

DAIMLER

Daimler International Finance B.V.

Interim Report
2009

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Supervisory Board

- U. Tüchter Chairman
- Dr. B. Niess
- K. Schäfer
- P. Zirwes

Board of Management

- P. Derks
- H. Wendroth
- Mr. M. van Pelt

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Report of the Board of Management

General

During the 1st half of 2009 the economic recession continued globally. In the financial markets a high degree of uncertainty still prevails about its persistence and extent.

Long term ratings of the Euro Medium Term Note Programme (EMTN) issues of Daimler International Finance B.V. -irrevocably guaranteed by Daimler AG- are A- from Moody's Investors Service and BBB+ from both the Standard & Poor's Ratings Group (S&P) and Fitch Ratings. S&P lowered its rating by one notch from A- on June 18, 2009. The current outlook of all mentioned ratings is negative.

As in previous years, Daimler International Finance B.V.'s liquid funds have been made available to companies within the Daimler Group by way of intercompany lending.

Development 1st half of 2009

Since the beginning of this year, Daimler International Finance B.V. issued bonds under the EMTN programme with a nominal volume of €3,700,000,000 by end of June 2009. In the same period the financial fixed assets of Daimler International Finance B.V. increased by €2,596,000,000 to a level of €10,550,000,000 as per June 30, 2009.

A positive contribution resulted from the extended inter-company lending. In order to protect the profitability of Daimler International Finance B.V. against market price risks hedge accounting has been applied in accordance with the group policy and method. Due to significant market rate movements a negative impact still resulted from valuations of hedges. Therefore, the net profit after taxation for the first half year 2009 was negative.

Outlook

The Board of Management expects stable contributions from its inter-company lending in line with planning. We expect that the valuation arising from hedging transactions can strongly influence the result at year end 2009.

Events after the closing date

Since the reporting date of June 30, 2009 there have been no further occurrences that are of major significance for Daimler International Finance B.V..

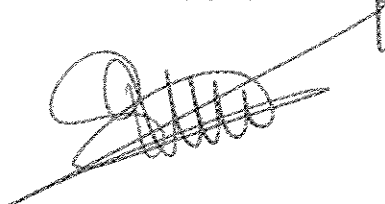
Utrecht, August 25, 2009

Daimler International Finance B.V.
The Board of Management

Mr. M. van Pelt



P. Derks



H. Wendroth



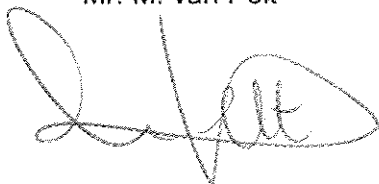
Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the Interim Report 2009 gives a true and fair view of the assets, liabilities, financial position and profit or loss of Daimler International Finance B.V.. The interim management report includes a fair review of the development and performance of the business and the position of Daimler International Finance B.V., together with a description of the principal opportunities and risks associated with the expected development of Daimler International Finance B.V. for the remaining months of the financial year.

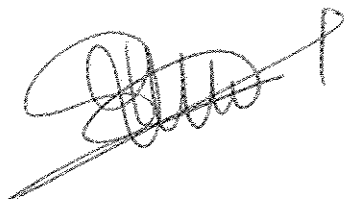
Utrecht, August 25, 2009

Daimler International Finance B.V.
The Board of Management

Mr. M. van Pelt



P. Derks



H. Wendroth



Daimler International Finance B.V.
Balance sheet as at June 30, 2009
(before profit appropriation x €1,000)
-unaudited-

	Note	30-06-2009	31-12-2008
<u>ASSETS</u>			
<u>FIXED ASSETS</u>			
◊ Financial fixed assets			
Affiliated companies	1	10,419,138	7,777,846
Other financial assets	2	131,508	176,419
		10,550,646	7,954,265
<u>CURRENT ASSETS</u>			
◊ Receivables:			
Affiliated companies	3	318,120	132,302
		318,120	132,302
◊ Cash at bank and in hand	4	37,329	21,564
		10,906,095	8,108,131

