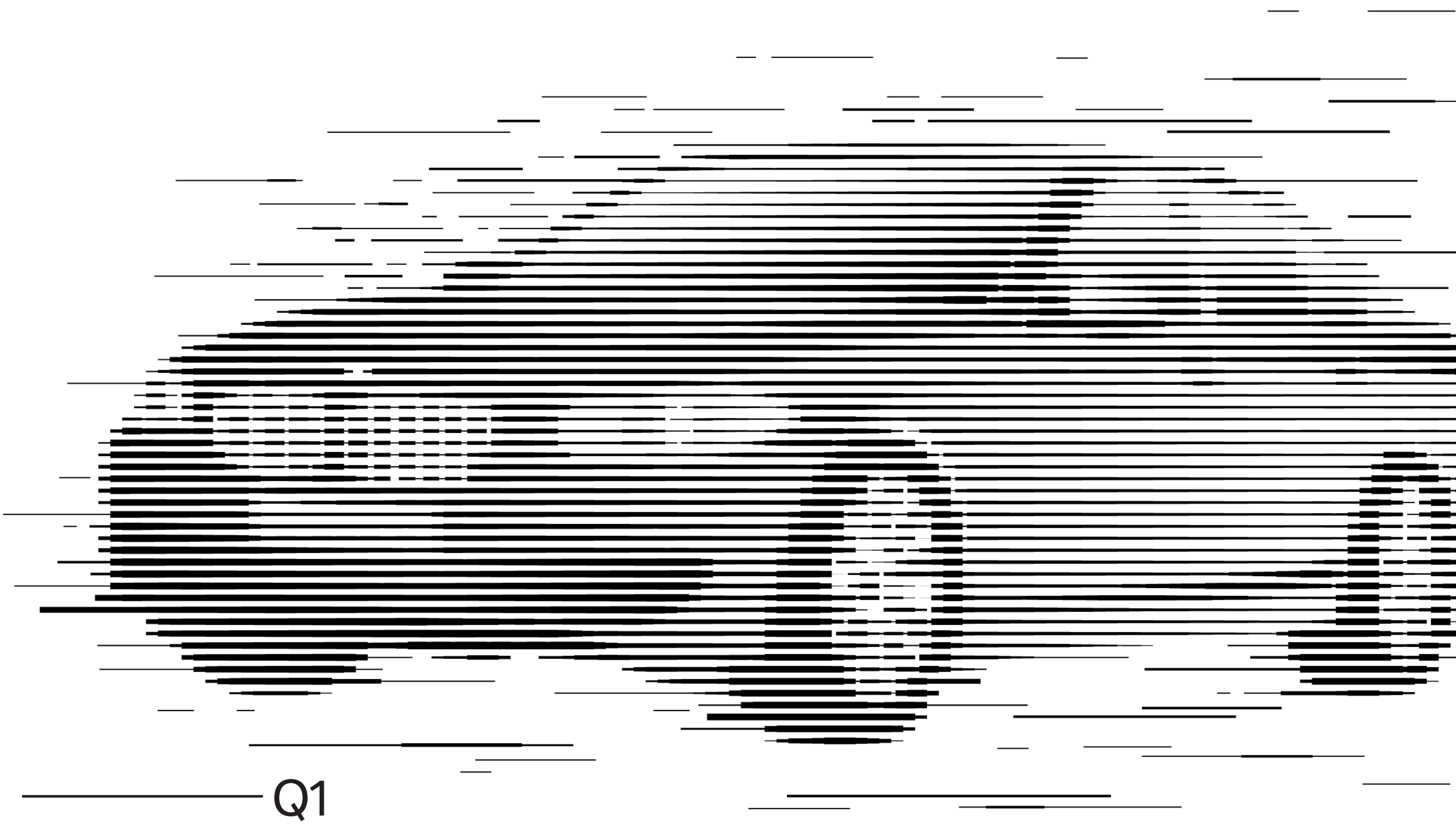
Quarterly Report
to 31 March 2010



Q1

Rolls-Royce
Motor Cars Limited

BMW Group

BMW Group in figures

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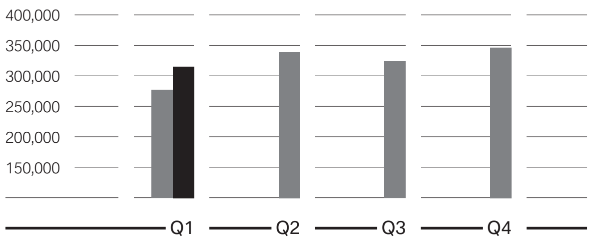
		1st quarter 2010	1st quarter 2009	Change in %
Deliveries to customers				
Automobiles	units	**315,614**	277,264	13.8
Motorcycles[1]	units	**20,840**	17,232	20.9
Vehicle production				
Automobiles	units	**320,061**	267,637	19.6
Motorcycles[2]	units	**30,222**	29,111	3.8
Workforce at end of quarter				
BMW Group		**95,787**	99,112	–3.4
Financial figures				
Operating cash flow[3]	euro million	**297**	**1,122**	**–73.5**
Revenues	euro million	**12,443**	**11,509**	**8.1**
Profit / loss before financial result (EBIT)	euro million	**449**	**–55**	**–**
Automobiles	euro million	**291**	–251	–
Motorcycles	euro million	**32**	28	14.3
Financial Services	euro million	**213**	70	–
Other Entities	euro million	**7**	12	–41.7
Eliminations	euro million	**–94**	86	–
Profit / loss before tax	euro million	**508**	**–198**	**–**
Automobiles	euro million	**220**	–471	–
Motorcycles	euro million	**30**	26	15.4
Financial Services	euro million	**222**	72	–
Other Entities	euro million	**–3**	24	–
Eliminations	euro million	**39**	151	–74.2
Income taxes	euro million	**–184**	**46**	**–**
Net profit / net loss	euro million	**324**	**–152**	**–**
Earnings per share[4]	euro	**0.49 / 0.49**	**–0.23 / –0.23**	**– / –**

[1] excluding Husqvarna Motorcycles (1,639 motorcycles)
[2] excluding Husqvarna Motorcycles (1,919 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

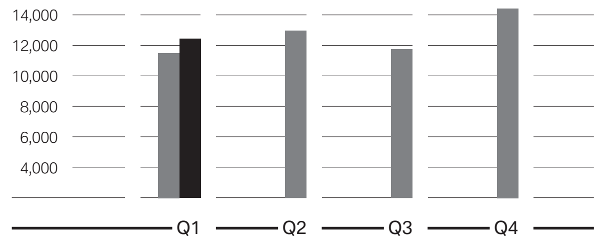
in units



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

Revenues

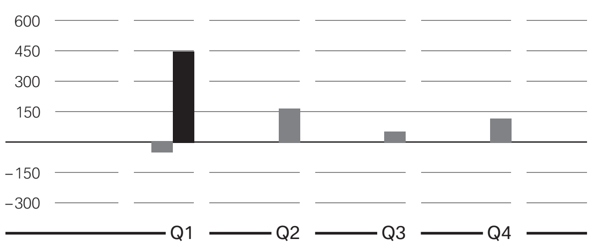
in euro million



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

Profit / loss before financial result

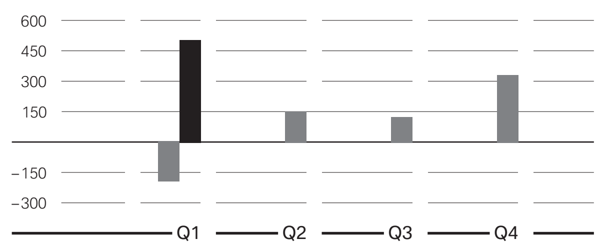
in euro million



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

Profit / loss before tax

in euro million



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

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Successful performance in first quarter 2010
The first signs of recovery from the economic and financial crisis began to emerge towards the end of 2009. This upward trend continued throughout the first quarter 2010. Although the global economy is still performing at a much lower level than before the onset of the international economic crisis, the pressure on many markets is beginning to ease.

Significant increase in car sales volumes
The BMW Group recorded a highly pleasing first-quarter car sales volume performance, reflecting not only the first signs of a reviving economy, but also the benefits of a broader and rejuvenated model portfolio. In total, 315,614 BMW, MINI and Rolls-Royce brand cars were delivered to customers during the first three months of 2010 – an increase of 13.8 % compared to the same quarter last year.

By contrast, the international motorcycle markets remained very weak during the period under report. We were, however, able to buck this trend, recording a 20.9 % increase in the number of BMW motorcycles sold (20,840 units).

The Financial Services segment maintained the positive performance registered in recent months. At 31 March 2010, the Financial Services segment was managing a portfolio of 3,107,568 lease and credit financing contracts with retail customers and dealers, 3.3 % more than at the end of the first quarter 2009.

Revenues and earnings developing positively
The good sales volume performance over the first three months of 2010 is also reflected in Group revenues, which rose by 8.1 % to euro 12,443 million. Excluding the impact of changes in exchange rates, revenues would have increased by 7.8 %.

The profit before financial result (EBIT) improved accordingly to euro 449 million (first quarter 2009: loss of euro 55 million) and the profit before tax came in at euro 508 million (first quarter 2009: loss of euro 198 million). The main factors driving this improvement were our strong position on the car markets and profitable business in the Financial Services segment. The Group reports a net profit of euro 324 million for the first three months of the year (2009: net loss of euro 152 million).

Number of employees reduced
The BMW Group had a worldwide workforce of 95,787 employees at 31 March 2010, 3.4 % fewer than one year earlier. The number of employees decreased only slightly by 0.5 % compared to the end of financial year 2009.

