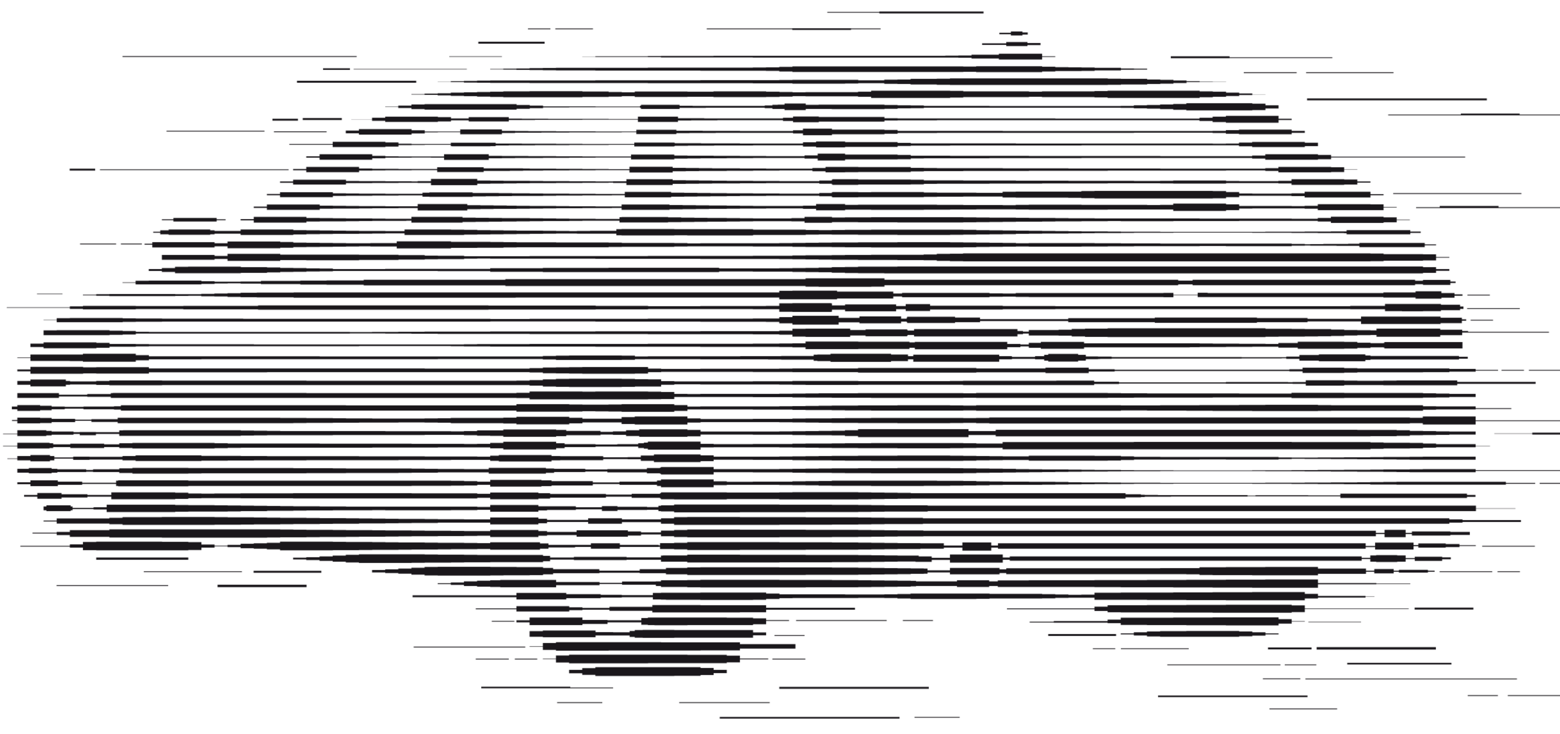
Quarterly Report
to 30 June 2010



Q2

Rolls-Royce
Motor Cars Limited

BMW Group

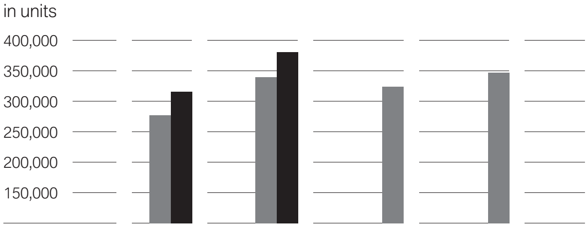
BMW Group in figures

		2nd quarter 2010	2nd quarter 2009	Change in %
Deliveries to customers				
Automobiles	units	**380,412**	338,190	12.5
Motorcycles[1]	units	**36,175**	29,742	21.6
Vehicle production				
Automobiles	units	**385,140**	306,009	25.9
Motorcycles[2]	units	**31,893**	21,152	50.8
Workforce at end of quarter				
BMW Group		**95,502**	98,261	–2.8
Financial figures				
Operating cash flow[3]	euro million	**2,111**	**987**	**–**
Revenues	euro million	**15,348**	**12,971**	**18.3**
Profit before financial result (EBIT)	euro million	**1,717**	**169**	**–**
Automobiles	euro million	**1,317**	–31	–
Motorcycles	euro million	**54**	26	–
Financial Services	euro million	**379**	75	–
Other Entities	euro million	**–81**	26	–
Eliminations	euro million	**48**	73	–34.2
Profit before tax	euro million	**1,299**	**151**	**–**
Automobiles	euro million	**938**	–158	–
Motorcycles	euro million	**53**	24	–
Financial Services	euro million	**379**	81	–
Other Entities	euro million	**–70**	18	–
Eliminations	euro million	**–1**	186	–
Income taxes	euro million	**–465**	**–30**	**–**
Net profit	euro million	**834**	**121**	**–**
Earnings per share[4]	euro	**1.27 / 1.28**	**0.18 / 0.19**	**– / –**

[1] excluding Husqvarna Motorcycles (3,020 motorcycles)
[2] excluding Husqvarna Motorcycles (3,468 motorcycles)
[3] cash inflow from operating activities of the Automobiles segment
[4] for common / preferred stock in accordance with IAS 33. In computing earnings per share of preferred stock, earnings to cover the additional dividend of euro 0.02 per share of preferred stock are spread over the quarters of the corresponding financial year.

Deliveries of automobiles

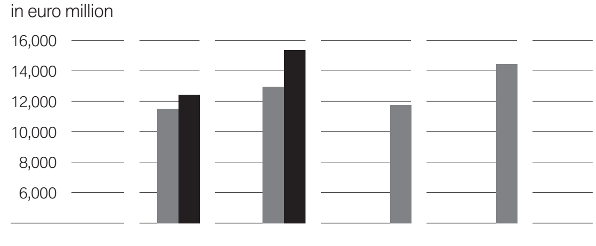
in units



	Q1	Q2	Q3	Q4
2009	277,264	338,190	324,100	346,756
2010	**315,614**	**380,412**		

Revenues

in euro million



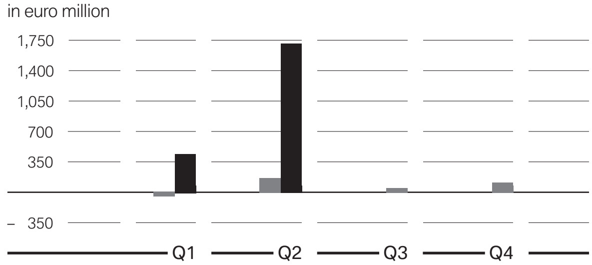
	Q1	Q2	Q3	Q4
2009	11,509	12,971	11,759	14,442
2010	**12,443**	**15,348**		

		1 January to 30 June 2010	1 January to 30 June 2009	Change in %
Deliveries to customers				
Automobiles	units	**696,026**	615,454	13.1
Motorcycles[1]	units	**57,015**	46,974	21.4
Vehicle production				
Automobiles	units	**705,201**	573,646	22.9
Motorcycles[2]	units	**62,115**	50,263	23.6
Workforce at end of quarter				
BMW Group		**95,502**	98,261	–2.8
Financial figures				
Operating cash flow[3]	euro million	**2,408**	**2,109**	**14.2**
Revenues	euro million	**27,791**	**24,480**	**13.5**
Profit before financial result (EBIT)	euro million	**2,166**	**114**	**–**
Automobiles	euro million	**1,608**	–282	–
Motorcycles	euro million	**86**	54	59.3
Financial Services	euro million	**592**	145	–
Other Entities	euro million	**–74**	38	–
Eliminations	euro million	**–46**	159	–
Profit/loss before tax	euro million	**1,807**	**–47**	**–**
Automobiles	euro million	**1,158**	–629	–
Motorcycles	euro million	**83**	50	66.0
Financial Services	euro million	**601**	153	–
Other Entities	euro million	**–73**	42	–
Eliminations	euro million	**38**	337	–88.7
Income taxes	euro million	**–649**	**16**	**–**
Net profit/net loss	euro million	**1,158**	**–31**	**–**
Earnings per share[4]	euro	**1.76/1.77**	**–0.05/–0.04**	**–/–**

[1] excluding Husqvarna Motorcycles (4,659 motorcycles)
[2] excluding Husqvarna Motorcycles (5,387 motorcycles)
[3] cash inflow from operating activities of the Automobiles segment
[4] for common/preferred stock in accordance with IAS 33. In computing earnings per share of preferred stock, earnings to cover the additional dividend of euro 0.02 per share of preferred stock are spread over the quarters of the corresponding financial year.

Profit/loss before financial result

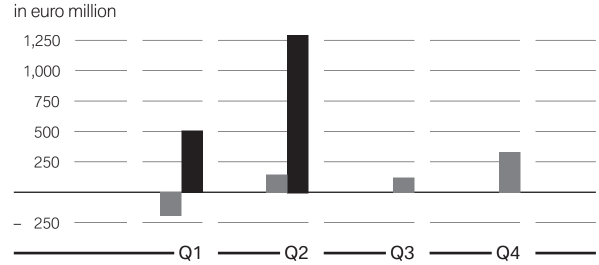
in euro million



	Q1	Q2	Q3	Q4
2009	–55	169	55	120
2010	**449**	**1,717**		

Profit/loss before tax

in euro million



	Q1	Q2	Q3	Q4
2009	–198	151	126	334
2010	**508**	**1,299**		

Interim Group Management Report
The BMW Group – an Overview

Good performance in first half of 2010
The evident market recovery since the beginning of the year continued to gain pace during the second quarter 2010. We performed exceedingly well on the international markets with a range of new and attractive models. Compared to the same period last year, sales volumes in the Automobiles and Motorcycles segments rose sharply and the business volume of the Financial Services segment expanded.

Dynamic growth for all brands
The BMW Group maintained its leading position on the international car markets in the second quarter 2010 with sharply rising sales volume figures. New models, dynamic growth in China and generally improved business conditions on international automobile markets resulted in a very strong sales volume performance, both in the second quarter and over the six-month period. With 380,412 BMW, MINI and Rolls-Royce cars sold in the second quarter 2010, we delivered 12.5% more vehicles to customers than in the same period last year. The total number of vehicles sold in the six-month period rose by 13.1% to 696,026 units.

Our Motorcycles segment performed extremely well, despite unfavourable market conditions. 36,175 BMW motorcycles were sold during the second quarter, 21.6% more than one year earlier. Sales volume for the first six months of the year was up by 21.4% to 57,015 units.

Our Financial Services segment continued to perform successfully. The number of lease and financing contracts in place with dealers and retail customers rose by 3.0% compared to the end of the second quarter 2009 and totalled 3,119,340 contracts at 30 June 2010.

Revenues and earnings well up
Second-quarter Group revenues rose by 18.3% to euro 15,348 million, bringing the six-month revenue figure up to euro 27,791 million, or 13.5% ahead of the previous year. Adjusted for exchange rate factors, Group revenues were up by 10.7%.

Our strong position on international car markets and highly profitable business in our Financial Services segment also had a positive impact on our performance. Earnings before financial result (EBIT) for the second quarter amounted to euro 1,717 million (2009: euro 169 million). The six-month EBIT also jumped sharply, finishing at euro 2,166 million (2009: euro 114 million).

The profit before tax also benefited from this strong performance and amounted to euro 1,299 million for the second quarter 2010 (2009: euro 151 million). The profit before tax for the six-month period was euro 1,807 million (2009: loss before tax of euro 47 million).

Group net profit for the second quarter totalled euro 834 million (2009: euro 121 million) and euro 1,158 million (2009: loss of euro 31 million) for the six-month period.

Workforce size reduced
The BMW Group had a worldwide workforce of 95,502 employees at the end of the second quarter 2010, 2.8% fewer than one year earlier.

Attractive models added to vehicle portfolio
After the successful launching of the new BMW X1, 5 Series Gran Turismo, ActiveHybrid X6, ActiveHybrid 7 and 5 Series Sedan models as well as the revised versions of the X5, 3 Series Coupé and Convertible in the first half of 2010, we will continue to rejuvenate our range of vehicles during the remainder of the year. Mid-September will see the launching of the new BMW 5 Series Touring and the introduction of the extended wheelbase version of the BMW 5 Series Sedan in China. The new BMW 5 Series Touring is the epitome of driving pleasure and efficiency combined with versatility and sporting elegance. The model is also outstanding for its extensive range of convenience and safety features, including numerous exclusive BMW driver assistance systems. The new BMW X3 will also be available on the markets from autumn onwards. The second generation of this Sports Activity Vehicle is winning customers over with its greater spaciousness, optimised functionality and smoother ride. The Auto Start Stop function will be utilised for the first time with a six-cylinder engine and eight-gear automatic transmission in the new BMW X3.

The MINI Countryman will be added to the MINI model range from September onwards. On a similar time scale, the revised models of the MINI, the MINI Clubman and the MINI Convertible will also become available at dealerships. The MINI family will be equipped with a range of new features, including a wider choice of engines and various design modifications. Two more models based on the MINI Coupé Concept and MINI Roadster Concept, originally presented as concept studies at the IAA Motor Show in Frankfurt, will be launched soon after.

