January – June 2012 Results



30th July 2012

(Free translation from the original in Spanish, in event of discrepancy, the Spanish-language version prevails)

Interim management report

Main highlights of the January-June 2012 results

- 14% year-on-year growth in consolidated revenue to €370.9 million, driven by strong volumes.
- 14% year-on-year growth in consolidated EBITDA[1] to €91.1 million, with the EBITDA margin steady at 24.6%.
- 9% year-on-year growth in recurring net profit [2] to €51.4 million.
- Continued work on construction of the new collagen extrusion plant in China, scheduled to come on stream in the first quarter of 2013, with preliminary work having commenced to implement collagen casing production in Uruguay.
- Net bank debt[3] of €71.5 million at 30 June 2012, up 16.3% from December 2011, owing to the payment of dividends and increased investment.
- According to Viscofan Chairman José Domingo de Ampuero y Osma, "Given the results obtained and support shown by shareholders at the May general meeting, we can look forward to an exciting future of growth for the Group with confidence and guarantees of stability. In addition, we remain firmly committed to continuing to work in order to create sustainable value for our shareholders, particularly long-term investors".

Consolidated 1H12 results

Viscofan Group consolidated income statement ('000 €)

	Jan-Jun' 12	Jan-Jun' 11	*Change*	Apr-Jun' 12	Apr-Jun 11	*Change*
Revenue	**370,894**	**324,506**	**14.3%**	**193,016**	**167,323**	**15.4%**
EBITDA	**91,065**	**79,785**	**14.1%**	**48,218**	**40,638**	**18.7%**
EBITDA margin	***24.6%***	***24.6%***	**0.0 p.p.**	***25.0%***	***24.3%***	**0.7 p.p.**
EBIT	**68,593**	**59,519**	**15.2%**	**36,961**	**30,268**	**22.1%**
Net profit	**51,440**	**49,934**	**3.0%**	**28,154**	**28,045**	**0.4%**
Adjusted Net Profit [1]	**51,440**	**47,091**	**9.2%**	**28,154**	**25,203**	**11.7%**

[1] Adjusted net profit excludes a one-off gain of €2,843 thousand, recognised in June 2011, related to an out-of-court settlement in Serbia in connection with the financial liability with Vojvodanska banka a.d.

Consolidated revenue for the Viscofan Group rose 15.4% year-on-year in the second quarter of 2012 to €193.0 million, driven by a strong volumes in the casings division, with a 19.0% increase in revenues compared to a 3.5% decline in the vegetable food division.

Consolidated revenue rose 14.3% year-on-year to €370.9 million in the first half.

[1] EBITDA = Operating (EBIT) + depreciation and amortisation charges.
[2] Adjusted net profit excludes a one-off gain of €2,843 thousand, recognised in June 2011, related to an out-of-court settlement in Serbia in connection with the financial liability with Vojvodanska banka a.d.
[3] Net bank debt = Non-current bank borrowings + current bank borrowings – cash and cash equivalents.

Stripping out the effect of exchange rates[4], consolidated revenue in 1H12 would have increased by 11.7% year-on-year.

Raw material prices remained under pressure in 2Q12, while the cost of consumption[5] was 20.0% higher than the year-earlier figure, at €60.9 million, driven by higher prices for cellulose and cogeneration gas.

Cost of consumption in 1H12 totalled €116.9 million, an increase of 20.2% year-on-year.

The average headcount at 30 June 2012 was 4,459, 14.0% more than in June 2011. The increase was due to the incorporation of the workforce of the Lingbao Baolihao Food Industrial Co. Ltd. plant in China. This company has been fully consolidated since July 2011. Excluding changes in consolidation scope, the average headcount was 3.4% higher, mostly due to increased activity in the casings division.

Personnel expenses in 2Q12 rose 7.0% year-on-year to €36.9 million, yet productivity continued to improve, with the personnel expenses/revenue ratio easing to 19.1% from 20.6% in 2Q11.

In 1H12, personnel expenses were 6.8% higher at €74.1 million, with a 1.4 p.p. improvement in the productivity margin[6].

