DAIMLER

Daimler International Finance B.V.

Interim Report

2012

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Supervisory Board

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

Board of Management

- P. Derks
- A. Lerch
- Mr. M. van Pelt

Registered office

Van Deventerlaan 50
NL – 3528 AE Utrecht
Telephone: +31 30 6059302
Telefax: +31 30 6054287

Report of the Board of Management

General

Daimler International Finance B.V. (or “the Company”) finances part of the activities of the Daimler Group. As at June 30, 2012 the authorized capital of the Company was € 2,500,000 divided into 5,000 ordinary shares of € 500 nominal value, of which 1,000 shares have been issued and fully paid. Each share carries one vote at general meetings of shareholders. The shares are 100% owned by Daimler AG in Stuttgart, Germany.

The Euro Medium Term Note Program (EMTN) issues of Daimler International Finance B.V. are irrevocably guaranteed by Daimler AG. These bonds have long-term ratings of A3 (positive) from Moody’s Investors Service, A- (stable) from Standard & Poor's Ratings Group and A- (stable) from Fitch Ratings as at June 30, 2012. These ratings rely on the performance of the Daimler Group.
The bonds issued by Daimler International Finance B.V. are listed on the Luxembourg Stock Exchange. 2 CHF bonds issued in 2011 are listed on the SIX Swiss Exchange.

The Company’s liquid funds have been made available to companies within the Daimler Group and to minority shareholdings of Daimler AG by way of intercompany loans.

Development 1 st half of 2012

In the first half of 2012, Daimler International Finance B.V. issued in total 12 new bonds under the Daimler EMTN Program in an amount of € 1,790 million. 4 of the new issuances were Floating Rate Notes in a total amount of € 0,309 million and 8 Fixed Rate Notes. The Fixed Rate Notes totalling an amount of € 1,481 million. The proceeds of all bonds were swapped into the required currencies and interest terms and allocated as intercompany loans to Daimler Group companies.

As of 31 March 2011 the Company started financing activities towards minority shareholdings of Daimler AG. At 30 June 2012, the Exposure amounts € 41.5 million.

In 2012 the total loans to affiliated companies of the Company decreased by € 79 million to a level of € 8,385 million as per June 30, 2012. All corresponding funding of the financial assets was realized through the issuance of bonds under the EMTN Program and group-internal loans.

The financial result after taxation amounts to a negative amount of € 7.9 million compared to a negative amount of € 11.8 million in 2011. The negative financial result can primarily be explained by the long term effect of the restructuring of part of the financial assets in 2010. The restructured part of the financial assets (Loans to affiliated companies) caused a major shift in interest income and cash flows of the involved loans. Based on the applied accounting principles the Company recognised an early termination fee in the interest result 2010, followed by corresponding negative results over the years 2011-2014.

The common interest result developed in line with the balance sheet development during the course of the year. However, the impact of valuations of hedging transactions influenced the interest result negatively.

Risk Management

The Board of Directors is responsible for the internal control and the management of risks within the Company and for the assessment of the effectiveness of the control systems. These controls were set up in cooperation with Daimler Group to identify and manage foreign exchange, interest, liquidity and credit risks.

In the Company's business, the creation and management of a loan involves the assumption of a number of risks: credit risk, market interest rate risk, foreign exchange risk, structural/market risk and other operational risks. The EMTN notes are not in full extent lent onward at similar conditions. The Company assumes market interest rate risk with respect to these loans. However this risk is shared with Daimler AG.

With respect to the loans obtained from affiliated companies, it is the Company's general policy to hedge the foreign exchange risk with foreign exchange swaps and interest rate swaps to match funding in terms of maturities and interest rates.

Liquidity risk comprises the risk, that a company cannot meet its financial obligations in full. Daimler International Finance B.V. manages its liquidity by holding adequate volume of cash and by applying as far as possible the matched funded principle. In accordance with internal guidelines, this principle ensures that financial obligations generally have the same maturity profile as the financial assets and receivables and thus reduces the Company's liquidity risks.

The Company solely provides loans within the Daimler Group and to Daimler minority shareholdings. In cooperation with Daimler AG headquarters, assessments of credit risks are made and credit limits are set, which are periodically reviewed. In respect of cash at banks and financial derivatives, these are only deposited and / or entered into Group-internally or with banks of good reputation.

