Daimler Canada Finance Inc.

Interim Report as of and for the six months ended June 30, 2010

Table of Contents

Responsibility Statement 3
Management Report 4
Unaudited Statements of Comprehensive Income 7
Unaudited Statements of Financial Position 8
Unaudited Statements of Changes in Equity 9
Unaudited Statements of Cash Flows 9
Notes to the Unaudited Interim Financial Statements 10
1. Presentation of the Interim Financial Statements 10
2. Receivables from related parties 10
3. Payables to related parties 11
4. Notes and bonds payable 11

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim financial statements of Daimler Canada Finance Inc. give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the company's interim management report includes a fair review of the development and performance of the business and the position of the company, together with a description of the principal opportunities and risks associated with the expected development of the company for the remaining months of the financial year.

Montvale, August 3, 2010

Ruben Simmons

President & CEO

Sandro Ringeling

Chief Accounting Officer

Management Report

General

Daimler Canada Finance Inc. ("DCFI" or the "Company") is a wholly-owned subsidiary of Daimler North America Corporation ("DNA"), which is in turn a wholly-owned subsidiary of Daimler AG ("DAG" or "Daimler").

DCFI accesses Canadian and foreign capital markets to raise funds, which it lends to DAG subsidiaries in Canada through a consolidated funding and cash management system. As such, it has relationships with other subsidiaries of DAG. DAG issued full and unconditional guarantees for DCFI's obligations incurred under its outstanding notes and bonds programs.

DNA and DCFI are parties to a Keep-Well Agreement. The terms of the agreement provide that DNA will continue to hold all voting shares of the Company, maintain the Company's net worth at no less than one dollar, and maintain sufficient liquidity in the Company to punctually meet its payment obligations as it deems fit.

The nature of the Daimler operations in Canada includes the distribution of passenger cars purchased from Daimler AG under the brand names Mercedes-Benz, smart and Maybach, and the manufacture, assembly and sale of trucks and other commercial vehicles under the brand names Freightliner, Thomas Built Buses and Orion. Daimler also has financial services operations that principally provide automotive financing to its dealers and their customers, including retail and lease financing for cars and trucks, dealer inventory and other financing needs.

This interim report contains forward looking statements that reflect our current views about future events. Words such as "anticipate," "assume," "believe," "estimate," "expect,'" "intend," "may," "plan," "project," "should" and similar expressions are being used to identify forward looking statements. These statements are subject to many risks and uncertainties, including:

- a lack of further improvement or a renewed deterioration of economic conditions globally in general and in Canada in particular;
- a continuation or worsening of the tense situation in the credit and financial markets, which could result in a renewed increase in borrowing costs or limit our funding flexibility;
- changes in currency exchange rates and interest rates;
- changes in laws, regulations and government policies that may affect DCFI or any of DAG's affiliated companies in Canada; and
- the business outlook of DAG's affiliated companies in Canada, which may affect the funding requirements of these companies in the automotive and financial services businesses.

The following discussion should be read in conjunction with the Company's financial statements for the six months ended June 30, 2010 and June 30, 2009, which were prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting".

The percentages in the following discussion were computed using exact dollar amounts and numbers. Some of those percentages may, therefore, not reflect the ratio between the rounded amounts presented below.

Earnings

Interest Income

Interest Income was $70,262 thousand for the six months ended June 30, 2010, an 18% decrease compared to the six months ended June 30, 2009 ($85,573 thousand) due to a decrease in the external investments as well as loans and receivables from related parties.

Expenses

Interest Expense

Interest expense was $75,666 thousand for the six months ended June 30, 2010 compared to $102,086 thousand for the six months ended June 30, 2009, a 26% decrease. This decrease was due to the reduction in notes and bonds payable compared to the first six months of 2009.

Administrative and Other Expense

Administrative and other expense decreased from $1,446 thousand for the six months ended June 30, 2009 to $1,163 thousand for the six months ended June 30, 2010.