Other operating expenses[5] in 2Q12 increased by 9.3% to €48.6 million, pushed up by an 11.4% year-on-year increase in energy costs. For 1H12, other operating expenses were 10.2% higher at €91.4 million, driven by an 11.7% year-on-year increase in energy costs.

Consolidated EBITDA of the Viscofan Group in 2Q12 amounted to €48.2 million, 18.6% higher than in 2Q11 thanks to strong volume growth, improvements to production and positive trends in the main commercial exchange rate (US$). This drove a 0.7pp increase in the 2Q11 EBITDA margin to 25.0%.

EBITDA in 1H12 amounted to €91.1 million, an increase of 14.1% from 1H11. The EBITDA margin was unchanged from the year before at 24.6% despite pressure on unit raw material and energy costs thanks to robust volumes in the casings division, cost control, productivity gains and appreciation by the US$ against the € (7.6%).

Stripping out the exchange rate effect, EBITDA growth accelerated in 1H12 compared to 1Q12, rising 6.0% year-on-year (+5.1% year-on-year in 1Q12).

Depreciation and amortisation charges totalled €11.3 million in the second quarter (+8.6% vs. 2Q11) and €22.5 million in the first half of 2012 (+10.9% vs. 1H11), leaving consolidated EBIT of €37.0 million (+22.1% vs. 2Q11) and €68.6 million (+15.2% vs. 1H11), respectively.

Viscofan showed a net financial loss in 1H12 of €2.3 million, compared to a gain of €5.7 million in 1H11 owing to the one-off impact of the €3.3 million recognised in June 2011 related to the cancellation of a liability with Vojvodanska banka and to the exchange gains recognised in 1H11.

Net bank debt stands at €71.5 million, up 16.3% from December 2011, leaving the financial leverage[7] of the Viscofan Group at 15.2% compared to 13.7% in December 2011. The increase in net debt was due mainly to:

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[4] Constant exchange rate growth: for comparative purposes, growth excluding foreign exchange differences excludes the impact of the various exchange rates applied in the consolidation of financial statements, as well as the impact of US$ fluctuations on trade transactions

[5] Since 2012, the net purchases figure has included energy consumption associated with electricity production from the cogeneration plants in Spain and Mexico, formerly recognised under Other operating expenses. The impact of this reclassification in 1H11 is €13.7 million of higher costs of consumption and a lower figure in Other operating expenses.
Cost of consumption = Change in inventories + net purchases.

[6] Productivity margin = (Revenue – personnel expenses) / revenue

[7] Financial leverage = Net debt / equity

- The increase in the payment to shareholders (a final dividend of €0.634 per share was paid in June, entailing a total amount of €29.5 million).
- The higher volume of investments, which amounted to €33.9 million (+8.6% compared to 1H11), maintaining the pace of planned expansion of the Viscofan Group's businesses which includes the work on the construction of the new collagen extrusion plant in China, slated to begin operating in 2013, and investment to bolster activity in Serbia, among other items.
- An increase in working capital due to higher commercial and production activity, as well as the accumulation of stocks required for the start-up of the plant in China.

Profit before tax amounted to €36.9 million in 2Q12 (+1.9% vs. 2Q11), with income tax expense of €8.7 million, equivalent to an effective tax rate of 23.7%.

Net profit in 2Q12 was €28.2 million, 0.4% higher than the previous year, or 11.7% excluding non-recurring gains recognised in 2Q11.

In 1H12, net profit rose 3.0% year-on-year to €51.4 million, and was up 9.2% excluding non-recurring results.

1H12 results: Casings

Casings income statement ('000€)

	Jan-Jun' 12	Jan-Jun' 11	*Change*	Apr-Jun' 12	Apr-Jun 11	*Change*
Revenue	320,530	273,655	17.1%	166,574	139,934	19.0%
EBITDA	87,509	76,078	15.0%	46,134	38,355	20.3%
EBITDA margin	*27.3%*	*27.8%*	-0.5 p.p.	*27.7%*	*27.4%*	0.3 p.p.
EBIT	66,555	57,185	16.4%	35,654	28,730	24.1%
Net profit	49,994	48,380	3.3%	27,168	27,057	0.4%
Adjusted Net Profit [1]	49,994	45,537	9.8%	27,168	27,057	12.2%

The market growth trend seen in the first quarter of the year continued in the second, with all casing segments showing increases from last year led by the collagen family.