After the highly successful introduction of the S 1000 RR Supersport bike, the model revision of the R 1200 RT and the technical revision of the R 1200 GS, the Motorcycles segment presented a number of special enduro models in spring 2010. In order to mark the 30th anniversary, limited editions of the R 1200 GS, R 1200 GS Adventure, F 800 GS and F 650 GS Enduro models featuring special paintwork and high-quality equipment will go on sale. The new K 1600 GT and K 1600 GTL models will be presented to the public for the first time at the INTERMOT International Motorcycle Fair this coming autumn. For the first time in the segment's history, both of these models will be fitted with six-cylinder in-line engines and offer comfortable travel, safety and plenty of features as well as the dynamic riding experience typical for the BMW brand.

International car markets performing dynamically in emerging countries

In the first half of 2010, sales on car markets worldwide were up by 14 % on the previous year. The markets have therefore compensated for more than one half of the slump in demand caused by the international economic and financial crisis. Performance during the six-month period under report varied from market to market.

The car market in China, which had already grown by approximately one half in 2009, grew again by an additional quarter during the first six months of 2010. China therefore continues to be the largest car market worldwide.

The US market, which slumped last year to its lowest point since 1982, grew by 17 % during the first half of 2010, but still short of the level seen in recent years.

European markets performed inconsistently. As a result of the expiry of the scrappage bonus scheme, the German market was approximately one third down on the record level registered in the first half of 2009. In other countries, however, scrappage bonus programmes continued into the first half of 2010, helping to stabilise those markets. Sales volumes in Italy and France for the six-month period were roughly at the previous year's level. The UK car market also benefited during the first six months of 2010 from the ongoing scrappage bonus programme, surpassing the previous year's volume by approximately 16 %. The recovery in Spain was particularly pronounced: after contracting by approximately one half over the course of the financial crisis, the market grew by 38 % during the first half of 2010. The European market as a whole was one per cent down on the previous year.

In Japan government-funded stimulus programmes based on ecological criteria resulted in demand rising by about one fifth in the six-month period.

Most emerging markets again recorded double-digit growth figures in the first half of 2010. The number of cars sold in Brazil rose by around 15 %. The market in India grew by roughly one third compared to the previous year. In Russia the scrappage bonus scheme introduced in 2010 helped to stabilise the market at the previous year's level over the six-month period, after contracting by one half the previous year.

International motorcycle markets still in decline

Most of the world's motorcycle markets in the 500 cc plus class relevant for the BMW Group contracted in the second quarter 2010 and the markets were 10.7 % down on a six-month basis. European markets shrank by 8.4 % during the first six months of 2010. Only the Spanish market recorded a significant increase (+ 45.2 %) after the heavy losses recorded in 2009. By contrast, the other major European motorcycle markets continued to contract, such as Germany (– 7.9 %), France (– 7.0 %), the UK (– 18.4 %) and Italy (– 12.9 %).

In the USA the 500 cc plus segment was 13.7 % down on a six-month basis. Motorcycle sales in Japan during the period from January to June 2010 were 6.5 % lower than one year earlier.

Financial markets still dominated by uncertainty

International financial markets continued to be fraught with uncertainty during the first half of 2010, additionally exacerbated by the debt crisis in Europe. Towards the end of the period, governments and central banks were forced to intervene massively to stabilise the markets.

The reference interest rates of the major central banks again remained more or less stable during the second quarter 2010. Only Canada, Australia and New Zealand raised their reference interest rates by 25 basis points.

Pressure on lease and credit financing business on the one hand and dealer / importer financing business on the other eased somewhat during the period due to economic recovery on the world's major car markets.

The situation also improved on the used car markets in continental Europe during the first half of 2010. Used car markets in North America and Great Britain continued to stabilise in the second quarter 2010.

Interim Group Management Report
Automobiles

Strong sales volume growth
The recovery of many of the world's automobile markets had a positive impact on both second-quarter and six-month business performance. During the period from April to June 2010, we sold a total of 380,412 BMW, MINI and Rolls-Royce brand cars (+12.5%). The total number sold during the six-month period increased by 13.1% to 696,026 units.

With a second-quarter sales volume of 319,946 units, BMW brand sales were 14.2% up on the previous year. The MINI brand recorded a 3.2% increase to 59,775 units. Sales growth for Rolls-Royce Motor Cars was particularly strong with the number of cars sold in the quarter more than quadrupling to 691 units (2009: 155 units).

During the six-month period under report we sold 585,755 BMW brand cars worldwide (+14.1%). Sales volume for the MINI in the same period rose by 7.6% to 109,301 units. Sales of Rolls-Royce brand cars almost tripled to 970 units (2009: 329 units).

Sales volume growth on most markets
In Europe we delivered a total of 212,800 BMW, MINI and Rolls-Royce brand cars during the second quarter 2010 (+3.6%). Sales in this region for the six-month period increased by 4.0% to 389,831 units. The number of vehicles handed over to customers in Germany during the period from April to June 2010 decreased by 9.0% to 73,482 units compared to the same quarter last year. Six-month sales were down by 6.6% to 132,266 units. By contrast, we recorded a sharp sales volume increase (+34.2%) in Great Britain, with 40,859 units sold in the second quarter. The six-month sales volume figure for this market also rose steeply (+20.6%) to 73,129 units. Compared to the first half of the previous year, sales volumes were also well up in France (34,247 units/+11.6%) and Spain (23,431 units/+35.9%). In Italy, on the other hand, we handed over 34,078 vehicles during the six-month period under report, 15.4% fewer than one year earlier.

The North American market was back on the road to recovery with 76,245 units (+5.4%) sold in the second quarter 2010 and 136,979 units in the six-month period (+7.1%). A second-quarter growth rate of 5.6% was achieved in the USA with a total of 66,771 units handed over to customers. During the first half of the year we sold 121,912 units on this market (+6.4%).

The number of cars sold in Asia climbed particularly steeply, both on a quarterly and a six-month basis. Second-quarter sales volume rose by 59.4% to 69,927 units and the six-month figure grew by 57.7% to 128,845 units. Growth on the Chinese markets (China, Hong Kong, Taiwan) was extremely dynamic, with second-quarter sales up 98.6% to 45,200 units. During the period from January to June 2010 we handed over 81,807 vehicles to customers, almost doubling our sales volume on these markets (+99.5%). The Japanese market is also beginning to recover: the number of vehicles sold here edged up by 1.5% to 20,921 units.

Strong growth for the BMW brand
Now in the seventh year since its market launch, the six-month sales volume of 103,819 units for the BMW 1 Series remained short of the previous year's performance (–5.1%). By contrast, sales of the BMW 3 Series during this period increased by 3.0% (199,027 units).

The new BMW 5 Series Sedan and the BMW 5 Series Gran Turismo in particular helped the 5 Series to achieve 10.8% growth during the period from January to June 2010 (94,699 units). The BMW 5 Series Touring will be available as of September 2010 and will create additional momentum in the final quarter of the year.

Due to model life-cycle factors, at 3,085 units, the six-month sales volume for the BMW 6 Series was 37.4% down on last year's figure. The BMW Z4 is performing extremely well and became the market leader in its segment worldwide during the first half of 2010. In total, we sold 14,236 units of the Z4 (+74.7%) during the period. The BMW 7 Series also headed the market worldwide in its segment during the first half of 2010. In total, 30,711 units were handed to customers during the period from January to June (+50.0%).

Automobiles

		2nd quarter 2010	2nd quarter 2009	Change in %
Deliveries to customers	units	**380,412**	338,190	12.5
Production	units	**385,140**	306,009	25.9
Revenues	euro million	**13,669**	10,827	26.2
Profit/loss before financial result (EBIT)	euro million	**1,317**	–31	–
Profit/loss before tax	euro million	**938**	–158	–
Workforce at end of quarter		**88,578**	91,344	–3.0

Automobiles

		1 January to 30 June 2010	1 January to 30 June 2009	Change in %
Deliveries to customers	units	**696,026**	615,454	13.1
Production	units	**705,201**	573,646	22.9
Revenues	euro million	**24,341**	20,432	19.1
Profit/loss before financial result (EBIT)	euro million	**1,608**	–282	–
Profit/loss before tax	euro million	**1,158**	–629	–

The BMW X1 is proving extremely popular with customers and 46,705 units were sold worldwide during the six-month period under report. Altogether, more than 55,000 units of this model have been sold since its market launch in October 2009. With the BMW X3 now coming to the end of its product life-cycle, the six-month sales volume of this

Deliveries of BMW automobiles by model variant

in units

	1 January to 30 June 2010	1 January to 30 June 2009	Change in %
BMW 1 Series			
Three-door	**17,535**	21,322	–17.8
Five-door	**59,695**	60,805	–1.8
Coupé	**12,692**	11,414	11.2
Convertible	**13,897**	15,802	–12.1
	103,819	**109,343**	**–5.1**
BMW 3 Series			
Sedan	**120,616**	103,005	17.1
Touring	**36,693**	42,315	–13.3
Coupé	**22,641**	27,137	–16.6
Convertible	**19,077**	20,729	–8.0
	199,027	**193,186**	**3.0**
BMW 5 Series			
Sedan	**68,785**	67,473	1.9
Touring	**14,111**	18,003	–21.6
Gran Turismo	**11,803**	–	–
	94,699	**85,476**	**10.8**
BMW 6 Series			
Coupé	**1,623**	2,442	–33.5
Convertible	**1,462**	2,484	–41.1
	3,085	**4,926**	**–37.4**
BMW 7 Series			
	30,711	**20,479**	**50.0**
BMW X1			
	46,705	**–**	**–**
BMW X3			
	24,841	**27,955**	**–11.1**
BMW X5			
	46,459	**44,231**	**5.0**
BMW X6			
	22,173	**19,847**	**11.7**
BMW Z4			
	14,236	**8,148**	**74.7**
BMW total	**585,755**	**513,591**	**14.1**

model (24,841 units) was 11.1 % down against the previous year, in line with expectations. The new X3 will be launched in October 2010 and should boost demand during the final quarter of the year. The availability of the BMW X5 Series model revision since spring 2010 pushed sales of this model up by 5.0 % to 46,459 units. The BMW X6 also performed well during the period under report, with sales up by 11.7 % to 22,173 units.

MINI brand sales volume up on previous year

Sales of the MINI brand increased by 3.2 % worldwide to 59,775 units in the second quarter and by 7.6 % to 109,301 units for the six-month period under report. MINI sales went up by 7.5 % (to 76,080 units), while the Convertible recorded a growth rate of 39.0 % (16,958 units). Only the Clubman, with a sales volume of 16,263 units, fell short of the previous year's figure (–12.4 %). The

Deliveries of MINI automobiles by model variant

in units

	1 January to 30 June 2010	1 January to 30 June 2009	Change in %
MINI			
One	**23,382**	16,635	40.6
Cooper	**37,033**	37,396	–1.0
Cooper S	**15,665**	16,740	–6.4
	76,080	**70,771**	**7.5**
MINI Convertible			
One	**1,922**	167	–
Cooper	**8,722**	6,988	24.8
Cooper S	**6,314**	5,042	25.2
	16,958	**12,197**	**39.0**
MINI Clubman			
One	**1,282**	655	95.7
Cooper	**10,357**	12,460	–16.9
Cooper S	**4,624**	5,451	–15.2
	16,263	**18,566**	**–12.4**
MINI total	**109,301**	**101,534**	**7.6**

model revisions of the MINI, the MINI Convertible and the MINI Clubman will go on sale in September. The new MINI Countryman will also be launched at that stage, giving us good reason to believe that demand for the MINI brand will receive additional impetus towards the end of the year.

Sharp sales volume increase for Rolls-Royce

The Rolls-Royce brand performed particularly well on both a quarterly and six-month basis, with 691 units handed over to customers worldwide during the period from April to June 2010 (2009: 155 units) and sales almost tripling for the six-month period to 970 units (2009: 329 units).

Deliveries of Rolls-Royce automobiles by model variant

in units

	1 January to 30 June 2010	1 January to 30 June 2009	Change in %
Rolls-Royce			
Phantom (including Phantom Extended Wheelbase)	**155**	127	22.0
Drophead Coupé	**61**	117	–47.9
Coupé	**37**	85	–56.5
Ghost	**717**	–	–
Rolls-Royce total	**970**	**329**	**194.8**

One of the main factors contributing to this performance was the new Rolls-Royce Ghost model, which received broad acclaim from the media and customers alike.

Car production increased

Production volumes were increased during the period under review in response to significantly higher demand and the start-up of various new models. During the second quarter 2010 we manufactured 385,140 BMW, MINI and Rolls-Royce brand cars (+25.9%). This figure comprises 326,092 BMW (+27.5%), 58,193 MINI (+16.0%) and 855 Rolls-Royce brand vehicles (2009: 109 units).

Total production volume for the six-month period was increased by 22.9% to 705,201 units. Altogether, 592,891 BMW brand vehicles (+23.5%) and 110,881 MINI brand vehicles (+19.0%) rolled off the production lines during this period. Rolls-Royce Motor Cars manufactured 1,429 units (2009: 259 units) during the six-month period.

Automobiles segment revenues and earnings increased sharply

In line with the good sales volume performance, Automobiles segment revenues increased both on a quarterly and a six-month basis. Second-quarter revenues climbed by 26.2% to euro 13,669 million, in the first six months revenues increased to euro 24,341 million (+19.1%). Measures taken to boost profitability are also having an increasingly positive impact on segment earnings. Thanks to an even stronger position on the car markets, second-quarter EBIT turned around from a loss of euro 31 million to a profit of euro 1,317 million, while the six-month EBIT improved to euro 1,608 million (2009: loss of euro 282 million). The segment result before tax totalled euro 938 million for the second quarter (2009: loss of euro 158 million) and euro 1,158 million (2009: loss of euro 629 million) for the six-month period.

Automobiles segment workforce reduced

The Automobiles segment had a worldwide workforce of 88,578 employees at 30 June 2010, 3.0% fewer than one year earlier.

