Daimler Canada Finance Inc.

Interim Report as of and for the six months ended June 30, 2013

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Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles for interim financial reporting, the interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the interim management report of the Company 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, NJ (USA), August 16, 2013

Ruben Simmons	Birger Ostermann
President & CEO	*Chief Accounting Officer*

Interim Management Report

General

Daimler Canada Finance Inc. ("DCFI" or the "Company") is a wholly-owned subsidiary of Daimler North America Corporation ("DNA"), which in turn is 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 has issued full and unconditional guarantees for DCFI's obligations incurred under its outstanding notes and bonds and commercial paper 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 DAG under the brand names Mercedes-Benz and smart and the manufacture, assembly and sale of trucks and other commercial vehicles under the brand names Freightliner, Thomas Built Buses and Mercedes-Benz. 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 document 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:

- an adverse development of global economic conditions, in particular a decline of demand and investment activity in Canada;
- a deterioration of our funding possibilities on the credit and financial markets, which could result in an 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 the Company or any of its sister companies; and
- the business outlook of the Company's sister companies in Canada, which may affect the funding requirements of such sister 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, 2013 and June 30, 2012, which were prepared in accordance with International Accounting Standard (IAS) 34 "Interim Financial Reporting".

Earnings

Interest income

Interest Income was $50,145 for the six months ended June 30, 2013 compared to $51,398 for the six months ended June 30, 2012. The decrease is mainly due to lower interest rates on loans and receivables from related parties in 2013.

(all amounts in thousands of Canadian dollars)

Interest expense

Interest expense from third parties increased to $40,069 for the six months ended June 30, 2013 from $37,245 for the six months ended June 30, 2012 due to a higher average notes and bonds portfolio. Additionally, interest expense from related parties increased from $2,679 to $4,009. This increase was mainly caused by higher guarantee fees charged by DAG.

Administrative and other expense

Administrative and other expense increased to $1,150 for the six months ended June 30, 2013 from $1,084 for the six months ended June 30, 2012 due to an increase in professional fees.

Other financial expense, net

Other financial expense, net was $432 for the six months ended June 30, 2013, compared to $95 for the six months ended June 30, 2012 due to increased bank fees.

Income tax expense

The Company recorded income tax expense of $1,207 for the six months ended June 30, 2013 and $2,769 for the six months ended June 30, 2012. This change was primarily driven by a decrease of net interest income in the 2013 reporting period.

Financial position

Total assets were $4,249,458 at June 30, 2013 compared to $3,904,378 at December 31, 2012, an increase of 9%. Total liabilities also increased, from $3,623,045 at December 31, 2012 to $3,964,480 at June 30, 2013 primarily due to higher external debt. Total equity increased from $281,333 at December 31, 2012 to $284,978 at June 30, 2013 mainly because of the net profit of $3,278 in 2013.

Liquidity and capital resources

In the ordinary course of business, the Company issues notes and bonds and commercial paper in Canada and Europe. The Company also enters, as necessary, into intercompany loans with other DAG subsidiaries to optimize funding from a global Daimler perspective.

The funds raised in 2013 and in prior years were mainly used 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, 2013 and June 30, 2012:

	Six months ended June 30,	
	2013	**2012**
Net cash used in operating activities	(105,738)	(142,808)
Net cash from financing activities	207,014	209,806

Operating net cash outflows were $105,738 for the six months ended June 30, 2013 compared to net cash outflows of $142,808 for the six months ended June 30, 2012 mainly due to an increase in operating receivables and payables from related parties. Cash inflows from financing activities were $207,014 for the six months ended June 30, 2013 compared to cash outflows of $209,806 for the same period of 2012.

Risk report

Many factors could directly and indirectly, through the close affiliation with DAG's 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 2012, which was submitted to the Luxembourg Stock Exchange on April 15, 2013.

Outlook

Management expects a positive result of operations for the remaining months of 2013. This expectation is based on the assumption of a stable economic development.

