the year was €199 million (2011: €124 million). It comprises the BMW Group's share of the results of BMW Brilliance Automotive Ltd., Shenyang, SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, SGL Automotive Carbon Fibers LLC, Dover, DE, BMW Peugeot Citroën Electrification B.V., The Hague, DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich (all joint ventures).

10 — Net interest result

in € million	**3rd quarter 2012**	3rd quarter 2011	**1 January to 30 September 2012**	1 January to 30 September 2011
Interest and similar income	**174**	201	**561**	560
Interest and similar expenses	**–186**	–181	**–608**	–585
Net interest result	**–12**	**20**	**–47**	**–25**

11 — Other financial result

in € million	**3rd quarter 2012**	3rd quarter 2011	**1 January to 30 September 2012**	1 January to 30 September 2011
Result on investments	**–**	–1	**–149**	1
Sundry other financial result	**–56**	–135	**–369**	–414
Other financial result	**–56**	**–136**	**–518**	**–413**

The result from investments was negatively impacted by an impairment loss on investments amounting to €154 million.

12 — Income taxes

Taxes on income comprise the following:

in € million	**3rd quarter 2012**	3rd quarter 2011*	**1 January to 30 September 2012**	1 January to 30 September 2011*
Current tax expense	**531**	287	**1,810**	1,114
Deferred tax expense	**167**	291	**315**	902
Income taxes	**698**	**578**	**2,125**	**2,016**

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8.

The effective tax rate for the nine-month period to 30 September 2012 was 35.2 % (2011*: 33.4 %).

13 — Earnings per share

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

		3rd quarter 2012	3rd quarter 2011*	1 January to 30 September 2012	1 January to 30 September 2011*
Profit attributable to the shareholders	€ million	**1,280.0**	1,105.4	**3,895.9**	4,009.3
Profit attributable to common stock	€ million (rounded)	**1,175.4**	1,015.7	**3,577.0**	3,683.5
Profit attributable to preferred stock	€ million (rounded)	**104.6**	89.7	**318.9**	325.8
Average number of common stock shares in circulation	number	**601,995,196**	601,995,196	**601,995,196**	601,995,196
Average number of preferred stock shares in circulation	number	**53,571,372**	53,163,412	**53,571,372**	53,163,412
Earnings per share of common stock	€	**1.95**	1.69	**5.94**	6.12
Earnings per share of preferred stock	€	**1.95**	1.69	**5.95**	6.13

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8

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 €0.02 per share of preferred stock are spread over the four quarters of the corresponding financial year. Earnings per share of preferred stock are computed on the basis of the number of preferred stock shares entitled to receive a dividend in each of the relevant financial years. As in the previous year, diluted earnings per share correspond to undiluted earnings per share.

14 Disclosures relating to total comprehensive income

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

in € million	**3rd quarter 2012**	3rd quarter 2011	**1 January to 30 September 2012**	1 January to 30 September 2011
Available-for-sale securities				
Gains / losses in the period	**81**	4	**136**	–2
Amounts reclassified to income statement	**–8**	–	**48**	7
	73	4	**184**	5
Financial instruments used for hedging purposes				
Gains / losses in the period	**236**	–1,125	**–282**	149
Amounts reclassified to income statement	**222**	–62	**423**	–174
	458	–1,187	**141**	–25
Exchange differences on translating foreign operations	**8**	330	**168**	–190
Actuarial gains / losses on defined benefit pension obligations and similar obligations	**–525**	–436	**–1,590**	–175
Deferred taxes relating to components of other comprehensive income	**–22**	545	**351**	50
Other comprehensive income for the period after tax from equity accounted investments	**58**	–22	**62**	–8
Other comprehensive income for the period after tax	**50**	**–766**	**–684**	**–343**

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

in € million	**3rd quarter 2012**			3rd quarter 2011		
	Before tax	Deferred taxes	After tax	Before tax	Deferred taxes	After tax
Available-for-sale securities	**73**	**–22**	**51**	4	–1	3
Financial instruments used for hedging purposes	**458**	**–155**	**303**	–1,187	431	–756
Exchange differences on translating foreign operations	**8**	**–**	**8**	330	–	330
Actuarial gains / losses on defined benefit pension obligations and similar obligations	**–525**	**155**	**–370**	–436	115	–321
Other comprehensive income for the period from equity accounted investments	**78**	**–20**	**58**	–39	17	–22
Other comprehensive income	**92**	**–42**	**50**	**–1,328**	**562**	**–766**

