

Quarterly Report

to 31 March 2009



————— Q1 ————— Q2 ————— Q3

Rolls-Royce
Motor Cars Limited



BMW Group

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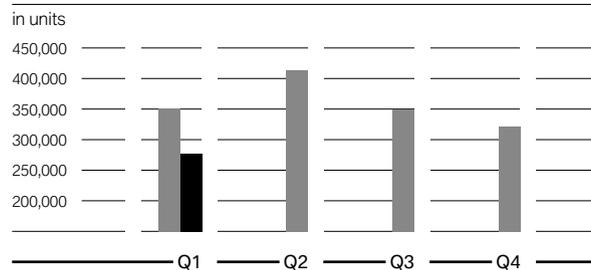
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	1st quarter 2009	1st quarter 2008	Change in %
Deliveries to customers			
Automobiles	units 277,264	351,787	-21.2
Motorcycles ¹	units 17,232	21,046	-18.1
Vehicle production			
Automobiles	units 267,637	405,595	-34.0
Motorcycles ²	units 29,111	28,589	-1.8
Workforce at end of quarter			
BMW Group	99,112	106,887	-7.3
Financial figures			
Operating cash flow ³	euro million 1,122	1,063	5.6
Revenues	euro million 11,509	13,285	-13.4
Loss/profit before financial result (EBIT)	euro million -55	827	-
— Thereof:			
— Automobiles	euro million -251	619	-
— Motorcycles	euro million 28	36	-22.2
— Financial Services	euro million 70	79	-11.4
— Other Entities	euro million 12	36	-66.7
— Eliminations	euro million 86	57	-
Loss/profit before tax	euro million -198	641	-
— Thereof:			
— Automobiles	euro million -471	539	-
— Motorcycles	euro million 26	34	-23.5
— Financial Services	euro million 72	84	-14.3
— Other Entities	euro million 24	-5	-
— Eliminations	euro million 151	-11	-
Income taxes	euro million 46	-154	-
Net loss / net profit	euro million -152	487	-
Earnings per share ⁴	euro -0.23/-0.23	0.74/0.74	-

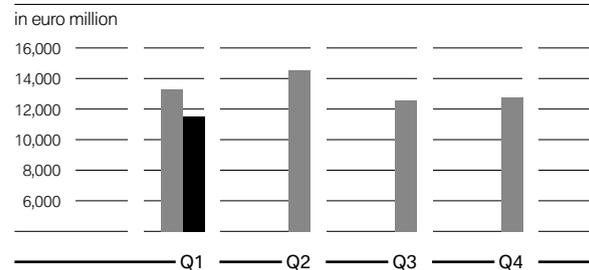
¹ excluding Husqvarna Motorcycles (1,960 motorcycles)² including BMW G 650 X assembly at Piaggio S. p. A., Noale, Italy, excluding Husqvarna Motorcycles (2,124 motorcycles)³ cash inflow from operating activities of the Automobiles segment⁴ for common/preferred stock in accordance with IAS 33. In computing 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



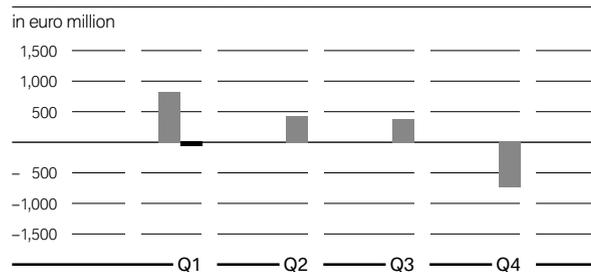
2008	351,787	413,087	349,098	321,904
2009	277,264			

Revenues



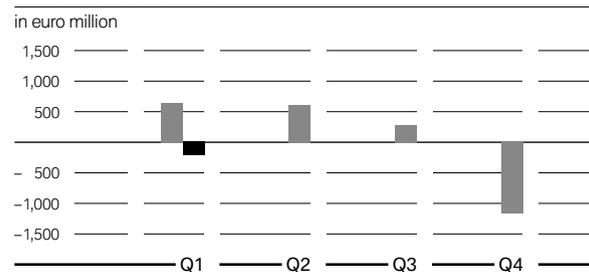
2008	13,285	14,552	12,588	12,772
2009	11,509			

Profit/loss before financial result



2008	827	425	387	-718
2009	-55			

Profit/loss before tax



2008	641	602	279	-1,171
2009	-198			

Interim Group Management Report

The BMW Group – an Overview

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The performance of the BMW Group in the first quarter 2009 was significantly impaired by the consequences of the international economic and financial crisis. In addition to sharp drops in sales volume on major markets, the BMW Group's reported figures were impacted by continued high refinancing costs.

Car sales volume as expected down on previous year

As a result of the global financial and economic crisis, the number of cars sold by the BMW Group during the first quarter 2009 declined as predicted well short of the previous year's first-quarter performance. The total number of BMW, MINI and Rolls-Royce brand cars sold in the first three months of 2009 fell by 21.2% to 277,264 units.

Increasingly adverse conditions also took their toll on the Group's motorcycles business. The BMW Group sold 17,232 BMW motorcycles worldwide during the period from January to March 2009 (-18.1%).

At the end of the period under report, the Financial Services segment was managing a portfolio of 3,007,406 lease and financing contracts with retail customers and dealers, up 11.3% on the previous year's figure.

Revenues and earnings badly hit by economic crisis

First-quarter revenues also declined as a result of the huge contraction on the major automobile markets. At euro 11,509 million, revenues were 13.4% down on the same quarter last year. Adjusted for exchange rate factors, revenues for the three-month period would have decreased by 14.6%.

The negative impact of the current economic situation is also reflected in the BMW Group's earnings performance. The first-quarter loss before financial result of euro 55 million and the first-quarter loss before tax of euro 198 million were therefore both down on the previous year. The BMW Group reports a loss of euro 152 million for the period.

Number of employees reduced significantly

The BMW Group had a workforce of 99,112 employees worldwide at 31 March 2009, 7.3% fewer than one year earlier. Compared to 31 December 2008, the number of employees was 0.9% lower.

Model range expanded

The new BMW 7 Series has been available in Europe since the end of 2008 and will be introduced on other world markets over the course of spring 2009. As a champion of innovation, the new model has been received well by media and customers alike and has already become the segment leader in Europe. The new BMW Z4, which will come onto the markets in May, will also set new standards in its class thanks to its convincing design. The BMW X1 and the BMW 5 Series Gran Turismo will be launched towards the end of the year. The BMW X1 offers 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 is the series version of the Progressive Activity Sedan and constitutes a completely new segment in the automobile market. At the beginning of April, the BMW Group also presented the M variants of the BMW X5 and BMW X6. This means that the high-performance characteristics of M vehicles will now be carried over to the BMW X model segment.

The new MINI Convertible has been available to customers since the end of March. This model both symbolises enthusiasm for driving in an open-top car and embodies the unmistakable style of the MINI brand.

The BMW Group is also continuing to expand its range of models in the Motorcycles segment. The three K-series models (K 1300 S/R/GT) presented in the previous year have been available to customers since the beginning of February 2009. The new F 800 R will be introduced to the markets in May and the road version of the S 1000 RR racing machine will follow at the end of 2009.

BMW Group leads the way in reducing fleet fuel consumption

The BMW Group has been working intensively for years to reduce its fleet's fuel consumption. This was confirmed in February 2009 by the Federal Motor Transport Authority. Current statistics calculated by the authority show that BMW and MINI brand vehicles newly registered in Germany during 2008 have an average fuel consumption of 5.9 litres per 100 km and average CO₂ emission levels of 158 grams per km. Both levels lie well below the average of all newly registered vehicles in Germany, which is at 165 grams per km. The BMW Group therefore also beats European volume manufacturers, putting it on a par with numerous car manufacturers whose product portfolios

include a relatively high proportion of small and supermini vehicles. In addition, the BMW Group cut fuel consumption of its vehicles sold in Europe since 1995 by more than 25%, even exceeding the respective requirements of the voluntary commitment given by the Association of European Automobile Manufacturers (ACEA) for their respective brands. The competitive lead enjoyed by the BMW Group comes from the package of measures known as Efficient Dynamics which was adopted eight years ago and is designed to boost fuel economy and reduce CO₂ emissions.

Huge volume drops on international automobile markets

The global recession accelerated the contraction on international automobile markets in the first quarter 2009. With the exception of Germany, all of the traditional markets registered steep drops in sales volume. The USA, the United Kingdom and Spain continue to be worst affected due to the weak state of the property markets. Demand for cars in these countries fell in some cases by as much as 50% compared with the same period in the previous year. Italy and Japan (the latter suffering severely from a sharp drop in exports) also saw demand fall on a double-digit scale. In contrast, the market in France contracted only slightly. The German market recorded double-digit growth as a result of the positive reaction of consumers to the state scrappage bonus.

In the meantime – after a short time lag – the recession has also begun to impact most of the emerging markets. The Russian market, which had until recently been enjoying strong growth, was particularly hit by the downturn with sales volumes down by a third. The markets in South Korea, South Africa and Mexico also experienced contraction at a double-digit percentage rate. China and Brazil, on the other hand, even recorded slight growth in their car markets on the back of fiscal measures taken at short notice to stimulate demand.

The premium segment was unable to escape the negative developments affecting the markets as a whole. Political measures aimed at supporting demand (such as those adopted in Germany or China) mainly help to boost sales of small and supermini cars in the lower price segment. As a consequence, the decrease in sales volumes in the premium segment was somewhat more pronounced in worldwide average terms than for the market as a whole.