Outlook

The overall result of Daimler International Finance B.V. in 2012 is expected to be negative due to the above-mentioned restructuring of the financial assets. The overall result can furthermore be affected by the developments in the valuation of derivatives, which are held for hedging purposes. Due to the integrated organisation of lending and funding activities within the Daimler Group, the Company expects no direct impacts arising from the market development.

Events after the closing date

Since the reporting date of June 30, 2012, there have been no occurrences that are of major significance for the Company.

Utrecht, August 27, 2012

Daimler International Finance B.V.
The Board of Management

Mr. M. van Pelt P. Derks A. Lerch

Responsibility Statement by Management

To the best of our knowledge, and in accordance with the applicable reporting principles for annual financial reporting, the **Interim Report 2012** gives a true and fair view of the assets, liabilities, financial position and profit or loss of Daimler International Finance B.V. The 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.

Utrecht, August 27, 2012

Daimler International Finance B.V.
The Board of Management

Mr M. van Pelt	P. Derks	A. Lerch

Daimler International Finance B.V.
Balance sheet as at June 30, 2012
(before profit appropriation x €1,000)
-unaudited-

	Note	30-06-2012		31-12-2011	
ASSETS					
FIXED ASSETS					
◊ **Tangible fixed assets**			21		21
◊ **Financial fixed assets**					
Loans to affiliated companies	1	6,249,664		5,736,623	
Other financial assets	2	55,047		34,093	
			6,304,711		5,770,716
CURRENT ASSETS					
◊ **Receivables:**					
Loans to affiliated companies	1	2,135,475		2,727,186	
Interest receivables affiliated companies	3	158,774		322,705	
Tax receivables	4	270		589	
			2,294,519		3,050,480
◊ **Cash at bank and in hand**	5		6,500		18,538
			8,605,751		8,839,755

Daimler International Finance B.V.
Balance sheet as at June 30, 2012
(before profit appropriation x €1,000)
-unaudited-

	Note	30-06-2012		31-12-2011	
LIABILITIES					
◊ **Shareholders' equity**	6				
Issued capital		500		500	
Other reserves		49,506		61,339	
Cash flow hedge reserve		(10,578)		(7,550)	
Retained earnings		(7,878)		(11,833)	
			31,550		42,456
◊ **Provisions**	7		52		54
◊ **Deferred tax liabilities**	8		6,371		9,218
◊ **Long-term liabilities**					
EMTN issues	9	6,055,461		5,549,329	
Affiliated companies	9	230,000		189,464	
Other financial liabilities	2	143,656		102,162	
			6,429,117		5,840,955
◊ **Short-term liabilities**					
EMTN issues	9	1,835,277		2,483,077	
Loans from affiliated companies	9	133,476		128,000	
Other liabilities affiliated companies	10	29,045		27,537	
Taxation and social security premiums	11	38		26	
Other liabilities and accruals	12	140,825		308,432	
			2,138,661		2,947,072
			8,605,751		8,839,755

Daimler International Finance B.V.
Profit and loss account for the half-year ended June 30, 2012
(x €1,000)
-unaudited

	Note	30-06-2012		30-06-2011	
◊ **Interest income**	14	229,715		367,083	
◊ **Interest expenses**					
Interest expense excl. valuation impact of derivatives		(232,955)		(370,465)	
Valuation impact of derivatives	15	(3,672)		29	
Interest margin			(6,912)		(3,353)
◊ **External costs and other**					
Operating costs		(291)		(541)	
Commissions in relation to EMTN issues	16	(3,108)		(3,193)	
Wages and salaries		(163)		(151)	
Social security charges		(15)		(14)	
Pension charges and early retirement costs		(29)		(25)	
			(3,606)		(3,924)
PROFIT BEFORE TAX			(10,518)		(7,277)
◊ **Taxation**	17		2,640		1,819
NET PROFIT (LOSS)			**(7,878)**		**(5,458)**

