



FOURTH QUARTER RESULTS FOR 2010

➤ Grupo Bafar had a successful 2010

Fourth Quarter 2010 vs Fourth Quarter 2009

- Sales volumes increased by 8%
- Sales increased by 18% (23% in dollars) and amounted to \$1,654 million in pesos (U.S. \$132.8)
- Operating income increased by 58% (65% in dollars)
- EBITDA increased by 31% (37% in dollars)
- Net majority income increased by 365% (386% in dollars)

2010 Balance vs 2009 Balance

- Sales volumes increased by 11.8%
- Sales increased by 12.7% (20% in dollars) and amounted to \$5,895 million in pesos (U.S. \$466.3)
- Operating income increased by 19% (27% in dollars)
- EBITDA increased by 18% (26% in dollars)
- Net majority income increased by 64% (75% in dollars)

Chihuahua, Chih., Mexico, February 28, 2011 – Grupo Bafar, S.A.B. de C.V., published results for fourth quarter, 2010.

Comments from Management

Eugenio Baeza Fares, Director of Grupo Bafar expressed: Grupo Bafar's last quarter of the year traditionally has good results, but I am pleased to announce that the results of the Fourth Quarter for 2010 have been exceptional. Net sales increased by 18%, operating income increased by 58% and net income was tripled. Annualized results also show record figures with an increase in sales by 12%, operating income by 19% and net income by 64%. These are the results of a consolidation of various strategies that allowed us to grow naturally and to maximize our profit, focusing primarily on the reduction of costs and expenses through efficiency and productivity programs. We channeled our marketing efforts on products that generated the most profit margin and which allowed us to position ourselves in regions where our presence was not great. We developed new brands and products, reaching more consumers and offering them a healthy alternative at competitive prices and increased our presence in the U.S. market. These achievements are the result of the efforts of our partners and our great technological platform.

Financial and Operating Results

Net Sales

Sales for the fourth quarter of 2010 amounted to \$1,654 million pesos (U.S. \$132.8), compared to \$1,399 million pesos (U.S. \$107.5) from the same period last year, a growth of 18% (23% in USD). This growth was the result of a combination of factors due to the increase in sales volume by 18% and better mix of our products.

Cumulative sales to December 2010 increased by 12.7% (20% in USD) amounting to \$5,895 million pesos (U.S. \$466.3), driven by the increase in sales volume, which itself increased by 11.8% in comparison to the year before. The increase is attributed to the excellent performance by our point-of-sale model, as well as the launch of new brands and the strengthening of our brands in the cheese sector.



In 2010, we entered into new businesses through financial factoring and financing our suppliers and clients. This allowed us to generate productive links with third parties; these operations represented less than 1% of consolidated sales volume.

Sales Cost

The sales cost for the fourth quarter in 2010 was \$1,109.6 million pesos (U.S. \$89.1) and represented 67% of sales, a percentage similar to that obtained in the fourth quarter of 2009 (67.1%). Gross profit for the fourth quarter in 2010 was \$544.3 million pesos (U.S. \$43.7) while in 2009 it was \$459.7 million pesos (U.S. \$35.3), resulting in a growth of 18%.

The sales cost accumulated up to December 2010 was maintained at 67% of sales, the same as in December 2009, which amounted to \$3,934.2 million pesos (USD \$311.2)

The gross margin was also maintained at 33% in December 2010 and December 2009.

General Expenses

General expenses were \$438.4 million pesos (U.S. \$35.2) in the fourth quarter of 2010, compared to \$392.9 million in pesos (U.S. \$30.1) in the fourth quarter of 2009. The percentage in relation to sales was 27 % for 2010 and 28 % for 2009.

On the balance sheet, this item amounted to \$1,598.1 million pesos (U.S. \$126.4), 11.1% higher over the same period the year before which reported \$1,438.1 million pesos (U.S. \$106.3), while the ratio to sales was maintained at 27% for both years. The increase in expenses was on par with the increase in Volume and Sales, combined with improvements in productivity in expenses and costs which we maintained with respect to 2009.