International motorcycle markets extremely weak

Still suffering from the ongoing financial and economic crisis, nearly all international motorcycle markets recorded significant sales volume decreases in the first quarter of 2009. Worldwide motorcycle sales in the 500 cc plus segment relevant for the BMW Group fell by 24.3%. In Europe, the motorcycle market contracted by 25.0% compared to the previous year, with first-quarter sales falling sharply on all of the major European motorcycle markets. The decreases recorded in France (–15.1%), Germany (–15.0%) and the United Kingdom (–5.6%) can be described as relatively moderate in comparison to Italy (–27.6%) and Spain (–70.4%) where the decreases were far more extreme. The motorcycles market in the USA contracted by 27.5% during the same period. Only the Japanese market recorded a first-quarter increase in sales in the 500 cc plus segment (+2.5%).

Financial sector suffering severely under impact of financial crisis

Governments around the world have adopted measures on a huge scale in an effort to stabilise the financial markets. In the early stages of 2009, the leading central banks continued their policy of reducing interest rates in order to counter the impact of a worldwide recession. The supply of liquidity to the money and capital markets has therefore been secured for the time being.

Lower interest rates are having a positive effect on refinancing costs. At the same time, however, high credit spreads are still being demanded on the money and capital markets. In view of the ongoing adverse economic climate, it is currently difficult at present to see residual values recovering permanently. Similarly, with the global economy in such a poor state, the BMW Group does not expect the situation for retail customer and dealer financing in the automobile sector to be alleviated in the near future.

Interim Group Management Report

Automobiles

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First-quarter sales volumes down

The BMW Group sold a total of 277,264 BMW, MINI and Rolls-Royce brand cars during the first quarter 2009, a decrease of 21.2 % compared with the previous year.

Sales of BMW brand cars during the first three months fell by 20.5 % to 233,498 units. The number of MINI brand cars sold was down by 24.9 % to 43,592 units. Sales of Rolls-Royce brand cars almost reached the previous year's high level. A total of 174 cars were handed over to customers, 4.9 % fewer than in the previous year (first quarter 2008: 183 units).

Many markets remain weak

As a result of the ongoing financial and economic crisis, the number of cars sold by the BMW Group in North America during the first quarter 2009 fell by 23.9 % to 55,624 units. Sales volume in the USA fell by 25.2 % to 51,299 units.

In Europe too, the BMW Group's first-quarter sales volumes were in some cases significantly lower than those of the previous year. Overall, 169,520 BMW, MINI and Rolls-Royce brand cars were sold on the various European markets during the first quarter 2009, corresponding to a sales volume decrease of 22.7 %. In Germany, currently the BMW Group's largest single market, the decrease was relatively moderate, with the number of cars sold falling by 7.0 % to 60,907 units. A total of 30,222 cars were handed over to customers in the United Kingdom during the first quarter, a drop of 28.2 % on the previous year. The number of vehicles sold by the BMW Group in France in the first three months of 2009 was down by 17.9 % to 13,748 units, as it was in Italy (19,476 units / -28.2 %).

The BMW Group's sales volume in Asia fell by 6.5 % to 37,844 units. With 18,254 units sold on the Chinese markets (China, Hong Kong and Taiwan) during the first quarter,

the BMW Group achieved sales volume growth of 5.3 % compared to the previous year. By contrast, the sales volume in Japan fell by 23.3 % to 10,265 units.

BMW brand sales volume below previous year's level

In the first three months of 2009, 233,498 BMW brand vehicles were handed over to customers. First-quarter sales volume was therefore 20.5 % down on the previous year.

In total, 46,798 units of the four BMW 1 Series models were sold during the first quarter 2009, 6.1 % fewer than one year earlier. First-quarter sales of the BMW 3 Series, with 89,468 units sold, fell 24.9 % short of the previous year's performance.

The number of BMW 5 Series cars sold during the period under report was down by 20.5 % to 40,541 units. The BMW 6 Series was also unable to match the previous year's sales volume level, with first-quarter sales falling by 49.2 % to 2,202 units.

Market-by-market introduction of the new BMW 7 Series has been in progress since November 2008. 9,246 units were sold during the period from January to March 2009, down slightly (-1.8 %) on the previous year. With the BMW 7 Series now fully available, the BMW Group expects sales for the full year to be higher than in the previous year.

Sales of the BMW X3 Sports Activity Vehicle also fell short of the previous year's first-quarter volume, with 12,896 units handed over to customers during the first three months of 2009 (-43.7 %). Sales figures for the BMW X5 were also down by 29.8 % to 21,853 units. The BMW X6 – which has been available since spring 2008 – recorded a sales volume of 8,931 units during the first quarter of 2009.

Automobiles

	1st quarter 2009	1st quarter 2008	Change in %
Deliveries to customers ————— units	277,264	351,787	-21.2
Production ————— units	267,637	405,595	-34.0
Revenues ————— euro million	9,605	12,162	-21.0
Loss/profit before financial result (EBIT) ————— euro million	-251	619	-
Loss/profit before tax ————— euro million	-471	539	-
Workforce at end of quarter	92,014	97,753	-5.9

With the BMW Z4 now coming to the end of its product life-cycle, the BMW Group sold only 1,563 units of this model during the three-month period under report (-72.6%). The

new BMW Z4, which has attracted very positive media reports, will be available to customers in May and will help to create additional impetus.

Deliveries of BMW automobiles by model variant

in units

	1st quarter 2009	1st quarter 2008	Change in %
BMW 1 Series			
Three-door	8,669	13,182	-34.2
Five-door	26,500	30,989	-14.5
Coupé	4,950	4,813	2.8
Convertible	6,679	845	-
	46,798	49,829	-6.1
BMW 3 Series			
Sedan	47,593	60,332	-21.1
Touring	20,400	22,338	-8.7
Coupé	12,627	22,337	-43.5
Convertible	8,848	14,164	-37.5
	89,468	119,171	-24.9
BMW 5 Series			
Sedan	31,902	39,436	-19.1
Touring	8,639	11,572	-25.3
	40,541	51,008	-20.5
BMW 6 Series			
Coupé	1,154	2,443	-52.8
Convertible	1,048	1,892	-44.6
	2,202	4,335	-49.2
BMW 7 Series			
	9,246	9,416	-1.8
BMW X3			
	12,896	22,897	-43.7
BMW X5			
	21,853	31,148	-29.8
BMW X6			
	8,931	37	-
BMW Z4 Series			
Coupé	367	1,651	-77.8
Roadster	1,196	4,058	-70.5
	1,563	5,709	-72.6
BMW total	233,498	293,550	-20.5

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MINI brand sales volume down

First-quarter sales of MINI brand cars were down by 24.9% to 43,592 units, partly due to the fact that production of the

previous MINI Convertible came to an end in autumn 2008 and the new MINI Convertible was not launched until the end of March 2009.

Deliveries of MINI automobiles by model variant

in units

	1st quarter 2009	1st quarter 2008	Change in %
MINI			
One	6,738	6,984	-3.5
Cooper	18,314	23,763	-22.9
Cooper S	7,741	9,959	-22.3
	32,793	40,706	-19.4
MINI Convertible			
One	110	1,210	-90.9
Cooper	862	3,229	-73.3
Cooper S	906	2,152	-57.9
	1,878	6,591	-71.5
MINI Clubman			
One	154	-	-
Cooper	6,142	7,618	-19.4
Cooper S	2,625	3,139	-16.4
	8,921	10,757	-17.1
MINI total	43,592	58,054	-24.9

Rolls-Royce almost at previous year's level

The BMW Group sold 174 Rolls-Royce brand cars during the first three months of 2009, 4.9% fewer than in the same

period last year. Since its market launch in autumn 2008, a total of 188 units of the new Rolls-Royce Coupé have been handed over to customers.

Deliveries of Rolls-Royce automobiles by model variant

in units

	1st quarter 2009	1st quarter 2008	Change in %
Rolls-Royce			
Phantom (including Phantom Extended Wheelbase)	54	117	-53.8
Drophead Coupé	69	66	4.5
Coupé	51	-	-
Rolls-Royce total	174	183	-4.9

BMW Group: Controlled reduction in car production volumes

The BMW Group reduced vehicle production volumes during the first quarter of 2009 as a result of the sharp drop in worldwide demand. In total, 267,637 BMW, MINI and Rolls-Royce brand vehicles were manufactured during the three-month period under report, 34.0 % fewer than one year earlier. This figure comprises 224,488 BMW brand vehicles (-34.5%), 42,999 MINI brand vehicles (-31.4%) and 150 Rolls-Royce brand vehicles (-35.9%).

Revenues and earnings of the Automobiles segment significantly reduced

As a result of the decrease in sales volumes, first-quarter revenues of the Automobiles segment fell by 21.0 % to euro 9,605 million. The adverse conditions described above also took their toll on reported earnings. The segment loss before financial result for the first three months of 2009 amounted to euro 251 million. The loss before tax for the period amounted to euro 471 million.

Significant reduction in Automobiles segment workforce

The Automobiles segment had a worldwide workforce of 92,014 employees at 31 March 2009, 5.9 % fewer than one year earlier.

