Quarterly Report
to 30 June 2009

Q1 **Q2** Q3

Rolls-Royce
Motor Cars Limited

BMW Group

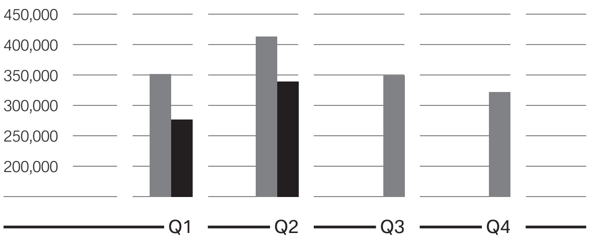
BMW Group in figures

		2nd quarter 2009	2nd quarter 2008	Change in %
Deliveries to customers				
Automobiles	units	**338,190**	413,087	–18.1
Motorcycles[1]	units	**29,742**	34,886	–14.7
Vehicle production				
Automobiles	units	**306,009**	413,711	–26.0
Motorcycles[2]	units	**21,152**	31,972	–33.8
Workforce at end of quarter				
BMW Group		**98,261**	106,027	–7.3
Financial figures				
Operating cash flow[3]	euro million	**987**	**1,320**	**–25.2**
Revenues	euro million	**12,971**	**14,552**	**–10.9**
Profit/loss before financial result (EBIT)	euro million	**169**	**425**	**–60.2**
Automobiles	euro million	**–31**	395	–
Motorcycles	euro million	**26**	56	–53.6
Financial Services	euro million	**75**	39	92.3
Other Entities	euro million	**26**	88	–70.5
Eliminations	euro million	**73**	–153	–
Profit/loss before tax	euro million	**151**	**602**	**–74.9**
Automobiles	euro million	**–158**	325	–
Motorcycles	euro million	**24**	53	–54.7
Financial Services	euro million	**81**	64	26.6
Other Entities	euro million	**18**	342	–94.7
Eliminations	euro million	**186**	–182	–
Income taxes	euro million	**–30**	**–95**	**68.4**
Net profit	euro million	**121**	**507**	**–76.1**
Earnings per share[4]	euro	**0.18/0.19**	**0.77/0.78**	**–76.6/–75.6**

[1] excluding Husqvarna Motorcycles (2,907 motorcycles)
[2] including BMW G 650 X assembly at Piaggio S.p.A., Noale, Italy, excluding Husqvarna Motorcycles (1,993 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

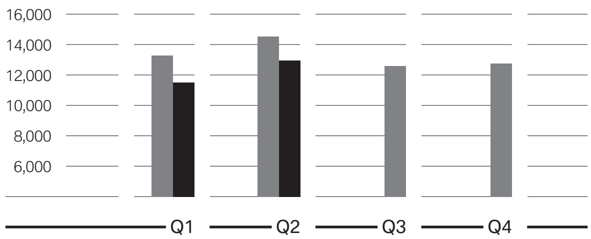
in units



	Q1	Q2	Q3	Q4
2008	351,787	413,087	349,098	321,904
2009	**277,264**	**338,190**		

Revenues

in euro million



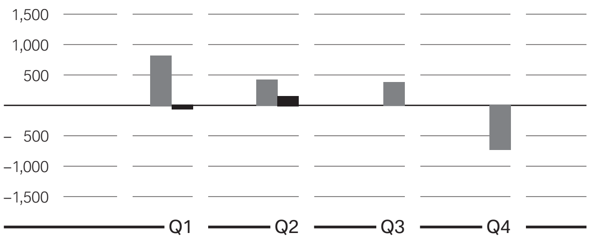
	Q1	Q2	Q3	Q4
2008	13,285	14,552	12,588	12,772
2009	**11,509**	**12,971**		

		1 January to 30 June 2009	1 January to 30 June 2008	Change in %
Deliveries to customers				
Automobiles	units	**615,454**	764,874	–19.5
Motorcycles[1]	units	**46,974**	55,932	–16.0
Vehicle production				
Automobiles	units	**573,646**	819,306	–30.0
Motorcycles[2]	units	**50,263**	60,561	–17.0
Workforce at end of quarter				
BMW Group		**98,261**	106,027	–7.3
Financial figures				
Operating cash flow[3]	euro million	**2,109**	**2,383**	**–11.5**
Revenues	euro million	**24,480**	**27,837**	**–12.1**
Profit/loss before financial result (EBIT)	euro million	**114**	**1,252**	**–90.9**
Automobiles	euro million	**–282**	1,014	–
Motorcycles	euro million	**54**	92	–41.3
Financial Services	euro million	**145**	118	22.9
Other Entities	euro million	**38**	124	–69.4
Eliminations	euro million	**159**	–96	–
Loss/profit before tax	euro million	**–47**	**1,243**	–
Automobiles	euro million	**–629**	864	–
Motorcycles	euro million	**50**	87	–42.5
Financial Services	euro million	**153**	148	3.4
Other Entities	euro million	**42**	337	–87.5
Eliminations	euro million	**337**	–193	–
Income taxes	euro million	**16**	**–249**	**–**
Net loss/net profit	euro million	**–31**	**994**	**–**
Earnings per share[4]	euro	**–0.05/–0.04**	**1.52/1.53**	**–**

[1] excluding Husqvarna Motorcycles (4,867 motorcycles)
[2] including BMW G 650 X assembly at Piaggio S.p.A., Noale, Italy, excluding Husqvarna Motorcycles (4,117 motorcycles)
[3] cash inflow from operating activities of the Automobiles segment
[4] for common/preferred stock in accordance with IAS 33. In computing earnings per share of preferred stock, earnings to cover the additional dividend of euro 0.02 per share of preferred stock are spread over the quarters of the corresponding financial year.

Profit/loss before financial result

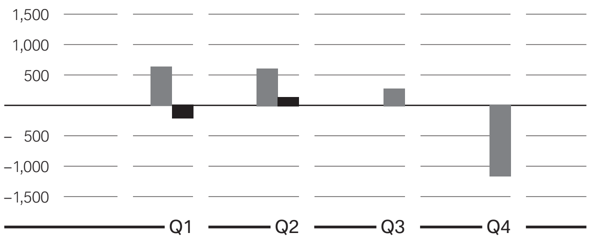
in euro million



	Q1	Q2	Q3	Q4
2008	827	425	387	–718
2009	**–55**	**169**		

Profit/loss before tax

in euro million



	Q1	Q2	Q3	Q4
2008	641	602	279	–1,171
2009	**–198**	**151**		

Interim Group Management Report
The BMW Group – an Overview

The BMW Group felt the results of the global economic and financial crisis significantly both in the second quarter and in the first six months of 2009, resulting in a noticeable decrease in the number of cars and motorcycles sold. In addition, business performance continued to be adversely affected by an increasingly competitive environment.

Car sales volume down due to economic crisis
The BMW Group sold 338,190 BMW, MINI and Rolls-Royce brand cars worldwide during the second quarter 2009, 18.1 % fewer than in the same quarter one year earlier. The six-month sales volume figure was 19.5 % lower at 615,454 units.

The Motorcycles segment also fell short of last year's sales figures, with 29,742 units sold during the period from April to June 2009 (– 14.7 %) and 46,974 units sold in the first six months of the year (– 16.0 %).

At 30 June 2009, the Financial Services segment was managing a portfolio of 3,028,575 lease and credit financing contracts with retail customers and dealers, representing a growth of 7.9 %.

Economic crisis impacts revenues and earnings
In the face of wide-scale contraction on major sales markets, second-quarter Group revenues fell by 10.9 % to euro 12,971 million. Revenues for the first six months also fell well short of the high figure recorded one year earlier, coming in at euro 24,480 million (– 12.1 %). Adjusted for exchange rate factors, revenues for the six-month period would have decreased by 13.7 %.

The BMW Group's second-quarter and six-month earnings were also affected by ongoing difficult business conditions. The profit before financial result (EBIT) was down by 60.2 % to euro 169 million for the second quarter 2009 and to euro 114 million (– 90.9 %) for the six-month period.

In line with the negative developments on the automobile markets, the result before tax was also correspondingly affected. The profit before tax for the second quarter, at euro 151 million (– 74.9 %), was well below last year's level. The loss before tax for the six-month period was euro 47 million.

The BMW Group reports a net profit of euro 121 million (– 76.1 %) for the second quarter 2009 and a loss of euro 31 million for the first six months of the year.

Workforce well below previous year's level
At 30 June 2009, the BMW Group had a worldwide workforce of 98,261 employees, 7.3 % fewer than one year earlier.

Model range expanded
The new BMW 7 Series has meanwhile been introduced to markets worldwide. From autumn onwards BMW will also be offering a four-wheel-drive version of the BMW 7 Series. The new BMW Z4 has been available to customers since May 2009. The two models have received a positive response from customers and the media alike. The M variants of the BMW X5 and BMW X6 were presented at the beginning of April and will be introduced to the markets over the course of summer 2009. With these two models, the high-performance characteristics of M automobiles are being transferred for the first time to the BMW X model segment. This will be followed by the market launches of the BMW X1 and the BMW 5 Series Gran Turismo towards the end of the year. The BMW X1 offers consumers the versatility of a Sports Activity Vehicle, the flexibility of a compact car and the dynamism of a BMW. The BMW 5 Series Gran Turismo represents the realisation of the Progressive Activity Sedan and defines a completely new segment on the car market. The Gran Turismo embodies a unique combination of elegance, interior comfort and variability. The characteristic features of a prestigious limousine, a modern and versatile Sports Activity Vehicle and a classic Gran Turismo are all united in the BMW 5 Series Gran Turismo.

The new MINI Convertible has been available on the markets since the end of March 2009. It embodies the thrill of motoring in the open air and captures the inimitable style of the MINI brand.

In the Motorcycles segment the sporty F 800 R, designed for high-end riding dynamics and a maximum of motorcycling pleasure, has been available to customers since May 2009. The S 1000 RR Street Machine, which has been derived from the racing version, will be introduced at the end of 2009.

International car markets still contracting sharply
The downturn on the automobile markets worldwide became even more acute during the first half of 2009 compared to the second half of 2008. With few exceptions, decreases – in most cases quite sharp ones – were registered across the board in industrialised and emerging markets.

Sales figures continued to fall dramatically in the traditional markets of USA, Japan and Western Europe, primarily reflecting the ongoing loss of consumers' purchasing power in the face of sinking asset values and rising unemployment figures as well as an extremely restrictive approach towards lending by banks. The demand for cars in the USA dropped by more than one third during the six-month period under report. In Western Europe, decreases of a similar scale were registered particularly in Spain and the United Kingdom where the property markets have slumped. In Japan, which is really feeling the pinch due to the decline in world trade volumes, the number of new passenger cars sold fell by almost one quarter. The only countries able to stem the tide of falling sales were those which propped up their markets by means of scrappage schemes. This was particularly the case in Germany, where the passenger car market grew by almost one quarter during the first half of 2009. The number of new car registrations in France remained at the previous year's level.

The worldwide recession has also spilled over to the emerging markets since last winter. In Russia, for example, the car market contracted by almost one half during the first six months of 2009. The majority of automobile markets in Eastern Europe and Latin America also registered double-digit decreases during the period under report. China, on the other hand, recorded double-digit growth, partly helped by massive governmental stimulus measures. India and Brazil also stood up well to the global downturn.

The premium segment was also unable to avoid the impact of the worldwide drop in demand for passenger cars. Numerous political measures designed to boost demand, such as scrappage programmes, tended to have a dampening effect on demand for premium models as the policy primarily stimulated the purchase of smaller cars in the lower price segment.

Sharp contraction on international motorcycles markets

The negative trend on international motorcycle markets continued throughout the second quarter of 2009. As a consequence, the 500 cc plus motorcycles segment relevant for the BMW Group contracted sharply (by 31.9 %) compared to the same period last year. In Europe, motorcycle sales were down in all markets, resulting in an overall contraction of 21.0 % for the first half of the year. While the decreases in Germany (– 14.5 %), France (– 6.7 %) and the United Kingdom (– 5.6 %) could still be described as relatively small, negative developments in Italy (– 22.1 %) and Spain (– 63.0 %) were much greater. During the first six months of 2009, 44.8 % fewer motorcycles were sold in the USA, compared with a drop of 15.5 % in Japan (both figures for the 500 cc plus markets).

Economic crisis still dominating financial markets

The financial services sector continued to suffer in the face of the unfavourable economic climate during the reporting period . Measures implemented by governments and central banks to stabilise the financial markets as well as programmes to stimulate the economy are having a positive impact in some cases. The supply of funds to the money and capital markets has also been assured. Developments on the employment market together with rising public sector debt are, however, partially counteracting these stabilising factors.

Interest reference rates were again reduced in numerous countries during the second quarter of 2009, albeit at a much slower pace than previously. In the medium-term maturity segment, however, interest rate levels rose again in some areas, reflecting the greater expectation of inflation perceived by market participants. Credit spreads narrowed sharply during the second quarter, while still remaining significantly wider than those seen prior to the crisis.

Given the current economic situation, it seems unlikely that either retail customer business or dealer financing business will recover quickly. While the used car market has stabilised slightly in North America, the trend in Europe remains negative.

Interim Group Management Report
Automobiles

Car sales volume down amidst difficult business environment

The results of the international economic and financial crisis had a considerable impact on the sales volume recorded by the BMW Group during the reporting period. Amidst a continuing difficult business environment, the BMW Group sold 338,190 BMW, MINI and Rolls-Royce brand cars worldwide during the second quarter 2009, a decrease of 18.1% compared to the same quarter one year earlier. The total number of cars sold during the period from January to June fell by 19.5% to 615,454 units.

