QUARTERLY REPORT
TO 30 SEPTEMBER 2013

Q3 — 30 September 2013

BMW
GROUP

Rolls-Royce
Motor Cars Limited

BMW GROUP IN FIGURES

		3rd quarter 2013	3rd quarter 2012	Change in %
Automotive segment				
Sales volume[1]				
BMW	units	**405,350**	362,898	11.7
MINI	units	**75,482**	71,339	5.8
Rolls-Royce	units	**825**	726	13.6
Total		**481,657**	**434,963**	**10.7**
Production[1]				
BMW	units	**441,877**	409,261	8.0
MINI	units	**77,334**	65,003	19.0
Rolls-Royce	units	**727**	829	–12.3
Total		**519,938**	**475,093**	**9.4**
Motorcycles segment				
Sales volume[2]				
BMW	units	**28,213**	26,755	5.4
Production[3]				
BMW	units	**21,047**	27,017	–22.1
Financial Services segment				
New contracts with retail customers		**375,909**	327,304	14.9
Workforce to 30 September[4]				
BMW Group		**109,871**	104,668	5.0
Financial figures				
Operating cash flow Automotive segment	€ million	**2,570**	**2,551**[5]	**0.7**
Revenues	€ million	**18,750**	**18,817**	**–0.4**
Automotive	€ million	**17,196**	17,187	0.1
Motorcycles	€ million	**324**	358	–9.5
Financial Services	€ million	**4,994**	4,916	1.6
Other Entities	€ million	**1**	1	–
Eliminations	€ million	**–3,765**	–3,645	–3.3
Profit before financial result (EBIT)	€ million	**1,928**	**2,002**[6]	**–3.7**
Automotive	€ million	**1,549**	1,647[6]	–6.0
Motorcycles	€ million	**–4**	–3	–33.3
Financial Services	€ million	**390**	424	–8.0
Other Entities	€ million	**14**	17	–17.6
Eliminations	€ million	**–21**	–83	74.7
Profit before tax	€ million	**1,989**	**1,987**[6]	**0.1**
Automotive	€ million	**1,631**	1,701[6]	–4.1
Motorcycles	€ million	**–5**	–4	–25.0
Financial Services	€ million	**398**	425	–6.4
Other Entities	€ million	**11**	–37[6]	–
Eliminations	€ million	**–46**	–98	53.1
Income taxes	€ million	**–659**	**–698**[6]	**5.6**
Net profit	€ million	**1,330**	**1,289**[6]	**3.2**
Earnings per share[7]	€	**2.02/2.02**	**1.95/1.95**	**3.6/3.6**

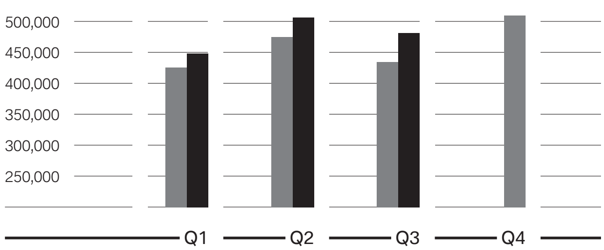
[1] Including the BMW Brilliance joint venture.
[2] Plus an additional 2,121 Husqvarna motorcycles (2012).
[3] Plus an additional 2,729 Husqvarna motorcycles (2012).
[4] Figures exclude suspended contracts of employment, employees in the non-work phases of pre-retirement part-time arrangements and low income earners.
[5] Prior year figures have been adjusted in accordance with the reclassification described in the Group Financial Statements for the year ended 31 December 2012.
[6] Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.
[7] 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 2013	1 January to 30 September 2012	Change in %
Automotive segment				
Sales volume[1]				
BMW	units	**1,209,598**	1,109,962	9.0
MINI	units	**224,280**	223,214	0.5
Rolls-Royce	units	**2,300**	2,326	–1.1
Total		**1,436,178**	**1,335,502**	**7.5**
Production[1]				
BMW	units	**1,282,715**	1,155,283	11.0
MINI	units	**237,172**	230,089	3.1
Rolls-Royce	units	**2,145**	2,374	–9.6
Total		**1,522,032**	**1,387,746**	**9.7**
Motorcycles segment				
Sales volume[2]				
BMW	units	**93,154**	85,944	8.4
Production[3]				
BMW	units	**89,499**	93,489	–4.3
Financial Services segment				
New contracts with retail customers		**1,104,527**	979,322	12.8
Workforce to 30 September[4]				
BMW Group		**109,871**	104,668	5.0
Financial figures				
Operating cash flow Automotive segment	€ million	**6,919**	**6,152**[5]	**12.5**
Revenues	€ million	**55,848**	**56,312**	**–0.8**
Automotive	€ million	**51,304**	50,712	1.2
Motorcycles	€ million	**1,235**	1,216	1.6
Financial Services	€ million	**14,882**	14,582	2.1
Other Entities	€ million	**4**	4	–
Eliminations	€ million	**–11,577**	–10,202	–13.5
Profit before financial result (EBIT)	€ million	**6,035**	**6,403**[6]	**–5.7**
Automotive	€ million	**4,887**	5,545[6]	–11.9
Motorcycles	€ million	**93**	82	13.4
Financial Services	€ million	**1,308**	1,291	1.3
Other Entities	€ million	**38**	44	–13.6
Eliminations	€ million	**–291**	–559	47.9
Profit before tax	€ million	**6,024**	**6,043**[6]	**–0.3**
Automotive	€ million	**4,795**	5,271[6]	–9.0
Motorcycles	€ million	**90**	80	12.5
Financial Services	€ million	**1,314**	1,290	1.9
Other Entities	€ million	**167**	–68[6]	–
Eliminations	€ million	**–342**	–530	35.5
Income taxes	€ million	**–1,990**	**–2,125**[6]	**6.4**
Net profit	€ million	**4,034**	**3,918**[6]	**3.0**
Earnings per share[7]	€	**6.12 / 6.13**	**5.94 / 5.95**	**3.0 / 3.0**

[1] Including the BMW Brilliance joint venture.
[2] Plus an additional 1,110 Husqvarna motorcycles (until 5 March 2013); 7,356 motorcycles (2012).
[3] Plus an additional 1,569 Husqvarna motorcycles (until 5 March 2013); 9,345 motorcycles (2012).
[4] Figures exclude suspended contracts of employment, employees in the non-work phases of pre-retirement part-time arrangements and low income earners.
[5] Prior year figures have been adjusted in accordance with the reclassification described in the Group Financial Statements for the year ended 31 December 2012.
[6] Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.
[7] 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

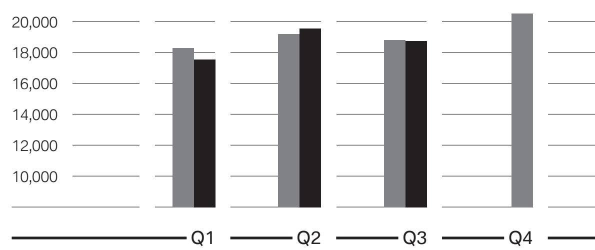


	Q1	Q2	Q3	Q4
2012	425,528	475,011	434,963	509,684
2013	**448,200**	**506,321**	**481,657**	

* Including the BMW Brilliance joint venture.

Revenues

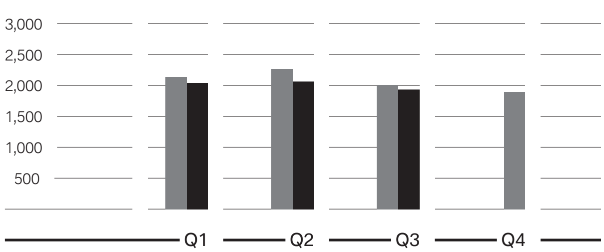
in € million



	Q1	Q2	Q3	Q4
2012	18,293	19,202	18,817	20,536
2013	**17,546**	**19,552**	**18,750**	

Profit before financial result

in € million

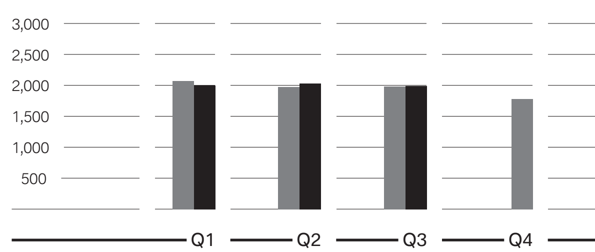


	Q1	Q2	Q3	Q4
2012	2,134*	2,267*	2,002*	1,894
2013	**2,039**	**2,068**	**1,928**	

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

Profit before tax

in € million



	Q1	Q2	Q3	Q4
2012	2,080*	1,976*	1,987*	1,779
2013	**2,003**	**2,032**	**1,989**	

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

New sales volume record for the BMW Group
The BMW Group continued on its successful course during the third quarter of 2013 and, within a volatile political and economic environment, retained its position as world market leader in the premium segment. In total, 481,657[1] BMW, MINI and Rolls-Royce brand cars were sold in the period from July to September, marking a new record (2012: 434,963[1] units; +10.7%) for the BMW Group. All three brands contributed to these excellent figures. Both BMW and MINI achieved new sales volume highs for a third quarter. Sales of BMW vehicles between July and September rose by 11.7% to 405,350[1] units (2012: 362,898[1] units). During this period, 75,482 MINI brand vehicles were sold, 5.8% more than in same quarter last year (2012: 71,339 units). Rolls-Royce Motor Cars was also well ahead of the previous year, with a total of 825 units sold during the three-month period (2012: 726 units; +13.6%).

This strong third-quarter performance also had a positive impact on figures for the first nine months of the year. A total of 1,436,178[1] BMW, MINI and Rolls-Royce brand cars was sold between January and September (2012: 1,335,502[1] units; +7.5%), a new record for this reporting period. The number of BMW brand cars sold increased by 9.0% to 1,209,598[1] units (2012: 1,109,962[1] units). During the same period, we handed over the keys to 224,280 MINI brand (2012: 223,214; +0.5%) and 2,300 Rolls-Royce brand cars (2012: 2,326; –1.1%).

The Motorcycles segment recorded its best ever sales volume performance, both for a third quarter and for the nine-month period. Despite persisting difficult market conditions, a total of 28,213 BMW motorcycles were handed over to customers in the third quarter of the year in which the 90th anniversary of BMW's motorcycle business is being celebrated (2012: 26,755 units; +5.4%). 93,154 BMW motorcycles were sold in the period from January to September (2012: 85,944 units; +8.4%).

The Financial Services segment continued to perform well in the third quarter 2013. At 30 September 2013, the segment's portfolio of leasing and credit financing contracts in place with retail customers and dealers stood at 4,048,821 contracts, 8.1% up on the same date last year (2012: 3,745,760 contracts). The number of new financing and lease contracts signed during the first nine months of the year rose by 12.8% to 1,104,527 contracts.

Revenues and profit before tax at similar levels to previous year
Group revenues were at similar levels to the previous year, both for the third quarter and for the nine-month period. Third-quarter revenues totalling €18,750 million (2012: €18,817 million; –0.4%) and nine-month revenues totalling €55,848 million (2012: €56,312 million; –0.8%) were only marginally down on the previous year's high figures.

Despite difficult business conditions, the BMW Group was able to post good earnings figures. Due to high levels of expenditure for future technologies, intense competition and higher personnel expenses, earnings were not quite as high as in the previous year. At €1,928 million, third-quarter EBIT was just 3.7% down on the previous year (2012[2]: €2,002 million), while nine-month EBIT came in at €6,035 million, 5.7% lower than one year earlier (2012[2]: €6,403 million).

Profit before tax for the third quarter 2013 amounted to €1,989 million, and was therefore practically unchanged from the previous year (2012[2]: €1,987 million; +0.1%). The result was similar for the nine-month period, with profit before tax of €6,024 million also at the previous year's high level (2012[2]: €6,043 million; –0.3%). Group net profit for the third quarter went up by 3.2% to €1,330 million (2012[2]: €1,289 million), while the equivalent figure for the nine-month period climbed to €4,034 million (2012[2]: €3,918 million; +3.0%).

Workforce increased
The BMW Group had a worldwide workforce of 109,871 employees at the end of the third quarter 2013 (2012: 104,668 employees; +5.0%). The BMW Group continues to hire selected skilled workers in order to keep pace with rapid business growth on the one hand and to develop new technologies on the other. In total, 1,400 apprentices started their careers with the BMW Group during the third quarter, including 1,200 apprentices in Germany alone.

[1] Including the BMW Brilliance joint venture.
[2] Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

IAA sets stage for world debuts for the BMW Group

The BMW Group gave an insight to the future of individual mobility at the International Motor Show (IAA) 2013 in Frankfurt am Main. The joint premiere of the BMW i3 and BMW i8 models attracted considerable media and public attention. The BMW i3 is the world's first premium car specifically designed for electromobility and emission-free driving in urban environments. The BMW i8, based on a plug-in-hybrid concept, combines the dynamism of a high-performance sports car with the consumption and emission levels of a compact car. Both models are designed with a carbon-fibre-reinforced plastic (CFRP) passenger compartment and deploy BMW eDrive technology. The new BMW 4 Series Coupé also celebrated its world debut. Thanks to its low centre of gravity and powerful range of engines, the sporty BMW 4 Series Coupé sets new standards for driving dynamics in its segment. The third generation of the BMW X5 was also presented to a broad public for the first time. The new BMW X5 manages to combine increased sports performance and reduced fuel consumption.

In addition to these new models, the BMW Group also presented two concept studies, BMW Concept X5 eDrive and BMW Concept Active Tourer, at the IAA. The BMW Concept X5 eDrive gives an insight into how consumption and emissions can be reduced even further in a Sports Activity Vehicle. The plug-in hybrid-drive concept allows a top speed of up to 120 km/h, based on purely electric driving, and an average consumption in the EU test cycle of 3.8 litres per 100 kilometres. The BMW Concept Active Tourer, which has an extremely spacious interior despite its compact external dimensions, features numerous functional solutions for driving in sporting and leisure modes.

BMW Motorrad presented its vision of urban mobility at the IAA 2013. The BMW C evolution is the first purely electrically-powered bike to be developed under the BMW Motorrad brand. This Maxi-Scooter, which celebrated its world debut in Frankfurt and which has an electric motor fed by lithium-ion high-voltage battery, is specially designed for emission-free driving in city traffic.

Automobile markets reflect differentiated picture
The world's major automobile markets developed at different paces during the period under report. Overall, they grew by 5.0 % compared to the previous year. Demand in Europe and Japan continued its downward trend, whereas China and the USA experienced continued growth.

The upward trend on the US market remained strong. So far, not even government consolidation measures have had a noticeable impact on demand for cars. In fact, the automobile market in the USA grew by 8.1 % compared to the previous year.

Registration figures in Europe were 3.9 % down on the previous year, with the rate of contraction slowing down from sometime around the middle of the year. There are some signs that weak spending on cars is spreading from countries in the Mediterranean region, such as Italy (– 8.3 %), France (– 8.3 %) and Spain (– 1.6 %), to Central European countries. Demand in Germany for instance was approximately 6.0 % down on the corresponding period last year. The slump in demand was particularly dramatic in the Netherlands: car sales in the fifth largest economy in the eurozone in the first nine months of the year were down by 29.4 % on the previous year. The only major country in Europe to buck the trend was the United Kingdom, where car registrations rose by 10.8 % on the back of strong consumer spending and the highly expansionary monetary policies being pursued by the Bank of England.

The 4.9 % decrease recorded in Japan reflected a return to normal market levels. In the previous year, exceptionally high registration figures were primarily the effect of the natural catastrophe in Fukushima in 2011.

China's automobile market expanded by 19.5 % in the first nine months of 2013. Demand in some of the world's other major emerging markets came increasingly under pressure. Nine-month registration figures for Russia were 6.6 % down on the previous year. Brazil's automobile market also dipped, albeit only at a small rate (– 0.9 %). India suffered a greater setback and reported significant market contraction (– 8.0 %).

Motorcycle markets remain weak
The world's 500 cc plus class motorcycle markets were 4.3 % down for the nine-month period. European markets shrank overall by 10.0 % in this period.