Targeted expansion of vehicle portfolio
The new BMW 5 Series Gran Turismo and BMW ActiveHybrid X6 models launched in autumn 2009 have been available to customers worldwide since spring 2010. The BMW X1 has also been introduced on nearly all markets in the meantime. The BMW ActiveHybrid 7, which has been on sale in selected markets since the beginning of 2010, will also be available worldwide in the course of the summer. The new BMW 5 Series Sedan, one of the most successful model series in our range, has been on sale since the end of March. Customers and trade press alike have been full of praise for the model. The model revisions of the BMW 3 Series Coupé and Convertible have also been available since the end of March. The new BMW 5 Series Touring will be launched in mid-September.

The MINI Countryman will be added to the MINI range as of autumn 2010. This new crossover model bridges the gap between the classic MINI vehicle concept and a modern Sports Activity Vehicle. In addition, two further model variants will follow, both based on the MINI Coupé Concept and MINI Roadster Concept presented at the International Motor Show (IAA) in Frankfurt.

The new Ghost model is providing additional tailwind for sales of the Rolls-Royce brand. Originally introduced on selected markets in December, the Ghost will become available to customers worldwide over the course of spring 2010.

The S 1000 RR motorcycle, introduced in December 2009, is meanwhile available to customers worldwide. Derived from the racing version, it has been extremely well received by the media and has quickly become popular with riders who enjoy sporting flair. The technical upgrade of the R 1200 GS and the revised R 1200 RT have been on the market since February 2010. These two models were presented for the first time at the EICMA International Motorcycle Fair in Milan in autumn 2009.

BMW Group and SGL Group establish joint carbon-fibre plant
In April the BMW Group and the SGL Group announced the construction of a joint carbon-fibre plant, with an initial investment volume of euro 100 million. The new plant is a key part of the strategy being pursued by the two companies to automate the manufacture of carbon-fibre rein-

forced plastics (CFRP) for use in future vehicle concepts. Carbon fibres produced at the joint facility will be used exclusively for the BMW Group's new Megacity Vehicle.

International car markets more settled – government stimulus measures still having a positive impact

The massive slump on international car markets in the first quarter 2009 was more or less offset over the course of 2009 by wide-ranging, state-funded stimulus measures. During the first three months of 2010 the markets stabilised, although at a far lower level than that seen before the crisis.

Developments varied from market to market. The Chinese car market expanded by more than 70 % compared to the first quarter 2009. The market in the USA, which crumbled the previous year to its lowest level since 1982, registered a first-quarter growth rate of 15 %, still leaving sales volumes there significantly lower than in previous years.

The situation on Western European markets also varies considerably. Demand in Germany contracted by almost 25 % from January to March 2010 following the expiry of the scrappage bonus scheme. In some other European countries, however, government stimulus programmes extended into the first quarter 2010, bolstering national car markets accordingly. The Italian market, for instance, grew in the first quarter by approximately 25 % compared to the previous year. In France too, the knock-on impact of the scrappage bonus scheme brought sales volumes up to just above the previous year's level. The British market, which contracted overall in 2009, was more than 25 % up on the first quarter 2009. The situation in Spain was similar: after plummeting by half over the last two years, demand shot up by almost 50 % in the first three months of 2010.

After contracting in the previous year, Japan recorded first-quarter growth of approximately 25 % thanks to state-funded stimulus measures.

The emerging markets also developed differently. The car market in Russia contracted by one half during 2009 in the wake of the economic crisis. This trend continued into the first quarter 2010 with a further drop in the region of 25 %. Brazil and India, on the other hand, continued to perform dynamically from January to March 2010, recording double digit growth rates.

Many motorcycle markets remain weak

International motorcycle markets in the 500 cc plus segment developed inconsistently during the first quarter 2010. While at least some European markets recovered moderately, most markets elsewhere recorded negative growth. First-quarter motorcycle sales in the 500 cc plus segment worldwide were 12.3 % down on the previous year. The contraction in Europe as a whole was 6.3 %. Positive developments were seen in some of the smaller markets such as Switzerland (+ 11.1 %) and Austria (+ 11.8 %). The Spanish motorcycle market grew by 75.5 %. In contrast, first-quarter motorcycle registrations were considerably lower in some of the major markets such as Germany (– 7.3 %), Italy (– 8.8 %), France (– 7.3 %) and Great Britain (– 21.2 %). The US market also continued to perform weakly during the period under report. Overall, motorcycle sales in the 500 cc plus segment dropped by 20.0 %. The same applied to the Japanese market, which was 7.4 % down on the previous year.

Slight recovery on worldwide financial markets

The major central banks continued to keep reference interest rates more or less stable during the first quarter 2010. Only the Reserve Bank of Australia raised interest rates, most recently by a further 50 basis points to 4.25 %. Interest rates with medium-term maturities fell slightly, in line with the general expectations for growth and inflation rates.

As future macroeconomic developments are still subject to uncertainty, it is too early to assume that the recovery seen in lease and credit financing business as well as dealer financing will last.

Used car markets in North America and Great Britain showed some signs of recovery during the first quarter 2010. Markets in continental Europe stabilised at a low level.

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Sales volume well up

The emerging recovery of car markets during the fourth quarter 2009 continued during the first three months of 2010, enabling us to surpass the previous year's first-quarter sales volume. In total, 315,614 BMW, MINI and Rolls-Royce brand cars were handed over to customers during the first quarter, 13.8 % more than one year earlier. With 265,809 units sold, the BMW brand recorded sales volume growth of 13.8 %. MINI brand sales rose by 13.6 % to 49,526 units. Rolls-Royce Motor Cars registered a particularly strong growth rate of 60.3 % (279 units).

Rising sales volumes in most markets

The various markets developed inconsistently in Europe during the first three months of 2010. With 177,031 units sold, the BMW Group registered a 4.4 % growth rate overall. Whereas the 58,784 units sold in Germany were down on the previous year (– 3.5 %), the number of cars sold in Great Britain rose by 6.8 % to 32,270 units. We were also able to sell considerably more cars in France and Spain during the first quarter. Sales volume recorded for France increased to 14,465 units (+ 5.2 %). In Spain we surpassed the previous year's first-quarter figure by 37.4 % with sales of 10,376 units. By contrast, first-quarter sales in Italy fell by 9.6 % to 17,601 units.

We succeeded in recording growth in North America from January to March 2010 with a sales volume of 60,734 units (+ 9.2 %). The number of cars sold in the USA rose by 7.5 % to 55,141 units.

The growth rate rose particularly steeply in Asia in the first quarter 2010 (58,918 units / +55.7 %). The Chinese markets (China, Hong Kong, Taiwan) accounted for 36,607 units, thus making the biggest contribution to this performance. This meant that the sales volume on these markets doubled. In Japan we were unable to quite match the previous year's performance (9,927 units / – 3.3 %).

BMW brand sales up on previous year

We sold 47,909 units of the BMW 1 Series during the quarter under report, marginally up (+ 2.4 %) on the previous year's figures. Sales of the BMW 3 Series also rose by 2.4 % to 91,619 units. The revised Coupé and Convertible models have been available since the end of March and will additionally boost sales volume performance.

During the first quarter 2010, a total of 39,162 units of the BMW 5 Series were sold (– 3.4 %). Sales of the Sedan and Touring models fell sharply due to model life-cycle factors. The new BMW 5 Series Sedan came onto the markets at the end of March and the new Touring model will make its debut in autumn 2010 which should boost sales of the 5 Series in the second half of the year. The BMW 5 Series Gran Turismo introduced at the end of 2009 has performed well with 4,484 units sold during the first three months of 2010.

Sales of the BMW 6 Series fell during the first quarter 2010, also due to model life-cycle factors. In total, we handed over 1,340 units of the BMW 6 Series to customers (– 39.1 %). The new BMW Z4 on the other hand – available since the middle of 2009 – is proving extremely popular with customers and first-quarter sales quadrupled to 6,461 units.

The new BMW 7 Series models are also selling well. In total, 14,245 units of the BMW 7 Series were handed over during the first quarter 2010 (+ 54.1 %) and the BMW 7 Series has now taken over worldwide market leadership in its segment. The BMW ActiveHybrid 7, which had already been made available to selected customers, has been very well received and will go on sale worldwide over the course of the summer.

Sales of the BMW X1 have developed very positively since its market launch at the end of October 2009. 19,657 units

Automobiles

		1st quarter 2010	1st quarter 2009	Change in %
Deliveries to customers	units	**315,614**	277,264	13.8
Production	units	**320,061**	267,637	19.6
Revenues	euro million	**10,672**	9,605	11.1
Profit / loss before financial result (EBIT)	euro million	**291**	–251	–
Profit / loss before tax	euro million	**220**	–471	–
Workforce at end of quarter		**88,901**	92,014	–3.4

of the BMW X1 were sold during the period under report. With the BMW X3 now coming to the end of its product life-cycle, the sales volume of this model was down against the previous year, in line with expectations. We handed over a total of 11,693 units of the BMW X3 to customers (–9.3%) during the period under report. First-quarter sales of the BMW X5, at 22,897 units, were 4.8% up on the previous year. The BMW X6 also recorded a higher sales volume than one year earlier, at 10,826 units (+21.2%). We also expect further momentum from the BMW ActiveHybrid X6 once it becomes available worldwide from mid-year onwards.

Deliveries of BMW automobiles by model variant

in units

	1st quarter 2010	1st quarter 2009	Change in %
BMW 1 Series			
Three-door	**8,468**	8,669	–2.3
Five-door	**27,814**	26,500	5.0
Coupé	**5,742**	4,950	16.0
Convertible	**5,885**	6,679	–11.9
	47,909	**46,798**	**2.4**
BMW 3 Series			
Sedan	**57,337**	47,593	20.5
Touring	**16,616**	20,400	–18.5
Coupé	**9,665**	12,627	–23.5
Convertible	**8,001**	8,848	–9.6
	91,619	**89,468**	**2.4**
BMW 5 Series			
Sedan	**27,473**	31,902	–13.9
Touring	**7,205**	8,639	–16.6
Gran Turismo	**4,484**	–	–
	39,162	**40,541**	**–3.4**
BMW 6 Series			
Coupé	**723**	1,154	–37.3
Convertible	**617**	1,048	–41.1
	1,340	**2,202**	**–39.1**
BMW 7 Series			
	14,245	**9,246**	**54.1**
BMW X1			
	19,657	**–**	**–**
BMW X3			
	11,693	**12,896**	**–9.3**
BMW X5			
	22,897	**21,853**	**4.8**
BMW X6			
	10,826	**8,931**	**21.2**
BMW Z4			
	6,461	**1,563**	**313.4**
BMW total	**265,809**	**233,498**	**13.8**

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MINI brand sales volume up on previous year

The BMW Group sold 49,526 MINI brand cars worldwide during the period under report (+ 13.6 %), comprising the MINI Convertible (5,954 units), the Clubman (7,404 units) and the MINI (36,168 units). The MINI Countryman will go on sale worldwide in the second half of 2010, additionally stimulating sales demand.

