



SECOND QUARTER RESULTS FOR 2011

➤ First semester with great pace

Second Quarter 2011 versus Second Quarter 2010

- Sales volumes increased by 3%
- Sales increased by 5.3% (11.6% in dollars) and amounted to \$1,482 million pesos (U.S. \$122.9)
- Operating income increased by 16.5% (23.5% in dollars)
- EBITDA increased by 17% (24% in dollars)

Accumulated 2011 vs Accumulated 2010

- Sales volumes increased by 4.8%
- Sales increased by 6.2% (13.6% in dollars) and amounted to \$2,958 million in pesos (U.S. \$249.6)
- Operating income increased by 11.6% (19.4% in dollars)
- EBITDA increased by 14% (21.8% in dollars)

Chihuahua, Chih., Mexico, July 28, 2011 – Grupo Bafar, S.A.B. de C.V., published results for second quarter, 2011.

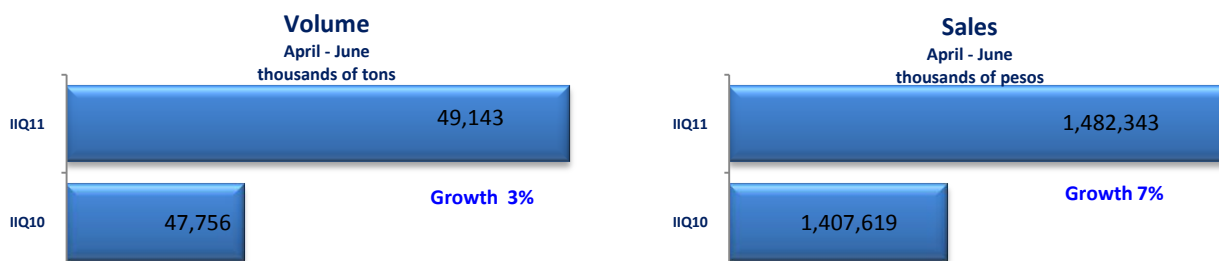
Comments from Management

Eugenio Baeza Fares, Grupo Bafar's General Director, expressed his comments about the results attained: This first semester was seen as a stable market, but with strong pressures in raw material prices. I am pleased to announce a double digit growth in operating profit and operating flow (EBITDA), strongly supported by the results in this second quarter of 2011, attaining an increase in sales of 5.3%, while the operating profit performance had a significant increase of 16.5% because of our great effort in becoming more productive every day, keeping a close control in expenses, which allowed us to attain a 17% increase in operating flow. We decreased cost liabilities in 167 million pesos compared to the second semester of 2010, improving our liability to capital rate, attaining 0.50 compared to 0.59 in June, 2010; again we proved our strong financial position and we keep our commitment to have a healthy financial position.

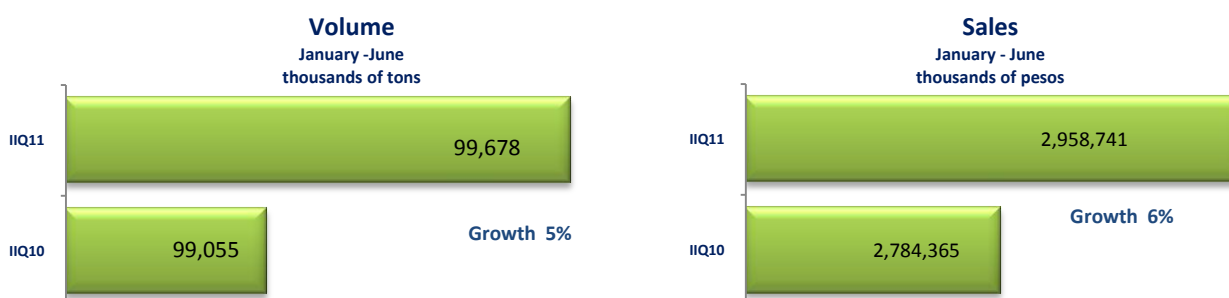
Financial and Operating Results

Net Sales

Sales for the second quarter of 2011 amounted to \$1,482 million pesos (U.S. \$122.9), compared to \$1,407 million pesos (U.S. \$110.1) from the same period last year, a growth of 5.3% (11.6% in USD). This growth was driven by the 3% increase in sales volume.