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

	30-06-2012	30-06-2011
Profit after tax	**(7,878)**	**(5,458)**
Adjustments for:		
Change in value adj. to other financial assets / liabilities	3,672	(29)
Income tax expense	(2,640)	(1,819)
Changes in:		
Change in provisions	(2)	2
Change in tax receivables	319	-
Amortization financial instruments	4,930	7,604
Tax paid	110	(1,070)
Change in operating assets and liabilities:		
Additions to loans to affiliated companies	(2,089,091)	(2,983,675)
Repayments of loans to affiliated companies	2,249,736	4,161,157
Change in interest receivables affiliated companies	163,931	162,508
Change in derivative assets and liabilities	(23,894)	(20,182)
Change in other liabilities	(167,607)	(173,358)
Net cash from operating activities	**131,586**	**1,145,680**
Cash flow from investing activities	**-**	**(20)**
Cash flow from financing activities:		
Proceeds from additional EMTN issues	1,790,659	1,622,466
Repayments of EMTN	(1,980,283)	(2,150,000)
Additional short term loans received from aff. companies	96,000	962,991
Additional long term loans received from aff. companies	80,000	51,000
Repayments of loans from affiliated companies	(130,000)	(1,623,223)
Repayments of other financing activities	-	(9,105)
Net cash from financing activities	**(143,624)**	**(1,145,871)**
Net de / increase in cash and cash equivalents	**(12,038)**	**(211)**
Cash at beginning of period	18,538	9,313
Cash at end of period	6,500	9,102
Net de / increase in cash and cash equivalents	(12,038)	(211)

Statement of recognised income and expenses (x €1,000)
-unaudited-

	30-06-2012		30-06-2011	
Net result after tax attributable to the company		(7,878)		(5,458)
Unrealized revaluation of cash flow hedges charged directly to shareholders equity	(3,028)		(521)	
Total of items recognised directly in shareholders' equity of the company		(3,028)		(521)
Total result of the legal entity		**(10,906)**		**(5,979)**

NOTES TO THE ANNUAL ACCOUNTS as at June 30, 2012

1 Loans to affiliated companies

The financial assets stated in the balance sheet are intercompany receivables and are carried at amortized 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.

The interest rate of the loans to affiliated companies is in conformity with the Group-wide Intercompany pricing policy ensuring at arm's-length conditions.

Loans to affiliated companies for a total amount of € 3.1 billion (2011: € 1.9 billion) are denominated in a currency other than Euro for which the Company 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 the loans to affiliated companies per June 30, 2012 is € 9.0 billion (2011: € 8.9 billion).

2 Other financial assets and liabilities

The fair values of the derivatives are as follow:

(x €1,000)	Assets	Liabilities	Assets	Liabilities
	30 June 2012		31 Dec. 2011	
Instrument type:				
Interest rate swaps	1,757	4,824	770	3,790
Cross currency swaps	53,290	138,832	33,323	98,372
Total	55,047	143,656	34,093	102,162

Fair value hedges
The Company uses interest rate swaps to hedge its exposure to changes in the fair values of its fixed rate loans, bonds and advances attributable to changes in market interest rates. Interest rate swaps are matched to specific issuances of fixed rate loans.
The fair value of fair value hedges is determined on the basis of the discounted expected future cash flows; whereby the market interest rates valid for the remaining terms of the financial instruments are used.

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

(x €1,000)	Assets	Liabilities	Assets	Liabilities
	30 June 2012		31 Dec. 2011	
Instrument type:				
Interest rate swaps	1,699	265	375	123
Cross currency swaps	14,835	17,437	6,418	13,778
Total	16,534	17,702	6,793	13,901

Cash flow hedges
The Company 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:

(x €1,000)	Assets	Liabilities	Assets	Liabilities
	30 June 2012		31 Dec. 2011	
Instrument type:				
Interest rate swaps	-	4,559	298	3,667
Cross currency swaps	18,967	46,982	4,526	42,168
Total	18,967	51,541	4,824	45,835

During 2012 net losses of € 3.0 million (2011: net losses of € 7.4 million) relating to the effective portion of cash flow hedges were recognized in equity.

The positive fair value of the derivatives for which no hedge accounting is applied (natural hedges) amount up to € 19.5 million (2011: € 22.4 million). The natural hedges with a negative fair value amount up to € 74.4 million (2011: € 42.4 million).

3 Interest receivables from affiliated companies

The intercompany receivables consist of interest on financial assets and are due within 1 year.

Receivables from affiliated companies for a total amount of € 28.4 million (2011: € 9.4 million) are denominated in a currency other than Euro for which the Company has entered into foreign exchange contracts to hedge foreign currency risks as far as there is no matching with interest liabilities.