Deliveries of MINI automobiles by model variant

in units

	1st quarter 2010	1st quarter 2009	Change in %
MINI			
One	**11,670**	6,738	73.2
Cooper	**17,149**	18,314	–6.4
Cooper S	**7,349**	7,741	–5.1
	36,168	**32,793**	**10.3**
MINI Convertible			
One	**205**	110	86.4
Cooper	**3,441**	862	299.2
Cooper S	**2,308**	906	154.7
	5,954	**1,878**	**217.0**
MINI Clubman			
One	**632**	154	310.4
Cooper	**4,831**	6,142	–21.3
Cooper S	**1,941**	2,625	–26.1
	7,404	**8,921**	**–17.0**
MINI total	**49,526**	**43,592**	**13.6**

Rolls-Royce records best first-quarter sales volume figure to date

In total, 279 Rolls-Royce were presented to customers during the period under report (+60.3 %), thus setting the best ever first-quarter sales volume figure for Rolls-Royce Motor Cars. The Rolls-Royce Ghost, which was first launched in December 2009, has been particularly successful with 158 units sold during the quarter under report.

Deliveries of Rolls-Royce automobiles by model variant

in units

	1st quarter 2010	1st quarter 2009	Change in %
Rolls-Royce			
Phantom (including Phantom Extended Wheelbase)	**66**	54	22.2
Drophead Coupé	**34**	69	–50.7
Coupé	**21**	51	–58.8
Ghost	**158**	–	–
Rolls-Royce total	**279**	**174**	**60.3**

Car production volumes increased again

Production volumes again rose in the first three months of 2010 as a result of greater demand. In total, 320,061 BMW, MINI and Rolls-Royce brand cars were manufactured during the quarter (+19.6 %). The BMW brand accounted for 266,799 units (+18.8 %). 52,688 MINI cars left the Oxford plant (+22.5 %) during the same period and 574 Rolls-Royce were manufactured at the Goodwood plant (2009: 150 units).

Automobiles segment reports positive earnings

The increase in sales volumes is reflected in the revenues reported for the Automobiles segment. First-quarter revenues totalled euro 10,672 million (+11.1 %). Measures taken to improve profitability are also having an increasingly positive impact on Group earnings. Thanks to our stronger competitive market position, the segment reports a first-quarter EBIT of euro 291 million (first quarter 2009: negative EBIT of euro 251 million) and a profit before tax of euro 220 million (first quarter 2009: loss before tax of euro 471 million).

Workforce reduced

The Automobiles segment had a worldwide workforce of 88,901 employees at 31 March 2010, 3.4 % fewer than one year earlier.

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Sharp increase in sales of motorcycles

Although the markets continued to contract, we performed well in the first quarter 2010. The Motorcycles segment performed well despite difficult market conditions, taking over market leadership in the 500 cc plus segment in countries such as Italy, Great Britain and Germany. One of the primary reasons for this was the new S 1000 RR, representing the BMW Group for the first time in the supersport segment. During the quarter under report we sold 20,840 BMW motorcycles worldwide, 20.9 % more than in the corresponding period of 2009. In Europe, the number of motorcycles sold rose by 30.1 % to 14,795 units. Significant growth (+ 24.7 %) was registered in Germany during the first three months of 2010, with sales volume increasing to 3,008 units. We also recorded sharp rises in Italy (4,052 units / +29.3 %), Spain (1,415 units / +37.4 %), France (1,890 units / +71.4 %) and Great Britain (1,641 units / +28.4 %).

First-quarter sales of motorcycles in the USA increased to 2,094 units, 7.8 % up on the previous year. The only market in which we did not surpass the previous year's first-quarter sales figure was Japan, where sales volume fell by 13.5 % to 508 units.

Motorcycle production increased

Production of BMW motorcycles in the period from January to March 2010 increased by 3.8 % to 30,222 units as a result of stronger demand and seasonal stocking-up by the dealer organisation.

Revenues and earnings of the Motorcycle segment improved

Revenues of the Motorcycles segment grew in line with the positive first-quarter sales volume performance. Compared to the first three months of the previous year, segment revenues rose by 21.0 % to euro 351 million. We were also ahead of the previous year at an EBIT level (euro 32 million / +14.3 %) and in terms of profit before tax (euro 30 million / +15.4 %).

Workforce figure slightly lower

The BMW Group employed 2,882 people in the Motorcycles segment at 31 March 2010, 2.6 % fewer than one year earlier.

Motorcycles

		1st quarter 2010	1st quarter 2009	Change in %
Deliveries to customers[1]	units	**20,840**	17,232	20.9
Production[2]	units	**30,222**	29,111	3.8
Revenues	euro million	**351**	290	21.0
Profit before financial result (EBIT)	euro million	**32**	28	14.3
Profit before tax	euro million	**30**	26	15.4
Workforce at end of quarter		**2,882**	2,958	–2.6

[1] excluding Husqvarna Motorcycles (1,639 motorcycles)
[2] excluding Husqvarna Motorcycles (1,919 motorcycles)

Financial services business develops positively
The improved situation on international financial and capital markets as well as the first signs of economic recovery had a perceptibly good impact on financial services business. At 31 March 2010 the business volume in balance sheet terms amounted to euro 62,419 million and therefore increased by 2.0% compared to 31 December 2009. A total of 3,107,568 lease and financing contracts was in place with dealers and retail customers at 31 March 2010, corresponding to a growth rate of 3.3%.

New business up on previous year
Credit and lease business with retail customers, the Financial Services segment's largest line of business, again grew with 243,343 new contracts signed during the first quarter 2010 (+7.4%). The main factor here was the dynamic growth rate (11.0%) achieved in credit financing. Lease business was maintained roughly at the previous year's level (–0.5%). Lease contracts and credit financing accounted for 28.9% and 71.1% of new business respectively. The proportion of new cars of the BMW Group leased or financed by the Financial Services segment in the first quarter 2010 was 46.8%, 1.1 percentage points lower than in the previous year.

In the used car financing line of business, 77,756 new contracts for BMW and MINI brand cars were signed during the period under report. As a result, new business in the area of used car financing edged down by 1.8%.

The total volume of finance and lease contracts signed with retail customers during the first quarter 2010 amounted to euro 5,914 million, 3.2% more than in the corresponding period last year.

The increase in the area of retail customer business is reflected in the overall contract portfolio. In total, 2,859,695 retail customer contracts were in place at 31 March 2010 (+3.1%). The increase was spread across all regions. The contract portfolio for the European markets grew by 2.1%. The Asia/Oceania/Africa region edged up by 1.8%, while the Americas region recorded the fastest growth rate at 5.4%.

Fleet business remains stable, multi-brand financing expanded
Fleet business during the quarter ended 31 March 2010 matched the previous year's level. In total, 324,002 fleet vehicle contracts were in place at the end of the period under report, an increase of 2.7% compared to one year earlier.

A total of 28,747 new multi-brand financing contracts was signed during the first quarter 2010. Multiple-brand

Financial Services

		1st quarter 2010	1st quarter 2009	Change in %
New contracts with retail customers		**243,343**	226,521	7.4
Revenues	euro million	**4,004**	4,003	–
Profit before financial result (EBIT)	euro million	**213**	70	–
Profit before tax	euro million	**222**	72	–
Workforce at end of quarter		**3,893**	4,023	–3.2

		31.3.2010	31.12.2009	Change in %
Business volume in balance sheet terms*	euro million	**62,419**	61,202	2.0

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

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financing business also benefited from the general revival of the international car markets.

Dealer financing expanded further
Our financial services business is also a strong and reliable partner for the dealer organisation, providing support to dealers with a well-designed range of products. In addition to the financing of vehicle inventories at the dealerships, these activities also include real estate and equipment financing. The total volume of dealer financing contracts managed by the Financial Services segment at the end of the first quarter 2010 stood at euro 9,635 million, 7.9 % higher than one year earlier.

Deposit business decreased
The Financial Services segment's deposit volume worldwide was 9.2 % lower than one year earlier, amounting to euro 9,627 million at 31 March 2010. The number of securities custodian accounts under management decreased to 24,777 accounts at the end of the reporting period (– 6.1 %).

Insurance business continues to grow steadily
In addition to financing and leasing products, the BMW Group also offers customers insurance services. Demand for these products remained high in the first quarter 2010. The number of new contracts signed during the period increased by 14.1 % to 142,838 contracts. At 31 March 2010, a total of 1,406,593 insurance contracts were in place (+ 14.7 %).

Financial Services segment earnings up on previous year
The stabilisation of the macroeconomic situation generated positive momentum for our financial services operations. First-quarter EBIT increased sharply to euro 213 million (first quarter 2009: euro 70 million), while profit before tax for the same period improved to euro 222 million (first quarter 2009: euro 72 million).

Number of employees reduced
The Financial Services segment had a workforce of 3,893 employees at 31 March 2010, 3.2 % fewer than one year earlier.

