QUARTERLY REPORT

TO 30 JUNE 2015

BMW GROUP

Rolls-Royce
Motor Cars Limited

BMW GROUP IN FIGURES

		2nd quarter 2015	2nd quarter 2014	Change in %
Principle performance indicators reported on during the year				
BMW Group				
Workforce at 30 June[1]		**119,489**	112,500	6.2
Profit before tax	€ million	**2,582**	2,654[2]	–2.7
Automotive segment				
Sales volume[3]	units	**573,079**	533,187	7.5
Revenues	€ million	**21,650**	18,504	17.0
EBIT margin	% (change in %pts)	**8.4**	11.7	–3.3
Motorcycles segment				
Sales volume	units	**47,048**	42,259	11.3
Further key performance figures				
Automotive segment				
Sales volume				
BMW[3]	units	**480,465**	458,088	4.9
MINI	units	**91,626**	74,028	23.8
Rolls-Royce	units	**988**	1,071	–7.7
Total[3]		**573,079**	**533,187**	**7.5**
Production				
BMW[4]	units	**468,416**	476,775	–1.8
MINI	units	**87,664**	74,650	17.4
Rolls-Royce	units	**889**	1,350	–34.1
Total[4]		**556,969**	**552,775**	**0.8**
Motorcycles segment				
Production	units	**43,855**	36,351	20.6
Financial Services segment				
New contracts with retail customers		**416,961**	380,842	9.5
Operating cash flow Automotive segment	€ million	**3,008**	**1,530**[2]	**96.6**
Revenues	€ million	**23,935**	**19,905**	**20.2**
Automotive	€ million	**21,650**	18,504	17.0
Motorcycles	€ million	**622**	528	17.8
Financial Services	€ million	**6,154**	5,155	19.4
Other Entities	€ million	**1**	1	–
Eliminations	€ million	**–4,492**	–4,283	–4.9
Profit before financial result (EBIT)	€ million	**2,525**	**2,603**	**–3.0**
Automotive	€ million	**1,819**	2,161	–15.8
Motorcycles	€ million	**112**	55	–
Financial Services	€ million	**503**	459	9.6
Other Entities	€ million	**94**	16	–
Eliminations	€ million	**–3**	–88	96.6
Profit before tax	€ million	**2,582**	**2,654**[2]	**–2.7**
Automotive	€ million	**1,844**	2,250	–18.0
Motorcycles	€ million	**112**	54	–
Financial Services	€ million	**496**	452[2]	9.7
Other Entities	€ million	**144**	25	–
Eliminations	€ million	**–14**	–127	89.0
Income taxes	€ million	**–833**	**–887**[2]	**6.1**
Net profit	€ million	**1,749**	**1,767**[2]	**–1.0**
Earnings per share[5]	€	**2.66/2.67**	**2.68[2]/2.69[2]**	**–0.7/–0.7**

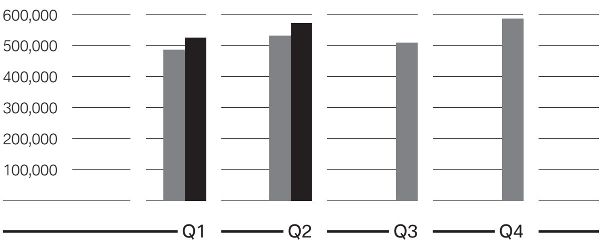
[1] Figures exclude suspended contracts of employment, employees in the non-work phases of pre-retirement part-time arrangements and low income earners.
[2] Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.
[3] Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 70,007 units, 2015: 70,100 units).
[4] Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 74,777 units, 2015: 75,570 units).
[5] Common/preferred stock. In computing earnings per share of preferred stock, earnings to cover the additional dividend of €0.02 per share of preferred stock are spread over the quarters of the corresponding financial year.

		1 January to 30 June 2015	1 January to 30 June 2014	Change in %
Principle performance indicators reported on during the year				
BMW Group				
Workforce at 30 June[1]		**119,489**	112,500	6.2
Profit before tax	€ million	**4,851**	4,813[2]	0.8
Automotive segment				
Sales volume[3]	units	**1,099,748**	1,020,211	7.8
Revenues	€ million	**40,543**	35,063	15.6
EBIT margin	% (change in %pts)	**8.9**	10.7	–1.8
Motorcycles segment				
Sales volume	units	**78,418**	70,978	10.5
Further key performance figures				
Automotive segment				
Sales volume				
BMW[3]	units	**932,041**	886,347	5.2
MINI	units	**165,938**	131,896	25.8
Rolls-Royce	units	**1,769**	1,968	–10.1
Total[3]		**1,099,748**	**1,020,211**	**7.8**
Production				
BMW[4]	units	**939,820**	937,871	0.2
MINI	units	**171,571**	132,324	29.7
Rolls-Royce	units	**1,852**	2,504	–26.0
Total[4]		**1,113,243**	**1,072,699**	**3.8**
Motorcycles segment				
Production	units	**87,212**	75,000	16.3
Financial Services segment				
New contracts with retail customers		**801,526**	728,914	10.0
Operating cash flow Automotive segment	€ million	**4,838**	**3,472**[2]	**39.3**
Revenues	€ million	**44,852**	**38,140**	**17.6**
Automotive	€ million	**40,543**	35,063	15.6
Motorcycles	€ million	**1,189**	1,000	18.9
Financial Services	€ million	**12,212**	10,045	21.6
Other Entities	€ million	**3**	3	–
Eliminations	€ million	**–9,095**	–7,971	–14.1
Profit before financial result (EBIT)	€ million	**5,046**	**4,693**	**7.5**
Automotive	€ million	**3,613**	3,741	–3.4
Motorcycles	€ million	**227**	119	90.8
Financial Services	€ million	**1,058**	924	14.5
Other Entities	€ million	**134**	26	–
Eliminations	€ million	**14**	–117	–
Profit before tax	€ million	**4,851**	**4,813**[2]	**0.8**
Automotive	€ million	**3,478**	3,893	–10.7
Motorcycles	€ million	**226**	117	93.2
Financial Services	€ million	**1,055**	905[2]	16.6
Other Entities	€ million	**121**	82	47.6
Eliminations	€ million	**–29**	–184	84.2
Income taxes	€ million	**–1,586**	**–1,588**[2]	**0.1**
Net profit	€ million	**3,265**	**3,225**[2]	**1.2**
Earnings per share[5]	€	**4.96/4.97**	**4.90[2]/4.91[2]**	**1.2/1.2**

[1] Figures exclude suspended contracts of employment, employees in the non-work phases of pre-retirement part-time arrangements and low income earners.
[2] Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.
[3] Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 132,501 units, 2015: 142,285 units).
[4] Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 145,601 units, 2015: 144,923 units).
[5] Common/preferred stock. In computing earnings per share of preferred stock, earnings to cover the additional dividend of €0.02 per share of preferred stock are spread over the quarters of the corresponding financial year.

Sales volume of automobiles[1]

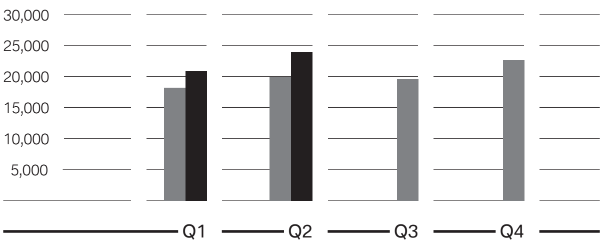
in units



	Q1	Q2	Q3	Q4
2014	487,024	533,187	509,669	588,085
2015	**526,669**	**573,079**		

Revenues

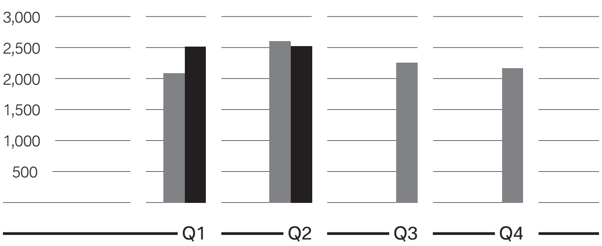
in € million



	Q1	Q2	Q3	Q4
2014	18,235	19,905	19,600	22,661
2015	**20,917**	**23,935**		

Profit before financial result

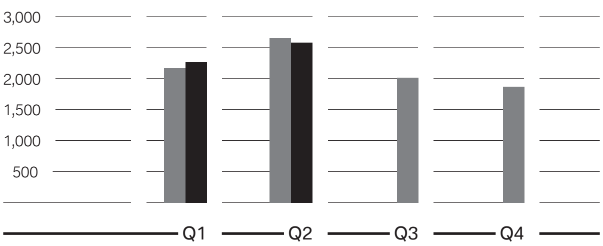
in € million



	Q1	Q2	Q3	Q4
2014	2,090	2,603	2,256	2,169
2015	**2,521**	**2,525**		

Profit before tax

in € million



	Q1	Q2	Q3	Q4
2014	2,159[2]	2,654[2]	2,013	1,868
2015	**2,269**	**2,582**		

BMW Group posts new record figures

The BMW Group continued to perform well during the period under report, enjoying its best-ever second quarter and six-month periods in sales volume terms. Worldwide sales of the Group's three vehicle brands in the second quarter totalled 573,079[1] units (+ 7.5 %). In the period from January to June 2015, the number of vehicles sold rose by a solid 7.8 % to 1,099,748[1] units.

Worldwide sales of motorcycles rose significantly by 11.3 % to 47,048 in the second quarter and by 10.5 % to 78,418 units over the six-month period. These figures represented BMW Motorrad's best ever quarterly and six-month sales volume performances in more than 90 years of operations.

The Financial Services segment concluded a total of 416,961 new lease and financing contracts with retail customers during the second quarter (+ 9.5 %), while the figure for the six-month period (801,526 contracts) rose significantly by 10.0 %.

Significant increase in Group revenues

Second-quarter revenues rose significantly by 20.2 % to €23,935 million. This sharp increase was attributable mainly to sales volume growth, increased levels of Financial Services business and appreciation of numerous currencies. Adjusted for exchange rate factors, Group revenues went up by 9.6 %. Group EBIT for the three-month period was slightly down on the previous year at €2,525 million (– 3,0 %), mainly as a result of a change in the model mix, fierce competition and higher personnel expenses. Profit before tax was impacted by lower earnings generated at the level of the joint venture BMW Brilliance Automotive Ltd., Shenyang, and by fair value losses arising on the measurement of derivatives and fell slightly to €2,582 million (– 2.7 %).

Six-month revenues rose significantly to €44,852 million (+ 17.6 %), also helped by the sales volume increase and currency factors. Adjusted for exchange rate factors, the increase amounted to 8.1 %. EBIT rose (+ 7.5 %) to €5,046 million, while profit before tax, at €4,851 million, came in at the previous year's level (+ 0.8 %).

Workforce increased

At 30 June 2015, the BMW Group's workforce comprised 119,489 employees (+ 6.2 %). Engineers and skilled workers continue to be recruited, among other things, to work on innovative technologies, including developments in the field of digitalisation.

[1] Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (second quarter 2015: 70,100 units; 1 January to 30 June 2015: 142,285 units).
[2] Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Bayerische Motoren Werke Aktiengesellschaft (BMW AG) is based in Munich, Germany, and is the parent company of the BMW Group. The primary business object of the BMW Group is the development, manufacture and sale of engines as well as all vehicles equipped with those engines. The BMW Group is sub-divided into the Automotive, Motorcycles, Financial Services and Other Entities segments (the latter mainly comprising holding companies and Group financing companies). The BMW Group operates on a global scale and is represented in more than 140 countries worldwide. Its research and innovation network is spread over twelve locations in five countries. The Group's production network currently consists of 30 locations in 14 countries.

Long-term thinking and responsible action have long been the cornerstones of our business success. Striving for ecological and social sustainability along the entire value-added chain, taking full responsibility for our products and giving an unequivocal commitment to preserving resources are prime objectives firmly embedded in our corporate strategy. As a result of these endeavours, we have ranked among the most sustainable companies in the automobile industry for many years.

Further information regarding the BMW Group's business model and its internal management system can be found in the chapter "General Information on the BMW Group" in the Annual Report 2014 (page 18 et seq.).

Generational change in the BMW AG Board of Management

At the close of the Annual General Meeting on 13 May 2015, Harald Krüger assumed the position of Chairman of the Board of Management of BMW AG. The fully-qualified engineer has been the board member with responsibility for Production since April 2013. Altogether, he has been a member of the Board of Management since December 2008.

Oliver Zipse assumed responsibility for Production after being appointed to the Board of Management with effect from the close of the Annual General Meeting.

The previous Chairman of the Board of Management, Dr.-Ing. Norbert Reithofer, was elected to the Supervisory Board at the Annual General Meeting and was subsequently elected by the Supervisory Board to be its Chairman. His departure from the Board of Management took effect at the close of the Annual General Meeting.

The BMW Group had already announced its plans for a generational change at the head of the two boards some time ago, thus ensuring the timely transfer of responsibility for the company's future to the next generation.

Automobile markets

International automobile markets continued to record an upward trend during the first six months of the year. Within that overall picture, both the USA and Europe served as reliable centres of growth. China's economy is gradually moving towards lower, but more sustainable growth rates, a trend that is also becoming increasingly evident in the automobile market. By contrast, the markets in Russia and Japan suffered considerable contraction. Markets in some emerging economies also performed sluggishly.

Consumer sentiment in Europe continued to brighten and was reflected in a 8.2 % increase in new registrations. Slightly below the average for Europe as a whole, the markets in Germany (+ 5.2 %), the United Kingdom (+ 7.0 %) and France (+ 6.2 %) all performed reasonably well. The growth rates recorded in Spain (+ 22.0 %) and Italy (+ 14.9 %) also seem to underpin consumer optimism. Portugal (+ 32.8 %) and Ireland (+ 25.4 %) saw especially high rates of increase in new registrations.

Markets in North America recorded growth during the six-month period under report. The automobile market in the USA expanded by 4.4 % compared to the corresponding period one year earlier, reflecting the generally positive sentiment about the economy.

By contrast, the downward trend in Japan continued, with new registrations for the six-month period dropping by 11.6 %. An end to the trend is not yet in sight.

Registration figures in China continued to grow in the first six months of 2015, this time by 9.1 %. Compared to the previous year, however, this represented a significant slowdown in growth, particularly in the premium segment.

Markets in the emerging economies performed inconsistently. Registrations in Brazil, for instance, were down by nearly a fifth (– 19.8 %) and in Russia by more than a third (– 36.6 %).

Motorcycle markets

Markets for 500 cc plus class motorcycles generally continued their upward trend during the first six months of 2015, with new registrations up worldwide by 4.4 %. The European market grew by 8.2 %, benefiting above all from the sharp recovery in Southern Europe, including particularly strong performances in Spain (+ 24.4 %) and Italy (+ 10.6 %). Germany also saw a 5.4 % increase in registrations. By contrast, the French motorcycles market remained more or less flat, with growth of only 0.5 %. New registrations in the USA were up by 5.4 % in the first six months of the year.

Financial Services markets

After descending to its lowest point at the beginning of the year, the price of oil climbed somewhat during the second quarter, stemming the drop in inflation rates in the world's industrialised countries. The European Central Bank (ECB) left key interest rates at an historically low level throughout the second quarter and continued its monthly securities purchasing programme. Rising liquidity resulted in the further depreciation of the euro and greater economic activity within the eurozone. After faltering slightly in the first few months of the year, the US economy returned to an upward trajectory during the second quarter. The US Reserve Bank refrained from changing its reference interest rate. The UK economy also picked up again after a weaker performance at the beginning of the year. The Bank of England also kept its reference interest rate at an historically low level throughout the second quarter. Japan's ongoing bond-buying programme, initiated in spring 2013, remained in place. The growth rate in China continued to edge downwards during the second quarter, propped up to some extent by low raw materials prices and the Chinese Central Bank's continued policy of monetary expansion.

Reselling levels on international used car markets developed variously from region to region during the second quarter 2015, with prices in Central Europe slightly up, in south-west Europe recovering well and in North America slightly down.

BMW Group posts record first half-year figures for fifth time in succession

In total, the BMW Group sold 573,079[1] BMW, MINI and Rolls-Royce brand vehicles during the period from April to June (2014: 533,187[1] units; +7.5%), comprising 480,465[1] BMW (2014: 458,088[1] units; +4.9%), 91,626 MINI (2014: 74,028 units; +23.8%) and 988 Rolls-Royce (2014: 1,071 units; –7.7%) brand vehicles.

Six-month sales of the three brands totalled 1,099,748[2] units (2014: 1,020,211[2] units; +7.8%). With a sales volume of 932,041[2] units, BMW achieved its best six-month performance to date (2014: 886,347[2] units; +5.2%). MINI also recorded a new high for the first half of a year by selling 165,938 units (2014: 131,896 units; +25.8%). Rolls-Royce Motor Cars sold 1,769 units (2014: 1,968 units; –10.1%) during the six-month period.