Other Financial Income, Net

Other financial income, net was $2,403 thousand for the six months ended June 30, 2010, compared to $5,244 thousand for the six months ended June 30, 2009. In both periods, other financial income, net was predominantly comprised of gains on foreign exchange transactions.

Loss before Income Taxes

Loss before income taxes amounted to $4,164 thousand for the six months ended June 30, 2010, while the six months ended June 30, 2009 loss before income taxes was $12,715 thousand.

Income Taxes

The Company recorded income tax expense of $1,048 thousand for the six months ended June 30, 2010 and income tax benefits of $4,136 thousand for the six months ended June 30, 2009. Income tax expense for the six months ended June 30, 2010 includes additional taxes generated by non-deductible related-party interest expense.

Net Loss

Net loss was $5,212 thousand for the six months ended June 30, 2010, compared to a net loss of $8,579 thousand for the six months ended June 30, 2009.

Financial Position

Total assets were $3,656,111 thousand at June 30, 2010 compared to $4,407,883 thousand at December 31, 2009, a decrease of $751,772 thousand or 17%. Total liabilities also decreased, from $4,362,619 thousand at December 31, 2009 to $3,605,356 thousand at June 30, 2010.

Liquidity and Capital Resources

In the ordinary course of business, the Company issues notes and bonds in Canada and Europe. The Company also enters, as applicable, into intercompany loans with other subsidiaries in the worldwide Daimler Group to optimize funding from a global Daimler perspective. The funds raised were used mainly to support the lease and sales financing business and the capital expenditure requirements of the industrial business of the Daimler subsidiaries in Canada. Lease and sales financing activities are typically financed with a high proportion of debt.

Cash flows were the following for the six months ended June 30, 2010 and June 30, 2009 (in thousands of $):

	Six months ended June 30, 2010	**Six months ended June 30, 2009**
Cash provided by operating activities	446,996	724,591
Cash used in financing activities	(684,064)	(566,713)

Operating net cash inflows were $446,996 thousand for the six months ended June 30, 2010 compared to net cash inflows of $724,591 thousand for the six months ended June 30, 2009 due to a net change in operating receivables and payables from related parties. Cash used in financing activities increased in the six months ended June 30, 2010 compared to the same period of 2009 as a result of a decrease in notes and bonds that matured during the reporting period.

Risk Report

Many factors could directly and indirectly, through the close affiliation with DAG affiliated companies in Canada affect the Company's business, financial condition, cash flows and results of operations. The principal risks are described in DCFI's annual report 2009, which was submitted to the Luxembourg stock exchange on April 30, 2010.

Outlook

Management expects a further improvement of the Company's results of operations for the remaining months of 2010.

Unaudited Statements of Comprehensive Income

	Note	Six months ended June 30,	Six months ended June 30,
		2010	**2009**
(in thousands of $)			
Interest income			
Interest income – related parties		69,638	82,315
Interest income – third parties		624	3,258
Total interest income		**70,262**	**85,573**
Interest expense			
Interest expense – third parties		(46,817)	(71,986)
Interest expense – related parties	3	(28,849)	(30,100)
Total interest expense		**(75,666)**	**(102,086)**
Net interest expense		**(5,404)**	**(16,513)**
Administrative and other expense	3	(1,163)	(1,446)
Other financial income, net		2,403	5,244
Loss before income taxes		**(4,164)**	**(12,715)**
Income tax (expense) benefit		(1,048)	4,136
Net loss		**(5,212)**	**(8,579)**
Unrealized gains from cash flow hedges, net of taxes of 4,624 at June 30, 2010 and 7,520 at June 30, 2009		10,703	18,222
Total comprehensive income		**5,491**	**9,643**

The accompanying notes are an integral part of these unaudited interim financial statements.

