

DAIMLER

Interim Report Q3 2012



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Cover photo:

The new Mercedes-Benz Antos (on the left) is the first choice for heavy-duty distribution transport and provides customers with tailored solutions for their specific needs. This is possible due to synergies from the modular system that the Antos shares with the new Mercedes-Benz Actros. The new Actros Euro VI (on the right) stands for environmental awareness and maximum fuel efficiency for the customer. The Euro-VI engine consumes approximately 4.5 percent less fuel than its predecessor with Euro V. About 30 percent of new Actros customers already decide in favor of Euro VI.

Q3

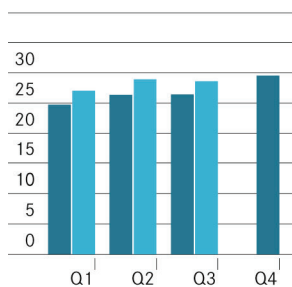
Key Figures Daimler Group

Amounts in millions of euros	Q3 2012	Q3 2011	% change
Revenue	28,572	26,407	+8 ¹
Western Europe	9,427	9,608	-2
thereof Germany	4,800	5,049	-5
NAFTA	8,205	6,313	+30
thereof United States	7,066	5,242	+35
Asia	6,327	5,789	+9
thereof China	2,290	2,789	-18
Other markets	4,613	4,697	-2
Employees (September 30)	275,451	269,887	+2
Investment in property, plant and equipment	1,021	1,023	-0
Research and development expenditure	1,431	1,434	-0
thereof capitalized development costs	379	404	-6
Free cash flow of the industrial business	-209	-774	.
EBIT	1,921	1,968	-2
Net profit	1,205	1,360	-11
Earnings per share (in euros)	1.03	1.21	-15

1 Adjusted for the effects of currency translation, increase in revenue of 3%.

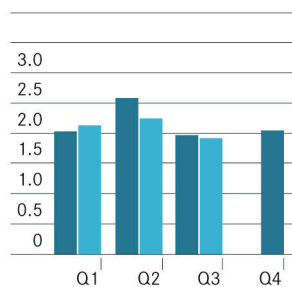
Revenue

In billions of euros



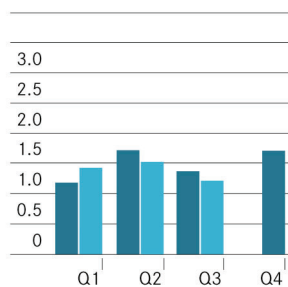
EBIT

In billions of euros



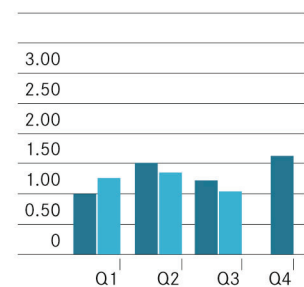
Net profit

In billions of euros



Earnings per share

In euros



■ 2011
■ 2012

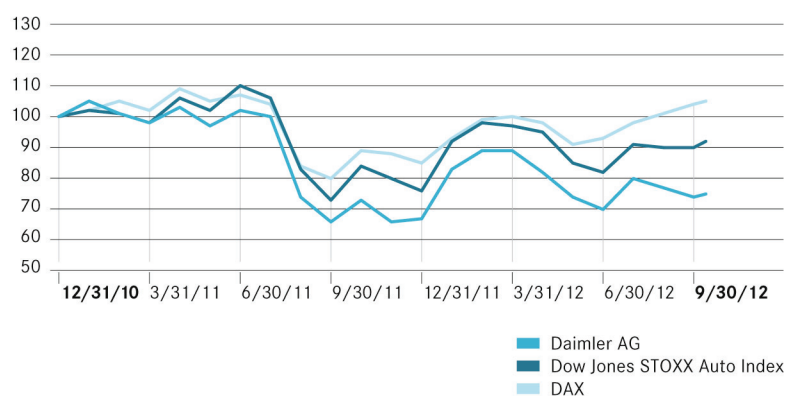
Q1-3

Key Figures Daimler Group

Amounts in millions of euros	Q1-3 2012	Q1-3 2011	% change
Revenue	84,467	77,474	+9 ¹
Western Europe	29,016	29,002	+0
thereof Germany	14,688	14,541	+1
NAFTA	23,308	18,451	+26
thereof United States	19,790	15,339	+29
Asia	19,197	16,542	+16
thereof China	8,367	8,449	-1
Other markets	12,946	13,479	-4
Employees (September 30)	275,451	269,887	+2
Investment in property, plant and equipment	3,373	2,777	+21
Research and development expenditure	4,192	4,013	+4
thereof capitalized development costs	1,066	1,086	-2
Free cash flow of the industrial business	-1,181	-161	.
EBIT	6,294	6,580	-4
Net profit	4,136	4,244	-3
Earnings per share (in euros)	3.63	3.71	-2

1 Adjusted for the effects of currency translation, increase in revenue of 5%.

Shares price index



The global macroeconomic situation remained generally gloomy in the summer months. A high degree of political and economic uncertainty had a negative impact on the world's stock exchanges, whereby the markets were dominated by statements from the central banks and by economic data. But at the end of July, the announcement of support for the euro by ECB President Draghi had a positive effect on share prices. In September, stock-market confidence improved due to a new ECB program for the purchase of government bonds and the announcement by the US Federal Reserve of a new program for the purchase of financial assets (QE3). In this environment, the Daimler share price rose significantly in the first six weeks of the quarter and reached its peak for the period of €42.17 on August 21, before fears that automobile markets would weaken led to price falls. Overall, Daimler's share price increased by 7% in the third quarter of 2012 to €37.67, delivering a slightly weaker performance than the Dow Jones STOXX Auto Index (+9%) and the DAX (+12%). During the course of the year, Daimler's share price had risen by €3.75 at the end of September; in addition, we paid a dividend of €2.20 per share in April. Our market capitalization was €40.2 billion at the end of the quarter.

Interim Management Report

Growth in unit sales to 528,600 vehicles

Revenue 8% higher than in prior-year quarter at €28.6 billion

Group EBIT of €1,921 million (Q3 2011: €1,968 million)

Net profit of €1,205 million (Q3 2011: €1,360 million)

Growth in unit sales and revenue expected for full-year 2012

Group EBIT from ongoing business of approximately €8 billion expected

Business development

Stronger headwind for the world economy

The **world economy** continued to grow in the third quarter of 2012 compared with the prior-year period, but the rate of expansion is likely to have weakened once again. Important global leading indicators worsened perceptibly during the summer months, particularly for the manufacturing sector. It is alarming that this deterioration is not only affecting the peripheral European countries, which are already in deep recession, but is apparent right across Europe, America and Asia. This does not automatically mean that a large number of countries have entered a recessive phase, but the situation of the world economy has become significantly more uncertain. Developments in the European Monetary Union are likely to have been particularly critical in the third quarter. Following the decline in real gross domestic product in the second quarter, it must be feared that the downturn actually accelerated in the past three months. Even the German economy, which has so far been very resistant to the negative trend, was increasingly affected by the weakening of the global economy in the third quarter. Although generally much better than in the euro zone, the economic situation in the United States is rather unsatisfactory when one looks at the labor market. And in Japan, there are increasing signs that the economic upswing triggered by reconstruction activity has slowed down significantly. In China, which is so important for the world economy, the summer months also featured a growth slowdown. But also in the other large emerging markets, whether in Asia, Latin America or Eastern Europe, the general economic situation has been rather difficult recently. Oil prices have risen again significantly following a temporary fall, placing a further burden on the global economy. In view of the economic slowdown described above, major central banks have reacted with significantly expansive actions. This applies for example to the Chinese Central Bank, the US Federal Reserve and the European Central Bank (ECB). Although the measures initiated have not yet had a visible impact on the real economy, they have revitalized the stock markets to some extent. The euro has profited from the announcement of the new purchasing program of the ECB, and has recently been rather stronger than at the beginning of the third quarter.

The growth of the global **car market** weakened slightly in the third quarter compared with the second quarter, but still expanded by a high single-digit percentage compared to the prior-year period. However, the third quarter of last year was still suffering somewhat from the consequences of the disaster in Japan and the impact on global production of automobiles. The most important growth driver was once again the US market, which expanded by 14% despite the economic slowdown. Demand in China also delivered a substantial contribution to global growth: With expansion of nearly 10%, the market is still on a solid growth path. Another positive contribution came from the Japanese market, which was 16% larger than in the third quarter of last year thanks to state incentives for car buyers. This incentive program ended in September, however, so the market has shrunk perceptibly since then. The significant downward trend of the Western European car market continued in the third quarter due to the ongoing sovereign debt crisis and the weak economic situation. With a decline of approximately 9% compared with the prior-year period, demand was about at the level of the fourth quarter of 2008, when the global financial crisis was at its peak. Of the seven biggest national markets, only the United Kingdom was clearly larger than a year ago. New car registrations in Germany were 7% below the prior-year level. All other Western European volume markets posted significant double-digit drops in demand. In Russia, however, the stable market recovery continued with growth of more than 10%. Sales figures in India were less dynamic at nearly 5% above the prior-year level.

Demand for **medium and heavy trucks** showed significant regional disparities also in the third quarter. Growth of sales in the North American market continued to fall, but was still close to 10%. Demand in Western Europe continued to be impacted by the sovereign-debt crisis and weak economic developments, and was once again perceptibly lower than in the prior-year period. The Japanese market, which had more than doubled in size in the second quarter, did not quite reach its prior-year level in the third quarter, after state incentives for car buyers had expired in August and the positive effect of the reconstruction measures was clearly fading. The introduction of Euro V emission standards and the perceptible economic weakening continued to have a negative impact on demand for trucks in Brazil, so the market contracted by more than 30% compared with the third quarter of last year. But according to recent estimates, the Russian market continued to expand compared with the prior-year period. In India and China, the largest Asian emerging markets, sales of trucks decreased again significantly in the third quarter. The Chinese market actually posted a decrease of more than 20%, which, due to the country's large share of the world market, led to a further decrease in global demand for trucks.

Group unit sales rise to 528,600 vehicles in third quarter

In the third quarter of 2012, Daimler sold 528,600 cars and commercial vehicles worldwide, surpassing the prior-year total by 1%.

Mercedes-Benz Cars set a new record for unit sales in the third quarter of this year: The division's total sales increased by 2% to 345,400 units. Due to the great popularity of the new SUVs, unit sales in that segment increased by 18% to 68,100 vehicles. The M-Class maintained its market leadership in its category and the S-Class sedan also continued its success at the top of its market segment. In the C-Class segment, we increased our unit sales by 3% to 109,100 vehicles. For lifecycle reasons, unit sales in the E-Class segment decreased to 75,200 vehicles (Q3 2011: 78,200). The market launch of the new A-Class in mid-September was extremely successful, with more than 70,000 orders already received by the end of that month. At smart, unit sales grew by 7% to 23,000 cars. In the United States, the car division boosted its unit sales by 35% to 74,200 vehicles (Q3 2011: 55,100). Mercedes-Benz was thus the premium brand number one in the USA once again in the third quarter. Due to the difficult market environment, sales by Mercedes-Benz Cars in Western Europe decreased to 143,200 units (Q3 2011: 149,700).