Interim Group Management Report

Motorcycles

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Motorcycle sales volume below last year's level

Difficult business conditions also had a negative impact on the first-quarter performance of the Motorcycles segment. The BMW Group sold 17,232 motorcycles worldwide, 18.1% fewer than in the same quarter last year. With 11,368 units sold, the sales volume achieved in Europe in the first three months of the year was 27.9% lower than in 2008. In Germany, the number of motorcycles sold during the period under report fell by 35.0% to 2,412 units. Sales of BMW motorcycles were also down in other major European countries. First-quarter sales in Spain (1,030 units) fell by 45.0%. The picture was similar in France (1,103 units / -34.1%) and Italy (3,135 units / -28.0%). In the United Kingdom, by contrast, the 1,278 units sold during the first quarter 2009 represented a 9.4% increase. With 1,943 units sold, the BMW Group sales performance in the USA during the three-month period, was similar to the previous year. The sales figure for Japan increased by 1.0% to 587 units.

Motorcycle production at previous year's level

The BMW Group manufactured a total of 29,111 motorcycles during the first three months of 2009, slightly more (+1.8%) than in the same period of 2008.

Decline in revenues and earnings of the Motorcycles segment

At euro 290 million, the Motorcycle segment's first-quarter revenues were 15.9% below the previous year, thus reflecting the drop in sales volumes. The segment profit before financial result amounted to euro 28 million (-22.2%), and the profit before tax fell by 23.5% to euro 26 million.

Workforce size reduced

The BMW Group employed 2,958 people in the Motorcycles segment at 31 March 2009, 2.0% fewer than one year earlier.

Motorcycles

	1st quarter 2009	1st quarter 2008	Change in %
Deliveries to customers ¹ ————— units	17,232	21,046	-18.1
Production ² ————— units	29,111	28,589	-1.8
Revenues ————— euro million	290	345	-15.9
Profit before financial result (EBIT) ————— euro million	28	36	-22.2
Profit before tax ————— euro million	26	34	-23.5
Workforce at end of quarter —————	2,958	3,019	-2.0

¹ excluding Husqvarna Motorcycles (1,960 motorcycles)

² including BMW G 650 X assembly at Piaggio S. p. A., Noale, Italy, excluding Husqvarna Motorcycles (2,124 motorcycles)

Interim Group Management Report

Financial Services

Financial services business affected by economic crisis

As a result of the sudden contraction of major sales markets worldwide, the Financial Services segment continues to be exposed to highly adverse factors. The situation is further exacerbated by continued high refinancing costs on the international capital markets.

The volume of new business generated with credit financing and lease contracts was lower than in the first quarter last year. Nevertheless, despite the reduction in new business, the number of credit financing and lease contracts in place with dealers and retail customers at 31 March 2009 increased to a total of 3,007,406 contracts, corresponding to a growth rate of 11.3% compared to one year earlier. The business volume of the segment in balance sheet terms reached euro 60,986 million at the end of the period under report.

Volume of new business below last year's level

The ongoing economic and financial crisis again had a negative impact on credit financing and lease business with retail customers in the first quarter 2009. In total, 226,521 new contracts were signed during the period under report, a drop of 19.9% compared with the previous year. The number of new leasing contracts fell by 30.2%. The number of new financing contracts – with continuously high credit worthiness of customers – was down by 14.0%. Lease contracts and credit financing accounted for 31.2% and 68.8% of new business respectively in the first quarter.

The proportion of new BMW Group vehicles leased or financed by the Financial Services segment during the first three months of 2009 was 47.9%, 1.2 percentage points above the figure recorded for the corresponding quarter in 2008.

In the certified pre-owned car financing line of business, 79,164 new contracts for BMW and MINI brand cars were signed during the first quarter, 7.9% more than in the same period last year.

The volume of finance and lease contracts signed with retail customers totalled euro 5,729 million, down by 17.9% against the previous year.

The number of contracts on hand at the period-end nevertheless increased despite the downturn in new business. In total, 2,772,822 retail customer contracts were in place at 31 March 2009, 12.4% more than one year earlier. The increase was spread across all regions. The number of retail customer contracts in Germany increased by 16.7%, whilst the number of contracts in place in the remaining European markets and the Asia/Oceania/Africa region was up by 9.1% and 8.7% respectively. The Americas region, with 923,886 contracts, still constitutes the largest contract portfolio (+13.5%).

Decrease in number of multi-brand financing contracts

In the multi-brand financing line of business, a total of 13,797 new contracts were signed during the first quarter 2009, with the reduction (–64.4%) mainly reflecting a more restrictive approach to credit approvals.

Financial Services

	1st quarter 2009	1st quarter 2008	Change in %
New contracts with retail customers	226,521	282,644	-19.9
Revenues	euro million 4,003	3,857	3.8
Profit before financial result (EBIT)	euro million 70	79	-11.4
Profit before tax	euro million 72	84	-14.3
Workforce at end of quarter	4,023	4,182	-3.8

	31.3.2009	31.12.2008	Change in %
Business volume in balance sheet terms*	euro million 60,986	60,653	0.5

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

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Continued growth in the area of dealer financing

The Financial Services segment supports the BMW Group dealer organisation with a comprehensive range of products. In addition to the financing of vehicle inventories at the dealerships, these activities also include real estate and equipment financing. In difficult economic times, the Financial Services segment represents an important business partner for the dealer organisation.

The total volume of dealer financing contracts managed by the Financial Services segment stood at euro 8,931 million, 10.0 % higher than at 31 March 2008.

Fleet business remains stable

The fleet business contract portfolio has increased compared to one year earlier. In total, 315,417 fleet vehicle contracts were in place at the end of the period under report, corresponding to an increase of 7.4 %.

Significant rise in deposit business

The Financial Services segment's deposit volume increased by 87.5 % to euro 10,599 million worldwide as a result of attractive conditions. A total of 26,397 securities custodian accounts were held by customers at 31 March 2009 (–17.0 %).

Insurance business continues to grow

Demand for insurance products, offered to customers in addition to finance and lease contracts, remains strong. At 31 March 2009, the Financial Services segment managed a worldwide portfolio of 1,225,939 insurance contracts.

Financial Services segment earnings adversely affected by external factors

The worldwide financial crisis continued to have a negative impact on the Financial Services segment during the first three months of 2009. The Financial Services segment's profit before financial result for the quarter fell by 11.4 % to euro 70 million, while the profit before tax was 14.3 % down on the previous year at euro 72 million.

Number of employees reduced

The Financial Services segment had a workforce of 4,023 employees at 31 March 2009, a reduction of 3.8 % compared to one year earlier.

Interim Group Management Report

BMW Stock and Bonds

BMW stock in the first quarter 2009

Overshadowed by the financial and economic crisis, the world's stock markets continued to fall sharply during the period under report, displaying high levels of volatility.

The German stock index, the DAX, closed at 4,084.76 points on 31 March 2009, 15.1% lower than at the end of 2008. The Prime Automobile Performance Index closed at 436.29 points on 31 March 2009, 14.2% lower than at 31 December 2008.

BMW common stock was able to defy these global stock market trends, finishing the first quarter at a price of euro 21.79, marginally higher (+ 0.8%) than at the end of 2008. BMW common stock therefore outperformed both the DAX and the Prime Automobile indices. BMW preferred stock closed at a market price of euro 12.98 at 31 March 2009 and was thus 6.3% lower than at the end of 2008.

The US dollar gained ground against the euro during the period under report, finishing the quarter at a level of approximately US dollar 1.33 to the euro. It was therefore 5.5% stronger than at 31 December 2008 when it had stood at approximately US dollar 1.40 to the euro.

Rating assessments affected unfavourably by sector trend

On 3 April 2009, the rating agency Moody's reduced the long-term rating of BMW AG from A2 to A3 and the short-term rating from P1 to P2. The reduction came after Moody's issued an "under review for possible downgrade" evaluation on 18 February 2009, so that the downgrade was expected.

On 27 February 2009, Standard & Poor's changed its outlook for BMW AG from stable to negative. The long-term rating remains at A and the short-term rating at A1.

Even after the recent changes in ratings, the BMW Group continues to have one of the best ratings in the automobile sector.

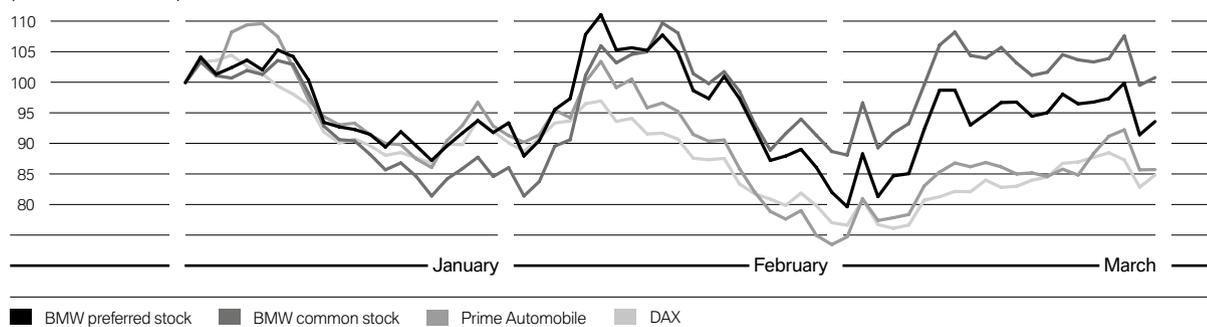
Refinancing ensured within volatile environment

The BMW Group continues to have a stable liquidity base despite the current economic and financial crisis. The Group calls on a wide range of refinancing instruments to fund its operations. In addition to issuing bonds and commercial paper, this also includes the use of asset-backed securities (ABS), bank credits and loan notes. These funds are primarily used to finance the BMW Group's financial services business.

The BMW Group was again able to obtain financing on the capital markets during the first quarter 2009 in an environment that remains difficult. The issue of private placements and bonds on the credit markets raised funds of over euro 4 billion. Refinancing activities were also supplemented by ABS transactions. The BMW Group remained able to issue commercial paper at good conditions.

