DAIMLER

Interim Report Q2 2012

Contents

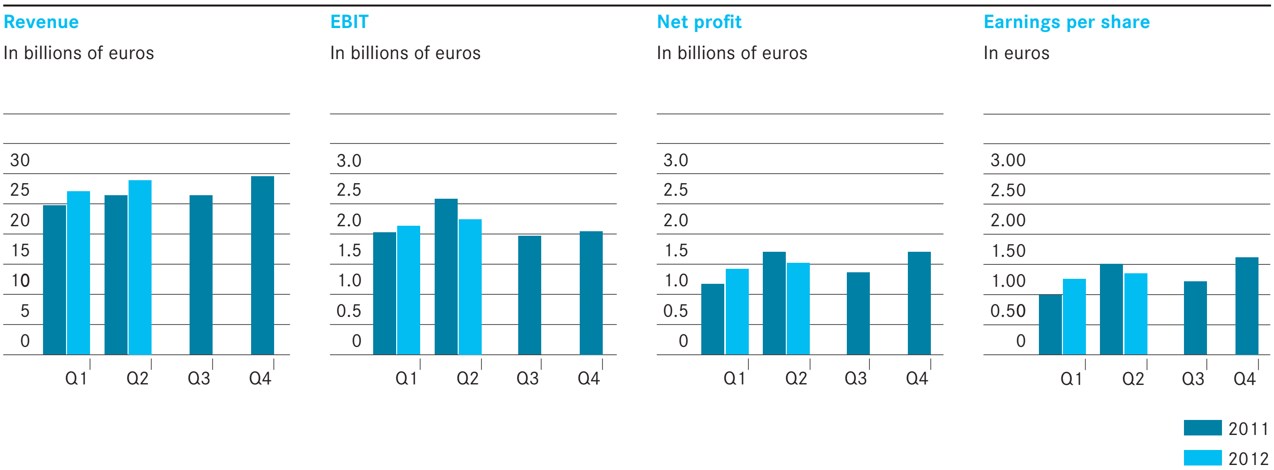
Cover photo:
Ready for action: The new Mercedes-Benz Citan features great agility, excellent maneuverability and an urban design concept. Versatile and robust, the new member of our van family effortlessly fulfills the high demands placed on reliable city delivery vans. The Citan is not only a tough performer; it is also an intelligent professional tool for doing a good job even better. Its large loading space combined with compact exterior dimensions and fuel consumption as low as 4.3 liters per 100 kilometers are just two of many attributes that distinguish the new Citan. The new urban delivery van will be presented to the public at IAA Commercial Vehicles in September 2012.

Q2

Key Figures Daimler Group

Amounts in millions of euros	Q2 2012	Q2 2011	% change
Revenue	28,884	26,338	+10 [1]
Western Europe	10,128	10,171	-0
thereof Germany	5,201	5,061	+3
NAFTA	7,738	6,044	+28
thereof United States	6,462	4,966	+30
Asia	6,571	5,388	+22
thereof China	3,244	2,945	+10
Other markets	4,447	4,735	-6
Employees (June 30)	273,749	266,114	+3
Investment in property, plant and equipment	1,310	997	+31
Research and development expenditure	1,381	1,302	+6
thereof capitalized development costs	348	358	-3
Free cash flow of the industrial business	1,005	1,129	-11
EBIT	2,243	2,581	-13
Net profit	1,515	1,704	-11
Earnings per share (in euros)	1.34	1.51	-11

1 Adjusted for the effects of currency translation, increase in revenue of 4%.



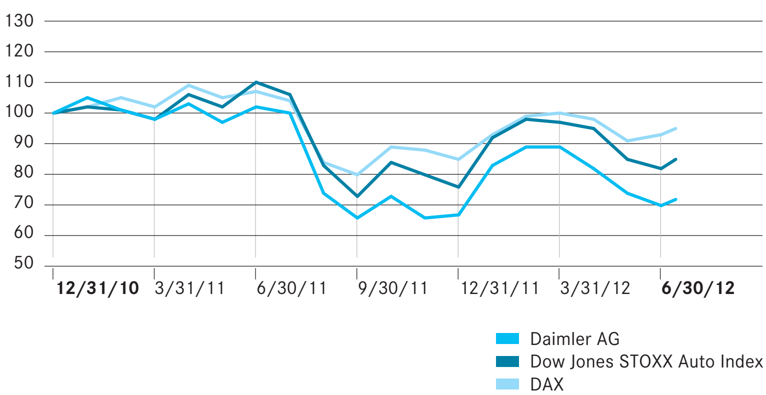
Q1-2

Key Figures Daimler Group

Amounts in millions of €	Q1-2 2012	Q1-2 2011	% change
Revenue	55,895	51,067	+9 [1]
Western Europe	19,589	19,394	+1
thereof Germany	9,888	9,492	+4
NAFTA	15,103	12,138	+24
thereof United States	12,724	10,097	+26
Asia	12,870	10,753	+20
thereof China	6,077	5,660	+7
Other markets	8,333	8,782	-5
Employees (June 30)	273,749	266,114	+3
Investment in property, plant and equipment	2,352	1,754	+34
Research and development expenditure	2,761	2,579	+7
thereof capitalized development costs	687	682	+1
Free cash flow of the industrial business	-972	613	.
EBIT	4,373	4,612	-5
Net profit	2,931	2,884	+2
Earnings per share (in euros)	2.59	2.50	+4

1 Adjusted for the effects of currency translation, increase in revenue of 6%.

Shares price index



Interim Management Report

Growth in unit sales by 8%
Revenue significantly higher than in prior-year quarter at €28.9 billion
Group EBIT of €2,243 million (Q2 2011: €2,581 million)
Net profit of €1,515 million (Q2 2011: €1,704 million)
Growth in unit sales and revenue expected for full-year 2012
Target of Group EBIT from ongoing business in the magnitude of last year

Business development

Less dynamic world economy

Although the **world economy** expanded again in the second quarter of 2012 compared with the previous quarter, its rate of growth seems to have fallen significantly. This economic slowdown was primarily triggered by developments in the European Monetary Union (EMU). Investor and consumer confidence were significantly dampened by uncertainty in advance of the election in Greece and the dangerous situation of banks in Spain, which finally led to a request for emergency funds. In the first three months of the year, the strong performance of the German economy prevented a decrease in the gross domestic product of the European Monetary Union. But as the German economy will be unable to escape the unfavorable environment within the euro zone in the long run, this compensatory effect will not have been repeated and the GDP of the EMU is likely to have fallen in the second quarter. Economic dynamism has also subsided in the United States, in particular with regard to the success meanwhile achieved in the labor market. So after relatively low growth in the first quarter, the second quarter will have been hardly any better. Slower export growth and reduced capital inflows have led to weaker growth also in the emerging markets. This applies above all to the economies of Eastern Europe, but growth rates in Asia in the second quarter seem to have been lower than in the previous months. The sharp fall in the price of crude oil is the clearest indication of the global economic slowdown. Despite unresolved geopolitical tension in the Middle East, the price of Brent crude oil fell considerably from around US $125 a barrel in early April to well below US $100 at the end of the second quarter. However, a positive corollary of this development was a certain amount of relief on the inflation side. As a result of the renewed increase in concern about the global economy, equity markets lost a large portion of the gains made in the first quarter. The euro came under pressure and fell somewhat against the US dollar.

Global **automotive markets** expanded significantly in the second quarter compared with the prior-year period, which, however, had been considerably depressed by the disaster in Japan and its impact on worldwide automobile production. Worldwide demand for cars has been boosted once again by strong growth in the United States and Japan in recent months. The US market continued along its solid course of recovery despite the economic slowdown and expanded by 16%. In Japan, demand soared by more than 60% compared with the prior-year period thanks to new state incentives, although demand had slumped in the second quarter of 2011 because of the natural disaster and the reactor accident. The Chinese market also made a substantial contribution to worldwide growth, with demand increasing significantly following a weak first quarter. However, second-quarter car sales in Western Europe were once again significantly lower than in the prior-year period due to the ongoing sovereign-debt crisis and weak economic developments. Of the volume markets, only the United Kingdom and the Netherlands surpassed the new registrations of the prior-year period. Unit sales in Germany were about the same as in the second quarter of last year, while the other volume markets contracted significantly, in some cases by double-digit rates. The Russian market continued its stable recovery and expanded by just over 10% compared with the prior-year quarter. Growth of demand in India slowed down perceptibly in the second quarter, but was still at a high single-digit rate.

There were significant regional differences in demand for **medium and heavy-duty trucks** also in the second quarter. New registrations in the North American market increased by more than 20% once again. Demand in Western Europe continued to be affected by the sovereign-debt crisis and the poor economic situation, and was clearly below the prior-year level. Demand for trucks in Japan, however, profited from the ongoing reconstruction and more than doubled compared with the weak second quarter of last year. The introduction of the Euro V emission standards and significant economic weakening continued to have a negative impact on demand for trucks in Brazil, and market volume decreased by a substantial double-digit rate in the second quarter. But according to recent estimates, the Russian market remained above its prior-year level. Truck sales decreased in the second quarter in India and China, the major Asian emerging markets. The Chinese market actually recorded a significant double-digit decline and, due to its large share of the world market, triggered a fall in worldwide demand for trucks.

Unit sales up by 8% in the second quarter

In the second quarter of 2012, Daimler sold 570,300 cars and commercial vehicles worldwide, surpassing the prior-year total by 8%.

Mercedes-Benz Cars set another record for unit sales in the second quarter of this year, with an increase of 4% to 370,400 vehicles. Due to strong demand for the new B-Class, sales in the compact-car segment rose by 18% to 53,200 units. Primarily as a result of high demand for the new M-Class, unit sales of SUVs increased by 10% to a new record of 71,800 vehicles. The S-Class maintained its position as market leader in its category. In the C-Class segment, we sold 110,200 vehicles (Q2 2011: 110,700). Unit sales in the E-Class segment decreased to 82,600 vehicles for lifecycle reasons (Q2 2011: 85,600). Due in particular to strong growth in the United States and China, worldwide shipments of the smart increased to 31,000 units

(Q2 2011: 28,500). In China, the car division achieved a new record with growth of 14% to sales of 59,700 units. And in the United States, we posted an increase of 21% with sales of 65,500 units. As a result, Mercedes-Benz sold more cars in the United States in the second quarter than any other premium brand. Due to the difficult market environment, the division's sales in Western Europe decreased to 169,300 units (Q2 2011: 176,200).

Unit sales by **Daimler Trucks** of 122,200 vehicles in the second quarter were 34% above the prior-year level. In Western Europe, Mercedes-Benz Trucks further strengthened its leading market position with sales of 14,100 units and a market share of 23.3% (Q2 2011: 20.8%). Unit sales in Brazil decreased substantially, in connection with the introduction of new emission standards and the country's significant economic slowdown. Nonetheless, we were able to increase our market share by 1.6 percentage points to 26.3%. The truck market in the NAFTA region continued to grow at a strong rate, and Trucks NAFTA reinforced its market leadership in Classes 6 to 8 with a 28% increase in unit sales to 33,800 vehicles. As a result of higher unit sales in the truck segment, Trucks Asia increased its share in Japan. In Taiwan and Indonesia, we continue to have a strong market share of up to 50%.

Second-quarter unit sales by **Mercedes-Benz Vans** increased to 69,300 vehicles (Q2 2011: 68,000). Despite the perceptible effects of the sovereign-debt crisis in the volume markets of Southern Europe, we increased our unit sales in Western Europe to 46,500 vans, representing growth of 2% compared with the prior-year period. Driven by the positive market development and high demand for the Sprinter, the van division recorded strong growth in unit sales in the NAFTA region, with a 33% increase in the United States to 6,300 units. The number of vans sold in Eastern Europe rose by 14% to 6,500 units. In Latin America, the ramp-up of production of the new Sprinter model had a negative impact; sales of 2,300 units were significantly lower than in the second quarter of last year.

Worldwide unit sales by **Daimler Buses** of 8,400 buses and bus chassis were lower than the prior-year figure of 10,600. As in the first quarter, this decrease is primarily due to the weaker chassis business in Latin America, whereas sales of complete buses were at the prior-year level. In Western Europe, the bus division increased its unit sales by 2% to 1,400 vehicles; the development of the first quarter continued with slight growth in sales of city buses. Due to increased demand in Mexico, we were able to increase our sales in the NAFTA region by 8% to 1,100 units. As expected, demand in the Latin America region decreased also in the second quarter of this year following the introduction of Euro V emission standards in Brazil. Daimler Buses sold 4,700 Mercedes-Benz bus chassis in the region (minus 32%).

Daimler Financial Services' new business increased compared with the prior-year quarter by 12% to €9.4 billion. Contract volume amounted to €76.1 billion at the end of June, which is 6% higher than at the end of 2011. Adjusted for exchange-rate effects, contract volume increased by 5%.

The Daimler Group's second-quarter **revenue** increased by 10% to €28.9 billion. Adjusted for exchange-rate effects, revenue grew by 4%.

On the basis of unit sales at a new record level, Mercedes-Benz Cars increased its revenue by 5% to €15.4 billion. The biggest revenue growth was in the NAFTA region and China. Our Daimler Trucks division also achieved a significant increase in revenue compared with the prior-year quarter of 22% to €8.1 billion, also with major contributions from our markets in North America and Asia. While the revenue generated by sales of Mercedes-Benz trucks in Europe increased by 3% to €2.3 billion, we had a decline of 47% to €0.4 billion in Brazil due to the very difficult market environment. Revenue in the Mercedes-Benz Vans division increased due to higher unit sales and a better model mix by 8% to €2.4 billion. At Daimler Buses, revenue decreased as a result of lower unit sales by 13% to €1.0 billion. Daimler Financial Services' revenue rose by 12% to €3.3 billion.