Germany (– 0.6 %) and the United Kingdom (– 1.2 %) recorded relatively moderate declines, in contrast to France (– 15.3 %), Italy (– 21.6 %) and Spain (– 23.5 %), where the drops were again on a double-digit scale. The US market was slightly down on the previous year (– 1.3 %). By contrast, new registrations were slightly higher in Brazil (2.5 %). In Japan, the 500 cc plus class motorcycle market grew by 4.8 %.

Financial markets remain volatile
The first indications of an economic revival in the eurozone and the United Kingdom could be observed in the third quarter 2013. The situation on southern European markets also stabilised at a low level.

For the time being, the European Central Bank (ECB) has decided to leave its reference interest rate at its previous low level. Inflation in Europe is currently below the targeted level of 2 %. The US Reserve Bank (FED) has announced its intention to leave interest rates at their current low level, at least in the medium term, even though the rate of inflation in the USA is not expected to increase. The economic climate also remains stable in Asia with the consequence that there have been no significant changes in interest rates there either.

Credit risk has stabilised worldwide, particularly in southern European countries. There have also been some signs of consolidation on the world's used car markets; prices remain at a medium to low level, with no major fluctuations observed during the third quarter.

Sales volumes up on previous year

The BMW Group sold 481,657[1] cars in the period from July to September, a new record figure for this three-month period (2012: 434,963[1] units; +10.7%). New records were also registered for the brands. Both the BMW brand and the MINI brand achieved significant growth, with the former up to 405,350[1] units (2012: 362,898[1] units; +11.7%) and the latter up to 75,482 units (2012: 71,339 units; +5.8%). Rolls-Royce Motor Cars handed over 825 luxury vehicles to customers worldwide during the third quarter (2012: 726 units; +13.6%).

In total, 1,436,178[1] BMW, MINI and Rolls-Royce brand cars were sold during the first nine months of the year (2012: 1,335,502[1] units; +7.5%), comprising 1,209,598[1] BMW (2012: 1,109,962[1] units; +9.0%), 224,280 MINI (2012: 223,214 units; +0.5%) and 2,300 Rolls-Royce brand cars (2012: 2,326 units; –1.1%).

Growth remains strong in the Americas and Asia[1]

Strong sales volume growth was recorded in the Americas in the third quarter 2013, with the number of vehicles sold rising by 15.9% to 111,810 units. Over the nine-month period, 325,677 units of the Group's three brands were sold (+11.7%). The third quarter saw a particularly good performance in the USA, with sales volume up by 17.1% to 89,589 units. The equivalent figure for the nine-month period was 262,745 units (+11.6%).

Business continued to flourish in Asia during the period under report, with sales in the third quarter up by 24.5% to 149,834 units, and in the nine-month period by 17.7% to 422,777 units. The BMW Group's sales in China grew strongly both in the third quarter (102,422 units; +30.8%) and the nine-month period (285,630 units; +20.2%). We sold 46,564 units in Japan during the first nine months of 2013 (+10.8%).

In contrast to these positive developments, the sovereign debt crisis continued to have a dampening impact on business in Europe. The BMW Group was nevertheless able to match the previous year's level, both in the third quarter (204,828 units; +1.0%) and in the nine-month period (641,537 units; +0.2%). Market conditions remained extremely difficult in Germany, with sales in the period from July to September dropping to 58,435 units (–10.2%) and for the nine-month period to 191,889 units (–7.4%). The BMW Group continued to perform well in Great Britain, with third-quarter sales up by 9.7% to 52,479 units and nine-month sales up by 10.7% to 146,913 units. By contrast, sales figures for

Automotive

		3rd quarter 2013	3rd quarter 2012	Change in %
Sales volume[1]	units	**481,657**	434,963	10.7
Production[1]	units	**519,938**	475,093	9.4
Revenues	€ million	**17,196**	17,187	0.1
Profit before financial result (EBIT)	€ million	**1,549**	1,647[2]	–6.0
Profit before tax	€ million	**1,631**	1,701[2]	–4.1

		1 January to 30 September 2013	1 January to 30 September 2012	Change in %
Sales volume[1]	units	**1,436,178**	1,335,502	7.5
Production[1]	units	**1,522,032**	1,387,746	9.7
Revenues	€ million	**51,304**	50,712	1.2
Profit before financial result (EBIT)	€ million	**4,887**	5,545[2]	–11.9
Profit before tax	€ million	**4,795**	5,271[2]	–9.0
Workforce to 30 September		**100,198**	95,351	5.1

[1] Including the BMW Brilliance joint venture.
[2] Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

France (46,214 units; – 5.7 %) and Italy (44,536 units; – 2.1 %) for the period from January to September were down on the previous year. 31,787 units were sold in Russia in the first nine months of 2013, 12.9 % more than one year earlier.

BMW retains pole position*

BMW retained pole position in the premium segment worldwide for the nine-month period under report. The BMW X1 as well as the 1, 3, 5, 6 and 7 Series each headed their own segment.

Sales volume of BMW vehicles by model variant*

in units

	1 January to 30 September 2013	1 January to 30 September 2012	Change in %
BMW 1 Series			
Three-door	**23,676**	6,450	–
Five-door	**118,928**	132,984	– 10.6
Coupé	**9,976**	15,793	– 36.8
Convertible	**10,506**	13,199	– 20.4
	163,086	**168,426**	**– 3.2**
BMW 3 Series			
Sedan	**255,878**	207,365	23.4
Touring	**71,497**	36,845	94.0
Coupé	**13,963**	23,178	– 39.8
Convertible	**14,269**	19,234	– 25.8
Gran Turismo	**10,165**	–	–
	365,772	**286,622**	**27.6**
BMW 4 Series			
	863	**–**	**–**
BMW 5 Series			
Sedan	**218,673**	204,465	6.9
Touring	**37,045**	43,236	– 14.3
Gran Turismo	**15,184**	16,037	– 5.3
	270,902	**263,738**	**2.7**
BMW 6 Series			
Coupé	**4,885**	6,634	– 26.4
Convertible	**4,325**	6,467	– 33.1
Gran Coupé	**11,150**	3,506	–
	20,360	**16,607**	**22.6**
BMW 7 Series			
	42,445	**43,794**	**– 3.1**
BMW X1			
	116,451	**102,519**	**13.6**
BMW X3			
	113,945	**107,833**	**5.7**
BMW X5			
	78,244	**76,725**	**2.0**
BMW X6			
	27,202	**31,497**	**– 13.6**
BMW Z4			
	10,328	**12,201**	**– 15.4**
BMW total	**1,209,598**	**1,109,962**	**9.0**

* Including the BMW Brilliance joint venture.

During the first nine months of the year, 163,086 units of the BMW 1 Series were handed over to customers (– 3.2 %). Sales of the BMW 3 Series jumped by 27.6 % to 365,772 units, helped by the fact that sales of the Touring almost doubled compared to the previous year. The new model revision of the BMW 5 Series has been available since July. Overall, sales for the nine-month period rose to 270,902 units (+ 2.7 %). Demand for the BMW 6 Series also rose sharply to 20,360 units (+ 22.6 %). In total, we sold 42,445 units of the BMW 7 Series during the nine-month period (– 3.1 %). The number of BMW Z4 sold fell to 10,328 units (– 15.4 %).

The BMW X family remained highly popular during the period under report. Sales of the BMW X1 rose sharply (+ 13.6 %) to 116,451 units. The BMW X3, of which 113,945 units were sold, surpassed the previous year's sales volume by 5.7 %. Despite the forthcoming model change, sales of the BMW X5 nevertheless increased to 78,244 units (+ 2.0 %). The new X5 will become available from mid-November onwards. Only the BMW X6 fell short of the previous year's figure (27,202 units; – 13.6 %).

MINI reaches previous year's high level

9,041 units of the MINI Paceman have been sold since its launch in mid-March 2013. The MINI Roadster achieved a 10.1 % increase in sales, with 7,635 units sold during the first nine months of the year. The MINI Countryman almost reached the previous year's high level, with a total of 73,455 units sold in the nine-month period (– 2.2 %). Sales of the MINI Hatch edged up by 0.2 % to 95,394 units. The Convertible (16,877 units; – 15.6 %), Clubman (15,076 units; – 11.5 %) and Coupé (6,802 units; – 23.4 %) model variants all recorded lower sales volumes than one year earlier.

Sales volume of MINI vehicles by model variant

in units

	1 January to 30 September 2013	1 January to 30 September 2012	Change in %
MINI Hatch	**95,394**	**95,246**	**0.2**
MINI Convertible	**16,877**	**20,003**	**–15.6**
MINI Clubman	**15,076**	**17,037**	**–11.5**
MINI Countryman	**73,455**	**75,119**	**–2.2**
MINI Coupé	**6,802**	**8,877**	**–23.4**
MINI Roadster	**7,635**	**6,932**	**10.1**
MINI Paceman	**9,041**	**–**	**–**
MINI total	**224,280**	**223,214**	**0.5**

Rolls-Royce Phantom family enjoys strong growth

Sales of the various models of the Rolls-Royce Phantom family rose by more than a third during the first nine months of 2013 to 596 units (+34.2%). The Phantom Coupé (including the Drophead Coupé) recorded a 35.2% increase in sales volume, with 169 units sold. 1,664 customers worldwide took delivery of the Rolls-Royce Ghost (–11.6%). The most powerful Rolls-Royce ever made, the Wraith, has now reached the showrooms. Since market launch, the latest model of the luxury brand has been handed over to 40 customers.

Sales volume of Rolls-Royce vehicles by model variant

in units

	1 January to 30 September 2013	1 January to 30 September 2012	Change in %
Rolls-Royce			
Phantom (including Phantom Extended Wheelbase)	**427**	319	33.9
Coupé (including Drophead Coupé)	**169**	125	35.2
Ghost	**1,664**	1,882	–11.6
Wraith	**40**	–	–
Rolls-Royce total	**2,300**	**2,326**	**–1.1**

Car production increased

519,938[1] BMW, MINI and Rolls-Royce brands cars were produced during the third quarter (2012: 475,093[1] units; +9.4%), comprising 441,877[1] BMW (2012: 409,261[1] units; +8.0%), 77,334 MINI (2012: 65,003 units; +19.0%) and 727 Rolls-Royce brand vehicles (2012: 829 units; –12.3%).

A total of 1,522,032[1] cars rolled off production lines (2012: 1,387,746[1] units; +9.7%) during the nine-month period from January to September 2013. This figure included 1,282,715[1] BMW brand (2012: 1,155,283[1] units; +11.0%) and 237,172 MINI brand vehicles (2012: 230,089 units; +3.1%). A total of 2,145 Rolls-Royce vehicles were manufactured at the Goodwood plant during the nine-month period under report (2012: 2,374 units; –9.6%).

Automotive segment revenues remain at high level

The strong sales volume performance over the course of the year is reflected in segment revenues. Third-quarter and nine-month revenues increased by 0.1% to €17,196 million (2012: €17,187 million) and by 1.2% to €51,304 million (2012: €50,712 million) respectively.

Expenditure on new technologies, production and market launch costs, greater competition and higher personnel costs all had a negative impact on segment result. EBIT amounted to €1,549 million (2012: €1,647[2] million; –6.0%) for the third quarter and to €4,887 million (2012: €5,545[2] million; –11.9%) for the nine-month period. Third-quarter and nine-month profit before tax amounted to €1,631 million (2012: €1,701[2] million; –4.1%) and €4,795 million (2012: €5,271[2] million; –9.0%) respectively.

Automotive segment workforce increased

The Automotive segment had 100,198 employees at 30 September 2013 (2012: 95,351 employees; +5.1%). The BMW Group continues to hire skilled workers in conjunction with the development of new technologies and services.

[1] Including the BMW Brilliance joint venture.

[2] Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

BMW Motorrad remains on record course

In the year of its 90th anniversary, BMW Motorrad achieved new sales volume records in both the third quarter and the nine-month period. 28,213 BMW motorcycles were sold worldwide in the period from July to September 2013 (2012: 26,755[1] units; + 5.4 %). Between January and September, sales of BMW motorcycles rose by 8.4 % to 93,154 units (2012: 85,944[3] units).

The number of motorcycles sold in Europe during the nine-month period increased by 4.1 % to 57,033 units, with sales volumes developing differently from one country to the next. In Germany, we recorded a 4.7 % increase, with 16,780 units sold. Sales were particularly buoyant in Great Britain and rose by 13.0 % to 5,304 units. By contrast, sales were down in Spain (3,931 units; – 4.7 %), Italy (8,641 units; – 1.4 %) and France (8,690 units; – 3.7 %).

Markets outside Europe generally performed well during the first nine months of the year. Sales in the USA rose by 15.3 % to 11,484 units and in Brazil by 4.8 % to 5,592 units. A particularly sharp increase was achieved in Japan, with sales jumping by 27.2 % to 2,626 units.

Motorcycle production reduced due to seasonal factors

During the third quarter 2013 we produced a total of 21,047 BMW motorcycles (2012: 27,017[2] units), with the 22.1 % decrease due to seasonal factors. 89,499 motorcycles left the production lines during the period from January to September (2012: 93,489[4] units; – 4.3 %).

Nine-month segment earnings up on previous year

Third-quarter revenues totalled €324 million (2012: €358 million; – 9.5 %). EBIT for the three-month period was a loss of €4 million, down on the same quarter last year (2012: loss of €3 million; – 33.3 %). This was also the case for the segment result before tax which came in at a loss of €5 million (2012: loss of €4 million; – 25.0 %).

Segment revenues for the period from January to September 2013 edged up by 1.6 % to €1,235 million (2012: €1,216 million). EBIT for the nine-month period amounted to €93 million (2012: €82 million; + 13.4 %), while segment profit before tax improved to €90 million (2012: €80 million; + 12.5 %).

Workforce size reduced

The Motorcycles segment had a worldwide workforce of 2,782 employees at the end of the third quarter (2012: 3,038 employees; – 8.4 %). The decrease is due to the sale of Husqvarna Motorcycles.

Motorcycles

		3rd quarter 2013	3rd quarter 2012	Change in %
Sales volume BMW[1]	units	**28,213**	26,755	5.4
Production BMW[2]	units	**21,047**	27,017	–22.1
Revenues	€ million	**324**	358	–9.5
Profit/loss before financial result (EBIT)	€ million	**–4**	–3	–33.3
Profit/loss before tax	€ million	**–5**	–4	–25.0

		1 January to 30 September 2013	1 January to 30 September 2012	Change in %
Sales volume BMW[3]	units	**93,154**	85,944	8.4
Production BMW[4]	units	**89,499**	93,489	–4.3
Revenues	€ million	**1,235**	1,216	1.6
Profit before financial result (EBIT)	€ million	**93**	82	13.4
Profit before tax	€ million	**90**	80	12.5
Workforce to 30 September		**2,782**	3,038	–8.4

[1] Plus an additional 2,121 Husqvarna motorcycles (2012).
[2] Plus an additional 2,729 Husqvarna motorcycles (2012).
[3] Plus an additional 1,110 Husqvarna motorcycles (until 5 March 2013); 7,356 motorcycles (2012).
[4] Plus an additional 1,569 Husqvarna motorcycles (until 5 March 2013); 9,345 motorcycles (2012).

Financial Services segment continues to grow

The Financial Services segment continued to perform well in the third quarter 2013. At 30 September 2013, the segment's portfolio of leasing and credit financing contracts in place with retail customers and dealers stood at 4,048,821 contracts, 8.1 % up on one year earlier (2012: 3,745,760 contracts). Compared to the previous year, the segment's business volume in balance sheet terms increased by 2.5 % to €83,028 million (2012: €80,974 million).

Leasing and new credit business as growth drivers

Demand for leasing and financing products remained strong during the reporting period. 375,909 new contracts were signed worldwide during the third quarter, a sharp rise compared to the previous year (2012: 327,304 contracts; + 14.9 %). The equivalent figure for the nine-month period was 1,104,527 (2012: 979,322; 12.8 %), with both leasing (+ 12.8 %) and credit financing (+ 12.8 %) contributing to the strong performance. Leasing accounted for 33.3 % of new business, credit financing for 66.7 %.

The proportion of new BMW Group cars leased or financed by the Financial Services segment was 45.0 %, an increase of 5.8 percentage points compared to the previous year (2012: 39.2 %). The sharp rise was mainly attributable to the high level of new business in the USA.