Against this backdrop, the Viscofan Group's leadership, international expansion and rapid response to customer demands have enabled the Group to continue to increase sales volumes in all casings families and reporting geographic areas.

Accordingly, the Viscofan Group continues to push ahead with the expansion plans set out in the "Be MORE" plan:

- In the second quarter, preliminary work began to implement the first collagen extrusion plant in Latin America, which will be located in Uruguay. This, coupled with the converting process in Brazil, leaves scope for better development in the Latin American collagen market once the plant starts up in 2014.
- Meanwhile, construction work on the new collagen extrusion plant in China is proceeding according to schedule, with the aim of beginning to produce in that country in the first quarter of 2013.
- At the same time, initiatives designed to make operational improvements in the rest of the casings families are underway, which should increase the Company's flexibility to respond to the increase in demand.

The Viscofan Group reported a 19.0% year-on-year increase in revenue from the casings division in 2Q12 to €166.6 million, of which €13.2 million (+21.5% vs. 2Q11) related to cogeneration energy sales and €153.4 million (+18.8% vs. 2Q11) to casing sales.

Consolidated revenue from this division was 17.1% higher in 1H12 than 1H11, at €320.5 million, with €26.0 million of cogeneration energy sales (+25.0% vs. 1H11) and €294.5 million of casing sales (+16.5% vs. 1H11).

The geographical breakdown of revenue[8] in 1H12 was as follows:

- In Europe and Asia, revenue rose 20.5% on 1H11 to €166.6 million.
- In North America, revenue was 15.4% higher, at €104.8 million.
- In Latin America, revenue rose 10.1% year-on-year to €49.1 million.

Stripping out the impact of the foreign exchange rates applied in consolidation, revenue rose 14.1% year-on-year in the first half of 2012.

Higher sales volumes, coupled with a sharp increase in unit prices in both energy used at the cogeneration plants in Spain and North America and the main raw materials (especially cellulose derivatives and collagen skins and, to a lesser extent, certain auxiliary raw materials) led to an increase in the cost of consumption[5], to €45.9 million in 2Q12 (+36.8% vs. 2Q11) and €87.1 million in 1H12 (+33.8% vs. 1H11).

Despite higher selling prices, this increase in unit raw materials, in addition to expansion into emerging markets, caused the gross margin[9] to erode, to 72.4% in 2Q12 (-3.6 p.p. vs. 2Q11) and 72.8% in 1H12 (-3.4 p.p. vs. 1H11).

The average headcount in the casings division at June 2012 was 3,731, 3.2% more than in June 2011, with increased production requirements in China (more shifts) and Serbia (transfer of non-edible collagen from Germany) have been partially offset by the decrease in average headcount in Germany and in the Czech Republic with a higher degree of process automation.

Personnel expenses amounted to €33.5 million in 2Q12 (+4.9% vs. 2Q11) and €68.1 million in 1H12 (+5.8% vs. 1H11). The Viscofan Group continues to make progress on improving the productivity and competitiveness of all its manufacturing plants. As a result, despite the rise in headcount caused by increased production and planned expansion, personnel expenses in the first half of 2012 represented 21.2% of revenue in the period, compared to 23.5% in the first half of 2011.

Other operating costs grew 9.4% vs. 2Q11 and 10.6% vs. 1H11 to €42.6 million and €80.1 million, respectively, with the largest impact coming from the 10.6% year-on-year increase in energy costs vs. 1H11.

Robust revenues, production improvements and cost control, along with favourable currency trends, led to a 20.3% year-on-year increase in EBITDA in 2Q12 to €46.1 million, leaving an EBITDA margin for the quarter of 27.7%, 0.3p.p. higher than in 2Q11.

In 1H12, EBITDA amounted to over €87.5 million, up 15.0% from 1H11, or 6.5% excluding exchange-rate effects. The EBITDA margin for the first half of 2012 was 27.3%, down 0.5 p.p. from 1H11 due to the impact of higher unit raw material prices and expansion into emerging markets.