With an increase of 3% to 119,100 vehicles, **Daimler Trucks** once again surpassed its prior-year unit sales. The biggest growth was achieved in Asia, where unit sales increased by more than 20% to 42,700 units. This growth was assisted by reconstruction activities after the earthquake in Japan, but also by the development of new markets. In the NAFTA region, we increased our unit sales by 7% to 35,200 vehicles. In addition to the generally high need to invest in replacement vehicles, we benefited from particularly strong demand for our brands. In this important market, we were once again the market leader in the overall segment of Classes 6 to 8. In Western Europe, Daimler Trucks sold 14,200 vehicles (Q3 2011: 16,000). This decrease was caused by the ongoing sovereign-debt crisis and the weak economy with a related market decline. Nonetheless, we increased our market share and continued to lead the medium to heavy-duty segment. The situation is similar in Turkey, where we extended our market leadership despite falling unit sales in connection with a sharp drop in general demand. In the expanding Russian market, we sold 2,000 Mercedes-Benz and Fuso vehicles, achieving growth in unit sales of more than 75%. In Brazil, unit sales continued to be impacted by the weak economy and the introduction of stricter emission regulations.

Unit sales by **Mercedes-Benz Vans** decreased to 55,700 vehicles in the third quarter of 2012 due to the market decline in Western Europe (Q3 2011: 63,500). Demand continued to fall in the European market for medium-sized and large vans in the third quarter, and Mercedes-Benz Vans was also affected by this general market development. Our sales of 33,100 units in Western Europe were significantly lower than in the third quarter of last year. The development of demand for our products remained positive in Eastern Europe, where we sold 5,800 vans (Q3 2011: 5,500). The Sprinter remains on a successful path in North America: Mercedes-Benz Vans posted further growth in that market with unit sales of 6,900 vehicles (+8%). Due to the full availability of the current Sprinter model generation, we increased our unit sales in Latin America by 19% to 4,300 vehicles.

Daimler Buses sold 8,300 buses and bus chassis worldwide in the third quarter of 2012 (Q3 2011: 9,200). As in the two previous quarters, the lower volume of unit sales was primarily due to weaker demand for bus chassis in Latin America, while the business with complete buses was at the prior-year level. In Western Europe, Daimler Buses increased its unit sales by 6% to 1,600 vehicles. While the recovery of the city-bus business continued, unit sales of intercity buses and coaches decreased. Due to the good development of demand in Mexico, Daimler Buses increased its sales in the NAFTA region by 4% to 1,000 units. In Latin America, unit sales decreased due to weak demand in Brazil, the region's biggest market. The stricter Euro V emission standards were introduced in Brazil at the beginning of 2012. In Latin America (excluding Mexico), Daimler Buses sold 4,800 bus chassis of the Mercedes-Benz brand (Q3 2011: 5,600).

At **Daimler Financial Services**, new business increased compared with the prior-year quarter by 16% to €10.0 billion. Contract volume amounted to €77.5 billion at the end of the third quarter of 2012. Compared with the end of 2011, contract volume was up by 8%. Adjusted for exchange-rate effects, there was an increase of 7%.

The Daimler Group's third-quarter **revenue** increased by 8% to €28.6 billion. Adjusted for exchange-rate effects, revenue grew by 3%.

The development of revenue was particularly positive in the NAFTA region (+30% to €8.2 billion) and in Asia (+9% to €6.3 billion). In Western Europe, the Group's revenue decreased by 2% to €9.4 billion due to the difficult economic situation.

The biggest proportion of revenue was generated by Mercedes-Benz Cars; that division's revenue of €15.2 billion was 10% higher than in the prior-year quarter. Daimler Trucks posted revenue growth of 6% to €8.1 billion. Mercedes-Benz Vans' revenue of €2.1 billion was 6% lower than in the third quarter of last year. Revenue of €1.0 billion posted by Daimler Buses was 9% lower than in the prior-year quarter, primarily due to weak demand in Latin America.

2.01

Revenue by division

In millions of euros €	Q3 2012	Q3 2011	% change
Daimler Group	28,572	26,407	+8
Mercedes-Benz Cars	15,238	13,826	+10
Daimler Trucks	8,095	7,619	+6
Mercedes-Benz Vans	2,084	2,222	-6
Daimler Buses	951	1,041	-9
Daimler Financial Services	3,524	3,006	+17

2.02

Unit sales by division

	Q3 2012	Q3 2011	% change
Daimler Group	528,559	525,517	+1
Mercedes-Benz Cars	345,418	337,163	+2
Daimler Trucks	119,142	115,634	+3
Mercedes-Benz Vans	55,742	63,518	-12
Daimler Buses	8,257	9,202	-10

Profitability

The **Daimler Group** posted EBIT of €1,921 million for the third quarter of 2012 (Q3 2011: €1,968 million). ↗ **2.03**

The development of earnings reflects further increases in unit sales at Mercedes-Benz Cars and Daimler Trucks, which were achieved despite more difficult conditions in some markets. Mercedes-Benz Vans and Daimler Buses posted lower unit sales. Group EBIT was reduced by higher expenses in connection with the expansion of Mercedes-Benz Cars' product portfolio and the current product offensive at Daimler Trucks. Daimler Financial Services did not quite reach the level of earnings achieved in the prior-year quarter due to increased cost of risk. Exchange-rate effects made a positive contribution to earnings.

EBIT once again included higher charges for the compounding of non-current provisions as well as effects relating to lower discount factors (Q3 2012: €194 million; Q3 2011: €41 million).

The decision made in the first quarter of 2012 to reposition the European and North American business of Daimler Buses resulted in charges of €16 million in the third quarter.

Group EBIT in the prior-year period included charges resulting from the impairment of Daimler's investments in Renault and Kamaz of €110 million and €23 million respectively.

The special items shown in the table ↗ **2.04** affected EBIT in the third quarters and the first nine months of 2012 and 2011.

In a significantly more difficult economic environment, **Mercedes-Benz Cars** achieved EBIT of €975 million in the third quarter (Q3 2011: €1,108 million). The division's return on sales was 6.4% (Q3 2011: 8.0%). ↗ **2.03**

Ongoing growth in unit sales, especially in the United States, had a positive impact on earnings. We achieved high growth rates in particular with our SUVs. We were also able to achieve increased earnings due to better pricing. In addition, exchange-rate effects had a positive effect on earnings. Earnings were reduced by expenses for the enhancement of our products' attractiveness. Other factors included expenses connected with the expansion of production facilities and higher advance expenditure for new technologies and vehicles. The compounding of non-current provisions and effects from changes in interest rates also led to higher charges.

Daimler Trucks posted third-quarter EBIT of €507 million (Q3 2011: €555 million). The division's return on sales was 6.3%, compared with 7.3% in the prior-year period. ↗ **2.03**

Daimler Trucks had a good development of unit sales and revenue in the NAFTA region and Asia in the third quarter. In addition, lower warranty costs and exchange-rate effects also contributed positively to earnings. There was an opposing, negative effect on earnings from the continuation of falling demand in Brazil and Western Europe; this was related to the weaker economy and in Brazil additionally to the introduction of new emission standards. The division's EBIT was additionally impacted in the third quarter by expenditure for the current product offensive. Additional expenses resulted from the compounding of non-current provisions and changes in interest rates. Earnings in the prior-year period included an impairment charge on the investment in Kamaz.

2.03

EBIT by segment

In millions of euros	Q3 2012	Q3 2011	% change	Q1-3 2012	Q1-3 2011	% change
Mercedes-Benz Cars	975	1,108	-12	3,541	3,962	-11
Daimler Trucks	507	555	-9	1,414	1,454	-3
Mercedes-Benz Vans	75	200	-63	440	579	-24
Daimler Buses	-45	25	.	-205	53	.
Daimler Financial Services	322	337	-4	1,004	998	+1
Reconciliation	87	-257	.	100	-466	.
Daimler Group	1,921	1,968	-2	6,294	6,580	-4

Mercedes-Benz Vans posted EBIT of €75 million for the third quarter (Q3 2011: €200 million). The division's return on sales decreased to 3.6% from 9.0% in the prior-year period. ↗ 2.03

The main negative effects on earnings were from a market-related drop in unit sales, particularly in Western Europe. Expenses in connection with the market launch of the Citan were an additional factor. There was an opposing, positive impact on earnings from exchange-rate effects.

Third-quarter EBIT of **Daimler Buses** amounted to minus €45 million and was thus below the prior-year figure of plus €25 million. The division's return on sales decreased accordingly from plus 2.4% in the third quarter of 2011 to minus 4.7% in the period under review. ↗ 2.03

As in the previous two quarters, the fall in earnings is primarily due to lower unit sales of bus chassis caused by the difficult business situation in Latin America. Furthermore, expenses of €16 million for the repositioning of the European and North American business and negative exchange-rate effects reduced the division's earnings. The cost situation improved, however.

With EBIT of €322 million for the third quarter, **Daimler Financial Services** did not quite reach the level of earnings it achieved in the prior-year period (Q3 2011: €337 million). ↗ 2.03

The main reasons for this earnings development were normalization of the cost of risk, which had been unusually low in 2011, and lower net interest income. However, a higher contract volume and positive exchange-rate effects had a positive effect on EBIT.

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 third quarter of 2012 amounted to €104 million (Q3 2011: €15 million).

At the corporate level, there were expenses of €7 million (Q3 2011: expenses of €250 million); the expenses in the prior-year period primarily reflected the impairment of the carrying value of the investment in Renault. The reconciliation also includes expenses of €10 million (Q3 2011: expenses of €22 million) resulting from the elimination of intra-Group transactions.

Net interest expense amounted to minus €282 million in the third quarter (Q3 2011: net interest income of plus €7 million). The main reason for the decrease is that positive effects from interest-rate hedges were included in the prior-year period. Higher expenses in connection with pension and healthcare obligations and an increase in other interest expenses also reduced the net interest result.

The **income-tax expense** of €434 million for the third quarter of 2012 decreased due to the Group's lower profit before income taxes. There were tax gains from the reversal of impairments of deferred tax assets in 2012, while deferred tax assets were impaired in 2011.

Net profit for the third quarter of 2012 amounts to €1,205 million (Q3 2011: €1,360 million). Net profit of €102 million is **attributable to non-controlling interest** (Q3 2011: €74 million) and net profit of €1,103 million is **attributable to the shareholders of Daimler AG** (Q3 2011: €1,286 million). **Earnings per share** therefore amount to €1.03 (Q3 2011: €1.21).

The calculation of earnings per share (basic) is based on an average number of outstanding shares of 1,067.3 million (Q3 2011: 1,066.3 million).

2.04

Special items affecting EBIT

In millions of euros	Q3 2012	Q3 2011	Q1-3 2012	Q1-3 2011
Daimler Trucks				
Impairment of investment in Kamaz	-	-23	-	-23
Natural disaster in Japan	-	-9	-	-47
Daimler Buses				
Business repositioning	-16	-	-98	-
Daimler Financial Services				
Natural disaster in Japan	-	-	-	-29
Reconciliation				
Impairment of investment in Renault	-	-110	-	-110

Cash flows

Net cash from operating activities ↗ 2.05 of minus €0.4 billion was lower than in the first nine months of 2011. There were negative effects from the lower profit before income taxes and the higher volume of new business in the area of leasing and sales financing. The positive impact from lower increases in inventories and trade receivables was more than offset by the lower increase in trade payables. Positive effects resulted from reduced income-tax payments (€1.2 billion; Q1-3 2011: €2.0 billion); the prior-year period had been significantly affected by payments of income taxes for previous years in North America. Significant reductions in contributions to the pension fund continued to have a positive effect (€0.2 billion; Q1-3 2011: €1.8 billion).