Sharp rise in market price of BMW stock

Worries about the economy caused the stock markets to plummet at the beginning of the year. The German stock index, the DAX, even slipped well below the 5,500 point level at one stage. The world's stock markets began to recover in March, driven by low interest rates, high liquidity and robust economic performance in the emerging markets as well as good business news. The DAX therefore ended the first quarter 2010 at 6,153.55 points, 3.3 % higher than on the last trading date in 2009. The DAX has meanwhile moved up to 6,203.50 points, its highest level for 18 months.

The Prime Automobile Performance Index closed on 31 March 2010 at 534.66 points. This means that the sector index lost some 1.5 % in value compared to the end of 2009.

BMW stock outperformed both the DAX and the Prime Automobile in the first quarter 2010. The market price of BMW common stock of euro 34.18 at the end of the first quarter 2010 was up 7.5 % on the end of 2009. BMW preferred stock did even better, closing 14.0 % up on 31 March at a price of euro 26.21.

The US dollar gained significant ground against the euro during the period under report, finishing the quarter at US dollar 1.35 to the euro. Compared to the exchange rate at the end of 2009, the US dollar gained 6.1 % in value.

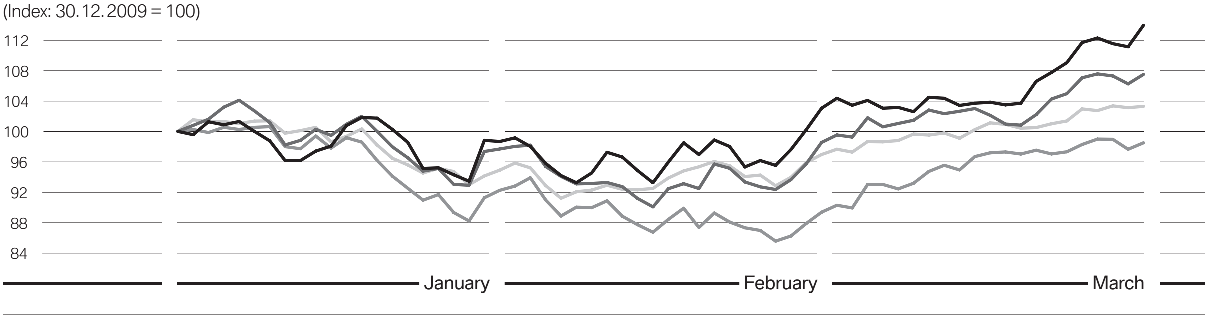
Refinancing remains successful

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 primarily used to finance the BMW Group's Financial Services business.

Refinancing funds were again raised successfully in the first quarter 2010. The issue of the biggest BMW eurobenchmark bond to date (euro 2.5 billion), a Canadian dollar bond amounting to 750 million and private placements totalling more than euro 1.5 billion in various currencies meant that a wide range of markets and investor groups were addressed during the period. We were also able to place an ABS bond with a volume of euro 800 million on the European capital market.

Thanks to the good creditworthiness enjoyed by the BMW Group, issues on the international financial markets and to both institutional and private investors were highly sought after.

Development of BMW stock compared to stock exchange indices
(Index: 30.12.2009 = 100)



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Earnings performance

The first signs of recovery from the economic and financial crisis emerged towards the end of 2009. This upward trend continued during the first quarter 2010. First-quarter earnings benefited in particular from our strong competitive position on the car markets, profitable business in the Financial Services segment and improved margins in the Automobiles segment.

Group revenues increased by 8.1% to euro 12,443 million. Adjusted for changes in exchange rates, first-quarter revenues would have increased by 7.8%. Within Group revenues, external revenues of the Automobiles and Motorcycles segments were 11.6% and 20.9% above those of the corresponding period in 2009 reflecting the good 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 period under report.

Group cost of sales increased by 2.9% to euro 10,758 million, rising therefore at a slower rate than revenues. This was mainly attributable to lower production costs thanks to rigorous cost management and lower refinancing costs. As a result, the first-quarter gross profit rose by 60.2% to euro 1,685 million. The gross profit margin was 13.5% (first quarter 2009: 9.1%).

The gross profit margin recorded by the Automobiles segment improved by 5.2 percentage points to 12.6%; that of the Motorcycles segment stood at 17.9% (first quarter 2009: 21.0%). In the Financial Services segment, it rose from 5.1% to 9.1%.

Research and development costs for the first quarter 2010 increased by 11.7% to euro 678 million and represented 5.4% (first quarter 2009: 5.3%) of revenues. Research and development costs include amortisation of capitalised development costs amounting to euro 322 million (first quarter 2009: euro 288 million). Total research and development costs amounted to euro 585 million (first quarter 2009: euro 568 million). This figure comprises research costs, development costs not recognised as assets and capitalised development costs. The research and development expenditure ratio was 4.7% (first quarter 2009: 4.9%).

Sales and administrative costs increased by 9.3% compared to the first quarter 2009 and represented 9.7% (first quarter 2009: 9.6%) of revenues.

Depreciation and amortisation included in cost of sales and sales and administrative costs increased by 7.1% to euro 930 million (first quarter 2009: euro 868 million).

Net operating income and expenses deteriorated by euro 26 million mainly as a result of lower net exchange gains.

The first-quarter profit before financial result improved by euro 504 million to euro 449 million as a result of the good operating performance.

The financial result was a net income of euro 59 million, which represented an improvement of euro 202 million against the corresponding quarter last year. Within the financial result, net interest and similar expenses improved by euro 40 million, mainly reflecting higher interest income due to the changed liquidity structure. Other financial result improved by euro 164 million as a result of higher fair values of stand-alone interest rate derivatives (which developed positively in response to changed interest-rate structures) and higher fair values of commodity derivatives. The result from equity accounted investments decreased by euro 2 million.

Taking all these factors into consideration, the profit before tax improved by euro 706 million to euro 508 million. The income tax expense for the quarter increased by euro 230 million, with an effective tax rate of 36.2% (first quarter 2009: 23.2%).

The BMW Group therefore reports a net profit of euro 324 million for the first quarter 2010, an improvement of euro 476 million over the first quarter 2009.

Earnings per share of common stock and preferred stock for the first quarter 2010 amounted to euro 0.49 (first quarter 2009: negative earnings per share of euro 0.23).

Earnings performance by segment

First-quarter revenues of the Automobiles segment rose by 11.1%. The segment profit before tax, at euro 220 million, represented an improvement of euro 691 million. The main factors for this performance were the economic revival and the gradual expansion and rejuvenation of our model portfolio, as a result of which sales volume was 13.8% ahead of the first quarter 2009.

Revenues of the Motorcycles segment rose by 21.0% in the first quarter 2010, also as a result of volume factors. The first-quarter profit before tax, at euro 30 million, was 15.4% up on the previous year.

Revenues by segment in the first quarter
in euro million

	External revenues		Inter-segment revenues		Total revenues	
	2010	2009	**2010**	2009	**2010**	2009
Automobiles	**8,515**	7,629	**2,157**	1,976	**10,672**	9,605
Motorcycles	**347**	287	**4**	3	**351**	290
Financial Services	**3,581**	3,593	**423**	410	**4,004**	4,003
Other Entities	**–**	–	**1**	1	**1**	1
Eliminations	**–**	–	**–2,585**	–2,390	**–2,585**	–2,390
Group	**12,443**	**11,509**	**–**	**–**	**12,443**	**11,509**

Revenues of the Financial Services segment, at euro 4,004 million, were at a similar level to the previous year. The first-quarter profit before tax improved by euro 150 million to euro 222 million due to the lower expense for risk provision in the areas of credit financing and residual values as well as reduced refinancing costs.

The Other Entities segment reports a first-quarter loss before tax of euro 3 million (first quarter 2009: profit before tax of euro 24 million), with the change primarily attributable to the reduction in the financial result.

The positive result from inter-segment eliminations for the first quarter decreased to euro 39 million (first quarter 2009: euro 151 million), mainly as a result of the higher volume of new leasing business.

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 quarters 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 three months of 2010 decreased by euro 527 million to euro 1,899 million (first quarter 2009: euro 2,426 million), mainly reflecting the increase in inventories following the introduction of new models. The cash outflow for investing activities during the first quarter, at euro 1,245 million, was euro 457 million lower than in the previous year. Capital expenditure for intangible assets and property, plant and equipment resulted in the cash outflow for investing activities decreasing by euro 217 million compared to

Profit / loss before tax by segment in the first quarter
in euro million

	2010	2009
Automobiles	**220**	–471
Motorcycles	**30**	26
Financial Services	**222**	72
Other Entities	**–3**	24
Eliminations	**39**	151
Profit / loss before tax	**508**	**–198**
Income taxes	**–184**	46
Net profit / net loss	**324**	**–152**

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the corresponding period last year. Cash outflow in conjunction with the net investment in leased products and receivables from sales financing was at a similar level to the previous year at euro 658 million. The change in marketable securities resulted in a euro 190 million decrease in cash outflow. 152.5 % (first quarter 2009: 142.5 %) of the cash outflow for investing activities was covered by the cash inflow from operating activities. The cash flow statement for the Automobiles segment shows that the cash inflow from operating activities fell short of the cash outflow for investing activities by euro 323 million (first quarter 2009: coverage of euro 220 million). The cash flow statement for the Financial Services segment shows coverage of 192.3 % (first quarter 2009: 195.1 %).

Cash inflow from financing activities includes inflows of euro 4,421 million from bond issues (first quarter 2009: euro 4,409 million) and outflows for repayments of euro 928 million (first quarter 2009: euro 2,430 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 in an increase in cash and cash equivalents of euro 276 million (first quarter 2009: euro 1,812 million).

Net financial assets of the Automobiles segment comprise the following:

in euro million	**31.3.2010**	31.12.2009
Cash and cash equivalents	**6,224**	4,331
Marketable securities and investment funds	**1,143**	1,129
Intragroup net financial receivables	**3,006**	8,272
Financial assets	**10,373**	**13,732**
Less: external financial liabilities*	**–1,492**	–4,770
Net financial assets	**8,881**	**8,962**

* excluding derivative financial instruments

Net assets position

The balance sheet total of the BMW Group increased by euro 2,108 million or 2.1 % 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 (+ 2.9 %), inventories (+ 9.7 %) and trade receivables (+ 22.9 %). On the equity and liabilities side of the balance sheet, the increase was due to the increase in financial liabilities (+ 1.7 %), trade payables (+ 24.4 %) and other liabilities (+ 5.5 %). By contrast, current income taxes decreased by 44.1 %.

