Financial Position.

Consolidated statement of financial position

The **balance sheet total** increased compared with December 31, 2012 from €163.1 billion to €168.5 billion; adjusted for the effects of currency translation, the increase amounted to €13.1 billion. Daimler Financial Services accounts for €89.4 billion of the balance sheet total (2012: €85.5 billion); this is equivalent to 53% of the Daimler Group's total assets (2012: 52%).

The increase in total assets is primarily due to the growth of the financial services business, high levels of investment in property, plant and equipment and higher liquidity (cash, cash equivalents and marketable debt securities). The sale of EADS shares led to a decrease in investments accounted for using the equity method. On the liabilities side of the balance sheet, there were increases in equity and financing liabilities as well as an increase in deferred tax liabilities and deferred income. Current assets account for 42% of the balance sheet total, which is higher than in the previous year (2012: 41%). Current liabilities account for 35% of the balance sheet total (2012: 36%). ↗ C.35

Intangible assets of €9.4 billion (2012: €8.9 billion) include €7.3 billion of capitalized development costs (2012: €7.2 billion) and, as in the previous year, €0.7 billion of goodwill. Mercedes-Benz Cars accounts for 68% of the development costs and Daimler Trucks accounts for 24%. Capitalized development costs amounted to €1.3 billion (2012: €1.5 billion), and account for 23.8% of the Group's total research and development expenditure (2012: 26.0%). see page 106

Capital expenditure see page 96 was higher than depreciation and caused **property, plant and equipment** to increase by €1.2 billion to €21.8 billion (2012: €20.6 billion). Adjusted for exchange-rate effects, the increase amounted to €1.8 billion. A total of €5.0 billion was invested in 2013 – mainly at the sites in Germany – in the launch of new products, the expansion of production capacities and modernization.

C.34

Consolidated statement of financial position

In millions of euros	Dec. 31, 2013	Dec. 31, 2012[1]	13/12 % change
Assets			
Intangible assets	9,388	8,885	+6
Property, plant and equipment	21,779	20,599	+6
Equipment on operating leases and receivables from financial services	78,930	75,118	+5
Investments accounted for using the equity method	3,432	4,304	-20
Inventories	17,349	17,720	-2
Trade receivables	7,803	7,543	+3
Cash and cash equivalents	11,053	10,996	+1
Marketable debt securities	7,066	5,598	+26
Other financial assets	6,241	5,960	+5
Other assets	5,477	6,339	-14
Total assets	168,518	163,062	+3
Equity and liabilities			
Equity	43,363	39,330	+10
Provisions	23,098	24,474	-6
Financing liabilities	77,738	76,251	+2
Trade payables	9,086	8,832	+3
Other financial liabilities	8,276	8,449	-2
Other liabilities	6,957	5,726	+21
Total liabilities	168,518	163,062	+3

1 The prior-year figures have been adjusted primarily due to the effects of the application of the amended IAS 19.
Further information on the adjustments is provided in Note 1 of the Notes to the Consolidated Financial Statements.

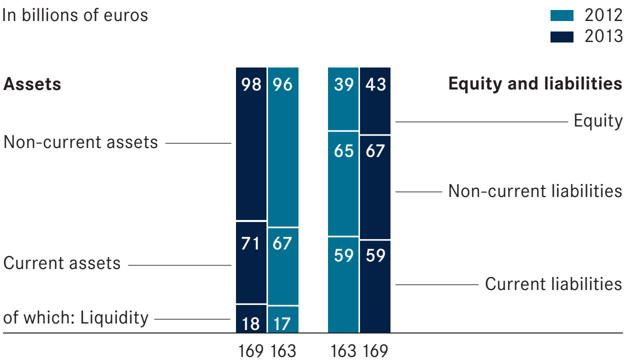
Equipment on operating leases and receivables from financial services increased to a total of €78.9 billion (2012: €75.1 billion). The increase of €8.2 billion adjusted for exchange-rate effects was caused by the higher level of new business due to growth in unit sales by the automotive divisions. The proportion of total assets of 47% is slightly higher than in the previous year (46%).

Investments accounted for using the equity method of €3.4 billion (2012: €4.3 billion) primarily comprise the carrying amounts of our equity interests in Rolls-Royce Power Systems AG, in Beijing Benz Automotive Co., Ltd. and BAIC Motor in the area of passenger cars in China, and in Beijing Foton Daimler Automotive and Kamaz in the truck business. The decrease primarily reflects the dissolution of the shareholders' pact and the loss of significant influence on EADS in April 2013. There was an opposing effect from the acquisition of shares in BAIC Motor.

C.35

Balance sheet structure Daimler Group

In billions of euros



Inventories decreased from €17.7 billion to €17.3 billion, equivalent to 10% of total assets (2012: 11%). Adjusted for exchange-rate effects, there was an increase of €0.6 billion mainly of inventories in the United States, Brazil and Japan, while inventories decreased in China due to the high levels of car unit sales in the fourth quarter of 2013.