2.05

Condensed consolidated statement of cash flows

In millions of euros	Q1-3 2012	Q1-3 2011	Change
Cash and cash equivalents at beginning of period	9,576	10,903	-1,327
Net cash from operating activities	-415	417	-832
Net cash used in investing activities	-6,934	-4,411	-2,523
Net cash from financing activities	10,109	2,957	+7,152
Effect of exchange-rate changes on cash and cash equivalents	-57	-39	-18
Cash and cash equivalents at end of period	12,279	9,827	+2,452

2.06

Free cash flow of the industrial business

In millions of euros	Q1-3 2012	Q1-3 2011	Change
Net cash from operating activities	4,112	4,389	-277
Net cash used in investing activities	-6,301	-4,179	-2,122
Changes in marketable debt securities	1,162	-324	+1,486
Other adjustments	-154	-47	-107
Free cash flow of the industrial business	-1,181	-161	-1,020

2.07

Net liquidity of the industrial business

In millions of euros	Sept. 30, 2012	Dec. 31, 2011	Change
Cash and cash equivalents	11,057	8,908	+2,149
Marketable debt securities	2,305	1,171	+1,134
Liquidity	13,362	10,079	+3,283
Financing liabilities	-5,749	2,275	-8,024
Market valuation and currency hedges for financing liabilities	594	-373	+967
Financing liabilities (nominal)	-5,155	1,902	-7,057
Net liquidity	8,207	11,981	-3,774

2.08

Net debt of the Daimler Group

In millions of euros	Sept. 30, 2012	Dec. 31, 2011	Change
Cash and cash equivalents	12,279	9,576	+2,703
Marketable debt securities	4,023	2,281	+1,742
Liquidity	16,302	11,857	+4,445
Financing liabilities	-76,188	-62,167	-14,021
Market valuation and currency hedges for financing liabilities	597	-369	+966
Financing liabilities (nominal)	-75,591	-62,536	-13,055
Net debt	-59,289	-50,679	-8,610

Net cash used in investing activities ↗ 2.05 amounted to €6.9 billion (Q1-3 2011: €4.4 billion). The change compared with the prior-year period was the result of increased investment in property, plant and equipment and intangible assets. In addition, there were higher overall (net) outflows from acquisitions and sales of securities carried out in the context of liquidity management. Acquisitions and disposals of shares in companies in the first nine months were lower than in the prior-year period. In the first nine months of 2012, capital contributions were made to Engine Holding and the joint venture of Daimler Trucks in China and shares in MBtech Group were sold.

Net cash from financing activities ↗ 2.05 resulted in a net cash inflow of €10.1 billion in the first nine months of 2012 (Q1-3 2011: €3.0 billion), which almost solely reflects new (net) borrowing. There were opposing effects from higher dividend payments to the shareholders of Daimler AG and increased dividend payments to minority interests in subsidiaries.

Cash and cash equivalents increased compared with December 31, 2011 by €2.7 billion, after taking currency translation into account. Total liquidity, which also includes marketable debt securities, rose by €4.4 billion to €16.3 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. Furthermore, effects from the financing of dealerships within the Group are adjusted. The adjustments 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 €1.2 billion in the first nine months 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 €2.0 billion. Positive effects resulted from the sale of trade receivables of companies in the industrial business to Daimler Financial Services. 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. Other positive effects resulted from the sale of shares in MBtech Group. 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 €3.8 billion to €8.2 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 €8.6 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 €164.0 billion (December 31, 2011: €148.1 billion). Adjusted for currency effects, there was an increase of €15.6 billion. The financial services business accounts for €83.2 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, liquidity (cash and cash equivalents and marketable debt securities) and inventories. This increase is accompanied on the other side of the balance sheet primarily by higher financing liabilities. Current assets account for 43% 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	Sept. 30, 2012	Dec. 31, 2011	% change
Assets			
Intangible assets	8,724	8,259	+6
Property, plant and equipment	20,210	19,180	+5
Equipment on operating leases and receivables from financial services	73,557	68,378	+8
Investments accounted for using the equity method	5,120	4,661	+10
Inventories	19,687	17,081	+15
Trade receivables	8,612	7,849	+10
Cash and cash equivalents	12,279	9,576	+28
Marketable debt securities	4,023	2,281	+76
Other financial assets	5,688	4,964	+15
Other assets	6,055	5,903	+3
Total assets	163,955	148,132	+11
Equity and liabilities			
Equity	42,769	41,337	+3
Provisions	18,447	19,137	-4
Financing liabilities	76,188	62,167	+23
Trade payables	10,364	9,515	+9
Other financial liabilities	8,777	9,693	-9
Other liabilities	7,410	6,283	+18
Total equity and liabilities	163,955	148,132	+11

The increase in **intangible assets** of €0.5 billion to €8.7 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 €20.2 billion (December 31, 2011: €19.2 billion). Most of the total investment of €3.4 billion in the first nine months of 2012 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 €73.6 billion (December 31, 2011: €68.4 billion). The increase after adjusting for currency effects of €4.9 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 €5.1 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 €2.6 billion to €19.7 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 €0.8 billion to €8.6 billion in connection with the higher unit sales in the first nine months of the year 2012.

Cash and cash equivalents increased compared with the end of the year 2011 by €2.7 billion to €12.3 billion.

Marketable debt securities increased compared with December 31, 2011 from €2.3 billion to €4.0 billion. Those assets include the debt instruments that are allocated to liquidity and are publicly traded.

Other financial assets increased by €0.7 billion to €5.7 billion. They mainly comprise investments and derivative financial instruments, as well as loans and other receivables due from third parties. The change was mainly caused by derivative financial instruments.

Other assets of €6.1 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 €1.4 billion to €42.8 billion. Net profit of €4.1 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 26.1% for the Group (December 31, 2011: 26.3%) and 45.2% for the industrial business (December 31, 2011: 46.4%). The equity ratios at December 31, 2011 are adjusted for the dividend payment for the year 2011.

Provisions account for 11% of the balance sheet total (December 31, 2011: 13%). In an amount of €18.4 billion, they were lower than at December 31, 2011 (€19.1 billion). Most of the reduction is accounted for by obligations from product warranties, from personnel and social costs, and from income taxes. Provisions for pension obligations increased compared with the end of 2011 by €0.5 billion.

Financing liabilities increased by €14.0 billion to €76.2 billion. The increase of €13.9 billion after adjusting for exchange-rate effects is mainly the result of bonds, liabilities to financial institutions and liabilities from ABS transactions. Most of the financing liabilities are related to the leasing and sales financing business.

Trade payables increased by €0.8 billion to €10.4 billion, mainly as a result of the higher production volumes.

Other financial liabilities decreased to €8.8 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. The change was primarily related to derivative financial instruments.

Other liabilities of €7.4 billion (December 31, 2011: €6.3 billion) primarily comprise deferred taxes, tax liabilities and deferred income. The increase is related to deferred taxes and other deferred income.

Capital expenditure and research activities

The Daimler Group invested €1.0 billion in property, plant and equipment in the third quarter of this year (Q3 2011: €1.0 billion). Mercedes-Benz Cars accounted for the largest proportion of that amount (€0.7 billion; Q3 2011: €0.6 billion). The focus of capital expenditure was on preparations for the production of new models and the expansion of our plants, for example at the Kecskemét car plant in Hungary and at the new truck plant in India. In addition, we expanded and modernized our sales organization.

The Daimler Group's research and development expenditure amounted to €1.4 billion in the third quarter of 2012 (Q3 2011: €1.4 billion); of that total, €0.4 billion was capitalized (Q3 2011: €0.4 billion). The Mercedes-Benz Cars segment accounted for approximately two thirds of research and development spending. This is primarily related to advance expenditure for the renewal of existing models and the development of new ones, as well as the further development of drive systems and safety technologies.

Workforce

At the end of the third quarter of 2012, Daimler employed 275,451 people worldwide (end of Q3 2011: 269,887). Of that total, 166,888 were employed in Germany (end of Q3 2011: 167,948), 21,930 in the United States (end of Q3 2011: 20,470), 14,709 in Brazil (end of Q3 2011: 14,478) and 11,337 in Japan (end of Q3 2011: 11,599). Our consolidated subsidiaries in China employed 2,648 people at the end of the third quarter (end of Q3 2011: 2,003).

Important events

Foton-Daimler joint venture: first truck rolls off the assembly line

In July, the first truck rolled off the assembly line at the joint venture between Daimler and Foton, a Chinese truck manufacturer based in Beijing-Huairou. In the future, all trucks under the Auman brand will be produced by that joint venture, Beijing Foton Daimler Automotive Co., Ltd. (BFDA).

Daimler expands production capacities for the Mercedes-Benz A-Class

Due to the very positive response to the new Mercedes-Benz A-Class, production capacities for this model are to be expanded. For this purpose, Daimler has signed an agreement with the Finnish supplier Valmet Automotive, according to which Valmet will produce more than 100,000 cars from 2013 to 2016.

Foundation stone laid for production of Mercedes-Benz compact cars in China

Beijing Benz Automotive Co., Ltd. (BBAC), the joint venture in China between Daimler and the Chinese partner Beijing Automotive Group (BAIC), celebrated an important milestone in September. In the presence of representatives of the two partner companies as well as numerous guests from the areas of politics and administration, the foundation stone was laid for a new factory building at the BBAC plant in Beijing, where models of the new generation of Mercedes-Benz compact cars will roll off the assembly line as of 2014.

Daimler and Renault-Nissan expand their cooperation

Within the framework of their cooperation, Daimler and Renault-Nissan are working on two more projects to push forward with the development of more fuel-efficient drive systems. In a new engine project, Renault and Daimler will jointly develop a family of four-cylinder gasoline engines. These turbo engines with direct fuel injection will offer the latest technology in a compact form. The goal is to achieve significantly improved fuel consumption and even lower emissions. The companies assume that they will jointly produce the new engines. As of 2016, they are to be used in vehicles from Daimler and Renault-Nissan. In the context of a new transmission project, Daimler has granted Nissan a license to produce automatic transmissions with the latest technology for Nissan and Infiniti vehicles as of 2016.

Events after the interim balance sheet date

Since the end of the third quarter of 2012, there have been no occurrences that are of major significance for Daimler. The course of business in the first weeks of the fourth quarter of 2012 confirms the statements made in the "Outlook" section of this Interim Management Report.

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 fourth quarter of 2012. Especially in the European Monetary Union, there is still a risk that the sovereign-debt crisis will escalate once again. Although the danger of the euro zone's breakup has decreased significantly due to recent decisions by the European Central Bank, the situation is extremely difficult not only in Greece. Spain and Italy, two of the larger economies, are under critical observation by the financial markets due to their serious budgetary problems, the hard-hit banking sector (at least in Spain) and wide-ranging structural challenges. If the crisis worsens again, renewed financial-market turbulence and serious consequences for the economy of the euro zone must be expected. Large fluctuations of the oil price show that the geopolitical tension in the Middle East has not subsided at all. Escalation of the situation in that region could at any time trigger an oil-price shock and constitute a major burden for global economic growth. In view of disappointing employment developments, rather discouraging business sentiment and the impending negative impact of fiscal policy as of next year, the risks for the further development of the US economy have tended to increase recently. A major risk for the world economy would arise if monetary and fiscal policy actions prove to be insufficient to stabilize China's economic development to the desired extent. The risk for the Japanese economy caused by the ongoing overvaluation of the Japanese yen is also largely unchanged. This situation was recently aggravated by the fact that the economic stimulus of recent reconstruction activity is now subsiding. We are not aware of any risks that could jeopardize the continued existence of the Daimler Group.