The volume of preowned car financing for BMW and MINI brand cars increased once again, with 237,725 new contracts signed during the period from January to September (2012: 230,594; + 3.1 %)

The volume of new credit and lease business signed worldwide with retail customers up to the end of the third quarter 2013 totalled €29,464 million, 10.9 % above the previous year's equivalent figure (2012: €26,557 million).

The sharp increase in new business is reflected in the overall contract portfolio. In total, 3,734,304 contracts were in place with retail customers at the end of the reporting period (2012: 3,464,746; + 7.8 %). The contract portfolio grew by 9.1 % in the Europe/Middle East region, by 6.2 % in the Americas region and by 2.6 % for the EU Bank regions. The fastest growth was recorded once again for the Asia/Pacific region (+ 25.1 %).

Further growth for fleet business

The BMW Group's international fleet business operates under the brand name "Alphabet". Alphabet is one of

Financial Services

		3rd quarter 2013	3rd quarter 2012	Change in %
New contracts with retail customers		**375,909**	327,304	14.9
Revenues	€ million	**4,994**	4,916	1.6
Profit before financial result (EBIT)	€ million	**390**	424	–8.0
Profit before tax	€ million	**398**	425	–6.4

		1 January to 30 September 2013	1 January to 30 September 2012	Change in %
New contracts with retail customers		**1,104,527**	979,322	12.8
Revenues	€ million	**14,882**	14,582	2.1
Profit before financial result (EBIT)	€ million	**1,308**	1,291	1.3
Profit before tax	€ million	**1,314**	1,290	1.9
Workforce to 30 September		**6,771**	6,159	9.9

		30.9.2013	31.12.2012	Change in %
Business volume in balance sheet terms*	€ million	**83,028**	80,974	2.5

* Calculated on the basis of the lines Leased products and Receivables from sales financing (current and non-current) of the Financial Services segment balance sheet.

Europe's top four multi-brand fleet service providers with a wide range of financing, leasing and vehicle fleet management services. The contract portfolio increased by 6.2 % to stand at 524,612 contracts at the end of the reporting period (2012: 493,914 contracts).

Good progress with multi-brand financing
The Financial Services segment was able to expand its multi-brand financing line of business further, with a total of 138,546 contracts signed in the nine-month period under report (2012: 122,591 contracts; + 13.0 %). At the end of the period, 445,807 contracts were in place, 9.2 % more than at the same date last year (2012: 408,303 contracts).

Increased dealer financing volumes
The total volume of dealer financing contracts totalled €12,291 million at the end of the reporting period, 4.4 % up on the same date one year earlier (2012: €11,776 million).

Deposit business volumes on previous year's level
Deposit business is an important source of refinancing for the BMW Group. The deposit volume worldwide at the end of the reporting period stood at €12,949 million (2012: €13,272 million; – 2.4 %).

Strong performance with insurance business
Demand for insurance products remained strong in the third quarter 2013, with the total number of contracts signed in the nine-month period up by 6.8 % to 768,656 contracts (2012: 719,546 contracts). At 30 September 2013 the portfolio numbered 2,464,343 contracts (2012: 2,065,613 contracts; + 19.3 %).

Nine-month earnings up on previous year
The segment profit before financial result (EBIT) amounted to €390 million for the third quarter 2013 (2012: €424 million; – 8.0 %) and €1,308 million for the nine-month period (2012: €1,291 million; + 1.3 %). A similar picture arose at the level of profit before tax, with the third-quarter result 6.4 % down to €398 million (2012: €425 million) and the profit before tax for the nine-month period up 1.9 % to €1,314 million (2012: €1,290 million).

Workforce up on previous year
The Financial Services segment had a worldwide workforce of 6,771 employees at the end of the reporting period (2012: 6,159 employees; + 9.9 %), with strong segment growth being the principal reason for the increase in the number of employees.

BMW stock in the third quarter 2013

The generally unfavourable conditions prevailing on the stock market at the end of the second quarter continued to exert their impact on the markets at the beginning of July. Good corporate and employment figures in the USA helped to improve the mood considerably, only then for concerns about political stability in the Middle East to cause quite large losses towards the end of August. More favourable economic data from Europe and the USA plus the ongoing expansionary monetary policies of the European Central Bank and the US Reserve Bank resulted in an unusually good September for the stock markets, with only the government crisis in Italy and the budget dispute in the USA preventing ever greater gains towards the end of the reporting period.

The German stock index, the DAX, finished the third quarter 2013 at 8,594 points, 8.0 % ahead of its level of the end of the previous quarter. Compared to the final day of trading in 2012, the index was up by 12.9 %. Enjoying the best September in its history, the DAX recorded a new all-time high of 8,770 points on the 19 September. The Prime Automobile sector index also performed extremely well, rising by 19.5 % to 1,242 points compared to its level at the end of the first half of the year and by more than a quarter (+ 27.2 %) compared to the end of the previous financial year.

Within this favourable stock market environment, the two categories of BMW stock both attained new high levels during the third quarter. BMW common stock was more than able to reverse the losses recorded in preceding quarters and reached a new all-time high of €82.44 on 19 September, before closing on 30 September 2013 at €79.47. The gain on the stock's closing price at the end of the second quarter 2013 and at the end of the financial year 2012 amounted to 18.3 % and 9.0 % respectively. BMW preferred stock also profited from these market developments and also reached a new all-time high on 19 September of €61.20, ultimately finishing the third quarter at €60.30, 14.8 % above its closing price at the end of the second quarter. Since the beginning of the year, BMW preferred stock has increased in value by 23.7 %.

US dollar loses value

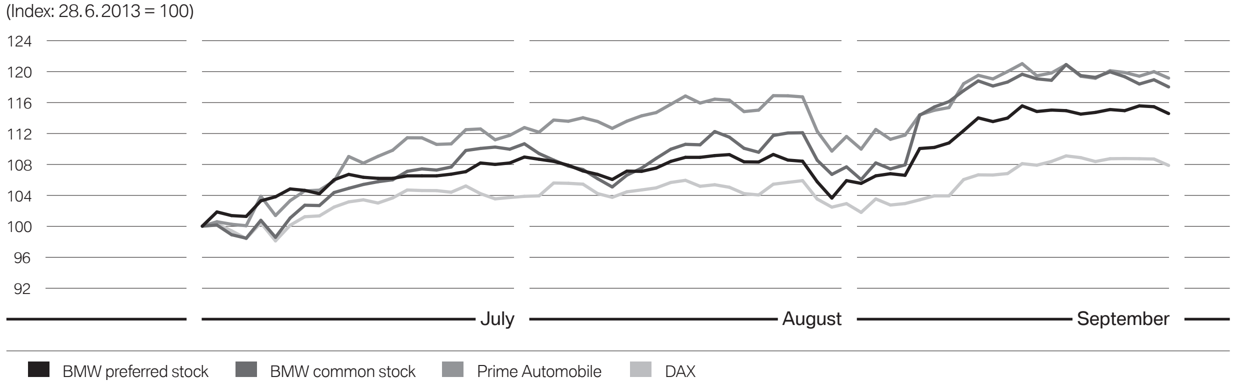
Based on an exchange rate of US dollar 1.35 to the euro at 30 September 2013, the US dollar was 3.8 % weaker than at the end of the first half of the year. Compared to the exchange rate at the end of 2012, the US dollar has lost 2.4 % in value.

Successful refinancing

Thanks to its excellent credit rating, the BMW Group was able to obtain refinancing funds on international money and capital markets at attractive conditions during the third quarter 2013. During the period from July to September 2013, the BMW Group issued a dual-tranche euro benchmark bond with a total volume of €1.25 billion and raised funds through private placements in various currencies with a total approximate volume of €600 million. In addition, one ABS transaction was executed in Canada with a volume of Canadian $500 million and promissory notes issued in Japan and Europe for a total amount of approximately €200 million. Refinancing of operations is supplemented by the regular issue of commercial paper on the one hand and by deposit-taking business on the other.

Development of BMW stock compared to stock exchange indices

(Index: 28.6.2013 = 100)



BMW Group remains frontrunner in terms of sustainability

The BMW Group is again included in the prestigious Dow Jones Sustainability Index in 2013, making it, according to the rating agency, RobecoSAM, one of the most sustainable companies in the world. The BMW Group is the only enterprise in the automotive sector to have been assessed and included in this sustainability index for 15 years consecutively and to be honoured accordingly for its sustainability achievements.

In the Global 500 Ranking of the Carbon Disclosure Project, the BMW Group again achieved the maximum score of 100 out of a possible 100 points, putting the BMW Group in with the small number of entities, across all sectors, with the best possible mark.

It was also included once again in the FTSE4Good Sustainability Index of the London Stock Exchange and has thus been listed in this prestigious index for sustainable companies consistently for the past 12 years.

Earnings performance*

The BMW Group increased sales of BMW, MINI and Rolls-Royce brand cars in the first nine months of 2013 by 7.5 % to 1,436,178 units compared to the corresponding period one year earlier.

The net profit for the nine-month period was €4,034 million, €116 million up on the previous year. The post-tax return on sales was 7.2 % (2012: 7.0 %). Earnings per share of common and preferred stock were €6.12 and €6.13 respectively (2012: €5.94 for common stock and €5.95 for preferred stock).

Earnings performance for the third quarter 2013

Group revenues remained at a similarly high level to the previous year, with third-quarter revenues down by 0.4 % to €18,750 million (2012: €18,817 million). Increased competition and higher inter-segment revenue eliminations caused by the growth of new lease business meant that the percentage rise in revenues was lower than the sales volume percentage rise. Excluding the effect of currency fluctuations, revenues were up 4.4 % on the previous year.

External revenues from the sale of BMW, MINI and Rolls-Royce brand cars decreased by 0.8 % and external revenues from Motorcycles business dropped by 9.8 %. Financial Services segment generated a 1.6 % increase in external revenues. Business from other activities totalled €1 million (2012: € – million).

Group cost of sales totalled €15,030 million (2012: €15,050 million) and were therefore 0.1 % lower than in the third quarter of the previous financial year. Gross profit was just €47 million (1.2 %) below its previous year's high level. The gross profit margin slipped by 0.2 percentage points to 19.8 % compared to the third quarter last year.

The gross profit margin recorded by the Automotive segment was 18.0 % (2012: 18.2 %) and that of the Motorcycles segment was 9.9 % (2012: 12.3 %). The gross profit margin of the Financial Services segment fell from 14.0 % to 12.6 %.

Total research and development expenditure in the third quarter amounted to €1,270 million (2012: €988 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 6.8 % (2012: 5.3 %) and the proportion of development costs recognised as assets was 39.4 % (2012: 28.8 %). Research and development expenses increased by €65 million to €1,023 million. Expenditure in this area therefore remained at a high level in the third quarter, reflecting the continuing commitment to product and technological development within the BMW Group. Research and development expense includes amortisation of capitalised development costs amounting to €253 million (2012: €255 million). As a percentage of revenues, the research and development ratio increased slightly (0.4 percentage points) to 5.5 % compared to the previous year.

Selling and administrative expenses increased by 4.0 % compared to the corresponding period last year. One of the factors driving up expenses in this area was the

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

Revenues by segment in the third quarter

in € million

	External revenues		Inter-segment revenues		Total revenues	
	2013	2012	**2013**	2012	**2013**	2012
Automotive	**13,831**	13,936	**3,365**	3,251	**17,196**	17,187
Motorcycles	**322**	357	**2**	1	**324**	358
Financial Services	**4,596**	4,524	**398**	392	**4,994**	4,916
Other Entities	**1**	–	**–**	1	**1**	1
Eliminations	**–**	–	**–3,765**	–3,645	**–3,765**	–3,645
Group	**18,750**	**18,817**	**–**	**–**	**18,750**	**18,817**

higher number of employees. This was partially compensated by lower expenses for new model launches. The ratio of selling and administrative expenses to revenues was 9.5 % (2012: 9.1 %). Depreciation and amortisation on property, plant and equipment and intangible assets recorded in cost of sales and in selling and administrative expenses amounted to €908 million (2012: €853 million).

Other operating income and expenses gave rise to a net expense of €5 million, an improvement of €41 million over the third quarter last year.

As a result of the various factors described above, the third-quarter profit before financial result (EBIT) amounted to €1,928 million (2012: €2,002 million).

The financial result was a positive amount of €61 million, which represented an improvement of €76 million over the same quarter last year (2012: net expense of €15 million). This includes the result from equity accounted investments totalling €122 million (2012: €51 million), comprising the Group's share of results from interests in the joint venture BMW Brilliance Automotive Ltd., Shenyang, the joint ventures with the SGL Carbon Group and the two DriveNow entities. Other financial result includes net fair value gains on interest rate and commodity hedging instruments. The net interest result for the third quarter deteriorated by €9 million.

Profit before tax was €1,989 million and thus €2 million ahead of the previous year's level (2012: €1,987 million). The income tax expense for the quarter decreased by €39 million.

The Group reports a net profit of €1,330 million for the third quarter 2013 (2012: €1,289 million).

Third-quarter earnings per share amounted to €2.02 (2012: €1.95) for common stock and €2.02 (2012: €1.95) for preferred stock.

Earnings performance in the first nine months of 2013

Group revenues for the nine-month period decreased by 0.8 % to €55,848 million. The main reason for the decrease was the higher level of inter-segment revenue eliminations attributable to the growth of new lease business. Adjusted for exchange rate factors, revenues increased by 1.6 %. Within Group revenues, external revenues of the Automotive segment were down by 2.0 % compared to the corresponding period last year. External revenues of the Motorcycles and Financial Services segments for the nine-month period rose by 1.7 % and 2.5 % respectively. External revenues generated with other activities amounted to €2 million (2012: €1 million).

Group cost of sales totalled €44,557 million (2012: €44,753 million), 0.4 % lower than in the corresponding nine-month period one year earlier.

Gross profit amounted to €11,291 million, 2.3 % down on the previous year. The overall gross profit margin was 20.2 % (2012: 20.5 %).

The gross profit margin of the Automotive segment came in at 18.2 % (2012: 19.5 %) and that of the Motorcycles segment at 17.5 % (2012: 17.8 %). The gross profit margin of the Financial Services segment went down by 0.2 percentage points to 13.5 %.

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

in € million

	External revenues		Inter-segment revenues		Total revenues	
	2013	2012	**2013**	2012	**2013**	2012
Automotive	**40,924**	41,748	**10,380**	8,964	**51,304**	50,712
Motorcycles	**1,227**	1,207	**8**	9	**1,235**	1,216
Financial Services	**13,695**	13,356	**1,187**	1,226	**14,882**	14,582
Other Entities	**2**	1	**2**	3	**4**	4
Eliminations	**–**	–	**–11,577**	–10,202	**–11,577**	–10,202
Group	**55,848**	56,312	**–**	–	**55,848**	56,312

Total research and development expenditure amounted to €3,228 million (2012: €2,831 million), corresponding to an expenditure ratio of 5.8 % (2012: 5.0 %) and a capitalisation ratio of 32.5 % (2012: 25.6 %). Research and development expense for the nine-month period increased by €5 million to €2,969 million, compared to the high level recorded one year earlier. The resulting proportion of 5.3 % was similar to the previous year. Research and development costs include amortisation of capitalised development costs amounting to €791 million (2012: €858 million).

Selling and administrative expenses increased by 3.3 % compared to the same period last year.

Other operating income and expenses gave rise to a net expense of €6 million, an improvement of €67 million compared to the first nine months of 2012, partially due to gains on the disposal of assets.

At €6,035 million, the Group's profit before financial result (EBIT) was 5.7 % down on the previous year's high level.

The financial result for the nine-month period was a net expense of €11 million, an improvement of €349 million compared to the previous year. This includes the result from equity accounted investments, which improved in total by €172 million and comprised the Group's share of results from interests in the joint venture BMW Brilliance Automotive Ltd., Shenyang, the joint ventures with the SGL Carbon Group and the two DriveNow entities. The net interest result for the nine-month period deteriorated by €103 million, partly due to lower interest income on fixed-term deposits. Other financial result improved by €280 million and includes net fair value gains on interest rate and commodity hedging instruments.