Trade receivables increased by €0.3 billion to €7.8 billion. The Mercedes-Benz Cars division accounts for 40% of the receivables and the Daimler Trucks division accounts for 38%. The increase primarily relates to Daimler Trucks and is connected with the sales revival in South America and vehicle purchases brought forward in Western Europe due to the introduction of stricter emission standards in 2014.

Cash and cash equivalents of €11.1 billion were at the prior-year level. Adjusted for exchange-rate effects, there was an increase of €0.3 billion.

Marketable debt securities increased compared with December 31, 2012 from €5.6 billion to €7.1 billion. They consist of debt instruments, most of which are quoted in an active market, and are allocated to liquidity. The debt instruments generally have an external rating of A or better.

Other financial assets increased by €0.3 billion to €6.2 billion. They principally comprise investments (in Renault and Nissan for example), derivative financial instruments, and loans and other receivables due from third parties.

Other assets of €5.5 billion primarily comprise deferred tax assets and tax refund claims (2012: €6.3 billion). The decrease is mainly a reflection of exchange-rate effects.

The Group's **equity** increased compared with December 31, 2012 from €39.3 billion to €43.4 billion. Net profit see page 89 of €8.7 billion was primarily offset by the distribution of the dividend of €2.3 billion for the year 2012 to the shareholders of Daimler AG and the effects of currency translation of €1.5 billion. In addition, due to the transfer of EADS shares to the Dedalus investors, equity decreased without any impact on the income statement by €2.4 billion. Equity attributable to the shareholders of Daimler AG increased to €42.7 billion (2012: €37.9 billion).

The **equity ratio** was 24.3% for the Group (2012: 22.7%) and 43.4% for the industrial business (2012: 39.8%). The 2012 and 2013 equity ratios are adjusted for the paid and proposed dividend payments for the years 2012 and 2013.

Provisions decreased to €23.1 billion (2012: €24.5 billion); as a proportion of the balance sheet total, they decreased to 14% (2012: 15%). They primarily comprise provisions for pensions and similar obligations (€9.9 billion; 2012: €11.3 billion) as well as provisions for product warranties (€4.7 billion; 2012: €5.1 billion), for personnel and social costs (€3.2 billion; 2012: €2.7 billion) and for income taxes (€1.3 billion; 2012: €1.7 billion). The decrease in provisions mainly relates to provisions for pensions and similar obligations and primarily reflects the increase in discount rates, especially in Germany, where they rose from 3.1% to 3.4%.

Financing liabilities of €77.7 billion were higher than a year earlier (2012: €76.3 billion). The increase of €5.8 billion after adjusting for exchange-rate effects is mainly the result of the growing leasing and sales-financing business. Of the total financing liabilities, 50% are accounted for by bonds, 25% by liabilities to financial institutions, 14% by deposits in the direct banking business and 8% by liabilities from ABS transactions.

Due to the higher volume of business, **trade payables** increased compared with the end of 2012 to €9.1 billion (2012: €8.8 billion). The Mercedes-Benz Cars division accounts for 60% of the payables and the Daimler Trucks division accounts for 28%.

Other financial liabilities decreased by €0.2 billion to €8.3 billion. They mainly consist of liabilities from residual-value guarantees, security deposits received and liabilities relating to wages and salaries, as well as derivative financial instruments and accrued interest on financing liabilities.

Other liabilities of €7.0 billion primarily comprise deferred taxes, tax liabilities and deferred income (2012: €5.7 billion). The increase mainly resulted from deferred revenues from multi-year service and maintenance agreements, increased deferred tax liabilities relating to derivative financial instruments, and pensions and similar obligations.

Further information on the assets presented in the statement of financial position and on the Group's equity and liabilities is provided in the Consolidated Statement of Financial Position ↗ F.03, the Consolidated Statement of Changes in Equity ↗ F.05 and the related notes in the Notes to the Consolidated Financial Statements.

Off-balance-sheet assets

In addition to the assets presented in the statement of financial position, the Group uses to a small extent off-balance-sheet assets within the framework of rental and leasing agreements.

Funded status of pension obligations

The **funded status of the Group's pension benefit obligations**, defined as the difference between the present value of the pension obligations and the fair value of pension plan assets, amounts to minus €8.6 billion at December 31, 2013, compared with minus €9.7 billion at December 31, 2012. At December 31, 2012, the present value of the Group's pension obligations amounted to €23.2 billion, compared with €23.9 billion a year earlier. The decrease resulted primarily from the increase in discount rates, especially for the German and US plans. As a result, actuarial losses from defined benefit pension plans, which are recognized in equity under retained earnings, decreased by €1.3 billion before taxes. The plan assets available to finance the pension obligations increased from €14.2 billion to €14.7 billion at December 31, 2013.

Further information on the effects on the statement of financial position and the statement of income as well as on pensions and similar obligations is provided in Note 1 and Note 22 respectively of the Notes to the Consolidated Financial Statements.