(all amounts in thousands of Canadian dollars)

Statement of Comprehensive Income (Unaudited)

		Six months ended June 30,	
	Note	**2013**	**2012**
Interest income			
Interest income – related parties		48,186	49,907
Interest income – third parties		1,959	1,491
Total interest income		**50,145**	**51,398**
Interest expense			
Interest expense – third parties		(40,069)	(37,245)
Interest expense – related parties		(4,009)	(2,679)
Total interest expense		**(44,078)**	**(39,924)**
Net interest income		**6,067**	**11,474**
Administrative and other expense	4	(1,150)	(1,084)
Other financial expense, net		(432)	(95)
Profit before income taxes		**4,485**	**10,295**
Income tax expense		(1,207)	(2,769)
Net profit		**3,278**	**7,526**
Unrealized gains (losses) from cash flow hedges, net of taxes of $135 in 2013 and ($126) in 2012		367	(343)
Items that probably will be reclassified into profit/loss		**367**	**(343)**
Total comprehensive income		**3,645**	**7,183**

The accompanying notes on pages 11 to 15 are an integral part of these interim financial statements.

(all amounts in thousands of Canadian dollars)

Statement of Financial Position (Unaudited)

	Note	June 30, 2013	December 31, 2012
Assets			
Loans and receivables from related parties	2	1,792,000	1,564,000
Other financial assets	7	13,565	17,911
Deferred tax assets		4,447	5,789
Total non-current assets		**1,810,012**	**1,587,700**
Loans and receivables from related parties	2	2,196,213	2,163,497
Cash and cash equivalents		228,620	127,344
Other financial assets	7	14,613	25,837
Total current assets		**2,439,446**	**2,316,678**
Total assets		**4,249,458**	**3,904,378**
Equity and liabilities			
Share capital		-	-
Capital reserves		326,377	326,377
Retained deficit		(41,974)	(45,252)
Cash flow hedges		575	208
Total equity	3	**284,978**	**281,333**
Notes and bonds payable	5	2,196,656	2,337,932
Other financial liabilities	7	14,953	2,295
Total non-current liabilities		**2,211,609**	**2,340,227**
Provisions and other liabilities		1,578	2,390
Payables to related parties	4	611,852	699,864
Notes and bonds payable	5	798,472	215,002
Commercial paper	6	309,834	328,729
Other financial liabilities	7	31,135	36,833
Total current liabilities		**1,752,871**	**1,282,818**
Total liabilities		**3,964,480**	**3,623,045**
Total equity and liabilities		**4,249,458**	**3,904,378**

The accompanying notes on pages 11 to 15 are an integral part of these interim financial statements.

(all amounts in thousands of Canadian dollars)

Statement of Changes in Equity (Unaudited)

	Share capital	Capital reserves	Retained deficit	Cash flow hedges	Total equity
Balance at January 1, 2012	**-**	**576,377**	**(50,688)**	**289**	**525,978**
Net profit	-	-	7,526	-	7,526
Other comprehensive income before taxes	-	-	-	(469)	(469)
Deferred taxes on other comprehensive income	-	-	-	126	126
Total comprehensive income (loss)	**-**	**-**	**7,526**	**(343)**	**7,183**
Capital distributions by owners of the Company	-	(250,000)	-	-	(250,000)
Balance at June 30, 2012	**-**	**326,377**	**(43,162)**	**(54)**	**283,161**
Balance at January 1, 2013	**-**	**326,377**	**(45,252)**	**208**	**281,333**
Net profit	-	-	3,278	-	3,278
Other comprehensive income before taxes	-	-	-	502	502
Deferred taxes on other comprehensive income	-	-	-	(135)	(135)
Total comprehensive income	**-**	**-**	**3,278**	**367**	**3,645**
Balance at June 30, 2013	**-**	**326,377**	**(41,974)**	**575**	**284,978**

The accompanying notes on pages 11 to 15 are an integral part of these interim financial statements.