Development of BMW stock compared to stock exchange indices

(Index: 30.12.2008 = 100)



Interim Group Management Report

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Earnings performance

The earnings performance of the BMW Group continued to be influenced in the first quarter 2009 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 continued high refinancing costs.

Group revenues for the quarter fell by 13.4 % to euro 11,509 million. Adjusted for exchange rate factors, revenues would have been down by 14.6 %. Within Group revenues, external revenues of the Automobiles and Motorcycles segments decreased by 19.0 % and 16.1 % respectively reflecting the sales volume performance. First-quarter external revenues of the Financial Services segment were up by 3.9 %. No external revenues were generated with other Group activities during the quarter under report. In the previous year, revenues from other activities amounting to euro 62 million had related primarily to the Cirquent Group.

Group cost of sales, amounting to euro 10,457 million, declined at a rate of 6.3 % lower than the decrease in revenues. Although fixed costs were lowered, it was not possible to compensate fully for the decrease in revenues. With effect from the first quarter 2009, research and development costs are reported as cost of sales. In absolute terms the first-quarter gross profit fell by 50.6 % to euro 1,052 million and the gross profit margin decreased to 9.1 % (first quarter 2008: 16.0 %).

The Automobiles segment recorded a gross profit percentage of 7.4 % in the first three months of 2009 (first quarter 2008: 14.2 %), while the Motorcycles segment recorded one of 21.0 % (first quarter 2008: 22.9 %). The gross profit margin of the Financial Services segment slipped by 1.3 percentage points to 5.1 %.

Research and development costs for the first quarter were reduced by 15.6 % to euro 607 million, equivalent to 5.3 % (first quarter 2008: 5.4 %) of revenues. This figure includes amortisation of capitalised development costs amounting to euro 288 million (first quarter 2008: euro 298 million). Total research and development costs amounted to euro 568 million (first quarter 2008: euro 626 million), comprising research costs, development costs not recognised as assets and capitalised development costs. This results in a research and development expenditure ratio for the first quarter of 4.9 % (first quarter 2008: 4.7 %).

Sales and administrative costs were 14.0 % lower than in the corresponding quarter last year. This corresponds to 9.6 % (first quarter 2008: 9.7 %) of revenues.

Depreciation and amortisation included in cost of sales and sales and administrative costs decreased by 3.8 % to euro 868 million (first quarter 2008: euro 902 million).

Net other operating income and expenses improved by euro 15 million.

Reflecting the adverse factors described above, the profit before financial result fell by euro 882 million, turning into a loss of euro 55 million.

The financial result was a net expense of euro 143 million, which represented an improvement of euro 43 million against the corresponding quarter last year. Within the financial result, net interest and similar expenses decreased by euro 66 million, mainly as a result of the lower level of write-downs on marketable securities. Other financial result deteriorated by euro 19 million.

The result from equity accounted investments was euro 4 million lower than in the previous year. Overall, reflecting the various adverse factors described above, pre-tax earnings for the first quarter turned into a loss before tax of euro 198 million. The income tax expense for the quarter decreased by euro 200 million and the effective tax rate was 23.2 % (first quarter 2008: 24.0 %).

The BMW Group reported a first-quarter net loss of euro 152 million, corresponding to a deterioration of euro 639 million compared to the previous year.

Earnings per share of common stock and preferred stock for the first quarter 2009 were negative at euro 0.23 per share (first quarter 2008: positive earnings per share of euro 0.74).

Earnings performance by segment

Revenues of the Automobiles segment for the first quarter 2009 decreased by 21.0 %. The segment loss before tax, at euro 471 million, represented a deterioration of euro 1,010 million compared to one year earlier. The main contributory factors for this development were sales volume slumps in major markets.

Revenues of the Motorcycles segment fell by 15.9 % due to sales volume factors and the first-quarter segment profit before tax, at euro 26 million, was down by 23.5 %.

Revenues of the Financial Services segment for the first quarter 2009 edged up by 3.8 %. However, the segment profit before tax fell by 14.3 % as a result of the higher expense recognised for risk provision in the area of loan financing.

Revenues by segment in the first quarter

in euro million

	External revenues		Inter-segment revenues		Total revenues	
	2009	2008	2009	2008	2009	2008
Automobiles	7,629	9,424	1,976	2,738	9,605	12,162
Motorcycles	287	342	3	3	290	345
Financial Services	3,593	3,457	410	400	4,003	3,857
Other Entities	-	62	1	1	1	63
Eliminations	-	-	-2,390	-3,142	-2,390	-3,142
Group	11,509	13,285	-	-	11,509	13,285

The Other Entities segment recorded a profit before tax of euro 24 million (first quarter 2008: loss before tax of euro 5 million), with the change primarily attributable to improved other financial result.

Primarily as a result of the lower volume of new leasing business, the result from intrasegment eliminations improved to an income of euro 151 million (first quarter 2008: expense of euro 11 million).

Financial position

The cash flow statements of the BMW Group and its segments show the sources and applications of cash flows for the first quarter 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 Group in the first quarter increased by euro 554 million to euro 2,426 million (first quarter 2008: euro 1,872 million).

The cash outflow for investing activities during the first quarter, at euro 1,702 million, was euro 1,579 million lower than in the previous year. Capital expenditure on intangible assets and property, plant and equipment resulted in the cash outflow for investing activities increasing by euro 112 million compared to the previous year. Cash outflow in conjunction with the net investment in leased products and receivables from sales financing decreased by euro 1,963 million. 142.5% (first quarter 2008: 57.1%) of the cash outflow for investing activities was covered by the cash inflow from operating activities. The cash flow statement for the Automobiles segment shows coverage of 124.4% (first quarter 2008: 165.1%) and therefore a positive free cash flow of euro 220 million. In the cash flow statement for the Financial Services segment, the lower level of capital expenditure on leased products and receivables from sales financing during the period under report meant – for the first time – that the cash inflow from operating activities covered the cash outflow for investing activities by 195.1% (first quarter 2008: undercoverage of 50.2%).

Loss/profit before tax by segment in the first quarter

in euro million

	2009	2008
Automobiles	-471	539
Motorcycles	26	34
Financial Services	72	84
Other Entities	24	-5
Eliminations	151	-11
Loss/profit before tax	-198	641
Income taxes	46	-154
Net loss / net profit	-152	487

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Cash inflow from financing activities includes inflows of euro 4,409 million from bond issues (first quarter 2008: euro 3,730 million) and outflows for repayments of euro 2,430 million (first quarter 2008: euro 1,255 million).

After adjustment for the effects of exchange-rate fluctuations and changes in the composition of the BMW Group,

in euro million	31.3.2009	31.12.2008
Cash and cash equivalents	5,637	5,073
Marketable securities and investment funds	555	557
Intragroup net financial receivables	6,623	8,185
Financial assets	12,815	13,815
Less: external financial liabilities*	-3,650	-4,769
Net financial assets	9,165	9,046

* excluding derivative financial instruments

the various cash flows resulted in an increase in cash and cash equivalents of euro 1,812 million (first quarter 2008: euro 1,067 million).

Net financial assets of the Automobiles segment comprise the following:

Net assets position

The balance sheet total of the BMW Group increased by euro 1,481 million or 1.5% compared to 31 December 2008. Adjusted for changes in exchange rates, the balance sheet total would have decreased by 1.3%.

The main factors behind the increase on the assets side were the increased level of cash and cash equivalents (+24.3%), receivables from sales financing (+1.4%) and property, plant and equipment (+1.0%). Financial assets on the other hand decreased by 16.2%. On the equity and liabilities side of the balance sheet, the increase was due to higher levels of financial liabilities (+2.2%) and trade payables (+27.7%).

Leased products decreased by euro 154 million or 0.8% as a result of the lower volume of new business generated with lease contracts. Excluding the effect of exchange rate fluctuations, leased products would have decreased by 3.9%.

Inventories were at a similar low level to 31 December 2008.

Financial assets decreased by 16.2% to euro 4,285 million mainly as a result of the lower fair values of derivative portfolios.

Group equity decreased by euro 408 million to euro 19,865 million, mainly as a result of the net loss for the period (euro 152 million), actuarial losses on pension plans due to

lower interest rates (euro 394 million) and fair value losses on derivative financial instruments (euro 75 million). Group equity increased on the other hand due to translation differences (euro 92 million) and fair value gains on marketable securities (euro 1 million). Deferred taxes on fair value gains and losses recognised directly in equity increased equity by euro 120 million.

The equity ratio of the BMW Group at 31 March 2009 fell by 0.7 percentage points to 19.4%. The equity ratio of the Automobiles segment was unchanged from 31 December 2008 at 42.3% and that of the Financial Services segment was 5.3% (31 December 2008: 5.4%).

Pension provisions increased by 8.6% to euro 3,600 million, mainly due to lower interest rates used to discount obligations in Germany and actuarial losses on pension plan assets.

Other provisions, at euro 4,381 million, were euro 501 million lower than at 31 December 2008 mainly due to the change in personnel-related obligations.

Financial liabilities increased by euro 1,338 million during the quarter, mainly reflecting higher deposit business liabilities.

Trade payables increased by 27.7% to euro 3,271 million. Other liabilities amounted to euro 6,412 million and were thus euro 131 million higher than at 31 December 2008.

Interim Group Management Report

Risk Management

Outlook

Risk management

As a globally operating enterprise, the BMW Group is confronted with numerous risks. A description of these risks and of the Group's risk management methods is provided in the Group management report for the financial year ended 31 December 2008 (Annual Report, page 62 et seq.).