Leased products edged up by euro 16 million or 0.1 %. Excluding the effect of exchange rate fluctuations, leased products would have decreased by 2.9 %.

Compared to 31 December 2009, inventories increased by euro 634 million to euro 7,189 million, mainly due to the effect of stocking-up in conjunction with the introduction of new models.

Financial assets decreased by 2.2 % to euro 4,631 million mainly as a result of the lower fair values of derivative portfolios.

Group equity, at euro 19,909 million, remained at a similar level to the previous year. On the one hand Group equity increased due to the net profit (euro 324 million), translation differences (euro 259 million) and the fair value measurement of marketable securities (euro 17 million). Deferred taxes on fair value gains and losses recognised directly in equity increased equity by euro 276 million.

On the other hand, Group equity decreased as a result of the fair value measurement of derivative financial instruments (euro 533 million) and actuarial losses on pension obligations (euro 349 million).

The equity ratio of the BMW Group fell overall by 0.4 percentage points to 19.1 %. The equity ratio of the Automobiles segment was 40.8 % (31 December 2009: 41.7 %) and that of the Financial Services segment was 6.4 % (31 December 2009: 6.0 %).

The amount recognised in the balance sheet for pension provisions increased by 10.7 % to euro 3,290 million, due mainly to the lower discount rate used in Germany and a changed assumption for future inflation rates in Great Britain.

Other provisions amounted to euro 4,763 million, similar to the level at 31 December 2009. While provisions for personnel-related expenses and for on-going operational expenses decreased by euro 69 million and euro 46 million respectively, provisions for other obligations increased by euro 114 million.

Financial liabilities increased by euro 1,050 million during the quarter, mainly as a result of the higher level of bonds issued. At the same time, liabilities to banks decreased.

Trade payables went up by 24.4 % to euro 3,885 million. Other liabilities amounted to euro 6,595 million and were thus euro 345 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 64 et seq.).

Recovery continues – risks remain
Following the end of the deepest post-war recession, the global economy has been witnessing an upturn since mid-2009. The rate of growth of the global economy stabilised during the winter months of 2009/2010. The financial crisis has nevertheless caused some regional and structural changes in economic output.

The economy passed its lowest point in the USA during the winter and has subsequently picked up sharply. The US economy has gained in competitiveness and rising exports, investment and a turnaround in the US employment market should now provide some impetus for the global economy in the short term. In the medium term, however, it seems likely that the consolidation of the US budgetary deficit will slow down the economy. The US property market has stabilised of late thanks to state-funded stimulus measures. However, the risk of a renewed setback remains, with potentially detrimental consequences for the global economy.

Growth in the euro zone is likely to remain slow for some time yet. Within this region, Germany and France expect to register above-average growth rates. The property market continues to exert a negative influence on the Spanish economy. In Britain, positive economic data suggest a robust economic upturn in the short term.

The Japanese economy has continued to pick up in recent months on the back of stronger exports and wide-ranging state-funded measures aimed at stimulating consumer spending. The fact that Japan has returned to deflation at the same time, however, reflects the chronic weakness of the domestic sector.

In the foreseeable future, the main momentum for the global economy will come from China. After the massive state-funded stimulus programme in 2009, growth structures are returning to normal in 2010. Increased levels of speculation have recently resulted in sharp price rises on the Chinese property market.

The short-term 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 impact of rising energy prices. Brazil's growth rate is likely to return to its pre-crisis level, thanks to strong consumer spending, increased demand for investment and robust state finances.

Energy and raw material prices continue to increase and could indeed rise even further in the short term in view of the current low level of reference interest rates. This would result in rising costs for both private households and industry over the course of the year.

The euro is currently performing weakly against the US dollar. Given the fact that the pace of growth of the US economy is likely to remain ahead of the euro zone, the euro could well weaken further in the current year. In the longer term, however, there is a risk that the US dollar could lose value in view of the high national and trade balance deficits in the USA. The British pound also remains weak as a result of the increase in Britain's budgetary deficit. A turnaround is not yet in sight. High raw material prices are the main reason for the appreciation in the value of currencies in Australia, South Africa, Brazil and Russia. The Japanese yen should remain stable against the euro in the near future.

Car markets in 2010
International car markets are expected to grow moderately in 2010 as the global economy continues to revive. However, considering the massive slumps experienced during

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the past two years, it is highly unlikely that pre-crisis levels will be achieved in the short term. China, the world's largest automotive market, is likely to see its growth rate slow down in 2010 after several years of strong growth. The revival of demand for cars in the USA will continue.

By contrast, total market size for the European Union is expected to contract in 2010, largely due to lower demand now that the scrappage bonus scheme has come to an end in Germany. Car markets in Great Britain, France and Italy are also expected to shrink moderately now that their state-funded stimulus programmes have come to an end. In Spain, 2010 should at least see some stabilisation as the overall market has diminished by half since 2006. Markets in the new EU member countries of Central and Eastern Europe are also expected to consolidate at a low level.

At best, the Japanese market is only likely to see a small improvement over the full year.

Continued growth is forecast for the emerging economies of India and Brazil in 2010. The car market in Russia should stabilise as a result of the stimulus programme announced for 2010.

Motorcycle markets in 2010
Despite the first signs of a cyclical recovery in some markets, we do not expect the international motorcycle markets in the 500 cc plus class relevant for the BMW Group to make more than a very modest recovery in 2010. The world market should settle down at a level slightly higher than that of 2009.

Financial Services market in 2010
Despite the economic revival and positive economic indicators, it is too early to assume that the recovery is of an enduring nature. The main obstacle is likely to be the high level of public debt, which will clearly restrict the fiscal options open to governments. A further factor is the high level of debt of specific countries, which could have an adverse impact on worldwide financial markets.

The current spate of international measures to stabilise the global economy should also help financial markets to continue recovering. Credit spreads could nevertheless be again subject to sharp fluctuations in acute crisis situations. Reference interest rates are not expected to rise in the major industrial countries until the beginning of 2011 at the earliest.

The trend towards consolidation within the dealer organisations will intensify worldwide. It remains to be seen how Europe's used car markets will develop over the coming months. The recent positive developments seen in Great Britain are expected to tail off. Continental Europe is unlikely to recover quickly.

BMW Group's outlook for the remainder of 2010
We think that the international economic crisis has already passed its lowest point. Global economic recovery should now continue, albeit at a lower pace of growth than prior to the crisis. Temporary setbacks cannot entirely be ruled out on the road to economic recovery.

In line with our Strategy Number ONE, we will remain on track in 2010 to realign the BMW Group, improving efficiency through better use of resources and thus securing the basis for a strong performance in 2010 and beyond.

We also expect additional momentum for profitable growth to come from new models and by rejuvenating our model range. In addition, we forecast a sharp rise in sales volume in China. Sales in the USA are also expected to pick up.

The worldwide market introduction of the BMW 5 Series Gran Turismo was completed at the beginning of 2010. The Rolls-Royce Ghost will also become available worldwide in the course of the year. Following the recent launch of the new BMW 5 Series, one of our most successful model series is now available, initially to customers in Europe. The 5 Series Sedan will be introduced on the US and Chinese markets during the year. The new 5 Series Sedan and 5 Series Touring (the latter to be launched before the end of 2010) will both help to make our model range more competitive. We will benefit in particular from the second half of 2010 onwards, once the BMW 5 Series Sedan has been fully launched worldwide. The BMW ActiveHybrid 7 as well as the revised model versions of the BMW X5, the BMW 3 Series Convertible and the BMW 3 Series Coupé will also help to rejuvenate our product range in 2010. In addition, the new MINI Countryman will be launched during the second half of the year, initially in Europe.

Continuous improvements in efficiency and productivity are key elements in the strategic reorientation of the BMW Group. Measures taken to date, such as our modular system, are already beginning to bear fruit. The modular approach used for the major model series creates substantial economies of scale, thanks to the higher production volumes involved. This approach fits in entirely with profitability targets set in conjunction with the Strategy Number ONE. Customers also benefit as many high-value items of equipment and options will no longer be exclusively available to the major series production models.

Even as we endeavour to achieve our profitability targets, we will continue our strategy of investing in the development of new vehicles and technologies. We will be launching our first series-built electric drive vehicle in 2013 as part of our forward-looking “project i”. The Megacity Vehicle will be a zero-emission urban car designed for the world’s metropolitan regions. The innovative vehicle will be significantly lighter than conventional cars and will set new standards along the entire value-added chain in terms of sustainability. We also remain committed to the use of state-of-the-art technologies in our increasing efforts 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 short term and the medium / long term.

The knock-on impact of the international economic and financial crisis will continue to be felt in 2010. We predict, however, that the economic revival will have a positive influence on our business performance. We therefore aim to achieve a Group pre-tax profit (EBT) for the year 2010 that is significantly higher than that of 2009 and which will represent an important step towards achieving the targets set down in our Strategy Number ONE.

Automobiles segment
Based on the assumption that international markets will continue to recover, we forecast higher sales volume in the single-digit range for 2010. We are confident of being able to confirm our position as the world’s leading premium manufacturer. Sales volumes will also be boosted by expanding our product range with specific targets in mind and strengthening our position on the world’s growth markets. Taking all of these factors into account, we are therefore aiming to achieve an EBIT margin in the low single-digit percentage range for the Automobiles segment in the financial year 2010.

Motorcycles segment
We entered the supersport bike segment for the first time in December 2009 with the market launch of the S 1000 RR. We expect this move to create additional impetus for business and therefore aim to achieve increased sales volume in 2010. Revenues and earnings will also improve accordingly.