4 Tax receivables

The specification is as follows:

(x €1,000)	30 June 2012	31 Dec. 2011
Corporate income tax	270	589
Total	270	589

The tax receivable relates to the financial year 2012 and 2011 will be settled within 1 year.

5 Cash at bank and in hand

Cash at bank is stated at nominal value and freely disposable. The fair value of this financial instrument stated on the balance sheet is approximately equal to their carrying amount.

6 Shareholders' equity

Summary of movements in shareholders' equity in 2012 and 2011:

(x €1,000)	1 January 2012	Profit distribution in 2012 for 2011	Dividend distribution in 2012	Changes in fair value cash flow hedges	Result for reporting period	30 June 2012
Share capital:						
Authorised capital	2,500					2,500
Not issued capital	(2,000)					(2,000)
Issued capital	500	-	-		-	500
Other reserves *	61,339	(11,833)	-			49,506
Cash flow hedge reserve	(7,550)			(3,028)		(10,578)
Profit for the year	(11,833)	11,833			(7,878)	(7,878)
Total shareholders' equity	42,456	-	-	(3,028)	(7,878)	31,550

(x €1,000)	1 January 2011	Profit distribution in 2011 for 2010	Dividend distribution in 2011	Changes in fair value cash flow hedges	Result for reporting period	31 December 2011
Share capital:						
Authorised capital	2,500					2,500
Not issued capital	(2,000)					(2,000)
Issued capital	500	-	-		-	500
Other reserves *	21,647	39,692	-			61,339
Cash flow hedge reserve	(140)			(7,410)		(7,550)
Profit for the year	39,692	(39,692)			(11,833)	(11,833)
Total shareholders' equity	61,699	-	-	(7,410)	(11,833)	42,456

* The other reserves are considered to be legal statutory reserves both in 2011 and 2012. These reserves are not freely distributable to shareholders for the amount of the positive fair values related to the derivatives that are not designated for hedge accounting purposes. The positive fair value of the derivatives for which no hedge accounting is applied (natural hedges) amount up to € 19.5 million (2011: € 22.4 million) (note 2).

The authorized 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, 2012 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. This cash flow hedge reserve is released during the period that the cash flows from the hedged risk are realised. The cash flow hedge reserve is not freely distributable.

7 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 in accordance with the accounting principles and is calculated by multiplying the fair value of the option per compliance date by the number of shares. The provision will be supplied over the length of validity.

8 Deferred tax liabilities

At June 30, 2012, a deferred tax liability of € 6.4 million for temporary differences was recognized.
The deferred tax liabilities comprises the tax effect of the temporary differences between the profit determination for financial reporting purposes and for tax purposes.

Deferred tax liabilities are attributable to the following:

Movements in 2012:

(x €1,000)	1 January 2012	Re-classi-fication	Provi-sions made	Provi-sions used	Provi-sions released	Other	30 June 2012
Valuation of derivatives	956	-	-	-	(875)	-	81
Early termination premium	8,262		-	-	(1,972)	-	6,290

Movements in 2011:

(x €1,000)	1 January 2011	Re-classi-fication	Provi-sions made	Provi-sions used	Provi-sions released	Other	31 December 2011
Valuation of derivatives	1,361	-	-	-	(405)	-	956
Early termination premium	12,141		-	-	(3,879)	-	8,262

9 Short/Long-term liabilities

Daimler International Finance B.V. obtains funds from the market by issuing corporate bonds/notes under the Euro Medium Term Notes Program and obtains funds from affiliated companies by entering into loan agreements. The notes issued under the EMTN Program (totaling € 7.9 billion) are unconditionally and irrevocably guaranteed by Daimler AG for which the Company pays a guarantee fee. The bonds issued by Daimler International Finance B.V. are listed on the Luxembourg Stock Exchange. The issued CHF Bonds (€ 0.3 billion) are listed on the SIX Swiss Exchange.