(all amounts in thousands of Canadian dollars)

Statement of Cash Flows (Unaudited)

		Six months ended June 30,	
	Note	**2013**	**2012**
Net profit		3,278	7,526
Change in deferred taxes		1,207	2,769
Change in derivative financial instruments		8,410	(2,394)
Net change in operating receivables and payables from related parties	2, 4	(123,728)	(149,885)
Changes in other receivables, accruals and other liabilities		5,095	(824)
Net cash used in operating activities		**(105,738)**	**(142,808)**
Net cash from investing activities		**-**	-
Issuances of notes and bonds payable	5	498,800	377,926
Issuances of commercial paper	6	328,729	665,680
Repayment of notes and bonds payable	5	(47,520)	-
Repayment of commercial paper	6	(347,995)	(483,800)
Decrease in financing payables to related parties	4	(225,000)	(100,000)
Capital distributions	3	-	(250,000)
Net cash from financing activities		**207,014**	**209,806**
Net increase in cash and cash equivalents		**101,276**	**66,998**
Cash and cash equivalents at the beginning of the period		**127,344**	**102,340**
Cash and cash equivalents at the end of the period		**228,620**	**169,338**

The accompanying notes on pages 11 and 15 are an integral part of these interim financial statements.

Notes to the Interim Financial Statements (Unaudited)

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.

These interim financial statements are presented in Canadian dollars ("$"), which is the Company's functional currency. Unless otherwise stated all amounts are presented in thousands of Canadian dollars.

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 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, 2012 audited IFRS financial statements and notes which were submitted to the Luxembourg Stock Exchange on April 15, 2013. 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, 2012.

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 could differ from those estimates. Changes in estimates, assessments and assumptions can have a material impact on the financial statements.

In May 2011, IASB published IFRS 13 "Fair Value Measurement", which combines the regulations for fair value measurement that were previously contained in the individual IFRS into a single standard and replaces them with a uniform IFRS framework for measuring fair value. IFRS 13 must be applied prospectively for financial years which begin on or after January 1, 2013. The initial application of the standard does not lead to significant changes in the measurement of assets and liabilities. Changes are required in the notes, according to which the disclosures on the fair values of financial instruments and classification of financial instruments, which previously had to be made only in the year-end financial statements, now also have to be made in the interim reports. Further information is provided in note 7.

(all amounts in thousands of Canadian dollars)

2. Loans and receivables from related parties

DCFI provides financing to certain DAG affiliates mainly in Canada which are related parties for DCFI. The following table sets forth receivables from DAG affiliates for such financing, including accrued interest.

	June 30, 2013	**December 31, 2012**
Mercedes-Benz Financial Services Canada Corporation	3,950,325	3,681,470
car2go Canada Ltd.	14,696	10,945
Daimler Buses NA Ltd.	13,640	8,510
Thomas Built Buses, Inc.	7,549	3,677
Daimler Trucks North America LLC	723	-
MBarc Credit Canada Inc.	622	320
DAG	496	7
car2go N.A. LLC	116	115
Mercedes-Benz Canada Inc.	44	-
Daimler International Assignment Services USA, LLC	2	1
Detroit Diesel Corporation	-	18,813
Thomas Built Buses of Canada Ltd.	-	3,639
Total	**3,988,213**	**3,727,497**

3. Equity

On May 3, 2012 the parent company DNA decided to reduce the capital of DCFI by $250,000.

(all amounts in thousands of Canadian dollars)

4. Payables to related parties

The following table sets forth amounts payable to related parties:

	June 30, 2013	December 31, 2012
Mercedes-Benz Canada Inc.	370,065	225,433
Daimler Trucks Canada Ltd.	144,842	205,523
Freightliner Ltd.	51,486	34,056
Thomas Built Buses of Canada Ltd.	31,836	-
SelecTrucks of Toronto Inc.	7,334	7,048
Detroit Diesel Corporation	3,129	-
DAG	1,783	1,217
DNA	1,360	226,196
SelecTrucks of America LLC	17	17
Daimler Trucks North America LLC	-	374
Total	**611,852**	**699,864**

DCFI is charged fees for the full and unconditional guarantees on its outstanding notes and bonds payable and commercial paper which are issued under DAG's programs. These fees are calculated as a set percentage of the outstanding debt for any given year. These expenses were $2,022 and $968 for the six months ended June 30, 2013 and June 30, 2012, respectively, and are included in "Interest expense – related parties."