Profit before tax amounted to €6,024 million (2012: €6,043 million). The pre-tax return on sales was 10.8 % (2012: 10.7 %). The nine-month income tax expense decreased to €1,990 million (2012: €2,125 million), resulting in an effective tax rate of 33.0 % (2012: 35.2 %).

Overall, the BMW Group recorded a net profit of €4,034 million in the first three quarters of 2013 (2012: €3,918 million).

In this period, the Group generated earnings per share of common stock of €6.12 (2012: €5.94) and earnings per share of preferred stock of €6.13 (2012: €5.95).

Earnings performance by segment

Third-quarter Automotive segment revenues increased by 0.1 %. The profit before tax, at €1,631 million, was €70 million lower than the high level recorded one year earlier. Segment revenues for the nine-month period climbed by 1.2 % to €51,304 million, mainly due to higher volumes compared to the previous year. Profit before tax was €4,795 million for the nine-month period (2012: €5,271 million).

Profit before tax by segment

in € million

	3rd quarter 2013	3rd quarter 2012*	**1 January to 30 September 2013**	1 January to 30 September 2012*
Automotive	**1,631**	1,701	**4,795**	5,271
Motorcycles	**–5**	–4	**90**	80
Financial Services	**398**	425	**1,314**	1,290
Other Entities	**11**	–37	**167**	–68
Eliminations	**–46**	–98	**–342**	–530
Profit before tax	**1,989**	**1,987**	**6,024**	**6,043**
Income taxes	**–659**	–698	**–1,990**	–2,125
Net profit	**1,330**	**1,289**	**4,034**	**3,918**

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

Third-quarter revenues of the Motorcycles segment decreased by 9.5 %. The segment loss before tax increased to €5 million (2012: loss before tax of €4 million). Nine-month revenues amounted to €1,235 million and were thus higher than in the corresponding period last year (2012: €1,216 million). The profit before tax for the period improved accordingly by 12.5 % to €90 million.

Revenues of the Financial Services segment in the third quarter increased by 1.6 % to €4,994 million. Third-quarter segment profit before tax, at €398 million, was €27 million lower than in the previous year. Revenues for the nine-month period grew by 2.1 % to €14,882 million. Profit before tax improved by 1.9 % to €1,314 million.

The profit before tax of the Other Entities segment for the third quarter 2013 amounted to €11 million (2012: loss before tax of €37 million). For the nine-month period, the result before tax improved by €235 million to a positive €167 million, mostly due to net gains on interest rate hedging instruments reported as part of the financial result.

Inter-segment eliminations during the nine-month period up to the level of profit before tax gave rise to a net expense of €342 million (2012: net expense of €530 million).

Financial position*

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 2013 and 2012, classified into cash flows from operating, investing and financing activities. Cash and cash equivalents in the cash flow statements correspond to the amount disclosed in the balance sheet.

Cash flows from operating activities are determined indirectly, starting with Group and segment net profit for the period. By contrast, cash flows from investing and financing activities are based on actual payments and receipts.

The BMW Group uses various sources of funds for internal financing purposes. In addition to the issue of interest-bearing debt, cash funds are also allocated internally in line with business requirements, including the use of dividends and similar transactions. In this context, it is possible that cash funds may be transferred from one segment to another. Up to the first quarter 2012, these cash inflows and outflows were 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 inter-segment transactions, the method of presentation was changed with effect from the second quarter 2012. Intragroup inter-segment dividends have been reported as part of cash flows from financing activities since the second quarter 2012 and similar transactions have been reported as such since the 2012 Group Financial Statements. The reclassification from operating activities to financing activities resulted in a decrease (increase) in the operating cash flow of the Automotive segment (Financial Services segment). The previous year's figures were restated accordingly (impact in the first nine months of 2012: decrease of €616 million for the Automotive segment, increase of €250 million for the Financial Services segment).

The cash inflow from operating activities for the first nine months of the year fell by €172 million to €3,368 million (2012: €3,540 million), due mainly to rises in leased products and receivables from sales financing brought about by sales volume factors.

Cash outflows for investing activities totalled €4,534 million (2012: €2,776 million) and were thus 63.3 % higher than in the corresponding nine-month period last year. This surge was primarily due to a €1,596 million increase in investments in intangible assets and property, plant and equipment, which totalled €4,316 million in the first nine months of the year (2012: €2,720 million). Net disbursements for marketable securities resulted in a cash outflow of €311 million (2012: €52 million).

* Prior year figures have been adjusted in accordance with the reclassification described in the Group Financial Statements for the year ended 31 December 2012.

Cash inflow from financing activities totalled €548 million (2012: cash outflow of €124 million). Proceeds from the issue of bonds totalled €7,211 million (2012: €8,483 million), compared with an outflow of €6,219 million (2012: €7,689 million) for the repayment of bonds. The change in other financial liabilities gave rise to a cash inflow of €1,332 million (2012: €3,442 million), while the change in commercial paper resulted in a cash outflow of €124 million (2012: €2,845 million). The payment of dividends resulted in a cash outflow of €1,652 million (2012: €1,515 million).

Cash outflow for investing activities exceeded cash inflow from operating activities in the first nine months of 2013 by €1,166 million. In the same period last year, cash inflow from operating activities had exceeded cash outflow for investing activities by €764 million.

After adjusting for the effects of exchange-rate fluctuations and changes in the composition of the BMW Group with a total negative amount of €5 million (2012: positive amount of €46 million), the various cash flows resulted in a decrease of cash and cash equivalents of €623 million (2012: increase of €686 million).

The cash flow statement for the Automotive segment shows that the cash inflow from operating activities exceeded the cash outflow for investing activities by €1,974 million (2012: €3,090 million). Adjusted for net investments in marketable securities amounting to €480 million (2012: €134 million), mainly in conjunction with strategic liquidity planning, the excess amount was €2,454 million (2012: €3,224 million).

Free cash flow of the Automotive segment was as follows:

in € million	**2013**	2012*
Cash inflow from operating activities	**6,919**	6,152
Cash outflow for investing activities	**–4,945**	–3,062
Net investment in marketable securities	**480**	134
Free cash flow Automotive segment	**2,454**	**3,224**

* Prior year figures have been adjusted in accordance with the reclassification described in the Group Financial Statements for the year ended 31 December 2012.

The cash outflow for operating activities of the Financial Services segment is influenced primarily by cash flows relating to leased products and receivables from sales financing and totalled €2,717 million in the first nine months of 2013 (2012: €1,640 million). The cash inflow from financing activities totalled €2,579 million (2012: €1,461 million).

Net financial assets of the Automotive segment comprise the following:

in € million	**30.9.2013**	31.12.2012
Cash and cash equivalents	**6,741**	7,484
Marketable securities and investment funds	**2,714**	2,205
Intragroup net financial assets	**5,296**	5,862
Financial assets	**14,751**	**15,551**
Less: external financial liabilities*	**–2,305**	–2,224
Net financial assets Automotive segment	**12,446**	**13,327**

* Excluding derivative financial instruments.

Net assets position*

The balance sheet total (total assets/total equity and liabilities) increased by 3.6 % compared to 31 December 2012 to stand at €136,613 million at the end of the reporting period. Adjusted for changes in exchange rates, the balance sheet total increased by 6.2 %.

The main factors behind the increase on the assets side of the balance sheet were inventories (16.5 %), leased products (3.9 %), property, plant and equipment (7.0 %), current and non-current receivables from sales financing (1.4 %) and intangible assets (10.5 %). The main decrease on the assets side related to cash and cash equivalents (7.4 %). Current assets accounted for 38.7 % (31 December 2012: 38.3 %) of total assets.

Inventories rose during the nine-month period by €1,602 million to stand at €11,327 million, reflecting the expansion of business operations.

Property, plant and equipment increased by €929 million, including investments undertaken to expand production and to launch new models.

Leased products as well as non-current and current receivables from sales financing increased by €966 million and €761 million respectively as a result of increased business volumes. Adjusted for changes in exchange rates, leased products went up by 5.3 % and receivables from sales financing by 5.8 %.

At €5,753 million, the carrying amount of intangible assets was €546 million higher than at 31 December 2012. Investments included the acquisition of licenses amounting to €379 million, which are being amortised on a straight-line basis over a period of six years.

On the equity and liabilities side of the balance sheet, the increase was due primarily to increases in equity (10.8 %), trade payables (24.9 %), deferred tax liabilities (24.6 %) and current other liabilities (13.4 %). Decreases resulted primarily for pension provisions (21.2 %) and current financial liabilities (2.6 %). Current liabilities accounted for 36.3 % (31 December 2012: 36.7 %) of total equity and liabilities.

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

Group equity rose by €3,296 million to €33,902 million, including the impact of an increase in the opening balance of revenue reserves (€204 million) due to the amendment to IAS 19. Equity was increased by the profit attributable to shareholders of BMW AG (€4,014 million) and decreased by the dividend paid by BMW AG (€1,640 million). Currency translation differences reduced equity by €474 million. Group equity increased on account of remeasurements of the net liability for defined benefit pension plans (€867 million), primarily as a result of the higher discount rate used in Germany. Fair value measurement of derivative financial instruments had a positive impact (€1,099 million) on equity, in contrast to the fair value measurement of marketable securities which had a negative impact (€11 million). Income and expenses relating to equity accounted investments and recognised directly in equity decreased equity by €7 million. Deferred taxes on items recognised directly in equity had the effect of reducing equity by €604 million. Minority interests went up by €52 million. The equity ratio of the BMW Group improved overall by 1.6 percentage points to 24.8 %. The equity ratio of the Automotive segment was 41.4 % (31 December 2012: 41.0 %) and that of the Financial Services segment was 8.9 % (31 December 2012: 8.6 %).

The increase in trade payables was primarily attributable to increased production volumes as well as the acquisition of licences.

The increase in deferred tax liabilities is primarily attributable to the decrease in remeasurements of the net liability for defined benefit pension plans.

Current other liabilities went up by 13.4 % to €7,699 million. For further details of the components of the change, reference is made to note 30 of the Consolidated Financial Statements.

Pension provisions went down by 21.2 % to €3,004 million during the first nine months of 2013, mainly due to higher interest rates in Germany.

Overall, the earnings performance, financial position and net assets position of the BMW Group continued to develop very positively during the third quarter and nine-month period under report.

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 2012 (Annual Report, page 66 et seq.).

Risks for global economy remain high

The global economy is predicted to grow at a rate of approximately 2.1 % in 2013. Rising public-sector debt levels in major industrialised countries, over-capacities in China, centres of conflict in the Middle East as well as uncertainties about the continuation of monetary and fiscal policies in the USA add to the difficulties of forecasting future developments.

Economic growth in the USA is expected to land in the region of 1.7 % for the current year. Recently imposed tax increases and expenditure cuts are having a negative impact on the situation. The dispute between the two main political camps in connection with the raising of the debt ceiling caused additional uncertainty at the early weeks of the fourth quarter which has also put a burden on economic growth. Positive momentum from the employment and property markets suggest, however, that economic recovery is robust and will continue in the coming years. Moreover, the increase in oil and gas generation within the USA is helping to reduce the current account deficit. Alongside the budget debate, it seems likely that the US Reserve Bank's decisions with respect to monetary policy will not only have a significant impact on the US economy, but also on the global economy in general. In the event of agreement between the political camps on the US budget dispute, it is likely that the Federal Bank will reduce the money supply in stages around the turn of the year.

Economic output in the euro zone in 2013 is expected to fall slightly by 0.4 %. The German economy is likely to grow at a modest rate of only 0.5 %. France is set to finish the year with minimal growth of 0.1 %. The prospects for Italy have deteriorated further in the face of political uncertainty (– 1.7 %). Even though expectations have improved slightly in recent months, Spain is still forecast to remain in recession for the year as a whole with a negative growth rate of 1.4 %. The UK economy should grow by 1.3 % in the current year thanks to stronger consumer spending and a resuscitated property market.

The Japanese economy has already been kick-started by the expansionary monetary and fiscal policies of the new government, with the result that a growth rate of 1.8 % is now being predicted for the full year. So far this year, exports have benefited substantially from the depreciation in the value of the yen. In order to finance its expansionary fiscal policies, plans are now afoot to increase value added tax, a move that would be likely to have a negative impact on consumer spending.

The Chinese economy is set to grow by 7.5 % in the current year. The new government recently expressed its intention to steer the economy towards more sustainable growth and made clear that it is willing to accept a gradual slow-down in the GDP rate in the process.

The foreseeable shift in monetary policy by the US Reserve Bank is threatening to become a major issue for some of the world's emerging economies. India is again expected to generate a growth rate in 2013 – currently forecast at 4.5 % – which will again fall significantly short of it long-term potential. The same can be said for the Brazilian and Russian economies: a growth rate of only 2.4 % is now forecast for both countries.

Car markets in 2013

Based on our latest forecasts, we expect the world's automobile markets to grow by 4.1 % in 2013, mostly driven by developments on the US and Chinese markets.

The vehicle market in the USA should continue to recover, with an estimated volume of 15.7 million units and a growth rate of 8.3 %. This would put the market back within sight of the range (16 to 17 million units) achieved in years prior to the financial crisis.

Thanks to the positive climate for consumer spending, the Chinese passenger car market is expected to grow by approximately 14.5 % to 15.2 million units, and therefore at a more pronounced rate than the general economy.

The total number of new car registrations in Europe is forecast to drop to around 12.0 million units in 2013 (– 3.8 %). The German market is likely to shrink by 5.9 % to approximately 2.9 million units. Based on the latest predictions, the UK market is set to grow by 9.3 % to over 2.2 million units. The car market in France is expected to contract by approximately 6.8 % to around 1.7 million units. The decrease in Italy is expected to be even more pronounced with the market down by 9.0 % to 1.3 million units. After contracting for each of the last six years, there is at least a glimmer of hope for Spain in 2013 that the market will stagnate at its 2012 level of approximately 0.7 million units.

The car market in Japan is expected to return to a normal level of 4.9 million units in 2013 (– 6.2 %). The previous year's figure was affected by high demand following the natural catastrophe in 2011.

Car registrations in Russia are expected to be in the region of 2.6 million units and hence 4.9 % down on the previous year. The Brazilian car market is set to contract by 1.0 % to 3.6 million units.

Motorcycle markets in 2013

Business conditions for companies operating in the 500 cc plus class of the international motorcycle markets are expected to remain difficult in the final months of the year. The economic situation in Europe is expected to have a negative impact on motorcycles business in the region as a whole. The German market should, however, remain stable through to the end of the year. Outside Europe, the motorcycle markets in countries such as Brazil and Japan are expected to be up on the previous year, whereas the market in the USA is forecast to be just under its 2012 level.

The financial services market in 2013

There is little likelihood that the euro zone's reference interest rate will be changed before the end of the year. We predict that the ECB will continue to pursue its policy of low interest rates. The FED has already announced its intention to keep the reference interest rate at the current rate for the time being. Interest rate levels worldwide are heavily influenced by the bond-buying programme of the US Reserve Bank. If a decision is taken at any stage during the remainder of 2013 to scale down the programme, there is the possibility that interest rates may increase slightly worldwide.

Given the current stable condition of the world economy, we do not expect any major change in today's moderate level of credit risk. On the other hand, there is also unlikely to be any significant change in the situation in southern Europe.

Used car prices are not expected to fluctuate greatly in the fourth quarter 2013, bringing us to the conclusion that there will be no major changes in residual values. The most likely scenario for southern European countries is that growth rates will stabilise at a low level.

Outlook for the BMW Group in 2013

The main risks for the global economy remain unchanged: high public-sector debt levels; a possible slowdown in economic growth in China; and the lack of clarity in the world's crisis regions. Within this environment, the BMW Group has so far managed to perform well. Irrespective of past performance, the various factors affecting the global economy remain a challenge for the future.

Given the positive way in which the business has evolved over the first nine months of the year, the BMW Group is confident that it will also be able to achieve its stated targets during the remainder of 2013. Based on the latest forecasts, car sales volume will be at a new record level for the full year. Due to high levels of expenditure for new technologies and models as well as investment in the global production network, Group profit before tax for 2013 should be at a similar level to 2012.