Accumulated sales in 2011 amounted to \$2,958 million pesos (U.S. \$249.6), compared to \$2,784 million pesos (U.S. \$219.7) from the same period last year, a growth of 6.2% (13.6% in USD). This growth was driven by the 4.8% increase in sales volume.



Sales Cost

Sales cost in the second quarter of 2011 was \$970.9 million pesos (U.S. \$80.5) and accounted for 65.5% of sales, less than the figure attained in the first second quarter of 2010 (66.9%). Gross profit for the second quarter in 2011 was \$511.3 million pesos (U.S. \$42.4) while in 2010 it was \$465.7 million pesos (U.S. \$36.4), resulting in a growth of 9.8% (16.4% in dollars).

Accumulated sales cost up to June, 2011 was \$1925.2 million pesos (U.S. \$162.4) and accounted for 65.07% of sales, less than the figure attained in the second quarter of 2010 (65.9%). Accumulated gross profit up to June, 2011 was \$1,033.4 million pesos (U.S. \$87.2) while in 2010 it was \$947.9 million pesos (U.S. \$74.8), resulting in a growth of 9% (16.5% in dollars).

General Expenses

General expenses were \$421 million pesos (U.S. \$34.9) in the second quarter of 2011, compared to \$388.2 million pesos (U.S. \$30.3) in the second quarter of 2010, and the percentage in relation to sales was 28.4% for 2011 and 27.5% for 2010.

Accumulated expenses up to June, 2011 were \$838.9 million pesos (U.S. \$70.8) compared to \$773.7 million pesos (U.S. \$61) in 2010, and the percentage in relation to sales was 28.3% in 2011 and 27.7% in 2010.

Operating Income

The operating income for the second quarter of 2011 significantly increased by 16.5% (23.5% in USD), in comparison with the same time period in the previous year, and totaled \$90.2 million pesos (U.S. \$7.4) or 6% of sales, compared to \$77.4 million pesos (U.S. \$6), or 5.5% of sales.

The operating income for this first quarter of 2011 significantly increased by 11.6% (19.4% in USD), in comparison with the same time period in the previous year, and totaled \$194.4 million pesos (U.S. \$16.4) or 6.5% of sales, compared to \$174.1 million pesos (U.S. \$13.7), or 6.2% of sales.

Operating Flow - EBITDA

The EBITDA for the second quarter of 2011 was \$139.8 million pesos (U.S. \$11.6), an outstanding performance with an increase of 16.9% (24% in dollars) in comparison with the same period last year. The accumulated figure also increased in 13.9% (21% in USD), attaining \$292.8 million pesos (\$24.7 USD).

Comprehensive Income (or Loss) from Financing

The comprehensive income (or loss) from financing for the second quarter in 2011 reached \$10.6 million pesos, compared to the (\$18.5) million pesos attained during the same time period the previous year. The breakdown is as follows:

	April - June 2011		April - June 2010	
	million pesos	U.S.	million pesos	U.S.
Net Interest	8.54	0.72	7.03	0.55
Exchange (gain) loss – net	2.14	0.18	11.49	0.91
Comprehensive financing cost	10.68	0.90	18.52	1.46

The comprehensive income from financing, accumulated up to June, 2011 reached \$13.1 million pesos, compared to the \$10.4 million pesos attained during the same time period the previous year. The breakdown is as follows:

	January - June 2011		January - June 2010	
	million pesos	U.S.D.	million pesos	U.S.
Net Interest	21.11	1.78	17.07	1.35
Exchange (gain) loss – net	(7.94)	(0.67)	(6.65)	(0.52)
Comprehensive financing cost	13.17	1.11	10.42	0.82

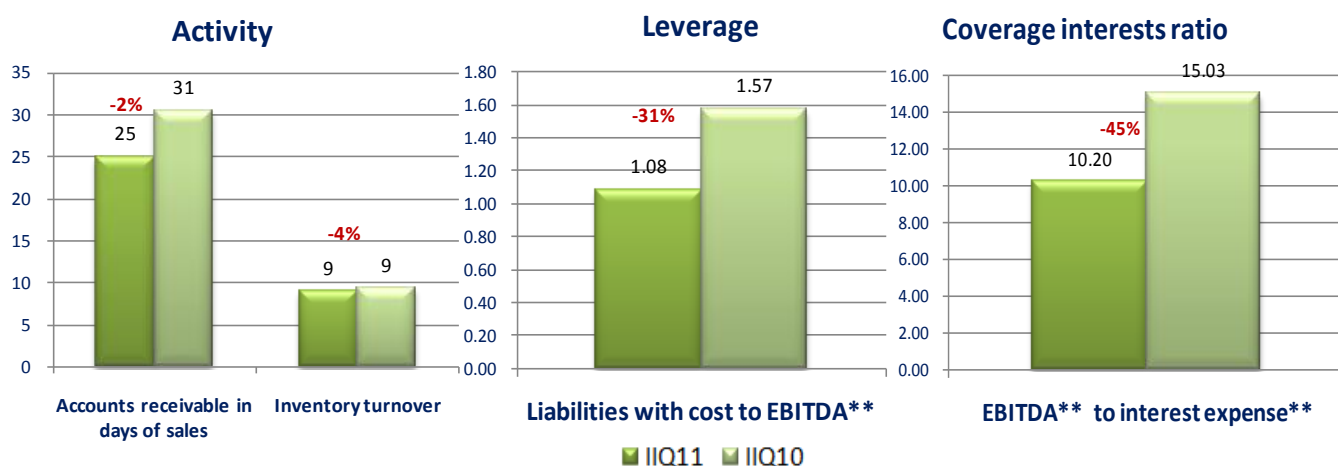
Net Majority Income

Net majority income of second quarter of 2011 was \$64.1 million pesos (U.S. \$5.3) compared to \$50.6 million pesos (U.S. \$3.9) attained in the second quarter, 2010, increasing 26.5% (34.1% in USD). Net majority income for this first semester increased in 4.3% (11.5% in USD) reaching \$142.2 million pesos (USD \$12).

Rates and proportions

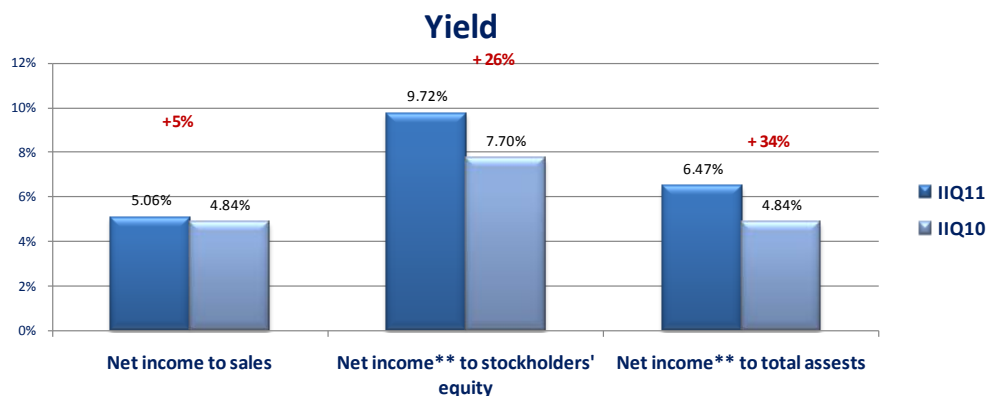
The ratio of current assets to current liabilities was 1.59 with an increase of 15% in comparison with 2010, while the portfolio stood at 25 days, 18% less than the previous year. Moreover, inventory turnover was at 9 times, 4% less than the previous year.