Outlook

The economic climate at the beginning of the fourth quarter features great uncertainty. But on aggregate, most analysts assume that the **world economy** is now at its lowest point and will then follow a sideways track without much momentum. However, a crucial factor will be how the economic situation in the European Monetary Union develops. The latest decision by the European Central Bank (ECB) to intervene in the market with supportive measures if necessary, thus preventing an inappropriate increase in refinancing costs, has significantly reduced the risk of the euro zone's breakup from the perspective of the capital market. However, this action cannot eliminate the real problem of the sovereign-debt crisis. It is now up to the affected countries to make use of the time gained for structural reforms and to improve their competitiveness. At present, leading indicators are not yet showing whether the European economy has actually stabilized. But it is quite possible that a further drop in gross domestic product in the fourth quarter can be avoided. But even then, the economy of the euro zone as a whole will shrink by approximately 0.5% in full-year 2012. In the United States, the new phase of expansive monetary policy (quantitative easing QE3) is likely to have little impact on the real economy at first. At the moment, there is more concern about the danger of a fiscal cliff at the end of the year, because fiscal-policy stimuli will expire at the end of 2012 and consolidation measures will automatically take effect at the beginning of 2013. The combination of those two factors could have a substantial dampening effect. It is also impossible to predict how the outcome of the presidential election will influence the sentiment of investors and consumers. But overall, it must be assumed that the US economy will expand slightly also in the last quarter of this year, so that growth in gross domestic product (GDP) of just over 2% should be achieved in 2012. In China, due to significant monetary-policy stimulus and the newly initiated infrastructure program, the economic slowdown should not continue, so GDP growth for the year of more than 7.5% will be possible. A similar stabilizing economic pattern is to be expected for most of the large emerging economies in the last quarter of the year, especially in Latin America and Eastern Europe. In total, the emerging economies could achieve growth of nearly 5% in full-year 2012, which would be distinctly higher than the rate of expansion of the industrialized countries of 1.0-1.5%. For the world economy, this outlook adds up to total economic growth of approximately 2.5%. The risks of a less favorable development remain considerable, especially in the industrialized countries, and the geopolitical situation is still tense in the Middle East, with related risks for the oil price.

Growth in global **demand for automobiles** is likely to slow down again towards the end of the year. Thanks to the robust development in the year to date, an increase in worldwide registrations of new cars in the magnitude of 4-5% is expected for the full year. The most important growth driver is the US market, which should expand by more than 10% despite the continuation of a subdued economic outlook. Sales of light vehicles will probably reach their highest level of the past five years at more than 14 million. Another major contribution to global growth will come from China once again, although the increase in demand there is likely to be smaller than last year. The significantly double-digit market growth in Japan will also have a positive impact on the world market, although this growth is primarily driven by catch-up effects and state incentives for car buyers. The latter ended in September, so a distinct weakening of demand is to be expected in the fourth quarter. In Western Europe, a clear market decline is to be expected this year due to the ongoing sovereign-debt crisis and the related economic weakness. It is highly likely that total sales in that region will fall to their lowest level in almost 20 years, mainly due to drastic declines in Southern Europe. Although the German market will develop better than Western Europe, it will probably not quite equal its prior-year level. Further growth in demand for cars is to be expected in the major emerging markets, however, and not only in China. The Indian market should once again expand at a higher rate than in the prior year, despite the recent growth slowdown. Demand for cars in Russia will increase by approximately 10% this year, following growth rates of more than 30% 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, despite the recent slowdown, with expansion of approximately 10%. Due to the decreasing dynamism of orders received by industry in the year to date, the dampened economic outlook and a high comparative base, growth rates will continue to fall towards the end of the year and could be negative in some cases. For the European truck market, contraction of approximately 10% must be expected due to the ongoing sovereign-debt crisis and the weak economy. The slowdown of growth in the Japanese market after the expiry of state incentives is likely to continue in the fourth quarter. For the full year, however, growth of approximately 20% is to be anticipated. Due to the clearly less positive economic outlook and the introduction of stricter emission standards similar to Euro V, the Brazilian truck market is expected to contract by roughly 20-25%. But the first signs of incipient market stabilization are expected in the fourth quarter, thanks partially to more favorable financing conditions in the context of the state-subsidized FINAME program.

China, the world's biggest truck market, will probably post a significantly double-digit market decline. There is a state sales incentive program also in China, which could stimulate demand somewhat in the last quarter of the year. The Indian market is also likely to be smaller than last year. Significant growth in demand is to be expected only in Russia. Worldwide, a perceptible decrease in new registrations is anticipated as a result of the declining European market and drops in demand in some high-volume emerging economies.

We anticipate an overall market decline of about 10% in the European **van market** due to the sovereign-debt crisis and its impact on the general economy. This is primarily a reflection of weak markets in Southern Europe. 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 foresee 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.

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. We expect our unit sales to be higher than in the prior-year period also in the fourth quarter. We will continue to profit from strong demand for our cars in the C-Class segment. Further growth is anticipated for our SUVs, primarily due to the full availability of the new M-Class as well as the new GL. In addition, the new generations of the GLK compact SUV and the G-Class have been available since June 2012. The new models in the high-volume compact-car segment will also contribute towards growth in unit sales. The new A-Class became available in September 2012, at first mainly in Western Europe. And we launched a completely new automobile concept in the same month: the CLS Shooting Brake. In regional terms, we see further growth opportunities above all in North America. For the smart brand, we expect an ongoing stable level of unit sales.

Daimler Trucks anticipates an increase in unit sales this year. The NAFTA region and Asia will be the main growth drivers also in the full year. In the NAFTA region, the unusually high average age of trucks on the road will create a need to invest in replacements, although a lack of confidence in future economic developments could cause some customers to postpone their decisions to buy. In Asia, several factors will contribute to ongoing high growth rates: In addition to the reconstruction activities following the earthquake in Japan in the spring of 2011, demand was also boosted by state subsidies, at least in the first half of the year. Furthermore, we will participate in the growth of other Asian markets with our products under the Fuso brand. We are already the market leader in key countries there.

We anticipate a relatively stable development of unit sales in the European market, although there will be distinct differences between the various countries. We assume that sales will develop better than the European market as a whole, so that we will further extend our market leadership. In Western Europe, we will sell about as many trucks as in the prior year, due in particular to the development of demand in Germany. While the ongoing weakness of demand in Turkey could lead to a slight reduction in the number of vehicles sold there, we expect a significant increase in unit sales in Russia.

In Latin America, we assume that unit sales will be significantly lower than in record year 2011, due to the sharp drop in demand in the first three quarters of this year. The biggest impact will be from the Brazilian market, where demand has fallen since the introduction of stricter emission standards at the beginning of this year and because of the country's weak economic performance.

We reached another important milestone in the development of new sales markets in late September with the successful market launch of three BharatBenz models in India. In addition, the first dealers have commenced operations. By the year 2014, 17 models in the overall segment of 6 to 49 tons will be launched under the BharatBenz brand in India and selected export markets. In China, the joint venture we established with Foton started business operations. By the year 2014, this joint venture will invest approximately €135 million in the construction of a new engine plant. Production of the OM 457 engine, which has already proven its worth in Europe and Brazil, will then ensure compliance with the future China IV emission standards (equivalent to Euro IV).

Mercedes-Benz Vans anticipates unit sales in 2012 at slightly below the prior-year level. The launch of the new Citan in the small-van segment will help to boost our unit sales in Europe, although they will probably be slightly lower than last year as a result of weak demand in key markets. In the United States, we assume that unit sales will rise by a double-digit rate. In addition, we will benefit in the Latin American markets from the introduction of the current model generation of the Sprinter. We expect unit sales in China to be lower than last year.

Daimler Buses assumes that unit sales in the year 2012 will be significantly lower than in 2011. We expect weaker demand this year above all in Latin America because of the introduction of Euro V emission regulations, which led to purchases being brought forward in 2011. In Brazil, favorable financing conditions in the context of the state FINAME program should lead to a revival of demand towards the end of the year. For our business with complete buses in Europe, we anticipate a volume in the magnitude of 2011.

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 substantial growth in the year 2011, we assume that the **Daimler Group's revenue** will continue to grow in 2012 and will be significantly higher than €110 billion. The biggest increases will come from the Mercedes-Benz Cars and Daimler Trucks divisions. The key driver of this revenue growth is the higher volume of unit sales, especially in the NAFTA region. Revenue at Daimler Buses will be below the prior-year level, whereby the percentage decrease will be significantly lower than for unit sales due to the shift in the sales structure towards higher-value complete buses. In regional terms, we expect to see above-average growth rates in the emerging markets and in North America.

In view of the significant worsening of the market environment in major markets in recent months and the more intense competition, we have adjusted our earnings forecasts. On the basis of current market expectations and the planning of our divisions, we now expect the **Daimler Group** to achieve **EBIT from the ongoing business** of approximately €8 billion in 2012.

We have the following expectations for the divisions' EBIT from the ongoing business:

- Mercedes-Benz Cars: approximately €4.4 billion
- Daimler Trucks: approximately €1.7 billion
- Mercedes-Benz Vans: approximately €650 million
- Daimler Buses: approximately minus €80 million
- Daimler Financial Services: approximately €1.3 billion

In the **fourth quarter** of this year, we expect Mercedes-Benz Cars to post higher unit sales than in the prior-year quarter despite a weaker market development in Europe. The increase will be driven by our new models in the compact-car segment. On the earnings side, we anticipate charges from measures taken to support our dealer network in China.

The development of unit sales at Daimler Trucks will be impacted by weaker demand than had previously been expected in major markets. This applies above all to Western Europe and Brazil, but demand in the NAFTA region is also likely to slow down in the medium duty segment. Expenses will result from our market entry in India and the start of business by the joint venture in China.

At Mercedes-Benz Vans, sales will increase due to the launch of the new Citan. But the weak development of Western European van markets will continue to have a negative effect on our business. In Latin America, we will benefit from the full availability of the current model generation of the Sprinter.

As worldwide demand for buses is generally likely to remain weak, unit sales at Daimler Buses will be lower compared with the fourth quarter of 2011. We will continue the repositioning of our European and North American bus business and anticipate related expenses of approximately €40 million in the fourth quarter of 2012.

At Daimler Financial Services, we expect a further normalization of risk costs compared with the fourth quarter of 2011.

Against the backdrop of a significant worsening of the market environment in recent months, we will consistently implement our measures to strengthen the Group's profitability. These include the programs Fit for Leadership at Mercedes-Benz Cars and Daimler Trucks #1. We will continue the product offensives and the renewal of our product portfolio in the next two years, so that we will have a significantly younger and more global model lineup than today.

In order to achieve our ambitious growth targets, we will expand our product range in the coming years and develop additional production and sales capacities. This will involve a further increase in our **investment in property, plant and equipment** in 2012 (2011: €4.2 billion). The focus of the total volume and of the growth will once again be at the Mercedes-Benz Cars division. As well as the introduction of new products, major investments will be made in component projects and in the expansion of our capacities outside Germany. At Daimler Trucks, we anticipate slightly lower capital expenditure due to the successful implementation of our product offensive.