We will continue to expand our model range as scheduled over the remainder of the year. Including products already available on the markets, 2013 will see the launch of 14 new and revised BMW, MINI und Rolls-Royce brand models.

The new BMW 4 Series Coupé, which embodies the essence of aesthetic appeal in the premium segment, came onto the market at the beginning of October. In November the new X5 (third generation) will open a fresh chapter in the success story of the best-selling vehicle in its class. Last but not least, the BMW i3 will go on sale at the end of the year as the first series-built electric vehicle built by the BMW Group. This completely new developed premium car of the future combines a new propulsion system with innovative lightweight construction based on the rigorous use of CFRP. The Rolls-Royce Wraith has been available since September.

Automotive segment

The positive trend should continue during the remainder of the financial year 2013. Assuming that economic conditions remain stable, we forecast single-digit sales volume growth at a Group level and hence a new sales volume record for the year.

Based on the latest forecasts, the Automotive segment's EBIT margin will – despite high levels of expenditure for future technologies and intense competition – be within the target corridor of between 8 % and 10 %. The BMW Group also continues to strive to achieve a return on capital employed (RoCE) in excess of 26 % for the full year 2013. Depending on political and economic developments, actual results could end up being above or below the target corridor. The liquidity position of the Automotive segment is also likely to remain very strong throughout 2013.

Motorcycles segment

Thanks to its attractive and extremely young model range, we forecast a further rise in motorcycle sales for the full year 2013, with the full availability of the Scooter and the new R 1200 GS playing an important role. Increased sales volumes in 2013 should result in higher revenues and earnings, compared to the previous year, in which earnings were negatively impacted by expenses incurred in realigning the Motorcycles business.

Financial Services segment

Assuming that economic conditions remain unchanged, the BMW Group's Financial Services business should continue to perform well over the remainder of the year. Based on actual performance to date, the contract portfolio should finish the year above the previous year's level. We also expect to achieve a return on equity of at least 18 %.

As expected, the level of credit risk – in particular in southern Europe – remains stable at a relatively high level of granularity. Similarly, no major fluctuations have been observed in levels of credit risk in the rest of Europe, Asia or the Americas. For this reason, we do not expect any changes in conditions in the remainder of the year.

The situation on the used car markets shows a similar trend. Here too, the critical markets in southern Europe have also stabilised. We forecast that global economic conditions will remain unchanged within a robust environment, with the consequence that we do not expect to see any major changes in the level of residual value risks.

Income Statements for Group and Segments for the period from 1 July to 30 September 2013
Statement of Comprehensive Income for Group for the period from 1 July to 30 September 2013

Income Statements for Group and Segments for the third quarter

in € million

	Note	Group		Automotive	
		2013	2012*	**2013**	2012*
Revenues	6	**18,750**	18,817	**17,196**	17,187
Cost of sales	7	**–15,030**	–15,050	**–14,108**	–14,066
Gross profit		**3,720**	**3,767**	**3,088**	**3,121**
Selling and administrative expenses	8	**–1,787**	–1,719	**–1,511**	–1,436
Other operating income	9	**163**	192	**142**	162
Other operating expenses	9	**–168**	–238	**–170**	–200
Profit before financial result		**1,928**	**2,002**	**1,549**	**1,647**
Result from equity accounted investments	10	**122**	51	**122**	51
Interest and similar income	11	**40**	42	**71**	73
Interest and similar expenses	11	**–59**	–52	**–90**	–80
Other financial result	12	**–42**	–56	**–21**	10
Financial result		**61**	**–15**	**82**	**54**
Profit before tax		**1,989**	**1,987**	**1,631**	**1,701**
Income taxes	13	**–659**	–698	**–544**	–591
Net profit/loss		**1,330**	**1,289**	**1,087**	**1,110**
Attributable to minority interest		**9**	9	**7**	8
Attributable to shareholders of BMW AG		**1,321**	**1,280**	**1,080**	**1,102**
Earnings per share of common stock in €	14	**2.02**	1.95		
Earnings per share of preferred stock in €	14	**2.02**	1.95		
Dilutive effects	14	**–**	–		
Diluted earnings per share of common stock in €	14	**2.02**	1.95		
Diluted earnings per share of preferred stock in €	14	**2.02**	1.95		

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

Statement of Comprehensive Income for Group for the third quarter

in € million

	Note	2013[1]	2012[1,2]
Net profit		**1,330**	**1,289**
Remeasurement of the net liability for defined benefit pension plans		**–68**	–553
Deferred taxes		**–21**	168
Items not expected to be reclassified to the income statement in the future		**–89**	**–385**
Available-for-sale securities		**56**	73
Financial instruments used for hedging purposes		**581**	458
Other comprehensive income from equity accounted investments		**33**	78
Deferred taxes		**–219**	–197
Currency translation foreign operations		**–113**	8
Items expected to be reclassified to the income statement in the future		**338**	**420**
Other comprehensive income for the period after tax	15	**249**	**35**
Total comprehensive income		**1,579**	**1,324**
Total comprehensive income attributable to minority interests		**9**	9
Total comprehensive income attributable to shareholders of BMW AG		**1,570**	**1,315**

[1] Presentation adjusted in accordance with revised IAS 1.
[2] Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

Motorcycles 2013	Motorcycles 2012*	Financial Services 2013	Financial Services 2012*	Other Entities 2013	Other Entities 2012*	Eliminations 2013	Eliminations 2012	
324	358	**4,994**	4,916	**1**	1	**–3,765**	–3,645	Revenues
–292	–314	**–4,367**	–4,229	**–**	–	**3,737**	3,559	Cost of sales
32	**44**	**627**	**687**	**1**	**1**	**–28**	**–86**	**Gross profit**
–36	–47	**–235**	–234	**–7**	–4	**2**	2	Selling and administrative expenses
1	–	**13**	20	**25**	29	**–18**	–19	Other operating income
–1	–	**–15**	–49	**–5**	–9	**23**	20	Other operating expenses
–4	**–3**	**390**	**424**	**14**	**17**	**–21**	**–83**	**Profit before financial result**
–	–	**–**	–	**–**	–	**–**	–	Result from equity accounted investments
–	–	**1**	–	**348**	357	**–380**	–388	Interest and similar income
–1	–1	**–1**	–	**–322**	–344	**355**	373	Interest and similar expenses
–	–	**8**	1	**–29**	–67	**–**	–	Other financial result
–1	**–1**	**8**	**1**	**–3**	**–54**	**–25**	**–15**	Financial result
–5	**–4**	**398**	**425**	**11**	**–37**	**–46**	**–98**	**Profit before tax**
3	1	**–127**	–136	**–6**	4	**15**	24	Income taxes
–2	**–3**	**271**	**289**	**5**	**–33**	**–31**	**–74**	**Net profit/loss**
–	–	**2**	1	**–**	–	**–**	–	Attributable to minority interest
–2	**–3**	**269**	**288**	**5**	**–33**	**–31**	**–74**	**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

Income Statements for Group and Segments for the period from 1 January to 30 September 2013
Statement of Comprehensive Income for Group for the period from 1 January to 30 September 2013

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

in € million

	Note	Group		Automotive	
		2013	2012*	**2013**	2012*
Revenues	6	**55,848**	56,312	**51,304**	50,712
Cost of sales	7	**–44,557**	–44,753	**–41,947**	–40,799
Gross profit		**11,291**	**11,559**	**9,357**	**9,913**
Selling and administrative expenses	8	**–5,250**	–5,083	**–4,424**	–4,255
Other operating income	9	**484**	548	**411**	450
Other operating expenses	9	**–490**	–621	**–457**	–563
Profit before financial result		**6,035**	**6,403**	**4,887**	**5,545**
Result from equity accounted investments	10	**371**	199	**371**	199
Interest and similar income	11	**133**	165	**217**	266
Interest and similar expenses	11	**–277**	–206	**–371**	–326
Other financial result	12	**–238**	–518	**–309**	–413
Financial result		**–11**	**–360**	**–92**	**–274**
Profit before tax		**6,024**	**6,043**	**4,795**	**5,271**
Income taxes	13	**–1,990**	–2,125	**–1,618**	–1,849
Net profit/loss		**4,034**	**3,918**	**3,177**	**3,422**
Attributable to minority interest		**20**	19	**14**	18
Attributable to shareholders of BMW AG		**4,014**	**3,899**	**3,163**	**3,404**
Earnings per share of common stock in €	14	**6.12**	5.94		
Earnings per share of preferred stock in €	14	**6.13**	5.95		
Dilutive effects	14	**–**	–		
Diluted earnings per share of common stock in €	14	**6.12**	5.94		
Diluted earnings per share of preferred stock in €	14	**6.13**	5.95		

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

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

in € million

	Note	**2013**[1]	2012[1,2]
Net profit		**4,034**	**3,918**
Remeasurement of the net liability for defined benefit pension plans		**867**	–1,681
Deferred taxes		**–292**	480
Items not expected to be reclassified to the income statement in the future		**575**	**–1,201**
Available-for-sale securities		**–11**	184
Financial instruments used for hedging purposes		**1,099**	141
Other comprehensive income from equity accounted investments		**–8**	81
Deferred taxes		**–311**	–110
Currency translation foreign operations		**–474**	168
Items expected to be reclassified to the income statement in the future		**295**	**464**
Other comprehensive income for the period after tax	15	**870**	**–737**
Total comprehensive income		**4,904**	**3,181**
Total comprehensive income attributable to minority interests		**20**	19
Total comprehensive income attributable to shareholders of BMW AG		**4,884**	**3,162**

[1] Presentation adjusted in accordance with revised IAS 1.
[2] Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

Motorcycles		Financial Services		Other Entities		Eliminations		
2013	2012*	**2013**	2012*	**2013**	2012*	**2013**	2012	
1,235	1,216	**14,882**	14,582	**4**	4	**–11,577**	–10,202	Revenues
–1,019	–1,000	**–12,874**	–12,586	**–**	–	**11,283**	9,632	Cost of sales
216	**216**	**2,008**	**1,996**	**4**	**4**	**–294**	**–570**	**Gross profit**
–127	–139	**–688**	–677	**–19**	–13	**8**	1	Selling and administrative expenses
6	6	**36**	49	**90**	91	**–59**	–48	Other operating income
–2	–1	**–48**	–77	**–37**	–38	**54**	58	Other operating expenses
93	**82**	**1,308**	**1,291**	**38**	**44**	**–291**	**–559**	**Profit before financial result**
–	–	**–**	–	**–**	–	**–**	–	Result from equity accounted investments
–	–	**2**	1	**1,029**	1,133	**–1,115**	–1,235	Interest and similar income
–3	–2	**–3**	–1	**–964**	–1,141	**1,064**	1,264	Interest and similar expenses
–	–	**7**	–1	**64**	–104	**–**	–	Other financial result
–3	**–2**	**6**	**–1**	**129**	**–112**	**–51**	**29**	Financial result
90	**80**	**1,314**	**1,290**	**167**	**–68**	**–342**	**–530**	**Profit before tax**
–29	–28	**–430**	–439	**–91**	7	**178**	184	Income taxes
61	**52**	**884**	**851**	**76**	**–61**	**–164**	**–346**	**Net profit/loss**
–	–	**6**	1	**–**	–	**–**	–	Attributable to minority interest
61	**52**	**878**	**850**	**76**	**–61**	**–164**	**–346**	**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 2013

Assets

in € million	Note	Group 30.9.2013	Group 31.12.2012*	Automotive 30.9.2013	Automotive 31.12.2012*
Intangible assets	16	**5,753**	5,207	**5,210**	4,648
Property, plant and equipment	17	**14,270**	13,341	**13,984**	13,053
Leased products	18	**25,434**	24,468	**47**	128
Investments accounted for using the equity method	19	**689**	514	**689**	514
Other investments	19	**521**	548	**5,073**	4,789
Receivables from sales financing	20	**32,315**	32,309	**–**	–
Financial assets	21	**2,072**	2,148	**1,032**	759
Deferred tax	22	**1,855**	1,967	**2,091**	2,217
Other assets	23	**862**	803	**3,010**	3,862
Non-current assets		**83,771**	**81,305**	**31,136**	**29,970**
Inventories	24	**11,327**	9,725	**11,006**	9,366
Trade receivables		**2,308**	2,543	**2,089**	2,305
Receivables from sales financing	20	**21,360**	20,605	**–**	–
Financial assets	21	**5,009**	4,612	**3,706**	2,746
Current tax	22	**1,078**	966	**940**	775
Other assets	23	**4,013**	3,664	**15,274**	16,162
Cash and cash equivalents		**7,747**	8,370	**6,741**	7,484
Assets held for sale	25	**–**	45	**–**	–
Current assets		**52,842**	**50,530**	**39,756**	**38,838**
Total assets		**136,613**	**131,835**	**70,892**	**68,808**

Equity and liabilities

in € million	Note	Group 30.9.2013	Group 31.12.2012*	Automotive 30.9.2013	Automotive 31.12.2012*
Subscribed capital	26	**656**	656		
Capital reserves	26	**1,973**	1,973		
Revenue reserves	26	**31,493**	28,544		
Accumulated other equity	26	**–379**	–674		
Equity attributable to shareholders of BMW AG	26	**33,743**	30,499		
Minority interest	26	**159**	107		
Equity		**33,902**	**30,606**	**29,319**	**28,202**
Pension provisions		**3,004**	3,813	**1,541**	2,358
Other provisions	27	**3,179**	3,441	**2,797**	3,103
Deferred tax	28	**3,838**	3,081	**1,213**	492
Financial liabilities	29	**39,543**	39,095	**1,602**	1,775
Other liabilities	30	**3,531**	3,404	**3,480**	3,394
Non-current provisions and liabilities		**53,095**	**52,834**	**10,633**	**11,122**
Other provisions	27	**3,060**	3,246	**2,457**	2,605
Current tax	28	**1,190**	1,482	**976**	1,269
Financial liabilities	29	**29,635**	30,412	**1,161**	1,289
Trade payables		**8,032**	6,433	**7,160**	5,669
Other liabilities	30	**7,699**	6,792	**19,186**	18,652
Liabilities in conjunction with assets held for sale	25	**–**	30	**–**	–
Current provisions and liabilities		**49,616**	**48,395**	**30,940**	**29,484**
Total equity and liabilities		**136,613**	**131,835**	**70,892**	**68,808**

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

	Motorcycles		Financial Services		Other Entities		Eliminations		Assets
	30.9.2013	31.12.2012	**30.9.2013**	31.12.2012	**30.9.2013**	31.12.2012*	**30.9.2013**	31.12.2012	
	66	72	**476**	486	**1**	1	**–**	–	Intangible assets
	252	242	**34**	46	**–**	–	**–**	–	Property, plant and equipment
	–	–	**29,353**	28,060	**–**	–	**–3,966**	–3,720	Leased products
	–	–	**–**	–	**–**	–	**–**	–	Investments accounted for using the equity method
	–	–	**6**	7	**5,927**	5,761	**–10,485**	–10,009	Other investments
	–	–	**32,315**	32,309	**–**	–	**–**	–	Receivables from sales financing
	–	–	**186**	126	**1,410**	1,730	**–556**	–467	Financial assets
	–	–	**288**	279	**310**	349	**–834**	–878	Deferred tax
	–	–	**1,351**	1,330	**18,399**	16,995	**–21,898**	–21,384	Other assets
	318	**314**	**64,009**	**62,643**	**26,047**	**24,836**	**–37,739**	**–36,458**	**Non-current assets**
	314	348	**7**	11	**–**	–	**–**	–	Inventories
	86	114	**131**	123	**2**	1	**–**	–	Trade receivables
	–	–	**21,360**	20,605	**–**	–	**–**	–	Receivables from sales financing
	–	–	**675**	813	**1,165**	1,480	**–537**	–427	Financial assets
	–	–	**78**	132	**60**	59	**–**	–	Current tax
	–	31	**3,900**	3,573	**30,506**	30,285	**–45,667**	–46,387	Other assets
	–	–	**965**	797	**41**	89	**–**	–	Cash and cash equivalents
	–	45	**–**	–	**–**	–	**–**	–	Assets held for sale
	400	**538**	**27,116**	**26,054**	**31,774**	**31,914**	**–46,204**	**–46,814**	**Current assets**
	718	**852**	**91,125**	**88,697**	**57,821**	**56,750**	**–83,943**	**–83,272**	**Total assets**