Motorcycle sales volume well up

The Motorcycles segment performed well during the reporting period amidst unfavourable business conditions, recording sales volume growth on both a quarterly and a six-month basis. In total, 36,175 motorcycles were handed over to customers during the period from April to June 2010 (+21.6%); the figure for the first six months was 57,015 motorcycles (+21.4%). We significantly strengthened our competitive position with this performance and are now market leaders in the 500 cc plus segment in countries such as Germany, Italy, the Netherlands, Belgium, Austria and South Africa. The number of motorcycles sold during the first half of the year rose by 24.0% to 41,066 units, with growth recorded across all markets. The growth rate in Germany, where 9,071 units were sold, was 18.6%. The six-month sales volume figures climbed extremely steeply in Spain (4,187 units/+48.1%) and France (5,191 units/+49.6%). Pleasing growth was also achieved in Italy (9,774 units/+17.3%) and Great Britain (3,805 units/+13.5%).

In the USA we sold a total of 5,767 BMW motorcycles (+16.1%) during the period from January to June 2010. At 1,426 units, the sales volume in Japan was also up on the previous year (+2.5%).

Motorcycle production increased

Motorcycle production was also brought in line with higher demand and 31,893 units left the production lines during the second quarter (+50.8%). A total of 62,115 units were manufactured during the six-month period (+23.6%).

Motorcycle segment revenues and EBIT up on previous year

The sharp rise in sales volumes is reflected in increased segment revenues, both on a quarterly and a six-month basis. Second-quarter revenues rose by 30.7% to euro 439 million. Revenues grew by 26.2% to euro 790 million for the six-month period. EBIT rose to euro 54 million (2009: euro 26 million) for the second quarter and to euro 86 million (+59.3%) for the six-month period. The profit before tax improved to euro 53 million (2009: euro 24 million) for the period from April to June 2010 and to euro 83 million (+66.0%) for the six-month period.

Slight increase in workforce

The BMW Group employed 2,910 people in the Motorcycles segment at 30 June 2010, marginally up (+0.7%) compared to one year earlier.

Motorcycles

		2nd quarter 2010	2nd quarter 2009	Change in %
Deliveries to customers[1]	units	**36,175**	29,742	21.6
Production[2]	units	**31,893**	21,152	50.8
Revenues	euro million	**439**	336	30.7
Profit before financial result (EBIT)	euro million	**54**	26	–
Profit before tax	euro million	**53**	24	–
Workforce at end of quarter		**2,910**	2,890	0.7

[1] excluding Husqvarna Motorcycles (3,020 motorcycles)
[2] excluding Husqvarna Motorcycles (3,468 motorcycles)

		1 January to 30 June 2010	1 January to 30 June 2009	Change in %
Deliveries to customers[1]	units	**57,015**	46,974	21.4
Production[2]	units	**62,115**	50,263	23.6
Revenues	euro million	**790**	626	26.2
Profit before financial result (EBIT)	euro million	**86**	54	59.3
Profit before tax	euro million	**83**	50	66.0

[1] excluding Husqvarna Motorcycles (4,659 motorcycles)
[2] excluding Husqvarna Motorcycles (5,387 motorcycles)

Successful six-month period for Financial Services

The positive trend emerging in recent months was also borne out by developments in the Financial Services segment. The business volume in balance sheet terms was – partly as a result of exchange rate factors – 7.5 % higher than one year earlier, reaching a total of euro 65,775 million at 30 June 2010. At that date, a total of 3,119,340 lease and financing contracts was in place with dealers and retail customers, an increase of 3.0 % compared to one year earlier.

Sharp increase in new business

In the segment's largest line of business, financing and leasing, a total of 283,701 new contracts were signed with retail customers worldwide during the second quarter 2010. This represents a 9.5 % increase in new business compared to the same quarter last year. The figure for the six-month period was 527,044 new contracts (+ 8.5 %). Leasing business grew by 4.3 %, credit financing by 10.3 %. Lease contracts and credit financing accounted for 28.4 % and 71.6 % of new business respectively. The proportion of new BMW Group cars leased or financed by the Financial Services segment was 46.6 %, 0.4 percentage points down on the previous year.

In the pre-owned car financing line of business, 160,438 new contracts for BMW and MINI brand vehicles were signed during the first half of the year (+ 1.2 %).

The total volume of new financing and leasing contracts with retail customers during the first half of 2010 amounted to euro 13,097 million, an increase of 8.9 % compared to the corresponding period one year earlier.

At the end of the period under report, a total of 2,886,349 contracts (+ 3.1 %) was in place with retail customers. The increase was spread across all regions. The contract portfolio for the European markets grew by 2.5 % while that for the Asia / Oceania / Africa region edged up by 1.9 %. The Americas region again registered the highest growth rate (4.6 %).

Small decrease in fleet business

The BMW Group operates its international multi-brand fleet business under the brand name "Alphabet". Fleet business during the six-month period to 30 June 2010 was slightly down on the previous year. In total, 314,338 fleet vehicle contracts were in place at the end of the period under report (– 1.6 %).

Financial Services

		2nd quarter 2010	2nd quarter 2009	Change in %
New contracts with retail customers		**283,701**	259,166	9.5
Revenues	euro million	**4,198**	4,224	– 0.6
Profit before financial result (EBIT)	euro million	**379**	75	–
Profit before tax	euro million	**379**	81	–
Workforce at end of quarter		**3,895**	3,912	– 0.4

		1 January to 30 June 2010	1 January to 30 June 2009	Change in %
New contracts with retail customers		**527,044**	485,687	8.5
Revenues	euro million	**8,202**	8,227	– 0.3
Profit before financial result (EBIT)	euro million	**592**	145	–
Profit before tax	euro million	**601**	153	–

Financial Services

		30.6.2010	31.12.2009	Change in %
Business volume in balance sheet terms*	euro million	**65,775**	61,202	7.5

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

Strong performance with multi-brand financing
Multi-brand financing business also benefited from the improved economic climate, with business volumes significantly up on the previous year. 61,188 new contracts were signed during the six-month period, 77.9 % more than in the previous year.

Dealer financing increased
The BMW Group provides financing to dealers for inventories, real estate and equipment, making us a strong and reliable partner for dealerships. As a result of increased demand for vehicles, the total volume of dealer-financing contracts managed by the Financial Services segment increased by 10.8 % to euro 9,742 million.

Deposit business up on previous year
The segment's deposit volume worldwide stood at euro 10,131 million at the end of the reporting period, 2.0 % higher than at 31 December 2009. A total of 24,666 securities custodian accounts were under management at 30 June 2010 (– 8.6 %).

Insurance business further expanded
As well as financing and leasing, we also offer insurance products to our customers. Demand for these products remained strong throughout the period under report. The number of new contracts signed during the period increased by 14.7 % to 321,920 contracts. At 30 June 2010, a total of 1,466,390 insurance contracts were in place (+ 11.3 %).

Financial Services segment earnings well up
The beneficial impact of the worldwide economic recovery was also evident in the Financial Services segment, with increased volumes making a positive contribution to earnings. The second-quarter EBIT increased sharply to euro 379 million (2009: euro 75 million) and profit before tax for the same period improved from euro 81 million to euro 379 million. The six-month EBIT improved to euro 592 million (2009: euro 145 million) and the six-month pre-tax profit amounted to euro 601 million (2009: euro 153 million).

Workforce slightly reduced
At 30 June 2010, the Financial Services segment had 3,895 employees, marginally fewer (– 0.4 %) than one year earlier.

BMW stock performs well

The second quarter 2010 was overshadowed by negative economic forecasts, public-sector deficits in several euro-zone countries and sovereign debt problems of Greece. Against this backdrop, the German stock index, the DAX, was plagued by high volatility during the second quarter 2010. After achieving another new high for the year in April (in excess of 6,330 points), the index closed the second quarter at 5,962.52 points, 3.1 % down on its level at the end of the first quarter. The Prime Automobile sector index performed better, making good the small losses recorded in the first quarter and closing on 30 June 2010 at 623.83 points, 16.7 % higher than at the end of the first quarter.

Following on from its strong performance in the first three months, the share price of BMW common stock continued to rise during the second quarter. BMW common stock closed at a price of euro 40.07 at 30 June 2010, 17.2 % up on its closing price three months earlier. The share price rose by 26.0 % compared with the end of the previous financial year, making BMW common stock the most successful share in the DAX 30 during the first half of 2010. BMW preferred stock also performed well, closing at the end of the second quarter at euro 28.89 (+ 10.2 %). This represented an increase of 25.6 % over its closing price at 31 December 2009.

Successful refinancing despite volatile environment

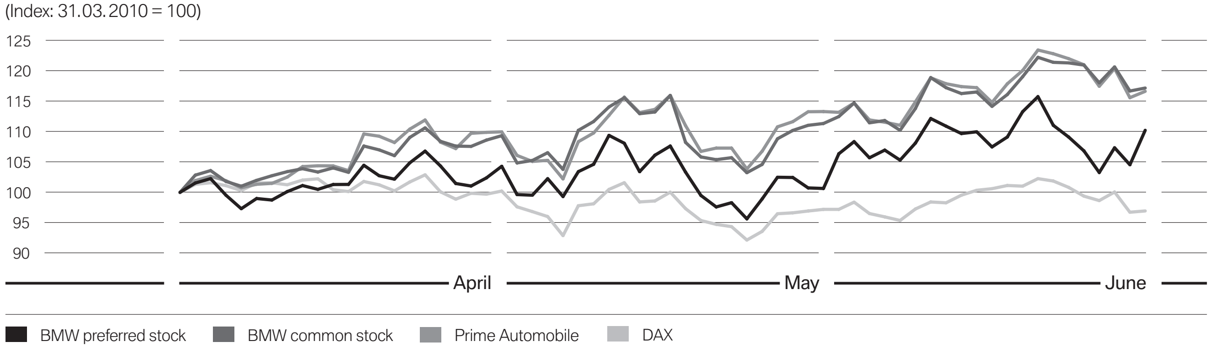
The BMW Group has access to a broadly diversified and flexible range of funding sources to finance its operating activities. In addition to bonds, private placements and commercial paper, this also includes the use of asset-backed securities, bank credits, loan notes and customer deposits. These funds are used to finance the Group's financial services business.

Ongoing volatility on the international capital markets has also resulted in some distortions on the euro capital markets. The BMW Group was nevertheless able to refinance its business successfully. During the second quarter 2010 for example, we issued a bond for South African rand 2.5 billion and a bond for Swiss franc 500 million. In addition, private placements for a total of more than euro 500 million were executed in various currencies.

New ABS transactions totalling euro 1.3 billion rounded off second-quarter refinancing activities. Alongside privately placed ABS transactions amounting to euro 740 million, one ABS bond with a volume of US dollar 750 million was placed publicly on the US capital market. All issues made were highly sought after on international financial markets thanks to the solid credit rating held by the BMW Group.

Development of BMW stock compared to stock exchange indices

(Index: 31.03.2010 = 100)



Earnings performance

The first signs of recovery from the economic and financial crisis emerged at the beginning of 2010. This upward trend continued during the second quarter 2010. Second-quarter and six-month earnings benefited in particular from our strong competitive position on the international markets with new attractive models in the Automobiles segment and improved margins in the Financial Services segment.

Earnings performance for the second quarter 2010

Second-quarter Group revenues rose by 18.3 % to euro 15,348 million (2009: euro 12,971 million). Adjusted for exchange rate factors, the increase would have been 13.2 %. Within Group revenues, external revenues of the Automobiles and Motorcycles segments were up 25.8 % and 30.9 % respectively on the back of higher sales volumes and an improved sales mix. External revenues of the Financial Services segment were at a similar level to the previous year (– 0.3 %). No external revenues were generated with other activities during the three-month period to 30 June 2010 (2009: euro 1 million).

Group cost of sales increased by 5.6 % to euro 12,084 million, rising therefore at a much slower rate than revenues. The main factors for this were lower material costs as a result of rigorous cost management and lower refinancing costs. As a result, the second-quarter gross profit rose by 113.6 % to euro 3,264 million. The gross profit margin was 21.3 % (2009: 11.8 %).

The gross profit margin recorded by the Automobiles segment improved by 8.0 percentage points to 19.0 %; that of the Motorcycles segment stood at 20.3 % (2009: 16.7 %). In the Financial Services segment, it rose from 4.9 % to 12.6 %.

Research and development costs for the second quarter 2010 increased by 14.8 % to euro 746 million and represented 4.9 % (2009: 5.0 %) of revenues. Research and development costs include amortisation of capitalised development costs amounting to euro 318 million (2009: euro 299 million). Total research and development costs for the second quarter 2010, comprising research costs, development costs not recognised as assets and capitalised development costs, amounted to euro 633 million (2009: euro 580 million). This gives a research and development expenditure ratio for the second quarter 2010 of 4.1 % (2009: 4.5 %).

Sales and administrative costs increased by 5.9 % compared to the same quarter last year and represented 9.3 % (2009: 10.4 %) of revenues.

Second-quarter depreciation and amortisation expense included in cost of sales and sales and administrative costs increased by 6.3 % to euro 923 million (2009: euro 868 million).

The net expense from other operating income and expenses for the three-month period amounted to euro 119 million, a deterioration of euro 109 million compared to the previous year. The main reason for this was the higher level of allocations to provisions.

The second-quarter profit before financial result jumped by euro 1,548 million to euro 1,717 million as a result of the strong operating performance.

The financial result was a net expense of euro 418 million, which represented a deterioration of euro 400 million against the corresponding quarter last year. Within the financial result, sundry other financial result deteriorated

Revenues by segment in the second quarter
in euro million

	External revenues		Inter-segment revenues		Total revenues	
	2010	2009	**2010**	2009	**2010**	2009
Automobiles	**11,142**	8,855	**2,527**	1,972	**13,669**	10,827
Motorcycles	**436**	333	**3**	3	**439**	336
Financial Services	**3,770**	3,782	**428**	442	**4,198**	4,224
Other Entities	**–**	1	**1**	–	**1**	1
Eliminations	**–**	–	**–2,959**	–2,417	**–2,959**	–2,417
Group	**15,348**	12,971	**–**	–	**15,348**	12,971

by euro 210 million, mainly as a result of lower fair values of urrency hedge contracts (reflecting the loss in value of the euro) and lower fair values of commodity derivatives.