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

in € million	**1 January to 30 September 2012**			1 January to 30 September 2011		
	Before tax	Deferred taxes	After tax	Before tax	Deferred taxes	After tax
Available-for-sale securities	**184**	**–35**	**149**	5	–1	4
Financial instruments used for hedging purposes	**141**	**–56**	**85**	–25	18	–7
Exchange differences on translating foreign operations	**168**	**–**	**168**	–190	–	–190
Actuarial gains / losses on defined benefit pension obligations and similar obligations	**–1,590**	**442**	**–1,148**	–175	33	–142
Other comprehensive income for the period from equity accounted investments	**81**	**–19**	**62**	–15	7	–8
Other comprehensive income	**–1,016**	**332**	**–684**	**–400**	**57**	**–343**

15 — Intangible assets

Intangible assets mainly comprise capitalised development costs on vehicle and engine projects as well as subsidies for tool costs, licences, purchased development projects and software. Capitalised development costs at 30 September 2012 amounted to €4,255 million (31 December 2011: €4,388 million). Additions to development costs in the first nine months of 2012 totalled €725 million (2011: €623 million). The amortisation expense for the period was €858 million (2011: €902 million).

In addition, intangible assets include a brand-name right amounting to €45 million (31 December 2011: €43 million) and goodwill of €33 million (31 December 2011: €33 million), both allocated to the Automotive segment cash generating unit and goodwill of €336 million (31 December 2011: €336 million) allocated to the Financial Services segment cash generating unit.

16 — Property, plant and equipment

Capital expenditure for property, plant and equipment in the first nine months of 2012 totalled €1,941 million (2011: €1,172 million). The depreciation expense for the same period amounted to €1,670 million (2011: €1,684 million), with disposals totalling €464 million (2011: €510 million).

17 — Leased products

Additions to leased products and depreciation thereon in the first nine months of 2012 amounted to €9,635 million (2011*: €7,720 million) and €3,293 million (2011*: €2,451 million) respectively. In the financial year 2011, leased products were increased by €3,620 million as a result of the acquisition of entities during the third quarter. Disposals amounted to €5,565 million (2011: €5,282 million). The translation of foreign currency financial statements resulted in a net positive translation difference of €217 million (2011: net negative translation difference of €110 million).

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8

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

Investments accounted for using the equity method comprise the Group's investments in BMW Brilliance Automotive Ltd., Shenyang, SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, SGL Automotive Carbon Fibers LLC, Dover, DE, BMW Peugeot Citroën Electrification B.V., The Hague, DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich (all joint ventures).

Other investments relate to investments in non-consolidated subsidiaries, participations and non-current marketable securities. Impairment losses recognised on investments during the first nine months of the year amounted to €154 million. Additionally the investment in Cirquent GmbH, Munich, was sold.

19 — Receivables from sales financing

Receivables from sales financing totalling €52,094 million (31 December 2011: €49,345 million) relate to credit financing for retail customers and dealers and to finance leases.

Receivables from sales financing include €31,564 million (31 December 2011: €29,331 million) with a remaining term of more than one year.

20 — Financial assets

Financial assets comprise:

in € million	30.9.2012	31.12.2011
Derivative instruments	**2,615**	2,358
Marketable securities and investment funds	**2,587**	2,330
Loans to third parties	**16**	23
Credit card receivables	**234**	249
Other	**702**	493
Financial assets	**6,154**	**5,453**
thereof non-current	**1,846**	1,702
thereof current	**4,308**	3,751

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

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

21 — Income tax assets

Income tax assets totalling €1,373 million (31 December 2011: €1,194 million) include claims amounting to €993 million (31 December 2011: €872 million) which are expected to be settled after more than twelve months. Some of the claims may be settled earlier than this depending on the timing of proceedings.

22 — Other assets

in € million	30.9.2012	31.12.2011
Other taxes	**607**	740
Receivables from subsidiaries	**764**	714
Receivables from other companies in which an investment is held	**546**	393
Prepayments	**1,035**	945
Collateral receivables	**608**	292
Sundry other assets	**810**	829
Other assets	**4,370**	**3,913**
thereof non-current	**747**	568
thereof current	**3,623**	3,345

23 — Inventories

Inventories comprise the following:

in € million	30.9.2012	31.12.2011
Raw materials and supplies	**876**	704
Work in progress, unbilled contracts	**944**	908
Finished goods and goods for resale	**9,467**	8,026
Inventories	**11,287**	**9,638**

24 — Equity

The Group Statement of Changes in Equity is shown on pages 32 and 33.