Dynamic growth rates recorded in Europe and the Americas region

Sales of BMW, MINI and Rolls-Royce brand vehicles in Europe reflected solid increases both for the second quarter (253,641 units; +9.3%; 2014: 231,978 units) and for the six-month period (488,490 units; +9.5%; 2014: 446,188 units). In Germany, second-quarter sales were slightly up by 2.0% to 73,220 units (2014: 71,806 units). The six-month sales volume of 137,830 units was also slightly higher than one year earlier (2014: 134,308 units; +2.6%). Particularly strong growth was recorded in Great Britain, with sales volume rising by 15.3% to 57,288 units in the second quarter (2014: 49,680 units) and by 15.2% to 110,822 units in the six-month period (2014: 96,180 units).

Second-quarter sales of the three brands in the Americas region climbed by 9.2% to 132,636 units (2014: 121,440 units), contributing to a six-month sales volume of 242,379 units (2014: 221,280 units; +9.5%). In the USA, a total of 107,939 units were sold during the second quarter (2014: 100,760 units; +7.1%). For the period from January to June, sales also rose by a solid 9.6% to 199,418 units (2014: 182,008 units).

A total of 170,429[1] vehicles (2014: 164,361[1] units; +3.7%) were handed over to customers in Asia in the period from April to June. During the first half of the year, the BMW Group sold 337,107[2] units in this region, recording a 4.4% sales volume increase (2014: 322,943[2] units). With the market in China continuing to normalise, second-quarter sales of 115,710[1] units were just below the previous year's high level (2014: 117,347[1] units; –1.4%). Sales of the three brands in China for the six-month period totalled 230,788[2] units, still slightly ahead of the previous year (2014: 225,490[2] units; +2.3%).

Automotive

		2nd quarter 2015	2nd quarter 2014	Change in %
Sales volume[1, 3]	units	**573,079**	533,187	7.5
Production[4]	units	**556,969**	552,775	0.8
Revenues[3]	€ million	**21,650**	18,504	17.0
Profit before financial result (EBIT)	€ million	**1,819**	2,161	–15.8
Profit before tax	€ million	**1,844**	2,250	–18.0
EBIT margin[3]	% (change in %pts)	**8.4**	11.7	–3.3

		1 January to 30 June 2015	1 January to 30 June 2014	Change in %
Sales volume[2, 3]	units	**1,099,748**	1,020,211	7.8
Production[5]	units	**1,113,243**	1,072,699	3.8
Revenues[3]	€ million	**40,543**	35,063	15.6
Profit before financial result (EBIT)	€ million	**3,613**	3,741	–3.4
Profit before tax	€ million	**3,478**	3,893	–10.7
EBIT margin[3]	% (change in %pts)	**8.9**	10.7	–1.8
Workforce at 30 June		**108,834**	102,506	6.2

[1] Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 70,007 units, 2015: 70,100 units).
[2] Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 132,501 units, 2015: 142,285 units).
[3] Principal performance indicators reported on during the year.
[4] Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 74,777 units, 2015: 75,570 units).
[5] Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 145,601 units, 2015: 144,923 units).

Best six-month performance for BMW brand in its history to date*

The BMW brand enjoyed both the best second quarter and the best six-month period in its history to date, enabling BMW to retain pole position in the premium segment of the world's car markets. Good contributions to this performance were made by the BMW X5 as well as by the BMW 4, 5 and 6 Series, each of which headed their relevant segments.

At 86,029 units, sales of the BMW 1 Series in the first half of 2015 were lower than one year earlier (2014: 97,802 units; – 12.0 %), reflecting the fact that the Coupé and Convertible body variants are now reported as part of the 2 Series, for which sales of 64,285 units were recorded in the six-month period (2014: 11,067 units). The Coupé and Convertible previously included in the BMW 3 Series are now also counted as part of the BMW 4 Series. The number of 3 Series vehicles sold (219,369 units) was down on the previous year (2014: 236,289 units; – 7.2 %). A total of 79,351 units of the BMW 4 Series were sold during the first six months of the year (2014: 47,031 units; + 68.7 %). A worldwide sales volume figure of 174,228 units was recorded for the BMW 5 Series (2014: 193,560 units; – 10.0 %).

The BMW X family remained extremely popular during the first half of 2015, with a combined total of 260,924 units of the five X models sold during the period (2014: 248,842; + 4.9 %). The BMW X5 recorded the greatest increase, with sales rising by 25.9 % to 85,983 units (2014: 68,283 units). With a sales volume of 66,444, the BMW X3 fell short of its previous year's high level (2014: 82,830 units; – 19.8 %). On the other hand, the new BMW X4 was in strong demand, with 28,146 units sold during the six-month period. Just coming to the end of its model life-cycle, sales of the BMW X1 were also lower than one year earlier (58,226 units; – 26.6 %; 2014: 79,344 units).

Sales volume of BMW vehicles by model variant*
in units

	1 January to 30 June 2015	1 January to 30 June 2014	Change in %
BMW 1 Series	**86,029**	97,802	–12.0
BMW 2 Series	**64,285**	11,067	–
BMW 3 Series	**219,369**	236,289	–7.2
BMW 4 Series	**79,351**	47,031	68.7
BMW 5 Series	**174,228**	193,560	–10.0
BMW 6 Series	**11,393**	13,734	–17.0
BMW 7 Series	**19,324**	26,378	–26.7
BMW X1	**58,226**	79,344	–26.6
BMW X3	**66,444**	82,830	–19.8
BMW X4	**28,146**	352	–
BMW X5	**85,983**	68,283	25.9
BMW X6	**22,125**	18,033	22.7
BMW Z4	**4,576**	6,239	–26.7
BMW i	**12,562**	5,405	–
BMW total	**932,041**	**886,347**	**5.2**

* Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 132,501 units, 2015: 142,285 units).

Significant rise in MINI sales

Six-month sales of the new MINI 3- and 5-door models more than doubled to 107,542 units (2014: 47,056 units). The MINI Countryman was sold to 40,561 customers during this period (2014: 53,363 units; – 24.0 %).

Sales volume of MINI vehicles by model variant
in units

	1 January to 30 June 2015	1 January to 30 June 2014	Change in %
MINI 3- and 5-Door	**107,542**	47,056	–
MINI Convertible	**9,148**	8,852	3.3
MINI Clubman	**491**	9,285	–94.7
MINI Countryman	**40,561**	53,363	–24.0
MINI Coupé	**1,493**	1,988	–24.9
MINI Roadster	**2,188**	2,795	–21.7
MINI Paceman	**4,515**	8,557	–47.2
MINI total	**165,938**	**131,896**	**25.8**

Rolls-Royce down overall on previous year

Rolls-Royce Motor Cars sold 764 units of the Ghost during the first half of 2015, up 4.1 % on the previous year (2014: 734 units). The Rolls-Royce Wraith's sales volume of 811 units was unable to match the previous year's high level (2014: 953 units; –14.9 %).

Sales volume of Rolls-Royce vehicles by model variant
in units

	1 January to 30 June 2015	1 January to 30 June 2014	Change in %
Phantom	**194**	281	–31.0
Ghost	**764**	734	4.1
Wraith	**811**	953	–14.9
Rolls-Royce total	**1,769**	**1,968**	**–10.1**

BMW 2 Series Gran Tourer launched

The new BMW 2 Series Gran Tourer, which has been available to customers since June, has plenty of space, is highly suitable for everyday use and possesses all the dynamic driving qualities of a typical BMW. The 2 Series Gran Tourer is BMW's first vehicle in the premium compact class capable of accommodating up to seven seats. The revised BMW 3 Series Sedan, the 3 Series Touring and the M3 have all been available since the end of July. The new-look design brings out the sporting flair of the 3 Series, while new engines deliver thrust even more efficiently than before. MINI unveiled the new Clubman in June.

Automobile production at Group level up on previous year

In total, 556,969[1] BMW, MINI and Rolls-Royce brand vehicles were manufactured at the various locations of our production network during the second quarter (2014: 552,775[1] units; + 0.8 %), comprising 468,416[1] BMW (2014: 476,775[1] units; – 1.8 %), 87,664 MINI (2014: 74,650 units; + 17.4 %) and 889 Rolls-Royce (2014: 1,350 units; – 34.1 %) brand vehicles. A total of 1,113,243[2] units of the Group's three brands were produced during the first half of the year (2014: 1,072,699[2] units; + 3.8 %), comprising 939,820[2] BMW (2014: 937,871[2] units; + 0.2 %), 171,571 MINI (2014: 132,324 units; + 29.7 %) and 1,852 Rolls-Royce brand cars (2014: 2,504 units; – 26.0 %).

[1] Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 74,777 units, 2015: 75,570 units).
[2] Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 145,601 units, 2015: 144,923 units).

Significant increase in segment revenues

Segment revenues for the period from April to June rose to €21,650 million (2014: €18,504 million; +17.0%), while six-month revenues grew by 15.6% to €40,543 million (2014: €35,063 million). In both cases, the figures benefited from favourable volume and currency factors. Adjusted for exchange rate factors, the increases for the second quarter and the six-month period were 5.8% and 5.7%, respectively.

In both periods, EBIT was influenced by a model mix changeover, fierce competition and higher personnel expenses. In addition, the pre-tax profit was affected by lower earnings generated at the level of the joint venture BMW Brilliance Automotive Ltd., Shenyang, and by fair value losses arising on the measurement of derivatives. EBIT for the period from April to June amounted to €1,819 million (2014: €2,161 million; –15.8%), resulting in an EBIT margin of 8.4% and hence within the target range of 8 to 10% (2014: 11.7%). Six-month EBIT amounted to €3,613 million (2014: €3,741 million; –3.4%), with the EBIT margin finishing at 8.9% (2014: 10.7%). Profit before tax of the Automotive segment for both the second quarter (2015: €1,844 million; –18.0%; 2014: €2,250 million) and the six-month period (2015: €3,478 million; –10.7%; 2014: €3,893 million) were lower than one year earlier.

Automotive segment workforce strengthened

The Automotive segment employed a workforce of 108,834 people at the end of the first half of the year (2014: 102,506 employees), 6.2% more than one year earlier.

Motorcycle sales volume increases significantly
Worldwide sales of motorcycles for the period from April to June rose by 11.3 % to 47,048 units (2014: 42,259 units) and by 10.5 % to 78,418 units over the six-month period (2014: 70,978 units). These figures represented the best quarterly and six-month sales volume performances for BMW Motorrad in more than 90 years of operations.

The BMW Group sold 49,335 units (2014: 43,588 units; + 13.2 %) in Europe during the first six months of the year. The number of motorcycles sold in Germany rose by 12.5 % to 13,521 units (2014: 12,019 units). In France, too, six-month sales were up on the previous year at 7,375 units (2014: 6,531 units; + 12.9 %). Italy registered a 5.8 % increase with a sales volume of 7,401 units (2014: 6,992 units). Six-month motorcycle sales in the USA increased to 9,138 units (2014: 8,857 units; + 3.2 %).

Motorcycle production significantly ahead of previous year
A total of 43,855 motorcycles were manufactured during the second quarter (2014: 36,351 units; + 20.6 %), bringing the production volume for the six-month period up to 87,212 units (2014: 75,000 units; + 16.3 %).

Significant increases in revenues and earnings
The Motorcycles segment revenues were up significantly (+ 17.8 %) on the previous year, thanks to the excellent sales volume performance and favourable currency factors and reached a new quarterly high of €622 million (2014: €528 million). EBIT more than doubled to €112 million (2014: €55 million), as did profit before tax (2015: €112 million; 2014: €54 million). Both of these measures of earnings therefore marked new highs for a second quarter.

BMW Motorrad also recorded its best-ever figures for a six-month period at the levels of revenues, EBIT and profit before tax. Segment revenues grew by 18.9 % to €1,189 million (2014: €1,000 million), with EBIT jumping to €227 million (2014: €119 million; + 90.8 %) and profit before tax increasing by €109 million to €226 million (2014: €117 million; + 93.2 %).

Solid increase in workforce
The BMW Group employed 3,020 people in the Motorcycles segment at 30 June 2015 (2014: 2,820 employees; + 7.1 %).

Motorcycles

		2nd quarter 2015	2nd quarter 2014	Change in %
Sales volume*	units	**47,048**	42,259	11.3
Production	units	**43,855**	36,351	20.6
Revenues	€ million	**622**	528	17.8
Profit before financial result (EBIT)	€ million	**112**	55	–
Profit before tax	€ million	**112**	54	–

		1 January to 30 June 2015	1 January to 30 June 2014	Change in %
Sales volume*	units	**78,418**	70,978	10.5
Production	units	**87,212**	75,000	16.3
Revenues	€ million	**1,189**	1,000	18.9
Profit before financial result (EBIT)	€ million	**227**	119	90.8
Profit before tax	€ million	**226**	117	93.2
Workforce at 30 June		**3,020**	2,820	7.1

* Principal performance indicator reported on during the year.

Good progress made by Financial Services segment
The Financial Services segment continued to perform well throughout the second quarter 2015. A worldwide portfolio of 4,500,056 lease and credit financing contracts was in place with retail customers and dealerships at the end of the reporting period (2014: 4,218,318 contracts). This solid performance corresponded to an increase of 6.7 % compared to one year earlier. The segment's business volume in balance sheet terms amounted to €104,734 million at the end of the second quarter (31 December 2014: €96,390 million; +8.7 %).

Solid increase in new business volumes
Lease and credit financing business with retail customers grew during the second quarter of 2015. 416,961 new contracts were signed worldwide during this period (2014: 380,842 contracts; +9.5 %), with leasing business up by 4.3 % and credit financing by 12.2 %. The corresponding six-month figure for new contracts with retail customers was 801,526 contracts, significantly above the number signed in the same period last year (2014: 728,914 contracts; +10.0 %). In addition to other factors, favourable developments in China and the USA made good contributions to this overall performance. Lease and credit financing business accounted for 34.2 % and 65.8 % of new business respectively.

The proportion of new BMW Group vehicles[1] either leased or financed by the Financial Services segment during the six-month period was 45.1 %, an increase of 4.2 percentage points (2014: 40.9 %).

In the pre-owned vehicle financing line of business, 163,247 contracts for BMW and MINI brand cars were signed during the period under report, corresponding to a slight decrease of 2.2 % compared to the previous year (2014: 166,904 contracts).

The total volume of all new credit financing and lease contracts concluded with retail customers during the first six months of 2015 amounted to €24,626 million, an increase of 26.3 % over the same period one year earlier (2014: €19,491 million). Adjusted for exchange rate factors, the volume of new business increased by 15.3 %.

The growth in new business also had an impact on the size of the contract portfolio with retail customers. At 30 June 2015, 4,146,505 contracts were in place with

Financial Services

		2nd quarter 2015	2nd quarter 2014	Change in %
New contracts with retail customers		**416,961**	380,842	9.5
Revenues	€ million	**6,154**	5,155	19.4
Profit before financial result (EBIT)	€ million	**503**	459	9.6
Profit before tax	€ million	**496**	452[2]	9.7

		1 January to 30 June 2015	1 January to 30 June 2014	Change in %
New contracts with retail customers		**801,526**	728,914	10.0
Revenues	€ million	**12,212**	10,045	21.6
Profit before financial result (EBIT)	€ million	**1,058**	924	14.5
Profit before tax	€ million	**1,055**	905[2]	16.6
Workforce at 30 June		**7,520**	7,058	6.5

		30.6.2015	31.12.2014	Change in %
Business volume in balance sheet terms[3]	€ million	**104,734**	96,390	8.7

[1] The calculation only includes automobile markets, in which the Financial Services segment is represented by a consolidated entity.
[2] Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.
[3] Calculated on the basis of the lines Leased products and Receivables from sales financing (current and non-current) of the Financial Services segment balance sheet.

retail customers, 6.6 % more than one year earlier (2014: 3,888,137 contracts), with growth achieved across all regions. The contract portfolio rose by 6.0 % in the Europe/Middle East/Africa region, 7.0 % in the Americas region and 1.2 % in the EU Bank region. The fastest-growing region was once again Asia/Pacific, where the number of contracts rose by 19.2 %.

Fleet business enlarged
The Financial Services segment's fleet management line of business offers leasing and financing arrangements and other services to commercial customers under the brand name "Alphabet". The fleet contract portfolio increased by 5.7 % to 572,764 contracts at the end of the reporting period (2014: 541,977 contracts).

Slight drop in multi-brand financing
In the multi-brand financing line of business, a total of 81,186 new contracts were signed during the first six months of 2015, corresponding to a slight reduction of 3.3 % (2014: 83,938 contracts). At 30 June 2015, 464,544 contracts were in place, 0.5 % more than one year earlier (2014: 462,276 contracts).

Dealership financing significantly up on previous year
At the end of the second quarter 2015, the total volume of financing contracts with dealerships amounted to €15,584 million, corresponding to a significant increase of 17.1 % (2014: €13,311 million). Adjusted for exchange rate factors, the volume of dealership financing increased by 8.8 %.

Solid increase in volume of deposits
Deposit-taking represents an important source of refinancing for the BMW Group. The volume of deposits held worldwide stood at €13,016 million at the end of the reporting period, 7.6 % higher than one year earlier (2014: €12,099 million).

Insurance business up significantly
Demand for the insurance products offered by the Financial Services segment remained high. The number of new insurance contracts signed during the six-month period increased by 13.2 % to 596,685 contracts (2014: 527,262 contracts). At 30 June 2015 the segment was managing a portfolio of 3,041,162 insurance contracts (2014: 2,695,159 contracts; + 12.8 %).