Operating Income

The operating income for the fourth quarter of 2010 increased by 58.4% (65.7% in USD), in comparison with the same time period the previous year, and totaled \$105.8 million pesos (U.S. \$8.5) or 6.4% of sales, compared to \$66.8 million pesos (U.S. \$5.1), or 4.7% of sales.

Similarly, the operating income accumulated up to December 2010 was \$362.8 (U.S. \$28.7), which is 6% of sales, while in 2009 it was 304.7, a 5.8 % on sales, attaining a growth of 19% (27% in dollars) in comparison with the previous year.

Operating Flow - EBITDA

The EBITDA for the fourth quarter of 2010 was \$149.2 million pesos (U.S. \$11.9), an increase of 31.7% (37.7% in dollars) in comparison with the same period last year.

However, the accumulated EBITDA up to the month of December amounted to \$533.6 million (U.S. \$42.2), compared to \$451.5 million pesos (USD \$33.4) reported for the month of December 2009, which is an increase of 18.2% (26.3% in dollars).

Comprehensive Income (or Loss) from Financing

The comprehensive income (or loss) from financing for the fourth quarter in 2010 totaled \$0.4 million pesos, compared to the (\$16.5) million pesos generated during the same time period the previous year. The breakdown is as follows:

	October - December 2010		October - December 2009	
	million pesos	U.S.	million pesos	U.S.
Net Interest	3.77	0.30	4.37	0.34
Exchange (gain) loss – net	(3.36)	(0.27)	(12.20)	(0.94)
Comprehensive financing cost	0.42	0.03	(16.57)	(1.27)

Accumulated up to December 2010, the comprehensive result from financing in 2010 represented a cost of \$4.2 million pesos (U.S. \$0.3) and a decrease by 86.3% (85.3% in dollars) in comparison to December 2009, due to a decrease in liabilities with a cost that is reflected in lower interest charges. The figures for net financial expenses and foreign exchange fluctuation are:

	January - December 2010		January - December 2009	
	million pesos	U.S.D.	million pesos	U.S.
Net Interest	27.52	2.18	41.83	3.09
Exchange (gain) loss – net	(23.28)	(1.84)	(10.89)	(0.81)
Comprehensive financing cost	4.24	0.34	30.94	2.29

Net Majority Income

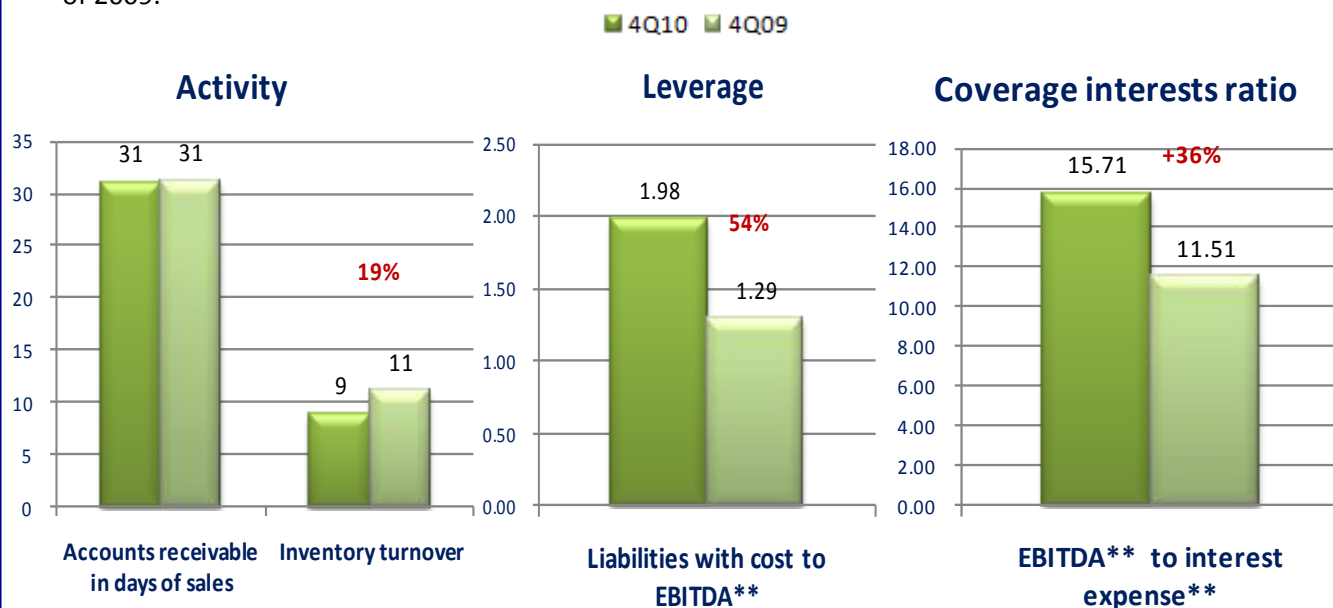
The net majority income for the fourth quarter of 2010 was \$55.3 million pesos (U.S. \$4.4) which, compared to the \$11.8 million pesos (U.S. \$0.9) from the fourth quarter of 2009, increased by 365% (386% in dollars). This was mainly due to the impact by the increase in income.