280,093 BMW brand cars were sold worldwide during the second quarter 2009 (–18.6%). The figure for the six-month period was 513,591 units (–19.4%). Sales of MINI brand cars also fell compared to the corresponding periods one year earlier. 57,942 MINI brand cars were sold during the quarter from April to June (–15.7%), while sales for the six-month period fell to 101,534 units (–19.9%). A total of 155 Rolls-Royce brand vehicles was sold during the second quarter 2009, 50.3% fewer than in the previous year. 329 Rolls Royce motor cars were handed over to customers during the first half of the year, 33.5% down on the last year's figure.

Sales volume decrease slightly slower

Sales volume decreased at a slightly slower rate in the second quarter 2009. In June in particular, the previous year's sales volumes were reached or even surpassed in a number of countries. The BMW Group sold a total of 72,305 vehicles in North America during the second quarter 2009, 27.1% down on the previous year. The sales volume figure for the six-month period was 127,929 units (–25.7%). In the USA, sales decreased to 63,249 units for the period from April to June 2009 (–29.3%) and to 114,548 units for the six-month period (–27.5%).

In total, 205,485 units were sold by the BMW Group in Europe during the second quarter 2009, 18.1% down on the previous year. The sales volume figure for the six-month period was 375,005 units, a drop of 20.3%. A sales volume of 80,755 units in Germany – currently the BMW Group's largest single market – meant that the previous year's second quarter figure was almost equalled (–0.3%). Sales for the six-month period fell moderately (–3.3%) to 141,662 units. In stark contrast, sales in the United Kingdom were well down on the previous year, both in second-quarter terms (30,440 units / –32.0%) and six-month terms (60,662 units / –30.2%). The number of cars sold in Italy during the first six months of 2009 decreased by 24.0% to 40,264 units. The sales volume in France during the same period fell by 16.5% to 30,683 units. The biggest drop was recorded in Spain, where sales for the six-month period declined to 17,238 units (–50.2%).

The sales volume of 43,868 units recorded by the BMW Group on Asian markets in the second quarter 2009 was 1.9% up on that of the previous year. This brought sales for the six-month period to 81,712 units, only marginally lower (–2.2%) than the previous year's corresponding sales volume performance. This was largely attributable to strong growth achieved on the Chinese markets (China, Hong Kong, Taiwan). In total, 41,016 vehicles were handed over to customers during the first half of 2009 (+15.5%). By contrast, sales in Japan during the same period, at 20,605 units, were 22.4% down on the previous year.

BMW brand sales down on last year's figures

The number of BMW 1 Series vehicles sold during the first half of 2009 decreased by 6.5% to 109,343 units. Sales of the BMW 3 Series for the same period, at 193,186 units, fell by 24.6%. The BMW 5 Series and BMW 6 Series also fell short of their previous year's sales figures. In total, 85,476 units of the BMW 5 Series (–19.6%) and 4,926 units of the BMW 6 Series (–49.3%) were handed over to customers during the period from January to June 2009. With 20,479 units sold, the new BMW 7 Series – now available to customers worldwide – surpassed the previous year's sales figure by 1.2%.

Sales of the BMW X3 during the first half of the year (27,955 units) fell 40.7% short of the previous year, while figures for the BMW X5 during the same period fell by 30.2% to 44,231 units. 19,847 units of the BMW X6, available since April 2008, were handed over to customers during the period from January to June 2009.

Automobiles

		2nd quarter 2009	2nd quarter 2008	Change in %
Deliveries to customers	units	**338,190**	413,087	–18.1
Production	units	**306,009**	413,711	–26.0
Revenues	euro million	**10,827**	13,754	–21.3
Loss / profit before financial result (EBIT)	euro million	**–31**	395	–
Loss / profit before tax	euro million	**–158**	325	–
Workforce at end of quarter		**91,344**	96,880	–5.7

Automobiles

		1 January to 30 June 2009	1 January to 30 June 2008	Change in %
Deliveries to customers	units	**615,454**	764,874	–19.5
Production	units	**573,646**	819,306	–30.0
Revenues	euro million	**20,432**	25,916	–21.2
Loss / profit before financial result (EBIT)	euro million	**–282**	1,014	–
Loss / profit before tax	euro million	**–629**	864	–

Sales of the BMW Z4 (8,148 units) during the six-month reporting period were down overall on the previous year (– 30.3 %). The new BMW Z4 became available to customers in May 2009 and generated a sharp increase in demand, as a result of which the second-quarter sales volume increased by 10.1 % to 6,585 units.

Deliveries of BMW automobiles by model variant

in units

	1 January to 30 June 2009	1 January to 30 June 2008	Change in %
BMW 1 Series			
Three-door	**21,322**	27,333	–22.0
Five-door	**60,805**	64,255	–5.4
Coupé	**11,414**	13,114	–13.0
Convertible	**15,802**	12,217	29.3
	109,343	**116,919**	**–6.5**
BMW 3 Series			
Sedan	**103,005**	128,766	–20.0
Touring	**42,315**	47,533	–11.0
Coupé	**27,137**	46,277	–41.4
Convertible	**20,729**	33,476	–38.1
	193,186	**256,052**	**–24.6**
BMW 5 Series			
Sedan	**67,473**	81,911	–17.6
Touring	**18,003**	24,460	–26.4
	85,476	**106,371**	**–19.6**
BMW 6 Series			
Coupé	**2,442**	5,048	–51.6
Convertible	**2,484**	4,665	–46.8
	4,926	**9,713**	**–49.3**
BMW 7 Series			
	20,479	**20,244**	**1.2**
BMW X3			
	27,955	**47,146**	**–40.7**
BMW X5			
	44,231	**63,352**	**–30.2**
BMW X6			
	19,847	**6,082**	**–**
BMW Z4 Series			
	8,148	**11,690**	**–30.3**
BMW total	**513,591**	**637,569**	**–19.4**

MINI brand sales fail to reach last year's level

The BMW Group sold a total of 101,534 MINI brand cars during the first half of 2009, 19.9 % down on the previous year. The MINI Convertible, which has been available since the end of March 2009, added vitality to the MINI brand in the second quarter 2009. 10,319 MINI Convertibles were sold during the quarter, 1.9 % more than in the same period last year.

The MINI brand continued to generate a very high-value product mix during the first half of 2009. More than one half of customers opted for a MINI Cooper (56.0 %), with 26.8 % selecting the MINI Cooper S and 17.2 % the MINI One.

Deliveries of MINI automobiles by model variant

in units

	1 January to 30 June 2009	1 January to 30 June 2008	Change in %
MINI			
One	**16,635**	14,424	15.3
Cooper	**37,396**	48,706	–23.2
Cooper S	**16,740**	22,223	–24.7
	70,771	**85,353**	**–17.1**
MINI Convertible			
One	**167**	2,939	–94.3
Cooper	**6,988**	8,532	–18.1
Cooper S	**5,042**	5,242	–3.8
	12,197	**16,713**	**–27.0**
MINI Clubman			
One	**655**	–	–
Cooper	**12,460**	17,241	–27.7
Cooper S	**5,451**	7,503	–27.3
	18,566	**24,744**	**–25.0**
MINI total	**101,534**	**126,810**	**–19.9**

Rolls-Royce brand also down on previous year

In the face of negative impact on consumer spending Rolls-Royce Motor Cars was also unable to achieve the previous year's sales volume performance. In total, 155 Rolls-Royce brand cars were sold during the period from April to June 2009, 50.3 % fewer than in the previous year. The number of motor cars sold during the six-month period fell by 33.5 % to 329 units.

Deliveries of Rolls-Royce automobiles by model variant

in units

	1 January to 30 June 2009	1 January to 30 June 2008	Change in %
Rolls-Royce			
Phantom (including Phantom Extended Wheelbase)	**127**	297	–57.2
Drophead Coupé	**117**	198	–40.9
Coupé	**85**	–	–
Rolls-Royce total	**329**	**495**	**–33.5**

BMW Group's car production volumes adapted to demand
The BMW Group has brought car production volumes into line with demand in response to the ongoing reluctance of customers to buy new cars due to the current economic and financial crisis. In total, 306,009 BMW, MINI and Rolls-Royce brand cars were manufactured during the second quarter, a reduction of 26.0 % compared to the previous year. This figure comprises 255,712 BMW brand vehicles (– 27.0 %), 50,188 MINI brand vehicles (– 20.4 %) and 109 Rolls-Royce motor cars (– 72.6 %).

A total of 573,646 BMW Group cars rolled off the production lines during the first half of 2009, 30.0 % fewer than one year earlier. Of these, 480,200 were manufactured at BMW plants (– 30.7 %). A further 93,187 vehicles were manufactured at the MINI plant in Oxford, England (– 25.9 %). Production of Rolls Royce motor cars during the period from January to June 2009 was reduced by 59.0 % to 259 vehicles.

Automobiles segment revenues and earnings down
The steep decrease in sales volume for both the second quarter and the six-month period is reflected in the lower level of revenues reported by the Automobiles segment. Revenues recorded in the period from April to June 2009 totalled euro 10,827 million and therefore fell by 21.3 %. Revenues for the six-month period fell by 21.2 % to euro 20,432 million.

In addition to the drop in revenues, the above-mentioned consequences of the economic and financial crisis also impacted earnings of the Automobiles segment. The second-quarter EBIT deteriorated to a loss of euro 31 million, while the EBIT for the six-month period amounted to euro – 282 million. The result before tax for the period from April to June was a loss of euro 158 million, while the loss for the first half of the year was euro 629 million.

Reduction in Automobiles segment workforce
The BMW Group had a worldwide workforce of 91,344 employees in the Automobiles segment at 30 June 2009, 5.7 % fewer than one year earlier.

Motorcycles business affected by economic crisis

The BMW Group sold 29,742 motorcycles worldwide during the second quarter 2009, a decrease of 14.7 % compared to the previous year. Sales for the six-month period fell by 16.0 % to 46,974 units. Sales volume figures nevertheless developed better than the market as a whole in numerous countries, thus enabling the BMW Group to increase market share.

A total of 33,117 BMW motorcycles was sold in Europe during the first half of 2009, 20.3 % fewer than in the previous year. Six-month sales volume figures fell short of the previous year's levels in numerous countries. Adverse business conditions were experienced in particular in Germany (7,648 units / – 26.6 %), Spain (2,827 units / – 42.1 %), France (3,470 units / – 25.3 %) and Italy (8,331 units / – 16.9 %). By contrast, the BMW Group recorded a 7.4 % increase in the six-month sales volume figure in the United Kingdom, with 3,351 units sold during the first half of 2009.

Sales volume in the USA, at 4,966 units, was 3.6 % down on the previous year. In Japan, too, it fell by 5.9 % to 1,391 units.

Motorcycle production volumes reduced

The BMW Group also cut back its production of motorcycles in response to the difficult economic climate. In total, 21,152 BMW motorcycles rolled off production lines during the second quarter 2009 (– 33.8 %). Production volume during the six-month period was cut by 17.0 % to 50,263 units.

Revenues and earnings of Motorcycles segment down

As a result of reduced unit sales, revenues generated by the Motorcycles segment both in the second-quarter and over the six-month period were lower than in the corresponding periods of the previous year. Second-quarter revenues totalled euro 336 million (– 14.3 %), while six-month revenues fell by 15.1 % to euro 626 million. The Motorcycles segment recorded a second-quarter EBIT of euro 26 million (– 53.6 %) and a six-month EBIT of euro 54 million (– 41.3 %). The profit before tax for the period from April to June 2009 was accordingly 54.7 % lower at euro 24 million while the six-month figure fell by 42.5 % to euro 50 million.

Motorcycles segment workforce below last year's level

The BMW Group employed a workforce of 2,890 people in the Motorcycles segment at 30 June 2009, 3.9 % fewer than one year earlier.

Motorcycles

		2nd quarter 2009	2nd quarter 2008	Change in %
Deliveries to customers[1]	units	**29,742**	34,886	–14.7
Production[2]	units	**21,152**	31,972	–33.8
Revenues	euro million	**336**	392	–14.3
Profit before financial result (EBIT)	euro million	**26**	56	–53.6
Profit before tax	euro million	**24**	53	–54.7
Workforce at end of quarter		**2,890**	3,008	–3.9

[1] excluding Husqvarna Motorcycles (2,907 motorcycles)
[2] including BMW G 650 X assembly at Piaggio S. p. A., Noale, Italy, excluding Husqvarna Motorcycles (1,993 motorcycles)

		1 January to 30 June 2009	1 January to 30 June 2008	Change in %
Deliveries to customers[1]	units	**46,974**	55,932	–16.0
Production[2]	units	**50,263**	60,561	–17.0
Revenues	euro million	**626**	737	–15.1
Profit before financial result (EBIT)	euro million	**54**	92	–41.3
Profit before tax	euro million	**50**	87	–42.5

[1] excluding Husqvarna Motorcycles (4,867 motorcycles)
[2] including BMW G 650 X assembly at Piaggio S. p. A., Noale, Italy, excluding Husqvarna Motorcycles (4,117 motorcycles)

Moderate development of business for Financial Services segment

The main sales markets in which the BMW Group operates continued to contract during the second quarter 2009. As a result, the volume of new business with credit financing and lease contracts was again down in the second quarter 2009 as compared to the previous year. The Financial Services segment asserted its position well in a business climate that continues to be difficult.