Number of shares issued

At 30 September 2012 common stock issued by BMW AG was divided, as at the end of the previous year, into 601,995,196 shares of common stock with a par-value of €1. Preferred stock issued by BMW AG was divided into 53,571,372 shares (31 December 2011: 53,571,372 shares) with a par-value of €1. 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 €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 €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, 1,375,210 shares of preferred stock have been issued to employees up to the reporting date. Authorised Capital therefore stands at €3.6 million at 30 September 2012. The BMW Group did not hold any treasury shares at 30 September 2012.

Capital reserves

Capital reserves include premiums arising from the issue of shares and were unchanged from 31 December 2011 at €1,955 million.

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 decreased by €1,785 million as at 1 January 2011 as a result of the reclassification adjustment in accordance with IAS 1.96 for actuarial gains and losses relating to defined benefit pension obligations, similar obligations and plan assets (and related deferred taxes). These amounts had previously been included in accumulated other equity.

Revenue reserves went up to €27,342 million during the first nine months of the financial year 2012 (31 December 2011: €26,102 million). They were increased by the net profit for the period attributable to shareholders of BMW AG amounting to €3,896 million (31 December 2011: €4,881 million) and reduced by the payment of dividends on common stock (€1,385 million) and preferred stock (€123 million) for the financial year 2011. Revenue reserves were also reduced by €1,148 million in connection with actuarial gains and losses relating to defined benefit pension obligations, similar obligations and plan assets (and related deferred taxes).

Accumulated other equity

Accumulated other equity comprises 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 the related deferred taxes recognised directly in equity.

Minority interests

Equity attributable to minority interests amounted to €104 million (31 December 2011: €65 million). This includes a minority interest of €19 million in the results for the period (31 December 2011: €26 million).

25 — Other provisions

Other provisions, at €6,067 million (31 December 2011: €6,253 million), primarily include employee and social-related obligations as well as obligations for ongoing operational expenses.

Current other provisions at 30 September 2012 amounted to €2,793 million (31 December 2011: €3,104 million).

26 — Income tax liabilities

Income tax liabilities totalling €1,362 million (31 December 2011: €1,363 million) include obligations amounting to €654 million (31 December 2011: €807 million) which are expected to be settled after more than twelve months. Some of the liabilities may be settled earlier than this depending on the timing of proceedings.

Current tax liabilities of €1,362 million (31 December 2011: €1,363 million) comprise €212 million (31 December 2011: €122 million) for taxes payable and €1,150 million (31 December 2011: €1,241 million) for tax provisions.

27 — Financial liabilities

Financial liabilities include all obligations of the BMW Group relating to financing activities. They can be analysed as follows:

in € million	**30.9.2012**	31.12.2011
Bonds	**29,744**	28,573
Liabilities to banks	**10,037**	8,398
Liabilities from customer deposits (banking)	**13,272**	12,041
Commercial paper	**2,637**	5,478
Asset-backed financing transactions	**10,186**	9,385
Derivative instruments	**2,651**	2,479
Other	**1,845**	1,623
Financial liabilities	**70,372**	**67,977**
thereof non-current	**38,866**	37,597
thereof current	**31,506**	30,380

Further information relating to the change in financial liabilities is provided in the Interim Group Management Report. A description of the measurement of derivatives is provided in note 20.

28 — Other liabilities

Other liabilities comprise the following items:

in € million	**30.9.2012**	31.12.2011
Other taxes	**759**	548
Social security	**71**	67
Advance payments from customers	**419**	1,858
Deposits received	**293**	231
Payables to subsidiaries	**147**	178
Payables to other companies in which an investment is held	**–**	25
Deferred income	**4,424**	4,068
Other	**3,952**	2,962
Other liabilities	**10,065**	**9,937**
thereof non-current	**3,254**	2,911
thereof current	**6,811**	7,026

29 — Related party relationships

In accordance with IAS 24 (Related Party Disclosures), related individuals or entities which have the ability to control the BMW Group 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, joint ventures and individuals that have the ability to exercise significant influence over the financial and operating policies of the BMW Group. This also includes close relatives and 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 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 nine months of 2012, the disclosure requirements contained in IAS 24 only affect the BMW Group with regard to business relationships with affiliated, non-consolidated entities, joint ventures and other equity investments as well as with members of the Board of Management and Supervisory Board of BMW AG.