Financial Services segment
The effects of the worldwide economic and financial crisis are still tangible in some areas. European used car markets, for instance, will remain affected by a sense of uncertainty for the rest of the year. North American car markets are expected to continue making the good progress seen in recent months. Given the slow pace of economic recovery in the primary sales markets, it is too early to assume that the bad debt risk for lease and credit financing business and dealer / importer financing has already eased to a sustainable degree.

Despite the prevailing uncertainties on the market, our Financial Services business is in a robust state. All lines of business continue to be focused on profitability and process efficiency, underpinned by appropriate risk management. The stabilisation of capital markets combined with the current low interest rate levels is resulting in improved refinancing conditions. Overall, we therefore expect earnings of the Financial Services segment to develop positively during the financial year 2010.

Profitability targets for 2012 remain unchanged
We will continue to implement our Strategy Number ONE in 2010 with great determination, which includes the profitability targets already announced for the year 2012. Based on these strategies, we plan to achieve a return on capital employed (ROCE) of more than 26 % and an EBIT margin of 8 to 10 % in our Automobiles segment. The Strategy Number ONE is the cornerstone for steering the new strategic course of the BMW Group. Taking a rigorous value-added approach to business will help us to achieve the challenging targets we have set ourselves.

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Income Statement for Group and Segments for the first quarter

in euro million

	Note	Group		Automobiles	
		2010	2009	**2010**	2009
Revenues	4	**12,443**	11,509	**10,672**	9,605
Cost of sales	5	**–10,758**	–10,457	**–9,323**	–8,894
Gross profit		**1,685**	**1,052**	**1,349**	**711**
Sales and administrative costs	6	**–1,213**	–1,110	**–1,036**	–938
Other operating income	7	**265**	238	**208**	86
Other operating expenses	7	**–288**	–235	**–230**	–110
Profit / loss before financial result		**449**	**–55**	**291**	**–251**
Result from equity accounted investments	8	**4**	6	**4**	7
Interest and similar income	9	**229**	173	**112**	147
Interest and similar expenses	9	**–240**	–224	**–222**	–256
Other financial result	10	**66**	–98	**35**	–118
Financial result		**59**	**–143**	**–71**	**–220**
Profit / loss before tax		**508**	**–198**	**220**	**–471**
Income taxes	11	**–184**	46	**–82**	155
Net profit / net loss		**324**	**–152**	**138**	**–316**
Attributable to minority interest		**1**	1	**1**	1
Attributable to shareholders of BMW AG		**323**	**–153**	**137**	**–317**
Earnings per share of common stock in euro	12	**0.49**	–0.23		
Earnings per share of preferred stock* in euro	12	**0.49**	–0.23		

* 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 first quarter

in euro million

	Note	**2010**	2009
Net profit / net loss		**324**	**–152**
Available-for-sale securities		**17**	1
Financial instruments used for hedging purposes		**–533**	–75
Exchange differences on translating foreign operations		**259**	92
Actuarial gains / losses relating to defined benefit pension and similar plans		**–349**	–394
Deferred taxes relating to components of other comprehensive income		**276**	120
Other comprehensive income for the period after tax	13	**–330**	**–256**
Total comprehensive income		**–6**	**–408**
Total comprehensive income attributable to minority interests		**3**	2
Total comprehensive income attributable to shareholders of BMW AG		**–9**	**–410**

Motorcycles		Financial Services		Other Entities		Eliminations		
2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	
351	290	**4,004**	4,003	**1**	1	**–2,585**	–2,390	Revenues
–288	–229	**–3,641**	–3,797	**–**	–	**2,494**	2,463	Cost of sales
63	**61**	**363**	**206**	**1**	**1**	**–91**	**73**	**Gross profit**
–32	–34	**–139**	–135	**–3**	–4	**–3**	1	Sales and administrative costs
1	1	**5**	3	**62**	146	**–11**	2	Other operating income
–	–	**–16**	–4	**–53**	–131	**11**	10	Other operating expenses
32	**28**	**213**	**70**	**7**	**12**	**–94**	**86**	**Profit / loss before financial result**
–	–	**–**	–	**–**	–1	**–**	–	Result from equity accounted investments
1	1	**–**	1	**418**	459	**–302**	–435	Interest and similar income
–3	–3	**–**	–1	**–450**	–464	**435**	500	Interest and similar expenses
–	–	**9**	2	**22**	18	**–**	–	Other financial result
–2	**–2**	**9**	**2**	**–10**	**12**	**133**	**65**	Financial result
30	**26**	**222**	**72**	**–3**	**24**	**39**	**151**	**Profit / loss before tax**
–11	–8	**–79**	–31	**1**	–5	**–13**	–65	Income taxes
19	**18**	**143**	**41**	**–2**	**19**	**26**	**86**	**Net profit / net loss**
–	–	**–**	–	**–**	–	**–**	–	Attributable to minority interest
19	**18**	**143**	**41**	**–2**	**19**	**26**	**86**	**Attributable to shareholders of BMW AG**
								Earnings per share of common stock in euro
								Earnings per share of preferred stock* in euro

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Assets

in euro million	Note	Group 31.3.2010	Group 31.12.2009	Automobiles 31.3.2010	Automobiles 31.12.2009
Intangible assets	14	**5,269**	5,379	**5,126**	5,230
Property, plant and equipment	15	**11,220**	11,385	**11,027**	11,181
Leased products	16	**17,989**	17,973	**178**	187
Investments accounted for using the equity method	17	**155**	137	**132**	114
Other investments	17	**238**	232	**2,732**	2,678
Receivables from sales financing	18	**24,537**	23,478	**–**	–
Financial assets	19	**1,505**	1,519	**433**	475
Deferred tax	20	**1,306**	1,266	**1,735**	1,514
Other assets	21	**627**	640	**2,206**	2,114
Non-current assets		**62,846**	**62,009**	**23,569**	**23,493**
Inventories	22	**7,189**	6,555	**6,903**	6,289
Trade receivables		**2,283**	1,857	**1,957**	1,608
Receivables from sales financing	18	**17,248**	17,116	**–**	–
Financial assets	19	**3,126**	3,215	**1,590**	1,666
Current tax	20	**966**	950	**854**	789
Other assets	21	**2,360**	2,484	**12,246**	14,863
Cash and cash equivalents		**8,043**	7,767	**6,224**	4,331
Current assets		**41,215**	**39,944**	**29,774**	**29,546**
Total assets		**104,061**	**101,953**	**53,343**	**53,039**

Equity and liabilities

in euro million	Note	Group 31.3.2010	Group 31.12.2009	Automobiles 31.3.2010	Automobiles 31.12.2009
Subscribed capital		**655**	655		
Capital reserves		**1,921**	1,921		
Revenue reserves		**20,749**	20,426		
Accumulated other equity		**–3,432**	–3,100		
Minority interest		**16**	13		
Equity	23	**19,909**	**19,915**	**21,755**	**22,101**
Pension provisions		**3,290**	2,972	**1,979**	1,652
Other provisions	24	**2,724**	2,706	**2,322**	2,295
Deferred tax	25	**2,777**	2,769	**1,632**	1,694
Financial liabilities	26	**38,732**	34,391	**285**	259
Other liabilities	27	**2,249**	2,281	**3,569**	3,401
Non-current provisions and liabilities		**49,772**	**45,119**	**9,787**	**9,301**
Other provisions	24	**2,039**	2,058	**1,694**	1,759
Current tax	25	**467**	836	**337**	650
Financial liabilities	26	**23,643**	26,934	**1,709**	4,736
Trade payables		**3,885**	3,122	**3,230**	2,556
Other liabilities	27	**4,346**	3,969	**14,831**	11,936
Current provisions and liabilities		**34,380**	**36,919**	**21,801**	**21,637**
Total equity and liabilities		**104,061**	**101,953**	**53,343**	**53,039**

Motorcycles		Financial Services		Other Entities		Eliminations		Assets
31.3.2010	31.12.2009	**31.3.2010**	31.12.2009	**31.3.2010**	31.12.2009	**31.3.2010**	31.12.2009	
37	39	**106**	110	**–**	–	**–**	–	Intangible assets
175	184	**18**	20	**–**	–	**–**	–	Property, plant and equipment
–	–	**20,634**	20,608	**–**	–	**–2,823**	–2,822	Leased products
–	–	**–**	–	**23**	23	**–**	–	Investments accounted for using the equity method
–	–	**8**	8	**5,385**	5,380	**–7,887**	–7,834	Other investments
–	–	**24,537**	23,478	**–**	–	**–**	–	Receivables from sales financing
–	–	**4**	28	**1,197**	1,186	**–129**	–170	Financial assets
–	–	**590**	575	**347**	355	**–1,366**	–1,178	Deferred tax
–	–	**1,269**	1,375	**11,828**	10,389	**–14,676**	–13,238	Other assets
212	**223**	**47,166**	**46,202**	**18,780**	**17,333**	**–26,881**	**–25,242**	**Non-current assets**
279	258	**7**	9	**–**	–	**–**	–1	Inventories
170	123	**155**	123	**1**	3	**–**	–	Trade receivables
–	–	**17,248**	17,116	**–**	–	**–**	–	Receivables from sales financing
–	–	**916**	924	**787**	916	**–167**	–291	Financial assets
–	–	**17**	28	**95**	133	**–**	–	Current tax
–	–	**4,178**	4,071	**27,780**	27,179	**–41,844**	–43,629	Other assets
–	–	**1,560**	2,803	**259**	633	**–**	–	Cash and cash equivalents
449	**381**	**24,081**	**25,074**	**28,922**	**28,864**	**–42,011**	**–43,921**	**Current assets**
661	**604**	**71,247**	**71,276**	**47,702**	**46,197**	**–68,892**	**–69,163**	**Total assets**