3,028,575 credit financing and lease contracts were in place with dealers and retail customers at 30 June 2009, 7.9% more than one year earlier. Compared to 31 December 2008, the segment's business volume in balance sheet terms decreased by 0.7% to euro 60,240 million.

Decline in volume of new business

The ongoing economic and financial crisis continued to have an adverse impact on credit financing and leasing business volumes. In total, 259,166 new contracts were signed with retail customers during the second quarter 2009, a drop of 20.4% compared to the previous year. The volume of new business also decreased for the six-month period: 485,687 new contracts were signed worldwide, 20.1% fewer than one year earlier. The number of new leasing contracts fell by 32.8%, while the number of new financing contracts (still characterised by a high level of creditworthiness) was down by 13.3%. Leasing contracts accounted for 29.5% of new business, which was 5.6 percentage points down on the previous year and is the result of a targeted shift in focus towards credit financing. Credit financing contracts accounted for 70.5% of new business. The proportion of new BMW Group vehicles leased or financed by the Financial Services segment during the first half of 2009 increased by 0.6 percentage points to 47.0%.

In the pre-owned car financing line of business, 158,540 new contracts for BMW and MINI brand cars were signed during the first six months of 2009, 5.4% more than in the same period last year.

The total volume of all financing and leasing contracts signed with retail customers during the first half of the current year amounted to euro 12,023 million, 18.7% less than in the first half of 2008.

Despite the general decrease in new business during the period under report, the number of contracts actually increased overall. A total of 2,798,668 retail customer contracts was in place at 30 June 2009, 9.0% more than at the end of the second quarter 2008. All regions contributed to this increase. The number of retail customer contracts in Europe (including Germany) rose by 9.3%, while the Asia/Oceania/Africa region grew by 5.7%. The biggest increase was registered by the Americas region (+10.0%).

Financial Services

		2nd quarter 2009	2nd quarter 2008	Change in %
New contracts with retail customers		**259,166**	325,497	–20.4
Revenues	euro million	**4,224**	3,877	9.0
Profit before financial result (EBIT)	euro million	**75**	39	92.3
Profit before tax	euro million	**81**	64	26.6
Workforce at end of quarter		**3,912**	4,248	–7.9

		1 January to 30 June 2009	1 January to 30 June 2008	Change in %
New contracts with retail customers		**485,687**	608,141	–20.1
Revenues	euro million	**8,227**	7,734	6.4
Profit before financial result (EBIT)	euro million	**145**	118	22.9
Profit before tax	euro million	**153**	148	3.4

Financial Services

		30.6.2009	31.12.2008	Change in %
Business volume in balance sheet terms*	euro million	**60,240**	60,653	–0.7

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

Dealer financing at previous year's level
In addition to the financing of vehicle inventories held within the dealership organisation, the Financial Services segment also offers real estate and equipment financing products for dealers, thus ensuring that it remains a key partner for dealerships, particularly in difficult economic times.

The total volume of dealer financing contracts managed by the Financial Services segment stood at euro 8,789 million at 30 June 2009, marginally higher than one year earlier (– 0.5 %).

Fleet business stable, multi-brand financing down
The contract portfolio for fleet business remained stable during the first half of 2009 despite difficult market conditions. At the end of the period under report, the Group's fleet management entities were managing a portfolio of 319,414 contracts worldwide, 5.6 % up on the number managed one year earlier.

A more restrictive credit approval policy resulted in a 60.1 % decrease in the number of new contracts in the multi-brand financing line of business. A total of 34,392 new contracts was signed during the six-month period under report. This resulted in a portfolio of 300,885 contracts (+ 15.4 %) at the end of the reporting period.

Sharp rise in volume of deposits
The Financial Services segment's deposit volume worldwide increased by 87.6 % (compared to 30 June 2008) to euro 10,496 million due to the attractive conditions offered. In total, 26,604 securities custodian accounts were maintained by customers at 30 June 2009 (– 16.5 %).

Insurance business expanded further
In addition to its financing and leasing products, the Financial Services segment also offers customers insurance services. Demand for these products remained strong throughout the period under report. The insurance contract portfolio expanded by 23.3 % compared to last year's figure, increasing to 1,317,482 contracts at 30 June 2009.

Financial Services segment earnings up on previous year
The one-off effects of the worldwide economic crisis also had an impact on segment earnings for the period. Despite the various adverse factors, however, the segment managed to improve earnings for the period under report. Second-quarter EBIT jumped by 92.3 % to euro 75 million and the profit before tax improved by 26.6 % to euro 81 million. EBIT for the six-month period amounted to euro 145 million (+ 22.9 %) while the profit before tax edged up to euro 153 million (+ 3.4 %).

Number of employees reduced
The Financial Services segment had a workforce of 3,912 employees at the end of the reporting period, 7.9 % fewer than at 30 June 2008.

BMW stock in the second quarter

During the second quarter 2009, the stock markets managed to recover the losses incurred in the first quarter, reflecting hopes of a quick revival of the global economy. The German stock index, the DAX, closed at 4,808.64 points on 30 June 2009. The index was therefore 17.7 % above its closing level at the end of the first quarter and thus also back to its level at the end of 2008. The Prime Automobile sector index also made good the losses incurred during the first quarter, closing on 30 June 2009 at 530.05 points, 4.3 % above the level at the end of the previous year. This represented a gain of 21.5 % compared to the end of the first quarter.

After a stable performance during the first quarter, in which it bucked the general trend on the stock markets, the price of BMW common stock rose sharply during the second quarter, closing at euro 26.84 on 30 June 2009, 23.2 % up on its level at the end of the first quarter 2009 and 24.2 % up for the six-month period. BMW preferred stock made good the losses incurred during the first quarter, closing 32.0 % higher at a price of euro 17.14. This represented an increase of 23.7 % compared to its closing price at end of the previous year.

The US dollar exchange rate was inconsistent during the first half of 2009. After strengthening by 5.5 % to US dollar 1.33 to the euro during the first quarter, the rate slipped back to US dollar 1.40 at 30 June 2009 and thus practically unchanged against the rate recorded on 31 December 2008.

Liquidity and refinancing remain stable

After broadening the BMW Group's liquidity base during the first quarter by means of numerous euro-denominated public corporate bond transactions and private placements, it was possible to take advantage of the more positive climate on international capital markets during the second quarter to issue a euro-US dollar bond and private placements denominated in various currencies. Therefore, the company issued more than euro six billion on the capital markets during the first half of 2009.

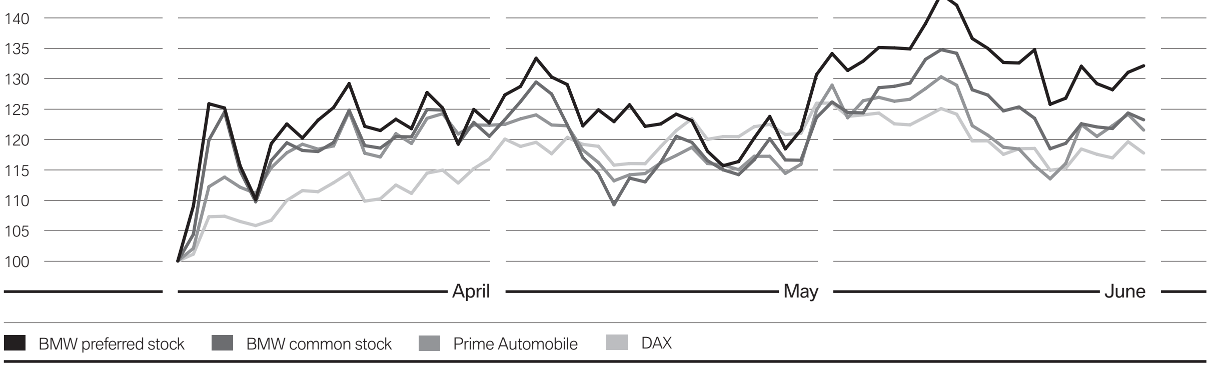
The BMW Group also continued to use private ABS transactions (private conduits) for refinancing purposes. In addition, it successfully issued a public leasing ABS bond with an issue volume of US dollar 2.0 billion on the US capital market, which also fulfilled the criteria for the TALF programme (Term Asset-Backed Securities Loan Facility) set by the US Reserve Bank. Refinancing activities are also supplemented by the issue of commercial paper which the BMW Group is still able to place on good conditions.

BMW Group again included in FTSE4Good index

The BMW Group has been included for the ninth year in succession in the FTSE4Good, one of the most important indexes for companies that operate on the principles of sustainability. In May 2009, analysts again acknowledged BMW Group's high standards in the area of sustainability.

Development of BMW stock compared to stock exchange indices

(Index: 31.03.2009 = 100)



Earnings performance

The earnings performance of the BMW Group continued to be influenced in the second quarter and first half of 2009 by difficult business conditions caused by the international economic and financial crisis. In addition to sales volume decreases on major markets, the BMW Group's reported figures were also adversely affected by the increasingly competitive environment.

Earnings performance for the second quarter 2009

Group revenues fell by 10.9 % to euro 12,971 million (second quarter 2008: euro 14,552 million). Adjusted for exchange rate factors, revenues would have decreased by 12.5 %. Within Group revenues, external revenues of the Automobiles and Motorcycles segments were 17.6 % and 14.8 % below those of the corresponding quarter in 2008, in both cases due to lower sales volumes. External revenues of the Financial Services segment rose by 11.9 % in the second quarter. External revenues generated with other activities amounted to euro 1 million. In the corresponding quarter of 2008, external revenues from other activities totalled euro 37 million and related primarily to the Cirquent Group.

Group cost of sales amounted to euro 11,443 million and was therefore 10.2 % lower than in the second quarter 2008. Although fixed costs were lowered, it was not possible to compensate fully for the decrease in revenues. With effect from the beginning of the first quarter 2009, research and development costs are reported as cost of sales. The second-quarter gross profit therefore fell by 15.7 % to euro 1,528 million. The gross profit percentage was 11.8 % (second quarter 2008: 12.5 %).

The gross profit margin recorded by the Automobiles segment was 11.0 % (second quarter 2008: 12.1 %) and that of the Motorcycles segment was 16.7 % (second quarter 2008: 22.7 %). The gross profit margin of the Financial Services segment fell by 0.3 percentage points to 4.9 %.

Research and development costs decreased by 14.1 % compared to the second quarter 2008 and represented 5.0 % (second quarter 2008: 5.2 %) of revenues. Research and development costs include amortisation of capitalised development costs amounting to euro 299 million (second quarter 2008: euro 299 million). Total research and development costs for the second quarter 2009, comprising research costs, development costs not recognised as assets and capitalised development costs, amounted to euro 580 million (second quarter 2008: euro 720 million). For the second quarter 2009, this gives a research and development expenditure ratio of 4.5 % (second quarter 2008: 4.9 %).

Sales and administrative costs decreased by 7.5 % and represented 10.4 % (second quarter 2008: 10.0 %) of revenues.

Depreciation and amortisation included in cost of sales and sales and administrative costs decreased by 4.6 % to euro 868 million (second quarter 2008: euro 910 million).

The net expense from other operating income and expenses in the second quarter 2009 amounted to euro 10 million, a deterioration of euro 82 million compared to the previous year. This was attributable to the higher level of income from the reversal of provisions recorded in the second quarter 2008.

As a result of the various adverse factors discussed above, the second-quarter profit before financial result fell by euro 256 million to euro 169 million.

The financial result was a net expense of euro 18 million, which represented a deterioration of euro 195 million against the corresponding quarter last year. This was mainly

Revenues by segment in the second quarter

in euro million

	External revenues		Inter-segment revenues		Total revenues	
	2009	2008	**2009**	2008	**2009**	2008
Automobiles	**8,855**	10,743	**1,972**	3,011	**10,827**	13,754
Motorcycles	**333**	391	**3**	1	**336**	392
Financial Services	**3,782**	3,381	**442**	496	**4,224**	3,877
Other Entities	**1**	37	**–**	26	**1**	63
Eliminations	**–**	–	**–2,417**	–3,534	**–2,417**	–3,534
Group	**12,971**	**14,552**	**–**	**–**	**12,971**	**14,552**

attributable to the lower net result arising on the fair value measurement of derivative financial instruments, as a result of which the line item "Sundry other financial result" decreased by euro 212 million. The net result from investments remained unchanged at a positive amount of euro 1 million.

Within the financial result, net interest and similar expenses decreased by euro 11 million. The net result from equity accounted investments improved by euro 6 million.

As a result of the adverse factors previously described, the second-quarter profit before tax fell by euro 451 million to euro 151 million (second quarter 2008: euro 602 million). The income tax expense for the quarter decreased by euro 65 million. The effective tax rate was 19.9 % (second quarter 2008: 15.8 %).

The BMW Group recorded a net profit of euro 121 million for the second quarter 2009, euro 386 million or 76.1 % below the result for the same quarter last year. In the second quarter, the Group generated earnings per share of common stock of euro 0.18 (second quarter 2008: euro 0.77) and earnings per share of preferred stock of euro 0.19 (second quarter 2008: euro 0.78).

Earnings performance for the first half of 2009

On a half-year basis, Group revenues fell by 12.1 % to euro 24,480 million. Adjusted for exchange rate factors, revenues would have decreased by 13.7 %. Within Group revenues, external revenues of the Automobiles and Motorcycles segments decreased by 18.3 % and 15.4 % respectively, reflecting the sales volume performance. External revenues of the Financial Services segment for the six-month period were up by 7.9 %. External revenues generated with other activities amounted to euro 1 million. In the corresponding six-month period in 2008, external revenues from other activities totalled euro 99 million and related primarily to the Cirquent Group.