Rise in revenues and earnings
The high demand for financial products also had a positive impact on segment revenues and earnings. Second-quarter revenues rose significantly by 19.4 % to €6,154 million (2014: €5,155 million). Adjusted for exchange rate factors, revenues increased by 8.5 %. The segment profit before tax for the second quarter amounted to €496 million, representing a solid increase over the previous year (2014: €452* million; + 9.7 %). Six-month revenues were 21.6 % higher at €12,212 million (2014: €10,045 million). Profit before tax increased by 16.6 % from €905* million to €1,055 million.

Solid increase in size of workforce
At 30 June 2015, the Financial Services segment had 7,520 employees, 6.5 % more than one year earlier (2014: 7,058 employees).

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Earnings performance*

The BMW Group increased sales of BMW, MINI and Rolls-Royce brand cars in the first half of 2015 by 7.8% to 1,099,748 units compared to the corresponding period one year earlier. This figure includes 142,285 units (2014: 132,501 units) manufactured by the joint venture BMW Brilliance Automotive Ltd., Shenyang.

At 30 June 2015, the BMW Group's workforce comprised 119,489 employees (2014: 112,500 employees). The Group continues to recruit engineers and skilled workers as part of its strategy to push ahead with forward-looking technologies, including new developments in the field of digitalisation.

The BMW Group generated a net profit of €3,265 million for the six-month period ended 30 June 2015, €40 million up on the previous year, giving a post-tax return on sales of 7.3% (2014: 8.5%). Earnings per share of common and preferred stock were €4.96 (2014: €4.90) and €4.97 (2014: €4.91) respectively.

Earnings performance for the second quarter 2015

Second-quarter Group revenues jumped by 20.2% to €23,935 million. Adjusted for exchange rate factors, the increase was 9.6%, mainly reflecting sales volume growth on the one hand and business portfolio developments within the Financial Services segment on the other.

Revenues from the sale of BMW, MINI and Rolls-Royce brand vehicles were significantly (20.1%) higher than one year earlier. Adjusted for exchange rate factors, the increase was 9.5%, more or less mirroring sales volume growth. External revenues from Motorcycles business climbed significantly (18.1%) compared to the previous year, here too, mainly on the back of the 11.3% rise in sales volume. Financial Services operations also performed well, with second-quarter external revenues up by 21.0%. Adjusted for exchange rate factors, revenues of the Motorcycles and Financial Services segments rose by 12.5% and 9.6% respectively.

Group cost of sales were 25.2% higher than in the previous year and comprised mainly manufacturing costs (2015: €11,690 million; 2014: €9,217 million), cost of sales attributable to financial services (2015: €5,128 million; 2014: €4,076 million) and research and development expenses (2015: €1,085 million; 2014: €992 million).

Gross profit amounted to €4,603 million, 3.2% up on the previous year, resulting in a gross profit margin of 19.2% (2014: 22.4%).

Research and development expenses increased by 9.4% compared to the second quarter 2014. As a percentage of the significantly higher revenues figure, the research and development ratio fell by 0.5 percentage points to 4.5%. Research and development expenses include amortisation of capitalised development costs amounting to €259 million (2014: €274 million). Total research and development expenditure – comprising research costs, non-capitalised development costs and capitalised development costs (excluding systematic amortisation thereon) – amounted to €1,172 million in the second quarter (2014: €1,049 million). The research and development expenditure ratio was therefore 4.9% (2014: 5.3%). The proportion of development costs recognised as assets during the three-month period was 29.5% (2014: 31.6%).

Compared to the previous year, selling and administrative expenses increased by €279 million to €2,167 million. Administrative expenses went up as a result of various factors, including the higher workforce size and higher IT expenditure.

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Revenues by segment in the second quarter

in € million

	External revenues		Inter-segment revenues		Total revenues	
	2015	2014	**2015**	2014	**2015**	2014
Automotive	**17,544**	14,611	**4,106**	3,893	**21,650**	18,504
Motorcycles	**620**	525	**2**	3	**622**	528
Financial Services	**5,771**	4,769	**383**	386	**6,154**	5,155
Other Entities	**–**	–	**1**	1	**1**	1
Eliminations	**–**	–	**–4,492**	–4,283	**–4,492**	–4,283
Group	**23,935**	**19,905**	**–**	**–**	**23,935**	**19,905**

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

in € million

	External revenues		Inter-segment revenues		Total revenues	
	2015	2014	**2015**	2014	**2015**	2014
Automotive	**32,199**	27,864	**8,344**	7,199	**40,543**	35,063
Motorcycles	**1,185**	994	**4**	6	**1,189**	1,000
Financial Services	**11,467**	9,281	**745**	764	**12,212**	10,045
Other Entities	**1**	1	**2**	2	**3**	3
Eliminations	**–**	–	**–9,095**	–7,971	**–9,095**	–7,971
Group	**44,852**	**38,140**	**–**	**–**	**44,852**	**38,140**

Depreciation and amortisation on property, plant and equipment and intangible assets recorded in cost of sales and in selling and administrative expenses amounted to €1,128 million (2014: €1,019 million).

Other operating income and expenses improved by €59 million to give a net positive amount of €89 million for the second quarter 2015, mainly thanks to gains on the disposal of assets and income arising on the reversal of provisions.

Profit before financial result (EBIT) amounted to €2,525 million (2014: €2,603 million).

Financial result came in at a net positive amount of €57 million, an improvement of €6 million over the second quarter 2014. Other financial result improved by €41 million to a net expense of €26 million due to net gains on interest rate and currency derivatives, which were only partially offset by net losses on commodity derivatives. The result from equity accounted investments, comprising the Group's share of the results of the joint ventures BMW Brilliance Automotive Ltd., Shenyang, DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich, fell by €46 million to €155 million. The decrease was mainly attributable to a lower contribution from BMW Brilliance Automotive Ltd., Shenyang, primarily reflecting the increasing normalisation of the market in China as well as the impact of upfront expenditure incurred for new vehicles.

Profit before tax decreased to €2,582 million (2014: €2,654 million). The pre-tax return on sales was 10.8 % (2014: 13.3 %).

Income tax expense totalled €833 million (2014: €887 million), with the effective tax rate decreasing to 32.3 % (2014: 33.4 %).

Second-quarter net profit amounted to €1,749 million and was therefore €18 million lower than one year earlier. In the second quarter 2015, the BMW Group generated earnings per share of common stock of €2.66 (2014: €2.68) and earnings per share of preferred stock of €2.67 (2014: €2.69).

Earnings performance for the first half of 2015

Six-month Group revenues increased by 17.6 % to €44,852 million. Adjusted for exchange rate factors, the

Profit before tax by segment

in € million

	2nd quarter 2015	2nd quarter 2014*	**1 January to 30 June 2015**	1 January to 30 June 2014*
Automotive	**1,844**	2,250	**3,478**	3,893
Motorcycles	**112**	54	**226**	117
Financial Services	**496**	452	**1,055**	905
Other Entities	**144**	25	**121**	82
Eliminations	**–14**	–127	**–29**	–184
Profit before tax	**2,582**	**2,654**	**4,851**	**4,813**
Income taxes	**–833**	–887	**–1,586**	–1,588
Net profit	**1,749**	**1,767**	**3,265**	**3,225**

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

increase was 8.1 %, mainly reflecting sales volume growth on the one hand and business volume/portfolio developments within the Financial Services segment on the other.

External revenues of the segments also developed positively compared to the previous year. Revenues from the sale of BMW, MINI and Rolls-Royce brand vehicles were significantly higher (15.6 %) than one year earlier. Adjusted for exchange rate factors, the increase was 6.5 %. The currency impact was mainly attributable to the change in the average exchange rates of the US dollar, the Chinese renminbi and the British pound against the euro. Six-month external revenues of the Motorcycles and Financial Services segments grew significantly by 19.2 % and 23.6 % respectively (14.1 % and 12.4 % respectively adjusted for exchange rate factors).

Cost of sales for the six-month period went up by 20.4 % and comprised mainly manufacturing costs (2015: €20,957 million; 2014: €17,362 million), cost of sales attributable to financial services (2015: €10,092 million; 2014: €8,021 million) and research and development expenses (2015: €2,022 million; 2014: €1,979 million).

Gross profit amounted to €8,959 million, 7.6 % up on the previous year, resulting in a gross profit margin of 20.0 % (2014: 21.8 %).

Research and development expenses for the six-month period rose to €2,022 million (2014: €1,979 million). As a percentage of the significantly higher revenues figure, the research and development ratio fell by 0.7 percentage points to 4.5 %. Research and development expenses include amortisation of capitalised development costs amounting to €516 million (2014: €539 million). Total research and development expenditure – comprising research costs, non-capitalised development costs and capitalised development costs (excluding systematic amortisation thereon) – amounted to €2,098 million for the six-month period (2014: €2,042 million). The research and development expenditure ratio came in at 4.7 % (2014: 5.4 %). The proportion of development costs recognised as assets was 28.2 % (2014: 29.5 %).

Compared to the previous year, selling and administrative expenses increased by €405 million to €4,051 million. Overall, selling and administrative expenses were equivalent to 9.0 % (2014: 9.6 %) of revenues. Administrative expenses went up due to a number of factors, including the larger workforce size and higher IT expenditure.

Depreciation and amortisation on property, plant and equipment and intangible assets recorded in cost of sales and in selling and administrative expenses amounted to €2,234 million (2014: €1,976 million).

Other operating income and expenses improved by €124 million to give a net positive amount of €138 million for the six-month period, mainly thanks to gains on the disposal of assets and income arising on the reversal of provisions.

At €5,046 million, the Group's six-month profit before financial result (EBIT) was 7.5 % up on the previous year.

The financial result was a net negative amount of €195 million, a deterioration of €315 million compared to the first half of 2014. The negative other financial result deteriorated by €153 million to €326 million, mostly reflecting the unfavourable impact of interest-rate and commodity derivatives. The result from equity accounted investments, which includes the Group's share of the results of the joint ventures BMW Brilliance Automotive Ltd., Shenyang, DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich, fell by €143 million to €283 million compared to the first half of the previous year. The decrease was mainly attributable to a lower contribution from BMW Brilliance Automotive Ltd., Shenyang, primarily reflecting the increasing normalisation of the market in China as well as the impact of upfront expenditure incurred for new vehicles.

Profit before tax edged up to €4,851 million (2014: €4,813 million). The pre-tax return on sales was 10.8 % (2014: 12.6 %).

Income tax expense totalled €1,586 million (2014: €1,588 million), corresponding to an effective tax rate of 32.7 % (2014: 33.0 %).

Earnings performance by segment

Revenues of the Automotive segment increased both in the second quarter (17.0 %) and in the first half of 2015 (15.6 %). The gross profit margin for the first half of the year was 17.4 % (2014: 19.6 %). Profit before tax for both periods was lower than the high levels reported one year earlier, coming in at €1,844 million (2014: €2,250 million) for the second quarter and at €3,478 million (2014:

€3,893 million) for the six-month period respectively. In addition to the rise in selling and administrative expenses caused by the larger workforce size and higher IT expenses, earnings were also impacted negatively by intensified market competition, sales mix factors and a higher net financial expense. The latter fell as a result of the lower contribution to the result from equity accounted investments made by the joint venture BMW Brilliance Automotive Ltd., Shenyang. Sundry other financial result was adversely affected in the first half of 2015 by net fair value losses on commodity derivatives and deteriorated by €97 million to a net negative amount of €276 million.

Motorcycles segment revenues developed very positively in both the second quarter (17.8 %) and the six-month period (18.9 %). The segment profit before tax for the second quarter was significantly higher at €112 million (2014: €54 million), while the six-month profit before tax soared by 93.2 % to €226 million. The gross profit margin rose in the first six months of 2015 to 28.1 % (2014: 21.9 %).

Revenues of the Financial Services segment grew by 19.4 % to €6,154 million in the second quarter, while the gross profit margin fell by 0.7 percentage points to 12.7 %. The second-quarter segment profit before tax showed a solid improvement at €496 million (2014: €452 million). Six-month revenues went up by 21.6 % to €12,212 million. The pre-tax segment result improved by €150 million to €1,055 million.

The profit before tax of the Other Entities segment amounted to €144 million (2014: €25 million) for the second quarter 2015 and increased from €82 million to €121 million for the six-month period.

Inter-segment eliminations during the six-month period up to the level of profit before tax gave rise to a net expense of €29 million (2014: net expense of €184 million).

Financial position*

The consolidated cash flow statements for the Group and the Automotive and Financial Services segments show the sources and applications of cash flows for the first six-month periods of 2015 and 2014, classified into cash flows from operating, investing and financing activities. Cash and cash equivalents in the cash flow statements correspond to the amount disclosed in the balance sheet.

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

The cash inflow from operating activities for the first half of 2015 decreased by €1,081 million to €785 million. This decrease came about as result of the €1,240 million increase of leased products and receivables from sales financing and changes in provisions, the impact of which was only partially offset by the lower increase in working capital.

The cash outflow for investing activities amounted to €2,500 million (2014: €2,483 million) and was therefore 0.7 % higher than one year earlier. Within those figures, increased net investments in marketable securities and term deposits (additional cash outflow of €368 million) were offset by lower investments in intangible assets and property, plant and equipment (reduced cash outflow of €372 million).

Cash inflow from financing activities totalled €824 million (2014: €462 million). Proceeds from the issue of bonds brought in €7,335 million (2014: €6,648 million), compared with an outflow of €4,966 million (2014: €3,516 million) for the repayment of bonds. The change in other financial liabilities and commercial paper gave rise to a cash inflow of €372 million (2014: cash outflow of €957 million). The payment of dividends resulted in a cash outflow of €1,917 million (2014: €1,713 million).

Cash outflows for investing activities exceeded cash inflows from operating activities in the first half of 2015 by €1,715 million, similar to the situation one year earlier when the shortfall had amounted to €617 million.

After adjustment for the effects of exchange-rate fluctuations and changes in the composition of the BMW Group for a positive amount of €142 million (2014: negative amount of €10 million), the various cash flows resulted in a decrease in cash and cash equivalents of €749 million (2014: decrease of €165 million).

The cash inflow from operating activities of the Automotive segment exceeded the cash outflow for investing activities by €2,279 million (2014: €1,009 million).

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Adjusted for net investments in marketable securities and term deposits amounting to €278 million (2014: negative amount of €7 million), mainly in conjunction with strategic liquidity planning, the excess amount was €2,557 million (2014: €1,002 million).

Free cash flow of the Automotive segment was as follows:

in € million	2015	2014*
Cash inflow from operating activities	**4,838**	3,472
Cash outflow from investing activities	**–2,559**	–2,463
Net investment in marketable securities and term deposits	**278**	–7
Free cash flow Automotive segment	**2,557**	**1,002**

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Cash outflows for operating activities of the Financial Services segment were driven primarily by the increase in leased products and receivables from sales financing and totalled €3,406 million (2014: €947 million). Cash outflows for investing activities amounted to €75 million (2014: cash inflows of €2 million).

Net financial assets of the Automotive segment comprise the following:

in € million	30.6.2015	31.12.2014
Cash and cash equivalents	**5,267**	5,752
Marketable securities and investment funds	**3,650**	3,366
Intragroup net financial assets	**7,875**	8,583
Financial assets	**16,792**	**17,701**
Less: external financial liabilities*	**–3,197**	–3,478
Net financial assets Automotive segment	**13,595**	**14,223**

* Excluding derivative financial instruments.

Refinancing
The BMW Group uses a broadly diversified and flexible range of funding sources to finance its operating activities. Almost all of the funds raised are used to finance the BMW Group's Financial Services business. Further details regarding the principles and objectives of financial management are contained in the Group Financial Statements at 31 December 2014.

During the period from January to June 2015, BMW Group entities issued euro-benchmark bonds with a volume of €4.0 billion, bonds denominated in various foreign currencies (Australian dollar, British pound and Korean won) with a total volume of €869 million as well as private placements in various currencies with a total volume €2.2 billion. The issue of promissory notes in various currencies raised approximately €178 million. In addition, five ABS transactions with a total volume of €2.1 billion were executed in the USA, France, Canada, China and Japan. The regular issue of commercial paper on the one hand and deposit-taking by the Group's banking subsidiaries on the other are also used to refinance the BMW Group.

Net assets
The Group balance sheet total increased by €9,844 million (6.4%) compared to the end of the previous financial year to stand at €164,647 million at 30 June 2015. Adjusted for exchange rate factors, the balance sheet total increased by 2.3%. The currency impact was mainly

attributable to the appreciation in the value of a number of currencies against the euro, most notably the US dollar, the British pound and the Chinese renminbi.

The increase in non-current assets on the assets side of the balance sheet related primarily to receivables from sales financing (11.1 %) and leased products (8.3 %).

Within current assets, increases were registered in particular for receivables from sales financing (6.0 %), inventories (8.4 %) and trade receivables (30.4 %). By contrast, cash and cash equivalents decreased by 9.7 %.