2.01
Unit sales by division

	Q2 2012	Q2 2011	% change
Daimler Group	570,343	527,644	+8
Mercedes-Benz Cars	370,384	357,636	+4
Daimler Trucks	122,217	91,458	+34
Mercedes-Benz Vans	69,324	67,989	+2
Daimler Buses	8,418	10,561	-20

2.02
Revenue by division

In millions of euros	Q2 2012	Q2 2011	% change
Daimler Group	28,884	26,338	+10
Mercedes-Benz Cars	15,364	14,647	+5
Daimler Trucks	8,129	6,648	+22
Mercedes-Benz Vans	2,420	2,243	+8
Daimler Buses	1,016	1,166	-13
Daimler Financial Services	3,260	2,907	+12

Profitability

The **Daimler Group** posted EBIT of €2,243 million in the second quarter of 2012 (Q2 2011: €2,581 million). ↗ 2.03

Despite partially more difficult conditions in some markets, the good level of earnings reflects the ongoing growth in unit sales at Mercedes-Benz Cars, Daimler Trucks and Mercedes-Benz Vans. Unit sales at Daimler Buses decreased, however. A partially less favorable model mix and higher expenses relating to the expansion of the product portfolio at Mercedes-Benz Cars and the current product offensive at Daimler Trucks, also affected the Group's EBIT. Exchange-rate effects had a positive impact on earnings.

In addition, EBIT includes slightly higher charges for the compounding of non-current provisions as well as effects relating to lower discount factors (Q2 2012: €84 million; Q2 2011: €54 million).

The decision to reposition the European and North American business of Daimler Buses resulted in charges of €46 million in the second quarter of 2012.

The special items shown in the table ↗ 2.04 affected EBIT in the second quarters and the first halves of the years 2012 and 2011.

2.03
EBIT by segment

In millions of euros	Q2 2012	Q2 2011	% change	Q1-2 2012	Q1-2 2011	% change
Mercedes-Benz Cars	1,314	1,566	-16	2,566	2,854	-10
Daimler Trucks	524	486	+8	907	899	+1
Mercedes-Benz Vans	197	206	-4	365	379	-4
Daimler Buses	-57	61	.	-160	28	.
Daimler Financial Services	338	340	-1	682	661	+3
Reconciliation	-73	-78	+6	13	-209	.
Daimler Group	2,243	2,581	-13	4,373	4,612	-5

2.04
Special items affecting EBIT

Amounts in millions of euros	Q2 2012	Q2 2011	Q1-2 2012	Q1-2 2011
Daimler Trucks				
Natural disaster in Japan (Q2: mainly insurance compensation)	-	11	-	-38
Daimler Buses				
Business repositioning	-46	-	-82	-
Daimler Financial Services				
Natural disaster in Japan	-	-	-	-29

With EBIT of €1,314 million in the second quarter of 2012, **Mercedes-Benz Cars** did not quite match the very good earnings of the prior-year period (Q2 2011: €1,566 million). The division's return on sales was 8.6% (Q2 2011: 10.7%). ↗ 2.03

The development of earnings was primarily driven by ongoing growth in unit sales, especially in the United States and Asia. We achieved particularly high growth rates in the compact-car segment and with SUVs. Exchange-rate effects also had a positive impact on earnings. Against the backdrop of a more difficult economic situation in Europe, negative effects on earnings resulted for example from a less favorable model mix and a shift in the regional sales structure. In addition, there were expenses connected with the expansion of production facilities, as well as higher advance expenditure for new technologies and vehicles and ongoing increases in material costs.

Daimler Trucks posted EBIT of €524 million in the second quarter of 2012 (Q2 2011: €486 million). The division's return on sales was 6.4%, compared with 7.3% in the prior-year period. ↗ 2.03

Daimler Trucks continued its good sales and revenue development in the NAFTA region and Asia. Positive exchange-rate effects also contributed to earnings. There was an opposing, negative effect on earnings from generally declining demand in Brazil; this was related to the weaker economy as well as the introduced new emission standards. Second-quarter EBIT was also impacted by expenditure for the current product offensive.

With EBIT of €197 million, **Mercedes-Benz Vans** achieved earnings slightly below the prior-year level (Q2 2011: €206 million). The division's second-quarter return on sales decreased from 9.2% to 8.1%. ↗ 2.03

Earnings were primarily affected by weaker pricing. There was an opposing, positive impact on the division's earnings from exchange-rate effects.

Daimler Buses posted EBIT of minus €57 million in the second quarter (Q2 2011: plus €61 million). The division's return on sales was minus 5.6% (Q2 2011: plus 5.2%). ↗ 2.03

The development of earnings was primarily caused by the difficult business situation in Latin America, which was mainly reflected by an anticipated decrease in unit sales of bus chassis. There was also an effect from expenses of €46 million for the repositioning of the European and North American business. Exchange-rate effects had a positive influence on earnings, however.

Daimler **Financial Services** achieved second-quarter earnings of €338 million, close to the level of the prior-year period (Q2 2011: €340 million). ↗ 2.03

A higher contract volume positively impacted earnings. On the other hand, there was an impact from a slight increase in cost of risk, which had been at an unusually low level last year.

The **reconciliation** of the divisions' EBIT to Group EBIT primarily reflects our proportionate share of the results of our equity-method investment in EADS, as well as other gains and losses at the corporate level.

Daimler's proportionate share of the net result of EADS in the second quarter of 2012 amounted to a profit of €16 million (Q2 2011: loss of €3 million).

At the corporate level, there were expenses of €76 million (Q2 2011: expenses of €66 million). The reconciliation also includes expenses of €13 million resulting from the elimination of intra-Group transactions (Q2 2011: expenses of €9 million).

Net interest expense amounted to €226 million in the second quarter (Q2 2011: net interest expense of €60 million). The expected increased expenses connected with the Group's pension and healthcare obligations and an increase in other interest expenses led to the larger net interest expense.

Income-tax expense for the second quarter of 2012 amounted to €502 million (Q2 2011: €817 million). The decrease in the income-tax expense is partially due to the lower profit before income taxes. Other factors were the effect of tax gains in 2012 relating to the tax assessment of previous years and the release of valuation allowances on deferred tax assets. In 2011, there was a tax expense in connection with the tax assessment of previous years.

Net profit amounted to €1,515 million (Q2 2011: €1,704 million). For the second quarter of 2012, net profit of €88 million is **attributable to minority interest** (Q2 2011: €97 million). Net profit **attributable to shareholders of Daimler AG** amounts to €1,427 million (Q2 2011: €1,607 million). **Earnings per share** amounted to €1.34 (Q2 2011: €1.51).

Daimler's EBIT in the first half of 2012 amounts to €4,373 million (Q1-2 2011: €4,612 million). ↗ 2.03

As in the second quarter, the development of earnings primarily reflected the ongoing growth of unit sales at Mercedes-Benz Cars and Daimler Trucks. There were opposing, negative effects on earnings mainly from higher expenses relating to the expansion of the product portfolio, including the current product offensive.

The decision to reposition the European and North American business of Daimler Buses resulted in charges of €82 million in the first half of 2012. In the first half of last year, earnings included expenses of €38 million at Daimler Trucks and expenses of €29 million at Daimler Financial Services in connection with the natural disaster in Japan.

The compounding of non-current provisions and effects resulting from lower discount factors led to charges of €264 million in the first half of the year (Q1-2 2011: €88 million). Exchange-rate effects had a positive impact on earnings.

Mercedes-Benz Cars' first-half EBIT of €2,566 million was lower than in the prior-year period (Q1-2 2011: €2,854 million). The division's return on sales was 8.5% (Q1-2 2011: 10.0%). ↗ 2.03

The first half of the year featured further growth in unit sales, primarily driven by strong demand in the US market. We achieved particularly high growth rates in the C-Class segment, with compact cars and with SUVs. Exchange-rate effects made a positive contribution towards the division's earnings. Opposing, negative effects on earnings resulted from the temporarily weaker pricing in the first quarter of 2012. There was also an impact from expenses connected with capacity expansion, higher advance expenditure for new vehicles and technologies, and higher material costs. The compounding of non-current provisions and effects of changes in interest rates also led to higher charges on earnings.

Daimler Trucks' achieved EBIT of €907 million in the first half of 2012 (Q1-2 2011: €899 million). The division's return on sales was 5.8% (Q1-2 2011: 7.0%). ↗ 2.03

Earnings were affected by the good development of unit sales and revenue in the NAFTA region and Asia. Positive exchange-rate effects also contributed towards this earnings development. On the other hand, the division's first-half EBIT was reduced by the general drop in demand in Brazil and the current product offensive. The compounding of long-term provisions and the effects of lower applicable interest rates led to increased charges. In the prior-year period, expenses of €38 million were recognized in connection with the natural disaster in Japan.

With EBIT of €365 million in the first-half of 2012, **Mercedes-Benz Vans** was slightly below its earnings of the prior-year period (Q1-2 2011: €379 million). The division's return on sales was 8.1% (Q1-2 2011: 9.0%). ↗ 2.03

The development of earnings was primarily due to slightly lower unit sales than in the prior-year period, worse pricing and higher expenses for research and development. There was an opposing, positive influence on earnings from exchange-rate effects.

Daimler Buses posted EBIT for the first half of the year of minus €160 million (Q1-2 2011: plus €28 million). The division's return on sales was minus 9.2% (Q1-2 2011: plus 1.4%). ↗ 2.03

Earnings in the first half of 2012 were primarily affected by charges of €82 million for the repositioning of the European and North American business. Another factor was the difficult business situation in Latin America, which was mainly reflected by an anticipated fall in unit sales of bus chassis. On the other hand, exchange-rate effects had a positive impact on earnings.

Daimler Financial Services increased its EBIT for the first six months of the year to €682 million (Q1-2 2011: €661 million). ↗ 2.03

The improvement in earnings was primarily due to increases in contract volume in all regions. On the other hand, earnings in the first half of 2012 include higher charges for the cost of risk. Cost of risk in the prior-year period had also been affected by write-offs of receivables by an amount of €29 million in connection with the natural disaster in Japan.

Items included in the **reconciliation** of the divisions' EBIT to Group EBIT had an impact of plus €13 million on earnings for the first half of this year (Q1-2 2011: minus €209 million).

This includes Daimler's proportionate share of the net profit of EADS in an amount of €149 million (Q1-2 2011: €71 million).

Furthermore expenses at the corporate level of €111 million have been taken into consideration (Q1-2 2011: expenses of €255 million). The prior-year figure also included expenses relating to litigation.

The elimination of intra-Group transactions resulted in an expense of €25 million (Q1-2 2011: expense of €25 million).

Net interest expense in the first half of the year amounted to €377 million (Q1-2 2011: net expense of €208 million). This development was due to the expected increased expenses connected with the Group's pension and healthcare obligations and an increase in other interest expenses.

Income-tax expense for the first half of the year of €1,065 million decreased by €455 million, partially due to the lower profit before income taxes. Another reason for the decrease is that there had been a high tax expense in the first half of 2011 in connection with the tax assessment of previous years.
In the first half of 2012, however, there were tax gains relating to the tax assessment of previous years and the release of valuation allowances on deferred tax assets.

First-half **net profit** increased slightly to €2,931 million (Q1-2 2011: €2,884 million). Profit **attributable to minority interest** amounts to €166 million (Q1-2 2011: €218 million). Net profit **attributable to the shareholders of Daimler AG** amounts to €2,765 million (Q1-2 2011: €2,666 million). **Earnings per share** increased to €2.59 (Q1-2 2011: €2.50).

Cash flows

Net cash from operating activities ↗ 2.05 of €39 million was slightly lower than in the first half of 2011. There were negative effects from the lower profit before income taxes, the higher level of new business in the area of leasing and sales financing, the higher level of trade receivable due to increased unit sales, and the lower increase in trade payables. Positive effects resulted from the reduced income-tax payments (€0.8 billion; Q1-2 2011: €1.7 billion); the prior-year period had been significantly affected by payments of income taxes for previous years in North America.

2.05
Condensed consolidated statement of cash flows

In millions of euros	Q1-2 2012	Q1-2 2011	Change
Cash and cash equivalents at beginning of period	9,576	10,903	-1,327
Net cash from operating activities	39	336	-297
Net cash used in investing activities	-3,915	-1,931	-1,984
Net cash from financing activities	6,355	673	+5,682
Effect of exchange-rate changes on cash and cash equivalents	39	-140	+179
Cash and cash equivalents at end of period	12,094	9,841	+2,253

2.06
Free cash flow of the industrial business

In millions of euros	Q1-2 2012	Q1-2 2011	Change
Net cash from operating activities	2,722	3,026	-304
Net cash used in investing activities	-3,322	-1,860	-1,462
Change in marketable debt securities	-363	-520	+157
Other adjustments	-9	-33	+24
Free cash flow of the industrial business	-972	613	-1,585

2.07
Net liquidity of the industrial business

In millions of euros	June 30, 2012	Dec. 31, 2011	Change
Cash and cash equivalents	11,081	8,908	+2,173
Marketable debt securities	811	1,171	-360
Liquidity	11,892	10,079	+1,813
Financing liabilities	-3,622	2,275	-5,897
Market valuation and currency hedges for financing liabilities	168	-373	+541
Financing liabilities (nominal)	-3,454	1,902	-5,356
Net liquidity	8,438	11,981	-3,543

2.08
Net debt of the Daimler Group

In millions of euros	June 30, 2012	Dec. 31, 2011	Change
Cash and cash equivalents	12,094	9,576	+2,518
Marketable debt securities	2,504	2,281	+223
Liquidity	14,598	11,857	+2,741
Financing liabilities	-72,538	-62,167	-10,371
Market valuation and currency hedges for financing liabilities	171	-369	+540
Financing liabilities (nominal)	-72,367	-62,536	-9,831
Net debt	-57,769	-50,679	-7,090

Net cash used in investing activities ↗ **2.05** amounted to €3.9 billion (Q1-2 2011: €1.9 billion). The change compared with the prior-year period was primarily the result of increased investment in property, plant and equipment and intangible assets. Capital contributions to Engine Holding and the joint venture of Daimler Trucks in China also led to higher outflows. A positive impact resulted from the sale of shares in MBtech Group. There were higher overall (net) cash outflows from acquisitions and sales of securities carried out in the context of liquidity management.