The growth in the net majority income accumulated from January to December 2010 also showed an increase, producing an income of \$264.5 million pesos (U.S. \$20.9), which, compared to the \$161.1 million pesos (U.S. \$11.9) obtained in December 2009, represented a growth of 64% (75% in dollars). The percentage in relation to sales was 4% and 3% for 2010 and 2009, respectively.

Rates and proportions

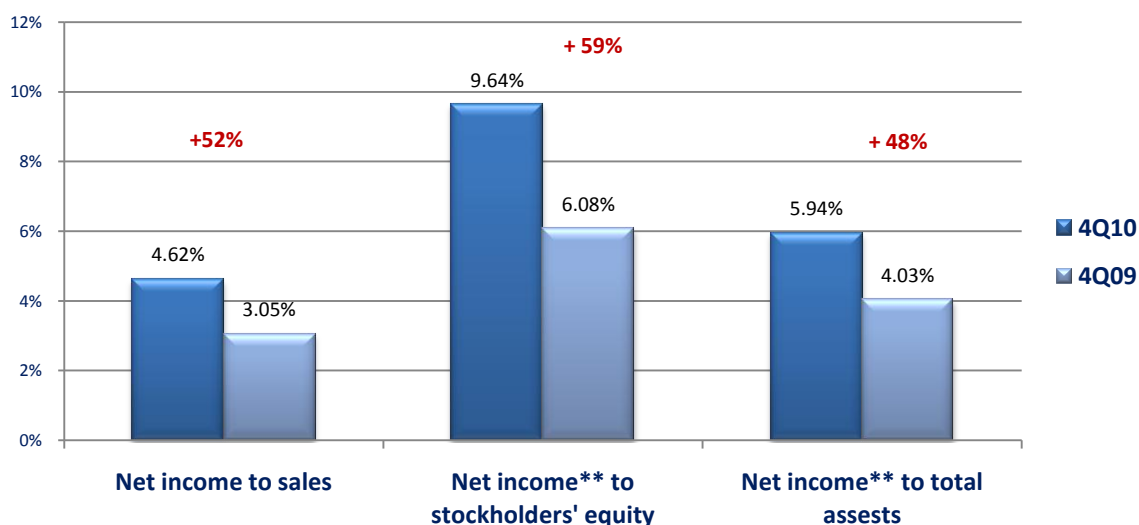
The ratio of current assets to current liabilities increase was 1.37 with a decrease of 6% in comparison with 2009, while the portfolio stood at 36 days, 15% more than the previous year. Moreover, inventory turnover was at 8.9 times, 19% less than the previous year.