The terms and conditions of outstanding EMTN notes were as follows: (page 14)

Currency	Nominal interest rate	Date of drawing	Date of maturity	Nominal value	Book value 30-06-2012
EUR	3M Euribor + 0,28%	5/12/2011	11/12/2012	100,000	99,993
AUD	7.250%	11/23/2009	11/23/2012	61,889	81,407
EUR	3M Euribor + 0,30%	12/12/2011	12/12/2012	60,000	59,959
EUR	3M Euribor + 0,35%	6/16/2011	12/17/2012	200,000	199,972
EUR	3M Euribor + 0,35%	6/21/2011	12/21/2012	50,000	49,998
EUR	3M Euribor + 0,25%	2/6/2012	2/6/2013	50,000	49,985
EUR	3M Euribor + 0,40%	4/5/2011	4/5/2013	120,000	119,954
EUR	3M Euribor + 0,85%	10/17/2011	4/17/2013	400,000	399,575
EUR	3M Euribor + 0,85%	10/17/2011	4/17/2013	100,000	99,907
EUR	3M Euribor + 0,85%	10/17/2011	4/17/2013	250,000	249,826
EUR	3M Euribor + 0,20%	5/15/2012	5/15/2013	25,000	24,998
EUR	3M Euribor + 0,33%	5/17/2011	5/17/2013	200,000	199,921
EUR	3M Euribor + 0,65%	12/7/2011	6/7/2013	200,000	199,782
SEK	3M Stibor + 1,10%	1/24/2012	7/24/2013	34,114	34,189
NOK	3.375%	8/30/2011	8/30/2013	64,332	66,382
EUR	3M Euribor + 0,5%	9/30/2011	9/30/2013	40,000	39,990
EUR	3M Euribor + 0,40%	5/18/2011	11/18/2013	200,000	199,918
GBP	2.125%	6/15/2011	12/10/2013	227,346	248,493
GBP	2.125%	11/17/2011	12/10/2013	87,908	92,672
GBP	2.125%	1/12/2012	12/10/2013	120,404	123,786
GBP	2.125%	1/26/2012	12/10/2013	29,833	30,929
EUR	7.875%	1/16/2009	1/16/2014	2,000,000	1,994,189
CHF	1.250%	6/30/2011	3/31/2014	165,744	166,534
NOK	4.250%	4/19/2011	4/22/2014	77,282	79,954
NOK	4.250%	6/27/2011	4/22/2014	51,392	53,265
EUR	3M Euribor + 0,37%	5/16/2012	5/16/2014	200,000	200,000
GBP	1.750%	5/21/2012	5/21/2014	309,609	310,250
NOK	3.375%	11/23/2011	5/23/2014	64,817	66,089
SEK	3.750%	6/10/2011	6/10/2014	82,532	85,194
AUD	5.250%	9/12/2011	9/12/2014	75,605	81,970
SEK	3.000%	9/5/2011	12/15/2014	54,958	57,129
NOK	3.625%	9/5/2011	1/15/2015	65,157	65,978
NOK	3.625%	9/21/2011	1/15/2015	32,228	33,345
NOK	3.625%	9/21/2011	1/15/2015	12,893	13,352
EUR	3M Euribor + 0,80%	9/20/2011	1/20/2015	100,000	99,923
NZD	4.375%	2/8/2012	2/5/2015	63,235	63,230
NOK	3.000%	5/18/2012	5/18/2015	164,533	165,158
NZD	3.875%	5/22/2012	5/22/2015	59,656	63,185
EUR	6.125%	9/5/2008	9/8/2015	750,000	746,303
NOK	3.625%	1/20/2012	1/20/2016	130,548	132,187
CHF	1.625%	10/12/2011	10/12/2016	121,290	124,185
GBP	3.500%	2/6/2012	6/6/2019	603,726	617,680
EUR				7,806,032	7,890,738

◊ The due date of the loans from affiliated companies varies from July 2012 to July 2015. The interest rate of the loans to affiliated companies is in conformity with the Group-wide intercompany pricing policy ensuring at arm's-length conditions.

◊ Liabilities to affiliated companies for a total amount of € 0.5 million (2011: € 0.5 million) are denominated in a currency other than Euro for which the Company 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 year-end rate of exchange.

◊ The fair value of EMTN notes and loans per June 30, 2012 is € 8.4 billion (2011: € 8,8 billion).

10 Other liabilities to affiliated companies

The intercompany liabilities consist of interest on intercompany loans and are due within 1 year.

Liabilities to affiliated companies for a total amount of € 0.1 million (2011: € 0.1 million) are denominated in a currency other than Euro. In cases there is no matching with interest receivables the Company has entered into foreign exchange contracts to hedge foreign currency risks. The fair value of this financial instrument stated on the balance sheet is approximately equal to their carrying amount.