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

Transactions of BMW Group companies with the joint venture, BMW Brilliance Automotive Ltd., Shenyang, all arise in the normal course of business and are conducted on the basis of arm's length principles. Group companies sold goods and services to BMW Brilliance Automotive Ltd., Shenyang, during the first three quarters of 2012 amounting to €2,194 million (2011: €1,227 million), of which €792 million (2011: €446 million) was recorded in the third quarter. At 30 September 2012, receivables of Group companies from BMW Brilliance Automotive Ltd., Shenyang, totalled €482 million (31 December 2011: €381 million). Group companies had no payables to BMW Brilliance Automotive Ltd., Shenyang, at 30 September 2012 (31 December 2011: €89 million). Group companies received goods and services from BMW Brilliance Automotive Ltd., Shenyang, during the third quarter 2012 for an amount of €12 million (2011: €3 million). The corresponding amount for the nine-month period was €18 million (2011: €8 million).

All relationships of BMW Group entities with the joint ventures SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, and SGL Automotive Carbon Fibers LLC, Dover, DE, arise in the normal course of business. All transactions with these entities were conducted on the basis of arm's length principles. At 30 September 2012 receivables of Group companies for loans disbursed to the joint ventures amounted to €63 million (31 December 2011: €61 million). Interest income earned on these intragroup loans in the first nine months of 2012 amounted to €2 million (2011: €1 million), of which €1 million (2011: €– million) was recorded in the third quarter. Goods and services received by Group companies from the joint ventures during the nine-month period totalled €5 million (2011: €3 million), including €2 million (2011: €1 million) recorded in the third quarter. BMW Group companies had no payables to the joint ventures at the end of the reporting period (31 December 2011: €1 million).

Transactions of BMW Group companies with the joint venture, BMW Peugeot Citroën Electrification B.V., The Hague, all arise in the normal course of business and are conducted on the basis of arm's length principles. At 30 September 2012 receivables of Group companies from BMW Peugeot Citroën Electrification B.V., The Hague, amounted to €1 million (31 December 2011: €– million). BMW Group companies had no payables to this entity at 30 September 2012 (31 December 2011: €– million). Group companies sold goods and services to the joint venture during the first nine months of the year amounting to €3 million (2011: €– million), including €1 million (2011: €– million) recorded in the third quarter.

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

Business transactions between BMW Group entities and participations all arise in the normal course of business and are conducted on the basis of arm's length principles.

Stefan Quandt is a shareholder and deputy chairman of the Supervisory Board of BMW AG. He is also the sole shareholder and Chairman of the the Supervisory Board of DELTON AG, Bad Homburg v. d. H., which, via its subsidiaries, performed logistic-related services for the BMW Group during the first nine months of 2012. In addition, companies of the DELTON Group used vehicles provided by 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, used vehicles provided by the BMW Group during the first nine months of 2012, 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.

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 2011. 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 2011.

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

Segment information by operating segment

	Automotive		Motorcycles	
in € million	**2012**	2011	**2012**	2011
External revenues	**13,936**	12,382	**357**	331
Inter-segment revenues	**3,251**	2,962	**1**	3
Total revenues	**17,187**	**15,344**	**358**	**334**
Segment result	**1,649**	1,819	**–3**	–16
Capital expenditure on non-current assets	**1,238**	875	**36**	16
Depreciation and amortisation on non-current assets	**832**	888	**13**	14

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8. Segment information is not affected by this adjustment.

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

Segment information by operating segment

	Automotive		Motorcycles	
in € million	**2012**	2011	**2012**	2011
External revenues	**41,748**	37,975	**1,207**	1,169
Inter-segment revenues	**8,964**	8,416	**9**	12
Total revenues	**50,712**	**46,391**	**1,216**	**1,181**
Segment result	**5,548**	5,935	**82**	62
Capital expenditure on non-current assets	**2,815**	1,932	**75**	41
Depreciation and amortisation on non-current assets	**2,547**	2,614	**39**	45

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8. Segment information is not affected by this adjustment.

	Automotive		Motorcycles	
in € million	**30.9.2012**	31.12.2011	**30.9.2012**	31.12.2011
Segment assets	**10,324**	10,016	**506**	551

Financial Services 2012	Financial Services 2011	Other Entities 2012	Other Entities 2011	Reconciliation to Group figures 2012	Reconciliation to Group figures 2011*	Group 2012	Group 2011*	
4,524	3,834	–	–	–	–	18,817	16,547	External revenues
392	442	1	1	–3,645	–3,408	–	–	Inter-segment revenues
4,916	**4,276**	**1**	**1**	**–3,645**	**–3,408**	**18,817**	**16,547**	**Total revenues**
425	354	–39	–187	–45	–281	1,987	1,689	Segment result
3,754	3,325	–	–	–759	–552	4,269	3,664	Capital expenditure on non-current assets
1,461	1,221	–	–	–653	–308	1,653	1,815	Depreciation and amortisation on non-current assets