Non-current receivables from sales financing accounted for 25.3 % (2014: 24.2 %) of total assets, current receivables from sales financing for an unchanged 15.2 %. Adjusted for exchange rate factors, non-current receivables from sales financing went up by 5.3 %. The increase in current receivables from sales financing over the six-month period was attributable solely to currency factors. At the end of the reporting period, leased products accounted for 19.8 % of total assets, similar to their level at the end of 2014 (19.5 %). Adjusted for exchange rate factors, leased products went up by 3.8 %. The growth in business reported by the Financial Services segment is reflected in the increase in non-current receivables from sales financing and in the higher level of leased products.

Inventories increased by €927 million to €12,016 million during the six-month period and accounted for 7.3 % (2014: 7.2 %) of total assets. Adjusted for exchange rate factors, they were 4.4 % higher, with most of the increase relating to finished goods, reflecting the impact of stocking up in connection with the introduction of new models and the general increase in business volumes.

Trade receivables went up by €655 million compared to the end of the previous financial year and accounted for 1.7 % of total assets (2014: 1.4 %). Adjusted for exchange rate factors, trade receivables rose by 26.1 %, reflecting the increase in business volumes.

Cash and cash equivalents fell by €749 million to €6,939 million. Changes in cash and cash equivalents are described in the section "Financial position".

On the equity and liabilities side of the balance sheet, increases were recorded for non-current and current financial liabilities (9.3 % and 11.3 % respectively), current other liabilities (10.1 %), trade payables (8.8 %) and non-current other provisions (13.0 %). Group equity went up by 3.0 %. By contrast, pension provisions decreased by 26.2 %.

Non-current and current financial liabilities increased from €80,649 to €88,872 million during the six-month period (+ 6.7 % adjusted for currency factors). Changes in currency derivatives and the issue of new bonds were the main factors driving the increase in non-current and current financial liabilities.

The €783 million increase in current other liabilities was attributable in particular to higher advance payments from customers and higher other taxes as well as the impact on deferred income of greater volumes of service contracts, Connected Drive offers and leasing business.

Trade payables went up by €680 million to €8,389 million. Adjusted for currency factors, the increase was 6.9 %, mainly reflecting higher production volumes. Trade payables accounted for 5.1 % of the balance sheet total at the end of the reporting period (2014: 5.0 %).

Group equity rose by €1,111 million to €38,548 million, mainly as a result of the profit attributable to shareholders of BMW AG amounting to €3,255 million. The dividend paid by BMW AG reduced equity by €1,904 million. Equity increased as a result of the positive impact arising on the currency translation of foreign subsidiaries' financial statements (€1,106 million) and on remeasurements of the net defined benefit liability for pension plans (€995 million), the latter attributable primarily to the higher discount rates applied in Germany, the UK and the USA. In addition, deferred taxes on items recognised directly in equity increased equity by €765 million. Group equity was reduced by fair value losses on derivative financial instruments (€2,956 million) and marketable securities (€143 million) as well as by income and expenses relating to equity accounted investments and recognised directly in equity (€18 million), all figures stated before deferred taxes. Minority interests in equity went up by €11 million.

Pension provisions decreased from €4,604 million to €3,396 million during the six-month period, mainly as a result of the higher discount factors used in Germany, the UK and the USA.

The Group equity ratio at the end of the reporting period was 23.4% (31 December 2014: 24.2%). The equity ratio of the Automotive segment was 35.6% (31 December 2014: 39.2%) and that of the Financial Services segment was 8.4% (31 December 2014: 8.8%).

Overall, the earnings performance, financial position and net assets position of the BMW Group developed positively in almost all respects during the second quarter and six-month reporting periods.

Related party relationships
Further information on transactions with related parties can be found in note 30 to the Interim Group Financial Statements.

Events after the end of the reporting period
No events have occurred after the balance sheet date which could have a major impact on the earnings performance, financial position or net assets of the BMW Group.

The report on outlook, risks and opportunities describes the expected development of the BMW Group, together with associated material risks and opportunities, from the perspective of Group management.

The report on outlook, risks and opportunities contains forward-looking assertions based on the BMW Group's expectations and assessments, which are, by their very nature, subject to uncertainty. As a result, actual outcomes, including those attributable to political and economic developments, could differ – either positively or negatively – from the expectations described below. Further information is also available in the section "Report on risks and opportunities" on page 70 et seq. of the Annual Report 2014.

Further information on the assumptions used in the BMW Group's outlook can be found in the "Outlook" section on pages 65 et seq. of the Annual Report 2014.

Economic upswing accompanied by risks

In 2015, the world economy is likely to grow by around 3.3%. A moderate slowdown in China and a weak first quarter in the USA have led to a number of external forecasts gradually being revised downward in the course of the year so far.

Although the consequences of the global financial crisis seem to have been overcome in the USA, a number of global developments could lead to major disturbances in the world economy. The overheated property market in China and the increasing volatility on China's share markets, for instance, both constitute risks for the stability of the global economy. The US Federal Reserve Bank's announcement that it may raise key interest rates before the year is out could cause turbulence on international capital markets, which, in turn, could result in negative consequences for the real economy. In Europe, any escalation of the sovereign debt crisis in Greece could have a material adverse impact on economic recovery. Political tensions, such as those caused by the military conflicts in Ukraine and the Middle East, continue to put a strain on international business relationships.

The economy in the eurozone is forecast to grow by 1.5% this year, propped up by the expansive monetary policies of the ECB. The stabilisation of oil prices and the ECB's purchase of public sector bonds have reversed the inflation rate trend within the eurozone, with the consequence that the markets are now expecting to see moderate inflation again. The risk of deflation therefore seems to have decreased.

Driven by the depreciation of the euro against the US dollar, the German economy is forecast to grow by 1.8% this year. Other countries in Europe are also benefiting from these developments. The French economy is gradually gaining momentum and is likely to grow by 1.1% over the full year. That said, the lack of structural reforms, particularly on the job market, will almost certainly prevent a more pronounced recovery. The situation is exacerbated by comparatively high levels of unemployment and public sector debt. In Italy, gross domestic product (GDP) is set to grow by 0.6%. The reforms introduced in Spain have enabled the economy to grow by a robust 2.8%.

In the United Kingdom, the upcoming referendum on the question of remaining in the EU could have a negative impact on corporate investment levels. In view of this factor, the forecast economic growth rate of 2.4% may not be fully achieved. Nevertheless, it is still significantly higher than that of the eurozone.

In the USA, the relatively slow start to the year has led to slightly lower expectations for the economy compared with the previous year and growth predictions for the full year 2015 have meanwhile been revised downwards to 2.4%, similar to the growth rate expected for the UK. The central banks of both countries are currently deliberating over the best moment to raise their key reference interest rates. The currently low inflation rate in the USA could increase moderately due to wage rises and therefore exert added pressure on the Federal Reserve Bank. For that reason, interest rates are expected to be raised in the USA towards the end of the year. In the UK, monetary policy is likely to become more restrictive in the course of the coming year.

In Japan, the government has been endeavouring since last spring to reduce its sovereign debt by means of a sales tax hike, a measure that caused the economy to stagnate in 2014. This year, the growth rate is expected to reach 0.9%.

In China, the transformation introduced to encourage a more sustainable economy is likely to lead to lower growth rates in the future. In this context, the Chinese economy is predicted to expand by around 6.9% over the full year 2015. Both the government and the central bank are currently attempting to prevent too strong a drop by adopting expansive fiscal and monetary policies.

Economic output has faltered recently in many emerging markets as the various central banks have endeavoured to fight inflation by means of higher reference interest rates. Only India is likely to see GDP growth (7.6%) in 2015. Brazil in particular is taking a very rigorous approach to fighting inflation. As a result, however, its GDP is expected to decrease by 1.4% over the year as a whole. The downward trend in Russia is among other factors being exacerbated by economic sanctions, with the consequence that economic output is expected to fall by 3.6% in 2015.

Automobile markets in 2015

For the full year 2015, the BMW Group expects automobile markets to grow worldwide by approximately 1.1%. Registration figures are set to increase in most regions, particularly in Europe and the USA. Although the pace of growth in China has slowed down, it nevertheless remains relatively high compared to Western industrialised countries.

European automobile markets have been performing well since the beginning of the year and are likely to grow by 5.6% to a total figure of 13.8 million units for the year as a whole. The market in Germany is forecast to expand by 2.1% to 3.1 million units. The UK is expected to see 2.6 million new vehicle registrations (+3.6%). France's automobile market is set to recover well in 2015 with a total volume of 1.9 million vehicles (+6.7%). Strong growth is also expected in Italy, with the market expanding by 10.9% to 1.5 million units. Spain is almost certain to be among those countries reporting the fastest registration growth rates in 2015, with an expected 1.0 million new vehicles (21.3%) on the roads.

In the USA, first-time registrations are expected to climb by 2.9% to around the 17 million mark. The Chinese automobile market will not be able to maintain the high growth rates recorded in recent years, with the number of new registrations in 2015 likely to finish in the region of 20.3 million units (+7.3%). The market in Japan is expected to contract to 4.8 million units (–10.8%).

The situation in Russia is unlikely to improve, with current forecasts indicating that the market will contract by more than a third to 1.5 million units (–37.3%). Brazil's automobile market will remain on the weak side with a forecast market volume of 2.7 million units for the full year 2015 (–18.8%).

Motorcycle markets in 2015

The markets for 500 cc plus motorcycles should continue to recover slightly in 2015. Registrations are expected to rise slightly across Europe, including increases on a similar scale for the major motorcycle markets in Germany, Spain, Italy and France. The USA is also likely to see a continuation of the positive trend.

Financial Services sector in 2015

The pace of global economy growth is expected to accelerate further as the year progresses. The ECB's expansionary monetary policies within the eurozone are likely to be continued until well beyond the end of the current year. Interest rates should therefore remain generally stable, with potential fluctuations due to uncertainties caused by the debt crisis in Greece. Given the weak economic performance at the start of the year, the US Federal Reserve Bank is now likely to raise its key reference interest rates during the second half of the year. The Bank of England could well follow with interest rate rises of its own in the coming year.

We expect residual values to remain stable worldwide throughout the second half of the year. This includes Europe and the America's region, where residual values are expected to remain at their current levels.

Expected impact on the BMW Group in 2015

Future developments on international automobile markets also have a direct effect on the BMW Group. After the uncertainties that have dominated recent years, we now expect Europe to build on its modest recovery. North America is likely to see a continuation of the positive trend in 2015. In China, however, the pace of growth is expected to be less dynamic than in recent years. The situation on the Russian automobile market can be expected to remain tense over the forecast period.

Outlook for the BMW Group in 2015

The BMW Group in 2015

Profit before tax: solid growth expected

The BMW Group is well positioned to remain on course in 2015 and forecasts a solid rise in Group profit before tax compared to the preceding year (2014: €8,707 million). However, the scale of the increase during the forecast period is likely to be held down by an increasing competition on automobile markets, rising personnel costs, continued high levels of upfront expenditure to safeguard business viability going forward. There is growing uncertainty as to how China's economy will perform in the future. If conditions on the Chinese market become more challenging, we cannot rule out a possible effect on the BMW Group's outlook. A number of risks will also have to be faced, including the precarious state of the Russian market and macroeconomic uncertainties in Europe. We expect our attractive model range to generate positive momentum, which will help us achieve our target of balanced growth on all major markets.

Workforce at year-end: solid increase expected

The BMW Group will continue to recruit staff in 2015 and, based on our latest forecasts, we expect a solid increase in the size of the workforce (2014: 116,324 employees), driven by automobile and motorcycle sales growth on the one hand and the advancement of new technologies, including the ever-increasing scale of digitalisation, on the other. In order to meet these challenges, the BMW Group continues to recruit engineers and skilled experts.

Automotive segment in 2015

Deliveries to customers: solid increase expected

We expect the pace of growth in the Automotive segment to remain high in 2015. Assuming economic conditions continue to be stable, we predict a solid rise in deliveries to customers (2014: 2,117,965 units) to a new high level, which will, in all probability, enable the BMW Group to maintain its position as the world's foremost premium car manufacturer in 2015.

Attractive new models and dynamic market conditions, particularly in North America, should have a positive impact on car sales. After the negative developments in recent years, European automobile markets are expected to stage a slight recovery overall. Nevertheless, the sector environment is likely to remain challenging. The automobile market in China is expected to "normalise" to an increasing extent.

The new 2 Series Convertible was added to the BMW 2 Series with effect from the end of February. The four-wheel-drive high-performance BMW X5 M and X6 M models have been available since March. The new, revised BMW 1 Series will provide additional sales momentum and has also been on sale since March. Revised models of the BMW 6 Series and the M6 were brought onto the markets during the same month. The MINI John Cooper Works high-performance model was launched in April. The seven-seater BMW 2 Series Gran Tourer has been available since June, followed one month later by the revised models of the BMW 3 Series.

The next generation of the BMW 7 Series was presented worldwide on 10 June 2015, setting new benchmarks in terms of lightweight design, driving dynamics, interior comfort, intelligent connectivity and intuitive operation. Thanks to its composite construction featuring carbon-fibre-reinforced plastic (CFRP), steel, aluminium and magnesium, a weight reduction of up to 130 kg has been achieved in comparison to its predecessor. When it is launched in autumn, the new BMW 7 Series will be the lightest luxury sedan in its segment.

The new BMW X1, which will go on sale in autumn, has a body design typical of the BMW X family. Alongside its market-leading dynamics and efficiency, this highly successful model will be available with a host of innovative equipment features such as BMW Head-Up Display, Dynamic Damper Control and Driver Assistance Plus, thus ensuring an outstanding competitive position for the second generation of the X1 within its segment.

The highly efficient BMW X5 xDrive40e will come onto the market in autumn. It is the first BMW brand Sports Activity Vehicle to combine the intelligent BMW xDrive all-wheel drive system with a more advanced plug-in hybrid system, and represents a further important step in the transfer of innovative drivetrain systems from BMW i models to the BMW Group's core brand.

We also expect the MINI brand to generate new sales momentum in 2015, driven, among other factors, by the low average age of its model range. The new MINI Clubman, to be launched in the course of 2015, will feature a wide range of high-value details, generous spaciousness, high functionality and carefully selected materials. The model's unique chassis technology delivers the best driving comfort and typical "go-kart feeling" ever realised for a MINI.

Carbon fleet emissions*: slight decrease expected

We will continue to work hard this year to reduce carbon emissions across the entire fleet. Overall, we expect fleet emissions to decrease slightly in 2015 (2014: 130 g CO_2 / km).

Revenues: significant increase expected

The generally positive trend in business predicted for the BMW Group is also expected to have a positive impact on Automotive segment revenues. We expect a significant rise in revenues over the forecast period as a result of changes in exchange rates (2014: €75,173 million). In the Annual Report 2014 a "solid rise" in revenues was predicted.

EBIT margin in target range between 8 and 10 % expected

The Automotive segment continues to target an EBIT margin within a range of 8 and 10 % (2014: 9.6 %). If conditions on the Chinese market become more challenging, we cannot rule out a possible effect on the BMW Group's outlook.

We expect to see a moderate drop in segment RoCE (2014: 61.7 %). However, the long-term target RoCE of at least 26 % for the Automotive segment will be clearly surpassed.

Motorcycles segment in 2015

Deliveries to customers: solid increase expected

We expect the Motorcycles segment's upward trend to continue, helped by a positive contribution from the new models – R 1200 R, R 1200 RS, S 1000 RR, S 1000 XR and F 800 R – all of which were launched in time for the start of the season. Within a positive market environment, we forecast solid growth in BMW motorcycle sales over the forecast period (2014: 123,495 units).

Return on capital employed (RoCE): slight increase expected

We expect the impetus provided by good sales volumes to result in a slight increase in segment RoCE (2014: 21.8 %). In the Annual Report 2014 a RoCE "in line with last year's level" was expected.

Financial Services segment in 2015

Return on equity (RoE) expected at previous year's level

Based on our assessment, the Financial Services segment will continue to perform well in 2015. Despite rising equity capital requirements worldwide, we forecast RoE in line with last year's level (2014: 19.4 %), thus remaining ahead of the target of at least 18 %.

Overall assessment by Group management for the full year 2015

We forecast a continuation of the upward trend in 2015 and expect to achieve solid growth on the back of a range of factors, including the introduction of numerous new models. Despite the aforementioned challenges,

* EU-28.

We expect a solid increase in Group profit before tax, thus reflecting the anticipated solid growth in sales volume and revenues. Automotive segment revenues, however, are expected to rise significantly, due to changes in exchange rates. At the same time, we foresee a slight decrease in carbon emissions[1] from our fleet of vehicles. We aim to achieve profitable growth through a solid increase in the size of the workforce across the Group. The Automotive segment's EBIT margin is set to remain within the target range of between 8 and 10 %. Based on the planned level of capital expenditure, we expect a moderate decrease in the Automotive segment's RoCE. The Financial Services segment's RoE should remain in line with last year's level. Nevertheless, both performance indicators will be higher than their long-term targets of 26 % and 18 % respectively. For the Motorcycles segment, we forecast a solid rise in sales volume and a slight increase in RoCE. Depending on the political and economic situation, actual business performance could differ from current expectations.