Cost of sales decreased by 8.4 % to euro 21,900 million, falling therefore at a slower rate than revenues. This was attributable to the adverse external factors previously described, the negative impact of which could not be fully offset by reduced fixed costs. With effect from the beginning of the first quarter 2009, research and development costs are reported as cost of sales. The six-month gross profit therefore decreased in absolute terms by 34.5 %. The gross profit margin was 10.5 % (first half-year 2008: 14.2 %).

The gross profit margin recorded by the Automobiles segment was 9.3 % (first half-year 2008: 13.1 %) and that of the Motorcycles segment was 18.7 % (first half-year 2008: 22.8 %). The gross profit margin of the Financial Services segment fell by 0.8 percentage points to 5.0 %.

Research and development costs for the first half of 2009 decreased by 14.8 % to euro 1.257 million and represented 5.1 % (first half-year 2008: 5.3 %) of revenues. Research and development costs include amortisation of capitalised development costs amounting to euro 587 million (first half-year 2008: euro 597 million). Total research and development costs for the first half of 2009, comprising research costs, development costs not recognised as assets and capitalised development costs, amounted to euro 1,148 million (first half-year 2008: euro 1,346 million). The research and development expenditure ratio for the first half of 2009 was 4.7 % (first half-year 2008: 4.8 %).

Sales and administrative costs decreased by 10.5 % compared to the corresponding period last year and represented 10.0 % (first half-year 2008: 9.9 %) of revenues.

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

in euro million

	External revenues		Inter-segment revenues		Total revenues	
	2009	2008	**2009**	2008	**2009**	2008
Automobiles	**16,484**	20,167	**3,948**	5,749	**20,432**	25,916
Motorcycles	**620**	733	**6**	4	**626**	737
Financial Services	**7,375**	6,838	**852**	896	**8,227**	7,734
Other Entities	**1**	99	**1**	27	**2**	126
Eliminations	**–**	–	**–4,807**	–6,676	**–4,807**	–6,676
Group	**24,480**	**27,837**	**–**	**–**	**24,480**	**27,837**

Depreciation and amortisation included in cost of sales and in sales and administrative costs amounted to euro 1,736 million (first half-year 2008: euro 1,812 million).

The net expense from other operating income and expenses in the first half of 2009 amounted to euro 7 million, a deterioration of euro 67 million compared to the previous year. This was due to the higher level of income from the reversal of provisions recorded in the corresponding period of 2008.

As a result of the numerous adverse factors referred to above, the six-month profit before financial result fell by euro 1,138 million to euro 114 million.

The financial result was a net expense of euro 161 million, which represented a deterioration of euro 152 million against the previous year (first half-year 2008: net expense of euro 9 million).

This was due to the lower net result arising on the fair value measurement of derivative financial instruments, as a result of which the line item "Sundry other financial result" decreased by euro 231 million. The net result from investments remained unchanged at a positive amount of euro 1 million.

Within the financial result, net interest and similar expenses decreased by euro 77 million. This was due to write-downs on marketable securities in the previous year. The result from investments accounted for using the equity method improved by euro 2 million to euro 14 million.

As a result of the adverse factors referred to above, the result before tax for the first half of 2009 was a loss of euro 47 million (first half-year 2008: euro 1,243 million). The income tax expense for the period decreased by euro 265 million. The effective tax rate was 34.0 % (first half-year 2008: 20.0 %).

The BMW Group recorded a net loss of euro 31 million for the first six months of 2009, a deterioration of euro 1,025 million compared to the corresponding period last year.

In the first half of 2009, the Group generated negative earnings per share of common stock of euro 0.05 (first half-year 2008: positive earnings per share of common stock of euro 1.52) and negative earnings per share of preferred stock of euro 0.04 (first half-year 2008: positive earnings per share of preferred stock of euro 1.53).

Earnings performance by segment

Revenues of the Automobiles segment for the second quarter 2009 decreased by 21.3 %. The segment loss before tax, at euro 158 million, represented a deterioration of euro 483 million compared to the corresponding quarter one year earlier. Segment revenues for the six-month period fell by 21.2 %, while the segment pre-tax result was a loss of euro 629 million, a deterioration of euro 1,493 million. Sales volume slumps on major markets contributed to this decrease.

Second-quarter revenues of the Motorcycles segment decreased by 14.3 % and the profit before tax fell by 54.7 %. At euro 626 million, segment revenues for the six-month period were down by 15.1 %. The segment profit for the period fell by 42.5 % to euro 50 million.

Revenues of the Financial Services segment for the second quarter 2009 rose by 9.0 %. The second-quarter

Loss / profit before tax by segment

in euro million

	2nd quarter 2009	2nd quarter 2008	**1 January to 30 June 2009**	1 January to 30 June 2008
Automobiles	**–158**	325	**– 629**	864
Motorcycles	**24**	53	**50**	87
Financial Services	**81**	64	**153**	148
Other Entities	**18**	342	**42**	337
Eliminations	**186**	–182	**337**	–193
Loss / profit before tax	**151**	**602**	**–47**	**1,243**
Income taxes	**–30**	–95	**16**	–249
Net profit / net loss	**121**	**507**	**–31**	**994**

segment profit before tax improved by 26.6 % to euro 81 million, reflecting the lower expense for risk provisions relating to vehicle residual values. For the six-month period, segment revenues increased by 6.4 %, while the segment profit before tax was 3.4 % up on the previous year.

The profit before tax of the Other Entities segment for the second quarter 2009 amounted to euro 18 million (second quarter 2008: euro 342 million), while the six-month profit before tax fell by 87.5 % to euro 42 million. This was mainly due to the lower net result arising on the fair value measurement of derivative financial instruments and the reduction in other operating income.

The result from inter-segment eliminations for the second quarter improved to a positive amount of euro 186 million (second quarter 2008: negative amount of euro 182 million), mainly as a result of the lower volume of new leasing business. Inter-segment eliminations for the six-month period improved to a positive amount of euro 337 million (first half-year 2008: negative amount of euro 193 million).

Financial position

The cash flow statements of the BMW Group and the Automobiles and Financial Services segments show the sources and applications of cash flows for the first half of the financial years 2008 and 2009, 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.

The cash inflow from operating activities for the first half of 2009 totalled euro 5,069 million (first half-year 2008: euro 5,904 million).

The cash outflow for investing activities decreased by euro 5,043 million to euro 3,533 million. Capital expenditure on intangible assets and property, plant and equipment for the six-month period was euro 17 million lower at euro 1,498 million. The cash outflow for the net investment in leased products and receivables from sales financing decreased by euro 5,004 million to euro 1,899 million. 143.5 % (2008: 68.8 %) of the cash outflow for investing activities was covered by the cash inflow from operating activities. The cash flow statement of the Automobiles segment shows coverage of 132.4 % (first half-year 2008: 145.1 %). Due to the lower level of investment in leased products and receivables from sales financing the cash flow statement of the Financial Services segment also shows a coverage of 180.2 % (first half-year 2008: underfunding 36.2 %).

Cash inflow from financing activities includes inflows of euro 6,813 million from bond issues (first half-year 2008: euro 6,878 million) and outflows for repayments of euro 3,650 million (first half-year 2008: euro 1,884 million). The cash inflow of euro 1,768 million from financing activities during the first six months of 2009 was primarily attributable to the issue of bonds.

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 3,339 million (first half-year 2008: increase of euro 275 million).

Net financial assets of the Automobiles segment comprise the following:

in euro million	**30.6.2009**	31.12.2008
Cash and cash equivalents	**7,086**	5,073
Marketable securities and investment funds	**562**	557
Intragroup net financial receivables	**6,390**	8,185
Financial assets	**14,038**	**13,815**
Less: external financial liabilities*	**–3,997**	–4,769
Net financial assets	**10,041**	**9,046**

* excluding derivative financial instruments

Net assets position

The balance sheet total of the BMW Group increased by euro 2,534 million or 2.5 % compared to 31 December 2008. Adjusted for changes in exchange rates, the balance sheet total would have increased by 0.1 %.

The main factors behind the increase on the assets side of the balance sheet were cash and cash equivalents (+ 44.8 %), receivables from sales financing (+ 2.2 %) and other assets (+ 18.4 %). By contrast, financial assets decreased by 20.6 %. On the equity and liabilities side of the balance sheet, the rise was due to the increase in financial liabilities (+ 2.7 %) and trade payables (+ 30.6 %).

Leased products decreased by euro 984 million or 5.0 %. Excluding the effect of exchange rate fluctuations, leased products would have decreased by 5.5 %. The main factor for the reduction was the lower volume of new business generated with lease contracts.

Inventories decreased by euro 484 million (– 6.6 %) to euro 6,806 million.

Financial assets decreased by 20.6 % to euro 4,058 million, mainly as a result of the lower fair values of derivative portfolios.

Group equity fell by euro 111 million to euro 20,162 million as a result of the dividend payment (euro 197 million), the loss for the period (euro 31 million) and actuarial losses (euro 453 million) on pension obligations and plan assets. The actuarial losses relating to pension obligations were attributable to a change in the assumed rate of inflation. Group equity increased due to translation differences (+ euro 365 million), the fair value measurement of derivative financial instruments (+ euro 167 million) as well as the fair value measurement of securities (+ euro 2 million). Deferred taxes on fair value gains and losses recognised directly in equity increased equity by euro 36 million.

The equity ratio of the BMW Group fell overall by 0.6 percentage points to 19.5 %. The equity ratio of the Automobiles segment was 41.1 % (31. December 2008: 42.3 %) and that of the Financial Services segment was 5.6 % (31. December 2008: 5.4 %).

The amount recognised in the balance sheet for pension provisions increased by 10.8 % to euro 3,671 million, mainly reflecting a change in the assumed rate of inflation and actuarial losses on pension plan assets.

Other provisions, at euro 4,359 million, were euro 523 million below their level at 31 December 2008. This decrease was mainly due to lower personnel-related obligations.

Financial liabilities increased by euro 1,627 million to euro 62,011 million during the first half of 2009, mainly as a result of the higher deposit business liabilities.

Trade payables increased by 30.6 % to euro 3,346 million. Other liabilities amounted to euro 6,429 million and were thus euro 148 million higher than at 31 December 2008.

Risk management

As a globally operating organisation, the BMW Group is confronted with a variety of risks. The BMW Group's corporate success has long been founded on the idea of consciously taking calculated risks and making full use of the opportunities relating to them. 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 2008 (Annual Report, page 62 et seq.).

Recession continues, first signs of light at end of tunnel

The global economy has been contracting since the end of 2008. In the meantime, markets in industrialised countries and most of the emerging markets have been hit by the recession with the consequence that it is likely that a sharp drop in economic output and a decrease in trade volumes will be recorded worldwide for the full year 2009. In response to this situation, most countries have implemented wide-ranging stimulus programmes. Despite the positive signs heralded by a number of early indicators, the global recession is not likely to come to an end until sometime in 2010.

The upturn should begin in the USA, a little earlier than in other industrialised countries. Prerequisites for an end to the economic crisis are a return of confidence on the credit markets and an end to the property recession. In view of the increased proclivity of US consumers to save and the sharp rise in unemployment, the recovery in consumer spending levels is likely to be somewhat sluggish. For the time being consumer spending is being encouraged by US government stimulus programmes.

The massive contraction of world trade volumes has hit export-oriented economies such as those of Japan and Europe the hardest. Any sustainable recovery in the economies of these regions is only likely to take place after the upturn in the USA has gained a firm hold. This may, however, only happen over the course of 2010. By then, the recession is likely to have had a major impact on the employment market, particularly in Europe. Unlike in the USA, the process of cutting jobs did not begin in countries like Germany until the end of 2008. Rising unemployment is bound to have a negative impact on consumer spending. In the United Kingdom and Spain, the upturn will also be made more difficult by the ongoing process of adjustment following the overheating of property markets.

Negative growth rates are also predicted for most emerging markets in Asia, Latin America and Eastern Europe in 2009, in some cases quite considerable ones. The main exceptions are likely to be China and India, which should be able to maintain strong growth rates, even if not at the levels seen in recent years. By contrast, the economic output of other growth markets such as Russia, Brazil, Mexico, South Korea or South Africa is likely to flag.

The consolidation of energy and raw material prices – which have been exposed to massive downward pressure in the wake of the finance crisis – continued during the second quarter 2009. In the medium term, however, raw material prices are likely to rise as the global economy recovers.

The financial crisis resulted in significant shifts on the world's currency markets in 2008. One aspect of this was large-scale withdrawal of capital from several emerging markets on the one hand, but also from countries such as the United Kingdom and Australia. The value of the currencies of these countries fell significantly in the wake of these developments. A certain degree of consolidation has also taken place in these countries in the meantime. Since the beginning of 2009, the US dollar and the Japanese yen have lost some of the gains made against the euro in the previous year. The US dollar continues to be exposed to the risk of further depreciation in the near future.

Sharp contraction on automobile markets
The adverse effects of the financial crisis will continue to be felt on global automobile markets throughout 2009 with decreases likely to be in the double-digit range. For the US automobile market, as well as for Japan, the United Kingdom and Continental Europe, this will entail several years of declining passenger car registration figures before the markets stabilise at a low level.

In Germany, by contrast, the scrappage scheme is resulting in a sharp, but short-lived increase in the sale of small vehicles. The premium segment, however, has hardly benefited from this measure. Once the scrappage bonus expires, new registrations – particularly in the non-premium segments – are likely to fall steeply.