We plan to have **research and development expenditure** in the magnitude of the prior year (2011: €5.6 billion). The focus here will also be on the Mercedes-Benz Cars and Daimler Trucks divisions. Most of the expenditure will flow into new models. However, we will also continue to work hard on reducing our engines' fuel consumption and emissions.

We assume that our worldwide **workforce** will expand compared with the end of 2011. From today's perspective, employment effects from the adjustment of production programs will be managed by using working-time accounts and by reducing the numbers of temporary agency workers.

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

Mercedes-Benz Cars sets new unit-sales record in third quarter

Very strong growth due to new models

Successful market launch of new A-Class

EBIT of €975 million (Q3 2011: €1,108 million)

3.01

Q3

Amounts in millions of euros	Q3 2012	Q3 2011	% change
EBIT	975	1,108	-12
Revenue	15,238	13,826	+10
Unit sales	345,418	337,163	+2
Production	367,199	334,084	+10
Employees (September 30)	97,718	98,268	-1

New record for unit sales

Mercedes-Benz Cars set a new record for unit sales in the third quarter of 2012. The division's total sales increased by 2% to 345,400 units. Revenue amounted to €15.2 billion (Q3 2011: €13.8 billion) and EBIT for the period was €975 million (Q3 2011: €1,108 million).

Market leadership for S-Class sedan and M-Class

Due to the great popularity of the new SUVs, unit sales in the SUV segment increased by 18% to 68,100 vehicles (Q3 2011: 57,900). The M-Class maintained its market leadership in its category and the S-Class sedan also continued its success at the top of its market segment. In total, Mercedes-Benz shipped 18,900 automobiles in the luxury segment, or 3% more than in the prior-year period. In the C-Class segment, we increased our unit sales also by 3% to 109,100 vehicles. For lifecycle reasons, unit sales in the E-Class segment decreased to 75,200 vehicles (Q3 2011: 78,200). The market launch of the new A-Class in mid-September was extremely successful, with more than 70,000 orders already received by the end of that month. Despite the model change, 51,200 units of our A- and B-Class models were sold (Q3 2011: 54,800). Due in particular to strong growth in the United States and China, worldwide shipments of the smart rose by 7% to 23,000 units. In the United States, the car division boosted its unit sales by 35% to 74,200 vehicles. Mercedes-Benz was thus the premium brand number one in the USA once again in the third quarter. Due to the difficult market environment, unit sales by Mercedes-Benz Cars in Western Europe decreased to 143,200 vehicles (Q3 2011: 149,700). Sales in China amounted to 47,100 units due to numerous model changes (Q3 2011: 59,300).

3.02

Q3

Unit sales	Q3 2012	Q3 2011	% change
Total	345,418	337,163	+2
Western Europe	143,183	149,683	-4
Germany	68,479	73,496	-7
United States	74,247	55,122	+35
China	47,127	59,270	-20
Other markets	80,861	73,088	+11

Three world premieres at the Paris Motor Show

Electric cars from Mercedes-Benz and smart already cover the complete spectrum of individual mobility. This position is emphasized by the three new battery-powered vehicles that we presented at the Paris Motor Show in late September: Together with the series version of the Mercedes-Benz SLS AMG Coupe Electric Drive and the smart BRABUS electric drive, we also had the debut of the Concept B-Class Electric Drive, a battery-powered version of the B-Class. Another Mercedes-Benz highlight at the world's most visited motor show was the B-Class Natural Gas Drive, another environmentally friendly model that will be launched in spring 2013.

The renowned German trade magazine, auto motor and sport, has once again awarded top marks for Mercedes-Benz service: In its latest test of garages and repair shops, all of the Mercedes-Benz sales and service centers and dealerships that were tested provided very good service quality. And in the latest repair-shop survey carried out by ADAC, Germany's largest automobile club, all the tested Mercedes-Benz garages were assessed as "very good."

Successful production starts and further growth

Mercedes-Benz plans to set a new record for unit sales in full-year 2012. Accordingly, the production program for Mercedes-Benz cars continues to focus on expansion. Following the successful production start-ups in June of the new A-Class in Rastatt and the new GL-Class in Tuscaloosa, we began producing the CLS Shooting Brake in Sindelfingen in July.

3.03

Q1-3

Amounts in millions of euros	Q1-3 2012	Q1-3 2011	% change
EBIT	3,541	3,962	-11
Revenue	45,539	42,333	+8
Unit sales	1,054,105	1,005,516	+5
Production	1,086,786	1,025,034	+6
Employees (September 30)	97,718	98,268	-1

3.04

Q1-3

Unit sales	Q1-3 2012	Q1-3 2011	% change
Total	1,054,105	1,005,516	+5
Western Europe	468,804	465,832	+1
Germany	214,058	212,071	+1
United States	208,303	167,925	+24
China	149,331	160,629	-7
Other markets	227,667	211,130	+8

Daimler Trucks

Growth in unit sales and revenue

Successful presence at IAA Commercial Vehicles

New milestones reached in China and India

EBIT of €507 million (Q3 2011: €555 million)

3.05

Q3

Amounts in millions of euros	Q3 2012	Q3 2011	% change
EBIT	507	555	-9
Revenue	8,095	7,619	+6
Unit sales	119,142	115,634	+3
Production	118,892	128,347	-7
Employees (September 30)	81,044	77,274	+5

Growth in unit sales and revenue

Daimler Trucks increased its third-quarter unit sales by 3% to 119,100 vehicles. Revenue reached €8.1 billion (+6%) and EBIT amounted to €507 million (Q3 2011: €555 million).

Higher unit sales in NAFTA and Asia

The ongoing sovereign-debt crisis and the weak economy led to a market decline in the medium and heavy segments in Western Europe. As a result, our unit sales decreased by 11% to 14,200 vehicles; the decrease in Germany was 5%. Nonetheless, we maintained our market leadership in this difficult environment with 24.0% and 39.9% of those markets respectively. The situation is similar in Turkey, where despite generally weakening demand we significantly increased our market share from 38.5% to 45.6%. We sold 2,000 Mercedes-Benz and Fuso trucks in the expanding Russian market, representing growth of more than 75%. Strong unit sales of our products were achieved in the NAFTA region, with further growth of 7% to 35,200 vehicles. We continue to lead the market with our US brands in classes 6 to 8 both in NAFTA overall (33.4%) and in its major market, the United States (34.6%). Sales in Latin America have been falling since the beginning of the year. In Brazil, the region's main market, ongoing weak demand due to the introduction of stricter emission standards and the worsened economic situation had a significant negative impact on unit sales (-33% to 8,200 vehicles). Daimler Trucks posted its strongest growth in Asia, where unit sales increased by more than 20% to 42,700 vehicles. In Japan, demand was stimulated by reconstruction activities; we sold 20% more vehicles in this market than in the prior-

3.06

Q3

Unit sales	Q3 2012	Q3 2011	% change
Total	119,142	115,634	+3
Western Europe	14,193	15,967	-11
Germany	7,954	8,372	-5
United States	29,863	27,645	+8
Latin America (excluding Mexico)	12,541	17,354	-28
Asia	42,698	35,127	+22
Other markets	19,847	19,541	+2

year period and expanded our share in the profitable heavy-duty segment to 24.6% (Q3 2011: 18.4%). We achieved significant growth in unit sales also in Taiwan, and continue to be the clear market leader in the truck segment with a share of 50.9%.

Successful market launch in India

After the plant inauguration in April, sales of the youngest Daimler Trucks brand started in India in late September. Under the BharatBenz label, vehicles are supplied for the promising modern domestic segment. The first dealerships have started operations and have already supplied their customers with heavy-duty trucks. Production of trucks in the medium-duty segment (9 and 12 tons) started in early October.

Truck joint venture to build engine plant in China

BFDA, the joint venture between Daimler and Chinese manufacturer Foton, will invest approximately €135 million in the construction of a new engine plant by the year 2014. Compliance with the future China IV emission standards will then be ensured with production of the tried-and-tested OM 457 engine.

Trucks for the world – Daimler Trucks at the IAA

At the presentation of the division's brand and product portfolio at the IAA Commercial Vehicles trade fair in Hannover, not only Mercedes-Benz, Freightliner and Fuso trucks, but products from all of the BRIC markets (Brazil, Russia, India and China) were presented together for the first time in Europe. In this way, we provided a clear demonstration of Daimler Trucks' global reach.

3.07

Q1-3

Amounts in millions of euros	Q1-3 2012	Q1-3 2011	% change
EBIT	1,414	1,454	-3
Revenue	23,607	20,509	+15
Unit sales	349,023	296,352	+18
Production	354,369	314,371	+13
Employees (September 30)	81,044	77,274	+5

3.08

Q1-3

Unit sales	Q1-3 2012	Q1-3 2011	% change
Total	349,023	296,352	+18
Western Europe	42,300	43,208	-2
Germany	22,544	21,714	+4
United States	85,710	70,211	+22
Latin America (excluding Mexico)	32,681	44,662	-27
Asia	128,938	88,431	+46
Other markets	59,394	49,840	+19

Mercedes-Benz Vans

Unit sales below prior-year level at 55,700 vehicles (Q3 2011: 63,500)

Successful market launch of Mercedes-Benz Citan

Further increase in Sprinter sales in growth region North America

EBIT of €75 million (Q3 2011: €200 million)

3.09

Q3

Amounts in millions of euros	Q3 2012	Q3 2011	% change
EBIT	75	200	-63
Revenue	2,084	2,222	-6
Unit sales	55,742	63,518	-12
Production	55,159	64,256	-14
Employees (September 30)	14,959	14,837	+1

3.10

Q3

Unit sales	Q3 2012	Q3 2011	% change
Total	55,742	63,518	-12
Western Europe	33,085	40,136	-18
Germany	14,409	18,362	-22
Eastern Europe	5,821	5,494	+6
United States	5,836	5,578	+5
Latin America (excluding Mexico)	4,307	3,613	+19
China	2,270	4,380	-48
Other markets	4,423	4,317	+2

Unit sales and EBIT below prior-year level

Unit sales by Mercedes-Benz Vans decreased to 55,700 vehicles in the third quarter of 2012 due to the market decline in Western Europe (Q3 2011: 63,500). Revenue of €2.1 billion was also lower than in the prior-year quarter (Q3 2011: €2.2 billion). EBIT amounted to €75 million (Q3 2011: €200 million).

Sprinter on a successful path in North America

Demand continued to decline in the European market for medium-sized and large vans in the third quarter. Mercedes-Benz Vans was also affected by this general market development. Our sales of 33,100 units in Western Europe were significantly lower than in the third quarter of last year. The development of demand for our products remained positive in Eastern Europe, where we sold 5,800 vans (Q3 2011: 5,500). Russia was the one of the most important drivers of that growth with an increase of 19%. The Sprinter remains on a successful path in North America: Mercedes-Benz Vans posted further growth in that market with unit sales of 6,900 vehicles (+8%). Due to the full availability of the current Sprinter model generation, we increased our unit sales in Latin America by 19% to 4,300 vehicles. In China, we sold 2,300 vans (Q3 2011: 4,400).

Worldwide, Mercedes-Benz Vans sold 38,800 Sprinter vans and 16,400 vans of the Vito and Viano models (Q3 2011: 22,400).