Unaudited Statements of Financial Position

	Note	June 30, 2010	December 31, 2009
(in thousands of $)			
Assets			
Loans and receivables from related parties	2	1,795,119	2,344,146
Other financial assets		59,282	25,017
Deferred tax assets		8,420	14,092
Total non-current assets		**1,862,821**	**2,383,255**
Loans and receivables from related parties	2	1,512,890	1,438,379
Cash and cash equivalents		262,037	499,105
Other financial assets		18,119	86,900
Current tax assets		244	244
Total current assets		**1,793,290**	**2,024,628**
Total assets		**3,656,111**	**4,407,883**
Equity and liabilities			
Share capital		-	-
Capital reserves		76,377	76,377
Retained deficit		(14,866)	(9,654)
Cash flow hedges		(10,756)	(21,459)
Total equity		**50,755**	**45,264**
Payables to related parties	3	851,157	1,079,571
Notes and bonds payable	4	473,171	520,062
Other financial liabilities		409,396	221,506
Total non-current liabilities		**1,733,724**	**1,821,139**
Provisions and other liabilities		169	29
Withholding taxes payable		10,019	7,006
Payables to related parties	3	483,580	948,726
Notes and bonds payable	4	1,305,707	1,538,037
Other financial liabilities		72,157	47,682
Total current liabilities		**1,871,632**	**2,541,480**
Total liabilities		**3,605,356**	**4,362,619**
Total equity and liabilities		**3,656,111**	**4,407,883**

The accompanying notes are an integral part of these unaudited interim financial statements.

Unaudited Statements of Changes in Equity

	Share capital	Capital reserves	Retained deficit	Cash flow hedges	Total equity
(in thousands of $)					
Balance at January 1, 2009	**-**	**70,000**	**4,557**	**(50,834)**	**23,723**
Net loss	-	-	(8,579)	-	(8,579)
Income recognized directly in equity	-	-	-	25,742	25,742
Deferred taxes on income recognized directly in equity	-	-	-	(7,520)	(7,520)
Total comprehensive loss	**-**	**-**	**(8,579)**	**18,222**	**9,643**
Capital contribution	-	-	-	-	-
Balance at June 30, 2009	**-**	**70,000**	**(4,022)**	**(32,612)**	**33,366**
Balance at January 1, 2010	**-**	**76,377**	**(9,654)**	**(21,459)**	**45,264**
Net loss	-	-	(5,212)		(5,212)
Income recognized directly in equity	-	-	-	15,327	15,327
Deferred taxes on income recognized directly in equity	-	-	-	(4,624)	(4,624)
Total comprehensive income	**-**	**-**	**(5,212)**	**10,703**	**5,491**
Capital contribution	-	-	-	-	-
Balance at June 30, 2010	**-**	**76,377**	**(14,866)**	**(10,756)**	**50,755**

The accompanying notes are an integral part of these unaudited interim financial statements.

Unaudited Statements of Cash Flows

	Six months ended June 30, 2010	Six months ended June 30, 2009
(in thousands of $)		
Net loss	(5,212)	(8,579)
Change in deferred taxes	1,048	(4,074)
Changes in withholding taxes payable	3,013	-
Changes in derivative financial instruments	(44,151)	61,176
Accretion of debt premium and issuance costs	(2,436)	(2,314)
Net change in operating receivables and payables from related parties	456,214	662,828
Change in other receivables, accruals and other liabilities	38,520	15,554
Cash provided by operating activities	**446,996**	**724,591**
Cash provided by investing activities	**-**	**-**
Repayment of notes and bonds	(8,806)	(566,713)
Decrease in financing payables to related parties	(675,258)	-
Cash used in financing activities	**(684,064)**	**(566,713)**
Net (decrease) increase in cash and cash equivalents	**(237,068)**	**157,878**
Cash and cash equivalents at the beginning of the period	**499,105**	**537,132**
Cash and cash equivalents at the end of the period	**262,037**	**695,010**

The accompanying notes are an integral part of these unaudited interim financial statements.