Depreciation and amortisation charges totalled €10.5 million in 2Q12 (+8.9% vs. 2Q11) and €21.0 million in 1H12 (+10.9% vs. 1H11), leaving EBIT of €35.7 million in 2Q12 (+24.1% vs. 2Q11) and €66.6 million in 1H12 (+16.4% vs. 1H11).

[8] Revenue by origin of sales
[9] Gross margin = (Revenue – cost of consumption) / revenue

The strong operating performance and the solid financial position of the casings division fed through to net profit, which, at €50.0 million, was up 3.3% year-on-year in 1H12 or 9.8% excluding non-recurring items in 2011 in 1H12 net profit. Net profit in 2Q12 was €27.2 million (+0.4% vs. 2Q11, +12.2% excluding non-recurring items).

1H12 results: IAN Group

IAN Group income statement ('000€)

	Jan-Jun' 12	Jan-Jun' 11	*Change*	Apr-Jun' 12	Apr-Jun 11	*Change*
Revenue	**50,364**	**50,851**	**-1.0%**	**26,442**	**27,389**	**-3.5%**
EBITDA	**3,556**	**3,707**	**-4.1%**	**2,084**	**2,283**	**-8.7%**
EBITDA margin	***7.1%***	***7.3%***	**-0.2 p.p.**	***7.9%***	***8.3%***	**-0.4 p.p.**
EBIT	**2,038**	**2,334**	**-12.7%**	**1,307**	**1,538**	**-15.0%**
Net profit	**1,446**	**1,554**	**-6.9%**	**986**	**988**	**-0.2%**

Revenue from the vegetable food division fell 3.5% year-on-year in the second quarter to €26.4 million and 1.0% in first half to €50.4 million.

The decreases reflect the fall in the vegetable food market in Spain caused by the severe economic crisis in the country, which mainly affects sales of asparagus due its nature as a high added value product. Nonetheless, IAN was able to counterbalance this partly with higher volumes of sales in other product families, e.g. tomatoes and ready-made meals.

Noteworthy was the sharp growth in the ready-made meals segment, with sales up 28% from the year before thanks to the positive response to new dishes and growth in sales of products launched last year.

On top of the difficulties in raising sales in this division, there is pressure on raw material costs. As a result, the EBITDA margin was 7.9% in 2Q12, down 0.4 p.p. from 2Q11, and 7.1% in 1H12 (-0.2 p.p. vs. 1H11). EBITDA totalled €2.1 million the second quarter (-8.7% vs. 2Q11) and €3.6 million in the first half of 2012 (-4.1% vs. 1H11).

Net profit amounted to €1.4 million 1H12, down 6.9% from 1H11, and was nearly €1.0 million in 2Q12 (-0.2% vs. 2Q11).

Description of risks and uncertainties

The Viscofan Group has shown improved results in a time of great volatility and uncertainty, and is well placed to capture market growth in its main business activities. Nevertheless, it should be remembered that, due to the nature of its operations, the Group's activities are exposed to various operational, financial, and strategic risks. The Group manages risk based on policies approved by the Board of Directors, which are outlined in the annual corporate governance report. Specific risks include a weakening of exchange rates, increased costs of production inputs including raw materials and energy prices, and a deterioration in market conditions as a result of the global economic situation.

APPENDICES

Significant events

- In May 2012, the following resolutions, among others, were adopted at the General Shareholders' Meeting:

  - to **approve** the balance sheet, income statement, statement of changes in equity, cash flow statement, explanatory notes, management report including the annual report on corporate governance and management's performance, for Viscofan, S.A., as well as the consolidated statement of financial position, the consolidated income statement, the consolidated statement of total changes in equity, the consolidated cash flow statement, explanatory notes, management report and management's performance for the Viscofan Group, of which Viscofan, S.A. is the parent, for the year ended 31 December 2011.

  - to **earmark** €46,324,059.91 of profit from Viscofan's 2011 separate balance sheet for the payment of dividends, €3,589,477.20 for the legal reserve as a result of the capital increase approved at the General Shareholders' Meeting held on 14 April 2011, and €6,191,426.16 for voluntary reserves. Consequently, it was agreed that a final dividend would be paid of €0.634 per share, representing a total sum of €29,546,734.39, payable to shareholders from 5 June 2012.