Net cash from financing activities ↗ **2.05** resulted in a net cash inflow of €6.4 billion in the first half of 2012 (Q1-2 2011: €0.7 billion), which almost solely reflects new (net) borrowing. There were opposing effects from higher dividend payments to the shareholders of Daimler AG and the increased dividend payments to minority interests in subsidiaries.

Cash and cash equivalents increased compared with December 31, 2011 by €2.5 billion, after taking currency translation into account. Total liquidity, which also includes marketable debt securities, rose by €2.7 billion to €14.6 billion.

The parameter used by Daimler to measure the financing capability of the Group's industrial business is the **free cash flow of the industrial business** ↗ **2.06**, which is derived from the reported cash flows from operating and investing activities. On that basis, a correction is made in the amount of the cash flows from the acquisition and sale of marketable debt securities included in cash flows from investing activities, as those securities are allocated to liquidity and changes in them are thus not a part of the free cash flow.

Other adjustments primarily relate to additions to property, plant and equipment that are allocated to the Group as their beneficial owner due to the form of their underlying lease contracts. They also include acquisitions of minority interests in subsidiaries, which are reported as part of cash used for financing activities.

The free cash flow amounted to minus €1.0 billion in the first half of 2012.

The positive profit contributions of the industrial business were offset by the increase in working capital, defined as the net change in inventories, trade receivables and trade payables with a total amount of €1.2 billion. Furthermore, high investments in property, plant and equipment and intangible assets as well as capital contributions to Engine Holding and the joint venture of Daimler Trucks in China led to cash outflows. Positive effects resulted from the sale of shares in MBtech Group and from cash inflows (net) from the acquisition and sale of securities in the context of liquidity management. In addition, income tax and interest payments reduced the free cash flow of the industrial business.

The **net liquidity of the industrial business** ↗ **2.07** is calculated as the total amount as shown in the balance sheet of cash, cash equivalents and marketable debt securities included in liquidity management, less the currency-hedged nominal amounts of financing liabilities.

To the extent that the Group's internal refinancing of the financial services business is provided by the companies of the industrial business, this amount is deducted in the calculation of the net debt of the industrial business.

Compared with December 31, 2011, the net liquidity of the industrial business decreased by €3.5 billion to €8.4 billion. The reduction was mainly caused by the negative free cash flow and the payment of the dividend to the shareholders of Daimler AG for the year 2011.

Net debt at Group level, which primarily results from the refinancing of the leasing and sales financing business, increased by €7.1 billion compared with December 31, 2011. The increase was primarily the result of the higher volume of new business in the area of leasing and sales financing and the payment of the dividend for the year 2011. There was also an impact from the negative free cash flow of the industrial business. ↗ **2.08**

Financial position

The Group's **balance sheet total** increased to €159.4 billion (December 31, 2011: €148.1 billion). Adjusted for currency effects, there was an increase of €9.9 billion. The financial services business accounts for €81.1 billion of the balance sheet total (December 31, 2011: €75.6 billion), equivalent to 51% of the Daimler Group's total assets (December 31, 2011: 51%).

The increase in total assets is primarily due to higher levels of equipment on operating leases and receivables from financial services, cash and cash equivalents and inventories. This increase is accompanied on the other side of the balance sheet primarily by higher financing liabilities. Current assets account for 42% of total assets (December 31, 2011: 41%). Current liabilities account for 36% of total equity and liabilities (December 31, 2011: 37%). ↗ 2.09

2.09

Condensed consolidated statement of financial position

In millions of euros	June 30, 2012	Dec. 31, 2011	% change
Assets			
Intangible assets	8,553	8,259	+4
Property, plant and equipment	20,030	19,180	+4
Equipment on operating leases and receivables from financial services	72,376	68,378	+6
Investments accounted for using the equity method	5,439	4,661	+17
Inventories	18,962	17,081	+11
Trade receivables	8,390	7,849	+7
Cash and cash equivalents	12,094	9,576	+26
Marketable debt securities	2,504	2,281	+10
Other financial assets	5,250	4,964	+6
Other assets	5,752	5,903	-3
Total assets	159,350	148,132	+8
Equity and liabilities			
Equity	41,801	41,337	+1
Provisions	18,286	19,137	-4
Financing liabilities	72,538	62,167	+17
Trade payables	10,394	9,515	+9
Other financial liabilities	9,437	9,693	-3
Other liabilities	6,894	6,283	+10
Total equity and liabilities	159,350	148,132	+8

The increase in **intangible assets** of €0.3 billion to €8.6 billion primarily reflects the capitalization of development costs at the Mercedes-Benz Cars division.

Capital expenditure was higher than depreciation, causing **property, plant and equipment** to increase to €20.0 billion (December 31, 2011: €19.2 billion). Most of the total investment of €2.4 billion was at the sites in Germany; in addition to continual modernization, it was also for the launch of new products and the expansion of production capacities.

Equipment on operating leases and **receivables from financial services** increased to €72.4 billion (December 31, 2011: €68.4 billion). The increase after adjusting for currency effects of €3.0 billion was the result of increased new business due to the higher volumes of unit sales by the automotive divisions. Those assets account for 45% of total assets (December 31, 2011: 46%).

Investments accounted for using the equity method of €5.4 billion mainly comprise the carrying amounts of our investments in EADS, Engine Holding and Kamaz, as well as the two joint ventures Beijing Foton Daimler Automotive and Beijing Benz Automotive. The increase partially reflects capital contributions to Engine Holding and the Daimler Trucks joint venture in China.

Inventories increased by €1.9 billion to €19.0 billion, equivalent to 12% of total assets. The increase is mainly a reflection of higher stocks of finished goods in connection with unit sales and model changes. Due to the higher production volumes, stocks of raw materials, manufacturing supplies and work in progress also increased. Stocks of used cars decreased, however.

Trade receivables increased by €0.5 billion to €8.4 billion in connection with the higher unit sales in the first six months of the year 2012.

Cash and cash equivalents increased compared with the end of the year 2011 by €2.5 billion to €12.1 billion.

Marketable debt securities increased slightly compared with December 31, 2011 from €2.3 billion to €2.5 billion. Those assets include the debt instruments that are allocated to liquidity and are publicly traded.

Other financial assets increased by €0.3 billion to €5.3 billion. They mainly comprise investments and derivative financial instruments, as well as loans and other receivables due from third parties. The increase is related to the higher stock-market prices for the shares in the Renault-Nissan Alliance.

Other assets of €5.8 billion (December 31, 2011: €5.9 billion) primarily comprise deferred tax assets and tax refund claims.

The Group's **equity** increased compared with December 31, 2011 by €0.5 billion to €41.8 billion. Net profit of €2.9 billion was partially offset by the distribution of the dividend for the year 2011 in an amount of €2.3 billion.

The **equity ratio** was 26.2% for the Group (December 31, 2011: 26.3%) and 45.8% for the industrial business (December 31, 2011: 46.4%). The equity ratios are adjusted for the dividend payment for the year 2011.

Provisions account for 11% of the balance sheet total (December 31, 2011: 13%). Most of them relate to warranty, personnel and pension obligations, and at €18.3 billion they were lower than at December 31, 2011 (€19.1 billion). Provisions for personnel obligations decreased following the payment of the performance-related remuneration by €0.5 billion to €2.6 billion. In addition, provisions for income taxes fell compared with the end of 2011. Provisions for pension obligations increased, however, due to the lower level of interest rates, by €0.4 billion to €3.5 billion.

Financing liabilities increased by €10.4 billion to €72.5 billion. The increase of €9.7 billion after adjusting for exchange-rate effects is mainly the result of bonds, liabilities to financial institutions, liabilities from ABS transactions, and customer deposits in the direct banking business of Mercedes-Benz Bank. Most of the financing liabilities are related to the leasing and sales financing business.

Trade payables increased by €0.9 billion to €10.4 billion, mainly as a result of the higher production volumes.

Other financial liabilities decreased to €9.4 billion (December 31, 2011: €9.7 billion). They mainly consist of liabilities from residual-value guarantees and wages and salaries, derivative financial instruments and accrued interest on financing liabilities.

Other liabilities of €6.9 billion (December 31, 2011: €6.3 billion) primarily comprise deferred taxes, tax liabilities and deferred income. The increase is related to deferred taxes.

Workforce

At the end of the second quarter of 2012, Daimler employed 273,749 people worldwide (end of Q2 2011: 266,114). Of that total, 166,477 were employed in Germany (end of Q2 2011: 166,840), 22,137 in the United States (end of Q2 2011: 19,827), 14,712 in Brazil (end of Q2 2011: 13,876) and 11,417 in Japan (end of Q2 2011: 11,635). Our consolidated subsidiaries in China employed 2,374 people at the end of the second quarter (end of Q2 2011: 1,799).

Annual Shareholders' Meeting approves dividend of €2.20 per share

At the Annual Meeting held in Berlin on April 4, 2012, the shareholders of Daimler AG approved the distribution of a dividend of €2.20 per share for the year 2011 (2010: €1.85). The dividend for the year 2011 is thus one of the highest in the company's history. The total distribution amounted to €2,346 million.

The Annual Shareholders' Meeting also reelected Dr. Clemens Börsig as a member of the Supervisory Board for an additional five years.

Daimler Trucks starts production of trucks under the new BharatBenz brand in India

At the end of June, Daimler India Commercial Vehicles started production of trucks for the Indian market. The BharatBenz brand has been created specifically for the Indian market and will launch 17 models in the segment from six to 49 tons by the year 2014. The first step is the production of a heavy-duty truck with 25 tons gross vehicle weight and 230 horsepower. The production plant in Chennai was opened this April after being constructed in the record time of just 24 months. Most of the engines and other major components will be produced locally, and this production already started in May. Daimler India Commercial Vehicles is a 100% subsidiary of Daimler AG.

Risk report

Daimler's divisions are subject to a large number of risks which are inextricably linked with their entrepreneurial activities. With regard to the existing opportunities and risks, we refer to the statements made on pages 113 to 120 and on page 125 of our Annual Report 2011, as well as to the notes on forward-looking statements at the end of this Interim Management Report.

Economic risks are still considerable at the beginning of the third quarter of 2012. Especially in the European Monetary Union, there is a risk that the sovereign-debt crisis will escalate further. It is true that, due to the result of the recent election, there is currently no imminent danger of a default and ultimate exit from the euro by Greece. But the situation remains very uncertain, as clearly shown by Spain's request for emergency funds to recapitalize its banks. If the crisis worsens again, there will be renewed turbulence in the financial markets and considerable consequences for the ailing banking sector, as well as for the already weak economic development of the euro zone. Despite the continuation of geopolitical tension in the Middle East, the immediate threat of soaring oil prices has subsided somewhat following the significant price falls of recent weeks. However, further escalation of the situation in that region could trigger an oil-price shock and constitute a major burden for global economic growth. Risks connected with the development of the US economy have recently increased. The economic outlook there has deteriorated again somewhat in recent weeks, due to disappointing labor market data and worsening business sentiment. With regard to the Chinese economy, following the recent growth slowdown, the challenge remains of supporting the economic cooling-off with appropriate monetary and fiscal policies so that a slump is prevented. The risk for the Japanese economy caused by the ongoing overvaluation of the Japanese yen is also largely unchanged.

Outlook

The global economic situation at the beginning of the third quarter shows varying signs. But overall, there is some evidence that the expansion of the **world economy** is continuing. There is no doubt that the biggest uncertainty with regard to developments in the second half of the year involves the economies of the European Monetary Union. The latest summit decisions and the ongoing supportive actions of the European Central Bank should remove at least part of the current market uncertainty. However, it is also clear that the sovereign-debt crisis is by no means resolved and that many problematic issues still have to be addressed. This applies in particular to the central banking supervisory authority scheduled to be in place by the end of the year, as well as to the further steps to be taken towards a fiscal union. Unfortunately, a large number of individual issues exist that have the potential to exacerbate the crisis once again. But in total, even with a cautiously optimistic outlook, it will not be possible to prevent a slight decrease in the EMU's economic output for the full year. Whereas even large European economies such as Spain and Italy are in recession, the German economy is still on a path of expansion, although at a lower growth rate. In the United States, leading economic indicators have deteriorated perceptibly; this applies to both business sentiment and the labor market. While business sentiment now indicates a significantly more moderate development of investment, weakness on the employment side is dampening the perspective for private consumption. But overall, most analysts assume that the US economy will grow in the second half of the year at least at rates similar to those of the first half, which should result in an annual rate of just over 2%. Although current developments in China confirm that economic growth is slowing down, the government and the central bank have made it clear that fiscal and monetary countermeasures will still allow GDP growth in the magnitude of around 8%. For the other countries of Asia, and also for Eastern Europe, Latin America and the Middle East, a slight economic revival is generally expected in the second half of the year. Lower inflation rates are not only supporting consumer purchasing power, but are also allowing more expansive monetary policies once again. With overall expansion of 5%, the emerging markets should once again grow significantly faster than the industrialized countries (1.0 to 1.5%) in the year 2012, resulting in total growth of 2.5 to 3% for the world economy. However, the risks of a less favorable development remain considerable, especially in the industrialized countries.