The second-quarter result from investments deteriorated by euro 91 million as a result of an impairment loss recognised on an investment in a subsidiary. Net interest expense was euro 98 million higher.

The result from equity accounted investments decreased by euro 1 million.

Taking all these factors into consideration, the profit before tax rose by euro 1,148 million to euro 1,299 million. The income tax expense for the quarter increased by euro 435 million, with an effective tax rate of 35.8% (2009: 19.9%).

The BMW Group recorded a net profit of euro 834 million for the second quarter 2010, euro 713 million above the result for the same quarter last year.

In the second quarter 2010, the Group generated earnings per share of common stock of euro 1.27 (2009: euro 0.18) and earnings per share of preferred stock of euro 1.28 (2009: euro 0.19).

Earnings performance for the first half of 2010

Group revenues for the six-month under report increased by 13.5% to euro 27,791 million. Adjusted for exchange rate factors, the increase would have been 10.7%. Within Group revenues, external revenues of the Automobiles and Motorcycles segments increased by 19.2% and 26.3% respectively reflecting the sales volume performance. External revenues of the Financial Services segment were at a similar level to the previous year (– 0.3%). No external revenues were generated with other activities during the six-month period (2009: euro 1 million).

Group cost of sales increased by 4.3% to euro 22,842 million, rising therefore at a slower rate than revenues. This reflects the positive factors discussed above, the most important of which were lower material and lower refinancing costs. As a result, the six-month gross profit rose by 91.8% to euro 4,949 million. The gross profit margin was 17.8% (2009: 10.5%).

The six-month gross profit margin recorded by the Automobiles segment was 16.2% (2009: 9.3%) and that of the Motorcycles segment was 19.2% (2009: 18.7%). The Financial Services segment's gross profit margin improved by 5.9 percentage points to 10.9%.

Research and development costs for the six-month period increased by 13.3% to euro 1,424 million and represented 5.1% of revenues, unchanged compared to the previous year. Research and development costs include amortisation of capitalised development costs amounting to euro 640 million (2009: euro 587 million). Total research and development costs for the first half of 2010, comprising research costs, development costs not recognised as assets and capitalised development costs, amounted to euro 1,218 million (2009: euro 1,148 million). The research and development expenditure ratio for the period was 4.4% (2009: 4.7%).

Sales and administrative costs increased by 7.4% compared to first half of the previous year and represented 9.5% (2009: 10.0%) of revenues.

Depreciation and amortisation for the six-month period included in cost of sales and in sales and administrative

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

in euro million

	External revenues		Inter-segment revenues		Total revenues	
	2010	2009	**2010**	2009	**2010**	2009
Automobiles	**19,657**	16,484	**4,684**	3,948	**24,341**	20,432
Motorcycles	**783**	620	**7**	6	**790**	626
Financial Services	**7,351**	7,375	**851**	852	**8,202**	8,227
Other Entities	**–**	1	**2**	1	**2**	2
Eliminations	**–**	–	**–5,544**	–4,807	**–5,544**	–4,807
Group	**27,791**	**24,480**	**–**	**–**	**27,791**	**24,480**

costs amounted to euro 1,853 million (2009: euro 1,736 million).

The net expense from other operating income and expenses for the six-month period amounted to euro 142 million, a deterioration of euro 135 million compared to the previous year. The main reasons for this were the higher level of allocations to provisions and the lower result on currency transactions.

As a result of the positive factors referred to above, the six-month profit before financial result amounted to euro 2,166 million (2009: euro 114 million).

The six-month financial result was a net expense of euro 359 million, which represented a deterioration of euro 198 million against the previous year (2009: net expense of euro 161 million). This was due to the lower net result on derivative financial instruments due to lower fair values of currency hedging transactions, as a result of which the line item "Sundry other financial result" decreased by euro 46 million. The six-month result from investments deteriorated by euro 91 million as a result of an impairment loss recognised on an investment in a subsidiary.

Within the financial result, net interest expense increased by euro 58 million. The result from investments accounted for using the equity method decreased by euro 3 million to euro 11 million.

Taking all these factors into consideration, the profit before tax improved to euro 1,807 million (2009: loss before tax of euro 47 million). The six-month tax expense amounted to euro 649 million (2009: tax income of euro 16 million), giving an effective tax rate of 35.9 % (2009: 34.0 %).

The BMW Group therefore recorded a net profit of euro 1,158 million for the six-month period (2009: net loss of euro 31 million).

In the first half of 2010, the Group generated positive earnings per share of common stock of euro 1.76 (2009: negative earnings per share of common stock of euro 0.05) and positive earnings per share of preferred stock of euro 1.77 (2009: negative earnings per share of preferred stock of euro 0.04).

Earnings performance by segment

Second-quarter revenues of the Automobiles segment rose by 26.2 %. The segment profit before tax, at euro 938 million, represented an improvement of euro 1,096 million. Segment revenues for the six-month period were 19.1 % higher at euro 24,341 million, while the pre-tax result turned around from a loss before tax of euro 629 million to a profit before tax of euro 1,158 million. The improvement for both periods reflects the improved state of the economy. Our six-month sales volume was up 13.1 %, reflecting the gradual expansion and renewal of our model portfolio and dynamic growth in China.

Revenues of the Motorcycles segment rose by 30.7 % in the second quarter and the profit before tax increased to euro 53 million (2009: euro 24 million). At euro 790 million, segment revenues for the six-month period were up by 26.2 %. The profit before tax for the period jumped by 66.0 % to euro 83 million.

Profit / loss before tax by segment

in euro million

	2nd quarter 2010	2nd quarter 2009	**1 January to 30 June 2010**	1 January to 30 June 2009
Automobiles	**938**	–158	**1,158**	– 629
Motorcycles	**53**	24	**83**	50
Financial Services	**379**	81	**601**	153
Other Entities	**–70**	18	**–73**	42
Eliminations	**–1**	186	**38**	337
Profit / loss before tax	**1,299**	**151**	**1,807**	**–47**
Income taxes	**–465**	–30	**–649**	16
Net profit / net loss	**834**	**121**	**1,158**	**–31**

Revenues of the Financial Services segment, at euro 4,198 million, were at a similar level to the previous year (– 0.6 %), while the segment profit before tax increased to euro 379 million (2009: euro 81 million). Revenues for the six-month period amounted to euro 8,202 million (– 0.3 %), with the segment profit before tax improving to euro 601 million (2009: euro 153 million). This improvement mainly reflected lower expense for risk provision in the areas of credit financing and residual values on the one hand and lower refinancing costs on the other.

The Other Entities segment reports a second-quarter loss before tax of euro 70 million (2009: profit before tax of euro 18 million). The six-month result before tax deteriorated by euro 115 million to become a loss before tax of euro 73 million (2009: profit before tax of euro 42 million). The main reason for this was the higher level of allocations to provisions.

The result from inter-segment eliminations for the second quarter was a net expense of euro 1 million (2009: net income of euro 186 million), mainly reflecting the higher volume of new leasing business. Inter-segment eliminations for the six-month period were a positive amount of euro 38 million (2009: euro 337 million).

Financial position

The cash flow statements of the BMW Group and the Automobiles and Financial Services segments show the sources and applications of cash flows for the first half of the financial years 2009 and 2010, classified into cash flows from operating, investing and financing activities. Cash and cash equivalents in the cash flow statement correspond to the amount disclosed in the balance sheet. Cash flows from operating activities are determined indirectly starting with the Group net profit. By contrast, cash flows from investing and financing activities are based on actual payments and receipts.

The cash inflow from operating activities in the first half of 2010 increased by euro 529 million to euro 5,598 million (2009: euro 5,069 million).

The cash outflow for investing activities, at euro 3,546 million, was similar to the previous year's level (2009: euro 3,533 million). Capital expenditure on intangible assets and property, plant and equipment for the six-month period was euro 345 million lower at euro 1,153 million. The cash outflow for the net investment in leased products and receivables from sales financing increased by euro 130 million to euro 2,029 million. The change in marketable securities resulted in a euro 243 million increase in cash outflow. 157.9 % (2009: 143.5 %) of the cash outflow for investing activities in the six-month period was covered by the cash inflow from operating activities. The cash flow statement of the Automobiles segment for the six-month period shows coverage of 148.7 % (2009: 132.4 %). The cash flow statement of the Financial Services segment also shows a coverage of 129.9 % (2009: 180.2 %) for the period.

Cash inflow from financing activities for the period from January to June 2010 includes inflows of euro 5,098 million from bond issues (2009: euro 6,813 million) and outflows for repayments of euro 1,621 million (2009: euro 3,650 million). Changes in other financial liabilities and commercial paper resulted in a cash outflow from financing activities.

After adjustment for the effects of exchange rate fluctuations and changes in the composition of the BMW Group, the various cash flows resulted over the six month period in an increase in cash and cash equivalents of euro 270 million (2009: euro 3,339 million).

Net financial assets of the Automobiles segment comprise the following:

in euro million	**30. 6. 2010**	31. 12. 2009
Cash and cash equivalents	**6,027**	4,331
Marketable securities and investment funds	**1,128**	1,129
Intragroup net financial receivables	**4,581**	8,272
Financial assets	**11,736**	**13,732**
Less: external financial liabilities*	**–1,784**	–4,770
Net financial assets	**9,952**	**8,962**

* excluding derivative financial instruments

Net assets position

The balance sheet total of the BMW Group increased by euro 6,662 million or 6.5% compared to 31 December 2009. Adjusted for changes in exchange rates, the balance sheet total would have decreased by 0.5%.

The main factors behind the increase on the assets side of the balance sheet were receivables from sales financing (+9.2%), inventories (+21.6%) and trade receivables (+33.3%). On the equity and liabilities side of the balance sheet, the increase was due to the increase in financial liabilities (+5.5%), trade payables (+45.7%) and other liabilities (+19.7%).

Leased products rose by euro 684 million or 3.8%. Excluding the effect of exchange rate fluctuations, leased products would have decreased by 4.0%.

Compared to 31 December 2009, inventories increased by euro 1,418 million to euro 7,973 million (+21.6%). Adjusted for exchange rate factors, the increase would have been 6.4%. The increase reflects the effect of stocking-up in conjunction with the introduction of new models on the one hand and higher business volumes on the other.

Financial assets decreased by 5.5% to euro 4,474 million, mainly as a result of the lower fair values of derivative portfolios.

Cash and cash equivalents went up by euro 270 million to euro 8,037 million.

Group equity went up by euro 303 million to euro 20,218 million. On the one hand Group equity increased due to the net profit (+ euro 1,158 million), translation differences (+ euro 873 million) and the fair value measurement of marketable securities (+ euro 26 million). Deferred taxes on fair value gains and losses recognised directly in equity increased equity by euro 748 million.

On the other hand, Group equity decreased as a result of the fair value measurement of derivative financial instruments (– euro 1,641 million) and actuarial losses on pension obligations due to lower interest rates (– euro 664 million). The dividend payment reduced Group equity by euro 197 million.

The equity ratio of the BMW Group fell by 0.9 percentage points to 18.6%. The equity ratio of the Automobiles segment was 38.3% (31 December 2009: 41.7%) and that of the Financial Services segment was 6.3% (31 December 2009: 6.0%).

The amount recognised in the balance sheet for pension provisions increased by 8.8% to euro 3,235 million, mainly due to lower discount factors used for Germany and the United Kingdom. The externalisation of pension obligations reduced pension provisions by euro 423 million.

Other provisions amounted to euro 4,775 million, similar to the level at 31 December 2009. While provisions for personnel-related expenses and for on-going operational expenses decreased by euro 108 million and euro 48 million respectively, provisions for other obligations increased by euro 167 million.

Financial liabilities were euro 3,346 million higher, mainly due to the issue of bonds. At the same time, liabilities to banks and commercial paper decreased.

Trade payables went up by 45.7% to euro 4,548 million. Other liabilities amounted to euro 7,482 million and were thus euro 1,232 million higher than at 31 December 2009.

Risk management

As a globally operating enterprise, the BMW Group is confronted with numerous risks. A description of these risks and of the Group's risk management methods is provided in the Group Management Report for the financial year ended 31 December 2009 (Annual Report, page 62 et seq.).

Economy continues to recover – risks remain

The global economy is currently on a growth course. The upswing is being carried in particular by dynamic growth in China and India as well as expansive monetary and fiscal policies backed by central banks and governments. On the other hand, significantly increased budgetary deficits, particularly in industrial countries, present a growing risk for the economy.

The economic upswing continues to gather pace in the USA. The employment and real estate markets are, however, highly dependent on governmental stimulus measures. Any curtailment of these measures as part of a strategy to consolidate the US budget deficit could hold down growth in the future. The risk of a new setback, entailing negative consequences for the global economy, remains.

Growth in the euro zone is currently lagging behind the performance of the global economy. Countries in southern Europe are unlikely to experience any major economic momentum in the near future as a result of the effect of high public debt combined with weak employment and real estate markets. In contrast, the current weakness of the euro is benefiting Germany's export performance. It is nevertheless true to say that Germany's export-oriented economy remains dependent on future global economic developments.

The Japanese economy also gathered momentum on the back of strong export growth and wide-ranging government-funded stimulus programmes. The appreciation of the yen and high public debt levels compared to other countries still constitute a risk for economic performance.

The main impetus for the global economy will continue to come from China during the remainder of 2010. There were, however, some signs during the second quarter that the growth rate there is slowing down. Increasing labour shortages, steep wage increases and rapidly rising real estate prices are also pushing the inflation rate up. Under these circumstances it seems likely that the Chinese government will gradually rein in its expansive monetary and fiscal policies.