  - to accept the proposed total remuneration, bearing in mind the interim dividend of €0.360 per share paid on 22 December 2011, representing a total of €16,777,325.52 and including the €0.006 per share bonus for attending the General Shareholders' Meeting , of **€1 per share**, equivalent to a total of €46,603,682, an increase of 25% from last year.

  - to **appoint** Ernst & Young, S.L. as auditors to review the financial statements of Viscofan, Sociedad Anónima and the consolidated annual accounts of the business group of which Viscofan is the parent, for the fiscal year closing on 31 December 2011.

  - to **appoint** José María Aldecoa Sagastasoloa as an independent director for a term of six years and to re-elect Alejandro Legarda Zaragüeta as an independent director for a term of six years as of the date of the meeting .

  - to **renew**, for the maximum term envisaged by law, and running from the date of the resolution, the authorisation for the Board of Directors to buy and sell treasury shares on the market at the listed share price on the day of the transaction, subject to the maximum number of shares permitted by the Spanish Corporate Enterprises Act (*Ley de Sociedades de Capital*) and related legal provisions, with the minimum price being the par value and the maximum being €45.

  - to **approve**, by advisory vote, the report on the directors' compensation policy, pursuant to recommendation 40 of the Unified Good Governance Code.

  - to **reject** the introduction of a progressive dividend policy, a proposal that had been included in the supplement to the call notice at the request of Governance for Owners.

  - to **accept the Board's proposal** and **reject the proposal of Governance for Owners** to adopt and apply recommendation 29 of the Unified Good Governance Code and subsequently to modify article 27 of the Bylaws, with regard to the 12-year limit on independent directors.

  - to **reject** the adoption and application of Recommendation 36 of the Unified Good Governance Code and the resulting modification to article 27 of the Bylaws, with regard to remuneration for independent directors proposed by Governance for Owners.

  - to **reject** the establishment of an unpaid proprietary director role and subsequent modifications to article 27 of the Bylaws proposed by Governance for Owners.

- to **reject** the modification of the remuneration structure for executive directors and subsequent modification to article 27 of the Bylaws proposed by Governance for Owners.

- The Viscofan Group, through its wholly-owned subsidiary, Viscofan Uruguay S.A., will set up the first collagen extrusion production plant in Latin America in Pando (Canelones Department), 23 kilometres outside of Montevideo (Uruguay). This plant is scheduled to come on stream in 2014. The estimated initial investment for the project, which may include various stages of expansion, is €25 million.

- José María Aldecoa Sagastasoloa became a member of the Audit Committee in July 2012 to replace José Cruz Pérez Lapazarán.

Viscofan Group Profit and loss account ('000 €)

	Jan-Jun' 12	Jan-Jun' 11	*Change*	Apr-Jun' 12	Apr-Jun 11	*Change*
Revenues	**370,894**	**324,506**	**14.3%**	**193,016**	**167,323**	**15.4%**
Other operating income	1,877	4,151	-54.8%	1,294	2,597	-50.2%
Self-constructed assets	195	315	-38.1%	93	254	-63.4%
Variation in stocks of finished products and work-in-progress	-906	2,456	c.s	613	2,342	-73.8%
Net purchases	-116,009	-99,715	16.3%	-61,556	-53,145	15.8%
Personnel expenses	-74,057	-69,337	6.8%	-36,889	-34,481	7.0%
Other operating expenses	-91,371	-82,900	10.2%	-48,613	-44,466	9.3%
Capital grants	445	360	23.6%	258	246	4.9%
Impairment and results coming from disposals of non-current assets	-3	-51	-94.1%	2	-32	c.s
Other results	0	0	n.s.	0	0	n.s.
EBITDA	**91,065**	**79,785**	**14.1%**	**48,218**	**40,638**	**18.7%**
EBITDA margin	*24.6%*	*24.6%*	*0.0 p.p.*	*25.0%*	*24.3%*	*0.7 p.p.*
Amortization and depreciation	-22,472	-20,266	10.9%	-11,257	-10,370	8.6%
EBIT	**68,593**	**59,519**	**15.2%**	**36,961**	**30,268**	**22.1%**
EBIT margin	*18.5%*	*18.3%*	*0.2 p.p.*	*19.1%*	*18.1%*	*1.0 p.p.*
Financial incomes	321	948	-66.1%	98	264	-62.9%
Financial expenditures	-1,544	-1,664	-7.2%	-864	-753	14.7%
Changes in reasonable value of financial instruments	0	0	n.s.	0	0	n.s.
Exchange differences	-1,048	3,128	c.s	686	3,112	-78.0%
Impairment and results coming from disposals of financials assets	0	3,328	n.s.	0	3,327	n.s.
Financial results	**-2,271**	**5,740**	**c.s**	**-80**	**5,950**	**c.s**
Profit from associated companies	0	-79	n.s.	0	-38	n.s.
Profit before taxes	**66,322**	**65,180**	**1.8%**	**36,881**	**36,180**	**1.9%**
Taxes	-14,882	-15,246	-2.4%	-8,727	-8,135	7.3%
Profit after taxes	**51,440**	**49,934**	**3.0%**	**28,154**	**28,045**	**0.4%**
Minority interest	0	0	n.s.	0	0	n.s.
Net profit	**51,440**	**49,934**	**3.0%**	**28,154**	**28,045**	**0.4%**
Adjusted Net Profit [1]	**51,440**	**47,091**	**9.2%**	**28,154**	**25,203**	**11.7%**