Report on risks and opportunities

As a globally operating enterprise, the BMW Group is constantly confronted with a broad range of risks, but also with numerous opportunities. Making full use of the opportunities that present themselves is the basis for the Company's success. Risks are also taken consciously in order to achieve growth, profitability, greater efficiency and sustainable levels of future business. There have been no material changes to the overall risk profile compared to that described in the Group Management Report 2014. Further information on risks and opportunities, and on the methods employed to manage them, can also be found in the "Report on risks and opportunities" section on pages 70 et seq. of the Annual Report 2014.

Principal performance indicators

		2014	2015 Outlook
BMW Group			
Workforce at end of year		**116,324**	solid increase
Profit before tax	€ million	**8,707**	solid increase
Automotive segment			
Sales volume[2]	units	**2,117,965**	solid increase
Fleet emissions[1]	g CO_2/km	**130**	slight decrease
Revenues	€ million	**75,173**	significant increase
EBIT margin	%	**9.6**	unchanged between 8 and 10
Return on capital employed	%	**61.7**	moderate decrease
Motorcycles segment			
Sales volume	units	**123,495**	solid increase
Return on capital employed	%	**21.8**	slight increase
Financial Services segment			
Return on equity	%	**19.4**	in line with last year's level

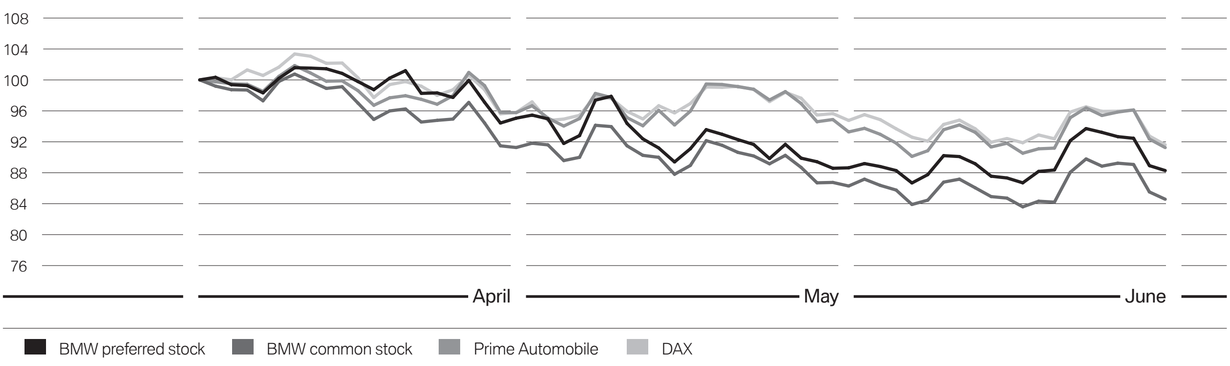
[1] EU-28.
[2] Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2014: 275,891 units).

BMW stock and capital markets in second quarter 2015
After a first quarter in which stock markets made strong advances in the wake of the announcement of ECB support measures for the eurozone and the steep depreciation of the euro against the dollar, the mood in European financial centres was more subdued during the second quarter of 2015. Uncertainty was created on the one hand by issues such as the debt crisis in Greece, concerns about a possible escalation of the situation in Ukraine and the sanctions imposed on Russia. Equally, slower growth and turbulence on the Chinese market had a dampening effect on investor sentiment, with the International Monetary Fund reducing its growth forecasts for the current year to 6.8 %.

The German stock index (DAX) finished the second quarter at 10,945 points, 8.5 % lower than three months earlier. The index nevertheless remained at a high level and, at 30 June 2015, was still 11.6 % above its level at the end of the financial year 2014. The Prime Automobile Index followed a similar trend to the DAX in the second quarter with a loss of 8.9 %. The sector index finished the first half of the year at 1,762 points, still 18.3 % above its closing level on 31 December 2014.

Similar to the development of stock market indices, the market price of BMW stocks also fell sharply during the second quarter. BMW common stock closed at €98.18 on 30 June 2015, down by 15.7 % compared to three months earlier. Despite this drop, BMW common stock still remains 9.4 % above its closing price at the end of 2014. BMW preferred stock also lost value over the course of the second quarter, finishing at €75.93 and hence 11.9 % down on its closing price at 31 March 2015. Compared to its price at the end of the final day of trading in 2014, however, BMW preferred stock was up by 11.9 %.

Development of BMW stock compared to stock exchange indices
(Index: 31.3.2015 = 100)



INTERIM GROUP FINANCIAL STATEMENT

Income Statements for Group and Segments for the period from 1 April to 30 June 2015
Statement of Comprehensive Income for Group for the period from 1 April to 30 June 2015

Income Statement for Group and Segments for the second quarter

in € million

	Note	Group		Automotive[1]	
		2015	2014[2]	**2015**	2014
Revenues	5	**23,935**	19,905	**21,650**	18,504
Cost of sales	6	**–19,332**	–15,444	**–17,996**	–14,746
Gross profit		**4,603**	**4,461**	**3,654**	**3,758**
Selling and administrative expenses	7	**–2,167**	–1,888	**–1,822**	–1,586
Other operating income	8	**293**	213	**198**	172
Other operating expenses	8	**–204**	–183	**–211**	–183
Profit before financial result		**2,525**	**2,603**	**1,819**	**2,161**
Result from equity accounted investments	9	**155**	201	**155**	201
Interest and similar income	10	**59**	55	**82**	91
Interest and similar expenses	10	**–131**	–138	**–175**	–161
Other financial result	11	**–26**	–67	**–37**	–42
Financial result		**57**	**51**	**25**	**89**
Profit before tax		**2,582**	**2,654**	**1,844**	**2,250**
Income taxes	12	**–833**	–887	**–596**	–753
Net profit/loss		**1,749**	**1,767**	**1,248**	**1,497**
Attributable to minority interest		**6**	6	**1**	3
Attributable to shareholders of BMW AG		**1,743**	**1,761**	**1,247**	**1,494**
Basic earnings per share of common stock in €	13	**2.66**	2.68		
Basic earnings per share of preferred stock in €	13	**2.67**	2.69		
Dilutive effects	13	**–**	–		
Diluted earnings per share of common stock in €	13	**2.66**	2.68		
Diluted earnings per share of preferred stock in €	13	**2.67**	2.69		

[1] Supplementary information (not subject of the review).
[2] Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Statement of Comprehensive Income for Group for the second quarter

in € million

	Note	**2015**	2014*
Net profit		**1,749**	**1,767**
Remeasurement of net liability for defined benefit pension plans		**2,599**	–634
Deferred taxes		**–819**	224
Items not expected to be reclassified to the income statement in the future		**1,780**	**–410**
Available-for-sale securities		**–170**	27
Financial instruments used for hedging purposes		**1,681**	–711
Other comprehensive income from equity accounted investments		**112**	–4
Deferred taxes		**–562**	206
Currency translation foreign operations		**–241**	229
Items expected to be reclassified to the income statement in the future		**820**	**–253**
Other comprehensive income for the period after tax	14	**2,600**	**–663**
Total comprehensive income		**4,349**	**1,104**
Total comprehensive income attributable to minority interests		**6**	6
Total comprehensive income attributable to shareholders of BMW AG		**4,343**	**1,098**

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Motorcycles[1]		Financial Services[1]		Other Entities[1]		Eliminations[1]		
2015	2014	**2015**	2014[2]	**2015**	2014	**2015**	2014	
622	528	**6,154**	5,155	**1**	1	**–4,492**	–4,283	Revenues
–452	–423	**–5,370**	–4,466	**–**	–	**4,486**	4,191	Cost of sales
170	**105**	**784**	**689**	**1**	**1**	**–6**	**–92**	**Gross profit**
–58	–49	**–284**	–250	**–6**	–7	**3**	4	Selling and administrative expenses
–	–	**9**	28	**102**	31	**–16**	–18	Other operating income
–	–1	**–6**	–8	**–3**	–9	**16**	18	Other operating expenses
112	**55**	**503**	**459**	**94**	**16**	**–3**	**–88**	**Profit before financial result**
–	–	**–**	–	**–**	–	**–**	–	Result from equity accounted investments
–	–	**1**	2	**318**	346	**–342**	–384	Interest and similar income
–	–1	**–1**	–7	**–286**	–314	**331**	345	Interest and similar expenses
–	–	**–7**	–2	**18**	–23	**–**	–	Other financial result
–	**–1**	**–7**	**–7**	**50**	**9**	**–11**	**–39**	Financial result
112	**54**	**496**	**452**	**144**	**25**	**–14**	**–127**	**Profit before tax**
–37	–17	**–147**	–141	**–50**	–20	**–3**	44	Income taxes
75	**37**	**349**	**311**	**94**	**5**	**–17**	**–83**	**Net profit/loss**
–	–	**5**	3	**–**	–	**–**	–	Attributable to minority interest
75	**37**	**344**	**308**	**94**	**5**	**–17**	**–83**	**Attributable to shareholders of BMW AG**
								Basic earnings per share of common stock in €
								Basic earnings per share of preferred stock in €
								Dilutive effects
								Diluted earnings per share of common stock in €
								Diluted earnings per share of preferred stock in €

Income Statements for Group and Segments for the period from 1 January to 30 June 2015
Statement of Comprehensive Income for Group for the period from 1 January to 30 June 2015

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

in € million

	Note	Group 2015	Group 2014[2]	Automotive[1] 2015	Automotive[1] 2014
Revenues	5	**44,852**	38,140	**40,543**	35,063
Cost of sales	6	**–35,893**	–29,815	**–33,504**	–28,186
Gross profit		**8,959**	**8,325**	**7,039**	**6,877**
Selling and administrative expenses	7	**–4,051**	–3,646	**–3,412**	–3,081
Other operating income	8	**588**	367	**436**	283
Other operating expenses	8	**–450**	–353	**–450**	–338
Profit before financial result		**5,046**	**4,693**	**3,613**	**3,741**
Result from equity accounted investments	9	**283**	426	**283**	426
Interest and similar income	10	**101**	98	**173**	167
Interest and similar expenses	10	**–253**	–231	**–315**	–262
Other financial result	11	**–326**	–173	**–276**	–179
Financial result		**–195**	**120**	**–135**	**152**
Profit before tax		**4,851**	**4,813**	**3,478**	**3,893**
Income taxes	12	**–1,586**	–1,588	**–1,147**	–1,287
Net profit/loss		**3,265**	**3,225**	**2,331**	**2,606**
Attributable to minority interest		**10**	10	**–**	5
Attributable to shareholders of BMW AG		**3,255**	**3,215**	**2,331**	**2,601**
Basic earnings per share of common stock in €	13	**4.96**	4.90		
Basic earnings per share of preferred stock in €	13	**4.97**	4.91		
Dilutive effects	13	**–**	–		
Diluted earnings per share of common stock in €	13	**4.96**	4.90		
Diluted earnings per share of preferred stock in €	13	**4.97**	4.91		

[1] Supplementary information (not subject of the review).
[2] Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

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

in € million

	Note	2015	2014*
Net profit		**3,265**	**3,225**
Remeasurement of net liability for defined benefit pension plans		**995**	–914
Deferred taxes		**–234**	339
Items not expected to be reclassified to the income statement in the future		**761**	**–575**
Available-for-sale securities		**–143**	18
Financial instruments used for hedging purposes		**–2,956**	–667
Other comprehensive income from equity accounted investments		**–18**	–13
Deferred taxes		**999**	191
Currency translation foreign operations		**1,106**	231
Items expected to be reclassified to the income statement in the future		**–1,012**	**–240**
Other comprehensive income for the period after tax	14	**–251**	**–815**
Total comprehensive income		**3,014**	**2,410**
Total comprehensive income attributable to minority interests		**10**	10
Total comprehensive income attributable to shareholders of BMW AG		**3,004**	**2,400**

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

Motorcycles[1] 2015	Motorcycles[1] 2014	Financial Services[1] 2015	Financial Services[1] 2014[2]	Other Entities[1] 2015	Other Entities[1] 2014	Eliminations[1] 2015	Eliminations[1] 2014	
1,189	1,000	**12,212**	10,045	**3**	3	**–9,095**	–7,971	Revenues
–855	–781	**–10,621**	–8,698	**–**	–	**9,087**	7,850	Cost of sales
334	**219**	**1,591**	**1,347**	**3**	**3**	**–8**	**–121**	**Gross profit**
–107	–99	**–531**	–464	**–10**	–11	**9**	9	Selling and administrative expenses
–	–	**12**	60	**159**	59	**–19**	–35	Other operating income
–	–1	**–14**	–19	**–18**	–25	**32**	30	Other operating expenses
227	**119**	**1,058**	**924**	**134**	**26**	**14**	**–117**	**Profit before financial result**
–	–	**–**	–	**–**	–	**–**	–	Result from equity accounted investments
–	–	**3**	3	**607**	656	**–682**	–728	Interest and similar income
–1	–2	**–2**	–14	**–574**	–614	**639**	661	Interest and similar expenses
–	–	**–4**	–8	**–46**	14	**–**	–	Other financial result
–1	**–2**	**–3**	**–19**	**–13**	**56**	**–43**	**–67**	Financial result
226	**117**	**1,055**	**905**	**121**	**82**	**–29**	**–184**	**Profit before tax**
–74	–37	**–322**	–281	**–44**	–43	**1**	60	Income taxes
152	**80**	**733**	**624**	**77**	**39**	**–28**	**–124**	**Net profit/loss**
–	–	**10**	5	**–**	–	**–**	–	Attributable to minority interest
152	**80**	**723**	**619**	**77**	**39**	**–28**	**–124**	**Attributable to shareholders of BMW AG**
								Basic earnings per share of common stock in €
								Basic earnings per share of preferred stock in €
								Dilutive effects
								Diluted earnings per share of common stock in €
								Diluted earnings per share of preferred stock in €

Balance Sheets for Group and Segments to 30 June 2015

Assets

	Note	Group		Automotive*	
in € million		**30.6.2015**	31.12.2014	**30.6.2015**	31.12.2014
Intangible assets	15	**6,512**	6,499	**6,025**	5,999
Property, plant and equipment	16	**17,443**	17,182	**17,132**	16,863
Leased products	17	**32,680**	30,165	**–**	3
Investments accounted for using the equity method	18	**1,217**	1,088	**1,217**	1,088
Other investments	18	**401**	408	**5,245**	5,110
Receivables from sales financing	19	**41,576**	37,438	**–**	–
Financial assets	20	**1,966**	2,024	**530**	447
Deferred tax	21	**2,182**	2,061	**4,153**	3,253
Other assets	22	**1,549**	1,094	**3,860**	3,662
Non-current assets		**105,526**	**97,959**	**38,162**	**36,425**
Inventories	23	**12,016**	11,089	**11,623**	10,698
Trade receivables		**2,808**	2,153	**2,477**	1,887
Receivables from sales financing	19	**24,996**	23,586	**–**	–
Financial assets	20	**5,853**	5,384	**4,280**	3,952
Current tax	21	**1,980**	1,906	**1,231**	1,186
Other assets	22	**4,529**	5,038	**18,467**	19,231
Cash and cash equivalents		**6,939**	7,688	**5,267**	5,752
Current assets		**59,121**	**56,844**	**43,345**	**42,706**
Total assets		**164,647**	**154,803**	**81,507**	**79,131**

Equity and liabilities

	Note	Group		Automotive*	
in € million		**30.6.2015**	31.12.2014	**30.6.2015**	31.12.2014
Subscribed capital	24	**656**	656		
Capital reserves	24	**2,005**	2,005		
Revenue reserves	24	**37,733**	35,621		
Accumulated other equity	24	**–2,074**	–1,062		
Equity attributable to shareholders of BMW AG	24	**38,320**	37,220		
Minority interest	24	**228**	217		
Equity		**38,548**	**37,437**	**29,053**	**31,045**
Pension provisions		**3,396**	4,604	**1,949**	2,741
Other provisions	25	**4,824**	4,268	**4,295**	3,777
Deferred tax	26	**1,591**	1,974	**438**	421
Financial liabilities	27	**47,164**	43,167	**3,641**	1,933
Other liabilities	28	**4,461**	4,275	**5,866**	5,445
Non-current provisions and liabilities		**61,436**	**58,288**	**16,189**	**14,317**
Other provisions	25	**4,051**	4,522	**3,563**	3,746
Current tax	26	**1,957**	1,590	**1,111**	1,050
Financial liabilities	27	**41,708**	37,482	**4,269**	3,250
Trade payables		**8,389**	7,709	**7,516**	6,929
Other liabilities	28	**8,558**	7,775	**19,806**	18,794
Current provisions and liabilities		**64,663**	**59,078**	**36,265**	**33,769**
Total equity and liabilities		**164,647**	**154,803**	**81,507**	**79,131**

* Supplementary information (not subject of the review).