	Motorcycles		Financial Services		Other Entities		Eliminations		Equity and liabilities
	30.9.2013	31.12.2012	**30.9.2013**	31.12.2012*	**30.9.2013**	31.12.2012*	**30.9.2013**	31.12.2012	
									Subscribed capital
									Capital reserves
									Revenue reserves
									Accumulated other equity
									Equity attributable to shareholders of BMW AG
									Minority interest
	–	**–**	**8,080**	**7,633**	**10,750**	**8,466**	**–14,247**	**–13,695**	**Equity**
	29	29	**81**	88	**1,353**	1,338	**–**	–	Pension provisions
	145	135	**207**	173	**30**	30	**–**	–	Other provisions
	–	–	**4,921**	4,777	**29**	5	**–2,325**	–2,193	Deferred tax
	–	–	**14,070**	14,174	**24,427**	23,613	**–556**	–467	Financial liabilities
	298	246	**20,213**	19,653	**18**	18	**–20,478**	–19,907	Other liabilities
	472	**410**	**39,492**	**38,865**	**25,857**	**25,004**	**–23,359**	**–22,567**	**Non-current provisions and liabilities**
	57	114	**301**	289	**242**	235	**3**	3	Other provisions
	–	–	**114**	136	**100**	77	**–**	–	Current tax
	–	–	**16,943**	16,830	**12,068**	12,720	**–537**	–427	Financial liabilities
	173	277	**596**	474	**103**	13	**–**	–	Trade payables
	16	21	**25,599**	24,470	**8,701**	10,235	**–45,803**	–46,586	Other liabilities
	–	30	**–**	–	**–**	–	**–**	–	Liabilities in conjunction with assets held for sale
	246	**442**	**43,553**	**42,199**	**21,214**	**23,280**	**–46,337**	**–47,010**	**Current provisions and liabilities**
	718	**852**	**91,125**	**88,697**	**57,821**	**56,750**	**–83,943**	**–83,272**	**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 2013

	Group	
in € million	**2013**	2012[1]
Net profit	**4,034**	3,918
Depreciation and amortisation of tangible, intangible and investment assets	**2,818**	2,759
Change in provisions	**–324**	–352
Change in leased products and receivables from sales financing	**–4,339**	–2,645
Change in deferred taxes	**293**	315
Changes in working capital	**1**	423
Other	**885**	–878
Cash inflow/outflow from operating activities	**3,368**	**3,540**
Investment in intangible assets and property, plant and equipment	**–4,316**	–2,720
Net investment in marketable securities	**–311**	–52
Other	**93**	–4
Cash inflow/outflow from investing activities	**–4,534**	**–2,776**
Cash inflow/outflow from financing activities	**548**	**–124**
Effect of exchange rate on cash and cash equivalents	**–52**	**35**
Effect of changes in composition of Group on cash and cash equivalents	**47**	**11**
Change in cash and cash equivalents	**–623**	**686**
Cash and cash equivalents as at 1 January	**8,370**	7,776
Cash and cash equivalents as at 30 September	**7,747**	**8,462**

[1] Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.
[2] Prior year figures have been adjusted in accordance with the reclassification described in the Group Financial Statements for the year ended 31 December 2012.

Automotive 2013	Automotive 2012[1,2]	Financial Services 2013	Financial Services 2012[2]	
3,177	3,422	**884**	851	Net profit
2,751	2,698	**14**	21	Depreciation and amortisation of tangible, intangible and investment assets
–342	–369	**63**	–15	Change in provisions
81	18	**–4,735**	–3,099	Change in leased products and receivables from sales financing
195	235	**240**	233	Change in deferred taxes
–176	336	**130**	42	Changes in working capital
1,233	–188	**687**	327	Other
6,919	**6,152**	**–2,717**	**–1,640**	**Cash inflow / outflow from operating activities**
–4,257	–2,624	**–5**	–21	Investment in intangible assets and property, plant and equipment
–480	–134	**169**	82	Net investment in marketable securities
–208	–304	**168**	5	Other
–4,945	**–3,062**	**332**	**66**	**Cash inflow / outflow from investing activities**
–2,740	**–2,026**	**2,579**	**1,461**	**Cash inflow / outflow from financing activities**
–24	**24**	**–26**	**8**	**Effect of exchange rate on cash and cash equivalents**
47	**10**	**–**	**1**	**Effect of changes in composition of Group on cash and cash equivalents**
–743	**1,098**	**168**	**–104**	**Change in cash and cash equivalents**
7,484	5,829	**797**	1,518	Cash and cash equivalents as at 1 January
6,741	**6,927**	**965**	**1,414**	**Cash and cash equivalents as at 30 September**

INTERIM GROUP FINANCIAL STATEMENT

Group Statement of Changes in Equity to 30 September 2013

in € million	Note	Subscribed capital	Capital reserves	Revenue reserves[1,2]
1 January 2012, as originally reported	26	655	1,955	26,102
Impact of application of revised IAS 19		–	–	241
1 January 2012 (adjusted)	26	655	1,955	26,343
Dividends paid		–	–	–1,508
Net profit		–	–	3,899
Other comprehensive income for the period after tax		–	–	–1,201
Comprehensive income 30 September 2012		–	–	2,698
Other changes		–	–	–
30 September 2012 (adjusted)	26	655	1,955	27,533

in € million	Note	Subscribed capital	Capital reserves	Revenue reserves
1 January 2013, as originally reported	26	656	1,973	28,340
Impact of application of revised IAS 19		–	–	204
1 January 2013 (adjusted)	26	656	1,973	28,544
Dividends paid		–	–	–1,640
Net profit		–	–	4,014
Other comprehensive income for the period after tax		–	–	575
Comprehensive income 30 September 2013		–	–	4,589
Other changes		–	–	–
30 September 2013	26	656	1,973	31,493

[1] With effect from the first quarter of the financial year 2013, other revenue reserves and the effect of pension obligations recognised directly in equity are presented on a net basis.
[2] Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

Accumulated other equity: Translation differences	Accumulated other equity: Securities	Accumulated other equity: Derivative financial instruments	Equity attributable to shareholders of BMW AG[2]	Minority interest	**Total**[2]	
–863	**–61**	**–750**	**27,038**	**65**	**27,103**	**1 January 2012**, as originally reported
–	–	–	241	–	**241**	Impact of application of revised IAS 19
–863	**–61**	**–750**	**27,279**	**65**	**27,344**	**1 January 2012** (adjusted)
–	–	–	–1,508	–	**–1,508**	Dividends paid
–	–	–	3,899	19	**3,918**	Net profit
173	149	142	–737	–	**–737**	Other comprehensive income for the period after tax
173	**149**	**142**	**3,162**	**19**	**3,181**	**Comprehensive income 30 September 2012**
7	–	–	7	20	27	Other changes
–683	**88**	**–608**	**28,940**	**104**	**29,044**	**30 September 2012** (adjusted)

Accumulated other equity: Translation differences	Accumulated other equity: Securities	Accumulated other equity: Derivative financial instruments	Equity attributable to shareholders of BMW AG	Minority interest	**Total**	
–984	**108**	**202**	**30,295**	**107**	**30,402**	**1 January 2013**, as originally reported
–	–	–	204	–	**204**	Impact of application of revised IAS 19
–984	**108**	**202**	**30,499**	**107**	**30,606**	**1 January 2013** (adjusted)
–	–	–	–1,640	–	**–1,640**	Dividends paid
–	–	–	4,014	20	**4,034**	Net profit
–478	8	765	870	–	**870**	Other comprehensive income for the period after tax
–478	**8**	**765**	**4,884**	**20**	**4,904**	**Comprehensive income 30 September 2013**
–	–	–	–	32	32	Other changes
–1,462	**116**	**967**	**33,743**	**159**	**33,902**	**30 September 2013**

1 — Basis of preparation

The Group Financial Statements of BMW AG at 31 December 2012 were drawn up in accordance with International Financial Reporting Standards (IFRSs), as applicable in the European Union (EU) at that date. The interim Group Financial Statements (Interim Report) at 30 September 2013, 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 2012 Group Financial Statements. The BMW Group applies the option, available under IAS 34.8, of publishing condensed group financial statements. All Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) which are mandatory at 30 September 2013 have also been applied. The Interim Report also complies with German Accounting Standard No. 16 (GAS 16) – Interim Financial Reporting – issued by the German Accounting Standards Committee e.V. (GASC).

Further information regarding the Group's accounting principles and policies is contained in the Group Financial Statements at 31 December 2012.

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 2012.

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 (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 2013 totalled €10.0 billion (31 December 2012: €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 Group currency is the euro. All amounts are disclosed in millions of euros (€ million) unless stated otherwise.

The preparation of the Interim 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 2013 include, besides BMW AG, 24 German and 161 foreign subsidiaries. This includes four special purpose securities funds and 26 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 2013.

In this period, Alphabet International B.V., Amsterdam, was merged with Alphabet Nederland B.V., Breda, with retrospective effect from 1 January 2013 and hence ceased to be a consolidated company.

Compared to the corresponding nine-month period last year, four subsidiaries, one special purpose securities fund and six special purpose trusts have been consolidated for the first time. Seven subsidiaries, three special purpose securities funds and three special purpose trusts ceased to be consolidated companies.

No entities were consolidated for the first time during the first nine months of 2013. BMW Peugeot Citroën Electrification GmbH, Munich, which was not part of the group reporting entity at 31 December 2012, was merged with BMW AG, Munich, with retrospective effect from 1 January 2013.

Husqvarna Motorcycles S.r.l., Cassinetta di Biandronno, and Husqvarna Motorcycles NA, LLC, Wilmington, DE, were sold during the nine-month period and therefore ceased to be consolidated companies. Alphabet International B.V., Amsterdam, was merged with Alphabet Nederland B.V., Breda, with retrospective effect from 1 January 2013 and hence ceased to be a consolidated company.

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

3 — Foreign currency translation

The exchange rates applied for currency translation purposes in accordance with the modified closing rate method, and which have a material impact on the Group Financial Statements, were as follows:

	Closing rate		Average rate	
	30.9.2013	31.12.2012	**1 January to 30 September 2013**	1 January to 30 September 2012
US Dollar	**1.35**	1.32	**1.32**	1.28
British Pound	**0.84**	0.81	**0.85**	0.81
Chinese Renminbi	**8.28**	8.23	**8.12**	8.11
Japanese Yen	**132.39**	114.10	**127.31**	101.71
Russian Rouble	**43.84**	40.41	**41.67**	39.77

For further information regarding foreign currency translation, reference is made to note 4 of the Group Financial Statements of BMW AG for the year ended 31 December 2012.

4 — Adjustments as a result of IAS 19 (revised 2011)

In June 2011 the IASB published amendments to IAS 19 (Employee Benefits), in particular in relation to post-retirement benefits and pensions. The revised Standard was endorsed by the EU in June 2012. The revised version of IAS 19 is mandatory for annual periods beginning on or after 1 January 2013.

As a result of the revised Standard, the BMW Group has made amendments mainly in connection with the measurement of obligations for pensions and pre-retirement part-time working arrangements.

The change in the measurement of pension obligations relates primarily to the treatment of other expected administrative costs.

The requirement to recognise past service cost immediately as expense (rather than spread such costs over the term of the obligations) also results in an adjustment to pension provisions.

The adjustments to the provision for pre-retirement part-time working arrangements result from a change in the measurement of top-up amounts, which are now required, in accordance with revised IAS 19.8, to be recognised as other long-term employee benefits. Under the new rules, the expense for top-up amounts is required to be recognised over the period of the working phase of such arrangements and then released over the period of the work-free phase (rather than recognising the full amount as a provision at the start of the working phase).

The revised version of IAS 19 also changes the presentation of financial result in the income statement. As a result of the fact that net interest is now required to be computed on the basis of the net liability from defined benefit pension plans, the expense arising from unwinding the interest on pension obligations is now offset against interest income from plan assets. The statement of total comprehensive income now includes the line item “Remeasurement of the net liability for defined benefit pension plans”. In previous financial statements (up to the Group Financial Statements for the year ended 31 December 2012), the corresponding amounts were designated as actuarial gains and losses on defined benefit pension benefits, similar obligations and plan assets.

The removal of the corridor method and other amendments to IAS 19 do not have any impact on the BMW Group.

The new rules are required to be applied retrospectively. For this reason, the opening balance sheet at 1 January 2012, the prior year comparative balance sheet and the opening balance sheet at 1 January 2013 have been adjusted and made comparable.

The following tables show the impact on the opening balance sheet at 1 January 2012, on the balance sheet at 31 December 2012, as well as on the income statement and statement of comprehensive income for the first nine months of 2012:

Change in Group Balance Sheet presentation

1 January 2012 in € million	As originally reported	Adjustment	As reported
Total assets	123,429	–7	123,422
thereof deferred taxes	1,926	–45	1,881
thereof other assets (short term and long term)	3,913	38	3,951
Total provisions and liabilities (short term and long term)	96,326	–248	96,078
thereof pension provisions	2,183	–187	1,996
thereof other provisions (short term and long term)	6,253	–103	6,150
thereof deferred taxes	3,273	42	3,315
Total equity	27,103	241	27,344
thereof equity attributable to shareholders of BMW AG	27,038	241	27,279
thereof revenue reserves	26,102	241	26,343

31 December 2012 in € million	As originally reported	Adjustment	As reported
Total assets	131,850	–15	131,835
thereof deferred taxes	2,001	–34	1,967
thereof other assets (short term and long term)	4,448	19	4,467
Total provisions and liabilities (short term and long term)	101,448	–219	101,229
thereof pension provisions	3,965	–152	3,813
thereof other provisions (short term and long term)	6,795	–108	6,687
thereof deferred taxes	3,040	41	3,081
Total equity	30,402	204	30,606
thereof equity attributable to shareholders of BMW AG	30,295	204	30,499
thereof revenue reserves	28,340	204	28,544

Change in Income Statement presentation

1 January to 30 September 2012 in € million	As originally reported	Adjustment	As reported
Selling and administrative expenses	–5,080	–3	–5,083
Profit before financial result	6,406	–3	6,403
Interest and similar income	561	–396	165
Interest and similar expenses	–608	402	–206
Financial result	–366	6	–360
Profit before tax	6,040	3	6,043
Income tax	–2,125	–	–2,125
Net profit	3,915	3	3,918
Profit attributable to shareholders of BMW AG	3,896	3	3,899
Earnings per share of common stock in €	5.94	–	5.94
Earnings per share of preferred stock in €	5.95	–	5.95
Diluted earnings per share of common stock in €	5.94	–	5.94
Diluted earnings per share of preferred stock in €	5.95	–	5.95

Change in presentation of the Statement of Comprehensive Income*

1 January to 30 September 2012 in € million	As originally reported	Adjustment	As reported
Net profit	3,915	3	3,918
Remeasurement of the net liability for defined benefit pension plans	–1,590	–91	–1,681
Deferred taxes	442	38	480
Items not expected to be reclassified to the income statement in the future	–1,148	–53	–1,201
Other comprehensive income for the period after tax	–684	–53	–737
Total comprehensive income	3,231	–50	3,181
Total comprehensive income attributable to shareholders of BMW AG	3,212	–50	3,162

* Presentation adjusted in accordance with revised IAS 1.

Due to the immateriality of the amounts involved, the effect of adjustments to the income statement and statement of comprehensive income is only presented for the first three quarters of 2013 and not, additionally, for the third quarter 2013.

The adjustments resulting from revised IAS 19 do not have any cash flow impact. For this reason, there are no changes in the overall operating cash flow for the Group and the segments in the first nine months of 2012. There are, however, some shifts between individual reconciliation line items within operating activities.