Sharp decreases are also forecasted for some emerging markets. Only China and India are likely to register positive growth rates in 2009. The automobile markets of Russia and Eastern Europe as well as those of numerous countries in Latin America and Asia are likely to suffer sharp contraction. Overall, the emerging markets' share of global car sales is still forecasted to rise slightly in the near future as a result of even greater contraction on the traditional markets.

Motorcycle markets remain weak
The situation on motorcycle markets will also be adversely affected by the fact that the remainder of 2009 is likely to be dominated by the worldwide economic crisis. The BMW Group forecasts that motorcycle sales in the 500 cc plus segment in 2009 will fall well short of the previous year's level.

Volatility on financial markets continues
In the face of the ongoing uncertainty regarding future economic developments, international financial markets are likely to remain highly volatile. It is not clear at present which direction the markets will take.

Central banks around the world are implementing measures to ensure an adequate supply of funds to the financial markets in order to prevent money and capital markets from drying up. Despite the availability of favourable conditions to refinance their business, banks are currently holding back with credit approvals. This, in turn, could result in a delay to the anticipated economic recovery. The present situation on used car markets also seems unlikely to ease to any sustainable degree.

Outlook of BMW Group for the remainder of 2009
The BMW Group assumes that the macroeconomic environment will remain unfavourable during the second half of 2009. As a result of increased unemployment and the rising number of company insolvencies, a general atmosphere of uncertainty has arisen with regard to future developments in 2009 and beyond. Consumers are be-

coming less willing to spend, particularly when it comes to purchasing durable goods. Car markets worldwide are therefore experiencing double-digit downturns. This situation is exacerbated by the high volatility of international financial and raw materials markets. The unfavourable economic situation also presents a major challenge for the BMW Group. The current business climate renders it impossible to make a reliable forecast regarding the further course of business in 2009.

Measures were taken at an early stage to adapt to the situation and risk provision levels were adjusted accordingly. The BMW Group stands by its assessment that an adequate level of risk provision has been recognised to cover additional risks when selling pre-owned cars. The situation is such that while some markets are showing signs of slight recovery, others are reacting to the economic crisis with a delayed effect. Should the situation on the used car markets worsen during the second half of 2009, an increase in the level of risk provision cannot be ruled out. Should the crisis persist, this will also result in a tendency towards increased risk in the area of dealer and retail customer financing.

The BMW Group continues to have a stable liquidity base despite the current crisis situation. Thanks to the BMW Group's high level of creditworthiness, access to the international financial markets and the supply of cash funds remain secure, even in difficult times. Although risk spreads on the capital markets have continued to narrow somewhat, they have not yet returned to the levels seen before the start of the economic and financial crisis.

As long as the current economic situation shows no signs of easing, the BMW Group will continue to chart its course through this phase of uncertainty with the aid of flexible and rapidly implemented measures. During this process, the BMW Group will also be able to take full advantage of the additional manoeuvrability which rigorous implementation of the Strategy Number ONE has made possible.

As part of a range of strategic sales measures, the BMW Group is able to adapt at short notice to changing demand in individual markets. Against a background of contracting markets, the BMW Group has managed to maintain its leading position in the premium segment of the international automobile markets. It has also succeeded in expanding market share on important markets with the BMW, MINI and Rolls-Royce brands.

The BMW Group also expects new models to provide impetus for its automobile business in the second half of 2009. Now that the new BMW 7 Series is available to customers worldwide, the BMW Group will be offering a four-wheel-drive version of the 7 Series for the first time from autumn onwards. The BMW X1 and the BMW 5 Series Gran Turismo will follow towards the end of the year. The X1 will further enhance the X-model family with the addition of the first off-road compact vehicle in the premium segment. The BMW X1 offers consumers the versatility of a Sports Activity Vehicle, the flexibility of a compact car and the dynamism of a BMW. The BMW 5 Series Gran Turismo represents the realisation of the Progressive Activity Sedan and defines a completely new segment on the car market. The Gran Turismo embodies a unique combination of elegance, interior comfort and variability. The characteristic features of a prestigious limousine, a modern and versatile Sports Activity Vehicle and a classic Gran Turismo are all united in the BMW 5 Series Gran Turismo.

Thanks to its flexible manufacturing structures, the BMW Group enjoys a leading position in competitive terms. This has enabled the Group in the past to anticipate falling demand and adapt accordingly by reducing production volumes. At same time, lower inventory levels also play a key role in managing working capital. An integrated approach to the customer-oriented sales and production process enables sales processes to be adjusted flexibly and rapidly, whilst also ensuring the efficient utilisation of existing production capacities.

Implementation of the profitability programme has brought about further progress in the area of cost management. The reduction in personnel expense as a result of the staff reduction programme initiated in 2008 is already beginning to bear fruit. The BMW Group will continue to benefit over the remainder of the year from substantial improvements in efficiency.

Despite the difficult climate, the BMW Group continues to invest in the future with a view to strengthening its competitive position. As well as continuing to work on the enhancement of highly efficient combustion engines, this strategy also includes the development of innovative mobility concepts in conjunction with project i. The BMW Group is convinced that new and forward-looking products and technologies are important factors for taking the best advantage of the opportunities created by changing markets in both the medium and long term.

Although the automobile business is now showing some signs of recovery by comparison to the first quarter 2009, the BMW Group does not expect – on the basis of its latest assessment and taking into account the adverse factors caused by the crisis – that it will be able to achieve the high sales volume figure recorded in 2008. However, persisting uncertainty as to how the economic crisis might proceed makes it extremely difficult to forecast sales volumes at present. The BMW Group is therefore working with various market and sales volume performance scenarios and is preparing appropriate measures to take account of future developments.

In the motorcycles line of business, the BMW Group will continue to pursue its new model initiative throughout the rest of 2009 in an effort to counter reluctant consumer spending caused by the global economic crisis. Despite these measures, however, motorcycle sales are nevertheless expected to be lower than in the previous year.

The Financial Services segment performance continues to be overshadowed by the unstable economic situation worldwide and by a prevailing sense of uncertainty. The BMW Group expects that the used car markets in North America will continue to stabilise. At the same time, however, additional expenses to market vehicles coming out of leases in Continental Europe cannot be ruled out. Given the current economic situation, it seems unlikely that credit risk profiles will improve in the retail customer and dealer financing lines of business.

Profitability targets for 2012 remain unchanged
In the face of the business conditions described above, it is not currently possible to make further quantitative assertions regarding earnings.

The BMW Group continues to pursue the profitability targets for 2012 set in line with the Strategy Number ONE. The BMW Group intends to remain on its strategic course and intensify the range of measures necessary to cut costs and improve efficiency. The aims remain unchanged: to achieve a return on capital employed (ROCE) in the Automobiles segment in excess of 26 % and a return on sales of between 8 % and 10 %.

In view of the current volatile situation, the Strategy Number ONE is proving to be an appropriate and forward-looking entrepreneurial decision for redirecting the BMW Group. A great deal of preliminary work was carried out in conjunction with the original development of the strategy. Now, in the midst of difficult business conditions, this groundwork is proving to be a major prerequisite for managing the business in the short-term. The initiatives that emerged from the Strategy Number ONE represent an important aspect of getting through the crisis. They will also significantly improve the ability to exploit opportunities once the crisis has passed. The value-added approach adopted by the BMW Group is seen as a key factor in achieving ambitious targets in the future.

Interim Group Financial Statements

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

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

	Note	Group		Automobiles	
		2009	2008	**2009**	2008
Revenues	5	**12,971**	14,552	**10,827**	13,754
Cost of sales[1]	6	**–11,443**	–12,740	**–9,637**	–12,093
Gross profit		**1,528**	**1,812**	**1,190**	**1,661**
Sales and administrative costs	7	**–1,349**	–1,459	**–1,175**	–1,240
Other operating income	8	**169**	247	**63**	65
Other operating expenses	8	**–179**	–175	**–109**	–91
Profit/loss before financial result		**169**	**425**	**–31**	**395**
Result from equity accounted investments	9	**8**	2	**9**	2
Interest and similar income	10	**186**	185	**124**	200
Interest and similar expenses	10	**–223**	–233	**–243**	–270
Other financial result	11	**11**	223	**–17**	–2
Financial result		**–18**	**177**	**–127**	**–70**
Profit/loss before tax		**151**	**602**	**–158**	**325**
Income taxes	12	**–30**	–95	**73**	–63
Net profit/net loss		**121**	**507**	**–85**	**262**
Attributable to minority interest		**2**	1	**2**	1
Attributable to shareholders of BMW AG		**119**	**506**	**–87**	**261**
Earnings per share of common stock in euro	13	**0.18**	0.77		
Earnings per share of preferred stock[2] in euro	13	**0.19**	0.78		

[1] after reclassification of research and development costs to cost of sales
[2] In computing earnings per share of preferred stock, earnings to cover the additional dividend of euro 0.02 per share of preferred stock are spread over the quarters of the corresponding financial year.

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

	Note	Group	
		2009	2008
Net profit		**121**	**507**
Available-for-sale securities		**1**	–37
Financial instruments used for hedging purposes		**242**	–260
Exchange differences on translating foreign operations		**273**	21
Actuarial gains/losses relating to defined benefit pension and similar plans		**–59**	–222
Deferred taxes relating to components of other comprehensive income		**–84**	135
Other comprehensive income for the period after tax	14	**373**	**–363**
Total comprehensive income		**494**	**144**
Total comprehensive income attributable to minority interests		**1**	–
Total comprehensive income attributable to shareholders of BMW AG		**493**	**144**

Motorcycles 2009	Motorcycles 2008	Financial Services 2009	Financial Services 2008	Other Entities 2009	Other Entities 2008	Eliminations 2009	Eliminations 2008	
336	392	**4,224**	3,877	**1**	63	**–2,417**	–3,534	Revenues
–280	–303	**–4,016**	–3,677	**–**	–47	**2,490**	3,380	Cost of sales[1]
56	**89**	**208**	**200**	**1**	**16**	**73**	**–154**	**Gross profit**
–30	–34	**–136**	–153	**–3**	–18	**–5**	–14	Sales and administrative costs
–	1	**6**	4	**107**	189	**–7**	–12	Other operating income
–	–	**–3**	–12	**–79**	–99	**12**	27	Other operating expenses
26	**56**	**75**	**39**	**26**	**88**	**73**	**–153**	**Profit / loss before financial result**
–	–	**–**	–	**–1**	–	**–**	–	Result from equity accounted investments
–	–	**–**	–	**452**	532	**–390**	–547	Interest and similar income
–2	–3	**–1**	–	**–480**	–478	**503**	518	Interest and similar expenses
–	–	**7**	25	**21**	200	**–**	–	Other financial result
–2	**–3**	**6**	**25**	**–8**	**254**	**113**	**–29**	Financial result
24	**53**	**81**	**64**	**18**	**342**	**186**	**–182**	**Profit / loss before tax**
–9	–11	**–29**	–29	**–5**	–34	**–60**	42	Income taxes
15	**42**	**52**	**35**	**13**	**308**	**126**	**–140**	**Net profit / net loss**
–	–	**–**	–	**–**	–	**–**	–	Attributable to minority interest
15	**42**	**52**	**35**	**13**	**308**	**126**	**–140**	**Attributable to shareholders of BMW AG**
								Earnings per share of common stock in euro
								Earnings per share of preferred stock[2] in euro

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

Income Statements for Group and Segments for the period from 1 January to 30 June
in euro million

	Note	Group 2009	Group 2008	Automobiles 2009	Automobiles 2008
Revenues	5	**24,480**	27,837	**20,432**	25,916
Cost of sales[1]	6	**–21,900**	–23,896	**–18,531**	–22,522
Gross profit		**2,580**	**3,941**	**1,901**	**3,394**
Sales and administrative costs	7	**–2,459**	–2,749	**–2,113**	–2,328
Other operating income	8	**407**	535	**149**	174
Other operating expenses	8	**–414**	–475	**–219**	–226
Profit/loss before financial result		**114**	**1,252**	**–282**	**1,014**
Result from equity accounted investments	9	**14**	12	**16**	12
Interest and similar income	10	**359**	337	**271**	400
Interest and similar expenses	10	**–447**	–502	**–499**	–562
Other financial result	11	**–87**	144	**–135**	–
Financial result		**–161**	**–9**	**–347**	**–150**
Loss/profit before tax		**–47**	**1,243**	**–629**	**864**
Income taxes	12	**16**	–249	**228**	–189
Net loss/net profit		**–31**	**994**	**–401**	**675**
Attributable to minority interest		**3**	3	**3**	3
Attributable to shareholders of BMW AG		**–34**	**991**	**–404**	**672**
Earnings per share of common stock in euro	13	**–0.05**	1.52		
Earnings per share of preferred stock[2] in euro	13	**–0.04**	1.53		

[1] after reclassification of research and development costs to cost of sales
[2] In computing earnings per share of preferred stock, earnings to cover the additional dividend of euro 0.02 per share of preferred stock are spread over the quarters of the corresponding financial year.