Assets

	Motorcycles*		Financial Services*		Other Entities*		Eliminations*	
	30.6.2015	31.12.2014	**30.6.2015**	31.12.2014	**30.6.2015**	31.12.2014	**30.6.2015**	31.12.2014
Intangible assets	**51**	54	**435**	445	**1**	1	**–**	–
Property, plant and equipment	**279**	285	**32**	34	**–**	–	**–**	–
Leased products	**–**	–	**38,162**	35,366	**–**	–	**–5,482**	–5,204
Investments accounted for using the equity method	**–**	–	**–**	–	**–**	–	**–**	–
Other investments	**–**	–	**6**	6	**5,783**	5,808	**–10,633**	–10,516
Receivables from sales financing	**–**	–	**41,576**	37,438	**–**	–	**–**	–
Financial assets	**–**	–	**190**	210	**1,897**	1,751	**–651**	–384
Deferred tax	**–**	–	**284**	287	**288**	367	**–2,543**	–1,846
Other assets	**19**	20	**2,204**	1,913	**23,345**	21,895	**–27,879**	–26,396
Non-current assets	**349**	**359**	**82,889**	**75,699**	**31,314**	**29,822**	**–47,188**	**–44,346**
Inventories	**385**	383	**8**	8	**–**	–	**–**	–
Trade receivables	**159**	128	**171**	137	**1**	1	**–**	–
Receivables from sales financing	**–**	–	**24,996**	23,586	**–**	–	**–**	–
Financial assets	**–**	–	**1,176**	1,048	**1,327**	898	**–930**	–514
Current tax	**–**	–	**108**	102	**641**	618	**–**	–
Other assets	**–**	–	**3,809**	3,953	**41,003**	36,682	**–58,750**	–54,828
Cash and cash equivalents	**–**	–	**1,561**	1,783	**111**	153	**–**	–
Current assets	**544**	**511**	**31,829**	**30,617**	**43,083**	**38,352**	**–59,680**	**–55,342**
Total assets	**893**	**870**	**114,718**	**106,316**	**74,397**	**68,174**	**–106,868**	**–99,688**

Equity and liabilities

	Motorcycles*		Financial Services*		Other Entities*		Eliminations*	
	30.6.2015	31.12.2014	**30.6.2015**	31.12.2014	**30.6.2015**	31.12.2014	**30.6.2015**	31.12.2014
Subscribed capital								
Capital reserves								
Revenue reserves								
Accumulated other equity								
Equity attributable to shareholders of BMW AG								
Minority interest								
Equity	**–**	**–**	**9,618**	**9,357**	**15,216**	**12,031**	**–15,339**	**–14,996**
Pension provisions	**78**	78	**78**	75	**1,291**	1,710	**–**	–
Other provisions	**154**	160	**315**	273	**60**	58	**–**	–
Deferred tax	**–**	–	**5,371**	5,078	**18**	13	**–4,236**	–3,538
Financial liabilities	**–**	–	**14,345**	14,695	**29,829**	26,923	**–651**	–384
Other liabilities	**366**	357	**24,611**	23,680	**54**	51	**–26,436**	–25,258
Non-current provisions and liabilities	**598**	**595**	**44,720**	**43,801**	**31,252**	**28,755**	**–31,323**	**–29,180**
Other provisions	**69**	62	**413**	432	**6**	282	**–**	–
Current tax	**–**	–	**405**	162	**441**	378	**–**	–
Financial liabilities	**–**	–	**21,978**	19,122	**16,391**	15,624	**–930**	–514
Trade payables	**208**	192	**635**	571	**30**	17	**–**	–
Other liabilities	**18**	21	**36,949**	32,871	**11,061**	11,087	**–59,276**	–54,998
	295	**275**	**60,380**	**53,158**	**27,929**	**27,388**	**–60,206**	**–55,512**
Total equity and liabilities	**893**	**870**	**114,718**	**106,316**	**74,397**	**68,174**	**–106,868**	**–99,688**

Condensed Cash Flow Statements for Group and Segments for the period from 1 January to 30 June 2015

	Group	
in € million	**2015**	2014[2]
Net profit	**3,265**	3,225
Depreciation and amortisation of tangible, intangible and investment assets	**2,234**	1,983
Change in provisions	**–146**	287
Change in leased products and receivables from sales financing	**–3,381**	–2,141
Change in deferred taxes	**–17**	244
Changes in working capital	**–541**	–1,782
Other	**–629**	50
Cash inflow / outflow from operating activities	**785**	**1,866**
Investment in intangible assets and property, plant and equipment	**–2,208**	–2,580
Net investment in marketable securities and term deposits	**–351**	17
Other	**59**	80
Cash inflow / outflow from investing activities	**–2,500**	**–2,483**
Cash inflow / outflow from financing activities	**824**	**462**
Effect of exchange rate on cash and cash equivalents	**142**	**–12**
Effect of changes in composition of Group on cash and cash equivalents	**–**	**2**
Change in cash and cash equivalents	**–749**	**–165**
Cash and cash equivalents as at 1 January	**7,688**	7,671
Cash and cash equivalents as at 30 June	**6,939**	**7,506**

[1] Supplementary information (not subject of the review).
[2] Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

	Automotive[1]		Financial Services[1]	
	2015	2014[2]	**2015**	2014[2]
Net profit	**2,331**	2,606	**733**	624
Depreciation and amortisation of tangible, intangible and investment assets	**2,186**	1,936	**14**	13
Change in provisions	**76**	185	**171**	77
Change in leased products and receivables from sales financing	**3**	6	**–3,438**	–2,328
Change in deferred taxes	**109**	393	**–125**	–72
Changes in working capital	**–560**	–1,807	**23**	74
Other	**693**	153	**–784**	665
Cash inflow / outflow from operating activities	**4,838**	**3,472**	**–3,406**	**–947**
Investment in intangible assets and property, plant and equipment	**–2,183**	–2,548	**–1**	–2
Net investment in marketable securities and term deposits	**–278**	7	**–74**	4
Other	**–98**	78	**–**	–
Cash inflow / outflow from investing activities	**–2,559**	**–2,463**	**–75**	**2**
Cash inflow / outflow from financing activities	**–2,828**	**–1,464**	**3,270**	**1,228**
Effect of exchange rate on cash and cash equivalents	**64**	**–8**	**–11**	**–11**
Effect of changes in composition of Group on cash and cash equivalents	**–**	**2**	**–**	**–**
Change in cash and cash equivalents	**–485**	**–461**	**–222**	**272**
Cash and cash equivalents as at 1 January	**5,752**	6,775	**1,783**	879
Cash and cash equivalents as at 30 June	**5,267**	**6,314**	**1,561**	**1,151**

Group Statement of Changes in Equity to 30 June 2015

in € million	Note	Subscribed capital	Capital reserves	Revenue reserves
1 January 2014*	24	**656**	**1,990**	**33,122**
Dividends paid		–	–	–1,707
Net profit		–	–	3,215
Other comprehensive income for the period after tax		–	–	–575
Comprehensive income 30 June 2014*		**–**	**–**	**2,640**
Other changes		–	–	–
30 June 2014*	24	**656**	**1,990**	**34,055**

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

in € million	Note	Subscribed capital	Capital reserves	Revenue reserves
1 January 2015	24	**656**	**2,005**	**35,621**
Dividends paid		–	–	–1,904
Net profit		–	–	3,255
Other comprehensive income for the period after tax		–	–	761
Comprehensive income 30 June 2015		**–**	**–**	**4,016**
Other changes		–	–	–
30 June 2015	24	**656**	**2,005**	**37,733**

Accumulated other equity			Equity attributable to shareholders of BMW AG	Minority interest	**Total**	
Translation differences	Securities	Derivative financial instruments				
–1,627	**135**	**1,136**	**35,412**	**188**	**35,600**	**1 January 2014***
–	–	–	–1,707	–	**–1,707**	Dividends paid
–	–	–	3,215	10	**3,225**	Net profit
214	–5	–449	–815	–	**–815**	Other comprehensive income for the period after tax
214	**–5**	**–449**	**2,400**	**10**	**2,410**	**Comprehensive income 30 June 2014***
7	–	–	7	–7	–	Other changes
–1,406	**130**	**687**	**36,112**	**191**	**36,303**	**30 June 2014***

Accumulated other equity			Equity attributable to shareholders of BMW AG	Minority interest	**Total**	
Translation differences	Securities	Derivative financial instruments				
–723	**141**	**–480**	**37,220**	**217**	**37,437**	**1 January 2015**
–	–	–	–1,904	–	**–1,904**	Dividends paid
–	–	–	3,255	10	**3,265**	Net profit
1,230	–95	–2,147	–251	–	**–251**	Other comprehensive income for the period after tax
1,230	**–95**	**–2,147**	**3,004**	**10**	**3,014**	**Comprehensive income 30 June 2015**
–	–	–	–	1	1	Other changes
507	**46**	**–2,627**	**38,320**	**228**	**38,548**	**30 June 2015**

1 — Basis of preparation

The Group Financial Statements of BMW AG at 31 December 2014 were drawn up in accordance with International Financial Reporting Standards (IFRSs), as applicable in the European Union (EU) at that date. The interim Group Financial Statements (Interim Report) at 30 June 2015, which have been prepared in accordance with International Accounting Standard (IAS) 34 (Interim Financial Reporting), have been drawn up using, in all material respects, the same accounting methods as those utilised in the 2014 Group Financial Statements. The BMW Group applies the option of publishing condensed group financial statements. All Interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) which are mandatory at 30 June 2015 have also been applied. The Interim Report also complies with German Accounting Standard No. 16 (GAS 16) – Interim Financial Reporting – issued by the German Accounting Standards Committee e.V. (GASC).

Further information regarding the Group's accounting principles and policies is contained in the Group Financial Statements at 31 December 2014.

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

A Statement of Comprehensive Income is presented at Group level reconciling the net profit to comprehensive income for the periods under report.

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 Group Financial Statements also include balance sheets and income statements for the Automotive, Motorcycles, Financial Services and Other Entities segments. The Group Cash Flow Statement is supplemented by statements of cash flows for the Automotive and Financial Services segments, whereby the supplementary information was not part of the external auditor's review.

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

Inter-segment transactions – relating primarily to internal sales of products, the provision of funds and the related interest – are eliminated in the "Eliminations" column. More detailed information regarding the allocation of activities of the BMW Group to segments and a description of the segments is provided in the explanatory notes to segment information in the Group Financial Statements of BMW AG for the year ended 31 December 2014.

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 IFRS 10 (Consolidated Financial Statements) such assets remain in the Group Financial Statements although they have been legally sold. Gains and losses relating to the sale of such assets are not recognised until the assets are removed from the Group balance sheet on transfer of the related significant risks and rewards. The balance sheet value of the assets sold at 30 June 2015 totalled €11.8 billion (31 December 2014: €10.9 billion).

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

The Interim Group Financial Statements at 30 June 2015 have been reviewed by the Group auditors, KPMG AG Wirtschaftsprüfungsgesellschaft, Berlin.

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

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

2 — Group reporting entity

The BMW Group Financial Statements for the first half of 2015 include, besides BMW AG, 21 German and 167 foreign subsidiaries. This includes one special purpose securities fund and 30 special purpose trusts, almost all of which are used for asset backed financing. In addition, three joint operations are consolidated proportionately.

No entities were consolidated for the first time in the first half of 2015. LARGUS Grundstücks-Verwaltungsgesellschaft mbH & Co. KG was merged during the first half of the year with LARGUS Grundstücks-Verwaltungsgesellschaft mbH and ceased to be a separate consolidated company.

Compared to 30 June of last year, three subsidiaries and six special purpose trusts have been consolidated for the first time. Five subsidiaries and eight special purpose trusts ceased to be consolidated companies.

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

3 — Currency translation

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

	Closing rate		Average rate	
	30.6.2015	31.12.2014	**1 January to 30 June 2015**	1 January to 30 June 2014
US Dollar	**1.12**	1.21	**1.12**	1.37
British Pound	**0.71**	0.78	**0.73**	0.82
Chinese Renminbi	**6.94**	7.53	**6.94**	8.46
Japanese Yen	**136.72**	144.95	**134.17**	140.44
Russian Rouble	**62.46**	70.98	**64.53**	48.02

For further information regarding foreign currency translation, reference is made to note 5 of the Group Financial Statements of BMW AG for the year ended 31 December 2014.

4 — New financial reporting rules

(a) Financial reporting rules applied for the first time in the first half of 2015

The following Standards, Revised Standards, Amendments and Interpretations were applied for the first time in the first half of 2015:

Standard / Interpretation		Date of issue by IASB	Date of mandatory application IASB	Date of mandatory application EU	Impact on BMW Group
IAS 19	Employment Benefits: Employee Contributions (Amendments to IAS 19)	21.11.2013	1.7.2014	1.2.2015[1]	Insignificant
IFRIC 21	Levies	20.5.2013	1.1.2014	17.6.2014[2]	Insignificant
	Annual Improvements to IFRS 2010 – 2012	12.12.2013	1.7.2014	1.2.2015[1]	Insignificant
	Annual Improvements to IFRS 2011 – 2013	12.12.2013	1.7.2014	1.1.2015	Insignificant

[1] Mandatory application in annual periods beginning on or after 1 February 2015.
[2] Mandatory application in annual periods beginning on or after 17 June 2014.

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

Standard / Interpretation		Date of issue by IASB	Date of mandatory application IASB	Date of mandatory application EU	Expected impact on BMW Group
IFRS 9	Financial Instruments	12.11.2009 / 28.10.2010 / 16.12.2011 / 19.11.2013 / 24.7.2014	1.1.2018	No	Significant in principle
IFRS 10 / IAS 28	Sale or Contribution of Assets between an Investor and an Associate or Joint Venture (Amendments to IFRS 10 and IAS 28)	11.9.2014	1.1.2016	No	Insignificant
IFRS 10 / IFRS 12 / IAS 28	Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)	18.12.2014	1.1.2016	No	Insignificant
IFRS 11	Acquisition of an Interest in a Joint Operation (Amendments to IFRS 11)	6.5.2014	1.1.2016	No	Insignificant
IFRS 14	Regulatory Deferral Accounts	30.1.2014	1.1.2016	No	Insignificant
IFRS 15	Revenue from Contracts with Customers	28.5.2014	1.1.2017	No	Significant in principle
IAS 1	Presentation of Financial Statements (Initiative to Improve Disclosure Requirements – Amendments to IAS 1)	18.12.2014	1.1.2016	No	Significant in principle
IAS 16 / IAS 38	Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38)	12.5.2014	1.1.2016	No	Insignificant
IAS 16 / IAS 41	Agriculture: Bearer Plants (Amendments to IAS 16 and IAS 41)	30.6.2014	1.1.2016	No	None

Standard / Interpretation		Date of issue by IASB	Date of mandatory application IASB	Date of mandatory application EU	Expected impact on BMW Group
IAS 27	Equity Method in Separate Financial Statements (Amendments to IAS 27)	12.8.2014	1.1.2016	No	None
	Annual Improvements to IFRS 2012 – 2014	25.9.2014	1.1.2016	No	Insignificant
	Amendments to "International Financial Reporting Standard for Small and Medium-sized Entities" (IFRS for SMEs)	21.5.2015	1.1.2017	No	None

In November 2009 the IASB issued IFRS 9 (Financial Instruments) as part of a project to revise the accounting for financial instruments. This Standard marks the first of three phases of the IASB project to replace the existing IAS 39 (Financial Instruments: Recognition and Measurement). The first phase deals initially only with financial assets. IFRS 9 amends the recognition and measurement requirements for financial assets, including various hybrid contracts.

Financial assets are measured at either amortised cost or fair value. IFRS 9 harmonises the various rules contained in IAS 39 and reduces the number of valuation categories for financial instruments on the assets side of the balance sheet.

The new categorisation is based partly on the entity's business model and partly on the contractual cash flow characteristics.

In October 2010, additional rules for financial liabilities were added to IFRS 9. The requirements for financial liabilities contained in IAS 39 remain unchanged with the exception of new requirements relating to the measurement of an entity's own credit risk at fair value. A package of amendments to IFRS 9 was announced on 19 November 2013. On the one hand, the amendments overhaul the requirements for hedge accounting by introducing a new hedge accounting model. They also enable entities to change the accounting for liabilities they have elected to measure at fair value, such that fair value changes due to changes in "own credit risk" would not require to be recognised in profit or loss. The mandatory effective date of 1 January 2015 was removed and a new application date of 1 January 2018 set. The impact of adoption of the Standard on the Group Financial Statements is currently being assessed.

In May 2014 the IASB issued IFRS 15 (Revenue from Contracts with Customers) together with the Financial Accounting Standards Board. The objective of the new Standard is to assimilate all the various existing requirements and Interpretations relating to revenue recognition (IAS 11 Construction Contracts, IAS 18 Revenue, IFRIC 13 Customer Loyalty Programmes, IFRIC 15 Agreements for the Construction of Real Estate, IFRIC 18 Transfers of Assets from Customers, SIC-31 Revenue – Barter Transactions involving Advertising Services) in a single Standard. The new Standard also stipulates uniform revenue recognition principles for all sectors and all categories.

The new Standard is based on a five-step model, which sets out the rules for revenue from contracts with customers. Lease arrangements, insurance contracts, financial instruments and specified contractual rights and obligations relating to non-monetary transactions between entities within the same sector are excluded from the scope of the Standard. Revenue can be recognised either over time or at a specific point in time. The five-step model describes the five steps necessary to recognise revenue on the basis of the transfer of control:
1. Identify the contract with the customer
2. Identify the performance obligations in the contract
3. Determine the transaction price
4. Allocate the transaction price to separate performance obligations
5. Recognise revenue when a performance obligation is satisfied.