Motorcycles		Financial Services		Other Entities		Eliminations		Equity and liabilities
31.3.2010	31.12.2009	**31.3.2010**	31.12.2009	**31.3.2010**	31.12.2009	**31.3.2010**	31.12.2009	
								Subscribed capital
								Capital reserves
								Revenue reserves
								Accumulated other equity
								Minority interest
–	**–**	**4,559**	**4,268**	**4,291**	**4,118**	**–10,696**	**–10,572**	**Equity**
89	74	**26**	24	**1,196**	1,222	**–**	–	Pension provisions
74	68	**296**	311	**32**	32	**–**	–	Other provisions
2	2	**3,419**	3,191	**22**	9	**–2,298**	–2,127	Deferred tax
–	–	**13,344**	10,848	**25,232**	23,454	**–129**	–170	Financial liabilities
257	257	**11,814**	10,455	**131**	133	**–13,522**	–11,965	Other liabilities
422	**401**	**28,899**	**24,829**	**26,613**	**24,850**	**–15,949**	**–14,262**	**Non-current provisions and liabilities**
21	21	**309**	274	**12**	1	**3**	3	Other provisions
–	–	**79**	85	**51**	101	**–**	–	Current tax
–	–	**12,409**	13,673	**9,692**	8,816	**–167**	–291	Financial liabilities
185	167	**453**	385	**17**	14	**–**	–	Trade payables
33	15	**24,539**	27,762	**7,026**	8,297	**–42,083**	–44,041	Other liabilities
239	**203**	**37,789**	**42,179**	**16,798**	**17,229**	**–42,247**	**–44,329**	**Current provisions and liabilities**
661	**604**	**71,247**	**71,276**	**47,702**	**46,197**	**–68,892**	**–69,163**	**Total equity and liabilities**

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Cash Flow Statements for Group and Segments for the period from 1 January to 31 March

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	Group	
in euro million	**2010**	2009
Net profit/loss	**324**	–152
Depreciation of leased products	**1,233**	1,374
Depreciation and amortisation of tangible, intangible and investment assets	**930**	868
Change in provisions	**–366**	–595
Change in deferred taxes	**138**	–88
Changes in working capital and other items	**–360**	1,019
Cash inflow from operating activities	**1,899**	**2,426**
Investment in intangible assets and property, plant and equipment	**–586**	–803
Net investment in leased products and receivables from sales financing	**–658**	–691
Other	**–1**	–208
Cash outflow from investing activities	**–1,245**	**–1,702**
Cash inflow/outflow from financing activities	**–520**	**1,047**
Effect of exchange rate and changes in composition of Group on cash and cash equivalents	**142**	**41**
Change in cash and cash equivalents	**276**	**1,812**
Cash and cash equivalents as at 1 January	**7,767**	7,454
Cash and cash equivalents as at 31 March	**8,043**	**9,266**

Automobiles 2010	Automobiles 2009	Financial Services 2010	Financial Services 2009	
138	–316	**143**	41	Net profit/loss
2	2	**1,234**	1,411	Depreciation of leased products
906	843	**6**	8	Depreciation and amortisation of tangible, intangible and investment assets
–375	–560	**9**	–24	Change in provisions
71	–200	**32**	39	Change in deferred taxes
–445	1,353	**–143**	464	Changes in working capital and other items
297	**1,122**	**1,281**	**1,939**	**Cash inflow from operating activities**
–577	–790	**–2**	–3	Investment in intangible assets and property, plant and equipment
7	–11	**–665**	–883	Net investment in leased products and receivables from sales financing
–50	–101	**1**	–108	Other
–620	**–902**	**–666**	**–994**	**Cash outflow from investing activities**
2,129	**360**	**–1,896**	**369**	**Cash inflow/outflow from financing activities**
87	**–16**	**38**	**55**	**Effect of exchange rate and changes in composition of Group on cash and cash equivalents**
1,893	**564**	**–1,243**	**1,369**	**Change in cash and cash equivalents**
4,331	5,073	**2,803**	2,053	Cash and cash equivalents as at 1 January
6,224	**5,637**	**1,560**	**3,422**	**Cash and cash equivalents as at 31 March**

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Group Statement of Changes in Equity

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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**
Comprehensive income 31 March 2009	–	–	–153	91	–	–68	–280	–	2	**–408**
31 March 2009	**654**	**1,911**	**20,266**	**–1,974**	**17**	**–23**	**–986**	**–10**	**10**	**19,865**
31 December 2009	**655**	**1,921**	**20,426**	**–1,747**	**20**	**209**	**–1,582**	**–**	**13**	**19,915**
Comprehensive income 31 March 2010	–	–	323	257	12	–358	–243	–	3	**–6**
31 March 2010	**655**	**1,921**	**20,749**	**–1,490**	**32**	**–149**	**–1,825**	**–**	**16**	**19,909**

Interim Group Financial Statements

Notes to the Group Financial Statements to 31 March 2010
Accounting Principles and Policies

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 31 March 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 31 March 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 support the sale of its products, the BMW Group provides various financial services – mainly loan and lease financing – to retail customers and to 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 31 March 2010 totalled euro 8.0 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 at 31 March 2010 have neither been audited nor reviewed by the Group auditors, KPMG AG Wirtschaftsprüfungsgesellschaft.

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.

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2 — Consolidated companies

The BMW Group Financial Statements for the first 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 first 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 addition, LHS Leasing- und Handelsgesellschaft Deutschland mbH, Stuttgart, changed its name during this period to Alphabet Fuhrparkmanagement GmbH, Munich.

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 quarter 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 first quarter 2010

The following Standards and Interpretations issued by the IASB were applied for the first time in the first quarter 2010:

Standard / Interpretation		Date of mandatory application	Endorsed by EU	Impact on BMW Group
IFRS 1	Additional Exceptions for First-time Adopters	1. 1. 2010	No	None
IFRS 1	First-time Adoption of IFRS	1. 1. 2010	Yes	None
IFRS 2	Share-based Payment: Accounting for Cash-settled Share-based Payments within the Group	1. 1. 2010	Yes	None
IFRS 3 / IAS 27	Business Combinations / Consolidated and Separate Financial Statements	1. 1. 2010	Yes	Significant in principle: Revised Accounting Treatment for Business Combinations
IAS 39	Exposures Qualifying for Hedge Accounting	1. 1. 2010	Yes	None
	Improvements to IFRSs	1. 1. 2010*	Yes	Insignificant
IFRIC 17	Distributions of Non-cash Assets to Owners	1. 1. 2010	Yes	None
IFRIC 18	Transfers of Assets from Customers	1. 1. 2010	Yes	None

* Unless otherwise specified, the amendments are effective for annual periods beginning on or after 1 January 2010.

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

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

Standard / Interpretation		Date of issue by IASB	Date of mandatory application	Endorsed by EU	Expected impact on on BMW Group
IFRS 1	Exemption from Comparative IFRS 7 Disclosures	28. 1. 2010	1. 1. 2011	No	None

4 — Revenues

Revenues by activity comprise the following:

in euro million	1st quarter 2010	1st quarter 2009
Sales of products and related goods	**8,739**	7,880
Income from lease instalments	**1,236**	1,405
Sale of products previously leased to customers	**1,477**	1,372
Interest income on loan financing	**619**	700
Other income	**372**	152
Revenues	**12,443**	**11,509**

An analysis of revenues by segment is shown in the segment information on pages 38 and 39.

5 — Cost of sales

Cost of sales in the first quarter include euro 3,588 million (first quarter 2009: euro 3,627 million) relating to financial services business.

First-quarter cost of sales include research and development costs of euro 678 million (first quarter 2009: euro 607 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 322 million (first quarter 2009: euro 288 million).

6 — Sales and administrative costs

Sales costs amounted to euro 893 million (first quarter 2009: euro 861 million) and comprise mainly marketing, advertising and sales personnel costs.

Administrative costs amounted to euro 320 million (first quarter 2009: euro 249 million) and comprised expenses for administration not attributable to development, production or sales functions.

7 — Other operating income and expenses

Other operating income in the first quarter amounted to euro 265 million (first quarter 2009: euro 238 million). Other operating expenses in the first quarter totalled euro 288 million (first quarter 2009: euro 235 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 first quarter was a positive amount of euro 4 million (first quarter 2009: euro 6 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.

9 — Interest result

in euro million	1st quarter 2010	1st quarter 2009
Interest and similar income	**229**	173
Interest and similar expenses	**–240**	–224
Net interest result	**–11**	**–51**

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10 — Other financial result

in euro million	1st quarter 2010	1st quarter 2009
Result on investments	–	–
Sundry other financial result	**66**	–98
Other financial result	**66**	**–98**

11 — Income taxes

Taxes on income comprise the following:

in euro million	1st quarter 2010	1st quarter 2009
Current tax expense	**58**	45
Deferred tax expense	**126**	–91
Income taxes	**184**	**–46**

The effective tax rate for the period to 31 March 2010 was 36.2 % (first quarter 2009: 23.2 %).

12 — Earnings per share

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

		1st quarter 2010	1st quarter 2009
Profit/loss attributable to the shareholders	euro million	**322.7**	–152.7
Profit/loss attributable to common stock	euro million (rounded)	**296.7**	–140.6
Profit/loss attributable to preferred stock	euro million (rounded)	**26.0**	–12.1
Average number of common stock shares in circulation	number	**601,995,196**	601,995,196
Average number of preferred stock shares in circulation	number	**52,665,362**	51,833,032
Earnings/loss per share of common stock	euro	**0.49**	–0.23
Earnings/loss per share of preferred stock	euro	**0.49**	–0.23

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.