Consolidated balance sheets ('000€)

	Jun '12	Dec '11	Change
Intangible assets	16,549	17,545	-5.7%
Goodwill	0	0	n.s.
Others intangible asset	16,549	17,545	-5.7%
Tangible assets	332,233	322,293	3.1%
Real state investments	0	0	n.s.
Investment accounting ussing the equity method	0	0	n.s.
Non-current financial assets	1,645	838	96.3%
Deferred tax assets	10,886	11,155	-2.4%
Other non-current assets	0	0	n.s.
NON-CURRENT ASSETS	**361,313**	**351,831**	**2.7%**
Non-current assets held for sale	0	0	n.s.
Inventories	184,304	175,076	5.3%
Trade and other receivables	174,231	141,470	23.2%
Trade debtors	147,015	124,014	18.5%
Other debtors	21,950	16,706	31.4%
Current tax assets	5,266	750	602.1%
Other financial current assets	9,870	11,515	-14.3%
Other current assets	5,441	2,656	104.9%
Cash and cash equivalents	21,435	14,748	45.3%
CURRENT ASSETS	**395,281**	**345,465**	**14.4%**
TOTAL ASSETS= EQUITY AND LIABILITIES	**756,594**	**697,296**	**8.5%**
Share capital	32,623	32,623	0.0%
Share issue premium	12	12	0.0%
Reserves	387,559	334,575	15.8%
Treasury shares	0	0	n.s.
Profit for previous years	0	0	n.s.
Received from associates	0	0	n.s.
Result of the period	51,440	101,245	-49.2%
Less: Interim dividend	0	-16,777	n.s.
Other equity instruments	0	0	n.s.
SHAREHOLDER'S FUNDS	**471,634**	**451,678**	**4.4%**
Financial assets held for sale	0	0	n.s.
Hedge transaction reserves	-63	-1,498	-95.8%
Currency translation differences	-965	-744	29.7%
Others	0	0	n.s.
ADJUSTMENTS DUE TO CHANGE IN VALUE	**-1,028**	**-2,242**	-54.1%
SHAREHOLDERS' EQUITY	**470,606**	**449,436**	**4.7%**
Minority interest	0	0	n.s.
EQUITY	**470,606**	**449,436**	**4.7%**
Grants	6,869	6,444	6.6%
Non-current provision	29,774	28,461	4.6%
Non-current financial liabilities	23,538	22,059	6.7%
Financial debt	16,565	16,654	-0.5%
Other financial liabilities	6,973	5,405	29.0%
Deferred tax liabilities	25,875	26,692	-3.1%
Other non-current liabilities	0	0	n.s.
NON-CURRENT LIABILITIES	**86,056**	**83,656**	**2.9%**
Liabilities linked to non-current assets held for sale	0	0	n.s.
Current provisions	4,921	5,140	-4.3%
Current financial liabilities	86,184	69,606	23.8%
Financial debt	76,372	59,563	28.2%
Other financial liabilities	9,812	10,043	-2.3%
Trade creditor and other payable accounts	108,823	89,458	21.6%
Trade creditors	64,133	63,654	0.8%
Other creditors	29,843	17,240	73.1%
Current tax liabilities	14,847	8,564	73.4%
Other current liabilities	4	0	n.s.
CURRENT LIABILITIES	**199,932**	**164,204**	**21.8%**
NET BANK DEBT	**71,502**	**61,469**	**16.3%**