Bank debt increased by \$197.6 million (U.S. \$11.9) with regards to 2009. This was due to the financing obtained for the financing operation of third parties. If this financing is not included, the bank debt stayed practically the same as in 2009. However, the leverage levels (debt with cost to EBITDA) decreased by 54% and interest coverage practically stayed the same in comparison to the fourth quarter of 2009.



Performance rates presented outstanding results, thanks to the net income generated in the last twelve months which was achieved due to what was described in the above paragraphs. The following graph shows the variance percentages compared to the fourth quarter of the previous year. Net profit figures are:

Yield



**last twelve months



GRUPO BAFAR

Grupo Bafar, S.A.B. de C.V.
Balance Sheet
To December 31st of 2010 and 2009
(In thousands of Mexican pesos)



CONCEPTS	December 2010		December 2009	
	Amount	%	Amount	%
ASSETS	4,585,522	100%	3,962,167	100%
CURRENT ASSETS	1,585,784	35%	1,094,944	28%
Cash and available investments	104,816	2%	105,557	3%
Accounts and notes receivable (net)	587,609	13%	514,432	13%
Other accounts and notes receivable (net)	443,206	10%	153,180	4%
Inventories	441,192	10%	315,580	8%
Other current assets	8,962	0%	6,196	0%
PROPERTY, PLANT AND EQUIPMENT (NET)	1,665,090	36%	1,606,179	41%
Land and buildings	1,005,379	22%	936,700	24%
Machinery and industrial equipment	996,909	22%	897,474	23%
Other equipment	529,612	12%	424,688	11%
Accumulated depreciation	929,693	20%	694,068	18%
Construction in progress	62,883	1%	41,385	1%
OTHER INTANGIBLE ASSETS AND DEFERRED ASSETS (NET)	311,590	7%	244,385	6%
OTHER ASSETS	1,023,058	22%	1,021,086	26%
TOTAL LIABILITIES	1,759,591	100%	1,339,147	100%
CURRENT LIABILITIES	1,153,672	66%	760,177	57%
Suppliers	179,854	10%	368,588	28%
Bank loans	798,488	45%	256,431	19%
Other loans with cost	72,386	4%	53,718	4%
Taxes payable	35,147	2%	27,943	2%
Other current liabilities without cost	67,798	4%	53,497	4%
LONG-TERM LIABILITIES	184,500	10%	224,500	17%
Bank loans	184,500	10%	224,500	17%
OTHER NON CURRENT LIABILITIES WITHOUT COST	421,418	24%	354,469	26%
CONSOLIDATED STOCKHOLDERS EQUITY	2,825,933	100%	2,623,020	100%
COUNTABLE CAPITAL OF THE PARTICIPATION NOT CONTROLADORA	10,053	0%	7,778	0%
COUNTABLE CAPITAL OF THE PARTICIPATION CONTROLADORA	2,815,879	100%	2,615,242	100%
CONTRIBUTED CAPITAL	547,075	19%	470,097	18%
Capital stock	148,682	5%	147,855	6%
Premium on issuance of shares	398,393	14%	322,242	12%
EARNED CAPITAL	2,268,803	80%	2,145,144	82%
Retained earnings and capital reserves	2,452,451	87%	2,328,792	89%
Other accumulated comprehensive result	(183,647)	-6%	(183,647)	-7%



GRUPO BAFAR

Grupo Bafar, S.A.B. de C.V.
 Statements of Income
 From October the 1st to December 31th of 2010 and 2009
 (In thousands of Mexican pesos)