The following tables show the impact on the balance sheet at 30 September 2013 and on the income statement and statement of comprehensive income for the nine-month period then ended of applying IAS 19 in its 2008 version:

Impact on the Group Balance Sheet if IAS 19 (2008) were still applied

30 September 2013 in € million	IAS 19 (2011)	Adjustment	IAS 19 (2008)
Total assets	136,613	18	136,631
thereof deferred taxes	1,855	34	1,889
thereof other assets (short term and long term)	4,875	–16	4,859
Total provisions and liabilities (short term and long term)	102,711	248	102,959
thereof pension provisions	3,004	153	3,157
thereof other provisions (short term and long term)	6,239	147	6,386
thereof deferred taxes	3,838	–52	3,786
Total equity	33,902	–230	33,672
thereof equity attributable to shareholders of BMW AG	33,743	–230	33,513
thereof revenue reserves	31,493	–230	31,263

Impact on the Income Statement if IAS 19 (2008) were still applied

1 January to 30 September 2013 in € million	IAS 19 (2011)	Adjustment	IAS 19 (2008)
Selling and administrative expenses	–5,250	–37	–5,287
Profit before financial result	6,035	–37	5,998
Interest and similar income	133	328	461
Interest and similar expenses	–277	–333	–610
Financial result	–11	–5	–16
Profit before tax	6,024	–42	5,982
Income tax	–1,990	11	–1,979
Net profit	4,034	–31	4,003
Profit attributable to shareholders of BMW AG	4,014	–31	3,983
Earnings per share of common stock in €	6.12	–0.05	6.07
Earnings per share of preferred stock in €	6.13	–0.05	6.08
Diluted earnings per share of common stock in €	6.12	–0.05	6.07
Diluted earnings per share of preferred stock in €	6.13	–0.05	6.08

Impact on the statement of comprehensive income if IAS 19 (2008) were still applied*

1 January to 30 September 2013 in € million	IAS 19 (2011)	Adjustment	IAS 19 (2008)
Net profit	4,034	–31	4,003
Remeasurement of the net liability for defined benefit pension plans	867	–1	866
Deferred taxes	–292	–	–292
Items not expected to be reclassified to the income statement in the future	575	–1	574
Other comprehensive income for the period after tax	870	–1	869
Total comprehensive income	4,904	–32	4,872
Total comprehensive income attributable to shareholders of BMW AG	4,884	–32	4,852

* Presentation adjusted in accordance with revised IAS 1.

Due to the immateriality of the amounts involved, the effect of adjustments to the income statement and statement of comprehensive income is only presented for the first three quarters of 2013 and not, additionally, for the third quarter 2013.

5 — New financial reporting rules

(a) Financial reporting rules applied for the first time in the first three quarters of the financial year 2013

The following Standards, Revised Standards, Amendments and Interpretations were applied for the first time in the first nine-month period of the financial year 2013:

Standard / Interpretation		Date of issue by IASB	Date of mandatory application IASB	Date of mandatory application EU	Expected impact on BMW Group
IFRS 1	Amendments with Respect to Fixed Transition Dates and Severe Inflation	20.12.2010	1.7.2011	1.1.2013	None
IFRS 1	Amendments relating to Government Loans at a Below Market Rate of Interest	13.3.2012	1.1.2013	1.1.2013	Insignificant
IFRS 7	Notes Disclosures: Offsetting of Financial Assets and Financial Liabilities	16.12.2011	1.1.2013	1.1.2013	Insignificant
IFRS 13	Fair Value Measurement	12.5.2011	1.1.2013	1.1.2013	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	Amendments to Deferred Taxes: Realisation of Underlying Assets	20.12.2010	1.1.2012	1.1.2013	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
IFRIC 20	Stripping Costs in the Production Phase of a Mine	19.10.2011	1.1.2013	1.1.2013	None
	Annual Improvements to IFRS 2009–2011	17.5.2012	1.1.2013	1.1.2013	Insignificant

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

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

The following Standards, Revised Standards and Amendments issued by the IASB during previous accounting periods, were not mandatory for the period under report and were not applied in the first nine months of the financial year 2013:

Standard / Interpretation		Date of issue by IASB	Date of mandatory application IASB	Date of mandatory application EU	Expected impact on BMW Group
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	1.1.2014	Significant in principle
IFRS 11	Joint Arrangements	12.5.2011	1.1.2013	1.1.2014	Significant in principle
IFRS 12	Disclosure of Interests in Other Entities	12.5.2011	1.1.2013	1.1.2014	Significant in principle
	Changes in Transitional Regulations (IFRS 10, IFRS 11 and IFRS 12)	28.6.2012	1.1.2013	1.1.2014	Significant in principle
	Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	31.10.2012	1.1.2014	No	Insignificant
IAS 27	Separate Financial Statements	12.5.2011	1.1.2013	1.1.2014	None
IAS 28	Investments in Associates and Joint Ventures	12.5.2011	1.1.2013	1.1.2014	None
IAS 32	Presentation – Offsetting of Financial Assets and Financial Liabilities	16.12.2011	1.1.2014	1.1.2014	Insignificant
IAS 36	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets (Amendments to IAS 36)	29.5.2013	1.1.2014	No	Insignificant
IAS 39	Novation of Derivatives and Continuation of Hedge Accounting (Amendments to IAS 39)	27.6.2013	1.1.2014	No	Insignificant
IFRIC 21	Levies	20.5.2013	1.1.2014	No	Insignificant

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 are now only three, 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 risk 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 (Separate Financial Statements) and to IAS 28 (Investments in Associates and Joint Ventures) 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. EU endorsement stipulates 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 established in IFRS 10, 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). This Standard 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 companies, 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.

6 — Revenues

Revenues by activity comprise the following:

in € million	**3rd quarter 2013**	3rd quarter 2012	**1 January to 30 September 2013**	1 January to 30 September 2012
Sales of products and related goods	**13,921**	14,043	**41,475**	42,286
Income from lease instalments	**1,854**	1,777	**5,450**	5,155
Sale of products previously leased to customers	**1,610**	1,645	**4,836**	4,804
Interest income on loan financing	**722**	753	**2,159**	2,220
Other income	**643**	599	**1,928**	1,847
Revenues	**18,750**	**18,817**	**55,848**	**56,312**

An analysis of revenues by business segment is shown in the segment information in note 33.

7 — Cost of sales

Cost of sales in the third quarter includes €3,973 million (2012: €3,950 million) relating to financial services business. For the period from 1 January to 30 September 2013, €11,939 million (2012: €11,848 million) relates to financial services business.

Third-quarter cost of sales include research and development expenses of €1,023 million (2012: €958 million), comprising all research costs and development costs not recognised as assets as well as the amortisation of capitalised development costs amounting to €253 million (2012: €255 million). For the first nine months of 2013, research and development expenses amounted to €2,969 million (2012: €2,964 million). This includes amortisation of capitalised development costs of €791 million (2012: €858 million).

8 — Selling and administrative expenses

Selling expenses, comprising mainly marketing, advertising and sales personnel costs, amounted to €1,211 million in the third quarter (2012: €1,251 million) and to €3,558 million (2012: €3,736 million) for the nine-month period.

Administrative expenses amounted to €576 million (2012*: €468 million) in the third quarter and €1,692 million (2012*: €1,347 million) for the nine-month period. Administrative expenses comprise expenses for administration not attributable to development, production or sales functions.

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

9 — Other operating income and expenses

Other operating income in the third quarter totalled €163 million (2012: €192 million). The nine-month figure amounted to €484 million (2012: €548 million). Third-quarter and nine-month other operating expenses totalled €168 million (2012: €238 million) and €490 million (2012: €621 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.

10 — Result from equity accounted investments

The result from equity accounted investments in the third quarter was a positive amount of €122 million (2012: €51 million). For the first nine months of the year, the equivalent figure was €371 million (2012: €199 million). In both cases, the figure reported includes the results of the BMW Group's interests in the joint ventures BMW Brilliance Automotive Ltd., Shenyang, SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, SGL Automotive Carbon Fibers LLC, Dover, DE, DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich.

11 — Net interest result

in € million	**3rd quarter 2013**	3rd quarter 2012*	**1 January to 30 September 2013**	1 January to 30 September 2012*
Interest and similar income	**40**	42	**133**	165
Interest and similar expenses	**–59**	–52	**–277**	–206
Net interest result	**–19**	**–10**	**–144**	**–41**

12 — Other financial result

in € million	**3rd quarter 2013**	3rd quarter 2012	**1 January to 30 September 2013**	1 January to 30 September 2012
Result on investments	**1**	–	**–80**	–149
Sundry other financial result	**–43**	–56	**–158**	–369
Other financial result	**–42**	**–56**	**–238**	**–518**

The result from investments for the nine-month period was negatively impacted by an impairment loss on investments amounting to €85 million (2012: €154 million).

13 — Income taxes

Taxes on income comprise the following:

in € million	**3rd quarter 2013**	3rd quarter 2012*	**1 January to 30 September 2013**	1 January to 30 September 2012*
Current tax expense	**522**	531	**1,697**	1,810
Deferred tax expense	**137**	167	**293**	315
Income taxes	**659**	**698**	**1,990**	**2,125**

The effective tax rate for the nine-month period to 30 September 2013 was 33.0 % (2012*: 35.2 %) and corresponds to the best estimate of the weighted average annual income tax rate for the full year. This tax rate has been applied to the pre-tax profit for the nine-month period.

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

14 — Earnings per share

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

		3rd quarter 2013	3rd quarter 2012*	1 January to 30 September 2013	1 January to 30 September 2012*
Profit attributable to the shareholders	€ million	**1,321.4**	1,280.0	**4,014.1**	3,898.9
Profit attributable to common stock	€ million (rounded)	**1,212.6**	1,175.4	**3,683.2**	3,579.8
Profit attributable to preferred stock	€ million (rounded)	**108.8**	104.6	**330.9**	319.1
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	**53,994,217**	53,571,372	**53,994,217**	53,571,372
Earnings per share of common stock	€	**2.02**	1.95	**6.12**	5.94
Earnings per share of preferred stock	€	**2.02**	1.95	**6.13**	5.95

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

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.

15 — Disclosures relating to total comprehensive income

Other comprehensive income for the period after tax comprises the following[1]:

in € million	**3rd quarter 2013**	3rd quarter 2012[2]	**1 January to 30 September 2013**	1 January to 30 September 2012[2]
Remeasurement of the net liability for defined benefit pension plans	**–68**	–553	**867**	–1,681
Deferred taxes	**–21**	168	**–292**	480
Items not expected to be reclassified to the income statement in the future	**–89**	**–385**	**575**	**–1,201**
Available-for-sale securities	**56**	73	**–11**	184
thereof gains/losses arising in the period under report	**62**	81	**20**	136
thereof reclassifications to the income statement	**–6**	–8	**–31**	48
Financial instruments used for hedging purposes	**581**	458	**1,099**	141
thereof gains/losses arising in the period under report	**662**	236	**1,126**	–282
thereof reclassifications to the income statement	**–81**	222	**–27**	423
Other comprehensive income from equity accounted investments	**33**	78	**–8**	81
Deferred taxes	**–219**	–197	**–311**	–110
Currency translation foreign operations	**–113**	8	**–474**	168
Items expected to be reclassified to the income statement in the future	**338**	**420**	**295**	**464**
Other comprehensive income for the period after tax	**249**	**35**	**870**	**–737**

[1] Presentation adjusted in accordance with revised IAS 1.
[2] Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

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

in € million	**3rd quarter 2013**			3rd quarter 2012*		
	Before tax	Deferred taxes	After tax	Before tax	Deferred taxes	After tax
Remeasurement of the net liability for defined benefit pension plans	**–68**	**–21**	**–89**	–553	168	–385
Available-for-sale securities	**56**	**–2**	**54**	73	–22	51
Financial instruments used for hedging purposes	**581**	**–202**	**379**	458	–155	303
Other comprehensive income for the period from equity accounted investments	**33**	**–15**	**18**	78	–20	58
Exchange differences on translating foreign operations	**–113**	**–**	**–113**	8	–	8
Other comprehensive income	**489**	**–240**	**249**	**64**	**–29**	**35**

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

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

in € million	**1 January to 30 September 2013**			1 January to 30 September 2012*		
	Before tax	Deferred taxes	After tax	Before tax	Deferred taxes	After tax
Remeasurement of the net liability for defined benefit pension plans	**867**	**–292**	**575**	–1,681	480	–1,201
Available-for-sale securities	**–11**	**19**	**8**	184	–35	149
Financial instruments used for hedging purposes	**1,099**	**–331**	**768**	141	–56	85
Other comprehensive income for the period from equity accounted investments	**–8**	**1**	**–7**	81	–19	62
Exchange differences on translating foreign operations	**–474**	**–**	**–474**	168	–	168
Other comprehensive income	**1,473**	**–603**	**870**	**–1,107**	**370**	**–737**

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

16 — **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, software and acquired customer lists. Capitalised development costs at 30 September 2013 amounted to €4,606 million (31 December 2012: €4,347 million). Additions to development costs in the first nine months of 2013 totalled €1,050 million (2012: €725 million). The amortisation expense for the period was €791 million (2012: €858 million).

At 30 September 2013 other intangible assets amounted to €778 million (31 December 2012: €491 million), including a brand-name right with a carrying amount of €43 million (31 December 2012: €44 million). During the first nine months of the year, €423 million (2012: €55 million) was invested in other intangible assets and an impairment loss of €5 million (2012: € – million) recognized. Capital expenditure included the acquisition of licenses amounting to €379 million, which are being amortised on a straight-line basis over a period of six years. Amortisation on other intangible assets for the nine-month period totalled €131 million (2012: €76 million).

In addition, intangible assets include goodwill of €33 million (31 December 2012: €33 million) allocated to the Automotive cash-generating unit and goodwill of €336 million (31 December 2012: €336 million) allocated to the Financial Services cash-generating unit.

Intangible assets amounting to €43 million (31 December 2012: €44 million) are subject to restrictions on title.

17 — **Property, plant and equipment**

Capital expenditure for property, plant and equipment in the first nine months of 2013 totalled €2,861 million (2012: €1,941 million). The depreciation expense for the same period amounted to €1,806 million (2012: €1,670 million), while disposals amounted to €672 million (2012: €464 million).

18 — **Leased products**

Additions/reclassifications to leased products and depreciation thereon in the first nine months of 2013 amounted to €9,948 million (2012: €9,635 million) and €2,570 million (2012: €3,293 million) respectively. Disposals totalled €6,038 million (2012: €5,565 million). The translation of foreign currency financial statements resulted in a net negative translation difference of €374 million (2012: net positive translation difference of €217 million).

19 — **Investments accounted for using the equity method and other investments**

Investments accounted for using the equity method comprise the Group's investments in the joint ventures BMW Brilliance Automotive Ltd., Shenyang, SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, SGL Automotive Carbon Fibers LLC, Dover, DE, DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich.

Other investments relate primarily to investments in non-consolidated subsidiaries, interests in associated companies not accounted for using the equity method, participations and non-current marketable securities. Impairment losses totalling €85 million (2012: €154 million) were recognised on investments during the nine-month period under review and related mainly to the investment in SGL Carbon SE, Wiesbaden, which was written down after being tested for impairment.

20 — **Receivables from sales financing**

Receivables from sales financing totalling €53,675 million (31 December 2012: €52,914 million) relate to credit financing for retail customers and dealers and to finance leases.

Receivables from sales financing include €32,315 million (31 December 2012: €32,309 million) with a remaining term of more than one year.

21 — Financial assets

Financial assets comprise:

in € million	30.9.2013	31.12.2012
Derivative instruments	**3,309**	2,992
Marketable securities and investment funds	**2,985**	2,655
Loans to third parties	**38**	44
Credit card receivables	**218**	234
Other	**531**	835
Financial assets	**7,081**	**6,760**
thereof non-current	**2,072**	2,148
thereof current	**5,009**	4,612

A description of the measurement of derivatives is provided in note 31.

22 — Income tax assets

Income tax assets totalling €1,078 million (31 December 2012: €966 million) include claims amounting to €673 million (31 December 2012: €638 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.