The increase in global **demand for motor vehicles** should continue as the year progresses, whereby the strongest growth stimulus will continue to be from the US and Japanese markets. After a weak start to the year in China, there are now indications of moderate expansion there once again. Growth in registrations of new automobiles of approximately 4% is anticipated worldwide. In the United States, growth in demand for light vehicles of more than 10% is to be expected, despite the rather less positive economic prospects. This should result in total sales of just over 14 million light vehicles, which is the highest level in the last five years. Following last year's slump, the Japanese market will actually grow at a double-digit rate, primarily due to the return of government sales incentives. In Western Europe, however, the still-unresolved sovereign-debt crisis and the related economic weakness mean that another significant decrease in demand for cars is to be expected. This would reduce the total market volume to its lowest level for nearly 20 years. The German market will not be able to completely avoid this trend, but demand should at least remain at the prior-year level. The Chinese car market is likely to continue its expansion, although with somewhat less dynamism than in 2011, but the premium segment should continue to grow at a disproportionately high rate. Following last year's pronounced growth slowdown in India, rather higher rates are anticipated again for 2012. Growth in demand for cars in Russia is likely to be comparatively moderate in 2012, following the strong recovery in the two previous years.

With regard to demand for **medium and heavy trucks**, the North American market is likely to be the most important driver of demand once again, with growth of between 10 and 20%. The rate of expansion in the second half of the year will be significantly lower than in the first half, due to the recently weakening development of orders received in the industry as well as the somewhat dampened economic outlook. Due to the ongoing sovereign-debt crisis and the weak economy, however, the best that can be expected for the European truck market is demand at about the prior-year level, and a market decline of up to 10% cannot be ruled out. The Japanese market should profit also in the coming quarters from the ongoing reconstruction activities and should achieve growth of around 20% in the full year. Due to the significant weakening of economic growth and the introduction of stricter emission standards similar to Euro V, demand in the Brazilian truck market is expected to decline by roughly 15 to 20%. More favorable financing conditions under the state-supported FINAME program could stabilize demand in the second half of the year. Nonetheless, a double-digit market decline remains likely for the full year from today's perspective. The Chinese market will probably shrink again this year, but thanks to a state sales incentive program demand should at least be expected to stabilize in the second half of 2012. The Indian market should be at the volume of last year, while growth in demand in Russia is expected to be significantly more moderate than in the two previous years.

We expect an overall slight decline in the medium and large van segment of the European **van market** as a result of the debt crisis and its effects on the economy. This is primarily due to the weakness of markets in southern Europe. The European market for small vans should expand slightly, however. After the market for large vans in the United States already developed very positively in 2011, we expect significant expansion of more than 10% once again in 2012. We anticipate a market volume in the magnitude of the prior year in Latin America.

We anticipate a stable development for **buses** in Western Europe. In view of the uncertain economic situation, the market is likely to remain at the relatively low level of the year 2011. In Latin America, we assume that demand will decrease in connection with the introduction of new emission standards.

On the basis of the divisions' planning, Daimler expects its **total unit sales** in the year 2012 to be higher than the figure of 2.1 million vehicles achieved in the year 2011.

Mercedes-Benz Cars assumes that it will further increase its unit sales this year and will grow faster than the market as a whole. We expect our unit sales in each of the remaining quarters of 2012 to be higher than in the respective prior-year periods. We will profit from the continuation of strong demand for our cars in the C-Class segment. Further growth is anticipated for our SUVs, due to the full availability of the new M-Class and other new models. The new generations of the GLK compact SUV and the G-Class have been available since June 2012, and the new GL will be launched in September. The new models in the high-volume compact-car segment are also contributing towards growth in unit sales; the new B-Class was launched in November 2011 with the new A-Class to follow this September. And a completely new automobile concept will come onto the market in October: the CLS Shooting Brake. In regional terms, we see further growth opportunities for 2012 above all in North America, as well as in China, India and Russia. For the smart brand, we expect an ongoing stable level of unit sales.

Daimler Trucks anticipates another rise in unit sales this year. In Europe, we will make use of our competitive advantages with the new Actros. We assume that our sales will develop better than the European market as a whole, allowing us to further extend our market leadership. In Brazil, the market environment remains very difficult due to the introduction of stricter emission standards. On the basis of our products' popularity in that country, however, we intend to maintain our strong market position. We anticipate rising demand for Euro V vehicles in the second half of the year. We expect strong demand in the NAFTA region in the full year, and a good development of unit sales for Trucks NAFTA. As before, the main driver will be the high average age of the trucks on the road and the resulting need to invest in replacements.

We also anticipate high growth rates in Asia. Demand in Japan continues to be driven by the work of reconstruction following the natural disaster in connection with state subsidies, and is leading to increasing unit sales by Trucks Asia. In the future, we will vigorously promote our business in the light-duty segment together with our strategic partner Renault-Nissan. A recently signed agreement calls for the supply of the Fuso Canter light-duty truck (5 tons gross vehicle weight) to Nissan for sale in the Japanese market. In return, Nissan will supply us with the Atlas F24 light-duty truck (under 5 tons GVW), with which Fuso will be able to extend its product portfolio. The reciprocal supply of vehicles is intended to reduce development and production costs by utilizing economies of scale. It will also bring significant efficiency and productivity advances on both sides. The timeframe and volumes of these supplies will be decided upon at a later date.

With the beginning of production in India this June, we have passed another milestone in our development of new markets. By the year 2014, 17 models will be launched in the segment of six to 49 tons under the BharatBenz brand in India and selected export markets. In China, we are continuing with our dual sales strategy: In addition to the sale of high-value Mercedes-Benz trucks for the premium segment, the joint venture established with Foton is to commence business operations in July. This will allow us to supply trucks under the Auman brand at lower prices in the Chinese volume market as of the third quarter.

Mercedes-Benz Vans expects to further increase its unit sales in 2012. The launch of the new Citan in the small-van segment will help to boost our unit sales in Europe. Overall, we intend to maintain the 2011 level of unit sales in Europe. Furthermore, Mercedes-Benz Vans expects to sell more vehicles than in the prior year in the United States. And we should be able to profit from the launch in Latin American markets of the current model generation of the Sprinter.

Daimler Buses assumes that unit sales in the year 2012 will be lower than in 2011. We expect weaker demand this year above all in Latin America due to the introduction of Euro V emission regulations, which led to purchases being brought forward in 2011. Due to the upcoming implementation of state incentives in Brazil, demand is expected to revive in the second half of the year. We anticipate a slight recovery of our business with complete buses in Europe.

Daimler Financial Services expects to achieve renewed growth in contract volume and new business in 2012. A normalization of credit risks is anticipated – and thus a moderate increase compared with the unusually low level of the year 2011.

Following the significant growth of the year 2011, we assume that the **Daimler Group's revenue** will increase again in the year 2012. In regional terms, we expect to see above-average growth rates in the emerging markets and in North America.

On the basis of current market expectations and the planning of our divisions, we aim for the **Daimler Group** to achieve **EBIT from the ongoing business** in 2012 that is in the magnitude of the prior year. This target is based on the assumption of currency exchange rates close to their present levels.

We have set the following targets for the divisions' EBIT from the ongoing business:
- Mercedes-Benz Cars: in the magnitude of the prior year
- Daimler Trucks: at least at the prior-year level
- Mercedes-Benz Vans: in the magnitude of the prior year
- Daimler Buses: below the prior-year level
- Daimler Financial Services: slightly below the prior-year level

Later this year, Daimler Buses anticipates expenses of approximately €45 million from the repositioning of the European bus business and of approximately €20 million from the repositioning of the North American bus business.

We assume that our worldwide **workforce** will expand slightly compared with the end of 2011.

Forward-looking statements:
This document contains forward-looking statements that reflect our current views about future events. The words "anticipate," "assume," "believe," "estimate," "expect," "intend," "may," "plan," "project," "should" and similar expressions are used to identify forward-looking statements. These statements are subject to many risks and uncertainties, including an adverse development of global economic conditions, in particular a decline of demand in our most important markets; a worsening of the sovereign-debt crisis in the euro zone; a deterioration of our funding possibilities on the credit and financial markets; events of force majeure including natural disasters, acts of terrorism, political unrest, industrial accidents and their effects on our sales, purchasing, production or financial services activities; changes in currency exchange rates; a shift in consumer preference towards smaller, lower margin vehicles; or a possible lack of acceptance of our products or services which limits our ability to achieve prices as well as to adequately utilize our production capacities; price increases in fuel or raw materials; disruption of production due to shortages of materials, labor strikes, or supplier insolvencies; a decline in resale prices of used vehicles; the effective implementation of cost-reduction and efficiency-optimization measures; the business outlook of companies in which we hold a significant equity interest, most notably EADS; the successful implementation of strategic cooperations and joint ventures; changes in laws, regulations and government policies, particularly those relating to vehicle emissions, fuel economy and safety; the resolution of pending governmental investigations and the conclusion of pending or threatened future legal proceedings; and other risks and uncertainties, some of which we describe under the heading "Risk Report" in Daimler's most recent Annual Report. If any of these risks and uncertainties materialize, or if the assumptions underlying any of our forward-looking statements prove incorrect, then our actual results may be materially different from those we express or imply by such statements. We do not intend or assume any obligation to update these forward looking statements. Any forward-looking statement speaks only as of the date on which it is made.

Mercedes-Benz Cars

Unit sales up by 4% to new record level
Strong growth with new models such as B- and M-Class
World premiere of new CLS Shooting Brake
EBIT of €1,314 million (Q2 2011: €1,566 million)

3.01 Q2

Amounts in millions of euros	Q2 2012	Q2 2011	% change
EBIT	1,314	1,566	-16
Revenue	15,364	14,647	+5
Unit sales	370,384	357,636	+4
Production	355,578	349,242	+2
Employees (June 30)	97,274	97,428	-0

3.02 Q2

Unit sales	Q2 2012	Q2 2011	% change
Total	370,384	357,636	+4
Western Europe	169,347	176,235	-4
Germany	80,911	82,826	-2
United States	65,453	54,193	+21
China	59,686	52,498	+14
Other markets	75,898	74,710	+2

New record for second-quarter unit sales
Mercedes-Benz Cars once again set a new record for unit sales in the second quarter of 2012, with total sales by the car division rising by 4% to 370,400 units. Revenue increased by 5% to €15.4 billion and EBIT amounted to €1,314 million (Q2 2011: €1,566 million).

Sales growth reflects success of product offensive
Due to strong demand for the new B-Class, unit sales in the compact-car segment increased by 18% to 53,200 units. Our new SUV models are also extremely popular: Overall sales of SUVs increased by 10% to a new record of 71,800 units, partially due to high demand for the new M-Class. The S-Class defended its position as the market leader in its category, with growth in unit sales in the luxury segment of another 4% to 21,600 automobiles. In the C-Class segment, we sold 110,200 cars (Q2 2011: 110,700). For lifecycle reasons, shipments in the E-Class segment decreased to 82,600 units (Q2 2011: 85,600). Due in particular to high growth rates in the United States and China, worldwide shipments of the smart increased to 31,000 units (Q2 2011: 28,500). In China, the car division achieved a new record with growth of 14% to 59,700 units. And in the United States, we increased our unit sales by 21% to 65,500 vehicles, making Mercedes-Benz the country's best-selling premium brand in the second quarter. Due to the difficult market environment, unit sales in Western Europe decreased to 169,300 vehicles (Q2 2011: 176,200).

Mercedes-Benz presents new models
At the New York International Auto Show 2012, we celebrated the world premiere of the new-generation GLK. The GLK underscores its claim to leadership among compact SUVs with a new design, superior equipment levels and pioneering assistance systems, in addition to its efficient and agile engines. We also presented the all-new GL-Class, our large SUV, in New York. The new GL offers even more comfort and safety along with improved efficiency. At Auto China in Beijing in April, we unveiled the new generation of the G-Class. With its exterior modifications, a high-quality, newly designed interior and ultra-modern technical equipment, the G-Class reinforces its leading position amongst off-road vehicles. And at the end of June, Mercedes-Benz occupied a new automobile segment with the completely new CLS Shooting Brake. The Shooting Brake's proportions clearly make it a coupe, but its five doors and the roofline continuing to the rear of the car offer significant new possibilities. Since mid-June, our customers have been able to buy, finance or lease the smart electric drive, making emission-free urban mobility possible for everyone. A completely new model of the A-Class will be launched in September.

High utilization of plant capacities
The capacities of the worldwide Mercedes-Benz plants continue to be very well utilized. In June, the first customer's new GL rolled off the assembly line in Tuscaloosa, and production of the new-generation GLK began in Bremen. We are also progressing according to plan with our preparations for the production start of the new A-Class in Rastatt and the CLS Shooting Brake in Sindelfingen.