Daimler International Finance B.V.
Balance sheet as at June 30, 2009
(before profit appropriation x €1,000)
-unaudited-

	Note	30-06-2009	31-12-2008
LIABILITIES			
◊ Shareholders' equity	5		
Issued capital		500	500
Other reserves		21,125	10,455
Profit		(587)	8,809
		21,038	19,764
◊ Provisions	6	44	44
◊ Defered tax liabilities	7	675	1,603
◊ Long-term liabilities			
EMTN issues	8	8,589,606	4,882,865
Affiliated companies	8	861,686	1,353,338
Other financial liabilities	2	32,871	12,553
		9,484,163	6,248,756
◊ Short-term liabilities			
Loans from affiliated companies	8	1,057,266	1,688,099
Other liabilities affiliated companies		72,391	43,507
Taxation and social security premiums	9	423	1,068
Other liabilities and accruals	10	270,095	105,290
		1,400,175	1,837,964
		10,906,095	8,108,131

Daimler International Finance B.V.
Profit and loss account for the half-year ended June 30, 2009
(x €1,000)
-unaudited-

	Note	30-6-2009	30-6-2008
◇ Interest income		442.415	86.332
◇ Interest expenses	11		
Interest expense excl valuation impact of derivatives		(434.043)	(84.416)
Valuation impact of derivatives		(5.734)	3.153
Net interest result		2.638	5.069
◇ External costs and other			
Operating costs		(222)	(48)
Commissions in relation to EMTN issues		(3.060)	(407)
Wages and salaries		(110)	(60)
Social security charges		(15)	(7)
Pension charges and early retirement costs		(14)	-
		(3.421)	(522)
PROFIT BEFORE TAX		(783)	4.547
◇ Taxation	12	196	(1.137)
NET PROFIT		(587)	3.410

Cash Flow statement (x €1,000)
-unaudited-

	30-6-2009	30-6-2008
Profit before tax	(783)	4,547
Adjustments for:		
Change in provisions	-	-
Change in deferred tax liabilities	(928)	819
Change in tax receivables	-	6
Change in value adj. to other financial assets / liabilities	67,090	3,154
Income tax expense	196	(1,137)
Tax paid	(1,371)	(167)
Change in operating assets and liabilities:		
Change in financial fixed assets	(2,641,292)	(1,861,571)
Change in receivables aff. companies	(185,818)	12,895
Change in other liabilities	165,531	(34,967)
Cash flows from operating activities	(2,597,375)	(1,876,421)
Cash flows from investing activities	-	-
Cash flows from financing activities		
Proceeds from EMTN issues	3,706,741	-
Change in loans from aff. companies	(1,093,601)	1,876,677
Net cash from financing activities	2,613,140	1,876,677
Net increase in cash and cash equivalents	15,765	256
Cash at beginning of period	21,564	29
Cash at end of period	37,329	285
Net increase in cash and cash equivalents	15,765	256

Notes to the unaudited accounts as at June 30, 2009

The Interim Report 2009 should be read in conjunction with the audited Financial Report 2008. The accounting principles applied by Daimler International Finance B.V. in the unaudited Interim Report 2009 are the same as those applied in the audited Financial Report 2008.

1 Financial fixed assets

Loans to Affiliated companies:

The financial fixed assets stated in the balance sheet are intercompany receivables and are carried at amortised cost. Recognized financial assets designated as hedged items in qualifying fair value hedge relationships are adjusted for changes in fair value attributable to the risk being hedged.

Loans to affiliated companies for a total amount of €2,304 million (2008: €2,685 million) are denominated in a currency other than Euro for which Daimler International Finance B.V. has entered into foreign exchange contracts to hedge foreign currency risks in case they are not back-to-back. The valuation of the loans is determined based on the rate of exchange as of reporting date.