The outlook for other emerging markets is also positive. The growth rate in India has proved its robustness in the past, irrespective of the international economic crisis, and should continue in the same vein. The situation in Russia has stabilised in recent months, partly reflecting the beneficial effect of higher commodity prices. Brazil's growth rate should return to its pre-crisis level due to strong consumer spending, increased demand for investment and solid state finances.

Energy and raw material prices are currently undergoing a phase of consolidation, reflecting ongoing uncertainty regarding future economic developments and the public-debt situation in the euro zone. However, even after the recent spate of price decreases, many raw materials are now back to the price levels seen prior to the outbreak of the economic and financial crisis. Compared to the previous year, this is resulting in additional expense for both industry and consumers.

Against the background of rising public debt in Europe, the value of the euro has fallen significantly against the US dollar in recent months. However, weak economic data from the USA have partly enabled the common currency to win back some of the lost ground. In view of the very high levels of US state and trade deficits, there is a risk that the US dollar will weaken again in the long term. Uncertainty about the future performance of the economies in the USA and Europe has resulted in a significant short-term appreciation of the Japanese yen, especially against the euro. The currencies of the major raw material exporters, Russia, Australia and Brazil, have performed similarly weakly to the euro and continue to be influenced by cyclical economic developments in China.

Car markets in 2010
As a result of continuing strong demand in the emerging markets of China, India and Brazil, there is a possibility that the number of car sales worldwide in 2010 will match the record figure recorded in 2007. Market growth in most industrial countries will, however, only be moderate.

The US market is expected to grow by a tenth in 2010 compared to the previous year, still leaving demand well below the level prior to the outbreak of the financial crisis.

By contrast, the total market size of the European Union is expected to contract by approximately 10 % in 2010, largely due to lower demand now that the scrappage bonus schemes has come to an end.

Japan, on the other hand, is likely to see its car market expand slightly for the full year due to the extension of the state-funded stimulus programme.

The growth rate in China for the full year is expected to slow down. The Chinese market as a whole should, however, expand by approximately one fifth again in 2010, thus providing the biggest contribution towards growth worldwide. The growth rate in India will also remain high and the markets are expected to expand by approximately one quarter in 2010. By contrast, growth is expected to slow down in Brazil. The car market in Russia is expected to expand by some 20 % due to the introduction of a scrappage bonus scheme in the current year.

Motorcycle markets in 2010
Contrary to original predictions, the international motorcycle markets contracted in total during the first half of 2010. Despite the fact that the drop in demand was less drastic than in the previous year, we do not believe that developments in the second half of 2010 will enable the 2009 level to be achieved. The 500 cc plus class relevant for the BMW Group will contract worldwide for the year as a whole.

Financial Services market in 2010
Reference interest rates in the major industrial countries are not expected to rise before 2011. Interest rates on the money market in the euro zone will continue to rise. For longer-term maturities, interest rates are likely to remain at their current levels for the time-being. In the USA, on the other hand, the prospect of rising reference rates suggests that returns on longer-term financing will increase slightly.

The situation on European used car markets will also be dominated by uncertainty throughout 2010. Developments are likely to be less positive than they were in the first half of the year. The steady recovery taking place in the used car markets of North America during the past months seems likely to continue.

Improvements in the general economic environment have also slightly eased the pressure on lease and credit financing business and on dealer / importer financing business. However, it cannot be assumed that these positive developments are sustainable.

BMW Group's outlook for the remainder of 2010
Following the successful market launches made in the first six months of the year, we will continue the process of renewal our range of models. The new 5 Series Sedan is now available worldwide. The new BMW 5 Series Touring, as well as the extended-wheelbase version of the BMW 5 Series Sedan for the Chinese market, will be launched mid-September. Alongside the new 5 Series Sedan, which started well, the new additions will significantly strengthen the competitiveness of our model range. The second generation of the successful BMW X3 Sports Activity Vehicle will go on sale from autumn onwards. The MINI Countryman will be added to the MINI range in September. On a similar time scale, the model revisions of the MINI, the MINI Clubman and the MINI Convertible will also become available. The Rolls-Royce Ghost has also performed extremely well in its first year and is now available worldwide. These developments will generate further momentum for profitable growth during the second half of 2010. We also forecast that sales volumes in China will be significantly higher than in the previous year. Sales in the USA are also expected to pick up.

We remain on track to realign the BMW Group through the rigorous implementation of our Strategy Number ONE. This also includes the efficient use of resources, which we see as a key aspect of doing business successfully. Measures taken – such as our initiatives to reduce the cost of materials – are already having a beneficial effect.

As part of the forward-looking "project i", our first series-built electrically driven vehicle designed for the world's major metropolitan regions, will be launched in 2013. The innovative zero-emission Megacity Vehicle will set new standards in terms of sustainability. We also remain committed to the use of state-of-the-art technologies to reduce the fuel consumption and emission levels of combustion engines. These various factors put us in a good position to take advantage of any new opportunities that present themselves in a changing environment, both in the medium term and the long term.

In view of the improved business outlook, we forecast a significant increase in full-year group profit before tax compared to the previous year. The level of earnings now expected represents an important step towards achieving the targets set down in our Strategy Number ONE. Economic risks will nevertheless persist during the second half of 2010. For this reason, the forecast is given on the proviso that macro-economic conditions continue to improve and stabilise.

Automobiles segment
The BMW Group will confirm its position as the world's leading premium car manufacturer over the remainder of the year. In addition to the general recovery of markets worldwide, strong demand for our new models such as the BMW 5 Series and the BMW X1 is having a positive impact on business. For this reason the car sales volume is set to rise by some 10% to more than 1.4 million units for the full-year. We also forecast a full-year EBIT margin of more than 5% for the Automobiles segment.

Motorcycles segment
Although the market as whole is contracting, we forecast that sales of BMW motorcycles will increase in 2010. Our successful entry into the supersport motorcycle segment will continue to have a positive impact on performance and create impetus for the revenues and earnings of the Motorcycles segment.

Financial Services segment
The improvement in the general economic environment also has a beneficial impact on the performance of the Financial Services segment. The segment risk profile continued to settle down during the first half of the year. Despite uncertainties regarding the duration and scale of economic recovery, we forecast that residual values will remain more or less stable during the second half of the year. Credit business risks are also likely to continue to return to normal levels.

The situation on North America's used car markets is set to ease further. Continental Europe, and the German market in particular, should see further stabilisation. The steady economic recovery will also contribute to a slight decrease in credit risk for leasing and financing business on the one hand and dealer/importer financing business on the other. The Financial Services segment will also benefit from more favourable refinancing conditions.

As a result of attractive market conditions and the less acute risk situation, pre-tax earnings of the Financial Services segment are forecast to improve significantly, with a target return on equity of over 18%.

Profitability targets for 2012 confirmed
The BMW Group will continue to pursue the strategic course set in conjunction with Strategy Number ONE. This also includes the profitability targets previously reported on. For the year 2012, the BMW Group continues to target a return on capital employed (ROCE) in excess of 26% and an EBIT margin of between 8% and 10% for its Automobiles segment.

Interim Group Financial Statements
Income Statements for Group and Segments for the second quarter
Statement of Comprehensive Income for Group for the second quarter

Income Statement for Group and Segments for the second quarter
in euro million

	Note	Group 2010	Group 2009	Automobiles 2010	Automobiles 2009
Revenues	4	**15,348**	12,971	**13,669**	10,827
Cost of sales	5	**–12,084**	–11,443	**–11,076**	–9,637
Gross profit		**3,264**	**1,528**	**2,593**	**1,190**
Sales and administrative costs	6	**–1,428**	–1,349	**–1,244**	–1,175
Other operating income	7	**108**	169	**80**	63
Other operating expenses	7	**–227**	–179	**–112**	–109
Profit / loss before financial result		**1,717**	**169**	**1,317**	**–31**
Result from equity accounted investments	8	**7**	8	**7**	9
Interest and similar income	9	**61**	186	**115**	124
Interest and similar expenses	9	**–196**	–223	**–174**	–243
Other financial result	10	**–290**	11	**–327**	–17
Financial result		**–418**	**–18**	**–379**	**–127**
Profit / loss before tax		**1,299**	**151**	**938**	**–158**
Income taxes	11	**–465**	–30	**–331**	73
Net profit / net loss		**834**	**121**	**607**	**–85**
Attributable to minority interest		**3**	2	**3**	2
Attributable to shareholders of BMW AG		**831**	**119**	**604**	**–87**
Earnings per share of common stock in euro	12	**1.27**	0.18		
Earnings per share of preferred stock* in euro	12	**1.28**	0.19		

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

Statement of Comprehensive Income for Group for the second quarter
in euro million

	Note	2010	2009
Net profit		**834**	**121**
Available-for-sale securities		**9**	1
Financial instruments used for hedging purposes		**–1,108**	242
Exchange differences on translating foreign operations		**614**	273
Actuarial gains / losses relating to defined benefit pension and similar plans		**–315**	–59
Deferred taxes relating to components of other comprehensive income		**472**	–84
Other comprehensive income for the period after tax	13	**–328**	**373**
Total comprehensive income		**506**	**494**
Total comprehensive income attributable to minority interests		**1**	1
Total comprehensive income attributable to shareholders of BMW AG		**505**	**493**

Motorcycles 2010	Motorcycles 2009	Financial Services 2010	Financial Services 2009	Other Entities 2010	Other Entities 2009	Eliminations 2010	Eliminations 2009	
439	336	**4,198**	4,224	**1**	1	**–2,959**	–2,417	Revenues
–350	–280	**–3,668**	–4,016	**–**	–	**3,010**	2,490	Cost of sales
89	**56**	**530**	**208**	**1**	**1**	**51**	**73**	**Gross profit**
–35	–30	**–151**	–136	**–5**	–3	**7**	–5	Sales and administrative costs
–	–	**23**	6	**19**	107	**–14**	–7	Other operating income
–	–	**–23**	–3	**–96**	–79	**4**	12	Other operating expenses
54	**26**	**379**	**75**	**–81**	**26**	**48**	**73**	**Profit / loss before financial result**
–	–	**–**	–	**–**	–1	**–**	–	Result from equity accounted investments
2	–	**1**	–	**427**	452	**–484**	–390	Interest and similar income
–3	–2	**–2**	–1	**–452**	–480	**435**	503	Interest and similar expenses
–	–	**1**	7	**36**	21	**–**	–	Other financial result
–1	**–2**	**–**	**6**	**11**	**–8**	**–49**	**113**	Financial result
53	**24**	**379**	**81**	**–70**	**18**	**–1**	**186**	**Profit / loss before tax**
–19	–9	**–133**	–29	**22**	–5	**–4**	–60	Income taxes
34	**15**	**246**	**52**	**–48**	**13**	**–5**	**126**	**Net profit / net loss**
–	–	**–**	–	**–**	–	**–**	–	Attributable to minority interest
34	**15**	**246**	**52**	**–48**	**13**	**–5**	**126**	**Attributable to shareholders of BMW AG**
								Earnings per share of common stock in euro
								Earnings per share of preferred stock* in euro

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

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

in euro million

	Note	Group 2010	Group 2009	Automobiles 2010	Automobiles 2009
Revenues	4	**27,791**	24,480	**24,341**	20,432
Cost of sales	5	**–22,842**	–21,900	**–20,399**	–18,531
Gross profit		**4,949**	**2,580**	**3,942**	**1,901**
Sales and administrative costs	6	**–2,641**	–2,459	**–2,280**	–2,113
Other operating income	7	**373**	407	**288**	149
Other operating expenses	7	**–515**	–414	**–342**	–219
Profit / loss before financial result		**2,166**	**114**	**1,608**	**–282**
Result from equity accounted investments	8	**11**	14	**11**	16
Interest and similar income	9	**290**	359	**227**	271
Interest and similar expenses	9	**–436**	–447	**–396**	–499
Other financial result	10	**–224**	–87	**–292**	–135
Financial result		**–359**	**–161**	**–450**	**–347**
Profit / loss before tax		**1,807**	**–47**	**1,158**	**–629**
Income taxes	11	**–649**	16	**–413**	228
Net profit / net loss		**1,158**	**–31**	**745**	**–401**
Attributable to minority interest		**4**	3	**4**	3
Attributable to shareholders of BMW AG		**1,154**	**–34**	**741**	**–404**
Earnings per share of common stock in euro	12	**1.76**	–0.05		
Earnings per share of preferred stock* in euro	12	**1.77**	–0.04		

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

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

in euro million

	Note	2010	2009
Net profit / net loss		**1,158**	**–31**
Available-for-sale securities		**26**	2
Financial instruments used for hedging purposes		**–1,641**	167
Exchange differences on translating foreign operations		**873**	365
Actuarial gains / losses relating to defined benefit pension and similar plans		**–664**	–453
Deferred taxes relating to components of other comprehensive income		**748**	36
Other comprehensive income for the period after tax	13	**–658**	**117**
Total comprehensive income		**500**	**86**
Total comprehensive income attributable to minority interests		**4**	3
Total comprehensive income attributable to shareholders of BMW AG		**496**	**83**

	Motorcycles 2010	Motorcycles 2009	Financial Services 2010	Financial Services 2009	Other Entities 2010	Other Entities 2009	Eliminations 2010	Eliminations 2009	
	790	626	**8,202**	8,227	**2**	2	**–5,544**	–4,807	Revenues
	–638	–509	**–7,309**	–7,813	**–**	–	**5,504**	4,953	Cost of sales
	152	**117**	**893**	**414**	**2**	**2**	**–40**	**146**	**Gross profit**
	–67	–64	**–290**	–271	**–8**	–7	**4**	–4	Sales and administrative costs
	1	1	**28**	9	**81**	253	**–25**	–5	Other operating income
	–	–	**–39**	–7	**–149**	–210	**15**	22	Other operating expenses
	86	**54**	**592**	**145**	**–74**	**38**	**–46**	**159**	**Profit / loss before financial result**
	–	–	**–**	–	**–**	–2	**–**	–	Result from equity accounted investments
	3	1	**1**	1	**845**	911	**–786**	–825	Interest and similar income
	–6	–5	**–2**	–2	**–902**	–944	**870**	1,003	Interest and similar expenses
	–	–	**10**	9	**58**	39	**–**	–	Other financial result
	–3	**–4**	**9**	**8**	**1**	**4**	**84**	**178**	Financial result
	83	**50**	**601**	**153**	**–73**	**42**	**38**	**337**	**Profit / loss before tax**
	–30	–17	**–212**	–60	**23**	–10	**–17**	–125	Income taxes
	53	**33**	**389**	**93**	**–50**	**32**	**21**	**212**	**Net profit / net loss**
	–	–	**–**	–	**–**	–	**–**	–	Attributable to minority interest
	53	**33**	**389**	**93**	**–50**	**32**	**21**	**212**	**Attributable to shareholders of BMW AG**
									Earnings per share of common stock in euro
									Earnings per share of preferred stock* in euro