3.03 Q1-2

Amounts in millions of euros	Q1-2 2012	Q1-2 2011	% change
EBIT	2,566	2,854	-10
Revenue	30,301	28,507	+6
Unit sales	708,687	668,353	+6
Production	719,587	690,950	+4
Employees (June 30)	97,274	97,428	-0

3.04 Q1-2

Unit sales	Q1-2 2012	Q1-2 2011	% change
Total	708,687	668,353	+6
Western Europe	325,621	316,149	+3
Germany	145,579	138,575	+5
United States	134,056	112,803	+19
China	102,204	101,359	+1
Other markets	146,806	138,042	+6

Daimler Trucks

Further growth in unit sales and revenue
New products from Daimler Trucks set the benchmark
Flexible adjustment of employment levels in Brazil
EBIT increases to €524 million (Q2 2011: €486 million)

3.05 Q2

Amounts in millions of euros	Q2 2012	Q2 2011	% change
EBIT	524	486	+8
Revenue	8,129	6,648	+22
Unit sales	122,217	91,458	+34
Production	120,914	92,297	+31
Employees (June 30)	81,418	75,845	+7

3.06 Q2

Unit sales	Q2 2012	Q2 2011	% change
Total	122,217	91,458	+34
Western Europe	15,041	15,705	-4
Germany	8,189	8,152	+0
United States	28,415	23,302	+22
Latin America (excluding Mexico)	10,209	13,495	-24
Asia	46,193	22,840	+102
Other markets	22,359	16,116	+39

Further growth in unit sales and revenue
Daimler Trucks increased its unit sales in the second quarter of 2012 by 34% to 122,200 units. Revenue reached €8.1 billion (+22%) and EBIT rose to €524 million (Q2 2011: €486 million).

Strong market development in NAFTA and Asia
Sales of 36,100 units by Trucks Europe/Latin America were 10% below the level of the prior-year quarter. Demand for Mercedes-Benz Trucks remained relatively stable in Western Europe, where we maintained our position as market leader in the second quarter with 14,100 units sold and a market share of 23.3%. Unit sales developed positively in Eastern Europe, where we sold 8,200 vehicles (Q2 2011: 7,600). In Brazil, the introduction of stricter emission standards led to another substantial decline in unit sales (-48%).

Against the backdrop of an expanding market, Trucks NAFTA achieved further growth in unit sales. With sales of 36,600 vehicles (Q2 2011: 28,000) and a market share of 31.5% in Classes 6 to 8, we maintained our role as market leader in those segments in the NAFTA region. We are also number one in the profitable heavy-duty segment (Class 8).

We achieved an even stronger increase in unit sales at Trucks Asia. The ongoing market recovery in Asia led to substantial growth in some markets. With sales of 49,500 vehicles and a market share of 20.8%, we are among the top three in the Japanese truck market. In the segment of light-duty trucks, we continue to occupy the second position, despite the intensely competitive environment. Growing market share with medium and heavy-duty trucks (+4.8 percentage points in Japan for example) reflects the increased demand for our products.

New products from Daimler Trucks set the benchmark
Last year, we presented the new Actros, which sets a new record for the Euro V version with a reduction in fuel consumption of up to 6% compared with its predecessor. With the new Antos launched in July, Mercedes-Benz has now extended its portfolio with a model series specifically designed for heavy-duty short-range distribution work. The new Freightliner Truck Cascadia Evolution also raises the bar for the competition: This new truck consumes up to 7% less fuel than the current model.

Flexible adjustment of employment in Brazil
Against the backdrop of the difficult market situation in Brazil in connection with the introduction of stricter emission standards, Daimler Trucks has agreed with local trade-union representatives on possible measures to be taken for enhanced personnel flexibility. The basic elements of this concept are comparable with company agreements in Germany, including working-time accounts, short-time work and qualifications during short-time work. One specific result of the agreement is that 1,500 workers attend courses for five months to obtain further qualifications. Under the agreement, Daimler Trucks and the Brazilian government jointly guarantee the continuation of wage payments during that time. We will then be able to react flexibly to any sudden growth in demand.

3.07 Q1-2

Amounts in millions of euros	Q1-2 2012	Q1-2 2011	% change
EBIT	907	899	+1
Revenue	15,512	12,890	+20
Unit sales	229,881	180,718	+27
Production	235,477	186,024	+27
Employees (June 30)	81,418	75,845	+7

3.08 Q1-2

Unit sales	Q1-2 2012	Q1-2 2011	% change
Total	229,881	180,718	+27
Western Europe	28,107	27,241	+3
Germany	14,590	13,342	+9
United States	55,847	42,566	+31
Latin America (excluding Mexico)	20,140	27,308	-26
Asia	86,240	53,304	+62
Other markets	39.547	30,299	+31

Mercedes-Benz Vans

Sales above prior-year level at 69,300 units (Q2 2011: 68,000)
Mercedes-Benz Vans strengthens partnership in major growth market Russia
Upcoming entry into promising small-van segment
EBIT of €197 million (Q2 2011: €206 million)

3.09 Q2

Amounts in millions of euros	Q2 2012	Q2 2011	% change
EBIT	197	206	-4
Revenue	2,420	2,243	+8
Unit sales	69,324	67,989	+2
Production	67,795	69,169	-2
Employees (June 30)	14,832	14,700	+1

3.10 Q2

Unit sales	Q2 2012	Q2 2011	% change
Total	69,324	67,989	+2
Western Europe	46,519	45,791	+2
Germany	20,832	19,574	+6
Eastern Europe	6,497	5,706	+14
United States	6,310	4,755	+33
Latin America (excluding Mexico)	2,346	3,112	-25
China	2,358	3,944	-40
Other markets	5,294	4,681	+13

Earnings maintained at a high level
Total unit sales by Mercedes-Benz Vans increased to 69,300 vehicles in the second quarter (Q2 2011: 68,000). Revenue of €2.4 billion was also higher than in the prior-year period (Q2 2011: €2.2 billion). EBIT amounted to €197 million (Q2 2011: €206 million).

Excellent market response to the Sprinter
In the second quarter of this year, the sovereign-debt crisis and the economic recession once again exacerbated the negative trend in the van markets of southern Europe. Despite the significant impact on key markets, Mercedes-Benz Vans increased its sales in Western Europe to 46,500 units, an increase of 2% compared with the prior-year period. This development was primarily due to strong demand from the German market. The market for medium-sized and large vans in Eastern Europe remained stable; we increased our unit sales in this region by 14% to 6,500 vans. Driven by a positive market development and the good response to the Sprinter, unit sales expanded in the NAFTA region, with a 33% increase in the United States to 6,300 units. In Latin America, there was a negative effect from the ramp-up of production of the new Sprinter in the second quarter of 2012; sales of 2,300 units were significantly below the prior-year level. Because of model changes and upgrades, unit sales in China decreased to 2,400 vans (Q2 2011: 3,900). Worldwide sales of the Sprinter increased due to the performance in North America by 5% to 42,500 units. 26,100 units of the Vito and Viano models were sold.

Cooperation to produce Mercedes-Benz vans in Russia
The production start of the successful Sprinter model in Russia is drawing nearer. We have started to implement this project together with GAZ, a Russian producer of commercial vehicles. The fundamental agreement as a basis for the cooperation came into effect in May 2012. It is intended to produce the tried-and-tested Mercedes-Benz Sprinter T1N as well as engines and other components at the GAZ plant in Nizhny Novgorod, starting in the first half of 2013. Sales and service of the vehicles are to be organized by the existing Mercedes-Benz dealer network, which is being considerably expanded.

Citan to be unveiled soon
The new Mercedes-Benz Citan, an urban delivery van, will be presented to the public at the IAA Commercial Vehicles trade fair in Hannover in September 2012, with a simultaneous market launch. Mercedes-Benz Vans is completing its range of vans with the Citan. The city van will be supplied as a closed-body van, a wagon and a mixed version, in three lengths based on two wheelbases and with two gross vehicle weights. There will also be a large number of customizing possibilities. With either gasoline or diesel engine, the Mercedes-Benz Citan will be one of the most fuel efficient vans in its category. Standard fuel consumption starts at 4.3 liters per 100 kilometers, equivalent to CO_2 emissions of 112 grams per kilometer.

3.11 Q1-2

Amounts in millions of euros	Q1-2 2012	Q1-2 2011	% change
EBIT	365	379	-4
Revenue	4,508	4,220	+7
Unit sales	120,547	122,007	-1
Production	130,769	133,441	-2
Employees (June 30)	14,832	14,700	+1

3.12 Q1-2

Unit sales	Q1-2 2012	Q1-2 2011	% change
Total	120,547	122,007	-1
Western Europe	80,913	83,323	-3
Germany	34,277	34,209	+0
Eastern Europe	11,094	10,378	+7
United States	9,867	7,816	+26
Latin America (excluding Mexico)	5,292	5,786	-9
China	3,419	5,984	-43
Other markets	9,962	8,720	+14

Daimler Buses

Unit sales below prior-year level at 8,400 buses and chassis
New Setra ComfortClass 500 raises the bar
Major order for Mercedes-Benz articulated buses from Rio de Janeiro
EBIT of minus €57 million affected by restructuring actions (Q2 2011: plus €61 million)

3.13 Q2

Amounts in millions of euros	Q2 2012	Q2 2011	% change
EBIT	-57	61	.
Revenue	1,016	1,166	-13
Unit sales	8,418	10,561	-20
Production	7,872	10,631	-26
Employees (June 30)	17,105	16,905	+1

3.14 Q2

Unit sales	Q2 2012	Q2 2011	% change
Total	8,418	10,561	-20
Western Europe	1,377	1,348	+2
Germany	460	472	-3
NAFTA	1,112	1,030	+8
Latin America (excluding Mexico)	4,689	6,943	-32
Asia	553	292	+89
Other markets	687	948	-28

Unit sales and revenue still impacted by economic situation in Latin America
In the second quarter of 2012, Daimler Buses sold 8,400 buses and bus chassis worldwide (Q2 2011: 10,600). As in the first quarter, the decrease in unit sales is due to weaker demand for bus chassis in Latin America, while the business with complete buses was at the prior-year level. Revenue of €1.0 billion was lower than in the prior-year quarter (Q2 2011: €1.2 billion), in line with unit sales. EBIT amounted to minus €57 million (Q2 2011: plus €61 million), including expenses of €46 million for repositioning the European and North American business.

Varying development of unit sales in the regions
In Western Europe, Daimler Buses increased its unit sales by 2% to 1,400 vehicles (Q2 2011: 1,300). The development of the first quarter continued with slight growth in sales of city buses. In Germany, unit sales of 500 buses were close to the number sold in the prior-year quarter, despite generally weak demand for coaches.

Due to higher demand in Mexico, we increased our sales in the NAFTA region by 8% to 1,100 units.

Unit sales in Latin America decreased as expected also in the second quarter, following the introduction of Euro V emission standards in Brazil, the region's biggest market. Daimler Buses sold 4,700 chassis of the Mercedes-Benz brand in this region; this represents a decrease of 32% compared with the prior-year period.

The new ComfortClass 500 raises the bar
The new coach generation, the Setra ComfortClass 500, attains new levels of comfort and safety. The twin-axle Type S 515 HD, the twin and triple-axle S 516 HD and the triple-axle S 517 HD will be launched in autumn 2012. With the new ComfortClass 500, technology leader Daimler Buses raises the bar for the competition in terms of design, aerodynamics and efficiency.

Bus Rapid Transit: more than 90 Mercedes-Benz articulated buses for Rio de Janeiro
The metropolis Rio de Janeiro is relying on its Bus Rapid Transit (BRT) urban public transport system to cope with the increased need for mobility during the soccer World Cup in 2014 and the Olympic Games in 2016. The planned BRT system will consist of various routes with a total length of approximately 150 kilometers. For the commissioning of the first "Transoeste" section, Mercedes-Benz do Brasil received a major order in early June for more than 90 Mercedes-Benz articulated buses as well as services for the BRT system. The Mercedes-Benz buses will thus be the first vehicles to operate on the exclusive main route in the omnibus transport system, which will be fed by several connecting routes.

3.15 Q1-2

Amounts in millions of euros	Q1-2 2012	Q1-2 2011	% change
EBIT	-160	28	.
Revenue	1,746	1,997	-13
Unit sales	13,314	18,308	-27
Production	14,242	18,776	-24
Employees (June 30)	17,105	16,905	+1

3.16 Q1-2

Unit sales	Q1-2 2012	Q1-2 2011	% change
Total	13,314	18,308	-27
Western Europe	2,009	1,967	+2
Germany	669	698	-4
NAFTA	1,664	1,662	+0
Latin America (excluding Mexico)	7,479	12,512	-40
Asia	822	604	+36
Other markets	1,340	1,563	-14

Daimler Financial Services

New business up by 12%
Record volume of insurance business
car2go starts in Berlin
EBIT of €338 million (Q2 2011: €340 million)

3.17 Q2

Amounts in millions of €	Q2 2012	Q2 2011	% change
EBIT	338	340	-1
Revenue	3,260	2,907	+12
New business	9,380	8,387	+12
Contract volume	76,096	63,120	+21
Employees (June 30)	7,434	6,757	+10

Good business development in the second quarter
Daimler Financial Services' business continued to develop positively in the second quarter. Worldwide, approximately 267,000 new leasing and financing contracts worth a total of €9.4 billion were concluded, which is 12% more than in the prior-year quarter. Contract volume reached €76.1 billion at the end of June, which is 6% higher than at the end of 2011. Adjusted for exchange-rate effects, there was an increase of 5%. EBIT of €338 million was at the level of the prior-year quarter.