23 — Other assets

in € million	30.9.2013	31.12.2012*
Other taxes	**720**	796
Receivables from subsidiaries	**729**	738
Receivables from other companies in which an investment is held	**742**	676
Prepayments	**1,134**	1,043
Collateral receivables	**725**	555
Sundry other assets	**825**	659
Other assets	**4,875**	**4,467**
thereof non-current	**862**	803
thereof current	**4,013**	3,664

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

24 — Inventories

Inventories comprise the following:

in € million	30.9.2013	31.12.2012
Raw materials and supplies	**979**	786
Work in progress, unbilled contracts	**909**	827
Finished goods and goods for resale	**9,439**	8,112
Inventories	**11,327**	**9,725**

25 — Assets held for sale and liabilities in conjunction with assets held for sale

In the financial year 2012 the Board of Management of BMW AG decided to realign its strategic direction for the Motorcycles segment in view of the changing nature of motorcycle markets, demographic developments and stricter environmental requirements. The BMW Group intends to broaden its product range, in particular in the fields of urban mobility and e-mobility, in order to open up future growth opportunities. In line with the decision to focus on the BMW Motorrad brand, and considering the declining size of the relevant markets, it was considered a sensible move to sell the Husqvarna Motorcycles brand.

In December 2012, BMW AG, Munich, and Pierer Industrie AG, Wels, reached agreement with regard to the sale of Husqvarna Motorcycles S.r.l., Cassinetta di Biandronno, and Husqvarna Motorcycles NA, LLC, Wilmington, DE, to Pierer Industrie AG, Wels. Following approval of the transaction by the Austrian Merger Control Authorities, the Husqvarna Group was sold on 6 March 2013 and is therefore no longer included in the group reporting entity. A gain of €4.8 million arising on deconsolidation of the Husqvarna Group is reported in other operating income within the Motorcycles segment.

26 — Equity

The Group Statement of Changes in Equity is shown on pages 34 and 35.

Number of shares issued

At 30 September 2013 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 53,994,217 shares (31 December 2012: 53,994,217 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, 1,798,055 shares of preferred stock have been issued to employees up to the reporting date. Authorised Capital therefore stands at €3.2 million at 30 September 2013. The BMW Group did not hold any treasury shares at the end of the reporting period.

Capital reserves

Capital reserves include premiums arising from the issue of shares and were unchanged from 31 December 2012 at €1,973 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. In previous years, revenue reserves were reported in the Consolidated Statement of Changes in Equity separately for pension obligations and for other revenue reserves.

Revenue reserves increased during the nine-month period to stand at €31,493 million at 30 September 2013 (31 December 2012: originally €28,340 million). The opening balance of revenue reserves increased at 1 January 2013 by €204 million to €28,544 million as a result of the adoption of revised IAS 19.* In addition, they were increased in the first nine months of 2013 by the net profit for the period attributable to shareholders of BMW AG amounting to €4,014 million (31 December 2012: €5,096 million) and reduced by the payment of dividends on common stock (€1,505 million) and preferred stock (€135 million) for the financial year 2012 by BMW AG. Revenue reserves increased by €575 million as a result of value adjustments recognised on the net liability for defined benefit pension plans (net of deferred tax recognised directly in equity).

* Further information is provided in note 4.

Accumulated other equity

Accumulated other equity comprises all amounts recognised directly in equity resulting from the translation of the financial statements of foreign operations, 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 €159 million (31 December 2012: €107 million). This includes a minority interest of €20 million in the results for the period (31 December 2012: €26 million).

27 — Other provisions

Other provisions, at €6,239 million (31 December 2012*: €6,687 million) primarily include employee and social-related obligations as well as obligations for ongoing operational expenses.

Current other provisions at 30 September 2013 amounted to €3,060 million (31 December 2012*: €3,246 million).

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

28 — Income tax liabilities

Income tax liabilities totalling €1,190 million (31 December 2012: €1,482 million) include obligations amounting to €769 million (31 December 2012: €806 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 comprise €174 million (31 December 2012: €438 million) for taxes payable and €1,016 million (31 December 2012: €1,044 million) for tax provisions.

29 — Financial liabilities

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

in € million	30.9.2013	31.12.2012
Bonds	**29,954**	29,852
Liabilities to banks	**9,102**	9,484
Liabilities from customer deposits (banking)	**12,950**	13,018
Commercial paper	**4,402**	4,577
Asset backed financing transactions	**9,969**	9,411
Derivative instruments	**1,197**	1,790
Other	**1,604**	1,375
Financial liabilities	**69,178**	**69,507**
thereof non-current	**39,543**	39,095
thereof current	**29,635**	30,412

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 31.

30 — Other liabilities

Other liabilities comprise the following items:

in € million	30.9.2013	31.12.2012
Other taxes	**814**	713
Social security	**72**	76
Advance payments from customers	**515**	668
Deposits received	**399**	466
Payables to subsidiaries	**146**	236
Payables to other companies in which an investment is held	**107**	1
Deferred income	**4,937**	4,512
Other	**4,240**	3,524
Other liabilities	**11,230**	**10,196**
thereof non-current	**3,531**	3,404
thereof current	**7,699**	6,792

31 — Financial instruments

The fair values shown are computed using market information available at the balance sheet date, on the basis of prices quoted by the contract partners or using appropriate measurement methods e.g. discounted cash flow models. In the latter case, amounts were discounted at 30 September 2013 on the basis of the following interest rates:

ISO Code in %	EUR	USD	GBP	JPY
Interest rate for six months	0.23	0.26	0.18	0.57
Interest rate for one year	0.42	0.32	0.65	0.23
Interest rate for five years	1.25	1.58	1.76	0.40
Interest rate for ten years	2.15	2.89	2.80	0.88

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 are taken into account in the measurement of derivative financial instruments. The methodology for collating data used in the fair values computation model was refined during the second quarter 2013, particularly in terms of the way interest rate curves are employed and the use of additional market data (tenor and currency basis spreads). This helps 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. In addition, the Group's own default risk and that of counterparties is taken into account in the form of credit default swap (CDS) contracts which have appropriate terms and which can be observed on the market.

Financial instruments measured at fair value are allocated to different measurement levels in accordance with IFRS 7. This includes financial instruments that are

1. measured at their fair values in an active market for identical financial instruments (level 1),
2. measured at their fair values in an active market for comparable financial instruments or using measurement models whose main input factors are based on observable market data (level 2) or
3. using input factors not based on observable market data (level 3).

The following table shows the amounts allocated to each measurement level at the end of the reporting period:

30 September 2013	Level hierarchy in accordance with IFRS 7		
in € million	Level 1	Level 2	Level 3
Marketable securities, investment fund shares and collateral assets – available-for-sale	3,326	–	–
Other investments – available-for-sale	370	–	–
Derivative instruments (assets)			
Cash flow hedges	–	1,653	–
Fair value hedges	–	577	–
Other derivative instruments	–	1,079	–
Derivative instruments (liabilities)			
Cash flow hedges	–	342	–
Fair value hedges	–	392	–
Other derivative instruments	–	463	–

31 December 2012	Level hierarchy in accordance with IFRS 7		
in € million	Level 1	Level 2	Level 3
Marketable securities, investment fund shares and collateral assets – available-for-sale	2,812	–	–
Other investments – available-for-sale	391	–	–
Derivative instruments (assets)			
Cash flow hedges	–	925	–
Fair value hedges	–	1,457	–
Other derivative instruments	–	610	–
Derivative instruments (liabilities)			
Cash flow hedges	–	701	–
Fair value hedges	–	320	–
Other derivative instruments	–	769	–

As in the previous year's Group Financial Statements, there were no reclassifications within the level hierarchy during the first nine months of 2013.

In the case of financial instruments held by BMW Group which are not measured at fair value, the carrying amounts of such instruments correspond as a general rule to fair values. The following items are the main exceptions to this general rule:

in € million	30.9.2013		31.12.2012	
	Fair value	Carrying amount	Fair value	Carrying amount
Loans and receivables – Receivables from sales financing	**55,054**	**53,675**	54,374	52,914
Other liabilities – Bonds	**30,437***	**29,954**	29,966	29,852

* Optimised system-based fair value measurement with effect from first quarter 2013.

32 — **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 of BMW AG 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 BMW Group.

In addition, the disclosure requirements of IAS 24 also cover transactions with associated companies, 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 2013, the disclosure requirements contained in IAS 24 affect the BMW Group with regard to business relationships with affiliated, non-consolidated entities, joint ventures and associated companies as well as with members of the Board of Management and Supervisory Board of BMW AG.

The BMW Group maintains normal business relationships with non-consolidated subsidiaries. Transactions with these companies 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 for an amount of €2,575 million (2012: €2,194 million), of which €859 million was recorded in the third quarter (2012: €792 million). At 30 September 2013, receivables of Group companies from BMW Brilliance Automotive Ltd., Shenyang, totalled €652 million (31 December 2012: €608 million). Payables of Group companies to BMW Brilliance Automotive Ltd., Shenyang, at 30 September 2013 amounted to €103 million (31 December 2012: € – million). Group companies received goods and services from BMW Brilliance Automotive Ltd., Shenyang, during the first three quarters of 2013 for an amount of €24 million (2013: €18 million), of which €16 million (2012: €12 million) was recorded in the third quarter.

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 2013 receivables of Group companies for loans disbursed to the joint ventures amounted to €90 million (31 December 2012: €68 million). Interest income earned on these loans in the first three quarters of 2013 amounted to €2 million (2012: €2 million). Goods and services received by Group companies from the joint ventures during the period under report totalled €22 million (2012: €5 million), of which €10 million (2012: €2 million) was recorded in the third quarter. At 30 September 2013 payables of Group companies to the joint ventures amounted to €4 million (31 December 2012: €1 million).

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

Business transactions between BMW Group entities and associated companies 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 Supervisory Board of DELTON AG, Bad Homburg v. d. H., which, via its subsidiaries, performed logistics-related services for the BMW Group during the first nine months of 2013. In addition, companies of the DELTON Group used vehicles provided by the BMW Group, mostly in the form of leasing contracts. Stefan Quandt is also the majority shareholder of Solarwatt GmbH, Dresden. Cooperation arrangements within the field of electromobility have been in place between BMW AG and Solarwatt GmbH, Dresden, since the second quarter 2013. The focus of this collaboration is on providing complete photovoltaic solutions for rooftop systems and carports to BMW i customers. During the first nine months of 2013 Solarwatt GmbH leased vehicles from the BMW Group. The service, cooperation and lease contracts referred to above are not material for the BMW Group. They all arise in the normal course of business and are conducted on the basis of arm's length principles.

Susanne Klatten is a shareholder and member of the Supervisory Board of BMW AG and also a shareholder and Deputy Chairman of the Supervisory Board of Altana AG, Wesel. Altana AG, Wesel, acquired vehicles from the BMW Group during the first three quarters of 2013, 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 significant 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.

33 — **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 2012. 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 2012.

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

Segment information by operating segment

	Automotive		Motorcycles	
in € million	**2013**	2012*	**2013**	2012
External revenues	**13,831**	13,936	**322**	357
Inter-segment revenues	**3,365**	3,251	**2**	1
Total revenues	**17,196**	**17,187**	**324**	**358**
Segment result	**1,549**	1,647	**–4**	–3
Capital expenditure on non-current assets	**1,925**	1,238	**30**	36
Depreciation and amortisation on non-current assets	**889**	832	**16**	13

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

Segment information by operating segment

	Automotive		Motorcycles	
in € million	**2013**	2012*	**2013**	2012
External revenues	**40,924**	41,748	**1,227**	1,207
Inter-segment revenues	**10,380**	8,964	**8**	9
Total revenues	**51,304**	**50,712**	**1,235**	**1,216**
Segment result	**4,887**	5,545	**93**	82
Capital expenditure on non-current assets	**4,320**	2,815	**54**	75
Depreciation and amortisation on non-current assets	**2,666**	2,547	**50**	39

	Automotive		Motorcycles	
in € million	**30.9.2013**	31.12.2012*	**30.9.2013**	31.12.2012
Segment assets	**10,157**	10,991	**472**	405

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

Financial Services 2013	Financial Services 2012	Other Entities 2013	Other Entities 2012*	Reconciliation to Group figures 2013	Reconciliation to Group figures 2012	Group 2013	Group 2012*	
4,596	4,524	**1**	–	**–**	–	**18,750**	18,817	External revenues
398	392	**–**	1	**−3,765**	−3,645	**–**	–	Inter-segment revenues
4,994	**4,916**	**1**	**1**	**−3,765**	**−3,645**	**18,750**	**18,817**	**Total revenues**
398	425	**11**	−37	**35**	−45	**1,989**	1,987	Segment result
4,311	3,754	**–**	–	**−1,846**	−759	**4,420**	4,269	Capital expenditure on non-current assets
2,026	1,461	**–**	–	**−2,013**	−653	**918**	1,653	Depreciation and amortisation on non-current assets

Financial Services 2013	Financial Services 2012	Other Entities 2013	Other Entities 2012*	Reconciliation to Group figures 2013	Reconciliation to Group figures 2012	Group 2013	Group 2012*	
13,695	13,356	**2**	1	**–**	–	**55,848**	56,312	External revenues
1,187	1,226	**2**	3	**−11,577**	−10,202	**–**	–	Inter-segment revenues
14,882	**14,582**	**4**	**4**	**−11,577**	**−10,202**	**55,848**	**56,312**	**Total revenues**
1,314	1,290	**167**	−68	**−437**	−806	**6,024**	6,043	Segment result
12,992	11,237	**–**	–	**−3,091**	−1,771	**14,275**	12,356	Capital expenditure on non-current assets
5,401	4,468	**–**	–	**−2,819**	−1,157	**5,298**	5,897	Depreciation and amortisation on non-current assets

Financial Services 30.9.2013	Financial Services 31.12.2012*	Other Entities 30.9.2013	Other Entities 31.12.2012	Reconciliation to Group figures 30.9.2013	Reconciliation to Group figures 31.12.2012*	Group 30.9.2013	Group 31.12.2012*	
8,080	7,633	**51,624**	50,685	**66,280**	62,121	**136,613**	131,835	Segment assets

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

in € million	**3rd quarter 2013**	3rd quarter 2012*
Reconciliation of segment result		
Total for reportable segments	**1,954**	2,032
Financial result of Automotive segment and Motorcycles segment	**81**	53
Elimination of inter-segment items	**–46**	–98
Group profit before tax	**1,989**	**1,987**
Reconciliation of capital expenditure on non-current assets		
Total for reportable segments	**6,266**	5,028
Elimination of inter-segment items	**–1,846**	–759
Total Group capital expenditure on non-current assets	**4,420**	**4,269**
Reconciliation of depreciation and amortisation on non-current assets		
Total for reportable segments	**2,931**	2,306
Elimination of inter-segment items	**–2,013**	–653
Total Group depreciation and amortisation on non-current assets	**918**	**1,653**

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

in € million	**1 January to 30 September 2013**	1 January to 30 September 2012*
Reconciliation of segment result		
Total for reportable segments	**6,461**	6,849
Financial result of Automotive segment and Motorcycles segment	**–95**	–276
Elimination of inter-segment items	**–342**	–530
Group profit before tax	**6,024**	**6,043**
Reconciliation of capital expenditure on non-current assets		
Total for reportable segments	**17,366**	14,127
Elimination of inter-segment items	**–3,091**	–1,771
Total Group capital expenditure on non-current assets	**14,275**	**12,356**
Reconciliation of depreciation and amortisation on non-current assets		
Total for reportable segments	**8,117**	7,054
Elimination of inter-segment items	**–2,819**	–1,157
Total Group depreciation and amortisation on non-current assets	**5,298**	**5,897**

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

in € million	30.9.2013	31.12.2012*
Reconciliation of segment assets		
Total for reportable segments	**70,333**	69,714
Non-operating assets – Other Entities segment	**6,197**	6,065
Operating liabilities – Financial Services segment	**83,045**	81,064
Interest-bearing assets – Automotive and Motorcycles segments	**35,944**	36,321
Liabilities of Automotive and Motorcycles segments not subject to interest	**25,037**	21,943
Elimination of inter-segment items	**–83,943**	–83,272
Total Group assets	**136,613**	**131,835**

* Prior year figures have been adjusted in accordance with the revised version of IAS 19, see note 4.

OTHER INFORMATION

Financial Calendar

Annual Report 2013	19 March 2014
Annual Accounts Press Conference	19 March 2014
Analyst and Investor Conference	20 March 2014
Quarterly Report to 31 March 2014	6 May 2014
Annual General Meeting	15 May 2014
Quarterly Report to 30 June 2014	5 August 2014
Quarterly Report to 30 September 2014	4 November 2014

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PUBLISHED BY
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