Financial Services 2012	Financial Services 2011	Other Entities 2012	Other Entities 2011	Reconciliation to Group figures 2012	Reconciliation to Group figures 2011*	Group 2012	Group 2011*	
13,356	11,327	1	1	–	–	56,312	50,472	External revenues
1,226	1,313	3	2	–10,202	–9,743	–	–	Inter-segment revenues
14,582	**12,640**	**4**	**3**	**–10,202**	**–9,743**	**56,312**	**50,472**	**Total revenues**
1,290	1,527	–74	–270	–806	– 1,210	6,040	6,044	Segment result
11,237	9,425	–	1	–1,771	–1,814	12,356	9,585	Capital expenditure on non-current assets
4,468	3,323	–	–	–1,157	–864	5,897	5,118	Depreciation and amortisation on non-current assets

Financial Services 30.9.2012	Financial Services 31.12.2011	Other Entities 30.9.2012	Other Entities 31.12.2011	Reconciliation to Group figures 30.9.2012	Reconciliation to Group figures 31.12.2011	Group 30.9.2012	Group 31.12.2011	
7,428	7,169	48,754	47,875	63,909	57,818	130,921	123,429	Segment assets

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

in € million	**3rd quarter 2012**	3rd quarter 2011*
Reconciliation of segment result		
Total for reportable segments	**2,032**	1,970
Financial result of Automotive segment and Motorcycles segment	**53**	–75
Elimination of inter-segment items	**–98**	–206
Group profit before tax	**1,987**	**1,689**
Reconciliation of capital expenditure on non-current assets		
Total for reportable segments	**5,028**	4,216
Elimination of inter-segment items	**–759**	–552
Total Group capital expenditure on non-current assets	**4,269**	**3,664**
Reconciliation of depreciation and amortisation on non-current assets		
Total for reportable segments	**2,306**	2,123
Elimination of inter-segment items	**–653**	–308
Total Group depreciation and amortisation on non-current assets	**1,653**	**1,815**

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8. Segment information is not affected by this adjustment.

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

in € million	**1 January to 30 September 2012**	1 January to 30 September 2011*
Reconciliation of segment result		
Total for reportable segments	**6,846**	7,254
Financial result of Automotive segment and Motorcycles segment	**–276**	–290
Elimination of inter-segment items	**–530**	–920
Group profit before tax	**6,040**	**6,044**
Reconciliation of capital expenditure on non-current assets		
Total for reportable segments	**14,127**	11,399
Elimination of inter-segment items	**–1,771**	–1,814
Total Group capital expenditure on non-current assets	**12,356**	**9,585**
Reconciliation of depreciation and amortisation on non-current assets		
Total for reportable segments	**7,054**	5,982
Elimination of inter-segment items	**–1,157**	–864
Total Group depreciation and amortisation on non-current assets	**5,897**	**5,118**

* Adjusted for effect in accounting policy for leased products as described in note 3 in accordance with IAS 8. Segment information is not affected by this adjustment.

in € million	30.9.2012	31.12.2011
Reconciliation of segment assets		
Total for reportable segments	**67,012**	65,611
Non-operating assets – Other Entities segment	**6,160**	6,045
Operating liabilities – Financial Services segment	**79,875**	75,540
Interest-bearing assets – Automotive and Motorcycles segments	**35,700**	32,584
Liabilities of Automotive and Motorcycles segments not subject to interest	**22,546**	21,226
Elimination of inter-segment items	**–80,372**	–77,577
Total Group assets	**130,921**	**123,429**

Financial Calendar

Annual Report 2012	19 March 2013
Annual Accounts Press Conference	19 March 2013
Analyst and Investor Conference	20 March 2013
Quarterly Report to 31 March 2013	2 May 2013
Annual General Meeting	14 May 2013
Quarterly Report to 30 June 2013	1 August 2013
Quarterly Report to 30 September 2013	5 November 2013

Business Press

Telephone	+49 89 382-2 45 44
	+49 89 382-2 41 18
Fax	+49 89 382-2 44 18
E-mail	presse@bmwgroup.com

Investor Relations

Telephone	+49 89 382-2 42 72
	+49 89 382-2 53 87
Fax	+49 89 382-1 46 61
E-mail	ir@bmwgroup.com

The BMW Group on the Internet

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Bayerische Motoren Werke
Aktiengesellschaft
80788 Munich
Germany
Tel. +49 89 382-0