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

	Note	Group 2009	Group 2008
Net loss/net profit		**–31**	**994**
Available-for-sale securities		**2**	–85
Financial instruments used for hedging purposes		**167**	178
Exchange differences on translating foreign operations		**365**	–408
Actuarial gains/losses relating to defined benefit pension and similar plans		**–453**	534
Deferred taxes relating to components of other comprehensive income		**36**	–222
Other comprehensive income for the period after tax	14	**117**	**–3**
Total comprehensive income		**86**	**991**
Total comprehensive income attributable to minority interests		**3**	2
Total comprehensive income attributable to shareholders of BMW AG		**83**	**989**

	Motorcycles 2009	Motorcycles 2008	Financial Services 2009	Financial Services 2008	Other Entities 2009	Other Entities 2008	Eliminations 2009	Eliminations 2008	
	626	737	**8,227**	7,734	**2**	126	**–4,807**	–6,676	Revenues
	–509	–569	**–7,813**	–7,288	**–**	–97	**4,953**	6,580	Cost of sales[1]
	117	**168**	**414**	**446**	**2**	**29**	**146**	**–96**	**Gross profit**
	–64	–77	**–271**	–295	**–7**	–33	**–4**	–16	Sales and administrative costs
	1	2	**9**	6	**253**	379	**–5**	–26	Other operating income
	–	–1	**–7**	–39	**–210**	–251	**22**	42	Other operating expenses
	54	**92**	**145**	**118**	**38**	**124**	**159**	**–96**	**Profit / loss before financial result**
	–	–	**–**	–	**–2**	–	**–**	–	Result from equity accounted investments
	1	–	**1**	–	**911**	1,010	**–825**	–1,073	Interest and similar income
	–5	–5	**–2**	–1	**–944**	–910	**1,003**	976	Interest and similar expenses
	–	–	**9**	31	**39**	113	**–**	–	Other financial result
	–4	**–5**	**8**	**30**	**4**	**213**	**178**	**–97**	Financial result
	50	**87**	**153**	**148**	**42**	**337**	**337**	**–193**	**Loss / profit before tax**
	–17	–19	**–60**	–65	**–10**	–35	**–125**	59	Income taxes
	33	**68**	**93**	**83**	**32**	**302**	**212**	**–134**	**Net loss / net profit**
	–	–	**–**	–	**–**	–	**–**	–	Attributable to minority interest
	33	**68**	**93**	**83**	**32**	**302**	**212**	**–134**	**Attributable to shareholders of BMW AG**
									Earnings per share of common stock in euro
									Earnings per share of preferred stock[2] in euro

Interim Group Financial Statements
Balance Sheets for Group and Segments

Assets

in euro million	Note	Group 30.6.2009	Group 31.12.2008	Automobiles 30.6.2009	Automobiles 31.12.2008
Intangible assets	15	**5,494**	5,641	**5,271**	5,403
Property, plant and equipment	16	**11,309**	11,292	**11,100**	11,074
Leased products	17	**18,540**	19,524	**280**	268
Investments accounted for using the equity method	18	**116**	111	**97**	82
Other investments	18	**273**	322	**2,689**	2,693
Receivables from sales financing	19	**22,927**	22,192	**–**	–
Financial assets	20	**1,553**	1,808	**316**	238
Deferred tax	21	**1,020**	866	**1,359**	1,346
Other assets	22	**801**	660	**2,189**	2,144
Non-current assets		**62,033**	**62,416**	**23,301**	**23,248**
Inventories	23	**6,806**	7,290	**6,523**	7,005
Trade receivables		**2,349**	2,305	**2,070**	2,070
Receivables from sales financing	19	**15,984**	15,871	**–**	–
Financial assets	20	**2,505**	3,306	**1,072**	1,401
Current tax	21	**988**	602	**741**	358
Other assets	22	**2,162**	1,842	**13,170**	14,028
Cash and cash equivalents		**10,793**	7,454	**7,086**	5,073
Current assets		**41,587**	**38,670**	**30,662**	**29,935**
Total assets		**103,620**	**101,086**	**53,963**	**53,183**

Equity and liabilities

in euro million	Note	Group 30.6.2009	Group 31.12.2008	Automobiles 30.6.2009	Automobiles 31.12.2008
Subscribed capital		**654**	654		
Capital reserves		**1,911**	1,911		
Revenue reserves		**20,188**	20,419		
Accumulated other equity		**–2,592**	–2,709		
Treasury shares		**–10**	–10		
Minority interest		**11**	8		
Equity	24	**20,162**	**20,273**	**22,176**	**22,481**
Pension provisions		**3,671**	3,314	**2,745**	2,847
Other provisions	25	**2,522**	2,757	**2,141**	2,412
Deferred tax	26	**2,766**	2,757	**1,756**	1,931
Financial liabilities	27	**34,028**	30,497	**2,404**	2,685
Other liabilities	28	**2,529**	2,201	**3,812**	3,986
Non-current provisions and liabilities		**45,516**	**41,526**	**12,858**	**13,861**
Other provisions	25	**1,837**	2,125	**1,526**	1,795
Current tax	26	**876**	633	**728**	468
Financial liabilities	27	**27,983**	29,887	**1,932**	2,599
Trade payables		**3,346**	2,562	**2,738**	2,029
Other liabilities	28	**3,900**	4,080	**12,005**	9,950
Current provisions and liabilities		**37,942**	**39,287**	**18,929**	**16,841**
Total equity and liabilities		**103,620**	**101,086**	**53,963**	**53,183**

	Motorcycles		Financial Services		Other Entities		Eliminations	
	30.6.2009	31.12.2008	**30.6.2009**	31.12.2008	**30.6.2009**	31.12.2008	**30.6.2009**	31.12.2008
Intangible assets	**43**	51	**116**	123	**64**	64	**–**	–
Property, plant and equipment	**187**	193	**22**	25	**–**	–	**–**	–
Leased products	**–**	–	**21,329**	22,590	**–**	–	**–3,069**	–3,334
Investments accounted for using the equity method	**–**	–	**–**	–	**19**	29	**–**	–
Other investments	**–**	–	**6**	25	**5,364**	5,348	**–7,786**	–7,744
Receivables from sales financing	**–**	–	**22,927**	22,192	**–**	–	**–**	–
Financial assets	**–**	–	**70**	424	**1,362**	1,381	**–195**	–235
Deferred tax	**–**	–	**521**	485	**271**	160	**–1,131**	–1,125
Other assets	**–**	–	**1,670**	1,961	**12,709**	14,055	**–15,767**	–17,500
Non-current assets	**230**	**244**	**46,661**	**47,825**	**19,789**	**21,037**	**–27,948**	**–29,938**
Inventories	**273**	277	**12**	9	**–**	–	**–2**	–1
Trade receivables	**134**	109	**143**	122	**2**	4	**–**	–
Receivables from sales financing	**–**	–	**15,984**	15,871	**–**	–	**–**	–
Financial assets	**–**	–	**995**	839	**740**	1,481	**–302**	–415
Current tax	**–**	–	**33**	39	**214**	205	**–**	–
Other assets	**–**	–	**3,962**	3,034	**23,614**	21,109	**–38,584**	–36,329
Cash and cash equivalents	**–**	–	**3,471**	2,053	**236**	328	**–**	–
Current assets	**407**	**386**	**24,600**	**21,967**	**24,806**	**23,127**	**–38,888**	**–36,745**
Total assets	**637**	**630**	**71,261**	**69,792**	**44,595**	**44,164**	**–66,836**	**–66,683**

	Motorcycles		Financial Services		Other Entities		Eliminations	
	30.6.2009	31.12.2008	**30.6.2009**	31.12.2008	**30.6.2009**	31.12.2008	**30.6.2009**	31.12.2008
Subscribed capital								
Capital reserves								
Revenue reserves								
Accumulated other equity								
Treasury shares								
Minority interest								
Equity	**–**	**–**	**3,975**	**3,752**	**4,703**	**4,883**	**–10,692**	**–10,843**
Pension provisions	**117**	122	**26**	28	**783**	317	**–**	–
Other provisions	**64**	63	**287**	252	**30**	30	**–**	–
Deferred tax	**2**	2	**3,173**	3,096	**5**	18	**–2,170**	–2,290
Financial liabilities	**–**	–	**8,890**	10,030	**22,929**	18,018	**–195**	–236
Other liabilities	**252**	252	**12,568**	14,128	**326**	586	**–14,429**	–16,751
Non-current provisions and liabilities	**435**	**439**	**24,944**	**27,534**	**24,073**	**18,969**	**–16,794**	**–19,277**
Other provisions	**21**	21	**286**	311	**1**	2	**3**	–4
Current tax	**–**	–	**77**	105	**71**	60	**–**	–
Financial liabilities	**–**	–	**17,907**	15,207	**8,446**	12,495	**–302**	–414
Trade payables	**158**	160	**443**	364	**7**	9	**–**	–
Other liabilities	**23**	10	**23,629**	22,519	**7,294**	7,746	**–39,051**	–36,145
Current provisions and liabilities	**202**	**191**	**42,342**	**38,506**	**15,819**	**20,312**	**–39,350**	**–36,563**
Total equity and liabilities	**637**	**630**	**71,261**	**69,792**	**44,595**	**44,164**	**–66,836**	**–66,683**

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

	Group	
in euro million	**2009**	2008
Net loss / net profit	**–31**	994
Depreciation of leased products	**2,848**	3,064
Depreciation and amortisation of tangible, intangible and investment assets	**1,736**	1,812
Change in provisions	**–436**	136
Change in deferred tax	**–40**	–55
Change in net current assets and other items	**992**	–47
Cash inflow from operating activities	**5,069**	**5,904**
Investment in intangible assets and property, plant and equipment	**–1,498**	–1,515
Net investment in leased products and receivables from sales financing	**–1,899**	–6,903
Other	**–136**	–158
Cash outflow from investing activities	**–3,533**	**–8,576**
Cash inflow / outflow from financing activities	**1,768**	**3,026**
Effect of exchange rate and changes in composition of group on cash and cash equivalents	**35**	**–79**
Change in cash and cash equivalents	**3,339**	**275**
Cash and cash equivalents at 1 January	**7,454**	2,393
Cash and cash equivalents at 30 June	**10,793**	**2,668**

Automobiles 2009	Automobiles 2008	Financial Services 2009	Financial Services 2008	
–401	675	**93**	83	Net loss / net profit
3	3	**3,002**	2,729	Depreciation of leased products
1,688	1,763	**14**	13	Depreciation and amortisation of tangible, intangible and investment assets
–345	117	**–50**	9	Change in provisions
–443	–49	**74**	–16	Change in deferred tax
1,607	–126	**619**	–293	Change in net current assets and other items
2,109	**2,383**	**3,752**	**2,525**	**Cash inflow from operating activities**
–1,473	–1,475	**–5**	–20	Investment in intangible assets and property, plant and equipment
–16	–29	**–2,037**	–6,874	Net investment in leased products and receivables from sales financing
–104	–138	**–40**	–78	Other
–1,593	**–1,642**	**–2,082**	**–6,972**	**Cash outflow from investing activities**
1,506	**–32**	**–298**	**4,282**	**Cash inflow / outflow from financing activities**
–9	**–42**	**46**	**–30**	**Effect of exchange rate and changes in composition of group on cash and cash equivalents**
2,013	**667**	**1,418**	**–195**	**Change in cash and cash equivalents**
5,073	1,249	**2,053**	789	Cash and cash equivalents at 1 January
7,086	**1,916**	**3,471**	**594**	**Cash and cash equivalents at 30 June**

Interim Group Financial Statements
Group Statement of Changes in Equity

in euro million	Subscribed capital	Capital reserves	Revenue reserves	Accumulated other equity				Treasury shares	Minority interest	Total
				Translation differences	Securities	Derivative financial instruments	Pension obligations			
31 December 2007	**654**	**1,911**	**20,789**	**–1,259**	**35**	**438**	**–835**	**–**	**11**	**21,744**
Acquisition of treasury shares	–	–	–	–	–	–	–	–22	–	–22
Dividends paid	–	–	–694	–	–	–	–	–	–	–694
Comprehensive income 30 June 2008	–	–	991	–407	–85	117	373	–	2	991
30 June 2008	**654**	**1,911**	**21,086**	**–1,666**	**–50**	**555**	**–462**	**–22**	**13**	**22,019**
31 December 2008	**654**	**1,911**	**20,419**	**–2,065**	**17**	**45**	**–706**	**–10**	**8**	**20,273**
Dividends paid	–	–	–197	–	–	–	–	–	–	–197
Comprehensive income 30 June 2009	–	–	–34	365	1	77	–326	–	3	86
30 June 2009	**654**	**1,911**	**20,188**	**–1,700**	**18**	**122**	**–1,032**	**–10**	**11**	**20,162**

1 — **Basis of preparation**

The Group Financial Statements of BMW AG at 31 December 2008 were drawn up in accordance with International Financial Reporting Standards (IFRSs), as applicable in the EU. The interim Group Financial Statements (Interim Report) at 30 June 2009, 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 2008 Group Financial Statements. The BMW Group applies the option, available under IAS 34.8, of publishing condensed group financial statements. All Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) which are mandatory at 30 June 2009 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 2008.

Various items have been aggregated in the income statement and balance sheet in order to improve clarity. These items are disclosed and analysed separately in the Notes.

Following adoption of the revised version of IAS 1 (Presentation of Financial Statements), a Statement of Comprehensive Income is presented at group level from the first quarter 2009 onwards, replacing the previously presented Statement of Income and Expenses Recognised in Equity.

Furthermore, with effect from the beginning of the first quarter 2009, research and development costs are reported as cost of sales and not, as in previous reporting periods, as a separate item in the income statement. Research and development costs for the first half of the year totalled euro 1,257 million (first half-year 2008: euro 1,476 million).

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

In order to provide a better insight into the net assets, financial position and performance of the BMW Group and in addition to 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 Statement of Cash Flows 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 for the year ended 31 December 2008.