Interim Group Financial Statements
Balance Sheets for Group and Segments

Assets

in euro million	Note	Group 30.6.2010	Group 31.12.2009	Automobiles 30.6.2010	Automobiles 31.12.2009
Intangible assets	14	**5,142**	5,379	**5,001**	5,230
Property, plant and equipment	15	**11,203**	11,385	**11,020**	11,181
Leased products	16	**18,657**	17,973	**183**	187
Investments accounted for using the equity method	17	**163**	137	**140**	114
Other investments	17	**154**	232	**2,691**	2,678
Receivables from sales financing	18	**25,982**	23,478	**–**	–
Financial assets	19	**1,516**	1,519	**321**	475
Deferred tax	20	**1,663**	1,266	**2,223**	1,514
Other assets	21	**800**	640	**2,279**	2,114
Non-current assets		**65,280**	**62,009**	**23,858**	**23,493**
Inventories	22	**7,973**	6,555	**7,710**	6,289
Trade receivables		**2,475**	1,857	**2,167**	1,608
Receivables from sales financing	18	**18,361**	17,116	**–**	–
Financial assets	19	**2,958**	3,215	**1,396**	1,666
Current tax	20	**995**	950	**880**	789
Other assets	21	**2,536**	2,484	**13,002**	14,863
Cash and cash equivalents		**8,037**	7,767	**6,027**	4,331
Current assets		**43,335**	**39,944**	**31,182**	**29,546**
Total assets		**108,615**	**101,953**	**55,040**	**53,039**

Equity and liabilities

in euro million	Note	Group 30.6.2010	Group 31.12.2009	Automobiles 30.6.2010	Automobiles 31.12.2009
Subscribed capital		**655**	655		
Capital reserves		**1,921**	1,921		
Revenue reserves		**21,383**	20,426		
Accumulated other equity		**–3,758**	–3,100		
Minority interest		**17**	13		
Equity	23	**20,218**	**19,915**	**21,068**	**22,101**
Pension provisions		**3,235**	2,972	**1,787**	1,652
Other provisions	24	**2,636**	2,706	**2,222**	2,295
Deferred tax	25	**3,019**	2,769	**1,705**	1,694
Financial liabilities	26	**40,488**	34,391	**626**	259
Other liabilities	27	**2,650**	2,281	**3,733**	3,401
Non-current provisions and liabilities		**52,028**	**45,119**	**10,073**	**9,301**
Other provisions	24	**2,139**	2,058	**1,709**	1,759
Current tax	25	**667**	836	**495**	650
Financial liabilities	26	**24,183**	26,934	**2,610**	4,736
Trade payables		**4,548**	3,122	**3,914**	2,556
Other liabilities	27	**4,832**	3,969	**15,171**	11,936
Current provisions and liabilities		**36,369**	**36,919**	**23,899**	**21,637**
Total equity and liabilities		**108,615**	**101,953**	**55,040**	**53,039**

	Motorcycles		Financial Services		Other Entities		Eliminations		Assets
	30.6.2010	31.12.2009	30.6.2010	31.12.2009	30.6.2010	31.12.2009	30.6.2010	31.12.2009	
	37	39	**104**	110	**–**	–	**–**	–	Intangible assets
	165	184	**18**	20	**–**	–	**–**	–	Property, plant and equipment
	–	–	**21,432**	20,608	**–**	–	**–2,958**	–2,822	Leased products
	–	–	**–**	–	**23**	23	**–**	–	Investments accounted for using the equity method
	–	–	**8**	8	**5,091**	5,380	**–7,636**	–7,834	Other investments
	–	–	**25,982**	23,478	**–**	–	**–**	–	Receivables from sales financing
	–	–	**4**	28	**1,460**	1,186	**–269**	–170	Financial assets
	–	–	**624**	575	**418**	355	**–1,602**	–1,178	Deferred tax
	–	–	**1,317**	1,375	**13,199**	10,389	**–15,995**	–13,238	Other assets
	202	**223**	**49,489**	**46,202**	**20,191**	**17,333**	**–28,460**	**–25,242**	**Non-current assets**
	254	258	**9**	9	**–**	–	**–**	–1	Inventories
	159	123	**149**	123	**–**	3	**–**	–	Trade receivables
	–	–	**18,361**	17,116	**–**	–	**–**	–	Receivables from sales financing
	–	–	**943**	924	**882**	916	**–263**	–291	Financial assets
	–	–	**13**	28	**102**	133	**–**	–	Current tax
	–	–	**3,719**	4,071	**27,794**	27,179	**–41,979**	–43,629	Other assets
	–	–	**1,730**	2,803	**280**	633	**–**	–	Cash and cash equivalents
	413	**381**	**24,924**	**25,074**	**29,058**	**28,864**	**–42,242**	**–43,921**	**Current assets**
	615	**604**	**74,413**	**71,276**	**49,249**	**46,197**	**–70,702**	**–69,163**	**Total assets**

	Motorcycles		Financial Services		Other Entities		Eliminations		Equity and liabilities
	30.6.2010	31.12.2009	30.6.2010	31.12.2009	30.6.2010	31.12.2009	30.6.2010	31.12.2009	
									Subscribed capital
									Capital reserves
									Revenue reserves
									Accumulated other equity
									Minority interest
	–	**–**	**4,656**	**4,268**	**5,084**	**4,118**	**–10,590**	**–10,572**	**Equity**
	80	74	**29**	24	**1,339**	1,222	**–**	–	Pension provisions
	81	68	**301**	311	**32**	32	**–**	–	Other provisions
	2	2	**3,814**	3,191	**23**	9	**–2,525**	–2,127	Deferred tax
	–	–	**14,800**	10,848	**25,331**	23,454	**–269**	–170	Financial liabilities
	256	257	**13,226**	10,455	**137**	133	**–14,702**	–11,965	Other liabilities
	419	**401**	**32,170**	**24,829**	**26,862**	**24,850**	**–17,496**	**–14,262**	**Non-current provisions and liabilities**
	21	21	**306**	274	**99**	1	**4**	3	Other provisions
	–	–	**106**	85	**66**	101	**–**	–	Current tax
	–	–	**12,444**	13,673	**9,392**	8,816	**–263**	–291	Financial liabilities
	164	167	**464**	385	**6**	14	**–**	–	Trade payables
	11	15	**24,267**	27,762	**7,740**	8,297	**–42,357**	–44,041	Other liabilities
	196	**203**	**37,587**	**42,179**	**17,303**	**17,229**	**–42,616**	**–44,329**	**Current provisions and liabilities**
	615	**604**	**74,413**	**71,276**	**49,249**	**46,197**	**–70,702**	**–69,163**	**Total equity and liabilities**

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

	Group	
in euro million	**2010**	2009
Net profit/loss	**1,158**	–31
Depreciation of leased products	**2,466**	2,848
Depreciation and amortisation of tangible, intangible and investment assets	**1,948**	1,736
Change in provisions	**–307**	–436
Change in deferred taxes	**333**	–40
Changes in working capital and other items	**–**	992
Cash inflow from operating activities	**5,598**	**5,069**
Investment in intangible assets and property, plant and equipment	**–1,153**	–1,498
Net investment in leased products and receivables from sales financing	**–2,029**	–1,899
Other	**–364**	–136
Cash outflow from investing activities	**–3,546**	**–3,533**
Cash outflow/inflow from financing activities	**–2,165**	**1,768**
Effect of exchange rate and changes in composition of Group on cash and cash equivalents	**383**	**35**
Change in cash and cash equivalents	**270**	**3,339**
Cash and cash equivalents as at 1 January	**7,767**	7,454
Cash and cash equivalents as at 30 June	**8,037**	**10,793**

Automobiles 2010	Automobiles 2009	Financial Services 2010	Financial Services 2009	
745	–401	**389**	93	Net profit/loss
4	3	**2,416**	3,002	Depreciation of leased products
1,896	1,688	**12**	14	Depreciation and amortisation of tangible, intangible and investment assets
–417	–345	**9**	–50	Change in provisions
274	–443	**48**	74	Change in deferred taxes
–94	1,607	**–348**	619	Changes in working capital and other items
2,408	**2,109**	**2,526**	**3,752**	**Cash inflow from operating activities**
–1,134	–1,473	**–3**	–5	Investment in intangible assets and property, plant and equipment
–1	–16	**–2,028**	–2,037	Net investment in leased products and receivables from sales financing
–484	–104	**87**	–40	Other
–1,619	**–1,593**	**–1,944**	**–2,082**	**Cash outflow from investing activities**
673	**1,506**	**–1,758**	**–298**	**Cash outflow/inflow from financing activities**
234	**–9**	**103**	**46**	**Effect of exchange rate and changes in composition of Group on cash and cash equivalents**
1,696	**2,013**	**–1,073**	**1,418**	**Change in cash and cash equivalents**
4,331	5,073	**2,803**	2,053	Cash and cash equivalents as at 1 January
6,027	**7,086**	**1,730**	**3,471**	**Cash and cash equivalents as at 30 June**

Interim Group Financial Statements
Group Statement of Changes in Equity

in euro million	Subscribed capital	Capital reserves	Revenue reserves	Accumulated other equity				Treasury shares	Minority interest	**Total**
				Translation differences	Securities	Derivative financial instruments	Pension obligations			
31 December 2008	**654**	**1,911**	**20,419**	**–2,065**	**17**	**45**	**–706**	**–10**	**8**	**20,273**
Dividends paid	–	–	–197	–	–	–	–	–	–	**–197**
Comprehensive income 30 June 2009	–	–	–34	365	1	77	–326	–	3	**86**
30 June 2009	**654**	**1,911**	**20,188**	**–1,700**	**18**	**122**	**–1,032**	**–10**	**11**	**20,162**
31 December 2009	**655**	**1,921**	**20,426**	**–1,747**	**20**	**209**	**–1,582**	**–**	**13**	**19,915**
Dividends paid	–	–	–197	–	–	–	–	–	–	**–197**
Comprehensive income 30 June 2010	–	–	1,154	873	18	–1,085	–464	–	4	**500**
30 June 2010	**655**	**1,921**	**21,383**	**–874**	**38**	**–876**	**–2,046**	**–**	**17**	**20,218**

1 — Basis of preparation

The Group Financial Statements of BMW AG at 31 December 2009 were drawn up in accordance with International Financial Reporting Standards (IFRSs), as applicable in the EU. The Interim Group Financial Statements (Interim Report) at 30 June 2010, 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 2009 Group Financial Statements. The BMW Group applies the option, available under IAS 34.8, of publishing condensed Group financial statements. All Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) which are mandatory at 30 June 2010 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 2009.

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.

In order to facilitate the sale of its products, the BMW Group provides various financial services – mainly loan and lease financing – to both retail customers and dealers. The inclusion of financial services activities of the Group therefore has an impact on the Interim Group Financial Statements.

In order to provide a better insight into the net assets, financial position and performance of the BMW Group and going beyond the requirements of IFRS 8 (Operating Segments), the Interim Group Financial Statements also include balance sheets and income statements for the Automobiles, Motorcycles, Financial Services and Other Entities segments. The Group Cash Flow Statement is supplemented by statements of cash flows for the Automobiles and Financial Services segments.

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 2009.

In conjunction with the refinancing of financial services business, a significant volume of receivables arising from retail customer and dealer financing is sold. Similarly, rights and obligations relating to leases are sold. The sale of receivables is a well established instrument used by industrial companies. These transactions usually take the form of asset-backed financing transactions involving the sale of a portfolio of receivables to a trust which, in turn, issues marketable securities to refinance the purchase price. The BMW Group continues to "service" the receivables and receives an appropriate fee for these services. In accordance with IAS 27 (Consolidated and Separate Financial Statements) and the interpretation contained in SIC-12 (Consolidation – Special Purpose Entities) such assets remain in the Group Financial Statements although they have been legally sold. Gains and losses relating to the sale of such assets are not recognised until the assets are removed from the Group balance sheet on transfer of the related significant risks and rewards. The balance sheet value of the assets sold at 30 June 2010 totalled euro 8.6 billion (31 December 2009: euro 7.8 billion).

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

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

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

The preparation of interim financial statements requires management to make certain assumptions and estimates that affect the reported amounts of assets and liabilities, revenues and expenses and contingent liabilities. All assumptions and estimates are based on factors known at the end of the reporting period. They are determined on the basis of the most likely outcome of future business developments. Estimates and underlying assumptions are checked regularly. 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.

2 — Consolidated companies

The BMW Group Financial Statements for the second quarter 2010 include, besides BMW AG, 32 German and 149 foreign subsidiaries. This includes six special purpose securities funds and 23 special purpose trusts, almost all of which are used for asset backed financing.

No entities were consolidated for the first time during the second quarter 2010. Similarly, no entities ceased to be consolidated companies during the period under report.

Compared to the corresponding period last year, one subsidiary and five special purpose trusts have been consolidated for the first time. Four subsidiaries, six special purpose trusts and one special purpose securities fund ceased to be consolidated companies.

In conjunction with joint ventures established with the SGL Carbon Group, the entities SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, and SGL Automotive Carbon Fibers LLC, Moses Lake, WA, were all accounted for the first time during the first half of 2010 using the equity method. The BMW Group has a 49% stake in each of these entities.