Increase in new business in Europe
In Europe, new business of €4.9 billion was 10% above the volume of the second quarter of 2011. The new business of Mercedes-Benz Bank in Germany remained constant at €2.5 billion. Strong growth was achieved in Russia (+199%) and Romania (+89%). In total, the contract volume of Daimler Financial Services in Europe increased compared with the end of 2011 by 5% to €32.7 billion. Mercedes-Benz Bank's total deposit volume in the direct banking business amounted to €11.6 billion at the end of the second quarter.

Further growth in the Americas
In the Americas region, Daimler Financial Services concluded financing and leasing contracts in a volume of €3.3 billion in the second quarter, which is 13% more than in the prior-year period. Demand for automotive services was particularly high in USA (+22%) and Canada (+21%), but new business in Brazil decreased due to the general market development. Nonetheless, contract volume in the Americas region increased compared with the end of 2011 by 6% to €32.4 billion.

Renewed gains in Africa & Asia-Pacific
In the Africa & Asia-Pacific region, new business of €1.2 billion was 14% higher than in the prior-year quarter. The strongest growth was in Japan, where new business grew by 81% compared with the second quarter of 2011, which had been affected by the natural disaster. In China, Daimler Financial Services was the first premium provider of financial services to be granted permission to establish a leasing company, which will round off the existing product portfolio. Total contract volume in the Africa & Asia-Pacific region reached €11.0 billion at the end of June, and was thus 10% higher than at the end of 2011.

New record for insurance business
In the insurance business, Daimler Financial Services continued its positive development and brokered 17% more automotive policies than in the prior-year quarter. Worldwide, approximately 270,000 insurance contracts were concluded, more than ever before in one quarter. In China, one customer in three decided in favor of auto insurance brokered by Daimler Financial Services when buying a new car. In Russia, twice as many insurance policies were brokered as in the second quarter of last year.

car2go passes 120,000 customers
The business with innovative mobility services was further expanded in the second quarter. In April, the world's biggest car2go fleet went into operation in Berlin with 1,000 cars. Since the end of June, car2go has also been available in Toronto, Canada. More than 120,000 customers were registered for our flexible car-sharing service worldwide at the end of the second quarter.

3.18 Q1-2

Amounts in millions of euros	Q1-2 2012	Q1-2 2011	% change
EBIT	682	661	+3
Revenue	6,400	5,941	+8
New business	17,637	15,293	+15
Contract volume	76,096	63,120	+21
Employees (June 30)	7,434	6,757	+10

Consolidated Statement of Income (Unaudited) Q2

4.01

In millions of euros	Consolidated Group Q2 2012	Consolidated Group Q2 2011	Industrial Business (unaudited additional information) Q2 2012	Industrial Business (unaudited additional information) Q2 2011	Daimler Financial Services (unaudited additional information) Q2 2012	Daimler Financial Services (unaudited additional information) Q2 2011
Revenue	28,884	26,338	25,624	23,431	3,260	2,907
Cost of sales	-22,341	-19,754	-19,667	-17,413	-2,674	-2,341
Gross profit	6,543	6,584	5,957	6,018	586	566
Selling expenses	-2,504	-2,492	-2,424	-2,414	-80	-78
General administrative expenses	-1,058	-903	-893	-772	-165	-131
Research and non-capitalized development costs	-1,033	-944	-1,033	-944	-	-
Other operating income	377	364	365	349	12	15
Other operating expense	-56	-29	-55	-14	-1	-15
Share of profit/loss from investments accounted for using the equity method, net	36	27	42	22	-6	5
Other financial expense, net	-62	-26	-54	-4	-8	-22
Earnings before interest and taxes (EBIT) [1]	2,243	2,581	1,905	2,241	338	340
Interest income	190	222	190	222	-	-
Interest expense	-416	-282	-413	-280	-3	-2
Profit before income taxes	2,017	2,521	1,682	2,183	335	338
Income taxes	-502	-817	-392	-702	-110	-115
Net profit	1,515	1,704	1,290	1,481	225	223
Thereof profit attributable to non-controlling interest	88	97				
Thereof profit attributable to shareholders of Daimler AG	1,427	1,607				
Earnings per share (in €) for profit attributable to shareholders of Daimler AG						
Basic	1.34	1.51				
Diluted	1.34	1.51				

1 EBIT includes expenses from the compounding of provisions and the effects of changes in discount rates (2012: €84 million; 2011: €54 million).

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

Consolidated Statement of Income (Unaudited) Q1-2

4.02

In millions of euros	Consolidated Group Q1-2 2012	Consolidated Group Q1-2 2011	Industrial Business (unaudited additional information) Q1-2 2012	Industrial Business (unaudited additional information) Q1-2 2011	Daimler Financial Services (unaudited additional information) Q1-2 2012	Daimler Financial Services (unaudited additional information) Q1-2 2011
Revenue	55,895	51,067	49,495	45,126	6,400	5,941
Cost of sales	-43,006	-38,554	-37,767	-33,703	-5,239	-4,851
Gross profit	12,899	12,513	11,728	11,423	1,161	1,090
Selling expenses	-4,895	-4,612	-4,726	-4,455	-169	-157
General administrative expenses	-1,989	-1,837	-1,690	-1,586	-299	-251
Research and non-capitalized development costs	-2,074	-1,897	-2,074	-1,897	-	-
Other operating income	666	595	646	567	20	28
Other operating expense	-130	-195	-124	-171	-6	-24
Share of profit/loss from investments accounted for using the equity method, net	134	84	145	82	-11	2
Other financial expense, net	-228	-39	-214	-12	-14	-27
Earnings before interest and taxes (EBIT) [1]	4,373	4,612	3,691	3,951	682	661
Interest income	425	432	425	432	-	-
Interest expense	-802	-640	-796	-635	-6	-5
Profit before income taxes	3,996	4,404	3,320	3,748	676	656
Income taxes	-1,065	-1,520	-836	-1,278	-229	-242
Net profit	2,931	2,884	2,484	2,470	447	414
Thereof profit attributable to non-controlling interest	166	218				
Thereof profit attributable to shareholders of Daimler AG	2,765	2,666				
Earnings per share (in €) for profit attributable to shareholders of Daimler AG						
Basic	2.59	2.50				
Diluted	2.59	2.50				

1 EBIT includes expenses from the compounding of provisions and the effects of changes in discount rates (2012: €264 million; 2011: €88 million).

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

Consolidated Statement of Comprehensive Income (Unaudited) Q2

4.03

In millions of euros	Consolidated Group Q2 2012	Q2 2011
Net profit	1,515	1,704
Unrealized gains/losses on currency translation	511	-45
Unrealized gains/losses on financial assets available for sale	-151	153
Unrealized losses on derivative financial instruments	-768	-27
Unrealized gains on investments accounted for using the equity method	266	423
Other comprehensive income/loss, net of taxes	-142	504
Thereof income attributable to non-controlling interest	109	142
Thereof income/loss attributable to shareholders of Daimler AG	-251	362
Total comprehensive income	1,373	2,208
Thereof income attributable to non-controlling interest	197	239
Thereof income attributable to shareholders of Daimler AG	1,176	1,969

Consolidated Statement of Comprehensive Income (Unaudited) Q1-2

4.04

In millions of euros	Consolidated Group Q1-2 2012	Q1-2 2011
Net profit	2,931	2,884
Unrealized gains/losses on currency translation	233	-703
Unrealized gains/losses on financial assets available for sale	131	-8
Unrealized gains/losses on derivative financial instruments	-287	470
Unrealized gains on investments accounted for using the equity method	143	310
Other comprehensive income, net of taxes	220	69
Thereof income attributable to non-controlling interest	47	78
Thereof income/loss attributable to shareholders of Daimler AG	173	-9
Total comprehensive income	3,151	2,953
Thereof income attributable to non-controlling interest	213	296
Thereof income attributable to shareholders of Daimler AG	2,938	2,657

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

Consolidated Statement of Financial Position

4.05

In millions of euros	Consolidated Group June 30, 2012 (unaudited)	Consolidated Group Dec. 31, 2011	Industrial Business (unaudited additional information) June 30, 2012	Industrial Business (unaudited additional information) Dec. 31, 2011	Daimler Financial Services (unaudited additional information) June 30, 2012	Daimler Financial Services (unaudited additional information) Dec. 31, 2011
Assets						
Intangible assets	8,553	8,259	8,493	8,200	60	59
Property, plant and equipment	20,030	19,180	19,978	19,129	52	51
Equipment on operating leases	24,657	22,811	11,414	10,849	13,243	11,962
Investments accounted for using the equity method	5,439	4,661	5,421	4,631	18	30
Receivables from financial services	26,509	25,007	-28	-32	26,537	25,039
Marketable debt securities	1,535	947	10	14	1,525	933
Other financial assets	3,385	2,957	-508	-367	3,893	3,324
Deferred tax assets	2,374	2,772	1,818	2,244	556	528
Other assets	406	420	-1,564	-1,637	1,970	2,057
Total non-current assets	92,888	87,014	45,034	43,031	47,854	43,983
Inventories	18,962	17,081	18,551	16,575	411	506
Trade receivables	8,390	7,849	7,847	7,580	543	269
Receivables from financial services	21,210	20,560	-48	-52	21,258	20,612
Cash and cash equivalents	12,094	9,576	11,081	8,908	1,013	668
Marketable debt securities	969	1,334	801	1,157	168	177
Other financial assets	1,865	2,007	-5,581	-5,120	7,446	7,127
Other assets	2,972	2,711	607	429	2,365	2,282
Total current assets	66,462	61,118	33,258	29,477	33,204	31,641
Total assets	159,350	148,132	78,292	72,508	81,058	75,624
Equity and liabilities						
Share capital	3,060	3,060				
Capital reserves	11,903	11,895				
Retained earnings	24,647	24,228				
Other reserves	614	441				
Treasury shares	-	-				
Equity attributable to shareholders of Daimler AG	40,224	39,624				
Non-controlling interest	1,577	1,713				
Total equity	41,801	41,337	35,869	35,964	5,932	5,373
Provisions for pensions and similar obligations	3,545	3,184	3,339	2,985	206	199
Provisions for income taxes	2,168	2,498	2,167	2,496	1	2
Provisions for other risks	5,893	5,626	5,752	5,494	141	132
Financing liabilities	43,219	35,466	13,594	10,250	29,625	25,216
Other financial liabilities	2,185	1,911	2,112	1,840	73	71
Deferred tax liabilities	1,375	1,081	-778	-920	2,153	2,001
Deferred income	2,319	2,118	1,908	1,675	411	443
Other liabilities	47	56	41	50	6	6
Total non-current liabilities	60,751	51,940	28,135	23,870	32,616	28,070
Trade payables	10,394	9,515	10,125	9,233	269	282
Provisions for income taxes	864	1,030	795	921	69	109
Provisions for other risks	5,816	6,799	5,513	6,473	303	326
Financing liabilities	29,319	26,701	-9,972	-12,525	39,291	39,226
Other financial liabilities	7,252	7,782	5,399	6,276	1,853	1,506
Deferred income	1,550	1,548	1,055	1,064	495	484
Other liabilities	1,603	1,480	1,373	1,232	230	248
Total current liabilities	56,798	54,855	14,288	12,674	42,510	42,181
Total equity and liabilities	159,350	148,132	78,292	72,508	81,058	75,624

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

Consolidated Statement of Changes in Equity (Unaudited)

4.06

In millions of euros	Share capital	Capital reserves	Retained earnings	Other reserves: Currency translation	Other reserves: Financial assets available for sale	Other reserves: Derivative financial instruments	Other reserves: Share of investments accounted for using the equity method	Treasury shares	**Equity attributable to shareholders of Daimler AG**	Non-controlling interest	**Total equity**
Balance at January 1, 2011	3,058	11,905	20,553	939	149	-216	-8	-7	36,373	1,580	37,953
Net profit	-	-	2,666	-	-	-	-	-	2,666	218	2,884
Unrealized gains/losses	-	-	-	-676	-10	670	285	-	269	120	389
Deferred taxes on unrealized gains/losses	-	-	-	-	3	-200	-81	-	-278	-42	-320
Total comprehensive income/loss	-	-	2,666	-676	-7	470	204	-	2,657	296	2,953
Dividends	-	-	-1,971	-	-	-	-	-	-1,971	-201	-2,172
Capital increase/ Issue of new shares	-	7	-	-	-	-	-	-	7	5	12
Acquisition of treasury shares	-	-	-	-	-	-	-	-28	-28	-	-28
Issue and disposal of treasury shares	-	-	-19	-	-	-	-	35	16	-	16
Other	-	-12	-	-	-	-	-	-	-12	-23	-35
Balance at June 30, 2011	3,058	11,900	21,229	263	142	254	196	-	37,042	1,657	38,699
Balance at January 1, 2012	**3,060**	**11,895**	**24,228**	**1,049**	**71**	**-651**	**-28**	**-**	**39,624**	**1,713**	**41,337**
Net profit	**-**	**-**	**2,765**	**-**	**-**	**-**	**-**	**-**	**2,765**	**166**	**2,931**
Unrealized gains/losses	**-**	**-**	**-**	**227**	**132**	**-412**	**143**	**-**	**90**	**67**	**157**
Deferred taxes on unrealized gains/losses	**-**	**-**	**-**	**-**	**-2**	**125**	**-40**	**-**	**83**	**-20**	**63**
Total comprehensive income/loss	**-**	**-**	**2,765**	**227**	**130**	**-287**	**103**	**-**	**2,938**	**213**	**3,151**
Dividends	**-**	**-**	**-2,346**	**-**	**-**	**-**	**-**	**-**	**-2,346**	**-361**	**-2,707**
Share-based payment	**-**	**-1**	**-**	**-**	**-**	**-**	**-**	**-**	**-1**	**-**	**-1**
Capital Increase/ Issue of new shares	**-**	**4**	**-**	**-**	**-**	**-**	**-**	**-**	**4**	**8**	**12**
Acquisition of treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-25**	**-25**	**-**	**-25**
Issue and disposal of treasury shares	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**25**	**25**	**-**	**25**
Other	**-**	**5**	**-**	**-**	**-**	**-**	**-**	**-**	**5**	**4**	**9**
Balance at June 30, 2012	**3,060**	**11,903**	**24,647**	**1,276**	**201**	**-938**	**75**	**-**	**40,224**	**1,577**	**41,801**