CONCEPTS	Current Year		Previous Year		Variation	% increase / (decrease)
	Amount	%	Amount	%		
Sales Volume (thousands of tons)	188,183		168,228		19,955	12%
Net sales	5,895,206	100%	5,231,001	100%	664,205	13%
Cost of sales	3,934,219	67%	3,488,180	67%	446,039	13%
Gross profit	1,960,987	33%	1,742,821	33%	218,166	13%
General expenses	1,598,110	27%	1,438,111	27%	160,000	11%
Income (loss) from operation	362,877	6%	304,710	6%	58,167	19%
Other income and (expense), net	11,543	0%	(44,346)	-1%	55,889	-126%
Comprehensive financing result	(4,240)	0%	(30,941)	-1%	26,701	-86%
Income before income taxes	370,179	6%	229,422	4%	140,757	61%
Income taxes	97,682	2%	69,875	1%	27,807	40%
Income (loss) before discontinued operations	272,497	5%	159,547	3%	112,950	71%
Discontinued operations						
Net consolidated income	272,497	5%	159,547	3%	112,950	71%
Net income of participation not controladora	7,940	0%	(1,590)	0%	9,530	-599%
Net income of participation controladora	264,557	4%	161,137	3%	103,420	64%



GRUPO BAFAR

Grupo Bafar, S.A.B. de C.V.
 Quarterly Statements of Income
 From October 1st to December 31th, 2010 and 2009
 (In thousands of Mexican pesos)



CONCEPTS	Third Quarter 2010		Third Quarter 2009		Variation	% increase / (decrease)
	Amount	%	Amount	%		
Sales Volume (thousands of tons)	49,335		45,674		3,662	8%
Net sales	1,653,968	100%	1,399,272	100%	254,697	18%
Cost of sales	1,109,627	67%	939,492	67%	170,134	18%
Gross profit	544,342	33%	459,779	33%	84,562	18%
General expenses	438,450	27%	392,960	28%	45,490	12%
Income (loss) from operation	105,891	6%	66,819	5%	39,072	58%
Other income and (expense), net	(13,750)	-1%	32,323	2%	(46,074)	-143%
Comprehensive financing result	415	0%	(16,574)	-1%	16,989	-103%
Income before income taxes	119,226	7%	51,070	4%	68,156	133%
Income taxes	61,597	4%	39,555	3%	22,041	56%
Income (loss) before discontinued operations	57,630	3%	11,515	1%	46,115	400%
Discontinued operations						
Net consolidated income	57,630	3%	11,515	1%	46,115	400%
Net income of participation not controladora	- 2,325	0%	371	0%	- 2,696	-727%
Net income of participation controladora	55,305	3%	11,885	1%	43,419	365%



GRUPO BAFAR

Grupo Bafar, S.A.B. de C.V.
 State of Cash Flow (Indirect Method)
 From January the 1st to December 31th of 2010 and 2009
 (In thousands of Mexican pesos)



CONCEPTS	Current Year	Previous Year	Variation	% increase / (decrease)
	Amount	Amount		
ACTIVITIES OF OPERATION				
Income (loss) before income taxes	370,179	229,422	140,757	61%
+ (-)items not requiring cash	(27,164)	4,084	(31,247)	-765%
+ (-)items related to investing activities	165,218	148,078	17,139	12%
+ (-)items related to financing activities	70,166	39,225	30,941	79%
Cash flow before income tax	578,399	420,809	157,590	37%
Cash flow provided or used in operation	(673,416)	155,500	(828,916)	-533%
Net cash flows provided of operating activities	(95,017)	576,309	(671,326)	-116%
INVESTMENT ACTIVITIES				
Net cash flow from investing activities	(292,430)	(216,002)	(76,429)	35%
Financing activities	(387,447)	360,307	(747,754)	-208%
FINANCING ACTIVITIES				
Net cash from financing activities	387,448	(371,081)	758,529	-204%
Net (decrease) increase in cash and cash equivalents	1	(10,774)	10,775	-100%
Translation differences in cash and cash equivalents	(742)	(686)	(56)	8%
Cash and cash equivalents at the beginning of period	105,557	117,017	(11,460)	-10%
Cash and cash equivalents at end of period	104,816	105,557	(742)	-1%