Worldwide recession continues

The global economy has been contracting since the fourth quarter 2008. Income is predicted to fall in all developed economies in 2009. The massive impact of this global slump cannot entirely be compensated, even with the aid of the substantial stimulus programmes announced in the USA, Europe and Japan. The recession is not expected to come to an end in the triad markets before mid-2010. During this period, consumer spending (in the USA) and exports (in Germany and Japan) are not expected to provide momentum for growth.

The US economy is not likely to show the first signs of recovery until the first half of 2010. By then, the current round of restructuring in industry and the financial world – which are likely to result in a significant increase in unemployment figures – should have been completed to a large extent. A sharp increase in the savings ratio in the USA will gradually result in lower debt levels for private households – a prerequisite for a rise in consumer spending in the medium term. A real turnaround will only come about when US property prices begin to show signs of stabilising.

Increased consumer spending in the USA should then begin providing some momentum for business in export-driven economies, thus also bringing about an end to the recessionary cycle in Europe and Japan during the second half of 2010. Until then the uncertainty will clearly have a negative impact on consumer spending, particularly in Europe and Japan. The property markets in the United Kingdom and Spain have not yet completed the process of consolidation. One of the main prerequisites for a sustainable upturn in these countries is the stabilisation of property prices.

Significantly lower growth rates are also predicted for developing and emerging economies. The gross domestic product of China is expected to drop back sharply in 2009 to an annual rate of approximately 6%. In Russia, Brazil, Mexico and South Africa, economic output is even expected to fall in 2009.

After declining steeply since summer 2008, raw material prices stabilised in a number of areas during the first quar-

ter 2009. As the global economy recovers, they are likely to rise again in the medium term, as soon as the current high levels of inventories have been reduced.

Extreme cautiousness on international capital markets also caused significant exchange rate fluctuations on currency markets during the second half of 2008. The currencies of countries particularly affected by the economic crisis, such as the United Kingdom, Russia, South Korea and Australia, experienced massive losses in value. Although rates stabilised at a low level during the first quarter 2009, it is not yet clear whether the current situation will be sustainable. After the US dollar and the Japanese yen gained some ground during the second half of 2008, the risk remains (particularly in the case of the US dollar) of further losses value against the euro.

Worldwide slump on automotive markets

The world's automotive markets are currently reacting to the global economic crisis with double-digit percentage volume decreases. A scarcity of credit, rising unemployment and falling asset values are discouraging consumers and companies from purchasing cars. In Germany, the scrappage bonus applicable in 2009 has helped to stabilise the market as a whole in the short term. The premium segment, however, is hardly benefiting from this measure. New registrations in the USA, the United Kingdom, Spain, Italy and Japan have fallen to their lowest level in years. After the dramatic decreases recorded in recent quarters, figures are now expected to stabilise in the near future, albeit at a low level.

Looking at the emerging markets, it seems possible that demand for new vehicles could at least stabilise at the previous year's level in China and Brazil following several years of extremely high growth rates. Automotive markets in other emerging economies such as Russia, Mexico, South Africa and South Korea may well contract in 2009, in some cases quite sharply. In the case of markets such as Russia and South Africa, which rely on the export of raw materials, a perceptible recovery in the prices of raw materials is one of the key factors that could revive demand for cars.

Motorcycle markets likely to remain weak

Since the worldwide economic crisis is likely to shape developments over the remainder of the year, it will also have a significant impact on the performance of the motorcycle markets. The BMW Group forecasts that motorcycle sales in the 500 cc plus segment in 2009 will fall short of the previous year's level.

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Financial sector remains volatile

As a consequence of the economic and financial crisis, economies worldwide are suffering from sharply falling growth rates. Some of the major markets are already showing clear signs of being in a recession. Although the banking sector is showing the first positive signs that the situation might be stabilising and despite the fact that the market currently has sufficient levels of liquidity, the number of corporate insolvencies is increasing. The overall prospects for the economy are therefore gloomy. For 2009 as a whole, a high degree of fluctuation can be expected on the money and capital markets. It is difficult at present to gauge future developments of interest rates on the markets.

The situation will only improve with the adoption of a successful combination of monetary and fiscal easing measures, a restructuring of the banking sector and a restoration of trust in the markets – particularly the financial markets. However, these measures are unlikely to generate any positive momentum until 2010 at the earliest.

BMW Group's outlook for the remainder of 2009

The BMW Group expects difficult business conditions to continue throughout the remainder of the financial year 2009. Increasing numbers of corporate insolvencies and rising unemployment in the wake of the economic and financial crisis are causing a great deal of uncertainty as far as future economic developments are concerned. Numerous major car markets are therefore currently bracing themselves for double-digit volume decreases. At present, it is not possible to predict when the crisis situation will ease on a sustainable basis. The unprecedented magnitude of economic downturn and the uncertainty that currently prevails mean that it is still not possible to make reliable predictions for the remainder of the year 2009.

The BMW Group took early measures to allow for changing business conditions. The first indications in 2008 triggered early adjustments to risk provisions for leased cars and for allowances on loan receivables. Based on current assessments, the BMW Group has recognised a sufficient level of risk provision in its balance sheet for additional risks.

These measures now give the BMW Group additional scope to extend its leading competitive position during the current economic and financial crisis. As a result of the continuing uncertainties on international financial markets, the BMW Group is deliberately strengthening its liquidity base. Through the coordinated use of various refinancing

instruments, the BMW Group has demonstrated that the supply of liquidity is ensured at all times, even in difficult market conditions.

On the sales side, positive impetus is being provided by numerous new models being introduced to the markets in 2009: In spring the new BMW 7 Series (together with the extended wheelbase version) will be launched on the world markets. The new 7 Series is receiving a positive response from customers and media alike. The new MINI Convertible has been available since March and the new BMW Z4 will be handed over to the first customers in May. Over the course of the rest of the year, the BMW Group will be making additions to the X-model family and introducing the BMW X1. The BMW Group will also expand its range of products in the second half of the year when it launches the BMW 5 Series Gran Turismo, the concept study of which was presented at the Geneva Motor Show.

The BMW Group is responding to the challenges it faces with a range of sales strategies. This also includes tailoring volumes to suit demand in individual sales markets.

In view of the current adverse conditions on the car markets, flexible production structures represent an important competitive advantage for the BMW Group. Production volumes were brought into line with falling demand at an early stage. The customer-oriented sales and production system enables capacities and sales processes to be adjusted flexibly and at short notice.

The BMW Group will benefit from numerous efficiency improvements in 2009, already reflected in lower personnel expenses. The profitability programme is being implemented on schedule and proving to be a useful tool in managing fixed costs and working capital. The BMW Group remains committed to continual improvements in efficiency and operating performance.

In addition to these initiatives to improve efficiency and profitability, the BMW Group continues to invest in the future and thus build on its strong competitive position. As well as continuing to work on the enhancement of highly efficient combustion engines, this visionary 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 to take best advantage of the opportunities created by changing markets in both the medium and long term.

In the light of the current set of highly unfavourable external factors, the BMW Group does not expect to achieve the sales volume level recorded in 2008. However, the prevailing uncertainties make it difficult to forecast sales volumes at present. The BMW Group is therefore working with various market and sales volume performance scenarios and 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 the year in an effort to counter consumer spending reticence caused by the financial crisis. Sales of motorcycles are nevertheless expected to be lower than in the previous year.

Conditions for financial services business will again be exposed to a high degree of volatility in 2009. The availability of attractive credit and lease products for potential customers of the BMW Group will remain the basis for sustainable growth in segment business volumes. The same applies for the financing requirements of dealers of the BMW Group's three core brands.

Based on current assessments, the BMW Group has recognised sufficient levels of provision in the balance sheet for existing risks. If the situation on used car markets deteriorates over the course of 2009, further losses on the sale of vehicles coming out of leases cannot be ruled out. Given the current economic situation, it seems unlikely that the risk profile of the retail customer and dealer financing lines of business will improve in the short term.

Profitability targets for 2012 remain in place

In the face of the business conditions described above, it is not currently possible to make further quantitative assertions regarding earnings.

The profitability targets for 2012 set in conjunction with Strategy Number ONE remain in place. The BMW Group will remain on its strategic course by speeding up cost-cutting and efficiency improvement measures. The plan is to achieve a return on capital employed (ROCE) in excess of 26 % and a return on sales of between 8 % and 10 % in the Automobiles segment.

In view of the volatile climate, Strategy Number ONE is proving to be an appropriate and forward-looking entrepreneurial decision to redirect 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 an important instrument for managing the business in the short-term. The initiatives that emerged from Strategy Number ONE are an important part of coping with the crisis and will significantly improve the BMW Group's ability to capitalise on opportunities once the crisis is over. The value-added approach adopted by the BMW Group is seen as a key factor in achieving ambitious targets in the future.