Bank debt decreased by \$193.9 millions (USD \$17.3) with regards to 2010, including financing obtained for the financing operation of third parties; if this financing is not included, the bank debt decreased compared to 2010, in \$298.6 millions. Levering levels (debt charged to EBITDA) decreased 31% and interest coverage improved 18% compared to 2010.



**last twelve months

Performance rates had good results because net profit attained in the last twelve months. The following graph shows the variance percentages compared to the second quarter of the previous year. Net profit figures are:



**last twelve months



GRUPO BAFAR

Grupo Bafar, S.A.B. de C.V.
Balance Sheet
To June 30th of 2011 and 2010
(In thousands of Mexican pesos)



CONCEPTS	March 2011		March 2010	
	Amount	%	Amount	%
ASSETS	4,386,306	100%	4,340,982	100%
CURRENT ASSETS	1,348,949	31%	1,412,739	33%
Cash and available investments	171,095	4%	366,255	8%
Accounts and notes receivable (net)	482,817	11%	547,370	13%
Other accounts and notes receivable (net)	242,789	6%	106,241	2%
Inventories	445,364	10%	386,755	9%
Other current assets	6,883	0%	6,120	0%
PROPERTY, PLANT AND EQUIPMENT (NET)	1,710,017	39%	1,649,667	38%
Land and buildings	1,004,827	23%	1,016,915	23%
Machinery and industrial equipment	1,008,374	23%	910,079	21%
Other equipment	537,709	12%	518,175	12%
Accumulated depreciation	997,785	23%	832,499	19%
Construction in progress	156,891	4%	36,996	1%
OTHER INTANGIBLE ASSETS AND DEFERRED ASSETS (NET)	306,861	7%	255,349	6%
OTHER ASSETS	1,020,479	23%	1,023,227	24%
TOTAL LIABILITIES	1,465,549	100%	1,615,742	100%
CURRENT LIABILITIES	849,197	58%	1,025,812	63%
Suppliers	303,092	21%	368,588	23%
Bank loans	372,204	25%	526,125	33%
Other loans with cost	80,215	5%	53,718	3%
Taxes payable	27,466	2%	23,884	1%
Other current liabilities without cost	66,220	5%	53,497	3%
LONG-TERM LIABILITIES	164,500	11%	204,500	13%
Bank loans	164,500	11%	204,500	13%
OTHER NON CURRENT LIABILITIES WITHOUT COST	451,852	31%	354,469	22%
CONSOLIDATED STOCKHOLDERS EQUITY	2,920,758	100%	2,725,238	100%
COUNTABLE CAPITAL OF THE PARTICIPATION NOT CONTROLADORA	11,650	0%	10,214	0%
COUNTABLE CAPITAL OF THE PARTICIPATION CONTROLADORA	2,909,107	100%	2,715,024	100%
CONTRIBUTED CAPITAL	472,653	16%	544,124	20%
Capital stock	150,834	5%	149,784	5%
Premium on issuance of shares	321,820	11%	394,340	14%
EARNED CAPITAL	2,436,453	83%	2,170,900	80%
Retained earnings and capital reserves	2,620,100	90%	2,354,547	86%
Other accumulated comprehensive result	(183,647)	-6%	(183,647)	-7%



GRUPO BAFAR

Grupo Bafar, S.A.B. de C.V.
Statements of Income
 From January the 1st to June 30th of 2011 and 2011
 (In thousands of Mexican pesos)