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 continue to be presented in the Group Financial Statements although they have been legally sold. Gains and losses relating to the sale of such assets are not recognised until the assets are removed from the Group Balance Sheet on transfer of the related significant risks and rewards. The balance sheet value of the assets sold at 30 June 2009 totalled euro 9.0 billion (31 December 2008: euro 8.7 billion).

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

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

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

The preparation of the Interim Financial Statements requires management to make certain assumptions and estimates that affect the reported amounts of assets and liabilities, revenues and expenses. All assumptions and estimates are based on factors known at the end of the reporting period. These factors are determined on the basis of the most likely outcome of future business developments. Estimates and underlying assumptions are checked regularly. Actual amounts could differ from those assumptions and estimates if business conditions develop differently to the Group's expectations at the end of the reporting period.

2 — Consolidated companies

Besides BMW AG, the BMW Group Financial Statements for the second quarter 2009 include 33 German and 153 foreign subsidiaries. This includes seven special purpose securities funds and 24 special purpose trusts (almost all of which are used for asset-backed financing transactions).

No entities were consolidated for the first time during the second quarter 2009.

No companies ceased to be consolidated entities during the second quarter 2009.

LARGUS Grundstücks-Verwaltungsgesellschaft mbH, Grünwald, LARGUS Grundstücks-Verwaltungsgesellschaft mbH & Co. KG, Grünwald, BMW Polska Sp. z o.o., Warsaw, and BMW India Private Ltd., New Delhi, were consolidated for the first time in the first half of 2009.

The companies Rover South Africa (Pty) Ltd., Cape Town, and Sociedade Anglo – Portugese de Automoveis Sarl, Lisbon, ceased to be consolidated companies during the first half of 2009.

Compared to the corresponding period last year, five subsidiaries and four special purpose trusts have been consolidated for the first time. In addition, twelve subsidiaries, four special purpose trusts and ten special purpose securities funds ceased to be consolidated companies.

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 — Business acquisitions

With effect from 1 January 2009, BMW Anlagen Verwaltungs GmbH, Munich, acquired all of the shares of LARGUS Grundstücks-Verwaltungsgesellschaft, Grünwald, and, indirectly, 94.5 % of the shares of that company's subsidiary, LARGUS Grundstücks-Verwaltungsgesellschaft mbH & Co. KG, Grünwald. The acquisition of LARGUS Grundstücks-Verwaltungsgesellschaft mbH & Co. KG, Grünwald, gave rise to a credit difference on consolidation (excess of fair value of acquired net assets over purchase price) of euro 2 million which was recognised as other operating income in the first quarter 2009.

4 — New financial reporting rules

(a) Financial reporting rules applied for the first time in the second quarter 2009

No new Standards or Interpretations were applied for the first time in the second quarter 2009.

(b) New financial reporting rules issued during the second quarter 2009

The following Standards, which had been issued by the IASB by the end of second quarter 2009, but which were not mandatory for the reporting period, have not been applied by the BMW Group in the second quarter 2009:

Standard / Interpretation		Date of isue by IASB	Date of mandatory application	Endorsed by the EU	Expected impact on BMW Group
IFRS 2	Stock-based compensation	18.6.2009	1.1.2010	No	None
	Improvements to IFRSs	16.4.2009	1.7.2009*/ 1.1.2010	No	Insignificant

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

5 — Revenues

Revenues by activity comprise the following:

in euro million	2nd quarter 2009	2nd quarter 2008	1 January to 30 June 2009	1 January to 30 June 2008
Sales of products and related goods	**9,208**	11,005	**17,088**	20,707
Income from lease instalments	**1,520**	1,336	**2,925**	2,655
Sales of products previously leased to customers	**1,498**	1,227	**2,870**	2,583
Interest income on loan financing	**648**	705	**1,348**	1,386
Other income	**97**	279	**249**	506
Revenues	**12,971**	**14,552**	**24,480**	**27,837**

An analysis of revenues by operating segment is shown in the segment information on pages 42 to 43.

6 — Cost of sales

Cost of sales in the second quarter include euro 3,837 million (second quarter 2008: euro 3,284 million) relating to financial services business. For the period from 1 January to 30 June 2009, euro 7,464 million (first half-year 2008: euro 6,566 million) relates to financial services business.

Second-quarter cost of sales includes research and development costs of euro 650 million (second quarter 2008: euro 757 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 299 million (second quarter 2008: euro 299 million). For the six-month period, research and development costs amounted to euro 1,257 million (first half-year 2008: euro 1,476 million). This includes amortisation on capitalised development costs of euro 587 million (first half-year 2008: euro 597 million).

7 — Sales and administrative costs

Sales costs amounted to euro 971 million for the second quarter 2009 (second quarter 2008: euro 1,127 million) and euro 1,832 million for the first six months of 2009 (first half-year 2008: euro 2,126 million). Sales costs mainly comprise marketing, advertising and sales personnel costs.

Administrative costs in the second quarter amounted to euro 378 million (second quarter 2008: euro 332 million), in the first half of the year euro 627 million (first half-year 2008: euro 623 million) and comprised expenses for administration not attributable to development, production or sales functions.

8 — Other operating income and expenses

Other operating income in the second quarter amounted to euro 169 million (second quarter 2008: euro 247 million) and euro 407 million for the first six months of 2009 (first half-year 2008: euro 535 million). Other operating expenses in the second quarter amounted to euro 179 million (second quarter 2008: euro 175 million) and euro 414 million for the first six months of 2009 (first half-year 2008: euro 475 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.

9 — Result from equity accounted investments

The result from equity accounted investments in the second quarter amounted to euro 8 million (second quarter 2008: euro 2 million). The equivalent figure for the six-month period was euro 14 million (first half-year 2008: euro 12 million). This includes the results from the interest in the joint venture, BMW Brilliance Automotive Ltd., Shenyang, and from the participation in Cirquent GmbH, Munich. In the previous year, it only included the result of the joint venture, BMW Brilliance Automotive Ltd., Shenyang.

10 — Net interest result

in euro million	**2nd quarter 2009**	2nd quarter 2008	**1 January to 30 June 2009**	1 January to 30 June 2008
Interest and similar income	**186**	185	**359**	337
Interest and similar expenses	**–223**	–233	**–447**	–502
Net interest result	**–37**	**–48**	**–88**	**–165**

11 — Other financial result

in euro million	**2nd quarter 2009**	2nd quarter 2008	**1 January to 30 June 2009**	1 January to 30 June 2008
Result on investments	**1**	1	**1**	1
Sundry other financial result	**10**	222	**–88**	143
Other financial result	**11**	**223**	**–87**	**144**

12 — Income taxes

Taxes on income comprise the following:

in euro million	**2nd quarter 2009**	2nd quarter 2008	**1 January to 30 June 2009**	1 January to 30 June 2008
Current tax expense	**16**	130	**61**	298
Deferred tax expense	**14**	–35	**–77**	–49
Income taxes	**30**	**95**	**–16**	**249**

Changes in assumptions at 30 June 2009 resulted in an increase in the expected annual tax rate from 23.2 % to 34.0 % (first half-year 2008: 20.0 %).

13 — Earnings per share

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

		2nd quarter 2009	2nd quarter 2008	**1 January to 30 June 2009**	1 January to 30 June 2008
Profit attributable to the shareholders	euro million	**118.8**	506.0	**–33.9**	991.4
Profit attributable to common stock	euro million (rounded)	**108.9**	466.0	**–31.7**	912.9
Profit attributable to preferred stock	euro million (rounded)	**9.9**	40.0	**–2.2**	78.5
Average number of common stock shares in circulation	number	**601,995,196**	601,995,196	**601,995,196**	601,995,196
Average number of preferred stock shares in circulation	number	**51,833,032**	51,449,751	**51,833,032**	51,449,751
Earnings per share of common stock	euro	**0.18**	**0.77**	**–0.05**	**1.52**
Earnings per share of preferred stock	euro	**0.19**	**0.78**	**–0.04**	**1.53**

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.

For the purposes of 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.

14 — Disclosures relating to the statement of total comprehensive income

Other comprehensive income after tax comprises the following:

in euro million	**2nd quarter 2009**	2nd quarter 2008	**1 January to 30 June 2009**	1 January to 30 June 2008
Available-for-sale securities				
Gains/losses in the period	**4**	−21	**5**	−65
Amounts reclassified to income statement	**−3**	−16	**−3**	−20
	1	**−37**	**2**	**−85**
Financial instruments used for hedging purposes				
Gains/losses in the period	**314**	−39	**206**	596
Amounts reclassified to income statement	**−72**	−221	**−39**	−418
	242	**−260**	**167**	**178**
Exchange differences on translating foreign operations	**273**	21	**365**	−408
Actuarial gains/losses relating to defined benefit pension and similar plans	**−59**	−222	**−453**	534
Deferred taxes relating to components of other comprehensive income	**−84**	135	**36**	−222
Other comprehensive income for the period after tax	**373**	**−363**	**117**	**−3**

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

in euro million	**2nd quarter 2009**			2nd quarter 2008		
	Before tax	Deferred tax expense	After tax	Before tax	Deferred tax expense	After tax
Available-for-sale securities	**1**	**–**	**1**	−37	–	−37
Financial instruments used for hedging purposes	**242**	**−97**	**145**	−260	75	−185
Exchange differences on translating foreign operations	**273**	**–**	**273**	21	–	21
Actuarial gains/losses relating to defined benefit pension and similar plans	**−59**	**13**	**−46**	−222	60	−162
Other comprehensive income	**457**	**−84**	**373**	**−498**	**135**	**−363**

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

in euro million	**1 January to 30 June 2009**			1 January to 30 June 2008		
	Before tax	Deferred tax expense	After tax	Before tax	Deferred tax expense	After tax
Available-for-sale securities	**2**	**–1**	**1**	–85	–	–85
Financial instruments used for hedging purposes	**167**	**–90**	**77**	178	–61	117
Exchange differences on translating foreign operations	**365**	**–**	**365**	–408	–	–408
Actuarial gains/losses relating to defined benefit pension and similar plans	**–453**	**127**	**–326**	534	–161	373
Other comprehensive income	**81**	**36**	**117**	**219**	**–222**	**–3**

15 — Intangible assets

Intangible assets mainly comprise capitalised development costs on vehicle and engine projects as well as subsidies for tool costs, licences, purchased development projects and software. Capitalised development costs at 30 June 2009 amounted to euro 4,964 million (31 December 2008: euro 5,073 million). Capital expenditure for development costs in the first half of 2009 amounted to euro 478 million (first half-year 2008: euro 467 million). Amortisation amounted to euro 587 million (first half-year 2008: euro 597 million).

In addition, intangible assets include a brand-name right amounting to euro 42 million (31 December 2008: euro 37 million) and goodwill amounting to euro 111 million (31 December 2008: euro 111 million). 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.

16 — Property, plant and equipment

Capital expenditure for property, plant and equipment in the first six months of 2009 was euro 1,006 million (first half-year 2008: euro 993 million). The depreciation expense for the same period amounted to euro 1,093 million (first half-year 2008: euro 1,167 million).

17 — Leased products

Additions to leased products and depreciation thereon amounted to euro 4,161 million (first half-year 2008: euro 5,374 million) and euro 1,934 million (first half-year 2008: euro 1,468 million) respectively. Disposals amounted to euro 3,318 million (first half-year 2008: euro 2,906 million). The translation of foreign currency financial statements resulted in a net positive translation difference of euro 107 million (first half-year 2008: net negative translation difference of euro 827 million).

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

Investments accounted for using the equity method comprise the Group's interests in the joint venture, BMW Brilliance Automotive Ltd., Shenyang, and in Cirquent GmbH, Munich.

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

19 — Receivables from sales financing

Receivables from sales financing totalling euro 38,911 million (31 December 2008: euro 38,063 million) relate to credit financing for retail customers and dealers and to finance leases.

Receivables from sales financing include euro 22,927 million (31 December 2008: euro 22,192 million) with a remaining term of more than one year.

20 — Financial assets

Financial assets comprise:

in euro million	**30.6.2009**	31.12.2008
Interest and currency derivatives	**2,336**	3,449
Marketable securities and investment funds	**1,105**	653
Loans to third parties	**17**	13
Credit card receivables	**256**	253
Other	**344**	746
Financial assets	**4,058**	**5,114**
thereof non-current	**1,553**	1,808
thereof current	**2,505**	3,306

The fair values of interest rate and currency 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. These interest rates are adjusted, where necessary, to take account of the credit quality and risk of the underlying financial instrument.

As a result of the impact of the financial market crisis, some of the interest rates used to measure the fair value of derivatives are based on inflated credit and liquidity spreads. It is therefore possible that the calculated fair values may not be tradable on the markets at present.

Currency hedging contracts used to hedge cash flows are measured on the basis of the zero-coupon method. Due to the financial crisis and the current climate, it is possible – unlike in the past – that other models (for instance the par method) could result in differing fair values.

Closing out existing positions can therefore have an impact on profit or loss. However, since the contracts have been entered into for hedging purposes, the intention is to hold them until maturity.