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Income Statement for Group and Segments for the first quarter

in euro million

	Note	Group	
		2009	2008
Revenues	5	11,509	13,285
Cost of sales ¹	6	-10,457	-11,156
Gross profit		1,052	2,129
Sales and administrative costs	7	-1,110	-1,290
Other operating income	8	238	288
Other operating expenses	8	-235	-300
Loss/profit before financial result		-55	827
— Result from equity accounted investments	9	6	10
— Interest and similar income	10	173	152
— Interest and similar expenses	10	-224	-269
— Other financial result	11	-98	-79
Financial result		-143	-186
Loss/profit before tax		-198	641
Income taxes	12	46	-154
Net loss / net profit		-152	487
Attributable to minority interest		1	2
Attributable to shareholders of BMW AG		-153	485
Earnings per share of common stock in euro	13	-0.23	0.74
Earnings per share of preferred stock ² in euro	13	-0.23	0.74

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 first quarter

in euro million

	Note	Group	
		2009	2008
Net loss / net profit		-152	487
Available-for-sale securities		1	48
Financial instruments used for hedging purposes		75	438
Exchange differences on translating foreign operations		92	429
Actuarial gains/losses relating to defined benefit pension and similar plans		394	756
Deferred taxes relating to components of other comprehensive income		120	357
Other comprehensive income for the period after tax	14	-256	360
Total comprehensive income		-408	847
Total comprehensive income attributable to minority interests		2	2
Total comprehensive income attributable to shareholders of BMW AG		-410	845

Automobiles		Motorcycles		Financial Services		Other Entities		Eliminations	
2009	2008	2009	2008	2009	2008	2009	2008	2009	2008
9,605	12,162	290	345	4,003	3,857	1	63	-2,390	-3,142
-8,894	-10,429	-229	-266	-3,797	-3,611	-	-50	2,463	3,200
<u>711</u>	<u>1,733</u>	<u>61</u>	<u>79</u>	<u>206</u>	<u>246</u>	<u>1</u>	<u>13</u>	<u>73</u>	<u>58</u>
-938	-1,088	-34	-43	-135	-142	-4	-15	1	-2
86	109	1	1	3	2	146	190	2	-14
-110	-135	-	-1	-4	-27	-131	-152	10	15
<u>-251</u>	<u>619</u>	<u>28</u>	<u>36</u>	<u>70</u>	<u>79</u>	<u>12</u>	<u>36</u>	<u>86</u>	<u>57</u>
7	10	-	-	-	-	-1	-	-	-
147	200	1	-	1	-	459	478	-435	-526
-256	-292	-3	-2	-1	-1	-464	-432	500	458
-118	2	-	-	2	6	18	-87	-	-
<u>-220</u>	<u>-80</u>	<u>-2</u>	<u>-2</u>	<u>2</u>	<u>5</u>	<u>12</u>	<u>-41</u>	<u>65</u>	<u>-68</u>
-471	539	26	34	72	84	24	-5	151	-11
155	-126	-8	-8	-31	-36	-5	-1	-65	17
<u>-316</u>	<u>413</u>	<u>18</u>	<u>26</u>	<u>41</u>	<u>48</u>	<u>19</u>	<u>-6</u>	<u>86</u>	<u>6</u>
1	2	-	-	-	-	-	-	-	-
<u>-317</u>	<u>411</u>	<u>18</u>	<u>26</u>	<u>41</u>	<u>48</u>	<u>19</u>	<u>-6</u>	<u>86</u>	<u>6</u>

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Assets		Note	Group	
in euro million			31.3.2009	31.12.2008
Intangible assets	15	5,579	5,641	
Property, plant and equipment	16	11,401	11,292	
Leased products	17	19,370	19,524	
Investments accounted for using the equity method	18	116	111	
Other investments	18	271	322	
Receivables from sales financing	19	22,384	22,192	
Financial assets	20	2,000	1,808	
Deferred tax	21	922	866	
Other assets	22	837	660	
Non-current assets		<u>62,880</u>	<u>62,416</u>	
Inventories	23	7,282	7,290	
Trade receivables		2,328	2,305	
Receivables from sales financing	19	16,200	15,871	
Financial assets	20	2,285	3,306	
Current tax	21	633	602	
Other assets	22	1,693	1,842	
Cash and cash equivalents		9,266	7,454	
Current assets		<u>39,687</u>	<u>38,670</u>	
Total assets		<u>102,567</u>	<u>101,086</u>	

Equity and liabilities		Note	Group	
in euro million			31.3.2009	31.12.2008
Subscribed capital		654	654	
Capital reserves		1,911	1,911	
Revenue reserves		20,266	20,419	
Accumulated other equity		-2,966	-2,709	
Treasury shares		-10	-10	
Minority interest		10	8	
Equity	24	<u>19,865</u>	<u>20,273</u>	
Pension provisions		3,600	3,314	
Other provisions	25	2,464	2,757	
Deferred tax	26	2,693	2,757	
Financial liabilities	27	33,328	30,497	
Other liabilities	28	2,517	2,201	
Non-current provisions and liabilities		<u>44,602</u>	<u>41,526</u>	
Other provisions	25	1,917	2,125	
Current tax	26	623	633	
Financial liabilities	27	28,394	29,887	
Trade payables		3,271	2,562	
Other liabilities	28	3,895	4,080	
Current provisions and liabilities		<u>38,100</u>	<u>39,287</u>	
Total equity and liabilities		<u>102,567</u>	<u>101,086</u>	

Automobiles		Motorcycles		Financial Services		Other Entities		Eliminations	
31.3.2009	31.12.2008	31.3.2009	31.12.2008	31.3.2009	31.12.2008	31.3.2009	31.12.2008	31.3.2009	31.12.2008
5,348	5,403	47	51	120	123	64	64	-	-
11,188	11,074	189	193	24	25	-	-	-	-
278	268	-	-	22,402	22,590	-	-	-3,310	-3,334
88	82	-	-	-	-	28	29	-	-
2,687	2,693	-	-	6	25	5,348	5,348	-7,770	-7,744
-	-	-	-	22,384	22,192	-	-	-	-
246	238	-	-	491	424	1,410	1,381	-147	-235
1,458	1,346	-	-	503	485	223	160	-1,262	-1,125
2,152	2,144	-	-	1,741	1,961	13,258	14,055	-16,314	-17,500
<u>23,445</u>	<u>23,248</u>	<u>236</u>	<u>244</u>	<u>47,671</u>	<u>47,825</u>	<u>20,331</u>	<u>21,037</u>	<u>-28,803</u>	<u>-29,938</u>
6,957	7,005	316	277	11	9	-	-	-2	-1
2,072	2,070	117	109	137	122	2	4	-	-
-	-	-	-	16,200	15,871	-	-	-	-
1,044	1,401	-	-	738	839	699	1,481	-196	-415
374	358	-	-	36	39	223	205	-	-
13,753	14,028	-	-	3,198	3,034	24,044	21,109	-39,302	-36,329
5,637	5,073	-	-	3,422	2,053	207	328	-	-
<u>29,837</u>	<u>29,935</u>	<u>433</u>	<u>386</u>	<u>23,742</u>	<u>21,967</u>	<u>25,175</u>	<u>23,127</u>	<u>-39,500</u>	<u>-36,745</u>
<u>53,282</u>	<u>53,183</u>	<u>669</u>	<u>630</u>	<u>71,413</u>	<u>69,792</u>	<u>45,506</u>	<u>44,164</u>	<u>-68,303</u>	<u>-66,683</u>

Automobiles		Motorcycles		Financial Services		Other Entities		Eliminations	
31.3.2009	31.12.2008	31.3.2009	31.12.2008	31.3.2009	31.12.2008	31.3.2009	31.12.2008	31.3.2009	31.12.2008
22,518	22,481	-	-	3,804	3,752	4,437	4,883	-10,894	-10,843
2,893	2,847	122	122	27	28	558	317	-	-
2,093	2,412	61	63	280	252	30	30	-	-
1,741	1,931	2	2	3,273	3,096	17	18	-2,340	-2,290
2,655	2,685	-	-	9,061	10,030	21,759	18,018	-147	-236
4,337	3,986	251	252	12,649	14,128	345	586	-15,065	-16,751
<u>13,719</u>	<u>13,861</u>	<u>436</u>	<u>439</u>	<u>25,290</u>	<u>27,534</u>	<u>22,709</u>	<u>18,969</u>	<u>-17,552</u>	<u>-19,277</u>
1,603	1,795	21	21	289	311	1	2	3	-4
460	468	-	-	92	105	71	60	-	-
1,407	2,599	-	-	16,978	15,207	10,205	12,495	-196	-414
2,622	2,029	182	160	451	364	16	9	-	-
10,953	9,950	30	10	24,509	22,519	8,067	7,746	-39,664	-36,145
<u>17,045</u>	<u>16,841</u>	<u>233</u>	<u>191</u>	<u>42,319</u>	<u>38,506</u>	<u>18,360</u>	<u>20,312</u>	<u>-39,857</u>	<u>-36,563</u>
<u>53,282</u>	<u>53,183</u>	<u>669</u>	<u>630</u>	<u>71,413</u>	<u>69,792</u>	<u>45,506</u>	<u>44,164</u>	<u>-68,303</u>	<u>-66,683</u>

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

	Group	
	2009	2008
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	Net loss / net profit	487
	Depreciation of leased products	1,222
	Depreciation and amortisation of tangible, intangible and investment assets	902
	Change in provisions	236
	Change in deferred tax	-2
	Change in net current assets and other items	-973
	Cash inflow from operating activities	1,872
	Investment in intangible assets and property, plant and equipment	-691
	Net investment in leased products and receivables from sales financing	-2,654
	Other	64
	Cash outflow from investing activities	-3,281
	Cash inflow / outflow from financing activities	2,561
	Effect of exchange rate and changes in composition of group on cash and cash equivalents	-85
	Change in cash and cash equivalents	1,067
	Cash and cash equivalents at 1 January	2,393
	Cash and cash equivalents at 31 March	3,460