11 Taxation and social security premiums

The specification is as follows:

(x €1,000)	30 June 2012	31 Dec. 2011
Value-added tax	27	2
Payroll tax and social security charges	11	24
Total	38	26

12 Other liabilities and accruals

The specification is as follows:

(x €1,000)	30 June 2012	31 Dec. 2011
Interest debts to third parties	140,618	308,197
Other liabilities / accruals	207	235
Total	140,825	308,432

13 Financial Instruments

General

During the normal course of business the Company is exposed to interest rate risk, currency risk, credit risk and other operational risks. In order to avoid or reduce these risks, Derivative Financial Instruments such as (but not limited to) Interest Swaps, Currency Contracts and Cross Currency Swaps are used. The Company does not trade in these Derivative Financial Instruments and follows procedures and code of conduct to limit the size of the credit risk with each counterparty and market.

The EMTN notes issued by the Company are not in full extent lent onward at similar conditions. The Company assumes market interest rate risk with respect to these loans. However this risk is shared with Daimler AG.

Interest risk

It is the Company's policy to hedge interest rate exposures by entering into Derivative Financial Instruments. Swaps which include upfront payments/receivables are amortized over the term of the related contract.

Foreign currency risk

It is the objective of the Company to eliminate foreign currency risk. The Company enters into Derivative Financial Instruments in order to hedge its foreign currency exposure. The related assets and liabilities are translated into Euro at the balance sheet date. The related Derivative Financial Instruments are recognized in the balance sheet against fair value.

Credit risk

The Company solely provides loans within the Daimler Group and to companies in which Daimler holds a minority share (Joint Ventures). In respect of cash at banks and Derivative Financial Instruments, these are only deposited and / or entered into with banks of good reputation.
In cooperation with Daimler AG headquarters, assessments of credit risks are made and credit limits are set, which are periodically reviewed.

Liquidity risk

Liquidity risk comprises the risk, that a company cannot meet its financial obligations in full. Daimler International Finance B.V. manages its liquidity by holding adequate volume of cash and by applying as far as possible the matched funded principle. In accordance with internal guidelines, this principle ensures that financial obligations generally have the same maturity profile as the financial assets and receivables and thus reduces the Company's liquidity risks.

Hedging and Hedge Accounting

Derivative Financial Instruments are valued at fair value in the balance sheet and any changes in the fair value must be accounted for in the income statement. In the event that changes in fair value of hedged risks are not accounted for through the income statement, a mismatch occurs in the accounting of results, making these results more volatile. In these cases, hedge accounting is applied as much as possible to mitigate accounting mismatching and volatility. The Company makes a distinction between fair value hedge accounting and cash flow hedge accounting.

In fair value hedge accounting, the developments in fair value of the hedged risk are processed through profit or loss. This compensates for the fair value movements of the accompanying derivatives. In cash flow hedge accounting, the movements in fair value of the derivates are accounted for in a separate (revaluation) reserve in total equity. This cash flow hedge reserve is released over the period in which the cash flows from the hedged risk are realized.

14 Interest income

In 2010 the Company restructured part of its financial assets (Loans to affiliated companies). The disposal has been concluded against fair value and as a result the Company realized an early termination premium. The early termination premium amounts to approximately € 51 million and has been recognized in the 2010 interest income. The new loans which have been concluded against the market conditions with another affiliated party result in corresponding negative interest margins in the years 2011-2014, given the higher interest expenses on the back to back funding on the designated EMTN notes.

15 Valuation impact of derivatives

Hedge accounting is practiced in accordance with Group policy and hedge accounting requirements as stated in RJ 290. Since the derivatives are held until maturity the overall valuation impact tends to zero towards the respective maturity date.

16 Commissions in relation to EMTN notes

Commissions in relation to EMTN notes consist of guarantee fees paid by the Company to Daimler AG, guarantor under the EMTN Program.

17 Corporation tax

The applicable nominal tax rate is 25% (2011: 25.0%). The tax profit recognized in the profit and loss account for the first half year amounts to EUR 2.6 million, or 25% of the result before tax (2011: 25.0%).

18 Contingent liabilities and (off-balance sheet) commitments

The Company did not have any contingent liabilities as at June 30, 2012.
As at June 30, 2012 the Company has an off balance sheet commitment amounting to € 187.7 million (2011: € 190.8 million). This off balance sheet commitment relates to the issued declarations of joint and several liabilities for debts arising from residual value agreements. The received fee amounts are recognized in interest income.