The Fair Value of the loans to affiliated companies per June 30, 2009 is €11,539 billion.

2 Other financial assets and liabilities (x €1,000):

	Assets	Liabilities	Assets	Liabilities
	30 June 2009		31 Dec. 2008	
Instrument type:				
Interest rate swaps	88.853	8.345	111.764	6.460
Cross currency swaps	42.655	24.526	64.655	6.093
Total	131.508	32.871	176.419	12.553

Fair value hedges

Daimler International Finance B.V. uses interest rate swaps to hedge its exposure to changes in the fair values of its fixed rate loans and advances attributable to changes in market interest rates. Interest rate swaps are matched to specific issuances of fixed rate loans.

The fair values of derivatives designated as fair value hedges are as follows:

	Assets	Liabilities	Assets	Liabilities
	30 June 2009		31 Dec. 2008	
Instrument type:				
Interest rate swaps	88.631	8.083	64.340	6.431
Cross currency swaps	9.878	1.433	51.776	693
Total	98.509	9.516	116.116	7.124

Cash flow hedges

Daimler International Finance B.V. uses interest rate and cross-currency swaps to hedge the foreign currency and interest rate risks arising from granting floating rate loans denominated in foreign currencies.

The fair values of derivatives designated as cash flow hedges are as follows:

	Assets	Liabilities	Assets	Liabilities
	30 June 2009		31 Dec. 2008	
Instrument type:				
Interest rate swaps	156	-	-	2
Cross currency swaps	1.496	22.482	6.631	5.390
Total	1.652	22.482	6.631	5.392

During 2009 net gains of €1,9 million relating to the effective portion of cash flow hedges were recognised in equity.

3 Receivables from affiliated companies

The intercompany receivables consist of interest on financial fixed assets and are due within one year.

Receivables from affiliated companies for a total amount of €38,0 million (2008: €24,0 million) are denominated in a currency other than Euro for which Daimler International Finance B.V. has entered into foreign exchange contracts to hedge foreign currency risks.

4 Cash at bank and in hand

The cash at bank is stated at nominal value and freely disposable.

5 Shareholders' equity (x €1,000)

Summary of movements in shareholders' equity in 2008 and 2009:

	1 January 2008	Profit distribu- tion in 2008 for 2007	Dividend distribu- tion in 2008	Unrealized revaluations from cash flow hedges	Result for financial year 2008	31 December 2008
Share capital:						
Authorised capital	2,500					2,500
Not issued capital	(2,000)					(2,000)
Issued capital	500	-	-		-	500
Other reserves	10,038	925	-			10,963
Cash flow hedge reserve				(508)		(508)
Profit for the year	925	(925)			8,809	8,809
Total shareholders' equity	11,463	-	-	(508)	8,809	19,764

	1 January 2009	Profit distribu- tion in 2009 for 2008	Dividend distribu- tion in 2009	Unrealized revaluations from cash flow hedges	Result for reporting period	30 June 2009
Share capital:						
Authorised capital	2,500					2,500
Not issued capital	(2,000)					(2,000)
Issued capital	500	-	-		-	500
Other reserves	10,963	8,809	-			19,772
Cash flow hedge reserve	(508)			1,861		1,353
Profit for the year	8,809	(8,809)			(587)	(587)
Total shareholders' equity	19,764	-	-	1,861	(587)	21,038

The authorised capital of Daimler International Finance B.V. amounts to €2,500,000 consisting of 5,000 shares with a par value of €500. At June 30, 2009 1,000 shares have been issued and fully paid.

The cash flow hedge reserve comprises the effective portion of the accumulated net change in the fair value of cash flow hedge instruments for hedged transactions that have not yet occurred. In cash flow hedge accounting, the changes in the fair value of derivatives are accounted for in the cash flow hedge reserve. This cash flow hedge reserve is released during the period that the cash flows from the hedged risk are realized.