Automobiles		Financial Services		
2009	2008	2009	2008	
-316	413	41	48	Net loss/net profit
2	1	1,411	1,275	Depreciation of leased products
843	878	8	6	Depreciation and amortisation of tangible, intangible and investment assets
-560	206	-24	12	Change in provisions
-200	-118	39	100	Change in deferred tax
1,353	-317	464	-15	Change in net current assets and other items
1,122	1,063	1,939	1,426	Cash inflow from operating activities
-790	-679	-3	-3	Investment in intangible assets and property, plant and equipment
-11	-28	-883	-2,837	Net investment in leased products and receivables from sales financing
-101	63	-108	1	Other
-902	-644	-994	-2,839	Cash outflow from investing activities
360	620	369	1,419	Cash inflow/outflow from financing activities
-16	-44	55	-34	Effect of exchange rate and changes in composition of group on cash and cash equivalents
564	995	1,369	-28	Change in cash and cash equivalents
5,073	1,249	2,053	789	Cash and cash equivalents at 1 January
5,637	2,244	3,422	761	Cash and cash equivalents at 31 March

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Group Statement of Changes in Equity

	in euro million	Subscribed capital	Capital reserves	Revenue reserves	Translation differences	Securities	Derivative financial instruments	Pension obligations	Treasury shares	Minority interest	Total
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31 December 2007		654	1,911	20,789	-1,259	35	438	-835	-	11	21,744
Acquisition of treasury shares	-	-	-	-	-	-	-	-	-10	-	-10
Comprehensive income											
31 March 2008				-485	-429	-48	302	-535	-	2	847
31 March 2008		654	1,911	21,274	-1,688	-13	740	-300	-10	13	22,581
31 December 2008		654	1,911	20,419	-2,065	17	45	-706	-10	8	20,273
Comprehensive income											
31 March 2009				-153	91	-	-68	-280	-	2	-408
31 March 2009		654	1,911	20,266	-1,974	17	-23	-986	-10	10	19,865

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Notes to the Group Financial Statements to 31 March 2009

Accounting Principles and Policies

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 31 March 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 in the 2008 Group Financial Statements. All Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) which are mandatory at 31 March 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 BMW Group Financial Statements at 31 December 2008.

In order to improve clarity, various items are aggregated in the income statement and balance sheet. These items are disclosed and analysed separately in the Notes.

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

In the first quarter 2009, research and development costs are presented for the first time in cost of sales.

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

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

plemented 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 remain in the Group Financial Statements although they have been legally sold. Gains and losses relating to the sale of such assets are not recognised until the assets are removed from the Group Balance Sheet on transfer of the related significant risks and rewards. The balance sheet value of the assets sold at 31 March 2009 totalled euro 7.9 billion (31 December 2008: euro 8.7 billion).

In addition to credit financing and lease 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 neither been audited nor reviewed by the Group auditors, KPMG AG Wirtschaftsprüfungsgesellschaft.

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

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2 – Consolidated companies

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

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 quarter 2009.

The companies Rover South Africa (Pty) Ltd., Cape Town, and Sociedade Anglo-Portugese de Automoveis Sarl,

Lisbon, ceased to be consolidated companies in the first quarter 2009.

Compared to the same quarter last year, seven subsidiaries and four special purpose trusts are 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 during the quarter under report.

4 – New financial reporting rules

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

The following Standards and Revised Standards were applied for the first time in the first quarter 2009:

- Revised version of IAS 23 (Borrowing Costs).
This version is mandatory for annual periods beginning on or after 1 January 2009. The Standard removes the previously available option relating to the recognition of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. Application of the revised version of IAS 23 may give rise to changes in the recognition of borrowing costs for the BMW Group.
- Revised version of IAS 1 (Presentation of Financial Statements).
This version is mandatory for the first time for annual periods beginning on or after 1 January 2009. The revision of IAS 1 results in changes in presentation of the BMW Group Financial Statements and additional disclosures in the Notes.
- Amendments to IFRS 1 (First-time Adoption of Inter-

national Financial Reporting Standards) and IAS 27 (Consolidated and Separate Financial Statements).

The amendments are mandatory for the first time for annual periods beginning on or after 1 January 2009 and will not have a significant impact on the BMW Group Financial Statements.

- Amendments to IFRS 2 (Vesting Conditions and Cancellations).
These amendments are mandatory for annual periods beginning on or after 1 January 2009 and will not have a significant impact on the BMW Group Financial Statements.
- Amendment to IAS 32 (Financial Instruments: Presentation) and IAS 1 (Presentation of Financial Statements: Puttable Financial Instruments and Obligations Arising on Liquidation).
The amendments are mandatory for the first time for annual periods beginning on or after 1 January 2009. The changes will not have a significant impact on the BMW Group Financial Statements.
- Annual collection of amendments to IFRS (Improvements to IFRS) published by the IASB in May 2008
Unless otherwise specified, application of the collection

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Notes to the Group Financial Statements to 31 March 2009

Notes to the Income Statement

of amendments is mandatory for annual periods beginning on or after 1 January 2009. The amendments will not have a significant impact on the BMW Group Financial Statements.

- Amendments to IFRS 7 (Financial Instruments: Disclosures: Improving Disclosures about Financial Instruments).

The amendments are mandatory for the first time for annual periods beginning on or after 1 January 2009. The amendments will result in additional disclosures in the BMW Group Financial Statements for 2009 with regard to the fair value measurement of financial instruments and liquidity risks.

The following Interpretations were also required to be applied for the first time in the first quarter 2009:

- IFRIC 13 (Customer Loyalty Programmes) which is mandatory for annual periods beginning on or after 1 July 2008.
- IFRIC 15 (Agreements for the Construction of Real Estate) which is mandatory for annual periods beginning on or after 1 January 2009. IFRIC 15 has not yet been endorsed by the EU.
- IFRIC 16 (Hedges of a Net Investment in a Foreign Operation) is mandatory for annual periods beginning on or after 1 October 2008. Existing hedging relationships that do not meet the criteria contained in IFRIC 16 may be wound up prospectively. IFRIC 16 has not yet been endorsed by the EU.

These Interpretations do not have a significant impact on the BMW Group.

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

The following amendments were published during the first quarter 2009:

- The IASB published in March 2009 Amendments to IFRS 7 (Financial Instruments: Disclosures: Improving Disclosures about Financial Instruments). The amendments are mandatory for the first time for annual periods beginning on or after 1 January 2009.
- The IASB issued Amendments to IFRIC 9 and IAS 39 (Embedded Derivatives) to clarify the accounting treatment of embedded derivatives. The amendments are mandatory (retrospective application) for the first time for annual periods ending on or after 30 June 2009.

The following Interpretation was also issued:

- IFRIC 18 (Transfers of Assets from Customers). The Interpretation is mandatory (prospective application) for annual periods beginning on or after 1 July 2009. Retrospective application is also permitted to a limited extent.

With the exception of the changes contained in IFRS 7 (Financial Instruments: Disclosures: Improving Disclosures about Financial Instruments), the new financial reporting rules are not expected to have a significant impact on the BMW Group Financial Statements. This also applies to financial reporting rules published in earlier periods and which become mandatory for annual periods beginning after 1 January 2009.

5 – Revenues

Revenues by activity comprise the following:

in euro million	1st quarter 2009	1st quarter 2008
Sales of products and related goods	7,880	9,702
Income from lease instalments	1,405	1,319
Sales of products previously leased to customers	1,372	1,356
Interest income on loan financing	700	681
Other income	152	227
Revenues	11,509	13,285

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

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6 – Cost of sales

Cost of sales of euro 10,457 million (first quarter 2008: euro 11,156 million) include euro 3,627 million (first quarter 2008: euro: 3,282 million) relating to financial services business. First-quarter cost of sales include research and develop-

ment costs of euro 607 million (first quarter 2008: euro 719 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 288 million (first quarter 2008: euro 298 million).

7 – Sales and administrative costs

Sales costs amounted to euro 861 million (first quarter 2008: euro 999 million) and comprised mainly marketing, advertising and sales personnel costs.

Administrative costs amounted to euro 249 million (first quarter 2008: euro 291 million) and comprised expenses for administration not attributable to development, production or sales functions.

8 – Other operating income and expenses

Other operating income totalled euro 238 million (first quarter 2008: euro 288 million), while other operating expenses totalled euro 235 million (first quarter 2008: euro 300 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 first quarter was a positive amount of euro 6 million (first quarter 2008: positive amount of euro 10 million). This includes the results from interests in the joint venture, BMW Brilliance

Automotive Ltd., Shenyang, and in Cirquent GmbH, Munich. In the previous year, it only included the result from the interest in the joint venture, BMW Brilliance Automotive Ltd., Shenyang.

10 – Net interest result

in euro million	1st quarter 2009	1st quarter 2008
Interest and similar income	173	152
Interest and similar expenses	-224	-269
Net interest result	-51	-117

11 – Other financial result

in euro million	1st quarter 2009	1st quarter 2008
Result on investments	-	-
Sundry other financial result	-98	-79
Other financial result	-98	-79

12— **Income taxes**

Taxes on income comprised the following:

in euro million	1st quarter 2009	1st quarter 2008
Current tax expense	45	168
Deferred tax expense	-91	-14
Income taxes	-46	154

The effective tax rate for the period to 31 March 2009 was 23.2% (first quarter 2008: 24.0%).