In the case of multi-component transactions or transactions with variable consideration, it is possible that revenue may have to be recognised earlier or later under IFRS 15 compared with the previous Standard.

A major difference to the previous Standard is the increased scope of discretion for estimates and the introduction of thresholds that could influence the amount and timing of revenue recognition.

The first-time application of this Standard was postponed by one year to annual periods beginning on or after 1 January 2018. Early adoption is permitted under IFRS. The impact of adoption of the new requirements on the Group Financial Statements is currently being assessed.

In December 2014, the IASB issued Amendments to IAS 1 as part of its disclosure initiative. The amendments relate primarily to clarifications relating to the presentation of financial reports.

Firstly, disclosures are only required to be made in the notes if their inclusion is material for users of the financial statements. This also applies when an IFRS Standard explicitly specifies a minimum list of disclosures. Secondly, items to be presented in the balance sheet, income statement and comprehensive income can be aggregated or disaggregated by using subtotals. Thirdly, it clarifies that an entity's share of other comprehensive income of equity-accounted entities is required to be analysed – within the Statement of Comprehensive Income – to show "components, which will be subsequently reclassified to profit and loss" and "components, which will be not subsequently reclassified to profit and loss". Fourthly, the mandatory application of the standard template for the notes was removed: the notes to the financial statements should be drawn up taking into account their entity-specific relevance.

The Standard is mandatory for the first time for annual periods beginning on or after 1 January 2016. Early adoption is permitted. The potential impact of adoption of the new requirements on the Group Financial Statements is currently being assessed.

5 — Revenues

Revenues by activity comprise the following:

in € million	2nd quarter 2015	2nd quarter 2014	1 January to 30 June 2015	1 January to 30 June 2014
Sales of products and related goods	**17,792**	14,888	**32,772**	28,390
Income from lease instalments	**2,235**	1,906	**4,416**	3,775
Sale of products previously leased to customers	**2,293**	1,725	**4,569**	3,277
Interest income on loan financing	**813**	705	**1,604**	1,394
Other income	**802**	681	**1,491**	1,304
Revenues	**23,935**	**19,905**	**44,852**	**38,140**

An analysis of revenues by business segment is shown in the segment information in note 31.

6 — Cost of sales

Cost of sales include €11,690 million (2014: €9,217 million) in the second quarter and €20,957 million (2014: €17,362 million) in the six-month period relating to manufacturing costs.

Cost of sales attributable to financial services business amounted to €5,128 million (2014: €4,076 million) in the second quarter and €10,092 million (2014: €8,021 million) for the period from 1 January to 30 June 2015.

Second-quarter cost of sales include research and development expenses of €1,085 million (2014: €992 million), comprising all research costs and development costs not recognised as assets as well as the amortisation of capitalised development costs amounting to €259 million (2014: €274 million). For the first half of the year, research and development expenses amounted to €2,022 million (2014: €1,979 million), including amortisation on capitalised development costs of €516 million (2014: €539 million).

7 — Selling and administrative expenses

Selling expenses, comprising mainly marketing, advertising and sales personnel costs, amounted to €1,416 million (2014: €1,251 million) in the second quarter and €2,670 million (2014: €2,458 million) for the six-month period.

Administrative expenses, comprising expenses for administration not attributable to development, production or sales functions, amounted to €751 million (2014: €637 million) in the second quarter and €1,381 million (2014: €1,188 million) for the six-month period.

8 — Other operating income and expenses

Other operating income in the second quarter totalled €293 million (2014: €213 million). The six-month figure amounted to €588 million (2014: €367 million). Second-quarter and six-month other operating expenses totalled €204 million (2014: €183 million) and €450 million (2014: €353 million) respectively. These items principally include exchange gains and losses, gains and losses on the disposal of assets, write-downs and income/expense from the reversal of, and allocation to, provisions.

9 — Result from equity accounted investments

The result from equity accounted investments in the second quarter was a positive amount of €155 million (2014: €201 million). For the first half of the year, the equivalent figure was €283 million (2014: €426 million).

These figures include the results of the joint ventures BMW Brilliance Automotive Ltd., Shenyang, DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich.

10 — Net interest result

in € million	**2nd quarter 2015**	2nd quarter 2014*	**1 January to 30 June 2015**	1 January to 30 June 2014*
Interest and similar income	**59**	55	**101**	98
Interest and similar expenses	**–131**	–138	**–253**	–231
Net interest result	**–72**	**–83**	**–152**	**–133**

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

11 — Other financial result

in € million	**2nd quarter 2015**	2nd quarter 2014	**1 January to 30 June 2015**	1 January to 30 June 2014
Result on investments	**1**	–6	**1**	–7
Sundry other financial result	**–27**	–61	**–327**	–166
Other financial result	**–26**	**–67**	**–326**	**–173**

12 — Income taxes

Taxes on income comprise the following:

in € million	**2nd quarter 2015**	2nd quarter 2014*	**1 January to 30 June 2015**	1 January to 30 June 2014*
Current tax expense	**1,036**	862	**1,603**	1,344
Deferred tax income/expense	**–203**	25	**–17**	244
Income taxes	**833**	**887**	**1,586**	**1,588**

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

The effective tax rate for the six-month period to 30 June 2015 was 32.7 % (2014: 33.0 %) and corresponds to the best estimate of the weighted average annual income tax rate for the full year. This tax rate has been applied to the pre-tax profit for the interim reporting periods.

13 — Earnings per share

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

		2nd quarter 2015	2nd quarter 2014*	1 January to 30 June 2015	1 January to 30 June 2014*
Profit attributable to shareholders of BMW AG	€ million	**1,743.2**	1,760.9	**3,254.9**	3,214.9
Profit attributable to common stock	€ million	**1,598.0**	1,614.8	**2,984.2**	2,948.6
Profit attributable to preferred stock	€ million	**145.2**	146.1	**270.7**	266.3
Average number of common stock shares in circulation	number	**601,995,196**	601,995,196	**601,995,196**	601,995,196
Average number of preferred stock shares in circulation	number	**54,499,544**	54,259,787	**54,499,544**	54,259,787
Basic earnings per share of common stock	€	**2.66**	2.68	**4.96**	4.90
Basic earnings per share of preferred stock	€	**2.67**	2.69	**4.97**	4.91

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

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

In computing earnings per share of preferred stock, earnings to cover the additional dividend of €0.02 per share of preferred stock are spread over the four quarters of the corresponding financial year. Earnings per share of preferred stock are computed on the basis of the number of preferred stock shares entitled to receive a dividend in each of the relevant financial years. As in the previous year, diluted earnings per share correspond to basic earnings per share.

14 Disclosures relating to the statement of total comprehensive income

Other comprehensive income for the period after tax comprises the following:

in € million	**2nd quarter 2015**	2nd quarter 2014	**1 January to 30 June 2015**	1 January to 30 June 2014
Remeasurement of net liability for defined benefit pension plans	**2,599**	–634	**995**	–914
Deferred taxes	**–819**	224	**–234**	339
Items not expected to be reclassified to the income statement in the future	**1,780**	**–410**	**761**	**–575**
Available-for-sale securities	**–170**	27	**–143**	18
thereof gains/losses arising in the period under report	–120	43	–30	44
thereof reclassifications to the income statement	–50	–16	–113	–26
Financial instruments used for hedging purposes	**1,681**	–711	**–2,956**	–667
thereof gains/losses arising in the period under report	1,275	–576	–3,603	–423
thereof reclassifications to the income statement	406	–135	647	–244
Other comprehensive income from equity accounted investments	**112**	–4	**–18**	–13
Deferred taxes	**–562**	206	**999**	191
Currency translation foreign operations	**–241**	229	**1,106**	231
Items expected to be reclassified to the income statement in the future	**820**	**–253**	**–1,012**	**–240**
Other comprehensive income for the period after tax	**2,600**	**–663**	**–251**	**–815**

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

in € million	**2nd quarter 2015**			2nd quarter 2014		
	Before tax	Deferred tax expense/income	After tax	Before tax	Deferred tax expense/income	After tax
Remeasurement of net liability for defined benefit pension plans	**2,599**	**–819**	**1,780**	–634	224	–410
Available-for-sale securities	**–170**	**49**	**–121**	27	–11	16
Financial instruments used for hedging purposes	**1,681**	**–564**	**1,117**	–711	212	–499
Other comprehensive income from equity accounted investments	**112**	**–47**	**65**	–4	5	1
Currency translation foreign operations	**–241**	**–**	**–241**	229	–	229
Other comprehensive income	**3,981**	**–1,381**	**2,600**	**–1,093**	**430**	**–663**

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

in € million	**1 January to 30 June 2015**			1 January to 30 June 2014		
	Before tax	Deferred tax expense/income	After tax	Before tax	Deferred tax expense/income	After tax
Remeasurement of net liability for defined benefit pension plans	**995**	**–234**	**761**	–914	339	–575
Available-for-sale securities	**–143**	**48**	**–95**	18	–23	–5
Financial instruments used for hedging purposes	**–2,956**	**916**	**–2,040**	–667	215	–452
Other comprehensive income from equity accounted investments	**–18**	**35**	**17**	–13	–1	–14
Currency translation foreign operations	**1,106**	**–**	**1,106**	231	–	231
Other comprehensive income	**–1,016**	**765**	**–251**	**–1,345**	**530**	**–815**

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, software and acquired customer lists. Capitalised development costs amounted to €5,529 million at the end of the reporting period (31 December 2014: €5,453 million). Additions to development costs in the first half of the year totalled €592 million (2014: €602 million). The amortisation expense for the period was €516 million (2014: €539 million).

At 30 June 2015 other intangible assets amounted to €619 million (31 December 2014: €682 million), including a brand-name right with a carrying amount of €51 million (31 December 2014: €46 million) and concessions, protected rights and licenses with a carrying amount of €344 million (31 December 2014: €394 million). During the first six months of 2015, €18 million (2014: €15 million) was invested in intangible assets. As in the previous year, no impairment losses were recorded. Amortisation on other intangible assets in the same period totalled €86 million (2014: €91 million).

In addition, intangible assets include goodwill of €33 million (31 December 2014: €33 million) allocated to the Automotive cash-generating unit and goodwill of €331 million (31 December 2014: €331 million) allocated to the Financial Services cash-generating unit.

Intangible assets amounting to €51 million (31 December 2014: €46 million) are subject to restrictions on title.

16 — Property, plant and equipment

Capital expenditure for property, plant and equipment in the first six months of 2015 totalled €1,598 million (2014: €1,963 million). The depreciation expense for the period amounted to €1,632 million (2014: €1,346 million), while disposals amounted to €16 million (2014: €9 million). An impairment loss of €3 million (2014: €– million) was recognised on plant and machinery in the Automotive segment during the first half of 2015.

Purchase commitments for property, plant and equipment totalled €2,104 million at the end of the reporting period (31 December 2014: €2,247 million).

17 — Leased products

Additions to leased products and depreciation thereon amounted to €8,435 million (2014: €6,547 million) and €1,765 million (2014: €1,770 million) respectively, while disposals totalled €5,477 million (2014: €3,880 million). The translation of foreign currency financial statements resulted in a net positive translation difference of €1,322 million (2014: €183 million).

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

Investments accounted for using the equity method relate to the joint ventures BMW Brilliance Automotive Ltd., Shenyang, DriveNow GmbH & Co. KG, Munich, and DriveNow Verwaltungs GmbH, Munich.

Other investments relate to investments in non-consolidated subsidiaries, joint ventures, joint operations and associated companies, participations and non-current marketable securities. No impairment losses were recognised on investments during the first half of the year.

19 — Receivables from sales financing

Receivables from sales financing totalling €66,572 million (31 December 2014: €61,024 million) relate to credit financing for retail customers and dealerships and to finance leases.

Receivables from sales financing include €41,576 million (31 December 2014: €37,438 million) with a remaining term of more than one year.

20 — Financial assets

Financial assets comprise:

in € million	30.6.2015	31.12.2014
Derivative instruments	**2,921**	2,888
Marketable securities and investment funds	**4,365**	3,972
Loans to third parties	**11**	12
Credit card receivables	**251**	239
Other	**271**	297
Financial assets	**7,819**	**7,408**
thereof non-current	**1,966**	2,024
thereof current	**5,853**	5,384

A description of the measurement of derivatives is provided in note 29.

21 — Income tax assets

Income tax assets totalling €1,980 million (31 December 2014: €1,906 million) include claims amounting to €647 million (31 December 2014: €653 million) which are expected to be settled after more than twelve months. Some of the claims may be settled earlier than this depending on the timing of proceedings.

22 — Other assets

Other assets comprise the following items:

in € million	30.6.2015	31.12.2014
Other taxes	**834**	1,078
Receivables from subsidiaries	**749**	721
Receivables from other companies in which an investment is held	**1,139**	1,055
Prepayments	**1,471**	1,323
Collateral receivables	**329**	412
Sundry other assets	**1,556**	1,543
Other assets	**6,078**	**6,132**
thereof non-current	**1,549**	1,094
thereof current	**4,529**	5,038

23 — Inventories

Inventories comprise the following:

in € million	30.6.2015	31.12.2014
Raw materials and supplies	**1,060**	918
Work in progress, unbilled contracts	**1,094**	944
Finished goods and goods for resale	**9,862**	9,227
Inventories	**12,016**	**11,089**

24 — Equity

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

Number of shares issued

At 30 June 2015 common stock issued by BMW AG was divided, as at the end of the previous year, into 601,995,196 shares with a par-value of €1. The number of shares of preferred stock at that date – also unchanged from 31 December 2014 – was 54,499,544 shares, each with a par-value of €1. Unlike the common stock, no voting rights are attached to the preferred stock. All of the Company's stock is issued to bearer. Preferred stock bears an additional dividend of €0.02 per share.

The shareholders passed a resolution at the 2014 Annual General Meeting authorising the Board of Management, with the approval of the Supervisory Board, to increase the Company's share capital by up to €5 million prior to 14 May 2019 by the issuance of new shares of non-voting preferred stock, carrying the same rights as existing non-voting preferred stock, in return for cash contributions. Based on this authorisation, 239,757 shares of preferred stock have been issued to employees up to the reporting date. Authorised Capital therefore stands at €4.8 million at the end of the reporting period. The BMW Group did not hold any treasury shares at 30 June 2015.

Capital reserves

Capital reserves include premiums arising from the issue of shares and were unchanged from 31 December 2014 at €2,005 million.

Revenue reserves

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

Revenue reserves increased during the six-month period to stand at €37,733 million at 30 June 2015 (31 December 2014: €35,621 million). They were increased in the first half of 2015 by the net profit for the period attributable to shareholders of BMW AG amounting to €3,255 million (2014*: €3,215 million) and reduced by BMW AG's payment of dividends on common stock (€1,746 million) and preferred stock (€158 million) for the financial year 2014. Revenue reserves also increased by €761 million (2014: decreased by €575 million) as a result of remeasurements of the net defined benefit liability for pension plans (net of deferred tax recognised directly in equity).

Accumulated other equity

Accumulated other equity comprises all amounts recognised directly in equity resulting from the translation of the financial statements of foreign subsidiaries, the effects of recognising changes in the fair value of derivative financial instruments and marketable securities directly in equity and the related deferred taxes recognised directly in equity.

Minority interests

Equity attributable to minority interests amounted to €228 million (31 December 2014: €217 million). This includes a minority interest of €10 million in the results for the period (31 December 2014: €19 million).

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

25 — Other provisions

Other provisions, at €8,875 million (31 December 2014: €8,790 million) primarily include employee and social-related obligations as well as obligations for ongoing operational expenses.

Current other provisions amounted to €4,051 million at the end of the reporting period (31 December 2014: €4,522 million).

26 — Income tax liabilities

Income tax liabilities totalling €1,957 million (31 December 2014: €1,590 million) include obligations amounting to €438 million (31 December 2014: €956 million) which are expected to be settled after more than twelve months. Some of the liabilities may be settled earlier than this depending on the timing of proceedings.

Current tax liabilities comprise €229 million (31 December 2014: €151 million) for taxes payable and €1,728 million (31 December 2014: €1,439 million) for tax provisions.

27 — Financial liabilities

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

in € million	**30.6.2015**	31.12.2014
Bonds	**38,329**	35,489
Liabilities to banks	**11,927**	11,554
Liabilities from customer deposits (banking)	**13,016**	12,466
Commercial paper	**5,935**	5,599
Asset backed financing transactions	**11,787**	10,884
Derivative instruments	**6,446**	3,143
Other	**1,432**	1,514
Financial liabilities	**88,872**	**80,649**
thereof non-current	**47,164**	43,167
thereof current	**41,708**	37,482

During the first half of 2015, a number of bonds was issued in various currencies with a total volume of €7,101 million (2014: €6,657 million). Repayments during the same period amounted to €4,932 million (2014: €3,575 million). Currency translation differences accounted for most of the remainder of the change in bonds.

Further information relating to the change in other items within financial liabilities is provided in the Interim Group Management Report. A description of the measurement of derivatives is provided in note 29.