13 — Disclosures relating to the statement of total comprehensive income

Other comprehensive income after tax comprises the following:

in euro million	1st quarter 2010	1st quarter 2009
Available-for-sale securities		
Gains / losses in the period	**19**	1
Amounts reclassified to income statement	**–2**	–
	17	**1**
Financial instruments used for hedging purposes		
Gains / losses in the period	**–530**	–108
Amounts reclassified to income statement	**–3**	33
	–533	**–75**
Exchange differences on translating foreign operations	**259**	92
Actuarial gains / losses relating to defined benefit pension and similar plans	**–349**	–394
Deferred taxes relating to components of other comprehensive income	**276**	120
Other comprehensive income for the period after tax	**–330**	**–256**

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

in euro million	1st quarter 2010			1st quarter 2009		
	Before tax	Deferred taxes	After tax	Before tax	Deferred taxes	After tax
Available-for-sale securities	**17**	**–5**	**12**	1	–1	–
Financial instruments used for hedging purposes	**–533**	**175**	**–358**	–75	7	–68
Exchange differences on translating foreign operations	**259**	**–**	**259**	92	–	92
Actuarial gains / losses relating to defined benefit pension and similar plans	**–349**	**106**	**–243**	–394	114	–280
Other comprehensive income	**–606**	**276**	**–330**	**–376**	**120**	**–256**

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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 31 March 2010 amounted to euro 4,841 million (31 December 2009: euro 4,934 million). Capital expenditure for development costs in the first quarter amounted to euro 229 million (first quarter 2009: euro 249 million). Amortisation amounted to euro 322 million (first quarter 2009: euro 288 million).

In addition, intangible assets include a brand-name right amounting to euro 40 million (31 December 2009: euro 40 million) and goodwill 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 three months of 2010 was euro 346 million (first quarter 2009: euro 549 million). The depreciation expense for the same period amounted to euro 580 million (first quarter 2009: euro 551 million).

16 — Leased products

Additions to leased products and depreciation thereon amounted to euro 2,240 million (first quarter 2009: euro 2,045 million) and euro 725 million (first quarter 2009: euro 953 million) respectively. Disposals amounted to euro 2,038 million (first quarter 2009: euro 1,687 million). The translation of foreign currency financial statements resulted in a net positive translation difference of euro 539 million (first quarter 2009: net positive translation difference of euro 441 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.

18 — Receivables from sales financing

Receivables from sales financing totalling euro 41,785 million (31 December 2009: euro 40,594 million) relate to credit financing for retail customers and dealers and to finance leases.

19 — Financial assets

Financial assets comprise:

in euro million	31.3.2010	31.12.2009
Derivative instruments	**2,197**	2,433
Marketable securities and investment funds	**1,681**	1,648
Loans to third parties	**26**	23
Credit card receivables	**260**	266
Other	**467**	364
Financial assets	**4,631**	**4,734**
thereof non-current	**1,505**	1,519
thereof current	**3,126**	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:

31 March 2010 in euro million	Maturity within one year	Maturity later than one year	**Total**
Deferred tax	–	1,306	**1,306**
Current tax	457	509	**966**
Income tax assets	**457**	**1,815**	**2,272**

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	**31.3.2010**	31.12.2009
Other taxes	**380**	445
Receivables from subsidiaries	**512**	485
Receivables from other companies in which an investment is held	**124**	171
Prepayments	**910**	898
Collateral receivables	**436**	507
Sundry other assets	**625**	618
Other assets	**2,987**	**3,124**
thereof non-current	**627**	640
thereof current	**2,360**	2,484

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22 — Inventories

Inventories comprise the following:

in euro million	31.3.2010	31.12.2009
Raw materials and supplies	**618**	536
Work in progress, unbilled contracts	**611**	542
Finished goods and goods for resale	**5,960**	5,477
Inventories	**7,189**	**6,555**

23 — Equity

The Group Statement of Changes in Equity is shown on page 26.

Number of shares issued

At 31 March 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 31 March 2010.

In addition, the shareholders passed a resolution 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.

Capital reserves

Capital reserves include premiums arising from the issue of shares.

Revenue reserves

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

Accumulated other equity

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

Minority interests

Equity attributable to minority interests amounted to euro 16 million (31 December 2009: euro 13 million). This includes a minority interest of euro 1 million in the results for the period (31 December 2009: euro 6 million).

24 — Other provisions

Other provisions, at euro 4,763 million (31 December 2009: euro 4,764 million) primarily include personnel-related obligations and obligations for ongoing operational expenses. Current provisions at 31 March 2010 amounted to euro 2,039 million (31 December 2009: euro 2,058 million).

25 — Income tax liabilities

31 March 2010 in euro million	Maturity within one year	Maturity later than one year	**Total**
Deferred tax	–	2,777	**2,777**
Current tax	305	162	**467**
Income tax liabilities	**305**	**2,939**	**3,244**

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 467 million (31 December 2009: euro 836 million) comprise euro 126 million (31 December 2009: euro 197 million) for taxes payable and euro 341 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	**31.3.2010**	31.12.2009
Bonds	**31,141**	27,017
Liabilities to banks	**6,424**	9,174
Liabilities from customer deposits (banking)	**9,628**	9,933
Commercial paper	**4,787**	5,213
Asset backed financing transactions	**7,982**	7,812
Derivative instruments	**1,457**	1,093
Other	**956**	1,083
Financial liabilities	**62,375**	**61,325**
thereof non-current	**38,732**	34,391
thereof current	**23,643**	26,934

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

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27 — Other liabilities

Other liabilities comprise the following items:

in euro million	31.3.2010	31.12.2009
Other taxes	**523**	495
Social security	**67**	69
Advance payments from customers	**412**	417
Deposits received	**233**	202
Payables to subsidiaries	**46**	35
Payables to other companies in which an investment is held	**4**	11
Deferred income	**3,262**	3,134
Other	**2,048**	1,887
Other liabilities	**6,595**	**6,250**
thereof non-current	**2,249**	3,969
thereof current	**4,346**	2,281

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 first 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 three months of 2010 amounting to euro 139 million (first quarter 2009: euro 64 million). At 31 March 2010, receivables of Group companies from BMW Brilliance Automotive Ltd., Shenyang, amounted to euro 123 million (31 December 2009: euro 170 million). As in the previous year, there were no payables from Group companies to BMW Brilliance Automotive Ltd., Shenyang, at the end of the reporting period.

There were no business transactions between BMW Group entities and 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, during the first quarter 2010.

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 first three months of 2010 Group entities purchased services and goods from Cirquent GmbH, Munich, amounting to euro 12 million (first quarter 2009: euro 13 million). At 31 March 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 first quarter 2010. In addition, companies of the DELTON Group acquired vehicles from the BMW Group, mostly in the form of leasing contracts. These service and sales contracts, which are not material for the BMW Group, all arise in the normal course of business and are conducted on the basis of arm's length principles.

Susanne Klatten is a shareholder and member of the Supervisory Board of BMW AG and also a shareholder and Deputy Chairman of the Supervisory Board of Altana AG, Wesel. Altana AG, Wesel, acquired vehicles from the BMW Group during the first 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 first quarter 2010. She also holds shares in Nordex AG, Norderstedt. Business dealings 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.

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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 first quarter 2010 is as follows:

Segment information by operating segment

	Automobiles		Motorcycles	
in euro million	**2010**	2009	**2010**	2009
External revenues	**8,515**	7,629	**347**	287
Inter-segment revenues	**2,157**	1,976	**4**	3
Total revenues	**10,672**	**9,605**	**351**	**290**
Segment result	**291**	–251	**32**	28
Capital expenditure on non-current assets	**615**	854	**7**	10
Depreciation and amortisation on non-current assets	**908**	845	**18**	17

	Automobiles		Motorcycles	
in euro million	**31.3.2010**	31.12.2009	**31.3.2010**	31.12.2009
Segment assets	**11,622**	11,887	**410**	389

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

in euro million	**2010**	2009
Reconciliation of segment result		
Total for reportable segments	**542**	–127
Financial result of Automobiles segment and Motorcycles segment	**–73**	–222
Elimination of inter-segment items	**39**	151
Group profit before tax	**508**	**–198**
Reconciliation of capital expenditure on non-current assets		
Total for reportable segments	**3,334**	3,269
Elimination of inter-segment items	**–508**	–421
Total Group capital expenditure on non-current assets	**2,826**	**2,848**
Reconciliation of depreciation and amortisation on non-current assets		
Total for reportable segments	**2,166**	2,281
Elimination of inter-segment items	**–511**	–460
Total Group depreciation and amortisation on non-current assets	**1,655**	**1,821**

Financial Services		Other Entities		Reconciliation to Group figures		Group		
2010	2009	**2010**	2009	**2010**	2009	**2010**	2009	
3,581	3,593	**–**	–	**–**	–	**12,443**	11,509	External revenues
423	410	**1**	1	**–2,585**	–2,390	**–**	–	Inter-segment revenues
4,004	**4,003**	**1**	**1**	**–2,585**	**–2,390**	**12,443**	**11,509**	**Total revenues**
222	72	**–3**	24	**–34**	–71	**508**	–198	Segment result
2,712	2,405	**–**	–	**–508**	–421	**2,826**	2,848	Capital expenditure on non-current assets
1,240	1,419	**–**	–	**–511**	–460	**1,655**	1,821	Depreciation and amortisation on non-current assets

Financial Services		Other Entities		Reconciliation to Group figures		Group		
31.3.2010	31.12.2009	**31.3.2010**	31.12.2009	**31.3.2010**	31.12.2009	**31.3.2010**	31.12.2009	
4,559	4,268	**41,952**	40,400	**45,518**	45,009	**104,061**	101,953	Segment assets

in euro million	**31.3.2010**	31.12.2009
Reconciliation of segment assets		
Total for reportable segments	**58,543**	56,944
Non-operating assets – Other Entities segment	**5,750**	5,797
Operating liabilities – Financial Services segment	**66,688**	67,008
Interest-bearing assets – Automobiles segment	**25,921**	25,826
Liabilities of Automobiles and Motorcycles segments not subject to interest	**16,051**	15,541
Elimination of inter-segment items	**–68,892**	–69,163
Total Group assets	**104,061**	**101,953**

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Annual General Meeting	18 May 2010
Quarterly Report to 30 June 2010	3 August 2010
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

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Published by
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