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

3 — New financial reporting rules

(a) Financial reporting rules applied for the first time in the second quarter 2010

No new Standards or Interpretations were applied for the first time in the second quarter 2010.

(b) New financial reporting rules issued during the second quarter 2010

The following Annual Improvements Standard issued by the IASB during the second quarter 2010 is not mandatory for the reporting period and has not been applied by the BMW Group in the second quarter 2010:

Standard / Interpretation	Date of issue by IASB	Date of mandatory application	Endorsed by EU	Expected impact on on BMW Group
Improvements to IFRSs	6.5.2010	1.1.2011*	No	Insignificant

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

4 — Revenues

Revenues by activity comprise the following:

in euro million	**2nd quarter 2010**	2nd quarter 2009	**1 January to 30 June 2010**	1 January to 30 June 2009
Sales of products and related goods	**11,415**	9,208	**20,154**	17,088
Income from lease instalments	**1,226**	1,520	**2,462**	2,925
Sale of products previously leased to customers	**1,629**	1,498	**3,106**	2,870
Interest income on loan financing	**649**	648	**1,268**	1,348
Other income	**429**	97	**801**	249
Revenues	**15,348**	**12,971**	**27,791**	**24,480**

An analysis of revenues by segment is shown in the segment information on pages 42 to 44.

5 — Cost of sales

Cost of sales in the second quarter include euro 3,415 million (2009: euro 3,837 million) relating to the financial services business. For the period from 1 January to 30 June 2010, euro 7,003 million (2009: euro 7,464 million) relates to the financial services business.

Second-quarter cost of sales include research and development costs of euro 746 million (2009: euro 650 million). The latter comprises all research costs and development costs not recognised as assets as well as the amortisation of capitalised development costs amounting to euro 318 million (2009: euro 299 million). For the first half of the year, research and development costs amounted to euro 1,424 million (2009: euro 1,257 million). This includes amortisation of capitalised development costs of euro 640 million (2009: euro 587 million).

6 — Sales and administrative costs

Sales costs amounted to euro 1,012 million for the second quarter (2009: euro 971 million) and euro 1,905 million for the six-month period (2009: euro 1,832 million). They comprise mainly marketing, advertising and sales personnel costs.

Administrative costs in the second quarter amounted to euro 416 million (2009: euro 378 million) and in the first half of the year to euro 736 million (2009: euro 627 million). They comprise expenses for administration not attributable to development, production or sales functions.

7 — Other operating income and expenses

Other operating income in the second quarter amounted to euro 108 million (2009: euro 169 million). The six-month figure amounted to euro 373 million (2009: euro 407 million). Second-quarter other operating expenses totalled euro 227 million (2009: euro 179 million). The equivalent figure for the six-month period was euro 515 million (2009: euro 414 million). These items principally include exchange gains and losses, gains and losses on the disposal of assets, write-downs and income / expense from the reversal of, and allocation to, provisions.

8 — Result from equity accounted investments

The result from equity accounted investments in the second quarter was a positive amount of euro 7 million (2009: euro 8 million). For the first half of the year, the equivalent figure was euro 11 million (2009: euro 14 million). This includes the results from the BMW Group's interests in the joint venture BMW Brilliance Automotive Ltd., Shenyang, the participation in Cirquent GmbH, Munich, as well as the joint ventures SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, and SGL Automotive Carbon Fibers LLC, Moses Lake, WA. In the previous year, only the results from the interest in the joint venture, BMW Brilliance Automotive Ltd., Shenyang, and from the participation in Cirquent GmbH, Munich, were included.

9 — Net interest result

in euro million	**2nd quarter 2010**	2nd quarter 2009	**1 January to 30 June 2010**	1 January to 30 June 2009
Interest and similar income	**61**	186	**290**	359
Interest and similar expenses	**–196**	–223	**–436**	–447
Net interest result	**–135**	**–37**	**–146**	**–88**

10 — Other financial result

in euro million	**2nd quarter 2010**	2nd quarter 2009	**1 January to 30 June 2010**	1 January to 30 June 2009
Result on investments	**–90**	1	**–90**	1
Sundry other financial result	**–200**	10	**–134**	–88
Other financial result	**–290**	**11**	**–224**	**–87**

11 — Income taxes

Taxes on income comprise the following:

in euro million	**2nd quarter 2010**	2nd quarter 2009	**1 January to 30 June 2010**	1 January to 30 June 2009
Current tax expense	**318**	16	**376**	61
Deferred tax expense	**147**	14	**273**	–77
Income taxes	**465**	**30**	**649**	**–16**

The effective tax rate for the period to 30 June 2010 was 35.9 % (2009: 34.0 %).

12 — Earnings per share

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

		2nd quarter 2010	2nd quarter 2009	**1 January to 30 June 2010**	1 January to 30 June 2009
Profit attributable to the shareholders	euro million	**831.4**	118.8	**1,154.1**	–33.9
Profit attributable to common stock	euro million (rounded)	**764.0**	108.9	**1,060.7**	–31.7
Profit attributable to preferred stock	euro million (rounded)	**67.4**	9.9	**93.4**	–2.2
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	**52,665,362**	51,833,032	**52,665,362**	51,833,032
Earnings per share of common stock	euro	**1.27**	0.18	**1.76**	–0.05
Earnings per share of preferred stock	euro	**1.28**	0.19	**1.77**	–0.04

Earnings per share are calculated for common and preferred stock by dividing the net profit after minority interests, as attributable to each category of stock, by the average number of shares in circulation.

In computing earnings per share of preferred stock, earnings to cover the additional dividend of euro 0.02 per share of preferred stock are spread over the four quarters of the corresponding financial year. Earnings per share of preferred stock are computed on the basis of the number of preferred stock shares entitled to receive a dividend in each of the relevant financial years. Diluted earnings per share were not applicable in either of the reporting periods.

Interim Group Financial Statements
Notes to the Group Financial Statements to 30 June 2010
Notes to the Statement of Comprehensive Income

13 — **Disclosures relating to the statement of total comprehensive income**

Other comprehensive income after tax comprises the following:

in euro million	**2nd quarter 2010**	2nd quarter 2009	**1 January to 30 June 2010**	1 January to 30 June 2009
Available-for-sale securities				
Gains/losses in the period	**3**	4	**22**	5
Amounts reclassified to income statement	**6**	–3	**4**	–3
	9	1	**26**	2
Financial instruments used for hedging purposes				
Gains/losses in the period	**–1,303**	314	**–1,833**	206
Amounts reclassified to income statement	**195**	–72	**192**	–39
	–1,108	242	**–1,641**	167
Exchange differences on translating foreign operations	**614**	273	**873**	365
Actuarial gains/losses relating to defined benefit pension and similar plans	**–315**	–59	**–664**	–453
Deferred taxes relating to components of other comprehensive income	**472**	–84	**748**	36
Other comprehensive income for the period after tax	**–328**	**373**	**–658**	**117**

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

in euro million	**2nd quarter 2010**			2nd quarter 2009		
	Before tax	Deferred taxes	After tax	Before tax	Deferred taxes	After tax
Available-for-sale securities	**9**	**–3**	**6**	1	–	1
Financial instruments used for hedging purposes	**–1,108**	**381**	**–727**	242	–97	145
Exchange differences on translating foreign operations	**614**	**–**	**614**	273	–	273
Actuarial gains/losses relating to defined benefit pension and similar plans	**–315**	**94**	**–221**	–59	13	–46
Other comprehensive income	**–800**	**472**	**–328**	**457**	**–84**	**373**

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

in euro million	**1 January to 30 June 2010**			1 January to 30 June 2009		
	Before tax	Deferred taxes	After tax	Before tax	Deferred taxes	After tax
Available-for-sale securities	**26**	**–8**	**18**	2	–1	1
Financial instruments used for hedging purposes	**–1,641**	**556**	**–1,085**	167	–90	77
Exchange differences on translating foreign operations	**873**	**–**	**873**	365	–	365
Actuarial gains/losses relating to defined benefit pension and similar plans	**–664**	**200**	**–464**	–453	127	–326
Other comprehensive income	**–1,406**	**748**	**–658**	**81**	**36**	**117**

14 — Intangible assets

Intangible assets mainly comprise capitalised development costs on vehicle and engine projects as well as subsidies for tool costs, licences, purchased development projects and software. Capitalised development costs at 30 June 2010 amounted to euro 4,728 million (31 December 2009: euro 4,934 million). Capital expenditure for development costs for the six-month period amounted to euro 434 million (2009: euro 478 million). The six-month amortisation expense amounted to euro 640 million (2009: euro 587 million).

In addition, intangible assets include a brand-name right amounting to euro 43 million (31 December 2009: euro 40 million) and goodwill with an indefinite useful life of euro 111 million, unchanged from the previous year. The latter comprises goodwill arising on the acquisition of DEKRA SüdLeasing Services GmbH, Stuttgart, and its subsidiaries and on the acquisition of SimeLease (Malaysia) Sdn Bhd, Kuala Lumpur, and its subsidiary SimeCredit (Malaysia) Sdn Bhd, Kuala Lumpur. This item is not presented separately in the BMW Group balance sheet since the amount is not significant in relation to either the balance sheet total or intangible assets.

15 — Property, plant and equipment

Capital expenditure for property, plant and equipment in the first six months of 2010 was euro 698 million (2009: euro 1,006 million). The depreciation expense for the same period amounted to euro 1,153 million (2009: euro 1,093 million).

16 — Leased products

Additions to leased products and depreciation thereon for the six-month period amounted to euro 4,934 million (2009: euro 4,161 million) and euro 1,400 million (2009: euro 1,934 million) respectively. Disposals amounted to euro 4,245 million (2009: euro 3,318 million). The translation of foreign currency financial statements for the six-month period resulted in a net positive translation difference of euro 1,395 million (2009: euro 107 million).

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

Investments accounted for using the equity method include the BMW Group's interests in BMW Brilliance Automotive Ltd., Shenyang, Cirquent GmbH, Munich, SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, and SGL Automotive Carbon Fibers LLC, Moses Lake, WA.

Other investments relate to investments in non-consolidated subsidiaries, participations and non-current marketable securities.

Due to the new strategic alignment of a subsidiary, an impairment loss of euro 98 million was recognised at 30 June 2010 on investments in subsidiaries within the Automobiles segment. This was necessary since the recoverable amount (value in use) of the asset was lower than its carrying amount. The fair value was calculated by discounting future cash flows using a risk-adjusted interest rate of 12.0 % (unchanged from the previous year). Cash flows used to determine the amount of the impairment loss were based on the five-year operating forecast, taking into account additional information from the strategic plan.

18 — Receivables from sales financing

Receivables from sales financing totalling euro 44,343 million (31 December 2009: euro 40,594 million) relate to credit financing for retail customers and dealers and to finance leases.

Receivables from sales financing include euro 25,982 million (31 December 2009: euro 23,478 million) with a remaining term of more than one year.

19 — Financial assets

Financial assets comprise:

in euro million	30.6.2010	31.12.2009
Derivative instruments	**2,013**	2,433
Marketable securities and investment funds	**1,671**	1,648
Loans to third parties	**50**	23
Credit card receivables	**285**	266
Other	**455**	364
Financial assets	**4,474**	**4,734**
thereof non-current	**1,516**	1,519
thereof current	**2,958**	3,215

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

Derivative financial instruments are measured at their fair value. The fair values of derivative financial instruments are determined using measurement models, as a consequence of which there is a risk that the amounts calculated on the basis of those models could differ from realisable market prices on disposal. Market price spreads (for liquidity and credit risks for instance) remain wide as a result of the financial market crisis and have an impact on the measurement of derivatives.

20 — Income tax assets

Income tax assets can be analysed as follows:

30 June 2010 in euro million	Maturity within one year	Maturity later than one year	**Total**
Deferred tax	–	1,663	**1,663**
Current tax	466	529	**995**
Income tax assets	**466**	**2,192**	**2,658**

31 December 2009 in euro million	Maturity within one year	Maturity later than one year	**Total**
Deferred tax	–	1,266	**1,266**
Current tax	452	498	**950**
Income tax assets	**452**	**1,764**	**2,216**

21 — Other assets

in euro million	30.6.2010	31.12.2009
Other taxes	389	445
Receivables from subsidiaries	606	485
Receivables from other companies in which an investment is held	165	171
Prepayments	964	898
Collateral receivables	485	507
Sundry other assets	727	618
Other assets	**3,336**	**3,124**
thereof non-current	800	640
thereof current	2,536	2,484

22 — Inventories

Inventories comprise the following:

in euro million	30.6.2010	31.12.2009
Raw materials and supplies	608	536
Work in progress, unbilled contracts	567	542
Finished goods and goods for resale	6,798	5,477
Inventories	**7,973**	**6,555**

23 — Equity

The Group Statement of Changes in Equity is shown on page 30.

Number of shares issued

At 30 June 2010, common stock issued by BMW AG was divided into 601,995,196 shares with a par value of one euro. Preferred stock issued by BMW AG was divided into 52,665,362 shares with a par value of one euro. Unlike the common stock, no voting rights are attached to the preferred stock. All of the Company's stock is issued to bearer. Preferred stock bears an additional dividend of euro 0.02 per share.

At the Annual General Meeting on 14 May 2009, the shareholders authorised the Board of Management to acquire treasury shares via the stock exchange, up to a maximum of 10 % of the share capital in place at the date of the resolution and to withdraw these shares from circulation without any further resolution by the Annual General Meeting. At the same time, the authorisation from 8 May 2008 to acquire treasury shares was rescinded. The authorisation, which runs until 12 November 2010, has not been exercised to date. It has not yet been decided whether or to which extent the authorisation will be used. The BMW Group did not hold any treasury shares at 30 June 2010.

In addition, the shareholders passed a resolution at the Annual General Meeting 2009 authorising the Board of Management with the approval of the Supervisory Board, to increase the Company's share capital by up to euro 5 million prior to 13 May 2014 in return for cash contributions and the issue of new non-voting preferred stock. Following the issue of 469,200 shares of preferred stock to employees in 2009, the remaining available Authorised Capital stands at euro 4.5 million.