21 — Income tax assets

Income tax assets can be analysed as follows:

30 June 2009 in euro million	Maturity within one year	Maturity later than one year	Total
Deferred tax	–	1,020	1,020
Current tax	536	452	988
Income tax assets	**536**	**1,472**	**2,008**

31 December 2008 in euro million	Maturity within one year	Maturity later than one year	Total
Deferred tax	–	866	866
Current tax	498	104	602
Income tax assets	**498**	**970**	**1,468**

22 — Other assets

in euro million	30.6.2009	31.12.2008
Other taxes	316	373
Receivables from subsidiaries	422	425
Receivables from other companies in which an investment is held	105	103
Prepayments	1,056	848
Collateral assets	593	291
Sundry other assets	471	462
Other assets	**2,963**	**2,502**
thereof non-current	801	660
thereof current	2,162	1,842

23 — Inventories

Inventories comprise the following:

in euro million	30.6.2009	31.12.2008
Raw materials and supplies	541	596
Work in progress, unbilled contracts	791	803
Finished goods and goods for resale	5,474	5,891
Inventories	**6,806**	**7,290**

24 — Equity

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

Number of shares issued

At 30 June 2009, common stock issued by BMW AG was divided into 601,995,196 shares with a par value of one euro, unchanged from the previous year. Preferred stock issued by BMW AG was divided into 52,196,162 shares with a par value of one euro, also unchanged from the previous year. Unlike common stock, no voting rights are attached to 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 has not been exercised to date. It has not yet been decided whether or to which extent the authorisation will be used.

BMW AG did not acquire any treasury shares of preferred stock during the first six months of 2009. At 30 June 2009, 363,130 treasury shares of preferred stock were held. The effect of applying IFRS 2 (Share-Based Payments) to the employee share scheme was not material for the Group.

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 prior to 13 May 2014 in return for cash contributions and the issue of new non-voting preferred stock. This authorisation has not been used to date.

Capital reserves

Capital reserves include premiums arising from the issue of shares.

Revenues 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.

Other comprehensive income

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

Minority interests

Equity attributable to minority interests amounted to euro 11 million (31. December 2008: euro 8 million). This includes a minority interest of euro 3 million in subsidiaries' results for the period (31. December 2008: euro 6 million).

25 — Other provisions

Other provisions, at euro 4,359 million (31. December 2008: euro 4,882 million) primarily include personnel-related obligations and obligations for ongoing operational expenses.

Current provisions at 30 June 2009 amounted to euro 1,837 million (31. December 2008: euro 2,125 million).

26 — Income tax liabilities

30 June 2009 in euro million	Maturity within one year	Maturity later than one year	Total
Deferred tax	–	2,766	2,766
Current tax	537	339	876
Income tax liabilities	**537**	**3,105**	**3,642**

31 December 2008 in euro million	Maturity within one year	Maturity later than one year	Total
Deferred tax	–	2,757	2,757
Current tax	265	368	633
Income tax liabilities	**265**	**3,125**	**3,390**

Current tax liabilities of euro 876 million (31. December 2008: euro 633 million) comprise euro 144 million (31. December 2008: euro 97 million) for taxes payable and euro 732 million (31. December 2008: euro 536 million) for tax provisions.

27 — Financial liabilities

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

in euro million	30.6.2009	31.12.2008
Bonds	**26,657**	24,159
Liabilities to banks	**9,339**	11,144
Liabilities from customer deposits (banking)	**10,496**	8,209
Commercial paper	**4,141**	5,471
Asset backed financing transactions	**8,955**	8,702
Interest and currency derivatives	**1,321**	1,621
Other	**1,102**	1,078
Financial liabilities	**62,011**	**60,384**
thereof non-current	**34,028**	30,497
thereof current	**27,983**	29,887

For further information relating to the measurement of interest rate and currency derivatives, reference is made to Note 20 —.

28 — Other liabilities

Other liabilities comprise the following items:

in euro million	30.6.2009	31.12.2008
Other taxes	**493**	335
Social security	**65**	44
Advance payments from customers	**176**	346
Deposits received	**274**	265
Payables to subsidiaries	**34**	45
Payables to other companies in which an investment is held	**3**	28
Deferred income	**3,376**	3,181
Other	**2,008**	2,037
Other liabilities	**6,429**	**6,281**
thereof non-current	**2,529**	2,201
thereof current	**3,900**	4,080

29 — Related party relationships

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

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

For the second quarter 2009, the disclosure requirements contained in IAS 24 only affect the BMW Group with regard to business relationships with affiliated, non-consolidated entities, joint ventures and other participations as well as with members of the Board of Management and Supervisory Board of BMW AG.

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

Transactions of BMW Group companies with the joint venture, BMW Brilliance Automotive Ltd., Shenyang, all arise in the normal course of business and are conducted on the basis of arm's length principles. Group companies sold goods and services to BMW Brilliance Automotive Ltd., Shenyang, during the first six months of 2009 amounting to euro 185 million (first half-year 2008: euro 214 million), of which euro 121 million was recorded in the second quarter (second quarter 2008: euro 100 million). At 30 June 2009, receivables of Group companies from BMW Brilliance Automotive Ltd., Shenyang, amounted to euro 104 million (31. December 2008: euro 102 million). Group companies did not have any liabilities to BMW Brilliance Automotive Ltd., Shenyang at 30 June 2009 or 31 December 2008.

Business transactions between BMW Group entities and participations all arise in the normal course of business and are conducted on the basis of arm's length principles. With the exception of Cirquent GmbH, Munich, business relationships with such entities are on a small scale. During the second quarter 2009 BMW Group companies purchased services and goods from Cirquent GmbH, Munich, amounting to euro 12 million. The equivalent amount purchased during the first half of 2009 was euro 25 million. At 30 June 2009, liabilities of Group companies to Cirquent GmbH, Munich, totalled euro 3 million (31. December 2008: euro 28 million).

Stefan Quandt is a shareholder and Deputy Chairman of the Supervisory Board of BMW AG. He is also sole shareholder and Chairman of the Supervisory Board of DELTON AG, Bad Homburg v.d.H., which, via its subsidiaries, performed logistics services for the BMW Group during the second quarter 2009. In addition, companies of the DELTON Group purchased vehicles from the BMW Group. These service and sales contracts are not material for the BMW Group, arise in the course of ordinary activities and are made, without exception, on the basis of arm's length principles.

Susanne Klatten is a shareholder and member of the Supervisory Board of BMW AG and also a shareholder and Deputy Chairman of the Supervisory Board of Altana AG, Wesel. Altana AG, Wesel, purchased vehicles from the BMW Group during the second quarter 2009. In addition, Susanne Klatten holds shares in SGL Carbon SE, Wiesbaden – subsidiaries of which supplied components to the BMW Group during the second quarter 2009 – as well as shares in Nordex AG, Norderstedt. These contracts are not material for the BMW Group, arise in the course of ordinary activities and are made, without exception, on the basis of arm's length principles.

With the exception of these related party transactions, BMW Group companies did not enter into any significant contracts with members of the Board of Management or Supervisory Board of BMW AG. The same applies to close members of the families of those persons.

30 — **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 2008. 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 2008. Segment information by operating segment for the second quarter 2009 is as follows:

Segment information by operating segment

in euro million	Automobiles 2009	Automobiles 2008	Motorcycles 2009	Motorcycles 2008
External revenues	**8,855**	10,743	**333**	391
Inter-segment revenues	**1,972**	3,011	**3**	1
Total revenues	**10,827**	**13,754**	**336**	**392**
Segment result	**–31**	395	**26**	56
Capital expenditure on non-current assets	**748**	905	**10**	9
Depreciation and amortisation on non-current assets	**846**	887	**17**	16

Segment information by operating segment for the first half of 2009 is as follows:

Segment information by operating segment

in euro million	Automobiles 2009	Automobiles 2008	Motorcycles 2009	Motorcycles 2008
External revenues	**16,484**	20,167	**620**	733
Inter-segment revenues	**3,948**	5,749	**6**	4
Total revenues	**20,432**	**25,916**	**626**	**737**
Segment result	**–282**	1,014	**54**	92
Capital expenditure on non-current assets	**1,602**	1,673	**20**	17
Depreciation and amortisation on non-current assets	**1,691**	1,766	**34**	32

in euro million	Automobiles 30.6.2009	Automobiles 31.12.2008	Motorcycles 30.6.2009	Motorcycles 31.12.2008
Segment assets	**12,614**	14,367	**420**	423

Financial Services 2009	Financial Services 2008	Other Entities 2009	Other Entities 2008	Reconciliations to Group figures 2009	Reconciliations to Group figures 2008	Group 2009	Group 2008	
3,782	3,381	**1**	37	**–**	–	**12,971**	14,552	External revenues
442	496	**–**	26	**–2,417**	–3,534	**–**	–	Inter-segment revenues
4,224	**3,877**	**1**	**63**	**–2,417**	**–3,534**	**12,971**	**14,552**	**Total revenues**
81	64	**18**	342	**57**	–255	**151**	602	Segment result
2,546	3,530	**–**	2	**–493**	–650	**2,811**	3,796	Capital expenditure on non-current assets
1,597	1,461	**–**	2	**–611**	–476	**1,849**	1,890	Depreciation and amortisation on non-current assets

Financial Services 2009	Financial Services 2008	Other Entities 2009	Other Entities 2008	Reconciliations to Group figures 2009	Reconciliations to Group figures 2008	Group 2009	Group 2008	
7,375	6,838	**1**	99	**–**	–	**24,480**	27,837	External revenues
852	896	**1**	27	**–4,807**	–6,676	**–**	–	Inter-segment revenues
8,227	**7,734**	**2**	**126**	**–4,807**	**–6,676**	**24,480**	**27,837**	**Total revenues**
153	148	**42**	337	**–14**	–348	**–47**	1,243	Segment result
4,951	6,792	**–**	3	**–914**	–1,596	**5,659**	6,889	Capital expenditure on non-current assets
3,016	2,742	**–**	4	**–1,071**	–1,264	**3,670**	3,280	Depreciation and amortisation on non-current assets

Financial Services 30.6.2009	Financial Services 31.12.2008	Other Entities 30.6.2009	Other Entities 31.12.2008	Reconciliations to Group figures 30.6.2009	Reconciliations to Group figures 31.12.2008	Group 30.6.2009	Group 31.12.2008	
3,975	3,752	**38,816**	38,548	**47,795**	43,996	**103,620**	101,086	Segment assets

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

in euro million	2009	2008
Reconciliation of segment result		
Total for reportable segments	**94**	857
Financial result of Automobiles segment and Motorcycles segment	**–129**	–73
Elimination of inter-segment items	**186**	–182
Group profit before tax	**151**	**602**
Reconciliation of capital expenditure on non-current assets		
Total for reportable segments	**3,304**	4,446
Elimination of inter-segment items	**–493**	–650
Total Group capital expenditure on non-current assets	**2,811**	**3,796**
Reconciliation of depreciation and amortisation on non-current assets		
Total for reportable segments	**2,460**	2,366
Elimination of inter-segment items	**–611**	–476
Total Group depreciation and amortisation on non-current assets	**1,849**	**1,890**

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

in euro million	2009	2008
Reconciliation of segment result		
Total for reportable segments	**–33**	1,591
Financial result of Automobiles segment and Motorcycles segment	**–351**	–155
Elimination of inter-segment items	**337**	–193
Group loss / profit before tax	**–47**	**1,243**
Reconciliation of capital expenditure on non-current assets		
Total for reportable segments	**6,573**	8,485
Elimination of inter-segment items	**–914**	–1,596
Total Group capital expenditure on non-current assets	**5,659**	**6,889**
Reconciliation of depreciation and amortisation on non-current assets		
Total for reportable segments	**4,741**	4,544
Elimination of inter-segment items	**–1,071**	–1,264
Total Group depreciation and amortisation on non-current assets	**3,670**	**3,280**

in euro million	30.6.2009	31.12.2008
Reconciliation of segment assets		
Total for reportable segments	**55,825**	57,090
Non-operating assets – Other Entities segment	**5,779**	5,616
Operating liabilities – Financial Services segment	**67,286**	66,040
Interest-bearing assets – Automobiles segment	**26,974**	24,849
Liabilities of Automobiles and Motorcycles segments subject to interest	**14,592**	14,174
Elimination of inter-segment items	**–66,836**	–66,683
Total Group assets	**103,620**	**101,086**

Responsibility Statement by the Company's Legal Representatives

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

Munich, 28 July 2009

Bayerische Motoren Werke
Aktiengesellschaft

The Board of Management

Review Report

To Bayerische Motoren Werke Aktiengesellschaft, Munich

We have reviewed the condensed interim consolidated financial statements of Bayerische Motoren Werke Aktiengesellschaft, Munich – comprising the balance sheet, the income statement and the statement of comprehensive income, the condensed cash flow statement, the statement of changes in equity and selected explanatory notes, together with the interim Group Management Report of Bayerische Motoren Werke Aktiengesellschaft, Munich, for the period of 1 January to 30 June 2009, which are part of the semi-annual financial report pursuant to § 37 w of the Securities Trading Act (WpHG). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim Group Management Report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim Group Management Report based on our review.

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

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

Munich, 3 August 2009

KPMG AG
Wirtschaftsprüfungsgesellschaft

Dr. Schindler	Pastor
Wirtschaftsprüfer	Wirtschaftsprüfer

Other Information
Financial Calendar
Contacts

Financial Calendar

Quarterly Report to 30 September 2009	3 November 2009
Annual Report 2009	17 March 2010
Annual Accounts Press Conference	17 March 2010
Financial Analysts' Meeting	18 March 2010
Quarterly Report to 31 March 2010	5 May 2010
Annual General Meeting	18 May 2010
Quarterly Report to 30 June 2010	3 August 2010
Quarterly Report to 30 September 2010	3 November 2010

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The CO_2 emissions generated through the production of paper for this report, as well as through print and production, were neutralized by the BMW Group. To this end, the corresponding amount of emission allowances was erased, with the transaction identification DE-80137 on 28 July 2009.

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