Notes to the Unaudited Interim Financial Statements

1. Presentation of the Interim Financial Statements

These unaudited interim financial statements of Daimler Canada Finance Inc. ("DCFI" or the "Company") have been prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting".

Daimler Canada Finance Inc. is a stock corporation organized under the laws of Quebec, Canada. The Company is a wholly-owned subsidiary of Daimler North America Corporation ("DNA"), which is in turn a wholly-owned subsidiary of Daimler AG ("DAG"). Its registered office is located at 1 Place Ville Marie – 37th Floor, H3B 3P4, Montreal, Quebec, Canada.

The accompanying financial statements are presented in Canadian dollars ("$").

In the opinion of 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 DCFI. Operating results for the interim periods presented are not necessarily indicative of the results that may be expected for any future period or the full fiscal year. The interim financial statements should be read in conjunction with the December 31, 2009 audited IFRS financial statements and notes which were submitted to the Luxembourg Stock Exchange on April 30, 2010. The accounting policies applied by DCFI in these interim financial statements are the same as those applied in the audited IFRS financial statements as of and for the year ended December 31, 2009.

With the amendment of IAS 1 "Presentation of Financial Statements" the interim financial statements contain a statement of comprehensive income in addition to the statement of income. The statement of comprehensive income comprises the profit or loss of the reporting period as well as the equity changes other than those changes resulting from the transactions with owners in their capacity as owners that are not recognized in profit or loss (other comprehensive income or loss).

Preparation of interim financial statements in conformity with IFRS requires management to make estimates and judgments related to the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenue and expenses for the reporting period. Actual amounts could differ from those estimates.

2. Loans and receivables from related parties

DCFI is responsible for administering a cash management system to efficiently use the financial resources of certain DAG affiliated companies in Canada and provides financing to certain DAG affiliates mainly in Canada. The following table sets forth receivables from DAG affiliates for such financing, including accrued interest and for certain financing provided to DAG:

	June 30, 2010	December 31, 2009
(in thousands of $)		
DCFS Canada Corporation	2,597,390	2,742,228
Daimler International Finance BV	528,877	886,183
Mercedes-Benz Canada Inc.	150,994	150,809
Thomas Built Buses of Canada Ltd.	12,062	-
DAG	9,805	3,266
Daimler Trucks North America LLC	5,834	-
Detroit Diesel Corporation	2,841	-
Detroit Diesel Canada Ltd.	206	-
DNA	-	39
Total	**3,308,009**	**3,782,525**

3. Payables to related parties

The following table sets forth amounts payable to related parties:

	June 30, 2010	December 31, 2009
(in thousands of $)		
Daimler International Finance BV	1,028,183	1,116,125
Mercedes-Benz Canada Inc.	139,681	81,968
Freightliner Ltd.	109,764	-
Daimler Buses North America Ltd.	43,426	41,305
Daimler Trucks Canada Ltd.	7,148	170,215
SelecTrucks of Toronto Inc.	4,392	5,449
DNA	1,096	608,788
DAG	996	334
Thomas Built Buses of Canada Ltd.	50	4,113
Total	**1,334,736**	**2,028,297**

On March 30, 2010, the Company repaid all of its existing loans from DNA, including loans that were originally scheduled to be repaid in the years 2011 and 2013.

DCFI is charged fees for the full and unconditional guarantees on its outstanding notes and bonds programs by DAG. These fees are calculated as a set percentage of the outstanding notes and bonds for any given year. These expenses were $666 thousand and $1,310 thousand for the six months ended June 30, 2010 and June 30, 2009, respectively, and are included in “interest expense – related parties.”

The Company is charged for administrative overhead expense by DNA. These expenses were $1,163 thousand and $1,446 thousand for the six months ended June 30, 2010 and June 30, 2009, respectively, and are included in administrative and other expense.

4. Notes and bonds payable

During the first six months of 2010, there were no new debt issuances. Notes and bonds payable in an amount of $8,806 thousand matured.