13— **Earnings per share**

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

	1st quarter 2009	1st quarter 2008
Profit attributable to the shareholders — euro million	-152.7	485.4
Profit attributable to common stock — euro million (rounded)	-140.6	446.9
Profit attributable to preferred stock — euro million (rounded)	-12.1	38.5
Average number of common stock shares in circulation — number	601,995,196	601,995,196
Average number of preferred stock shares in circulation — number	51,833,032	51,864,662
Earnings per share of common stock — euro	-0.23	0.74
Earnings per share of preferred stock — euro	-0.23	0.74

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

In computing earnings per share of preferred stock, earnings to cover the additional dividend of euro 0.02 per

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

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14 – Disclosures relating to total comprehensive income

Other comprehensive post-tax income comprises the following:

in euro million	1st quarter 2009	1st quarter 2008
Available-for-sale securities		
Gains/losses in the period	<u>1</u>	-44
Amounts reclassified to income statement	-	-4
	<u>1</u>	<u>-48</u>
Financial instruments used for hedging purposes		
Gains/losses in the period	<u>-108</u>	635
Amounts reclassified to income statement	<u>33</u>	-197
	<u>-75</u>	<u>438</u>
Exchange differences on translating foreign operations	<u>92</u>	-429
Actuarial gains/losses relating to defined benefit pension and similar plans	<u>-394</u>	756
Deferred taxes relating to components of other comprehensive income	<u>120</u>	-357
Other comprehensive income for the period after tax	<u>-256</u>	<u>360</u>

Deferred taxes on components of other comprehensive income are as follows:

in euro million	1st quarter 2009			1st quarter 2008		
	Before tax	Deferred tax expense	After tax	Before tax	Deferred tax expense	After tax
Available-for-sale securities	<u>1</u>	<u>-1</u>	-	-48	-	-48
Financial instruments used for hedging purposes	<u>-75</u>	<u>7</u>	<u>-68</u>	438	-136	302
Exchange differences on translating foreign operations	<u>92</u>	-	<u>92</u>	-429	-	-429
Actuarial gains/losses relating to defined benefit pension and similar plans	<u>-394</u>	<u>114</u>	<u>-280</u>	756	-221	535
Other comprehensive income	<u>-376</u>	<u>120</u>	<u>-256</u>	<u>717</u>	<u>-357</u>	<u>360</u>

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 31 March 2009 amounted to euro 5,034 million (31 December 2008: euro 5,073 million). Capital expenditure on development costs amounted to euro 249 million (first quarter 2008: euro 205 million). Amortisation amounted to euro 288 million (first quarter 2008: euro 298 million).

In addition, intangible assets include a brand-name right amounting to euro 38 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 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 three months of 2009 was euro 549 million (first

quarter 2008: euro 476 million). The depreciation expense for the same period amounted to euro 551 million (first quarter 2008: euro 581 million).

17 – **Leased products**

Additions to leased products and depreciation thereon amounted to euro 2,045 million (first quarter 2008: euro 2,402 million) and euro 953 million (first quarter 2008: euro 488 million) respectively. Disposals amounted to euro

1,687 million (first quarter 2008: euro 1,511 million). The translation of foreign currency financial statements resulted in a net positive translation difference of euro 441 million (2008: net negative translation difference of euro 916 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 38,584 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 22,384 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	31. 3. 2009	31.12.2008
Interest and currency derivatives	2,560	3,449
Marketable securities and investment funds	759	653
Loans to third parties	15	13
Credit card receivables	261	253
Other	690	746
Financial assets	4,285	5,114
— thereof non-current	2,000	1,808
— thereof current	2,285	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 at present be tradable on the markets.

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

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21 – Income tax assets

Income tax assets can be analysed as follows:

31 March 2009 in euro million	Maturity within one year	Maturity later than one year	Total
Deferred tax	-	922	922
Current tax	527	106	633
Income tax assets	527	1,028	1,555

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	31.3.2009	31.12.2008
Other taxes	322	373
Receivables from subsidiaries	353	425
Receivables from other companies in which an investment is held	64	103
Prepayments	1,039	848
Collateral assets	289	291
Sundry other assets	463	462
Other assets	2,530	2,502
— thereof non-current	837	660
— thereof current	1,693	1,842

23 – Inventories

Inventories comprise the following:

in euro million	31.3.2009	31.12.2008
Raw materials and supplies	565	596
Work in progress, unbilled contracts	751	803
Finished goods and goods for resale	5,966	5,891
Inventories	7,282	7,290

24 – Equity

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

Number of shares issued

At 31 March 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 the common stock, no voting rights are attached to the preferred stock. All of the Company's stock is issued to bearer. Preferred stock bears an additional dividend of euro 0.02 per share.

At the Annual General Meeting on 8 May 2008, 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 cancel these shares without any further resolution by the Annual General Meeting. At the same time, the authorisation from 15 May 2007 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 three months of 2009. At 31 March 2009, 363,130 treasury shares of preferred stock were held. The effect of applying IFRS 2 (Share-Based Payments) to the employee share scheme is not material for the Group.

Capital reserves

Capital reserves include premiums arising from the issue of shares.

Revenues reserves

Revenue reserves comprise the post-acquisition and non-distributed earnings of consolidated companies. In addi-

tion, revenue reserves include both positive and negative goodwill arising on the consolidation of Group companies prior to 31 December 1994.

Accumulated other equity

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

Minority interests

Equity attributable to minority interest amounted to euro 10 million (31 December 2008: euro 8 million). This includes a minority interest of euro 1 million in the results for the period (31 December 2008: euro 6 million) and a net positive amount of euro 1 million (31 December 2008: negative amount of euro 1 million) from the translation of foreign currency financial statements.

25— Other provisions

Other provisions, at euro 4,381 million (31 December 2008: euro 4,882 million) include primarily personnel-related obligations and obligations for on-going operational expenses.

Current provisions at 31 March 2009 amounted to euro 1,917 million (31 December 2008: euro 2,125 million).

26— Income tax liabilities

31 March 2009 in euro million	Maturity within one year	Maturity later than one year	Total
Deferred tax	-	2,693	2,693
Current tax	270	353	623
Income tax liabilities	270	3,046	3,316

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

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Current tax liabilities of euro 623 million (31 December 2008: euro 633 million) comprise euro 102 million (31 December 2008: euro 97 million) for income taxes payable and euro 521 million (31 December 2008: euro 536 million) for income 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	31.3.2009	31.12.2008
Bonds	25,835	24,159
Liabilities to banks	9,044	11,144
Liabilities from customer deposits (banking)	10,599	8,209
Commercial paper	5,793	5,471
Asset backed financing transactions	7,930	8,702
Interest and currency derivatives	1,578	1,621
Other	943	1,078
Financial liabilities	61,722	60,384
— thereof non-current	33,328	30,497
— thereof current	28,394	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	31.3.2009	31.12.2008
Other taxes	496	335
Social security	54	44
Advance payments from customers	189	346
Deposits received	275	265
Payables to subsidiaries	35	45
Payables to other companies in which an investment is held	8	28
Deferred income	3,459	3,181
Other	1,896	2,037
Other liabilities	6,412	6,281
— thereof non-current	2,517	2,201
— thereof current	3,895	4,080

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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 investee companies, joint ventures and individuals that have the ability to exercise significant influence over the financial and operating policies of the BMW Group. This also includes close relatives and intermediaries. Significant influence over the financial and operating policies of the Group can arise when a party holds 20% or more of the shares of BMW AG or is a member of the Board of Management or Supervisory Board of BMW AG.

For the first quarter 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 equity investments as well as with members of the Board of Management and Supervisory Board of BMW AG.

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

Transactions of BMW Group companies with the joint venture, BMW Brilliance Automotive Ltd., Shenyang, all arise in the normal course of business and are conducted on the basis of arm's length principles. Group companies sold goods and services to BMW Brilliance Automotive Ltd., Shenyang, during the first three months of 2009 amounting to euro 64 million (first quarter 2008: euro 115 mil-

lion). At 31 March 2009, receivables of Group companies from BMW Brilliance Automotive Ltd., Shenyang, amounted to euro 62 million (31 December 2008: euro 102 million).

Business transactions of the BMW Group with participations all arise in the normal course of business and are conducted on the basis of arm's length principles. With the exception of Cirquent GmbH, Munich, business relationships with such entities are on a small scale. During the first three months of 2009 Group entities purchased services and goods from Cirquent GmbH, Munich, amounting to euro 13 million. At 31 March 2009, liabilities of Group companies to Cirquent GmbH, Munich, totalled euro 4 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 first 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 first quarter 2009. The corresponding 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.

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

	Financial Services		Other Entities		Reconciliations to Group figures		Group	
	2009	2008	2009	2008	2009	2008	2009	2008
	3,593	3,457	-	62	-	-	11,509	13,285
	410	400	1	1	-2,390	-3,142	-	-
	4,003	3,857	1	63	-2,390	-3,142	11,509	13,285
	72	84	24	-5	-71	-93	-198	641
	2,405	3,262	-	1	-421	-946	2,848	3,093
	1,419	1,281	-	2	-460	-788	1,821	1,390

	Financial Services		Other Entities		Reconciliations to Group figures		Group	
	31.3.2009	31.12.2008	31.3.2009	31.12.2008	31.3.2009	31.12.2008	31.3.2009	31.12.2008
	3,804	3,752	39,809	38,548	44,338	43,996	102,567	101,086

in euro million 31.3.2009 31.12.2008

Reconciliation of segment assets

Total for reportable segments	58,229	57,090
— Non-operating assets – Other Entities segment	5,697	5,616
— Operating liabilities – Financial Services segment	67,609	66,040
— Interest-bearing assets – Automobiles segment	25,244	24,849
— Liabilities of Automobiles and Motorcycles segments subject to interest	14,091	14,174
— Elimination of inter-segment items	-68,303	-66,683
Total Group assets	102,567	101,086

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Annual General Meeting 14 May 2009
Quarterly Report to 30 June 2009 4 August 2009
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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