CONCEPTS	Current Year		Previous Year		Variation	% increase / (decrease)
	Amount	%	Amount	%		
Net sales	2,958,741	100%	2,784,365	100%	174,375	6%
Cost of sales	1,925,274	65%	1,836,428	66%	88,846	5%
Gross profit	1,033,466	35%	947,937	34%	85,530	9%
General expenses	838,993	28%	773,764	28%	65,229	8%
Income (loss) from operation	194,473	7%	174,172	6%	20,301	12%
Other income and (expense), net	(1,066)	0%	(1,083)	0%	17	-2%
Comprehensive financing result	(13,170)	0%	(10,418)	0%	- 2,751	26%
Income before income taxes	180,237	6%	162,671	6%	17,566	11%
Income taxes	30,640	1%	24,522	1%	6,118	25%
Income (loss) before discontinued operations	149,597	5%	138,149	5%	11,448	8%
Discontinued operations						
Net consolidated income	149,597	5%	138,149	5%	11,448	8%
Net income of participation not controladora	7,335	0%	1,746	0%	5,589	320%
Net income of participation controladora	142,262	5%	136,403	5%	5,859	4%



GRUPO BAFAR

Grupo Bafar, S.A.B. de C.V.
Quarterly Statements of Income
From April 1st to June 30th, 2011 and 2010
(In thousands of Mexican pesos)



CONCEPTS	Second Quarter 2011		Second Quarter 2010		Variation	% increase / (decrease)
	Amount	%	Amount	%		
Net sales	1,482,343	100%	1,407,619	100%	74,724	5%
Cost of sales	970,980	66%	941,884	67%	29,096	3%
Gross profit	511,363	34%	465,735	33%	45,628	10%
General expenses	421,097	28%	388,272	28%	32,825	8%
Income (loss) from operation	90,267	6%	77,463	6%	12,804	17%
Other income and (expense), net	(495)	0%	(70)	0%	(426)	613%
Comprehensive financing result	10,676	1%	18,517	1%	(7,840)	-42%
Income before income taxes	80,086	5%	59,016	4%	21,070	36%
Income taxes	13,147	1%	6,796	0%	6,351	93%
Income (loss) before discontinued operations	66,938	5%	52,219	4%	14,719	28%
Discontinued operations						
Net consolidated income	66,938	5%	52,219	4%	14,719	28%
Net income of participation not controladora	(2,833)	0%	(1,554)	0%	- 1,279	82%
Net income of participation controladora	64,105	4%	50,665	4%	13,440	27%



GRUPO BAFAR

Grupo Bafar, S.A.B. de C.V.
State of Cash Flow (Indirect Method)
From January the 1st to June 30th of 2011 and 2010
(In thousands of Mexican pesos)



CONCEPTS	Current Year	Previous Year	Variation	% increase / (decrease)
	Amount	Amount		
ACTIVITIES OF OPERATION				
Income (loss) before income taxes	180,237	162,671	17,566	11%
+ (-)items not requiring cash	(2,090)	(9,963)	7,873	-79%
+ (-)items related to investing activities	101,560	82,138	19,423	24%
+ (-)items related to financing activities	42,889	21,036	21,853	104%
Cash flow before income tax	322,595	255,881	66,715	26%
Cash flow provided or used in operation	414,433	(52,350)	466,783	-892%
Net cash flows provided of operating activities	737,028	203,531	533,497	262%
INVESTMENT ACTIVITIES				
Net cash flow from investing activities	(139,339)	(142,930)	3,591	-3%
Financing activities	597,690	60,601	537,089	886%
FINANCING ACTIVITIES				
Net cash from financing activities	(530,233)	199,984	(730,217)	-365%
Net (decrease) increase in cash and cash equivalents	67,456	260,585	(193,128)	-74%
Translation differences in cash and cash equivalents	(1,178)	113	(1,291)	-1142%
Cash and cash equivalents at the begining of period	104,816	105,557	(741)	-1%
Cash and cash equivalents at end of period	171,095	366,255	(195,160)	-53%