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

Additional paid in capital

Capital reserves include premiums arising from the issue of shares.

Revenue reserves

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

Accumulated other equity

Accumulated other equity consists of all amounts recognised directly in equity resulting from the translation of the financial statements of foreign subsidiaries, the effects of recognising changes in the fair value of derivative financial instruments and securities directly in equity, and actuarial gains and losses relating to defined benefit pension plans and similar obligations. It also includes deferred taxes on items recognised directly in equity.

Minority interests

Equity attributable to minority interests amounted to euro 17 million (31 December 2009: euro 13 million). This includes a minority interest of euro 4 million in the results for the period (31 December 2009: euro 6 million).

24 — Other provisions

Other provisions, at euro 4,775 million (31 December 2009: euro 4,764 million) primarily include personnel-related obligations and obligations for ongoing operational expenses.

Current provisions at 30 June 2010 amounted to euro 2,139 million (31 December 2009: euro 2,058 million).

25 — Income tax liabilities

30 June 2010 in euro million	Maturity within one year	Maturity later than one year	**Total**
Deferred tax	–	3,019	**3,019**
Current tax	466	201	**667**
Income tax liabilities	**466**	**3,220**	**3,686**

31 December 2009 in euro million	Maturity within one year	Maturity later than one year	**Total**
Deferred tax	–	2,769	**2,769**
Current tax	595	241	**836**
Income tax liabilities	**595**	**3,010**	**3,605**

Current tax liabilities of euro 667 million (31 December 2009: euro 836 million) comprise euro 209 million (31 December 2009: euro 197 million) for taxes payable and euro 458 million (31 December 2009: euro 639 million) for tax provisions.

26 — Financial liabilities

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

in euro million	30.6.2010	31.12.2009
Bonds	**32,106**	27,017
Liabilities to banks	**6,109**	9,174
Liabilities from customer deposits (banking)	**10,131**	9,933
Commercial paper	**3,864**	5,213
Asset backed financing transactions	**8,647**	7,812
Derivative instruments	**2,813**	1,093
Other	**1,001**	1,083
Financial liabilities	**64,671**	**61,325**
thereof non-current	**40,488**	34,391
thereof current	**24,183**	26,934

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

27 — Other liabilities

Other liabilities comprise the following items:

in euro million	30.6.2010	31.12.2009
Other taxes	**588**	495
Social security	**68**	69
Advance payments from customers	**324**	417
Deposits received	**244**	202
Payables to subsidiaries	**44**	35
Payables to other companies in which an investment is held	**5**	11
Deferred income	**3,597**	3,134
Other	**2,612**	1,887
Other liabilities	**7,482**	**6,250**
thereof non-current	**2,650**	2,281
thereof current	**4,832**	3,969

28 — Related party relationships

In accordance with IAS 24 (Related Party Disclosures), related individuals or entities which have the ability to control the BMW Group or which are controlled by the BMW Group, must be disclosed unless such parties are not already included in the consolidated financial statements as consolidated companies. Control is defined as ownership of more than one half of the voting power of BMW AG or the power to direct, by statute or agreement, the financial and operating policies of the management of the Group.

In addition, the disclosure requirements of IAS 24 also cover transactions with participations, joint ventures and individuals that have the ability to exercise significant influence over the financial and operating policies of the BMW Group. This also includes close relatives and intermediaries. Significant influence over the financial and operating policies of the Group can arise when a party holds 20 % or more of the shares of BMW AG or is a member of the Board of Management or Supervisory Board of BMW AG.

For the second quarter 2010, the disclosure requirements contained in IAS 24 only affect the BMW Group with regard to business relationships with affiliated, non-consolidated entities, joint ventures and participations as well as with members of the Board of Management and Supervisory Board of BMW AG.

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

Transactions of BMW Group companies with the joint venture, BMW Brilliance Automotive Ltd., Shenyang, all arise in the normal course of business and are conducted on the basis of arm's length principles. Group companies sold goods and services to BMW Brilliance Automotive Ltd., Shenyang, during the first six months of 2010 amounting to euro 314 million (2009: euro 185 million), of which euro 175 million was recorded in the second quarter (2009: euro 121 million). At 30 June 2010, receivables of Group companies from BMW Brilliance Automotive Ltd., Shenyang, amounted to euro 157 million (31 December 2009: euro 170 million). Group companies did not have any liabilities to BMW Brilliance Automotive Ltd., Shenyang at 30 June 2010 or 31 December 2009.

During the second quarter, Group entities disbursed loans to the joint ventures, SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, and SGL Automotive Carbon Fibers LLC, Moses Lake, WA. As a result, Group entities had loans receivable from joint ventures amounting to euro 13 million at 30 June 2010. The loans were disbursed on the basis of arm's length principles. There were no other business relationships with the joint ventures concerned.

Business transactions between BMW Group entities and participations all arise in the normal course of business and are conducted on the basis of arm's length principles. With the exception of Cirquent GmbH, Munich, business relationships with such entities are on a small scale. During the second quarter 2010 Group entities purchased services and goods from Cirquent GmbH, Munich, amounting to euro 13 million (2009: euro 12 million). The equivalent figure for the six-month period was euro 25 million (2009: euro 25 million). At 30 June 2010, liabilities of Group entities to Cirquent GmbH, Munich, totalled euro 4 million (31 December 2009: euro 10 million). Receivables of Group companies from Cirquent GmbH, Munich, amounted to euro 1 million (as at the end of the previous year).

Stefan Quandt is a shareholder and Deputy Chairman of the Supervisory Board of BMW AG. He is also sole shareholder and Chairman of the Supervisory Board of DELTON AG, Bad Homburg v. d. H., which, via its subsidiaries, performed logistics services for the BMW Group during the second quarter 2010. In addition, companies of the DELTON Group purchased vehicles from the BMW Group. These service and sales 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.

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 second quarter 2010, mostly in the form of leasing contracts. Susanne Klatten is also a shareholder and a member of the Supervisory Board of SGL Carbon SE, Wiesbaden, subsidiaries of which supplied components to the BMW Group during the second quarter 2010. In addition, development work was performed for the BMW Group. Susanne Klatten also holds shares in Nordex AG, Norderstedt. Business transactions with these entities are not material for the BMW Group, arise in the course of ordinary activities and are made, without exception, on the basis of arm's length principles.

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

29 — **Explanatory notes to segment information**

For information on the basis used for identifying and assessing the performance of reportable segments along internal management lines, reference is made to the Group Financial Statements of BMW AG for the year ended 31 December 2009. 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 2009.

Segment information by operating segment for the second quarter 2010 is as follows:

Segment information by operating segment

	Automobiles		Motorcycles	
in euro million	**2010**	2009	**2010**	2009
External revenues	**11,142**	8,855	**436**	333
Inter-segment revenues	**2,527**	1,972	**3**	3
Total revenues	**13,669**	**10,827**	**439**	**336**
Segment result	**1,317**	–31	**54**	26
Capital expenditure on non-current assets	**608**	748	**9**	10
Depreciation and amortisation on non-current assets	**900**	846	**19**	17

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

Segment information by operating segment

	Automobiles		Motorcycles	
in euro million	**2010**	2009	**2010**	2009
External revenues	**19,657**	16,484	**783**	620
Inter-segment revenues	**4,684**	3,948	**7**	6
Total revenues	**24,341**	**20,432**	**790**	**626**
Segment result	**1,608**	–282	**86**	54
Capital expenditure on non-current assets	**1,223**	1,602	**16**	20
Depreciation and amortisation on non-current assets	**1,808**	1,691	**37**	34

	Automobiles		Motorcycles	
in euro million	**30.6.2010**	31.12.2009	**30.6.2010**	31.12.2009
Segment assets	**10,692**	11,887	**408**	389

Financial Services 2010	Financial Services 2009	Other Entities 2010	Other Entities 2009	Reconciliation to Group figures 2010	Reconciliation to Group figures 2009	Group 2010	Group 2009	
3,770	3,782	**–**	1	**–**	–	**15,348**	12,971	External revenues
428	442	**1**	–	**–2,959**	–2,417	**–**	–	Inter-segment revenues
4,198	**4,224**	**1**	**1**	**–2,959**	**–2,417**	**15,348**	**12,971**	**Total revenues**
379	81	**–70**	18	**–381**	57	**1,299**	151	Segment result
3,201	2,546	**–**	–	**–557**	–493	**3,261**	2,811	Capital expenditure on non-current assets
1,188	1,597	**–**	–	**–509**	–611	**1,598**	1,849	Depreciation and amortisation on non-current assets

Financial Services 2010	Financial Services 2009	Other Entities 2010	Other Entities 2009	Reconciliation to Group figures 2010	Reconciliation to Group figures 2009	Group 2010	Group 2009	
7,351	7,375	**–**	1	**–**	–	**27,791**	24,480	External revenues
851	852	**2**	1	**–5,544**	–4,807	**–**	–	Inter-segment revenues
8,202	**8,227**	**2**	**2**	**–5,544**	**–4,807**	**27,791**	**24,480**	**Total revenues**
601	153	**–73**	42	**–415**	–14	**1,807**	–47	Segment result
5,913	4,951	**–**	–	**–1,065**	–914	**6,087**	5,659	Capital expenditure on non-current assets
2,428	3,016	**–**	–	**–1,020**	–1,071	**3,253**	3,670	Depreciation and amortisation on non-current assets

Financial Services 30.6.2010	Financial Services 31.12.2009	Other Entities 30.6.2010	Other Entities 31.12.2009	Reconciliation to Group figures 30.6.2010	Reconciliation to Group figures 31.12.2009	Group 30.6.2010	Group 31.12.2009	
4,656	4,268	**43,722**	40,400	**49,137**	45,009	**108,615**	101,953	Segment assets

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

in euro million	2010	2009
Reconciliation of segment result		
Total for reportable segments	**1,680**	94
Financial result of Automobiles segment and Motorcycles segment	**–380**	–129
Elimination of inter-segment items	**–1**	186
Group profit before tax	**1,299**	**151**
Reconciliation of capital expenditure on non-current assets		
Total for reportable segments	**3,818**	3,304
Elimination of inter-segment items	**–557**	–493
Total Group capital expenditure on non-current assets	**3,261**	**2,811**
Reconciliation of depreciation and amortisation on non-current assets		
Total for reportable segments	**2,107**	2,460
Elimination of inter-segment items	**–509**	–611
Total Group depreciation and amortisation on non-current assets	**1,598**	**1,849**

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

in euro million	2010	2009
Reconciliation of segment result		
Total for reportable segments	**2,222**	–33
Financial result of Automobiles segment and Motorcycles segment	**–453**	–351
Elimination of inter-segment items	**38**	337
Group profit before tax	**1,807**	**–47**
Reconciliation of capital expenditure on non-current assets		
Total for reportable segments	**7,152**	6,573
Elimination of inter-segment items	**–1,065**	–914
Total Group capital expenditure on non-current assets	**6,087**	**5,659**
Reconciliation of depreciation and amortisation on non-current assets		
Total for reportable segments	**4,273**	4,741
Elimination of inter-segment items	**–1,020**	–1,071
Total Group depreciation and amortisation on non-current assets	**3,253**	**3,670**

in euro million	30.6.2010	31.12.2009
Reconciliation of segment assets		
Total for reportable segments	**59,478**	56,944
Non-operating assets – Other Entities segment	**5,527**	5,797
Operating liabilities – Financial Services segment	**69,757**	67,008
Interest-bearing assets – Automobiles segment	**26,372**	25,826
Liabilities of Automobiles and Motorcycles segments not subject to interest	**18,183**	15,541
Elimination of inter-segment items	**–70,702**	–69,163
Total Group assets	**108,615**	**101,953**

Responsibility Statement by the Company’s Legal Representatives

Responsibility Statement pursuant to § 37 y of the German Securities Trading Act (WpHG) in conjunction with § 37 w (2) No. 3 WpHG
“To the best of our knowledge, and in accordance with the applicable principles for interim financial reporting, the Interim Group Financial Statements give a true and fair view of the net assets, financial position and results of operation of the Group, and the Interim Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year.”

Munich, 27 July 2010

Bayerische Motoren Werke
Aktiengesellschaft

The Board of Management

Review Report

To Bayerische Motoren Werke Aktiengesellschaft, Munich

We have reviewed the condensed interim consolidated financial statements of Bayerische Motoren Werke Aktiengesellschaft, Munich – comprising the balance sheet, the income statement and the statement of comprehensive income, the condensed cash flow statement, the statement of changes in equity and selected explanatory notes, together with the interim Group Management Report of Bayerische Motoren Werke Aktiengesellschaft, Munich, for the period of 1 January to 30 June 2010, which are part of the semi-annual financial report pursuant to § 37 w of the Securities Trading Act (WpHG). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim Group Management Report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim Group Management Report based on our review.

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

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

Munich, 2 August 2010

KPMG AG
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Schindler	Pastor
Wirtschaftsprüfer	Wirtschaftsprüfer

Other Information
Financial Calendar
Contacts

Financial Calendar

Quarterly Report to 30 September 2010	3 November 2010
Annual Report 2010	15 March 2011
Annual Accounts Press Conference	15 March 2011
Financial Analysts' Meeting	16 March 2011
Quarterly Report to 31 March 2011	4 May 2011
Annual General Meeting	12 May 2011
Quarterly Report to 30 June 2011	2 August 2011
Quarterly Report to 30 September 2011	3 November 2011

Contacts

Business Press

Telephone	+49 89 382-2 33 62
	+49 89 382-2 41 18
Fax	+49 89 382-2 44 18
E-mail	presse@bmwgroup.com

Investor Relations

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

The BMW Group on the Internet

Further information about the BMW Group is available online at www.bmwgroup.com. Investor Relations information is available directly at www.bmwgroup.com/ir. Information about the various BMW Group brands is available at www.bmw.com, www.mini.com and www.rolls-roycemotorcars.com.

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