Mercedes-Benz Vans presents new Citan at the IAA

At the IAA Commercial Vehicles trade fair in Hanover in September, Mercedes-Benz Vans unveiled its Citan model, a new urban delivery van. The new Citan is unparalleled in combining minimal CO₂ emissions with optimal driving comfort and high performance with low running costs. The Citan BlueEFFICIENCY has standard fuel consumption of 4.3 liters per 100 km; no other city van with an internal combustion engine consumes less fuel or has lower emissions. Shipments of the Citan to customers started in September 2012 and it has been in operation with Deutsche Post DHL since early September. DHL uses the van for deliveries of letters and parcels all over Germany.

World premiere for the Sprinter E-CELL

Mercedes-Benz Vans presented new products at IAA Commercial Vehicles trade fair also in the field of emission-free driving. In addition to the new Vito E-CELL Combi for seven passengers, the study of the Sprinter E-CELL was also presented to the public for the first time. The Sprinter E-CELL offers numerous possibilities for locally emission-free transport. Its top speed is limited to 80 km/h in the interests of the overall range (approximately 135 kilometers). The vehicle is therefore suitable not only for urban use, but also for driving on country roads. The Sprinter E-CELL has no problems with the daily distances that are usual for local deliveries, tradesmen or other services.

3.11

Q1-3

Amounts in millions of euros	Q1-3 2012	Q1-3 2011	% change
EBIT	440	579	-24
Revenue	6,592	6,442	+2
Unit sales	176,289	185,525	-5
Production	185,928	197,697	-6
Employees (September 30)	14,959	14,837	+1

3.12

Q1-3

Unit sales	Q1-3 2012	Q1-3 2011	% change
Total	176,289	185,525	-5
Western Europe	113,998	123,459	-8
Germany	48,686	52,571	-7
Eastern Europe	16,915	15,872	+7
United States	15,703	13,394	+17
Latin America (excluding Mexico)	9,599	9,399	+2
China	5,689	10,364	-45
Other markets	14,385	13,037	+10

Daimler Buses

Unit sales below prior-year level at 8,300 buses and chassis

Mercedes-Benz Citaro Euro VI voted “Bus of the Year 2013”

Major orders for city buses and chassis from Brazil

EBIT of minus €45 million again affected by restructuring actions (Q3 2011: plus €25 million)

3.13

Q3

Amounts in millions of euros	Q3 2012	Q3 2011	% change
EBIT	-45	25	.
Revenue	951	1,041	-9
Unit sales	8,257	9,202	-10
Production	9,207	10,805	-15
Employees (September 30)	17,166	17,201	-0

Unit sales once again impacted by business development in Latin America

In the third quarter of 2012, Daimler Buses sold 8,300 buses and bus chassis worldwide (Q3 2011: 9,200). As in the two previous quarters, the lower volume of unit sales was primarily due to weaker demand for bus chassis in Latin America, while the business with complete buses was at the prior-year level. Revenue decreased by €90 million to €951 million. EBIT amounted to minus €45 million (Q3 2011: plus €25 million), including costs of €16 million for restructuring the European and North American business model.

Varying business development in the regions

In Western Europe, Daimler Buses increased its unit sales by 6% to 1,600 vehicles. While the recovery of the city-bus business continued, unit sales of intercity buses and coaches decreased. In Germany, sales of 400 units were significantly lower than in the prior-year period (Q3 2011: 500).

Due to the positive development of demand in Mexico, Daimler Buses increased its sales in the NAFTA region by 4% to 1,000 units.

In Latin America, unit sales decreased due to the market decline in Brazil, the region's biggest market. The stricter Euro V emission standards were introduced in Brazil at the beginning of 2012. Daimler Buses sold 4,800 bus chassis of the Mercedes-Benz brand in Latin America (excluding Mexico).

3.14

Q3

Unit sales	Q3 2012	Q3 2011	% change
Total	8,257	9,202	-10
Western Europe	1,625	1,531	+6
Germany	382	532	-28
NAFTA	1,026	988	+4
Latin America (excluding Mexico)	4,807	5,576	-14
Asia	390	406	-4
Other markets	409	701	-42

New Mercedes-Benz Citaro is “Bus of the Year 2013”

The new Citaro with its Euro VI engine convinced the international jury of experts in this year's voting for “Bus of the Year 2013.” This means that the new Citaro has already been recognized for its economical and future-oriented solution as the first series-produced city bus with Euro VI. Our objective with the development of the new Citaro was to combine environmental compatibility with economy while making gains in terms of performance, safety and comfort.

Major orders for city buses and chassis from Brazil

Brazil's metropolises are already preparing with fleet renewals and infrastructure improvements for the increased need for transport during the soccer World Cup in 2014 and the Olympic Games in 2016. Ordering 135 new Mercedes-Benz city buses with BlueTec 5 technology, Fortaleza is one of the environmentally conscious cities that are renewing their local transport fleets before the upcoming sport events. We received another major order from the Ribeirão Preto transport company in the São Paulo province. This order covers almost 390 Mercedes-Benz bus chassis.

3.15

Q1-3

Amounts in millions of euros	Q1-3 2012	Q1-3 2011	% change
EBIT	-205	53	.
Revenue	2,697	3,038	-11
Unit sales	21,571	27,510	-22
Production	23,449	29,581	-21
Employees (September 30)	17,166	17,201	-0

3.16

Q1-3

Unit sales	Q1-3 2012	Q1-3 2011	% change
Total	21,571	27,510	-22
Western Europe	3,634	3,498	+4
Germany	1,051	1,230	-15
NAFTA	2,690	2,650	+2
Latin America (excluding Mexico)	12,286	18,088	-32
Asia	1,212	1,010	+20
Other markets	1,749	2,264	-23

Daimler Financial Services

Growth in new business in all regions
Record volume of insurance business
200,000 customers for car2go
EBIT of €322 million (Q3 2011: €337 million)

3.17 Q3

Amounts in millions of €	Q3 2012	Q3 2011	% change
EBIT	322	337	-4
Revenue	3,524	3,006	+17
New business	9,968	8,601	+16
Contract volume	77,464	65,767	+18
Employees (September 30)	7,630	6,938	+10

Positive course of business in the third quarter

Daimler Financial Services' positive business development continued in the third quarter. Worldwide, approximately 268,000 new leasing and financing contracts were concluded in a total volume of €10.0 billion, or 16% more than in the prior-year quarter. Growth was achieved in all regions. By the end of September, contract volume had reached €77.5 billion, which is 8% higher than at the end of 2011. Adjusted for exchange-rate effects, the increase was 7%. EBIT of €322 million was below the level of the prior-year period.

Increased new business in the Europe region

In Europe, Daimler Financial Services' new business increased compared with the third quarter of last year by 11% to €4.6 billion. Strong growth was achieved in Russia (+171%) and Turkey (+53%). In Germany, Mercedes-Benz Bank was once again ranked as the best provider of automotive financial services in the "Premium Car" category in the "Autohaus Bankenmonitor" survey. Daimler Financial Services' total contract volume in Europe increased compared with the end of 2011 by 7% to €33.3 billion. The deposit volume in Mercedes-Benz Bank's direct banking business amounted to €11.7 billion at the end of the third quarter.

Growth in the Americas region

In the Americas region, Daimler Financial Services concluded financing and leasing contracts in a volume of €3.9 billion in the third quarter, which is 20% more than in the prior-year period. The development of business was particularly dynamic in Canada (+51%) and Mexico (+45%). New business in Brazil decreased, however, due to general economic developments in

that market. At the end of the third quarter, total contract volume in the Americas region of €32.6 billion was 6% higher than at the end of 2011.

Gains in Africa & Asia-Pacific

In the Africa and Asia-Pacific region, new business of €1.5 billion was 24% higher than in the prior-year quarter. Strong growth was achieved in Thailand (+93%) and Japan (+44%). In Australia and Taiwan, Daimler Financial Services ranked in first place in a survey of dealer satisfaction. In China, Daimler Financial Services received awards for its attractiveness as an employer and for the quality of its call center. Total contract volume in Africa & Asia-Pacific reached €11.5 billion at the end of September, which is 16% higher than at the end of 2011.

Further growth in the insurance business

In the insurance business, Daimler Financial Services brokered 4% more automotive policies than in the prior-year quarter, thus setting a new record. Worldwide, approximately 260,000 insurance contracts were concluded.

car2go passes the 200,000 customer mark

In the third quarter, our car2go mobility concept became available also in Cologne, Miami and Calgary. Worldwide, more than 200,000 customers in 15 cities were registered with car2go at the end of the third quarter, which is 51% more than three months previously. As a result of this expansion, car2go continues to be the market leader in the area of flexible short rentals.

3.18 Q1-3

Amounts in millions of euros	Q1-3 2012	Q1-3 2011	% change
EBIT	1,004	998	+1
Revenue	9,924	8,947	+11
New business	27,605	23,894	+16
Contract volume	77,464	65,767	+18
Employees (September 30)	7,630	6,938	+10

Consolidated Statement of Income (Unaudited) Q3

4.01

In millions of euros	Consolidated Group		Industrial Business (unaudited additional information)		Daimler Financial Services (unaudited additional information)	
	Q3 2012	Q3 2011	Q3 2012	Q3 2011	Q3 2012	Q3 2011
Revenue	28,572	26,407	25,048	23,401	3,524	3,006
Cost of sales	-22,250	-20,259	-19,297	-17,814	-2,953	-2,445
Gross profit	6,322	6,148	5,751	5,587	571	561
Selling expenses	-2,603	-2,302	-2,494	-2,222	-109	-80
General administrative expenses	-925	-1,001	-787	-866	-138	-135
Research and non-capitalized development costs	-1,052	-1,030	-1,052	-1,030	-	-
Other operating income	372	341	353	327	19	14
Other operating expense	-79	-56	-75	-52	-4	-4
Share of profit/loss from investments accounted for using the equity method, net	106	-4	115	8	-9	-12
Other financial expense, net	-220	-128	-212	-121	-8	-7
Earnings before interest and taxes (EBIT)¹	1,921	1,968	1,599	1,631	322	337
Interest income	194	269	192	269	2	-
Interest expense	-476	-262	-472	-259	-4	-3
Profit before income taxes	1,639	1,975	1,319	1,641	320	334
Income taxes	-434	-615	-325	-483	-109	-132
Net profit	1,205	1,360	994	1,158	211	202
Thereof profit attributable to non-controlling interest	102	74				
Thereof profit attributable to shareholders of Daimler AG	1,103	1,286				
Earnings per share (in €) for profit attributable to shareholders of Daimler AG						
Basic	1.03	1.21				
Diluted	1.03	1.21				

¹ EBIT includes expenses from the compounding of provisions and the effects of changes in discount rates (2012: €194 million; 2011: €41 million).

Consolidated Statement of Income (Unaudited) Q1-3

4.02

In millions of euros	Consolidated Group		Industrial Business (unaudited additional information)		Daimler Financial Services (unaudited additional information)	
	Q1-3 2012	Q1-3 2011	Q1-3 2012	Q1-3 2011	Q1-3 2012	Q1-3 2011
Revenue	84,467	77,474	74,543	68,527	9,924	8,947
Cost of sales	-65,256	-58,813	-57,064	-51,517	-8,192	-7,296
Gross profit	19,211	18,661	17,479	17,010	1,732	1,651
Selling expenses	-7,498	-6,914	-7,220	-6,677	-278	-237
General administrative expenses	-2,914	-2,838	-2,477	-2,452	-437	-386
Research and non-capitalized development costs	-3,126	-2,927	-3,126	-2,927	-	-
Other operating income	1,038	936	999	894	39	42
Other operating expense	-209	-251	-199	-223	-10	-28
Share of profit/loss from investments accounted for using the equity method, net	240	80	260	90	-20	-10
Other financial expense, net	-448	-167	-426	-133	-22	-34
Earnings before interest and taxes (EBIT)¹	6,294	6,580	5,290	5,582	1,004	998
Interest income	619	701	617	701	2	-
Interest expense	-1,278	-902	-1,268	-894	-10	-8
Profit before income taxes	5,635	6,379	4,639	5,389	996	990
Income taxes	-1,499	-2,135	-1,161	-1,761	-338	-374
Net profit	4,136	4,244	3,478	3,628	658	616
Thereof profit attributable to non-controlling interest	268	292				
Thereof profit attributable to shareholders of Daimler AG	3,868	3,952				
Earnings per share (in €) for profit attributable to shareholders of Daimler AG						
Basic	3.63	3.71				
Diluted	3.63	3.70				

¹ EBIT includes expenses from the compounding of provisions and the effects of changes in discount rates (2012: €458 million; 2011: €129 million).