The Company is charged for administrative overhead expense by DNA. These expenses were $1,301 and $968 for the six months ended June 30, 2013 and June 30, 2012, respectively, and are included in "Administrative and other expense."

5. Notes and bonds payable

DCFI's obligations under the notes and bonds program are fully and unconditionally guaranteed by its ultimate parent company, DAG.

During the first six months of 2013, notes or bonds payable in the amount of $47,520 matured. Terms and conditions of new notes payable issued during the first six months of 2013 are as follows:

	Currency	Nominal interest rate	Year of maturity	Face value	Carrying amount
Canadian Dollar Medium Term Note	CAD	CAD BA CDOR + .58%	2015	100,000	99,836
Canadian Dollar Medium Term Note	CAD	2.230%	2016	400,000	398,592
Total				**500,000**	**498,428**

6. Commercial paper

In July 2011, DCFI entered into a $2,500,000 private placement of commercial paper. As of June 30, 2013, outstanding commercial papers were $309,834 with interest rates ranging from 1.19% to 1.44% and maturity dates ranging from July 3, 2013 to January 13, 2014. DCFI's obligations under the commercial paper program are fully and unconditionally guaranteed by its ultimate parent company, DAG.

(all amounts in thousands of Canadian dollars)

7. Financial instruments

(a) Carrying amounts and fair values of financial instruments

The following table shows the carrying amounts and fair values of the Company's financial instruments. The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. Given the varying influencing factors, the reported fair values can only be viewed as indicators of the prices that may actually be achieved on the market.

	June 30, 2013		**December 31, 2012**	
	Carrying amount	**Fair value**	**Carrying amount**	**Fair value**
Cash and cash equivalents	228,620	228,620	127,344	127,344
Loans and receivables				
Loans and receivables from related parties	3,988,213	4,028,949	3,727,497	3,771,418
Accrued interest income	14,076	14,076	25,311	25,311
Total loans and receivables	4,002,289	4,043,025	3,752,808	3,796,729
Financial assets recognized at fair value through profit or loss				
Derivative financial instruments used in hedge accounting	14,102	14,102	18,069	18,069
Derivative financial instruments at fair value through profit or loss	-	-	368	368
Total financial assets recognized at fair value through profit or loss	14,102	14,102	18,437	18,437
Total financial assets	**4,245,011**	**4,285,747**	**3,898,589**	**3,942,510**
Financial liabilities at amortized cost				
Notes and bonds payable	2,995,128	3,034,420	2,552,934	2,593,679
Commercial paper	309,834	309,834	328,729	328,729
Payables to related parties	611,852	611,852	699,864	699,928
Accrued interest expense	31,135	31,135	36,833	36,833
Total financial liabilities at amortized cost	3,947,949	3,987,241	3,618,360	3,659,169
Financial liabilities at fair value				
Derivative financial instruments used in hedge accounting	14,953	14,953	2,295	2,295
Total financial liabilities at fair value	14,953	14,953	2,295	2,295
Total financial liabilities	**3,962,902**	**4,002,194**	**3,620,655**	**3,661,464**

The fair values of financial instruments were calculated on the basis of market information available on the balance sheet date.

(b) Fair value hierarchy of financial assets and liabilities measured at fair value

Financial assets and liabilities measured at fair value are classified into the following fair value hierarchy:

	June 30, 2013			
	Total	**Level 1[1]**	**Level 2[2]**	**Level 3[3]**
Assets measured at fair value				
Derivative financial instruments used in hedge accounting	14,102	-	14,102	-
Derivative financial instruments recognized at fair value through profit or loss	-	-	-	-
Liabilities measured at fair value				
Derivative financial instruments used in hedge accounting	14,953	-	14,953	-

1 Fair value measurement based on quoted prices (unadjusted) in active markets for identical assets or liabilities.
2 Fair value measurement based on inputs for the asset or liability that are observable on active markets either directly (i.e. as prices) or indirectly (i.e. derived from prices).
3 Fair value measurement based on inputs for the asset or liability that are not observable market data.