Cash flow statments ('000 €)

	Jan-Jun 12	Jan-Jun' 11	Change
Cash flows from operating activities	**52.474**	**50.813**	**3,3%**
Profit for the year before tax	**66.322**	**65.179**	**1,8%**
Adjustments in results	**27.635**	**15.874**	**74,1%**
Amortisation and depreciation	22.472	20.266	10,9%
Others adjustments in results(net)	5.163	-4.392	c.s.
Changes in working capital	**-24.472**	**-22.631**	**8,1%**
Other cash flows from operating activities	**-17.011**	**-7.609**	**123,6%**
Interest paid	0	0	n.s.
Dividend paid and other payments from others equity instruments	0	0	n.s.
Dividends received	0	0	n.s.
Interests received	0	0	n.s.
Proceeds/ (payments) from income tax	-13.294	-6.511	104,2%
Proceeds/(payments) from operating activities	-3.717	-1.098	238,5%
Cash flows from investing activities	**-29.625**	**-33.968**	**-12,8%**
Investment payments	**-32.788**	**-34.738**	**-5,6%**
Group companies, associated & business units	0	0	n.s.
Acquisition of property, plant and equipment and intangible assets	-31.999	-32.037	-0,1%
Other financial assets	-760	-2.701	-71,9%
Other assets	-29	0	n.s.
Cash from disposals	**3.163**	**770**	**310,8%**
Group companies, associated & business units	0	0	n.s.
Disposal of property, plant and equipment and intangible assets	170	17	900,0%
Other financial assets	2.991	753	297,2%
Other assets	2	0	n.s.
Other cash flows from investing activities	**0**	**0**	**n.s.**
Dividends received	0	0	n.s.
Interest received	0	0	n.s.
Proceeds/(Payments) from others investings activities.	0	0	n.s.
Cash flows from financing activities	**-16.759**	**-47.681**	**-64,9%**
Proceeds and payments from equity instruments	**0**	**-13.515**	**n.s.**
Proceeds from issue of stock	0	0	n.s.
Cancellation and payments	0	-13.515	n.s.
Acquisition	0	0	n.s.
Disposal	0	0	n.s.
Proceeds and payments from financial liabilities instruments	**16.554**	**-21.695**	**c.s.**
Proceeds from issue of financial liabilities instruments	23.890	15.704	52,1%
Refund, cancellation and payments	-7.336	-37.399	-80,4%
Dividends paid and others payments from others equities instruments	**-29.547**	**-9.507**	**210,8%**
Others cash flows from financing activities	**-3.766**	**-2.964**	**27,1%**
Interest paid	-1.528	-3.422	-55,3%
Others proceeds /(payments) from financing activities	-2.238	458	c.s.
Effect of foreign exchange rate changes on collections and payments	**596**	**-439**	**c.s.**
Net increase (decrease) in cash and cash equivalents	**6.686**	**-31.275**	**c.s.**
Cash and cash equivalents at the begining of the period	**14.748**	**57.301**	**-74,3%**
Cash and cash equivalent at the end of the period	**21.434**	**26.026**	**-17,6%**

Average exchange rates (Currency/€)

	1H12	1H11	% Change
Euro	1.000	1.000	0.0%
US Dollar	1.297	1.403	-7.6%
Canadian Dollar	1.304	1.370	-4.8%
Mexican Peso	17.181	16.684	3.0%
Brazilian real	2.416	2.287	5.6%
Czech crown	25.165	24.346	3.4%
British Pound	0.823	0.868	-5.2%
Serbian Dinar	110.828	101.935	8.7%
Chinesse yuan remminbi	8.182	9.179	-10.9%

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