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

Consolidated Statement of Comprehensive Income (Unaudited) Q3

4.03

In millions of euros	Consolidated Group	
	Q3 2012	Q3 2011
Net profit	1,205	1,360
Unrealized gains/losses on currency translation	-247	272
Unrealized losses on financial assets available for sale	-73	-122
Unrealized gains/losses on derivative financial instruments	465	-452
Unrealized gains/losses on investments accounted for using the equity method	-444	143
Other comprehensive loss, net of taxes	-299	-159
Thereof income/loss attributable to non-controlling interest	-157	91
Thereof loss attributable to shareholders of Daimler AG	-142	-250
Total comprehensive income	906	1,201
Thereof income/loss attributable to non-controlling interest	-55	165
Thereof income attributable to shareholders of Daimler AG	961	1,036

Consolidated Statement of Comprehensive Income (Unaudited) Q1-3

4.04

In millions of euros	Consolidated Group	
	Q1-3 2012	Q1-3 2011
Net profit	4,136	4,244
Unrealized losses on currency translation	-14	-431
Unrealized gains/losses on financial assets available for sale	58	-130
Unrealized gains on derivative financial instruments	178	18
Unrealized gains/losses on investments accounted for using the equity method	-301	453
Other comprehensive loss, net of taxes	-79	-90
Thereof income/loss attributable to non-controlling interest	-110	169
Thereof income/loss attributable to shareholders of Daimler AG	31	-259
Total comprehensive income	4,057	4,154
Thereof income attributable to non-controlling interest	158	461
Thereof income attributable to shareholders of Daimler AG	3,899	3,693

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

Consolidated Statement of Financial Position

4.05

	Consolidated Group		Industrial Business (unaudited additional information)		Daimler Financial Services (unaudited additional information)	
	Sept. 30, 2012 (unaudited)	Dec. 31, 2011	Sept. 30, 2012	Dec. 31, 2011	Sept. 30, 2012	Dec. 31, 2011
In millions of euros						
Assets						
Intangible assets	8,724	8,259	8,660	8,200	64	59
Property, plant and equipment	20,210	19,180	20,157	19,129	53	51
Equipment on operating leases	25,342	22,811	11,785	10,849	13,557	11,962
Investments accounted for using the equity method	5,120	4,661	5,111	4,631	9	30
Receivables from financial services	26,889	25,007	-24	-32	26,913	25,039
Marketable debt securities	1,505	947	10	14	1,495	933
Other financial assets	3,603	2,957	-442	-367	4,045	3,324
Deferred tax assets	2,284	2,772	1,699	2,244	585	528
Other assets	445	420	-1,648	-1,637	2,093	2,057
Total non-current assets	94,122	87,014	45,308	43,031	48,814	43,983
Inventories	19,687	17,081	19,278	16,575	409	506
Trade receivables	8,612	7,849	7,822	7,580	790	269
Receivables from financial services	21,326	20,560	-38	-52	21,364	20,612
Cash and cash equivalents	12,279	9,576	11,057	8,908	1,222	668
Marketable debt securities	2,518	1,334	2,295	1,157	223	177
Other financial assets	2,085	2,007	-5,812	-5,120	7,897	7,127
Other assets	3,326	2,711	860	429	2,466	2,282
Total current assets	69,833	61,118	35,462	29,477	34,371	31,641
Total assets	163,955	148,132	80,770	72,508	83,185	75,624
Equity and liabilities						
Share capital	3,062	3,060				
Capital reserves	11,908	11,895				
Retained earnings	25,750	24,228				
Other reserves	472	441				
Treasury shares	-	-				
Equity attributable to shareholders of Daimler AG	41,192	39,624				
Non-controlling interest	1,577	1,713				
Total equity	42,769	41,337	36,494	35,964	6,275	5,373
Provisions for pensions and similar obligations	3,693	3,184	3,483	2,985	210	199
Provisions for income taxes	2,022	2,498	2,021	2,496	1	2
Provisions for other risks	5,892	5,626	5,747	5,494	145	132
Financing liabilities	43,878	35,466	12,774	10,250	31,104	25,216
Other financial liabilities	1,973	1,911	1,839	1,840	134	71
Deferred tax liabilities	1,750	1,081	-443	-920	2,193	2,001
Deferred income	2,428	2,118	2,005	1,675	423	443
Other liabilities	43	56	38	50	5	6
Total non-current liabilities	61,679	51,940	27,464	23,870	34,215	28,070
Trade payables	10,364	9,515	10,085	9,233	279	282
Provisions for income taxes	872	1,030	780	921	92	109
Provisions for other risks	5,968	6,799	5,647	6,473	321	326
Financing liabilities	32,310	26,701	-7,025	-12,525	39,335	39,226
Other financial liabilities	6,804	7,782	4,844	6,276	1,960	1,506
Deferred income	1,619	1,548	1,118	1,064	501	484
Other liabilities	1,570	1,480	1,363	1,232	207	248
Total current liabilities	59,507	54,855	16,812	12,674	42,695	42,181
Total equity and liabilities	163,955	148,132	80,770	72,508	83,185	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	Currency translation	Financial assets available for sale	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	-	-	3,952	-	-	-	-	-	3,952	292	4,244
Unrealized gains/losses	-	-	-	-444	-135	28	411	-	-140	228	88
Deferred taxes on unrealized gains/losses	-	-	-	-	5	-10	-114	-	-119	-59	-178
Total comprehensive income/loss	-	-	3,952	-444	-130	18	297	-	3,693	461	4,154
Dividends	-	-	-1,971	-	-	-	-	-	-1,971	-205	-2,176
Share-based payments	-	-4	-	-	-	-	-	-	-4	-	-4
Capital increase/ Issue of new shares	2	24	-	-	-	-	-	-	26	5	31
Acquisition of treasury shares	-	-	-	-	-	-	-	-28	-28	-	-28
Issue and disposal of treasury shares	-	-	-21	-	-	-	-	35	14	-	14
Other	-	-26	-	-	-	-	-	-	-26	-15	-41
Balance at September 30, 2011	3,060	11,899	22,513	495	19	-198	289	-	38,077	1,826	39,903
Balance at January 1, 2012	3,060	11,895	24,228	1,049	71	-651	-28	-	39,624	1,713	41,337
Net profit	-	-	3,868	-	-	-	-	-	3,868	268	4,136
Unrealized gains/losses	-	-	-	-14	58	243	-291	-	-4	-160	-164
Deferred taxes on unrealized gains/losses	-	-	-	-	-1	-65	101	-	35	50	85
Total comprehensive income/loss	-	-	3,868	-14	57	178	-190	-	3,899	158	4,057
Dividends	-	-	-2,346	-	-	-	-	-	-2,346	-378	-2,724
Share-based payments	-	-	-	-	-	-	-	-	-	-	-
Capital increase/ Issue of new shares	2	25	-	-	-	-	-	-	27	8	35
Acquisition of treasury shares	-	-	-	-	-	-	-	-25	-25	-	-25
Issue and disposal of treasury shares	-	-	-	-	-	-	-	25	25	-	25
Other	-	-12	-	-	-	-	-	-	-12	76	64
Balance at September 30, 2012	3,062	11,908	25,750	1,035	128	-473	-218	-	41,192	1,577	42,769

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		Industrial Business (unaudited additional information)		Daimler Financial Services (unaudited additional information)	
	Q1-3 2012	Q1-3 2011	Q1-3 2012	Q1-3 2011	Q1-3 2012	Q1-3 2011
Profit before income taxes	5,635	6,379	4,639	5,389	996	990
Depreciation and amortization	3,049	2,698	3,032	2,683	17	15
Other non-cash expense and income	-236	78	-281	21	45	57
Gains on disposals of assets	-37	-53	-37	-52	-	-1
Change in operating assets and liabilities						
Inventories	-2,544	-2,844	-2,580	-2,903	36	59
Trade receivables	-724	-890	-230	-792	-494	-98
Trade payables	779	2,351	784	2,300	-5	51
Receivables from financial services	-2,400	-1,653	284	381	-2,684	-2,034
Vehicles on operating leases	-2,538	-1,521	-100	15	-2,438	-1,536
Other operating assets and liabilities	-215	-2,163	-499	-2,382	284	219
Income taxes paid	-1,184	-1,965	-900	-271	-284	-1,694
Net cash from/used in operating activities	-415	417	4,112	4,389	-4,527	-3,972
Additions to property, plant and equipment	-3,373	-2,777	-3,359	-2,764	-14	-13
Additions to intangible assets	-1,331	-1,227	-1,317	-1,214	-14	-13
Proceeds from disposals of property, plant and equipment and intangible assets	143	130	139	125	4	5
Investments in interests in companies	-627	-834	-622	-834	-5	-
Proceeds from disposals of interests in companies	50	174	49	174	1	-
Acquisition of marketable debt securities	-4,965	-3,286	-3,812	-2,944	-1,153	-342
Proceeds from sales of marketable debt securities	3,196	3,406	2,650	3,268	546	138
Other	-27	3	-29	10	2	-7
Net cash used in investing activities	-6,934	-4,411	-6,301	-4,179	-633	-232
Change in financing liabilities	12,805	5,118	7,265	382	5,540	4,736
Dividends paid to shareholders of Daimler AG	-2,346	-1,971	-2,346	-1,971	-	-
Dividends paid to non-controlling interest	-378	-205	-377	-203	-1	-2
Proceeds from issuance of share capital	53	59	50	59	3	-
Purchase of treasury shares	-25	-28	-25	-28	-	-
Purchase of non-controlling interest in subsidiaries	-	-16	-	-16	-	-
Internal equity transactions	-	-	-184	860	184	-860
Net cash from/used in financing activities	10,109	2,957	4,383	-917	5,726	3,874
Effect of foreign exchange-rate changes on cash and cash equivalents	-57	-39	-45	-17	-12	-22
Net increase/decrease in cash and cash equivalents	2,703	-1,076	2,149	-724	554	-352
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	12,279	9,827	11,057	8,811	1,222	1,016

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 37x 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 nine months ended September 30, 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	Q3 2012	Q3 2011	Q1-3 2012	Q1-3 2011
Revenue from the sale of goods	25,004	23,321	74,421	68,413
Revenue from the rental and leasing business	2,673	2,273	7,395	6,638
Interest from the financial services business at Daimler Financial Services	804	726	2,382	2,155
Revenue from the provision of other services	91	87	269	268
	28,572	26,407	84,467	77,474

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 coach models S 407 and S 417 in the North American Market and Daimler Buses receives a share of 10% of the equity of MCI. Due to the decreasing investment volumes of public transportation companies, the ongoing reduced demand for city buses and the negative outlook, Daimler Buses decided to discontinue the production of Orion city buses in the United States 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 nine-month periods ended September 30, 2012 amounted to €16 million and €98 million respectively.