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

Consolidated Statement of Cash Flows (Unaudited)

4.07

In millions of euros	Consolidated Group Q1-2 2012	Consolidated Group Q1-2 2011	Industrial Business (unaudited additional information) Q1-2 2012	Industrial Business (unaudited additional information) Q1-2 2011	Daimler Financial Services (unaudited additional information) Q1-2 2012	Daimler Financial Services (unaudited additional information) Q1-2 2011
Profit before income taxes	3,996	4,404	3,320	3,748	676	656
Depreciation and amortization	2,022	1,796	2,011	1,786	11	10
Other non-cash expense and income	-126	-17	-145	-51	19	34
Gains/losses on disposals of assets	-27	-49	-38	-47	11	-2
Change in operating assets and liabilities						
Inventories	-1,785	-1,892	-1,822	-1,946	37	54
Trade receivables	-485	-407	-214	-307	-271	-100
Trade payables	782	1,069	796	1,058	-14	11
Receivables from financial services	-1,517	-875	127	226	-1,644	-1,101
Vehicles on operating leases	-1,667	-848	-69	3	-1,598	-851
Other operating assets and liabilities	-346	-1,183	-654	-1,294	308	111
Income taxes paid	-808	-1,662	-590	-150	-218	-1,512
Net cash from/used in operating activities	39	336	2,722	3,026	-2,683	-2,690
Additions to property, plant and equipment	-2,352	-1,754	-2,344	-1,746	-8	-8
Additions to intangible assets	-862	-764	-856	-755	-6	-9
Proceeds from disposals of property, plant and equipment and intangible assets	100	80	97	77	3	3
Investments in interests in companies	-574	-94	-569	-94	-5	-
Proceeds from disposals of interests in companies	47	138	46	138	1	-
Acquisition of marketable debt securities	-2,356	-1,915	-1,663	-1,778	-693	-137
Proceeds from sales of marketable debt securities	2,137	2,383	2,026	2,298	111	85
Other	-55	-5	-59	-	4	-5
Net cash used in investing activities	-3,915	-1,931	-3,322	-1,860	-593	-71
Change in financing liabilities	9,054	2,844	5,477	-377	3,577	3,221
Dividends paid to shareholders of Daimler AG	-2,346	-1,971	-2,346	-1,971	–	-
Dividends paid to non-controlling interest	-358	-196	-357	-195	-1	-1
Proceeds from issuance of share capital	30	40	27	40	3	-
Purchase of treasury shares	-25	-28	-25	-28	-	-
Purchase of non-controlling interest in subsidiaries	-	-16	-	-16	-	-
Internal equity transactions	-	-	-41	947	41	-947
Net cash from/used in financing activities	6,355	673	2,735	-1,600	3,620	2,273
Effect of foreign exchange-rate changes on cash and cash equivalents	39	-140	38	-120	1	-20
Net increase/decrease in cash and cash equivalents	2,518	-1,062	2,173	-554	345	-508
Cash and cash equivalents at beginning of period	9,576	10,903	8,908	9,535	668	1,368
Cash and cash equivalents at end of period	12,094	9,841	11,081	8,981	1,013	860

The accompanying notes are an integral part of these Interim Consolidated Financial Statements.

Notes to the Interim Consolidated Financial Statements (Unaudited)

1. Presentation of the Interim Consolidated Financial Statements

General. These unaudited interim consolidated financial statements (interim financial statements) of Daimler AG and its subsidiaries ("Daimler" or "the Group") have been prepared in accordance with Section 37w Subsection 3 of the German Securities Trading Act (WpHG) and International Accounting Standard (IAS) 34 Interim Financial Reporting. The interim financial statements are condensed in scope compared with the consolidated financial statements as of December 31, 2011 regarding the notes to the consolidated financial statements and comply with the International Financial Reporting Standards (IFRS) for interim financial reporting as adopted by the European Union.

Daimler AG is a stock corporation organized under the laws of the Federal Republic of Germany. Daimler AG is entered in the Commercial Register of the Stuttgart District Court under No. HRB 19360 and its registered office is located at Mercedesstraße 137, 70327 Stuttgart, Germany.

The interim financial statements of the Daimler Group are presented in euros (€). Unless otherwise stated, all amounts are stated in millions of euros. All figures shown are rounded in accordance with standard business rounding principles.

All significant intercompany accounts and transactions have been eliminated. In the opinion of the management, the interim financial statements reflect all adjustments (i.e. normal recurring adjustments) necessary for a fair presentation of the results of operations and the financial position of the Group. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period or for the full fiscal year. The interim financial statements should be read in conjunction with the December 31, 2011 audited and published IFRS consolidated financial statements and notes thereto. The accounting policies applied by the Group in these interim financial statements are principally the same as those applied in the audited IFRS consolidated financial statements as at and for the year ended December 31, 2011.

Commercial practice with respect to certain products manufactured by Daimler necessitates that sales financing, including leasing alternatives, be made available to the Group's customers. Accordingly, the Group's consolidated financial statements are also significantly influenced by the activities of its financial services business. To enhance readers' understanding of the Group's financial position, cash flows and operating results, the accompanying interim consolidated financial statements also present information with respect to the Group's industrial business and Daimler Financial Services business activities. Such information, however, is not required by IFRS and is not intended to, and does not represent the separate IFRS results of operations, cash flows and financial position of the Group's industrial business or Daimler Financial Services business activities. Eliminations of the effects of transactions between the industrial business and the Daimler Financial Services business have generally been allocated to the industrial business columns.

Preparation of interim financial statements in conformity with IFRS requires management to make estimates, assessments and assumptions which can affect the amounts and reporting of assets and liabilities, the reporting of contingent assets and liabilities on the balance sheet date and the amounts of income and expense reported for the period. Actual amounts can differ from those estimates. Changes in the estimates, assessments and assumptions can have a material impact on the consolidated financial statements.

2. Significant dispositions of interests in companies and other disposals of assets and liabilities

MBtech Group. On December 7, 2011, Daimler and AKKA Technologies SA signed a contract on the sale of a 65% interest in the Daimler subsidiary MBtech Group GmbH & Co. KGaA (MBtech Group). The transaction was concluded on April 12, 2012 and resulted in a cash inflow of €48 million and a gain before income taxes of €10 million in the second quarter of 2012. These amounts are primarily allocated to the Mercedes-Benz Cars segment. After conclusion of the transaction, the remaining equity interest in MBtech Group is accounted for using the equity method.

3. Revenue

Revenue at Group level consists of the following:

4.08

Revenue

In millions of euros	Q2 2012	Q2 2011	Q1-2 2012	Q1-2 2011
Revenue from the sale of goods	25,570	23,402	49,417	45,092
Revenue from the rental and leasing business	2,425	2,133	4,722	4,365
Interest from the financial services business at Daimler Financial Services	793	710	1,578	1,429
Revenue from the provision of other services	96	93	178	181
	28,884	26,338	55,895	51,067

4. Functional costs

Optimization programs at Daimler Buses. Daimler Buses decided in the first quarter of 2012 to restructure some sections of its business system. The first step is to define measures to improve efficiency and generate growth in order to increase the market shares of buses in Western Europe, to adapt the product portfolios to changed market requirements and to reduce cost positions. Among other things, the production network will also be optimized. In March 2012, the Board of Management announced the reduction of up to 10% of the workforce of EvoBus GmbH and of some subsidiaries in Western Europe. This headcount reduction should be achieved with socially acceptable measures. Furthermore, in the second quarter of 2012, the Board of Management decided to restructure the activities of Daimler Buses in North America. In this context, Daimler Buses sold the assets related to Setra to Motor Coach Industries International Inc. (MCI). MCI takes over the general distribution of the Setra Coaches S407 and S417 in the North American Market and Daimler Buses receives a share of 10% of the equity of MCI. Due to the decreasing investment volumes for public transportation companies, the ongoing reduced demand of city buses and the negative outlook, Daimler Buses decided to discontinue the production of Orion city buses in USA and Canada. For the buses already delivered, Daimler Buses will continue the aftersales and maintenance services in the future. These restructuring measures will lead to a staff reduction of 1,035 people in the United States and Canada.

Expenses recorded in this regard in the three- and six-month periods ended June 30, 2012 amounted to €46 million and €82 million respectively. The measures initiated resulted in cash inflows of €10 million as of June 30, 2012.

Costs incurred in this regard primarily relate to personnel measures and are included in the following line items within the consolidated statement of income (loss):

4.09

Expenses and income associated with the optimization programs

In millions of euros	Q2 2012	Q2 2011	Q1-2 2012	Q1-2 2011
Cost of sales	-15	-	-42	-
Selling expenses	-9	-	-13	-
General administrative expenses	-6	-	-8	-
Research and non-capitalized development costs	-6	-	-9	-
Other operating expenses	-10	-	-10	-
	-46	-	-82	-

As of June 30, 2012, the provision recognized for these measures amounted to €59 million. The Group anticipates further expenses for Daimler Buses of approximately €65 million in 2012. Cash outflows resulting from these programs are expected until the end of 2017.

Optimization program at Daimler Financial Services. In May 2010, the Board of Management decided to restructure the business activities of Daimler Financial Services AG and Mercedes-Benz Bank AG by the end of 2012. Among other effects, this repositioning will result in streamlined structures and harmonized processes. In the three- and six month periods ended June 30, 2012, cash outflows of €12 million and €19 million resulted from this program (2011: €9 million and €10 million).

5. Interest income and expense

Interest income and expense are comprised as follows:

4.10

Interest income and expense

In millions of euros	Q2 2012	Q2 2011	Q1-2 2012	Q1-2 2011
Interest income				
Expected return on pension and other post-employment benefit plan assets	148	161	296	315
Interest and similar income	42	61	129	117
	190	222	425	432
Interest expense				
Interest cost for pension and other post-employment benefit plans	-284	-255	-558	-501
Interest and similar expenses	-132	-27	-244	-139
	-416	-282	-802	-640

6. Intangible assets

Intangible assets are comprised as follows:

4.11

Intangible assets

In millions of euros	June 30, 2012	Dec. 31, 2011
Goodwill	748	736
Development costs	6,871	6,659
Other intangible assets	934	864
	8,553	8,259

7. Property, plant and equipment

Property, plant and equipment consist of the following:

4.12

Property, plant and equipment

In millions of euros	June 30, 2012	Dec. 31, 2011
Land, leasehold improvements and buildings including buildings on land owned by others	6,900	6,894
Technical equipment and machinery	6,318	5,922
Other equipment, factory and office equipment	4,632	4,467
Advance payments relating to plant and equipment and construction in progress	2,180	1,897
	20,030	19,180

8. Equipment on operating leases

At June 30, 2012, the carrying amount of equipment on operating leases amounted to €24,657 million (December 31, 2011: €22,811 million). In the six months ended June 30, 2012, additions and disposals amounted to €6,652 million and €3,402 million respectively (2011: €5,837 million and €3,392 million). Depreciation for the first half of 2012 was €1,788 million (2011: €1,648 million). Other changes primarily include effects from currency translation.

9. Investments accounted for using the equity method

The key figures of investments accounted for using the equity method are as follows:

4.13

Investments accounted for using the equity method

Amounts in millions of euros	EADS	Engine Holding	Tognum	BBAC	Kamaz	Others[1]	Total
June 30, 2012							
Equity interest (in %)	**22.5**	**50.0**	**-**	**50.0**	**15.0**	**-**	**-**
Equity investment	**2,681**	**1,456**	**-**	**370**	**151**	**781**	**5,439**
Equity result (Q2 2012)[2]	**16**	**4**	**-**	**36**	**5**	**-25**	**36**
Equity result (Q1-2 2012)[2]	**149**	**13**	**-**	**24**	**12**	**-64**	**134**
December 31, 2011							
Equity interest (in %)	22.5	50.0	-	50.0	15.0	-	-
Equity investment	2,475	1,255	-	339	139	453	4,661
Equity result (Q2 2011)[2]	-3	-	12	-7	-4	29	27
Equity result (Q1-2 2011)[2]	71	-	10	20	-5	-12	84

1 Also including joint ventures accounted for using the equity method.
2 Including investor-level adjustments.

Engine Holding. In the first half of 2012, the agreed contribution by Rolls-Royce to Engine Holding of the reciprocating-engine business that trades under the Bergen brand was completed. In this context, Daimler made a cash contribution of €200 million into the capital reserves of Engine Holding.