28 — Other payables

Other liabilities comprise the following items:

in € million	**30.6.2015**	31.12.2014
Other taxes	**1,045**	943
Social security	**88**	78
Advance payments from customers	**843**	565
Deposits received	**839**	768
Payables to subsidiaries	**106**	162
Payables to other companies in which an investment is held	**50**	5
Deferred income	**6,097**	5,488
Other	**3,951**	4,041
Other liabilities	**13,019**	**12,050**
thereof non-current	**4,461**	4,275
thereof current	**8,558**	7,775

29 — Financial instruments

The fair values shown are computed using market information available at the balance sheet date, on the basis of prices quoted by the contract partners or using appropriate measurement methods e.g. discounted cash flow models. In the latter case, amounts were discounted at 30 June 2015 on the basis of the following interest rates:

ISO Code in %	EUR	USD	GBP	JPY	CNY
Interest rate for six months	0.05	0.32	0.85	0.06	3.27
Interest rate for one year	0.07	0.50	0.83	0.14	3.34
Interest rate for five years	0.51	1.78	1.73	0.30	3.64
Interest rate for ten years	1.19	2.49	2.20	0.65	3.69

The interest rates derived from interest-rate structures are adjusted, where necessary, to take account of the credit quality and risk of the underlying financial instrument.

Derivative financial instruments are measured at their fair value. The fair values of derivative financial instruments are determined using measurement models, as a consequence of which there is a risk that the amounts calculated could differ from realisable market prices on disposal. Observable financial market price spreads are taken into account in the measurement of derivative financial instruments. The supply of data to the model used to calculate fair values also takes account of tenor and currency basis spreads, thus helping to minimise differences between the carrying amounts of the instruments and the amounts that can be realised on the financial markets on their disposal. In addition, the Group's own default risk and that of counterparties is taken into account in the form of credit default swap contracts which have matching terms and which can be observed on the market.

Financial instruments measured at fair value are allocated to different measurement levels in accordance with IFRS 13 (Fair Value Measurement). This includes financial instruments that are

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

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

30 June 2015	Level hierarchy in accordance with IFRS 13		
in € million	Level 1	Level 2	Level 3
Marketable securities, investment fund shares and collateral assets – available-for-sale	4,165	–	–
Other investments – available-for-sale	244	–	–
Derivative instruments (assets)			
Cash flow hedges	–	661	–
Fair value hedges	–	1,188	–
Other derivative instruments	–	1,072	–
Derivative instruments (liabilities)			
Cash flow hedges	–	4,015	–
Fair value hedges	–	518	–
Other derivative instruments	–	1,913	–

31 December 2014	Level hierarchy in accordance with IFRS 13		
in € million	Level 1	Level 2	Level 3
Marketable securities, investment fund shares and collateral assets – available-for-sale	3,772	–	–
Other investments – available-for-sale	231	–	–
Derivative instruments (assets)			
Cash flow hedges	–	708	–
Fair value hedges	–	1,294	–
Other derivative instruments	–	886	–
Derivative instruments (liabilities)			
Cash flow hedges	–	1,302	–
Fair value hedges	–	721	–
Other derivative instruments	–	1,120	–

As in the previous year, there were no reclassifications within the level hierarchy during the first half of 2015.

In situations where a fair value was required to be measured for a financial instrument only for disclosure purposes, this was achieved using the discounted cash flow method and taking account of the BMW Group's own default risk. For this reason, the fair values calculated can be allocated to Level 2.

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

in € million	**30.6.2015**		31.12.2014	
	Fair value	Carrying amount	Fair value	Carrying amount
Loans and receivables – Receivables from sales financing	**69,005**	**66,572**	62,642	61,024
Other liabilities – Bonds	**38,839**	**38,329**	36,083	35,489

30 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 already included in the Group Financial Statements of BMW AG as consolidated companies. Control is defined as ownership of more than one half of the voting power of BMW AG or the power to direct, by statute or agreement, the financial and operating policies of the management of the BMW Group.

In addition, the disclosure requirements of IAS 24 also cover transactions with associated companies, joint ventures, joint operations and individuals that have the ability to exercise significant influence over the financial and operating policies of the BMW Group. This also includes close relatives and intermediary entities. Significant influence over the financial and operating policies of the BMW Group is presumed when a party holds 20% or more of the voting power of BMW AG. In addition, the requirements contained in IAS 24 relating to key management personnel and close members of their families or intermediary entities are also applied. In the case of the BMW Group, this applies to members of the Board of Management and Supervisory Board.

For the first six months of 2015, the disclosure requirements contained in IAS 24 affect the BMW Group with regard to business relationships with affiliated, non-consolidated subsidiaries, joint ventures, joint operations and associated companies as well as with members of the Board of Management and Supervisory Board of BMW AG.

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

Transactions of BMW Group companies with the **joint venture** BMW Brilliance Automotive Ltd., Shenyang, all arise in the normal course of business and are conducted on the basis of arm's length principles. Group companies sold goods and services to BMW Brilliance Automotive Ltd., Shenyang, during the first six months of 2015 for an amount of €2,352 million (2014:

€2,160 million), of which €1,203 million was recorded in the second quarter (2014: €1,042 million). At 30 June 2015, receivables of Group companies from BMW Brilliance Automotive Ltd., Shenyang, totalled €1,004 million (31 December 2014: €943 million). Payables of Group companies to BMW Brilliance Automotive Ltd., Shenyang, amounted to €44 million (31 December 2014: €– million). Group companies received goods and services from BMW Brilliance Automotive Ltd., Shenyang, during the first six months of 2015 for an amount of €24 million (2014: €15 million), of which €20 million was recorded in the second quarter (2014: €14 million).

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

Transactions of Group companies with SGL Automotive Carbon Fibers GmbH & Co. KG, Munich, SGL Automotive Carbon Fibers Verwaltungs GmbH, Munich, and SGL Automotive Carbon Fibers LLC, Dover, DE, are proportionately consolidated on the basis of 49 % shareholdings (**joint operations**). The remaining 51 % of the transactions continue to be reported in the Group Financial Statements (non-consolidated portion) and are described below. All relationships with the joint operations are attributable to the ordinary activities of the entities concerned. All transactions were conducted on the basis of arm's length principles. At 30 June 2015, loans receivable from the joint operations amounted to €134 million (31 December 2014: €111 million). Interest income recognised on these loans amounted to €1 million (2014: €1 million) in the second quarter 2015 and €2 million (2014: €1 million) for the six-month period. Goods and services received by Group companies from the joint operations during the first six months of 2015 totalled €28 million (2014: €24 million), of which €15 million was recorded in the second quarter (2014: €13 million). Amounts payable to the joint operations at the end of the reporting period totalled €6 million (31 December 2014: €5 million).

Business transactions between BMW Group entities and **associated companies** are small in scale, all arise in the normal course of business and are conducted on the basis of arm's length principles.

Stefan Quandt is a shareholder and Deputy Chairman of the Supervisory Board of BMW AG. He is also the sole shareholder and Chairman of the Supervisory Board of DELTON AG, Bad Homburg v. d. H., which, via its subsidiaries, performed logistic-related services for the BMW Group during the first six months of 2015. In addition, companies of the DELTON Group used vehicles provided by the BMW Group, mostly in the form of leasing contracts. Stefan Quandt is also the indirect majority shareholder of Solarwatt GmbH, Dresden. Co-operation arrangements are in place between BMW AG and Solarwatt GmbH, Dresden, within the field of electromobility. The focus of this collaboration is on providing complete photovoltaic solutions for rooftop systems and carports to BMW i customers. During the first six months of 2015 Solarwatt GmbH, Dresden, leased vehicles from the BMW Group. The service, co-operation and lease contracts referred to above are not material for the BMW Group. They all arise in the normal course of business and are conducted on the basis of arm's length principles.

Susanne Klatten is a shareholder and member of the Supervisory Board of BMW AG and also a shareholder and Deputy Chairman of the Supervisory Board of Altana AG, Wesel. Altana AG, Wesel, acquired vehicles from the BMW Group during the first six months of 2015, mostly in the form of lease contracts. These contracts are not material for the BMW Group, arise in the course of ordinary activities and are made, without exception, on the basis of arm's length principles.

Apart from vehicle lease contracts concluded on an arm's length basis, companies of the BMW Group have not entered 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.

BMW Trust e.V., Munich, administers assets on a trustee basis to secure obligations relating to pensions and pre-retirement part-time work arrangements in Germany and is therefore a related party of the BMW Group in accordance with IAS 24. This entity, which is a registered association (eingetragener Verein) under German law, does not have any assets of its own. It did not have any income or expenses during the period under report. BMW AG bears expenses on a minor scale and renders services on behalf of BMW Trust e.V., Munich.

31 — **Explanatory notes to segment information**

For information on the basis used for identifying and assessing the performance of reportable segments along internal management lines, reference is made to the Group Financial Statements of BMW AG for the year ended 31 December 2014. No changes have been made either in the accounting policies applied or in the basis used for identifying reportable segments as compared to 31 December 2014.

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

Segment information by operating segment

	Automotive		Motorcycles	
in € million	**2015**	2014	**2015**	2014
External revenues	**17,544**	14,611	**620**	525
Inter-segment revenues	**4,106**	3,893	**2**	3
Total revenues	**21,650**	**18,504**	**622**	**528**
Segment result	**1,819**	2,161	**112**	55
Result from equity accounted investments	**155**	201	**–**	–
Capital expenditure on non-current assets	**1,398**	1,321	**16**	18
Depreciation and amortisation on non-current assets	**1,103**	997	**17**	18

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

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

Segment information by operating segment

	Automotive		Motorcycles	
in € million	**2015**	2014	**2015**	2014
External revenues	**32,199**	27,864	**1,185**	994
Inter-segment revenues	**8,344**	7,199	**4**	6
Total revenues	**40,543**	**35,063**	**1,189**	**1,000**
Segment result	**3,613**	3,741	**227**	119
Result from equity accounted investments	**283**	426	**–**	–
Capital expenditure on non-current assets	**2,183**	2,548	**24**	30
Depreciation and amortisation on non-current assets	**2,186**	1,932	**33**	34

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

	Automotive		Motorcycles	
in € million	**30.6.2015**	31.12.2014	**30.6.2015**	31.12.2014
Investments accounted for using the equity method	**1,217**	1,088	**–**	–
Segment assets	**10,891**	11,489	**579**	575

Financial Services 2015	Financial Services 2014*	Other Entities 2015	Other Entities 2014	Reconciliation to Group figures 2015	Reconciliation to Group figures 2014	Group 2015	Group 2014*	
5,771	4,769	–	–	–	–	23,935	19,905	External revenues
383	386	1	1	−4,492	−4,283	–	–	Inter-segment revenues
6,154	**5,155**	**1**	**1**	**−4,492**	**−4,283**	**23,935**	**19,905**	**Total revenues**
496	452	144	25	11	−39	2,582	2,654	Segment result
–	–	–	–	–	–	155	201	Result from equity accounted investments
5,810	4,726	–	–	−1,311	−1,134	5,913	4,931	Capital expenditure on non-current assets
2,166	1,898	–	–	−1,292	−1,003	1,994	1,910	Depreciation and amortisation on non-current assets

Financial Services 2015	Financial Services 2014*	Other Entities 2015	Other Entities 2014	Reconciliation to Group figures 2015	Reconciliation to Group figures 2014	Group 2015	Group 2014*	
11,467	9,281	1	1	–	–	44,852	38,140	External revenues
745	764	2	2	−9,095	−7,971	–	–	Inter-segment revenues
12,212	**10,045**	**3**	**3**	**−9,095**	**−7,971**	**44,852**	**38,140**	**Total revenues**
1,055	905	121	82	−165	−34	4,851	4,813	Segment result
–	–	–	–	–	–	283	426	Result from equity accounted investments
10,926	8,634	–	–	−2,490	−2,085	10,643	9,127	Capital expenditure on non-current assets
4,274	3,701	–	–	−2,494	−1,921	3,999	3,746	Depreciation and amortisation on non-current assets

Financial Services 30.6.2015	Financial Services 31.12.2014	Other Entities 30.6.2015	Other Entities 31.12.2014	Reconciliation to Group figures 30.6.2015	Reconciliation to Group figures 31.12.2014	Group 30.6.2015	Group 31.12.2014	
–	–	–	–	–	–	1,217	1,088	Investments accounted for using the equity method
9,618	9,357	67,795	61,516	75,764	71,866	164,647	154,803	Segment assets

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

in € million	**2nd quarter 2015**	2nd quarter 2014*
Reconciliation of segment result		
Total for reportable segments	**2,571**	2,693
Financial result of Automotive segment and Motorcycles segment	**25**	88
Elimination of inter-segment items	**–14**	–127
Group profit before tax	**2,582**	**2,654**
Reconciliation of capital expenditure on non-current assets		
Total for reportable segments	**7,224**	6,065
Elimination of inter-segment items	**–1,311**	–1,134
Total Group capital expenditure on non-current assets	**5,913**	**4,931**
Reconciliation of depreciation and amortisation on non-current assets		
Total for reportable segments	**3,286**	2,913
Elimination of inter-segment items	**–1,292**	–1,003
Total Group depreciation and amortisation on non-current assets	**1,994**	**1,910**

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

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

in € million	**1 January to 30 June 2015**	1 January to 30 June 2014*
Reconciliation of segment result		
Total for reportable segments	**5,016**	4,847
Financial result of Automotive segment and Motorcycles segment	**–136**	150
Elimination of inter-segment items	**–29**	–184
Group profit before tax	**4,851**	**4,813**
Reconciliation of capital expenditure on non-current assets		
Total for reportable segments	**13,133**	11,212
Elimination of inter-segment items	**–2,490**	–2,085
Total Group capital expenditure on non-current assets	**10,643**	**9,127**
Reconciliation of depreciation and amortisation on non-current assets		
Total for reportable segments	**6,493**	5,667
Elimination of inter-segment items	**–2,494**	–1,921
Total Group depreciation and amortisation on non-current assets	**3,999**	**3,746**

* Prior year figures have been adjusted in accordance with IAS 8, in line with the changes described in note 9 to the Group Financial Statements for the financial year 2014.

in € million	31.6.2015	31.12.2014
Reconciliation of segment assets		
Total for reportable segments	**88,883**	82,937
Non-operating assets – Other Entities segment	**6,602**	6,658
Operating liabilities – Financial Services segment	**105,100**	96,959
Interest-bearing assets – Automotive and Motorcycles segments	**41,393**	39,449
Liabilities of Automotive and Motorcycles segments not subject to interest	**29,537**	28,488
Elimination of inter-segment items	**–106,868**	–99,688
Total Group assets	**164,647**	**154,803**

Munich, 21 July 2015

Bayerische Motoren Werke
Aktiengesellschaft

The Board of Management

Harald Krüger

Milagros Caiña Carreiro-Andree

Dr.-Ing. Klaus Draeger

Dr. Friedrich Eichiner

Klaus Fröhlich

Dr. Ian Robertson (HonDSc)

Peter Schwarzenbauer

Oliver Zipse

RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

Responsibility Statement pursuant to § 37y of the German Securities Trading Act (WpHG) in conjunction with § 37 w (2) No. 3 WpHG

"To the best of our knowledge, and in accordance with the applicable principles for interim financial reporting, the Interim Group Financial Statements give a true and fair view of the net assets, financial position and results of operation of the Group in accordance with German principles of proper accounting, and the Interim Group Management Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group for the remaining months of the financial year."

Munich, 21 July 2015

Bayerische Motoren Werke
Aktiengesellschaft

The Board of Management

Harald Krüger

Milagros Caiña Carreiro-Andree

Dr.-Ing. Klaus Draeger

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REVIEW REPORT

To Bayerische Motoren Werke Aktiengesellschaft, Munich

We have reviewed the condensed interim consolidated financial statements of Bayerische Motoren Werke Aktiengesellschaft, Munich – comprising the income statement for group and the statement of comprehensive income for group, the balance sheet for group, the condensed cash flow statement for group, the group statement of changes in equity and selected explanatory notes, together with the interim group management report of Bayerische Motoren Werke Aktiengesellschaft, Munich, for the period from 1 January to 30 June 2015, that are part of the semi-annual financial report according to § 37 w WpHG ("Wertpapierhandelsgesetz": "German Securities Trading Act"). The preparation of the condensed interim consolidated financial statements in accordance with those IFRS applicable to interim financial reporting as adopted by the EU, and of the interim group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the condensed interim consolidated financial statements and on the interim group management report based on our review.

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

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

Munich, 3 August 2015

KPMG AG
Wirtschaftsprüfungsgesellschaft

Pastor	Feege
Wirtschaftsprüfer	Wirtschaftsprüfer

OTHER INFORMATION

Financial Calendar

Quarterly Report to 30 September 2015	3 November 2015
Annual Report 2015	16 March 2016
Annual Accounts Press Conference	16 March 2016
Analyst and Investor Conference	17 March 2016
Quarterly Report to 31 March 2016	3 May 2016
Annual General Meeting	12 May 2016
Quarterly Report to 30 June 2016	2 August 2016
Quarterly Report to 30 September 2016	4 November 2016

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The BMW Group on the Internet

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

This version of the Quarterly Report to 30 June 2015 is a translation from the German version. Only the original German version is binding.

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