These expenses primarily relate to personnel measures and are included in the following line items within the consolidated statement of income:

4.09

Expenses and income associated with the optimization programs

In millions of euros	Q3 2012	Q3 2011	Q1-3 2012	Q1-3 2011
Cost of sales	-11	-	-53	-
Selling expenses	-1	-	-14	-
General administrative expenses	-1	-	-9	-
Research and non-capitalized development costs	.	-	-9	-
Other operating expenses	-3	-	-13	-
	-16	-	-98	-

The measures initiated resulted in cash outflows of €7 million and cash inflows of €3 million in the three- and nine-month periods ended September 30, 2012. The provision recognized for these measures amounted to €65 million as of September 30, 2012. The Group anticipates further expenses for Daimler Buses of approximately €40 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 nine-month periods ended September 30, 2012, cash outflows of €6 million and €25 million resulted from this program (2011: €4 million and €14 million).

5. Interest income and expense

Interest income and expense are comprised as follows:

4.10

Interest income and expense

In millions of euros	Q3 2012	Q3 2011	Q1-3 2012	Q1-3 2011
Interest income				
Expected return on pension and other post-employment benefit plan assets	152	159	448	474
Interest and similar income	42	110	171	227
	194	269	619	701
Interest expense				
Interest cost for pension and other post-employment benefit plans	-281	-250	-839	-751
Interest and similar expenses	-195	-12	-439	-151
	-476	-262	-1,278	-902

6. Intangible assets

Intangible assets are comprised as follows:

4.11

Intangible assets

In millions of euros	Sept. 30, 2012	Dec. 31, 2011
Goodwill	748	736
Development costs	7,008	6,659
Other intangible assets	968	864
	8,724	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	Sept. 30, 2012	Dec. 31, 2011
Land, leasehold improvements and buildings including buildings on land owned by others	6,861	6,894
Technical equipment and machinery	6,453	5,922
Other equipment, factory and office equipment	4,697	4,467
Advance payments relating to plant and equipment and construction in progress	2,199	1,897
	20,210	19,180

8. Equipment on operating leases

At September 30, 2012, the carrying amount of equipment on operating leases amounted to €25,342 million (December 31, 2011: €22,811 million). In the nine months ended September 30, 2012, additions and disposals amounted to €10,392 million and €5,326 million respectively (2011: €9,072 million and €5,104 million). Depreciation for the nine months ended September 30, 2012 was €2,819 million (2011: €2,460 million). Other changes also 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
September 30, 2012							
Equity interest (in %)	22.4	50.0	-	50.0	15.0	-	-
Equity investment	2,337	1,475	-	391	164	753	5,120
Equity result (Q3 2012) ²	104	9	-	28	8	-43	106
Equity result (Q1-3 2012) ²	253	22	-	52	20	-107	240
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 (Q3 2011) ²	15	-	11	-11	-20	1	-4
Equity result (Q1-3 2011) ²	86	-	21	9	-25	-11	80

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.

Kamaz. Effective as of the third quarter of 2012, the three month time lag in the reporting of Kamaz was abolished.

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

In millions of euros	September 30, 2012			December 31, 2011		
	Current	Non-current	Total	Current	Non-current	Total
Receivables from						
Retail	13,260	25,370	38,630	13,174	23,234	36,408
Wholesale	8,406	1,469	9,875	7,718	1,434	9,152
Other	86	603	689	115	838	953
Gross carrying amount	21,752	27,442	49,194	21,007	25,506	46,513
Allowances for doubtful accounts	-426	-553	-979	-447	-499	-946
Carrying amount, net	21,326	26,889	48,215	20,560	25,007	45,567

11. Inventories

Inventories are comprised as follows:

4.15

Inventories

In millions of euros	Sept. 30, 2012	Dec. 31, 2011
Raw materials and manufacturing supplies	2,149	1,802
Work in progress	2,929	2,451
Finished goods, parts and products held for resale	14,525	12,737
Advance payments to suppliers	84	91
	19,687	17,081

12. Equity

Employee share purchase plan. In the nine months ended September 30, 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 nine-month periods ended September 30, 2012, contributions by Daimler to the Group's pension plans were €43 million and €227 million respectively.

4.16

Pension cost for the three-month periods ended September 30

In millions of euros	Q3 2012			Q3 2011		
	Total	German plans	Non-German plans	Total	German plans	Non-German plans
Current service cost	-99	-75	-24	-88	-71	-17
Interest cost	-218	-184	-34	-211	-183	-28
Expected return on plan assets	150	118	32	157	131	26
Amortization of net actuarial losses	-41	-34	-7	-22	-19	-3
Past service cost	-1	-	-1	-	-	-
Curtailments and settlements	-	-	-	-	-	-
	-209	-175	-34	-164	-142	-22

4.17

Pension cost for the nine-month periods ended September 30

In millions of euros	Q1-3 2012			Q1-3 2011		
	Total	German plans	Non-German plans	Total	German plans	Non-German plans
Current service cost	-292	-226	-66	-263	-213	-50
Interest cost	-649	-552	-97	-632	-548	-84
Expected return on plan assets	442	353	89	469	392	77
Amortization of net actuarial losses	-121	-102	-19	-68	-58	-10
Past service cost	-1	-	-1	-	-	-
Curtailments and settlements	-2	-	-2	-5	-	-5
	-623	-527	-96	-499	-427	-72

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	September 30, 2012			December 31, 2011		
	Current	Non-current	Total	Current	Non-current	Total
Product warranties	2,341	2,985	5,326	2,694	2,914	5,608
Personnel and social costs	1,273	1,580	2,853	1,679	1,431	3,110
Other	2,354	1,327	3,681	2,426	1,281	3,707
	5,968	5,892	11,860	6,799	5,626	12,425

15. Financing liabilities

Financing liabilities are comprised as follows:

4.19

Financing liabilities

In millions of euros	September 30, 2012			December 31, 2011		
	Current	Non-current	Total	Current	Non-current	Total
Notes/bonds	6,594	28,656	35,250	5,594	20,725	26,319
Commercial paper	2,080	-	2,080	1,233	-	1,233
Liabilities to financial institutions	11,280	9,723	21,003	10,574	8,601	19,175
Deposits in the direct banking business	8,851	2,835	11,686	7,012	4,023	11,035
Liabilities from ABS transactions	2,761	2,145	4,906	1,534	1,654	3,188
Liabilities from finance leases	58	344	402	91	373	464
Loans and other financing liabilities	686	175	861	663	90	753
	32,310	43,878	76,188	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 September 30, 2012 and September 30, 2011 is as follows:

4.20

Segment reporting for the three-month periods ended September 30

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Reconciliation	Daimler Group
Q3 2012								
Revenue	14,778	7,467	2,049	933	3,345	28,572	-	28,572
Intersegment revenue	460	628	35	18	179	1,320	-1,320	-
Total revenue	15,238	8,095	2,084	951	3,524	29,892	-1,320	28,572
Segment profit (EBIT)	975	507	75	-45	322	1,834	87	1,921
Thereof share of profit/loss from investments accounted for using the equity method	-9	24	-5	-	-9	1	105	106
Thereof expenses from compounding of provisions and changes in discount rates	-122	-44	-16	-2	-1	-185	-9	-194

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Reconciliation	Daimler Group
Q3 2011								
Revenue	13,364	6,993	2,185	1,022	2,843	26,407	-	26,407
Intersegment revenue	462	626	37	19	163	1,307	-1,307	-
Total revenue	13,826	7,619	2,222	1,041	3,006	27,714	-1,307	26,407
Segment profit (EBIT)	1,108	555	200	25	337	2,225	-257	1,968
Thereof share of profit/loss from investments accounted for using the equity method	-12	2	2	-	-12	-20	16	-4
Thereof expenses from compounding of provisions and changes in discount rates	-27	-7	-4	-	-1	-39	-2	-41

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

4.21

Segment reporting for the nine-month periods ended September 30

In millions of euros	Mercedes-Benz Cars	Daimler Trucks	Mercedes-Benz Vans	Daimler Buses	Daimler Financial Services	Total segments	Reconciliation	Daimler Group
Q1-3 2012								
Revenue	44,123	21,934	6,340	2,666	9,404	84,467	-	84,467
Intersegment revenue	1,416	1,673	252	31	520	3,892	-3,892	-
Total revenue	45,539	23,607	6,592	2,697	9,924	88,359	-3,892	84,467
Segment profit (EBIT)	3,541	1,414	440	-205	1,004	6,194	100	6,294
Thereof share of profit/loss from investments accounted for using the equity method	-37	55	-12	-	-20	-14	254	240
Thereof expenses from compounding of provisions and changes in discount rates	-281	-100	-39	-9	-3	-432	-26	-458
Q1-3 2011								
Revenue	40,935	18,891	6,200	3,003	8,445	77,474	-	77,474
Intersegment revenue	1,398	1,618	242	35	502	3,795	-3,795	-
Total revenue	42,333	20,509	6,442	3,038	8,947	81,269	-3,795	77,474
Segment profit (EBIT)	3,962	1,454	579	53	998	7,046	-466	6,580
Thereof share of profit/loss from investments accounted for using the equity method	-39	18	-4	-	-10	-35	115	80
Thereof expenses from compounding of provisions and changes in discount rates	-78	-27	-12	-3	-3	-123	-6	-129

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 third quarter of 2011, other corporate items mainly comprise an impairment of the equity interest in Renault SA (€110 million). In the nine months ended September 30, 2011, other corporate items additionally comprise an expense in connection with legal proceedings.

4.22

Reconciliation of the total segments' profit (EBIT)

In millions of euros	Q3 2012	Q3 2011	Q1-3 2012	Q1-3 2011
Total segments' profit (EBIT)	1,834	2,225	6,194	7,046
Share of profit from investments accounted for using the equity method ¹	105	16	254	115
Other corporate items	-8	-251	-119	-534
Eliminations	-10	-22	-35	-47
Group EBIT	1,921	1,968	6,294	6,580
Interest income	194	269	619	701
Interest expense	-476	-262	-1,278	-902
Profit before income taxes	1,639	1,975	5,635	6,379

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

18. Related party relationships

Associates 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 associates and joint ventures and are included in table [4.23](#).

A large proportion of the sales and purchases of goods and services with associates 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 September 30, 2012 and €105 million as of December 31, 2011).

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 also has 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

In millions of euros	Sales of goods and services and other income				Purchases of goods and services and other expense			
	Q3 2012	Q3 2011	Q1-3 2012	Q1-3 2011	Q3 2012	Q3 2011	Q1-3 2012	Q1-3 2011
Associates	215	203	620	518	109	30	291	106
Joint ventures	708	917	2,124	2,219	85	126	222	322

In millions of euros	Receivables		Payables	
	Sept. 30, 2012	Dec. 31, 2011	Sept. 30, 2012	Dec. 31, 2011
Associates	181	239	40	46
Joint ventures	745	526	20	24

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www.daimler.com/ir/reports

Financial Calendar

Interim Report Q3 2012

October 25, 2012

Annual Press Conference and Investors' and Analysts' Conference Call

February 7, 2013

Presentation of Annual Report 2012

February 25, 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 www.daimler.com/ir/calendar