6 Provisions

The provisions are related to a stock option plan for employees of Daimler International Finance B.V., which plan is governed by Daimler AG, Stuttgart. This provision was made according to accounting principles and is calculated by multiplication the Fair Value of the option per compliance date by the number of shares. The provision will be supplied over the length of validity.

7 Deferred tax liabilities (x €1,000)

At June 30, 2009, a deferred tax liability of €0,7 million for temporary differences was recognized.

The deferred tax liabilities relates to the tax impact of the temporary differences between commercial and tax profit determination.

The deferrals with a residual term more than one year amount to €0,7 million.

	1 January 2009	Re- classi- fication	Provi- sions made	Provi- sions used	Provi- sions released	Other	30 June 2009
Fair value valuation derivatives	1,603	-	-	-	(928)	-	675

8 Short/Long-term liabilities (x €1,000)

Daimler International Finance B.V. obtains funds from the market by issuing corporate bonds/notes under the Euro Medium Term Notes programme and obtains funds from affiliated companies by entering into loan agreements. The notes issued under the EMTN programme (totaling €8.6 billion) are unconditionally and irrevocably guaranteed by Daimler AG for which the Daimler International Finance B.V. pays a guarantee fee.

The terms and conditions of outstanding Bonds were as follows:

	Currency	Nominal interest rate	Date of drawing	Date of maturity	Nominal value	Book value 30-06-2009
EMTN	EUR	8.000%	12/16/2008	6/17/2010	600,000	597,209
EMTN	EUR	7.000%	3/21/2001	3/21/2011	1,000,000	997,456
EMTN	EUR	6.875%	3/10/2009	6/10/2011	1,000,000	998,429
EMTN	EUR	5.875%	9/5/2008	9/8/2011	1,500,000	1,576,428
EMTN	EUR	9.000%	12/8/2008	1/30/2012	1,000,000	992,557
EMTN	EUR	7.750%	3/26/2009	3/26/2012	700,000	697,302
EMTN	EUR	7.875%	1/16/2009	1/16/2014	2,000,000	1,986,697
EMTN	EUR	6.125%	9/5/2008	9/8/2015	750,000	743,528
Total					8,550,000	8,589,606

- ◇ The due date of the loans from affiliated companies varies from July 2009 to January 2013.
- ◇ Liabilities to affiliated companies for a total amount of €1,094 million (2008: €1,867 million) are denominated in a currency other than Euro for which Daimler International Finance B.V. has entered into foreign exchange contracts to hedge foreign currency risks as far as they are not back-to-back. The valuation of the loans is determined based on the rate of exchange as of reporting date.
- ◇ The Fair Value of EMTN notes and loans per June 30, 2009 is €11.713 billion.

9 Taxation and social security premiums (x €1,000)

The specification is as follows:

	30 June 2009	31 Dec. 2008
Corporate income tax	398	1.062
Payroll tax and social security charges	25	6
Total	423	1.068

10 Other liabilities and accruals (x €1,000)

The specification is as follows:

	30 June 2009	31 Dec. 2008
Interest debts to third parties	270.030	105.257
Other liabilities / accruals	65	33
Total	270.095	105.290

11 Interest Result (x €1,000)

The specification is as follows:

	30 June 2009	30 June 2008
External costs and other	(3.421)	(522)
Interest income	442.415	86.332
Interest expense excl valuation impact of derivatives	(434.043)	(84.416)
	4.951	1.394
Valuation impact of derivatives	(5.734)	3.153
PROFIT BEFORE TAX	(783)	4.547

Hedge accounting is practiced in accordance with group policy and method (IAS 39). Nevertheless, a negative impact on the interest result arose from valuations of derivatives used in cash flow and/or fair value hedges and natural hedges as well.

Since the derivatives are held until maturity the valuation impact tends to zero towards the respective maturity date.

12 Corporation tax

Corporate income tax expense comprises current and deferred tax. Corporate income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. The nominal corporation tax rate amounts to 25,5%.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.