Others. Other companies include the shareholding in Tesla Motors, Inc. (Tesla). At December 31, 2011, Daimler held an equity interest of 7.8%. The shares in Tesla are held by a 100%-consolidated Daimler subsidiary. At December 31, 2011, Daimler held 60% and Aabar Investments PJSC (Aabar) held 40% of that subsidiary. In June 2012, Aabar exchanged its 40% interest in the holding subsidiary for 3.1% of Tesla's shares. As a result, Daimler now holds a 4.7% equity interest in Tesla.

Other companies also include the shareholding in the joint venture Beijing Foton Daimler Automotive Co. Ltd., which was established in December 2011. In the first quarter of 2012, a capital contribution of €51 million was made; the remaining capital contribution of €293 million was made in the second quarter of 2012. See also Note 18.

10. Receivables from financial services

Receivables from financial services are comprised as shown in the following table:

4.14

Receivables from financial services

	June 30, 2012			December 31, 2011		
In millions of euros	Current	Non-current	Total	Current	Non-current	Total
Receivables from						
Retail	13,107	24,905	38,012	13,174	23,234	36,408
Wholesale	8,429	1,499	9,928	7,718	1,434	9,152
Other	127	630	757	115	838	953
Gross carrying amount	21,663	27,034	48,697	21,007	25,506	46,513
Allowances for doubtful accounts	-453	-525	-978	-447	-499	-946
Carrying amount, net	21,210	26,509	47,719	20,560	25,007	45,567

11. Inventories

Inventories are comprised as follows:

4.15

Inventories

In millions of euros	June 30, 2012	Dec. 31, 2011
Raw materials and manufacturing supplies	2,036	1,802
Work in progress	2,757	2,451
Finished goods, parts and products held for resale	14,104	12,737
Advance payments to suppliers	65	91
	18,962	17,081

12. Equity

Employee share purchase plan. In the first half of 2012, 0.5 million Daimler shares were purchased and reissued to employees in connection with an employee share purchase plan.

Dividend. The Annual Shareholders' Meeting held on April 4, 2012 authorized Daimler to distribute a dividend of €2,346 million (€2.20 per share) from the distributable profit for 2011 of Daimler AG. The dividend was paid out on April 5, 2012.

13. Pensions and similar obligations

Pension cost. The components of pension cost from defined benefit plans included in the consolidated statement of income are as shown in tables ↗ 4.16 and ↗ 4.17.

Contributions by the employer to plan assets. In the three- and six-month periods ended June 30, 2012, contributions by Daimler to the Group's pension plans were €133 million and €184 million respectively.

4.16

Pension cost for the three-month periods ended June 30

In millions of euros	Total	German plans	Q2 2012 Non-German plans	Total	German plans	Q2 2011 Non-German plans
Current service cost	-96	-76	-20	-88	-71	-17
Interest cost	-215	-184	-31	-210	-182	-28
Expected return on plan assets	146	118	28	156	130	26
Amortization of net actuarial losses	-40	-34	-6	-23	-20	-3
Curtailments and settlements	-2	-	-2	-5	-	-5
	-207	-176	-31	-170	-143	-27

4.17

Pension cost for the six-month periods ended June 30

In millions of euros	Total	German plans	Q1-2 2012 Non-German plans	Total	German plans	Q1-2 2011 Non-German plans
Current service cost	-193	-151	-42	-175	-142	-33
Interest cost	-431	-368	-63	-421	-365	-56
Expected return on plan assets	292	235	57	312	261	51
Amortization of net actuarial losses	-80	-68	-12	-46	-39	-7
Curtailments and settlements	-2	-	-2	-5	-	-5
	-414	-352	-62	-335	-285	-50

14. Provisions for other risks

Provisions for other risks are comprised as shown in table ↗ 4.18.

4.18

Provisions for other risks

In millions of euros	Current	Non-current	June 30, 2012 Total	Current	Non-current	December 31, 2011 Total
Product warranties	2,399	3,057	5,456	2,694	2,914	5,608
Personnel and social costs	1,087	1,541	2,628	1,679	1,431	3,110
Other	2,330	1,295	3,625	2,426	1,281	3,707
	5,816	5,893	11,709	6,799	5,626	12,425

15. Financing liabilities

Financing liabilities are comprised as follows:

4.19

Financing liabilities

In millions of euros	Current	Non-current	June 30, 2012 Total	Current	Non-current	December 31, 2011 Total
Notes/bonds	4,535	27,770	32,305	5,594	20,725	26,319
Commercial paper	2,103	-	2,103	1,233	-	1,233
Liabilities to financial institutions	11,384	9,466	20,850	10,574	8,601	19,175
Deposits in the direct banking business	8,171	3,467	11,638	7,012	4,023	11,035
Liabilities from ABS transactions	2,338	2,006	4,344	1,534	1,654	3,188
Liabilities from finance leases	73	350	423	91	373	464
Loans and other financing liabilities	715	160	875	663	90	753
	29,319	43,219	72,538	26,701	35,466	62,167

16. Legal proceedings

As already reported in Annual Report 2011 the DOJ and Daimler AG have been discussing a possible extension of the term of the Deferred Prosecution Agreement to align the Deferred Prosecution Agreements' provisions more closely with the Monitor's review period and to provide Daimler with additional time to improve the sustainability of its compliance systems. Based on these discussions and to complete the ongoing and vigorous remediation of certain challenges that have arisen, the DOJ, Daimler AG and Daimler North East Asia, Ltd. mutually agreed on March 30, 2012 to extend the terms of their respective Deferred Prosecution Agreement until December 31, 2012.

17. Segment reporting

Segment information for the three-month periods ended June 30, 2012 and June 30, 2011 is as follows:

4.20

Segment reporting for the three-month periods ended June 30

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Reconciliation	Daimler Group
Q2 2012								
Revenue	14,945	7,559	2,278	1,011	3,091	28,884	-	28,884
Intersegment revenue	419	570	142	5	169	1,305	-1,305	-
Total revenue	15,364	8,129	2,420	1,016	3,260	30,189	-1,305	28,884
Segment profit (EBIT)	1,314	524	197	-57	338	2,316	-73	2,243
Thereof share of profit/loss from investments accounted for using the equity method	18	11	-4	-	-6	19	17	36
Thereof expenses from compounding of provisions and changes in discount rates	-51	-19	-7	-4	-	-81	-3	-84

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Reconciliation	Daimler Group
Q2 2011								
Revenue	14,239	6,079	2,112	1,161	2,747	26,338	-	26,338
Intersegment revenue	408	569	131	5	160	1,273	-1,273	-
Total revenue	14,647	6,648	2,243	1,166	2,907	27,611	-1,273	26,338
Segment profit (EBIT)	1,566	486	206	61	340	2,659	-78	2,581
Thereof share of profit/loss from investments accounted for using the equity method	-15	15	-2	-	5	3	24	27
Thereof expenses from compounding of provisions and changes in discount rates	-32	-10	-4	-1	-1	-48	-6	-54

Segment information for the six-month periods ended June 30, 2012 and June 30, 2011 is as follows:

4.21

Segment reporting for the six-month periods ended June 30

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Recon-ciliation	Daimler Group
Q1-2 2012								
Revenue	29,345	14,467	4,291	1,733	6,059	55,895	-	55,895
Intersegment revenue	956	1,045	217	13	341	2,572	-2,572	-
Total revenue	30,301	15,512	4,508	1,746	6,400	58,467	-2,572	55,895
Segment profit (EBIT)	2,566	907	365	-160	682	4,360	13	4,373
Thereof share of profit/loss from investments accounted for using the equity method	-28	31	-7	-	-11	-15	149	134
Thereof expenses from compounding of provisions and changes in discount rates	-159	-56	-23	-7	-2	-247	-17	-264

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Recon-ciliation	Daimler Group
Q1-2 2011								
Revenue	27,571	11,898	4,015	1,981	5,602	51,067	-	51,067
Intersegment revenue	936	992	205	16	339	2,488	-2,488	-
Total revenue	28,507	12,890	4,220	1,997	5,941	53,555	-2,488	51,067
Segment profit (EBIT)	2,854	899	379	28	661	4,821	-209	4,612
Thereof share of profit/loss from investments accounted for using the equity method	-27	16	-6	-	2	-15	99	84
Thereof expenses from compounding of provisions and changes in discount rates	-51	-20	-8	-3	-2	-84	-4	-88

Reconciliation. Reconciliation of the total segments' profit (EBIT) to profit before income taxes is as shown in table ↗ **4.22**.

The reconciliation includes corporate items for which headquarters is responsible. Transactions between the segments are eliminated in the context of consolidation and the eliminated amounts are included in the reconciliation.

In the first half of 2011, other corporate items mainly comprised expenses in connection with legal proceedings.

4.22

Reconciliation of the total segments' profit (EBIT)

In millions of euros	Q2 2012	Q2 2011	Q1-2 2012	Q1-2 2011
Total segments' profit (EBIT)	2,316	2,659	4,360	4,821
Share of profit from investments accounted for using the equity method [1]	17	24	149	99
Other corporate items	-77	-93	-111	-283
Eliminations	-13	-9	-25	-25
Group EBIT	2,243	2,581	4,373	4,612
Interest income	190	222	425	432
Interest expense	-416	-282	-802	-640
Profit before income taxes	2,017	2,521	3,996	4,404

1 Mainly comprises the Group's proportionate share in the result of EADS.

18. Related party relationships

Associated companies and joint ventures. Most of the goods and services supplied within the ordinary course of business between the Group and related parties comprise transactions with associated companies and joint ventures and are included in table ↗ 4.23.

A large proportion of the sales and purchases of goods and services with associated companies results from business relations with Engine Holding GmbH (Engine Holding) and/or Tognum AG (Tognum), which is a subsidiary of Engine Holding. Tognum purchases engines, parts and services from the Group.

In connection with the Group's 45% equity interest in Toll Collect GmbH, Daimler has provided a number of guarantees for Toll Collect, which are not included in table ↗ 4.23 (€110 million as of June 30, 2012 and €105 million as of December 31, 2010).

The transactions with joint ventures predominantly relate to the business relationship with Beijing Benz Automotive Co., Ltd. (BBAC). BBAC assembles and distributes Mercedes-Benz vehicles for the Group in China.

In December 2011, the joint venture company Beijing Foton Daimler Automotive Co., Ltd. was established by Daimler and the Chinese truck manufacturer Beiqi Foton Motor Co., Ltd. (BFDA). Daimler has committed to making a cash contribution to the joint venture company and to establishing the production of a truck engine at BFDA. In the first quarter of 2012, capital of €51 million was injected; the remaining payment of €293 million was made in the second quarter of 2012.

Further significant sales and purchases of goods and services relate to a joint venture in Austria, which distributes cars and spare parts of the Group. The Group has also substantial business relations with the Chinese joint venture Fujian Benz Automotive Co. Ltd. (FBAC). FBAC produces and distributes vans under the Mercedes-Benz brand name in China.

See Note 13 for information on contributions to pension plan assets.

4.23
Related party relationships

				Sales of goods and services and other income				Purchases of goods and services and other expense
In millions of euros	Q2 2012	Q2 2011	Q1-2 2012	Q1-2 2011	Q2 2012	Q2 2011	Q1-2 2012	Q1-2 2011
Associated companies	219	171	405	315	143	41	182	76
Joint ventures	724	698	1,416	1,303	69	89	137	196

		Receivables		Payables
In millions of euros	June 30, 2012	Dec. 31, 2011	June 30, 2012	Dec. 31, 2011
Associated companies	220	239	39	46
Joint ventures	740	526	18	24

Responsibility Statement

in accordance with Section 37y of the WpHG (German Securities Trading Act)
in conjunction with Section 37w (2) No. 3 of the WpHG

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group, and the interim management report of the Group 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.

Stuttgart, July 24, 2012

Dieter Zetsche

Wolfgang Bernhard

Christine Hohmann-Dennhardt

Wilfried Porth

Andreas Renschler

Bodo Uebber

Thomas Weber

Auditors' Review Report

To the Supervisory Board of Daimler AG:

We have reviewed the condensed interim consolidated financial statements – comprising the statement of income (loss), the statement of comprehensive income (loss), the statement of financial position, the statement of changes in equity, the statement of cash flows and selected explanatory notes – together with the interim group management report of the Daimler AG, Stuttgart, for the period from January 1 to June 30, 2012 that are part of the semi annual 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) and additional application of the International Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" (ISRE 2410). 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 the 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.

Stuttgart, July 24, 2012

KPMG AG
Wirtschaftsprüfungsgesellschaft

Becker
Wirtschaftsprüfer

Meyer
Wirtschaftsprüfer

Addresses | Information

Financial Calendar

Investor Relations
Phone +49 711 17 92261
17 97778
17 95256
17 95277
Fax +49 711 17 94075

This report and additional information on Daimler are available on the Internet at
www.daimler.com

Concept and contents
Daimler AG
Investor Relations

Publications for our shareholders
Annual Reports (German, English)
Interim Reports on first, second and third quarters (German, English)
Sustainability Report (German, English)
www.daimler.com/ir/reports

Interim Report Q2 2012
July 25, 2012

Interim Report Q3 2012
October 25, 2012

Annual Press Conference and Investors' and Analysts' Conference Call
February 7, 2013

Annual Meeting 2013
Messe Berlin
April 10, 2013

Interim Report Q1 2013
April 24, 2013

Interim Report Q2 2013
July 24, 2013

Interim Report Q3 2013
October 24, 2013

As we cannot rule out changes of dates, we recommend checking them on the Internet at http://www.daimer.com/ir/calendar

Daimler AG
Stuttgart, Germany
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